

City of Geneva, Illinois

Annual Financial Report

Year Ended April 30, 2009

TABLE OF CONTENTS

| | Page |
|--|---------|
| FINANCIAL SECTION | |
| Independent Auditors' Report | 1 - 2 |
| Management's Discussion and Analysis | 3 - 9 |
| Basic Financial Statements | |
| Government-wide Financial Statements: | |
| Statement of Net Assets | 10 |
| Statement of Activities | 11 - 12 |
| Fund Financial Statements: | |
| Balance Sheet - Governmental Funds | 13 |
| Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | 14 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 15 |
| Statement of Net Assets - Proprietary Funds | 16 - 17 |
| Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds | 18 - 19 |
| Statement of Cash Flows - Proprietary Funds | 20 - 21 |
| Statement of Net Assets - Pension Trust Funds | 22 |
| Statement of Changes in Net Assets - Pension Trust Funds | 23 |
| Index for the Notes to Financial Statements | 24 - 25 |
| Notes to Financial Statements | 26 - 69 |
| Required Supplementary Information (Unaudited) | |
| Illinois Municipal Retirement Fund | |
| Schedule of Funding Progress | 70 |
| Police and Firefighters' Pension Funds | |
| Schedule of Funding Progress | 71 |
| Schedule of Employer Contributions | 71 |
| Notes to Required Supplementary Information | 72 |
| Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual: | |
| General Fund | 73 |

(Continued)

TABLE OF CONTENTS - (Continued)

| | Page |
|---|---------|
| SUPPLEMENTARY INFORMATION | |
| Combining Statements | |
| Combining Balance Sheet - Nonmajor Governmental Funds | 74 - 77 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds | 78 - 81 |
| Combining Statement of Net Assets - Nonmajor Enterprise Funds | 82 |
| Combining Statement of Revenues, Expenses and Changes in Net Assets - Nonmajor Enterprise Funds | 83 |
| Combining Statement of Cash Flows - Nonmajor Enterprise Funds | 84 |
| Schedule of Expenditures - Budget and Actual - Nonmajor Governmental Funds and All Enterprise Funds | 85 |
| OTHER SUPPLEMENTARY INFORMATION | |
| Schedule of Insurance Coverage and Customer Information | 86 - 87 |



Costabile & Steffens P.C.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and
Members of the City Council
City of Geneva, 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 the City of Geneva, Illinois, as of and for the year ended April 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Geneva's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Geneva, Illinois, as of April 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2009, on our consideration of the City of Geneva, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Frank R. Costabile
Dennis R. Steffens
William H. Stewart

Members
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Certified Public Accountants

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

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The management's discussion and analysis on pages 3 through 9 and budgetary comparison information and the schedules of funding progress of the Illinois Municipal Retirement Fund, Police and Firefighters' Pension Funds trend information, and the notes to the required supplementary information on pages 70 through 73 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 Geneva, Illinois' basic financial statements. The combining nonmajor fund financial statements and the schedule, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of basic financial statements and, accordingly, we express no opinion on it.

COSTABILE & STEFFENS P.C.

Certified Public Accountants

Rolling Meadows, Illinois
October 5, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2009

The City of Geneva is continuing its implementation of Governmental Accounting Standards Board (GASB) statements 34, 37, 38, and 6 for the fiscal year ending April 30, 2009. These new accounting standards are designed to provide two perspectives of the City's financial performance; a focus on the City as a whole (government-wide) and a focus on the major individual funds. Both perspectives (government-wide and major fund) provide a broader basis upon which to compare and judge the City's financial accountability. This improved accountability is in part achieved by consolidating financial transactions (eliminating activities between certain funds and focusing on major funds), allocating specific revenues that finance operations to those expenditures, and displaying information about long-term financial decisions.

The management discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the City's financial activity, (3) identify the City's financial position and ability to address future challenges, (4) identify material deviations from budget, and (5) identify concerns specific to individual funds. Readers are encouraged to review the additional information furnished in the transmittal letter that starts this report.

FINANCIAL HIGHLIGHTS

- The City's total net assets decreased 0.47% or \$719 thousand, from \$151.6 million to \$150.9 million in 2009. Governmental net assets decreased 5.9% to \$67.4 million while business type net assets grew 4.4% to \$83.5 million.

REPORTING THE CITY AS A WHOLE

Government-wide Financial Statements

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall financial status. Financial reporting at this level uses accounting similar to full accrual accounting used in the private sector. Inter-fund activity is eliminated and the cost of assets with a long service life is spread out over future years so that capital expenditures are amortized (through depreciation) when the benefits are realized.

The first of these government-wide statements is the *Statement of Net Assets*. This is the City-wide statement of position presenting information that includes all of the City's assets and liabilities, with the difference reported as *net assets*. Over time, increases or decreases in net

assets may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of City infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities* which reports how the City's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when the cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by taxes and intergovernmental revenues, such as grants, from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public services, insurance fund, and internal service funds. Business-type activities include electric, water and sewer utilities, refuse, parking, and cemeteries. Fiduciary activities, such as employee pension plans, are not included in the government-wide statements since these assets are not available to fund City programs.

The government-wide financial statements are presented on pages 10 - 12 of this report.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for nonmajor funds is provided in the form of combining schedules in a later section of this report.

The City has three kinds of funds:

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of the short-term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenues,

expenditures, and changes in fund balance provide a reconciliation to assist in understanding the differences between these two perspectives.

Budgetary comparison statements are included in the basic financial statements for the general fund. Budgetary comparison schedules for other funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the City's budget.

The basic government fund financial statements are presented on pages 13 - 14 of this report.

Proprietary funds reported in the fund financial statements are for those services for which the City charges customers a fee. There are two kinds of proprietary funds, enterprise and internal service. Enterprise funds encompass the same functions reported as business-type activities in the government-wide statements. Enterprise fund services are primarily provided to customers external to the City organization such as those of the electric, water and sewer utilities and refuse function. Internal service funds provide services and charge fees to customers within the City organization such as equipment services and the insurance funds. Because internal service funds primarily serve the City, they are included within the governmental activities of the government-wide financial statements.

Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements, but with more detail for the major enterprise funds. Individual fund information for internal service funds and non-major enterprise funds is found in combining statements in a later section of this report.

The basic proprietary fund financial statements are presented on pages 16 - 21 of this report.

Fiduciary funds such as the employee pension plans are reported in the fiduciary fund financial statements, but are excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to City programs. Fiduciary fund financial statements report similarly to proprietary funds.

The basic fiduciary fund financial statements are presented on pages 22 - 23 of this report.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 24 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's funding of pension benefit obligations to its employees and budget information beginning on page 70.

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major and internal service funds are presented in a subsequent section of this report beginning on page 74.

Financial Analysis of the City as a Whole

The City implemented the new financial reporting model (GASB #34) beginning with the fiscal year that ended April 30, 2004. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the City as a whole. Historical information is included in these analyses to improve the usefulness of this data.

STATEMENT OF NET ASSETS (in millions of dollars)

| | Governmental Activities | | Business-type Activities | | Total | |
|-----------------------|-------------------------|--------------|--------------------------|--------------|-----------------|--------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Current Assets | \$12.1 | 12.6 | \$ 14.3 | 17.3 | \$ 26.4 | 29.9 |
| Capital Assets | 82.8 | 87.5 | 129.6 | 128.5 | 212.4 | 216.0 |
| Total Assets | <u>94.9</u> | <u>100.1</u> | <u>143.9</u> | <u>145.8</u> | <u>238.8</u> | <u>245.9</u> |
| Long-Term Liabilities | 18.0 | 19.2 | 57.5 | 56.7 | 75.5 | 75.9 |
| Other Liabilities | 9.5 | 9.2 | 2.9 | 9.2 | 12.4 | 18.4 |
| Total Liabilities | <u>27.5</u> | <u>28.4</u> | <u>60.4</u> | <u>65.9</u> | <u>87.9</u> | <u>94.3</u> |
| Net Assets | | | | | | |
| Investment in Capital | | | | | | |
| Net of Debt | <u>62.5</u> | <u>72.0</u> | <u>72.4</u> | <u>69.6</u> | <u>134.9</u> | <u>141.6</u> |
| Restricted | 1.3 | 1.2 | 2.1 | 2.0 | 3.4 | 3.2 |
| Unrestricted | 3.6 | (1.5) | 9.0 | 8.3 | 12.6 | 6.8 |
| Total Net Assets | <u>\$ 67.4</u> | <u>71.7</u> | <u>\$ 83.5</u> | <u>79.9</u> | <u>\$ 150.9</u> | <u>151.6</u> |

STATEMENT OF ACTIVITIES
(in millions of dollars)

| | Governmental Activities | | Business-type Activities | | Total | |
|-------------------------|----------------------------|-------|-----------------------------|-------|----------|-------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Program Revenues | | | | | | |
| Charges for Services | \$ 5.0 | 3.7 | \$ 38.9 | 37.5 | \$ 43.9 | 41.2 |
| Operating Grants | 0.6 | 0.6 | 0.1 | 0.3 | 0.7 | 0.9 |
| Capital Grants | 0.0 | 0.1 | 0.5 | 4.3 | 0.5 | 4.4 |
| Total | 5.6 | 4.4 | 39.5 | 42.1 | 45.1 | 46.5 |
| General Revenues | | | | | | |
| Taxes | 18.0 | 16.6 | 0.0 | 0.0 | 18.0 | 16.6 |
| Interest | 0.1 | 0.4 | 0.1 | 0.3 | 0.2 | 0.7 |
| Miscellaneous | 0.0 | 0.0 | 1.5 | 0.5 | 1.5 | 0.5 |
| Transfers | 0.3 | 0.3 | (0.3) | (0.3) | 0.0 | 0.0 |
| Total | 18.4 | 17.3 | 1.3 | 0.5 | 19.7 | 17.8 |
| Total Revenues | 24.0 | 21.7 | 40.8 | 42.6 | 64.8 | 64.3 |
| Program Expenses | | | | | | |
| Admin | 1.4 | 2.0 | | | 1.4 | 2.0 |
| Development | 1.4 | 0.8 | | | 1.4 | 0.8 |
| Public Works | 12.7 | 11.8 | 37.2 | 36.4 | 49.9 | 48.2 |
| Public Safety | 11.9 | 11.7 | | | 11.9 | 11.7 |
| Other | 0.9 | 0.9 | | | 0.9 | 0.9 |
| Total Expense | 28.3 | 27.2 | 37.2 | 36.4 | 65.5 | 63.6 |
| Change in Assets | (4.3) | (5.5) | 3.6 | 6.2 | (0.7) | 0.7 |
| Net Assets – Beginning | 71.7 | 77.2 | 79.9 | 73.7 | 151.6 | 150.9 |
| Net Assets – Ending | \$ 67.4 | 71.7 | \$ 83.5 | 79.9 | \$ 150.9 | 151.6 |

Financial Analysis of the City's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statement with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$4.6 million, down \$0.6 million from the prior year. This decrease is due mainly to the prudent use of City resources to finance ongoing operations and major capital projects with the downturn in the economy.

Major Governmental Funds

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The fund balance of the General Fund decreased from \$2.8 million to \$1.4 million at year end. Ending cash balance of \$100 thousand was down \$1.5 million from last year's balance.

Revenues missed budget expectations by \$1.3 million, largely from less than anticipated sales tax revenue, state income tax and capital funding sources for the year. Municipal tax income, however, along with building permits and telecom taxes remained strong. Expenditures were \$1.0 million less than budget due to the deferral of capital projects for the street program, vehicle and equipment purchases and a citywide bikeway program.

Proprietary Funds

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term financial status information.

Major Proprietary Funds

The main proprietary funds operated by the City are the Electric, Water and Sewer and the Commuter Parking funds. In the Electric Fund with consumption down slightly over the same period last year unchanged rates failed to propel revenues for the year missing budget projections. Strong miscellaneous income and reduced operating expenses, however, ended the year with strong positive growth. Capital projects highlighted by system improvement and development projects, the west side substation program and the underground cable replacement program. In the Water and Sewer Fund, with consumption well below breakeven compared to the prior year, the rate increase could not provide revenues to achieve budget projections. Capital projects highlighted by the water treatment facility project and the water main replacement program. The Commuter parking fund is highlighted by grant revenues from Metra which were used to fund the completion of the new parking deck.

General Budgetary Highlights

The original budget was amended for various programs throughout the year. The parking deck improvements and vehicle and equipment purchases caused amendments of \$460 thousand and \$145 thousand respectively, as well as, a \$407 thousand adjustment for the underground cable replacement program. Carry over budget amendments were made for the water treatment facility at \$1.3 million, vector purchase at \$285 thousand and west side substation work at \$1.2 million. Finally, the general fund was amended by \$230 thousand for various CIP projects and \$27 thousand for the emergency city hall repairs.

Capital Assets

The City established a policy of capitalizing assets with \$5,000 or more in value. The City's investment in capital assets, net of accumulated depreciation, for governmental and business-

type activities as of April 30, 2009, was \$212 million with \$83 million in governmental activities and \$129 million in business-type activities. Major capital asset events during the current fiscal year include the Water Treatment Facility project, the electric underground cable project, west side substation project, capital vehicle and equipment replacement, City Hall improvements, and the Commuter Parking Deck completion.

Long-Term Debt

At the end of the fiscal year, the City had total bonded debt outstanding of \$77.8 million. Of this total, \$26.2 million or 34% represents general obligation bonds, \$17.8 million or 23% in revenue bonds and \$30.0 million or 39% in notes payable. Additions for the year of \$10.8 million are derived mainly from GO Bonds and are offset by \$13.6 million in reductions. As a non-home rule government, under Illinois law, the City is limited in issuing debt.

Bond Ratings

Moody's Investors Service has reviewed and assigned an Aa3 rating on the City's general obligation refunding bonds as of June 2008 and previously assigned an Aa3 rating on their general obligation refunding bonds in 2006.

Economic Factors

As a non-home rule government, the City successfully passed a referendum to increase the local sales tax by ½% to be used for infrastructure improvements which went into effect in January 2008. The City of Geneva is primarily a residential community that relies heavily on property taxes, sales taxes from its two major business districts, and municipal tax from the City's electric and water utilities. The City's official population currently stands at 21,901 representing a 12.2% increase from the 2000 census.

Overall Financial Position

The overall financial position of the City is sound. The decrease in this year's Governmental Funds balance was planned financing ongoing operations and programmed capital projects with the non-home rule sales tax increase in place to rebuild future reserves. Programs set in motion were modified to withstand the sudden economic slowdown. Utility rates were reviewed and in place to carry the Proprietary Funds until 2010.

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the City's Finance Office at City of Geneva, 15 S 1st Street, Geneva, Illinois 60134 or access their website at www.geneva.il.us.

BASIC FINANCIAL STATEMENTS

City of Geneva, Illinois
STATEMENT OF NET ASSETS
April 30, 2009

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|---|------------------------------------|-------------------------------------|--------------------|
| ASSETS | | | |
| Cash and investments | \$ 3,772,516 | \$ 7,933,956 | \$ 11,706,472 |
| Receivables | | | |
| Property taxes - net | 5,512,529 | - | 5,512,529 |
| Accounts | 258,638 | 3,674,784 | 3,933,422 |
| Other | 337,654 | 119,175 | 456,829 |
| Due from other governments | 1,888,353 | - | 1,888,353 |
| Due from other funds | - | 5,518 | 5,518 |
| Restricted cash and equivalents | - | 1,804,494 | 1,804,494 |
| Inventory | 335,479 | 754,783 | 1,090,262 |
| Capital assets, not being depreciated | 13,201,976 | 1,015,621 | 14,217,597 |
| Capital assets, net of accumulated depreciation | 69,629,689 | 128,181,236 | 197,810,925 |
| Unamortized bond costs | - | 437,506 | 437,506 |
| | <u>94,936,834</u> | <u>143,927,073</u> | <u>238,863,907</u> |
| LIABILITIES | | | |
| Accounts payable | 630,445 | 1,708,194 | 2,338,639 |
| Accrued payroll | 434,073 | 147,234 | 581,307 |
| Due to other funds | 5,518 | - | 5,518 |
| Accrued interest | 210,305 | 772,011 | 982,316 |
| Other unearned revenue | 181,504 | - | 181,504 |
| Deposits payable | 222,822 | - | 222,822 |
| Other payables | - | 3,165 | 3,165 |
| Unearned property taxes | 5,512,529 | - | 5,512,529 |
| Bond premium | - | 334,117 | 334,117 |
| Noncurrent liabilities | | | |
| Due within one year | 2,280,331 | 3,968,339 | 6,248,670 |
| Due in more than one year | 18,005,664 | 53,510,012 | 71,515,676 |
| | <u>27,483,191</u> | <u>60,443,072</u> | <u>87,926,263</u> |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 62,545,670 | 72,349,114 | 134,894,784 |
| Restricted for: | | | |
| Debt service | 352,414 | 1,804,494 | 2,156,908 |
| Permanent funds | 375,766 | - | 375,766 |
| Capital projects | 456,105 | 352,638 | 808,743 |
| Special revenues | 90,305 | - | 90,305 |
| Unrestricted | 3,633,383 | 8,977,755 | 12,611,138 |
| | <u>67,453,643</u> | <u>83,484,001</u> | <u>150,937,644</u> |

The accompanying notes are an integral part of this statement.

City of Geneva, Illinois
STATEMENT OF ACTIVITIES
Year ended April 30, 2009

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | |
|---------------------------------------|----------------------|-----------------------------|-------------------------|-----------------------|
| | | <u>Charges for Services</u> | <u>Operating Grants</u> | <u>Capital Grants</u> |
| Governmental activities: | | | | |
| Legislative | \$ 388,249 | \$ - | \$ - | \$ - |
| Administrative services | 1,208,105 | 1,838,956 | - | - |
| Public works | 542,072 | 337,778 | - | - |
| Maintenance | 287,310 | - | - | - |
| Storm drainage | 59,595 | - | - | - |
| Buildings, planning and zoning | 1,409,196 | - | - | - |
| Police | 5,709,102 | 290,098 | - | - |
| Fire | 3,692,653 | 108,393 | - | - |
| Police and Fire Commission | 8,272 | - | - | - |
| Streets and walks | 11,790,968 | 67,037 | 594,276 | - |
| Tri-Com operating expenditures | 2,274,514 | 2,362,196 | - | - |
| Interest | 856,593 | - | - | - |
| Total governmental activities | 28,226,629 | 5,004,458 | 594,276 | - |
| Business-type activities: | | | | |
| Electric light | 28,836,691 | 31,865,017 | 16,355 | - |
| Waterworks and sewerage | 7,421,327 | 6,227,139 | 110,258 | - |
| Commuter Parking Fund | 517,141 | 437,975 | - | 449,527 |
| Refuse | 292,097 | 321,562 | - | - |
| Cemetery | 92,249 | 55,680 | - | - |
| Total business-type activities | 37,159,505 | 38,907,373 | 126,613 | 449,527 |
| Total | \$ 65,386,134 | \$ 43,911,831 | \$ 720,889 | \$ 449,527 |

General revenues:
Property taxes
Replacement taxes
Intergovernmental tax
Utility tax
Interest
Miscellaneous
Transfers

Total general revenues and transfers

Change in net assets

Net assets - beginning

Net assets - ending

The accompanying notes are an integral part of this statement.

| Net (Expense) Revenue and Changes in Net Assets | | |
|--|-----------------------------|-----------------------|
| Governmental Activities | Business-type Activities | Total |
| \$ (388,249) | \$ - | \$ (388,249) |
| 630,851 | - | 630,851 |
| (204,294) | - | (204,294) |
| (287,310) | - | (287,310) |
| (59,595) | - | (59,595) |
| (1,409,196) | - | (1,409,196) |
| (5,419,004) | - | (5,419,004) |
| (3,584,260) | - | (3,584,260) |
| (8,272) | - | (8,272) |
| (11,129,655) | - | (11,129,655) |
| 87,682 | - | 87,682 |
| (856,593) | - | (856,593) |
| <u>(22,627,895)</u> | <u>-</u> | <u>(22,627,895)</u> |
| - | 3,044,681 | 3,044,681 |
| - | (1,083,930) | (1,083,930) |
| - | 370,361 | 370,361 |
| - | 29,465 | 29,465 |
| - | (36,569) | (36,569) |
| <u>-</u> | <u>2,324,008</u> | <u>2,324,008</u> |
| <u>(22,627,895)</u> | <u>2,324,008</u> | <u>(20,303,887)</u> |
| 6,355,386 | - | 6,355,386 |
| 99,796 | - | 99,796 |
| 9,116,699 | - | 9,116,699 |
| 2,356,639 | - | 2,356,639 |
| 90,021 | 116,331 | 206,352 |
| - | 1,449,807 | 1,449,807 |
| 349,212 | (349,212) | - |
| <u>18,367,753</u> | <u>1,216,926</u> | <u>19,584,679</u> |
| <u>(4,260,142)</u> | <u>3,540,934</u> | <u>(719,208)</u> |
| <u>71,713,785</u> | <u>79,943,067</u> | <u>151,656,852</u> |
| <u>\$ 67,453,643</u> | <u>\$ 83,484,001</u> | <u>\$ 150,937,644</u> |

City of Geneva, Illinois
BALANCE SHEET
GOVERNMENTAL FUNDS
April 30, 2009

| | General | Nonmajor Governmental Funds | Total Governmental Funds |
|--|--------------|-----------------------------------|--------------------------------|
| ASSETS | | | |
| Cash and investments | \$ 91,850 | \$ 3,680,666 | \$ 3,772,516 |
| Receivables | | | |
| Property taxes - net | 3,031,059 | 2,481,470 | 5,512,529 |
| Accounts | 258,638 | - | 258,638 |
| Other | 247,170 | 90,484 | 337,654 |
| Due from other funds | 254,469 | - | 254,469 |
| Due from other governments | 1,888,353 | - | 1,888,353 |
| Inventory and other current assets | 335,479 | - | 335,479 |
| Total assets | \$ 6,107,018 | \$ 6,252,620 | \$ 12,359,638 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| LIABILITIES | | | |
| Accounts payable | \$ 239,292 | \$ 95,348 | \$ 334,640 |
| Accrued payroll | 330,414 | 103,659 | 434,073 |
| Due to other funds | 5,518 | 254,469 | 259,987 |
| Unearned property taxes | 3,031,059 | 2,481,470 | 5,512,529 |
| Other unearned revenue | 114,200 | 67,304 | 181,504 |
| Deposit payable | 222,822 | - | 222,822 |
| Compensated absences payable | 766,639 | 81,703 | 848,342 |
| Total liabilities | 4,709,944 | 3,083,953 | 7,793,897 |
| FUND BALANCES | | | |
| Fund balances | | | |
| Reserved for debt service | - | 352,414 | 352,414 |
| Reserved for permanent funds | - | 375,766 | 375,766 |
| Reserved for capital projects | - | 456,105 | 456,105 |
| Reserved for special revenues | - | 90,305 | 90,305 |
| Unreserved - designated | - | - | - |
| Unreserved - undesignated | 1,397,074 | 1,894,077 | 3,291,151 |
| Total fund balances | 1,397,074 | 3,168,667 | 4,565,741 |
| Total liabilities and fund balances | \$ 6,107,018 | \$ 6,252,620 | |
| Amounts reported for governmental activities in the statement of net assets are different because: | | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. | | | 82,831,665 |
| Long-term liabilities, including bonds payable, compensated absences payable and pension obligations are not due and payable in the current period and, therefore, are not reported in the governmental funds. | | | (19,943,763) |
| Net assets of governmental activities | | | \$ 67,453,643 |

The accompanying notes are an integral part of this statement.

City of Geneva, Illinois
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year ended April 30, 2009

| | General | Nonmajor Governmental Funds | Total Governmental Funds |
|--|---------------------|-----------------------------------|--------------------------------|
| Revenues | | | |
| Property taxes | \$ 2,950,241 | \$ 3,405,145 | \$ 6,355,386 |
| Replacement taxes | 49,518 | 50,278 | 99,796 |
| Intergovernmental tax | 9,116,699 | - | 9,116,699 |
| Utility tax | 2,356,639 | - | 2,356,639 |
| Motor fuel tax | - | 594,276 | 594,276 |
| Fines and forfeits | 204,088 | - | 204,088 |
| Licenses and permits | 396,147 | - | 396,147 |
| Interest | 28,936 | 61,085 | 90,021 |
| Grants | - | - | - |
| Miscellaneous | 1,345,069 | 3,059,154 | 4,404,223 |
| Total revenues | <u>16,447,337</u> | <u>7,169,938</u> | <u>23,617,275</u> |
| Expenditures | | | |
| Legislative | 381,556 | - | 381,556 |
| Administrative services | 831,520 | - | 831,520 |
| Public works | 332,770 | - | 332,770 |
| Maintenance | 271,386 | - | 271,386 |
| Storm drainage | 56,618 | - | 56,618 |
| Buildings, planning and zoning | 1,353,608 | - | 1,353,608 |
| Police | 4,702,447 | - | 4,702,447 |
| Fire | 3,019,122 | - | 3,019,122 |
| Police and Fire Commission | 8,272 | - | 8,272 |
| Streets and walks | 6,210,328 | 278,537 | 6,488,865 |
| Pension - IMRF | - | 509,757 | 509,757 |
| Police and firefighters' pension | - | 654,729 | 654,729 |
| Insurance | - | 357,111 | 357,111 |
| Other | - | 2,123,652 | 2,123,652 |
| Capital outlay | 1,019,814 | 478,929 | 1,498,743 |
| Principal retirement | 255,007 | 1,155,796 | 1,410,803 |
| Interest and fees | 36,786 | 828,170 | 864,956 |
| Total expenditures | <u>18,479,234</u> | <u>6,386,681</u> | <u>24,865,915</u> |
| Excess (deficiency) of revenues over expenditures | <u>(2,031,897)</u> | <u>783,257</u> | <u>(1,248,640)</u> |
| Other financing sources (uses) | | | |
| Transfers in | 984,325 | 776,556 | 1,760,881 |
| Transfers out | (566,556) | (845,113) | (1,411,669) |
| Payments to escrow agent | - | (4,593,489) | (4,593,489) |
| Note and bond proceeds | 250,000 | 4,646,770 | 4,896,770 |
| Total other financing sources (uses) | <u>667,769</u> | <u>(15,276)</u> | <u>652,493</u> |
| Net change in fund balances | <u>(1,364,128)</u> | <u>767,981</u> | <u>(596,147)</u> |
| Beginning of year | <u>2,761,202</u> | <u>2,400,686</u> | <u>5,161,888</u> |
| End of year | <u>\$ 1,397,074</u> | <u>\$ 3,168,667</u> | <u>\$ 4,565,741</u> |

The accompanying notes are an integral part of this statement.

City of Geneva, Illinois

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

Year ended April 30, 2009

Amounts reported for governmental activities in the statement of activities are different

Net change in fund balances - total governmental funds \$ (596,147)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense and loss on disposal in the current period. (4,715,282)

The issuance of long-term debt (e.g. bonds, compensated absences) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt, increases in compensated absences and increases in accrued interest payable consume the current financial resources of governmental funds. 1,051,287

Change in net assets of governmental activities \$ (4,260,142)

The accompanying notes are an integral part of this statement.

City of Geneva, Illinois
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
Year ended April 30, 2009

| | Business-type Activities - Enterprise Funds | | | | |
|-------------------------------------|---|----------------------------|-----------------------------|-------------------|-----------------------|
| | Electric Light | Waterworks and Sewerage | Commuter Parking Fund | Nonmajor Funds | Total |
| CURRENT ASSETS | | | | | |
| Cash and investments | \$ 4,570,132 | \$ 2,006,318 | \$ 959,497 | \$ 398,009 | \$ 7,933,956 |
| Receivables | | | | | |
| Accounts | 2,938,641 | 698,670 | 9,964 | 27,509 | 3,674,784 |
| Other | 119,175 | - | - | - | 119,175 |
| Due from other funds | | | - | 5,518 | 5,518 |
| Inventory and other current assets | 633,942 | 120,841 | - | - | 754,783 |
| | <u>8,261,890</u> | <u>2,825,829</u> | <u>969,461</u> | <u>431,036</u> | <u>12,488,216</u> |
| RESTRICTED ASSETS | | | | | |
| Cash and investments | 1,804,494 | - | - | - | 1,804,494 |
| FIXED ASSETS | | | | | |
| Land and land improvements | 1,042,441 | 1,190,671 | - | - | 2,233,112 |
| Buildings, plant and improvements | 5,341,356 | 8,855,700 | 8,219,732 | 92,544 | 22,509,332 |
| Equipment | 699,822 | 855,240 | - | 161,578 | 1,716,640 |
| Construction in process | - | - | - | - | - |
| Production and distribution systems | 46,268,321 | 101,232,404 | - | - | 147,500,725 |
| | 53,351,940 | 112,134,015 | 8,219,732 | 254,122 | 173,959,809 |
| Accumulated depreciation | <u>(14,115,913)</u> | <u>(29,935,735)</u> | <u>(574,048)</u> | <u>(137,256)</u> | <u>(44,762,952)</u> |
| | <u>39,236,027</u> | <u>82,198,280</u> | <u>7,645,684</u> | <u>116,866</u> | <u>129,196,857</u> |
| OTHER ASSETS | | | | | |
| Unamortized bond costs | 331,320 | 88,694 | 17,492 | - | 437,506 |
| Total assets | <u>\$ 49,633,731</u> | <u>\$ 85,112,803</u> | <u>\$ 8,632,637</u> | <u>\$ 547,902</u> | <u>\$ 143,927,073</u> |

The accompanying notes are an integral part of this statement.

City of Geneva, Illinois
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
Year ended April 30, 2009

| | Business-type Activities - Enterprise Funds | | | | |
|---|---|----------------------------|---------------------|-------------------|----------------------|
| | Electric Light | Waterworks and Sewerage | Commuter | | Total |
| | | | Parking Fund | Nonmajor Funds | |
| CURRENT LIABILITIES | | | | | |
| Accounts payable | \$ 1,614,799 | \$ 71,061 | \$ 618 | \$ 21,716 | \$ 1,708,194 |
| Accrued payroll | 79,985 | 64,350 | 2,260 | 639 | 147,234 |
| Accrued interest | 376,749 | 365,267 | 29,995 | - | 772,011 |
| Other payables | 3,165 | - | - | - | 3,165 |
| Deferred revenue | - | - | - | - | - |
| Notes payable | - | 1,403,462 | 834,000 | - | 2,237,462 |
| General obligation bonds payable | 328,150 | 54,250 | - | - | 382,400 |
| Revenue bonds payable | 1,070,000 | - | 40,000 | - | 1,110,000 |
| | <u>3,472,848</u> | <u>1,958,390</u> | <u>906,873</u> | <u>22,355</u> | <u>6,360,466</u> |
| NONCURRENT LIABILITIES | | | | | |
| Compensated absences payable | 359,562 | 271,046 | - | - | 630,608 |
| Bond premium, net of amortization | 334,117 | - | - | - | 334,117 |
| Notes payable | - | 27,149,181 | - | - | 27,149,181 |
| General obligation bonds payable | 4,133,450 | 5,180,250 | - | - | 9,313,700 |
| Revenue bond payable | 15,065,000 | - | 1,590,000 | - | 16,655,000 |
| | <u>19,892,129</u> | <u>32,600,477</u> | <u>1,590,000</u> | <u>-</u> | <u>54,082,606</u> |
| Total liabilities | <u>23,364,977</u> | <u>34,558,867</u> | <u>2,496,873</u> | <u>22,355</u> | <u>60,443,072</u> |
| NET ASSETS | | | | | |
| Invested in capital assets, net of related debt | 18,639,427 | 48,411,137 | 5,181,684 | 116,866 | 72,349,114 |
| Restricted for debt service | 1,804,494 | - | - | - | 1,804,494 |
| Restricted accounts | - | - | - | 352,638 | 352,638 |
| Unrestricted | 5,824,833 | 2,142,799 | 954,080 | 56,043 | 8,977,755 |
| Total net assets | <u>\$ 26,268,754</u> | <u>\$ 50,553,936</u> | <u>\$ 6,135,764</u> | <u>\$ 525,547</u> | <u>\$ 83,484,001</u> |

The accompanying notes are an integral part of this statement.

City of Geneva, Illinois
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year ended April 30, 2009

| | Business-type Activities - Enterprise Funds | | | | Total |
|--|---|----------------------------|-----------------------------|-------------------|-------------------|
| | Electric Light | Waterworks and Sewerage | Commuter Parking Fund | Nonmajor Funds | |
| OPERATING REVENUES | | | | | |
| Charges for services | \$ 27,712,383 | \$ 6,227,139 | \$ 437,975 | \$ 357,942 | \$ 34,735,439 |
| Charges to other funds | 968,371 | - | - | - | 968,371 |
| Service fees | 308,828 | - | - | - | 308,828 |
| Miscellaneous | 2,875,435 | - | - | 19,300 | 2,894,735 |
| Total operating revenues | <u>31,865,017</u> | <u>6,227,139</u> | <u>437,975</u> | <u>377,242</u> | <u>38,907,373</u> |
| OPERATING EXPENSES | | | | | |
| Purchased power | 21,093,787 | - | - | - | 21,093,787 |
| Production and storage | - | 1,336,821 | - | - | 1,336,821 |
| Distribution | - | 1,230,129 | - | - | 1,230,129 |
| Plant and service | 2,847,196 | - | 70,667 | - | 2,917,863 |
| Sewerage treatment | - | 699,823 | - | - | 699,823 |
| Sewerage collection | - | 669,255 | - | - | 669,255 |
| Sewerage monitoring | - | 90,409 | - | - | 90,409 |
| State utility tax | 1,139,025 | - | - | - | 1,139,025 |
| Administration | 1,162,111 | - | 67,995 | 120,867 | 1,350,973 |
| Depreciation | 1,553,013 | 2,279,161 | 176,725 | 11,009 | 4,019,908 |
| Lease payments | - | - | 42,205 | - | 42,205 |
| Refuse collection | - | - | - | 252,470 | 252,470 |
| Total operating expenses | <u>27,795,132</u> | <u>6,305,598</u> | <u>357,592</u> | <u>384,346</u> | <u>34,842,668</u> |
| OPERATING INCOME (LOSS) | <u>4,069,885</u> | <u>(78,459)</u> | <u>80,383</u> | <u>(7,104)</u> | <u>4,064,705</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Interest income | 63,286 | 18,848 | 34,197 | - | 116,331 |
| Interest expense | (1,015,022) | (1,111,504) | (79,549) | - | (2,206,075) |
| Taxes | 1,142,509 | - | - | - | 1,142,509 |
| Grants | - | - | 449,527 | - | 449,527 |
| Amortization of bond costs | (26,537) | (4,225) | - | - | (30,762) |
| Nonexpendable trust income | - | - | - | 18,522 | 18,522 |
| New development income | - | - | - | 13,092 | 13,092 |
| Loss on bond refunding | - | - | (80,000) | - | (80,000) |
| Miscellaneous income | - | 275,684 | - | - | 275,684 |
| Total nonoperating revenues (expenses) | <u>164,236</u> | <u>(821,197)</u> | <u>324,175</u> | <u>31,614</u> | <u>(301,172)</u> |
| INCOME BEFORE CONTRIBUTIONS AND TRANSFERS | <u>4,234,121</u> | <u>(899,656)</u> | <u>404,558</u> | <u>24,510</u> | <u>3,763,533</u> |

(Continued)

The accompanying notes are an integral part of this statement.

City of Geneva, Illinois
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS (Continued)
PROPRIETARY FUNDS
Year ended April 30, 2009

| | Business-type Activities - Enterprise Funds | | | | |
|------------------------------|---|----------------------------|-----------------------------|-------------------|---------------|
| | Electric Light | Waterworks and Sewerage | Commuter Parking Fund | Nonmajor Funds | Total |
| CAPITAL CONTRIBUTIONS | | | | | |
| Connection fees | \$ 16,355 | \$ 110,258 | \$ - | \$ - | \$ 126,613 |
| TRANSFERS OUT | (221,712) | - | (127,500) | - | (349,212) |
| CHANGE IN NET ASSETS | 4,028,764 | (789,398) | 277,058 | 24,510 | 3,540,934 |
| NET ASSETS | | | | | |
| Beginning of year | 22,239,990 | 51,343,334 | 5,858,706 | 501,037 | 79,943,067 |
| End of year | \$ 26,268,754 | \$ 50,553,936 | \$ 6,135,764 | \$ 525,547 | \$ 83,484,001 |

The accompanying notes are an integral part of this statement.

City of Geneva, Illinois
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended April 30, 2009

| | Business-type Activities - Enterprise Funds | | | | |
|---|---|----------------------------|-----------------------------|-------------------|---------------------|
| | Electric Light | Waterworks and Sewerage | Commuter Parking Fund | Nonmajor Funds | Total |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Receipts from customers and users | \$ 30,206,129 | \$ 6,337,678 | \$ 428,011 | \$ 374,002 | \$ 37,345,820 |
| Receipts from grants | - | - | 449,527 | - | 449,527 |
| Payments to suppliers | (24,789,983) | (3,107,567) | (143,716) | (213,340) | (28,254,606) |
| Payments to employees | (1,779,037) | (1,715,466) | (28,990) | (156,164) | (3,679,657) |
| Net cash provided by (used in) operating activities | <u>3,637,109</u> | <u>1,514,645</u> | <u>704,832</u> | <u>4,498</u> | <u>5,861,084</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Transfers out | (221,712) | - | (127,500) | - | (349,212) |
| Due from other funds | - | - | - | (5,518) | (5,518) |
| Net cash provided by (used in) noncapital financing activities | <u>(221,712)</u> | <u>-</u> | <u>(127,500)</u> | <u>(5,518)</u> | <u>(354,730)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Acquisition and construction of capital assets | (2,564,377) | (2,117,686) | (494,224) | - | (5,176,287) |
| Bond and note proceeds | - | 1,514,892 | 1,670,000 | - | 3,184,892 |
| Principal paid on revenue bonds | (1,015,000) | - | - | - | (1,015,000) |
| Interest paid on revenue bonds, general obligation bonds and capital leases | (1,036,528) | (1,032,724) | (105,243) | - | (2,174,495) |
| Loss on bond refunding | - | - | (80,000) | - | (80,000) |
| Principal paid on note payable | - | (1,163,176) | - | - | (1,163,176) |
| Principal paid on general obligation bonds | (124,250) | (52,500) | (2,449,000) | - | (2,625,750) |
| Net cash provided by (used in) capital and related financing activities | <u>(4,740,155)</u> | <u>(2,851,194)</u> | <u>(1,458,467)</u> | <u>-</u> | <u>(9,049,816)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Interest income | 63,286 | 18,848 | 34,197 | - | 116,331 |
| Nonexpendable trust income | - | - | - | 18,522 | 18,522 |
| New development income | - | - | - | 13,092 | 13,092 |
| Net cash provided by investing activities | <u>63,286</u> | <u>18,848</u> | <u>34,197</u> | <u>31,614</u> | <u>147,945</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | <u>(1,261,472)</u> | <u>(1,317,701)</u> | <u>(846,938)</u> | <u>30,594</u> | <u>(3,395,517)</u> |
| CASH AND CASH EQUIVALENTS, including restricted portion | | | | | |
| Beginning of year | <u>7,636,098</u> | <u>3,324,019</u> | <u>1,806,435</u> | <u>367,415</u> | <u>13,133,967</u> |
| End of year | <u>\$ 6,374,626</u> | <u>\$ 2,006,318</u> | <u>\$ 959,497</u> | <u>\$ 398,009</u> | <u>\$ 9,738,450</u> |
| RECONCILIATION | | | | | |
| Cash and cash equivalents | | | | | |
| Unrestricted | \$ 4,570,132 | \$ 2,006,318 | \$ 959,497 | \$ 398,009 | \$ 7,933,956 |
| Restricted | <u>1,804,494</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,804,494</u> |
| | <u>\$ 6,374,626</u> | <u>\$ 2,006,318</u> | <u>\$ 959,497</u> | <u>\$ 398,009</u> | <u>\$ 9,738,450</u> |

(Continued)

The accompanying notes are an integral part of this statement.

City of Geneva, Illinois
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended April 30, 2009

| | Business-type Activities - Enterprise Funds | | | | |
|--|---|----------------------------|-----------------------------|-------------------|---------------------|
| | Electric Light | Waterworks and Sewerage | Commuter Parking Fund | Nonmajor Funds | Total |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Operating income (loss) | \$ 4,069,885 | \$ (78,459) | \$ 80,383 | \$ (7,104) | \$ 4,064,705 |
| Adjustments to reconcile operating income to net cash provided by operating activities | | | | | |
| Depreciation | 1,553,013 | 2,279,161 | 176,725 | 11,009 | 4,019,908 |
| Connection fees | 16,355 | 110,258 | - | - | 126,613 |
| Taxes | 1,142,509 | - | - | - | 1,142,509 |
| Grants | - | - | 449,527 | - | 449,527 |
| Miscellaneous income | - | 275,684 | - | - | 275,684 |
| Change in assets and liabilities | | | | | |
| Accounts receivable | (47,909) | 281 | (9,964) | (3,240) | (60,832) |
| Other receivables | (67,225) | - | - | - | (67,225) |
| Inventory | (178,131) | (55,762) | - | - | (233,893) |
| Unamortized bond costs | - | - | 7,428 | - | 7,428 |
| Accounts payable | (1,333,025) | (984,618) | 257 | 3,968 | (2,313,418) |
| Accrued payroll | 16,106 | (1,033) | 476 | (135) | 15,414 |
| Other payables | 1,075 | - | - | - | 1,075 |
| Deferred revenue | (1,560,109) | - | - | - | (1,560,109) |
| Bond premium | (25,700) | - | - | - | (25,700) |
| Compensated absences payable | 50,265 | (30,867) | - | - | 19,398 |
| Net cash provided by(used in) operating activities | <u>\$ 3,637,109</u> | <u>\$ 1,514,645</u> | <u>\$ 704,832</u> | <u>\$ 4,498</u> | <u>\$ 5,861,084</u> |

The accompanying notes are an integral part of this statement.

City of Geneva, Illinois
STATEMENT OF NET ASSETS
PENSION TRUST FUNDS
April 30, 2009

| | Firefighters' Pension Fund | Police Pension Fund | Total |
|------------------------------------|----------------------------------|---------------------------|----------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 579,252 | \$ 1,027,394 | \$ 1,606,646 |
| Accrued interest | 11,406 | 47,526 | 58,932 |
| Prepaid expenses | - | 13,340 | 13,340 |
| Investments, at fair value: | | | |
| U.S. government securities | 5,076,449 | 7,518,515 | 12,594,964 |
| Insurance contracts | 1,285,199 | 975,043 | 2,260,242 |
| Mutual funds and stock equities | 947,100 | 2,649,763 | 3,596,863 |
| Total assets | 7,899,406 | 12,231,581 | 20,130,987 |
| LIABILITIES | | | |
| Accounts payable | 690 | - | 690 |
| NET ASSETS | | | |
| Held in trust for pension benefits | \$ 7,898,716 | \$ 12,231,581 | \$ 20,130,297 |

The accompanying notes are an integral part of this statement.

City of Geneva, Illinois
STATEMENT OF CHANGES IN NET ASSETS
PENSION TRUST FUNDS
Year ended April 30, 2009

| | <u>Firefighters'</u> <u>Pension</u> | <u>Police</u> <u>Pension</u> | <u>Total</u> |
|--|--|---------------------------------|----------------------|
| Additions | | | |
| Contributions | | | |
| Employer | \$ 243,035 | \$ 411,694 | \$ 654,729 |
| Plan member | <u>155,161</u> | <u>290,585</u> | <u>445,746</u> |
| Total contributions | <u>398,196</u> | <u>702,279</u> | <u>1,100,475</u> |
| Investment income/(loss) | (498,766) | (1,252,032) | (1,750,798) |
| Less investment expenses | <u>(2,469)</u> | <u>(75,023)</u> | <u>(77,492)</u> |
| Net investment income | <u>(501,235)</u> | <u>(1,327,055)</u> | <u>(1,828,290)</u> |
| Total additions | <u>(103,039)</u> | <u>(624,776)</u> | <u>(727,815)</u> |
| Deductions | | | |
| Administration | 13,445 | 13,322 | 26,767 |
| Benefits | <u>78,962</u> | <u>703,687</u> | <u>782,649</u> |
| Total deductions | <u>92,407</u> | <u>717,009</u> | <u>809,416</u> |
| Net increase | (195,446) | (1,341,785) | (1,537,231) |
| Net assets held in trust for pension benefits | | | |
| Beginning of year | <u>8,094,162</u> | <u>13,573,366</u> | <u>21,667,528</u> |
| End of year | <u>\$ 7,898,716</u> | <u>\$ 12,231,581</u> | <u>\$ 20,130,297</u> |

The accompanying notes are an integral part of this statement.

City of Geneva, Illinois
INDEX FOR NOTES TO FINANCIAL STATEMENTS

| | Page |
|---|---------|
| Note 1. Summary of Significant Accounting Policies | |
| Reporting Entity | 26 |
| Government-Wide and Fund Financial Statements | 26 - 27 |
| Fund Accounting | 27 - 28 |
| Measurement Focus, Basis of Accounting and Financial Statement Presentation | 29 - 31 |
| Cash and Cash Equivalents | 31 |
| Investments | 31 |
| Short-Term Interfund Receivables/Payables | 32 |
| Property Taxes | 32 |
| Receivables | 32 |
| Inventories | 32 |
| Restricted Assets | 33 |
| Capital Assets | 33 |
| Compensated Absences | 34 |
| Long-Term Obligations | 34 |
| Fund Equity | 34 |
| Interfund Transactions | 34 |
| Self-Insurance | 35 |
| Use of Estimates | 35 |
| Note 2. Reconciliation of Government-Wide and Fund Financial Statements | |
| Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Assets | 35 |
| Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities | 36 |
| Note 3. Compliance and Accountability | 37 |
| Note 4. Deposits with Financial Institutions and Investments | |
| Cash | 37 |
| Certificates of Deposit | 37 |
| Investments | 38 - 40 |
| Reconciliation | 41 |

City of Geneva, Illinois
INDEX FOR NOTES TO FINANCIAL STATEMENTS

| | <u>Page</u> |
|--|-------------|
| Note 5. Capital Assets | |
| Governmental Activities | 42 |
| Business-Type Activities | 43 |
| Depreciation Expense | 44 |
| Note 6. Long-term Liabilities | |
| Changes in Long-Term Liabilities | 45 |
| General Obligation Bonds | 46 - 48 |
| Special Service Area Bonds | 48 - 49 |
| Revenue Bonds | 49 - 50 |
| Tax Increment Financing Bonds | 50 - 51 |
| Notes Payable | 51 - 54 |
| Note 7. Electric Light Fund | 55 - 56 |
| Note 8. Segment Information for Enterprise Funds | 57 |
| Note 9. Commitments and Contingencies | |
| Commuter Parking Fund | 57 |
| Grants | 57 |
| Commitments | 58 |
| Economic Incentive Agreements | 58 |
| Note 10. Postemployment Health Care Benefits | 58 - 61 |
| Note 11. Interfund Transfers | 62 - 63 |
| Note 12. Fund Balance Designation | 64 |
| Note 13. Pension and Retirement Fund Commitments | 64 - 69 |

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2009

NOTE 1. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Geneva, Illinois (the City) was founded in 1835. The City has a mayor-council form of government.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of the City's significant accounting policies:

A. Reporting Entity

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The financial reporting entity is defined as the primary government and those component units for which the primary government is 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 and fiscal dependency on the primary government. Based on these criteria, the City does not have any component units.

B. Government-Wide and Fund Financial Statements

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

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

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2009

NOTE 1. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(Continued)

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

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

C. Fund Accounting

The City uses funds to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental Funds

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

General Fund

The General Fund is used to account for most of the current day-to-day operations of the City which are financed from property taxes and other general revenues. Activities financed by the General Fund include those of all departments within the City which are not accounted for in other funds.

Special Revenue Funds

These Special Revenue funds account for revenues from specific sources, such as taxes and state and federal grants, which by law are designated to finance particular functions or activities.

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2009

NOTE 1. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(Continued)

C. Fund Accounting(Continued)

Debt Service Fund

The Debt Service Fund is used to account for the payment of interest and principal on general obligation bonds and for the payment of rentals under capital lease obligations allocated to general governmental operations.

Capital Projects Funds

The Capital Projects Funds account for all resources used for the acquisition of capital facilities by the City except those financed by the Enterprise Funds.

Proprietary Funds

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

Enterprise Funds

These funds are used to account for providing services to the general public where all or most of the costs involved are financed or recovered primarily by charges to users for the services.

Fiduciary Funds

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the City. When these assets are held under the terms of a formal trust agreement, either a pension trust fund, a nonexpendable trust fund or an expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the City is under an obligation to account for assets that the City holds on behalf of others as their agent.

Trust and Agency Funds

These funds consist of resources received and held by the City as trustee or agent to be expended or invested in accordance with the conditions of the trust or in its agency capacity. Pension Trust Funds are accounted for in essentially the same manner as Proprietary Funds.

Permanent Fund

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2009

NOTE 1. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(Continued)

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded when payment is due.

Property taxes, licenses, interest revenue and charges for services revenues associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental fund:

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

The City reports the following major proprietary funds:

The *Electric Light Fund* accounts for the provision of electric services to the residents of the City. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, maintenance, financing and related debt service and billing and collection.

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2009

NOTE 1. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(Continued)

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

The *Waterworks and Sewerage Fund* accounts for the provision of potable water services to the residents of the City. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, maintenance, financing and related debt service and billing and collection.

The *Commuter Parking Fund* accounts for the provision of parking services to the residents and nonresidents who use the City's parking lots. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, maintenance, financing and related debt service.

Additionally, the City reports the following fund types:

Pension Trust Funds account for the activities of the accumulation of resources to pay pension costs. Resources are contributed by members at rates fixed by state statutes and by the government through an annual property tax levy.

The City's proprietary funds apply all applicable GASB pronouncements as well as relevant Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions. All taxes are reported as general revenue.

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2009

NOTE 1. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(Continued)

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charged to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

E. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, deposits in interest-bearing and noninterest-bearing checking accounts, Illinois Public Treasurer's Investment Pool, Government Money Market Portfolio and certificates of deposit with maturities of three months or less from the date of acquisition.

F. Investments

Investments consist of certificates of deposit, treasury obligations and insurance contracts with original maturities greater than three months. Short-term investments are stated at cost or amortized cost, which approximates market. Long-term investments (those with original maturities over one year) are stated at fair value. Investments are stated at fair value for pension funds.

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2009

NOTE 1. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(Continued)

G. 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 are also classified as "due from other funds" or "due to other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

H. Property Taxes

Property taxes are levied the last Tuesday in December and attach as an enforceable lien on property on January 1, and are payable in two installments on June 1 and September 1 subsequent to the year of levy. Property tax receivable is shown net of an allowance for uncollectible. The property tax receivable allowance is equal to 1.5 percent of outstanding property taxes at April 30, 2008.

I. Receivables

The recognition of receivables associated with nonexchange transactions is as follows:

- Derived tax receivables (such as sales, income and motor fuel taxes) are recognized when the underlying exchange has occurred.
- Imposed nonexchange receivables (such as property taxes and fines) are recognized when an enforceable legal claim has arisen.
- Government - mandates or voluntary nonexchange transaction receivables (such as mandates or grants) are recognized when all eligibility requirements have been met.

J. Inventories

Inventories are valued at average cost, which approximates the lower of cost or market. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2009

NOTE 1. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(Continued)

K. Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

L. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as having a useful life greater than one year with an initial, individual cost of more than \$50,000 for streets, bridges and storm sewers, \$20,000 for sidewalks, and \$5,000 for all other capital assets. Such assets are recorded at historical cost, or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

| <u>Description</u> | <u>Years</u> |
|------------------------------------|--------------|
| Buildings | 50 |
| Land improvements | 20 |
| Infrastructure | 20-50 |
| Production and distribution system | 20-50 |
| Machinery and equipment | 4-20 |

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2009

NOTE 1. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(Continued)

M. Compensated Absences

Accumulated vacation and sick leave that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the governmental fund that will pay them. Accumulated vacation and sick leave that are not expected to be liquidated with expendable available financial resources are reported as long-term debt on the government-wide statement of net assets. Accumulated vacation and sick leave of proprietary funds are recorded as expenses and liabilities of those funds as the benefits accrue to employees. In accordance with the provisions of Statement of Financial Accounting Standards No. 43, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating vacation and sick leave benefits that is estimated will be taken as "terminal leave" prior to retirement.

N. Long-Term Obligations

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

O. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance are determined by the Council and represent tentative plans that are subject to change.

P. Interfund Transactions

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 reimbursements, are reported as transfers.

City of Geneva, Illinois
 NOTES TO FINANCIAL STATEMENTS
April 30, 2009

NOTE 1. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(Continued)

Q. Self-Insurance

The City is self-insured to certain limits for dental and workers' compensation insurance. A liability is recorded when it is probable that a loss has occurred and that the amount of the loss can be reasonably estimated. Claims liabilities are based on estimates of the ultimate cost of reported claims including future claims and adjustment expenses. Dental and workers' compensation claims are paid out of their respective funds.

R. Use of Estimates

In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. -RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Assets

The governmental funds balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “Long-term liabilities, including bonds payable and compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.” The details of this \$19,943,763 difference are as follows:

| | |
|---|----------------------|
| General obligation bonds payable | \$ 16,478,900 |
| Special service area bonds | 311,000 |
| Tax increment financing bonds | 715,698 |
| Notes payable | 624,869 |
| Accrued interest payable | 210,305 |
| Accrued pension obligation | 295,805 |
| Compensated absences payable | <u>1,307,186</u> |
| Net adjustment to reduce fund-balance total governmental funds to arrive at net assets – governmental activities. | <u>\$ 19,943,763</u> |

City of Geneva, Illinois
 NOTES TO FINANCIAL STATEMENTS
 April 30, 2009

NOTE 2. -RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

The government funds statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$4,715,282 decrease are as follows:

| | | |
|--|----|---------------------------|
| Capital outlay | \$ | 1,268,268 |
| Loss on disposal of fixed asset | | (5,115) |
| Depreciation expense | | <u>(5,978,435)</u> |
| | | |
| Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net assets of governmental activities | \$ | <u><u>(4,715,282)</u></u> |

Another element of that reconciliation states that "The issuance of long-term debt (e.g. bonds, compensated absences) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt, increases in compensated absences and increases in accrued interest payable consume the current financial resources of governmental funds." The details of this \$1,051,287 increase are as follows:

| | | |
|--|----|-------------------------|
| Accrued interest | \$ | 8,363 |
| Compensated absences | | (13,226) |
| Issuance of long-term liabilities | | (4,830,000) |
| Accrued pension obligation | | (89,653) |
| Principal payments on long-term liabilities | | <u>5,975,803</u> |
| | | |
| Net adjustment to increase net change in fund balances – total governmental funds to arrive at change in net assets of governmental activities | \$ | <u><u>1,051,287</u></u> |

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2009

NOTE 3. - COMPLIANCE AND ACCOUNTABILITY

The following funds had a deficit fund balance as of April 30, 2009:

| | |
|------------------------------------|------------|
| Illinois Municipal Retirement Fund | \$ 312,745 |
|------------------------------------|------------|

NOTE 4. - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

A. Cash

The carrying amount of cash was \$7,807,612 at April 30, 2009, including petty cash of \$1,400, while bank balances were \$8,204,665. All account balances at banks were either insured by the Federal Deposit Insurance Corporation (FDIC) or are held in a third party institution in the name of the City. Bank deposits over FDIC insurable limits are secured by collateral to protect deposits in a single financial institution if it were to default. Collateral will have a market value equivalent to at least 100% of deposits at that particular institution. The collateral shall be marked to market and adjusted on at least a monthly basis.

Pension funds

The carrying amount and bank balance of cash for the pension fund's was \$953,110 at April 30, 2009 and all balances were insured or collateralized by investments held by a third party in the pension's name

B. Certificates of Deposit

Certificates of Deposit amount to \$5,508,354 at April 30, 2009. All Certificates of Deposit were either insured by the Federal Deposit Insurance Corporation (FDIC) or are held in a third party institution in the name of the City. Bank deposits over FDIC insurable limits are secured by collateral to protect deposits in a single financial institution if it were to default. Collateral will have a market value equivalent to at least 100% of deposits at that particular institution. The collateral shall be marked to market and adjusted on at least a monthly basis.

Pension funds

Certificates of deposits for the pension funds' were \$655,000 at April 30, 2009 and all balances were insured or collateralized by investments held by a third party in the pension's name.

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2009

NOTE 4. - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS(Continued)

C. Investments

The members of the City Council maintains a formal Investment Policy which address the governing provisions of the state law as well as specifying additional guidelines for investment process. The allowable investments from the City's policy are the same as those specified in the State statute. In general, these investments include instruments issued by the U.S. Government, federal agencies, high grade commercial paper, bank deposits, investment pools created under the State Treasurer's Act, and selected money market mutual funds.

The deposits and investments of the Police and Firefighters Pension Funds are held separately from those of other City funds. Statutes authorize the Pension Funds to make deposits/invest in interest-bearing direct obligations of the United States of America: obligation that are fully guaranteed or insured as to the payment of principal and interest by the United States of America: bonds, notes, debentures, or similar obligations of agencies of the United States of America; savings accounts or certificates of deposit issued by banks or savings and loan associations chartered by the United States or by the state of Illinois, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; credit unions, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; state of Illinois bonds; pooled accounts managed by the Illinois Public Treasurer's Investment Pool, or by banks, their subsidiaries, or holding companies, in accordance with the laws of the state of Illinois; bonds or tax anticipation warrants of any country, township or municipal corporation of the state of Illinois; money market mutual funds managed by investment companies that are registered under the Federal Investment Company Act of 1940 and the Illinois Securities law of 1953 and are diversified, open-ended management investment companies, provided that the portfolio is limited to specified restriction; general accounts of life insurance companies and separate accounts of life insurance companies provided that the investment in separate accounts does not exceed ten percent of the pension fund's net assets. Pension funds with net assets of \$2.5 million or more may invest up to thirty-five percent of plan net assets in a separate account of life insurance companies and mutual funds. In addition, pension funds with net assets of at least \$5 million that have appointed an investment advisor may, through that investment advisor, invest up to thirty five percent of the plan's net assets in common and preferred stocks which meet specific restrictions.

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2009

NOTE 4. - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS(Continued)

C. Investments (Continued)

The following schedule reports the fair values and maturities (using the segmented time distribution method) for the City's investments at April 30, 2009.

| Investment Type | Fair Value | Investment Maturities (in years) | | | Greater than than 5 |
|-----------------|-------------------|----------------------------------|-------------|-------------|---------------------|
| | | Less than 1 | 1-2 | 3-5 | |
| State Agencies | \$ - | \$ - | \$ - | \$ - | \$ - |
| U.S. Agencies | 195,000 | 150,000 | | | 45,000 |
| Total | \$ 195,000 | \$ 150,000 | \$ - | \$ - | \$ 45,000 |

The following schedule reports the fair values and maturities (using the segmented time distribution method) for the Pension funds' investments at April 30, 2009.

| Investment Type | Fair Value | Investment Maturities (in years) | | | Greater than than 5 |
|---------------------------|----------------------|----------------------------------|-------------------|---------------------|---------------------|
| | | Less than 1 | 1-2 | 3-5 | |
| Federal Home Loan | \$ 569,579 | \$ - | \$ - | \$ 264,460 | \$ 305,119 |
| Federal National Mortgage | 5,502,015 | - | - | 2,002,713 | 3,499,302 |
| Insurance contracts | 2,260,243 | - | - | 2,260,243 | - |
| GNMA | 1,412,056 | - | - | - | 1,412,056 |
| U.S. Agencies | 5,109,849 | 584,299 | 101,798 | 1,758,948 | 2,664,804 |
| Total | \$ 14,853,742 | \$ 584,299 | \$ 101,798 | \$ 6,286,364 | \$ 7,881,281 |

Mutual funds and stock equities * 3,596,863

* Not subject to risk categorization. The mutual funds are managed by the financial institution, in which they are held.

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2009

NOTE 4. - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS(Continued)

C. Investments (Continued)

Interest Rate Risk - As a means of limiting its exposure to fair market value losses arising from rising interest rates, investments of the City shall be limited to instruments maturing no longer than one year from the time of purchase.

The Pension funds' investment policy limits its exposure to interest rate risk by structuring the portfolio to provide liquidity, at the same time, matching investment maturities to projected fund liabilities.

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 seek reasonable income, preserve capital, and, in general, avoid speculative investments. The City's investment policy and Illinois Statutes authorize the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities, commercial paper issued by corporations organized in the United States with assets exceeding \$500,000,000, savings accounts and certificates of deposit issued by financial institutions insured by the Federal Deposit Insurance Corporation, repurchase agreements, short-term discount obligations of the Federal National Mortgage Association, dividend or share accounts of a credit union for which accounts are insured, money market mutual funds with portfolios limited to securities guaranteed by the United States and the Illinois Funds.

Concentration of Credit Risk - the City places no limits on the amount that may be invested in any one issuer. As of April 30, 2009, 96% of the City's investments are in the Illinois Funds Money Market Funds.

In addition to the City investment policy, the Pension Funds may invest in various accounts of life insurance companies authorized to do business in Illinois. Such investments may be made in general or separate investment accounts. However, the total investment in separate accounts shall not exceed 10% of the aggregate book value of all investments owned by each of the Pension Funds. Also, Pension Funds may invest in equity securities not to exceed 50% of the aggregate book value of all investments owned by each of the Pension Funds.

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2009

NOTE 4. - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS(Continued)

D. Reconciliation

Reconciliation of deposits and investments from the footnotes to cash and investments on the financial statements:

| | <u>Government- Wide</u> | <u>Fiduciary</u> |
|---|-----------------------------|----------------------|
| Carrying value of cash | \$ 7,807,612 | \$ 953,110 |
| Carrying value of certificates of deposit | 5,508,354 | 655,000 |
| Carrying value of investments | <u>195,000</u> | <u>18,450,605</u> |
| | <u>\$ 13,510,966</u> | <u>\$ 20,058,715</u> |
| Cash and investments | \$ 11,706,472 | \$ 1,606,646 |
| Cash and investments - restricted | 1,804,494 | - |
| U.S. government securities | - | 12,594,964 |
| Insurance contracts | - | 2,260,242 |
| Mutual funds and stock equities | <u>-</u> | <u>3,596,863</u> |
| | <u>\$ 13,510,966</u> | <u>\$ 20,058,715</u> |

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2009

NOTE 5. - CAPITAL ASSETS

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

A. Governmental Activities:

| | <u>May 1, 2008</u> | <u>Increases</u> | <u>Disposals</u> | <u>April 30, 2009</u> |
|--|------------------------|-----------------------|-------------------|---------------------------|
| Capital assets, not being depreciated | | | | |
| Land | \$ 13,201,976 | \$ - | \$ - | \$ 13,201,976 |
| Total capital assets, not being depreciated | <u>13,201,976</u> | <u>-</u> | <u>-</u> | <u>13,201,976</u> |
| Capital assets, being depreciated | | | | |
| Buildings | 16,879,381 | 497,258 | - | 17,376,639 |
| Machinery and equipment | 5,527,440 | 445,739 | (182,975) | 5,790,204 |
| Land improvements | 1,543,830 | 274,281 | - | 1,818,111 |
| Infrastructure | <u>126,746,025</u> | <u>50,990</u> | <u>-</u> | <u>126,797,015</u> |
| Total capital assets, being depreciated | <u>150,696,676</u> | <u>1,268,268</u> | <u>(182,975)</u> | <u>151,781,969</u> |
| Less accumulated depreciation for | | | | |
| Buildings | 4,027,320 | 327,486 | - | 4,354,806 |
| Machinery and equipment | 4,486,137 | 290,825 | (177,860) | 4,599,102 |
| Land improvements | 318,138 | 65,819 | - | 383,957 |
| Infrastructure | <u>67,520,110</u> | <u>5,294,305</u> | <u>-</u> | <u>72,814,415</u> |
| Total accumulated depreciation | <u>76,351,705</u> | <u>5,978,435</u> | <u>(177,860)</u> | <u>82,152,280</u> |
| Total capital assets, being depreciated, net | <u>74,344,971</u> | <u>(4,710,167)</u> | <u>(5,115)</u> | <u>69,629,689</u> |
| Governmental activities capital assets, net | <u>\$ 87,546,947</u> | <u>\$ (4,710,167)</u> | <u>\$ (5,115)</u> | <u>\$ 82,831,665</u> |

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2009

NOTE 5. - CAPITAL ASSETS (Continued)

B. Business-type Activities:

| | <u>May 1, 2008</u> | <u>Increases</u> | <u>Disposals</u> | <u>April 30, 2009</u> |
|--|------------------------|---------------------|-----------------------|---------------------------|
| Capital assets, not being depreciated | | | | |
| Land | \$ 1,015,621 | \$ - | \$ - | \$ 1,015,621 |
| Construction in progress | <u>2,749,290</u> | <u>-</u> | <u>(2,749,290)</u> | <u>-</u> |
| Total capital assets, not being depreciated | <u>3,764,911</u> | <u>-</u> | <u>(2,749,290)</u> | <u>1,015,621</u> |
| Capital assets, being depreciated | | | | |
| Land improvements | 1,217,491 | - | - | 1,217,491 |
| Buildings, plant and improvements | 14,451,178 | - | - | 14,451,178 |
| Equipment | 1,025,601 | 544,463 | (15,000) | 1,555,064 |
| Production and distribution systems | <u>148,339,340</u> | <u>8,460,092</u> | <u>(1,078,977)</u> | <u>155,720,455</u> |
| Total capital assets, being depreciated | <u>165,033,610</u> | <u>9,004,555</u> | <u>(1,093,977)</u> | <u>172,944,188</u> |
| Less accumulated depreciation for | | | | |
| Land improvements | 110,246 | 29,394 | - | 139,640 |
| Buildings | 6,519,739 | 299,380 | - | 6,819,119 |
| Machinery and equipment | 504,956 | 425,810 | (11,000) | 919,766 |
| Infrastructure | <u>33,623,103</u> | <u>3,261,324</u> | <u>-</u> | <u>36,884,427</u> |
| Total accumulated depreciation | <u>40,758,044</u> | <u>4,015,908</u> | <u>(11,000)</u> | <u>44,762,952</u> |
| Total capital assets, being depreciated, net | <u>124,275,566</u> | <u>4,988,647</u> | <u>(1,082,977)</u> | <u>128,181,236</u> |
| Business-type activities capital assets, net | <u>\$ 128,040,477</u> | <u>\$ 4,988,647</u> | <u>\$ (3,832,267)</u> | <u>\$ 129,196,857</u> |

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2009

NOTE 5. - CAPITAL ASSETS (Continued)

C. Depreciation Expense

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

Governmental activities:

| | |
|--------------------------------|---------------------|
| Administration and financial | \$ 158,204 |
| Public works | 186,795 |
| Police | 121,040 |
| Fire | 188,864 |
| Streets and walks | 5,147,661 |
| Tri-Com operating expenditures | <u>175,871</u> |
| | <u>\$ 5,978,435</u> |

Business – type activities:

| | |
|-------------------------------------|---------------------|
| Electric light | \$ 1,553,013 |
| Waterworks and sewerage | 2,275,161 |
| Commuter Parking Fund | 176,725 |
| Nonmajor business - type activities | <u>11,009</u> |
| | <u>\$ 4,015,908</u> |

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2009

NOTE 6. - LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

A summary of changes in long-term liabilities follows:

| | General Obligation Bonds | Special Service Area Bonds | Revenue Bonds | Tax Increment Financing Bonds | Notes Payable | Compensated Absences | Total |
|-------------------------------------|--------------------------------|-------------------------------------|----------------------|--|----------------------|-------------------------|----------------------|
| <u>Business-type activities</u> | | | | | | | |
| Electric light | \$ 4,461,600 | \$ - | \$ 16,135,000 | \$ - | \$ - | \$ 359,562 | \$ 20,956,162 |
| Water and sewerage | 5,234,500 | - | - | - | 28,552,643 | 271,046 | 34,058,189 |
| Commuter Parking Fund | - | - | 1,630,000 | - | 834,000 | - | 2,464,000 |
| Total business-type activities | <u>9,696,100</u> | <u>-</u> | <u>17,765,000</u> | <u>-</u> | <u>29,386,643</u> | <u>630,608</u> | <u>57,478,351</u> |
| Due within one year | <u>382,400</u> | <u>-</u> | <u>1,110,000</u> | <u>-</u> | <u>2,219,941</u> | <u>255,998</u> | <u>3,968,339</u> |
| <u>Governmental fund activities</u> | | | | | | | |
| All other funds | <u>16,478,900</u> | <u>511,000</u> | <u>-</u> | <u>515,698</u> | <u>624,869</u> | <u>2,155,528</u> | <u>20,285,995</u> |
| Total governmental fund activities | <u>16,478,900</u> | <u>511,000</u> | <u>-</u> | <u>515,698</u> | <u>624,869</u> | <u>2,155,528</u> | <u>20,285,995</u> |
| Due within one year | <u>1,117,600</u> | <u>65,000</u> | <u>-</u> | <u>77,900</u> | <u>171,489</u> | <u>848,342</u> | <u>2,280,331</u> |
| Total all funds | <u>\$ 26,175,000</u> | <u>\$ 511,000</u> | <u>\$ 17,765,000</u> | <u>\$ 515,698</u> | <u>\$ 30,011,512</u> | <u>\$ 2,786,136</u> | <u>\$ 77,764,346</u> |
| Beginning of year | \$ 27,435,000 | \$ 575,000 | \$ 18,725,000 | \$ 608,733 | \$ 30,399,314 | \$ 2,728,911 | \$ 80,471,958 |
| Additions | 4,580,000 | - | 1,670,000 | - | 1,764,892 | 2,840,142 | 10,855,034 |
| Deletions | <u>(5,840,000)</u> | <u>(64,000)</u> | <u>(2,630,000)</u> | <u>(93,035)</u> | <u>(2,152,694)</u> | <u>(2,782,917)</u> | <u>(13,562,646)</u> |
| End of year | <u>\$ 26,175,000</u> | <u>\$ 511,000</u> | <u>\$ 17,765,000</u> | <u>\$ 515,698</u> | <u>\$ 30,011,512</u> | <u>\$ 2,786,136</u> | <u>\$ 77,764,346</u> |

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2009

NOTE 6. - LONG-TERM LIABILITIES (Continued)

The outstanding debt consists of the following:

B. General Obligation Bonds

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. These bonds, therefore, are reported in the proprietary funds if they are expected to be repaid from proprietary revenues. In addition, general obligation bonds have been issued to refund general obligation bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds currently outstanding are as follows:

| | |
|--|--------------|
| 2006B Bonds, \$1,515,000 original amount due in annual installments of \$5,000 to \$800,000, with interest ranging from 3.90% to 5.00%, payable through December 15, 2021. | \$ 1,480,000 |
|--|--------------|

| | |
|---|-----------|
| 2006D Bonds, \$4,905,000 original amount due in annual installments of \$5,000 to \$510,000, with interest ranging from 4.00% to 5.00%, payable through February 1, 2015. | 4,890,000 |
|---|-----------|

| | |
|---|---------|
| 2006C Bonds, \$840,000 original amount due in annual installments of \$5,000 to \$180,000, with interest at 4%, payable through February 1, 2013. These bonds are recorded in the Waterworks and Sewerage Fund, Electric Fund and as Long-term Debt on the government-wide statement of net assets. | 670,000 |
|---|---------|

| | |
|---|-----------|
| 2005 Bonds, \$5,000,000 original amount due in annual installments of \$145,000 to \$710,000 with interest ranging from 4.00% to 4.45%, payable through February 1, 2030. These bonds are recorded in the Waterworks and Sewerage Fund. | 5,000,000 |
|---|-----------|

| | |
|--|-----------|
| 2002 Bonds, \$6,000,000 original amount due in annual installments of \$50,000 to \$680,000, with interest ranging from 4.60% to 5.00%, payable through December 15, 2021. | 1,325,000 |
|--|-----------|

| | |
|---|---------|
| 2002A Bonds, \$1,525,000 original amount due in annual installments of \$135,000 to \$185,000, with interest ranging from 3.80% to 4.125%, payable through June 15, 2012. These bonds are recorded in the Electric Fund and as Long-Term Debt on the government-wide statement of net assets. | 690,000 |
|---|---------|

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2009

NOTE 6. - LONG-TERM LIABILITIES (Continued)

B. General Obligation Bonds (Continued)

| | |
|--|-----------------------------|
| 1999 Bonds, \$5,000,000 original amount due in annual installments of \$330,000 to \$1,405,000, with interest ranging from 4.50% to 6.50%, with principal payments beginning March 1, 2011 through March 1, 2019. | 4,290,000 |
| 1998 Bonds, \$9,460,000 original amount due in annual installments of \$200,000 to \$975,000, with interest ranging from 4.30% to 4.35%, payable through March 1, 2018. | 800,000 |
| 2007 Bonds, \$2,450,000 original amount due in annual installments of \$40,000 to \$430,000, with interest at 4%, payable through February 1, 2021. These bonds are recorded as Long-Term Debt on the government-wide statement of net assets. | 2,450,000 |
| 2008A Refunding Bonds, \$4,580,000 original amount due in annual installments of \$10,000 to \$965,000, with interest ranging from 3.0% to 4%, payable through March 1, 2018. These bonds are recorded as Long-Term Debt on the government-wide statement of net assets. | <u>4,580,000</u> |
| Total General Obligation Bonds | \$ <u><u>26,175,000</u></u> |

On December 13, 2006, the City issued \$4.9 million in 2006 B General Obligation Bonds with an average interest rate of 3.9% to advance partial refund 2002 Series Bonds with an average rate of 4.6% and 1999 Series Bonds with an average rate of 5%. The net \$5,079,847 were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for some of the future debt service payments. The amount of the 2002 Series Bonds and 1999 Series Bond considered defeased and will be paid out of escrow as of April 30, 2009 is \$4,125,000 and \$710,000, respectively.

On December 13, 2006, the City issued \$1.5 million in 2006D General Obligation Bonds with an average interest rate of 3.8% to advance partial refund 2000 Series Bonds with an average rate of 6.35%. The net \$1,567,871 were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for some of the future debt service payments. The amount of the 2000 Series Bonds considered defeased and to be paid out of escrow as of April 30, 2009 is \$1,359,700.

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2009

NOTE 6. - LONG-TERM LIABILITIES (Continued)

B. General Obligation Bonds (Continued)

On September 23, 2008, the City issued \$4.58 million in 2008A General Obligation Bonds with an average interest rate of 3.477% to advance partial refund 1998 Series Bonds with an average rate of 4.3%. The net \$4,593,489 were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for some of the future debt service payments. The refunding reduced its total debt service by \$162,392 and obtained an economic gain of \$144,355 . The amount of the 1998 Series Bonds considered defeased and to be paid out of escrow as of April 30, 2009 is \$0.

Annual debt service requirements to maturity for the general obligation bonds are as follows:

| <u>Year Ending</u> <u>April 30,</u> | <u>Principal</u> | <u>Interest</u> |
|--|----------------------|----------------------|
| 2010 | \$ 1,500,000 | \$ 1,346,725 |
| 2011 | 1,340,000 | 1,085,898 |
| 2012 | 1,465,000 | 1,019,572 |
| 2013 | 2,045,000 | 1,124,993 |
| 2014 | 2,020,000 | 852,619 |
| 2015-2019 | 10,015,000 | 2,969,944 |
| 2020-2024 | 4,555,000 | 1,178,445 |
| 2025-2029 | <u>3,235,000</u> | <u>438,995</u> |
| Total | <u>\$ 26,175,000</u> | <u>\$ 10,017,191</u> |

C. Special Service Area Bonds

The government also issues bonds where the government pledges property taxes from a separately created special service area. These bonds are not an obligation of the government and are secured by the levy of an annual tax on the real property within the special service area. Special service area bonds currently outstanding are as follows:

| | |
|--|------------|
| 2001 Ad Valorem Special Service Area #1 Bonds for \$400,000 original amount, due in annual installments of \$13,000 to \$210,000, with interest at 4.10% to 5.15%, payable through August 1, 2016. | \$ 311,000 |
|--|------------|

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2009

NOTE 6. - LONG-TERM LIABILITIES (Continued)

C. Special Service Area Bonds (Continued)

| | |
|---|-------------------|
| 1997 Series A and B Ad Valorem Tax Bonds of Special Service Area Number 22 for \$3,850,000 original amount, due in semiannual installments of \$25,000 to \$800,000 through June 30, 2012, with interest varying from 5.25% to 6.25%. | <u>200,000</u> |
| Total Special Service Area Bonds | <u>\$ 511,000</u> |

Annual debt service requirements to maturity for the special service area bonds are as follows:

| Year Ending April 30, | <u>Governmental Activities</u> | |
|--------------------------|--------------------------------|-------------------|
| | Principal | Interest |
| 2010 | \$ 65,000 | \$ 15,556 |
| 2011 | 66,000 | 14,888 |
| 2012 | 66,000 | 14,160 |
| 2013 | 67,000 | 13,416 |
| 2014 | 18,000 | 12,609 |
| 2015-2019 | 229,000 | 32,316 |
| Total | <u>\$ 511,000</u> | <u>\$ 102,945</u> |

D. Revenue Bonds

The government also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds currently outstanding are as follows:

| | |
|--|--------------|
| Commuter Parking Fund | |
| \$1,630,000 Series of 2008 Refunding Revenue Bonds due in annual installments of \$40,000 to \$185,000, payable through October 1, 2021, with interest at 2.75% to 4.05%. | \$ 1,630,000 |
| | |
| Electric Light Fund (see Note 7) | |
| \$18,735,000 Series of 2003 Revenue Bonds due in semiannual installments of \$150,000 to \$905,000 payable through May 1, 2021, with interest ranging from 3.00% to 5.00%. | 15,210,000 |

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2009

NOTE 6. - LONG-TERM LIABILITIES (Continued)

D. Revenue Bonds(Continued)

Electric Light Fund

\$2,750,000 Series of 2000 Revenue Bonds due in annual installments of \$50,000 to \$515,000 payable through February 1, 2015, with interest at 6.50% to 5.45% 925,000

Total Revenue Bonds \$ 17,765,000

Annual debt service requirements to maturity for the revenue bonds are as follows:

| Year Ending <u>April 30,</u> | <u>Principal</u> | <u>Interest</u> |
|---------------------------------|----------------------|---------------------|
| 2010 | \$ 1,110,000 | \$ 848,213 |
| 2011 | 1,355,000 | 791,488 |
| 2012 | 1,260,000 | 727,323 |
| 2013 | 890,000 | 663,543 |
| 2014 | 930,000 | 620,268 |
| 2015-2019 | 7,520,000 | 2,217,969 |
| 2020-2024 | <u>4,700,000</u> | <u>333,537</u> |
| Total | <u>\$ 17,765,000</u> | <u>\$ 6,202,341</u> |

E. Tax Increment Financing Bonds

The government issues bonds where a tax increment financing district is established and sales tax revenue generated in that district is used to pay the debt. Tax increment financing bonds currently outstanding are as follows:

2002 Series Tax Increment Revenue Bond for \$350,000 original amount, due in annual installments of \$56,057 payable through October 1, 2010, with interest at 2.90% \$ 107,357

2006 Series Tax Increment Revenue Bond for \$450,000 original amount, due in annual installments ranging from \$25,000 to \$50,000 payable through November 1, 2016, with interest at 4.50% 408,341

Total Tax Increment Financing Bonds \$ 515,698

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2009

NOTE 6. - LONG-TERM LIABILITIES (Continued)

E. Tax Increment Financing Bonds(Continued)

Annual debt service requirements to maturity for the tax increment financing bonds are as follows:

| Year Ending April 30, | <u>Governmental Activities</u> | |
|--------------------------|--------------------------------|-------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2010 | \$ 77,900 | \$ 33,439 |
| 2011 | 104,456 | 27,070 |
| 2012 | 50,000 | 20,094 |
| 2013 | 50,000 | 17,844 |
| 2014 | 50,000 | 10,125 |
| 2015-2019 | 183,342 | 18,000 |
| Total | \$ <u>515,698</u> | \$ <u>126,572</u> |

F. Notes Payable
General Fund

In 2009, the City obtained a loan for \$250,000 to use for the purchase of capital equipment. Principal payments of \$20,874 to \$29,581 are due annually beginning January 15, 2010 through January 15, 2019, with interest at 3.95%. \$ 250,000

In 2006, the City obtained a loan for \$73,942 to use for the purchase of capital equipment. Principal payments of \$13,570 to \$16,000 are due annually beginning February 1, 2008 through February 1, 2012, with interest at 4.30%. 46,219

In June, 2002, the City obtained a loan for \$214,731 to use for Special Service Area #1. Annual installments of \$32,441 are due through June 1, 2010, with interest at 4.35%. 60,829

In June, 2003, the City obtained a loan for \$278,908 to use for the purchase of a new fire engine. Principal payments of \$39,844 are due annually through June 15, 2010, with interest at 2.30%. 79,688

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2009

NOTE 6. - LONG-TERM LIABILITIES (Continued)

F. Notes Payable (Continued)
General Fund

In October, 2004, the City obtained a loan for \$120,000 to use for the purchase of capital equipment. Principal payments of \$22,441 to \$25,484 are due annually beginning October 30, 2005 through October 30, 2009, with interest at 3.10%. 25,784

In April, 2008, the City obtained a loan for \$145,000 to use for the purchase for types of equipment. Monthly principal payments and interest payments are made of \$1,910 are due annually through March, 2015, with interest at 2.91% 120,261

In 2005, the City obtained two loans for a total of \$130,414 to use for the purchase of capital equipment. Principal payments of \$19,074 to \$49,415 are due annually beginning March 1, 2007 through March 1, 2011, with interest at 4.0%. 42,088

Total General Fund \$ 624,869

Waterworks and Sewerage Fund

In April, 2006, the City was awarded a loan of up to \$3,187,768 from the Illinois Environmental Protection Agency to use for the extension of the City's waterworks and sewerage facilities system. With annual payments including principal and interest of \$105,403. The interest rate is 2.5%. The payments will be made until December 2026. \$ 2,973,108

In June, 2006, the City was awarded a loan of up to \$9,931,439 from the Illinois Environmental Protection Agency to use for the extension of the City's waterworks and sewerage facilities system. With annual payments including principal and interest of \$317,083. The interest rate is 2.5%. The payments will be made until July 2027. 9,346,618

In July, 2007, the City was awarded a loan of up to \$8,617,559 from the Illinois Environmental Protection Agency to use for the extension of the City's waterworks and sewerage facilities system. With annual payments including principal and interest of \$561,066. The interest rate is 2.5% and payments will be made until December 2027. 8,444,745

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2009

NOTE 6. - LONG-TERM LIABILITIES (Continued)

F. Notes Payable (Continued)

Waterworks and Sewerage Fund (Continued)

In October, 1998, the City was awarded a loan of up to \$5,400,000 from the Illinois Environmental Protection Agency to use for the extension of the City's waterworks and sewerage facilities system. The interest rate is 2.625% and payments are due until January 1, 2020, or until the amount received is repaid.

3,448,848

In September, 2002, the City was awarded a loan of up to \$5,500,000 from the Illinois Environmental Protection Agency to use for the extension of the City's waterworks and sewerage facilities system. The interest rate is 2.57% with semiannual payments due until November 1, 2024, or until the amount received is repaid.

4,339,324

Total Waterworks and Sewerage Fund

\$ 28,552,643

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2009

NOTE 6. - LONG-TERM LIABILITIES (Continued)

F. Notes Payable (Continued)
 Commuter Parking Fund

In 2006, the City issued debt certificates in the amount of \$1,668,000. Principal payments of \$834,000 are due annually beginning August 1, 2008 through August 1, 2009, with interest at 4.0%.

| | |
|---------------------|-----------------------------|
| | \$ <u>834,000</u> |
| Total Parking Fund | \$ <u>834,000</u> |
| Total Notes Payable | \$ <u><u>30,011,512</u></u> |

Annual debt service requirements to maturity for notes payable are as follows:

| Year Ending April 30, | Principal | Interest |
|--------------------------|---------------|--------------|
| 2010 | \$ 2,408,673 | \$ 730,019 |
| 2011 | 1,588,879 | 686,156 |
| 2012 | 1,535,346 | 644,640 |
| 2013 | 1,558,436 | 605,318 |
| 2014 | 1,598,637 | 570,838 |
| 2015-2019 | 8,529,873 | 2,219,618 |
| 2020-2024 | 8,048,779 | 1,127,171 |
| 2025-2029 | 4,742,889 | 247,300 |
| Total | \$ 30,011,512 | \$ 6,831,060 |

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2009

NOTE 7. - ELECTRIC LIGHT FUND

In November 2002, the Electric Light Fund sold \$18,735,000 of Electric Revenue Bonds, Series 2003. The proceeds of the issue were used primarily to improve and extend the existing electric system and to refund the outstanding Electric Revenue Bonds, Series 1995.

In order to provide for the payment of the Series 2003 revenue bonds, there is established by ordinance the "Electric Light Fund" of the City. This ordinance requires that the following separate accounts be maintained in the Fund designated as follows:

| | |
|-----------------------------------|-----------------------------|
| Operation and maintenance account | Bond reserve account |
| Interest and redemption account | Surplus account |
| Depreciation account | Capital improvement account |

All monies held in the Fund are to be paid to the various accounts as listed below. If in any month the money in the Fund is insufficient to deposit, transfer or credit the required amount to the credit of any of the accounts, the deficiency is to be made up in the following month or months after payments into all accounts enjoying a claim to revenue have been met in full. The manner specified is as follows:

To the capital improvement account, all bond proceeds remaining and any interest earnings thereon.

To the operation and maintenance account, each month an amount sufficient to cover the estimated expenses of the operation and maintenance of the system under economical management for the next succeeding month, plus an amount equal to five percent (5%) of one-twelfth (1/12) of the total operations and maintenance costs for the most recently audited fiscal year.

To the interest and redemption account, each month a minimum amount equal to 1/6 of the interest coming due on the next succeeding interest date on the then outstanding bonds plus 1/12 of the installment of principal coming due on the bonds on the next succeeding principal maturity date.

To the depreciation account, each year the sum of \$40,000 until said account aggregates the sum of \$200,000 and, thereafter, each year the sum of \$12,500 until said account aggregates the sum of \$275,000. This account shall be used for necessary replacements or emergency repairs, and also may be used to pay interest or principal of outstanding bonds when no other funds are available. Whenever any money is paid out from this account, payments shall be resumed at the yearly rate of \$40,000 until the aggregate amount of \$275,000 is restored.

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2009

NOTE 7. - ELECTRIC LIGHT FUND (Continued)

To the bond reserve account, in the first year, an amount equal to \$160,000, and each year thereafter, the sum of \$10,000 until said account aggregates an amount equal to the maximum annual debt service payable in any future year. This account is to be used solely for the purpose of paying principal and interest on the bonds when insufficient money is available in the interest and redemption account. Whenever any money is paid out from this account, payments shall be resumed at the yearly rate of \$10,000 until an amount equal to the maximum annual debt service payable in any future year is restored. Sums in this fund shall not be used to pay bonds called for payment prior to their maturity unless all bonds then outstanding are then retired.

The City may fund the bond reserve account with a reserve account insurance policy. This insurance policy may be deposited in lieu of or in partial substitution for cash to be on deposit in the bond reserve account. The City has purchased a reserve account insurance policy to meet this requirement.

To the surplus account, all money remaining in the Fund at the end of the fiscal year to be held and used for any purpose permitted by law; therefore, surplus money is not restricted.

The reserved cash for purposes other than the expenses of operating, maintaining and repairing the system is as follows:

| | |
|------------------------------------|---------------------|
| Restricted bond ordinance accounts | |
| Bond interest account | \$ 1,359,494 |
| Bond reserve | 220,000 |
| Depreciation account | <u>225,000</u> |
| Total | <u>\$ 1,804,494</u> |

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2009

NOTE 8. - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City maintains five enterprise funds which provide electricity, water and sewerage, parking services, refuse collection, and a cemetery. Segment information for the year ended April 30, 2009 is as follows:

| | Combined Totals | Electric Light Fund | Waterworks and Sewerage Fund | Commuter Parking Fund | Refuse Fund | Cemetery |
|--|--------------------|---------------------------|---------------------------------------|-----------------------------|----------------|-----------|
| Operating revenues \$ | 38,907,373 | \$ 31,865,017 | \$ 6,227,139 | \$ 437,975 | \$ 321,562 | \$ 55,680 |
| Depreciation | 4,019,908 | 1,553,013 | 2,279,161 | 176,725 | 4,820 | 6,189 |
| Operating income | 4,064,705 | 4,069,885 | (78,459) | 80,383 | 29,465 | (36,569) |
| Change in net Plant, property and equipment additions | 3,540,934 | 4,028,764 | (789,398) | 277,058 | 29,465 | (4,955) |
| | 5,176,287 | 2,564,377 | 2,117,686 | 494,224 | - | - |
| Net working capital | 6,127,750 | 4,789,042 | 867,439 | 62,588 | 50,517 | 358,164 |
| Total assets | 143,927,073 | 49,633,731 | 85,112,803 | 8,632,637 | 121,734 | 426,168 |
| Bonds and notes payable - long term | 53,117,881 | 19,198,450 | 32,329,431 | 1,590,000 | - | - |
| Total equity | 83,484,001 | 26,268,754 | 50,553,936 | 6,135,764 | 99,379 | 426,168 |

NOTE 9. - COMMITMENTS AND CONTINGENCIES

A. Commuter Parking Fund

The Commuter Parking Fund leases parking areas from the Union Pacific Railway Company. Pursuant to the terms of this lease agreement, rental payments are equal to 1/3 of the gross meter receipts. The current lease is on a month-to-month basis, pending a Metra buy-out of the leased facility.

B. Grants

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

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2009

NOTE 9. - COMMITMENTS AND CONTINGENCIES (Continued)

C. Commitments

Construction

The following details commitments outstanding at April 30, 2009 related to construction contracts:

| <u>Fund</u> | <u>Amount</u> |
|----------------|-------------------|
| Electric Light | \$ <u>393,490</u> |

D. Economic Incentive Agreements

The City has several economic development incentive agreements outstanding at April 30, 2009, expiring through January, 2023. These agreements provide for the City to reimburse the respective companies a percentage of the actual sales taxes collected from these companies. Expenditures related to these agreements were \$405,859 for fiscal year 2009.

NOTE 10. - POSTEMPLOYMENT HEALTH CARE BENEFITS

Plan Description

In addition to providing pension benefits, the City provides post-employment health care benefits (OPEB) for retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and any employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. Substantially all of the City's employees may become eligible for those benefits if they reach normal retirement age while working for the City. The cost of retiree health care and life insurance benefits as well as an administrative fee is fully paid by the retirees .

Benefits Provided

The City provides post-retirement health care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans.

All health care benefits are provided through the City's health plan. The benefit levels are the same as those afforded to active employees.

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2009

NOTE 10. - POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

Membership

At April 30, 2009, the membership consisted of:

| | |
|--|-------------------|
| Retirees and beneficiaries receiving benefits | 15 |
| Terminated plan members entitled to but not receiving benefits | - |
| Active vested plan members | 96 |
| Active nonvested plan members | <u>57</u> |
| Total | <u><u>168</u></u> |
| Number of participating employers | <u><u>1</u></u> |

Funding Policy

The City negotiates the contribution percentages between the City and employees through union contracts and personal policy. All retirees contribute 100% of the actuarially determined premium to the plan to cover the cost of providing the benefits to the current members via the insured plan which results in an implicit subsidy to the City as defined by the GASB Statement No 45. For the fiscal year ending April 30, 2009, contributions to the plan were \$19,927. The City is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future.

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2009

NOTE 10. - POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

Annual OPEB costs and Net OPEB Obligation

The City first had an actuarial valuation performed for the plan as of April 30, 2009 to determine the funding status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended April 30, 2010. The City's annual OPEB cost (expense) of \$53,036 was set at zero as of April 30, 2009. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for April 30, 2009 was as follows:

| Fiscal Year Ended | Annual OPEB Cost | Employer Contributions | Percentage Of Annual OPEB Cost Contributed | Net OPEB Obligation |
|----------------------|---------------------|---------------------------|---|------------------------|
| 4/30/2009 | 53,036 | 19,927 | 37.57% | 33,109 |

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

| | |
|--|-----------|
| Annual required contribution | \$ 53,036 |
| Interest on net pension obligation | - |
| Adjustment to annual required contribution | - |
| Annual pension cost | 53,036 |
| Contributions made | (19,927) |
| Increase in net pension obligation (benefit) | 33,109 |
| Net pension obligation (benefit) at May 1, 2008 | - |
| Net pension obligation (benefit) at April 30, 2009 | \$ 33,109 |

Funded Status and Funding Progress. The funded status of the plan as of April 30, 2009, was as follows:

| | |
|---|------------|
| Actuarial accrued liability (AAL) | 587,824 |
| Actuarial value of plan assets | - |
| Unfunded actuarial accrued liability (UAAL) | 587,824 |
| Funded ratio (actuarial value of plan assets/AAL) | 0.00% |
| Covered payroll (active plan members) | 12,459,433 |
| UAAL as a percentage of covered payroll | 4.72% |

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2009

NOTE 10. - POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

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

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

In the April 30, 2009 actuarial valuation, the entry rate actuarial cost method was used. The actuarial assumptions included a 5.00% investment rate of return (net of administrative expenses) and an annual healthcare trend rate starting at 8.00% declining to 6%. Both rates include a 3% inflation assumption. The actuarial value of assets was not determined as the City has not advanced funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a open basis. The remaining amortization period at April 30, 2009 was 30 years.

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2009

NOTE 11. - INTERFUND TRANSFERS

| <u>Governmental Funds</u> | | <u>Transfer Out</u> | | <u>Transfer In</u> |
|--------------------------------------|----------|---------------------|----|--------------------|
| General Fund | | | | |
| Illinois Municipal Retirement | A | \$ 75,000 | \$ | - |
| Electric Light | B | - | | 221,712 |
| Working Cash | C | - | | 10,000 |
| Combined Special Service Area | D | 102,000 | | - |
| Parking Facilities Revenue | E | - | | 127,500 |
| Tree Nursery | F | - | | 2,350 |
| Tricom | G | 389,556 | | - |
| Motor Fuel Tax | H | - | | 622,763 |
| | | <u>566,556</u> | | <u>984,325</u> |
| Special Revenue Funds | | | | |
| Motor Fuel Tax | | | | |
| General Fund | H | \$ 622,763 | \$ | - |
| Combined Special Service | | | | |
| General Fund | D | - | | 102,000 |
| Illinois Municipal Retirement | | | | |
| General Fund | A | - | | 75,000 |
| Tree Nursery | | | | |
| General Fund | F | 2,350 | | - |
| Tri-Com | | | | |
| General Fund | G | - | | 389,556 |
| | | <u>625,113</u> | | <u>566,556</u> |
| Capital Projects Funds | | | | |
| Prairie Green | | | | |
| General Obligation Bond 1994 | I | \$ 160,000 | \$ | - |
| Fire station Number Two | | | | |
| General Obligation Bond 1994 | J | 50,000 | | - |
| | | <u>210,000</u> | | <u>-</u> |

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2009

NOTE 11. - INTERFUND TRANSFERS (Continued)

| <u>Governmental Funds</u> (Continued) | <u>Transfer Out</u> | <u>Transfer In</u> |
|--|---------------------|--------------------|
| Debt Service Fund | \$ | \$ |
| Prairie Green | I - | 160,000 |
| Fire station Number Two | J - | 50,000 |
| | - | 210,000 |
| Permanent Fund | | |
| Working Cash | | |
| General Fund | C \$ 10,000 | \$ - |
| <u>Proprietary Funds</u> | | |
| Electric light | | |
| General Fund | B \$ 221,712 | \$ - |
| Parking Facilities Revenue | | |
| General Fund | E 127,500 | - |
| | 349,212 | - |
| Total All Funds | 1,760,881 | 1,760,881 |
| Less amounts eliminated during GASB 34 adjustments | (1,411,669) | (1,411,669) |
| Total internal balances | \$ 349,212 | \$ 349,212 |

Explanations for transfers:

- A** Transfer to reduce deficit in IMRF fund
- B** Transfer to abate street light costs
- C** Transfer interest income for operating expenses
- D** Transfer to provide general fund contribution to SSA #1
- E** Transfer to abate operating costs associated with downtown parking
- F** Transfer of interest income to tree program
- G** Transfer of the City's portion of 911 expense
- H** Transfer of MFT funds to street program
- I** Transfer for debt payment abatement
- J** Transfer for debt payment abatement

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2009

NOTE 12. - FUND BALANCE DESIGNATION

The General Fund designated fund balance of \$55,234 represents amounts for Strategic Plan Support, Tourism marketing, and street improvement projects.

NOTE 13. - PENSION AND RETIREMENT FUND COMMITMENTS

IMRF Plan Description and Contributions

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

Funding Policy - As set by statute, your employer Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its employees. The employer contribution rate for calendar year 2008 was 10.18 percent of annual covered payroll. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost - For 2008, the annual pension cost of \$830,863 for the Regular plan was equal to the employer's required and actual contributions.

THREE - YEAR TREND INFORMATION FOR THE REGULAR PLAN

| Fiscal Year Ending | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|-----------------------|------------------------------------|-------------------------------------|------------------------------|
| 12/31/08 | \$ 830,863 | 100% | \$ - |
| 12/31/07 | 804,611 | 100% | - |
| 12/31/06 | 751,066 | 100% | - |

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2009

NOTE 13. - PENSION AND RETIREMENT FUND COMMITMENTS(Continued)

IMRF Plan Description and Contributions(Continued)

The required contribution for 2008 was determined as part of the December 31, 2006 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2006, included (a) 7.50% investment rate of return (net of administrative and investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit and (d) post retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at the December 31, 2006, valuation was 24 years.

Funded Status and Funding Progress - As of December 31, 2008, the most recent actuarial valuation date, the plan was 72.08 percent funded. The actuarial accrued liability for benefits was \$20,601,218 and the actuarial value of assets was \$14,848,928, resulting in an underfunded actuarial accrued liability (UAAL) of \$5,752,290. The covered payroll (annual payroll of active employees covered by the plan) was \$8,161,724 and the ratio of the UAAL to the covered payroll was 70 percent.

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

Plan Descriptions

Police Pension Fund

Police sworn personnel are covered by the Police Pension Plan, which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund. The City's payroll for employees covered by the Police Pension Plan for the year ended April 30, 2008 was \$2,741,211.

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2009

NOTE 13. - PENSION AND RETIREMENT FUND COMMITMENTS(Continued)

Plan Descriptions(Continued)

Police Pension Fund(Continued)

At April 30, 2008, the Police Pension Plan membership consisted of:

| | |
|--|----|
| Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them | 17 |
| Current employees | |
| Vested | 27 |
| Nonvested | 9 |
| Total current employees | 36 |
| Total | 53 |

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

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 a retirement benefit of one-half of the salary attached to the rank held on the last day of service, or for 1 year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75% of such salary.

Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit of 2.5% of final salary for each year of service. Surviving spouses receive the greater of 50% of final salary or the employee's retirement benefit. Employees disabled in the line of duty receive 65% of final salary.

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.

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2009

NOTE 13. - PENSION AND RETIREMENT FUND COMMITMENTS(Continued)

Plan Descriptions (Continued)

Police Pension Fund(Continued)

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan, as actuarially determined by an enrolled actuary. By the year 2034, the City's contributions must accumulate to the point where the past service cost for the Police Pension Plan is fully funded.

Firefighter's Pension Fund

Fire sworn personnel are covered by the Firefighters' Pension Plan, which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits as well as the employee and employer contributions levels are mandated by Illinois State Statutes and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund. The City's payroll for employees covered by the Firefighters' Pension Plan for the year ended April 30, 2008 was \$1,556,498. At April 30, 2008 the Firefighters' Pension Plan membership consisted of:

| | |
|---|----|
| Retirees, beneficiaries, and disabled employees currently receiving benefits and terminated employees entitled to benefits but not yet receiving them | 5 |
| | |
| Current employees | |
| Vested | 14 |
| Nonvested | 7 |
| Total current employees | 21 |
| Total | 26 |

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

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. 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, to a maximum of 75% of such monthly salary.

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2009

NOTE 13. - PENSION AND RETIREMENT FUND COMMITMENTS(Continued)

Plan Descriptions (Continued)

Firefighters' Pension Fund(Continued)

Employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit ranging from 15% of final salary for 10 years of service to 45.6% for 19 years of service. Surviving spouses receive 100% of final salary for fatalities resulting from an act of duty, or otherwise 54% of final salary. Surviving children receive 12% of final salary. The maximum family survivor benefit is 75% of final salary. Employees disabled in the line of duty receive 65% of final salary. 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 be paid upon reaching at least the age of 55 years, by 3% of the pension payable at the time of the increase.

Covered employees are required to contribute 9.455% 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 accumulated interest. By the year 2034, the City's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is fully funded.

Contributions and Reserves

The City's annual pension cost and net pension obligation to the Police and Firefighters' pension funds were obtained from the funds' most recent actuarial valuations (April 30, 2008) and are as follows:

| | <u>Police</u> | <u>Firefighters'</u> |
|--|-------------------|----------------------|
| Annual required contribution | \$ 474,927 | \$ 242,665 |
| Interest on net pension obligation | 14,061 | 1,401 |
| Adjustment to annual required contribution | <u>(9,754)</u> | <u>(972)</u> |
| Annual pension cost | 479,234 | 243,094 |
| Contributions made | <u>(393,280)</u> | <u>(239,395)</u> |
| Increase in net pension obligation (benefit) | 85,954 | 3,699 |
| Net pension obligation (benefit) at May 1, 2008 | <u>187,478</u> | <u>18,674</u> |
| Net pension obligation (benefit) at April 30, 2009 | <u>\$ 273,432</u> | <u>\$ 22,373</u> |

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2009

NOTE 13. - PENSION AND RETIREMENT FUND COMMITMENTS(Continued)

Plan Descriptions(Continued)

Contributions and Reserves(Continued)

Three-Year Historical Trend Information

| | <u>Fiscal Year Ended</u> | | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | | <u>Net Pension Obligation (Benefit)</u> |
|--------------|------------------------------|----|--|--|----|---|
| Police | 4/30/2008 | \$ | 479,234 | 82.1% | \$ | 273,432 |
| | 4/30/2007 | | 461,950 | 83.2% | | 187,478 |
| | 4/30/2006 | | 394,206 | 78.0% | | 109,912 |
| Firefighters | 4/30/2008 | \$ | 243,094 | 98.5% | \$ | 22,373 |
| | 4/30/2007 | | 224,194 | 99.8% | | 18,674 |
| | 4/30/2006 | | 228,145 | 95.9% | | 18,281 |

Actuarial Assumptions and Notes

The actuarial assumptions for both the Police and Firefighters' Pension Funds include (a) 7.50% investment rate of return, (b) projected salary increases of 5.00% a year and (c) cost of living increases of 3.00% a year. The actuarial notes for both the Police and Firefighters' Pension Funds include (a) valuation date of April 30, 2008, (b) actuarial cost method of entry age normal, (c) amortization method of level percentage of pay, closed, (d) remaining amortization period of 25 years and (e) asset valuation method of fair market value.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

City of Geneva, Illinois
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS
 April 30, 2009
(Unaudited)

| 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) |
|--------------------------------|--|---|------------------------------------|--------------------------|---------------------------|---|
| 12/31/08 | \$ 14,848,928 | \$ 20,601,218 | \$ 5,752,290 | 72.08% | \$ 8,161,724 | 70.48% |
| 12/31/07 | 17,801,091 | 19,893,803 | 2,092,712 | 89.48% | 7,597,838 | 27.54% |
| 12/31/06 | 16,079,389 | 18,353,680 | 2,274,291 | 87.61% | 7,105,642 | 32.01% |

City of Geneva, Illinois
POLICE AND FIREFIGHTERS' PENSION FUNDS
 April 30, 2009
 (Unaudited)

SCHEDULE OF FUNDING PROGRESS *

| 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) | Percentage of Covered Payroll ((b-a)/c) |
|------------------------------|-------------------------------|---|---------------------------|--------------------|---------------------|---|
| Police Pension | | | | | | |
| 4/30/08 | \$ 13,573,367 | \$ 19,702,248 | \$ 6,128,881 | 68.9% | \$ 2,741,211 | 223.6% |
| 4/30/07 | 13,349,570 | 17,948,345 | 4,598,775 | 74.4% | 2,654,867 | 173.2% |
| 4/30/06 | 12,311,481 | 16,535,381 | 4,223,900 | 74.5% | 2,584,198 | 163.5% |
| 4/30/05 | 11,183,421 | 15,272,826 | 4,089,405 | 73.2% | 2,456,853 | 166.4% |
| 4/30/04 | 10,675,705 | 13,849,844 | 3,174,139 | 77.1% | 2,350,677 | 135.0% |
| 4/30/03 | 10,022,450 | 12,310,929 | 2,288,479 | 81.4% | 2,223,622 | 102.9% |
| 4/30/02 | 9,535,153 | 11,166,037 | 1,630,884 | 85.4% | 2,182,016 | 74.7% |
| 4/30/01 | 9,396,911 | 10,219,111 | 822,200 | 92.0% | 1,991,990 | 41.3% |
| Firefighters' Pension | | | | | | |
| 4/30/08 | \$ 8,094,162 | \$ 9,028,229 | \$ 934,067 | 89.7% | \$ 1,556,498 | 60.0% |
| 4/30/07 | 7,471,391 | 8,093,058 | 621,667 | 92.3% | 1,479,228 | 42.0% |
| 4/30/06 | 6,499,206 | 7,258,545 | 759,339 | 89.5% | 1,409,709 | 53.9% |
| 4/30/05 | 5,874,210 | 6,594,503 | 720,293 | 89.1% | 1,298,758 | 55.5% |
| 4/30/04 | 5,171,230 | 5,892,488 | 721,258 | 87.8% | 1,194,764 | 60.4% |
| 4/30/03 | 4,728,280 | 5,301,943 | 573,663 | 89.2% | 1,101,480 | 52.1% |
| 4/30/02 | 4,158,170 | 4,686,967 | 528,797 | 88.7% | 1,026,666 | 51.5% |
| 4/30/01 | 3,940,492 | 4,193,593 | 253,101 | 94.0% | 1,006,676 | 25.1% |

SCHEDULE OF EMPLOYER CONTRIBUTIONS *

| Fiscal Year | Police Pension Fund | | | Firefighters' Pension Fund | | |
|-------------|------------------------------|------------------------|-----------------------|------------------------------|------------------------|-----------------------|
| | Annual Required Contribution | Percentage Contributed | Employer Contribution | Annual Required Contribution | Percentage Contributed | Employer Contribution |
| 2008 | \$ 474,927 | 82.8% | \$ 393,280 | \$ 243,094 | 98.5% | \$ 239,395 |
| 2007 | 459,272 | 83.7% | 384,384 | 224,194 | 99.8% | 223,801 |
| 2006 | 393,610 | 78.1% | 307,488 | 228,145 | 95.9% | 218,830 |
| 2005 | 346,956 | 83.4% | 289,509 | 207,392 | 99.3% | 205,882 |
| 2004 | 305,104 | 85.5% | 260,947 | 196,780 | 97.4% | 191,629 |
| 2003 | 245,581 | 100.8% | 247,581 | 182,886 | 99.8% | 182,594 |
| 2002 | 213,014 | 101.1% | 215,357 | 174,173 | 99.7% | 173,650 |
| 2001 | 177,388 | 124.2% | 220,316 | 144,550 | 99.3% | 143,538 |
| 2000 | 239,974 | 105.6% | 253,413 | 155,257 | 99.5% | 154,481 |

* Information in this table has been presented for as many years as available.

City of Geneva, Illinois
POLICE AND FIREFIGHTERS' PENSION FUNDS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
April 30, 2009
(Unaudited)

NOTE 1. - BUDGETS

During the current fiscal year, the City Council adopted a budget ordinance that follows the "Budget Act" in accordance with Illinois Statutes. In accordance with this ordinance, all estimated revenues and expenditures, by fund, must be approved by the City Council. All subsequent revisions to the adopted budget must be approved by the City Council. The budget was last amended on January 15, 2009. All funds have legally adopted budgets except for the Police Pension Fund, the Firefighters' Pension Fund and the Employer Pension Contribution Fund.

The level of control (level at which expenditures may not exceed budget) is the fund. All unencumbered annual appropriations lapse at the fiscal year-end. The statements are presented in compliance with generally accepted accounting principles which serves as the budgetary basis.

NOTE 2. - ACTUAL EXPENDITURES IN EXCESS OF BUDGET IN INDIVIDUAL FUNDS

Expenditures exceeded budgets in the following funds for the year ended April 30, 2009:

| | <u>Budget</u> | <u>Expenditures</u> | <u>Overage</u> |
|------------------------------|---------------|---------------------|----------------|
| Liability Insurance | \$ 227,500 | \$ 227,715 | \$ (215) |
| Medical Dental Insurance | 119,805 | 129,396 | (9,591) |
| General Obligation Bond 1994 | 1,755,700 | 1,772,275 | (16,575) |

Explanations for budget overages:

Liability Insurance - Overage due to excessive workers compensation claims

Medical Dental Insurance - Overages due to excessive claims on dental insurance

General Obligation Bond 1994 - overages due to unanticipated bond issuances costs

City of Geneva, Illinois
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
Year ended April 30, 2009
(Unaudited)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|--|------------------------|-----------------------|---------------------|---------------------|
| Operating revenues | | | | |
| Property taxes | \$ 2,950,000 | \$ 2,950,000 | \$ 2,950,241 | \$ 241 |
| Replacement taxes | 79,500 | 79,500 | 49,518 | (29,982) |
| Sales tax | 7,887,500 | 7,887,500 | 7,121,193 | (766,307) |
| State income tax | 1,985,000 | 1,985,000 | 1,995,506 | 10,506 |
| Utility tax | 2,229,950 | 2,229,950 | 2,356,639 | 126,689 |
| Fines and forfeits | 301,230 | 301,230 | 204,088 | (97,142) |
| Licenses and permits | 347,500 | 347,500 | 396,147 | 48,647 |
| Interest | 75,000 | 75,000 | 28,936 | (46,064) |
| Miscellaneous | 1,909,245 | 2,044,245 | 1,345,069 | (699,176) |
| | <u>17,764,925</u> | <u>17,899,925</u> | <u>16,447,337</u> | <u>(1,452,588)</u> |
| Total revenues | | | | |
| Expenditures | | | | |
| Total expenditures | <u>18,369,240</u> | <u>18,901,128</u> | <u>18,479,234</u> | <u>421,894</u> |
| Deficiency of revenues over expenditures | <u>(604,315)</u> | <u>(1,001,203)</u> | <u>(2,031,897)</u> | <u>(1,030,694)</u> |
| Other financing sources (uses) | | | | |
| Operating transfers in | 687,900 | 552,900 | 984,325 | 431,425 |
| Operating transfers out | <u>(591,040)</u> | <u>(591,040)</u> | <u>(566,556)</u> | <u>24,484</u> |
| Total other financing sources (uses) | <u>96,860</u> | <u>(38,140)</u> | <u>417,769</u> | <u>455,909</u> |
| Deficiency of revenues and other financing sources over expenditures and other financing uses | <u>\$ (507,455)</u> | <u>\$ (1,039,343)</u> | (1,614,128) | <u>\$ (574,785)</u> |
| Fund balances | | | | |
| Beginning of year | | | <u>2,761,202</u> | |
| End of year | | | <u>\$ 1,147,074</u> | |

SUPPLEMENTARY INFORMATION

City of Geneva, Illinois
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
April 30, 2009

| | Special Revenue | | | | |
|--|---------------------|-------------------|--|-------------------------------------|-------------------|
| | Tricom | Motor Fuel Tax | Combined Special Service Area | Illinois Municipal Retirement | Mental Health |
| ASSETS | | | | | |
| Cash and investments | \$ 1,396,493 | \$ 138,914 | \$ 328,405 | \$ - | \$ 29,152 |
| Receivables | | | | | |
| Property taxes - net | - | - | 317,070 | 487,434 | 190,253 |
| Other | 38,739 | 43,734 | 8,011 | - | - |
| Total assets | \$ 1,435,232 | \$ 182,648 | \$ 653,486 | \$ 487,434 | \$ 219,405 |
| LIABILITIES AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts payable | \$ 35,498 | \$ - | \$ 20,992 | \$ 6,671 | \$ 146 |
| Accrued payroll | 50,930 | - | 1,124 | 51,605 | - |
| Due to other funds | - | - | - | 254,469 | - |
| Unearned property taxes | - | - | 317,070 | 487,434 | 190,253 |
| Other unearned revenue | 67,304 | - | - | - | - |
| Compensated absences payable | 81,703 | - | - | - | - |
| Total liabilities | 235,435 | - | 339,186 | 800,179 | 190,399 |
| FUND BALANCES (DEFICITS) | | | | | |
| Reserved for debt service | - | - | - | - | - |
| Reserved for permanent funds | - | - | - | - | - |
| Reserved for capital projects | - | - | - | - | - |
| Reserved for special revenues | - | - | - | - | - |
| Unreserved | 1,199,797 | 182,648 | 314,300 | (312,745) | 29,006 |
| Total fund balances (deficit) | 1,199,797 | 182,648 | 314,300 | (312,745) | 29,006 |
| Total liabilities and fund balances | \$ 1,435,232 | \$ 182,648 | \$ 653,486 | \$ 487,434 | \$ 219,405 |

(Continued)

| <u>Liability Insurance</u> | <u>Medical and Dental Insurance</u> | <u>Tree Nursery</u> | <u>Employer Pension Contribution</u> | <u>Total Special Revenue</u> |
|----------------------------|-------------------------------------|---------------------|--------------------------------------|------------------------------|
| \$ 227,638 | \$ 15,621 | \$ 90,305 | \$ - | \$ 2,226,528 |
| - | - | - | - | 994,757 |
| - | - | - | - | 90,484 |
| <u>\$ 227,638</u> | <u>\$ 15,621</u> | <u>\$ 90,305</u> | <u>\$ -</u> | <u>\$ 3,311,769</u> |
| \$ - | \$ 15,000 | \$ - | \$ - | \$ 78,307 |
| - | - | - | - | 103,659 |
| - | - | - | - | 254,469 |
| - | - | - | - | 994,757 |
| - | - | - | - | 67,304 |
| - | - | - | - | 81,703 |
| - | <u>15,000</u> | - | - | <u>1,580,199</u> |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | 90,305 | - | 90,305 |
| <u>227,638</u> | <u>621</u> | <u>-</u> | <u>-</u> | <u>1,641,265</u> |
| <u>227,638</u> | <u>621</u> | <u>90,305</u> | <u>-</u> | <u>1,731,570</u> |
| <u>\$ 227,638</u> | <u>\$ 15,621</u> | <u>\$ 90,305</u> | <u>\$ -</u> | <u>\$ 3,311,769</u> |

(Continued)

City of Geneva, Illinois
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
April 30, 2009

| | Debt Service | | Capital Projects | | Total Capital Projects |
|--------------------------------------|---------------------------------------|---------------------------|---|-------------------|------------------------------|
| | General Obligation Bond 1994 | Firestation Number Two | TIF East State Street Construction | Prairie Green | |
| ASSETS | | | | | |
| Cash and investments | \$ 352,414 | \$ 138,292 | \$ 458,426 | \$ 129,240 | \$ 725,958 |
| Receivables | | | | | |
| Property taxes - net | 1,486,713 | - | - | - | - |
| Other | - | - | - | - | - |
| Total assets | <u>\$ 1,839,127</u> | <u>\$ 138,292</u> | <u>\$ 458,426</u> | <u>\$ 129,240</u> | <u>\$ 725,958</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts payable | \$ - | \$ - | \$ 2,321 | \$ 14,720 | \$ 17,041 |
| Accrued payroll | - | - | - | - | - |
| Due to other funds | - | - | - | - | - |
| Unearned property taxes | 1,486,713 | - | - | - | - |
| Other unearned revenue | - | - | - | - | - |
| Compensated absences payable | - | - | - | - | - |
| Total liabilities | <u>1,486,713</u> | <u>-</u> | <u>2,321</u> | <u>14,720</u> | <u>17,041</u> |
| FUND BALANCES (DEFICITS) | | | | | |
| Reserved for debt service | 352,414 | - | - | - | - |
| Reserved for permanent funds | - | - | - | - | - |
| Reserved for capital projects | - | - | 456,105 | - | 456,105 |
| Reserved for special revenues | - | - | - | - | - |
| Unreserved | - | 138,292 | - | 114,520 | 252,812 |
| Total fund balances | <u>352,414</u> | <u>138,292</u> | <u>456,105</u> | <u>114,520</u> | <u>708,917</u> |
| Total liabilities and fund balances | <u>\$ 1,839,127</u> | <u>\$ 138,292</u> | <u>\$ 458,426</u> | <u>\$ 129,240</u> | <u>\$ 725,958</u> |

| <u>Permanent</u> | |
|---------------------|--|
| <u>Working Cash</u> | <u>Total Nonmajor Governmental Funds</u> |
| \$ 375,766 | \$ 3,680,666 |
| - | 2,481,470 |
| - | 90,484 |
| <u>\$ 375,766</u> | <u>\$ 6,252,620</u> |

| | |
|----------------|------------------|
| \$ - | \$ 95,348 |
| - | 103,659 |
| - | 254,469 |
| - | 2,481,470 |
| - | 67,304 |
| - | 81,703 |
| - | <u>3,083,953</u> |
| - | 352,414 |
| 375,766 | 375,766 |
| - | 456,105 |
| - | 90,305 |
| - | 1,894,077 |
| <u>375,766</u> | <u>3,168,667</u> |

\$ 375,766 \$ 6,252,620
(Concluded)

City of Geneva, Illinois
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
April 30, 2009

| | Special Revenue | | | | |
|---|---------------------|-------------------|--|-------------------------------------|------------------|
| | Tricom | Motor Fuel Tax | Combined Special Service Area | Illinois Municipal Retirement | Mental Health |
| REVENUES | | | | | |
| Property taxes | \$ - | \$ - | \$ 312,274 | \$ 474,295 | \$ 185,117 |
| Replacement taxes | - | - | - | 23,835 | - |
| Motor fuel tax | - | 594,276 | - | - | - |
| Interest | 8,170 | 4,292 | 10,067 | - | 448 |
| Miscellaneous | 2,362,196 | - | 1,000 | - | 3,925 |
| Total revenues | <u>2,370,366</u> | <u>598,568</u> | <u>323,341</u> | <u>498,130</u> | <u>189,490</u> |
| EXPENDITURES | | | | | |
| Streets and walks | - | - | 278,537 | - | - |
| Pension - IMRF | - | - | - | 509,757 | - |
| Police and firefighters' pension | - | - | - | - | - |
| Insurance | - | - | - | - | - |
| Capital outlay | 248,454 | - | - | - | - |
| Debt service | | | | | |
| Principal retirement | 5,270 | - | 92,491 | - | - |
| Interest and fees | 590 | - | 35,255 | - | - |
| Other | 1,868,168 | - | - | - | 151,779 |
| Total expenditures | <u>2,122,482</u> | <u>-</u> | <u>406,283</u> | <u>509,757</u> | <u>151,779</u> |
| Excess (deficiency) of revenues over expenditures | <u>247,884</u> | <u>598,568</u> | <u>(82,942)</u> | <u>(11,627)</u> | <u>37,711</u> |
| Other financing sources (uses) | | | | | |
| Transfers in | 389,556 | - | 102,000 | 75,000 | - |
| Transfers out | - | (622,763) | - | - | - |
| Payments to escrow agent | - | - | - | - | - |
| Bond proceeds | - | - | - | - | - |
| Total other financing sources (uses) | <u>389,556</u> | <u>(622,763)</u> | <u>102,000</u> | <u>75,000</u> | <u>-</u> |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses | 637,440 | (24,195) | 19,058 | 63,373 | 37,711 |
| FUND BALANCES (DEFICIT) | | | | | |
| Beginning of year | <u>562,357</u> | <u>206,843</u> | <u>295,242</u> | <u>(376,118)</u> | <u>(8,705)</u> |
| End of year | <u>\$ 1,199,797</u> | <u>\$ 182,648</u> | <u>\$ 314,300</u> | <u>\$ (312,745)</u> | <u>\$ 29,006</u> |

(Continued)

| <u>Special Revenue</u> | | | | |
|----------------------------|-------------------------------------|---------------------|--------------------------------------|------------------------------|
| <u>Liability Insurance</u> | <u>Medical and Dental Insurance</u> | <u>Tree Nursery</u> | <u>Employer Pension Contribution</u> | <u>Total Special Revenue</u> |
| \$ - | \$ - | \$ - | \$ 628,286 | \$ 1,599,972 |
| - | - | - | 26,443 | 50,278 |
| - | - | - | - | 594,276 |
| 324 | 22 | 3,314 | - | 26,637 |
| <u>338,616</u> | <u>125,092</u> | <u>-</u> | <u>-</u> | <u>2,830,829</u> |
| <u>338,940</u> | <u>125,114</u> | <u>3,314</u> | <u>654,729</u> | <u>5,101,992</u> |
| - | - | - | - | 278,537 |
| - | - | - | - | 509,757 |
| - | - | - | 654,729 | 654,729 |
| 227,715 | 129,396 | - | - | 357,111 |
| - | - | - | - | 248,454 |
| - | - | - | - | 97,761 |
| - | - | - | - | 35,845 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,019,947</u> |
| <u>227,715</u> | <u>129,396</u> | <u>-</u> | <u>654,729</u> | <u>4,202,141</u> |
| <u>111,225</u> | <u>(4,282)</u> | <u>3,314</u> | <u>-</u> | <u>899,851</u> |
| - | - | - | - | 566,556 |
| - | - | (2,350) | - | (625,113) |
| - | - | - | - | - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>-</u> | <u>-</u> | <u>(2,350)</u> | <u>-</u> | <u>(58,557)</u> |
| 111,225 | (4,282) | 964 | - | 841,294 |
| <u>116,413</u> | <u>4,903</u> | <u>89,341</u> | <u>-</u> | <u>890,276</u> |
| <u>\$ 227,638</u> | <u>\$ 621</u> | <u>\$ 90,305</u> | <u>\$ -</u> | <u>\$ 1,731,570</u> |

(Continued)

City of Geneva, Illinois
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
April 30, 2009

| | Debt Service | | Capital Project | | Total Capital Projects |
|---|---------------------------------------|---------------------------|---|------------------|------------------------------|
| | General Obligation Bond 1994 | Firestation Number Two | TIF East State Street Construction | Prairie Green | |
| REVENUES | | | | | |
| Property taxes | \$ 1,559,654 | \$ - | \$ 245,519 | \$ - | \$ 245,519 |
| Replacement taxes | - | - | - | - | - |
| Motor fuel tax | - | - | - | - | - |
| Interest | 10,418 | 5,124 | 10,391 | 4,018 | 19,533 |
| Miscellaneous | 6,117 | 16,380 | - | 205,828 | 222,208 |
| Total revenues | 1,576,189 | 21,504 | 255,910 | 209,846 | 487,260 |
| EXPENDITURES | | | | | |
| Streets and walks | - | - | - | - | - |
| Pension - IMRF | - | - | - | - | - |
| Police and firefighters' pension | - | - | - | - | - |
| Insurance | - | - | - | - | - |
| Capital outlay | - | - | - | 230,475 | 230,475 |
| Debt service | | | | | |
| Principal retirement | 965,000 | - | 93,035 | - | 93,035 |
| Interest and fees | 767,395 | - | 24,930 | - | 24,930 |
| Other | 39,880 | - | 63,825 | - | 63,825 |
| Total expenditures | 1,772,275 | - | 181,790 | 230,475 | 412,265 |
| Excess (deficiency) of revenues over expenditures | (196,086) | 21,504 | 74,120 | (20,629) | 74,995 |
| Other financing sources (uses) | | | | | |
| Transfers in | 210,000 | - | - | - | - |
| Transfers out | - | (50,000) | - | (160,000) | (210,000) |
| Payments to escrow agent | (4,593,489) | - | - | - | - |
| Bond proceeds | 4,646,770 | - | - | - | - |
| Total other financing sources (uses) | 263,281 | (50,000) | - | (160,000) | (210,000) |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses | 67,195 | (28,496) | 74,120 | (180,629) | (135,005) |
| FUND BALANCES (DEFICIT) | | | | | |
| Beginning of year | 285,219 | 166,788 | 381,985 | 295,149 | 843,922 |
| End of year | \$ 352,414 | \$ 138,292 | \$ 456,105 | \$ 114,520 | \$ 708,917 |

| <u>Permanent</u> | | |
|---------------------|----|--|
| <u>Working Cash</u> | | <u>Total Nonmajor Governmental Funds</u> |
| \$ - | \$ | 3,405,145 |
| - | | 50,278 |
| - | | 594,276 |
| 4,497 | | 61,085 |
| <u>-</u> | | <u>3,059,154</u> |
| 4,497 | | 7,169,938 |
| - | | 278,537 |
| - | | 509,757 |
| - | | 654,729 |
| - | | 357,111 |
| - | | 478,929 |
| - | | 1,155,796 |
| - | | 828,170 |
| <u>-</u> | | <u>2,123,652</u> |
| - | | 6,386,681 |
| 4,497 | | 783,257 |
| - | | 776,556 |
| (10,000) | | (845,113) |
| - | | (4,593,489) |
| <u>-</u> | | <u>4,646,770</u> |
| (10,000) | | (15,276) |
| (5,503) | | 767,981 |
| <u>381,269</u> | | <u>2,400,686</u> |
| \$ <u>375,766</u> | \$ | <u>3,168,667</u> |
| | | (Concluded) |

City of Geneva, Illinois
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
April 30, 2009

| | <u>Refuse</u> | <u>Cemetery</u> | <u>Total Nonmajor Enterprise Funds</u> |
|---|------------------|-------------------|--|
| CURRENT ASSETS | | | |
| Cash and investments | \$ 45,363 | \$ 352,646 | \$ 398,009 |
| Due from other funds | - | 5,518 | 5,518 |
| Accounts receivable | <u>27,509</u> | <u>-</u> | <u>27,509</u> |
| | <u>72,872</u> | <u>358,164</u> | <u>431,036</u> |
| CAPITAL ASSETS | | | |
| Buildings, plant and improvements | - | 92,544 | 92,544 |
| Equipment | <u>144,929</u> | <u>16,649</u> | <u>161,578</u> |
| | 144,929 | 109,193 | 254,122 |
| Accumulated depreciation | <u>(96,067)</u> | <u>(41,189)</u> | <u>(137,256)</u> |
| | <u>48,862</u> | <u>68,004</u> | <u>116,866</u> |
| Total assets | <u>121,734</u> | <u>426,168</u> | <u>547,902</u> |
| CURRENT LIABILITIES | | | |
| Accounts payable | 21,716 | - | 21,716 |
| Accrued payroll | <u>639</u> | <u>-</u> | <u>639</u> |
| Total liabilities | <u>22,355</u> | <u>-</u> | <u>22,355</u> |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 48,862 | 68,004 | 116,866 |
| Reserved - restricted accounts | - | 352,638 | 352,638 |
| Unrestricted | <u>50,517</u> | <u>5,526</u> | <u>56,043</u> |
| Total net assets | <u>\$ 99,379</u> | <u>\$ 426,168</u> | <u>\$ 525,547</u> |

City of Geneva, Illinois
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
NONMAJOR ENTERPRISE FUNDS
April 30, 2009

| | <u>Refuse</u> | <u>Cemetery</u> | <u>Total Nonmajor Enterprise Funds</u> |
|---|------------------|-------------------|--|
| OPERATING REVENUES | | | |
| Charges for services | \$ 304,542 | \$ 53,400 | \$ 357,942 |
| Miscellaneous | 17,020 | 2,280 | 19,300 |
| Total operating revenues | <u>321,562</u> | <u>55,680</u> | <u>377,242</u> |
| OPERATING EXPENSES | | | |
| Administration | 34,807 | 86,060 | 120,867 |
| Depreciation | 4,820 | 6,189 | 11,009 |
| Refuse collection | 252,470 | - | 252,470 |
| Total operating expenses | <u>292,097</u> | <u>92,249</u> | <u>384,346</u> |
| OPERATING INCOME (LOSS) | <u>29,465</u> | <u>(36,569)</u> | <u>(7,104)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Nonexpendable trust income | - | 18,522 | 18,522 |
| New development income | - | 13,092 | 13,092 |
| Total nonoperating revenues (expenses) | <u>-</u> | <u>31,614</u> | <u>31,614</u> |
| INCOME (LOSS) BEFORE TRANSFERS | 29,465 | (4,955) | 24,510 |
| TRANSFERS OUT | <u>-</u> | <u>-</u> | <u>-</u> |
| CHANGE IN NET ASSETS | 29,465 | (4,955) | 24,510 |
| NET ASSETS | | | |
| Beginning of year | <u>69,914</u> | <u>431,123</u> | <u>501,037</u> |
| End of year | <u>\$ 99,379</u> | <u>\$ 426,168</u> | <u>\$ 525,547</u> |

City of Geneva, Illinois
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
April 30, 2009

| | Refuse | Cemetery | Total Nonmajor Enterprise Funds |
|---|------------------|--------------------|---------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers and users | \$ 318,322 | \$ 55,680 | \$ 374,002 |
| Payments to suppliers | (180,624) | (32,716) | (213,340) |
| Payments to employees | (102,820) | (53,344) | (156,164) |
| Net cash provided by (used in) operating activities | <u>34,878</u> | <u>(30,380)</u> | <u>4,498</u> |
| CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Due from other funds | - | (5,518) | (5,518) |
| Net cash used in noncapital and related financing activities | <u>-</u> | <u>(5,518)</u> | <u>(5,518)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Acquisition and construction of capital assets | - | - | - |
| Net cash provided by (used in) capital and related financing activities | <u>-</u> | <u>-</u> | <u>-</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Nonexpendable trust income | - | 18,522 | 18,522 |
| New development income | - | 13,092 | 13,092 |
| Net cash provided by investing activities | <u>-</u> | <u>31,614</u> | <u>31,614</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 34,878 | (4,284) | 30,594 |
| CASH AND CASH EQUIVALENTS | | | |
| Beginning of year | <u>10,485</u> | <u>356,930</u> | <u>367,415</u> |
| End of year | <u>\$ 45,363</u> | <u>\$ 352,646</u> | <u>\$ 398,009</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Operating income (loss) | \$ 29,465 | \$ (36,569) | \$ (7,104) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities | | | |
| Depreciation | 4,820 | 6,189 | 11,009 |
| Change in assets and liabilities | | | |
| Accounts receivable | (3,240) | - | (3,240) |
| Accounts payable | 3,968 | - | 3,968 |
| Accrued payroll | (135) | - | (135) |
| Net cash provided by (used in) operating activities | <u>\$ 34,878</u> | <u>\$ (30,380)</u> | <u>\$ 4,498</u> |

City of Geneva, Illinois
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS AND ALL ENTERPRISE FUNDS
April 30, 2009

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|------------------------------------|------------------------|---------------------|---------------|-----------------|
| Government-type Funds | | | | |
| Tricom | \$ 2,208,850 | \$ 2,208,850 | \$ 2,122,482 | \$ 86,368 |
| Motor Fuel Tax | 625,000 | 625,000 | 622,763 | 2,237 |
| Combined Special Service Area | 438,188 | 438,188 | 406,283 | 31,905 |
| Illinois Municipal Retirement | 563,254 | 563,254 | 509,757 | 53,497 |
| Mental Health | 186,720 | 186,720 | 151,779 | 34,941 |
| Liability Insurance | 160,000 | 227,500 | 227,715 | (215) |
| Medical and Dental Insurance | 119,805 | 119,805 | 129,396 | (9,591) |
| Tree Nursery | 2,340 | 2,350 | 2,350 | - |
| Employer Pension Contribution * | - | - | 654,729 | (654,729) |
| General Obligation Bond 1994 | 1,755,700 | 1,755,700 | 1,772,275 | (16,575) |
| Firestation Number Two | 50,000 | 50,000 | 50,000 | - |
| TIF East State Street Construction | 341,655 | 348,440 | 181,790 | 166,650 |
| Prairie Green | 465,200 | 465,200 | 390,475 | 74,725 |
| Working Cash | 10,000 | 10,000 | 10,000 | - |
| Proprietary-type Funds | | | | |
| Electric Light | 30,960,577 | 30,960,577 | 29,058,403 | 1,902,174 |
| Waterworks and Sewerage | 8,025,376 | 8,025,376 | 7,421,327 | 604,049 |
| Commuter Parking Fund | 471,665 | 1,020,265 | 644,641 | 375,624 |
| Refuse | 336,158 | 336,158 | 292,097 | 44,061 |
| Cemetery | 93,273 | 93,273 | 92,249 | 1,024 |

* This fund is not budgeted.

OTHER SUPPLEMENTARY INFORMATION

City of Geneva, Illinois
SCHEDULE OF INSURANCE COVERAGE AND
CUSTOMER INFORMATION
April 30, 2009

| Risk Covered | Amount of Policy | Name of Insurer | Policy Expiration |
|---|---------------------------|---|----------------------|
| Workers' Compensation and Employer's Liability | Statutory \$ 1,000,000 | Self Insured - City of Geneva Midwest Employers Casualty Co. | 4/30/10 |
| General Liability | | | |
| Occurrence | | | |
| General total | \$ 4,000,000 | Argonaut Insurance Co | 4/30/10 |
| Products/completed work | 4,000,000 | | |
| Personal injury | 2,000,000 | | |
| Advertising injury | 2,000,000 | | |
| Each occurrence | 2,000,000 | | |
| Premises damage | 100,000 | | |
| Claims Made | | | |
| General aggregate | \$ 2,000,000 | Argonaut Insurance Co | 4/30/10 |
| Each occurrence | 2,000,000 | | |
| Law enforcement liability protection | 2,000,000 | | |
| Each occurrence | 2,000,000 | | |
| Property | | | |
| Blanket building | \$ 71,414,790 | Federal Insurance Co | 4/30/10 |
| Flood | 5,000,000 | | |
| Earthquake | 5,000,000 | | |
| Crime | | | |
| Public employee theft | \$ 500,000 | Travelers Casualty & Surety of America | 4/30/11 |
| Contractor's Equipment Floater | \$ 1,441,262 | Federal Insurance Co | 4/30/10 |
| Business/Auto | | | |
| Liability | \$ 2,000,000 | Argonaut Insurance Co | 4/30/10 |
| Uninsured motorist | 1,000,000 | | |
| Underinsured motorist | 1,000,000 | | |

(Continued)

Bond on Officials

City of Geneva, Illinois
SCHEDULE OF INSURANCE COVERAGE AND
CUSTOMER INFORMATION
April 30, 2009

| Risk Covered | Amount of Policy | Name of Insurer | Policy Expiration |
|-------------------------------------|---------------------|------------------------|----------------------|
| City administrator | \$ 100,000 | Ohio Casualty | 4/30/10 |
| Fiscal officer | 100,000 | Ohio Casualty | 4/30/10 |
| City treasurer | 100,000 | Ohio Casualty | 4/30/10 |
| City mayor | 3,000 | Ohio Casualty | 4/30/13 |
| Umbrella Excess Liability | | | |
| General total | \$ 10,000,000 | Evanston Insurance Co. | 4/30/10 |
| Products/completed work | 10,000,000 | | |
| Personal injury | 10,000,000 | | |
| Advertising injury | 10,000,000 | | |
| Each occurrence | 10,000,000 | | |
| Number of Customers Serviced | | | |
| by the City's Utilities | 10,188 | | |

Note: The Bond Ordinance requires that the audit report include a list of all insurance policies held by the City pursuant to the Ordinances, and the number of customers serviced by the utilities.