



CITY OF GENEVA, ILLINOIS

REPORT ON ALLOCATION OF PENSION
AMOUNTS FOR THE ILLINOIS MUNICIPAL
RETIREMENT FUND

For the Fiscal Year Ended April 30, 2022



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CITY OF GENEVA, ILLINOIS
REPORT ON ALLOCATION OF PENSION AMOUNTS
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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying schedule of employer allocations of the City of Geneva, Illinois (the City) as of and for the fiscal year ended April 30, 2022 and the related notes to the schedule of employer allocations and pension amounts by employer. We have also audited the total for all entities of the columns net pension liability (asset) as of December 31, 2021, total deferred outflows of resources, total deferred inflows of resources and total pension expense subject to allocation (specified column totals) included in the accompanying schedule of pension amounts by employer (schedules) of the City for the fiscal year ended April 30, 2022.

In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations as of and for the fiscal year ended April 30, 2022 and the total of all participating entities of the City of Geneva, Illinois for net pension liability as of December 31, 2021, and total deferred outflows of resources, total deferred inflows of resources and total pension expense subjected to allocation for the total of all participating entities for the City's participation in the Illinois Municipal Retirement Fund (IMRF) as of and for the fiscal year ended December 31, 2021.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the schedule of employer allocations and the specified column totals included in the schedules section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Schedule of Employer Allocations

Management is responsible for the preparation and fair presentation of these schedules in accordance with accounting principles generally accepted in the United States of America and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the Schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Audit of the Schedules

Our objectives are to obtain reasonable assurance about whether the schedules are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the schedules.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matter

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the City as of and for the year ended April 30, 2022, and our report thereon, dated October 3, 2022, expressed an unmodified opinion on those financial statements.

Restriction on Use

Our report is intended solely for the information and use of the City of Geneva and the Tri-Com Central Dispatch and is not intended to be, and should not be, used by anyone other than these specified parties.

Sikich LLP

Naperville, Illinois

October 3, 2022

CITY OF GENEVA, ILLINOIS

**SCHEDULE OF EMPLOYER ALLOCATIONS
ILLINOIS MUNICIPAL RETIREMENT FUND**

For the Fiscal Year Ended April 30, 2022

	<u>Contributions</u>	<u>Average</u>
Employer		
City of Geneva	\$ 870,007	78.48%
Tri-Com Central Dispatch	237,018	21.52%
	<hr/>	
TOTAL	<u>\$ 1,107,025</u>	<u>100.00%</u>

CITY OF GENEVA, ILLINOIS

SCHEDULE OF PENSION AMOUNTS BY EMPLOYER

For the Year Ended December 31, 2022

Entity	Deferred Outflows of Resources					Deferred Inflows of Resources				
	Net Pension Liability (Asset)	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Total Deferred Inflows of Resources	Proportionate Share of Plan Pension Expense (Income)
City of Geneva	\$ (4,906,460)	\$ 413,357	\$ -	\$ 99,978	\$ 513,335	\$ 445,532	\$ 6,102,926	\$ 254,579	\$ 6,803,037	\$ (1,096,838)
Tri-Com Central Dispatch	(1,435,830)	85,144	-	20,594	105,738	110,410	1,512,162	63,089	1,685,661	(300,764)
TOTAL	\$ (6,342,290)	\$ 498,501	\$ -	\$ 120,572	\$ 619,073	\$ 555,942	\$ 7,615,088	\$ 317,668	\$ 8,488,698	\$ (1,397,602)

CITY OF GENEVA, ILLINOIS

NOTES TO THE SCHEDULE OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS BY EMPLOYER

April 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Geneva, Illinois (the City) contributes to the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system. The benefits, benefit levels, employee contributions and employer contributions for all three plans are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly. IMRF issues a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523 or at www.imrf.org. As noted above, IMRF is an agent multiple-employer defined benefit pension plan. The City and the Tri-Com Central Dispatch (the Dispatch), a non-employer contributing entity, both participate in the plan and therefore, the plan is treated as a cost-sharing plan.

All employees (other than those covered by the Police Pension Plan or Firefighters' Pension Plan, single employer defined benefit plans administered by the City) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members.

a. Nature of Schedules

Employers participating in a cost-sharing pension plan are required to recognize their proportionate share of the collective pension amounts for pension benefits provided to members through the IMRF plan.

GASB Statement No. 68, paragraph 92, states that in determining the employer's portion of the collective net pension asset (NPA), the basis should be consistent with the manner in which contributions to the pension plan, excluding those to separately finance specific liabilities of the individual employer to the Plan, are determined, which is consistent with paragraphs 48-51. GASB Statement No. 68, paragraph 92 further states that in determining the non-employer's proportion of the collective NPA and corresponding pension amounts, the City should follow the terms to determine the specific relationship of the contribution requirements of the non-employer contributing entity (the Dispatch) to those of the employer (the City).

The Schedule of Employer Allocations presents the actual fiscal year 2022 contributions used within the proportionate share calculation for the City and the Dispatch and respective allocation percentage. This percentage was also used to allocate the opening net position.

CITY OF GENEVA, ILLINOIS
NOTES TO THE SCHEDULE OF EMPLOYER ALLOCATIONS
AND PENSION AMOUNTS BY EMPLOYER (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Nature of Schedules (Continued)

The Schedule of Pension Amounts by Employer presents the proportionate share of total net pension liability (asset), total deferred outflows of resources, total deferred inflows of resources and total pension expense. The pension expense includes the amortization of the differences between expected and actual economic and demographic experience, differences between actual and projected investment earnings (net) on investments and the impact of changes of assumptions and future economic or demographic factors or other inputs.

b. Measurement Focus and Basis of Accounting

The financial transactions are recorded using the economic resources measurement focus and the accrual basis of accounting.

c. Use of Estimates in the Preparation of the Schedules

The preparation of the IMRF schedules in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts, and the changes therein, and disclosures. Actual results could differ from those estimates and differences could be material. IMRF uses an actuary to determine the total pension liability for the defined benefit plan and to calculate the actuarially determined contributions of the City and Dispatch.

d. Basis of Allocation

In determining the proportionate share of the net pension asset and corresponding employer pension amounts for a cost-sharing plan, the basis should be consistent with the manner in which contributions to IMRF are determined. The City has determined that the actual contributions made to IMRF during the fiscal year ended April 30, 2022 are appropriate as the basis because they are representative of future contributions.

The NPA is the City's total pension liability less the fiduciary net position. The NPA was determined by an actuarial valuation measured as of December 31, 2021. The City allocates a portion of the NPA to the Dispatch based on the allocation percentage calculated within the Schedule of Employer Allocations.

CITY OF GENEVA, ILLINOIS
NOTES TO THE SCHEDULE OF EMPLOYER ALLOCATIONS
AND PENSION AMOUNTS BY EMPLOYER (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Pension Expense and Amortization of Expense

Pension expense, as well as deferred outflows of resources and deferred inflows of resources related to pensions, should be recognized for the City and the Dispatch's proportionate shares of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to pensions.

Deferred outflows of resources are the consumption of net assets that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position. Deferred inflows of resources are the acquisition of net assets that is applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position. Other than differences between projected and actual investment earnings, deferred inflows and outflows of resources are recognized in pension expense beginning in the current period, using a straight line method over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions through IMRF (active or inactive), determined as of the beginning of the measurement period.

Net deferred inflows (or outflows) of resources pertaining to differences between projected and actual investment earnings are similarly recognized over a closed five-year period.

The components of pension expense are:

Service cost	\$ 963,541
Interest	4,310,849
Difference between expected and actual experience	(756,036)
Changes in assumptions	-
Employee contributions	(450,473)
Net investment income	(9,995,097)
Other changes in plan fiduciary net position	423,403
Recognition of deferred outflow (inflow) of resources due to liabilities	3,294,972
Recognition of deferred outflow (inflow) of resources due to assets	<u>811,239</u>
Total	<u>\$ (1,397,602)</u>

The average of the expected remaining service lives of all members for calendar year 2021 is 3.7784 years.

CITY OF GENEVA, ILLINOIS
NOTES TO THE SCHEDULE OF EMPLOYER ALLOCATIONS
AND PENSION AMOUNTS BY EMPLOYER (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Net Pension Asset

The net pension liability (asset) for the fiscal ended April 30, 2022 (measurement date December 31, 2021) is set forth in the following table:

NET PENSION LIABILITY (BEGINNING)	\$ 319,651
Total pension income	(1,397,602)
Deferred outflows and inflows of resources	(4,106,211)
Employer contributions	<u>(1,158,128)</u>
NET PENSION ASSET (ENDING)	<u>\$ (6,342,290)</u>