

**City of Geneva, Illinois**

**Annual Financial Report**

**Year Ended April 30, 2004**



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# MILLER COOPER & Co., Ltd

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ACCOUNTANTS AND CONSULTANTS

## 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, 2004, 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.

As stated in Note 1, the City of Geneva, Illinois adopted Governmental Accounting Standards Board (GASB) Statement No. 34 - *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*; GASB Statement No. 37 - *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*; and GASB Statement No. 38 - *Certain Financial Statement Note Disclosures*; and GASB Interpretation No. 6 - *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.



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

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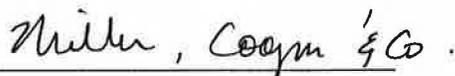
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Geneva, Illinois as of April 30, 2004, 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 August 3, 2004 on our consideration of the City of Geneva's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, controls and grants. That report is an integral part of an audit performed in accordance with *Government Audit Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 3 - 9 and budgetary comparison information and the Illinois Municipal Retirement Fund and Police and Firefighters' Pension funds supplementary information on pages 64 - 68 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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 do not express an 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, capital assets used in the operation of governmental funds and supplemental information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements, capital assets used in the operation of governmental funds, and supplemental information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The accompanying other supplementary information has not been subjected to auditing procedures applied in the audit of basic financial statements and, accordingly, we express no opinion on it.

MILLER, COOPER & CO., LTD.

  
Certified Public Accountants

Northbrook, Illinois  
August 3, 2004



## MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2004

The City of Geneva implemented Governmental Accounting Standards Board (GASB) Statements 34, 37, 38, and GASB interpretation 6 for the fiscal year ending April 30, 2004. 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 declined 0.43% or \$625 thousand, from \$146.3 million to \$145.7 million in 2004. Governmental net assets decreased 3.5% to \$85.6 million while business type net assets grew 4.3% to \$60.1 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, intergovernmental revenues, and 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. 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 13-15 of this report.

*Proprietary funds* reported in the fund financial statements are for those services for which the City charges customers a fee. 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.

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 locally administered 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 26 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 64.

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 69.

## Financial Analysis of the City as a Whole

The City implemented the new financial reporting model (GASB #34) beginning with the current 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. In future years, historical information will be included in these analyses to improve the usefulness of this data.

### STATEMENT OF NET ASSETS (in millions of dollars) April 30, 2004

	Governmental Activities	Business-type Activities	Total
Current Assets	\$ 16.0	\$ 15.0	\$ 31.0
Capital Assets	103.0	84.0	187.0
Total Assets	<u>119.0</u>	<u>99.0</u>	<u>218.7</u>
Long-Term Liabilities	22.6	33.4	56.0
Other Liabilities	10.8	5.5	16.3
Total Liabilities	<u>33.4</u>	<u>38.9</u>	<u>72.3</u>
Net Assets			
Investment in Capital			
Net of Debt	79.0	23.5	102.5
Restricted	1.6	1.0	2.6
Unrestricted	5.0	35.6	40.6
Total Net Assets	<u>\$ 85.6</u>	<u>\$ 60.1</u>	<u>\$145.7</u>

STATEMENT OF ACTIVITIES  
(in millions of dollars)  
Year ended April 30, 2004

	Governmental Activities	Business-type Activities	Total
Charges for Services and Grants	\$ 3.6	\$ 29.7	\$ 33.3
General Revenues	16.0		16.0
Total Revenues	19.6	29.7	49.3
Expenses	22.4	27.2	49.6
Change in Assets	(2.8)	2.5	(.3)
Net Assets – Beginning	88.4	57.6	146.0
Net Assets – Ending	\$ 85.6	\$ 60.1	\$ 145.7

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 \$8.6 million, down \$5.5 million from the prior year. This decrease is due mainly to the completion of the east side fire station.

*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 \$8.5 million to \$3.7 million at year end. Ending cash balance of \$3.2 million was within budget projections established by Council approval.

Revenues exceeded budget by \$1.3 million, largely from better than anticipated utility tax receipts for the year. State shared revenues, such as income tax, use tax and a portion of sales tax, continued to deteriorate due to poor statewide collections based on the overall economy. Expenditures were \$0.3 million less than budget due to the deferral of capital projects for the street program, city wide bikeway, fiber optics system, and Prairie Green open space design.

*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 and the Water and Sewer funds. In the Electric Fund consumption was up almost 4% over the same period last year. Coupled with the second year of the rate increase, revenues showed strong positive growth for the year. Capital projects highlighted by the continuing electric generation project, the pole replacement program and the east side drive substation. In the Water and Sewer Fund, although consumption was relatively flat compared to the prior year, favorable operating expenses and strong connection fees helped to keep a positive bottom line. Capital projects highlighted by the wastewater plant phase two.

### *General Fund Budgetary Highlights*

Revenues exceeded the budget by \$1.3 million during the year due primarily to increased utility tax.

The original budget was amended for various programs throughout the year. The City portion of IMRF expenses caused a \$118 thousand amendment, as well as, a \$71 thousand adjustment for prior period workers compensated loss. Carry over budget amendments were made for façade improvement grants at \$40 thousand and school crossing warning lights at \$11 thousand. Finally, the general fund was amended by \$30 thousand to cover the cost of legal representation in collective bargaining talks.

### *Capital Assets*

The City established a policy of capitalizing equipment 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, 2004, was \$187 million with \$103 million in governmental activities and \$84 million in business-type activities. Major capital asset events during the current fiscal year include the new fire station, the electric generation plant, and the wastewater treatment facility.

### *Long-Term Debt*

At the end of the fiscal year, the City had total bonded debt outstanding of \$60.4 million. Of this total, \$23.0 million or 38% represents general obligation bonds, \$21.8 million or 36% in revenue bonds and \$10.8 million or 18% in notes payable. Additions for the year of \$6.0 million are derived mainly from Illinois EPA notes payable and are offset by \$5.7 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 A1 rating on the City's general obligation bonds and assigned an A2 rating on their general obligation limited tax bonds.

### *Economic Factors*

The local City economy continues to hold its own in spite of a weak State economy. 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. Strong building permits have been one of the few bright spots for the City.

The City's population of 19,515 represents a 54.7% increase from the 1990 census. Continued growth in the western portion of the community has precipitated a special census currently in process.

### *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 Department at City of Geneva, 22 S 1st Street, Geneva, Illinois 60134 or access their website at [www.geneva.il.us](http://www.geneva.il.us).

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## BASIC FINANCIAL STATEMENTS



**City of Geneva, Illinois**  
**STATEMENT OF NET ASSETS**  
April 30, 2004

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 8,791,357	\$ 10,970,564	\$ 19,761,921
Receivables			
Property taxes	5,272,820	-	5,272,820
Accounts	154,087	2,459,833	2,613,920
Other	85,218	28,152	113,370
Internal balances	183,625	-	183,625
Due from other governments	1,442,853	-	1,442,853
Restricted cash and equivalents	-	503,581	503,581
Inventory	19,374	576,157	595,531
Capital assets, net of accumulated depreciation	89,734,755	66,183,621	155,918,376
Capital assets, not being depreciated	13,299,986	17,886,817	31,186,803
Unamortized bond costs	-	461,831	461,831
	<u>118,984,075</u>	<u>99,070,556</u>	<u>218,054,631</u>
<b>LIABILITIES</b>			
Accounts payable	566,385	2,884,713	3,451,098
Accrued payroll	220,629	71,593	292,222
Accrued interest	388,355	610,579	998,934
Other deferred revenue	324,788	-	324,788
Deposits payable	257,588	-	257,588
Other payables	167,327	579,036	746,363
Internal balances	-	183,625	183,625
Deferred property taxes	5,272,820	-	5,272,820
Compensated absences	1,396,057	414,404	1,810,461
Bond premium	-	462,617	462,617
Noncurrent liabilities			
Due within one year	2,236,090	316,003	2,552,093
Due in more than one year	22,582,672	33,412,704	55,995,376
	<u>33,412,711</u>	<u>38,935,274</u>	<u>72,347,985</u>
<b>NET ASSETS</b>			
Investment in capital assets, net of related debt	78,980,740	23,875,734	102,856,474
Restricted for:			
Debt service	175,604	503,581	679,185
Permanent funds	522,110	-	522,110
Capital projects	724,323	477,802	1,202,125
Special revenues	128,394	-	128,394
Unrestricted	5,040,193	35,278,165	40,318,358
	<u>85,571,364</u>	<u>60,135,282</u>	<u>145,706,646</u>

The accompanying notes are an integral part of this statement.

**City of Geneva, Illinois**  
**STATEMENT OF ACTIVITIES**  
Year ended April 30, 2004

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
Legislative	\$ 338,339	\$ -	\$ -	\$ -
Administrative and financial	1,760,329	1,518,426	-	-
Public works	567,447	-	-	-
Maintenance	220,653	171,068	-	-
Storm drainage	63,408	-	-	-
Buildings, planning and zoning	587,775	-	-	-
Police	4,165,040	115,670	-	-
Fire	2,771,499	46,402	-	-
Police and Fire Commission	12,985	-	-	-
Streets and walks	8,998,133	-	579,423	-
Tri-Com operating expenditures	1,714,331	1,165,882	-	-
Interest	1,221,722	-	-	-
<b>Total governmental activities</b>	<b>22,421,661</b>	<b>3,017,448</b>	<b>579,423</b>	<b>-</b>
<b>Business-type activities:</b>				
Electric light	19,643,915	19,298,348	611,612	1,144,934
Waterworks and sewerage	7,211,406	4,354,213	1,362,569	2,384,639
Parking facilities revenue	196,157	362,482	-	-
Refuse	148,572	137,589	-	-
Cemetery	67,470	50,584	-	-
<b>Total business-type activities</b>	<b>27,267,520</b>	<b>24,203,216</b>	<b>1,974,181</b>	<b>3,529,573</b>
<b>Total</b>	<b>\$ 49,689,181</b>	<b>\$ 27,220,664</b>	<b>\$ 2,553,604</b>	<b>\$ 3,529,573</b>

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 as previously stated  
Prior Period Adjustment (Note 14)  
Restatement to implement GASB Statement No. 34 (Note 15)

Net assets - beginning, as restated

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
\$ (338,339)	\$ -	\$ (338,339)
(241,903)	-	(241,903)
(567,447)	-	(567,447)
(49,585)	-	(49,585)
(63,408)	-	(63,408)
(587,775)	-	(587,775)
(4,049,370)	-	(4,049,370)
(2,725,097)	-	(2,725,097)
(12,985)	-	(12,985)
(8,418,710)	-	(8,418,710)
(548,449)	-	(548,449)
(1,221,722)	-	(1,221,722)
<u>(18,824,790)</u>	<u>-</u>	<u>(18,824,790)</u>
-	1,410,979	1,410,979
-	890,015	890,015
-	166,325	166,325
-	(10,983)	(10,983)
-	(16,886)	(16,886)
<u>-</u>	<u>2,439,450</u>	<u>2,439,450</u>
<u>(18,824,790)</u>	<u>2,439,450</u>	<u>(16,385,340)</u>
5,752,540	-	5,752,540
58,580	-	58,580
5,752,883	-	5,752,883
2,481,424	-	2,481,424
231,600	169,086	400,686
1,397,984	206,557	1,604,541
321,378	(321,378)	-
<u>15,996,389</u>	<u>54,265</u>	<u>16,050,654</u>
<u>(2,828,401)</u>	<u>2,493,715</u>	<u>(334,686)</u>
14,085,091	62,974,130	77,059,221
-	(5,332,563)	(5,332,563)
<u>74,314,674</u>	<u>-</u>	<u>74,314,674</u>
<u>88,399,765</u>	<u>57,641,567</u>	<u>146,041,332</u>
<u>\$ 85,571,364</u>	<u>\$ 60,135,282</u>	<u>\$ 145,706,646</u>

**City of Geneva, Illinois**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**April 30, 2004**

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ 3,186,816	\$ 5,604,541	\$ 8,791,357
Receivables			
Property taxes	2,461,894	2,810,926	5,272,820
Accounts	154,087	-	154,087
Other	-	85,218	85,218
Due from other funds	276,630	-	276,630
Due from other governments	1,442,853	-	1,442,853
Inventory	19,374	-	19,374
<b>Total assets</b>	<b>\$ 7,541,654</b>	<b>\$ 8,500,685</b>	<b>\$ 16,042,339</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 389,451	\$ 176,934	\$ 566,385
Accrued payroll	170,480	50,149	220,629
Other payables	-	167,327	167,327
Due to other funds	-	93,005	93,005
Deferred property taxes	2,461,894	2,810,926	5,272,820
Other deferred revenue	127,331	197,457	324,788
Deposit payable	180,488	77,100	257,588
Compensated absences payable	498,039	57,960	555,999
<b>Total liabilities</b>	<b>3,827,683</b>	<b>3,630,858</b>	<b>7,458,541</b>
<b>FUND BALANCES</b>			
Fund balances			
Reserved for debt service	-	175,604	175,604
Reserved for permanent funds	-	522,110	522,110
Reserved for capital projects	-	724,323	724,323
Reserved for special revenues	-	128,394	128,394
Unreserved - designated	2,293,400	-	2,293,400
Unreserved - undesignated	1,420,571	3,319,396	4,739,967
<b>Total fund balances</b>	<b>3,713,971</b>	<b>4,869,827</b>	<b>8,583,798</b>
<b>Total liabilities and fund balances</b>	<b>\$ 7,541,654</b>	<b>\$ 8,500,685</b>	
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.			103,034,741
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.			(26,047,175)
<b>Net assets of governmental activities</b>			<b>\$ 85,571,364</b>

The accompanying notes are an integral part of this statement.

**City of Geneva, Illinois**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**Year ended April 30, 2004**

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Property taxes	\$ 2,350,164	\$ 3,573,444	\$ 5,923,608
Replacement taxes	58,580	-	58,580
Intergovernmental tax	5,752,883	-	5,752,883
Utility tax	2,481,424	-	2,481,424
Motor fuel tax	-	579,423	579,423
Tri-Com fees	-	815,561	815,561
Fines and forfeits	260,739	-	260,739
Licenses and permits	761,894	-	761,894
Interest	169,313	62,287	231,600
Lease revenue	226,000	-	226,000
Miscellaneous	780,812	1,399,358	2,180,170
<b>Total revenues</b>	<u>12,841,809</u>	<u>6,430,073</u>	<u>19,271,882</u>
<b>Expenditures</b>			
Legislative	338,339	-	338,339
Administrative and financial	476,177	-	476,177
Public works	284,995	-	284,995
Maintenance	223,824	-	223,824
Storm drainage	63,408	-	63,408
Buildings, planning and zoning	587,775	-	587,775
Police	3,895,960	-	3,895,960
Fire	2,457,968	-	2,457,968
Police and Fire Commission	12,985	-	12,985
Streets and walks	3,284,955	336,651	3,621,606
Pension - IMRF	-	525,293	525,293
Police and firefighters' pension	22,355	452,575	474,930
Tri-Com operating expenditures	-	1,548,913	1,548,913
Insurance	-	346,407	346,407
Other	-	349,092	349,092
Capital outlay	6,435,424	925,000	7,360,424
Principal retirement	35,200	1,418,006	1,453,206
Interest and fees	-	1,352,159	1,352,159
<b>Total expenditures</b>	<u>18,119,365</u>	<u>7,254,096</u>	<u>25,373,461</u>
Deficiency of revenues over expenditures	<u>(5,277,556)</u>	<u>(824,023)</u>	<u>(6,101,579)</u>
Other financing sources (uses)			
Transfers in	842,199	2,565,333	3,407,532
Transfers out	(667,343)	(2,418,811)	(3,086,154)
Note proceeds	278,908	-	278,908
<b>Total other financing sources (uses)</b>	<u>453,764</u>	<u>146,522</u>	<u>600,286</u>
<b>Net change in fund balances</b>	<u>(4,823,792)</u>	<u>(677,501)</u>	<u>(5,501,293)</u>
Beginning of year	<u>8,537,763</u>	<u>5,547,328</u>	<u>14,085,091</u>
End of year	<u>\$ 3,713,971</u>	<u>\$ 4,869,827</u>	<u>\$ 8,583,798</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, 2004

---

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

Net change in fund balances - total governmental funds \$ (5,501,293)

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. 1,216,433

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. 1,456,459

Change in net assets of governmental activities \$ (2,828,401)

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The accompanying notes are an integral part of this statement.

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**City of Geneva, Illinois**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET ASSETS**  
Year ended April 30, 2004

	Business-type Activities- Enterprise Funds			
	Electric Light	Waterworks and Sewerage	Nonmajor Funds	Total
<b>CURRENT ASSETS</b>				
Cash and investments	\$ 2,864,537	\$ 7,261,186	\$ 844,841	\$ 10,970,564
Receivables				
Accounts	2,015,359	433,978	10,496	2,459,833
Other	27,706	446	-	28,152
Inventory	498,386	77,771	-	576,157
	<u>5,405,988</u>	<u>7,773,381</u>	<u>855,337</u>	<u>14,034,706</u>
<b>RESTRICTED ASSETS</b>				
Cash and investments	<u>503,581</u>	<u>-</u>	<u>-</u>	<u>503,581</u>
<b>FIXED ASSETS</b>				
Land	1,015,621	-	-	1,015,621
Land improvements	26,820	126,190	-	153,010
Plant and improvements	5,341,356	8,855,700	18,200	14,215,256
Equipment	973,972	353,981	115,193	1,443,146
Construction in process	16,123,782	540,281	207,133	16,871,196
Production and distribution system	16,266,697	62,788,787	873,226	79,928,710
	39,748,248	72,664,939	1,213,752	113,626,939
Accumulated depreciation	<u>(8,092,956)</u>	<u>(21,179,281)</u>	<u>(284,264)</u>	<u>(29,556,501)</u>
	<u>31,655,292</u>	<u>51,485,658</u>	<u>929,488</u>	<u>84,070,438</u>
<b>OTHER ASSETS</b>				
Unamortized bond costs	<u>456,915</u>	<u>-</u>	<u>4,916</u>	<u>461,831</u>
<b>Total assets</b>	<u>\$ 38,021,776</u>	<u>\$ 59,259,039</u>	<u>\$ 1,789,741</u>	<u>\$ 99,070,556</u>

The accompanying notes are an integral part of this statement.

**City of Geneva, Illinois**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET ASSETS**  
Year ended April 30, 2004

	Business-type Activities- Enterprise Funds			
	Electric Light	Waterworks and Sewerage	Nonmajor Funds	Total
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 1,286,908	\$ 1,597,336	\$ 469	\$ 2,884,713
Accrued payroll	35,808	34,010	1,775	71,593
Accrued interest	488,088	122,491	-	610,579
Other payables	579,036	-	-	579,036
Due to other funds	-	-	183,625	183,625
Notes payable	-	54,303	-	54,303
General obligation bonds payable	96,450	40,250	-	136,700
Revenue bonds payable	47,000	-	78,000	125,000
	<u>2,533,290</u>	<u>1,848,390</u>	<u>263,869</u>	<u>4,645,549</u>
<b>NONCURRENT LIABILITIES</b>				
Compensated absences payable	197,557	216,847	-	414,404
Bond premium	462,617	-	-	462,617
Notes payable	-	10,312,604	-	10,312,604
General obligation bonds payable	962,550	414,750	-	1,377,300
Revenue bond payable	21,163,000	-	559,800	21,722,800
	<u>22,785,724</u>	<u>10,944,201</u>	<u>559,800</u>	<u>34,289,725</u>
<b>Total liabilities</b>	<u>25,319,014</u>	<u>12,792,591</u>	<u>823,669</u>	<u>38,935,274</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	8,238,317	15,306,550	330,867	23,875,734
Restricted for debt service	503,581	-	-	503,581
Reserve - restricted accounts	-	-	477,802	477,802
Unrestricted	3,960,864	31,159,898	157,403	35,278,165
<b>Total net assets</b>	<u>\$ 12,702,762</u>	<u>\$ 46,466,448</u>	<u>\$ 966,072</u>	<u>\$ 60,135,282</u>

**City of Geneva, Illinois**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET ASSETS**  
Year ended April 30, 2004

	Business-type Activities- Enterprise Funds			
	Electric Light	Waterworks and Sewerage	Nonmajor Funds	Total
<b>OPERATING REVENUES</b>				
Charges for services	\$ 17,910,406	\$ 4,299,160	\$ 543,495	\$ 22,753,061
Charges to other funds	416,849	-	-	416,849
Taxes	840,125	-	-	840,125
Service fees	26,458	-	-	26,458
Miscellaneous	104,510	55,053	7,160	166,723
<b>Total operating revenues</b>	<u>19,298,348</u>	<u>4,354,213</u>	<u>550,655</u>	<u>24,203,216</u> ✓
<b>OPERATING EXPENSES</b>				
Purchased power	13,204,783	-	-	13,204,783
Production and storage	-	293,106	-	293,106
Distribution	-	1,033,983	-	1,033,983
Plant and service	1,349,536	-	11,069	1,360,605
Sewerage treatment	-	512,093	-	512,093
Sewerage collection	-	613,591	-	613,591
Sewerage monitoring	-	69,537	-	69,537
State utility tax	831,186	-	-	831,186
Administration	553,328	-	189,418	742,746
Depreciation	658,461	1,432,964	38,869	2,130,294
Lease payments	-	-	83,434	83,434
Public Building Commission fee	25,245	-	-	25,245
Refuse collection	-	-	88,707	88,707
Capital expenditures	1,947,221	3,009,070	-	4,956,291
<b>Total operating expenses</b>	<u>18,569,760</u>	<u>6,964,344</u>	<u>411,497</u>	<u>25,945,601</u>
<b>OPERATING INCOME (LOSS)</b>	<u>728,588</u>	<u>(2,610,131)</u>	<u>139,158</u>	<u>(1,742,385)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest income	86,429	77,433	5,224	169,086 ✓
Interest expense	(1,048,012)	(233,074)	-	(1,281,086) ✓
Amortization of bond costs	(26,143)	(13,988)	(702)	(40,833) ✓
Nonexpendable trust income	-	-	9,494	9,494
New development income	-	-	8,354	8,354
Miscellaneous income	188,709	-	-	188,709
<b>Total nonoperating revenues (expenses)</b>	<u>(799,017)</u>	<u>(169,629)</u>	<u>22,370</u>	<u>(946,276)</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<u>(70,429)</u>	<u>(2,779,760)</u>	<u>161,528</u>	<u>(2,688,661)</u>

The accompanying notes are an integral part of this statement.

**City of Geneva, Illinois**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET ASSETS**  
Year ended April 30, 2004

	<u>Business-type Activities- Enterprise Funds</u>			
	<u>Electric Light</u>	<u>Waterworks and Sewerage</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<b>CAPTIAL CONTRIBUTIONS</b>				
Connection fees	\$ 611,612	\$ 1,362,569	\$ -	\$ 1,974,181
Developer contributions	<u>1,144,934</u>	<u>2,384,639</u>	<u>-</u>	<u>3,529,573</u>
Total capital contributions	<u>1,756,546</u>	<u>3,747,208</u>	<u>-</u>	<u>5,503,754</u>
<b>TRANSFERS OUT</b>	<u>(220,548)</u>	<u>-</u>	<u>(100,830)</u>	<u>(321,378)</u>
<b>CHANGE IN NET ASSETS</b>	<u>1,465,569</u>	<u>967,448</u>	<u>60,698</u>	<u>2,493,715</u>
<b>TOTAL NET ASSETS</b>				
Beginning of year, as previously reported	26,698,312	34,558,789	1,717,029	62,974,130
Prior period adjustment (See Note 14)	<u>(15,461,119)</u>	<u>10,940,211</u>	<u>(811,655)</u>	<u>(5,332,563)</u>
Beginning of year, as restated	<u>11,237,193</u>	<u>45,499,000</u>	<u>905,374</u>	<u>57,641,567</u>
End of year	<u>\$ 12,702,762</u>	<u>\$ 46,466,448</u>	<u>\$ 966,072</u>	<u>\$ 60,135,282</u>

The accompanying notes are an integral part of this statement.

**City of Geneva, Illinois**  
**PROPRIETARY AND NONEXPENDABLE TRUST FUND TYPES**  
**STATEMENT OF CASH FLOWS**  
**Year ended April 30, 2004**

	Business-type Activities- Enterprise Funds			
	Electric Light	Waterworks and Sewerage	Nonmajor Funds	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 19,786,166	\$ 5,684,704	\$ 555,894	\$ 26,026,764
Receipts from interfund services	579,036	-	183,625	762,661
Payments to suppliers	(21,230,658)	(5,381,642)	(189,187)	(26,801,487)
Payments to employees	(644,746)	(72,974)	(191,495)	(909,215)
Net cash provided by (used in) operating activities	<u>(1,510,202)</u>	<u>230,088</u>	<u>358,837</u>	<u>(921,277)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers out	<u>(220,548)</u>	<u>-</u>	<u>(100,830)</u>	<u>(321,378)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital contributions	1,144,934	2,384,639	-	3,529,573
Acquisition and construction of capital assets	(9,654,089)	(7,955,671)	(234,632)	(17,844,392)
Principal paid on revenue bonds	(240,000)	-	(74,300)	(314,300)
Interest paid on revenue bonds, general obligation bonds and capital leases	(904,113)	(219,895)	-	(1,124,008)
Proceeds from note payable	-	3,952,572	-	3,952,572
Principal paid on note payable	-	(277,118)	-	(277,118)
Principal paid on general obligation bonds	(92,550)	(2,118,500)	-	(2,211,050)
Net cash used in capital and related financing activities	<u>(9,745,818)</u>	<u>(4,233,973)</u>	<u>(308,932)</u>	<u>(14,288,723)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income	86,429	96,633	5,224	188,286
Nonexpendable trust income	-	-	9,494	9,494
New development income	-	-	8,354	8,354
Net cash provided by investing activities	<u>86,429</u>	<u>96,633</u>	<u>23,072</u>	<u>206,134</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(11,390,139)</u>	<u>(3,907,252)</u>	<u>(27,853)</u>	<u>(15,325,244)</u>
<b>CASH AND CASH EQUIVALENTS, including restricted portion</b>				
Beginning of year	<u>14,758,257</u>	<u>11,168,438</u>	<u>872,694</u>	<u>26,799,389</u>
End of year	<u>\$ 3,368,118</u>	<u>\$ 7,261,186</u>	<u>\$ 844,841</u>	<u>\$ 11,474,145</u>
<b>RECONCILIATION</b>				
Cash and equivalents				
Unrestricted	\$ 2,864,537	\$ 7,261,186	\$ 844,841	\$ 10,970,564
Restricted	<u>503,581</u>	<u>-</u>	<u>-</u>	<u>503,581</u>
	<u>\$ 3,368,118</u>	<u>\$ 7,261,186</u>	<u>\$ 844,841</u>	<u>\$ 11,474,145</u>

The accompanying notes are an integral part of this statement.

**City of Geneva, Illinois**  
**PROPRIETARY AND NONEXPENDABLE TRUST FUND TYPES**  
**STATEMENT OF CASH FLOWS**  
Year ended April 30, 2004

	Business-type Activities- Enterprise Funds			
	Electric Light	Waterworks and Sewerage	Nonmajor Funds	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 728,588	\$ (2,610,131)	\$ 139,158	\$ (1,742,385)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	658,461	1,432,964	38,869	2,130,294
Connection fees	611,612	1,362,569	-	1,974,181
Miscellaneous income	188,709	-	-	188,709
Change in assets and liabilities				
Accounts receivable	(288,489)	(19,048)	15	(307,522)
Other receivables	(24,014)	270	-	(23,744)
Prepays	99,114	-	-	99,114
Inventory	(120,431)	(2,596)	-	(123,027)
Accounts payable	(3,825,670)	162,399	(753)	(3,664,024)
Due to other funds	579,036	-	183,625	762,661
Accrued payroll	(47,582)	(43,643)	(2,077)	(93,302)
Deposit payable	-	(23,365)	-	(23,365)
Bond premium	(25,700)	-	-	(25,700)
Compensated absences payable	(43,836)	(29,331)	-	(73,167)
Net cash provided by (used in) operating activities	<u>\$ (1,510,202)</u>	<u>\$ 230,088</u>	<u>\$ 358,837</u>	<u>\$ (921,277)</u>

The accompanying notes are an integral part of this statement.

**City of Geneva, Illinois**  
**PENSION TRUST FUNDS**  
**STATEMENT OF NET ASSETS**  
April 30, 2004

	Firefighters' Pension Fund	Police Pension Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 296,785	\$ 664,839	\$ 961,624
Accrued interest	-	28,893	28,893
Prepays	465	11,531	11,996
Investments, at fair value:			
U.S. government securities	3,405,384	5,435,540	8,840,924
Insurance contracts	772,995	1,045,686	1,818,681
Mutual funds and stock equities	698,021	3,491,661	4,189,682
<b>Total assets</b>	<u>5,173,650</u>	<u>10,678,150</u>	<u>15,851,800</u>
<b>LIABILITIES</b>			
Accounts payable	<u>2,419</u>	<u>2,445</u>	<u>4,864</u>
<b>NET ASSETS</b>			
Held in trust for pension benefits	\$ <u>5,171,231</u>	\$ <u>10,675,705</u>	\$ <u>15,846,936</u>
(A schedule of funding progress for each plan is presented on page 65)			

The accompanying notes are an integral part of this statement.

**City of Geneva, Illinois**  
**PENSION TRUST FUNDS**  
**STATEMENT OF CHANGES IN NET ASSETS**  
Year ended April 30, 2004

	<u>Firefighters'</u> <u>Pension</u>	<u>Police</u> <u>Pension</u>	<u>Total</u>
<b>Additions</b>			
<b>Contributions</b>			
Employer	\$ 191,629	\$ 260,947	\$ 452,576
Plan member	<u>104,953</u>	<u>240,939</u>	<u>345,892</u>
<b>Total contributions</b>	<u>296,582</u>	<u>501,886</u>	<u>798,468</u>
<b>Investment income</b>			
Net change in fair value	189,362	204,538	393,900
Interest	<u>52,184</u>	<u>332,770</u>	<u>384,954</u>
<b>Net investment income</b>	<u>241,546</u>	<u>537,308</u>	<u>778,854</u>
<b>Total additions</b>	<u>538,128</u>	<u>1,039,194</u>	<u>1,577,322</u>
<b>Deductions</b>			
Administration	14,769	63,177	77,946
Benefits	<u>80,398</u>	<u>322,765</u>	<u>403,163</u>
<b>Total deductions</b>	<u>95,167</u>	<u>385,942</u>	<u>481,109</u>
<b>Net increase</b>	442,961	653,252	1,096,213
<b>Plan net assets held in trust for pension benefits</b>			
Beginning of year	<u>4,728,270</u>	<u>10,022,453</u>	<u>14,750,723</u>
End of year	<u>\$ 5,171,231</u>	<u>\$ 10,675,705</u>	<u>\$ 15,846,936</u>

The accompanying notes are an integral part of this statement.

**City of Geneva, Illinois**  
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**City of Geneva, Illinois**  
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**City of Geneva, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2004

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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. Fiscal year 2004 is the first year in which the City implemented GASB Statement No. 34 - *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and GASB Statement No. 37 - *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*. These Statements establish new financial reporting requirements and significantly change the format and content of the City's comprehensive annual financial report (CAFR).

Also effective for fiscal year 2004, the City adopted the provisions of GASB Statement No. 38 - *Certain Financial Statement Note Disclosures* and GASB Interpretation No. 6 - *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*. These Statements modify, establish and rescind certain financial statement note disclosures, and redefine the recognition and measurement of certain liabilities for governmental funds.

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.

**City of Geneva, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2004

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

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.

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 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 on 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 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.

**City of Geneva, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2004

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

C. Fund Accounting (Continued)

Governmental Funds

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.

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 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).

Proprietary 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 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.

**City of Geneva, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2004

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

C. Fund Accounting (Continued)

Fiduciary Funds

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.

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. For this purpose, the City considers property taxes as available if they are collected within 60 days of the end of the current fiscal 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.

**City of Geneva, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2004

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

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

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.

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.

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

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, 2004

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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 charges 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 deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred 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 deferred 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

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.

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."

**City of Geneva, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2004

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

H. Property Taxes

Property taxes are levied the first 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.

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.

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.

**City of Geneva, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2004

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

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

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.

**City of Geneva, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2004

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

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 deferred 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 deferred 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.

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.

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 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.

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2004

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**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 \$26,087,175 difference are as follows:

General obligation bonds payable	\$ 21,500,093
Special service area bonds	573,000
Tax increment financing bonds	2,275,000
Notes payable	470,669
Accrued interest payable	388,355
Compensated absences payable	<u>840,058</u>
Net adjustment to reduce fund-balance total governmental funds to arrive at net assets – governmental activities.	<u>\$ 26,047,175</u>

**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 \$1,216,433 difference are as follows:

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2004

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 (Continued)

Capital outlay	\$ 7,360,424
Depreciation expense	(6,105,124)
Loss on disposal	<u>(38,867)</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net assets of governmental activities	
	<u>\$ 1,216,433</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 \$1,416,459 increase are as follows:

Accrued interest	\$ 130,437
Compensated absences	151,724
Issuance of notes payable	(278,908)
Principal payments on long-term liabilities	<u>1,453,206</u>
Net adjustment to increase net change in fund balances – total governmental funds to arrive at change in net assets of governmental activities	
	<u>\$ 1,456,459</u>

NOTE 3. - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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.

**City of Geneva, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2004

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NOTE 3. - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (Continued)

In addition, 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.

Pooling of Cash and Investments

Except for cash and investments in certain restricted and special accounts, the City pools the cash of various funds to maximize interest earnings. Interest income is allocated to the various funds based upon their respective participation.

Bank Deposits

At April 30, 2004, the carrying amount of the City's deposits, including cash on hand of \$1,150 was \$13,047,797. The financial institution balances totaled \$13,528,545 and are categorized by level of risk as follows:

Category 1		
Deposits insured or collateralized with securities held by the City or by its agent in the City's name	\$	13,528,545
Category 2		
Deposits collateralized with securities held by the pledging financial institution's trust department or by its agent in the City's name		-
Category 3		
Deposits collateralized with securities not held in the City's name or uncollateralized or uninsured		-
		<hr/>
Total bank deposits	\$	<u>13,528,545</u>

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2004

**NOTE 3. - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (Continued)**

Investments

The City's investments at April 30, 2004 are categorized below to give an indication of the level of risk assumed by the City at year-end.

- Category One includes investments that are insured or registered with the securities held by the City or by its agent in the City's name.
- Category Two includes uninsured or unregistered investments for which the securities are held by the counterparty's trust department or by its agent in the City's name.
- Category Three includes uninsured or unregistered investments for which the securities are held by the counterparty in its trust department or agent, but not in the City's name.

	Category			Total Carrying and Fair Value
	One	Two	Three	
U.S. Government Securities	\$ 4,578,820	\$ -	\$ -	\$ 4,578,820
U.S. Government Agency Securities	4,605,358	-	-	4,605,358
	\$ 9,184,178	\$ -	\$ -	\$ 9,184,178
* Illinois Funds				6,814,823
* Insurance contracts				1,818,681
* Mutual funds and stock equities				5,210,934
				\$ 23,028,616

\* Not subject to risk categorization and carrying amount will always equal the fair value. The Illinois Public Treasurer's Investment Pool is managed by the Illinois State Treasurer as provided by state statutes and the money market accounts are managed by the financial institutions in which they are held.

**City of Geneva, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2004

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NOTE 3. - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (Continued)

Investments (Continued)

Reconciliation of deposits and investments to cash and investments:

Carrying value of deposits	\$ 13,047,797
Carrying value of investments	<u>23,028,616</u>
	<u>\$ 36,076,413</u>
Cash and investments	\$ 19,761,921
Cash and investments - restricted	503,581
Cash and investments - pension trust funds	<u>15,810,911</u>
	<u>\$ 36,076,413</u>

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2004

**NOTE 4. - CAPITAL ASSETS**

Capital asset activity for the year ended April 30, 2004 was as follows:

**A. Governmental Activities:**

	Balance April 30, 2003 as previously stated	Balance May 1, 2004 as restated *	Increases	Disposals	Ending Balance
Capital assets, not being depreciated					
Land	\$ 15,722,541	\$ 13,201,976	\$ -	\$ -	\$ 13,201,976
Construction in progress	-	-	98,010	-	98,010
<b>Total capital assets, not being depreciated</b>	<b>15,722,541</b>	<b>13,201,976</b>	<b>98,010</b>	<b>-</b>	<b>13,299,986</b>
Capital assets, being depreciated					
Buildings	8,609,452	7,690,207	4,110,195	-	11,800,402
Machinery and equipment	10,016,880	4,597,335	919,170	400,700	5,115,805
Land improvements	3,950,951	354,774	577,479	-	932,253
Infrastructure	31,675,434	122,435,176	1,655,570	-	124,090,746
<b>Total capital assets being depreciated</b>	<b>54,252,717</b>	<b>135,077,492</b>	<b>7,262,414</b>	<b>400,700</b>	<b>141,939,206</b>
Less accumulated depreciation for					
Buildings	-	2,780,986	179,147	-	2,960,133
Machinery and equipment	-	3,466,050	366,243	361,833	3,470,460
Land improvements	-	122,664	29,288	-	151,952
Infrastructure	-	40,091,460	5,530,446	-	45,621,906
<b>Total accumulated depreciation</b>	<b>-</b>	<b>46,461,160</b>	<b>6,105,124</b>	<b>361,833</b>	<b>52,204,451</b>
<b>Total capital assets being depreciated, net</b>	<b>54,252,717</b>	<b>88,616,332</b>	<b>1,157,290</b>	<b>38,867</b>	<b>89,734,755</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 69,975,258</b>	<b>\$ 101,818,308</b>	<b>\$ 1,255,300</b>	<b>\$ 38,867</b>	<b>\$ 103,034,741</b>

\* The beginning balance was adjusted to agree to the GASB 34 compliant capital asset information compiled by Industrial Appraisal Company.

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2004

**NOTE 4. - CAPITAL ASSETS (Continued)**

	Balance April 30, 2003 as previously stated	Prior Period Adjustment (see F/N 14)	Increases	Disposals	Ending Balance
<b>B. Business-type Activities:</b>					
Capital assets, not being depreciated					
Land	\$ 1,541,204	\$ (525,583)	\$ -	\$ -	\$ 1,015,621
Construction in progress	7,764,387	-	9,106,809	-	16,871,196
<b>Total capital assets, not being depreciated</b>	<b>9,305,591</b>	<b>(525,583)</b>	<b>9,106,809</b>	<b>-</b>	<b>17,886,817</b>
Capital assets, being depreciated					
Buildings	3,665,484	\$ 10,549,772	\$ -	\$ -	\$ 14,215,256
Land improvements	-	153,010	-	-	153,010
Machinery and equipment	44,431,956	(43,271,959)	315,649	32,500	1,443,146
Production and distribution systems	62,641,104	8,865,675	8,421,931	-	79,928,710
<b>Total capital assets being depreciated</b>	<b>110,738,544</b>	<b>(23,703,502)</b>	<b>8,737,580</b>	<b>32,500</b>	<b>95,740,122</b>
Less accumulated depreciation for					
Buildings	1,449,385	3,380,883	312,519	-	5,142,787
Land improvements	-	110,428	3,378	-	113,806
Machinery and equipment	21,060,815	(20,257,995)	104,918	32,500	875,238
Infrastructure	24,298,530	(2,583,339)	1,709,479	-	23,424,670
<b>Total accumulated depreciation</b>	<b>46,808,730</b>	<b>(19,350,023)</b>	<b>2,130,294</b>	<b>32,500</b>	<b>29,556,501</b>
<b>Total capital assets being depreciated, net</b>	<b>63,929,814</b>	<b>(4,353,479)</b>	<b>6,607,286</b>	<b>-</b>	<b>66,183,621</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 73,235,405</b>	<b>\$ (4,879,062)</b>	<b>\$ 15,714,095</b>	<b>\$ -</b>	<b>\$ 84,070,438</b>

**City of Geneva, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2004

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NOTE 4. - CAPITAL ASSETS (Continued)

C. Depreciation Expense

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

Governmental activities:

Administration and financial	\$ 74,246
Public works	286,764
Police	92,689
Fire	162,184
Streets and walks	5,345,943
Tri Com operating expenditures	<u>143,298</u>
	<u>\$ 6,105,124</u>

Business – type activities:

Electric light	\$ 658,461
Waterworks and sewerage	1,432,964
Nonmajor business - type activities	<u>38,869</u>
	<u>\$ 2,130,294</u>

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2004

**NOTE 5. - LONG-TERM LIABILITIES**

A summary of changes in long-term liabilities follows:

	Special Service Area Bonds	Tax Increment Financing Bonds	General Obligation Bonds	Revenue Bonds	Compensated Absences	Notes Payable	Total
Beginning balance	\$ 634,000	\$ 2,875,000	\$ 25,994,379	\$ 22,162,100	\$ 1,479,353	\$ 6,906,184	\$ 60,051,016
Additions	-	-	-	-	1,810,461	4,231,480	6,041,941
Reductions	(61,000)	(600,000)	(2,980,286)	(314,300)	(1,479,353)	(300,088)	(5,735,027)
Ending balance	<u>\$ 573,000</u>	<u>\$ 2,275,000</u>	<u>\$ 23,014,093</u>	<u>\$ 21,847,800</u>	<u>\$ 1,810,461</u>	<u>\$ 10,837,576</u>	<u>\$ 60,357,930</u>
Due within one year	<u>\$ 63,000</u>	<u>\$ 795,738</u>	<u>\$ 974,093</u>	<u>\$ 125,000</u>	<u>\$ 555,999</u>	<u>\$ 78,263</u>	<u>\$ 2,592,093</u>
Reflected in							
<u>Business-type activities</u>							
Electric light	\$ -	\$ -	\$ 1,059,000	\$ 21,210,000	\$ 197,557	\$ -	\$ 22,466,557
Water and sewerage	-	-	455,000	-	216,847	10,366,907	11,038,754
Parking facilities	-	-	-	637,800	-	-	637,800
Total business-type activities	<u>-</u>	<u>-</u>	<u>1,514,000</u>	<u>21,847,800</u>	<u>414,404</u>	<u>10,366,907</u>	<u>34,143,111</u>
<u>Governmental fund activities</u>							
General fund	573,000	2,275,000	21,500,093	-	1,338,097	470,669	26,156,859
Tri-Com fund	-	-	-	-	57,960	-	57,960
Total governmental fund activities	<u>573,000</u>	<u>2,275,000</u>	<u>21,500,093</u>	<u>-</u>	<u>1,396,057</u>	<u>470,669</u>	<u>26,214,819</u>
Total all funds	<u>\$ 573,000</u>	<u>\$ 2,275,000</u>	<u>\$ 23,014,093</u>	<u>\$ 21,847,800</u>	<u>\$ 1,810,461</u>	<u>\$ 10,837,576</u>	<u>\$ 60,357,930</u>

**City of Geneva**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2004

**NOTE 5. - LONG-TERM LIABILITIES (Continued)**

The outstanding debt consists of the following:

**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:

2002 Bonds, \$6,000,000 original amount due in annual installments of \$25,000 to \$680,000, with interest ranging from 4.10% to 5.00% beginning December 15, 2004 through December 15, 2021.	\$ 6,000,000
2002A Bonds, \$1,525,000 original amount due in annual installments of \$125,000 to \$185,000, with interest ranging from 3.70% to 4.125% beginning June 15, 2003 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 .	1,400,000
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% beginning September 1, 2000 through March 1, 2019.	5,000,000
1998 Bonds, \$9,460,000 original amount due in annual installments of \$40,000 to \$975,000, with interest ranging from 4.15% to 4.35% beginning March 1, 1999 through March 1, 2018.	9,175,000
1997 Bonds, \$1,890,000 original amount due in annual installments of \$90,000 to \$180,000, with interest ranging from 4.40% to 5.60% beginning August 1, 1998 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.	1,300,000
1992 Bonds, \$825,000 original amount, due in annual installments of \$139,093 on December 30, 2004 with interest at 6.70%.	<u>139,093</u>
Total General Obligation Bonds	<u>\$ 23,014,093</u>

**City of Geneva**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2004

NOTE 5. - LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

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

<u>Year Ending</u> <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 974,093	\$ 1,264,872
2006	1,165,000	1,042,803
2007	1,200,000	992,595
2008	1,255,000	939,018
2009	1,255,000	884,142
2010 - 2014	6,755,000	3,481,514
2015 - 2019	8,465,000	1,699,933
2020 - 2022	<u>1,945,000</u>	<u>195,738</u>
Total	<u>\$ 23,014,093</u>	<u>\$ 10,500,615</u>

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:

1992 Ad Valorem Special Service Area #12 Bonds for \$578,000 original amount, due in semiannual installments of \$13,000 to \$31,000 with interest at 6.5% beginning January 1, 1994 through July 1, 2007.	\$ 196,000
2001 Ad Valorem Special Service Area #12 Bonds for \$400,000 original amount, due in annual installments of \$30,219 to \$199,785 with interest at 4.10% to 5.15% beginning August 1, 2002 through August 1, 2016.	<u>377,000</u>
Total Special Service	<u>\$ 573,000</u>

**City of Geneva**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2004

NOTE 5. - LONG-TERM LIABILITIES (Continued)

Special Service Area Bonds

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

<u>Year Ending</u> <u>April 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2005	\$ 63,000	\$ 30,204
2006	68,000	26,332
2007	72,000	22,159
2008	45,000	17,726
2009	14,000	16,144
2010 - 2014	82,000	70,628
2015 - 2017	<u>229,000</u>	<u>32,315</u>
Total	\$ <u>573,000</u>	\$ <u>215,508</u>

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:

Electric Light Fund (see Note 6)

\$18,735,000 Series of 2003 Revenue Bonds due in annual installments of \$585,000 to \$1,745,000 through May 1, 2021 with interest at 3.0% to 5.0%. \$ 18,535,000

Electric Light Fund

\$2,750,000 Series of 2000 Revenue Bonds due in annual installments of \$45,000 to \$515,000 through February 1, 2015 with interest at 6.5% to 5.4%. 2,675,000

Parking Facility Fund

\$850,000 Series of 2000 Revenue Bonds due in annual installments of \$67,000 to \$105,000 through October 10, 2010 with interest at 5.1% to 5.3%. 637,800

Total Revenue Bonds \$ 21,847,800

**City of Geneva**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2004

**NOTE 5. - LONG-TERM LIABILITIES (Continued)**

Revenue Bonds (Continued)

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

<u>Year Ending</u> <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 125,000	\$ 1,050,935
2006	720,000	1,040,783
2007	1,040,000	1,010,651
2008	1,070,000	974,342
2009	1,105,000	941,155
2010 - 2014	6,297,800	3,769,008
2015 - 1019	7,325,000	2,067,167
2020 - 2022	<u>4,165,000</u>	<u>300,647</u>
Total	\$ <u>21,847,800</u>	\$ <u>11,154,688</u>

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 one interest only installment of \$10,290 on October 1, 2003 and annual installments thereafter of \$56,057 through October 1, 2010 with interest at 2.90%.	\$ 350,000
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 \$775,000 through June 30, 2012 with interest varying from 5.25% to 9.0%.	<u>1,925,000</u>
Total Tax Increment Financing Bonds	\$ <u>2,275,000</u>

**City of Geneva**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2004

NOTE 5. - LONG-TERM LIABILITIES (Continued)

Tax Increment Financing Bonds (Continued)

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

<u>Year Ending</u> <u>April 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2005	\$ 795,738	\$ 115,101
2006	872,111	73,853
2007	98,496	28,655
2008	99,922	24,104
2009	101,377	19,524
2010 - 2013	<u>307,356</u>	<u>32,103</u>
Total	\$ <u>2,275,000</u>	\$ <u>293,340</u>

The notes payable have been excluded from the schedule above as these notes function similarly to a line of credit. Therefore, it is not practical to determine the future maturities.

Notes Payable  
 General Fund

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 4.350%.	\$ 191,761
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%	<u>278,908</u>
Total General Fund	\$ <u>470,669</u>

**City of Geneva**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2004

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NOTE 5. - LONG-TERM LIABILITIES (Continued)

Notes Payable (Continued)

Waterworks and Sewerage Fund

In June, 1987, the City was awarded a loan of up to \$1,086,000 from the State of Illinois Department of Commerce and Economic Opportunity to use for the extension of the City's waterworks and sewer facilities system. This loan is interest free and quarterly payments of \$13,576 are due until February 1, 2009 or until the amount received is repaid. During the year, no additional proceeds were made available to the City.

212,503

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 sewer facilities system. The interest rate is 2.625% and payments began July 1, 2000 and are due until January 1, 2020 or until the amount received is repaid.

4,654,404

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 sewer facilities system. The interest rate is 2.57% and the semiannual payments will begin May 1, 2005 and are due until November 1, 2024 or until the amount received is repaid.

5,500,000

Total Waterworks and Sewerage Fund

10,366,907

Total Notes Payable

\$ 10,837,576

1998 General Obligation Bonds

The City issued \$9,460,000 of 1998 General Obligation Bonds on November 2, 1998, to complete a partial substance defeasance of the outstanding 1995 General Obligation Bonds. An irrevocable trust was established to handle the partially refunded future principal and interest payments. The partially refunded outstanding principal, at April 30, 2003, was \$450,000 for the 1995 Bonds.

**City of Geneva**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2004

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NOTE 6. - 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 payment into all accounts enjoying a claim to revenue have been met in full. The manner specified is as follows:

To the construction 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 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**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2004

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NOTE 6. - 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	
Depreciation account	\$ 490,248
Bond reserve account	<u>13,333</u>
 Total	 <u>\$ 503,581</u>

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2004

**NOTE 7. - 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, 2004 is as follows:

	Combined Totals	Electric Light Fund	Waterworks and Sewerage Fund	Parking Facilities Revenue Fund	Refuse Fund	Cemetery
Operating revenues	\$ 24,203,216	\$ 19,298,348	\$ 4,354,213	\$ 362,482	\$ 137,589	\$ 50,584
Depreciation expense	2,097,794	658,461	1,400,464	35,057	2,116	1,696
Operating income (loss)	(1,742,385)	728,588	(2,610,131)	167,027	(10,983)	(16,886)
Change in net assets	2,493,715	1,465,569	967,448	70,719	(10,983)	962
Developer contributions	3,529,573	1,144,934	2,384,639	-	-	-
Plant, property and equipment additions	17,844,391	9,654,088	7,955,671	207,133	27,499	-
Net working capital	9,391,157	2,874,698	5,924,991	38,318	74,890	478,260
Total assets	99,070,556	38,021,776	59,259,039	1,196,552	106,928	486,261
Bonds and notes payable - long term	33,412,704	22,125,550	10,727,354	559,800	-	-
Total equity	60,135,282	12,702,762	46,466,448	374,101	105,710	486,261

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2004

**NOTE 8. - COMMITMENTS AND CONTINGENCIES**

The Parking Facilities Revenue Fund leases parking areas from the Chicago Northwestern 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.

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.

**NOTE 9. - POSTEMPLOYMENT HEALTH CARE BENEFITS**

In addition to providing pension benefits, the City provides certain health care and life insurance benefits for retired public safety employees. Substantially all of the City's public safety 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 is recognized as an expenditure as claims are paid.

**NOTE 10. - CONDUIT DEBT**

The City has two industrial revenue bond issues outstanding, at April 30, 2004, with an aggregate par value of \$5,235,000. The City has no obligation for this debt. There were no new bond issues during the fiscal year ended April 30, 2004.

**NOTE 11. - DUE TO/FROM OTHER FUNDS AND TRANSFERS**

Due to/from other funds consist of the following:

	<u>Due From</u>	<u>Due To</u>
<b><u>Governmental Funds</u></b>		
General Fund		
Mental Health	\$ 90,526	\$ -
Parking Facilities Revenue	183,625	-
Tax Increment Allocation	1,510	-
Combined Special Service Area	969	-
	<u>276,630</u>	<u>-</u>

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2004

**NOTE 11. - DUE TO/FROM OTHER FUNDS AND TRANSFERS (Continued)**

	<u>Due From</u>	<u>Due To</u>
<u>Governmental Funds (Continued)</u>		
Special Revenue Funds		
Mental Health		
General Fund	\$ -	\$ 90,526
Combined Special Service		
General Fund	-	969
	-	91,495
Capital Projects Funds		
Tax Increment Allocation		
General Fund	-	1,510
	-	
<u>Proprietary Funds</u>		
Parking Facilities Revenue		
General Fund	-	183,625
	-	183,625
	\$ 276,630	\$ 276,630

Operating transfers consist of the following:

	<u>Transfer Out</u>	<u>Transfer In</u>
<u>Governmental Funds</u>		
General Fund		
Illinois Municipal Retirement	\$ -	\$ 18,676
Electric Light	128,048	-
Tri-Com	-	286,968
Working Cash	12,500	-
Combined Special Service Area	-	89,500
General Obligation	-	235,000
Special Service Area #12	-	5,000
Parking Facilities Revenue	100,830	-
Tree Nursery	1,500	-
Tax Increment Allocation	-	32,199
Motor Fuel Tax	599,321	-
	842,199	667,343

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2004

**NOTE 11. - DUE TO/FROM OTHER FUNDS AND TRANSFERS (Continued)**

Special Revenue Funds	<u>Transfer Out</u>	<u>Transfer In</u>
Motor Fuel Tax		
General Fund	\$ -	\$ 599,321
Combined Special Service		
Tax Increment		2,458
General Fund	89,500	-
Special Service Area #12 Construction		
General Fund	5,000	-
Illinois Municipal Retirement		
General Fund	18,676	-
Liability Insurance		
Working Cash	170,000	-
Electric	92,500	-
Tax Increment Fund		
General Fund	32,199	-
Combined Special Service Area	2,458	-
TIF Riverfront Development	-	1,448,032
Tree Nursery		
General Fund	-	1,500
Tri-Com		
General Fund	<u>286,968</u>	<u>-</u>
	<u>697,301</u>	<u>2,051,311</u>
 Capital Projects Funds		
TIF Riverfront Development		
Tax Increment	1,448,032	-
Firestation Number Two		
General Obligation	-	25,000
Street Construction		
General Obligation Bond 1994	<u>-</u>	<u>160,000</u>
	<u>1,448,032</u>	<u>185,000</u>

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2004

**NOTE 11. - DUE TO/FROM OTHER FUNDS AND OPERATING TRANSFERS (Continued)**

	Transfer Out	Transfer In
<b>Debt Service Fund</b>		
General Fund	\$ 235,000	\$ -
Street Bond Construction - Debt	160,000	-
Firestation Number	25,000	-
	420,000	-
 <u>Enterprise Funds</u>		
Electric light		
General Fund	-	128,048
Liability Insurance	-	92,500
Parking Facilities Revenue		
General Fund	-	100,830
	-	321,378
 <u>Fiduciary Funds</u>		
Working Cash		
General Fund	-	12,500
Liability Insurance	-	170,000
	-	182,500
	\$ 3,407,532	\$ 3,407,532

**NOTE 12. - FUND BALANCE DESIGNATION**

General Fund designated fund balance of \$2,293,400 represents amounts designated for street improvement projects, public safety renovations, and cable capital contributions which have been designated for specific capital improvements. The City has included \$325,000 in the above amount designated to fund the possible adverse settlement of a lawsuit on the 1% infrastructure maintenance fee.

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2004

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NOTE 13. - PENSION AND RETIREMENT FUND COMMITMENTS

IMRF Plan Description and Contributions

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

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by state statute. The City is required to contribute at an actuarially determined rate. The employer rate for calendar year 2003 was 6.44 percent of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at December 31, 2003 was 10 years.

For December 31, 2003, the City's annual pension cost of \$405,851 was equal to the City's required and actual contributions. The required contribution was determined as part of the December 31, 2001 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% 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 smooth the effects of short-term volatility in the market value of investments over a five-year period. The assumptions used for the 2003 actuarial valuation were based on the 1999-2001 experience study.

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2004

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

**TREND INFORMATION**

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Annual Required Contributions (ARC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/03	\$ 405,851	\$ 405,851	100%	\$ -
12/31/02	295,807	295,807	100%	-
12/31/01	272,203	272,203	100%	-
12/31/00	266,291	266,291	100%	-
12/31/99	364,473	364,473	100%	-
12/31/98	257,860	257,860	100%	-
12/31/97	356,700	356,700	100%	-
12/31/96	329,392	329,392	100%	-
12/31/95	305,447	305,447	100%	-
12/31/94	307,383	307,383	100%	-

**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, 2004 was \$2,223,622 out of a total payroll of \$11,743,174.

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2004

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

**Plan Descriptions** (Continued)

**Police Pension Fund** (Continued)

At April 30, 2004, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	<u>13</u>
Current employees	
Vested	20
Nonvested	<u>16</u>
Total current employees	<u>36</u>
Total	<u><u>49</u></u>

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, 2004

**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 2020, 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, 2004 was \$1,101,480 out of a total payroll of \$11,743,174. At April 30, 2004 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	2
Current employees	
Vested	10
Nonvested	8
Total current employees	18
Total	20

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, 2004

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 paid upon reaching at least the age of 55, by 3% of the pension payable at the time of the increase.

Covered employees are required to contribute 8.455% of their salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. By the year 2020, the City's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is fully funded.

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, 2003) and are as follows:

	Police	Firefighters'
Annual required contribution	\$ 247,711	\$ 182,835
Interest on net pension obligation	(5,505)	132
Adjustment to annual required contribution	3,375	(81)
Annual pension cost	245,581	182,886
Contributions made	247,581	182,594
Increase in net pension obligation (benefit)	(2,000)	292
Net pension obligation (benefit) at May 1, 2003	(73,405)	1,761
Net pension obligation (benefit) at April 30, 2004	\$ (75,405)	\$ 2,053

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2004

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

Plan Descriptions (Continued)

Contributions and Reserves (Continued)

Three-Year Historical Trend Information					
	Fiscal Year Ended		Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Police	4/30/2004	\$	245,581	100.8%	\$ (75,405)
	4/30/2003		213,014	101.1%	(73,405)
	4/30/2002		177,388	124.2%	(71,137)
Firefighters	4/30/2004	\$	182,886	99.8%	\$ 2,053
	4/30/2003		174,173	99.7%	1,761
	4/30/2002		144,550	99.3%	1,219

**NOTE 14. - PRIOR PERIOD ADJUSTMENT**

In prior years, the City did not maintain fixed assets. In 2004, the City hired an independent appraiser to assess the value of all the City's fixed assets. The difference between the appraiser's valuation was recorded as a prior period adjustment for the enterprise funds. The following chart is a summary of the prior period adjustment by fund.

In addition, accrued interest was not recorded in the prior periods; therefore, it has also been adjusted with a prior period adjustment.

Fund Name	Fixed Asset Adjustment	Interest Adjustment	Total Amount
Electric Light	\$ (15,116,930)	\$ (344,189)	\$ (15,461,119)
Waterworks and Sewerage	11,049,523	(109,312)	10,940,211
Parking Facilities	(385,803)	-	(385,803)
Refuse	(41,042)	-	(41,042)
Cemetery	(384,810)	-	(384,810)
	\$ (4,879,062)	\$ (453,501)	\$ (5,332,563)

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2004

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**NOTE 15. - RESTATEMENT DUE TO CHANGE IN ACCOUNTING METHOD**

Net assets of governmental activities on the statement of activities and fund balance of the governmental funds in the fund financial statements have been restated as of the beginning of the year for the effect of implementing GASB Statement No. 34 *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. The following is a summary of the restatement:

Increase in net assets due to capitalization of fixed assets, net	\$ 101,818,308
Decrease in net assets due to recording long-term liabilities	(25,993,060)
Decrease in net assets due to recording accrued interest payable	(518,792)
Decrease in net assets due to recording compensated absences payable	<u>(991,782)</u>
Net restatement	<u>\$ 74,314,674</u>

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**REQUIRED SUPPLEMENTARY INFORMATION**  
**(Unaudited)**

**City of Geneva, Illinois**  
**ILLINOIS MUNICIPAL RETIREMENT FUND**  
**SCHEDULE OF FUNDING PROGRESS**

April 30, 2004

(Unaudited)

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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)
12/31/03	\$ 13,585,198	\$ 14,994,636	\$ 1,409,438	90.60%	\$ 6,302,041	22.36%
12/31/02	12,973,398	13,315,977	342,579	97.43%	5,766,225	5.94%
12/31/01	13,437,561	12,260,361	(1,177,200)	109.60%	5,347,793	0.00%
12/31/00	12,237,387	10,578,344	(1,659,043)	115.68%	4,931,325	0.00%
12/31/99	10,765,602	9,340,191	(1,425,411)	115.26%	4,631,172	0.00%
12/31/98	9,828,955	8,803,482	(1,025,473)	111.65%	4,380,167	0.00%
12/31/97	8,205,849	7,933,601	(272,248)	103.43%	4,264,997	0.00%
12/31/96	6,787,878	6,729,595	(58,283)	100.87%	3,813,568	0.00%
12/31/95	6,030,480	6,269,740	239,260	96.18%	3,614,006	6.62%
12/31/94	4,753,503	5,080,039	326,536	93.57%	3,404,024	9.59%

On a market value basis, the actuarial value of assets as of December 31, 2003 is \$12,387,921. On a market basis, the funded ratio would be 82.62%.

Digest of Changes

2003 Assumptions

The actuarial assumptions used to determine the actuarial accrued liability for 2003 are based on the 1999 - 2001 Experience Study.

The principal changes were:

- Fewer members are expected to take refunds early in their career.
- For regular members, fewer normal and early retirements are expected to occur.

**City of Geneva, Illinois**  
**POLICE AND FIREFIGHTERS' PENSION FUNDS**  
 April 30, 2004  
(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)
<b>Police Pension</b>						
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%
4/30/00	9,353,250	9,167,151	(186,099)	102.0%	1,842,838	0.0%
<b>Firefighters' Pension</b>						
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%
4/30/00	3,686,585	3,742,422	55,837	98.5%	903,769	6.2%

**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
2004	\$ 245,581	100.8%	\$ 247,581	\$ 182,886	99.8%	\$ 182,594
2003	213,014	101.1%	215,357	174,173	99.7%	173,650
2002	177,388	124.2%	220,316	144,550	99.3%	143,538
2001	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, 2003**  
**(Unaudited)**

**NOTE 1. - POLICE AND FIREFIGHTERS' PENSION FUNDS**

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

	Police Pension Fund	Firefighters' Pension Fund
Valuation date	April 30, 2003	April 30, 2003
Actuarial cost method	Entry age	Entry age
Amortization method	Level percentage of payroll, closed period	Level percentage of payroll, closed period
Remaining amortization period	30 years	30 years
Asset valuation method	Fair market value	Fair market value
Actuarial assumptions:		
Investment rate of return	7.50%	7.50%
Projected salary increases	5.00%	5.00%
Attributable to inflation	3.00%	3.00%

**NOTE 2. - LEGAL COMPLIANCE AND ACCOUNTABILITY - BUDGETS**

**A. Budgeted Revenues and Expenditures**

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 April 19, 2004. All funds have legally adopted budgets except for the Police Pension Fund and the Firefighters' Pension 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.

**City of Geneva, Illinois**  
**POLICE AND FIREFIGHTERS' PENSION FUNDS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**April 30, 2003**  
**(Unaudited)**

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NOTE 2. -LEGAL COMPLIANCE AND ACCOUNTABILITY - BUDGETS (Continued)

**B. Excess of Expenditures Over Budgets**

Expenditures exceeded budgets in the following funds for the year ended April 30, 2004:

	<u>Budget</u>	<u>Expenditures</u>	<u>Overage</u>
Medical and Dental Insurance	\$ 75,050	\$ 95,103	\$ (20,053)
Special Service Area #12	-	65,258	(65,258)
Illinois Municipal Retirement Fund	499,141	525,293	(26,152)

Medical and Dental Insurance - the overage resulted from excessive claims on dental insurance that were not budgeted.

Special Service Area #12 - Unbudgeted mowing maintenance costs for property earmarked for the special service area's use.

IMRF - Excessive expense existed due to an increase in the IMRF rates. The rates went up from 5.13% to 6.44%.

**C. Deficit Fund Balances**

The following funds have fund balance deficits at April 30, 2004:

	<u>Deficit</u>
Illinois Municipal Retirement Fund	\$ 192,802

Illinois Municipal Retirement Fund - this deficit of \$192,802 is an acknowledged deficit from operations, which is managed through the Working Cash Fund on a year-to-year basis. The annual property tax levy which restores the Working Cash Fund each year is \$322,090.

**City of Geneva, Illinois**  
**GENERAL FUND**  
**COMBINED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES -BUDGET AND ACTUAL**  
**Year ended April 30, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating revenues				
Property taxes	\$ 2,350,400	\$ 2,350,400	\$ 2,350,164	\$ (236)
Replacement taxes	52,000	52,000	58,580	6,580
Sales tax	6,149,150	5,840,500	5,752,883	(87,617)
Utility tax	1,744,100	1,614,560	2,481,424	866,864
Fines and forfeits	222,150	222,150	260,739	38,589
Licenses and permits	398,000	683,000	761,894	78,894
Interest	100,000	100,000	169,313	69,313
Lease revenue		-	226,000	226,000
Miscellaneous	1,444,200	660,721	780,812	120,091
	<u>12,460,000</u>	<u>11,523,331</u>	<u>12,841,809</u>	<u>1,318,478</u>
Total revenues				
Expenditures				
Total expenditures	<u>17,779,590</u>	<u>17,823,725</u>	<u>18,119,365</u>	<u>(295,640)</u>
Deficiency of revenues over expenditures	<u>(5,319,590)</u>	<u>(6,300,394)</u>	<u>(5,277,556)</u>	<u>1,022,838</u>
Other financing sources (uses)				
Operating transfers in	443,530	233,330	842,199	608,869
Operating transfers out	(765,740)	(677,420)	(667,343)	10,077
Note proceeds	278,908	278,908	278,908	-
	<u>(43,302)</u>	<u>(165,182)</u>	<u>453,764</u>	<u>618,946</u>
Total other financing sources (uses)				
Deficiency of revenues and other financing uses over expenditures and other financing uses	<u>\$ (5,362,892)</u>	<u>\$ (6,465,576)</u>	<u>(4,823,792)</u>	<u>\$ 1,641,784</u>
Fund balances				
Beginning of year			<u>8,537,763</u>	
End of year			<u>\$ 3,713,971</u>	

**SUPPLEMENTARY INFORMATION**

**City of Geneva, Illinois**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**April 30, 2004**

	Special Revenue				
	Motor Fuel Tax	Combined Special Service Area	Illinois Municipal Retirement	Public Benefit	Tri-Com
<b>ASSETS</b>					
Cash and investments	\$ 69,984	\$ 361,463	\$ -	\$ 88,876	\$ 1,576,438
Receivables					
Property taxes	-	243,948	361,704	-	-
Other	41,831	6,000	-	-	1,587
<b>Total assets</b>	<b>\$ 111,815</b>	<b>\$ 611,411</b>	<b>\$ 361,704</b>	<b>\$ 88,876</b>	<b>\$ 1,578,025</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 14,940	\$ -	\$ -	\$ 123,783
Accrued payroll	-	514	25,475	-	23,237
Other payables	-	-	167,327	-	-
Due to other funds	-	969	-	-	-
Deferred property taxes	-	243,948	361,704	-	-
Other deferred revenue	-	567	-	-	196,890
Deposit payable	-	77,100	-	-	-
Compensated absences payable	-	-	-	-	57,960
<b>Total liabilities</b>	<b>-</b>	<b>338,038</b>	<b>554,506</b>	<b>-</b>	<b>401,870</b>
<b>FUND BALANCES (DEFICITS)</b>					
Reserved for debt service	-	-	-	-	-
Reserved for permanent funds	-	-	-	-	-
Reserved for capital projects	-	-	-	-	-
Reserved for special revenues	-	-	-	-	-
Unreserved	111,815	273,373	(192,802)	88,876	1,176,155
<b>Total fund balances</b>	<b>111,815</b>	<b>273,373</b>	<b>(192,802)</b>	<b>88,876</b>	<b>1,176,155</b>
<b>Total liabilities and fund balances</b>	<b>\$ 111,815</b>	<b>\$ 611,411</b>	<b>\$ 361,704</b>	<b>\$ 88,876</b>	<b>\$ 1,578,025</b>

Special Revenue							Debt Service
Mental Health	Liability Insurance	Medical and Dental Insurance	Tax Increment Allocation	Tree Nursery	Employer Pension Contribution	Total Special Revenue	General Obligation Bond 1994
\$ 314,204	\$ 33,186	\$ 33,015	\$ 43,555	\$ 86,349	\$ -	\$ 2,607,070	\$ 175,604
149,446	-	-	-	-	452,575	1,207,673	1,578,211
-	-	-	-	-	-	49,418	-
<u>\$ 463,650</u>	<u>\$ 33,186</u>	<u>\$ 33,015</u>	<u>\$ 43,555</u>	<u>\$ 86,349</u>	<u>\$ 452,575</u>	<u>\$ 3,864,161</u>	<u>\$ 1,753,815</u>
\$ 382	\$ -	\$ 10,000	\$ -	\$ -	\$ -	\$ 149,105	\$ -
-	-	-	-	-	-	49,226	-
-	-	-	-	-	-	167,327	-
90,526	-	-	1,510	-	-	93,005	-
149,446	-	-	-	-	452,575	1,207,673	1,578,211
-	-	-	-	-	-	197,457	-
-	-	-	-	-	-	77,100	-
-	-	-	-	-	-	57,960	-
<u>240,354</u>	<u>-</u>	<u>10,000</u>	<u>1,510</u>	<u>-</u>	<u>452,575</u>	<u>1,998,853</u>	<u>1,578,211</u>
-	-	-	-	-	-	-	175,604
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	42,045	86,349	-	128,394	-
<u>223,296</u>	<u>33,186</u>	<u>23,015</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,736,914</u>	<u>-</u>
<u>223,296</u>	<u>33,186</u>	<u>23,015</u>	<u>42,045</u>	<u>86,349</u>	<u>-</u>	<u>1,865,308</u>	<u>175,604</u>
<u>\$ 463,650</u>	<u>\$ 33,186</u>	<u>\$ 33,015</u>	<u>\$ 43,555</u>	<u>\$ 86,349</u>	<u>\$ 452,575</u>	<u>\$ 3,864,161</u>	<u>\$ 1,753,815</u>

**City of Geneva, Illinois**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - (CONTINUED)**  
**Year Ended April 30, 2004**

	Special Revenue		Debt Service	Capital Projects	
	Employer Pension Contribution	Total Special Revenue	General Obligation Bond 1994	TIF Riverfront Development Construction	Firestation Number Two
<b>REVENUES</b>					
Property taxes	\$ 452,575	\$ 2,001,172	\$ 1,508,156	\$ -	\$ -
Motor fuel tax	-	579,423	-	-	-
Tri-Com fees	-	815,561	-	-	-
Interest	-	34,623	3,206	2,509	1,165
Miscellaneous	-	715,969	-	188,317	77,004
<b>Total revenues</b>	<b>452,575</b>	<b>4,146,748</b>	<b>1,511,362</b>	<b>190,826</b>	<b>78,169</b>
<b>EXPENDITURES</b>					
Streets and walks	-	336,651	-	-	-
Pension - IMRF	-	525,293	-	-	-
Police and firefighters' pension	452,575	452,575	-	-	-
Tri-Com operating expenditures	-	1,548,913	-	-	-
Insurance	-	346,407	-	-	-
Capital outlay	-	-	-	705,756	-
Debt service					
Principal retirement	-	-	769,006	600,000	-
Interest and fees	-	-	1,200,232	136,782	-
Other	-	295,878	-	52,101	-
<b>Total expenditures</b>	<b>452,575</b>	<b>3,505,717</b>	<b>1,969,238</b>	<b>1,494,639</b>	<b>-</b>
Excess (deficiency) of revenues over expenditures	-	641,031	(457,876)	(1,303,813)	78,169
<b>Other financing sources (uses)</b>					
Transfers in	-	692,301	420,000	1,448,032	-
Transfers out	-	(2,051,311)	-	-	(25,000)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(1,359,010)</b>	<b>420,000</b>	<b>1,448,032</b>	<b>(25,000)</b>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	-	(717,979)	(37,876)	144,219	53,169
<b>FUND BALANCES (DEFICIT)</b>					
Beginning of year	-	2,583,287	213,480	504,176	126,761
End of year	\$ -	\$ 1,865,308	\$ 175,604	\$ 648,395	\$ 179,930

Capital Projects					Permanent	Total Nonmajor Governmental Funds
Special Service Area #12 Construction	TIF East State Street Construction	Prairie Green	Street Construction	Total Capital Projects	Working Cash	
\$ 25,911	\$ 38,205	\$ -	\$ -	\$ 64,116	\$ -	\$ 3,573,444
-	-	-	-	-	-	579,423
2	9	13,771	-	17,456	7,002	815,561
33,355	74,709	310,004	-	683,389	-	62,287
59,268	112,923	323,775	-	764,961	7,002	1,399,358
-	-	-	-	-	-	336,651
-	-	-	-	-	-	525,293
-	-	-	-	-	-	452,575
-	-	-	-	-	-	1,548,913
-	-	-	-	-	-	346,407
-	83,605	135,639	-	925,000	-	925,000
49,000	-	-	-	649,000	-	1,418,006
15,145	-	-	-	151,927	-	1,352,159
1,113	-	-	-	53,214	-	349,092
65,258	83,605	135,639	-	1,779,141	-	7,254,096
(5,990)	29,318	188,136	-	(1,014,180)	7,002	(824,023)
5,000	-	-	-	1,453,032	-	2,565,333
-	-	(160,000)	-	(185,000)	(182,500)	(2,418,811)
5,000	-	(160,000)	-	1,268,032	(182,500)	146,522
(990)	29,318	28,136	-	253,852	(175,498)	(677,501)
1,701	46,610	1,364,135	9,570	2,052,953	697,608	5,547,328
\$ 711	\$ 75,928	\$ 1,392,271	\$ 9,570	\$ 2,306,805	\$ 522,110	\$ 4,869,827

**City of Geneva, Illinois**  
**SCHEDULE OF INSURANCE COVERAGE AND**  
**CUSTOMER INFORMATION**

April 30, 2004

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.	4/30/05
General Liability			
Occurrence			
General total	3,000,000	St. Paul Fire & Marine Insurance Co.	4/30/05
Products/Completed work	3,000,000		
Personal injury	2,000,000		
Advertising injury	2,000,000		
Each Occurrence	2,000,000		
Premises Damage	100,000		
Medical Expense	5,000		
Claims Made			
General Aggregate	2,000,000	St. Paul Fire & Marine Insurance Co.	4/30/05
Each Occurrence	2,000,000		
Law Enforcement Liability			
Protection	2,000,000		
Each Occurrence	2,000,000		
Property			
Blanket building	\$ 41,074,101	St. Paul Fire & Marine Insurance Co.	4/30/05
Flood	5,000,000		
Earthquake	5,000,000		
Crime			
Public Employee Dishonesty	500,000	St. Paul Fire & Marine Insurance Co.	4/30/05
Contractor's Equipment Floater			
4/30/05			
Business/Auto			
Liability	2,000,000	St. Paul Fire & Marine Insurance Co.	4/30/05
Uninsured Motorist	2,000,000		
Underinsured Motorist	2,000,000		

**City of Geneva, Illinois**  
**SCHEDULE OF INSURANCE COVERAGE AND**  
**CUSTOMER INFORMATION**  
April 30, 2004

Risk Covered	Amount of Policy	Name of Insurer	Policy Expiration
<b>Bond on Officials</b>			
City Administrator	100,000	Ohio Casualty	4/30/05
Fiscal Officer	100,000	Ohio Casualty	4/30/05
City Treasurer	100,000	Ohio Casualty	4/30/05
City Mayor	3,000	Ohio Casualty	4/30/05
<b>Umbrella Excess Liability</b>			
General total	\$ 10,000,000	St. Paul Fire & Marine Insurance Co.	4/30/05
Products/completed work	10,000,000		
Personal injury	10,000,000		
Advertising injury	10,000,000		
Each occurrence	10,000,000		
<b>Number of Customers Serviced</b>			
by the City's Utilities	9,735		

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.

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