

City of Geneva, Illinois



Annual Financial Report

**For the Fiscal Year Ended
April 30, 2010**

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INTRODUCTORY SECTION



City of Geneva
22 South First Street
Geneva, IL 60134
www.geneva.il.us

September 21, 2010

Mayor Kevin R. Burns and City Council
City of Geneva, Illinois

The Annual Financial Report (AFR) of the City of Geneva for the fiscal year ended April 30, 2010 is hereby submitted. State law requires an annual audit for local governments. The audit must be conducted in accordance with generally-accepted auditing standards, include all of the accounts and fund of the City, and be completed within six months after the close of the fiscal year. The City is required to issue a report on its financial position and activity presented in conformance with generally-accepted accounting principles (GAAP). This report presents a comprehensive picture of the City's financial activities and has been published to fulfill the requirements for the fiscal year ended April 30, 2010.

The financial report consists of management's representations concerning the finances of the City of Geneva. Responsibility for both the accuracy of the presented data, and the completeness and fairness of the presentation, including disclosures, rests with the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City's financial statements have been audited by Costabile & Steffens, P.C., a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Geneva are free from material misstatement. The independent auditor issued an unqualified ("clean") opinion on the City's financial statements for the year ended April 30, 2010. The independent auditor's report is located at the beginning of the financial section of this report. The Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements.

The preparation of the AFR on a timely basis was made possible by the efficient and dedicated service of the entire staff of the Finance Division and the assistance provided by other staff in the Administrative Services Department. I would like to express my sincere appreciation to each member of the Administrative Services Department who contributed to the annual audit process. I especially would like to thank the Finance Division staff, Kim Hillquist, Lauri Johnson and Susan Embry for their dedication and support.

Respectively submitted,

A handwritten signature in blue ink that reads "Joan Rock". The signature is written in a cursive style.

Joan Rock
Finance Officer

FINANCIAL SECTION



Costabile & Steffens P.C.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Geneva, Illinois, as of and for the year ended April 30, 2010, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Geneva, Illinois, as of April 30, 2010, 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.

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

(Continued)

Members
American Institute
of Certified Public
Accountants
and Illinois
Society of CPAs

-1-

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Costabile & Steffens P.C.
Certified Public Accountants

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

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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedules of funding progress, trend information, and notes to RSI on pages 3 through 11 and 73 through 78 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Geneva, Illinois' basic financial statements. The combining nonmajor fund financial statements and the schedule, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

COSTABILE & STEFFENS P.C.

Certified Public Accountants

Rolling Meadows, Illinois
October 5, 2010

CITY OF GENEVA, ILLINOIS
MANAGEMENT'S
DISCUSSION AND ANALYSIS
APRIL 30, 2010

The City of Geneva Management's Discussion and Analysis (MD&A) 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. Since the MD&A is designed to focus on the current year's activities, resulting changes and currently-known facts, please read it in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at April 30, 2010 by \$147,177,648. Of this amount, \$9,100,019 may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets decreased by \$2,322,378, or 1.54% from \$150,937,644 to \$148,615,266 in 2010. Governmental net assets decreased \$2,286,857 or 3.39% to \$63,729,168 and business-type net assets decreased \$35,521 to \$83,448,480.
- The City's combined governmental funds ending fund balance increased by \$1,063,103 to \$5,643,844 as of April 30, 2010.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The Government-wide financial statements are designed to emulate the corporate sector in that all governmental and business-type activities are consolidated into columns that add to a total for the Primary Government. The City's Annual Financial 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*. The focus of the Statement of Net Assets, the Unrestricted Net Assets, is designed to be similar to the bottom line results for the City and its governmental and business-type activities. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of City infrastructure, in addition to the financial information provided in this report.

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

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by taxes and intergovernmental revenues, such as grants, from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public works, development, highways and streets and interest. Business-type activities reflect private sector-type operations where the fee for service typically covers all or most of the cost of operation, including depreciation. The City's business-type activities include electric, water and sewer utilities, refuse, parking, and cemetery. 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 12-14 of this report.

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 funds of the City are divided into three categories: governmental funds, proprietary funds and fiduciary 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.

City of Geneva, Illinois
Management's Discussion and Analysis (continued)

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.

The City maintains 14 individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and the Tri-Com Fund which are considered major funds. Data from the other governmental funds are combined into a single, aggregate presentation. Budgetary comparison statements are included in the basic financial statements for the General and Tricom Funds. 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 governmental fund financial statements are presented on pages 15-17 of this report.

Proprietary funds reported in the fund financial statements are for those services for which the City charges customers a fee. There are two kinds of proprietary funds, enterprise and internal service. Enterprise funds encompass the same functions reported as business-type activities in the government-wide statements. Enterprise fund services are primarily provided to customers external to the City organization such as those of the electric, water and sewer utilities and refuse function. Internal service funds provide services and charge fees to customers within the City organization such as equipment maintenance or insurance. The City does not currently utilize any internal service funds.

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.

The basic proprietary fund financial statements are presented on pages 18-23 of this report.

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

The basic fiduciary fund financial statements are presented on pages 24-25 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 73.

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report beginning on page 79.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets

The following table reflects the condensed Statement of Net Assets:

**City of Geneva
 Statement of Net Assets as of April 30, 2010**

	Governmental Activities		Business-Type Activities		Total	
	2009	2010	2009	2010	2009	2010
Current Assets	\$ 15,121,169	\$ 13,898,699	\$ 14,292,710	\$ 12,521,485	\$ 29,413,879	\$ 26,420,184
Capital Assets	81,394,047	76,687,605	129,634,363	127,914,887	211,028,410	204,602,492
Total Assets	<u>96,515,216</u>	<u>90,586,304</u>	<u>143,927,073</u>	<u>140,436,372</u>	<u>240,442,289</u>	<u>231,022,676</u>
Long-Term Liabilities	18,005,664	16,558,755	53,510,012	50,477,631	71,515,676	67,036,386
Other Liabilities	9,477,527	10,298,381	6,933,060	6,510,261	16,410,587	16,808,642
Total Liabilities	<u>27,483,191</u>	<u>26,857,136</u>	<u>60,443,072</u>	<u>56,987,892</u>	<u>87,926,263</u>	<u>83,845,028</u>
Net Assets						
Invested in Capital Assets, Net of Related Debt	61,108,052	60,003,371	72,349,114	74,778,219	133,457,166	134,781,590
Restricted	1,274,590	1,396,115	2,157,132	1,899,924	3,431,722	3,296,039
Unrestricted	3,633,383	2,329,682	8,977,755	6,770,337	12,611,138	9,100,019
Total Net Assets	<u>\$ 66,016,025</u>	<u>\$ 63,729,168</u>	<u>\$ 83,484,001</u>	<u>\$ 83,448,480</u>	<u>\$ 149,500,026</u>	<u>\$ 147,177,648</u>

Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the City as a whole. Historical information is included in these analyses to improve the usefulness of this data. The City's assets exceeded its liabilities by \$147,177,648 as of April 30, 2010. The largest portion of net assets reflects the investment in capital assets including land, buildings, infrastructure and equipment, less any related debt used to acquire those assets that is still outstanding. Although the City's investment in its capital assets is reported net of related debt, resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate the liabilities.

City of Geneva, Illinois
Management's Discussion and Analysis (continued)

Restricted net assets represent resources that are subject to external restrictions on how they may be used, for example, Motor Fuel Tax Fund revenues. Unrestricted net assets may be used to meet the City's ongoing obligations to citizens and creditors or to fund future capital improvements.

The City's combined net assets decreased by \$2,322,378 as a result of governmental activities decreasing \$2,286,857 and business-type activities decreasing \$35,521. The City's unrestricted net assets from governmental activities were \$2,329,682, a decrease of \$1,303,701. This decrease is primarily due to current assets being used to fund capital expenditures during the year. Unrestricted net assets from business-type activities declined \$2,207,418 to \$6,770,337 due to current assets being used to fund debt payments and capital expenses.

Changes in Net Assets

City of Geneva
Changes in Net Assets for the Fiscal Year Ended April 30, 2010

	Governmental Activities		Business-Type Activities		Total	
	2009	2010	2009	2010	2009	2010
Revenues and Net Transfers						
Program Revenues						
Charges for Services	\$ 5,004,458	\$ 4,362,899	\$ 38,907,373	\$ 36,611,669	\$ 43,911,831	\$ 40,974,568
Operating Grants	594,276	582,543	126,613	113,222	720,889	695,765
Capital Grants	-	-	449,527	-	449,527	-
Total	5,598,734	4,945,442	39,483,513	36,724,891	45,082,247	41,670,333
General Revenues						
Property Taxes	6,355,386	6,512,069			6,355,386	6,512,069
Other Taxes	2,456,435	2,430,724			2,456,435	2,430,724
Intergovernmental	9,116,699	8,209,893			9,116,699	8,209,893
Other Revenue	90,021	-	1,566,138	311,621	1,656,159	311,621
Net Transfers	349,212	319,166	(349,212)	(319,166)	-	-
Total Revenues	23,966,487	22,417,294	40,700,439	36,717,346	64,666,926	59,134,640
Expenses						
General Governmt	1,596,354	1,039,852			1,596,354	1,039,852
Public Works	888,977	884,350			888,977	884,350
Development	1,409,196	1,684,875			1,409,196	1,684,875
Public Safety	11,684,541	11,627,570			11,684,541	11,627,570
Highways & Streets	11,790,968	8,652,347			11,790,968	8,652,347
Interest	856,593	815,157			856,593	815,157
Electric			28,836,691	28,502,925	28,836,691	28,502,925
Water and Sewer			7,421,327	7,477,183	7,421,327	7,477,183
Other			901,487	772,759	901,487	772,759
Total Expenses	28,226,629	24,704,151	37,159,505	36,752,867	65,386,134	61,457,018
Changes in Net Assets	(4,260,142)	(2,286,857)	3,540,934	(35,521)	(719,208)	(2,322,378)
Net Assets, May 1	70,276,167	66,016,025	79,943,067	83,484,001	150,219,234	149,500,026
Net Assets April 30	\$ 66,016,025	\$ 63,729,168	\$ 83,484,001	\$ 83,448,480	\$ 149,500,026	\$ 147,177,648

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

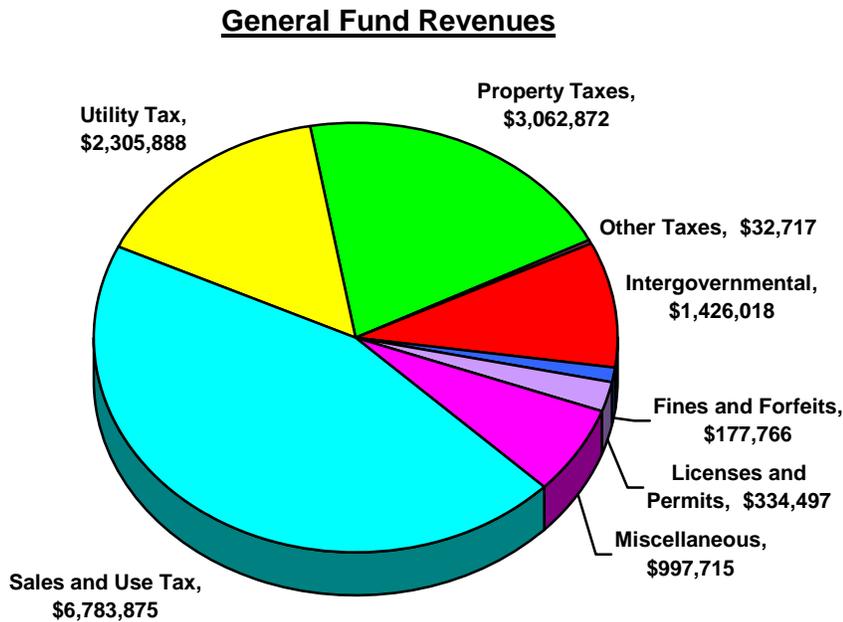
Governmental Funds

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 \$5,643,844 is up \$1,078,103 from the prior year. This increase is due mainly to the prudent use of City resources to finance ongoing operations and major capital projects.

Major Governmental Funds

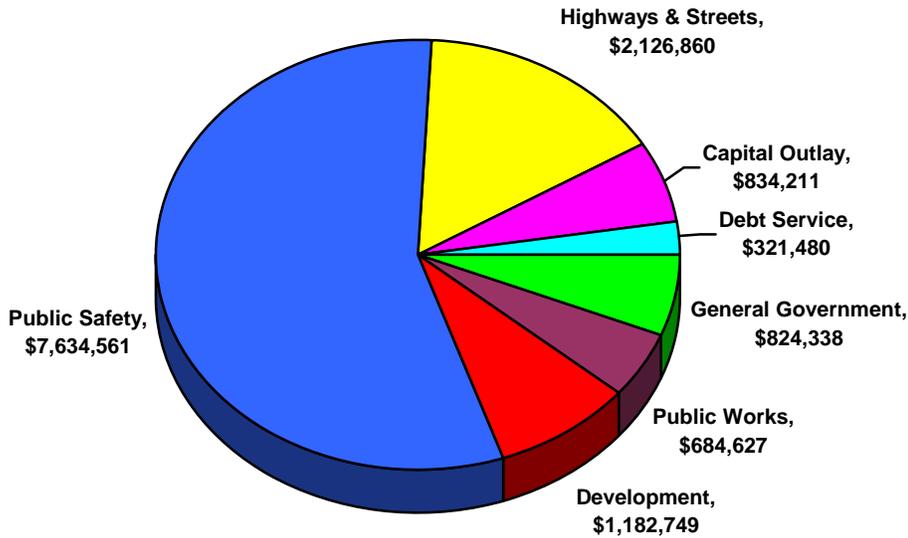
The General Fund and the Tri-Com Fund are the City's major governmental funds. The General Fund is the primary operating fund and includes the largest source of day-to-day service delivery. The fund balance of the General Fund increased from \$1,397,074 to \$2,599,683 at year end. This increase resulted from conservative spending in a difficult economy. The ending cash balance of \$1,428,365 represents an increase of \$1,336,515 for last year's balance.

Revenues missed budget expectations by \$898,622, largely from less than anticipated sales tax revenue, state income tax and capital funding sources for the year. Building permit and interest revenues were also lower than expected due to economic conditions and lower interest rates.



Expenditures were \$1,201,234 less than budget due to decreased capital spending and reduced operating costs due to the hiring freeze and carefully monitoring expenditures.

General Fund Expenditures



The fund balance of the Tri-Com Fund, the City's other major governmental fund, decreased by \$567,758 to \$632,039 due to the use of fund reserves to finance building improvements. Actual revenues exceeded the budgeted amount by \$141,926 and expenditures were \$108,993 lower than expected.

Proprietary Funds

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

Major Proprietary Funds

The main proprietary funds operated by the City are the Electric, Water and Sewer and the Commuter Parking Funds. In the Electric Fund, consumption was down slightly from the prior fiscal year. This, combined with unchanged rates, resulted in revenues missing the budget projections. Reduced operating expenses, including purchased power, however, ended the year with strong positive growth. Significant capital projects included the underground cable replacement program and substation improvements. In the Water and Sewer Fund, water consumption was also down compared to the prior year and revenues were significantly lower than budget expectations. The reduced consumption did lead to lower operating costs, including chemicals and purchased power, however the fund net assets decreased \$ 945,325 during the year. Some budgeted capital projects were put on hold due to lower than expected revenues. Revenues in the Commuter Parking Fund were lower than expected due a decline in parking lot usage resulting from the economic recession. The fund's net assets decreased by \$135,016 in the fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund actual revenues were \$855,172 less than projected primarily due to lower than expected Sales and State Income Tax revenues. Fines and forfeits revenue was also lower than the budgeted amount because revenues from the red light camera program were not realized until near the end of the fiscal year. Expenditures were \$1,201,234 less than the budgeted amount due to imposed operating expenditure constraints and delayed capital purchases. The General Fund budget was increased during the fiscal year for capital projects carried over from the prior budget year. In addition, transfers between accounts within departments were authorized during the fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Capital assets include land, buildings, equipment and infrastructure. Capital assets have a useful life greater than one year with an initial, individual cost of more than \$50,000 for streets, bridges and storm sewers, electric and water and sewer infrastructure; \$20,000 for sidewalks; and \$5,000 for all other capital assets. The City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of April 30, 2010, was \$190,384,895 with \$76,687,605 in governmental activities and \$127,914,887 in business-type activities. Major capital asset events during the current fiscal year include street improvements, the electric underground cable project, substation project, capital vehicle and equipment replacements and Tri-Com building improvements.

Long-Term Debt

At the end of the fiscal year, the City had \$69,820,902 in long-term debt outstanding. Of this total, \$23,200,000 represents general obligation bonds, \$18,130,000 is from revenue bonds, \$419,265 is from Tax Increment Financing Bonds, \$446,000 is Special Service Area Bonds and \$27,625,637 is in notes payable. Reductions amounted to \$5,157,307 during the year due to principal payments. As a non-home rule government, under Illinois law, the City is limited in issuing debt.

Bond Rating

Moody's Investors Service has assigned an Aa2 rating to the City's bonds.

ECONOMIC FACTORS AND OVERALL FINANCIAL POSITION

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

The overall financial position of the City is sound. The Governmental Funds fund balance increased during the fiscal year in spite of the economic downturn. The telecommunications tax was increased to 6.0% from 4.5% in 2009 in an effort to increase General Fund revenues. Expenditure constraints included a hiring freeze, voluntary employee furlough program, limited professional development and deferred capital projects. Utility rates in the City's Proprietary Funds will be monitored to ensure operating and capital costs are adequately covered.

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 financial information, contact Joan Rock, the City's Finance Officer, at the City of Geneva, 15 S. 1st Street, Geneva, Illinois 60134 or access the City's website at www.geneva.il.us.

BASIC FINANCIAL STATEMENTS

City of Geneva, Illinois
STATEMENT OF NET ASSETS
April 30, 2010

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 4,712,981	\$ 6,068,858	\$ 10,781,839
Receivables			
Property taxes - net	6,273,601	-	6,273,601
Accounts	485,758	3,619,232	4,104,990
Other	133,369	293,058	426,427
Due from other governments	2,186,544	-	2,186,544
Internal balances	(14,250)	14,250	-
Restricted cash and equivalents	-	1,540,412	1,540,412
Inventory	120,696	580,277	700,973
Capital assets, not being depreciated	13,201,976	1,015,621	14,217,597
Capital assets, net of accumulated depreciation	63,485,629	126,899,266	190,384,895
Unamortized bond costs	-	405,398	405,398
	<u>90,586,304</u>	<u>140,436,372</u>	<u>231,022,676</u>
LIABILITIES			
Accounts payable	794,531	1,968,072	2,762,603
Accrued payroll	513,240	156,362	669,602
Accrued interest	203,150	718,735	921,885
Other unearned revenue	131,631	-	131,631
Deposits payable	56,013	-	56,013
Other payables	-	27,049	27,049
Unearned property taxes	6,273,601	-	6,273,601
Bond premium	-	308,417	308,417
Noncurrent liabilities			
Due within one year	2,326,215	3,331,626	5,657,841
Due in more than one year	16,558,755	50,477,631	67,036,386
	<u>26,857,136</u>	<u>56,987,892</u>	<u>83,845,028</u>
NET ASSETS			
Invested in capital assets, net of related debt	60,003,371	74,778,219	134,781,590
Restricted for:			
Debt service	344,271	1,540,412	1,884,683
Permanent funds	375,766	-	375,766
Capital projects	585,006	343,352	928,358
Special revenues	91,072	-	91,072
Unrestricted	2,329,682	6,786,497	9,116,179
	<u>63,729,168</u>	<u>83,448,480</u>	<u>147,177,648</u>

The accompanying notes are an integral part of this statement.

City of Geneva, Illinois
STATEMENT OF ACTIVITIES
Year ended April 30, 2010

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Capital Grants</u>
Governmental activities:				
General government	\$ 1,039,852	\$ 1,483,325	\$ -	\$ -
Public works	884,350	2,400	-	-
Development	1,684,875	129,397	-	-
Public safety	11,627,570	2,681,756	8,348	-
Highway and streets	8,652,347	66,021	574,195	-
Interest	815,157	-	-	-
Total governmental activities	<u>24,704,151</u>	<u>4,362,899</u>	<u>582,543</u>	<u>-</u>
Business-type activities:				
Electric light	28,502,925	29,615,042	16,820	-
Waterworks and sewerage	7,477,183	6,202,477	96,402	-
Commuter Parking Fund	413,708	404,175	-	-
Refuse	266,755	326,330	-	-
Cemetery	92,296	63,645	-	-
Total business-type activities	<u>36,752,867</u>	<u>36,611,669</u>	<u>113,222</u>	<u>-</u>
Total	<u>\$ 61,457,018</u>	<u>\$ 40,974,568</u>	<u>\$ 695,765</u>	<u>\$ -</u>

General revenues:

Property taxes
Replacement taxes
Intergovernmental tax
Utility tax
Interest
Miscellaneous
Transfers

Total general revenues and transfers

Change in net assets

Net assets - beginning

Net assets - ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-type Activities	Total
\$ 443,473	\$ -	\$ 443,473
(881,950)	-	(881,950)
(1,555,478)	-	(1,555,478)
(8,937,466)	-	(8,937,466)
(8,012,131)	-	(8,012,131)
(815,157)	-	(815,157)
<u>(19,758,709)</u>	<u>-</u>	<u>(19,758,709)</u>
-	1,128,937	1,128,937
-	(1,178,304)	(1,178,304)
-	(9,533)	(9,533)
-	59,575	59,575
-	(28,651)	(28,651)
<u>-</u>	<u>(27,976)</u>	<u>(27,976)</u>
<u>(19,758,709)</u>	<u>(27,976)</u>	<u>(19,786,685)</u>
6,512,069	-	6,512,069
84,978	-	84,978
8,209,893	-	8,209,893
2,305,888	-	2,305,888
39,858	78,246	118,104
-	233,375	233,375
319,166	(319,166)	-
<u>17,471,852</u>	<u>(7,545)</u>	<u>17,464,307</u>
<u>(2,286,857)</u>	<u>(35,521)</u>	<u>(2,322,378)</u>
<u>66,016,025</u>	<u>83,484,001</u>	<u>149,500,026</u>
<u>\$ 63,729,168</u>	<u>\$ 83,448,480</u>	<u>\$ 147,177,648</u>

City of Geneva, Illinois

BALANCE SHEET

GOVERNMENTAL FUNDS

April 30, 2010

	<u>General</u>	<u>Tricom</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments	\$ 1,428,365	\$ 826,383	\$ 2,458,233	\$ 4,712,981
Receivables				
Property taxes - net	3,042,258	-	3,231,343	6,273,601
Accounts	485,758	-	-	485,758
Other	75,931	9,931	47,507	133,369
Due from other governments	2,186,544	-	-	2,186,544
Inventory	120,696	-	-	120,696
	<u>7,339,552</u>	<u>836,314</u>	<u>5,737,083</u>	<u>13,912,949</u>
Total assets	\$ <u>7,339,552</u>	\$ <u>836,314</u>	\$ <u>5,737,083</u>	\$ <u>13,912,949</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts payable	\$ 231,802	\$ 55,885	\$ 87,827	\$ 375,514
Accrued payroll	452,995	54,454	5,791	513,240
Due to other funds	14,250	-	-	14,250
Unearned property taxes	3,042,258	-	3,231,343	6,273,601
Other unearned revenue	131,631	-	-	131,631
Deposit payable	56,013	-	-	56,013
Compensated absences payable	810,920	93,936	-	904,856
	<u>4,739,869</u>	<u>204,275</u>	<u>3,324,961</u>	<u>8,269,105</u>
Total liabilities	\$ <u>4,739,869</u>	\$ <u>204,275</u>	\$ <u>3,324,961</u>	\$ <u>8,269,105</u>
FUND BALANCES				
Fund balances				
Reserved for inventory	120,696	-	-	120,696
Reserved for debt service	-	-	344,271	344,271
Reserved for permanent funds	-	-	375,766	375,766
Reserved for capital projects	-	-	585,006	585,006
Reserved for special revenues	-	-	91,072	91,072
Unreserved - undesignated	2,478,987	632,039	1,016,007	4,127,033
	<u>2,599,683</u>	<u>632,039</u>	<u>2,412,122</u>	<u>5,643,844</u>
Total fund balances	\$ <u>2,599,683</u>	\$ <u>632,039</u>	\$ <u>2,412,122</u>	\$ <u>5,643,844</u>
Total liabilities and fund balances	\$ <u>7,339,552</u>	\$ <u>836,314</u>	\$ <u>5,737,083</u>	
 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.				76,687,605
Long-term liabilities, including bonds payable, compensated absences payable and pension obligations are not due and payable in the current period and, therefore are not reported in the governmental funds.				<u>(18,602,281)</u>
Net assets of governmental activities			\$ <u>63,729,168</u>	

The accompanying notes are an integral part of this statement.

City of Geneva, Illinois
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year ended April 30, 2010

	General	Tricom	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 3,062,872	\$ -	\$ 3,449,197	\$ 6,512,069
Replacement taxes	32,717	-	52,261	84,978
Intergovernmental tax	8,209,893	-	-	8,209,893
Utility tax	2,305,888	-	-	2,305,888
Motor fuel tax	-	-	574,195	574,195
Fines and forfeits	177,766	-	-	177,766
Licenses and permits	334,497	-	-	334,497
Interest	7,172	1,247	31,439	39,858
Miscellaneous	990,543	2,316,041	552,400	3,858,984
Total revenues	15,121,348	2,317,288	4,659,492	22,098,128
Expenditures				
Legislative	179,219	-	-	179,219
Administrative services	645,119	-	-	645,119
Public works	370,346	-	-	370,346
Fleet maintenance	263,720	-	-	263,720
Storm drainage	50,561	-	-	50,561
Buildings, planning and zoning	680,330	-	450,013	1,130,343
Economic development	502,419	-	-	502,419
Police	4,461,444	-	-	4,461,444
Fire	3,173,117	-	-	3,173,117
Streets and walks	2,126,860	-	574,478	2,701,338
Pension - IMRF	-	-	478,460	478,460
Police and firefighters' pension	-	-	676,267	676,267
Insurance	-	-	234,591	234,591
Other	-	1,989,491	142,153	2,131,644
Capital outlay	834,211	1,222,115	15,733	2,072,059
Principal retirement	275,041	-	1,171,191	1,446,232
Interest and fees	46,439	-	775,873	822,312
Total expenditures	13,608,826	3,211,606	4,518,759	21,339,191
Excess (deficiency) of revenues over expenditures	1,512,522	(894,318)	140,733	758,937
Other financing sources (uses)				
Transfers in	363,147	326,560	489,500	1,179,207
Transfers out	(673,060)	-	(186,981)	(860,041)
Total other financing sources (uses)	(309,913)	326,560	302,519	319,166
Net change in fund balances	1,202,609	(567,758)	443,252	1,078,103
Beginning of year	1,397,074	1,199,797	1,968,870	4,565,741
End of year	\$ 2,599,683	\$ 632,039	\$ 2,412,122	\$ 5,643,844

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, 2010

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

Net change in fund balances - total governmental funds \$ 1,078,103

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense and loss on disposal in the current period. (4,706,442)

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. 1,341,482

Change in net assets of governmental activities \$ (2,286,857)

The accompanying notes are an integral part of this statement.

City of Geneva, Illinois
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
April 30, 2010

<u>Business-type Activities - Enterprise Funds</u>					
	<u>Electric Light</u>	<u>Waterworks and Sewerage</u>	<u>Commuter Parking Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
CURRENT ASSETS					
Cash and investments	\$ 3,733,707	\$ 1,745,614	\$ 127,660	\$ 461,877	\$ 6,068,858
Receivables					
Accounts	2,797,199	794,255	-	27,778	3,619,232
Other	293,058	-	-	-	293,058
Due from other funds	-	-	-	14,250	14,250
Inventory and other current assets	510,224	70,053	-	-	580,277
Total current assets	<u>7,334,188</u>	<u>2,609,922</u>	<u>127,660</u>	<u>503,905</u>	<u>10,575,675</u>
RESTRICTED ASSETS					
Cash and investments	<u>1,469,441</u>	<u>70,971</u>	<u>-</u>	<u>-</u>	<u>1,540,412</u>
CAPITAL ASSETS					
Land and land improvements	1,042,441	1,190,671	-	-	2,233,112
Buildings, plant and improvements	5,615,497	8,855,700	8,219,732	92,544	22,783,473
Equipment	704,972	855,240	5,975	161,578	1,727,765
Production and distribution systems	<u>48,865,772</u>	<u>101,301,573</u>	<u>-</u>	<u>-</u>	<u>150,167,345</u>
	56,228,682	112,203,184	8,225,707	254,122	176,911,695
Accumulated depreciation	<u>(15,847,844)</u>	<u>(32,246,366)</u>	<u>(756,910)</u>	<u>(145,688)</u>	<u>(48,996,808)</u>
Total capital assets	<u>40,380,838</u>	<u>79,956,818</u>	<u>7,468,797</u>	<u>108,434</u>	<u>127,914,887</u>
OTHER ASSETS					
Unamortized bond costs	<u>304,783</u>	<u>84,469</u>	<u>16,146</u>	<u>-</u>	<u>405,398</u>
Total assets	<u>\$ 49,489,250</u>	<u>\$ 82,722,180</u>	<u>\$ 7,612,603</u>	<u>\$ 612,339</u>	<u>\$ 140,436,372</u>

The accompanying notes are an integral part of this statement.

City of Geneva, Illinois
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
April 30, 2010

	Business-type Activities - Enterprise Funds				
	Electric Light	Waterworks and Sewerage	Commuter Parking Fund	Nonmajor Funds	Total
CURRENT LIABILITIES					
Accounts payable	\$ 1,865,537	\$ 87,912	\$ 10,204	\$ 4,419	\$ 1,968,072
Accrued payroll	86,734	65,919	2,758	951	156,362
Accrued interest	404,320	309,745	4,670	-	718,735
Other payables	26,849	200	-	-	27,049
Notes payable	-	1,437,093	-	-	1,437,093
General obligation bonds payable	175,950	57,750	-	-	233,700
Revenue bonds payable	1,290,000	-	70,000	-	1,360,000
Total current liabilities	3,849,390	1,958,619	87,632	5,370	5,901,011
NONCURRENT LIABILITIES					
Compensated absences payable	366,791	301,575	4,223	-	672,589
Bond premium, net of amortization	308,417	-	-	-	308,417
Notes payable	-	25,730,875	-	-	25,730,875
General obligation bonds payable	2,482,500	5,122,500	-	-	7,605,000
Revenue bond payable	15,250,000	-	1,520,000	-	16,770,000
Total noncurrent liabilities	18,407,708	31,154,950	1,524,223	-	51,086,881
Total liabilities	22,257,098	33,113,569	1,611,855	5,370	56,987,892
NET ASSETS					
Invested in capital assets, net of related debt	21,182,388	47,608,600	5,878,797	108,434	74,778,219
Restricted for debt service	1,469,441	70,971	-	-	1,540,412
Restricted accounts	-	-	-	343,352	343,352
Unrestricted	4,580,323	1,929,040	121,951	155,183	6,786,497
Total net assets	\$ 27,232,152	\$ 49,608,611	\$ 6,000,748	\$ 606,969	\$ 83,448,480

The accompanying notes are an integral part of this statement.

City of Geneva, Illinois
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year ended April 30, 2010

	Business-type Activities - Enterprise Funds				
	Electric Light	Waterworks and Sewerage	Commuter Parking Fund	Nonmajor Funds	Total
OPERATING REVENUES					
Charges for services	\$ 28,503,555	\$ 6,113,373	\$ 404,175	\$ 371,779	\$ 35,392,882
Charges to other funds	957,240	-	-	-	957,240
Service fees	109,307	21,322	-	-	130,629
Miscellaneous	44,940	67,782	-	18,196	130,918
Total operating revenues	29,615,042	6,202,477	404,175	389,975	36,611,669
OPERATING EXPENSES					
Purchased power	21,002,567	-	-	-	21,002,567
Production and storage	-	1,265,200	-	-	1,265,200
Distribution	-	1,373,871	-	-	1,373,871
Plant and service	2,480,936	-	50,011	-	2,530,947
Sewerage treatment	-	706,148	-	-	706,148
Sewerage collection	-	813,792	-	-	813,792
Sewerage monitoring	-	91,907	-	-	91,907
State utility tax	1,088,041	-	-	-	1,088,041
Administration	1,179,712	-	80,863	117,923	1,378,498
Depreciation	1,731,934	2,310,631	182,862	8,431	4,233,858
Lease payments	-	-	49,462	-	49,462
Refuse collection	-	-	-	232,697	232,697
Total operating expenses	27,483,190	6,561,549	363,198	359,051	34,766,988
OPERATING INCOME (LOSS)	2,131,852	(359,072)	40,977	30,924	1,844,681
NONOPERATING REVENUES (EXPENSES)					
Interest income	61,727	8,102	8,417	-	78,246
Interest expense	(993,198)	(911,409)	(50,510)	-	(1,955,117)
Amortization of bond costs	(26,537)	(4,225)	-	-	(30,762)
Nonexpendable trust income	-	-	-	6,874	6,874
New development income	-	-	-	1,624	1,624
Miscellaneous income	-	224,877	-	-	224,877
Total nonoperating revenues (expenses)	(958,008)	(682,655)	(42,093)	8,498	(1,674,258)
INCOME (EXPENSE) BEFORE CONTRIBUTIONS AND TRANSFERS	1,173,844	(1,041,727)	(1,116)	39,422	170,423

The accompanying notes are an integral part of this statement.

(Continued)

City of Geneva, Illinois
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS (Continued)
PROPRIETARY FUNDS
Year ended April 30, 2010

	Business-type Activities - Enterprise Funds				
	Electric Light	Waterworks and Sewerage	Commuter Parking Fund	Nonmajor Funds	Total
CAPITAL CONTRIBUTIONS					
Connection fees	\$ 16,820	\$ 96,402	\$ -	\$ -	\$ 113,222
TRANSFERS IN (OUT)	(227,266)	-	(133,900)	42,000	(319,166)
CHANGE IN NET ASSETS	963,398	(945,325)	(135,016)	81,422	(35,521)
NET ASSETS					
Beginning of year	26,268,754	50,553,936	6,135,764	525,547	83,484,001
End of year	\$ 27,232,152	\$ 49,608,611	\$ 6,000,748	\$ 606,969	\$ 83,448,480

The accompanying notes are an integral part of this statement.

City of Geneva, Illinois
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended April 30, 2010

	Business-type Activities - Enterprise Funds				
	Electric Light	Waterworks and Sewerage	Commuter Parking Fund	Nonmajor Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users	\$ 29,599,421	\$ 6,203,294	\$ 414,139	\$ 389,706	\$ 36,606,560
Payments to suppliers	(23,652,784)	(2,265,294)	(108,925)	(216,046)	(26,243,049)
Payments to employees	(1,712,054)	(1,661,010)	(55,758)	(151,559)	(3,580,381)
Net cash provided by (used in) operating activities	4,234,583	2,276,990	249,456	22,101	6,783,130
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Due from other funds	-	-	-	(8,731)	(8,731)
Transfers out	(227,266)	-	(133,900)	-	(361,166)
Transfers in	-	-	-	42,000	42,000
Net cash provided by (used in) noncapital financing activities	(227,266)	-	(133,900)	33,269	(327,897)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of capital assets	(2,876,745)	(69,166)	(5,975)	-	(2,951,886)
Bond and note proceeds	-	-	-	-	-
Principal paid on revenue bonds	(1,075,000)	-	(874,000)	-	(1,949,000)
Interest paid on revenue bonds, general obligation bonds and notes payable	(965,627)	(966,734)	(75,835)	-	(2,008,196)
Principal paid on note payable	-	(1,384,675)	-	-	(1,384,675)
Principal paid on general obligation bonds	(323,150)	(54,250)	-	-	(377,400)
Net cash provided by (used in) capital and related financing activities	(5,240,522)	(2,474,825)	(955,810)	-	(8,671,157)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest income	61,727	8,102	8,417	-	78,246
Nonexpendable trust income	-	-	-	6,874	6,874
New development income	-	-	-	1,624	1,624
Net cash provided by investing activities	61,727	8,102	8,417	8,498	86,744
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,171,478)	(189,733)	(831,837)	63,868	(2,129,180)
CASH AND CASH EQUIVALENTS, including restricted portion					
Beginning of year	6,374,626	2,006,318	959,497	398,009	9,738,450
End of year	\$ 5,203,148	\$ 1,816,585	\$ 127,660	\$ 461,877	\$ 7,609,270
RECONCILIATION					
Cash and cash equivalents					
Unrestricted	\$ 3,733,707	\$ 1,745,614	\$ 127,660	\$ 461,877	\$ 6,068,858
Restricted	1,469,441	70,971	-	-	1,540,412
	\$ 5,203,148	\$ 1,816,585	\$ 127,660	\$ 461,877	\$ 7,609,270

The accompanying notes are an integral part of this statement.

(Continued)

City of Geneva, Illinois
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended April 30, 2010

	Business-type Activities - Enterprise Funds				
	Electric Light	Waterworks and Sewerage	Commuter Parking Fund	Nonmajor Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Operating income (loss)	\$ 2,131,852	\$ (359,072)	\$ 40,977	\$ 30,924	\$ 1,844,681
Adjustments to reconcile operating income (loss) to net cash provided by operating activities					
Depreciation	1,731,934	2,310,631	182,862	8,431	4,233,858
Connection fees	16,820	96,402	-	-	113,222
Miscellaneous income	-	224,877	-	-	224,877
Change in assets and liabilities					
Accounts receivable	141,442	(95,585)	9,964	(269)	55,552
Other receivables	(173,883)	-	-	-	(173,883)
Inventory	123,718	50,788	-	-	174,506
Unamortized bond costs	-	-	1,346	-	1,346
Accounts payable	250,738	16,851	9,586	(17,297)	259,878
Accrued payroll	6,749	1,569	498	312	9,128
Other payables	23,684	-	-	-	23,684
Bond premium	(25,700)	-	-	-	(25,700)
Compensated absences payable	7,229	30,529	4,223	-	41,981
Net cash provided by operating activities	<u>\$ 4,234,583</u>	<u>\$ 2,276,990</u>	<u>\$ 249,456</u>	<u>\$ 22,101</u>	<u>\$ 6,783,130</u>

The accompanying notes are an integral part of this statement.

City of Geneva, Illinois
STATEMENT OF NET ASSETS
PENSION TRUST FUNDS
April 30, 2010

ASSETS	
Cash and cash equivalents	\$ 95,887
Accrued interest	52,015
Prepaid expenses	13,043
Investments, at fair value:	
Certificates of deposits	465,390
Money market mutual funds	874,728
U.S. government securities	12,834,344
Insurance contracts	2,908,017
Mutual funds and stock equities	<u>5,508,966</u>
 Total assets	 22,752,390
 LIABILITIES	
Accounts payable	<u>4,217</u>
 NET ASSETS	
Held in trust for pension benefits	\$ <u><u>22,748,173</u></u>

The accompanying notes are an integral part of this statement.

City of Geneva, Illinois
STATEMENT OF CHANGES IN NET ASSETS
PENSION TRUST FUNDS
Year ended April 30, 2010

Additions	
Contributions	
Employer	\$ 676,267
Plan member	437,349
	1,113,616
Total contributions	
	1,113,616
Investment Income	
Interest and dividends	490,166
Net change in fair value	1,999,089
	2,489,255
Total investment income	
	2,489,255
Less investment expenses	(64,394)
	2,424,861
Net investment income	
	2,424,861
Total additions	
	3,538,477
Deductions	
Administration	47,299
Benefits	873,302
	920,601
Total deductions	
	920,601
Net increase	
	2,617,876
Net assets held in trust for pension benefits	
Beginning of year	20,130,297
	20,130,297
End of year	\$ 22,748,173
	22,748,173

The accompanying notes are an integral part of this statement.

City of Geneva, Illinois
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City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

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 City's major operations include police and fire protection, highway and street maintenance, building code enforcement, economic development, planning and zoning, waterworks and sewerage services, electricity services, commuter parking facility and general administrative services.

The government-wide financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has chosen not to do so. The more significant of the City's accounting policies established in GAAP and used by the City are describe below.

A. Reporting Entity

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The financial reporting entity is defined as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government and fiscal dependency on the primary government. Based on these criteria, the City has two blended component units Police Pension Employees Retirement System and Firefighters' Pension Employee Retirement System.

Blended Component Unit - Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provided services entirely to the City. These component units' funds are blended into those of the City's by appropriate activity type to compose the primary government presentation.

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

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

A. Reporting Entity (Continued)

Police Pension Employees Retirement System

The City's sworn police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five member pension board. Two members appointed by the Mayor and City Council, one elected pension beneficiary and two elected police employees constitute the pension board. The participants are required to contribute a percentage of salary as established by state statute and the City is obligated to fund all remaining PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of the City's contribution levels. Although it is legally separate from the City, the PPERS is reported as if it was part of the primary City because its sole purpose is to provide retirement benefits for the City's police employees. The PPERS is reported as a pension trust fund.

Firefighters' Pension Employees Retirement System

The City's sworn full time firefighters participate in the Firefighters' Pension Employees Retirement System (FPERS). FPERS functions for the benefit of these employees and is governed by a five member pension board. Two members appointed by the City Council, one elected pension beneficiary and two elected police employees constitute the pension board. The participants are required to contribute a percentage of salary as established by state statute and the City is obligated to fund all remaining FPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of the City's contribution levels. Although it is legally separate from the City, the FPERS is reported as if it was part of the primary City because its sole purpose is to provide retirement benefits for the City's firefighters. The FPERS is reported as a pension trust fund.

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 primary government and its component units. 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

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

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

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 and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are reported in the supplementary information.

C. 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. 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. Property tax revenues are recognized in compliance with GASB Codification Section P70 (Revenue Recognition - Property Taxes) which states that such revenue must be collected within 60 days after the fiscal year to be considered available. 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, sales and use taxes, utility taxes, state income 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, 2010

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

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

The City reports the following major governmental funds:

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 *Tri-com Fund* is a cooperative arrangement involving the cities of Geneva, St. Charles and Batavia. The City of Geneva is responsible for the administration of Tri-Com activities and accounts for those activities in a special revenue 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.

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

Additionally, the City reports the following fund types:

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

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

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

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

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

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. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

D. Fund Accounting

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

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

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

D. Fund Accounting (Continued)

Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

Total assets, liabilities, or revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type:
and

Total assets, liabilities, or revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

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

Governmental Funds

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

General Fund

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

Special Revenue Funds

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

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

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

D. Fund Accounting(Continued)

Debt Service Fund

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

Capital Projects Funds

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

Proprietary Funds

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

Enterprise Funds

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

Fiduciary Funds

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

Pension Trust Funds

These funds are used to account for assets held in a trustee capacity by the City for pension benefit payments. The Police Pension Fund accounts for the accumulation of resources to pay retirement and other related benefits for sworn members of the City's police force. The Firefighters' Pension Fund accounts for the accumulation of resources to pay retirement and other related benefits for sworn members of the City's Fire department.

Permanent Fund

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

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

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

E. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, deposits in interest-bearing and noninterest-bearing checking accounts, Illinois Funds, and certificates of deposit with maturities of three months or less from the date of acquisition.

F. Investments

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

G. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are also classified as "due from other funds" or "due to other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

H. Property Taxes

Property taxes for 2009 attach as an enforceable lien on January 1, 2009 on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are payable in two installments on June 1, 2010 and September 1, 2010 subsequent to the year of levy. Property tax receivable is shown net of an allowance for uncollectible receivables. The property tax receivable allowance is equal to 1.5 percent of outstanding property taxes at April 30, 2010.

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

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

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.

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.

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

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

L. Capital Assets (Continued)

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.

N. Long-Term Obligations

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

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

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

N. Long-Term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

O. Fund Equity

In the government-wide financial statements, equity is classified as net assets and displayed in three components:

Invested in capital assets, net of related debt - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets - consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.

Unrestricted net assets - consists of all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

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

P. Interfund Transactions

Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except reimbursements, are reported as transfers.

City of Geneva, Illinois
 NOTES TO FINANCIAL STATEMENTS
April 30, 2010

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

Q. Self-Insurance

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

R. Use of Estimates

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

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

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

The governmental funds balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “Long-term liabilities, including bonds payable and compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.” The details of this \$18,602,281 difference are as follows:

General obligation bonds payable	\$ 15,361,300
Special service area bonds	446,000
Tax increment financing bonds	419,265
Notes payable	457,669
Accrued interest payable	203,150
Accrued pension obligation	419,017
Compensated absences payable	<u>1,295,880</u>
Net adjustment to reduce fund-balance total governmental funds to arrive at net assets – governmental activities.	<u>\$ 18,602,281</u>

City of Geneva, Illinois
 NOTES TO FINANCIAL STATEMENTS
April 30, 2010

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

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

The government funds statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$4,706,442 decrease are as follows:

Capital outlay	\$	1,235,173
Depreciation expense		<u>(5,941,615)</u>
Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net assets of governmental activities	\$	<u><u>(4,706,442)</u></u>

Another element of that reconciliation states that "The issuance of long-term debt (e.g. bonds, compensated absences) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt, increases in compensated absences and increases in accrued interest payable consume the current financial resources of governmental funds." The details of this \$1,341,482 increase are as follows:

Accrued interest	\$	7,155
Compensated absences		11,307
Accrued pension obligation		(123,212)
Principal payments on long-term liabilities		<u>1,446,232</u>
Net adjustment to increase net change in fund balances – total governmental funds to arrive at change in net assets of governmental activities	\$	<u><u>1,341,482</u></u>

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE 3. - COMPLIANCE AND ACCOUNTABILITY

The following funds had a deficit fund balance as of April 30, 2010:

Illinois Municipal Retirement Fund	\$	73,740
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NOTE 4. - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

A. Cash

The carrying amount of cash was \$3,158,584 at April 30, 2010, including petty cash of \$1,400, while bank balances were \$3,290,372. All account balances at banks were either insured by the Federal Deposit Insurance Corporation (FDIC) or are held in a third party institution in the name of the City. Bank deposits over FDIC insurable limits are secured by collateral to protect deposits in a single financial institution if it were to default. Collateral will have a market value equivalent to at least 100% of deposits at that particular institution. The collateral shall be marked to market and adjusted on at least a monthly basis.

Pension funds

The carrying amount and bank balance of cash for the pension fund's was \$95,887 at April 30, 2010 and all balances were insured or collateralized by investments held by a third party in the pension's name.

B. Certificates of Deposit

Certificates of Deposit amount to \$4,696,788 at April 30, 2010. All Certificates of Deposit were either insured by the Federal Deposit Insurance Corporation (FDIC) or are held in a third party institution in the name of the City. Certificates of deposit over FDIC insurable limits are secured by collateral to protect deposits in a single financial institution if it were to default. Collateral will have a market value equivalent to at least 100% of deposits at that particular institution. The collateral shall be marked to market and adjusted on at least a monthly basis.

Pension funds

Certificates of deposits for the pension funds' were \$465,390 at April 30, 2010 and all balances were insured or collateralized by investments held by a third party in the pension's name.

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

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

C. Investments

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

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

The Illinois Funds is an investment pool managed by the Illinois Public Treasurer's Office which allows governments within the State to pool their funds for investment purposes. Although not registered with the SEC, Illinois Funds operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in the Illinois Funds are valued at the share price, the price for which the investment could be sold.

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

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

C. Investments (Continued)

The following schedule reports the fair values and maturities (using the segmented time distribution method) for the City's investments at April 30, 2010.

Investment Type	Fair Value	Investment Maturities (in years)			Greater than than 5
		Less than 1	1-2	3-5	
Illinois Funds	\$ 4,271,879	\$ 4,271,879	\$ -	\$ -	\$ -
U.S. Treasuries	195,000	-	90,000	60,000	45,000
Total	\$ <u>4,466,879</u>	\$ <u>4,271,879</u>	\$ <u>90,000</u>	\$ <u>60,000</u>	\$ <u>45,000</u>

The following schedule reports the fair values and maturities (using the segmented time distribution method) for the Pension funds' investments at April 30, 2010.

Investment Type	Fair Value	Investment Maturities (in years)			Greater than than 5
		Less than 1	1-2	3-5	
Federal Home Loan	\$ 1,000,397	\$ -	\$ -	\$ -	\$ 1,000,397
Federal National Mortgage	4,473,414	-	-	-	4,473,414
Insurance contracts	2,908,017	-	-	-	2,908,017
GNMA	2,005,583	-	-	-	2,005,583
U.S. Treasuries and Agencies	5,354,950	897,880	418,250	543,106	3,495,714
Total	\$ <u>15,742,361</u>	\$ <u>897,880</u>	\$ <u>418,250</u>	\$ <u>543,106</u>	\$ <u>13,883,125</u>

Mutual funds and
stock equities * \$ 6,383,694

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

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

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

C. Investments(Continued)

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

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

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

At year-end, the City's investments in U.S. Government Agencies are all rated AAA by Standards & Poor's, and the City's investment in the Illinois Funds was rated AAAM by Standard & Poor's.

Custodial Credit risk - in the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires the collateralization of public deposits whenever the amount on the deposit exceeds the Federal Deposit Insurance Corporation's (FDIC) balance limitations. The collateral shall be held by an independent third party institution in the name of the City. A written collateralization agreement shall be executed by the financial institution, the custodial bank and the City. At year-end, the entire amount of the bank balance of deposits were covered by collateral, federal depository, or equivalent insurance.

For an investment, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The City's investment policy requires that all investments be held by an independent third party custodian. At year end, the City's investments in U.S. Government Agencies are all insured or registered with the City or its agent in the City's name and the City's investment in Illinois Funds is noncategorizable.

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

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

C. Investments (Continued)

Concentration of Credit Risk - this is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City places no limits on the amount that may be invested in any one issuer. As of April 30, 2010, 96% of the City's investments are in the Illinois Funds to meet their liquidity needs.

In addition to the City investment policy, the Pension Funds may invest in various accounts of life insurance companies authorized to do business in Illinois. Such investments may be made in general or separate investment accounts. However, the total investment in separate accounts shall not exceed 10% of the aggregate book value of all investments owned by each of the Pension Funds. Also, Pension Funds may invest in equity securities not to exceed 50% of the aggregate book value of all investments owned by each of the Pension Funds. The Police pension fund had over 5% invested in Smith Barney mutual funds and the Firefighters' pension fund had over 5% invested in American Fund mutual funds.

D. Reconciliation

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

	<u>Government- Wide</u>	<u>Fiduciary</u>
Carrying value of cash	\$ 3,158,584	\$ 95,887
Carrying value of certificates of deposit	4,696,788	465,390
Carrying value of investments	<u>4,466,879</u>	<u>22,126,055</u>
	<u>\$ 12,322,251</u>	<u>\$ 22,687,332</u>
Cash and investments	\$ 10,781,839	\$ 95,887
Cash and investments - restricted	1,540,412	-
Certificates of deposit	-	465,390
U.S. government securities	-	12,834,344
Insurance contracts	-	2,908,017
Mutual funds and stock equities	<u>-</u>	<u>6,383,694</u>
	<u>\$ 12,322,251</u>	<u>\$ 22,687,332</u>

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE 5. - CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2010 was as follows:

A. Governmental Activities:

	<u>May 1, 2009</u>	<u>Increases</u>	<u>Disposals</u>	<u>April 30, 2010</u>
Capital assets, not being depreciated				
Land	\$ 13,201,976	\$ -	\$ -	\$ 13,201,976
Total capital assets, not being depreciated	<u>13,201,976</u>	<u>-</u>	<u>-</u>	<u>13,201,976</u>
Capital assets, being depreciated				
Buildings	17,376,639	844,805	-	18,221,444
Machinery and equipment	5,790,204	39,276	(48,000)	5,781,480
Land improvements	1,818,111	55,681	-	1,873,792
Infrastructure	<u>125,359,397</u>	<u>295,411</u>	<u>-</u>	<u>125,654,808</u>
Total capital assets, being depreciated	<u>150,344,351</u>	<u>1,235,173</u>	<u>(48,000)</u>	<u>151,531,524</u>
Less accumulated depreciation for				
Buildings	4,354,805	335,701	-	4,690,506
Machinery and equipment	4,599,101	301,586	(48,000)	4,852,687
Land improvements	383,957	93,029	-	476,986
Infrastructure	<u>72,814,415</u>	<u>5,211,301</u>	<u>-</u>	<u>78,025,716</u>
Total accumulated depreciation	<u>82,152,278</u>	<u>5,941,617</u>	<u>(48,000)</u>	<u>88,045,895</u>
Total capital assets, being depreciated, net	<u>68,192,073</u>	<u>(4,706,444)</u>	<u>-</u>	<u>63,485,629</u>
Governmental activities capital assets, net	<u>\$ 81,394,049</u>	<u>\$ (4,706,444)</u>	<u>\$ -</u>	<u>\$ 76,687,605</u>

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE 5. - CAPITAL ASSETS (Continued)

B. Business-type Activities:

	<u>May 1, 2009</u>	<u>Increases</u>	<u>Disposals</u>	<u>April 30, 2010</u>
Capital assets, not being depreciated				
Land	\$ 1,015,621	\$ -	\$ -	\$ 1,015,621
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	<u>1,015,621</u>	<u>-</u>	<u>-</u>	<u>1,015,621</u>
Capital assets, being depreciated				
Land improvements	1,217,491	-	-	1,217,491
Buildings, plant and improvements	14,451,178	41,152	-	14,492,330
Equipment	1,555,064	5,150	-	1,560,214
Production and distribution systems	155,720,455	2,905,584	-	158,626,039
Total capital assets, being depreciated	<u>172,944,188</u>	<u>2,951,886</u>	<u>-</u>	<u>175,896,074</u>
Less accumulated depreciation for				
Land improvements	116,302	5,848	-	122,150
Buildings	6,842,455	320,806	-	7,163,261
Machinery and equipment	576,021	124,291	-	700,312
Infrastructure	37,228,172	3,782,913	-	41,011,085
Total accumulated depreciation	<u>44,762,950</u>	<u>4,233,858</u>	<u>-</u>	<u>48,996,808</u>
Total capital assets, being depreciated, net	<u>128,181,238</u>	<u>(1,281,972)</u>	<u>-</u>	<u>126,899,266</u>
Business-type activities capital assets, net	<u>\$ 129,196,859</u>	<u>\$ (1,281,972)</u>	<u>\$ -</u>	<u>\$ 127,914,887</u>

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE 5. - CAPITAL ASSETS (Continued)

C. Depreciation Expense

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

Governmental activities:

General government	\$ 186,832
Public works	163,582
Public safety	567,992
Highway and streets	<u>5,023,211</u>
	<u>\$ 5,941,617</u>

Business – type activities:

Electric light	\$ 1,731,934
Waterworks and sewerage	2,310,630
Commuter Parking Fund	182,862
Nonmajor business - type activities	<u>8,432</u>
	<u>\$ 4,233,858</u>

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE 6. - LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

A summary of changes in long-term liabilities follows:

	General Obligation Bonds	Special Service Area Bonds	Revenue Bonds	Tax Increment Financing Bonds	Notes Payable	Compensated Absences	Total
<u>Business-type activities</u>							
Electric light	\$ 2,658,450	\$ -	\$ 16,540,000	\$ -	\$ -	\$ 366,791	\$ 19,565,241
Water and sewerage	5,180,250	-	-	-	27,167,968	301,575	32,649,793
Commuter Parking Fund	-	-	1,590,000	-	-	4,223	1,594,223
Total business-type activities	7,838,700	-	18,130,000	-	27,167,968	672,589	53,809,257
Due within one year	233,700	-	1,360,000	-	1,437,093	300,833	3,331,626
<u>Governmental fund activities</u>							
All other funds	15,361,300	446,000	-	419,265	457,669	2,200,736	18,884,970
Total governmental fund activities	15,361,300	446,000	-	419,265	457,669	2,200,736	18,884,970
Due within one year	1,101,300	66,000	-	104,456	149,602	904,857	2,326,215
Total all funds	\$ 23,200,000	\$ 446,000	\$ 18,130,000	\$ 419,265	\$ 27,625,637	\$ 2,873,325	\$ 72,694,227
Beginning of year	\$ 24,695,000	\$ 511,000	\$ 20,079,000	\$ 515,698	\$ 29,177,511	\$ 2,786,136	\$ 77,764,345
Additions	-	-	-	-	-	1,024,046	1,024,046
Deletions	(1,495,000)	(65,000)	(1,949,000)	(96,433)	(1,551,874)	(936,857)	(6,094,164)
End of year	\$ 23,200,000	\$ 446,000	\$ 18,130,000	\$ 419,265	\$ 27,625,637	\$ 2,873,325	\$ 72,694,227

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE 6. - LONG-TERM LIABILITIES (Continued)

The outstanding debt consists of the following:

B. General Obligation Bonds

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

2006D Bonds, \$4,905,000 original amount due in annual installments of \$5,000 to \$510,000, with interest ranging from 4.00% to 5.00%, payable through February 1, 2015.	\$ 4,885,000
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2006C Bonds, \$840,000 original amount due in annual installments of \$5,000 to \$180,000, with interest at 4%, payable through February 1, 2013. These bonds are recorded in the Waterworks and Sewerage Fund, Electric Fund and as Long-term Debt on the government-wide statement of net assets.	515,000
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2005 Bonds, \$5,000,000 original amount due in annual installments of \$145,000 to \$710,000 with interest ranging from 4.00% to 4.45%, payable through February 1, 2030. These bonds are recorded in the Waterworks and Sewerage Fund.	5,000,000
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2002 Bonds, \$6,000,000 original amount due in annual installments of \$50,000 to \$680,000, with interest ranging from 4.60% to 5.00%, payable through December 15, 2021.	1,160,000
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2002A Bonds, \$1,525,000 original amount due in annual installments of \$135,000 to \$185,000, with interest ranging from 3.80% to 4.125%, payable through June 15, 2012. These bonds are recorded in the Electric Fund and as Long-Term Debt on the government-wide statement of net assets.	530,000
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1999 Bonds, \$5,000,000 original amount due in annual installments of \$330,000 to \$1,405,000, with interest ranging from 4.50% to 6.50%, with principal payments beginning March 1, 2011 through March 1, 2019.	4,290,000
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City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE 6. - LONG-TERM LIABILITIES (Continued)

B. General Obligation Bonds (Continued)

2007 Bonds, \$2,450,000 original amount due in annual installments of \$40,000 to \$430,000, with interest at 4%, payable through February 1, 2021. These bonds are recorded as Long-Term Debt on the government-wide statement of net assets. \$ 2,250,000

2008A Refunding Bonds, \$4,580,000 original amount due in annual installments of \$10,000 to \$965,000, with interest ranging from 3.0% to 4%, payable through March 1, 2018. These bonds are recorded as Long-Term Debt on the government-wide statement of net assets. 4,570,000

Total General Obligation Bonds \$ 23,200,000

On December 13, 2006, the City issued \$4.9 million in 2006 B General Obligation Bonds with an average interest rate of 3.9% to advance partial refund 2002 Series Bonds with an average rate of 4.6% and 1999 Series Bonds with an average rate of 5%. The net \$5,079,847 were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for some of the future debt service payments. The amount of the 2002 Series Bonds and 1999 Series Bond considered defeased and will be paid out of escrow as of April 30, 2010 is \$4,125,000 and \$710,000, respectively.

On December 13, 2006, the City issued \$1.5 million in 2006D General Obligation Bonds with an average interest rate of 3.8% to advance partial refund 2000 Series Bonds with an average rate of 6.35%. The net \$1,567,871 were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for some of the future debt service payments. The amount of the 2000 Series Bonds considered defeased and to be paid out of escrow as of April 30, 2010 is \$1,359,700.

On September 23, 2008, the City issued \$4.58 million in 2008A General Obligation Bonds with an average interest rate of 3.477% to advance partial refund 1998 Series Bonds with an average rate of 4.3%. The net \$4,593,489 were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for some of the future debt service payments. The refunding reduced its total debt service by \$162,392 and obtained an economic gain of \$144,355 . The amount of the 1998 Series Bonds considered defeased and to be paid out of escrow as of April 30, 2010 is \$0.

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE 6. - LONG-TERM LIABILITIES (Continued)

B. General Obligation Bonds (Continued)

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

Year Ending April 30,	Principal	Interest
2011	\$ 1,335,000	\$ 1,021,798
2012	1,455,000	955,672
2013	1,575,000	883,398
2014	1,540,000	807,919
2015	1,485,000	735,219
2016-2020	9,205,000	2,533,128
2021-2025	3,955,000	994,838
2026-2029	2,650,000	298,700
Total	\$ <u>23,200,000</u>	\$ <u>8,230,672</u>

C. Special Service Area Bonds

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

2001 Ad Valorem Special Service Area #1 Bonds for \$400,000 original amount, due in annual installments of \$13,000 to \$210,000, with interest at 4.10% to 5.15%, payable through August 1, 2016.	\$ 296,000
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 \$800,000 through June 30, 2012, with interest varying from 5.25% to 6.25%.	<u>150,000</u>
Total Special Service Area Bonds	\$ <u><u>446,000</u></u>

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE 6. - LONG-TERM LIABILITIES (Continued)

C. Special Service Area Bonds (Continued)

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

Year Ending April 30,	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 66,000	\$ 23,482
2012	66,000	19,629
2013	67,000	18,885
2014	18,000	12,609
2015	19,000	11,736
2016-2019	<u>210,000</u>	<u>20,580</u>
Total	<u>\$ 446,000</u>	<u>\$ 106,921</u>

D. Revenue Bonds

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

Commuter Parking Fund

\$1,630,000 Series of 2008 Refunding Revenue Bonds due in annual installments of \$40,000 to \$185,000, payable through October 1, 2021, with interest at 2.75% to 4.05%. \$ 1,590,000

Electric Light Fund (see Note 7)

\$18,735,000 Series of 2003 Revenue Bonds due in semiannual installments of \$150,000 to \$905,000 payable through May 1, 2021, with interest ranging from 3.00% to 5.00%. 14,220,000

Electric Light Fund

2006B Bonds, \$1,515,000 original amount due in annual installments of \$5,000 to \$800,000, with interest ranging from 3.90% to 5.00%, payable through December 15, 2021. 1,475,000

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE 6. - LONG-TERM LIABILITIES (Continued)

D. Revenue Bonds(Continued)

Electric Light Fund

\$2,750,000 Series of 2000 Revenue Bonds due in annual installments of \$50,000 to \$515,000 payable through February 1, 2015, with interest at 6.50% to 5.45%. \$ 845,000

Total Revenue Bonds \$ 18,130,000

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

Year Ending <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 1,360,000	\$ 855,588
2012	1,270,000	791,223
2013	1,360,000	727,043
2014	1,410,000	664,968
2015	1,500,000	599,993
2016-2020	8,445,000	1,845,626
2021-2024	<u>2,785,000</u>	<u>131,387</u>
Total	\$ <u><u>18,130,000</u></u>	\$ <u><u>5,615,828</u></u>

E. Tax Increment Financing Bonds

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

2002 Series Tax Increment Revenue Bond for \$350,000 original amount, due in annual installments of \$56,057 payable through October 1, 2010, with interest at 2.90%. \$ 54,456

2006 Series Tax Increment Revenue Bond for \$450,000 original amount, due in annual installments ranging from \$25,000 to \$50,000 payable through November 1, 2016, with interest at 4.50%. 364,809

Total Tax Increment Financing Bonds \$ 419,265

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE 6. - LONG-TERM LIABILITIES (Continued)

E. Tax Increment Financing Bonds(Continued)

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

Year Ending April 30,	Governmental Activities	
	Principal	Interest
2011	\$ 104,456	\$ 18,476
2012	50,000	14,625
2013	50,000	12,375
2014	50,000	10,125
2015	50,000	7,875
2016-2019	114,809	10,125
Total	\$ <u>419,265</u>	\$ <u>73,601</u>

**F. Notes Payable
General Fund**

In 2009, the City obtained a loan for \$250,000 to use for the purchase of capital equipment. Principal payments of \$20,874 to \$29,581 are due annually beginning January 15, 2010 through January 15, 2019, with interest at 3.95%. \$ 229,126

In 2006, the City obtained a loan for \$73,942 to use for the purchase of capital equipment. Principal payments of \$13,570 to \$16,000 are due annually beginning February 1, 2008 through February 1, 2012, with interest at 4.30%. 31,456

In June, 2002, the City obtained a loan for \$214,731 to use for Special Service Area #1. Annual installments of \$32,441 are due through June 1, 2010, with interest at 4.35%. 31,071

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% 39,844

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE 6. - LONG-TERM LIABILITIES (Continued)

F. Notes Payable (Continued)

General Fund

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

104,716

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

21,456

Total General Fund \$ 457,669

Waterworks and Sewerage Fund

In April, 2006, the City was awarded a loan of up to \$3,122,008 from the Illinois Environmental Protection Agency to use for the extension of the City's waterworks and sewerage facilities system, with annual payments including principal and interest of \$105,403. The interest rate is 2.5%. The payments will be made until December 2026. \$ 2,854,541

In June, 2006, the City was awarded a loan of up to \$9,931,439 from the Illinois Environmental Protection Agency to use for the extension of the City's waterworks and sewerage facilities system, with annual payments including principal and interest of \$317,083. The interest rate is 2.5%. The payments will be made until July 2027. 8,943,655

In July, 2007, the City was awarded a loan of up to \$8,617,559 from the Illinois Environmental Protection Agency to use for the extension of the City's waterworks and sewerage facilities system, with annual payments including principal and interest of \$561,066. The interest rate is 2.5% and payments will be made until December 2027. 8,092,610

In October, 1998, the City was awarded a loan of up to \$5,400,000 from the Illinois Environmental Protection Agency to use for the extension of the City's waterworks and sewerage facilities system. The interest rate is 2.625% and payments are due until January 1, 2020, or until the amount received is repaid. 3,188,292

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE 6. - LONG-TERM LIABILITIES (Continued)

F. Notes Payable (Continued)

Waterworks and Sewerage Fund (Continued)

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

	4,088,870
Total Waterworks and Sewerage Fund	\$ 27,167,968
Total Notes Payable	\$ 27,625,637

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

Year Ending April 30,	Principal	Interest
2011	\$ 1,586,695	\$ 686,156
2012	1,533,108	644,640
2013	1,556,143	605,318
2014	1,596,286	571,487
2015	1,635,371	530,320
2016-2020	8,688,779	2,004,624
2021-2025	7,523,902	922,155
2026-2029	3,505,353	139,770
Total	\$ 27,625,637	\$ 6,104,470

NOTE 7. - RESTRICTED ACCOUNTS

A. 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.

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE 7. - RESTRICTED ACCOUNTS (Continued)

A. Electric Light Fund (Continued)

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 any of the accounts, the deficiency is to be made up in the following month or months after payments into all accounts with a claim to revenue have been met in full. The manner specified is as follows:

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

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

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

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

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.

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE 7. - RESTRICTED ACCOUNTS - (Continued)

A. 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.

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

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

Restricted bond ordinance accounts	
Bond interest account	\$ 933,908
Bond reserve	230,000
Depreciation account	<u>237,500</u>
Total	1,401,408

The 2007 Alternative Revenue Bonds required that a portion of the principal and interest be deposited into a subaccount be able to pay the principal and interest the month prior to the due date	45,000
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The 2006D Alternative Revenue Bonds required that a portion of the principal and interest be deposited into a subaccount be able to pay the principal and interest the month prior to the due date	<u>23,033</u>
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Total Restricted Accounts	\$ <u><u>1,469,441</u></u>
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B. Waterworks and Sewerage Fund

The 2005 Alternative Revenue Bonds required that a portion of the principal and interest be deposited into a subaccount be able to pay the principal and interest the month prior to the due date	\$ <u><u>70,971</u></u>
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City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE 8. - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City maintains five enterprise funds which provide electricity, water and sewerage, parking services, refuse collection, and a cemetery. Segment information for the year ended April 30, 2010 is as follows:

	Combined Totals	Electric Light Fund	Waterworks and Sewerage Fund	Commuter Parking Fund	Refuse Fund	Cemetery
Operating revenues \$	36,611,669	\$ 29,615,042	\$ 6,202,477	\$ 404,175	\$ 326,330	\$ 63,645
Depreciation	4,233,858	1,731,934	2,310,631	182,862	3,091	5,340
Operating income	1,844,681	2,131,852	(359,072)	40,977	59,575	(28,651)
Change in net Plant, property and equipment additions	(35,521) 2,951,886	963,398 2,876,745	(945,325) 69,166	(135,016) 5,975	101,575 -	(20,153) -
Net working capital	4,813,668	3,552,831	722,274	40,028	155,183	343,352
Total assets	140,436,372	49,489,250	82,722,180	7,612,603	204,755	407,584
Bonds and notes payable - long term	54,025,265	21,581,890	30,853,375	1,590,000	-	-
Total equity	83,448,480	27,232,152	49,608,611	6,000,748	200,954	406,015

NOTE 9. - COMMITMENTS AND CONTINGENCIES

A. Commuter Parking Fund

The Commuter Parking Fund leases parking areas from the Union Pacific Railway Company. Pursuant to the terms of this lease agreement, rental payments are a flat fee.

B. Grants

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

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE 9. - COMMITMENTS AND CONTINGENCIES (Continued)

C. Litigation

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

D. Economic Incentive Agreement

The City has several economic development incentive agreements outstanding at April 30, 2010, expiring through January, 2023. These agreements provide for the City to reimburse the respective companies a percentage of the actual sales taxes collected from these companies. Expenditures related to these agreements were \$251,391 for fiscal year 2010.

NOTE 10. - POSTEMPLOYMENT HEALTH CARE BENEFITS

A. Plan Description

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

B. Benefits Provided

The City offers post-retirement health care benefits to its retirees as required by Illinois State Statute. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans.

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

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE 10. - POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

C. Membership

At April 30, 2010, the membership consisted of:

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

D. Funding Policy

The City negotiates the contribution percentages between the City and employees through union contracts and provides contributions for its nonunion employee through its personnel policy. All retirees contribute 100% of the actuarially determined premium to the plan to cover the cost of providing the benefits to the current members via the insured plan which results in an implicit subsidy to the City as defined by the GASB Statement No 45. For the fiscal year ending April 30, 2010, contributions to the plan were \$19,927. The City is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future.

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE 10. - POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

E. Annual OPEB costs and Net OPEB Obligation

The City first had an actuarial valuation performed for the plan as of April 30, 2010 to determine the funding status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended April 30, 2011. The City's annual OPEB cost (expense) was \$53,264 as of April 30, 2010. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for April 30, 2010 was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Contributions</u>	<u>Percentage Of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
4/30/2010	53,264	19,927	37.41%	66,447
4/30/2009	53,036	19,927	37.57%	33,109

The net OPEB obligation (NOPEBO) as of April 30, 2010, was calculated as follows:

Annual required contribution	\$ 52,713
Interest on net pension obligation	1,655
Adjustment to annual required contribution	<u>(1,104)</u>
Annual pension cost	53,264
Contributions made	<u>(19,927)</u>
Increase in net pension obligation (benefit)	33,337
Net pension obligation (benefit) at May 1, 2009	<u>33,109</u>
Net pension obligation (benefit) at April 30, 2010	<u><u>\$ 66,446</u></u>

Funded Status and Funding Progress. The funded status of the plan as of April 30, 2010, was as follows:

Actuarial accrued liability (AAL)	587,824
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	587,824
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	12,945,429
UAAL as a percentage of covered payroll	4.54%

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE 10. - POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

E. Annual OPEB costs and Net OPEB Obligation (Continued)

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

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

In the April 30, 2010 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 5.00% investment rate of return (net of administrative expenses) and an annual healthcare trend rate starting at 8.00% declining to 6%. Both rates include a 3% inflation assumption. The actuarial value of assets was not determined as the City has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2010 was 30 years.

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE 11. - INTERFUND TRANSFERS

A. <u>Governmental Funds</u>		<u>Transfer Out</u>	<u>Transfer In</u>
General Fund			
Illinois Municipal Retirement	A	\$ 200,000	\$ -
Electric Light	B	-	227,266
Working Cash	C	-	431
Combined Special Service Area	D	104,500	-
Parking Facilities Revenue	E	-	133,900
Tree Nursery	F	-	1,550
Tricom	G	326,560	-
Refuse	J	42,000	-
		<hr/>	<hr/>
Total General Fund		673,060	363,147
		<hr/>	<hr/>
Special Revenue Funds			
Combined Special Service Area			
General Fund	D	\$ -	\$ 104,500
Illinois Municipal Retirement			
General Fund	A	-	200,000
Tree Nursery			
General Fund	F	1,550	-
Tri-Com			
General Fund	G	-	326,560
		<hr/>	<hr/>
Total Special Revenue		1,550	631,060
		<hr/>	<hr/>
Capital Projects Funds			
Prairie Green			
General Obligation Bond 1994	H	\$ 160,000	\$ -
Fire station Number Two			
General Obligation Bond 1994	I	25,000	-
		<hr/>	<hr/>
Total Capital Projects Funds		185,000	-
		<hr/>	<hr/>

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE 11. - INTERFUND TRANSFERS (Continued)

	<u>Transfer Out</u>	<u>Transfer In</u>
A. <u>Governmental Funds</u>(Continued)		
Debt Service Fund	\$	\$
Prairie Green	H -	160,000
Fire station Number Two	I -	25,000
Total Debt Service Fund	<u>-</u>	<u>185,000</u>
Permanent Fund		
Working Cash		
General Fund	C \$ 431	\$ -
B. <u>Proprietary Funds</u>		
Electric light		
General Fund	B \$ 227,266	\$ -
Refuse		
General Fund	J -	42,000
Parking Facilities Revenue		
General Fund	E 133,900	-
Total Proprietary Funds	<u>361,166</u>	<u>42,000</u>
Total All Funds	1,221,207	1,221,207
Less amounts eliminated during GASB 34 adjustments	<u>(902,041)</u>	<u>(902,041)</u>
Total internal balances	<u>\$ 319,166</u>	<u>\$ 319,166</u>

Explanations for transfers:

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

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE 12. - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; illnesses of employees; and natural disasters. The City purchases insurance from outside carriers for all types of coverage except for dental claims and workers compensation claims up to a maximum of \$400,000 per claim. The City has reinsurance for any claims that exceed the \$400,000 amount. For the dental insurance, the City charges its employees rates based on a rate study provided by Delta Dental. Current year overages or underages are adjusted into subsequent years experience factor for premiums. There were no significant changes in insurance coverage's from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years.

NOTE 13. - PENSION AND RETIREMENT FUND COMMITMENTS

A. IMRF Plan Description and Contributions

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

Funding Policy - As set by statute, your employer Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its employees. The employer contribution rate for calendar year 2009 was 9.96 percent of annual covered payroll. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost - For 2009, the annual pension cost of \$847,266 for the Regular plan was equal to the employer's required and actual contributions.

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

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

A. IMRF Plan Description and Contributions(Continued)

THREE - YEAR TREND INFORMATION FOR THE REGULAR PLAN

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/09	\$ 847,266	100%	\$ -
12/31/08	830,863	100%	-
12/31/07	804,611	100%	-

The required contribution for 2009 was determined as part of the December 31, 2007 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2007, included (a) 7.50% investment rate of return (net of administrative and investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit and (d) post retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor between the actuarial and market value of assets. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at the December 31, 2007, valuation was 23 years.

Funded Status and Funding Progress - As of December 31, 2009, the most recent actuarial valuation date, the plan was 68.94 percent funded. The actuarial accrued liability for benefits was \$22,082,340 and the actuarial value of assets was \$15,224,006, resulting in an underfunded actuarial accrued liability (UAAL) of \$6,858,334. The covered payroll (annual payroll of active employees covered by the plan) was \$8,506,692 and the ratio of the UAAL to the covered payroll was 81 percent. In conjunction with the December 2009 actuarial valuation the market value of investments over a five- year period with a 20% corridor between the actuarial and market value of assets. In 2010, the unfunded actuarial accrued liability is being amortized on a level percentage of projected payroll on an open 30 year basis.

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

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

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

B. 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, 2009 was \$2,790,382.

At April 30, 2009, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	17
Current employees	
Vested	25
Nonvested	11
Total current employees	36
Total	53

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

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

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

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

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

B. Plan Descriptions (Continued)

Police Pension Fund(Continued)

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.

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

Firefighter's Pension Fund

Fire sworn personnel are covered by the Firefighters' Pension Plan, which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits as well as the employee and employer contributions levels are mandated by Illinois State Statutes and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund. The City's payroll for employees covered by the Firefighters' Pension Plan for the year ended April 30, 2009 was \$1,648,355. At April 30, 2009 the Firefighters' Pension Plan membership consisted of:

Retirees, beneficiaries, and disabled employees currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	5
Current employees	
Vested	15
Nonvested	6
Total current employees	21
Total	26

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

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

B. Plan Descriptions (Continued)

Firefighters' Pension Fund(Continued)

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.

Employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit ranging from 15% of final salary for 10 years of service to 45.6% for 19 years of service. Surviving spouses receive 100% of final salary for fatalities resulting from an act of duty, or otherwise 54% of final salary. Surviving children receive 12% of final salary. The maximum family survivor benefit is 75% of final salary. Employees disabled in the line of duty receive 65% of final salary. The monthly pension of a firefighter who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching at least the age of 55 years, by 3% of the pension payable at the time of the increase.

Covered employees are required to contribute 9.455% of their salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. By the year 2034, the City's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is fully funded.

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

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

B. Plan Descriptions (Continued)

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, 2009) and are as follows:

	Police	Firefighters'
Annual required contribution	\$ 528,960	\$ 242,633
Interest on net pension obligation	20,507	1,678
Adjustment to annual required contribution	(14,639)	(1,198)
Annual pension cost	534,828	243,113
Contributions made	(411,694)	(243,035)
Increase in net pension obligation (benefit)	123,134	78
Net pension obligation (benefit) at May 1, 2009	273,432	22,373
Net pension obligation (benefit) at April 30, 2010	\$ 396,566	\$ 22,451

Three-Year Historical Trend Information

	Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Benefit)
Police	4/30/2009	\$ 534,828	77.0%	\$ 396,566
	4/30/2008	479,234	82.1%	273,432
	4/30/2007	461,950	83.2%	187,478
Firefighters	4/30/2009	\$ 243,113	100.0%	\$ 22,451
	4/30/2008	243,094	98.5%	22,373
	4/30/2007	224,194	99.8%	18,674

Actuarial Assumptions and Notes

The actuarial assumptions for both the Police and Firefighters' Pension Funds include (a) 7.50% investment rate of return, (b) projected salary increases of 5.00% a year and (c) cost of living increases of 3.00% a year. The actuarial notes for both the Police and Firefighters' Pension Funds include (a) valuation date of April 30, 2009, (b) actuarial cost method of entry age normal, (c) amortization method of level percentage of pay, closed, (d) remaining amortization period of 24 years and (e) asset valuation method of fair market value.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

City of Geneva, Illinois
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
 April 30, 2010
(Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) --Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/09	\$ 15,224,006	\$ 22,082,340	\$ 6,858,334	68.94%	\$ 8,506,692	80.62%
12/31/08	14,848,928	20,601,218	5,752,290	72.08%	8,161,724	70.48%
12/31/07	17,801,091	19,893,803	2,092,712	89.48%	7,597,838	27.54%
12/31/06	16,079,389	18,353,680	2,274,291	87.61%	7,105,642	32.01%
12/31/05	14,493,812	17,086,927	2,593,115	84.82%	6,820,695	38.02%
12/31/04	13,583,457	15,783,289	2,199,832	86.06%	6,532,466	33.68%

On a market value basis, the actuarial value of assets as of December 31, 2009 is \$14,701,768. On a market basis, the funded ratio would be 66.58%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year	Annual Required Contribution	Percentage Contributed	Employer Contribution
2009	\$ 847,266	100.0%	\$ 847,266
2008	830,863	100.0%	830,863
2007	804,611	100.0%	804,611
2006	751,066	100.0%	751,066
2005	674,838	100.0%	674,838
2004	591,188	100.0%	591,188

City of Geneva, Illinois
POLICE AND FIREFIGHTERS' PENSION FUNDS
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
 April 30, 2010
(Unaudited)

SCHEDULE OF FUNDING PROGRESS							
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial		Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Percentage of Covered Payroll ((b-a)/c)
		Accrued Liability (AAL) --Entry Age (b)					
Police Pension							
4/30/09	\$ 12,227,462	\$ 21,773,621	\$ 9,546,159	56.2%	\$ 2,790,382	342.1%	
4/30/08	13,573,367	19,702,248	6,128,881	68.9%	2,741,211	223.6%	
4/30/07	13,349,570	17,948,345	4,598,775	74.4%	2,654,867	173.2%	
4/30/06	12,311,481	16,535,381	4,223,900	74.5%	2,584,198	163.5%	
4/30/05	11,183,421	15,272,826	4,089,405	73.2%	2,456,853	166.4%	
4/30/04	10,675,705	13,849,844	3,174,139	77.1%	2,350,677	135.0%	
Firefighters' Pension							
4/30/09	\$ 7,898,716	\$ 9,948,490	\$ 2,049,774	79.4%	\$ 1,648,355	124.4%	
4/30/08	8,094,162	9,028,229	934,067	89.7%	1,556,498	60.0%	
4/30/07	7,471,391	8,093,058	621,667	92.3%	1,479,228	42.0%	
4/30/06	6,499,206	7,258,545	759,339	89.5%	1,409,709	53.9%	
4/30/05	5,874,210	6,594,503	720,293	89.1%	1,298,758	55.5%	
4/30/04	5,171,230	5,892,488	721,258	87.8%	1,194,764	60.4%	

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	
2009	\$ 534,828	77.0%	\$ 411,694	\$ 243,113	100.0%	\$ 243,035	
2008	474,927	82.8%	393,280	243,094	98.5%	239,395	
2007	459,272	83.7%	384,384	224,194	99.8%	223,801	
2006	393,610	78.1%	307,488	228,145	95.9%	218,830	
2005	346,956	83.4%	289,509	207,392	99.3%	205,882	
2004	305,104	85.5%	260,947	196,780	97.4%	191,629	

City of Geneva, Illinois
OTHER POST-EMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
April 30, 2010
(Unaudited)

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial		Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Percentage of Covered Payroll ((b-a)/c)
		Accrued Liability (AAL) --Entry Age (b)					
4/30/09	\$ -	\$ 587,824	\$ 587,824	0.0%	\$ 12,945,429	4.5%	
4/30/08	-	587,824	587,824	0.0%	12,459,433	4.7%	
4/30/07	N/A	N/A	N/A	N/A	N/A	N/A	
4/30/06	N/A	N/A	N/A	N/A	N/A	N/A	
4/30/05	N/A	N/A	N/A	N/A	N/A	N/A	
4/30/04	N/A	N/A	N/A	N/A	N/A	N/A	

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year	Annual		Employer Contribution
	Required Contribution	Percentage Contributed	
2009	\$ 52,713	37.8%	\$ 19,927
2008	53,036	37.6%	19,927
2007	N/A	N/A	N/A
2006	N/A	N/A	N/A
2005	N/A	N/A	N/A
2004	N/A	N/A	N/A

The City implemented GASB Statement No.45 for the fiscal year ended April 30, 2008. Information for prior years is not available.

City of Geneva, Illinois
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 April 30, 2010
(Unaudited)

NOTE 1. - BUDGETS

During the current fiscal year, the City Council adopted a budget resolution that follows the "Budget Act" in accordance with Illinois Statutes. In accordance with this resolution, 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 September 7, 2010. All funds have legally adopted budgets except for the Employer Pension Contribution Fund.

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

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

Expenditures exceeded budgets in the following funds for the year ended April 30, 2010:

	<u>Budget</u>	<u>Expenditures</u>	<u>Overage</u>
Prairie Green	\$ 175,500	\$ 175,733	\$ (233)
General Obligation Bond Fund	1,703,567	1,704,068	(501)

Explanations for budget overages:

Prairie Green - Overage due to higher than expected capital costs

General Obligation Bond Fund - Overages due to paying agent fees

City of Geneva, Illinois
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
Year ended April 30, 2010
(Unaudited)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Property taxes	\$ 3,078,000	\$ 3,078,000	\$ 3,062,872	\$ (15,128)
Replacement taxes	35,135	35,135	32,717	(2,418)
Sales tax	6,783,875	6,783,875	6,572,268	(211,607)
State income tax	1,985,000	1,985,000	1,637,625	(347,375)
Utility tax	2,544,000	2,544,000	2,305,888	(238,112)
Fines and forfeits	308,500	308,500	177,766	(130,734)
Licenses and permits	358,000	358,000	334,497	(23,503)
Interest	20,000	20,000	7,172	(12,828)
Miscellaneous	907,460	907,460	990,543	83,083
	<u>16,019,970</u>	<u>16,019,970</u>	<u>15,121,348</u>	<u>(898,622)</u>
Total revenues				
Expenditures				
Total expenditures	<u>14,678,826</u>	<u>14,810,060</u>	<u>13,608,826</u>	<u>1,201,234</u>
Excess of revenues over expenditures	<u>1,341,144</u>	<u>1,209,910</u>	<u>1,512,522</u>	<u>302,612</u>
Other financing sources (uses)				
Operating transfers in	379,325	379,325	363,147	(16,178)
Operating transfers out	<u>(673,060)</u>	<u>(673,060)</u>	<u>(673,060)</u>	<u>-</u>
Total other financing sources (uses)	<u>(293,735)</u>	<u>(293,735)</u>	<u>(309,913)</u>	<u>(16,178)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	<u>\$ 1,047,409</u>	<u>\$ 916,175</u>	1,202,609	<u>\$ 286,434</u>
Fund balances				
Beginning of year			<u>1,397,074</u>	
End of year			<u>\$ 2,599,683</u>	

City of Geneva, Illinois
TRICOM FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year ended April 30, 2010
(Unaudited)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Tri-Com fees	\$ 1,132,302	\$ 1,132,302	\$ 1,132,302	\$ -
Interest	7,000	7,000	1,247	(5,753)
Miscellaneous	1,036,060	1,036,060	1,183,739	147,679
Total revenues	<u>2,175,362</u>	<u>2,175,362</u>	<u>2,317,288</u>	<u>141,926</u>
Expenditures				
Total expenditures	<u>2,501,922</u>	<u>3,320,599</u>	<u>3,211,606</u>	<u>108,993</u>
Deficiency of revenues over expenditures	<u>(326,560)</u>	<u>(1,145,237)</u>	<u>(894,318)</u>	<u>250,919</u>
Other financing sources				
Operating transfers in	<u>326,560</u>	<u>326,560</u>	<u>326,560</u>	<u>-</u>
Total other financing sources	<u>326,560</u>	<u>326,560</u>	<u>326,560</u>	<u>-</u>
Deficiency of revenues and other financing uses over expenditures and	<u>\$ -</u>	<u>\$ (818,677)</u>	<u>(567,758)</u>	<u>\$ 250,919</u>
Fund balances				
Beginning of year			<u>1,199,797</u>	
End of year			<u>\$ 632,039</u>	

SUPPLEMENTARY INFORMATION

City of Geneva, Illinois
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
April 30, 2010

	<u>Special Revenue</u>				
	<u>Motor Fuel Tax</u>	<u>Combined Special Service Area</u>	<u>Illinois Municipal Retirement</u>	<u>Mental Health</u>	<u>Liability Insurance</u>
<u>ASSETS</u>					
Cash and investments	\$ 135,702	\$ 243,521	\$ -	\$ 79,912	\$ 430,141
Receivables					
Property taxes - net	-	404,190	489,232	152,685	-
Other	<u>47,507</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 183,209</u>	<u>\$ 647,711</u>	<u>\$ 489,232</u>	<u>\$ 232,597</u>	<u>\$ 430,141</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>LIABILITIES</u>					
Accounts payable	\$ -	\$ 10,753	\$ 73,740	\$ 101	\$ -
Accrued payroll	-	5,791	-	-	-
Due to other funds	-	-	-	-	-
Unearned property taxes	-	404,190	489,232	152,685	-
Other unearned revenue	-	-	-	-	-
Compensated absences payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>420,734</u>	<u>562,972</u>	<u>152,786</u>	<u>-</u>
<u>FUND BALANCES (DEFICITS)</u>					
Reserved for debt service	-	-	-	-	-
Reserved for permanent funds	-	-	-	-	-
Reserved for capital projects	-	-	-	-	-
Reserved for special revenues	-	-	-	-	-
Unreserved	<u>183,209</u>	<u>226,977</u>	<u>(73,740)</u>	<u>79,811</u>	<u>430,141</u>
Total fund balances (deficit)	<u>183,209</u>	<u>226,977</u>	<u>(73,740)</u>	<u>79,811</u>	<u>430,141</u>
Total liabilities and fund balances	<u>\$ 183,209</u>	<u>\$ 647,711</u>	<u>\$ 489,232</u>	<u>\$ 232,597</u>	<u>\$ 430,141</u>

(Continued)

<u>Medical and Dental Insurance</u>	<u>Tree Nursery</u>	<u>Employer Pension Contribution</u>	<u>Total Special Revenue</u>
\$ 21,336	\$ 91,072	\$ -	\$ 1,001,684
-	-	683,085	1,729,192
<u>-</u>	<u>-</u>	<u>-</u>	<u>47,507</u>
<u>\$ 21,336</u>	<u>\$ 91,072</u>	<u>\$ 683,085</u>	<u>\$ 2,778,383</u>
\$ -	\$ -	\$ -	\$ 84,594
-	-	-	5,791
-	-	-	-
-	-	683,085	1,729,192
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	683,085	1,819,577
-	-	-	-
-	-	-	-
-	-	-	-
-	91,072	-	91,072
<u>21,336</u>	<u>-</u>	<u>-</u>	<u>867,734</u>
<u>21,336</u>	<u>91,072</u>	<u>-</u>	<u>958,806</u>
<u>\$ 21,336</u>	<u>\$ 91,072</u>	<u>\$ 683,085</u>	<u>\$ 2,778,383</u>

(Continued)

City of Geneva, Illinois
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - (CONTINUED)
April 30, 2010

	Debt Service		Capital Projects		
	General Obligation Bond Fund	Firestation Number Two	TIF East State Street Construction	Prairie Green	Total Capital Projects
	ASSETS				
Cash and investments	\$ 344,271	\$ 117,941	\$ 587,976	\$ 30,595	\$ 736,512
Receivables					
Property taxes - net	1,502,151	-	-	-	-
Other	-	-	-	-	-
Total assets	<u>\$ 1,846,422</u>	<u>\$ 117,941</u>	<u>\$ 587,976</u>	<u>\$ 30,595</u>	<u>\$ 736,512</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 2,970	\$ 263	\$ 3,233
Accrued payroll	-	-	-	-	-
Due to other funds	-	-	-	-	-
Unearned property taxes	1,502,151	-	-	-	-
Other unearned revenue	-	-	-	-	-
Compensated absences payable	-	-	-	-	-
Total liabilities	<u>1,502,151</u>	<u>-</u>	<u>2,970</u>	<u>263</u>	<u>3,233</u>
FUND BALANCES (DEFICITS)					
Reserved for debt service	344,271	-	-	-	-
Reserved for permanent funds	-	-	-	-	-
Reserved for capital projects	-	-	585,006	-	585,006
Reserved for special revenues	-	-	-	-	-
Unreserved	-	117,941	-	30,332	148,273
Total fund balances	<u>344,271</u>	<u>117,941</u>	<u>585,006</u>	<u>30,332</u>	<u>733,279</u>
Total liabilities and fund balances	<u>\$ 1,846,422</u>	<u>\$ 117,941</u>	<u>\$ 587,976</u>	<u>\$ 30,595</u>	<u>\$ 736,512</u>

<u>Permanent</u>		
<u>Working</u>		Total
<u>Cash</u>		Nonmajor
		Governmental
		<u>Funds</u>
\$ 375,766	\$	2,458,233
-		3,231,343
-		<u>47,507</u>
<u>\$ 375,766</u>	<u>\$</u>	<u>5,737,083</u>
\$ -	\$	87,827
-		5,791
-		-
-		3,231,343
-		-
-		-
<u>-</u>	<u>\$</u>	<u>3,324,961</u>
-		344,271
375,766		375,766
-		585,006
-		91,072
-		<u>1,016,007</u>
<u>375,766</u>	<u>\$</u>	<u>2,412,122</u>
<u>\$ 375,766</u>	<u>\$</u>	<u>5,737,083</u>
		(Concluded)

City of Geneva, Illinois
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year ended April 30, 2010

	Motor Fuel Tax	Combined Special Service Area	Illinois Municipal Retirement	Mental Health	Liability Insurance
REVENUES					
Property taxes	\$ -	\$ 321,646	\$ 492,423	\$ 192,200	\$ -
Replacement taxes	-	-	25,025	-	-
Motor fuel tax	574,195	-	-	-	-
Interest	844	4,678	17	758	362
Miscellaneous	-	2,400	-	-	317,321
Total revenues	575,039	328,724	517,465	192,958	317,683
EXPENDITURES					
Streets and walks	574,478	-	-	-	-
Buildings, planning and zoning	-	395,517	-	-	-
Pension - IMRF	-	-	478,460	-	-
Police and firefighters' pension	-	-	-	-	-
Insurance	-	-	-	-	115,180
Capital outlay	-	-	-	-	-
Debt service					
Principal retirement	-	94,758	-	-	-
Interest and fees	-	30,272	-	-	-
Other	-	-	-	142,153	-
Total expenditures	574,478	520,547	478,460	142,153	115,180
Excess (deficiency) of revenues over expenditures	561	(191,823)	39,005	50,805	202,503
Other financing sources (uses)					
Transfers in	-	104,500	200,000	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	104,500	200,000	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	561	(87,323)	239,005	50,805	202,503
FUND BALANCES (DEFICIT)					
Beginning of year	182,648	314,300	(312,745)	29,006	227,638
End of year	\$ 183,209	\$ 226,977	\$ (73,740)	\$ 79,811	\$ 430,141

(Continued)

<u>Special Revenue</u>			
<u>Medical and Dental Insurance</u>	<u>Tree Nursery</u>	<u>Employer Pension Contribution</u>	<u>Total Special Revenue</u>
\$ -	\$ -	\$ 649,031	\$ 1,655,300
-	-	27,236	52,261
-	-	-	574,195
19	2,317	-	8,995
<u>140,107</u>	<u>-</u>	<u>-</u>	<u>459,828</u>
<u>140,126</u>	<u>2,317</u>	<u>676,267</u>	<u>2,750,579</u>
-	-	-	574,478
-	-	-	395,517
-	-	-	478,460
-	-	676,267	676,267
119,411	-	-	234,591
-	-	-	-
-	-	-	94,758
-	-	-	30,272
<u>-</u>	<u>-</u>	<u>-</u>	<u>142,153</u>
<u>119,411</u>	<u>-</u>	<u>676,267</u>	<u>2,626,496</u>
<u>20,715</u>	<u>2,317</u>	<u>-</u>	<u>124,083</u>
-	-	-	304,500
<u>-</u>	<u>(1,550)</u>	<u>-</u>	<u>(1,550)</u>
<u>-</u>	<u>(1,550)</u>	<u>-</u>	<u>302,950</u>
20,715	767	-	427,033
<u>621</u>	<u>90,305</u>	<u>-</u>	<u>531,773</u>
<u>\$ 21,336</u>	<u>\$ 91,072</u>	<u>\$ -</u>	<u>\$ 958,806</u>

(Continued)

City of Geneva, Illinois
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
Year ended April 30, 2010

	Debt Service		Capital Project		Total Capital Projects
	General Obligation Bond Fund	Firestation Number Two	TIF East State Street Construction	Prairie Green	
REVENUES					
Property taxes	\$ 1,501,941	\$ -	\$ 291,956	\$ -	\$ 291,956
Replacement taxes	-	-	-	-	-
Motor fuel tax	-	-	-	-	-
Interest	8,984	3,279	9,407	343	13,029
Miscellaneous	-	1,370	-	91,202	92,572
Total revenues	1,510,925	4,649	301,363	91,545	397,557
EXPENDITURES					
Streets and walks	-	-	-	-	-
Buildings, planning and zoning	-	-	54,496	-	54,496
Pension - IMRF	-	-	-	-	-
Police and firefighters' pension	-	-	-	-	-
Insurance	-	-	-	-	-
Capital outlay	-	-	-	15,733	15,733
Debt service					
Principal retirement	980,000	-	96,433	-	96,433
Interest and fees	724,068	-	21,533	-	21,533
Other	-	-	-	-	-
Total expenditures	1,704,068	-	172,462	15,733	188,195
Excess (deficiency) of revenues over expenditures	(193,143)	4,649	128,901	75,812	209,362
Other financing sources (uses)					
Transfers in	185,000	-	-	-	-
Transfers out	-	(25,000)	-	(160,000)	(185,000)
Total other financing sources (uses)	185,000	(25,000)	-	(160,000)	(185,000)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(8,143)	(20,351)	128,901	(84,188)	24,362
FUND BALANCES (DEFICIT)					
Beginning of year	352,414	138,292	456,105	114,520	708,917
End of year	\$ 344,271	\$ 117,941	\$ 585,006	\$ 30,332	\$ 733,279

<u>Permanent</u>	
<u>Working Cash</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 3,449,197
-	52,261
-	574,195
431	31,439
-	552,400
<u>431</u>	<u>4,659,492</u>
-	574,478
-	450,013
-	478,460
-	676,267
-	234,591
-	15,733
-	1,171,191
-	775,873
-	142,153
<u>-</u>	<u>4,518,759</u>
<u>431</u>	<u>140,733</u>
-	489,500
<u>(431)</u>	<u>(186,981)</u>
<u>(431)</u>	<u>302,519</u>
-	443,252
<u>375,766</u>	<u>1,968,870</u>
<u>\$ 375,766</u>	<u>\$ 2,412,122</u>
	(Concluded)

City of Geneva, Illinois
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
April 30, 2010

	<u>Refuse</u>	<u>Cemetery</u>	<u>Total Nonmajor Enterprise Funds</u>
CURRENT ASSETS			
Cash and investments	\$ 131,206	\$ 330,671	\$ 461,877
Due from other funds	-	14,250	14,250
Accounts receivable	<u>27,778</u>	<u>-</u>	<u>27,778</u>
Total current assets	<u>158,984</u>	<u>344,921</u>	<u>503,905</u>
CAPITAL ASSETS			
Buildings, plant and improvements	-	92,544	92,544
Equipment	<u>144,929</u>	<u>16,649</u>	<u>161,578</u>
	144,929	109,193	254,122
Accumulated depreciation	<u>(99,158)</u>	<u>(46,530)</u>	<u>(145,688)</u>
Total capital assets	<u>45,771</u>	<u>62,663</u>	<u>108,434</u>
Total assets	<u>204,755</u>	<u>407,584</u>	<u>612,339</u>
CURRENT LIABILITIES			
Accounts payable	2,850	1,569	4,419
Compensated absences	-	-	-
Accrued payroll	<u>951</u>	<u>-</u>	<u>951</u>
Total liabilities	<u>3,801</u>	<u>1,569</u>	<u>5,370</u>
NET ASSETS			
Invested in capital assets, net of related debt	45,771	62,663	108,434
Reserved - restricted accounts	-	343,352	343,352
Unrestricted	<u>155,183</u>	<u>-</u>	<u>155,183</u>
Total net assets	<u>\$ 200,954</u>	<u>\$ 406,015</u>	<u>\$ 606,969</u>

City of Geneva, Illinois
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
NONMAJOR ENTERPRISE FUNDS
Year ended April 30, 2010

	Refuse	Cemetery	Total Nonmajor Enterprise Funds
OPERATING REVENUES			
Charges for services	\$ 309,479	\$ 62,300	\$ 371,779
Miscellaneous	16,851	1,345	18,196
Total operating revenues	<u>326,330</u>	<u>63,645</u>	<u>389,975</u>
OPERATING EXPENSES			
Administration	30,967	86,956	117,923
Depreciation	3,091	5,340	8,431
Refuse collection	232,697	-	232,697
Total operating expenses	<u>266,755</u>	<u>92,296</u>	<u>359,051</u>
OPERATING INCOME (LOSS)	<u>59,575</u>	<u>(28,651)</u>	<u>30,924</u>
NONOPERATING REVENUES (EXPENSES)			
Nonexpendable trust income	-	6,874	6,874
New development income	-	1,624	1,624
Total nonoperating revenues (expenses)	<u>-</u>	<u>8,498</u>	<u>8,498</u>
INCOME (LOSS) BEFORE TRANSFERS	59,575	(20,153)	39,422
TRANSFERS IN	<u>42,000</u>	<u>-</u>	<u>42,000</u>
CHANGE IN NET ASSETS	101,575	(20,153)	81,422
NET ASSETS			
Beginning of year	<u>99,379</u>	<u>426,168</u>	<u>525,547</u>
End of year	<u>\$ 200,954</u>	<u>\$ 406,015</u>	<u>\$ 606,969</u>

City of Geneva, Illinois
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
Year ended April 30, 2010

	Refuse	Cemetery	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 326,061	\$ 63,645	\$ 389,706
Payments to suppliers	(209,370)	(6,676)	(216,046)
Payments to employees	(72,848)	(78,711)	(151,559)
Net cash provided by (used in) operating activities	<u>43,843</u>	<u>(21,742)</u>	<u>22,101</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES			
Due from other funds	-	(8,731)	(8,731)
Transfers in	42,000	-	42,000
Net cash provided by (used in) noncapital and related financing activities	<u>42,000</u>	<u>(8,731)</u>	<u>33,269</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	-	-	-
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Nonexpendable trust income	-	6,874	6,874
New development income	-	1,624	1,624
Net cash provided by investing activities	<u>-</u>	<u>8,498</u>	<u>8,498</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	85,843	(21,975)	63,868
CASH AND CASH EQUIVALENTS			
Beginning of year	<u>45,363</u>	<u>352,646</u>	<u>398,009</u>
End of year	<u>\$ 131,206</u>	<u>\$ 330,671</u>	<u>\$ 461,877</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 59,575	\$ (28,651)	\$ 30,924
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	3,091	5,340	8,431
Change in assets and liabilities			
Accounts receivable	(269)	-	(269)
Accounts payable	(18,866)	1,569	(17,297)
Compensated absences	-	-	-
Accrued payroll	312	-	312
Net cash provided by (used in) operating activities	<u>\$ 43,843</u>	<u>\$ (21,742)</u>	<u>\$ 22,101</u>

City of Geneva, Illinois
COMBINING STATEMENT OF NET ASSETS
PENSION TRUST FUNDS
April 30, 2010

	Firefighters' Pension Fund	Police Pension Fund	Total
ASSETS			
Cash and cash equivalents	\$ 20,878	\$ 75,009	\$ 95,887
Accrued interest	13,315	38,700	52,015
Prepaid expenses	-	13,043	13,043
Investments, at fair value:			
Certificates of deposits	465,390	-	465,390
Money market mutual funds	31,175	843,553	874,728
U.S. government securities	5,623,484	7,210,860	12,834,344
Insurance contracts	1,653,531	1,254,486	2,908,017
Mutual funds and stock equities	1,334,700	4,174,266	5,508,966
 Total assets	 9,142,473	 13,609,917	 22,752,390
LIABILITIES			
Accounts payable	1,307	2,910	4,217
NET ASSETS			
Held in trust for pension benefits	\$ <u>9,141,166</u>	\$ <u>13,607,007</u>	\$ <u>22,748,173</u>

City of Geneva, Illinois
COMBINING STATEMENT OF CHANGES IN NET ASSETS
PENSION TRUST FUNDS
Year ended April 30, 2010

	<u>Firefighters'</u> <u>Pension</u>	<u>Police</u> <u>Pension</u>	<u>Total</u>
Additions			
Contributions			
Employer	\$ 246,390	\$ 429,877	\$ 676,267
Plan member	<u>159,354</u>	<u>277,995</u>	<u>437,349</u>
Total contributions	<u>405,744</u>	<u>707,872</u>	<u>1,113,616</u>
Investment Income			
Interest and dividends	117,096	373,070	490,166
Net change in fair value	<u>817,753</u>	<u>1,181,336</u>	<u>1,999,089</u>
Total investment income	934,849	1,554,406	2,489,255
Less investment expenses	<u>(2,447)</u>	<u>(61,947)</u>	<u>(64,394)</u>
Net investment income	<u>932,402</u>	<u>1,492,459</u>	<u>2,424,861</u>
Total additions	<u>1,338,146</u>	<u>2,200,331</u>	<u>3,538,477</u>
Deductions			
Administration	14,714	32,585	47,299
Benefits	<u>80,982</u>	<u>792,320</u>	<u>873,302</u>
Total deductions	<u>95,696</u>	<u>824,905</u>	<u>920,601</u>
Net increase	1,242,450	1,375,426	2,617,876
Net assets held in trust for pension benefits			
Beginning of year	<u>7,898,716</u>	<u>12,231,581</u>	<u>20,130,297</u>
End of year	<u>\$ 9,141,166</u>	<u>\$ 13,607,007</u>	<u>\$ 22,748,173</u>

City of Geneva, Illinois
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS AND ALL ENTERPRISE FUNDS
Year ended April 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Government-type Funds				
Motor Fuel Tax	\$ 575,000	\$ 575,000	\$ 574,478	\$ 522
Combined Special Service Area	404,344	556,844	520,547	36,297
Illinois Municipal Retirement	605,098	605,098	478,460	126,638
Mental Health	166,500	166,500	142,153	24,347
Liability Insurance	168,000	168,000	115,180	52,820
Medical and Dental Insurance	128,480	128,480	119,411	9,069
Tree Nursery	1,550	1,550	1,550	-
Employer Pension Contribution *	-	-	676,267	(676,267)
General Obligation Bond Fund	1,702,400	1,703,567	1,704,068	(501)
Firestation Number Two	25,000	25,000	25,000	-
TIF East State Street Construction	289,487	289,487	172,462	117,025
Prairie Green	160,000	175,500	175,733	(233)
Working Cash	8,000	8,000	431	7,569
Proprietary-type Funds				
Electric Light	34,419,057	34,603,247	28,730,191	5,873,056
Waterworks and Sewerage	8,638,905	8,656,405	7,477,183	1,179,222
Commuter Parking Fund	500,804	635,473	547,608	87,865
Refuse	302,386	302,386	266,755	35,631
Cemetery	95,489	105,489	92,296	13,193

* This fund is not budgeted.

OTHER SUPPLEMENTARY INFORMATION

City of Geneva, Illinois
SCHEDULE OF INSURANCE COVERAGE AND
CUSTOMER INFORMATION
April 30, 2010

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.	4/30/11
General Liability			
Occurrence			
General total	\$ 4,000,000	Argonaut Insurance Co (Trident)	4/30/11
Products/completed work	4,000,000		
Personal injury	2,000,000		
Advertising injury	2,000,000		
Each occurrence	2,000,000		
Premises damage	100,000		
Claims Made			
General aggregate	\$ 2,000,000	Argonaut Insurance Co (Trident)	4/30/11
Each occurrence	2,000,000		
Law enforcement liability protection and claims	2,000,000		
Each occurrence	2,000,000		
Annual aggregate	4,000,000		
Property			
Blanket building	\$ 73,613,277	Federal Insurance Co (Chubb)	4/30/11
Flood	5,000,000		
Earthquake	5,000,000		
Crime			
Public employee theft	\$ 500,000	Travelers Casualty & Surety of America	4/30/11
Contractor's Equipment Floater	\$ 2,070,700	Federal Insurance Co (Chubb)	4/30/11
Business/Auto			
Liability	\$ 2,000,000	Argonaut Insurance Co (Trident)	4/30/11
Uninsured motorist	1,000,000		
Underinsured motorist	1,000,000		

(Continued)

City of Geneva, Illinois
SCHEDULE OF INSURANCE COVERAGE AND
CUSTOMER INFORMATION
April 30, 2010

Risk Covered	Amount of Policy	Name of Insurer	Policy Expiration
Bond on Officials			
City administrator	\$ 100,000	Ohio Casualty	Indefinite
Fiscal officer	100,000	Ohio Casualty	Indefinite
City treasurer	100,000	Ohio Casualty	Indefinite
City mayor	3,000	Ohio Casualty	4/30/13
Umbrella Excess Liability			
General total	\$ 10,000,000	Evanston Insurance Co.	4/30/11
Products/completed work	10,000,000		
Personal injury	10,000,000		
Advertising injury	10,000,000		
Each occurrence	10,000,000		
Number of Customers Serviced			
by the City's Utilities	10,000		

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.