

City of Geneva, Illinois
Annual Financial Report
Year Ended April 30, 2011

Prepared by Division of Finance

Thomas W. Dahl, CPA
Finance Manager

TABLE OF CONTENTS

INTRODUCTORY SECTION	<u>Page</u>
List of Principal Officials	i
Organizational Chart	ii
Letter of Transmittal	iii
FINANCIAL SECTION	
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis	3 - 10
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets	11
Statement of Activities	12 - 13
Fund Financial Statements:	
Balance Sheet - Governmental Funds	14
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Net Assets - Proprietary Funds	17 - 18
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds	19 - 20
Statement of Cash Flows - Proprietary Funds	21 - 22
Statement of Net Assets - Pension Trust Funds	23
Statement of Changes in Net Assets - Pension Trust Funds	24
Index for Notes to Financial Statements	25 - 26
Notes to Financial Statements	27 - 69
Required Supplementary Information (Unaudited)	
Illinois Municipal Retirement Fund	
Schedule of Funding Progress and Employer Contributions	70
Police and Firefighters' Pension Funds	
Schedule of Funding Progress and Employer Contributions	71
Other Post-Employment Benefits Plan	
Schedule of Funding Progress and Employer Contributions	72
Notes to Required Supplementary Information	73
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	
General Fund	74

(Continued)

TABLE OF CONTENTS - (Continued)

	<u>Page</u>
SUPPLEMENTARY INFORMATION	
Combining Statements	
Combining Balance Sheet - Nonmajor Governmental Funds	75 - 78
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	79 - 82
Combining Statement of Net Assets - Nonmajor Enterprise Funds	83
Combining Statement of Revenues, Expenses and Changes in Net Assets - Nonmajor Enterprise Funds	84
Combining Statement of Cash Flows - Nonmajor Enterprise Funds	85
Combining Statement of Net Assets - Pension Trust Funds	86
Combining Statement of Changes in Net Assets - Pension Trust Funds	87
Schedule of Expenditures - Budget and Actual - Nonmajor Governmental Funds and All Enterprise Funds	88
OTHER SUPPLEMENTARY INFORMATION	
Schedule of Insurance Coverage and Customer Information	89 - 90

INTRODUCTORY SECTION

CITY OF GENEVA, ILLINOIS

Principal Officials

April 30, 2011

LEGISLATIVE

CITY ALDERMEN

Kevin R. Burns, Mayor

Chuck Brown (Ward 1)

Sam Hill (Ward 1)

Richard Marks (Ward 2)

Robert Piper (Ward 2)

Dean Kilburg (Ward 3)

Dawn Vogelsberg (Ward 3)

Dorothy Flanagan (Ward 4)

Ron Singer (Ward 4)

Ralph Dantino (Ward 5)

Craig Maladra (Ward 5)

Lynn Landberg, City Clerk

Pat McQueeney, Treasurer

ADMINISTRATIVE

Mary McKittrick, City Administrator

ADMINISTRATIVE SERVICES DEPARTMENT

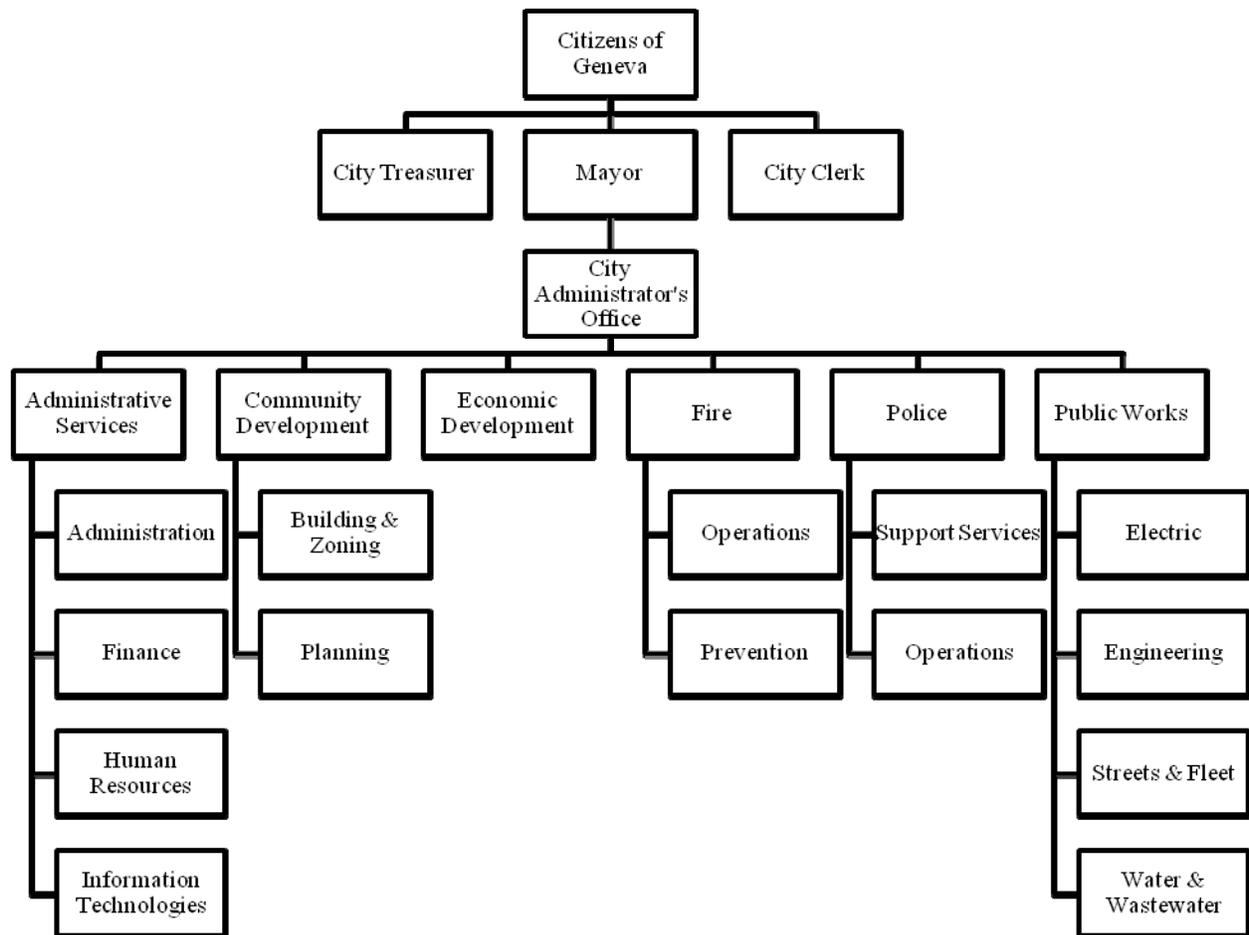
Stephanie Dawkins, Assistant City Administrator

Thomas Dahl, Finance Manager

CITY OF GENEVA, ILLINOIS

Organization Chart

April 30, 2011





Kevin R. Burns, Mayor

September 16, 2011

*Lynn Landberg, Clerk
Pat McQueeney, Treasurer*

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

*Charles Brown, Ward 1
Sam Hill, Ward 1
Robert Piper, Ward 2
Richard Marks, Ward 2
Dean Kilburg, Ward 3
Dawn Vogelsberg, Ward 3
Dorothy Flanagan, Ward 4
Ron Singer, Ward 4
Craig Maladra, Ward 5
Ralph Dantino, Ward 5*

The Annual Financial Report (AFR) of the City of Geneva for the fiscal year ended April 30, 2011 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 funds 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, 2011.

*Mary L. McKittrick
City Administrator*

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, 2011. 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 especially would like to thank the Finance Division staff, Kim Hillquist, Lauri Johnson, Susan Embry and Andrea Ferengul for their dedication and support.

Respectively submitted,

Thomas Dahl
Finance Manager

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, 2011, 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, 2011, 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-

1805 Hicks Road • Rolling Meadows, Illinois 60008 • (847) 776-3700 FAX (847) 776-3775
E-Mail: cscpainfo@aol.com • Website: www.costabile-steffens.com



Costabile & Steffens P.C.
Certified Public Accountants

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

(Continued)

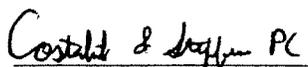
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedules of funding progress, trend information, and notes to RSI on pages 3 through 10 and 70 through 74 be presented to supplement the 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 of expenditures - budget and actual, 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, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and 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
September 16, 2011

CITY OF GENEVA, ILLINOIS
MANAGEMENT'S
DISCUSSION AND ANALYSIS
APRIL 30, 2011

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, 2011 by \$144,643,815. Of this amount, \$8,593,475 may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets decreased by \$2,533,834, or 1.72% from \$147,177,649 to \$144,643,815 in 2011. Governmental net assets decreased \$2,623,207 or 4.12% to \$61,105,962 and business-type net assets increased \$89,373 or 0.1% to \$83,537,853.
- The City's combined governmental funds ending fund balance increased by \$1,889,054 to \$7,532,898 as of April 30, 2011.

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 11-13 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. 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 16 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 which is the only major fund. 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 Fund. Budgetary comparison schedules for other funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the City's budget.

The basic governmental fund financial statements are presented on pages 14-16 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 17-22 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 23-24 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 25 of this report.

Other information

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

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report beginning on page 75.

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, 2011**

	Governmental Activities		Business-Type Activities		Total	
	2010	2011	2010	2011	2010	2011
Current Assets	\$ 13,898,699	\$ 16,319,090	\$ 12,521,485	\$ 12,330,736	\$ 26,420,184	\$ 28,649,826
Capital Assets	76,687,605	70,986,182	127,914,887	125,074,641	204,602,492	196,060,823
Total Assets	<u>90,586,304</u>	<u>87,305,272</u>	<u>140,436,372</u>	<u>137,405,377</u>	<u>231,022,676</u>	<u>224,710,649</u>
Long-Term Liabilities	16,558,755	15,139,175	50,477,631	47,617,389	67,036,386	62,756,564
Other Liabilities	10,298,381	11,060,135	6,510,261	6,250,135	16,808,642	17,310,270
Total Liabilities	<u>26,857,136</u>	<u>26,199,310</u>	<u>56,987,892</u>	<u>53,867,524</u>	<u>83,845,028</u>	<u>80,066,834</u>
Net Assets						
Invested in Capital Assets, Net of Related Debt	60,003,371	55,723,306	74,778,219	74,968,737	134,781,590	130,692,043
Restricted	1,396,115	3,687,613	1,899,924	1,670,684	3,296,039	5,358,297
Unrestricted	2,329,682	1,695,043	6,770,337	6,898,432	9,100,019	8,593,475
Total Net Assets	<u>\$ 63,729,168</u>	<u>\$ 61,105,962</u>	<u>\$ 83,448,480</u>	<u>\$ 83,537,853</u>	<u>\$ 147,177,648</u>	<u>\$ 144,643,815</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 \$144,643,815 as of April 30, 2011. 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.

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 \$2,533,834 as a result of governmental activities decreasing \$2,623,207 and business-type activities increasing \$89,373. The City's unrestricted net assets from governmental activities were \$1,695,043, a decrease of \$634,639. This decrease is primarily due to current assets being used to fund capital expenditures during the year. Unrestricted net assets from business-type activities increased \$128,095 to \$6,898,432 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, 2011

	Governmental Activities		Business-Type Activities		Total	
	2010	2011	2010	2011	2010	2011
Revenues and Net Transfers						
Program Revenues						
Charges for Services	\$ 4,362,899	\$ 4,086,758	\$ 36,611,669	\$ 38,704,294	\$ 40,974,568	\$ 42,791,052
Operating Grants	582,543	792,101	113,222	113,043	695,765	905,144
Capital Grants	-	-	-	-	-	-
Total	4,945,442	4,878,859	36,724,891	38,817,337	41,670,333	43,696,196
General Revenues						
Property Taxes	6,512,069	6,665,655			6,512,069	6,665,655
Other Taxes	2,430,724	2,562,088			2,430,724	2,562,088
Intergovernmental	8,209,893	8,346,054			8,209,893	8,346,054
Other Revenue	-	175,000	311,621	315,060	311,621	490,060
Net Transfers	319,166	351,821	(319,166)	(351,821)	-	-
Total Revenues	22,417,294	22,979,477	36,717,346	38,780,576	59,134,640	61,760,053
Expenses						
General Governmt	1,039,852	933,183			1,039,852	933,183
Public Works	884,350	909,987			884,350	909,987
Development	1,684,875	1,638,834			1,684,875	1,638,834
Public Safety	11,627,570	12,436,545			11,627,570	12,436,545
Highways & Streets	8,652,347	8,949,448			8,652,347	8,949,448
Interest	815,157	734,687			815,157	734,687
Electric			28,502,925	30,247,413	28,502,925	30,247,413
Water and Sewer			7,477,183	7,473,557	7,477,183	7,473,557
Other			772,759	970,233	772,759	970,233
Total Expenses	24,704,151	25,602,684	36,752,867	38,691,203	61,457,018	64,293,887
Changes in Net Assets	(2,286,857)	(2,623,207)	(35,521)	89,373	(2,322,378)	(2,533,834)
Net Assets, May 1	66,016,025	63,729,169	83,484,001	83,448,480	149,500,026	147,177,649
Net Assets April 30	\$ 63,729,168	\$ 61,105,962	\$ 83,448,480	\$ 83,537,853	\$ 147,177,648	\$ 144,643,815

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 \$7,532,898 up \$1,889,054 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

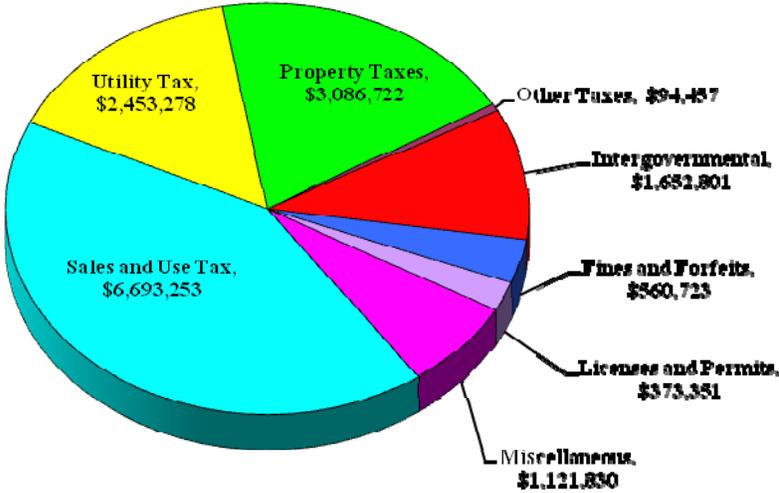
The General Fund is the City's major governmental fund. The General Fund is the primary operating fund and includes the largest source of day-to-day service delivery. The fund balance of the General Fund

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

increased from \$2,599,683 to \$3,845,285 at year end. This increase resulted from conservative spending in a difficult economy. The ending cash balance of \$2,992,595 represents an increase of \$1,564,230 from last year's balance.

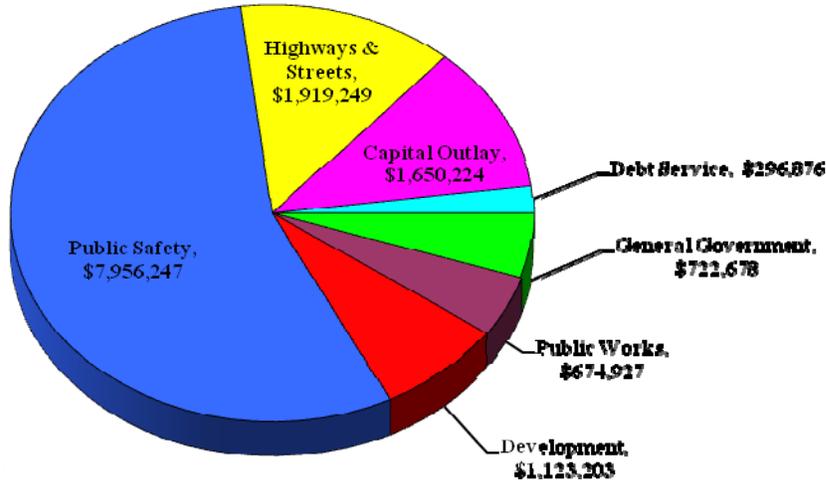
Revenues surpassed budget expectations by \$186,967, largely from better than anticipated fines and forfeits revenue and State Income Tax revenue. Sales Tax, Utility Tax and Interest revenue were lower than expected due to economic conditions and lower interest rates.

General Fund Revenues



Expenditures were \$1,391,218 less than budget due to decreased capital spending and reduced operating costs due to the general hiring freeze and carefully monitoring expenditures.

General Fund Expenditures



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 major proprietary funds operated by the City are the Electric and Waterworks & Sewerage 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 Waterworks and Sewerage 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 \$744,632 during the year. Some budgeted capital projects were put on hold due to lower than expected revenues.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund actual revenues were \$186,967 (1.2%) less than projected primarily due to lower than expected Sales and Utility Tax revenues. Fines and forfeits revenue was significantly higher. Expenditures were \$1,391,218 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, 2011, was \$196,060,823 with \$70,986,182 in governmental activities and \$125,074,641 in business-type activities. Major capital asset events during the current fiscal year include street improvements, the electric underground cable project, substation projects, and capital vehicle and equipment replacements.

Long-Term Debt

At the end of the fiscal year, the City had \$68,341,659 in long-term debt outstanding. Of this total, \$21,865,000 represents general obligation bonds, \$16,770,000 is from revenue bonds, \$314,809 is from Tax Increment Financing Bonds, \$380,000 is Special Service Area Bonds and \$26,038,971 is in notes payable. Reductions amounted to \$5,456,979 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

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 21,495 representing a 1.9% decrease from the 2004 special 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. 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 are 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 Tom Dahl, the City's Finance Manager, 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, 2011

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 6,902,129	\$ 5,861,541	\$ 12,763,670
Receivables			
Property taxes - net	6,649,032	-	6,649,032
Accounts	478,905	3,791,600	4,270,505
Other	175,603	438,591	614,194
Due from other governments	1,970,634	-	1,970,634
Restricted cash and equivalents	-	1,327,332	1,327,332
Inventory	142,787	538,382	681,169
Capital assets, not being depreciated	13,367,049	1,015,621	14,382,670
Capital assets, net of accumulated depreciation	57,619,133	124,059,020	181,678,153
Unamortized bond costs	-	373,290	373,290
	<u>87,305,272</u>	<u>137,405,377</u>	<u>224,710,649</u>
Total assets			
LIABILITIES			
Accounts payable	391,174	1,796,483	2,187,657
Accrued payroll	480,443	201,468	681,911
Accrued interest	185,524	667,000	852,524
Other deferred revenue	191,182	-	191,182
Deposits payable	102,338	-	102,338
Other payables	692,425	85,389	777,814
Deferred property taxes	6,649,032	-	6,649,032
Bond premium	-	282,717	282,717
Noncurrent liabilities			
Due within one year	2,368,017	3,217,078	5,585,095
Due in more than one year	15,139,175	47,617,389	62,756,564
	<u>26,199,310</u>	<u>53,867,524</u>	<u>80,066,834</u>
Total liabilities			
NET ASSETS			
Invested in capital assets, net of related debt	55,723,306	74,968,737	130,692,043
Restricted for:			
Debt service	457,987	1,327,332	1,785,319
Capital projects	1,242,384	343,352	1,585,736
Special revenues	1,998,878	-	1,998,878
Unrestricted	1,683,407	6,898,432	8,581,839
	<u>61,105,962</u>	<u>83,537,853</u>	<u>144,643,815</u>
Total net assets			

The accompanying notes are an integral part of this statement.

City of Geneva, Illinois
STATEMENT OF ACTIVITIES
Year ended April 30, 2011

<u>Functions/Programs</u>	Program Revenues			
	Expenses	Charges for Services	Operating Grants	Capital Grants
Governmental activities:				
General government	\$ 933,183	\$ 1,284,891	\$ -	\$ -
Public works	909,987	1,451	-	-
Development	1,638,834	85,140	-	-
Public safety	12,436,545	2,646,446	216,577	-
Highway and streets	8,949,448	68,379	575,524	-
Interest	734,687	-	-	-
Total governmental activities	25,602,684	4,086,307	792,101	-
Business-Type activities:				
Electric light	30,247,413	31,438,957	33,640	-
Waterworks and sewerage	7,473,557	6,353,845	79,403	-
Commuter Parking Fund	476,111	438,448	-	-
Refuse	374,125	405,244	-	-
Cemetery	119,997	67,800	-	-
Total business-type activities	38,691,203	38,704,294	113,043	-
Total	\$ 64,293,887	\$ 42,790,601	\$ 905,144	\$ -

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
\$ 351,708	\$ -	\$ 351,708
(908,536)	-	(908,536)
(1,553,694)	-	(1,553,694)
(9,573,522)	-	(9,573,522)
(8,305,545)	-	(8,305,545)
(734,687)	-	(734,687)
<u>(20,724,276)</u>	<u>-</u>	<u>(20,724,276)</u>
-	1,225,184	1,225,184
-	(1,040,309)	(1,040,309)
-	(37,663)	(37,663)
-	31,119	31,119
-	(52,197)	(52,197)
<u>-</u>	<u>126,134</u>	<u>126,134</u>
<u>(20,724,276)</u>	<u>126,134</u>	<u>(20,598,142)</u>
6,665,655	-	6,665,655
94,457	-	94,457
8,346,054	-	8,346,054
2,453,278	-	2,453,278
14,804	19,384	34,188
175,000	295,676	470,676
351,821	(351,821)	-
<u>18,101,069</u>	<u>(36,761)</u>	<u>18,064,308</u>
<u>(2,623,207)</u>	<u>89,373</u>	<u>(2,533,834)</u>
<u>63,729,169</u>	<u>83,448,480</u>	<u>147,177,649</u>
\$ <u>61,105,962</u>	\$ <u>83,537,853</u>	\$ <u>144,643,815</u>

City of Geneva, Illinois
BALANCE SHEET
GOVERNMENTAL FUNDS
April 30, 2011

	General	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$ 2,992,595	\$ 3,909,534	\$ 6,902,129
Receivables			
Property taxes - net	3,852,415	2,796,617	6,649,032
Accounts	478,905	-	478,905
Other	130,401	45,202	175,603
Due from other governments	1,970,634	-	1,970,634
Due from other funds	15,000	-	15,000
Inventory	142,787	-	142,787
Total assets	\$ 9,582,737	\$ 6,751,353	\$ 16,334,090
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES			
Accounts payable	\$ 299,818	\$ 91,356	\$ 391,174
Accrued payroll	409,734	70,709	480,443
Due to other funds	-	15,000	15,000
Deferred property taxes	3,852,415	2,796,617	6,649,032
Other deferred revenue	191,182	-	191,182
Deposit payable	102,338	-	102,338
Compensated absences payable	881,965	90,058	972,023
Total liabilities	5,737,452	3,063,740	8,801,192
FUND BALANCES			
Fund balances			
Reserved for inventory	142,787	-	142,787
Reserved for debt service	-	457,987	457,987
Reserved for capital projects	-	1,242,384	1,242,384
Reserved for special revenues	-	1,998,878	1,998,878
Unreserved - undesignated	3,702,498	(11,636)	3,690,862
Total fund balances	3,845,285	3,687,613	7,532,898
Total liabilities and fund balances	\$ 9,582,737	\$ 6,751,353	
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.			70,986,182
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			(17,413,118)
Net assets of governmental activities			\$ 61,105,962

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, 2011

	General	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Property taxes	\$ 3,086,722	\$ 3,578,933	\$ 6,665,655
Replacement taxes	94,457	-	94,457
Intergovernmental tax	8,346,054	-	8,346,054
Utility tax	2,453,278	-	2,453,278
Motor fuel tax	-	575,524	575,524
Fines and forfeits	560,723	-	560,723
Licenses and permits	373,351	-	373,351
Interest	5,810	8,994	14,804
Miscellaneous	1,116,020	2,427,790	3,543,810
Total revenues	16,036,415	6,591,241	22,627,656
Expenditures			
Current			
Legislative	171,750	-	171,750
Administrative services	550,928	-	550,928
Public works	381,798	-	381,798
Fleet maintenance	246,228	-	246,228
Storm drainage	46,901	-	46,901
Buildings, planning and zoning	853,224	453,607	1,306,831
Economic development	269,979	-	269,979
Police	4,731,407	-	4,731,407
Fire	3,224,840	-	3,224,840
Streets and walks	1,919,249	500,000	2,419,249
Pension - IMRF	-	642,007	642,007
Police and firefighters' pension	-	692,927	692,927
Insurance	-	277,118	277,118
Other	-	2,213,941	2,213,941
Capital outlay	1,650,224	90,624	1,740,848
Debt Service			
Principal retirement	264,831	1,156,527	1,421,358
Interest and fees	32,045	720,268	752,313
Total expenditures	14,343,404	6,747,019	21,090,423
Excess (deficiency) of revenues over expenditures	1,693,011	(155,778)	1,537,233
Other financing sources (uses)			
Transfers in	728,046	1,400,324	2,128,370
Transfers out	(1,175,455)	(601,094)	(1,776,549)
Total other financing sources (uses)	(447,409)	799,230	351,821
Net change in fund balances	1,245,602	643,452	1,889,054
Beginning of year	2,599,683	3,044,161	5,643,844
End of year	\$ 3,845,285	\$ 3,687,613	\$ 7,532,898

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, 2011

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

Net change in fund balances - total governmental funds	\$ 1,889,054
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.	(5,701,423)
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.	<u>1,189,162</u>
Change in net assets of governmental activities	<u><u>\$ (2,623,207)</u></u>

The accompanying notes are an integral part of this statement.

City of Geneva, Illinois
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
April 30, 2011

	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Electric Light</u>	<u>Waterworks and Sewerage</u>	<u>Nonmajor Funds</u>	<u>Total</u>
CURRENT ASSETS				
Cash and investments	\$ 3,380,250	\$ 1,887,905	\$ 593,386	\$ 5,861,541
Receivables				
Accounts	2,986,501	753,438	51,661	3,791,600
Other	438,566	25	-	438,591
Inventory and other current assets	484,998	53,384	-	538,382
Total current assets	<u>7,290,315</u>	<u>2,694,752</u>	<u>645,047</u>	<u>10,630,114</u>
RESTRICTED ASSETS				
Cash and investments	<u>1,256,361</u>	<u>70,971</u>	<u>-</u>	<u>1,327,332</u>
CAPITAL ASSETS				
Land and land improvements	1,042,441	1,190,671	-	2,233,112
Buildings, plant and improvements	5,626,150	8,855,700	8,312,276	22,794,126
Equipment	704,972	855,240	177,553	1,737,765
Production and distribution systems	50,229,461	101,320,345	-	151,549,806
	57,603,024	112,221,956	8,489,829	178,314,809
Accumulated depreciation	<u>(17,604,354)</u>	<u>(34,539,179)</u>	<u>(1,096,635)</u>	<u>(53,240,168)</u>
Total capital assets	<u>39,998,670</u>	<u>77,682,777</u>	<u>7,393,194</u>	<u>125,074,641</u>
OTHER ASSETS				
Unamortized bond costs	<u>278,246</u>	<u>80,244</u>	<u>14,800</u>	<u>373,290</u>
Total assets	<u>\$ 48,823,592</u>	<u>\$ 80,528,744</u>	<u>\$ 8,053,041</u>	<u>\$ 137,405,377</u>

The accompanying notes are an integral part of this statement.

City of Geneva, Illinois
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
April 30, 2011

	Business-Type Activities - Enterprise Funds			
	Electric Light	Waterworks and Sewerage	Nonmajor Funds	Total
CURRENT LIABILITIES				
Accounts payable	\$ 1,657,001	\$ 116,323	\$ 23,159	\$ 1,796,483
Accrued payroll	104,408	88,210	8,850	201,468
Accrued interest	374,953	287,378	4,669	667,000
Other payables	34,489	200	50,700	85,389
Notes payable	-	2,331,913	-	2,331,913
General obligation bonds payable	174,850	59,500	-	234,350
Revenue bonds payable	1,195,000	-	75,000	1,270,000
Total current liabilities	3,540,701	2,883,524	162,378	6,586,603
NONCURRENT LIABILITIES				
Compensated absences payable	382,589	319,250	26,724	728,563
Bond premium, net of amortization	282,717	-	-	282,717
Notes payable	-	23,398,991	-	23,398,991
General obligation bonds payable	2,307,650	5,063,000	-	7,370,650
Revenue bond payable	14,055,000	-	1,445,000	15,500,000
Total noncurrent liabilities	17,027,956	28,781,241	1,471,724	47,280,921
Total liabilities	20,568,657	31,664,765	1,634,102	53,867,524
NET ASSETS				
Invested in capital assets, net of related debt	22,266,170	46,829,373	5,873,194	74,968,737
Restricted for debt service	1,256,361	70,971	-	1,327,332
Restricted accounts	-	-	343,352	343,352
Unrestricted	4,732,404	1,963,635	202,393	6,898,432
Total net assets	\$ 28,254,935	\$ 48,863,979	\$ 6,418,939	\$ 83,537,853

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, 2011

	Business-Type Activities - Enterprise Funds			
	Electric Light	Waterworks and Sewerage	Nonmajor Funds	Total
OPERATING REVENUES				
Charges for services	\$ 30,350,820	\$ 6,305,615	\$ 872,339	\$ 37,528,774
Charges to other funds	933,595	-	-	933,595
Service fees	112,327	20,233	-	132,560
Miscellaneous	42,215	27,997	39,153	109,365
	<u>31,438,957</u>	<u>6,353,845</u>	<u>911,492</u>	<u>38,704,294</u>
OPERATING EXPENSES				
Purchased power	22,138,663	-	-	22,138,663
Production and storage	-	1,247,944	-	1,247,944
Distribution	-	1,445,864	-	1,445,864
Plant and service	3,267,703	-	100,553	3,368,256
Sewerage treatment	-	690,318	-	690,318
Sewerage collection	-	857,417	-	857,417
Sewerage monitoring	-	66,480	-	66,480
State utility tax	1,026,079	-	-	1,026,079
Administration	1,162,482	-	234,588	1,397,070
Depreciation	1,756,509	2,292,811	194,037	4,243,357
Lease payments	-	-	45,959	45,959
Refuse collection	-	-	337,462	337,462
	<u>29,351,436</u>	<u>6,600,834</u>	<u>912,599</u>	<u>36,864,869</u>
OPERATING INCOME (LOSS)	<u>2,087,521</u>	<u>(246,989)</u>	<u>(1,107)</u>	<u>1,839,425</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	15,420	3,258	706	19,384
Interest expense	(869,440)	(868,498)	(57,634)	(1,795,572)
Amortization of bond costs	(26,537)	(4,225)	-	(30,762)
Nonexpendable trust income	-	-	2,702	2,702
New development income	-	-	555	555
Miscellaneous income	-	292,419	-	292,419
	<u>(880,557)</u>	<u>(577,046)</u>	<u>(53,671)</u>	<u>(1,511,274)</u>
INCOME (EXPENSE) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>1,206,964</u>	<u>(824,035)</u>	<u>(54,778)</u>	<u>328,151</u>

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, 2011

	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Electric Light</u>	<u>Waterworks and Sewerage</u>	<u>Nonmajor Funds</u>	<u>Total</u>
CAPITAL CONTRIBUTIONS				
Connection fees	\$ 33,640	\$ 79,403	\$ -	\$ 113,043
TRANSFERS IN (OUT)	(217,821)	-	(134,000)	(351,821)
CHANGE IN NET ASSETS	1,022,783	(744,632)	(188,778)	89,373
NET ASSETS				
Beginning of year	27,232,152	49,608,611	6,607,717	83,448,480
End of year	\$ 28,254,935	\$ 48,863,979	\$ 6,418,939	\$ 83,537,853

The accompanying notes are an integral part of this statement.

City of Geneva, Illinois
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended April 30, 2011

	Business-Type Activities - Enterprise Funds			
	Electric Light	Waterworks and Sewerage	Nonmajor Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 31,137,787	\$ 6,474,040	\$ 887,609	\$ 38,499,436
Payments to suppliers	(26,089,617)	(2,699,149)	(491,230)	(29,279,996)
Payments to employees	(1,673,208)	(1,231,409)	(139,108)	(3,043,725)
Net cash provided by (used in) operating activities	3,374,962	2,543,482	257,271	6,175,715
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Due from other funds	-	-	14,250	14,250
Transfers out	(217,821)	-	(134,000)	(351,821)
Net cash provided by (used in) noncapital financing activities	(217,821)	-	(119,750)	(337,571)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(1,374,341)	(18,775)	(10,000)	(1,403,116)
Principal paid on revenue bonds	(1,290,000)	-	(70,000)	(1,360,000)
Interest paid on revenue bonds, general obligation bonds and notes payable	(898,807)	(890,860)	(56,929)	(1,846,596)
Principal paid on note payable	-	(1,437,064)	-	(1,437,064)
Principal paid on general obligation bonds	(175,950)	(57,750)	-	(233,700)
Net cash provided by (used in) capital and related financing activities	(3,739,098)	(2,404,449)	(136,929)	(6,280,476)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest income	15,420	3,258	-	18,678
Nonexpendable trust income	-	-	2,702	2,702
New development income	-	-	555	555
Net cash provided by investing activities	15,420	3,258	3,257	21,935
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(566,537)	142,291	3,849	(420,397)
CASH AND CASH EQUIVALENTS, including restricted portion				
Beginning of year	5,203,148	1,816,585	589,537	7,609,270
End of year	\$ 4,636,611	\$ 1,958,876	\$ 593,386	\$ 7,188,873
RECONCILIATION				
Cash and cash equivalents				
Unrestricted	\$ 3,380,250	\$ 1,887,905	\$ 593,386	\$ 5,861,541
Restricted	1,256,361	70,971	-	1,327,332
	\$ 4,636,611	\$ 1,958,876	\$ 593,386	\$ 7,188,873

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, 2011

	Business-Type Activities - Enterprise Funds			
	Electric Light	Waterworks and Sewerage	Nonmajor Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income (loss)	\$ 2,087,521	\$ (246,989)	\$ (1,107)	\$ 1,839,425
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	1,756,509	2,292,811	194,037	4,243,357
Connection fees	33,640	79,403	-	113,043
Miscellaneous income	-	292,419	-	292,419
Change in assets and liabilities				
Accounts receivable	(189,302)	40,817	(23,883)	(172,368)
Other receivables	(145,508)	(25)	-	(145,533)
Inventory	25,226	16,669	-	41,895
Unamortized bond costs	-	-	1,346	1,346
Accounts payable	(208,536)	28,411	8,536	(171,589)
Accrued payroll	17,674	22,291	5,141	45,106
Other payables	7,640	-	50,700	58,340
Bond premium	(25,700)	-	-	(25,700)
Compensated absences payable	15,798	17,675	22,501	55,974
Net cash provided by operating activities	<u>\$ 3,374,962</u>	<u>\$ 2,543,482</u>	<u>\$ 257,271</u>	<u>\$ 6,175,715</u>

The accompanying notes are an integral part of this statement.

City of Geneva, Illinois
STATEMENT OF NET ASSETS
PENSION TRUST FUNDS
April 30, 2011

ASSETS	
Cash and cash equivalents	\$ 120,598
Accrued interest	48,943
Prepaid expenses	14,338
Investments, at fair value:	
Certificates of deposits	473,249
Money market mutual funds	687,282
U.S. government securities	13,161,707
Insurance contracts	3,225,577
Mutual funds and stock equities	<u>7,444,989</u>
 Total assets	 25,176,683
 LIABILITIES	
Accounts payable	<u>5,515</u>
 NET ASSETS	
Held in trust for pension benefits	\$ <u><u>25,171,168</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, 2011

Additions	
Contributions	
Employer	\$ 692,927
Plan member	<u>448,465</u>
Total contributions	<u>1,141,392</u>
Investment Income	
Interest and dividends	511,360
Net change in fair value	<u>1,801,607</u>
Total investment income	2,312,967
Less investment expenses	<u>(71,083)</u>
Net investment income	<u>2,241,884</u>
Total additions	<u>3,383,276</u>
Deductions	
Administration	37,428
Benefits	<u>922,853</u>
Total deductions	<u>960,281</u>
Net increase	2,422,995
Net assets held in trust for pension benefits	
Beginning of year	<u>22,748,173</u>
End of year	<u>\$ 25,171,168</u>

The accompanying notes are an integral part of this statement.

City of Geneva, Illinois
INDEX FOR NOTES TO FINANCIAL STATEMENTS

	Page
Note 1. Summary of Significant Accounting Policies	
Reporting Entity	27 - 28
Government-Wide and Fund Financial Statements	28 - 29
Measurement Focus, Basis of Accounting and Financial Statement Presentation	29 - 31
Fund Accounting	31 - 33
Cash and Cash Equivalents	33
Investments	33
Interfund Receivables/Payables	33
Property Taxes	34
Receivables	34
Inventories	34
Restricted Assets	34
Capital Assets	35
Compensated Absences	35
Long-Term Obligations	36
Fund Equity	36
Interfund Transactions	36
Self-Insurance	37
Use of Estimates	37
 Note 2. Reconciliation of Government-Wide and Fund Financial Statements	
Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Assets	37
Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities	38
 Note 3. Compliance and Accountability	 39
 Note 4. Deposits with Financial Institutions and Investments	
Cash	39
Certificates of Deposit	39
Investments	40 - 43
Reconciliation	43

City of Geneva, Illinois
INDEX FOR NOTES TO FINANCIAL STATEMENTS

	Page
Note 5. Capital Assets	
Governmental Activities	44
Business-Type Activities	45
Depreciation Expense	46
Note 6. Long-Term Liabilities	
Changes in Long-Term Liabilities	47
General Obligation Bonds	48 - 50
Special Service Area Bonds	50 - 51
Revenue Bonds	51 - 52
Tax Increment Financing Bonds	52 - 53
Notes Payable	53 - 55
Note 7. Restricted Accounts	
Electric Light Fund	55 - 57
Waterworks and Sewerage Fund	57
Note 8. Intergovernmental Agreements	58
Note 9. Commitments and Contingencies	
Commuter Parking Fund	58
Grants	58
Litigation	58
Economic Incentive Agreements	58
Note 10. Postemployment Health Care Benefits	
Plan Description	59
Benefits Provided	59
Membership	59
Funding Policy	59
Annual OPEB Costs and Net OPEB Obligation	60 - 61
Note 11. Interfund Transfers	
Governmental Funds	62 - 63
Proprietary Funds	63
Note 12. Risk Management	64
Note 13. Pension and Retirement Fund Commitments	
IMRF Plan Description and Contributions	64 - 65
Plan Descriptions	66 - 69
Note 14. Subsequent Events	69

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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 service

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, 2011

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 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, 2011

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 informati

C. Measurement Focus, Basis of Accounting and Financial Statement Presentati

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 me

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 90 days after the fiscal year to be considered available. 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 Cit

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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 City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund types:

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

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

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

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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

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

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

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

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

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

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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

D. Fund Accounting (Continued)

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 capital 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.

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.

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.

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)

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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

D. Fund Accounting (Continued)

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.

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 fund.

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."

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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

H. Property Taxes

Property taxes for 2010 attach as an enforceable lien on January 1, 2010 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, 2011 and September 1, 2011 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 tax at April 30, 2011.

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, for the proprietary funds, are valued at average cost, which approximates the lower of cost or market. Inventories, for the governmental funds, are valued at cost, which approximates market, using the first-in/first-out (FIFO) method

K. Restricted Assets

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

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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

L. Capital Assets

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

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

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

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

M. Compensated Absences

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

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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

N. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are 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.

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 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 legislation.

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, 2011

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 estimate

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 \$17,413,118 difference are as follows

General obligation bonds payable	\$ 14,260,000
Special service area bonds	380,000
Tax increment financing bonds	314,809
Notes payable	308,067
Accrued interest payable	185,524
Accrued pension obligation	692,425
Compensated absences payable	<u>1,272,293</u>
Net adjustment to reduce fund-balance total governmental funds to arrive at net assets – governmental activities.	<u><u>\$ 17,413,118</u></u>

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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 \$5,701,423 decrease are as follows:

Capital outlay	\$	247,758
Depreciation expense		<u>(5,949,181)</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>(5,701,423)</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 \$1,189,162 increase are as follows:

Accrued interest	\$	17,626
Compensated absences		23,586
Accrued pension obligation		(273,408)
Principal payments on long-term liabilities		<u>1,421,358</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>1,189,162</u></u>

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

NOTE 3. - COMPLIANCE AND ACCOUNTABILITY

The following funds had a deficit fund balance as of April 30, 2011:

Illinois Municipal Retirement Fund	\$	19,434
Prairie Green		11,636

NOTE 4. - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

A. Cash

The carrying amount of cash was \$8,646,698 at April 30, 2011, including petty cash of \$1,400, while bank balances were \$8,531,200. 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 funds' was \$120,598 at April 30, 2011 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 \$3,080,261 at April 30, 2011. 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 \$473,249 at April 30, 2011 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, 2011

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

C. Investments

The members of the City Council maintain a formal Investment Policy which address the governi 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 statue. 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 intrumentalities 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 funds' net assets. Pension funds with net assets of \$2.5 million or more may invest up to thirty-five percent of plan net assets in a separate account of life insurance companies and mutual funds. In addition, pension funds with net assets of at least \$5 million that have appointed an investment advisor may, through that investment advisor, invest up to thirty five percent of the plan's net assets in common and preferred stocks which meet specific restrictions.

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, 2011

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, 2011.

Investment Type	Fair Value	Investment Maturities (in years)			Greater than than 5
		Less than 1	1-2	3-5	
Illinois Funds	\$ 2,169,043	\$ 2,169,043	\$ -	\$ -	\$ -
U.S. Treasuries	195,000	90,000	60,000	-	45,000
Total	\$ <u>2,364,043</u>	\$ <u>2,259,043</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, 2011.

Investment Type	Fair Value	Investment Maturities (in years)			Greater than than 5
		Less than 1	1-2	3-5	
Federal Home Loan	\$ 2,854,811	\$ -	\$ -	\$ -	\$ 2,854,811
Federal National Mortgage	3,259,074	-	-	-	3,259,074
Insurance contracts	3,225,577	-	-	-	3,225,577
GNMA	2,280,052	-	-	-	2,280,052
U.S. Treasuries and Agencies	4,767,770	510,383	617,750	944,619	2,695,018
Total	\$ <u>16,387,284</u>	\$ <u>510,383</u>	\$ <u>617,750</u>	\$ <u>944,619</u>	\$ <u>14,314,532</u>

Mutual funds and stock equities * \$ 8,132,271

* 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, 2011

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 AAA 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, 2011

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, 2011, 15% of the City's investments are in the Illinois Funds.

In addition to the City investment policy, the Pension Funds may invest in various accounts of life insurance companies authorized to do business in Illinois. Such investments may be made in general or separate investment accounts. However, the total investment in separate accounts shall not exceed 10% of the aggregate book value of all investments owned by each of the Pension Funds. Also, Pension Funds may invest in equity securities not to exceed 50% of the aggregate book value of all investments owned by each of the Pension Funds. 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	\$ 8,646,698	\$ 120,598
Carrying value of certificates of deposit	3,080,261	473,249
Carrying value of investments	<u>2,364,043</u>	<u>23,832,273</u>
	<u>\$ 14,091,002</u>	<u>\$ 24,426,120</u>
Cash and investments	\$ 12,763,670	\$ -
Cash and cash equivalents		120,598
Cash and investments - restricted	1,327,332	-
Certificates of deposit	-	473,249
U.S. government securities	-	13,161,707
Insurance contracts	-	3,225,577
Mutual funds and stock equities	<u>-</u>	<u>7,444,989</u>
	<u>\$ 14,091,002</u>	<u>\$ 24,426,120</u>

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

NOTE 5. - CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2011 was as follows:

A. Governmental Activities:

	May 1, 2010	Increases	Disposals	April 30, 2011
Capital assets, not being depreciated				
Land	\$ 13,201,976	\$ 167,123	\$ (2,050)	\$ 13,367,049
Total capital assets, not being depreciated	13,201,976	167,123	(2,050)	13,367,049
Capital assets, being depreciated				
Buildings	18,221,444	19,715	-	18,241,159
Machinery and equipment	5,781,480	62,970	-	5,844,450
Land improvements	1,873,792	-	-	1,873,792
Infrastructure	125,654,808	-	-	125,654,808
Total capital assets, being depreciated	151,531,524	82,685	-	151,614,209
Less accumulated depreciation for				
Buildings	4,690,506	351,705	-	5,042,211
Machinery and equipment	4,852,687	294,042	-	5,146,729
Land improvements	476,986	93,029	-	570,015
Infrastructure	78,025,716	5,210,405	-	83,236,121
Total accumulated depreciation	88,045,895	5,949,181	-	93,995,076
Total capital assets, being depreciated, net	63,485,629	(5,866,496)	-	57,619,133
Governmental activities capital assets, net	\$ 76,687,605	\$ (5,699,373)	\$ (2,050)	\$ 70,986,182

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

NOTE 5. - CAPITAL ASSETS (Continued)

B. Business-Type Activities:

	May 1, 2010	Increases	Disposals	April 30, 2011
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	22,783,473	10,653	-	22,794,126
Equipment	1,727,765	10,000	-	1,737,765
Production and distribution systems	150,167,342	1,382,464	-	151,549,806
Total capital assets, being depreciated	<u>175,896,071</u>	<u>1,403,117</u>	<u>-</u>	<u>177,299,188</u>
Less accumulated depreciation for				
Land improvements	122,150	5,640	-	127,790
Buildings	8,041,687	323,785	-	8,365,472
Machinery and equipment	799,470	105,242	-	904,712
Infrastructure	40,033,504	3,808,690	-	43,842,194
Total accumulated depreciation	<u>48,996,811</u>	<u>4,243,357</u>	<u>-</u>	<u>53,240,168</u>
Total capital assets, being depreciated, net	<u>126,899,260</u>	<u>(2,840,240)</u>	<u>-</u>	<u>124,059,020</u>
Business-type activities capital assets, net	<u>\$ 127,914,881</u>	<u>\$ (2,840,240)</u>	<u>\$ -</u>	<u>\$ 125,074,641</u>

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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	\$ 184,127
Public works	163,581
Public safety	582,048
Highway and streets	<u>5,019,425</u>
	<u>\$ 5,949,181</u>

Business – Type activities:

Electric light	\$ 1,756,509
Waterworks and sewerage	2,292,811
Nonmajor business - type activities	<u>194,037</u>
	<u>\$ 4,243,357</u>

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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	\$ 2,482,500	\$ -	\$ 15,250,000	\$ -	\$ -	\$ 382,589	\$ 18,115,089
Water and sewerage	5,122,500	-	-	-	25,730,904	319,250	31,172,654
Cemetery	-	-	-	-	-	21,866	21,866
Commuter Parking Fund	-	-	1,520,000	-	-	4,858	1,524,858
Total business-type activities	<u>7,605,000</u>	<u>-</u>	<u>16,770,000</u>	<u>-</u>	<u>25,730,904</u>	<u>728,563</u>	<u>50,834,467</u>
Due within one year	<u>234,350</u>	<u>-</u>	<u>1,270,000</u>	<u>-</u>	<u>1,473,764</u>	<u>238,964</u>	<u>3,217,078</u>
<u>Governmental fund activities</u>							
All other funds	<u>14,260,000</u>	<u>380,000</u>	<u>-</u>	<u>314,809</u>	<u>308,067</u>	<u>2,244,316</u>	<u>17,507,192</u>
Total governmental fund activities	<u>14,260,000</u>	<u>380,000</u>	<u>-</u>	<u>314,809</u>	<u>308,067</u>	<u>2,244,316</u>	<u>17,507,192</u>
Due within one year	<u>1,220,650</u>	<u>66,000</u>	<u>-</u>	<u>50,000</u>	<u>59,344</u>	<u>972,023</u>	<u>2,368,017</u>
Total all funds	<u>\$ 21,865,000</u>	<u>\$ 380,000</u>	<u>\$ 16,770,000</u>	<u>\$ 314,809</u>	<u>\$ 26,038,971</u>	<u>\$ 2,972,879</u>	<u>\$ 68,341,659</u>
Beginning of year	\$ 23,200,000	\$ 446,000	\$ 18,130,000	\$ 419,265	\$ 27,625,637	\$ 2,873,325	\$ 72,694,227
Additions	-	-	-	-	-	1,104,411	1,104,411
Deletions	<u>(1,335,000)</u>	<u>(66,000)</u>	<u>(1,360,000)</u>	<u>(104,456)</u>	<u>(1,586,666)</u>	<u>(1,004,857)</u>	<u>(5,456,979)</u>
End of year	<u>\$ 21,865,000</u>	<u>\$ 380,000</u>	<u>\$ 16,770,000</u>	<u>\$ 314,809</u>	<u>\$ 26,038,971</u>	<u>\$ 2,972,879</u>	<u>\$ 68,341,659</u>

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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. Fund debt retired by General Obligation Bond Fund	\$ 4,880,000
2006C Bonds, \$840,000 original amount due in annual installments of \$5,000 to \$180,000, with interest at 4%, payable through February 1, 2013. These bonds are recorded in the Waterworks and Sewerage Fund, Electric Fund and as Long-term Debt on the government-wide statement of net assets.	350,000
2005 Bonds, \$5,000,000 original amount due in annual installments of \$145,000 to \$710,000 with interest ranging from 4.00% to 4.45%, payable through February 1, 2030. These bonds are recorded in the Waterworks and Sewerage Fund.	5,000,000
2002 Bonds, \$6,000,000 original amount due in annual installments of \$50,000 to \$680,000, with interest ranging from 4.60% to 5.00%, payable through December 15, 2021. Fund debt retired by General Obligation Bond Fund.	950,000
2002A Bonds, \$1,525,000 original amount due in annual installments of \$135,000 to \$185,000, with interest ranging from 3.80% to 4.125%, payable through June 15, 2012. These bonds are recorded in the Electric Fund and as Long-Term Debt on the government-wide statement of net assets.	360,000
1999 Bonds, \$5,000,000 original amount due in annual installments of \$330,000 to \$1,405,000, with interest ranging from 4.50% to 6.50%, with principal payments beginning March 1, 2011 through March 1, 2019. Fund debt retired by General Obligation Bond Fund.	3,760,000

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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 in the Electric Fund. \$ 2,205,000

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. Fund debt retired by General Obligation Bond Fund. 4,360,000

Total General Obligation Bonds \$ 21,865,000

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, 2011 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, 2011 is \$1,359,700.

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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
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	1,770,000	683,788
2017-2021	8,690,000	2,126,453
2022-2026	3,315,000	833,743
2027-2029	<u>2,035,000</u>	<u>182,683</u>
Total	\$ <u>21,865,000</u>	\$ <u>7,208,875</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. Fund debt retired by Combined Special Service Area Fund.

\$ 280,000

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%. Fund debt retired by Combined Special Service Area Fund.

100,000

Total Special Service Area Bonds

\$ 380,000

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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,	Governmental Activities	
	Principal	Interest
2012	\$ 66,000	\$ 19,629
2013	67,000	18,885
2014	18,000	12,609
2015	19,000	11,736
2016	20,000	10,795
2017-2019	190,000	9,785
Total	\$ <u>380,000</u>	\$ <u>83,439</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%. \$ 1,520,000

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%. 13,345,000

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. 1,470,000

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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%. \$ 435,000

Total Revenue Bonds \$ 16,770,000

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

Year Ending April 30,	Principal	Interest
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	1,300,000	526,237
2017-2021	9,000,000	1,428,405
2022-2024	<u>930,000</u>	<u>22,371</u>
Total	\$ <u><u>16,770,000</u></u>	\$ <u><u>4,760,240</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:

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%. Fund debt retired by TIF East State Street Construction Fund. \$ 314,809

Total Tax Increment Financing Bonds: \$ 314,809

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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
2012	\$ 50,000	\$ 14,625
2013	50,000	12,375
2014	50,000	10,125
2015	50,000	7,875
2016	50,000	5,625
2017-2019	64,804	4,500
Total	\$ <u>314,804</u>	\$ <u>55,125</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%. Fund debt retired by General Obligation Bond Fund. \$ 207,427

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%. Fund debt retired by General Obligation Bond Fund. 16,059

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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%. Fund debt retired by General Obligation Bond Fund.

84,581

Total General Fund

\$ 308,067

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.

\$ 2,715,939

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.

8,530,556

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.

7,731,618

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.

2,920,853

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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.

	3,831,938
Total Waterworks and Sewerage Fund	\$ 25,730,904
Total Notes Payable	\$ 26,038,971

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

Year Ending April 30,	Principal	Interest
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	1,656,395	488,362
2017-2021	8,706,639	1,781,413
2022-2026	7,174,566	736,423
2027-2029	2,180,463	60,351
Total	\$ 26,038,971	\$ 5,418,314

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, 2011

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, 2011

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	\$ 698,994
Bond reserve	240,000
Depreciation account	<u>250,000</u>
Total	1,188,994

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	42,734
---	--------

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>24,633</u>
--	---------------

Total Restricted Accounts	\$ <u><u>1,256,361</u></u>
---------------------------	----------------------------

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>
---	-------------------------

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

NOTE 8. - INTERGOVERNMENTAL AGREEMENTS

The City participates in the Tri-City Ambulance Agency which is a cooperative agency of several separate taxing bodies, administered by a board made up of those taxing bodies. Tri-City Ambulance provides ambulance services for the cooperative agencies. The City paid \$252,335 to the Agency during the fiscal year.

NOTE 9. - COMMITMENTS AND CONTINGENCIES

A. Commuter Parking Fund

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

B. Grants

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

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 Agreements

The City has several economic development incentive agreements outstanding at April 30, 2011, 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 \$109,451 for fiscal year 2011.

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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

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

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 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 futur

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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, 2011

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 of 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 advanced 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, 2011

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	-	217,821
Working Cash	C	-	376,225
Combined Special Service Area	D	132,155	-
Commuter Parking Fund	E	-	134,000
Capital Projects and Equipment Fund	I	549,350	
Tri-Com	F	293,950	-
		<u>1,175,455</u>	<u>728,046</u>
Special Revenue Funds			
Combined Special Service Area			
General Fund	D	\$ -	\$ 132,155
Illinois Municipal Retirement			
General Fund	A	-	200,000
Tri-Com			
General Fund	F	-	293,950
		<u>-</u>	<u>626,105</u>
Capital Projects Funds			
Prairie Green			
General Obligation Bond Fund	G	\$ 100,000	\$ -
Capital Projects and Equipment Fund			
General Fund	I	-	549,350
Fire Station Number Two			
General Obligation Bond Fund	H	124,869	-
		<u>224,869</u>	<u>549,350</u>

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

NOTE 11. - INTERFUND TRANSFERS (Continued)

	<u>Transfer Out</u>	<u>Transfer In</u>
A. <u>Governmental Funds (Continued)</u>		
Debt Service Fund	\$	\$
General Obligation Bond Fund		
Prairie Green	G -	100,000
Fire Station Number Two	H -	124,869
Total Debt Service Fund	<u>-</u>	<u>224,869</u>
Permanent Fund		
Working Cash		
General Fund	C \$ <u>376,225</u>	\$ <u>-</u>
B. <u>Proprietary Funds</u>		
Electric light		
General Fund	B \$ 217,821	\$ -
Commuter Parking Fund		
General Fund	E <u>134,000</u>	<u>-</u>
Total Proprietary Funds	<u>351,821</u>	<u>-</u>
Total All Funds	2,128,370	2,128,370
Less amounts eliminated during GASB 34 adjustment	<u>(1,776,549)</u>	<u>(1,776,549)</u>
Total internal balances	<u>\$ 351,821</u>	<u>\$ 351,821</u>

Explanations for transfers:

- A** Transfer to reduce deficit in IMRF Fund
- B** Transfer to abate street light costs
- C** Closure of Working Cash Fund
- D** Transfer to provide General Fund contribution to SSA #
- E** Transfer to abate operating costs associated with downtown parking
- F** Transfer of the City's portion of 911 expenses
- G** Transfer for debt payment abatement
- H** Closure of Fire Station Number Two Fund
- I** Transfer of Working Cash Fund and sale of surplus property proceeds to establish Capital Projects Funds

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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 2010 was 10.96 percent of annual covered payroll. The employer annual required contribution rate for calendar year 2010 was 12.12 percent. 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 calendar year ending December 31, 2010, the employer's actual contributions for pension cost for Regular were \$876,179. Its required contribution for calendar 2010 was \$968,913.

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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
12/31/10	\$ 968,913	90%	\$ 63,859
12/31/09	847,266	100%	-
12/31/08	830,863	100%	-

The required contribution for 2010 was determined as part of the December 31, 2008 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2008, 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 20% corridor between the actuarial and market value of assets. The plan's unfunded actuarial accrued liability at December 31, 2008 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress - As of December 31, 2010, the most recent actuarial valuation date the plan was 73.52 percent funded. The actuarial accrued liability for benefits was \$21,972,620 and the actuarial value of assets was \$16,153,203, resulting in an underfunded actuarial accrued liability (UAAL) of \$5,819,417. The covered payroll (annual payroll of active employees covered by the plan) was \$7,994,335 and the ratio of the UAAL to the covered payroll was 73 percent.

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 is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

City of Geneva, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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, 2010 was \$2,765,523.

At April 30, 2010, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	7
Current employees	
Vested	26
Nonvested	9
Total current employees	35
Total	42

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, 2011

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, 2010 was \$1,686,844. At April 30, 2010 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, 2011

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, 2011

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, 2010) and are as follows:

	Police	Firefighters'
Annual required contribution	\$ 613,974	\$ 263,538
Interest on net pension obligation	29,742	1,684
Adjustment to annual required contribution	(21,883)	(1,239)
Annual pension cost	621,833	263,983
Contributions made	(429,877)	(246,390)
Increase in net pension obligation (benefit)	191,956	17,593
Net pension obligation at May 1, 2009	396,566	22,451
 Net pension obligation at April 30, 2010	 \$ 588,522	 \$ 40,044

Three-Year Historical Trend Information

	Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Benefit)
Police	4/30/2010	\$ 621,833	69.1%	\$ 588,522
	4/30/2009	534,828	77.0%	396,566
	4/30/2008	479,234	82.1%	273,432
Firefighters	4/30/2010	\$ 263,983	93.3%	\$ 40,044
	4/30/2009	243,113	100.0%	22,451
	4/30/2008	243,094	98.5%	22,373

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, 2010, (b) actuarial cost method of entry age normal, (c) amortization method of level percentage of pay, closed, (d) remaining amortization period of 23 years and (e) asset valuation method of fair market value

NOTE 14. - SUBSEQUENT EVENTS

On September 6, 2011, the City issued \$9,935,000 of General Obligation Refunding Bonds for the purpose of refunding a portion of the Electric Revenue Bonds Series 2003. The refunding resulted in a net present value benefit of \$913,104 or 9.19%.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

City of Geneva, Illinois
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
 April 30, 2011
 (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)
12/31/10	\$ 16,153,203	\$ 21,972,620	\$ 5,819,417	73.52%	\$ 7,994,335	72.79%
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%

On a market value basis, the actuarial value of assets as of December 31, 2010 is \$17,348,473. On a market basis, the funded ratio would be 78.95%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year	Annual Required Contribution	Percentage Contributed	Employer Contribution
2010	\$ 968,913	90.4%	\$ 876,179
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

City of Geneva, Illinois
POLICE AND FIREFIGHTERS' PENSION FUNDS
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
April 30, 2011
(Unaudited)

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) --Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Percentage of Covered Payroll ((b-a)/c)
Police Pension						
4/30/10	\$ 13,607,007	\$ 23,158,240	\$ 9,551,233	58.8%	\$ 2,765,523	345.4%
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%
Firefighters' Pension						
4/30/10	\$ 9,141,167	\$ 10,604,354	\$ 1,463,187	86.2%	\$ 1,686,844	86.7%
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%

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
2010	\$ 621,833	69.1%	\$ 429,877	\$ 263,983	93.3%	\$ 246,390
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

City of Geneva, Illinois
OTHER POST-EMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
April 30, 2011
(Unaudited)

SCHEDULE OF FUNDING PROGRESS						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) --Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Percentage of Covered Payroll ((b-a)/c)
4/30/10	\$ -	\$ 587,824	\$ 587,824	0.0%	\$ 12,945,429	4.5%
4/30/09	-	587,824	587,824	0.0%	12,459,433	4.7%
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

SCHEDULE OF EMPLOYER CONTRIBUTIONS			
Fiscal Year	Annual Required Contribution	Percentage Contributed	Employer Contribution
2010	\$ 53,264	37.4%	\$ 19,927
2009	53,036	37.6%	19,927
2008	52,713	37.8%	\$ 19,927
2007	N/A	N/A	N/A
2006	N/A	N/A	N/A
2005	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, 2011
(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 April 25, 2011. 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, 2011:

	<u>Budget</u>	<u>Expenditures</u>	<u>Overage</u>
Prairie Green	\$ 115,500	\$ 124,408	\$ (8,908)
Medical and Dental Insurance	124,175	142,285	(18,110)
General Obligation Bond Fund	1,635,000	1,637,497	(2,497)
Refuse	361,390	374,125	(12,735)
Cemetery	111,675	119,997	(8,322)

Explanations for budget overages:

Prairie Green - Overages due to higher than expected capital costs

Medical and Dental Insurance - Dental claims were higher than expected

General Obligation Bond Fund - Overages due to agent fees

Refuse - Overages due to higher than expected contract costs

Cemetery - Overages due to higher than anticipated payroll costs

City of Geneva, Illinois
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
Year ended April 30, 2011
(Unaudited)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Property taxes	\$ 3,089,000	\$ 3,089,000	\$ 3,086,722	\$ (2,278)
Replacement taxes	80,000	80,000	94,457	14,457
Sales tax	6,900,000	6,900,000	6,693,253	(206,747)
State income tax	1,435,000	1,435,000	1,652,801	217,801
Utility tax	2,600,000	2,600,000	2,453,278	(146,722)
Fines and forfeits	308,500	308,500	560,723	252,223
Licenses and permits	323,000	323,000	373,351	50,351
Interest	10,000	10,000	5,810	(4,190)
Miscellaneous	1,103,948	1,103,948	1,116,020	12,072
	<u>15,849,448</u>	<u>15,849,448</u>	<u>16,036,415</u>	<u>186,967</u>
Total revenues				
Expenditures				
Total expenditures	<u>15,388,610</u>	<u>15,734,622</u>	<u>14,343,404</u>	<u>1,391,218</u>
Excess of revenues over expenditures	<u>460,838</u>	<u>114,826</u>	<u>1,693,011</u>	<u>1,578,185</u>
Other financing sources (uses)				
Transfers in	372,375	372,375	728,046	355,671
Transfers out	<u>(626,105)</u>	<u>(626,105)</u>	<u>(1,175,455)</u>	<u>(549,350)</u>
Total other financing sources (uses)	<u>(253,730)</u>	<u>(253,730)</u>	<u>(447,409)</u>	<u>(193,679)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	<u>\$ 207,108</u>	<u>\$ (138,904)</u>	1,245,602	<u>\$ 1,384,506</u>
Fund balances				
Beginning of year			<u>2,599,683</u>	
End of year			<u>\$ 3,845,285</u>	

SUPPLEMENTARY INFORMATION

City of Geneva, Illinois
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
April 30, 2011

	Special Revenue				
	Motor Fuel Tax	Tricom	Combined Special Service Area	Illinois Municipal Retirement	Mental Health
<u>ASSETS</u>					
Cash and investments	\$ 309,185	\$ 868,058	\$ 296,858	\$ 6,333	\$ 94,070
Receivables					
Property taxes - net	-	-	481,032	505,032	150,824
Other	45,202	-	-	-	-
Total assets	<u>\$ 354,387</u>	<u>\$ 868,058</u>	<u>\$ 777,890</u>	<u>\$ 511,365</u>	<u>\$ 244,894</u>
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES					
Accounts payable	\$ -	\$ 49,203	\$ 16,251	\$ 25,767	\$ 135
Accrued payroll	-	61,591	7,080	-	-
Due to other funds	-	-	-	-	-
Deferred property taxes	-	-	481,032	505,032	150,824
Compensated absences payable	-	90,058	-	-	-
Total liabilities	<u>-</u>	<u>200,852</u>	<u>504,363</u>	<u>530,799</u>	<u>150,959</u>
FUND BALANCES (DEFICITS)					
Reserved for debt service	-	-	-	-	-
Reserved for capital projects	-	-	-	-	-
Unreserved	354,387	667,206	273,527	(19,434)	93,935
Total fund balances (deficit)	<u>354,387</u>	<u>667,206</u>	<u>273,527</u>	<u>(19,434)</u>	<u>93,935</u>
Total liabilities and fund balances	<u>\$ 354,387</u>	<u>\$ 868,058</u>	<u>\$ 777,890</u>	<u>\$ 511,365</u>	<u>\$ 244,894</u>

(Continued)

<u>Liability Insurance</u>	<u>Medical and Dental Insurance</u>	<u>Tree Nursery</u>	<u>Employer Pension Contribution</u>	<u>Total Special Revenue</u>
\$ 516,383	\$ 21,347	\$ 91,527	\$ -	\$ 2,203,761
-	-	-	-	1,136,888
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,202</u>
<u>\$ 516,383</u>	<u>\$ 21,347</u>	<u>\$ 91,527</u>	<u>\$ -</u>	<u>\$ 3,385,851</u>
\$ -	\$ -	\$ -	\$ -	\$ 91,356
-	-	-	-	68,671
-	-	-	-	-
-	-	-	-	1,136,888
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,058</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,386,973</u>
-	-	-	-	-
-	-	-	-	-
<u>516,383</u>	<u>21,347</u>	<u>91,527</u>	<u>-</u>	<u>1,998,878</u>
<u>516,383</u>	<u>21,347</u>	<u>91,527</u>	<u>-</u>	<u>1,998,878</u>
<u>\$ 516,383</u>	<u>\$ 21,347</u>	<u>\$ 91,527</u>	<u>\$ -</u>	<u>\$ 3,385,851</u>

(Continued)

City of Geneva, Illinois
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - (CONTINUED)
April 30, 2011

	Debt Service		Capital Projects		
	General Obligation Bond Fund	Fire Station Number Two	TIF East State Street Construction	Capital Projects and Equip. Fund	Prairie Green
<u>ASSETS</u>					
Cash and investments	\$ 457,987	\$ -	\$ 695,072	\$ 549,350	\$ 3,364
Receivables					
Property taxes - net	1,659,729	-	-	-	-
Other	-	-	-	-	-
Total assets	<u>\$ 2,117,716</u>	<u>\$ -</u>	<u>\$ 695,072</u>	<u>\$ 549,350</u>	<u>\$ 3,364</u>
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	2,038	-	-
Due to other funds	-	-	-	-	15,000
Deferred property taxes	1,659,729	-	-	-	-
Compensated absences payable	-	-	-	-	-
Total liabilities	<u>1,659,729</u>	<u>-</u>	<u>2,038</u>	<u>-</u>	<u>15,000</u>
FUND BALANCES (DEFICITS)					
Reserved for debt service	457,987	-	-	-	-
Reserved for capital projects	-	-	693,034	549,350	-
Unreserved	-	-	-	-	(11,636)
Total fund balances	<u>457,987</u>	<u>-</u>	<u>693,034</u>	<u>549,350</u>	<u>(11,636)</u>
Total liabilities and fund balances	<u>\$ 2,117,716</u>	<u>\$ -</u>	<u>\$ 695,072</u>	<u>\$ 549,350</u>	<u>\$ 3,364</u>

	<u>Permanent</u>		
<u>Total Capital Projects</u>	<u>Working Cash</u>		<u>Total Nonmajor Governmental Funds</u>
\$ 1,247,786	\$ -	\$	3,909,534
-	-		2,796,617
<u>-</u>	<u>-</u>		<u>45,202</u>
<u>\$ 1,247,786</u>	<u>\$ -</u>	<u>\$</u>	<u>6,751,353</u>
\$ -	\$ -	\$	91,356
2,038	-		70,709
15,000	-		15,000
-	-		2,796,617
<u>-</u>	<u>-</u>		<u>90,058</u>
<u>17,038</u>	<u>-</u>		<u>3,063,740</u>
-	-		457,987
1,242,384	-		1,242,384
<u>(11,636)</u>	<u>-</u>		<u>1,987,242</u>
<u>1,230,748</u>	<u>-</u>		<u>3,687,613</u>
<u>\$ 1,247,786</u>	<u>\$ -</u>	<u>\$</u>	<u>6,751,353</u>
			(Concluded)

City of Geneva, Illinois
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year ended April 30, 2011

	Motor Fuel Tax	Tricom	Combined Special Service Area	Illinois Municipal Retirement	Mental Health
REVENUES					
Property taxes	\$ -	\$ -	\$ 410,107	\$ 496,257	\$ 154,878
Motor fuel tax	575,524	-	-	-	-
Interest	545	1,154	749	56	378
Miscellaneous	95,109	1,879,088	1,000	-	-
Total revenues	<u>671,178</u>	<u>1,880,242</u>	<u>411,856</u>	<u>496,313</u>	<u>155,256</u>
EXPENDITURES					
Streets and walks	500,000	-	-	-	-
Buildings, planning and zoning	-	-	375,266	-	-
Pension - IMRF	-	-	-	642,007	-
Police and firefighters' pension	-	-	-	-	-
Insurance	-	-	-	-	-
Capital outlay	-	66,216	-	-	-
Debt service					
Principal retirement	-	-	97,071	-	-
Interest and fees	-	-	25,124	-	-
Other	-	2,072,809	-	-	141,132
Total expenditures	<u>500,000</u>	<u>2,139,025</u>	<u>497,461</u>	<u>642,007</u>	<u>141,132</u>
Excess (deficiency) of revenues over expenditures	<u>171,178</u>	<u>(258,783)</u>	<u>(85,605)</u>	<u>(145,694)</u>	<u>14,124</u>
Other financing sources (uses)					
Transfers in	-	293,950	132,155	200,000	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>293,950</u>	<u>132,155</u>	<u>200,000</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	171,178	35,167	46,550	54,306	14,124
FUND BALANCES (DEFICIT)					
Beginning of year	<u>183,209</u>	<u>632,039</u>	<u>226,977</u>	<u>(73,740)</u>	<u>79,811</u>
End of year	<u>\$ 354,387</u>	<u>\$ 667,206</u>	<u>\$ 273,527</u>	<u>\$ (19,434)</u>	<u>\$ 93,935</u>

(Continued)

<u>Special Revenue</u>				
<u>Liability Insurance</u>	<u>Medical and Dental Insurance</u>	<u>Tree Nursery</u>	<u>Employer Pension Contribution</u>	<u>Total Special Revenue</u>
\$ -	\$ -	\$ -	\$ 692,927	\$ 1,754,169
-	-	-	-	575,524
135	11	455	-	3,483
<u>220,940</u>	<u>142,285</u>	<u>-</u>	<u>-</u>	<u>2,338,422</u>
<u>221,075</u>	<u>142,296</u>	<u>455</u>	<u>692,927</u>	<u>4,671,598</u>
-	-	-	-	500,000
-	-	-	-	375,266
-	-	-	-	642,007
-	-	-	692,927	692,927
134,833	142,285	-	-	277,118
-	-	-	-	66,216
-	-	-	-	97,071
-	-	-	-	25,124
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,213,941</u>
<u>134,833</u>	<u>142,285</u>	<u>-</u>	<u>692,927</u>	<u>4,889,670</u>
<u>86,242</u>	<u>11</u>	<u>455</u>	<u>-</u>	<u>(218,072)</u>
-	-	-	-	626,105
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>626,105</u>
86,242	11	455	-	408,033
<u>430,141</u>	<u>21,336</u>	<u>91,072</u>	<u>-</u>	<u>1,590,845</u>
<u>\$ 516,383</u>	<u>\$ 21,347</u>	<u>\$ 91,527</u>	<u>\$ -</u>	<u>\$ 1,998,878</u>

(Continued)

City of Geneva, Illinois
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
Year ended April 30, 2011

	Debt Service		Capital Project		
	General Obligation Bond Fund	Fire Station Number Two	TIF East State Street Construction	Capital Projects and Equip. Fund	Prairie Green
REVENUES					
Property taxes	\$ 1,523,718	\$ -	\$ 301,046	\$ -	\$ -
Motor fuel tax	-	-	-	-	-
Interest	2,626	-	2,426	-	-
Miscellaneous	-	6,928	-	-	82,440
Total revenues	1,526,344	6,928	303,472	-	82,440
EXPENDITURES					
Streets and walks	-	-	-	-	-
Buildings, planning and zoning	-	-	78,341	-	-
Pension - IMRF	-	-	-	-	-
Police and firefighters' pension	-	-	-	-	-
Insurance	-	-	-	-	-
Capital outlay	-	-	-	-	24,408
Debt service					
Principal retirement	955,000	-	104,456	-	-
Interest and fees	682,497	-	12,647	-	-
Other	-	-	-	-	-
Total expenditures	1,637,497	-	195,444	-	24,408
Excess (deficiency) of revenues over expenditures	(111,153)	6,928	108,028	-	58,032
Other financing sources (uses)					
Transfers in	224,869	-	-	549,350	-
Transfers out	-	(124,869)	-	-	(100,000)
Total other financing sources (uses)	224,869	(124,869)	-	549,350	(100,000)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	113,716	(117,941)	108,028	549,350	(41,968)
FUND BALANCES (DEFICIT)					
Beginning of year	344,271	117,941	585,006	-	30,332
End of year	\$ 457,987	\$ -	\$ 693,034	\$ 549,350	\$ (11,636)

	<u>Permanent</u>		
<u>Total Capital Projects</u>	<u>Working Cash</u>		<u>Total Nonmajor Governmental Funds</u>
\$ 301,046	\$ -	\$	3,578,933
-	-		575,524
2,426	459		8,994
<u>89,368</u>	<u>-</u>		<u>2,427,790</u>
<u>392,840</u>	<u>459</u>		<u>6,591,241</u>
-	-		500,000
78,341	-		453,607
-	-		642,007
-	-		692,927
-	-		277,118
24,408	-		90,624
104,456	-		1,156,527
12,647	-		720,268
<u>-</u>	<u>-</u>		<u>2,213,941</u>
<u>219,852</u>	<u>-</u>		<u>6,747,019</u>
<u>172,988</u>	<u>459</u>		<u>(155,778)</u>
549,350	-		1,400,324
<u>(224,869)</u>	<u>(376,225)</u>		<u>(601,094)</u>
<u>324,481</u>	<u>(376,225)</u>		<u>799,230</u>
497,469	(375,766)		643,452
<u>733,279</u>	<u>375,766</u>		<u>3,044,161</u>
<u>\$ 1,230,748</u>	<u>\$ -</u>	<u>\$</u>	<u>3,687,613</u>
			(Concluded)

City of Geneva, Illinois
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
April 30, 2011

	Commuter Parking Fund	Refuse	Cemetery	Total Nonmajor Enterprise Funds
CURRENT ASSETS				
Cash and investments	\$ 117,468	\$ 159,463	\$ 316,455	\$ 593,386
Accounts receivable	-	51,661	-	51,661
Total current assets	<u>117,468</u>	<u>211,124</u>	<u>316,455</u>	<u>645,047</u>
CAPITAL ASSETS				
Buildings, plant and improvements	8,219,732	-	92,544	8,312,276
Equipment	5,975	144,929	26,649	177,553
	<u>8,225,707</u>	<u>144,929</u>	<u>119,193</u>	<u>8,489,829</u>
Accumulated depreciation	(939,772)	(103,507)	(53,356)	(1,096,635)
Total capital assets	<u>7,285,935</u>	<u>41,422</u>	<u>65,837</u>	<u>7,393,194</u>
Unamortized bond costs	<u>14,800</u>	-	-	<u>14,800</u>
Total assets	<u>7,418,203</u>	<u>252,546</u>	<u>382,292</u>	<u>8,053,041</u>
CURRENT LIABILITIES				
Accounts payable	3,698	19,152	309	23,159
Accrued payroll	4,487	1,321	3,042	8,850
Accrued interest	4,669	-	-	4,669
Other payables	50,700	-	-	50,700
Revenue bonds payable	75,000	-	-	75,000
Total liabilities	<u>138,554</u>	<u>20,473</u>	<u>3,351</u>	<u>162,378</u>
NONCURRENT LIABILITIES				
Compensated absences payable	4,858	-	21,866	26,724
Revenue bond payable	1,445,000	-	-	1,445,000
Total noncurrent liabilities	<u>1,449,858</u>	-	<u>21,866</u>	<u>1,471,724</u>
Total liabilities	<u>1,588,412</u>	<u>20,473</u>	<u>25,217</u>	<u>1,634,102</u>
NET ASSETS				
Invested in capital assets, net of related debt	5,765,935	41,422	65,837	5,873,194
Reserved - restricted accounts	-	-	343,352	343,352
Unrestricted	63,856	190,651	(52,114)	202,393
Total net assets	<u>\$ 5,829,791</u>	<u>\$ 232,073</u>	<u>\$ 357,075</u>	<u>\$ 6,418,939</u>

City of Geneva, Illinois
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
NONMAJOR ENTERPRISE FUNDS
Year ended April 30, 2011

	Commuter Parking Fund	Refuse	Cemetery	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for services	\$ 438,441	\$ 366,548	\$ 67,350	\$ 872,339
Miscellaneous	7	38,696	450	39,153
Total operating revenues	<u>438,448</u>	<u>405,244</u>	<u>67,800</u>	<u>911,492</u>
OPERATING EXPENSES				
Administration	89,103	32,314	113,171	234,588
Plant service	100,553	-	-	100,553
Lease payments	45,959	-	-	45,959
Depreciation	182,862	4,349	6,826	194,037
Refuse collection	-	337,462	-	337,462
Total operating expenses	<u>418,477</u>	<u>374,125</u>	<u>119,997</u>	<u>912,599</u>
OPERATING INCOME (LOSS)	<u>19,971</u>	<u>31,119</u>	<u>(52,197)</u>	<u>(1,107)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	706	-	-	706
Interest expense	(57,634)	-	-	(57,634)
Nonexpendable trust income	-	-	2,702	2,702
New development income	-	-	555	555
Total nonoperating revenues (expenses)	<u>(56,928)</u>	<u>-</u>	<u>3,257</u>	<u>(53,671)</u>
INCOME (LOSS) BEFORE TRANSFERS	(36,957)	31,119	(48,940)	(54,778)
TRANSFERS OUT	<u>(134,000)</u>	<u>-</u>	<u>-</u>	<u>(134,000)</u>
CHANGE IN NET ASSETS	(170,957)	31,119	(48,940)	(188,778)
NET ASSETS				
Beginning of year	<u>6,000,748</u>	<u>200,954</u>	<u>406,015</u>	<u>6,607,717</u>
End of year	<u>\$ 5,829,791</u>	<u>\$ 232,073</u>	<u>\$ 357,075</u>	<u>\$ 6,418,939</u>

City of Geneva, Illinois
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
Year ended April 30, 2011

	Commuter Parking Fund	Refuse	Cemetery	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 438,448	\$ 381,361	\$ 67,800	\$ 887,609
Payments to suppliers	(124,044)	(332,654)	(34,532)	(491,230)
Payments to employees	(63,667)	(20,450)	(54,991)	(139,108)
Net cash provided by (used in) operating activities	<u>250,737</u>	<u>28,257</u>	<u>(21,723)</u>	<u>257,271</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES				
Due from other funds	-	-	14,250	14,250
Transfers out	(134,000)	-	-	(134,000)
Net cash provided by (used in) noncapital and related financing activities	<u>(134,000)</u>	<u>-</u>	<u>14,250</u>	<u>(119,750)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	-	-	(10,000)	(10,000)
Principal paid on revenue bonds	(70,000)	-	-	(70,000)
Interest paid on revenue bonds	(56,929)	-	-	(56,929)
Net cash provided by (used in) capital and related financing activities	<u>(126,929)</u>	<u>-</u>	<u>(10,000)</u>	<u>(136,929)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Nonexpendable trust income	-	-	2,702	2,702
New development income	-	-	555	555
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>3,257</u>	<u>3,257</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(10,192)	28,257	(14,216)	3,849
CASH AND CASH EQUIVALENTS				
Beginning of year	<u>127,660</u>	<u>131,206</u>	<u>330,671</u>	<u>589,537</u>
End of year	<u>\$ 117,468</u>	<u>\$ 159,463</u>	<u>\$ 316,455</u>	<u>\$ 593,386</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ 19,971	\$ 31,119	\$ (52,197)	\$ (1,107)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	182,862	4,349	6,826	194,037
Change in assets and liabilities				
Accounts receivable	-	(23,883)	-	(23,883)
Unamortized bond costs	1,346	-	-	1,346
Accounts payable	(6,506)	16,302	(1,260)	8,536
Compensated absences	635	-	21,866	22,501
Other payables	50,700	-	-	50,700
Accrued payroll	1,729	370	3,042	5,141
Net cash provided by (used in) operating activities	<u>\$ 250,737</u>	<u>\$ 28,257</u>	<u>\$ (21,723)</u>	<u>\$ 257,271</u>

City of Geneva, Illinois
COMBINING STATEMENT OF NET ASSETS
PENSION TRUST FUNDS
April 30, 2011

	Firefighters' Pension Fund	Police Pension Fund	Total
ASSETS			
Cash and cash equivalents	\$ 44,059	\$ 76,539	\$ 120,598
Accrued interest	13,629	35,314	48,943
Prepaid expenses	-	14,338	14,338
Investments, at fair value:			
Certificates of deposits	473,249	-	473,249
Money market mutual funds	163,466	523,816	687,282
U.S. government securities	6,029,928	7,131,779	13,161,707
Insurance contracts	1,834,099	1,391,478	3,225,577
Mutual funds and stock equities	1,685,293	5,759,696	7,444,989
Total assets	10,243,723	14,932,960	25,176,683
LIABILITIES			
Accounts payable	790	4,725	5,515
NET ASSETS			
Held in trust for pension benefits	\$ <u>10,242,933</u>	\$ <u>14,928,235</u>	\$ <u>25,171,168</u>

City of Geneva, Illinois
COMBINING STATEMENT OF CHANGES IN NET ASSETS
PENSION TRUST FUNDS
Year ended April 30, 2011

	<u>Firefighters' Pension</u>	<u>Police Pension</u>	<u>Total</u>
Additions			
Contributions			
Employer	\$ 239,381	\$ 453,546	\$ 692,927
Plan member	<u>167,840</u>	<u>280,625</u>	<u>448,465</u>
Total contributions	<u>407,221</u>	<u>734,171</u>	<u>1,141,392</u>
Investment Income			
Interest and dividends	132,180	379,180	511,360
Net change in fair value	<u>663,729</u>	<u>1,137,878</u>	<u>1,801,607</u>
Total investment income	795,909	1,517,058	2,312,967
Less investment expenses	<u>(2,694)</u>	<u>(68,389)</u>	<u>(71,083)</u>
Net investment income	<u>793,215</u>	<u>1,448,669</u>	<u>2,241,884</u>
Total additions	<u>1,200,436</u>	<u>2,182,840</u>	<u>3,383,276</u>
Deductions			
Administration	14,645	22,783	37,428
Benefits	<u>84,024</u>	<u>838,829</u>	<u>922,853</u>
Total deductions	<u>98,669</u>	<u>861,612</u>	<u>960,281</u>
Net increase	1,101,767	1,321,228	2,422,995
Net assets held in trust for pension benefits			
Beginning of year	<u>9,141,166</u>	<u>13,607,007</u>	<u>22,748,173</u>
End of year	<u>\$ 10,242,933</u>	<u>\$ 14,928,235</u>	<u>\$ 25,171,168</u>

City of Geneva, Illinois
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS AND ALL ENTERPRISE FUNDS
Year ended April 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Government-Type Funds				
Motor Fuel Tax	\$ 560,000	\$ 560,000	\$ 500,000	\$ 60,000
Tricom	2,186,685	2,299,430	2,139,025	160,405
Combined Special Service Area	542,775	548,025	497,461	50,564
Illinois Municipal Retirement	698,700	698,700	642,007	56,693
Mental Health	141,500	141,500	141,132	368
Liability Insurance	176,300	176,300	134,833	41,467
Medical and Dental Insurance	124,175	124,175	142,285	(18,110)
Tree Nursery	1,550	1,550	-	1,550
Employer Pension Contribution *	-	-	692,927	(692,927)
General Obligation Bond Fund	1,635,000	1,635,000	1,637,497	(2,497)
Fire Station Number Two	25,000	149,869	124,869	25,000
TIF East State Street Construction	294,730	294,730	195,444	99,286
Prairie Green	115,500	115,500	124,408	(8,908)
Working Cash	2,500	378,725	376,225	2,500
Proprietary-Type Funds				
Electric Light	33,346,642	33,455,688	30,247,413	3,208,275
Waterworks and Sewerage	8,384,111	8,485,011	7,469,332	1,015,679
Commuter Parking Fund	626,185	626,185	610,111	16,074
Refuse	361,390	361,390	374,125	(12,735)
Cemetery	101,675	111,675	119,997	(8,322)

* This fund is not budgeted.

OTHER SUPPLEMENTARY INFORMATION

City of Geneva, Illinois
SCHEDULE OF INSURANCE COVERAGE AND
CUSTOMER INFORMATION
April 30, 2011

Risk Covered	Amount of Policy	Name of Insurer	Policy Expiration
Workers' Compensation and Employer's Liability	\$ Statutory 2,000,000	Self Insured - City of Geneva Midwest Employers Casualty Co.	4/30/12
General Liability			
Occurrence			
General total	\$ 3,000,000	Argonaut Insurance Co (Trident)	4/30/12
Products/completed work	3,000,000		
Personal injury	1,000,000		
Advertising injury	1,000,000		
Each occurrence	1,000,000		
Premises damage	100,000		
Excess liability			
Each occurrence	1,000,000		
Annual aggregate	1,000,000		
Claims Made			
General aggregate	\$ 1,000,000	Argonaut Insurance Co (Trident)	4/30/12
Each occurrence	1,000,000		
Law enforcement liability protection and claims	1,000,000		
Each occurrence	1,000,000		
Annual aggregate	3,000,000		
Property			
Blanket building	\$ 42,610,720	Federal Insurance Co (Chubb)	4/30/12
Flood	5,000,000		
Earthquake	5,000,000		
Crime			
Public employee theft	\$ 100,000	Travelers Casualty & Surety of America	4/30/14
Contractor's Equipment Floater	\$ 1,000,935	Federal Insurance Co (Chubb)	4/30/12
Business/Auto			
Liability	\$ 1,000,000	Argonaut Insurance Co (Trident)	4/30/12
Uninsured motorist	100,000		
Underinsured motorist	100,000		

(Continued)

City of Geneva, Illinois
SCHEDULE OF INSURANCE COVERAGE AND
CUSTOMER INFORMATION
April 30, 2011

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.	4/30/12
Products/completed work	10,000,000		
Personal injury	10,000,000		
Advertising injury	10,000,000		
Each occurrence	10,000,000		
Property (Electric Utility)			
Blanket building	\$ 39,767,963	Federal Insurance Co (Chubb)	4/30/12
Flood	5,000,000		
Earthquake	5,000,000		
Excess Liability	\$ 10,000,000	American Alternative Insurance Co	4/30/12
	x Primary		
Number of Customers Serviced			
by the City's Utilities	10,197		

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.