

**City of Geneva, Illinois**

**Annual Financial Report**

**Year Ended April 30, 2006**



## TABLE OF CONTENTS

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	Page
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report	1-2
Management Discussion and Analysis	3-9
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets	10
Statement of Activities	11-12
Fund Financial Statements:	
Balance Sheet - Governmental Funds	13
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Net Assets - Proprietary Funds	16-17
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds	18-19
Statement of Cash Flows - Proprietary Funds	20-21
Statement of Net Assets - Pension Trust Funds	22
Statement of Changes in Net assets - Pension Trust Funds	23
Index for the Notes to Financial Statements	24-25
Notes to Financial Statements	26-63
Required Supplementary Information (Unaudited)	
Illinois Municipal Retirement Fund	
Schedule of Funding Progress	64
Police and Firefighters' Pension Funds	
Schedule of Funding Progress	65
Schedule of Employer Contributions	65
Notes to Required Supplementary Information	66-67
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	
General Fund	68

(Continued)

TABLE OF CONTENTS - (Continued)

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	Page
<b>SUPPLEMENTARY INFORMATION</b>	
Combining Statements	
Combining Balance Sheet - Nonmajor Governmental Funds	69-72
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	73-76
Combining Statement of Net Assets - Nonmajor Enterprise Funds	77
Combining Statement of Revenues, Expenses and Changes in Net Assets - Nonmajor Enterprise Funds	78
Combining Statement of Cash Flows - Nonmajor Enterprise Funds	79
Schedule of Expenditures - Budget and Actual - Nonmajor Governmental Funds and All Enterprise Funds	80
<b>OTHER SUPPLEMENTARY INFORMATION</b>	
Schedule of Insurance Coverage and Customer Information	81-82



**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, 2006, 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, 2006, 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.

(Continued)

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

Members  
American Institute  
of Certified Public  
Accountants  
and Illinois  
Society of CPA's





**Costabile & Steffens P.C.**  
Certified Public Accountants

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

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The management's discussion and analysis on pages 3 through 9 and budgetary comparison information and the schedules of funding progress of the Illinois Municipal Retirement Fund, Police and Firefighters' Pension Funds trend information, and the notes to the required supplementary information on pages 64 through 67 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Geneva, Illinois' basic financial statements. The combining nonmajor fund financial statements and the schedule, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

COSTABILE & STEFFENS P.C.

  
Certified Public Accountants

Rolling Meadows, Illinois  
July 31, 2006



## MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2006

The City of Geneva is continuing its implementation of Governmental Accounting Standards Board (GASB) statements 34, 37, 38, and 6 for the fiscal year ending April 30, 2006. These new accounting standards are designed to provide two perspectives of the City's financial performance; a focus on the City as a whole (government-wide) and a focus on the major individual funds. Both perspectives (government-wide and major fund) provide a broader basis upon which to compare and judge the City's financial accountability. This improved accountability is in part achieved by consolidating financial transactions (eliminating activities between certain funds and focusing on major funds), allocating specific revenues that finance operations to those expenditures, and displaying information about long-term financial decisions.

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

### FINANCIAL HIGHLIGHTS

- The City's total net assets increased 0.57% or \$850 thousand, from \$147.9 million to \$148.8 million in 2006. Governmental net assets decreased 4.5% to \$80.2 million while business type net assets grew 7.3% to \$68.6 million.

### REPORTING THE CITY AS A WHOLE

#### Government-wide Financial Statements

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

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

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

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

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

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

## REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

### Fund Financial Statements

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

The City has three kinds of funds:

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

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

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

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

The basic government fund financial statements are presented on pages 13-15 of this report.

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

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

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

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

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

#### *Notes to the financial statements*

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 26 of this report.

#### *Other information*

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's funding of pension benefit obligations to its employees and budget information beginning on page 64.

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report beginning on page 69.

### Financial Analysis of the City as a Whole

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

#### STATEMENT OF NET ASSETS (in millions of dollars)

	Governmental Activities		Business-type Activities		Total	
	2005	2006	2005	2006	2005	2006
Current Assets	\$16.1	14.1	\$ 11.7	17.4	\$ 27.8	31.5
Capital Assets	100.4	96.0	90.0	91.6	190.4	187.6
Total Assets	116.5	110.1	101.7	109.0	218.2	219.1
Long-Term Liabilities	22.5	20.8	32.0	35.2	54.5	56.0
Other Liabilities	10.0	9.1	5.8	5.2	15.8	14.3
Total Liabilities	32.5	29.9	37.8	40.4	70.3	70.3
Net Assets						
Investment in Capital						
Net of Debt	77.1	77.1	50.1	54.5	127.2	131.6
Restricted	1.5	0.8	1.0	1.0	2.5	1.8
Unrestricted	5.4	2.3	12.8	13.1	18.2	15.4
Total Net Assets	\$ 84.0	80.2	\$ 63.9	68.6	\$ 147.9	148.8

STATEMENT OF ACTIVITIES  
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total	
	2005	2006	2005	2006	2005	2006
Charges for Services	\$ 4.3	4.0	\$ 28.7	34.3	\$ 33.0	38.3
General Revenues	16.8	17.5		.1	16.8	17.6
Total Revenues	<u>21.1</u>	<u>21.5</u>	<u>28.7</u>	<u>34.4</u>	<u>49.8</u>	<u>55.9</u>
Expenses	<u>22.7</u>	<u>25.3</u>	<u>24.9</u>	<u>29.7</u>	<u>47.6</u>	<u>55.0</u>
Change in Assets	<u>(1.6)</u>	<u>(3.8)</u>	<u>3.8</u>	<u>4.7</u>	<u>2.2</u>	<u>0.9</u>
Net Assets – Beginning	85.6	84.0	60.1	63.9	145.7	147.9
Net Assets – Ending	<u>\$ 84.0</u>	<u>80.2</u>	<u>\$ 63.9</u>	<u>68.6</u>	<u>\$ 147.9</u>	<u>148.8</u>

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 \$6.7 million, down \$1.4 million from the prior year. This decrease is due mainly to capital outlays and fund closeout of the TIF Riverfront.

*Major Governmental Funds*

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The fund balance of the General Fund decreased from \$4.0 million to \$3.4 million at year end. Ending cash balance of \$2.0 million was better than budget projections established by Council approval.

Revenues exceeded budget by \$1.2 million, largely from better than anticipated state income tax and municipal tax receipts for the year. Sales tax income declined slightly this year but, building permits and interest income remained strong. Expenditures were \$1.2 million less than budget due to the carryover of capital projects for the street program, public safety renovation program and capital equipment purchases.

### *Proprietary Funds*

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

### *Major Proprietary Funds*

The main proprietary funds operated by the City are the Electric and the Water and Sewer funds. In the Electric Fund consumption was up almost 8% over the same period last year. With the rate increase in place, revenues showed strong positive growth for the year mirroring consumption. Capital projects highlighted by system improvement and development projects, the prairie state program and the underground cable replacement program. In the Water and Sewer Fund, with consumption up 10% compared to the prior year, the rate increase coupled with favorable operating expenses and grant revenues helped to keep a positive bottom line. Capital projects highlighted by the wastewater plant phase two, sanitary sewer rehab and the water treatment facility project.

### *General fund Budgetary Highlights*

The original budget was amended for various programs throughout the year. Mosquito control and the high school parking signage caused amendments of \$5 thousand and \$5 thousand respectively, as well as, a \$24 thousand adjustment for the laptop computers and firewall software protection. Carry over budget amendments were made for City vehicle replacement at \$15 thousand and Public Safety building improvements at \$435 thousand. Finally, the general fund was amended by \$13 thousand to cover repairs to the Fire Department snorkel truck and \$92 thousand for the eastside streetscape improvements.

### *Capital Assets*

The City established a policy of capitalizing assets with \$5,000 or more in value. The City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of April 30, 2006, was \$187 million with \$96 million in governmental activities and \$91 million in business-type activities. Major capital asset events during the current fiscal year include the Western Avenue feeder project, the electric underground cable project, GIS system upgrades, capital vehicle replacement, Cemetery parking lot, and the Tri Com facility.

### *Long-Term Debt*

At the end of the fiscal year, the City had total bonded debt outstanding of \$59.8 million. Of this total, \$25.9 million or 43% represents general obligation bonds, \$21.0 million or 35% in revenue bonds and \$10.0 million or 17% in notes payable. Additions for the year of \$7.0 million are derived mainly from general obligation bonds and are offset by \$5.3 million in reductions. As a non-home rule government, under Illinois law, the City is limited in issuing debt.

### *Bond Ratings*

Moody's Investors Service has reviewed and assigned an Aa3 rating on the City's general obligation bonds as of December 2005 and previously assigned an A2 rating on their general obligation limited tax bonds.

### *Economic Factors*

The local City economy continues to hold its own in spite of a weak but improving State economy. The City of Geneva is primarily a residential community that relies heavily on property taxes, sales taxes from its two major business districts, and municipal tax from the City's electric and water utilities. Building permits are holding their own but declining as the City builds out.

The City's official population currently stands at 21,901 representing a 12.2% increase from the 2000 census. Growth in the western portion of the community precipitated a special census completed the year before.

### *Contacting the City's Financial Management*

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the City's Finance Department at City of Geneva, 22 S 1st Street, Geneva, Illinois 60134 or access their website at [www.geneva.il.us](http://www.geneva.il.us).

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## BASIC FINANCIAL STATEMENTS



**City of Geneva, Illinois**  
**STATEMENT OF NET ASSETS**  
April 30, 2006

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 6,432,802	\$ 12,121,496	\$ 18,554,298
Receivables			
Property taxes - net	5,230,138	-	5,230,138
Accounts	157,175	3,220,478	3,377,653
Other	316,373	706,395	1,022,768
Internal balances	(2,282)	2,282	-
Due from other governments	1,926,258	-	1,926,258
Restricted cash and equivalents	-	852,871	852,871
Inventory	81,872	476,975	558,847
Capital assets, not being depreciated	15,278,573	6,034,777	21,313,350
Capital assets, net of accumulated depreciation	80,757,306	85,044,373	165,801,679
Unamortized bond costs	-	509,511	509,511
	<u>110,178,215</u>	<u>108,969,158</u>	<u>219,147,373</u>
Total assets			
<b>LIABILITIES</b>			
Accounts payable	1,139,310	2,249,828	3,389,138
Accrued payroll	213,500	68,718	282,218
Accrued interest	247,809	658,267	906,076
Other unearned revenue	160,665	26,225	186,890
Deposits payable	155,541	-	155,541
Other payables	-	630	630
Unearned property taxes	5,230,138	-	5,230,138
Bond premium	-	411,217	411,217
Noncurrent liabilities			
Due within one year	1,947,573	1,754,437	3,702,010
Due in more than one year	20,834,338	35,232,632	56,066,970
	<u>29,928,874</u>	<u>40,401,954</u>	<u>70,330,828</u>
Total liabilities			
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	77,100,005	54,488,114	131,588,119
Restricted for:			
Debt service	260,318	586,031	846,349
Permanent funds	373,224	-	373,224
Capital projects	(124,892)	361,485	236,593
Special revenues	350,494	-	350,494
Unrestricted	2,290,192	13,131,574	15,421,766
	<u>80,249,341</u>	<u>68,567,204</u>	<u>148,816,545</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, 2006

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants	Capital Grants
<b>Governmental activities:</b>				
Legislative	\$ 288,627	\$ -	\$ -	\$ -
Administrative and financial	1,248,220	1,477,865	-	-
Public works	546,900	-	-	-
Maintenance	258,834	86,893	-	-
Storm drainage	52,398	-	-	-
Buildings, planning and zoning	711,299	-	-	-
Police	5,055,765	344,163	-	-
Fire	3,360,077	61,300	-	-
Police and Fire Commission	16,243	-	-	-
Streets and walks	10,959,491	-	657,261	-
Tri-Com operating expenditures	1,754,374	1,284,875	-	125,000
Interest	1,065,323	-	-	-
<b>Total governmental activities</b>	<b>25,317,551</b>	<b>3,255,096</b>	<b>657,261</b>	<b>125,000</b>
<b>Business-type activities:</b>				
Electric light	23,736,744	26,566,252	57,000	-
Waterworks and sewerage	5,392,241	6,446,710	581,475	-
Parking facilities revenue	304,426	342,532	-	-
Refuse	168,654	145,846	-	-
Cemetery	102,973	59,042	-	-
<b>Total business-type activities</b>	<b>29,705,038</b>	<b>33,560,382</b>	<b>638,475</b>	<b>-</b>
<b>Total</b>	<b>\$ 55,022,589</b>	<b>\$ 36,815,478</b>	<b>\$ 1,295,736</b>	<b>\$ 125,000</b>

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

Total general revenues and transfers

Change in net assets

Net assets - beginning

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
\$ (288,627)	\$ -	\$ (288,627)
229,645	-	229,645
(546,900)	-	(546,900)
(171,941)	-	(171,941)
(52,398)	-	(52,398)
(711,299)	-	(711,299)
(4,711,602)	-	(4,711,602)
(3,298,777)	-	(3,298,777)
(16,243)	-	(16,243)
(10,302,230)	-	(10,302,230)
(344,499)	-	(344,499)
(1,065,323)	-	(1,065,323)
<u>(21,280,194)</u>	<u>-</u>	<u>(21,280,194)</u>
-	2,886,508	2,886,508
-	1,635,944	1,635,944
-	38,106	38,106
-	(22,808)	(22,808)
-	(43,931)	(43,931)
<u>-</u>	<u>4,493,819</u>	<u>4,493,819</u>
<u>(21,280,194)</u>	<u>4,493,819</u>	<u>(16,786,375)</u>
6,884,362	-	6,884,362
84,605	-	84,605
7,243,595	-	7,243,595
2,614,766	-	2,614,766
367,568	315,557	683,125
-	124,435	124,435
289,376	(289,376)	-
<u>17,484,272</u>	<u>150,616</u>	<u>17,634,888</u>
<u>(3,795,922)</u>	<u>4,644,435</u>	<u>848,513</u>
<u>84,045,263</u>	<u>63,922,769</u>	<u>147,968,032</u>
<u>\$ 80,249,341</u>	<u>\$ 68,567,204</u>	<u>\$ 148,816,545</u>

**City of Geneva, Illinois**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
April 30, 2006

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ 2,006,814	\$ 4,425,988	\$ 6,432,802
Receivables			
Property taxes - net	2,745,523	2,484,615	5,230,138
Accounts	157,175	-	157,175
Other	239,613	76,760	316,373
Due from other funds	417,192	-	417,192
Due from other governments	1,926,258	-	1,926,258
Inventory	81,872	-	81,872
	<u>\$ 7,574,447</u>	<u>\$ 6,987,363</u>	<u>\$ 14,561,810</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 547,406	\$ 559,744	\$ 1,107,150
Accrued payroll	162,959	50,541	213,500
Due to other funds	2,282	417,192	419,474
Unearned property taxes	2,745,523	2,484,615	5,230,138
Other unearned revenue	28,699	131,966	160,665
Deposit payable	152,041	3,500	155,541
Compensated absences payable	517,700	60,713	578,413
	<u>4,156,610</u>	<u>3,708,271</u>	<u>7,864,881</u>
<b>FUND BALANCES</b>			
Fund balances			
Reserved for debt service	-	260,318	260,318
Reserved for permanent funds	-	373,224	373,224
Reserved for capital projects	-	(124,892)	(124,892)
Reserved for special revenues	-	350,494	350,494
Unreserved - designated	1,521,640	-	1,521,640
Unreserved - undesignated	1,896,197	2,419,948	4,316,145
	<u>3,417,837</u>	<u>3,279,092</u>	<u>6,696,929</u>
Total liabilities and fund balances	<u>\$ 7,574,447</u>	<u>\$ 6,987,363</u>	
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			96,035,879
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.			(22,483,467)
Net assets of governmental activities			<u>\$ 80,249,341</u>

The accompanying notes are an integral part of this statement.

**City of Geneva, Illinois**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year ended April 30, 2006**

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Property taxes	\$ 2,599,861	\$ 4,284,501	\$ 6,884,362
Replacement taxes	39,814	44,791	84,605
Intergovernmental tax	7,243,595	-	7,243,595
Utility tax	2,614,766	-	2,614,766
Motor fuel tax	-	657,261	657,261
Fines and forfeits	263,193	-	263,193
Licenses and permits	407,640	-	407,640
Interest	187,977	179,591	367,568
Grants	125,000	-	125,000
Miscellaneous	886,031	1,706,502	2,592,533
<b>Total revenues</b>	<b>14,367,877</b>	<b>6,872,646</b>	<b>21,240,523</b>
<b>Expenditures</b>			
Legislative	280,967	-	280,967
Administrative and financial	846,453	-	846,453
Public works	289,005	-	289,005
Maintenance	244,729	-	244,729
Storm drainage	49,826	-	49,826
Buildings, planning and zoning	665,690	-	665,690
Police	4,296,151	-	4,296,151
Fire	2,757,274	-	2,757,274
Police and Fire Commission	16,243	-	16,243
Streets and walks	1,448,175	159,558	1,607,733
Pension - IMRF	-	625,944	625,944
Police and firefighters' pension	-	526,318	526,318
Insurance	-	170,170	170,170
Other	-	1,825,993	1,825,993
Capital outlay	4,345,138	1,341,300	5,686,438
Principal retirement	175,113	1,902,327	2,077,440
Interest and fees	56,325	1,041,436	1,097,761
<b>Total expenditures</b>	<b>15,471,089</b>	<b>7,593,046</b>	<b>23,064,135</b>
Deficiency of revenues over expenditures	(1,103,212)	(720,400)	(1,823,612)
Other financing sources (uses)			
Transfers in	999,545	1,938,294	2,937,839
Transfers out	(646,894)	(2,001,569)	(2,648,463)
Note proceeds	130,414	-	130,414
<b>Total other financing sources (uses)</b>	<b>483,065</b>	<b>(63,275)</b>	<b>419,790</b>
<b>Net change in fund balances</b>	<b>(620,147)</b>	<b>(783,675)</b>	<b>(1,403,822)</b>
Beginning of year	4,037,984	4,062,767	8,100,751
End of year	\$ 3,417,837	\$ 3,279,092	\$ 6,696,929

The accompanying notes are an integral part of this statement.

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**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, 2006

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

Net change in fund balances - total governmental funds \$ (1,403,822)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense and loss on disposal in the current period. (4,328,505)

The issuance of long-term debt (e.g. bonds, compensated absences) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt, increases in compensated absences and increases in accrued interest payable consume the current financial resources of governmental funds. 1,936,405

Change in net assets of governmental activities \$ (3,795,922)

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The accompanying notes are an integral part of this statement.

**City of Geneva, Illinois**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
Year ended April 30, 2006

	Business-type Activities - Enterprise Funds			
	Electric Light	Waterworks and Sewerage	Nonmajor Funds	Total
<b>CURRENT ASSETS</b>				
Cash and investments	\$ 2,983,066	\$ 8,621,747	\$ 516,683	\$ 12,121,496
Receivables				
Accounts	2,575,843	632,967	11,668	3,220,478
Other	704,925	1,470	-	706,395
Due from other funds	-	-	2,282	2,282
Inventory	409,505	67,470	-	476,975
	<u>6,673,339</u>	<u>9,323,654</u>	<u>530,633</u>	<u>16,527,626</u>
<b>RESTRICTED ASSETS</b>				
Cash and investments	<u>852,871</u>	<u>-</u>	<u>-</u>	<u>852,871</u>
<b>FIXED ASSETS</b>				
Land and land improvements	1,042,441	1,114,176	-	2,156,617
Buildings, plant and improvements	5,341,356	8,855,700	965,770	15,162,826
Equipment	3,843,888	476,360	115,193	4,435,441
Construction in process	164,061	4,597,487	257,608	5,019,156
Production and distribution systems	33,584,583	65,086,305	-	98,670,888
	<u>43,976,329</u>	<u>80,130,028</u>	<u>1,338,571</u>	<u>125,444,928</u>
Accumulated depreciation	<u>(9,778,814)</u>	<u>(24,222,263)</u>	<u>(364,701)</u>	<u>(34,365,778)</u>
	<u>34,197,515</u>	<u>55,907,765</u>	<u>973,870</u>	<u>91,079,150</u>
<b>OTHER ASSETS</b>				
Unamortized bond costs	<u>404,629</u>	<u>101,369</u>	<u>3,513</u>	<u>509,511</u>
<b>Total assets</b>	<u>\$ 42,128,354</u>	<u>\$ 65,332,788</u>	<u>\$ 1,508,016</u>	<u>\$ 108,969,158</u>

The accompanying notes are an integral part of this statement.

**City of Geneva, Illinois**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
Year ended April 30, 2006

	Business-type Activities - Enterprise Funds			
	Electric Light	Waterworks and Sewerage	Nonmajor Funds	Total
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 1,939,766	\$ 296,679	\$ 13,383	\$ 2,249,828
Accrued payroll	35,646	31,273	1,799	68,718
Accrued interest	476,176	182,091	-	658,267
Other payables	630	-	-	630
Notes payable	-	527,234	-	527,234
Unearned revenue	-	26,225	-	26,225
General obligation bonds payable	107,200	44,200	-	151,400
Revenue bonds payable	950,000	-	86,200	1,036,200
	<u>3,509,418</u>	<u>1,107,702</u>	<u>101,382</u>	<u>4,718,502</u>
<b>NONCURRENT LIABILITIES</b>				
Compensated absences payable	206,303	189,730	-	396,033
Bond premium, net of amortization	411,217	-	-	411,217
Notes payable	-	8,821,052	-	8,821,052
General obligation bonds payable	755,000	5,328,550	-	6,083,550
Revenue bond payable	19,580,000	-	391,600	19,971,600
	<u>20,952,520</u>	<u>14,339,332</u>	<u>391,600</u>	<u>35,683,452</u>
<b>Total liabilities</b>	<u>24,461,938</u>	<u>15,447,034</u>	<u>492,982</u>	<u>40,401,954</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	12,805,315	41,186,729	496,070	54,488,114
Restricted for debt service	586,031	-	-	586,031
Reserve - restricted accounts	-	-	361,485	361,485
Unrestricted	4,275,070	8,699,025	157,479	13,131,574
<b>Total net assets</b>	<u>\$ 17,666,416</u>	<u>\$ 49,885,754</u>	<u>\$ 1,015,034</u>	<u>\$ 68,567,204</u>

The accompanying notes are an integral part of this statement.

**City of Geneva, Illinois**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
Year ended April 30, 2006

	Business-type Activities - Enterprise Funds			
	Electric Light	Waterworks and Sewerage	Nonmajor Funds	Total
<b>OPERATING REVENUES</b>				
Charges for services	\$ 24,307,811	\$ 5,896,453	\$ 538,050	\$ 30,742,314
Charges to other funds	589,021	-	-	589,021
Taxes	1,055,970	-	-	1,055,970
Service fees	25,802	-	-	25,802
Miscellaneous	587,648	550,257	9,370	1,147,275
<b>Total operating revenues</b>	<b>26,566,252</b>	<b>6,446,710</b>	<b>547,420</b>	<b>33,560,382</b>
<b>OPERATING EXPENSES</b>				
Purchased power	17,233,819	-	-	17,233,819
Production and storage	-	413,913	-	413,913
Distribution	-	1,730,233	-	1,730,233
Plant and service	2,603,299	-	124,351	2,727,650
Sewerage treatment	-	650,007	-	650,007
Sewerage collection	-	617,160	-	617,160
Sewerage monitoring	-	86,203	-	86,203
State utility tax	1,050,240	-	-	1,050,240
Administration	767,625	-	229,358	996,983
Depreciation	1,029,998	1,549,898	41,067	2,620,963
Lease payments	-	-	45,559	45,559
Refuse collection	-	-	106,666	106,666
<b>Total operating expenses</b>	<b>22,684,981</b>	<b>5,047,414</b>	<b>547,001</b>	<b>28,279,396</b>
<b>OPERATING INCOME</b>	<b>3,881,271</b>	<b>1,399,296</b>	<b>419</b>	<b>5,280,986</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest income	83,679	220,197	11,681	315,557
Interest expense	(1,025,620)	(340,602)	-	(1,366,222)
Amortization of bond costs	(26,143)	(4,225)	(29,052)	(59,420)
Nonexpendable trust income	-	-	8,254	8,254
New development income	-	-	5,930	5,930
Miscellaneous income	110,251	-	-	110,251
<b>Total nonoperating revenues (expenses)</b>	<b>(857,833)</b>	<b>(124,630)</b>	<b>(3,187)</b>	<b>(985,650)</b>
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>3,023,438</b>	<b>1,274,666</b>	<b>(2,768)</b>	<b>4,295,336</b>

(Continued)

The accompanying notes are an integral part of this statement.

**City of Geneva, Illinois**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET ASSETS (Continued)**  
**PROPRIETARY FUNDS**  
Year ended April 30, 2006

	<u>Business-type Activities - Enterprise Funds</u>			
	<u>Electric Light</u>	<u>Waterworks and Sewerage</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<b>CAPITAL CONTRIBUTIONS</b>				
Connection fees	\$ 57,000	\$ 581,475	\$ -	\$ 638,475
Total capital contributions	<u>57,000</u>	<u>581,475</u>	<u>-</u>	<u>638,475</u>
<b>TRANSFERS OUT</b>	<u>(178,176)</u>	<u>-</u>	<u>(111,200)</u>	<u>(289,376)</u>
<b>CHANGE IN NET ASSETS</b>	2,902,262	1,856,141	(113,968)	4,644,435
<b>NET ASSETS</b>				
Beginning of year	<u>14,764,154</u>	<u>48,029,613</u>	<u>1,129,002</u>	<u>63,922,769</u>
End of year	\$ <u><u>17,666,416</u></u>	\$ <u><u>49,885,754</u></u>	\$ <u><u>1,015,034</u></u>	\$ <u><u>68,567,204</u></u>

The accompanying notes are an integral part of this statement.

**City of Geneva, Illinois**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
Year ended April 30, 2006

	Business-type Activities - Enterprise Funds			
	Electric Light	Waterworks and Sewerage	Nonmajor Funds	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 26,253,943	\$ 7,547,841	\$ 547,085	\$ 34,348,869
Payments to suppliers	(20,589,373)	(3,986,230)	(265,652)	(24,841,255)
Payments to employees	(804,827)	(1,007,885)	(231,500)	(2,044,212)
Net cash provided by operating activities	<u>4,859,743</u>	<u>2,553,726</u>	<u>49,933</u>	<u>7,463,402</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers out	(178,176)	-	(111,200)	(289,376)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(1,546,908)	(1,850,572)	(124,819)	(3,522,299)
Bond proceeds	-	5,000,000	-	5,000,000
Principal paid on revenue bonds	(635,000)	-	(82,000)	(717,000)
Interest paid on revenue bonds, general obligation bonds and capital leases	(1,037,533)	(249,685)	(29,052)	(1,316,270)
Principal paid on note payable	-	(515,183)	-	(515,183)
Principal paid on general obligation bonds	(100,350)	(42,000)	-	(142,350)
Net cash provided by (used in) capital and related financing activities	<u>(3,319,791)</u>	<u>2,342,560</u>	<u>(235,871)</u>	<u>(1,213,102)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income	83,679	220,197	11,681	315,557
Nonexpendable trust income	-	-	8,254	8,254
New development income	-	-	5,930	5,930
Net cash provided by investing activities	<u>83,679</u>	<u>220,197</u>	<u>25,865</u>	<u>329,741</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,445,455</b>	<b>5,116,483</b>	<b>(271,273)</b>	<b>6,290,665</b>
<b>CASH AND CASH EQUIVALENTS, including restricted portion</b>				
Beginning of year	<u>2,390,482</u>	<u>3,505,264</u>	<u>787,956</u>	<u>6,683,702</u>
End of year	<u>\$ 3,835,937</u>	<u>\$ 8,621,747</u>	<u>\$ 516,683</u>	<u>\$ 12,974,367</u>
<b>RECONCILIATION</b>				
Cash and cash equivalents				
Unrestricted	\$ 2,983,066	\$ 8,621,747	\$ 516,683	\$ 12,121,496
Restricted	852,871	-	-	852,871
	<u>\$ 3,835,937</u>	<u>\$ 8,621,747</u>	<u>\$ 516,683</u>	<u>\$ 12,974,367</u>

(Continued)

The accompanying notes are an integral part of this statement.

**City of Geneva, Illinois**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
Year ended April 30, 2006

	Business-type Activities - Enterprise Funds			
	Electric Light	Waterworks and Sewerage	Nonmajor Funds	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating income	\$ 3,881,271	\$ 1,399,296	\$ 419	\$ 5,280,986
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	1,029,998	1,549,898	41,067	2,620,963
Connection fees	57,000	581,475	-	638,475
Miscellaneous income	110,251	-	-	110,251
Change in assets and liabilities				
Accounts receivable	(215,222)	(71,322)	(335)	(286,879)
Other receivables	(264,338)	590,978	-	326,640
Inventory	36,902	2,200	-	39,102
Unamortized bond costs	-	(105,594)	700	(104,894)
Accounts payable	465,741	(1,231,792)	11,983	(754,068)
Due to other funds	-	-	(4,041)	(4,041)
Accrued payroll	(2,136)	(6,025)	140	(8,021)
Other payables	(178,958)	(117,408)	-	(296,366)
Bond premium	(25,700)	-	-	(25,700)
Compensated absences payable	(35,066)	(37,980)	-	(73,046)
Net cash provided by operating activities	<u>\$ 4,859,743</u>	<u>\$ 2,553,726</u>	<u>\$ 49,933</u>	<u>\$ 7,463,402</u>

The accompanying notes are an integral part of this statement.

**City of Geneva, Illinois**  
**STATEMENT OF NET ASSETS**  
**PENSION TRUST FUNDS**  
April 30, 2006

	Firefighters' Pension Fund	Police Pension Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 75,104	\$ 964,874	\$ 1,039,978
Accrued interest	-	25,272	25,272
Prepaid expenses	-	1,753	1,753
Investments, at fair value:			
U.S. government securities	3,644,033	5,600,214	9,244,247
Insurance contracts	1,641,508	1,245,531	2,887,039
Mutual funds and stock equities	1,138,556	4,480,449	5,619,005
<b>Total assets</b>	<b>6,499,201</b>	<b>12,318,093</b>	<b>18,817,294</b>
<b>LIABILITIES</b>			
Accounts payable	-	6,610	6,610
<b>NET ASSETS</b>			
Held in trust for pension benefits	\$ <u>6,499,201</u>	\$ <u>12,311,483</u>	\$ <u>18,810,684</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, 2006

	Firefighters' Pension	Police Pension	Total
<b>Additions</b>			
<b>Contributions</b>			
Employer	\$ 218,830	\$ 307,488	\$ 526,318
Plan member	149,835	329,297	479,132
<b>Total contributions</b>	<b>368,665</b>	<b>636,785</b>	<b>1,005,450</b>
Net investment income	339,816	1,025,441	1,365,257
<b>Total additions</b>	<b>708,481</b>	<b>1,662,226</b>	<b>2,370,707</b>
<b>Deductions</b>			
Administration	11,171	101,093	112,264
Benefits	72,318	433,071	505,389
<b>Total deductions</b>	<b>83,489</b>	<b>534,164</b>	<b>617,653</b>
<b>Net increase</b>	<b>624,992</b>	<b>1,128,062</b>	<b>1,753,054</b>
<b>Net assets held in trust for pension benefits</b>			
Beginning of year	5,874,209	11,183,421	17,057,630
End of year	\$ 6,499,201	\$ 12,311,483	\$ 18,810,684

The accompanying notes are an integral part of this statement.

**City of Geneva, Illinois**  
**INDEX FOR NOTES TO FINANCIAL STATEMENTS**

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	Page
Note 1. Summary of Significant Accounting Policies	
Reporting Entity	26
Change in Accounting Principles	26
Government-wide and Fund Financial Statements	27
Fund Accounting	27-29
Measurement Focus, Basis of Accounting and Financial Statement Presentation	29-31
Cash and Cash Equivalents	32
Investments	32
Short-term Interfund Receivables/Payables	32
Property Taxes	32
Receivables	33
Inventories	33
Restricted Assets	33
Capital Assets	33-34
Compensated Absences	34
Long-term Obligations	34
Fund Equity	35
Interfund Transactions	35
Self-Insurance	35
Use of Estimates	35
Note 2. Reconciliation of Government-wide and Fund Financial Statements	
Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Assets	36
Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities	36-37
Note 3. Compliance and Accountability	37
Note 4. Deposits with Financial Institutions and Investments	
Cash	38
Certificates of Deposits	38
Investments (excluding Pension Funds)	38-39
Pension Investment Policy	40
Reconciliation	40

**City of Geneva, Illinois**  
INDEX FOR NOTES TO FINANCIAL STATEMENTS

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	<u>Page</u>
Note 5. Capital Assets	
Governmental Activities	41
Business-type Activities	42
Depreciation Expense	43
Note 6. Long-term Liabilities	
Changes in Long-term Liabilities	44
General Obligation Bonds	45-46
Special Service Area Bonds	46-47
Revenue Bonds	47-48
Tax Increment Financing Bonds	48-49
Notes Payable	49-51
Note 7. Electric Light Fund	51-53
Note 8. Segment Information for Enterprise Funds	54
Note 9. Commitments and Contingencies	54-55
Note 10. Postemployment Health Care Benefits	55
Note 11. Conduit Debt	55
Note 12. Interfund Transfers	56-57
Note 13. Fund Balance Designation	58
Note 14. Pension and Retirement Fund Commitments	58-63

**City of Geneva, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2006

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NOTE 1. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

A. Reporting Entity

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The financial reporting entity is defined as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government and fiscal dependency on the primary government. Based on these criteria, the City does not have any component units.

B. Change in Accounting Principles

In March 2003, GASB released Statement No. 40 "Deposit and Investment Risk Disclosures - an amendment of GASB Statement No.3". The statement is effective for fiscal periods beginning after June 15, 2004. The City has implemented this statement for the fiscal period ending April 30, 2006. Statement No. 40 address common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. As an element of interest rate risk, this statement requires certain disclosures of investments that have fair value that are highly sensitive to change in interest rates. Deposit and investment policies related to the risks identified in this statement are also disclosed.

**City of Geneva, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2006

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

C. Government-wide and Fund Financial Statements

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

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

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

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.

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

**City of Geneva, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2006

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

D. Fund Accounting (Continued)

Governmental Funds

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

General Fund

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

Special Revenue Funds

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

Debt Service Fund

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

Capital Projects Funds

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

Proprietary Funds

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

**City of Geneva, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2006

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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.

Trust and Agency Funds

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

Permanent Fund

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

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

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

**City of Geneva, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2006

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

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

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

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

The City reports the following major governmental fund:

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

The City reports the following major proprietary funds:

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

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.

**City of Geneva, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2006

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

The City reports 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.

**City of Geneva, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2006

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

F. Cash and Cash Equivalents

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

G. Investments

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

H. Short-term Interfund Receivables/Payables

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

I. Property Taxes

Property taxes are levied the first Tuesday in December and attach as an enforceable lien on property on January 1, and are payable in two installments on June 1 and September 1 subsequent to the year of levy. Property tax receivable is shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to 1.5 percent of outstanding property taxes at April 30, 2005.

**City of Geneva, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2006

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

J. 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.

K. Inventories

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

L. 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.

M. Capital Assets

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

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

**City of Geneva, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2006

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

M. Capital Assets (Continued)

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

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

N. Compensated Absences

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

O. Long-term Obligations

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

**City of Geneva, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2006

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

P. Fund Equity

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

Q. 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.

R. 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.

S. Use of Estimates

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

**City of Geneva, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2006

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 \$22,483,467 difference are as follows:

General obligation bonds payable	\$ 19,640,050
Special service area bonds	442,000
Tax increment financing bonds	607,151
Notes payable	628,152
Accrued interest payable	247,809
Accrued pension obligation	32,160
Compensated absences payable	<u>886,145</u>
Net adjustment to reduce fund-balance total governmental funds to arrive at net assets – governmental activities.	<u>\$ 22,483,467</u>

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

The government funds statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$4,328,505 decrease are as follows:

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2006

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

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

Capital outlay	\$ 1,775,800
Depreciation expense	(6,096,035)
Loss on disposal	<u>(8,270)</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net assets of governmental activities	<u>\$ (4,328,505)</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 \$1,936,405 increase are as follows:

Accrued interest	\$ 32,438
Compensated absences	15,197
Issuance of notes payable	(130,414)
Accrued pension obligation	(58,256)
Principal payments on long-term liabilities	<u>2,077,440</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net assets of governmental activities	<u>\$ 1,936,405</u>

NOTE 3. - COMPLIANCE AND ACCOUNTABILITY

The following funds had a deficit fund balance as of April 30, 2006:

Illinois Municipal Retirement Fund	\$ 442,782
TIF Riverfront Development Construction	261,684
Special Service Area #12 Construction	88

**City of Geneva, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2006

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NOTE 4. - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

A. Cash

The carrying amount of cash was \$12,817,415 at April 30, 2006, including petty cash of \$1,150, while bank balances were \$13,186,082. 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.

B. Certificates of Deposit

Certificates of Deposit amount to \$59,226 at April 30, 2006. All Certificates of Deposit were either insured by the Federal Deposit Insurance Corporation (FDIC) or are held in a third party institution in the name of the City. Bank deposits over FDIC insurable limits are secured by collateral to protect deposits in a single financial institution if it were to default. Collateral will have a market value equivalent to at least 100% of deposits at that particular institution. The collateral shall be marked to market and adjusted on at least a monthly basis.

C. Investments (excluding Pension Funds)

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

**City of Geneva, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2006

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

C. Investments (excluding Pension Funds) (Continued)

The following schedule reports the fair values and maturities (using the segmented time distribution method) for the City's investments at April 30, 2006.

Investment Type	Fair Value	Investment Maturities (in years)			Quality Rating
		Less than 1	1-2	3-5	
State Agencies	\$ 6,235,528	\$ 6,235,528	\$	\$	AAA
U.S. Agencies	295,000	40,000	50,000	205,000	AAA
Total	\$ 6,530,528	\$ 6,275,528	\$ 50,000	\$ 205,000	

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 five years from the time of purchase.

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

Concentration of Credit Risk - the City places no limits on the amount that may be invested in any one issuer. As of April 30, 2006, 95% of the City's investments are in the Illinois Funds Money Market Funds.

**City of Geneva, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2006

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

D. Pension Funds investment policy

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.

E. Reconciliation

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

Carrying value of cash	\$ 12,817,415
Carrying value of certificates of deposits	59,226
Carrying value of investments	<u>6,530,528</u>
	<u>\$ 19,407,169</u>
Cash and investments	\$ 18,554,298
Cash and investments - restricted	<u>852,871</u>
	<u>\$ 19,407,169</u>

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2006

**NOTE 5. - CAPITAL ASSETS**

Capital asset activity for the year ended April 30, 2006 was as follows:

**A. Governmental Activities:**

	<u>May 1,</u> <u>2005</u>	<u>Increases</u>	<u>Disposals</u>	<u>April 30,</u> <u>2006</u>
Capital assets, not being depreciated				
Land	\$ 13,201,976	\$ -	\$ -	\$ 13,201,976
Construction in progress	<u>3,387,223</u>	<u>1,320,848</u>	<u>(2,631,474)</u>	<u>2,076,597</u>
Total capital assets, not being depreciated	<u>16,589,199</u>	<u>1,320,848</u>	<u>(2,631,474)</u>	<u>15,278,573</u>
Capital assets, being depreciated				
Buildings	11,800,402	2,234,120	-	14,034,522
Machinery and equipment	5,278,459	223,480	(202,175)	5,299,764
Land improvements	932,254	-	-	932,254
Infrastructure	<u>124,090,747</u>	<u>628,826</u>	<u>-</u>	<u>124,719,573</u>
Total capital assets, being depreciated	<u>142,101,862</u>	<u>3,086,426</u>	<u>(202,175)</u>	<u>144,986,113</u>
Less accumulated depreciation for				
Buildings	3,180,380	242,590	-	3,422,970
Machinery and equipment	3,825,415	328,181	(193,905)	3,959,691
Land improvements	192,790	40,838	-	233,628
Infrastructure	<u>51,128,092</u>	<u>5,484,426</u>	<u>-</u>	<u>56,612,518</u>
Total accumulated depreciation	<u>58,326,677</u>	<u>6,096,035</u>	<u>(193,905)</u>	<u>64,228,807</u>
Total capital assets, being depreciated, net	<u>83,775,185</u>	<u>(3,009,609)</u>	<u>(8,270)</u>	<u>80,757,306</u>
Governmental activities capital assets, net	<u>\$ 100,364,384</u>	<u>\$ (1,688,761)</u>	<u>\$ (2,639,744)</u>	<u>\$ 96,035,879</u>

**City of Geneva, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2006

NOTE 5. - CAPITAL ASSETS (Continued)

B. Business-type Activities:

	May 1, 2005	Increases	Disposals	April 30, 2006
Capital assets, not being depreciated				
Land	\$ 1,015,621	\$ -	\$ -	\$ 1,015,621
Construction in progress	20,643,524	1,529,457	(17,153,825)	5,019,156
Total capital assets, not being depreciated	21,659,145	1,529,457	(17,153,825)	6,034,777
Capital assets, being depreciated				
Land improvements	1,140,996	-	-	1,140,996
Buildings, plant and improvements	15,088,482	74,344	-	15,162,826
Equipment	3,068,191	1,390,250	(23,000)	4,435,441
Production and distribution systems	80,988,815	17,682,073	-	98,670,888
Total capital assets, being depreciated	100,286,484	19,146,667	(23,000)	119,410,151
Less accumulated depreciation for				
Land improvements	117,183	3,378	-	120,561
Buildings	5,454,204	311,419	-	5,765,623
Machinery and equipment	977,444	225,324	(23,000)	1,179,768
Infrastructure	25,218,984	2,080,842	-	27,299,826
Total accumulated depreciation	31,767,815	2,620,963	(23,000)	34,365,778
Total capital assets, being depreciated, net	68,518,669	16,525,704	-	85,044,373
Business-type activities capital assets, net	\$ 90,177,814	\$ 18,055,161	\$ (17,153,825)	\$ 91,079,150

**City of Geneva, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2006

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NOTE 5. - CAPITAL ASSETS (Continued)

C. Depreciation Expense

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

Governmental activities:

Administration and financial	\$ 126,276
Public works	240,184
Police	75,605
Fire	196,481
Streets and walks	5,258,660
Tri-Com operating expenditures	<u>198,829</u>
	<u>\$ 6,096,035</u>

Business – type activities:

Electric light	\$ 1,029,998
Waterworks and sewerage	1,549,898
Nonmajor business - type activities	<u>41,067</u>
	<u>\$ 2,620,963</u>

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2006

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	\$ 862,200	\$ -	\$ 20,530,000	\$ -	\$ -	\$ 206,303	\$ 21,598,503
Water and sewerage	5,372,750	-	-	-	9,348,286	189,730	14,910,766
Parking facilities	-	-	477,800	-	-	-	477,800
 Total business-type activities	 6,234,950	 -	 21,007,800	 -	 9,348,286	 396,033	 36,987,069
Due within one year	151,400	-	1,036,200	-	527,234	39,603	1,754,437
<u>Governmental fund activities</u>							
Tri-Com fund	-	-	-	-	58,376	187,115	245,491
All other funds	19,640,050	442,000	-	607,151	569,776	1,277,443	22,536,420
 Total governmental fund activities	 19,640,050	 442,000	 -	 607,151	 628,152	 1,464,558	 22,781,911
Due within one year	1,048,600	72,000	-	98,496	150,064	578,413	1,947,573
 Total all funds	 \$ 25,875,000	 \$ 442,000	 \$ 21,007,800	 \$ 607,151	 \$ 9,976,438	 \$ 1,860,591	 \$ 59,768,980
 Beginning of year	 \$ 22,040,000	 \$ 510,000	 \$ 21,724,800	 \$ 1,479,262	 \$ 10,475,886	 \$ 1,900,888	 \$ 58,130,836
Additions	5,000,000	-	-	-	130,414	1,860,591	6,991,005
Deletions	(1,165,000)	(68,000)	(717,000)	(872,111)	(629,862)	(1,900,888)	(5,352,861)
 End of year	 \$ 25,875,000	 \$ 442,000	 \$ 21,007,800	 \$ 607,151	 \$ 9,976,438	 \$ 1,860,591	 \$ 59,768,980

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2006

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:

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.	5,675,000
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.	1,135,000
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.	5,000,000
1998 Bonds, \$9,460,000 original amount due in annual installments of \$200,000 to \$975,000, with interest ranging from 4.30% to 4.35%, payable through March 1, 2018.	8,000,000
1997 Bonds, \$1,890,000 original amount due in annual installments of \$120,000 to \$180,000, with interest ranging from 5.10% to 5.60%, 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.	1,065,000
Total General Obligation Bonds	\$ <u>25,875,000</u>

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2006

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:

<u>Year Ending April 30,</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 1,200,000	\$ 1,231,546
2008	1,255,000	1,151,931
2009	1,255,000	1,097,054
2010	1,275,000	1,041,780
2011	1,100,000	753,639
2012-2016	7,345,000	4,077,088
2017-2021	6,930,000	1,810,837
2022-2026	2,865,000	931,639
2027-2030	2,650,000	298,701
Total	\$ <u>25,875,000</u>	\$ <u>12,394,215</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:

1992 Ad Valorem Special Service Area #12 Bonds for \$578,000 original amount, due in semi-annual installments of \$15,500 to \$27,500 with interest at 6.50%, payable through July 1, 2007.	\$ 90,000
2001 Ad Valorem Special Service Area #12 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.	<u>352,000</u>
Total Special Service Area Bonds	<u>\$ 442,000</u>

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2006

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
2007	\$ 72,000	\$ 22,159
2008	45,000	17,726
2009	14,000	16,144
2010	15,000	15,556
2011	16,000	14,888
2012-2016	90,000	62,716
2017	190,000	9,785
Total	\$ <u>442,000</u>	\$ <u>158,974</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:

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%. \$ 17,950,000

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%. 2,580,000

Parking Facility Fund

\$850,000 Series of 2000 Revenue Bonds due in annual installments of \$82,000 to \$105,000, payable through October 10, 2010, with interest at 5.10% to 5.30%. 477,800

Total Revenue Bonds \$ 21,007,800

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2006

NOTE 6. - LONG-TERM LIABILITIES (Continued)

D. Revenue Bonds (Continued)

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

Year Ending April 30,	Principal	Interest
2007	\$ 1,036,200	\$ 1,014,451
2008	1,065,600	978,742
2009	1,110,300	935,963
2010	1,170,200	878,508
2011	1,390,500	818,043
2012-2016	6,305,000	3,106,122
2017-2021	8,185,000	1,307,524
2022	745,000	18,625
Total	\$ 21,007,800	\$ 9,057,978

E. Tax Increment Financing Bonds

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

2002 Series Tax Increment Revenue Bond for \$350,000 original amount, due in annual installments of \$56,057 payable through October 1, 2010, with interest at 2.90%.	\$ 257,151
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%.	350,000
Total Tax Increment Financing Bonds	\$ 607,151

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2006

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
2007	\$ 98,496	\$ 28,655
2008	99,922	24,104
2009	101,377	19,524
2010	102,900	14,876
2011	104,456	10,195
2012-2013	100,000	7,032
<b>Total</b>	<b>\$ 607,151</b>	<b>\$ 104,386</b>

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

F. Notes Payable

General Fund

In June, 2002, the City obtained a loan for \$214,731 to use for Special Service Area #1. Annual installments of \$32,441 are due through June 1, 2010, with interest at 4.35%.	\$ 142,761
In June, 2003, the City obtained a loan for \$278,908 to use for the purchase of a new fire engine. Principal payments of \$39,844 are due annually through June 15, 2010, with interest at 2.30%	199,220
In October, 2004, the City obtained a loan for \$120,000 to use for the purchase of capital equipment. Principal payments of \$22,441 to \$25,484 are due annually beginning October 30, 2005 through October 30, 2009, with interest at 3.10%.	97,381
In 2005, the City obtained two loans for a total of \$130,414 to use for the purchase of capital equipment. Principal payments of \$19,074 to \$49,415 are due annually beginning March 1, 2007 through March 1, 2011, with interest at 4.0%.	<u>130,414</u>
<b>Total General Fund</b>	<b>\$ <u>569,776</u></b>

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2006

NOTE 6. - LONG-TERM LIABILITIES (Continued)

F. Notes Payable (Continued)

Tri-Com Fund

During 2005, the City obtained a loan for \$569,200 to use for the purchase of capital equipment. At April 30, 2006, Tri-Com had drawn \$293,846 on the note. Principal payments of \$81,314 are due annually beginning October 18, 2005 through October 18, 2011, with interest at 3.22%. This note was issued through an intergovernmental cooperative agreement with two other governmental entities. Under the agreement, the City is directly responsible for 29.22% of the overall debt, or \$199,784 at April 30, 2006; however, if the other governments default, the other cities would be liable for the remaining balance.

\$ 58,376

Total Tri-Com Fund

\$ 58,376

Waterworks and Sewerage Fund

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

\$ 103,897

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.

4,190,957

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.

5,053,432

Total Waterworks and Sewerage Fund

9,348,286

Total Notes Payable

\$ 9,976,438

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2006

NOTE 6. - LONG-TERM LIABILITIES (Continued)

F. Notes Payable (Continued)

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

Year Ending April 30,	Principal	Interest
2007	\$ 675,720	\$ 260,604
2008	668,845	241,932
2009	625,464	224,827
2010	626,727	204,924
2011	626,892	188,466
2012-2016	2,834,854	713,971
2017-2021	3,050,712	323,419
2022-2024	867,224	33,716
Total	\$ <u>9,976,438</u>	\$ <u>2,191,859</u>

NOTE 7. - ELECTRIC LIGHT FUND

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

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2006

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NOTE 7. - 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 the credit of any of the accounts, the deficiency is to be made up in the following month or months after payments into all accounts enjoying a claim to revenue have been met in full. The manner specified is as follows:

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

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

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

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

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2006

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NOTE 7. - ELECTRIC LIGHT FUND (Continued)

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

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

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

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

Restricted bond ordinance accounts	
Bond interest account	\$ 586,031
Depreciation account	<u>266,840</u>
Total	\$ <u><u>852,871</u></u>

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2006

**NOTE 8. - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The City maintains five enterprise funds which provide electricity, water and sewerage, parking services, refuse collection, and a cemetery. Segment information for the year ended April 30, 2006 is as follows:

	Combined Totals	Electric Light Fund	Waterworks and Sewerage Fund	Parking Facilities Revenue Fund	Refuse Fund	Cemetery
Operating revenues \$	33,560,382	\$ 26,566,252	\$ 6,446,710	\$ 342,532	\$ 145,846	\$ 59,042
Depreciation	2,620,963	1,029,998	1,549,898	34,737	2,774	3,556
Operating income	5,280,986	3,881,271	1,399,296	67,158	(22,808)	(43,931)
Change in net assets	4,644,435	2,902,262	1,856,141	(61,417)	(22,808)	(29,743)
Plant, property and equipment additions	3,522,299	1,546,908	1,850,572	50,475	-	74,344
Net working capital	11,809,124	3,163,921	8,215,952	7,814	57,359	364,078
Total assets	108,969,158	42,128,354	65,332,788	981,916	84,930	441,170
Bonds and notes payable - long term	34,876,202	20,335,000	14,149,602	391,600	-	-
Total equity	68,567,204	17,666,416	49,885,754	491,235	82,629	441,170

**NOTE 9. - COMMITMENTS AND CONTINGENCIES**

**A. Parking Facilities Revenue**

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

**B. Grants**

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

**City of Geneva, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2006

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NOTE 9. - COMMITMENTS AND CONTINGENCIES (Continued)

C. Commitments

Construction

The following details commitments outstanding at April 30, 2006 related to construction contracts:

<u>Fund</u>	<u>Amount</u>
General	\$ 83,079
Waterworks and Sewerage	<u>573,471</u>
	<u>\$ 656,550</u>

D. Economic Incentive Agreements

The City has several economic development incentive agreements outstanding at April 30, 2006, expiring through January, 2020. 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 \$302,892 for fiscal year 2006.

NOTE 10. - POSTEMPLOYMENT HEALTH CARE BENEFITS

In addition to providing pension benefits, the City provides certain health care and life insurance benefits for retired public safety employees. Substantially all of the City's public safety employees may become eligible for those benefits if they reach normal retirement age while working for the City. The cost of retiree health care and life insurance benefits is fully paid by the retirees.

NOTE 11. - CONDUIT DEBT

The City has two industrial revenue bond issues outstanding, at April 30, 2006, with an aggregate par value of \$4,500,000. The City has no obligation for this debt. There were no new bond issues during the fiscal year ended April 30, 2006.

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2006

NOTE 12. - INTERFUND TRANSFERS

<u>Governmental Funds</u>	<u>Transfer Out</u>	<u>Transfer In</u>
General Fund		
Illinois Municipal Retirement	\$ 150,000	\$ -
Electric Light	-	178,176
Tri-Com	330,394	-
Working Cash	-	7,500
Combined Special Service Area	94,500	-
General Obligation	50,000	-
Special Service Area #12 Construction	5,000	-
Parking Facilities Revenue	-	111,200
Tree Nursery	-	1,840
Tax Increment Allocation	17,000	-
Motor Fuel Tax	-	700,829
	<u>646,894</u>	<u>999,545</u>
Special Revenue Funds		
Motor Fuel Tax		
General Fund	700,829	-
Combined Special Service		
Tax Increment	1,436	-
General Fund	-	94,500
Illinois Municipal Retirement		
General Fund	-	150,000
Liability Insurance		
Working Cash	-	12,649
Tax Increment Allocation		
General Fund	-	17,000
Combined Special Service Area	-	1,436
TIF Riverfront Development	1,067,315	-
Tree Nursery		
General Fund	1,840	-
Tri-Com		
General Fund	-	330,394
	<u>1,771,420</u>	<u>605,979</u>

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2006

NOTE 12. - INTERFUND TRANSFERS (Continued)

	Transfer Out	Transfer In
<u>Governmental Funds (Continued)</u>		
Capital Projects Funds		
TIF Riverfront Development		
Tax Increment Allocation	\$ -	\$ 1,067,315
Prairie Green		
General Obligation Bond 1994	160,000	-
Fire station Number Two		
General Obligation Bond 1994	50,000	-
Special Service Area #12 Construction		
General Fund	-	5,000
	210,000	1,072,315
Debt Service Fund		
General Fund	-	50,000
Prairie Green	-	160,000
Fire station Number Two	-	50,000
	-	260,000
Permanent Fund		
Working Cash		
General Fund	7,500	-
Liability Insurance	12,649	-
	20,149	-
<u>Proprietary Funds</u>		
Electric light		
General Fund	178,176	-
Parking Facilities Revenue		
General Fund	111,200	-
	289,376	-
Total All Funds	2,937,839	2,937,839
Less amounts eliminated during GASB 34 adjustments	(2,648,463)	(2,648,463)
Total internal balances	\$ 289,376	\$ 289,376

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2006

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NOTE 13. - FUND BALANCE DESIGNATION

The General Fund designated fund balance of \$1,521,640 represents amounts for street improvement projects, public safety renovations and the TIF Riverfront project.

NOTE 14. - PENSION AND RETIREMENT FUND COMMITMENTS

IMRF Plan Description and Contributions

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

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by state statute. The City is required to contribute at an actuarially determined rate. The employer rate for calendar year 2005 was 9.85 percent of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (over funded liability amortized on open basis). The amortization period at December 31, 2005 was 27 years.

For December 31, 2005, the City's annual pension cost of \$671,838 was equal to the City's required and actual contributions. The required contribution was determined as part of the December 31, 2003 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit and (d) post retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2005 actuarial valuation were based on the 2002-2004 experience study.

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2006

NOTE 14. - PENSION AND RETIREMENT FUND COMMITMENTS (Continued)

IMRF Plan Description and Contributions (Continued)

TREND INFORMATION

Actuarial Valuation Date	Annual Pension Cost (APC)	Annual Required Contributions (ARC)	Percentage of APC Contributed	Net Pension Obligation
12/31/05	\$ 671,838	\$ 671,838	100%	\$ -
12/31/04	591,188	591,188	100%	-
12/31/03	405,851	405,851	100%	-
12/31/02	295,807	295,807	100%	-
12/31/01	272,203	272,203	100%	-
12/31/00	266,291	266,291	100%	-
12/31/99	364,473	364,473	100%	-
12/31/98	257,860	257,860	100%	-
12/31/97	356,700	356,700	100%	-
12/31/96	329,392	329,392	100%	-

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, 2005 was \$2,456,853.

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2006

NOTE 14. - PENSION AND RETIREMENT FUND COMMITMENTS (Continued)

Plan Descriptions (Continued)

Police Pension Fund (Continued)

At April 30, 2005, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	15
Current employees	
Vested	25
Nonvested	12
Total current employees	37
Total	52

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

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

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

The monthly pension of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% simple interest annually thereafter.

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2006

NOTE 14. - PENSION AND RETIREMENT FUND COMMITMENTS (Continued)

Plan Descriptions (Continued)

Police Pension Fund (Continued)

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan, as actuarially determined by an enrolled actuary. By the year 2020, the City's contributions must accumulate to the point where the past service cost for the Police Pension Plan is fully funded.

Firefighter's Pension Fund

Fire sworn personnel are covered by the Firefighters' Pension Plan, which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits as well as the employee and employer contributions levels are mandated by Illinois State Statutes and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund. The City's payroll for employees covered by the Firefighters' Pension Plan for the year ended April 30, 2005 was \$1,298,758. At April 30, 2005 the Firefighters' Pension Plan membership consisted of:

Retirees, beneficiaries, and disabled employees currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	2
Current employees	
Vested	10
Nonvested	10
Total current employees	20
Total	22

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

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive a monthly retirement benefit of one-half of the monthly salary attached to the rank held in the fire service at the date of retirement. The monthly pension shall be increased by one-twelfth of 2.5% of such monthly salary for each additional month over 20 years of service through 30 years of service, to a maximum of 75% of such monthly salary.

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2006

NOTE 14. - PENSION AND RETIREMENT FUND COMMITMENTS (Continued)

Plan Descriptions (Continued)

Firefighters' Pension Fund (Continued)

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

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

Contributions and Reserves

The City's annual pension cost and net pension obligation to the Police and Firefighters' pension funds were obtained from the funds' most recent actuarial valuations (April 30, 2005) and are as follows:

	Police	Firefighters'
Annual required contribution	\$ 346,956	\$ 207,392
Interest on net pension obligation	(2,502)	545
Adjustment to annual required contribution	1,606	(350)
Annual pension cost	346,060	207,587
Contributions made	(289,509)	(205,882)
Increase in net pension obligation (benefit)	56,551	1,705
Net pension obligation (benefit) at May 1, 2005	(33,357)	7,261
Net pension obligation (benefit) at April 30, 2006	\$ 23,194	\$ 8,966

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2006

NOTE 14. - PENSION AND RETIREMENT FUND COMMITMENTS (Continued)

Plan Descriptions (Continued)

Contributions and Reserves (Continued)

Three-Year Historical Trend Information

	<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Benefit)</u>
Police	4/30/2005	\$ 346,060	83.7%	\$ 23,194
	4/30/2004	302,995	86.1%	(33,357)
	4/30/2003	245,581	100.8%	(75,405)
Firefighters	4/30/2005	\$ 207,587	99.2%	\$ 8,966
	4/30/2004	196,837	97.4%	7,261
	4/30/2003	182,886	99.8%	2,053

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, 2005, (b) actuarial cost method of entry age normal, (c) amortization method of level percent closed, (d) remaining amortization period of 28 years and (e) asset valuation method of fair market value.

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

**City of Geneva, Illinois**  
**ILLINOIS MUNICIPAL RETIREMENT FUND**  
**SCHEDULE OF FUNDING PROGRESS**  
 April 30, 2006  
 (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)
12/31/05	\$ 14,493,812	\$ 17,086,927	\$ 2,593,115	84.82%	\$ 6,820,695	38.02%
12/31/04	13,583,457	15,783,289	2,199,832	86.06%	\$ 6,532,466	33.68%
12/31/03	13,585,198	14,994,636	1,409,438	90.60%	6,302,041	22.36%
12/31/02	12,973,398	13,315,977	342,579	97.43%	5,766,225	5.94%
12/31/01	13,437,561	12,260,361	(1,177,200)	109.60%	5,347,793	0.00%
12/31/00	12,237,387	10,578,344	(1,659,043)	115.68%	4,931,325	0.00%
12/31/99	10,765,602	9,340,191	(1,425,411)	115.26%	4,631,172	0.00%
12/31/98	9,828,955	8,803,482	(1,025,473)	111.65%	4,380,167	0.00%
12/31/97	8,205,849	7,933,601	(272,248)	103.43%	4,264,997	0.00%
12/31/96	6,787,878	6,729,595	(58,283)	100.87%	3,813,568	0.00%

On a market value basis, the actuarial value of assets as of December 31, 2005 is \$14,672,434. On a market basis, the funded ratio would be 85.87%.

**City of Geneva, Illinois**  
**POLICE AND FIREFIGHTERS' PENSION FUNDS**  
 April 30, 2006  
(Unaudited)

**SCHEDULE OF FUNDING PROGRESS \***

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) --Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Percentage of Covered Payroll ((b-a)/c)
<b>Police Pension</b>						
4/30/05	\$ 11,183,421	\$ 15,272,826	\$ 4,089,405	73.2%	\$ 2,456,853	166.4%
4/30/04	10,675,705	13,849,844	3,174,139	77.1%	2,350,677	135.0%
4/30/03	10,022,450	12,310,929	2,288,479	81.4%	2,223,622	102.9%
4/30/02	9,535,153	11,166,037	1,630,884	85.4%	2,182,016	74.7%
4/30/01	9,396,911	10,219,111	822,200	92.0%	1,991,990	41.3%
4/30/00	9,353,250	9,167,151	(186,099)	102.0%	1,842,838	0.0%
<b>Firefighters' Pension</b>						
4/30/05	\$ 5,874,210	\$ 6,594,503	\$ 720,293	89.1%	\$ 1,298,758	55.5%
4/30/04	5,171,230	5,892,488	721,258	87.8%	1,194,764	60.4%
4/30/03	4,728,280	5,301,943	573,663	89.2%	1,101,480	52.1%
4/30/02	4,158,170	4,686,967	528,797	88.7%	1,026,666	51.5%
4/30/01	3,940,492	4,193,593	253,101	94.0%	1,006,676	25.1%
4/30/00	3,686,585	3,742,422	55,837	98.5%	903,769	6.2%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS \***

Fiscal Year	Police Pension Fund			Firefighters' Pension Fund		
	Annual Required Contribution	Percentage Contributed	Employer Contribution	Annual Required Contribution	Percentage Contributed	Employer Contribution
2006	\$ 346,956	83.4%	\$ 289,509	\$ 207,392	99.3%	\$ 205,882
2005	305,104	85.5%	260,947	196,780	97.4%	191,629
2004	245,581	100.8%	247,581	182,886	99.8%	182,594
2003	213,014	101.1%	215,357	174,173	99.7%	173,650
2002	177,388	124.2%	220,316	144,550	99.3%	143,538
2001	239,974	105.6%	253,413	155,257	99.5%	154,481

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

**City of Geneva, Illinois**  
**POLICE AND FIREFIGHTERS' PENSION FUNDS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**April 30, 2006**  
**(Unaudited)**

NOTE 1. - BUDGETS

During the current fiscal year, the City Council adopted a budget ordinance that follows the "Budget Act" in accordance with Illinois Statutes. In accordance with this ordinance, all estimated revenues and expenditures, by fund, must be approved by the City Council. All subsequent revisions to the adopted budget must be approved by the City Council. The budget was last amended on April 6, 2006. All funds have legally adopted budgets except for the Police Pension Fund, the Firefighters' Pension Fund and the Employer Pension Contribution Fund.

The level of control (level at which expenditures may not exceed budget) is the fund. All unencumbered annual appropriations lapse at the fiscal year-end.

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

Expenditures exceeded budgets in the following funds for the year ended April 30, 2006:

	<u>Budget</u>	<u>Expenditures</u>	<u>Overage</u>
Illinois Municipal Retirement	\$ 604,575	625,944	\$ (21,369)
Tricom	1,583,498	1,613,720	(30,222)
Liability Insurance	82,500	85,129	(2,629)
Medical and Dental Insurance	82,730	85,041	(2,311)
General Obligation Bond 1994	1,841,007	1,843,536	(2,529)
TIF Riverfront Development Construction	1,659,140	2,047,063	(387,923)
Special Service Area #12 Construction	63,548	64,196	(648)

Illinois Municipal Retirement - Overage due to under estimate of the contribution rate increase coupled with the salary rate increases.

Tricom - Overage resulted from building construction completion carryover not budgeted

Liability Insurance - Overage due to excessive workers compensation claims not budgeted.

Medical Dental Insurance - Overage due to excessive claims on dental insurance not budgeted.

General Obligation - Overage due to Financial Advisor fees not budgeted.

**City of Geneva, Illinois**  
POLICE AND FIREFIGHTERS' PENSION FUNDS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
April 30, 2006  
(Unaudited)

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

TIF Riverfront - Overage due to carryover expense from previous year as well as fund close out expenses not budgeted.

Special Service Area #12 Construction - Overage due to contract services not budgeted.

NOTE 3. - ILLINOIS MUNICIPAL RETIREMENT FUND SCHEDULE OF FUNDING  
PROGRESS DIGEST OF CHANGES

Assumptions:

The actuarial assumptions used to determine the actuarial accrued liability for 2005 are based on the 2002-2004 Experience Study.

The principal changes were:

- The 1994 Group Annuity Mortality implemented.
- For regular members, fewer normal and early retirements are expected to occur.

**City of Geneva, Illinois**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
Year ended April 30, 2006  
(Unaudited)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating revenues				
Property taxes	\$ 2,612,750	\$ 2,612,750	\$ 2,599,861	\$ (12,889)
Replacement taxes	55,160	55,160	39,814	(15,346)
Sales tax	5,674,500	5,674,500	5,988,468	313,968
State income tax	1,545,440	1,545,440	1,255,127	(290,313)
Utility tax	2,014,400	2,014,400	2,614,766	600,366
Fines and forfeits	250,300	250,300	263,193	12,893
Licenses and permits	345,000	345,000	407,640	62,640
Interest	75,000	75,000	187,977	112,977
Miscellaneous	1,011,215	1,102,415	1,011,031	(91,384)
	<u>13,583,765</u>	<u>13,674,965</u>	<u>14,367,877</u>	<u>692,912</u>
Total revenues				
Expenditures				
Total expenditures	<u>16,009,910</u>	<u>16,400,681</u>	<u>15,471,089</u>	<u>929,592</u>
Deficiency of revenues over expenditures	<u>(2,426,145)</u>	<u>(2,725,716)</u>	<u>(1,103,212)</u>	<u>1,622,504</u>
Other financing sources (uses)				
Operating transfers in	408,255	118,700	999,545	880,845
Operating transfers out	(561,300)	(459,790)	(646,894)	(187,104)
Note proceeds	-	-	130,414	130,414
	<u>(153,045)</u>	<u>(341,090)</u>	<u>483,065</u>	<u>824,155</u>
Total other financing sources (uses)				
Deficiency of revenues and other financing uses over expenditures and other financing uses	<u>\$ (2,579,190)</u>	<u>\$ (3,066,806)</u>	<u>(620,147)</u>	<u>\$ 2,446,659</u>
Fund balances				
Beginning of year			<u>4,037,984</u>	
End of year			<u>\$ 3,417,837</u>	

**SUPPLEMENTARY INFORMATION**

**City of Geneva, Illinois**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
April 30, 2006

	Special Revenue					
	Tricom	Motor Fuel Tax	Combined Special Service Area	Illinois Municipal Retirement	Public Benefit	Mental Health
<u>ASSETS</u>						
Cash and investments	\$ 844,588	\$ 78,104	\$ 300,840	\$ -	\$ 93,065	\$ 292,440
Receivables						
Property taxes - net	-	-	308,106	410,311	-	167,937
Other	-	50,186	-	-	-	-
Total assets	<u>\$ 844,588</u>	<u>\$ 128,290</u>	<u>\$ 608,946</u>	<u>\$ 410,311</u>	<u>\$ 93,065</u>	<u>\$ 460,377</u>
<u>LIABILITIES AND FUND BALANCES</u>						
<u>LIABILITIES</u>						
Accounts payable	\$ 11,745	\$ -	\$ 38,938	\$ -	\$ -	\$ 180
Accrued payroll	23,454	-	435	25,678	-	-
Due to other funds	-	-	-	417,104	-	-
Unearned property taxes	-	-	308,106	410,311	-	167,937
Other unearned revenue	131,399	-	567	-	-	-
Deposit payable	-	-	3,500	-	-	-
Compensated absences payable	60,713	-	-	-	-	-
Total liabilities	<u>227,311</u>	<u>-</u>	<u>351,546</u>	<u>853,093</u>	<u>-</u>	<u>168,117</u>
<u>FUND BALANCES (DEFICITS)</u>						
Reserved for debt service	-	-	-	-	-	-
Reserved for permanent funds	-	-	-	-	-	-
Reserved for capital projects	-	-	-	-	-	-
Reserved for special revenues	-	-	-	-	-	-
Unreserved	<u>617,277</u>	<u>128,290</u>	<u>257,400</u>	<u>(442,782)</u>	<u>93,065</u>	<u>292,260</u>
Total fund balances (deficit)	<u>617,277</u>	<u>128,290</u>	<u>257,400</u>	<u>(442,782)</u>	<u>93,065</u>	<u>292,260</u>
Total liabilities and fund balances	<u>\$ 844,588</u>	<u>\$ 128,290</u>	<u>\$ 608,946</u>	<u>\$ 410,311</u>	<u>\$ 93,065</u>	<u>\$ 460,377</u>

<u>Liability Insurance</u>	<u>Medical and Dental Insurance</u>	<u>Tax Increment Allocation</u>	<u>Tree Nursery</u>	<u>Employer Pension Contribution</u>	<u>Total Special Revenue</u>
\$ 238,919	\$ 28,232	\$ 261,684	\$ 88,810	\$ -	\$ 2,226,682
-	-	-	-	-	886,354
-	-	-	-	-	50,186
<u>\$ 238,919</u>	<u>\$ 28,232</u>	<u>\$ 261,684</u>	<u>\$ 88,810</u>	<u>\$ -</u>	<u>\$ 3,163,222</u>

\$	\$ 10,000	\$ -	\$ -	\$ -	\$ 60,863
-	-	-	-	-	49,567
-	-	-	-	-	417,104
-	-	-	-	-	886,354
-	-	-	-	-	131,966
-	-	-	-	-	3,500
-	-	-	-	-	60,713
-	10,000	-	-	-	1,610,067
-	-	-	-	-	-
-	-	-	-	-	-
-	-	261,684	88,810	-	350,494
<u>238,919</u>	<u>18,232</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,202,661</u>
<u>238,919</u>	<u>18,232</u>	<u>261,684</u>	<u>88,810</u>	<u>-</u>	<u>1,553,155</u>
<u>\$ 238,919</u>	<u>\$ 28,232</u>	<u>\$ 261,684</u>	<u>\$ 88,810</u>	<u>\$ -</u>	<u>\$ 3,163,222</u>

**City of Geneva, Illinois**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**April 30, 2006**

	Debt Service		Capital Projects			
	General	TIF			TIF	
	Obligation	Riverfront	Firestation	Special	East	Prairie
	Bond	Development	Number Two	Service	State Street	Green
	1994	Construction		Area #12	Construction	
<u>ASSETS</u>						
Cash and investments	\$ 260,318	\$ 134,429	\$ 147,055	\$ -	\$ 111,192	\$ 1,162,880
Receivables						
Property taxes - net	1,572,821	-	-	25,440	-	-
Other	-	-	-	-	26,574	-
Total assets	<u>\$ 1,833,139</u>	<u>\$ 134,429</u>	<u>\$ 147,055</u>	<u>\$ 25,440</u>	<u>\$ 137,766</u>	<u>\$ 1,162,880</u>
<u>LIABILITIES AND FUND BALANCES</u>						
<u>LIABILITIES</u>						
Accounts payable	\$ -	\$ 396,113	\$ -	\$ -	\$ -	\$ 102,768
Accrued payroll	-	-	-	-	974	-
Due to other funds	-	-	-	88	-	-
Unearned property taxes	1,572,821	-	-	25,440	-	-
Other unearned revenue	-	-	-	-	-	-
Deposit payable	-	-	-	-	-	-
Compensated absences payable	-	-	-	-	-	-
Total liabilities	<u>1,572,821</u>	<u>396,113</u>	<u>-</u>	<u>25,528</u>	<u>974</u>	<u>102,768</u>
<u>FUND BALANCES (DEFICITS)</u>						
Reserved for debt service	260,318	-	-	-	-	-
Reserved for permanent funds	-	-	-	-	-	-
Reserved for capital projects	-	(261,684)	-	-	136,792	-
Reserved for special revenues	-	-	-	-	-	-
Unreserved	-	-	147,055	(88)	-	1,060,112
Total fund balances	<u>260,318</u>	<u>(261,684)</u>	<u>147,055</u>	<u>(88)</u>	<u>136,792</u>	<u>1,060,112</u>
Total liabilities and fund balances	<u>\$ 1,833,139</u>	<u>\$ 134,429</u>	<u>\$ 147,055</u>	<u>\$ 25,440</u>	<u>\$ 137,766</u>	<u>\$ 1,162,880</u>

<u>Capital Projects</u>		<u>Permanent</u>	
<u>Street Construction</u>	<u>Total Capital Projects</u>	<u>Working Cash</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 10,208	\$ 1,565,764	\$ 373,224	\$ 4,425,988
-	25,440	-	2,484,615
-	26,574	-	76,760
<u>\$ 10,208</u>	<u>\$ 1,617,778</u>	<u>\$ 373,224</u>	<u>\$ 6,987,363</u>
\$ -	\$ 498,881	\$ -	\$ 559,744
-	974	-	50,541
-	88	-	417,192
-	25,440	-	2,484,615
-	-	-	131,966
-	-	-	3,500
-	-	-	60,713
-	525,383	-	3,708,271
-	-	-	260,318
-	-	373,224	373,224
-	(124,892)	-	(124,892)
-	-	-	350,494
10,208	1,217,287	-	2,419,948
10,208	1,092,395	373,224	3,279,092
<u>\$ 10,208</u>	<u>\$ 1,617,778</u>	<u>\$ 373,224</u>	<u>\$ 6,987,363</u>

**City of Geneva, Illinois**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**April 30, 2006**

	Special Revenue					
	Tricom	Motor Fuel Tax	Combined Special Service Area	Illinois Municipal Retirement	Public Benefit	Mental Health
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ 215,551	\$ 386,341	\$ -	\$ 158,122
Replacement taxes	-	-	-	20,591	-	-
Motor fuel tax	-	657,261	-	-	-	-
Interest	21,577	15,375	11,738	501	3,425	12,094
Miscellaneous	1,284,875	-	10,900	-	-	-
<b>Total revenues</b>	<u>1,306,452</u>	<u>672,636</u>	<u>238,189</u>	<u>407,433</u>	<u>3,425</u>	<u>170,216</u>
<b>EXPENDITURES</b>						
Streets and walks	-	-	159,558	-	-	-
Pension - IMRF	-	-	-	625,944	-	-
Police and firefighters' pension	-	-	-	-	-	-
Insurance	-	-	-	-	-	-
Capital outlay	121,021	-	-	-	-	-
Debt service						
Principal retirement	27,176	-	38,040	-	-	-
Interest and fees	-	-	25,185	-	-	-
Other	1,465,523	-	119,250	-	-	135,913
<b>Total expenditures</b>	<u>1,613,720</u>	<u>-</u>	<u>342,033</u>	<u>625,944</u>	<u>-</u>	<u>135,913</u>
Excess (deficiency) of revenues over expenditures	<u>(307,268)</u>	<u>672,636</u>	<u>(103,844)</u>	<u>(218,511)</u>	<u>3,425</u>	<u>34,303</u>
<b>Other financing sources (uses)</b>						
Transfers in	330,394	-	94,500	150,000	-	-
Transfers out	-	(700,829)	(1,436)	-	-	-
<b>Total other financing sources (uses)</b>	<u>330,394</u>	<u>(700,829)</u>	<u>93,064</u>	<u>150,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	23,126	(28,193)	(10,780)	(68,511)	3,425	34,303
<b>FUND BALANCES (DEFICIT)</b>						
Beginning of year	594,151	156,483	268,180	(374,271)	89,640	257,957
End of year	<u>\$ 617,277</u>	<u>\$ 128,290</u>	<u>\$ 257,400</u>	<u>\$ (442,782)</u>	<u>\$ 93,065</u>	<u>\$ 292,260</u>

Special Revenue

Liability Insurance	Medical and Dental Insurance	Tax Increment Allocation	Tree Nursery	Employer Pension Contribution	Total Special Revenue
\$ -	\$ -	\$ 1,256,364	\$ -	\$ 502,118	\$ 2,518,496
-	-	-	-	24,200	44,791
-	-	-	-	-	657,261
772	907	2,853	4,033	-	73,275
<u>233,144</u>	<u>81,617</u>	<u>9,073</u>	<u>-</u>	<u>-</u>	<u>1,619,609</u>
<u>233,916</u>	<u>82,524</u>	<u>1,268,290</u>	<u>4,033</u>	<u>526,318</u>	<u>4,913,432</u>
-	-	-	-	-	159,558
-	-	-	-	-	625,944
-	-	-	-	526,318	526,318
85,129	85,041	-	-	-	170,170
-	-	-	-	-	121,021
-	-	-	-	-	65,216
-	-	-	-	-	25,185
-	-	-	-	-	<u>1,720,686</u>
<u>85,129</u>	<u>85,041</u>	<u>-</u>	<u>-</u>	<u>526,318</u>	<u>3,414,098</u>
<u>148,787</u>	<u>(2,517)</u>	<u>1,268,290</u>	<u>4,033</u>	<u>-</u>	<u>1,499,334</u>
12,649	-	18,436	-	-	605,979
-	-	(1,067,315)	(1,840)	-	(1,771,420)
<u>12,649</u>	<u>-</u>	<u>(1,048,879)</u>	<u>(1,840)</u>	<u>-</u>	<u>(1,165,441)</u>
161,436	(2,517)	219,411	2,193	-	333,893
<u>77,483</u>	<u>20,749</u>	<u>42,273</u>	<u>86,617</u>	<u>-</u>	<u>1,219,262</u>
<u>\$ 238,919</u>	<u>\$ 18,232</u>	<u>\$ 261,684</u>	<u>\$ 88,810</u>	<u>\$ -</u>	<u>\$ 1,553,155</u>

**City of Geneva, Illinois**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**April 30, 2006**

	Debt Service		Capital Projects			
	General Obligation Bond 1994	TIF Riverfront Development Construction	Firestation Number Two	Special Service Area #12 Construction	TIF East State Street Construction	Prairie Green
<b>REVENUES</b>						
Property taxes	\$ 1,559,716	\$ -	\$ -	\$ 25,704	\$ 180,585	\$ -
Replacement taxes	-	-	-	-	-	-
Motor fuel tax	-	-	-	-	-	-
Interest	11,195	20,127	6,662	36	2,374	51,028
Miscellaneous	-	1,000	17,476	33,045	-	35,372
<b>Total revenues</b>	<b>1,570,911</b>	<b>21,127</b>	<b>24,138</b>	<b>58,785</b>	<b>182,959</b>	<b>86,400</b>
<b>EXPENDITURES</b>						
Streets and walks	-	-	-	-	-	-
Pension - IMRF	-	-	-	-	-	-
Police and firefighters' pension	-	-	-	-	-	-
Insurance	-	-	-	-	-	-
Capital outlay	-	1,095,526	-	-	-	124,753
Debt service						
Principal retirement	910,000	825,000	-	55,000	47,111	-
Interest and fees	933,536	65,220	-	8,548	8,947	-
Other	-	61,317	-	648	43,342	-
<b>Total expenditures</b>	<b>1,843,536</b>	<b>2,047,063</b>	<b>-</b>	<b>64,196</b>	<b>99,400</b>	<b>124,753</b>
Excess (deficiency) of revenues over expenditures	(272,625)	(2,025,936)	24,138	(5,411)	83,559	(38,353)
Other financing sources (uses)						
Transfers in	260,000	1,067,315	-	5,000	-	-
Transfers out	-	-	(50,000)	-	-	(160,000)
<b>Total other financing sources (uses)</b>	<b>260,000</b>	<b>1,067,315</b>	<b>(50,000)</b>	<b>5,000</b>	<b>-</b>	<b>(160,000)</b>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(12,625)	(958,621)	(25,862)	(411)	83,559	(198,353)
<b>FUND BALANCES (DEFICIT)</b>						
Beginning of year	272,943	696,937	172,917	323	53,233	1,258,465
End of year	\$ 260,318	\$ (261,684)	\$ 147,055	\$ (88)	\$ 136,792	\$ 1,060,112

<u>Capital Projects</u>		<u>Permanent</u>	
<u>Street Construction</u>	<u>Total Capital Projects</u>	<u>Working Cash</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 206,289	\$ -	\$ 4,284,501
-	-	-	44,791
-	-	-	657,261
429	80,656	14,465	179,591
-	86,893	-	1,706,502
<u>429</u>	<u>373,838</u>	<u>14,465</u>	<u>6,872,646</u>
-	-	-	159,558
-	-	-	625,944
-	-	-	526,318
-	-	-	170,170
-	1,220,279	-	1,341,300
-	927,111	-	1,902,327
-	82,715	-	1,041,436
-	105,307	-	1,825,993
-	2,335,412	-	7,593,046
<u>429</u>	<u>(1,961,574)</u>	<u>14,465</u>	<u>(720,400)</u>
-	1,072,315	-	1,938,294
-	(210,000)	(20,149)	(2,001,569)
-	862,315	(20,149)	(63,275)
429	(1,099,259)	(5,684)	(783,675)
<u>9,779</u>	<u>2,191,654</u>	<u>378,908</u>	<u>4,062,767</u>
<u>\$ 10,208</u>	<u>\$ 1,092,395</u>	<u>\$ 373,224</u>	<u>\$ 3,279,092</u>

**City of Geneva, Illinois**  
**COMBINING STATEMENT OF NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
April 30, 2006

	Parking Facilities Revenue	Refuse	Cemetery	Total Nonmajor Enterprise Funds
<b>CURRENT ASSETS</b>				
Cash and investments	\$ 106,895	\$ 47,992	\$ 361,796	\$ 516,683
Accounts receivable	-	11,668	-	11,668
Due from other funds	-	-	2,282	2,282
	<u>106,895</u>	<u>59,660</u>	<u>364,078</u>	<u>530,633</u>
<b>CAPITAL ASSETS</b>				
Buildings, plant and improvements	873,226	-	92,544	965,770
Equipment	-	107,194	7,999	115,193
Construction in process	257,608	-	-	257,608
	<u>1,130,834</u>	<u>107,194</u>	<u>100,543</u>	<u>1,338,571</u>
Accumulated depreciation	<u>(259,326)</u>	<u>(81,924)</u>	<u>(23,451)</u>	<u>(364,701)</u>
	<u>871,508</u>	<u>25,270</u>	<u>77,092</u>	<u>973,870</u>
<b>OTHER ASSETS</b>				
Unamortized bond costs	<u>3,513</u>	<u>-</u>	<u>-</u>	<u>3,513</u>
<b>Total assets</b>	<u>981,916</u>	<u>84,930</u>	<u>441,170</u>	<u>1,508,016</u>
<b>CURRENT LIABILITIES</b>				
Accounts payable	11,977	1,406	-	13,383
Accrued payroll	904	895	-	1,799
Revenue bonds payable	86,200	-	-	86,200
	<u>99,081</u>	<u>2,301</u>	<u>-</u>	<u>101,382</u>
<b>NONCURRENT LIABILITIES</b>				
Revenue bond payable	<u>391,600</u>	<u>-</u>	<u>-</u>	<u>391,600</u>
<b>Total liabilities</b>	<u>490,681</u>	<u>2,301</u>	<u>-</u>	<u>492,982</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	393,708	25,270	77,092	496,070
Reserved - restricted accounts	-	-	361,485	361,485
Unrestricted	<u>97,527</u>	<u>57,359</u>	<u>2,593</u>	<u>157,479</u>
<b>Total net assets</b>	<u>\$ 491,235</u>	<u>\$ 82,629</u>	<u>\$ 441,170</u>	<u>\$ 1,015,034</u>

**City of Geneva, Illinois**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
April 30, 2006

	Parking Facilities Revenue	Refuse	Cemetery	Total Nonmajor Enterprise Funds
<b>OPERATING REVENUES</b>				
Charges for services	\$ 342,532	\$ 136,476	\$ 59,042	\$ 538,050
Miscellaneous	-	9,370	-	9,370
<b>Total operating revenues</b>	<u>342,532</u>	<u>145,846</u>	<u>59,042</u>	<u>547,420</u>
<b>OPERATING EXPENSES</b>				
Plant and service	124,351	-	-	124,351
Administration	70,727	59,214	99,417	229,358
Depreciation	34,737	2,774	3,556	41,067
Lease payments	45,559	-	-	45,559
Refuse collection	-	106,666	-	106,666
<b>Total operating expenses</b>	<u>275,374</u>	<u>168,654</u>	<u>102,973</u>	<u>547,001</u>
<b>OPERATING INCOME (LOSS)</b>	<u>67,158</u>	<u>(22,808)</u>	<u>(43,931)</u>	<u>419</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Nonexpendable trust income	-	-	8,254	8,254
New development income	-	-	5,930	5,930
Interest income	11,677	-	4	11,681
Interest expense	(29,052)	-	-	(29,052)
<b>Total nonoperating revenues (expenses)</b>	<u>(17,375)</u>	<u>-</u>	<u>14,188</u>	<u>(3,187)</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	49,783	(22,808)	(29,743)	(2,768)
<b>TRANSFERS OUT</b>	<u>(111,200)</u>	<u>-</u>	<u>-</u>	<u>(111,200)</u>
<b>CHANGE IN NET ASSETS</b>	(61,417)	(22,808)	(29,743)	(113,968)
<b>NET ASSETS</b>				
Beginning of year	<u>552,652</u>	<u>105,437</u>	<u>470,913</u>	<u>1,129,002</u>
End of year	<u>\$ 491,235</u>	<u>\$ 82,629</u>	<u>\$ 441,170</u>	<u>\$ 1,015,034</u>

**City of Geneva, Illinois**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
April 30, 2006

	Parking Facilities Revenue	Refuse	Cemetery	Total Nonmajor Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 342,532	\$ 145,511	\$ 59,042	\$ 547,085
Payments to suppliers	(160,392)	(105,260)	-	(265,652)
Payments to employees	(70,758)	(59,043)	(101,699)	(231,500)
Net cash provided by (used in) operating activities	<u>111,382</u>	<u>(18,792)</u>	<u>(42,657)</u>	<u>49,933</u>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Transfers out	(111,200)	-	-	(111,200)
Net cash used in noncapital and related financing activities	<u>(111,200)</u>	<u>-</u>	<u>-</u>	<u>(111,200)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(50,475)		(74,344)	(124,819)
Interest expense	(29,052)	-	-	(29,052)
Principal paid on revenue bonds	(82,000)	-	-	(82,000)
Net cash used in capital and related financing activities	<u>(161,527)</u>	<u>-</u>	<u>(74,344)</u>	<u>(235,871)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income	11,677	-	4	11,681
Nonexpendable trust income	-	-	8,254	8,254
New development income	-	-	5,930	5,930
Net cash provided by investing activities	<u>11,677</u>	<u>-</u>	<u>14,188</u>	<u>25,865</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(149,668)</b>	<b>(18,792)</b>	<b>(102,813)</b>	<b>(271,273)</b>
<b>CASH AND CASH EQUIVALENTS</b>				
Beginning of year	<u>256,563</u>	<u>66,784</u>	<u>464,609</u>	<u>787,956</u>
End of year	<u>\$ 106,895</u>	<u>\$ 47,992</u>	<u>\$ 361,796</u>	<u>\$ 516,683</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 67,158	\$ (22,808)	\$ (43,931)	\$ 419
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	34,737	2,774	3,556	41,067
Change in assets and liabilities				
Accounts receivable	-	(335)	-	(335)
Unamortized bond costs	700	-	-	700
Accounts payable	10,577	1,406	-	11,983
Due to other funds	(1,759)	-	(2,282)	(4,041)
Accrued payroll	(31)	171	-	140
Net cash provided by (used in) operating activities	<u>\$ 111,382</u>	<u>\$ (18,792)</u>	<u>\$ (42,657)</u>	<u>\$ 49,933</u>

**City of Geneva, Illinois**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**NONMAJOR GOVERNMENTAL FUNDS AND ALL ENTERPRISE FUNDS**  
April 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Government-type Funds</b>				
Tricom	\$ 1,583,498	\$ 1,583,498	\$ 1,613,720	\$ (30,222)
Motor Fuel Tax	700,000	700,000	-	700,000
Combined Special Service Area	329,817	344,447	342,033	2,414
Illinois Municipal Retirement	604,575	604,575	625,944	(21,369)
Public Benefit	91,525	91,525	-	91,525
Mental Health	146,534	146,534	135,913	10,621
Liability Insurance	82,500	82,500	85,129	(2,629)
Medical and Dental Insurance	82,730	82,730	85,041	(2,311)
Tax Increment Allocation	-	-	-	-
Tree Nursery	1,840	1,840	-	1,840
Employer Pension Contribution *	-	-	526,318	(526,318)
General Obligation Bond 1994	1,841,007	1,841,007	1,843,536	(2,529)
TIF Riverfront Development Construction	1,701,305	1,659,140	2,047,063	(387,923)
Firestation Number Two	50,000	50,000	-	50,000
Special Service Area #12 Construction	63,548	63,548	64,196	(648)
TIF East State Street Construction	187,057	187,057	99,400	87,657
Prairie Green	1,310,000	1,310,000	124,753	1,185,247
Street Construction	-	-	-	-
Working Cash	155,000	155,000	-	155,000
<b>Proprietary-type Funds</b>				
Electric Light	23,323,975	23,955,219	23,736,744	218,475
Waterworks and Sewerage	4,924,194	5,574,194	5,392,241	181,953
Parking Facilities Revenue	11,479,222	11,460,082	304,426	11,155,656
Refuse	177,514	199,264	168,654	30,610
Cemetery	174,087	174,087	102,973	71,114

\* This fund is not budgeted.

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**OTHER SUPPLEMENTARY INFORMATION**



**City of Geneva, Illinois**  
**SCHEDULE OF INSURANCE COVERAGE AND**  
**CUSTOMER INFORMATION**  
April 30, 2006

Risk Covered	Amount of Policy	Name of Insurer	Policy Expiration
Workers' Compensation and Employer's Liability	Statutory \$ 1,000,000	Self Insured - City of Geneva Midwest Employers Casualty Co.	4/30/07
General Liability			
Occurrence			
General total	\$ 3,000,000	St. Paul Fire & Marine Insurance Co.	4/30/07
Products/completed work	3,000,000		
Personal injury	2,000,000		
Advertising injury	2,000,000		
Each occurrence	2,000,000		
Premises damage	100,000		
Claims Made			
General aggregate	\$ 2,000,000	St. Paul Fire & Marine Insurance Co.	4/30/07
Each occurrence	2,000,000		
Law enforcement liability protection	2,000,000		
Each occurrence	2,000,000		
Property			
Blanket building	\$ 33,695,895	St. Paul Fire & Marine Insurance Co.	4/30/07
Flood	5,000,000		
Earthquake	5,000,000		
Crime			
Public employee theft	\$ 500,000	St. Paul Fire & Marine Insurance Co.	4/30/07
Contractor's Equipment Floater	\$ 25,000		4/30/07
Business/Auto			
Liability	\$ 2,000,000	St. Paul Fire & Marine Insurance Co.	4/30/07
Uninsured motorist	2,000,000		
Underinsured motorist	2,000,000		

(Continued)

**City of Geneva, Illinois**  
**SCHEDULE OF INSURANCE COVERAGE AND**  
**CUSTOMER INFORMATION**  
April 30, 2006

Risk Covered	Amount of Policy	Name of Insurer	Policy Expiration
<b>Bond on Officials</b>			
City administrator	\$ 100,000	Ohio Casualty	4/30/07
Fiscal officer	100,000	Ohio Casualty	4/30/07
City treasurer	100,000	Ohio Casualty	4/30/07
City mayor	3,000	Ohio Casualty	4/30/07
<b>Umbrella Excess Liability</b>			
General total	\$ 20,000,000	St. Paul Fire & Marine Insurance Co.	4/30/07
Products/completed work	20,000,000		
Personal injury	20,000,000		
Advertising injury	20,000,000		
Each occurrence	20,000,000		
<b>Number of Customers Serviced</b>			
by the City's Utilities	10,130		

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.