

**City of Geneva, Illinois**

**Annual Financial Report**

**Year Ended April 30, 2007**

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**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, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Geneva's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2007, on our consideration of the City of Geneva, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Members  
American Institute  
of Certified Public  
Accountants  
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**Costabile & Steffens P.C.**  
Certified Public Accountants

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

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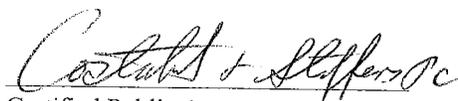
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The management's discussion and analysis on pages 3 through 9 and budgetary comparison information and the schedules of funding progress of the Illinois Municipal Retirement Fund, Police and Firefighters' Pension Funds trend information, and the notes to the required supplementary information on pages 67 through 71 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  
September 14, 2007

## MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2007

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, 2007. 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 0.56% or \$840 thousand, from \$150.1 million to \$150.9 million in 2007. Governmental net assets decreased 5.3% to \$77.2 million while business type net assets grew 7.4% to \$73.7 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 67.

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major and internal service funds are presented in a subsequent section of this report beginning on page 72.

### 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	
	2007	2006	2007	2006	2007	2006
Current Assets	\$13.7	14.1	\$ 19.1	17.4	\$ 32.8	31.5
Capital Assets	92.2	97.3	108.8	91.6	201.0	188.9
Total Assets	105.9	111.4	127.9	109.0	233.8	220.4
Long-Term Liabilities	20.7	20.8	44.7	35.2	65.4	56.0
Other Liabilities	8.0	9.1	9.5	5.2	17.5	14.3
Total Liabilities	28.7	29.9	54.2	40.4	82.9	70.3
Net Assets						
Investment in Capital						
Net of Debt	76.1	78.4	62.4	54.5	138.5	132.9
Restricted	1.0	0.8	0.0	1.0	1.0	1.8
Unrestricted	0.1	2.3	11.3	13.1	11.4	15.4
Total Net Assets	\$ 77.2	81.5	\$ 73.7	68.6	\$ 150.9	150.1

STATEMENT OF ACTIVITIES  
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Program Revenues	\$ 4.9	4.0	\$ 39.6	34.3	\$ 44.5	38.3
General Revenues	16.3	17.5	.3	0.1	16.6	17.6
Total Revenues	21.2	21.5	39.9	34.4	61.1	55.9
Expenses	25.5	24.0	34.8	29.7	60.3	53.7
Change in Assets	(4.3)	(2.5)	5.1	4.7	.8	2.2
Net Assets – Beginning	81.5	84.0	68.6	63.9	150.1	147.9
Net Assets – Ending	\$ 77.2	81.5	\$ 73.7	68.6	\$ 150.9	150.1

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 \$6.8 million, up \$100 thousand from the prior year. This increase is due mainly to the prudent use of City resources to finance ongoing operations.

*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 \$3.4 million to \$3.3 million at year end. Ending cash balance of \$2.3 million was up \$300 thousand from last year's balance.

Revenues exceeded budget by \$100 thousand, largely from better than anticipated state income tax and developer capital fees for the year. Sales tax income was slightly below expectations this year but, building permits and interest income remained strong. Expenditures were \$1.2 million less than budget due to the deferral of capital projects for the street program, river front renovation program and council chamber improvements.

### *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 with consumption up only slightly over the same period last year the second year of the planned rate increase propelled revenues to strong positive growth for the year exceeding budget projections. 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 down compared to the prior year, the rate increase could not provide revenues to achieve budget projections. Capital projects highlighted by the wastewater plant phase two, sanitary sewer rehab and the water treatment facility project.

### *General Budgetary Highlights*

The original budget was amended for various programs throughout the year. East State engineering and the Wastewater Phase II caused amendments of \$25 thousand and \$85 thousand respectively, as well as, a \$280 thousand adjustment for the underground cable replacement program. Carry over budget amendments were made for the street program at \$288 thousand, Riverfront TIF at \$154 thousand and Public Safety building improvements at \$314 thousand. Finally, the general fund was amended by \$60 thousand to recognize the increase in Hotel Tax and \$14 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, 2007, was \$200 million with \$92 million in governmental activities and \$108 million in business-type activities. Major capital asset events during the current fiscal year include the Water Treatment Facility project, the electric underground cable project, sanitary sewer rehab, capital vehicle replacement, Council Chamber improvements, and the Public Safety Building completion.

### *Long-Term Debt*

At the end of the fiscal year, the City had total bonded debt outstanding of \$65.9 million. Of this total, \$26.2 million or 37% represents general obligation bonds, \$19.7 million or 34% in revenue bonds and \$19.1 million or 26% in notes payable. Additions for the year of \$18.7 million are derived mainly from IEPA notes and are offset by \$10.6 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 refunding bonds as of December 2006 and previously assigned an Aa3 rating on their general obligation bonds the prior year.

### *Economic Factors*

As a non-home rule government, the City successfully passed a referendum to increase the local sales tax by ½% to be used for infrastructure improvements. 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 continue to hold their own in a climate of decline as the City builds out.

The City's official population currently stands at 21,901 representing a 12.2% increase from the 2000 census. The population continues to grow in the western portion of the community in anticipation of the next census to be completed in the year 2010.

### *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, 2007

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 6,135,375	\$ 11,954,605	\$ 18,089,980
Receivables			
Property taxes - net	5,320,061	-	5,320,061
Accounts	469,179	3,668,680	4,137,859
Other	142,188	1,512,789	1,654,977
Internal balances	-	-	-
Due from other governments	1,707,129	-	1,707,129
Restricted cash and equivalents	-	1,264,199	1,264,199
Inventory	76,811	674,752	751,563
Capital assets, not being depreciated	13,201,976	23,855,816	37,057,792
Capital assets, net of accumulated depreciation	78,910,723	84,416,841	163,327,564
Unamortized bond costs	-	503,664	503,664
	<u>105,963,442</u>	<u>127,851,346</u>	<u>233,814,788</u>
Total assets			
<b>LIABILITIES</b>			
Accounts payable	526,960	6,597,993	7,124,953
Accrued payroll	288,535	93,078	381,613
Accrued interest	220,361	652,818	873,179
Other unearned revenue	107,706	-	107,706
Deposits payable	123,029	-	123,029
Other payables	-	795	795
Unearned property taxes	5,320,061	-	5,320,061
Bond premium	-	385,517	385,517
Noncurrent liabilities			
Due within one year	2,241,556	1,697,592	3,939,148
Due in more than one year	19,908,367	44,743,020	64,651,387
	<u>28,736,575</u>	<u>54,170,813</u>	<u>82,907,388</u>
Total liabilities			
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	76,156,149	62,370,823	138,526,972
Restricted for:			
Debt service	256,957	1,264,199	1,521,156
Permanent funds	384,930	-	384,930
Capital projects	266,042	369,840	635,882
Special revenues	90,358	-	90,358
Unrestricted	72,431	9,675,671	9,748,102
	<u>77,226,867</u>	<u>73,680,533</u>	<u>150,907,400</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, 2007

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants	Capital Grants
<b>Governmental activities:</b>				
Legislative	\$ 394,821	\$ -	\$ -	\$ -
Administrative and financial	1,609,131	1,129,808	-	-
Public works	544,652	77,476	70,000	-
Maintenance	278,661	221,279	-	-
Storm drainage	40,831	-	-	-
Buildings, planning and zoning	758,792	-	-	-
Police	5,511,234	360,696	-	-
Fire	3,596,791	119,921	-	-
Police and Fire Commission	8,310	-	-	-
Streets and walks	9,114,585	59,583	660,059	-
Tri-Com operating expenditures	2,226,676	1,507,538	-	232,214
Interest	969,302	-	-	-
<b>Total governmental activities</b>	<b>25,053,786</b>	<b>3,476,301</b>	<b>730,059</b>	<b>232,214</b>
<b>Business-type activities:</b>				
Electric light	28,755,755	31,493,842	46,287	-
Waterworks and sewerage	5,573,216	5,974,020	396,081	-
Parking facilities revenue	209,995	1,477,492	-	-
Refuse	160,225	147,106	-	-
Cemetery	94,983	80,251	-	-
<b>Total business-type activities</b>	<b>34,794,174</b>	<b>39,172,711</b>	<b>442,368</b>	<b>-</b>
<b>Total</b>	<b>\$ 59,847,960</b>	<b>\$ 42,649,012</b>	<b>\$ 1,172,427</b>	<b>\$ 232,214</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
\$ (394,821)	\$ -	\$ (394,821)
(479,323)	-	(479,323)
(397,176)	-	(397,176)
(57,382)	-	(57,382)
(40,831)	-	(40,831)
(758,792)	-	(758,792)
(5,150,538)	-	(5,150,538)
(3,476,870)	-	(3,476,870)
(8,310)	-	(8,310)
(8,394,943)	-	(8,394,943)
(486,924)	-	(486,924)
(969,302)	-	(969,302)
<u>(20,615,212)</u>	<u>-</u>	<u>(20,615,212)</u>
-	2,784,374	2,784,374
-	796,885	796,885
-	1,267,497	1,267,497
-	(13,119)	(13,119)
-	(14,732)	(14,732)
<u>-</u>	<u>4,820,905</u>	<u>4,820,905</u>
<u>(20,615,212)</u>	<u>4,820,905</u>	<u>(15,794,307)</u>
6,081,063	-	6,081,063
93,466	-	93,466
7,466,036	-	7,466,036
1,994,981	-	1,994,981
371,236	619,572	990,808
-	8,355	8,355
335,503	(335,503)	-
<u>16,342,285</u>	<u>292,424</u>	<u>16,634,709</u>
<u>(4,272,927)</u>	<u>5,113,329</u>	<u>840,402</u>
<u>81,499,794</u>	<u>68,567,204</u>	<u>150,066,998</u>
<u>\$ 77,226,867</u>	<u>\$ 73,680,533</u>	<u>\$ 150,907,400</u>

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**City of Geneva, Illinois**  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
April 30, 2007

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ 2,347,381	\$ 3,787,994	\$ 6,135,375
Receivables			
Property taxes - net	2,807,292	2,512,769	5,320,061
Accounts	469,179	-	469,179
Other	90,149	52,039	142,188
Due from other funds	-	372,531	372,531
Due from other governments	1,707,129	-	1,707,129
Inventory	76,811	-	76,811
Total assets	<u>\$ 7,497,941</u>	<u>\$ 6,725,333</u>	<u>\$ 14,223,274</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 293,780	\$ 104,987	\$ 398,767
Accrued payroll	222,337	66,198	288,535
Due to other funds	-	372,531	372,531
Unearned property taxes	2,807,292	2,512,769	5,320,061
Other unearned revenue	10,585	97,121	107,706
Deposit payable	123,029	-	123,029
Compensated absences payable	752,898	86,061	838,959
Total liabilities	<u>4,209,921</u>	<u>3,239,667</u>	<u>7,449,588</u>
<b>FUND BALANCES</b>			
Fund balances			
Reserved for debt service	-	256,957	256,957
Reserved for permanent funds	-	384,930	384,930
Reserved for capital projects	-	266,042	266,042
Reserved for special revenues	-	90,358	90,358
Unreserved - designated	2,106,150	-	2,106,150
Unreserved - undesignated	1,181,870	2,487,379	3,669,249
Total fund balances	<u>3,288,020</u>	<u>3,485,666</u>	<u>6,773,686</u>
Total liabilities and fund balances	<u>\$ 7,497,941</u>	<u>\$ 6,725,333</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.	92,112,699
Long-term liabilities, including bonds payable, compensated absences payable and pension obligations are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(21,659,518)</u>
Net assets of governmental activities	<u>\$ 77,226,867</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, 2007

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Property taxes	\$ 2,798,315	\$ 3,282,748	\$ 6,081,063
Replacement taxes	46,921	46,545	93,466
Intergovernmental tax	7,466,036	-	7,466,036
Utility tax	1,994,981	-	1,994,981
Motor fuel tax	-	660,059	660,059
Fines and forfeits	276,526	-	276,526
Licenses and permits	375,876	-	375,876
Interest	162,323	208,913	371,236
Grants	-	-	-
Miscellaneous	908,103	2,218,010	3,126,113
<b>Total revenues</b>	<u>14,029,081</u>	<u>6,416,275</u>	<u>20,445,356</u>
<b>Expenditures</b>			
Legislative	384,545	-	384,545
Administrative and financial	1,076,387	-	1,076,387
Public works	80,530	-	80,530
Maintenance	263,748	-	263,748
Storm drainage	39,242	-	39,242
Buildings, planning and zoning	707,941	-	707,941
Police	4,622,113	-	4,622,113
Fire	2,969,501	-	2,969,501
Police and Fire Commission	8,310	-	8,310
Streets and walks	1,900,443	273,068	2,173,511
Pension - IMRF	-	502,011	502,011
Police and firefighters' pension	-	567,308	567,308
Insurance	-	292,556	292,556
Other	-	2,092,823	2,092,823
Capital outlay	2,313,249	299,092	2,612,341
Principal retirement	230,478	1,153,149	1,383,627
Interest and fees	51,153	950,397	1,001,550
<b>Total expenditures</b>	<u>14,647,640</u>	<u>6,130,404</u>	<u>20,778,044</u>
Deficiency of revenues over expenditures	<u>(618,559)</u>	<u>285,871</u>	<u>(332,688)</u>
<b>Other financing sources (uses)</b>			
Transfers in	981,714	1,038,598	2,020,312
Transfers out	(566,914)	(1,117,895)	(1,684,809)
Note proceeds	73,942	-	73,942
Bond proceeds	5,091,000	-	5,091,000
Payments to escrow agent and related fees	(5,091,000)	-	(5,091,000)
<b>Total other financing sources (uses)</b>	<u>488,742</u>	<u>(79,297)</u>	<u>409,445</u>
<b>Net change in fund balances</b>	<u>(129,817)</u>	<u>206,574</u>	<u>76,757</u>
Beginning of year	<u>3,417,837</u>	<u>3,279,092</u>	<u>6,696,929</u>
End of year	<u>\$ 3,288,020</u>	<u>\$ 3,485,666</u>	<u>\$ 6,773,686</u>

The accompanying notes are an integral part of this statement.

## City of Geneva, Illinois

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended April 30, 2007

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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	\$	76,757
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense and loss on disposal in the current period.

	(5,360,803)
--	-------------

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

	<u>1,011,119</u>
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Change in net assets of governmental activities	\$	<u><u>(4,272,927)</u></u>
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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, 2007

	Business-type Activities - Enterprise Funds			
	Electric Light	Waterworks and Sewerage	Nonmajor Funds	Total
<b>CURRENT ASSETS</b>				
Cash and investments	\$ 2,245,305	\$ 7,178,629	\$ 2,530,671	\$ 11,954,605
Receivables				
Accounts	2,975,322	681,358	12,000	3,668,680
Other	1,076,365	447	435,977	1,512,789
Due from other funds	-	-	-	-
Inventory	602,133	72,619	-	674,752
	<u>6,899,125</u>	<u>7,933,053</u>	<u>2,978,648</u>	<u>17,810,826</u>
<b>RESTRICTED ASSETS</b>				
Cash and investments	<u>1,264,199</u>	<u>-</u>	<u>-</u>	<u>1,264,199</u>
<b>FIXED ASSETS</b>				
Land and land improvements	1,042,441	1,190,671	-	2,233,112
Buildings, plant and improvements	5,341,356	8,855,700	965,770	15,162,826
Equipment	6,040,171	486,356	152,928	6,679,455
Construction in process	208,280	19,947,568	2,684,347	22,840,195
Production and distribution systems	33,584,584	65,086,305	-	98,670,889
	46,216,832	95,566,600	3,803,045	145,586,477
Accumulated depreciation	<u>(11,127,937)</u>	<u>(25,776,997)</u>	<u>(408,886)</u>	<u>(37,313,820)</u>
	<u>35,088,895</u>	<u>69,789,603</u>	<u>3,394,159</u>	<u>108,272,657</u>
<b>OTHER ASSETS</b>				
Unamortized bond costs	<u>378,485</u>	<u>97,144</u>	<u>28,035</u>	<u>503,664</u>
Total assets	<u>\$ 43,630,704</u>	<u>\$ 77,819,800</u>	<u>\$ 6,400,842</u>	<u>\$ 127,851,346</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, 2007

	Business-type Activities - Enterprise Funds			
	Electric Light	Waterworks and Sewerage	Nonmajor Funds	Total
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 1,646,029	\$ 4,071,094	\$ 880,870	\$ 6,597,993
Accrued payroll	48,730	42,199	2,149	93,078
Accrued interest	466,081	175,857	10,880	652,818
Other payables	795	-	-	795
Notes payable	-	534,892	-	534,892
General obligation bonds payable	118,700	49,000	-	167,700
Revenue bonds payable	975,000	-	20,000	995,000
	<u>3,255,335</u>	<u>4,873,042</u>	<u>913,899</u>	<u>9,042,276</u>
<b>NONCURRENT LIABILITIES</b>				
Compensated absences payable	292,382	246,396	-	538,778
Bond premium, net of amortization	385,517	-	-	385,517
Notes payable	-	16,388,392	1,668,000	18,056,392
General obligation bonds payable	2,135,850	5,287,000	-	7,422,850
Revenue bond payable	17,150,000	-	1,575,000	18,725,000
	<u>19,963,749</u>	<u>21,921,788</u>	<u>3,243,000</u>	<u>45,128,537</u>
Total liabilities	<u>23,219,084</u>	<u>26,794,830</u>	<u>4,156,899</u>	<u>54,170,813</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	14,709,345	47,530,319	131,159	62,370,823
Restricted for debt service	1,264,199	-	-	1,264,199
Reserve - restricted accounts	-	-	369,840	369,840
Unrestricted	4,438,076	3,494,651	1,742,944	9,675,671
Total net assets	<u>\$ 20,411,620</u>	<u>\$ 51,024,970</u>	<u>\$ 2,243,943</u>	<u>\$ 73,680,533</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, 2007**

	Business-type Activities - Enterprise Funds			
	Electric Light	Waterworks and Sewerage	Nonmajor Funds	Total
<b>OPERATING REVENUES</b>				
Charges for services	\$ 28,962,579	\$ 5,705,458	\$ 525,571	\$ 35,193,608
Charges to other funds	746,040	-	-	746,040
Taxes	1,162,184	-	-	1,162,184
Service fees	61,209	-	-	61,209
Miscellaneous	561,830	268,562	1,179,278	2,009,670
<b>Total operating revenues</b>	<b>31,493,842</b>	<b>5,974,020</b>	<b>1,704,849</b>	<b>39,172,711</b>
<b>OPERATING EXPENSES</b>				
Purchased power	21,499,597	-	-	21,499,597
Production and storage	-	436,086	-	436,086
Distribution	-	1,616,976	-	1,616,976
Plant and service	2,846,148	-	47,272	2,893,420
Sewerage treatment	-	689,741	-	689,741
Sewerage collection	-	714,264	-	714,264
Sewerage monitoring	-	91,323	-	91,323
State utility tax	1,153,172	-	-	1,153,172
Administration	890,679	-	173,428	1,064,107
Depreciation	1,378,123	1,554,733	44,184	2,977,040
Lease payments	-	-	45,634	45,634
Refuse collection	-	-	109,319	109,319
<b>Total operating expenses</b>	<b>27,767,719</b>	<b>5,103,123</b>	<b>419,837</b>	<b>33,290,679</b>
<b>OPERATING INCOME</b>	<b>3,726,123</b>	<b>870,897</b>	<b>1,285,012</b>	<b>5,882,032</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest income	179,573	342,331	97,668	619,572
Interest expense	(961,893)	(465,868)	(45,366)	(1,473,127)
Amortization of bond costs	(26,143)	(4,225)	-	(30,368)
Nonexpendable trust income	-	-	3,952	3,952
New development income	-	-	4,403	4,403
Miscellaneous income	-	-	-	-
<b>Total nonoperating revenues (expenses)</b>	<b>(808,463)</b>	<b>(127,762)</b>	<b>60,657</b>	<b>(875,568)</b>
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>2,917,660</b>	<b>743,135</b>	<b>1,345,669</b>	<b>5,006,464</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, 2007**

	Business-type Activities - Enterprise Funds			
	Electric Light	Waterworks and Sewerage	Nonmajor Funds	Total
<b>CAPITAL CONTRIBUTIONS</b>				
Connection fees	\$ 46,287	\$ 396,081	\$ -	\$ 442,368
Total capital contributions	46,287	396,081	-	442,368
<b>TRANSFERS OUT</b>	(218,743)	-	(116,760)	(335,503)
<b>CHANGE IN NET ASSETS</b>	2,745,204	1,139,216	1,228,909	5,113,329
<b>NET ASSETS</b>				
Beginning of year	17,666,416	49,885,754	1,015,034	68,567,204
End of year	\$ 20,411,620	\$ 51,024,970	\$ 2,243,943	\$ 73,680,533

The accompanying notes are an integral part of this statement.

**City of Geneva, Illinois**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year ended April 30, 2007**

	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	\$ 30,769,210	\$ 6,296,508	\$ 541,912	\$ 37,607,630
Receipts from grants	-	-	726,628	726,628
Payments to suppliers	(26,010,817)	(522,523)	(237,902)	(26,771,242)
Payments to employees	(791,516)	(911,180)	(166,004)	(1,868,700)
Net cash provided by operating activities	<u>3,966,877</u>	<u>4,862,805</u>	<u>864,634</u>	<u>9,694,316</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers out	(218,743)	-	(116,760)	(335,503)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(2,269,503)	(13,714,401)	(1,590,623)	(17,574,527)
Bond and note proceeds	1,792,200	8,396,232	3,263,000	13,451,432
Principal paid on revenue bonds	(2,405,000)	-	(477,800)	(2,882,800)
Interest paid on revenue bonds, general obligation bonds and capital leases	(971,987)	(472,101)	(34,486)	(1,478,574)
Principal paid on note payable	-	(527,234)	-	(527,234)
Principal paid on general obligation bonds	(399,850)	(330,750)	-	(730,600)
Net cash provided by (used in) capital and related financing activities	<u>(4,254,140)</u>	<u>(6,648,254)</u>	<u>1,160,091</u>	<u>(9,742,303)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income	179,573	342,331	97,668	619,572
Nonexpendable trust income	-	-	3,952	3,952
New development income	-	-	4,403	4,403
Net cash provided by investing activities	<u>179,573</u>	<u>342,331</u>	<u>106,023</u>	<u>627,927</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(326,433)</b>	<b>(1,443,118)</b>	<b>2,013,988</b>	<b>244,437</b>
<b>CASH AND CASH EQUIVALENTS, including restricted portion</b>				
Beginning of year	<u>3,835,937</u>	<u>8,621,747</u>	<u>516,683</u>	<u>12,974,367</u>
End of year	<u>\$ 3,509,504</u>	<u>\$ 7,178,629</u>	<u>\$ 2,530,671</u>	<u>\$ 13,218,804</u>
<b>RECONCILIATION</b>				
Cash and cash equivalents				
Unrestricted	\$ 2,245,305	\$ 7,178,629	\$ 2,530,671	\$ 11,954,605
Restricted	<u>1,264,199</u>	<u>-</u>	<u>-</u>	<u>1,264,199</u>
	<u>\$ 3,509,504</u>	<u>\$ 7,178,629</u>	<u>\$ 2,530,671</u>	<u>\$ 13,218,804</u>

Noncash transactions:

There were the following amount of capital asset additions in accounts payable at April 30, 2007.

<u>1,722,171</u>	<u>873,850</u>
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(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, 2007

	Business-type Activities - Enterprise Funds			
	Electric Light	Waterworks and Sewerage	Nonmajor Funds	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating income	\$ 3,726,123	\$ 870,897	\$ 1,285,012	\$ 5,882,032
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	1,378,123	1,554,733	44,184	2,977,040
Connection fees	46,287	396,081	-	442,368
Miscellaneous income	-	-	-	-
Change in assets and liabilities				
Accounts receivable	(399,479)	(48,391)	(436,309)	(884,179)
Other receivables	(371,440)	1,023	-	(370,417)
Inventory	(192,628)	(5,149)	-	(197,777)
Unamortized bond costs	-	-	(24,522)	(24,522)
Accounts payable	(293,737)	2,052,244	(6,363)	1,752,144
Due to other funds	-	-	2,282	2,282
Accrued payroll	13,084	10,926	350	24,360
Other payables	165	-	-	165
Bond premium	(25,700)	-	-	(25,700)
Unearned revenue	-	(26,225)	-	(26,225)
Compensated absences payable	86,079	56,666	-	142,745
Net cash provided by operating activities	<u>\$ 3,966,877</u>	<u>\$ 4,862,805</u>	<u>\$ 864,634</u>	<u>\$ 9,694,316</u>

The accompanying notes are an integral part of this statement.

**City of Geneva, Illinois**  
**STATEMENT OF NET ASSETS**  
**PENSION TRUST FUNDS**  
April 30, 2007

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	Firefighters' Pension Fund	Police Pension Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 70,151	\$ 754,712	\$ 824,863
Accrued interest	-	46,776	46,776
Prepaid expenses	-	13,814	13,814
Investments, at fair value:			
U.S. government securities	4,275,660	6,157,574	10,433,234
Insurance contracts	1,839,148	1,395,308	3,234,456
Mutual funds and stock equities	1,287,483	4,982,986	6,270,469
Total assets	7,472,442	13,351,170	20,823,612
<b>LIABILITIES</b>			
Accounts payable	1,056	1,599	2,655
<b>NET ASSETS</b>			
Held in trust for pension benefits	\$ 7,471,386	\$ 13,349,571	\$ 20,820,957

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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, 2007

	<u>Firefighters'</u> <u>Pension</u>	<u>Police</u> <u>Pension</u>	<u>Total</u>
<b>Additions</b>			
<b>Contributions</b>			
Employer	\$ 223,801	\$ 343,507	\$ 567,308
Plan member	170,271	365,396	535,667
<b>Total contributions</b>	<b>394,072</b>	<b>708,903</b>	<b>1,102,975</b>
Net investment income	663,551	1,090,043	1,753,594
<b>Total additions</b>	<b>1,057,623</b>	<b>1,798,946</b>	<b>2,856,569</b>
<b>Deductions</b>			
Administration	11,009	82,703	93,712
Benefits	74,429	678,155	752,584
<b>Total deductions</b>	<b>85,438</b>	<b>760,858</b>	<b>846,296</b>
Net increase	972,185	1,038,088	2,010,273
<b>Net assets held in trust for pension benefits</b>			
Beginning of year	6,499,201	12,311,483	18,810,684
End of year	\$ 7,471,386	\$ 13,349,571	\$ 20,820,957

The accompanying notes are an integral part of this statement.

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

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**City of Geneva, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2007

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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. 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.

**City of Geneva, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2007

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

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

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

C. 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."

Governmental Funds

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

General Fund

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

Special Revenue Funds

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

**City of Geneva, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2007

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

C. Fund Accounting (Continued)

Debt Service Fund

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

Capital Projects Funds

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

Proprietary Funds

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

Enterprise Funds

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

Fiduciary Funds

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

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.

**City of Geneva, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2007

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. 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, 2007

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

D. 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, 2007

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

E. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, deposits in interest-bearing and noninterest-bearing checking accounts, Illinois 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.

F. Investments

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

G. Short-term Interfund Receivables/Payables

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

H. Property Taxes

Property taxes are levied the first Tuesday in December and attach as an enforceable lien on property on January 1, and are payable in two installments on June 1 and September 1 subsequent to the year of levy. 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, 2007.

**City of Geneva, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2007

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

I. Receivables

The recognition of receivables associated with nonexchange transactions is as follows:

- Derived tax receivables (such as sales, income and motor fuel taxes) are recognized when the underlying exchange has occurred.
- Imposed nonexchange receivables (such as property taxes and fines) are recognized when an enforceable legal claim has arisen.
- Government - mandates or voluntary nonexchange transaction receivables (such as mandates or grants) are recognized when all eligibility requirements have been met.

J. Inventories

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

K. Restricted Assets

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

L. Capital Assets

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

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

**City of Geneva, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2007

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

L. Capital Assets (Continued)

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

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

M. Compensated Absences

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

N. Long-Term Obligations

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

**City of Geneva, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2007

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

O. Fund Equity

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

P. Interfund Transactions

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

Q. Self-Insurance

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

R. Use of Estimates

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

**City of Geneva, Illinois**  
 NOTES TO FINANCIAL STATEMENTS  
April 30, 2007

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 \$21,659,518 difference are as follows:

General obligation bonds payable	\$ 18,669,450
Special service area bonds	370,000
Tax increment financing bonds	508,655
Notes payable	537,564
Accrued interest payable	220,361
Accrued pension obligation	128,193
Compensated absences payable	<u>1,225,295</u>
Net adjustment to reduce fund-balance total governmental funds to arrive at net assets – governmental activities.	<u>\$ 21,659,518</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 \$5,360,803 decrease are as follows:

**City of Geneva, Illinois**  
 NOTES TO FINANCIAL STATEMENTS  
April 30, 2007

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	\$ (773,323)
Depreciation expense	6,133,126
Loss on disposal	<u>1,000</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net assets of governmental activities	<u>\$ 5,360,803</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 \$1,011,119 increase are as follows:

Accrued interest	\$ 27,448
Compensated absences	(151,981)
Issuance of long term liabilities	(5,164,942)
Accrued pension obligation	(96,033)
Loss on refunding issuance	(82,800)
Principal payments to escrow agent	5,091,000
Principal payments on long-term liabilities	<u>1,388,427</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net assets of governmental activities	<u>\$ 1,011,119</u>

NOTE 3. - COMPLIANCE AND ACCOUNTABILITY

The following funds had a deficit fund balance as of April 30, 2007:

Illinois Municipal Retirement Fund	\$ (406,955)
Special Service Area #12 Construction	(81)

**City of Geneva, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2007

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NOTE 4. - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

A. Cash

The carrying amount of cash was \$13,082,711 at April 30, 2007, including petty cash of \$1,150, while bank balances were \$13,283,216. 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.

The carrying amount and bank balance of cash for the pension fund's was \$824,863 at April 30, 2007 and all balances were insured, except for \$254,712 is uninsured and uncollateralized.

B. Certificates of Deposit

Certificates of Deposit amount to \$143,489 at April 30, 2007. 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

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, 2007

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

C. Investments (Continued)

The deposits and investments of the Police and Firefighters Pension Funds are held separately from those of other Village funds. Statutes authorize the Pension Funds to make deposits/invest in interest-bearing direct obligations of the United States of America: obligation that are fully guaranteed or insured as to the payment of principal and interest by the United States of America: bonds, notes, debentures, or similar obligations of agencies of the United States of America; savings accounts or certificates of deposit issued by banks or savings and loan associations chartered by the United States or by the state of Illinois, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; credit unions, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; state of Illinois bonds; pooled accounts managed by the Illinois Public Treasurer's Investment Pool, or by banks, their subsidiaries, or holding companies, in accordance

with the laws of the state of Illinois; bonds or tax anticipation warrants of any country, township or municipal corporation of the state of Illinois; money market mutual funds managed by investment companies that are registered under the Federal Investment Company Act of 1940 and the Illinois Securities law of 1953 and are diversified, open-ended management investment companies, provided that the portfolio is limited to specified restriction; general accounts of life insurance companies and separate accounts of life insurance companies provided that the investment in separate accounts does not exceed ten percent of the pension fund's net assets. Pension funds with net assets of \$2.5 million or more may invest up to thirty-five percent of plan net assets in a separate account of life insurance companies and mutual funds. In addition, pension funds with net assets of at least \$5 million that have appointed an investment advisor may, through that investment advisor, invest up to thirty five percent of the plan's net assets in common and preferred stocks which meet specific restrictions.

**City of Geneva, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2007

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

C. Investments (Continued)

The following schedule reports the fair values and maturities (using the segmented time distribution method) for the City's investments at April 30, 2007.

Investment Type	Fair Value	Investment Maturities (in years)		
		Less than 1	1-2	3-5
State Agencies	\$ 5,912,979	\$ 5,912,979	\$ -	\$ -
U.S. Agencies	215,000	50,000	105,000	60,000
Total	\$ <u>6,127,979</u>	\$ <u>5,962,979</u>	\$ <u>105,000</u>	\$ <u>60,000</u>

The following schedule reports the fair values and maturities (using the segmented time distribution method) for the Pension funds' investments at April 30, 2007.

Investment Type	Fair Value	Investment Maturities (in years)		
		Less than 1	1-2	3-5
Federal Home Loan	\$ 1,414,284	\$ -	\$ -	\$ 1,414,284
Federal National Mortgage	3,758,204	-	502,068	3,256,136
Insurance contracts	3,234,456	-	-	3,234,456
GNMA	1,262,594	-	-	1,262,594
U.S. Agencies	3,998,152	-	142,871	3,855,281
Total	\$ <u>13,667,690</u>	\$ <u>-</u>	\$ <u>644,939</u>	\$ <u>13,022,751</u>

Mutual funds and  
stock equities \* 6,270,469

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

**City of Geneva, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2007

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

C. Investments (Continued)

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

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

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

Concentration of Credit Risk - the City places no limits on the amount that may be invested in any one issuer. As of April 30, 2007, 96% of the City's investments are in the Illinois Funds Money Market Funds.

In addition to the City investment policy, the Pension Funds may invest in various accounts of life insurance companies authorized to do business in Illinois. Such investments may be made in general or separate investment accounts. However, the total investment in separate accounts shall not exceed 10% of the aggregate book value of all investments owned by each of the Pension Funds. Also, Pension Funds may invest in equity securities not to exceed 50% of the aggregate book value of all investments owned by each of the Pension Funds.

**City of Geneva, Illinois**  
 NOTES TO FINANCIAL STATEMENTS  
April 30, 2007

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

D. Reconciliation

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

	<u>Government- Wide</u>	<u>Fiduciary</u>
Carrying value of cash	\$ 13,082,711	\$ 824,863
Carrying value of certificates of deposits	143,489	-
Carrying value of investments	<u>6,127,979</u>	<u>19,938,159</u>
	<u>\$ 19,354,179</u>	<u>\$ 20,763,022</u>
Cash and investments	\$ 18,089,980	\$ 824,863
Cash and investments - restricted	1,264,199	-
U.S. government securities	-	10,433,234
Insurance contracts	-	3,234,456
Mutual funds and stock equities	<u>-</u>	<u>6,270,469</u>
	<u>\$ 19,354,179</u>	<u>\$ 20,763,022</u>

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2007

NOTE 5. - CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2007 was as follows:

A. Governmental Activities:

	<u>May 1, 2006</u>	<u>Increases</u>	<u>Disposals</u>	<u>April 30, 2007</u>
Capital assets, not being depreciated				
Land	\$ 13,201,976	\$ -	\$ -	\$ 13,201,976
Construction in progress	<u>2,076,597</u>	<u>-</u>	<u>(2,076,597)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>15,278,573</u>	<u>-</u>	<u>(2,076,597)</u>	<u>13,201,976</u>
Capital assets, being depreciated				
Buildings	14,034,522	2,293,063	-	16,327,585
Machinery and equipment	5,299,764	265,753	(78,641)	5,486,876
Land improvements	932,254	-	-	932,254
Infrastructure	<u>126,157,192</u>	<u>291,104</u>	<u>(15,000)</u>	<u>126,433,296</u>
Total capital assets, being depreciated	<u>146,423,732</u>	<u>2,849,920</u>	<u>(93,641)</u>	<u>149,180,011</u>
Less accumulated depreciation for				
Buildings	3,422,971	277,552	-	3,700,523
Machinery and equipment	3,959,690	310,094	(78,641)	4,191,143
Land improvements	233,628	40,838	-	274,466
Infrastructure	<u>56,612,514</u>	<u>5,504,642</u>	<u>(14,000)</u>	<u>62,103,156</u>
Total accumulated depreciation	<u>64,228,803</u>	<u>6,133,126</u>	<u>(92,641)</u>	<u>70,269,288</u>
Total capital assets, being depreciated, net	<u>82,194,929</u>	<u>(3,283,206)</u>	<u>(1,000)</u>	<u>78,910,723</u>
Governmental activities capital assets, net	<u>\$ 97,473,502</u>	<u>\$ (3,283,206)</u>	<u>\$ (2,077,597)</u>	<u>\$ 92,112,699</u>

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2007

NOTE 5. - CAPITAL ASSETS (Continued)

**B. Business-type Activities:**

	<u>May 1, 2006</u>	<u>Increases</u>	<u>Disposals</u>	<u>April 30, 2007</u>
Capital assets, not being depreciated				
Land	\$ 1,015,621	\$ -	\$ -	\$ 1,015,621
Construction in progress	<u>5,019,156</u>	<u>17,882,040</u>	<u>(61,001)</u>	<u>22,840,195</u>
Total capital assets, not being depreciated	<u>6,034,777</u>	<u>17,882,040</u>	<u>(61,001)</u>	<u>23,855,816</u>
Capital assets, being depreciated				
Land improvements	1,140,996	76,495	-	1,217,491
Buildings, plant and improvements	14,404,793	37,736	-	14,442,529
Equipment	4,320,248	2,235,279	(29,000)	6,526,527
Production and distribution systems	<u>99,544,114</u>	<u>-</u>	<u>-</u>	<u>99,544,114</u>
Total capital assets, being depreciated	<u>119,410,151</u>	<u>2,349,510</u>	<u>(29,000)</u>	<u>121,730,661</u>
Less accumulated depreciation for				
Land improvements	120,561	5,290	-	125,851
Buildings	5,765,623	311,419	-	6,077,042
Machinery and equipment	1,179,768	284,754	(28,395)	1,436,127
Infrastructure	<u>27,299,826</u>	<u>2,374,974</u>	<u>-</u>	<u>29,674,800</u>
Total accumulated depreciation	<u>34,365,778</u>	<u>2,976,437</u>	<u>(28,395)</u>	<u>37,313,820</u>
Total capital assets, being depreciated, net	<u>85,044,373</u>	<u>(626,927)</u>	<u>(605)</u>	<u>84,416,841</u>
Business-type activities capital assets, net	<u>\$ 91,079,150</u>	<u>\$ 17,255,113</u>	<u>\$ (61,606)</u>	<u>\$ 108,272,657</u>

**City of Geneva, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2007

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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	\$ 115,958
Public works	222,714
Police	95,633
Fire	193,949
Streets and walks	5,240,453
Tri-Com operating expenditures	<u>264,419</u>
	<u>\$ 6,133,126</u>

Business – type activities:

Electric light	\$ 1,378,123
Waterworks and sewerage	1,554,733
Nonmajor business - type activities	<u>44,184</u>
	<u>\$ 2,977,040</u>

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2007

NOTE 6. - LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

A summary of changes in long-term liabilities follows:

	General Obligation Bonds	Special Service Area Bonds	Revenue Bonds	Tax Increment Financing Bonds	Notes Payable	Compensated Absences	Total
<u>Business-type activities</u>							
Electric light	\$ 2,254,550	\$ -	\$ 18,125,000	\$ -	\$ -	\$ 292,382	\$ 20,671,932
Water and sewerage	5,336,000	-	-	-	16,923,284	246,396	22,505,680
Parking facilities	-	-	1,595,000	-	1,668,000	-	3,263,000
Total business-type activities	<u>7,590,550</u>	<u>-</u>	<u>19,720,000</u>	<u>-</u>	<u>18,591,284</u>	<u>538,778</u>	<u>46,440,612</u>
Due within one year	<u>167,700</u>	<u>-</u>	<u>995,000</u>	<u>-</u>	<u>534,892</u>	<u>-</u>	<u>1,697,592</u>
<u>Governmental fund activities</u>							
Tri-Com fund	-	-	-	-	31,869	177,929	209,798
All other funds	18,669,450	370,000	-	508,655	505,695	1,886,325	21,940,125
Total governmental fund activities	<u>18,669,450</u>	<u>370,000</u>	<u>-</u>	<u>508,655</u>	<u>537,564</u>	<u>2,064,254</u>	<u>22,149,923</u>
Due within one year	<u>1,107,300</u>	<u>45,000</u>	<u>-</u>	<u>99,922</u>	<u>150,375</u>	<u>838,959</u>	<u>2,241,556</u>
Total all funds	<u>\$ 26,260,000</u>	<u>\$ 370,000</u>	<u>\$ 19,720,000</u>	<u>\$ 508,655</u>	<u>\$ 19,128,848</u>	<u>\$ 2,603,032</u>	<u>\$ 68,590,535</u>
Beginning of year	\$ 25,875,000	\$ 442,000	\$ 21,007,800	\$ 607,151	\$ 9,976,438	\$ 1,860,591	\$ 59,768,980
Additions	7,260,000	-	1,595,000	-	9,844,174	2,603,032	21,302,206
Deletions	(6,875,000)	(72,000)	(2,882,800)	(98,496)	(691,764)	(1,860,591)	(12,480,651)
End of year	<u>\$ 26,260,000</u>	<u>\$ 370,000</u>	<u>\$ 19,720,000</u>	<u>\$ 508,655</u>	<u>\$ 19,128,848</u>	<u>\$ 2,603,032</u>	<u>\$ 68,590,535</u>

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2007

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**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:

2006B Bonds, \$1,515,000 original amount due in annual installments of \$5,000 to \$800,000, with interest ranging from 3.90% to 5.00%, payable through December 15, 2021.	\$ 4,905,000
2006D Bonds, \$4,905,000 original amount due in annual installments of \$5,000 to \$510,000, with interest ranging from 4.00% to 5.00%, payable through February 1, 2015.	1,490,000
2006C Bonds, \$840,000 original amount due in annual installments of \$5,000 to \$180,000, with interest at 4%, payable through February 1, 2013. These bonds are recorded in the Waterworks and Sewerage Fund, Electric Fund and as Long-term Debt on the government-wide statement of net assets.	825,000
2005 Bonds, \$5,000,000 original amount due in annual installments of \$145,000 to \$710,000 with interest ranging from 4.00% to 4.45%, payable through February 1, 2030. These bonds are recorded in the Waterworks and Sewerage Fund.	5,000,000
2002 Bonds, \$6,000,000 original amount due in annual installments of \$50,000 to \$680,000, with interest ranging from 4.60% to 5.00%, payable through December 15, 2021.	1,500,000
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.	995,000

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2007

**NOTE 6. - LONG-TERM LIABILITIES (Continued)**

**B. General Obligation Bonds (Continued)**

1999 Bonds, \$5,000,000 original amount due in annual installments of \$330,000 to \$1,405,000, with interest ranging from 4.50% to 6.50%, with principal payments beginning March 1, 2011 through March 1, 2019.	4,290,000
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.	7,120,000
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.	<u>135,000</u>
Total General Obligation Bonds	<u>\$ 26,260,000</u>

On December 13, 2006, the City issued \$4.9 million in 2006 B General Obligation Bonds with an average interest rate of 3.9% to advance partial refund 2002 Series Bonds with an average rate of 4.6% and 1999 Series Bonds with an average rate of 5%. The net \$5,079,847 were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for some of the future debt service payments. The refunding reduced its total debt service by \$232,189 and to obtain an economic gain of \$168,154.

On December 13, 2006, the City issued \$840,000 in 2006C General Obligation Bonds with an average interest rate of 3.8% to advance partial refund 1997 Series Bonds with an average rate of 5.2%. The net \$845,564 were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for some of the future debt service payments. The refunding reduced its total debt service by \$31,919 and to obtain an economic gain of \$27,382.

On December 13, 2006, the City issued \$1.5 million in 2006D General Obligation Bonds with an average interest rate of 3.8% to advance partial refund 2000 Series Bonds with an average rate of 6.35%. The net \$1,567,871 were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for some of the future debt service payments. The refunding reduced its total debt service by \$73,193 and to obtain an economic gain of \$63,572.

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2007

**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</u> <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 1,275,000	\$ 1,175,656
2009	1,275,000	1,130,624
2010	1,290,000	1,076,444
2011	1,285,000	1,021,147
2012	1,415,000	954,323
2013-2017	8,950,000	3,526,873
2018-2022	6,420,000	1,827,265
2023-2027	2,960,000	696,403
2028-2030	1,390,000	93,110
Total	\$ <u>26,260,000</u>	\$ <u>11,501,845</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.	\$ 31,000
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>339,000</u>
Total Special Service Area Bonds	\$ <u>370,000</u>

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2007

**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
2008	\$ 45,000	\$ 17,726
2009	14,000	16,144
2010	15,000	15,556
2011	16,000	14,888
2012	16,000	14,160
2013-2017	<u>264,000</u>	<u>58,341</u>
Total	\$ <u>370,000</u>	\$ <u>136,815</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:

**Parking Facility Fund**

\$1,595,000 Series of 2006 Revenue Bonds due in annual installments of \$20,000 to \$270,000, payable through October 1, 2015, with interest at 4.00% to 4.25%.

\$ 1,595,000

**Electric Light Fund (see Note 7)**

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

17,060,000

**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%.

1,065,000

**Total Revenue Bonds**

\$ 19,720,000

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2007

**NOTE 6. - LONG-TERM LIABILITIES (Continued)**

**D. Revenue Bonds (Continued)**

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

<u>Year Ending</u> <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 995,000	\$ 979,065
2009	1,150,000	904,220
2010	1,220,000	846,020
2011	1,450,000	784,515
2012	1,365,000	715,555
2013-2017	6,120,000	2,698,583
2018-2022	<u>7,420,000</u>	<u>907,536</u>
Total	\$ <u>19,720,000</u>	\$ <u>7,835,494</u>

**E. Tax Increment Financing Bonds**

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

2002 Series Tax Increment Revenue Bond for \$350,000 original amount, due in annual installments of \$56,057 payable through October 1, 2010, with interest at 2.90%.	\$ 208,655
1997 Series A and B Ad Valorem Tax Bonds of Special Service Area Number 22 for \$3,850,000 original amount, due in semiannual installments of \$25,000 to \$800,000 through June 30, 2012, with interest varying from 5.25% to 6.25%.	<u>300,000</u>
Total Tax Increment Financing Bonds	\$ <u>508,655</u>

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2007

**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
2008	\$ 99,922	\$ 24,104
2009	101,377	19,524
2010	102,900	14,876
2011	104,456	10,195
2012	50,000	5,469
2013	50,000	1,563
Total	\$ <u>508,655</u>	\$ <u>75,731</u>

**F. Notes Payable  
General Fund**

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

\$ 73,942

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%.

116,616

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%

159,376

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%.

74,762

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2007

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**NOTE 6. - LONG-TERM LIABILITIES (Continued)**

**F. Notes Payable (Continued)**  
**General Fund**

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%.

80,999

Total General Fund

\$ 505,695

**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 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 \$109,064 at April 30, 2007; however, if the other governments default, the other cities would be liable for the remaining balance.

\$ 31,869

Total Tri-Com Fund

\$ 31,869

**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.

\$ 49,594

In April, 2006, the City was awarded a loan of up to \$3,187,768 from the Illinois Environmental Protection Agency to use for the extension of the City's waterworks and sewerage facilities system. The interest rate is 2.5% and payments are not determined until the project is complete.

2,304,168

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2007

**NOTE 6. - LONG-TERM LIABILITIES (Continued)**

**F. Notes Payable (Continued)**

**Waterworks and Sewerage Fund (Continued)**

In June, 2006, the City was awarded a loan of up to \$9,931,439 from the Illinois Environmental Protection Agency to use for the extension of the City's waterworks and sewerage facilities system. The interest rate is 2.5% and payments are not determined until the project is complete. 5,798,064

In October, 1998, the City was awarded a loan of up to \$5,400,000 from the Illinois Environmental Protection Agency to use for the extension of the City's waterworks and sewerage facilities system. The interest rate is 2.625% and payments are due until January 1, 2020, or until the amount received is repaid. 3,950,010

In September, 2002, the City was awarded a loan of up to \$5,500,000 from the Illinois Environmental Protection Agency to use for the extension of the City's waterworks and sewerage facilities system. The interest rate is 2.57% with semiannual payments due until November 1, 2024, or until the amount received is repaid. 4,821,448

Total Waterworks and Sewerage Fund 16,923,284

**Parking Fund**

In 2006, the City issued debt certificates in the amount of \$1,668,000. Principal payments of \$834,000 are due annually beginning August 1, 2008 through August 1, 2009, with interest at 4.0%. \$ 1,668,000

Total Parking Fund \$ 1,668,000

Total Notes Payable \$ 19,128,848

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2007

**NOTE 6. - LONG-TERM LIABILITIES (Continued)**

F. Notes Payable (Continued)

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

<u>Year Ending</u> <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 685,267	\$ 298,415
2009	1,464,291	291,201
2010	1,476,067	240,271
2011	632,141	189,819
2012	554,144	172,371
2013-2017	2,908,984	639,841
2018-2022	2,778,759	245,983
2023-2024	526,963	13,601
Total	\$ <u>11,026,616</u>	\$ <u>2,091,502</u>

There is not an amortization schedule for either of the 2006 EPA loans because the City will not be required making payments until the projects are complete. The total of the two loans as of April 30, 2007 is \$8,102,232.

**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, 2007

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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, 2007

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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	\$ 864,199
Bond reserve	200,000
Depreciation account	<u>200,000</u>
Total	<u>\$ 1,264,199</u>

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2007

**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, 2007 is as follows:

	Combined Totals	Electric Light Fund	Waterworks and Sewerage Fund	Parking Facilities Revenue Fund	Refuse Fund	Cemetery
Operating revenues \$	39,172,711	\$ 31,493,842	\$ 5,974,020	\$ 1,477,492	\$ 147,106	\$ 80,251
Depreciation	2,977,040	1,378,123	1,554,733	34,737	4,033	5,414
Operating income	5,882,032	3,726,123	870,897	1,312,863	(13,119)	(14,732)
Change in net assets	5,113,329	2,745,204	1,139,216	1,241,381	(13,119)	647
Plant, property and equipment additions	17,574,527	2,269,503	13,714,401	1,552,888	37,735	-
Net working capital	8,768,550	3,643,790	3,060,011	1,684,072	10,538	370,139
Total assets	127,851,346	43,630,704	77,819,800	5,881,678	77,347	441,817
Bonds and notes payable - long term	44,204,242	19,285,850	21,675,392	3,243,000	-	-
Total equity	73,680,533	20,411,620	51,024,970	1,732,616	69,510	441,817

**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, 2007

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NOTE 9. - COMMITMENTS AND CONTINGENCIES (Continued)

C. Commitments

Construction

The following details commitments outstanding at April 30, 2007 related to construction contracts:

<u>Fund</u>	<u>Amount</u>
General	\$ 63,331
Parking fund	3,381,697
Waterworks and Sewerage	<u>11,860,458</u>
	<u>\$ 15,305,486</u>

D. Economic Incentive Agreements

The City has several economic development incentive agreements outstanding at April 30, 2007, 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 \$442,207 for fiscal year 2007.

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 one industrial revenue bond issues outstanding, at April 30, 2007, 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, 2007.

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2007

**NOTE 12. - INTERFUND TRANSFERS**

<u>Governmental Funds</u>	<u>Transfer Out</u>	<u>Transfer In</u>
General Fund		
Illinois Municipal Retirement	\$ 100,000	\$ -
Electric Light	-	218,743
Working Cash	-	7,500
Combined Special Service Area	97,000	-
Special Service Area #12 Construction	5,000	-
Parking Facilities Revenue	-	116,760
Tree Nursery	-	3,400
Street Construction	-	10,718
Tricom	364,914	-
Motor Fuel Tax	-	624,593
	<u>566,914</u>	<u>981,714</u>
Special Revenue Funds		
Motor Fuel Tax		
General Fund	624,593	-
Combined Special Service		
General Fund	-	97,000
Illinois Municipal Retirement		
General Fund	-	100,000
Tax Increment Allocation		
TIF Riverfront Development	261,684	-
Tree Nursery		
General Fund	3,400	-
Tri-Com		
General Fund	-	364,914
	<u>889,677</u>	<u>561,914</u>

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2007

NOTE 12. - INTERFUND TRANSFERS (Continued)

	Transfer Out	Transfer In
<u>Governmental Funds (Continued)</u>		
Capital Projects Funds		
TIF Riverfront Development		
Tax Increment Allocation	\$ -	\$ 261,684
Prairie Green		
General Obligation Bond 1994	160,000	-
Street Construction		
General Fund	10,718	-
Fire station Number Two		
General Obligation Bond 1994	50,000	-
Special Service Area #12 Construction		
General Fund	-	5,000
	220,718	266,684
Debt Service Fund		
Prairie Green	-	160,000
Fire station Number Two	-	50,000
	-	210,000
Permanent Fund		
Working Cash		
General Fund	7,500	-
	7,500	-
<u>Proprietary Funds</u>		
Electric light		
General Fund	218,743	-
Parking Facilities Revenue		
General Fund	116,760	-
	335,503	-
Total All Funds	2,020,312	2,020,312
Less amounts eliminated during GASB 34 adjustments	(1,684,809)	(1,684,809)
Total internal balances	\$ 335,503	\$ 335,503

**City of Geneva, Illinois**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2007

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NOTE 13. - FUND BALANCE DESIGNATION

The General Fund designated fund balance of \$2,106,150 represents amounts for street improvement projects, TIF Riverfront project and various other projects.

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 2006 was 10.57 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, 2006 was 26 years.

For December 31, 2006, the City's annual pension cost of \$751,066 was equal to the City's required and actual contributions. The required contribution was determined as part of the December 31, 2004 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 2006 actuarial valuation were based on the 2002-2004 experience study.

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2007

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
12/31/06	\$ 751,066	\$ 751,066	100%	\$ -
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%	-

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, 2006 was \$2,584,198.

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2007

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

Plan Descriptions (Continued)

Police Pension Fund (Continued)

At April 30, 2006, 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	27
Nonvested	10
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, 2007

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, 2006 was \$1,409,709. At April 30, 2006 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	12
Nonvested	9
Total current employees	21
Total	23

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, 2007

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 9.455% of their salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. By the year 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, 2006) and are as follows:

	<u>Police</u>	<u>Firefighters'</u>
Annual required contribution	\$ 393,610	\$ 227,915
Interest on net pension obligation	1,740	672
Adjustment to annual required contribution	<u>(1,144)</u>	<u>(442)</u>
Annual pension cost	394,206	228,145
Contributions made	<u>(307,488)</u>	<u>(218,830)</u>
Increase in net pension obligation (benefit)	86,718	9,315
Net pension obligation (benefit) at May 1, 2005	<u>23,194</u>	<u>8,966</u>
Net pension obligation (benefit) at April 30, 2006	<u>\$ 109,912</u>	<u>\$ 18,281</u>

**City of Geneva, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2007

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

Plan Descriptions (Continued)

Contributions and Reserves (Continued)

Three-Year Historical Trend Information					
	Fiscal Year Ended		Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Benefit)
Police	4/30/2006	\$	394,206	78.0%	\$ 109,912
	4/30/2005		346,060	83.7%	23,194
	4/30/2004		302,995	86.1%	(33,357)
Firefighters	4/30/2006	\$	228,145	95.9%	\$ 18,281
	4/30/2005		207,587	99.2%	8,966
	4/30/2004		196,837	97.4%	7,261

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, 2006, (b) actuarial cost method of entry age normal, (c) amortization method of level percentage of pay, closed, (d) remaining amortization period of 27 years and (e) asset valuation method of fair market value.

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

**City of Geneva, Illinois**  
**ILLINOIS MUNICIPAL RETIREMENT FUND**  
**SCHEDULE OF FUNDING PROGRESS**  
 April 30, 2007  
 (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	\$ 16,079,389	\$ 18,353,680	\$ 2,274,291	87.61%	\$ 7,105,642	32.01%
12/31/05	14,493,812	17,086,927	2,593,115	84.82%	6,820,695	38.02%
12/31/04	13,583,457	15,783,289	2,199,832	86.06%	6,532,466	33.68%
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%

On a market value basis, the actuarial value of assets as of December 31, 2006 is \$17,346,113. On a market basis, the funded ratio would be 94.51%.

**City of Geneva, Illinois**  
**POLICE AND FIREFIGHTERS' PENSION FUNDS**  
 April 30, 2007  
 (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>						
4/30/06	\$ 12,311,481	\$ 16,535,381	\$ 4,223,900	74.5%	\$ 2,584,198	163.5%
4/30/05	\$ 11,183,421	\$ 15,272,826	\$ 4,089,405	73.2%	\$ 2,456,853	166.4%
4/30/04	10,675,705	13,849,844	3,174,139	77.1%	2,350,677	135.0%
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%
<b>Firefighters' Pension</b>						
4/30/06	\$ 6,499,206	\$ 7,258,545	\$ 759,339	89.5%	\$ 1,409,709	53.9%
4/30/05	\$ 5,874,210	\$ 6,594,503	\$ 720,293	89.1%	\$ 1,298,758	55.5%
4/30/04	5,171,230	5,892,488	721,258	87.8%	1,194,764	60.4%
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%

**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	\$ 393,610	78.1%	\$ 307,488	\$ 227,915	96.0%	\$ 218,830
2005	346,956	83.4%	289,509	207,392	99.3%	205,882
2004	305,104	85.5%	260,947	196,780	97.4%	191,629
2003	245,581	100.8%	247,581	182,886	99.8%	182,594
2002	213,014	101.1%	215,357	174,173	99.7%	173,650
2001	177,388	124.2%	220,316	144,550	99.3%	143,538
2000	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, 2007  
 (Unaudited)

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**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 February 12, 2007. 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, 2007:

	<u>Budget</u>	<u>Expenditures</u>	<u>Overage</u>
Medical and Dental Insurance	\$ 86,015	99,885	\$ (13,870)
General Obligation Bond 1994	1,820,971	1,823,294	(2,323)
Electric Light	28,421,076	28,941,343	(520,267)
Special Service Area #12 Construction	63,908	64,556	(648)

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

General Obligation Bond 1994 - Overage due to financial advisor fees not budgeted.

Electric Light - Overage due to excessive purchases of power costs resulting from increase in electric sales

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

**City of Geneva, Illinois**  
POLICE AND FIREFIGHTERS' PENSION FUNDS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
April 30, 2007  
(Unaudited)

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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, 2007  
(Unaudited)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating revenues				
Property taxes	\$ 2,795,000	\$ 2,795,000	\$ 2,798,315	\$ 3,315
Replacement taxes	72,800	72,800	46,921	(25,879)
Sales tax	5,608,420	5,608,420	5,589,129	(19,291)
State income tax	1,733,600	1,733,600	1,876,907	143,307
Utility tax	2,250,000	2,250,000	1,994,981	(255,019)
Fines and forfeits	255,305	255,305	276,526	21,221
Licenses and permits	332,100	332,100	375,876	43,776
Interest	76,500	76,500	162,323	85,823
Miscellaneous	811,230	916,230	908,103	(8,127)
Total revenues	<u>13,934,955</u>	<u>14,039,955</u>	<u>14,029,081</u>	<u>(10,874)</u>
Expenditures				
Total expenditures	<u>14,664,815</u>	<u>15,180,685</u>	<u>14,647,640</u>	<u>533,045</u>
Deficiency of revenues over expenditures	<u>(729,860)</u>	<u>(1,140,730)</u>	<u>(618,559)</u>	<u>522,171</u>
Other financing sources (uses)				
Operating transfers in	591,910	546,910	981,714	434,804
Operating transfers out	(505,200)	(870,890)	(566,914)	303,976
Note proceeds	100,000	100,000	73,942	(26,058)
Bond proceeds	-	-	5,091,000	5,091,000
Payments to escrow agent and related fees	-	-	(5,091,000)	(5,091,000)
Total other financing sources (uses)	<u>186,710</u>	<u>(223,980)</u>	<u>488,742</u>	<u>712,722</u>
Deficiency of revenues and other financing sources over expenditures and other financing uses	<u>\$ (543,150)</u>	<u>\$ (1,364,710)</u>	<u>(129,817)</u>	<u>\$ 1,234,893</u>
Fund balances				
Beginning of year			<u>3,417,837</u>	
End of year			<u>\$ 3,288,020</u>	

**SUPPLEMENTARY INFORMATION**

**City of Geneva, Illinois**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
April 30, 2007

	Special Revenue					
	Tricom	Motor Fuel Tax	Combined Special Service Area	Illinois Municipal Retirement	Public Benefit	Mental Health
<b><u>ASSETS</u></b>						
Cash and investments	\$ 1,035,348	\$ 129,739	\$ 333,779	\$ -	\$ 98,032	\$ 338,115
Receivables						
Property taxes - net	-	-	311,205	451,353	-	176,174
Other	-	52,039	-	-	-	-
Due from other funds	-	-	-	-	-	-
Total assets	<u>\$ 1,035,348</u>	<u>\$ 181,778</u>	<u>\$ 644,984</u>	<u>\$ 451,353</u>	<u>\$ 98,032</u>	<u>\$ 514,289</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>						
<b>LIABILITIES</b>						
Accounts payable	\$ 58,414	\$ -	\$ 19,484	\$ -	\$ -	\$ -
Accrued payroll	29,586	-	877	34,424	-	-
Due to other funds	-	-	-	372,531	-	-
Unearned property taxes	-	-	311,205	451,353	-	176,174
Other unearned revenue	97,121	-	-	-	-	-
Deposit payable	-	-	-	-	-	-
Compensated absences payable	86,061	-	-	-	-	-
Total liabilities	<u>271,182</u>	<u>-</u>	<u>331,566</u>	<u>858,308</u>	<u>-</u>	<u>176,174</u>
<b>FUND BALANCES (DEFICITS)</b>						
Reserved for debt service	-	-	-	-	-	-
Reserved for permanent funds	-	-	-	-	-	-
Reserved for capital projects	-	-	-	-	-	-
Reserved for special revenues	-	-	-	-	-	-
Unreserved	<u>764,166</u>	<u>181,778</u>	<u>313,418</u>	<u>(406,955)</u>	<u>98,032</u>	<u>338,115</u>
Total fund balances (deficit)	<u>764,166</u>	<u>181,778</u>	<u>313,418</u>	<u>(406,955)</u>	<u>98,032</u>	<u>338,115</u>
Total liabilities and fund balances	<u>\$ 1,035,348</u>	<u>\$ 181,778</u>	<u>\$ 644,984</u>	<u>\$ 451,353</u>	<u>\$ 98,032</u>	<u>\$ 514,289</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>
\$ 96,072	\$ 25,179	\$ -	\$ 90,358	\$ -	\$ 2,146,622
-	-	-	-	-	938,732
-	-	-	-	-	52,039
-	-	-	-	-	-
<u>\$ 96,072</u>	<u>\$ 25,179</u>	<u>\$ -</u>	<u>\$ 90,358</u>	<u>\$ -</u>	<u>\$ 3,137,393</u>
\$ -	\$ 10,000	\$ -	\$ -	\$ -	\$ 87,898
-	-	-	-	-	64,887
-	-	-	-	-	372,531
-	-	-	-	-	938,732
-	-	-	-	-	97,121
-	-	-	-	-	-
-	-	-	-	-	86,061
-	10,000	-	-	-	1,647,230
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
96,072	15,179	-	90,358	-	90,358
<u>96,072</u>	<u>15,179</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,399,805</u>
<u>96,072</u>	<u>15,179</u>	<u>-</u>	<u>90,358</u>	<u>-</u>	<u>1,490,163</u>
<u>\$ 96,072</u>	<u>\$ 25,179</u>	<u>\$ -</u>	<u>\$ 90,358</u>	<u>\$ -</u>	<u>\$ 3,137,393</u>

**City of Geneva, Illinois**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
April 30, 2007

	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><u>ASSETS</u></b>						
Cash and investments	\$ 256,957	\$ -	\$ 203,388	\$ -	\$ 269,291	\$ 899,337
Receivables						
Property taxes - net	1,561,301	-	-	12,736	-	-
Other	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total assets	<u>\$ 1,818,258</u>	<u>\$ -</u>	<u>\$ 203,388</u>	<u>\$ 12,736</u>	<u>\$ 269,291</u>	<u>\$ 899,337</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>						
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ 81	\$ 1,938	\$ 15,070
Accrued payroll	-	-	-	-	1,311	-
Due to other funds	-	-	-	-	-	-
Unearned property taxes	1,561,301	-	-	12,736	-	-
Other unearned revenue	-	-	-	-	-	-
Deposit payable	-	-	-	-	-	-
Compensated absences payable	-	-	-	-	-	-
Total liabilities	<u>1,561,301</u>	<u>-</u>	<u>-</u>	<u>12,817</u>	<u>3,249</u>	<u>15,070</u>
<b>FUND BALANCES (DEFICITS)</b>						
Reserved for debt service	256,957	-	-	-	-	-
Reserved for permanent funds	-	-	-	-	-	-
Reserved for capital projects	-	-	-	-	266,042	-
Reserved for special revenues	-	-	-	-	-	-
Unreserved	-	-	203,388	(81)	-	884,267
Total fund balances	<u>256,957</u>	<u>-</u>	<u>203,388</u>	<u>(81)</u>	<u>266,042</u>	<u>884,267</u>
Total liabilities and fund balances	<u>\$ 1,818,258</u>	<u>\$ -</u>	<u>\$ 203,388</u>	<u>\$ 12,736</u>	<u>\$ 269,291</u>	<u>\$ 899,337</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>
\$	\$ 1,372,016	\$ 12,399	\$ 3,787,994
-	12,736	-	2,512,769
-	-	-	52,039
-	-	372,531	372,531
<u>\$ -</u>	<u>\$ 1,384,752</u>	<u>\$ 384,930</u>	<u>\$ 6,725,333</u>
\$	\$ 17,089	\$ -	\$ 104,987
-	1,311	-	66,198
-	-	-	372,531
-	12,736	-	2,512,769
-	-	-	97,121
-	-	-	-
-	-	-	86,061
-	31,136	-	3,239,667
-	-	-	256,957
-	-	384,930	384,930
-	266,042	-	266,042
-	-	-	90,358
-	1,087,574	-	2,487,379
-	1,353,616	384,930	3,485,666
<u>\$ -</u>	<u>\$ 1,384,752</u>	<u>\$ 384,930</u>	<u>\$ 6,725,333</u>

**City of Geneva, Illinois**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
April 30, 2007

	Special Revenue					
	Tricom	Motor Fuel Tax	Combined Special Service Area	Illinois Municipal Retirement	Public Benefit	Mental Health
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ 335,316	\$ 416,218	\$ -	\$ 170,353
Replacement taxes	-	-	-	21,620	-	-
Motor fuel tax	-	660,059	-	-	-	-
Interest	30,988	18,022	16,482	-	4,967	16,474
Miscellaneous	1,739,752	-	14,067	-	-	-
<b>Total revenues</b>	<u>1,770,740</u>	<u>678,081</u>	<u>365,865</u>	<u>437,838</u>	<u>4,967</u>	<u>186,827</u>
<b>EXPENDITURES</b>						
Streets and walks	-	-	273,068	-	-	-
Pension - IMRF	-	-	-	502,011	-	-
Police and firefighters' pension	-	-	-	-	-	-
Insurance	-	-	-	-	-	-
Capital outlay	299,092	-	-	-	-	-
Debt service	-	-	-	-	-	-
Principal retirement	26,508	-	89,145	-	-	-
Interest and fees	-	-	44,634	-	-	-
Other	1,663,165	-	-	-	-	140,972
<b>Total expenditures</b>	<u>1,988,765</u>	<u>-</u>	<u>406,847</u>	<u>502,011</u>	<u>-</u>	<u>140,972</u>
Excess (deficiency) of revenues over expenditures	<u>(218,025)</u>	<u>678,081</u>	<u>(40,982)</u>	<u>(64,173)</u>	<u>4,967</u>	<u>45,855</u>
<b>Other financing sources (uses)</b>						
Transfers in	364,914	-	97,000	100,000	-	-
Transfers out	-	(624,593)	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>364,914</u>	<u>(624,593)</u>	<u>97,000</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	146,889	53,488	56,018	35,827	4,967	45,855
<b>FUND BALANCES (DEFICIT)</b>						
Beginning 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>
End of year	<u>\$ 764,166</u>	<u>\$ 181,778</u>	<u>\$ 313,418</u>	<u>\$ (406,955)</u>	<u>\$ 98,032</u>	<u>\$ 338,115</u>

Special Revenue

Liability Insurance	Medical and Dental Insurance	Tax Increment Allocation	Tree Nursery	Employer Pension Contribution	Total Special Revenue
\$ -	\$ -	\$ -	\$ -	\$ 542,383	\$ 1,464,270
-	-	-	-	24,925	46,545
-	-	-	-	-	660,059
5,948	1,017	-	4,948	-	98,846
43,876	95,815	-	-	-	1,893,510
<u>49,824</u>	<u>96,832</u>	<u>-</u>	<u>4,948</u>	<u>567,308</u>	<u>4,163,230</u>
-	-	-	-	-	273,068
-	-	-	-	-	502,011
-	-	-	-	567,308	567,308
192,671	99,885	-	-	-	292,556
-	-	-	-	-	299,092
-	-	-	-	-	115,653
-	-	-	-	-	44,634
-	-	-	-	-	1,804,137
<u>192,671</u>	<u>99,885</u>	<u>-</u>	<u>-</u>	<u>567,308</u>	<u>3,898,459</u>
<u>(142,847)</u>	<u>(3,053)</u>	<u>-</u>	<u>4,948</u>	<u>-</u>	<u>264,771</u>
-	-	-	-	-	561,914
-	-	(261,684)	(3,400)	-	(889,677)
-	-	(261,684)	(3,400)	-	(327,763)
(142,847)	(3,053)	(261,684)	1,548	-	(62,992)
<u>238,919</u>	<u>18,232</u>	<u>261,684</u>	<u>88,810</u>	<u>-</u>	<u>1,553,155</u>
<u>\$ 96,072</u>	<u>\$ 15,179</u>	<u>\$ -</u>	<u>\$ 90,358</u>	<u>\$ -</u>	<u>\$ 1,490,163</u>

**City of Geneva, Illinois**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**April 30, 2007**

	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	\$ 1,595,522	\$ -	\$ -	\$ 25,873	\$ 197,083	\$ -
Replacement taxes	-	-	-	-	-	-
Motor fuel tax	-	-	-	-	-	-
Interest	14,411	-	8,057	458	7,145	60,280
Miscellaneous	-	-	98,276	33,232	45,516	147,476
<b>Total revenues</b>	<b>1,609,933</b>	<b>-</b>	<b>106,333</b>	<b>59,563</b>	<b>249,744</b>	<b>207,756</b>
<b>EXPENDITURES</b>						
Streets and walks	-	-	-	-	-	-
Pension - IMRF	-	-	-	-	-	-
Police and firefighters' pension	-	-	-	-	-	-
Insurance	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service						
Principal retirement	930,000	-	-	59,000	48,496	-
Interest and fees	893,294	-	-	4,908	7,561	-
Other	-	-	-	648	64,437	223,601
<b>Total expenditures</b>	<b>1,823,294</b>	<b>-</b>	<b>-</b>	<b>64,556</b>	<b>120,494</b>	<b>223,601</b>
Excess (deficiency) of revenues over expenditures	(213,361)	-	106,333	(4,993)	129,250	(15,845)
Other financing sources (uses)						
Transfers in	210,000	261,684	-	5,000	-	-
Transfers out	-	-	(50,000)	-	-	(160,000)
<b>Total other financing sources (uses)</b>	<b>210,000</b>	<b>261,684</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	(3,361)	261,684	56,333	7	129,250	(175,845)
<b>FUND BALANCES (DEFICIT)</b>						
Beginning of year	260,318	(261,684)	147,055	(88)	136,792	1,060,112
End of year	\$ 256,957	\$ -	\$ 203,388	\$ (81)	\$ 266,042	\$ 884,267

<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>
\$ -	\$ 222,956	\$ -	\$ 3,282,748
-	-	-	46,545
-	-	-	660,059
510	76,450	19,206	208,913
-	324,500	-	2,218,010
<u>510</u>	<u>623,906</u>	<u>19,206</u>	<u>6,416,275</u>
-	-	-	273,068
-	-	-	502,011
-	-	-	567,308
-	-	-	292,556
-	-	-	299,092
-	107,496	-	1,153,149
-	12,469	-	950,397
-	288,686	-	2,092,823
-	408,651	-	6,130,404
<u>510</u>	<u>215,255</u>	<u>19,206</u>	<u>285,871</u>
-	266,684	-	1,038,598
(10,718)	(220,718)	(7,500)	(1,117,895)
<u>(10,718)</u>	<u>45,966</u>	<u>(7,500)</u>	<u>(79,297)</u>
(10,208)	261,221	11,706	206,574
<u>10,208</u>	<u>1,092,395</u>	<u>373,224</u>	<u>3,279,092</u>
\$ <u>-</u>	\$ <u>1,353,616</u>	\$ <u>384,930</u>	\$ <u>3,485,666</u>

**City of Geneva, Illinois**  
**COMBINING STATEMENT OF NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
April 30, 2007

	Parking Facilities Revenue	Refuse	Cemetery	Total Nonmajor Enterprise Funds
<b>CURRENT ASSETS</b>				
Cash and investments	\$ 2,154,157	\$ 6,375	\$ 370,139	\$ 2,530,671
Accounts receivable	435,977	12,000	-	447,977
Due from other funds	-	-	-	-
	<u>2,590,134</u>	<u>18,375</u>	<u>370,139</u>	<u>2,978,648</u>
<b>CAPITAL ASSETS</b>				
Buildings, plant and improvements	873,226	-	92,544	965,770
Equipment	-	144,929	7,999	152,928
Construction in process	2,684,347	-	-	2,684,347
	<u>3,557,573</u>	<u>144,929</u>	<u>100,543</u>	<u>3,803,045</u>
Accumulated depreciation	<u>(294,064)</u>	<u>(85,957)</u>	<u>(28,865)</u>	<u>(408,886)</u>
	<u>3,263,509</u>	<u>58,972</u>	<u>71,678</u>	<u>3,394,159</u>
<b>OTHER ASSETS</b>				
Unamortized bond costs	28,035	-	-	28,035
	<u>5,881,678</u>	<u>77,347</u>	<u>441,817</u>	<u>6,400,842</u>
<b>CURRENT LIABILITIES</b>				
Accounts payable	873,850	7,020	-	880,870
Accrued payroll	1,332	817	-	2,149
Accrued interest	10,880	-	-	10,880
Revenue bonds payable	20,000	-	-	20,000
	<u>906,062</u>	<u>7,837</u>	<u>-</u>	<u>913,899</u>
<b>NONCURRENT LIABILITIES</b>				
Notes payable	1,668,000	-	-	1,668,000
Revenue bond payable	1,575,000	-	-	1,575,000
	<u>4,149,062</u>	<u>7,837</u>	<u>-</u>	<u>4,156,899</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	509	58,972	71,678	131,159
Reserved - restricted accounts	-	-	369,840	369,840
Unrestricted	1,732,107	10,538	299	1,742,944
	<u>1,732,616</u>	<u>69,510</u>	<u>441,817</u>	<u>2,243,943</u>
Total net assets	\$ <u>1,732,616</u>	\$ <u>69,510</u>	\$ <u>441,817</u>	\$ <u>2,243,943</u>

**City of Geneva, Illinois**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
April 30, 2007

	Parking Facilities Revenue	Refuse	Cemetery	Total Nonmajor Enterprise Funds
<b>OPERATING REVENUES</b>				
Charges for services	\$ 311,787	\$ 136,848	\$ 76,936	\$ 525,571
Miscellaneous	1,165,705	10,258	3,315	1,179,278
Total operating revenues	<u>1,477,492</u>	<u>147,106</u>	<u>80,251</u>	<u>1,704,849</u>
<b>OPERATING EXPENSES</b>				
Plant and service	47,272	-	-	47,272
Administration	36,986	46,873	89,569	173,428
Depreciation	34,737	4,033	5,414	44,184
Lease payments	45,634	-	-	45,634
Refuse collection	-	109,319	-	109,319
Total operating expenses	<u>164,629</u>	<u>160,225</u>	<u>94,983</u>	<u>419,837</u>
OPERATING INCOME (LOSS)	<u>1,312,863</u>	<u>(13,119)</u>	<u>(14,732)</u>	<u>1,285,012</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Nonexpendable trust income	-	-	3,952	3,952
New development income	-	-	4,403	4,403
Interest income	90,644	-	7,024	97,668
Interest expense	(45,366)	-	-	(45,366)
Total nonoperating revenues (expenses)	<u>45,278</u>	<u>-</u>	<u>15,379</u>	<u>60,657</u>
INCOME (LOSS) BEFORE TRANSFERS	1,358,141	(13,119)	647	1,345,669
TRANSFERS OUT	<u>(116,760)</u>	<u>-</u>	<u>-</u>	<u>(116,760)</u>
CHANGE IN NET ASSETS	1,241,381	(13,119)	647	1,228,909
<b>NET ASSETS</b>				
Beginning of year	<u>491,235</u>	<u>82,629</u>	<u>441,170</u>	<u>1,015,034</u>
End of year	<u>\$ 1,732,616</u>	<u>\$ 69,510</u>	<u>\$ 441,817</u>	<u>\$ 2,243,943</u>

**City of Geneva, Illinois**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
April 30, 2007

	Parking Facilities Revenue	Refuse	Cemetery	Total Nonmajor Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 314,887	\$ 146,774	\$ 80,251	\$ 541,912
Receipts from grants	726,628	-	-	726,628
Payments to suppliers	(148,466)	(89,436)	-	(237,902)
Payments to employees	(17,497)	(61,220)	(87,287)	(166,004)
Net cash provided by (used in) operating activities	<u>875,552</u>	<u>(3,882)</u>	<u>(7,036)</u>	<u>864,634</u>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Transfers out	(116,760)	-	-	(116,760)
Net cash used in noncapital and related financing activities	<u>(116,760)</u>	<u>-</u>	<u>-</u>	<u>(116,760)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(1,552,888)	(37,735)	-	(1,590,623)
Interest expense	(34,486)	-	-	(34,486)
Proceeds from bond issues	3,263,000	-	-	3,263,000
Principal paid on revenue bonds	(477,800)	-	-	(477,800)
Net cash provided by (used in) capital and related financing activities	<u>1,197,826</u>	<u>(37,735)</u>	<u>-</u>	<u>1,160,091</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income	90,644	-	7,024	97,668
Nonexpendable trust income	-	-	3,952	3,952
New development income	-	-	4,403	4,403
Net cash provided by investing activities	<u>90,644</u>	<u>-</u>	<u>15,379</u>	<u>106,023</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>2,047,262</b>	<b>(41,617)</b>	<b>8,343</b>	<b>2,013,988</b>
<b>CASH AND CASH EQUIVALENTS</b>				
Beginning of year	<u>106,895</u>	<u>47,992</u>	<u>361,796</u>	<u>516,683</u>
End of year	<u>\$ 2,154,157</u>	<u>\$ 6,375</u>	<u>\$ 370,139</u>	<u>\$ 2,530,671</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 1,312,863	\$ (13,119)	\$ (14,732)	\$ 1,285,012
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	34,737	4,033	5,414	44,184
Change in assets and liabilities				
Accounts receivable	(435,977)	(332)	-	(436,309)
Unamortized bond costs	(24,522)	-	-	(24,522)
Accounts payable	(11,977)	5,614	-	(6,363)
Due to other funds	-	-	2,282	2,282
Accrued payroll	428	(78)	-	350
Net cash provided by (used in) operating activities	<u>\$ 875,552</u>	<u>\$ (3,882)</u>	<u>\$ (7,036)</u>	<u>\$ 864,634</u>
<b>Noncash transactions</b>				
There were the following amount of capital asset additions in accounts payable at April 30, 2007.	<u>873,850</u>			

**City of Geneva, Illinois**  
 SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
 NONMAJOR GOVERNMENTAL FUNDS AND ALL ENTERPRISE FUNDS  
April 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Government-type Funds</b>				
Tricom	\$ 1,737,503	\$ 2,610,796	\$ 1,988,765	\$ 622,031
Motor Fuel Tax	625,000	625,000	624,593	407
Combined Special Service Area	435,364	437,865	406,847	31,018
Illinois Municipal Retirement	685,200	685,200	502,011	183,189
Public Benefit	97,140	97,140	-	97,140
Mental Health	154,057	154,057	140,972	13,085
Liability Insurance	234,300	279,300	192,671	86,629
Medical and Dental Insurance	86,015	86,015	99,885	(13,870)
Tree Nursery	3,400	3,400	-	3,400
Employer Pension Contribution *	-	-	567,308	(567,308)
General Obligation Bond 1994	1,820,971	1,820,971	1,823,294	(2,323)
Firestation Number Two	50,000	50,000	50,000	-
Special Service Area #12 Construction	63,908	63,908	64,556	(648)
TIF East State Street Construction	246,157	271,157	120,494	150,663
Prairie Green	1,310,000	1,310,000	383,601	926,399
Street Construction	-	-	-	-
Working Cash	215,000	215,000	7,500	207,500
<b>Proprietary-type Funds</b>				
Electric Light	27,012,586	28,421,076	28,974,498	(553,422)
Waterworks and Sewerage	4,934,573	5,835,538	5,573,216	262,322
Parking Facilities Revenue	310,500	302,226	326,755	(24,529)
Refuse	156,650	194,647	160,225	34,422
Cemetery	85,737	85,737	94,983	(9,246)

\* 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, 2007

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.	4/30/08
General Liability			
Occurrence			
General total	\$ 3,000,000	St. Paul Fire & Marine Insurance Co.	4/30/08
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.	4/30/08
Each occurrence	2,000,000		
Law enforcement liability protection	2,000,000		
Each occurrence	2,000,000		
Property			
Blanket building	\$ 36,475,567	St. Paul Fire & Marine Insurance Co.	4/30/08
Flood	5,000,000		
Earthquake	5,000,000		
Crime			
Public employee theft	\$ 500,000	St. Paul Fire & Marine Insurance Co.	4/30/08
Contractor's Equipment Floater	\$ 50,000		4/30/08
Business/Auto			
Liability	\$ 2,000,000	St. Paul Fire & Marine Insurance Co.	4/30/08
Uninsured motorist	2,000,000		
Underinsured motorist	2,000,000		

(Continued)

**City of Geneva, Illinois**  
**SCHEDULE OF INSURANCE COVERAGE AND**  
**CUSTOMER INFORMATION**  
April 30, 2007

Risk Covered	Amount of Policy	Name of Insurer	Policy Expiration
<b>Bond on Officials</b>			
City administrator	\$ 100,000	Ohio Casualty	4/30/08
Fiscal officer	100,000	Ohio Casualty	4/30/08
City treasurer	100,000	Ohio Casualty	4/30/08
City mayor	3,000	Ohio Casualty	4/30/08
<b>Umbrella Excess Liability</b>			
General total	\$ 20,000,000	St. Paul Fire & Marine Insurance Co.	4/30/08
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	10,153		

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.