

Revenue Sources

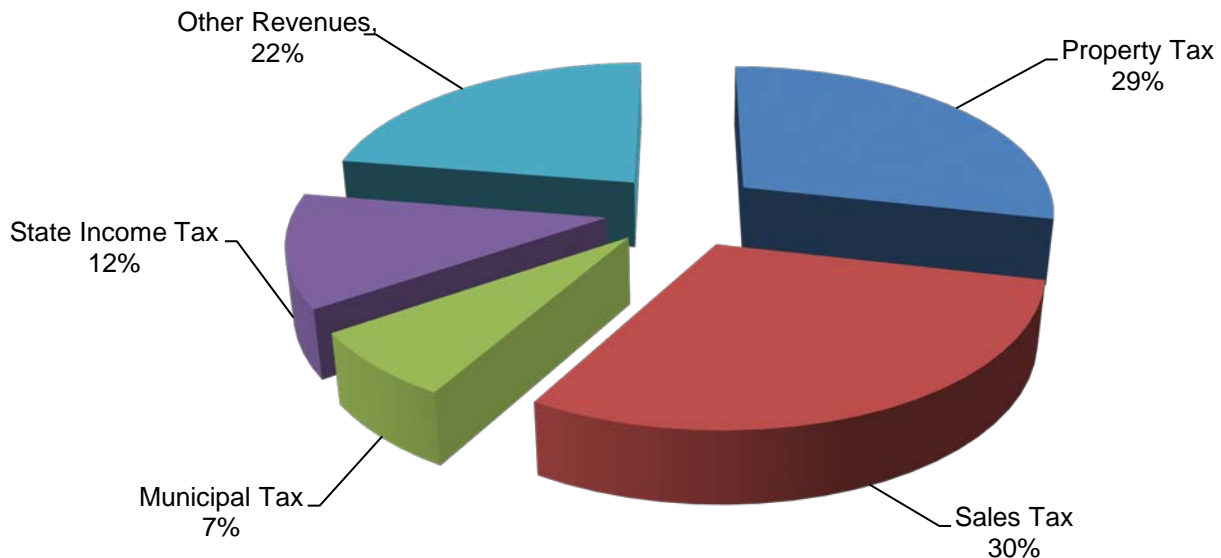
Introduction

The City of Geneva has developed a diverse base of revenues to fund its operational and capital needs. The purpose of this section is to describe the major revenue sources and trends and how these affect the City. Special emphasis is placed on four major revenue sources. This set of revenues is significant in that they collectively represent 73% of the City's budgeted revenues in the General Fund for FY 2018. Each major source of revenue is described on the following pages. Revenues in the FY 2018 budget total \$16,798,585. These four major revenue sources and their contribution to overall revenues are summarized in the charts below.

Major Revenue Summary – General Fund

Major Revenue Source	Budgeted 2018 Revenue	Percent of Total Current Revenues
<i>Property Tax</i>	\$4,791,920	29%
<i>Sales Tax</i>	\$5,000,000	30%
<i>Municipal Tax</i>	\$1,201,000	7%
<i>State Income Tax</i>	\$2,042,000	12%
<i>Subtotal Major Revenue Sources</i>	\$13,079,275	78%
Other Revenues	\$3,763,665	22%
Total Current Revenues	\$16,798,585	100%

Major Revenue Sources - General Fund

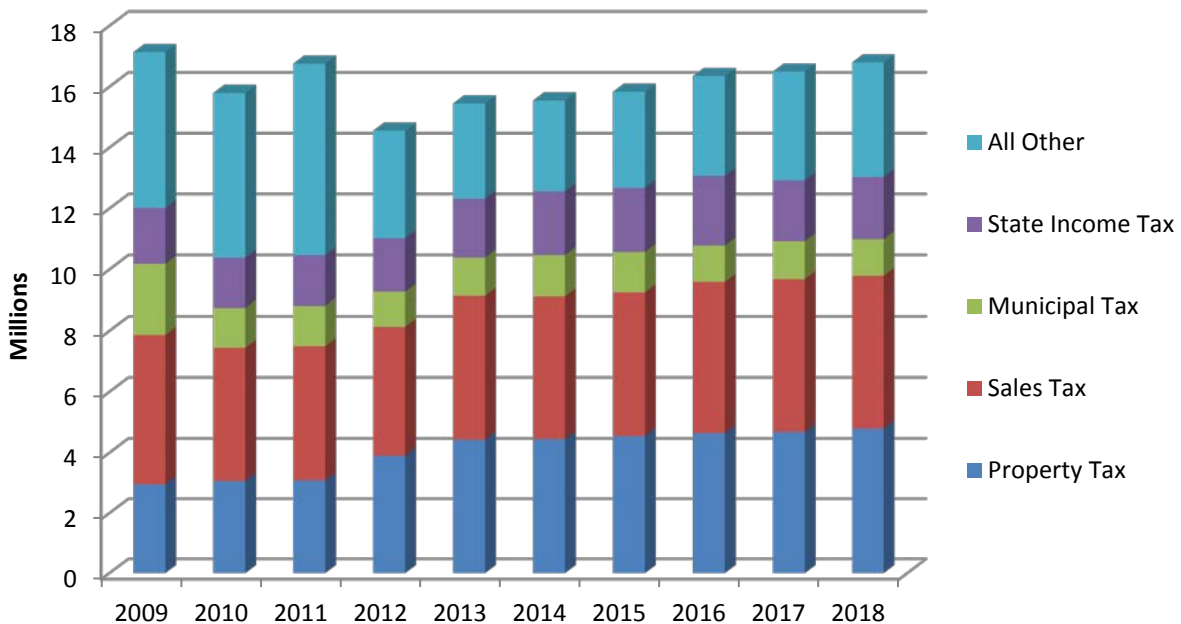


Revenue Sources

Major Revenue Sources – Last Ten Fiscal Years

Year	Property Tax	Sales Tax	Municipal Tax	State Income Tax	All Other	Total Revenues
2009	2,950,241	4,917,076	2,321,021	1,827,127	5,120,111	17,135,576
2010	3,062,871	4,383,719	1,301,537	1,637,623	5,409,004	15,794,755
2011	3,086,722	4,411,592	1,316,989	1,652,801	6,289,650	16,757,754
2012	3,904,829	4,229,673	1,137,863	1,754,844	3,527,764	14,554,973
2013	4,427,487	4,708,771	1,250,410	1,937,141	3,126,611	15,450,420
2014	4,450,945	4,666,100	1,353,762	2,094,605	2,981,141	15,546,553
2015	4,545,724	4,701,581	1,324,307	2,105,104	3,194,959	15,835,561
2016	4,640,915	4,952,394	1,189,304	2,290,774	3,276,200	16,349,587
2017 Est.	4,684,410	5,000,000	1,242,000	2,000,000	3,570,060	16,496,470
2018 Bud.	4,791,920	5,000,000	1,201,000	2,042,000	3,763,665	16,798,585

Major Revenue Sources - Last Ten Fiscal Years



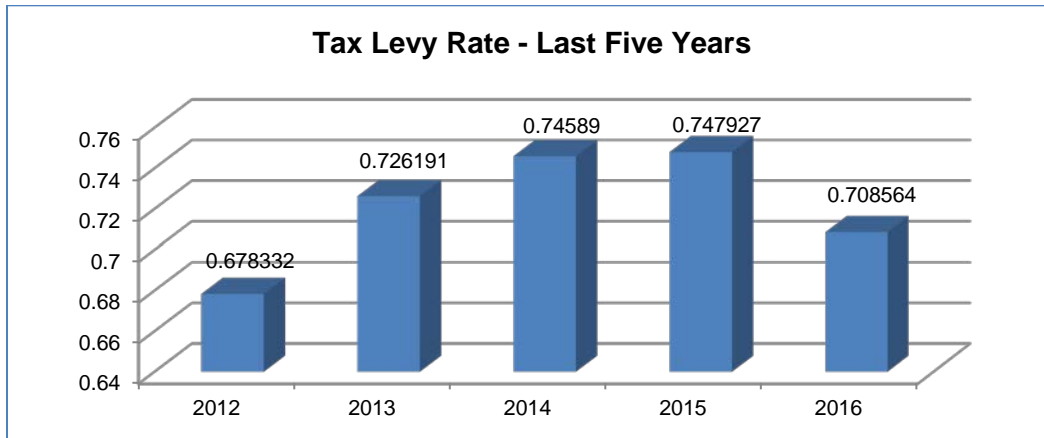
Ad Valorem Property Tax

Budgeted FY 2018 ad valorem property taxes total \$4,791,920 or 29% of current revenue in the General Fund. Property taxes are collected on the assessed valuation of taxable real personal property. The County provides the EAV used in the calculation of property taxes necessary to fund the budget.

Revenue Sources

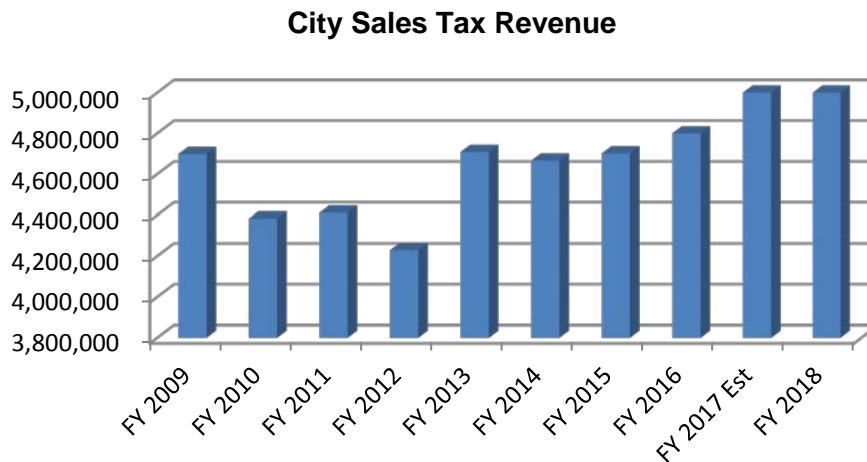
Total assessed valuation in Geneva grew steadily during the early to mid 2000's and then began a steady descent after Levy Year 2009 and a slow return since Levy Year 2014. The 2016 assessed valuation of \$978,064,190 shows an increase of \$60,490,864 or 7% over 2015.

The 2016 property taxes are collected in 2017 and provide funding for the FY 2018 budget.



Sales Tax

The largest source of revenue for the City's General Fund is from local Sales Taxes. Retail Sales Tax of 7.5% is collected by the State. The City receives 1.5% of the revenues collected. Of the total sales tax revenue received 1% is unrestricted and recorded in the General Fund while the remaining 0.5% is restricted to capital improvement/infrastructure projects and is recorded in the Infrastructure Capital Projects Fund. Sales taxes are expected to remain stable from the FY 2017 estimated amount. This figure represents approximately 30% of the total revenue in the General Fund.

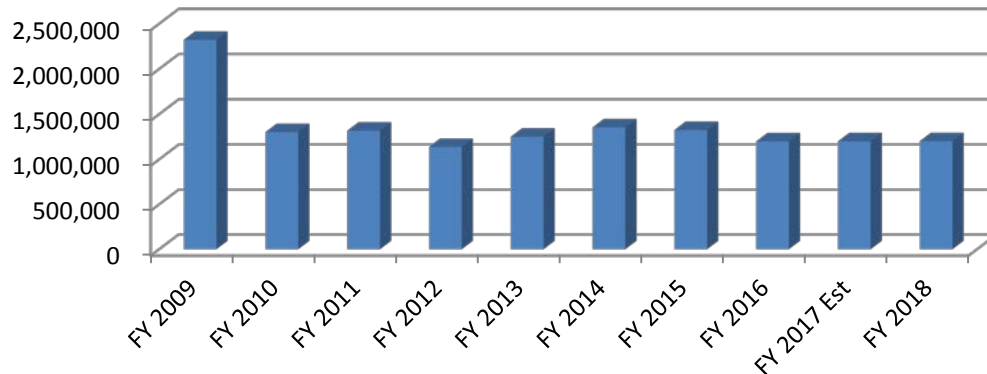


Revenue Sources

Municipal Tax

The City collects a municipal tax on gas, electric and water utilities. The Budget projects \$1,201,000 in Municipal Tax for FY 2018. Revenue received for these taxes depends largely upon changes in the cost of natural gas, changes in population and/or whether the area experiences extreme temperatures.

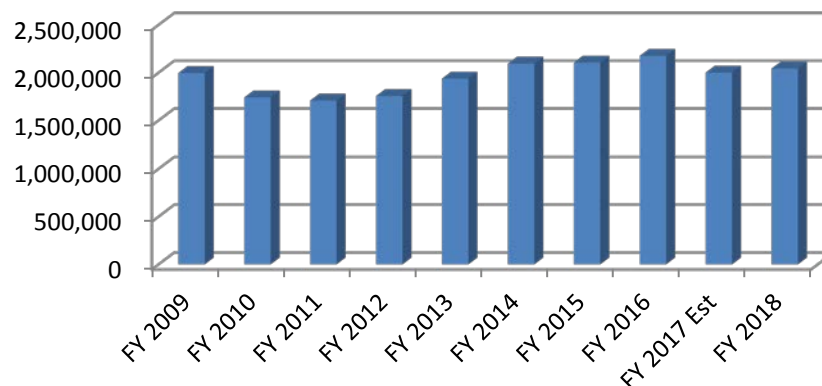
Municipal Utility Tax Revenue



State Income Tax

The City currently receives State Income Tax revenues based on a per capita formula applied to the State's set-aside 8% from individuals and 9.14% from corporations for Local Government Distributive Funds. State Income Tax is expected to increase slightly (2.1%) from current year estimates due to signs that the economic recovery is putting more people back to work in the State of Illinois. However past statements from the governor regarding the possibility of reducing the amount distributed to municipalities could be as much as 50%. The budget was prepared as if the reduction would not take place, but contingency plans have been developed.

Income Tax Revenue



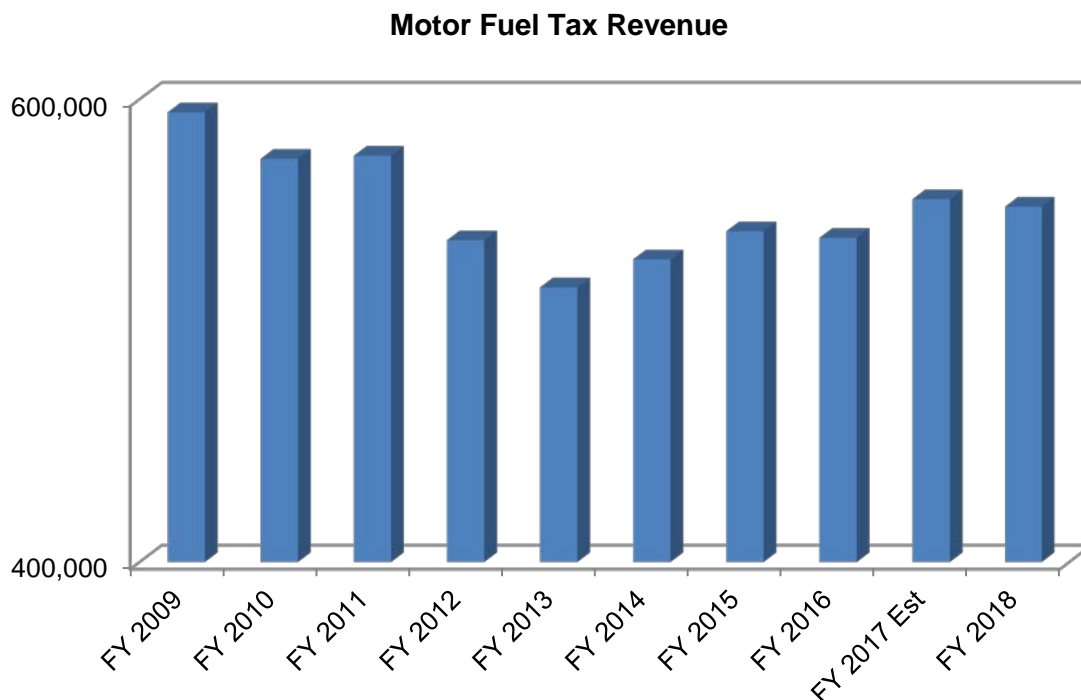
Revenue Sources

Other Revenue Sources

Motor Fuel Tax

The Illinois Motor Fuel Tax (MFT) Fund is derived from a tax on the privilege of operating motor vehicles upon public highways and of operating recreational watercraft upon the waters of the State, based upon the consumption of motor fuel. The Department of Transportation allocates this money according to the MFT Fund Distribution statute (35 ILCS 505/8) and initiates the process for distribution of motor fuel tax to the counties, townships and municipalities.

The FY 2018 budget estimates \$553,500 in MFT funds which are recorded in the MFT Special Revenue Fund. The City will use these funds towards a street improvement program. Collections of MFT funds have decreased over the past couple of years which can be attributed to fuel prices, conservation of fuel and the overall economic environment.

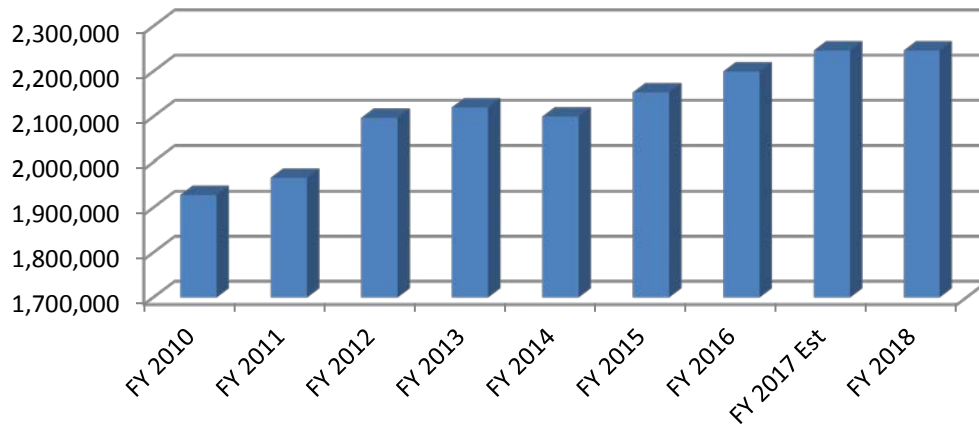


Non-Home Rule Sales Tax

The 0.5% Non-Home Rule Sales Tax was instituted in 2007 and is restricted to “Infrastructure” related capital projects and is recorded in the Infrastructure Capital Projects Fund. This tax does not apply to sales of food, drugs, and medical appliances so therefore it is not exactly half of the Sales Tax. Non-Home Rule Sales taxes are expected to remain the same from the FY 2017 estimated amount.

Revenue Sources

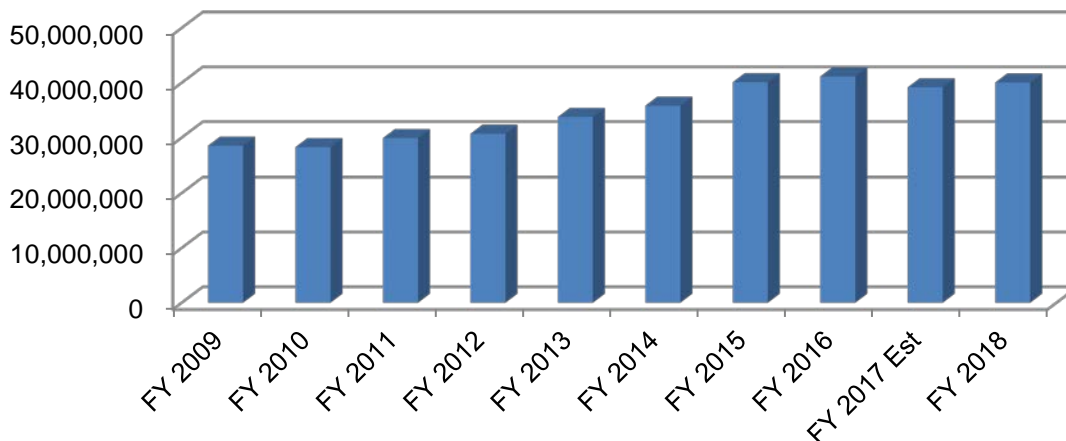
Non-Home Rule Sales Tax Revenue



Electric Sales

Electric revenues are based on the amount of electricity used by individual homes and businesses. Electric revenues over the past ten (10) years have been driven mainly by three factors. The first factor was rate increases in 2011, 2014 and again in 2015 due to cost increases in operations and purchased power. The second factor was overall increase in growth. The City of Geneva's demand for energy grew, peaking in 2007; followed by an overall decline due to the recession and rebounded in 2012. The final factor is weather, 2012 and 2013 had record periods of hot weather, driving the electric system to peak demand levels. The City is a partner in Northern Illinois Municipal Power Agency (NIMPA) which operates a coal-fired generating station in southern Illinois. The City can also generate power during peak demand via the Geneva Generating Facility (GGF), a natural gas-fired generating station. The FY 2018 budget of \$40,015,590 is based on a slight increase in consumption over the estimated FY 2017 usage.

Electric Sales Revenue

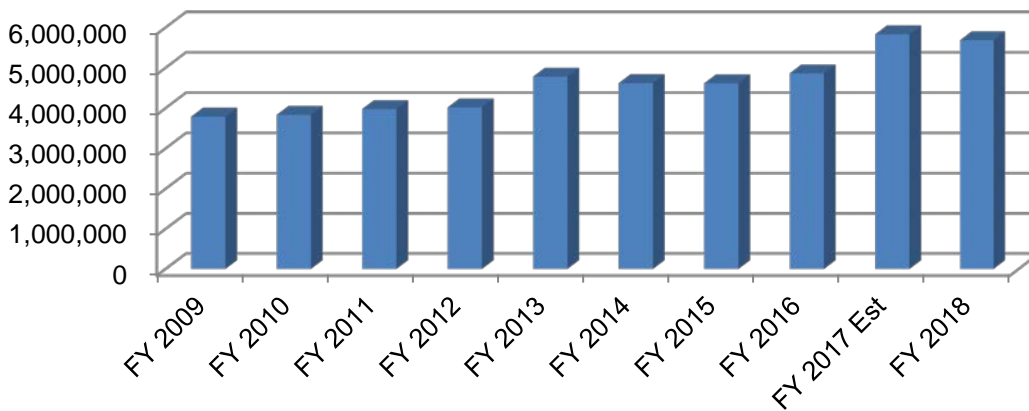


Revenue Sources

Water Sales

Water revenues are based on the number of cubic feet used by individual homes and businesses. Water rates are developed to recover the cost of providing potable water to the City users. The City pumps water from underground wells and treats it through a reverse osmosis system at the Water Treatment Facility. Water consumption has been steadily increasing over the past several years and a rate restructuring in 2016 has provided a fixed component that is independent of usage. The FY 2018 budget of \$5,681,895 is a decrease of 3% and is based on the 2015 rate study projections.

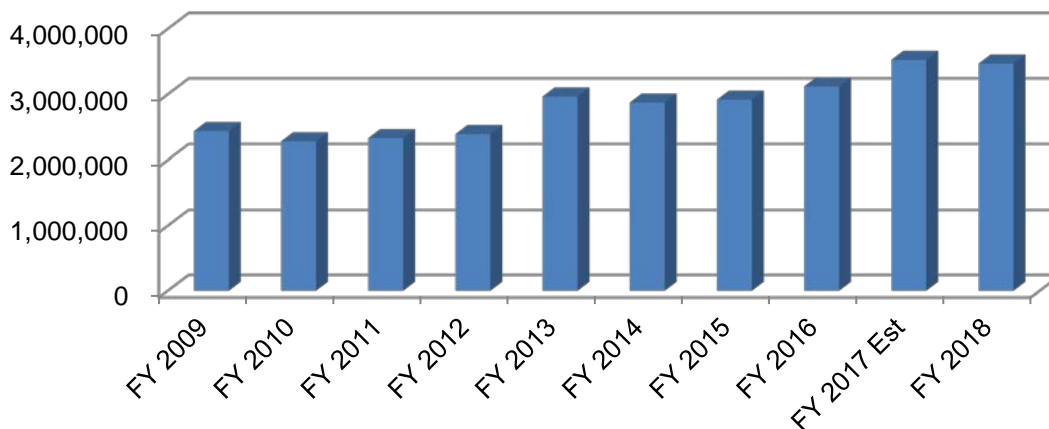
Water Sales Revenue



Sewer Sales

Sewer sales are largely based on water consumption and have generally followed the same trends. The FY 2018 budget of \$3,467,325 is a decrease of 2% from the FY 2017 estimate and is based on the 2015 rate study projections.

Sewer Sales Revenue



Revenue Forecast Methodology

The City of Geneva uses various sources of information to forecast revenue. Included are previous year trends, economic conditions, information from the County and Township assessors and the Illinois Municipal League and rate studies for the Electric and Water/Wastewater Funds. Included in trend forecasting are sales tax, municipal tax, telecommunications tax, income tax, MFT tax and electric and water sales. External economic conditions including inflation, employment and interest rates are also taken into consideration when forecasting anticipated revenue.

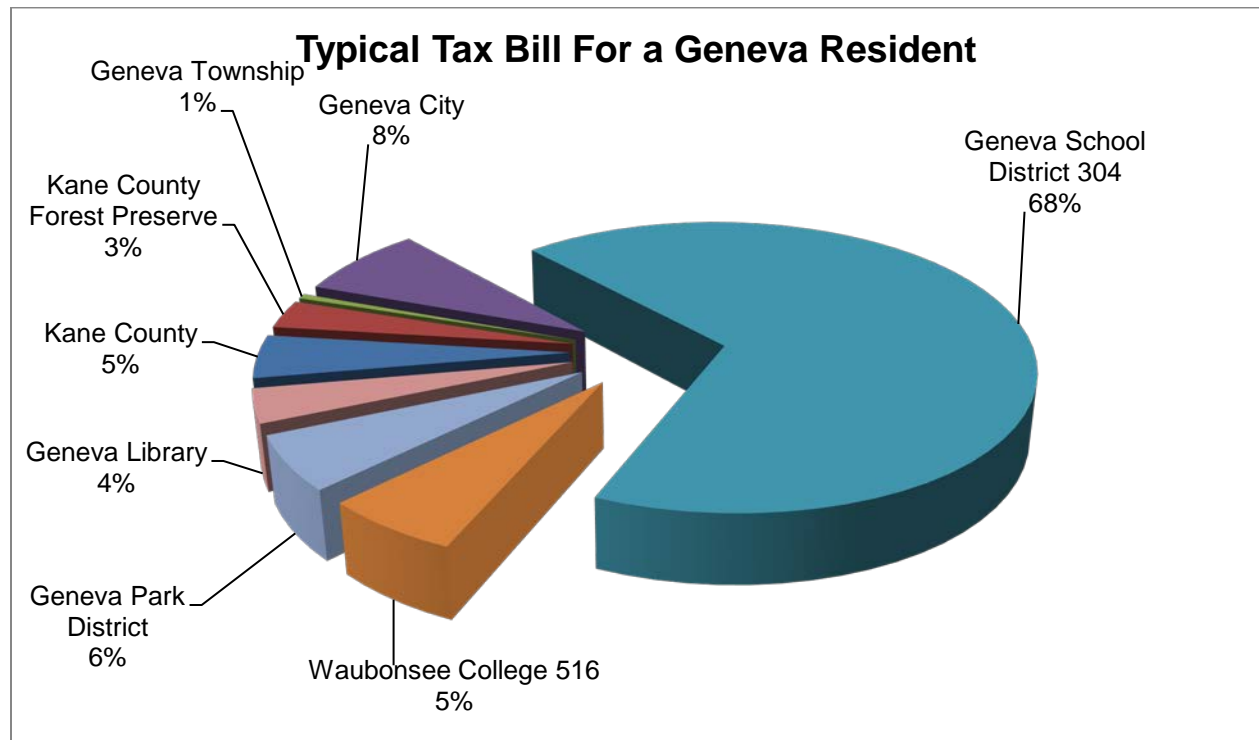
Typical Tax Bill

Market Value of Home:	\$350,000	Annual Tax Liability for City Services: \$826.68 To calculate the annual tax bill, multiply the assessed valuation by the tax levy rate and divide the result by 100. $116,655 \times .708654 = 82,668.03$; $82,668.03 \div 100 = \$826.68$
Current Tax Levy:	.708654	
Assessed Valuation:	\$116,655	Monthly Expenses for City Services: \$68.89 To determine the monthly tax expenses for City services, divide the tax liability by 12 months: $\$826.68 \div 12 = \68.89
To determine assessed valuation, multiply Market value by 33.33%: $350,000 \times 33.33\% = \$116,655$		

City of Geneva property owners pay property taxes which generate revenue used to operate the City, schools, parks, libraries and township road districts.

The City of Geneva is under the *Property Tax Extension Limitation Law* which caps increases in property tax extensions for non-home rule taxing districts. Increases in tax extensions are limited to the lesser of 5% or the Consumer Price Index (CPI) for the year preceding the levy year. This limit slows the growth of property tax revenues to taxing districts when property values and assessments are increasing faster than the rate of inflation.

A common misconception about property taxes is that all of the money goes to the City. The City's portion of a resident's total tax bill is approximately 8%. The City relies more heavily on a combination of sales tax and other miscellaneous tax, than property tax, to provide essential core services to the public. The chart below illustrates the breakdown of a typical residential tax bill.



CITY OF GENEVA, ILLINOIS
Budget Summary - Total by Fund
Fiscal Year Ending April 30, 2018

Fund	2014-2015 Actual	2015-2016 Actual	2016-2017 Budget	2016-2017 Projected	2017-2018 Request
Revenues and Other Financing Sources					
General	\$ 15,835,561	\$ 16,349,587	\$ 17,314,830	\$ 16,496,470	\$ 16,798,585
Special Revenue Funds					
Motor Fuel Tax	717,322	550,217	557,075	557,285	554,100
Cultural Arts Commission	57,137	23,904	49,795	37,725	86,145
SPAC	25,705	26,641	14,935	26,135	14,930
Beautification	15,714	13,666	12,900	12,275	12,900
Tourism	229,333	244,513	271,775	268,000	399,855
Restricted Police Fines	43,656	17,555	21,155	23,750	29,695
PEG	143,213	36,042	36,640	35,630	84,000
Mental Health	155,155	154,995	293,175	153,185	158,175
Foreign Fire Insurance	44,165	45,401	46,655	45,775	43,505
SSA #1	295,301	497,488	212,130	208,345	226,500
SSA #4 (Randall Square)	12,093	12,145	28,950	12,150	50,450
SSA #5 (Williamsburg)	8,148	8,514	23,250	7,625	13,250
SSA #7 (Blackberry)	2,763	2,762	11,865	2,860	2,905
SSA #9 (Geneva Knolls)	3,018	3,018	3,165	3,180	3,180
SSA #11 (Eagle Brook)	52,875	52,978	55,600	55,530	92,000
SSA #16 (Fisher Farms)	154,022	153,893	154,165	153,920	154,100
SSA #18 (Wildwood)	1,462	1,464	1,535	1,535	4,035
SSA #23 (Sunset Meadows)	1,068	1,069	1,120	1,120	6,120
SSA #26 (Westhaven)	7,100	7,094	13,825	7,370	7,450
SSA #32 (On Brentwood's Pond)	-	-	3,000	3,200	3,000
	<u>1,969,250</u>	<u>1,853,361</u>	<u>1,812,710</u>	<u>1,616,595</u>	<u>1,946,295</u>
Debt Service Funds					
Debt Service	1,810,825	1,932,287	1,975,175	5,083,420	1,985,975
	<u>1,810,825</u>	<u>1,932,287</u>	<u>1,975,175</u>	<u>5,083,420</u>	<u>1,985,975</u>
Capital Projects Funds					
General Capital Projects	1,125,503	128,345	169,800	122,780	102,500
Infrastructure Capital Projects	2,647,653	2,663,538	3,334,575	2,870,375	3,081,500
Prairie Green	105,629	106,812	70,420	69,500	70,000
TIF #2	254,685	242,920	245,795	232,785	246,535
TIF #3	-	-	-	-	171,035
Capital Equipment	56,708	85,560	332,385	34,715	358,810
	<u>4,190,179</u>	<u>3,227,174</u>	<u>4,152,975</u>	<u>3,330,155</u>	<u>4,030,380</u>
Enterprise Funds					
Electric	41,108,768	41,268,391	45,148,710	39,879,945	43,777,810
Water/Wastewater	8,955,964	8,995,692	12,700,705	10,055,220	23,145,890
Refuse	500,237	520,204	557,520	537,105	537,750
Cemetery	69,738	66,158	61,600	59,500	85,200
Commuter Parking	5,301,185	683,363	649,270	585,700	785,900
	<u>55,935,891</u>	<u>51,533,808</u>	<u>59,117,805</u>	<u>51,117,470</u>	<u>68,332,550</u>
Internal Service Funds					
Group Dental Insurance	168,571	180,606	156,200	194,735	207,260
Workers Compensation	467,372	629,154	524,730	992,280	525,000
	<u>635,943</u>	<u>809,760</u>	<u>680,930</u>	<u>1,187,015</u>	<u>732,260</u>
Trust and Agency Funds					
Police Pension	2,725,824	1,215,064	2,227,735	2,877,735	2,927,735
Fire Pension	1,080,512	222,978	831,305	1,461,040	1,586,690
	<u>3,806,336</u>	<u>1,438,042</u>	<u>3,059,040</u>	<u>4,338,775</u>	<u>4,514,425</u>
Total Revenues	<u>\$ 84,183,985</u>	<u>\$ 77,144,019</u>	<u>\$ 88,113,465</u>	<u>\$ 83,169,900</u>	<u>\$ 98,340,470</u>

CITY OF GENEVA, ILLINOIS
Budget Summary - Total by Fund
Fiscal Year Ending April 30, 2018

Fund	2014-2015 Actual	2015-2016 Actual	2016-2017 Budget	2016-2017 Projected	2017-2018 Request
Expenditures and Other Financing Uses					
General	\$ 16,333,865	\$ 15,874,789	\$ 17,314,830	\$ 16,217,230	\$ 16,798,585
Special Revenue Funds					
Motor Fuel Tax	409,893	425,150	557,075	557,075	554,100
Cultural Arts Commission	33,560	46,382	49,795	24,545	86,145
SPAC	18,139	6,722	14,935	14,130	14,930
Beautification	11,391	9,962	12,900	9,890	12,900
Tourism	194,944	205,563	271,775	235,845	399,855
Restricted Police Fines	30,451	7,706	21,155	21,150	29,695
PEG	57,991	10,901	36,640	4,350	84,000
Mental Health	141,231	141,735	293,175	293,175	158,175
Foreign Fire Insurance	27,221	87,799	46,655	37,865	43,505
SSA #1	295,853	496,025	212,130	283,865	226,500
SSA #4 (Randall Square)	9,591	10,348	28,950	32,490	50,450
SSA #5 (Williamsburg)	6,902	5,553	23,250	23,250	13,250
SSA #7 (Blackberry)	1,678	1,468	11,865	6,865	2,905
SSA #9 (Geneva Knolls)	2,526	2,696	3,165	3,020	3,180
SSA #11 (Eagle Brook)	62,800	16,500	55,600	53,000	92,000
SSA #16 (Fisher Farms)	153,124	143,909	154,165	139,530	154,100
SSA #18 (Wildwood)	960	840	1,535	1,535	4,035
SSA #23 (Sunset Meadows)	609	533	1,120	1,120	6,120
SSA #26 (Westhaven)	3,476	3,042	13,825	13,825	7,450
SSA #32 (On Brentwood's Pond)	-	-	3,000	3,000	3,000
	<u>1,462,342</u>	<u>1,622,834</u>	<u>1,812,710</u>	<u>1,759,525</u>	<u>1,946,295</u>
Debt Service Funds					
Debt Service	1,836,046	1,899,381	1,975,175	5,074,955	1,985,975
	<u>1,836,046</u>	<u>1,899,381</u>	<u>1,975,175</u>	<u>5,074,955</u>	<u>1,985,975</u>
Capital Projects Funds					
General Capital Projects	619,481	633,494	169,800	121,830	102,500
Infrastructure Capital Projects	2,769,946	2,985,436	3,334,575	2,644,300	3,081,500
Prairie Green	16,644	22,051	70,420	48,705	70,000
TIF #2	202,960	180,228	245,795	125,145	246,535
TIF #3	-	-	-	112,650	171,035
Capital Equipment	-	-	332,385	325,555	358,810
	<u>3,609,031</u>	<u>3,821,209</u>	<u>4,152,975</u>	<u>3,378,185</u>	<u>4,030,380</u>
Enterprise Funds					
Electric	37,613,361	39,695,722	45,148,710	40,797,355	43,777,810
Water/Wastewater	8,163,865	8,959,572	12,700,705	12,008,335	23,145,890
Refuse	465,624	496,294	557,520	614,350	537,750
Cemetery	54,091	50,322	61,600	59,350	85,200
Commuter Parking	477,494	660,496	649,270	760,975	785,900
	<u>46,774,436</u>	<u>49,862,406</u>	<u>59,117,805</u>	<u>54,240,365</u>	<u>68,332,550</u>
Internal Service Funds					
Group Dental Insurance	155,100	159,999	156,200	154,250	207,260
Workers Compensation	540,732	695,813	524,730	820,275	525,000
	<u>695,832</u>	<u>855,812</u>	<u>680,930</u>	<u>974,525</u>	<u>732,260</u>
Trust and Agency Funds					
Police Pension	1,198,563	1,328,765	1,596,550	1,493,965	1,509,950
Fire Pension	412,657	513,250	651,000	622,345	805,410
	<u>1,611,221</u>	<u>1,842,015</u>	<u>2,247,550</u>	<u>2,116,310</u>	<u>2,315,360</u>
Total Expenditures	<u>\$ 72,322,772</u>	<u>\$ 75,778,447</u>	<u>\$ 87,301,975</u>	<u>\$ 83,761,095</u>	<u>\$ 96,141,405</u>