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# POPULAR ANNUAL FINANCIAL REPORT

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**FOR THE FISCAL YEAR ENDING APRIL 30, 2018  
GENEVA, IL**

Information from this document can be found in our  
Comprehensive Annual Financial Report at [www.geneva.il.us](http://www.geneva.il.us)

# A Letter From Management

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Dear Residents,

The City of Geneva is pleased to present the Fiscal Year (FY) 2018 Popular Annual Financial Report (PAFR). As City staff, we strongly believe in maintaining good communication with our residents to promote transparency and responsible government.

This report is designed to provide a summary view of the City's financial activities. The information in this report is based on the City's FY 2018 Comprehensive Annual Financial Report (CAFR) which represents the City's official audited financial statements and conforms to the generally accepted accounting principles (GAAP). All information in this report can be found in greater detail in the CAFR, which is available on the City's website at [www.geneva.il.us](http://www.geneva.il.us).

The City received its fifth consecutive Certificate of Achievement for Excellence in Financial Reporting award from the Government Finance Officers Association (GFOA) of the United States and Canada for the fiscal year ending April 30, 2017. The Certificate of Achievement is considered the highest form of recognition in the area of government accounting and financial reporting. Also, the City received its eighth consecutive Distinguished Budget Presentation Award from GFOA for the fiscal year beginning May 1, 2018. For the second year in a row, the City was awarded the Outstanding Achievement in Popular Annual Financial Reporting for FY 2017. These awards show the City's commitment to fiscal accountability and integrity.

We hope upon reading this report, you will have greater insight into the City's financial condition. If you have any questions or comments regarding information in this document or any City financial report, please contact the Finance Division at 630.232.0854.

Sincerely,



Stephanie K. Dawkins  
City Administrator



Rita Kruse  
Finance Manager



City Hall	630.232.7494
Finance Div.	630.232.0854
Public Works	630.232.1501
Building Div.	630.262.0280
Community Dev.	630.232.0818
Economic Dev.	630.232.7449
Police	630.232.4736
Fire	630.232.2530
Website	<a href="http://www.geneva.il.us">www.geneva.il.us</a>

# About the City of Geneva

Founded in 1835 and selected as the Kane County seat, Geneva is located in the Fox River Valley 40 miles west of Chicago.

The City of Geneva, a non-home rule community, is known for an exceptional quality of life with abundant recreational opportunities and open space, a full selection of shopping and quality employers. The City is also known for its historic downtown business district, the Geneva Commons Lifestyle Shopping Center, the Geneva Business Park, Kane County Cougar baseball, festivals, bike trails and more.

## Geneva Facts

Median Household Income	\$100,284
Median Home Value	\$305,000
Per Capita Income	\$45,002
Total Housing Units	7,895
Total Companies	2,768
Persons in Poverty	6.3%
High School Graduate or Higher	97.6%
Full-Time City Positions	151
2017 EAV	\$1,010,041,569

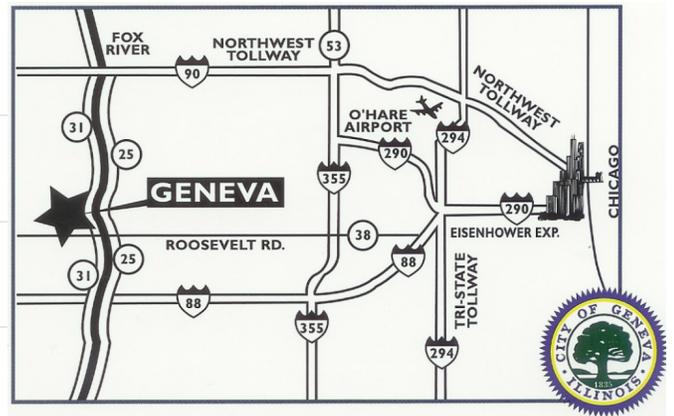
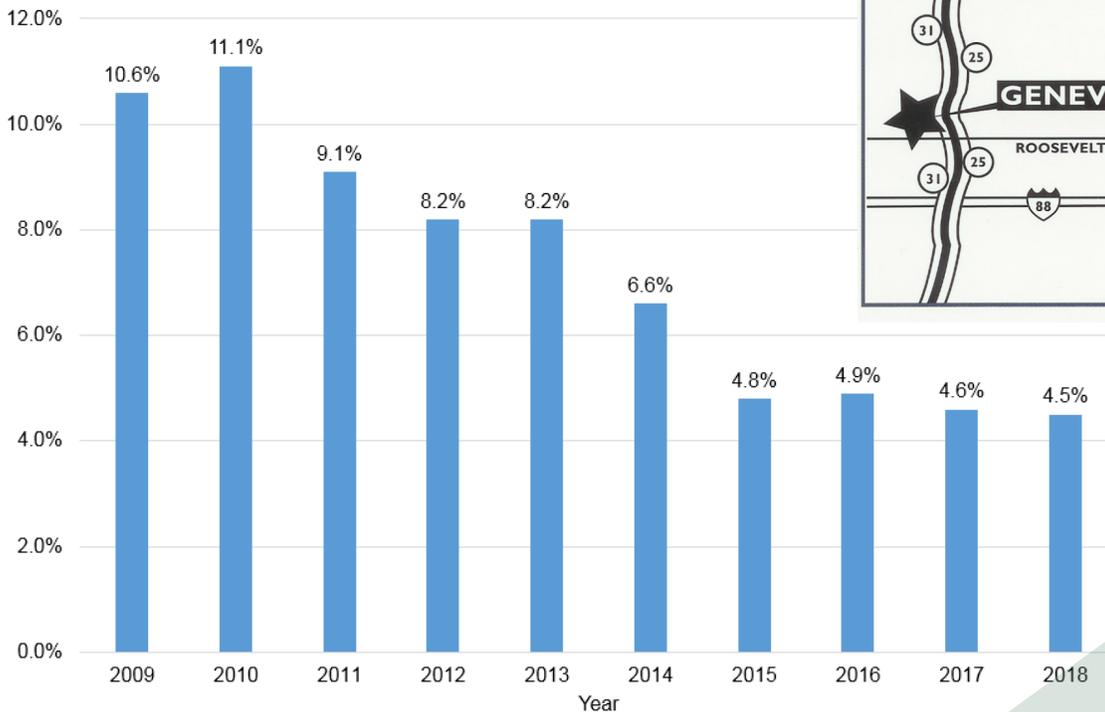
Source: 2012-2016 American Community Survey 5-year profiles and Vintage 2016 Population Estimates from the U.S. Census Bureau Internet site; and Geneva CAFR FY 2018.

## Top Ten Employers (2018)

<u>Employer</u>	<u>Employees</u>
1. Delnor Hospital	1,650
2. Kane County	1,316
3. Geneva School Dist.	909
4. Greencore USA	300
5. Burgess-Norton Mfg.	300
6. Johnson Controls, Inc.	300
7. Houghton-Mifflin	250
8. FONA International	250
9. Power Packaging	200
10. Lineage Logistics	150

Source: 2017 Illinois Manufacturers Directory, 2017 Illinois Services Directory, and a selective telephone survey.

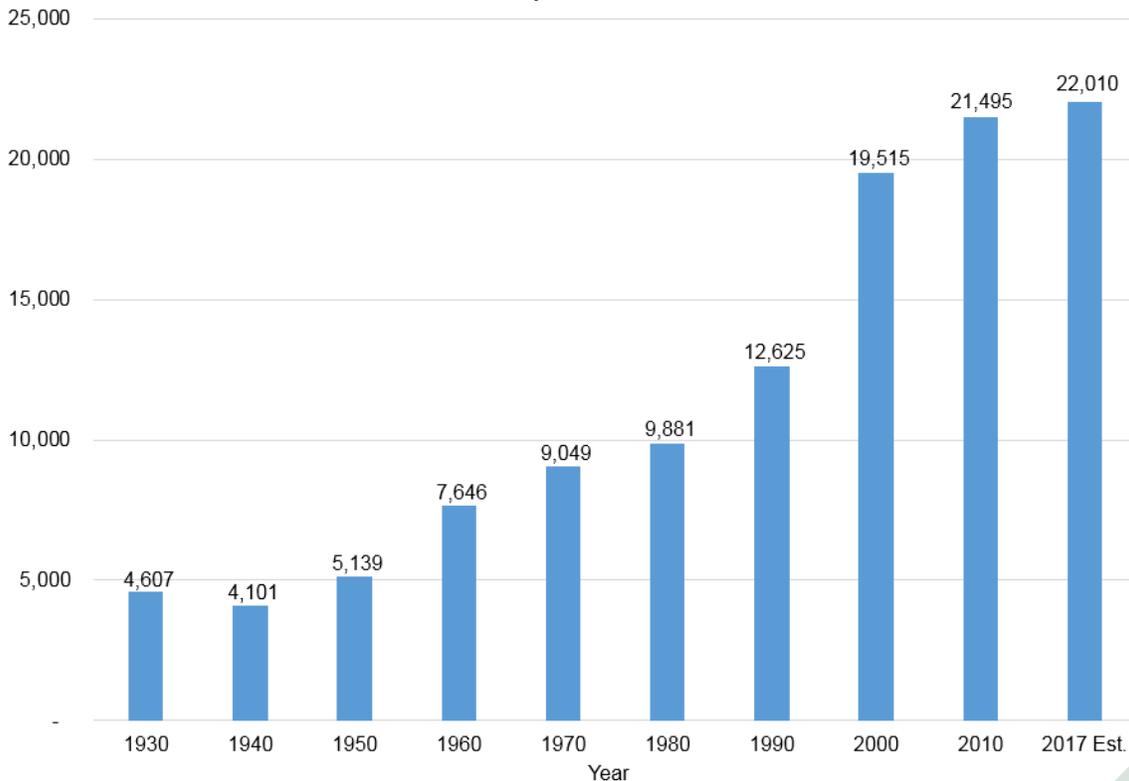
City of Geneva Annual Average Unemployment Rate



## More About Geneva

Besides being a popular dining and shopping destination, Geneva is host to multiple events throughout the year. The City's largest festival is Swedish Days, which features a host of family-friendly activities with live musical entertainment, a carnival, Kids' Day fun, Sweden Väst, a Grand Parade, and multi-ethnic food. Other events include Festival of the Vine, Geneva Film Festival, Shakespeare in the Park, Concours d'Elegance (which features classic automobiles), the French Market (Sundays April-November), RiverPark Concerts, the Geneva Art Fair. Contact the [City of Geneva](#) (630.232.7494) or the [Geneva Chamber of Commerce](#) (630.232.6060) for more information regarding events and festivals in Geneva.

Population Trend



The City received the Certificate of Achievement for Excellence in Financial Reporting award from the Government Finance Officers Association (GFOA) of the United States and Canada, as well as the Distinguished Budget Presentation Award. The City prides itself on its outstanding service delivery and its commitment to providing its residents with quality living.



## Geneva Wins its 2nd PAFR Award!

The City of Geneva was awarded its second Popular Annual Financial Reporting (PAFR) award for the fiscal year 2017. This was the second consecutive year the City prepared a PAFR. The PAFR is a summary of the Comprehensive Annual Financial Report (CAFR) issued by the City and is meant to communicate financial information to residents in an easy, condensed fashion.



# Elected Officials

The Geneva City Council is comprised of a Mayor, City Clerk, City Treasurer, and ten Aldermen elected from five wards (serving four-year, staggered terms). The Mayor, Clerk, and Treasurer are elected at-large. Aldermen are elected by ward, two per ward. The Mayor, with the advice and consent of the Council, appoints a full-time City Administrator who is responsible for the day-to-day operations of the City. Together, these individuals lead the City.



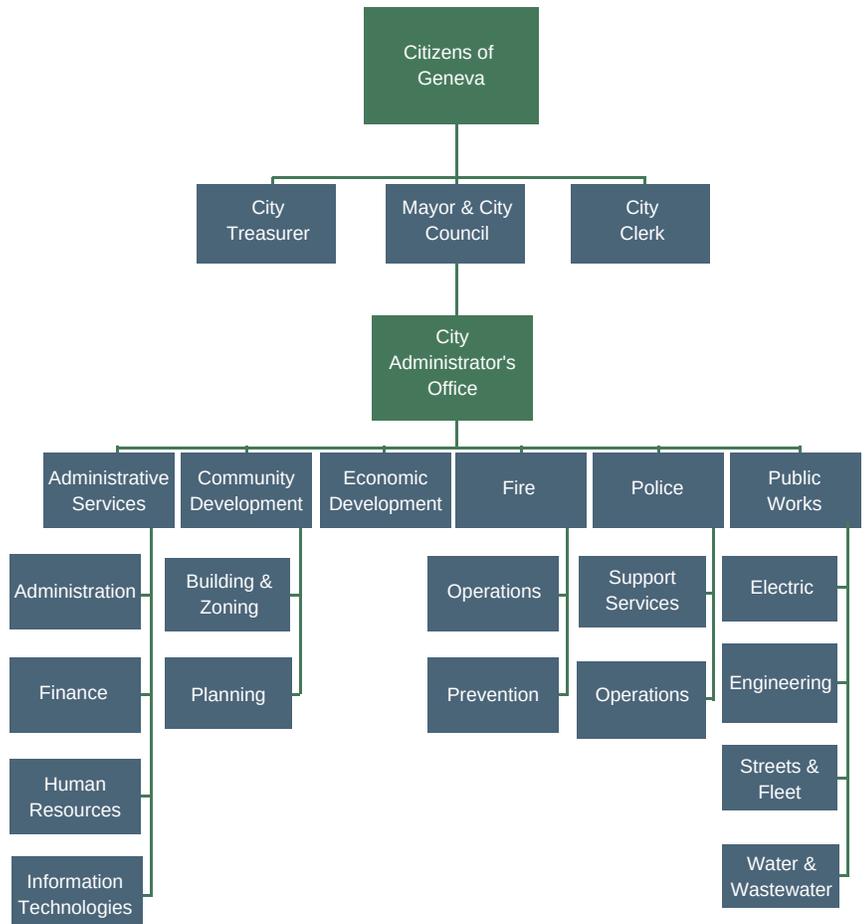
Front Row (Left to Right): Robert C. Swanson, Ward 5; Becky Hruby, Ward 3; Kevin R. Burns, Mayor; Jeanne McGowan, Ward 4; Tara Burghart, Ward 1

Back Row (Left to Right): Jim Radecki, Ward 4; Donald B. Cummings, Jr., Ward 2; Richard Marks, Ward 2; Mike Bruno, Ward 1; Craig Maladra, Ward 5; Dean Kilburg, Ward 3

(As of April 30, 2018)



## Organizational Chart



## Senior Management Team

### City Administrator

Stephanie Dawkins

### Chief of Police

Eric Passarelli

### Fire Chief

Mike Antenore

### Director of Public Works

Rich Babica

### Director of Community Development

David DeGroot

### Director of Economic Development

Cathleen Tymoszenko

(As of April 30, 2018)

# Capital Improvement Program

Cities continually face the need to repair and replace worn out and antiquated facilities and infrastructure as well as building new infrastructure to keep pace with the level of citizen need and community growth. In an effort to look beyond the year-to-year budgeting to determine what, when, and where future improvements are to be made, staff prepares a capital improvement plan. The plan is analyzed and updated on an annual basis. The plan helps the City Council and staff prepare for the future needs of the community while ensuring adequate resources are available to finance those needs. Without this long-range planning tool, public improvements may be given the wrong priorities, be poorly located, or be unrealistic due to lack of available financial resources. Below is a partial list of projects planned for fiscal year 2019:

- Continue the multi-year construction of the wastewater treatment plant upgrade to comply with National Pollutant Discharge Elimination System (NPDES) Permit limits for phosphorus discharge.
- Rehabilitate sanitary sewers by lining or replacing deficient structures to comply with new NPDES Permit.
- Replacement of 25-year-old “Welcome to Geneva” signs. We are currently in year two of a four-year program.
- Repair and/or replace deteriorated culverts to restore functionality of the storm sewer system in the Eagle Brook subdivision.
- Conduct a TIF study and prepare a redevelopment project and plan related to the Southeast Master Plan.
- Install two observation cameras at the South Third Street Fireplace to deter repeated vandalism.
- Inspect and maintain bike paths located in Geneva to address pavement failures, pavement markings, and signage.
- Continue multi-year process to update City’s tree inventory and diagnosis.
- Update zoning regulations to align with recommendation set forth in the Downtown/Station Area Master Plan.
- Design a permanent pavilion structure which can house the French Market and other community events.
- Continue sidewalk maintenance to address cracks, uneven settlements, ADA upgrades and/or City utility improvements.



# Fiscal Condition

Net position over time may serve as a useful indicator of a government's financial position. In the case of the City of Geneva, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$131.7 million at the close of the most recent fiscal year. The City uses a Statement of Net Position to demonstrate condition based on the year's financial activities. The table below combines information about the City's assets and liabilities to illustrate the net position in millions.

The City is in a better fiscal position than last year due to an increase of \$2.9 million from the 2017 net position. During the fiscal year, the net position for the governmental activities increased \$1.5 million from the prior fiscal year for an ending balance of \$28.3 million. The increase is mainly due to an increase in general revenues. For the City of Geneva's business-type activities, the results for the fiscal year were positive as the overall net position increased to an ending balance of \$103.4 million. The total increase in net position was \$1.4 million or 1.4% from the prior fiscal year. The growth is attributable to the Electric Fund reporting operating income of \$1.2 million.

**Condensed Statement of Net Position as of April 30, 2018**  
(In Millions)

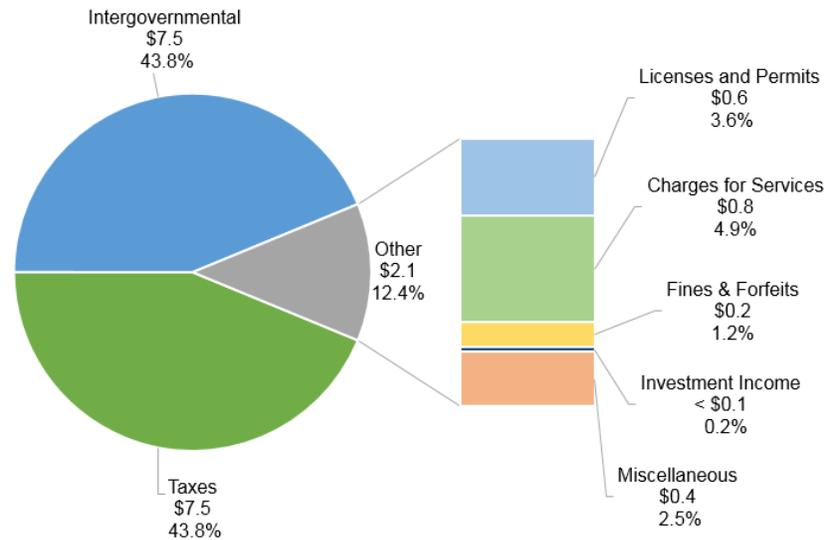
	Governmental Activities		Business-Type Activities		Total	
	2017	2018	2017	2018	2017	2018
<b>Assets</b>						
Current and other assets	\$ 20.6	\$ 21.9	\$ 22.6	\$ 23.8	\$ 43.2	\$ 45.7
Capital assets	47.2	46.6	116.1	114.1	163.3	160.7
<b>Total assets</b>	<b>67.8</b>	<b>68.5</b>	<b>138.7</b>	<b>137.9</b>	<b>206.5</b>	<b>206.4</b>
Deferred outflows	5.0	2.5	2.0	1.0	7.0	3.5
<b>Total assets &amp; Deferred outflows</b>	<b>72.8</b>	<b>71.0</b>	<b>140.7</b>	<b>138.9</b>	<b>213.5</b>	<b>209.9</b>
<b>Liabilities</b>						
Long-term liabilities	34.7	30.6	35.3	29.8	70.0	60.4
Other liabilities	2.1	2.2	3.3	4.0	5.4	6.2
<b>Total liabilities</b>	<b>36.8</b>	<b>32.8</b>	<b>38.6</b>	<b>33.8</b>	<b>75.4</b>	<b>66.6</b>
Deferred inflows	9.2	9.8	0.1	1.8	9.3	11.6
<b>Total liabilities &amp; Deferred inflows</b>	<b>46.0</b>	<b>42.6</b>	<b>38.7</b>	<b>35.6</b>	<b>84.7</b>	<b>78.2</b>
<b>Net position</b>						
Net investment in						
Capital assets	41.4	42.6	85.8	90.7	127.2	133.3
Restricted	4.4	4.5	0.2	0.3	4.6	4.8
Unrestricted	(19.0)	(18.8)	16.0	12.4	(3.0)	(6.4)
<b>Total net position</b>	<b>\$ 26.8</b>	<b>\$ 28.3</b>	<b>\$ 102.0</b>	<b>\$ 103.4</b>	<b>\$ 128.8</b>	<b>\$ 131.7</b>



## General Fund Revenues: Where the Money Comes From

The General Fund is the City's primary operating fund which supports core municipal services. Various types of taxes provide a majority of the resources for the General Fund. The City's General Fund tax revenues include property, utility, and telecommunication taxes. Intergovernmental revenues are revenues collected by the State and remitted to the City on a monthly basis, these include state-shared sales, state income, and local use taxes. Total General Fund revenues for Fiscal Year 2018 were \$17,119,966.

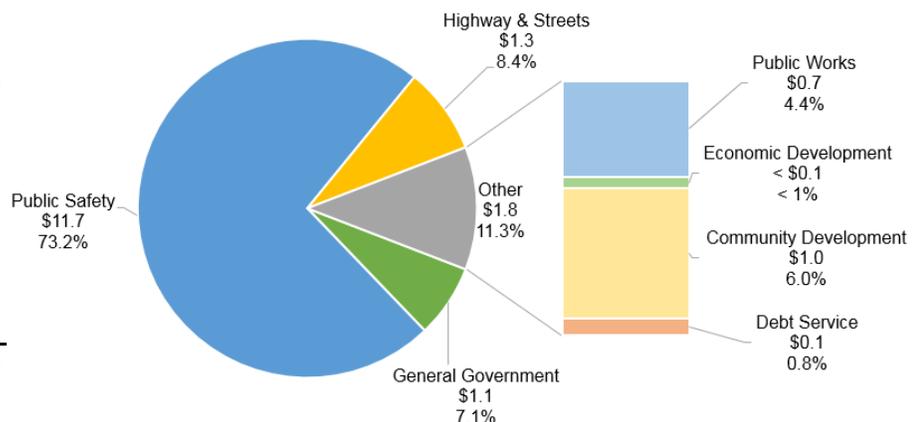
Taxes	\$7,498,030
Intergovernmental	7,491,273
Licenses and Permits	617,759
Charges for Services	845,815
Fines and Forfeits	198,708
Investment Income	37,677
Miscellaneous	430,704
<b>Total</b>	<b>\$17,119,966</b>



## General Fund Expenditures: Where the Money Goes

Functional expenditures of the General Fund include General Government, Community Development, Economic Development, Public Safety, Highway and Streets, and Public Works. A review of actual expenditures compared to the appropriations in the final budget reveals no significant variances other than Community Development. The Community Development Department had increased costs for contractual inspection services which is offset by increased permit revenue. The City's General Fund seeks to maintain a minimum of 25% or 3 months of expenditures to provide for cash flow and reserves. Total General Fund Expenditures for Fiscal Year 2018 were \$15,996,599.

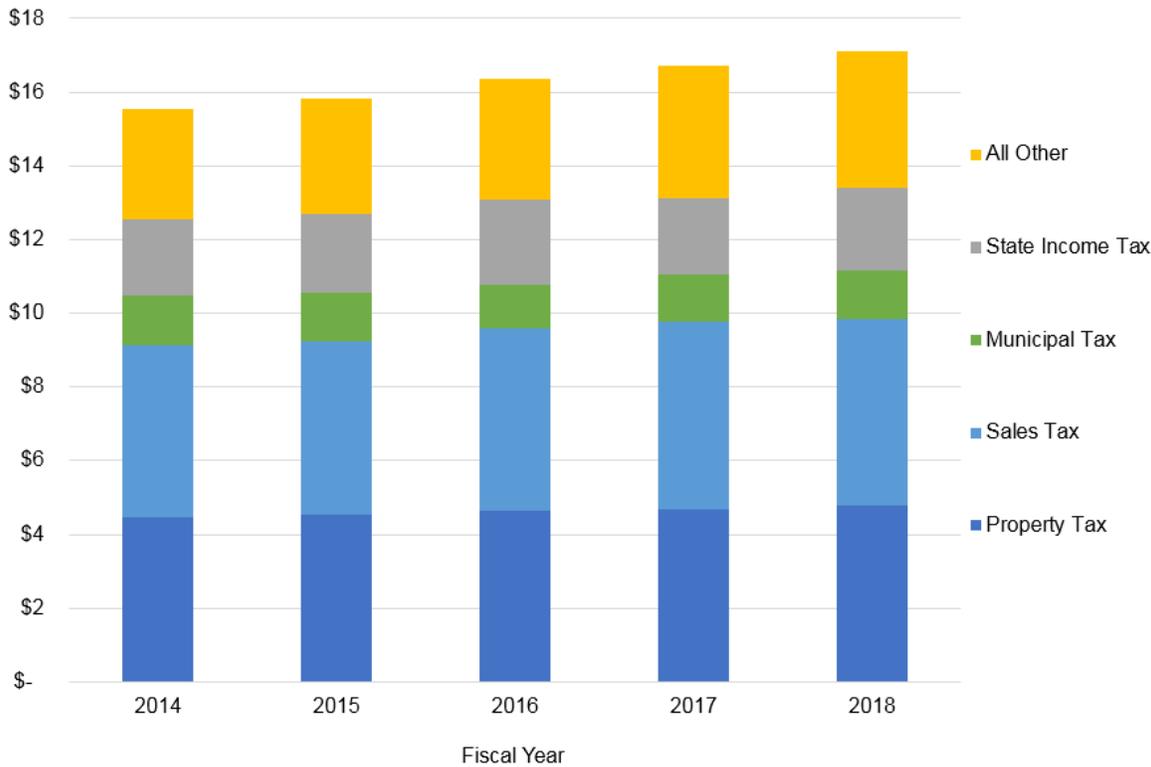
General Government	\$1,114,993
Public Works	704,443
Economic Development	87,071
Community Development	952,587
Public Safety	11,687,263
Highway & Streets	1,321,381
Debt Service	128,861
<b>Total</b>	<b>\$15,996,599</b>



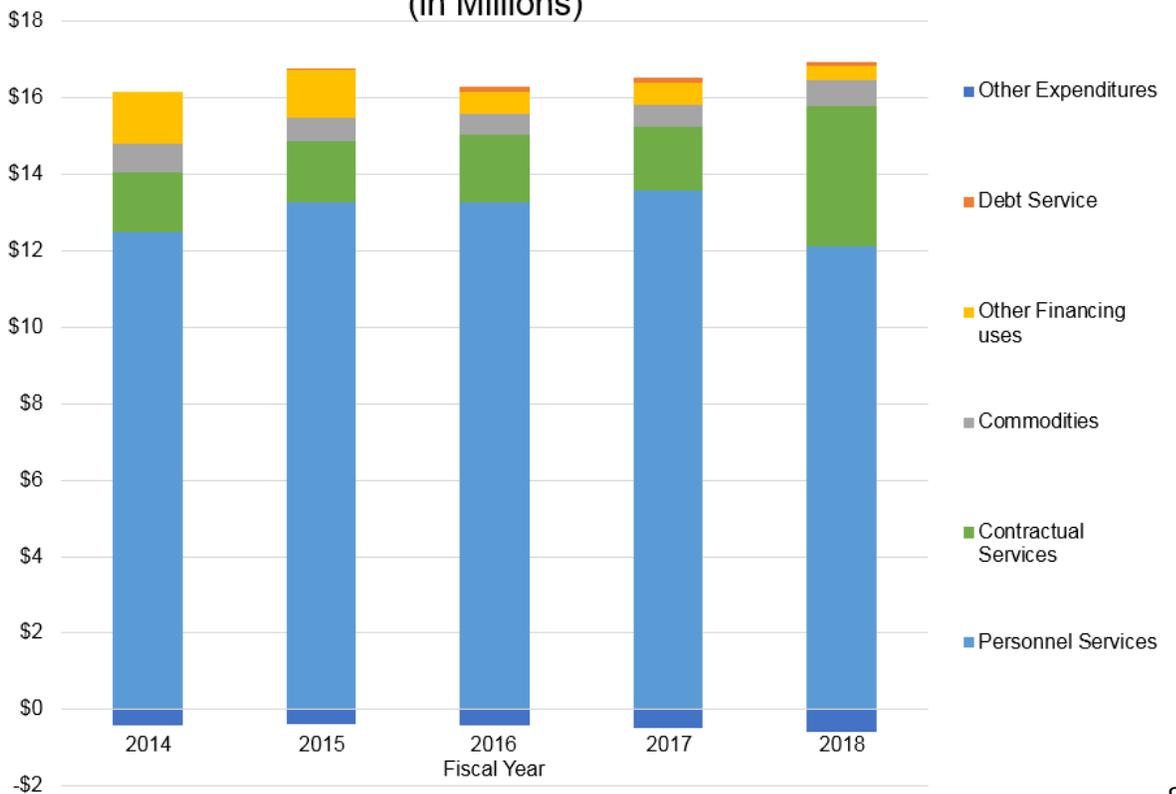
# General Fund - The Last Five Years

The City of Geneva keeps a vigilant eye on income and spending. The charts on this page show trends of major revenue sources and expenditures by category for the last five years.

## Major Revenue Sources - Last Five Fiscal Years (in Millions)



## Major Expenditures - Last Five Fiscal Years (in Millions)



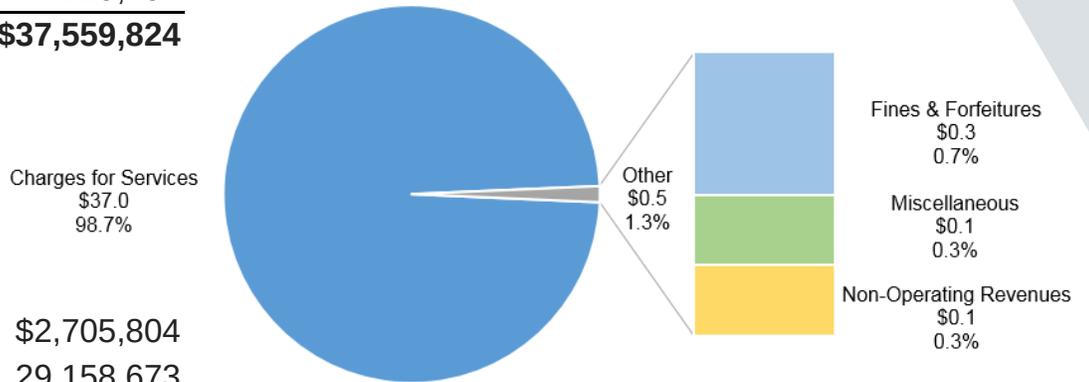
# Electric Fund

In the Electric Fund, revenues declined from the prior fiscal year by \$1.0 million or 2.6% due to consumption reduction. Electric Fund operating expenses decreased \$0.3 million or 0.8% when compared to the prior fiscal year. The reduction was mainly due to a drop in prices paid for electricity, \$0.7 million or 2.3% under FY 2017. Significant capital projects included the overhead/underground cable replacement program, substation improvements and vehicle replacements.

## Revenues

Charges for Services	\$37,044,152
Fines & Forfeitures	259,367
Miscellaneous	126,511
Non-Operating Revenues	129,794
<b>Total</b>	<b>\$37,559,824</b>

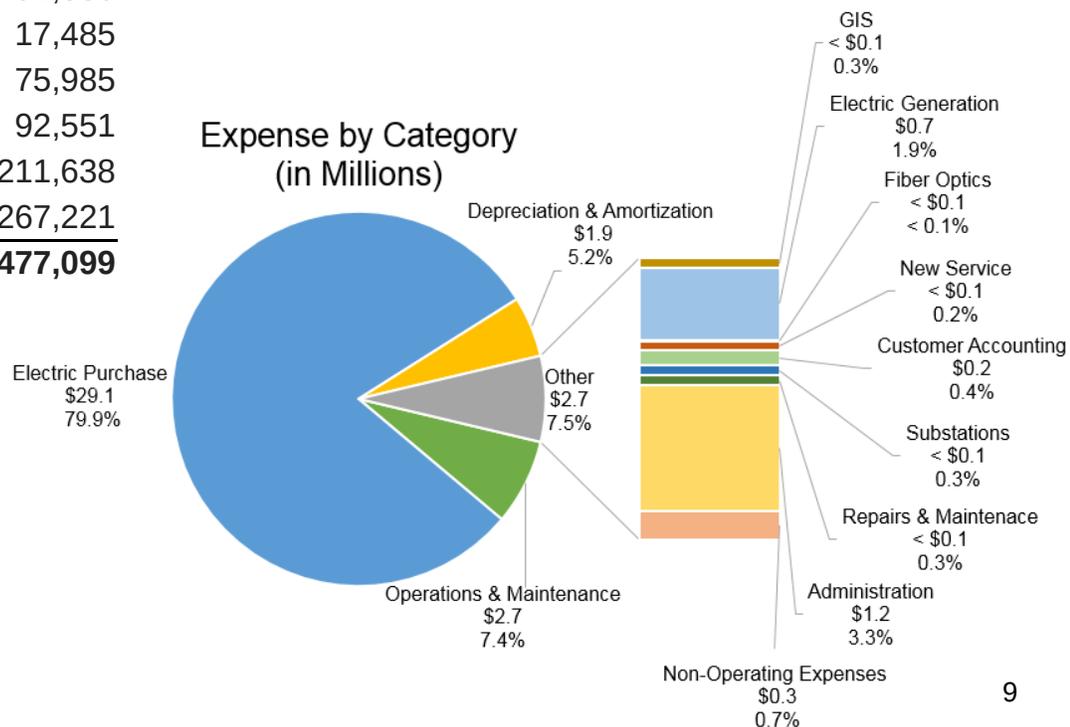
Revenues by Category  
(in Millions)



## Expenses

Operations & Maintenance	\$2,705,804
Electric Purchases	29,158,673
Electric Generation	693,582
Customer Accounting	152,553
Repairs & Maintenance	96,193
Depreciation & Amortization	1,914,084
GIS	91,330
Fiber Optics	17,485
New Service	75,985
Substations	92,551
Administration	1,211,638
Non-Operating Expenses	267,221
<b>Total</b>	<b>\$36,477,099</b>

Expense by Category  
(in Millions)



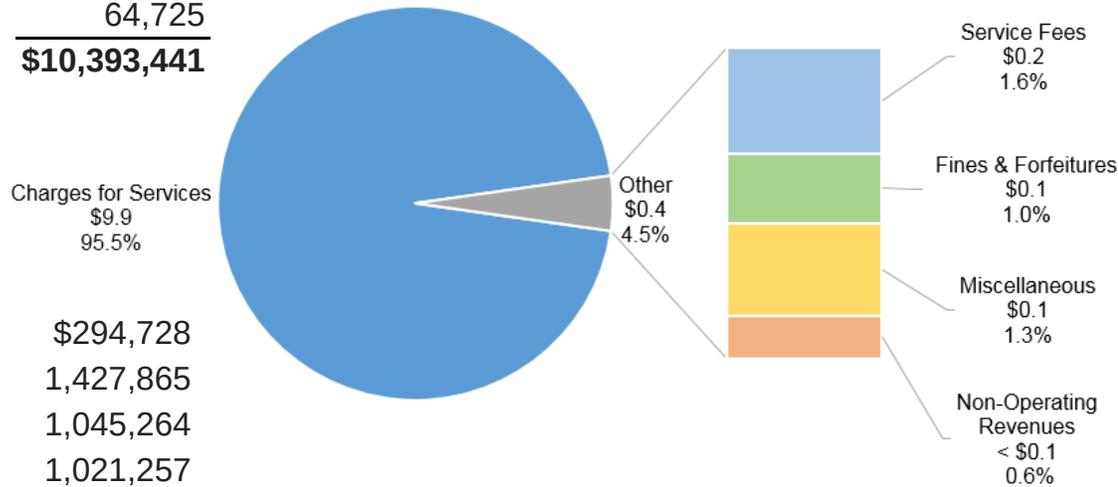
# Waterworks and Sewerage Fund

In the Waterworks and Sewerage Fund, sales of water and sewer went up by \$0.8 million or 5.3%. The water rates were increased in May to cover costs of production and transportation and include a larger fixed charge component so the Waterworks and Sewerage Fund would be less dependent on consumption. The rate also includes a fixed rate to fund future infrastructure needs. The operating expenses of the Waterworks & Sewerage Fund increased \$0.4 million or 4.4% over the prior fiscal year mainly due to an increase in capital outlay compared to the prior fiscal year.

## Revenues

Charges for Services	\$9,925,728
Service Fees	158,234
Fines & Forfeitures	105,972
Miscellaneous	138,782
Non-Operating Revenues	64,725
<b>Total</b>	<b><u>\$10,393,441</u></b>

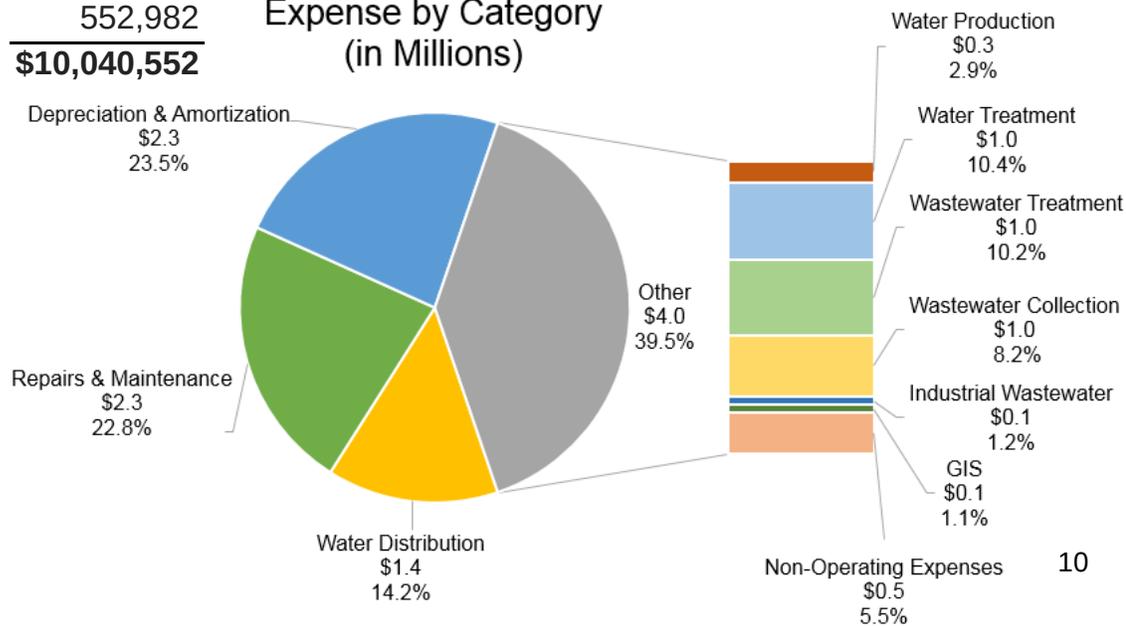
Revenues by Category  
(in Millions)



## Expenses

Water Production	\$294,728
Water Distribution	1,427,865
Water Treatment	1,045,264
Wastewater Treatment	1,021,257
Wastewater Collection	827,753
Industrial Wastewater	120,444
GIS	107,712
Repairs & Maintenance	2,284,866
Depreciation & Amortization	2,357,681
Non-Operating Expenses	552,982
<b>Total</b>	<b><u>\$10,040,552</u></b>

Expense by Category  
(in Millions)

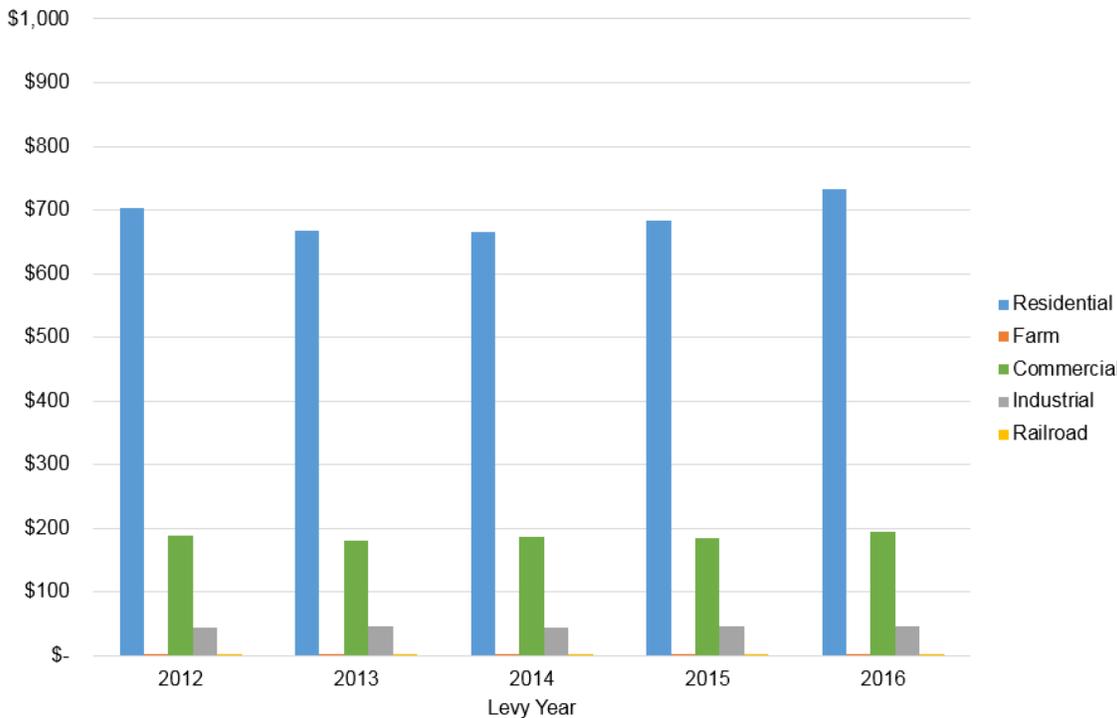


# Property Assessment and Tax Information

Equalized Assessed Valuation (EAV) has a direct effect on the City's property tax rate. The City's tax rate has an inverse relationship with the City's total EAV. A decline in EAV would mean an increase in the property tax rate. The chart and graph below show assessment values since 2012.

Property Class	Levy Years				
	2012	2013	2014	2015	2016
Residential	\$702,448,048	\$667,035,145	\$666,227,302	\$683,317,381	\$732,020,594
Farm	90,947	2,408,489	2,422,086	2,279,984	2,397,767
Commercial	188,598,425	180,377,219	186,130,959	184,600,132	195,310,534
Industrial	45,099,838	46,200,397	44,411,334	45,704,458	46,637,112
Railroad	1,038,505	1,283,337	1,403,751	1,671,371	1,698,183
<b>Total</b>	<b>\$937,275,763</b>	<b>\$897,304,587</b>	<b>\$900,595,432</b>	<b>\$917,573,326</b>	<b>\$978,064,190</b>

City Equalized Assessed Valuations  
(in Millions)



- **Assessed Value** - determined by multiplying the assessment level for a class of property by its fair market value.
- **Equalized Assessed Valuation (EAV)** - determined by multiplying assessed valuation by the equalization factor.
- **Equalization Factor** - determined by the Illinois Department of Revenue to ensure an equal assessment among the State's counties.

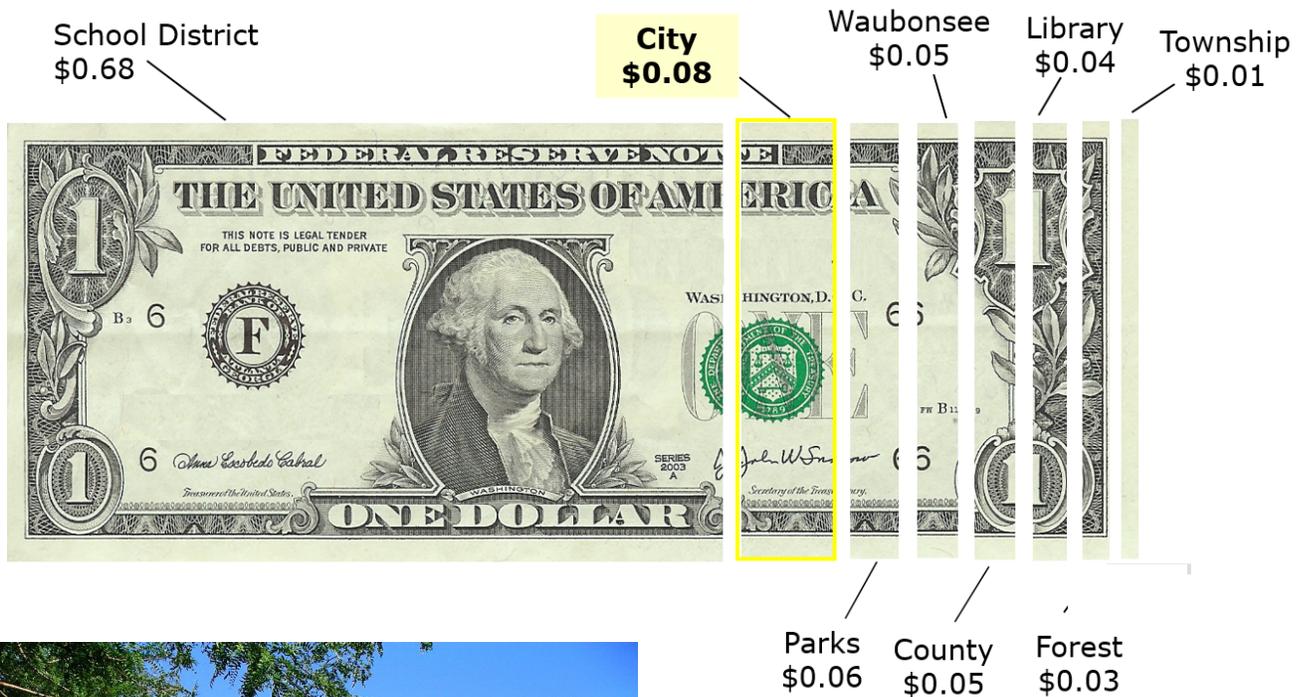


# Understanding Property Tax

City of Geneva property owners pay property taxes which generate revenue used to operate the City (including fire and police departments), 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 percentage increase in 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 taxes, rather than property tax, to provide essential core services to the public. The chart below illustrates the breakdown of a typical residential tax bill.



Example	
Market Value of Home.....	\$350,000
Assessed Valuation.....	\$116,655
Current Tax Levy .....	0.605410
Annual Tax Liability for City Services....	\$706.24
Monthly Expenses for City Services.....	\$58.85

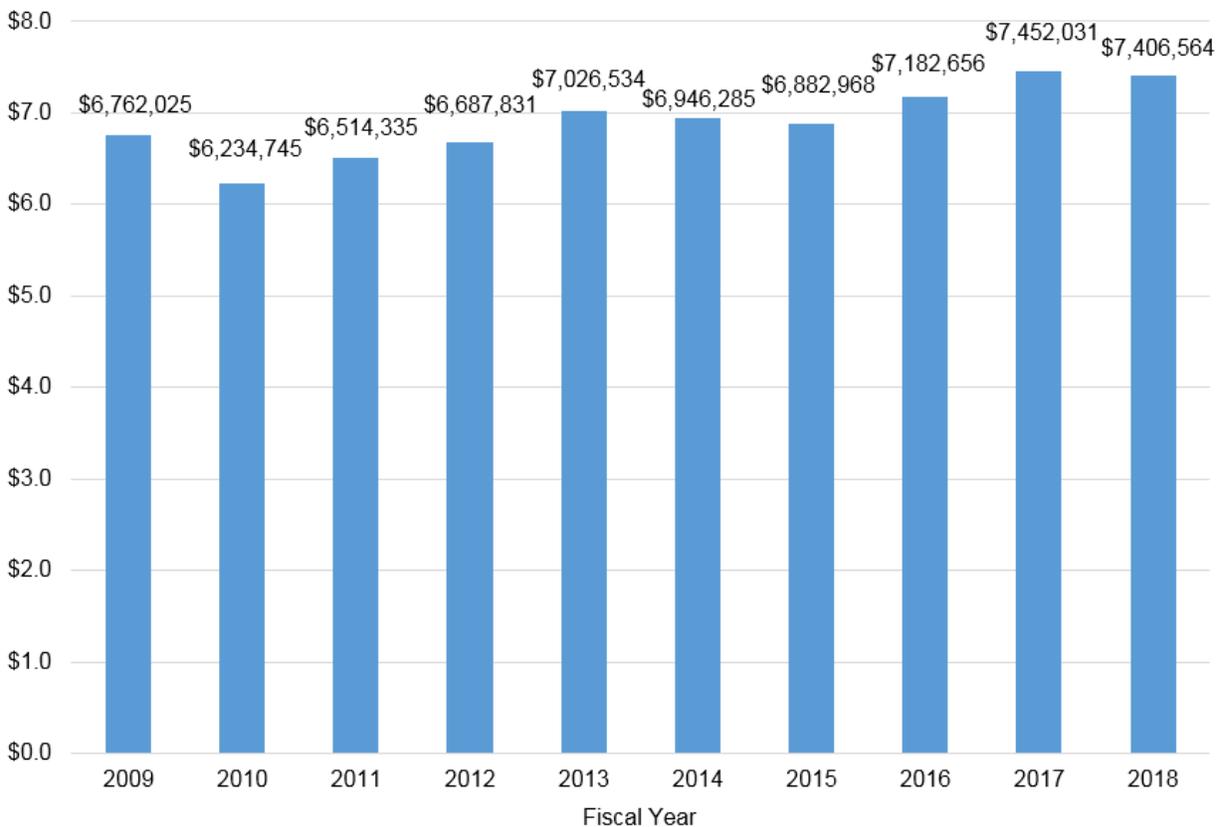
# Understanding Sales Tax

Sales Tax for the City of Geneva is broken into five different components to create the total sales tax rate:

- **State Rate:** Tax imposed by the State of Illinois on qualifying purchases (5.0%).
- **Municipal Retailers' Occupation Tax:** Tax collected by the State of Illinois on qualifying purchases within a municipality. Geneva collects a portion of this revenue (1.0%).
- **County Rate:** Tax imposed by Kane County on qualifying purchases (0.25%).
- **Municipal Non-Home Rule Rate:** Sales tax imposed by the City of Geneva on qualifying purchases (0.5%)\*.
- **Regional Transportation Authority Tax:** Tax collected by the State to support regional public transit operations (0.75%).
- **Total Sales Tax Rate:** 7.5%\*

\* Effective July 1, 2018, an additional 0.5% municipal non-home rule sales tax was enacted. The voters of the City of Geneva approved the referendum on March 20, 2018. The total tax rate is now 8.0%

### Sales Tax Revenue - FY 2009 to FY 2018 (in Millions)

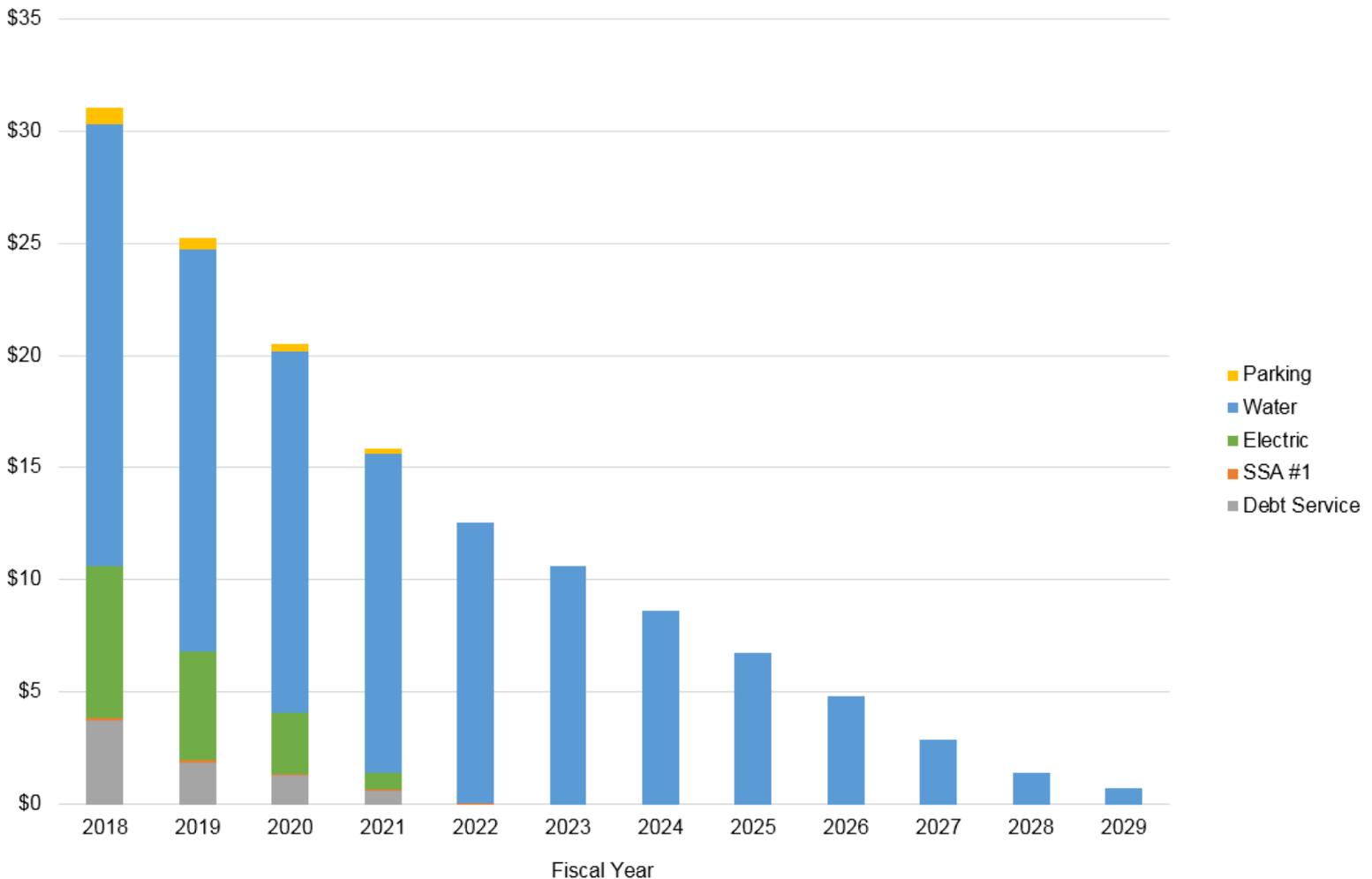


# Long-Term Debt Obligation

**General Obligation Debt:** All general obligation notes and bonds payable are backed by the full faith and credit of the City. The chart below illustrates the City's total outstanding debt service and how it can be expected to change over time. Should the City not issue any more debt, the City's general obligation would be completely paid off by the year 2022. As a non-home rule government, under Illinois law, the City is limited in issuing debt.

The City has also issued an additional loan, not to exceed \$12.5, during fiscal year 2018. The loan documentation will become final upon the completion of the Wastewater Treatment Plant project construction which the City anticipates in fiscal year 2020.

### Outstanding Debts (in Millions)



## Glossary of Accounting Terms

**Amortization** – The reduction of debt through regular payments of principal and interest, of which the principal payments are sufficient to retire the debt instrument at a predetermined date known as maturity.

**Appropriation** – The legal authorization to incur obligations and to make expenditures for specific purposes.

**Assessed Value** – A value set upon real property for use as a basis for levying taxes.

**Debt Service** – Expenditures to pay the principal and interest of all bonds and other debt instruments according to a predetermined payment schedule.

**Deferred inflow of resources** – an acquisition of net assets by the government that is applicable to a future reporting period. For example, deferred revenue and advance collections.

**Deferred outflow of resources** – a consumption of net assets by the government that is applicable to a future reporting period. For example, prepaid items and deferred charges.

**Depreciation** – A calculation of the estimated decrease in value of physical assets due to usage and passage of time.

**Equalized Assessed Valuation** – The assessed valuation of real property raised or lowered by an equalizing factor as applied by a countywide and a statewide authority, so that all property is assessed at a consistent level for purposes of levying taxes. In Illinois, equalized valuation of real property is one-third of fair market value.

**Expenditure** – The actual outlay of or obligation to pay cash. This does not include encumbrances.

**Expenses** – Decreases in net total assets. Expenses represent the total cost of operations during a period regardless of the timing of related expenditures.

**General Obligation Bonds** – Bonds in which the full faith and credit of the issuing government are pledged.

**Intergovernmental Revenue** – Revenue received from or through the Federal, State or County Government.

**Operating Expenses** – Fund expenses that are ordinary, recurring in nature and directly related to the fund's primary service activities.

**Operating Revenues** – Funds that the City receives as income to pay for ongoing operations. It includes such items as taxes, fees from specific services, interest earnings and grant revenues. Operating revenues are used to pay for day-to-day services.

