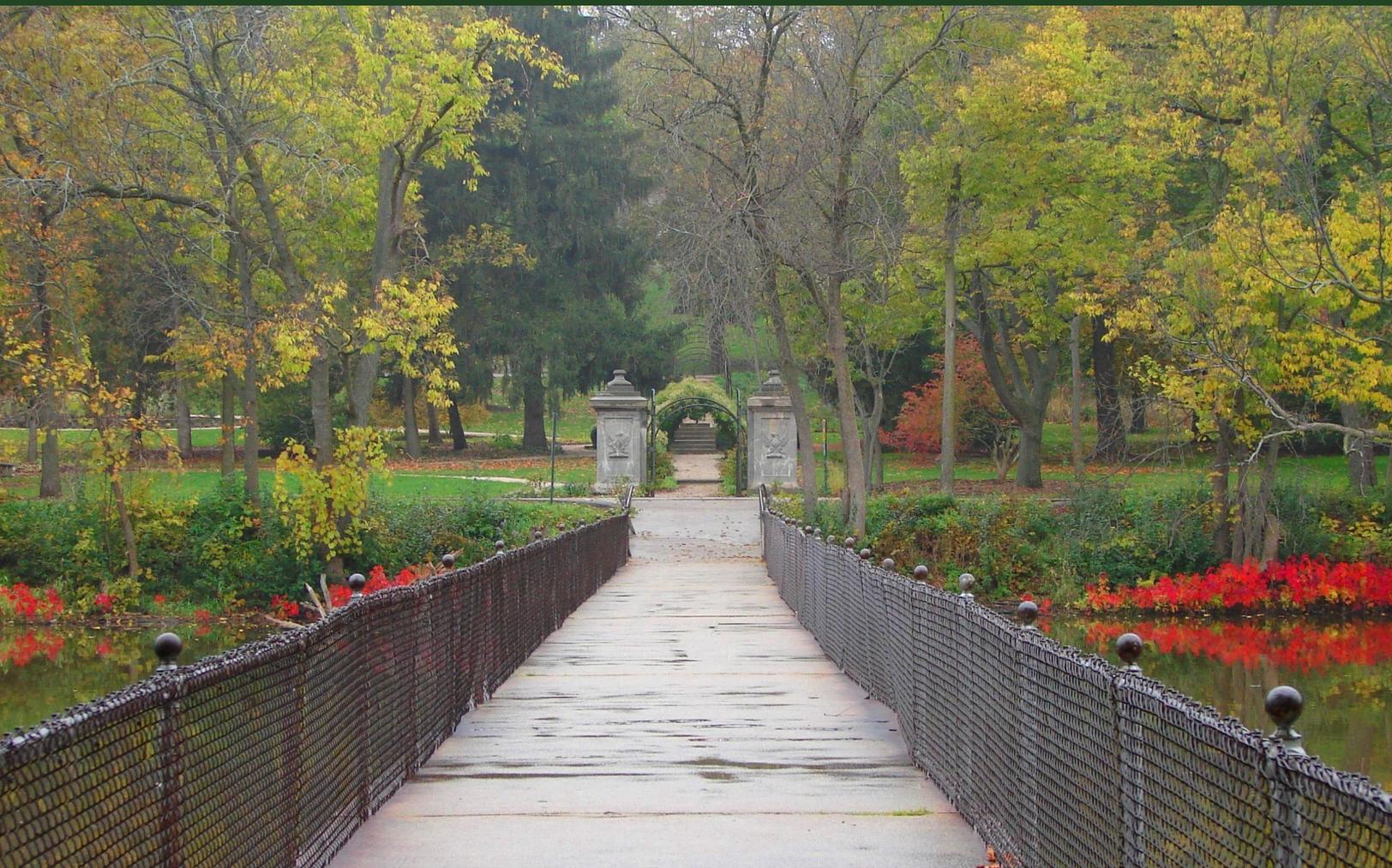

POPULAR ANNUAL FINANCIAL REPORT



**FOR THE FISCAL YEAR ENDED APRIL 30, 2020
CITY OF GENEVA, ILLINOIS**

More detailed financial information may be found in our
Comprehensive Annual Financial Report at www.geneva.il.us

A Letter From Management

Dear Residents,

The City of Geneva is pleased to present the Fiscal Year (FY) 2020 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 for the three largest City funds. The information in this report is based on the City's [FY 2020 Comprehensive Annual Financial Report](#) (Annual Report) which represents the City's official audited financial statements and conforms to the generally accepted accounting principles (GAAP). All information in this report and about all other City funds not mentioned in this report can be found in greater detail in the City's Annual Report, which is available on the City's website at www.geneva.il.us.

The City received its seventh 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 ended April 30, 2019. The Certificate of Achievement is considered the highest form of recognition in the area of government accounting and financial reporting. Additionally, the City received its tenth consecutive Distinguished Budget Presentation Award from GFOA for the fiscal year beginning May 1, 2020. For the fourth year in a row, the City was awarded the Outstanding Achievement in Popular Annual Financial Reporting for FY 2019. 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 the 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

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City Hall	630.232.7494
Finance Dept.	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	www.geneva.il.us



About the City of Geneva

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

The City of Geneva, a non-home rule community, is known for 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 Cougars baseball, Chicago Steel hockey, festivals, bike trails, and more.

Geneva Facts

Median Household Income	\$111,232
Median Home Value	\$327,800
Per Capita Income	\$42,464
Total Housing Units	8,406
Total Companies	2,768
Persons in Poverty	4.3%
High School Graduate or Higher	97.7%
Full-Time City Positions	151
2018 Equalized Assessed Value	\$1,047,796,274
Bond Rating	Aa2

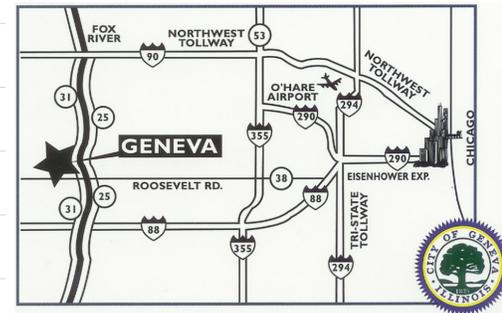
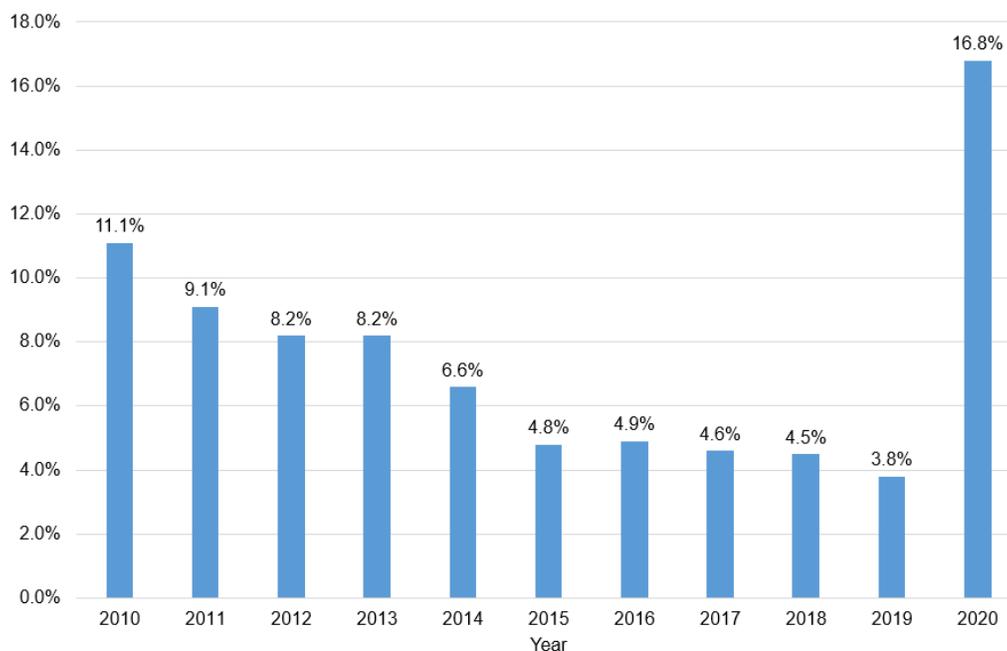
Source: 2014-2018 American Community Survey 5-year profiles from the U.S. Census Bureau Internet site; and Geneva Annual Report FY 2020.

Top Ten Employers (2020)

Employer	Employees
1. Delnor Hospital	1,650
2. Kane County	1,316
3. Geneva School Dist.	909
4. Greencore USA	450
5. Geneva Park District	391
6. Burgess-Norton Mfg.	300
7. Johnson Controls, Inc.	300
8. Houghton-Mifflin	250
9. FONA International	200
10. MSI Express	200

Source: 2019 Illinois Manufacturers Directory, 2019 Illinois Services Directory, and a selective telephone survey.

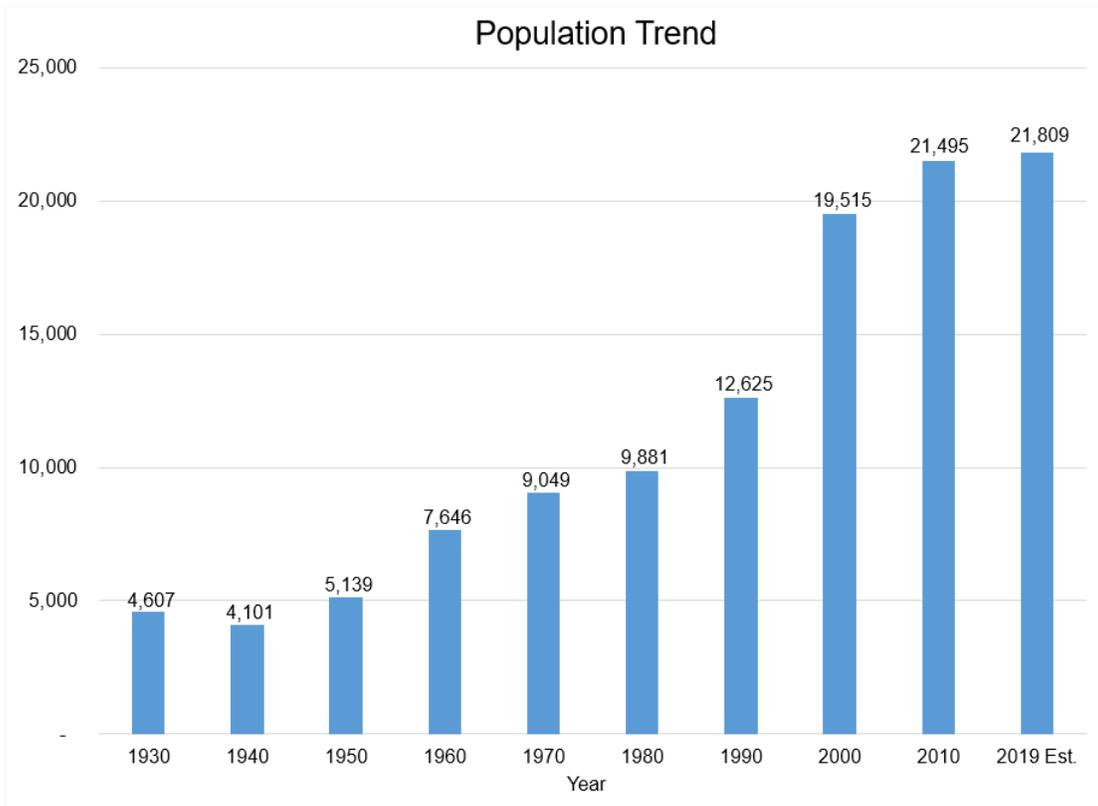
City of Geneva Annual Average Unemployment Rate



Source: Geneva Annual Report FY 2020.

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, featuring 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, Shakespeare in the Park, Concours d'Elegance (which features classic automobiles), the French Market (Sundays April-November), RiverPark Concerts, and 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.



Source: Vintage 2019 Population Estimates from the U.S. Census Bureau Internet site.



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 4th PAFR Award!

The City of Geneva was awarded its fourth Popular Annual Financial Reporting (PAFR) award for the fiscal year 2019. This was the fourth consecutive year the City prepared a PAFR. The PAFR is a summary of the Comprehensive Annual Financial Report issued by the City and is meant to communicate financial information to residents in an easy, condensed fashion.

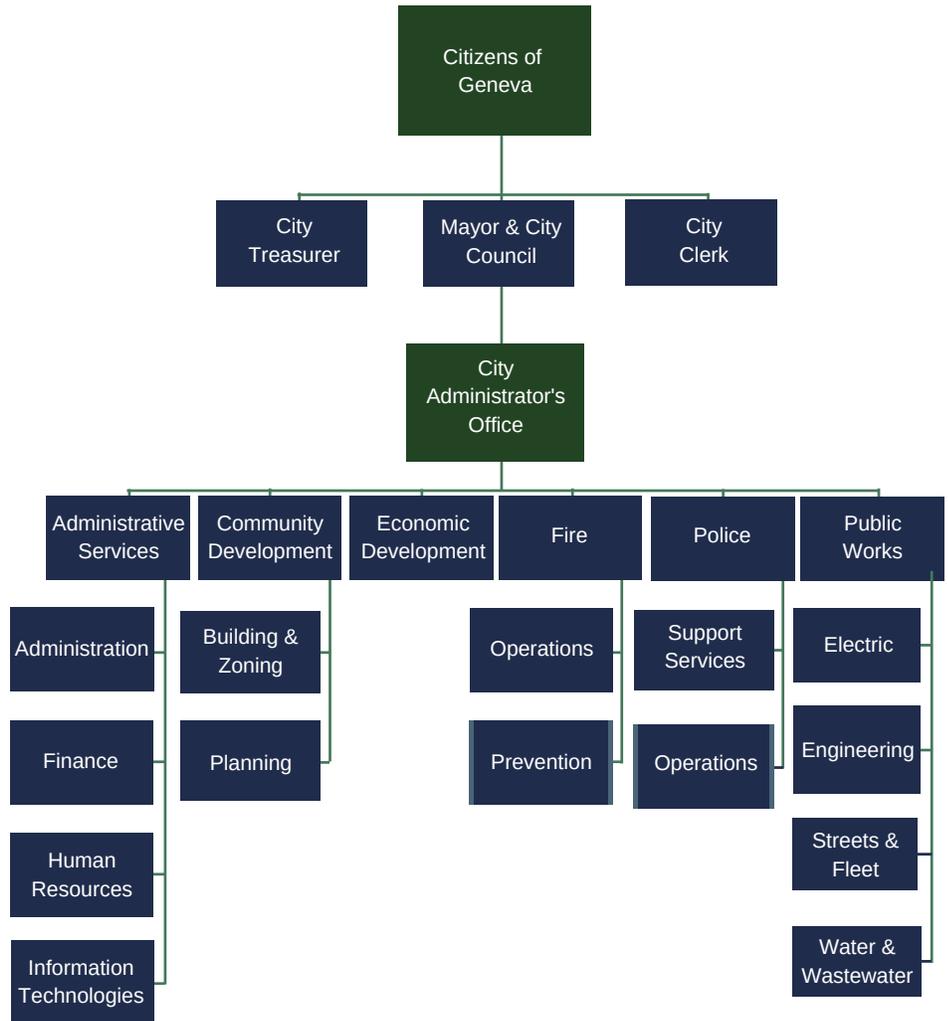


Elected Officials

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.

Organization Chart

(As of April 30, 2020)



Geneva City Council

Mayor
Kevin Burns

City Clerk
Roger Godskesen

City Treasurer
Patrick McQueeny

1st Ward
Tara Burghart
Mike Bruno

2nd Ward
Michael Clements
Richard Marks

3rd Ward
Dean Kilburg
Becky Hruby

4th Ward
Gabriel Kaven
Jeanne McGowan

5th Ward
Robert Swanson
Craig Maladra

Senior Management Team

City Administrator
Stephanie K. Dawkins

Asst. City Admin/Dir. of Admin Services
Ben McCready

Director of Community Development
David DeGroot

Director of Economic Development
Cathleen Tymoszenko

Director of Public Works
Rich Babica

Chief of Police
Eric Passarelli

Fire Chief
Mike Antenore

(As of April 30, 2020)

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 \$139.2 million at the close of the most recent fiscal year. The City uses a Statement of Net Position to demonstrate conditions 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 \$2.6 million from the 2019 net position. During the fiscal year, the net position for the governmental activities increased \$1.1 million from the prior fiscal year for an ending balance of \$30.4 million. The increase is mainly due to actual expenditures coming in under budget. 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 \$108.8 million. The total increase in net position was \$1.5 million or 1.4% from the prior fiscal year. The growth is attributable to the Waterworks and Sewerage Fund reporting operating income of \$2.3 million.

Condensed Statement of Net Position as of April 30, 2020

(In Millions)

	Governmental Activities			Business-Type Activities			Total		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
Assets									
Current and other assets	\$ 22.0	\$ 23.3	\$ 25.6	\$ 23.8	\$ 24.3	\$ 23.5	\$ 45.8	\$ 47.6	\$ 49.1
Capital assets	46.6	48.4	48.8	114.1	124.6	124.5	160.7	173.0	173.3
Total assets	68.6	71.7	74.4	137.9	148.9	148.0	206.5	220.6	222.4
Deferred outflows									
	2.5	4.9	7.0	1.0	3.1	1.8	3.5	8.0	8.8
Total assets & Deferred outflows	71.1	76.6	81.4	138.9	152.0	149.8	210.0	228.6	231.2
Liabilities									
Long-term liabilities	30.6	34.5	37.8	29.8	34.1	35.6	60.4	68.6	73.4
Other liabilities	2.4	4.1	2.2	4.0	10.0	4.1	6.4	14.1	6.3
Total liabilities	33.0	38.6	40.0	33.8	44.1	39.7	66.8	82.7	79.7
Deferred inflows									
	9.8	8.7	11.0	1.8	0.6	1.3	11.6	9.3	12.3
Total liabilities & Deferred inflows	42.8	47.3	51.0	35.6	44.7	41.0	78.4	92.0	92.0
Net position									
Net investment in									
Capital assets	42.6	46.3	47.2	90.7	92.5	94.2	133.3	138.8	141.4
Restricted	4.5	4.3	5.8	0.3	0.3	0.3	4.8	4.6	6.1
Unrestricted	(18.8)	(21.3)	(22.6)	12.4	14.5	14.3	(6.4)	(6.8)	(8.3)
Total net position	\$ 28.3	\$ 29.3	\$ 30.4	\$ 103.4	\$ 107.3	\$ 108.8	\$ 131.7	\$ 136.6	\$ 139.2

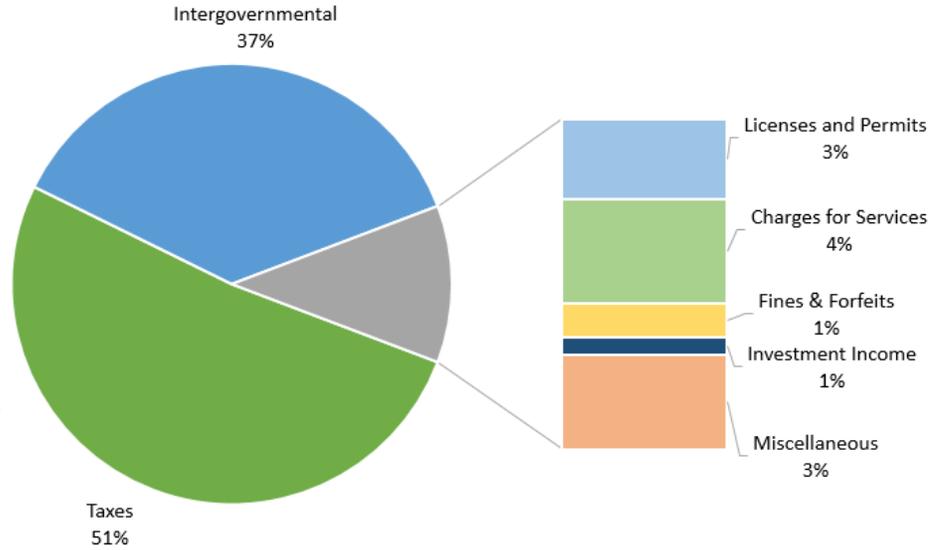


General Fund Revenues: Where the Money Comes From

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, non-home rule sales, and telecommunication taxes. Intergovernmental revenues are revenues collected by the State and remitted to the City monthly, these include state-shared sales, state income, and local use taxes. Total General Fund revenues for Fiscal Year 2020 were \$19,194,266.

Revenues

Taxes	\$9,887,719
Intergovernmental	7,093,564
Licenses and Permits	536,185
Charges for Services	702,655
Fines and Forfeits	220,381
Investment Income	122,786
Miscellaneous	630,976
Total	\$19,194,266

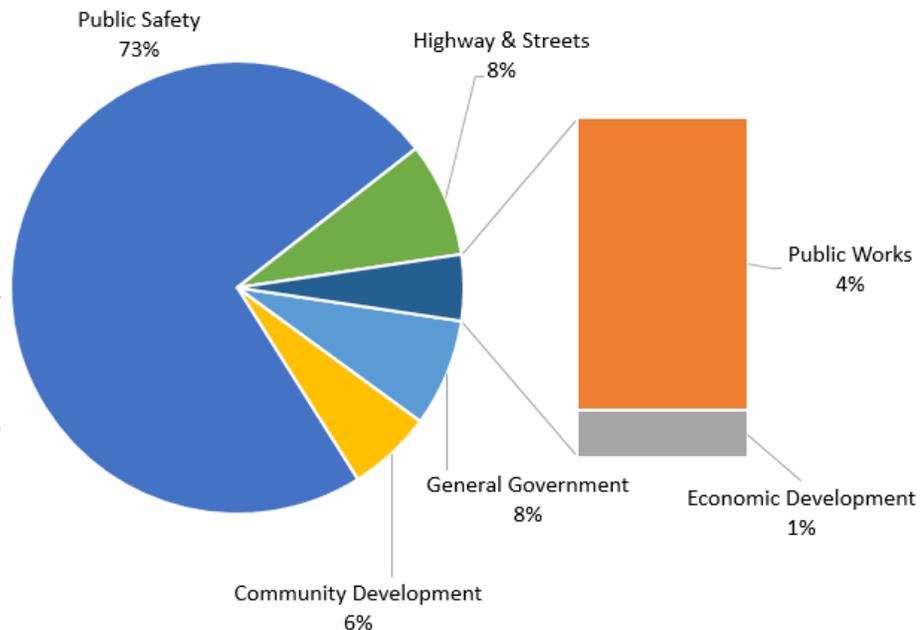


General Fund Expenditures: Where the Money Goes

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 a \$0.9 million variance. 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 2020 were \$17,145,119.

Expenditures

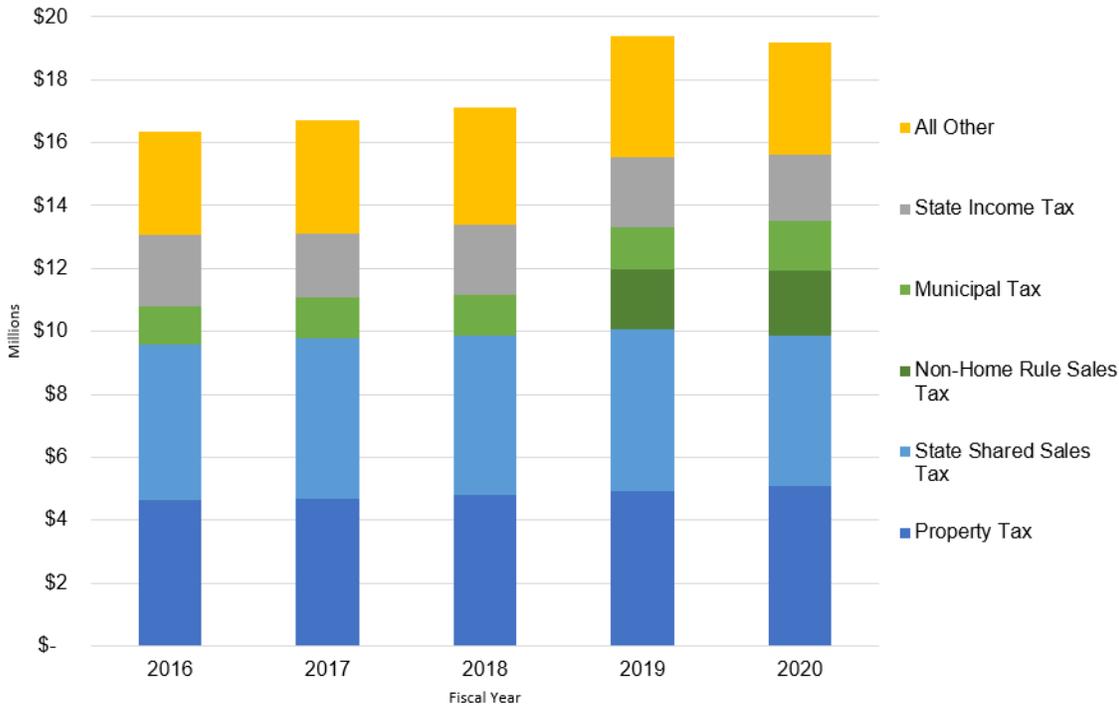
General Government	\$1,319,207
Public Works	697,237
Economic Development	111,113
Community Development	1,032,464
Public Safety	12,582,486
Highway & Streets	1,402,612
Total	\$17,145,119



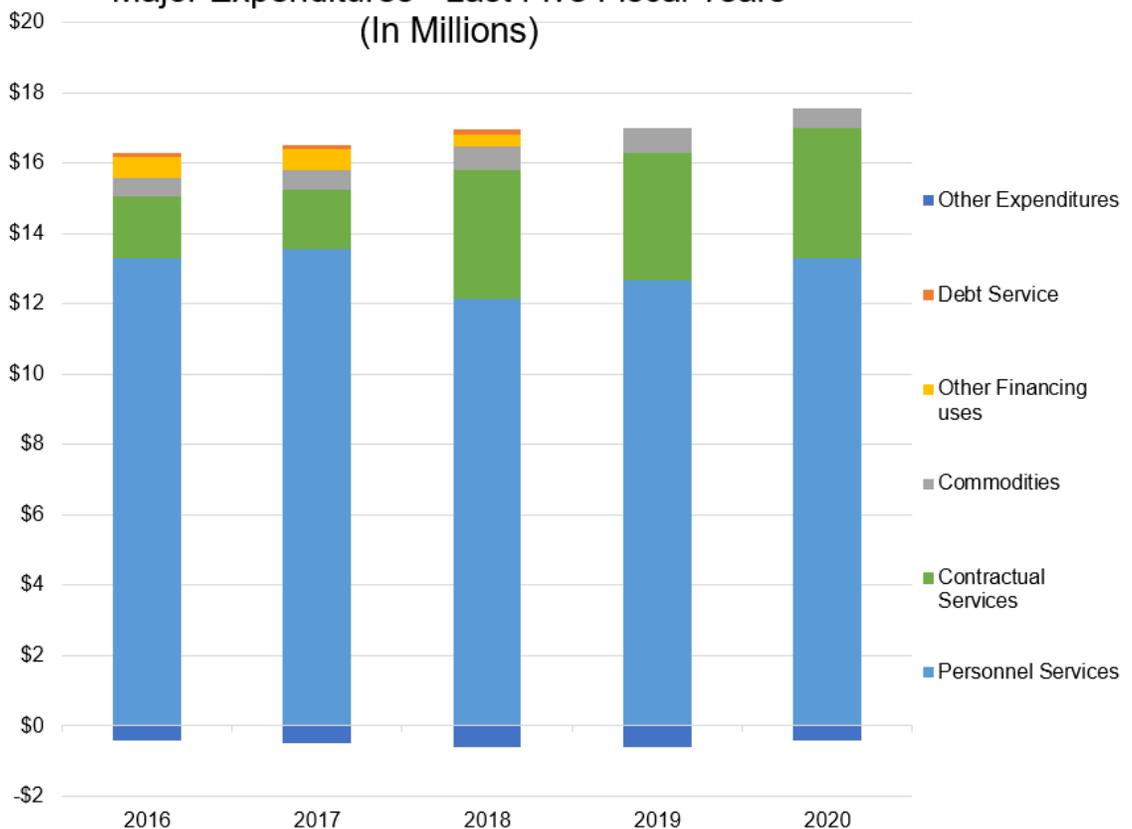
General Fund - The Last Five Years

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)

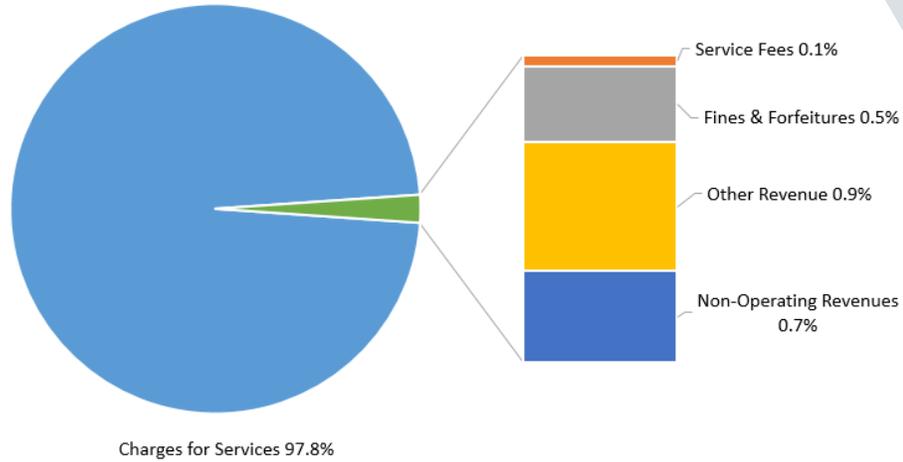


Electric Fund

In the Electric Fund, service revenues declined from the prior fiscal year by \$1.4 million or 3.9% due to a reduction in consumption related to COVID-19. Electric Fund operating expenses decreased \$0.2 million or 0.6% when compared to the prior fiscal year. The decrease was mainly due to a decrease in purchased power. Significant capital projects included the overhead/underground cable replacement program, substation improvements, and vehicle replacements. For the fiscal year, the Electric Fund reported a \$0.8 million decrease in net position compared to a \$0.7 million increase in the prior fiscal year.

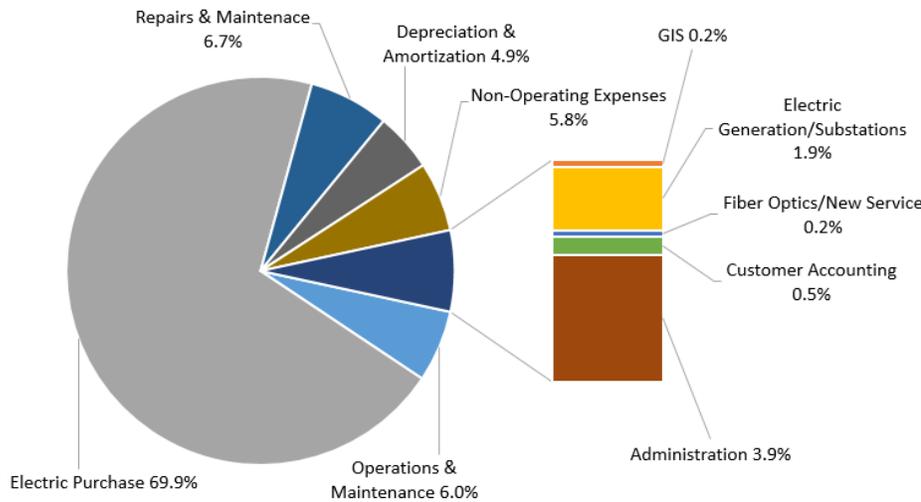
Revenues

Charges for Services	\$35,046,043
Fines & Forfeitures	194,299
Miscellaneous	328,560
Non-Operating Revenues	234,124
Service Fees	28,610
Total	\$35,831,636



Expenses

Operations & Maintenance	\$2,374,256
Electric Purchases	27,737,266
Electric Generation/Substations	766,958
GIS	85,487
Administration	1,541,060
Fiber Optics/New Service	75,068
Customer Accounting	216,487
Repairs and Maintenance	2,646,770
Depreciation and Amortization	1,940,760
Non-Operating Expenses	2,299,191
Total	\$39,683,303

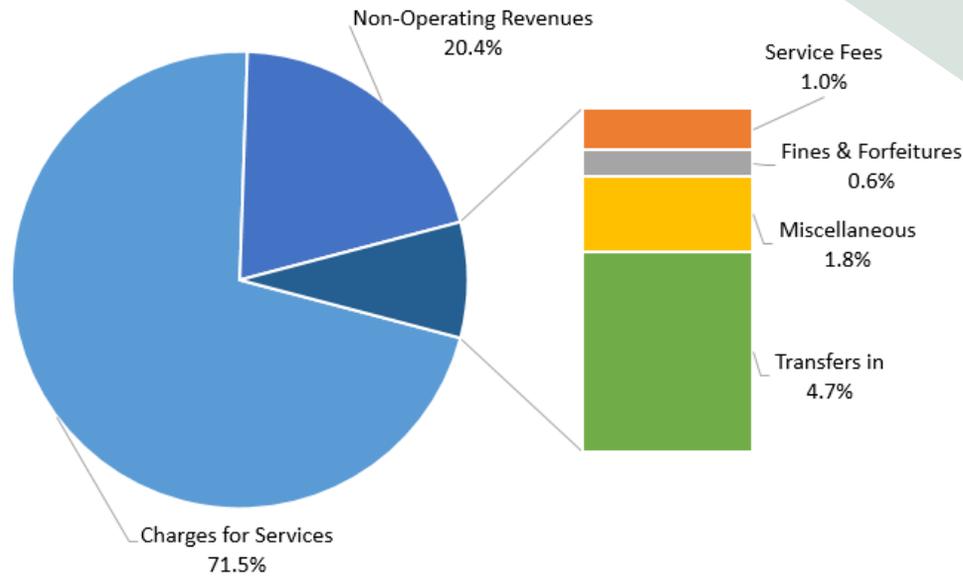


Waterworks and Sewerage Fund

In the Waterworks and Sewerage Fund, sales of water and sewer decreased by \$0.4 million or 4.2% compared to fiscal year 2019. The decrease in revenue was due to consumption reduction due to COVID-19. The operating expenses of the Waterworks & Sewerage Fund increased \$0.3 million or 4.4% over the prior fiscal year mainly due to an increase in maintenance costs compared to the prior fiscal year.

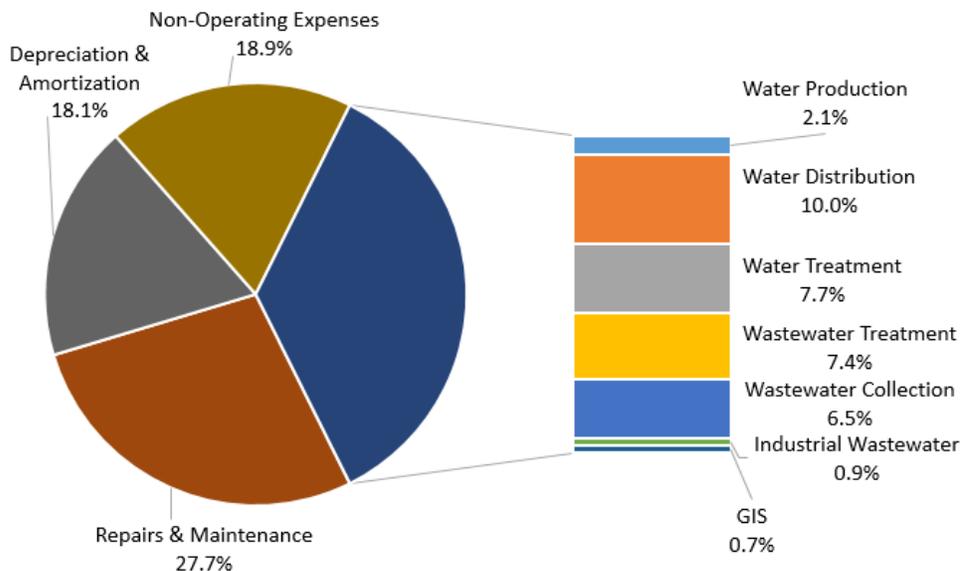
Revenues

Charges for Services	\$9,776,793
Service Fees	134,388
Fines & Forfeitures	88,179
Miscellaneous	247,149
Non-Operating Revenues	2,787,967
Transfers in	648,131
Total	\$13,682,607



Expenses

Water Distribution	\$1,399,657
Water Production	294,213
Water Treatment	1,077,069
Wastewater Treatment	1,029,236
Wastewater Collection	915,299
Industrial Wastewater	121,905
GIS	104,951
Repairs & Maintenance	3,881,077
Depreciation & Amortization	2,535,385
Non-Operating Expenses	2,644,334
Total	\$14,003,126

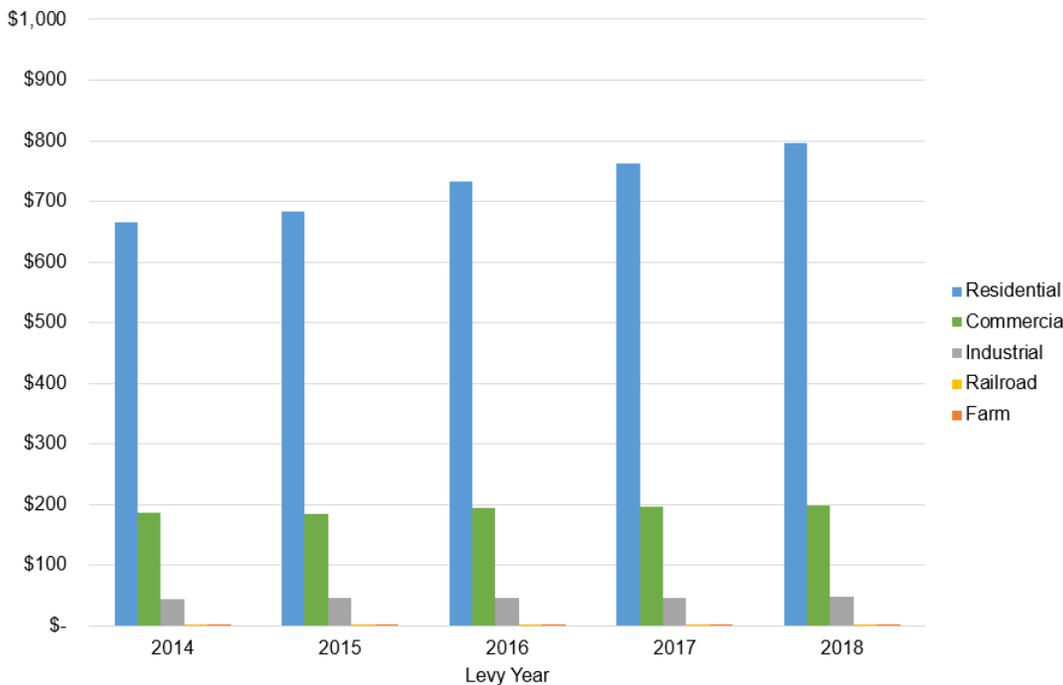


Property Assessment and Tax Information

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 Levy Year 2014.

Property Class	Levy Year				
	2014	2015	2016	2017	2018
Residential	\$666,227,302	\$683,317,381	\$732,020,594	\$763,333,471	\$796,720,357
Farm	2,422,086	2,279,984	2,397,767	2,433,801	2,502,797
Commercial	186,130,959	184,600,132	195,310,534	198,633,572	199,193,461
Industrial	44,411,334	45,704,458	46,637,112	47,144,299	47,526,535
Railroad	1,403,751	1,671,371	1,698,183	1,729,996	1,853,124
Total	\$900,595,432	\$917,573,326	\$978,064,190	\$1,013,275,139	\$1,047,796,274

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.

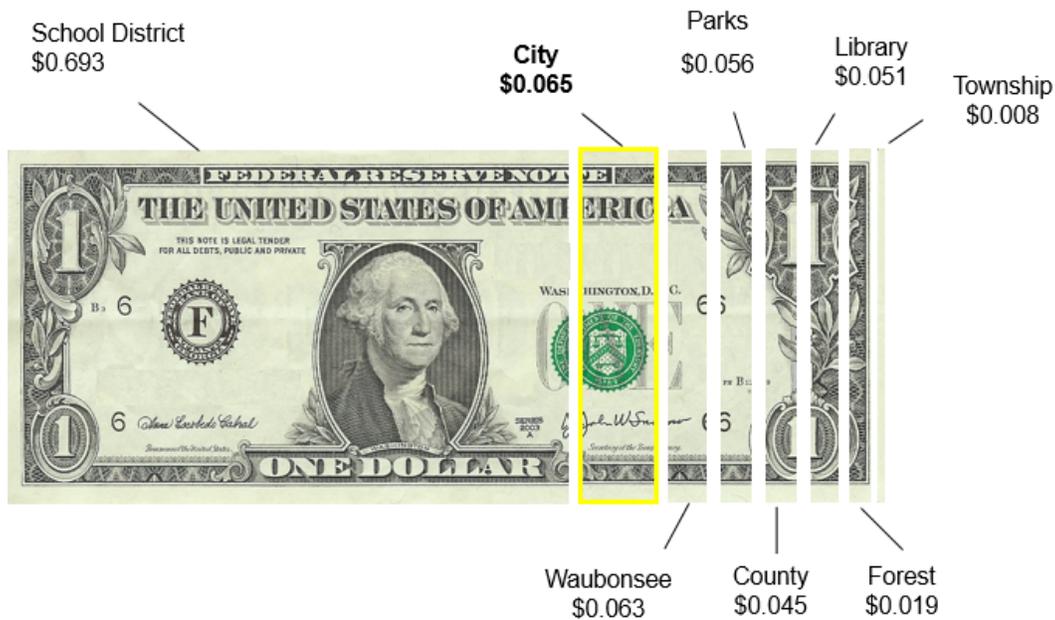


Understanding Property Tax

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 6.5%. 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 per dollar.



Example

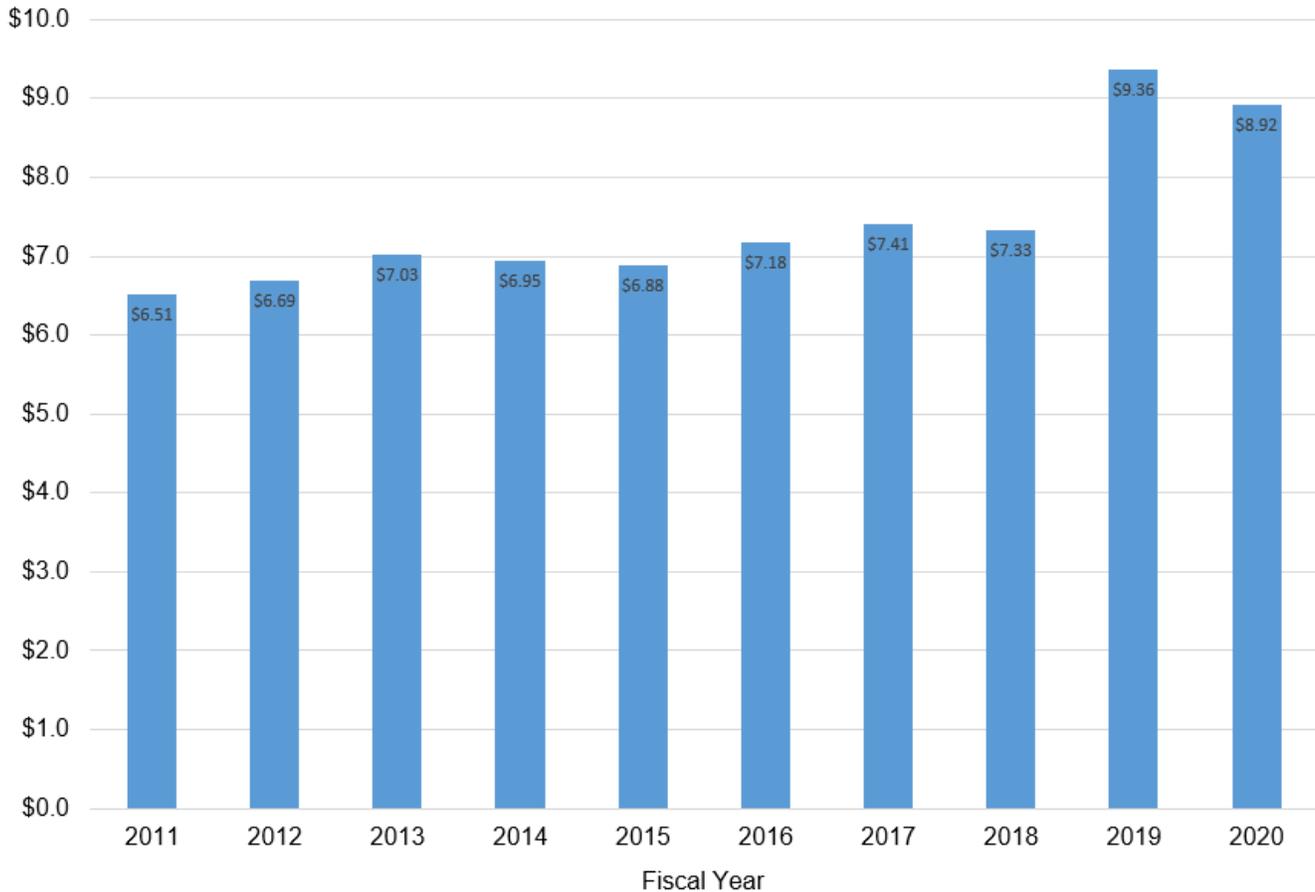
Market Value of Home.....	\$350,000
Assessed Valuation.....	\$116,655
Current Tax Levy	0.56316
Annual Tax Liability for City Services....	\$656.95
Monthly Expenses for City Services.....	\$54.76

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 (1.0%).
- **Regional Transportation Authority Tax:** Tax collected by the State to support regional public transit operations (0.75%).
- **Total Sales Tax Rate:** 8.0%

Sales Tax Revenue - FY 2011 to FY 2020
(In Millions)

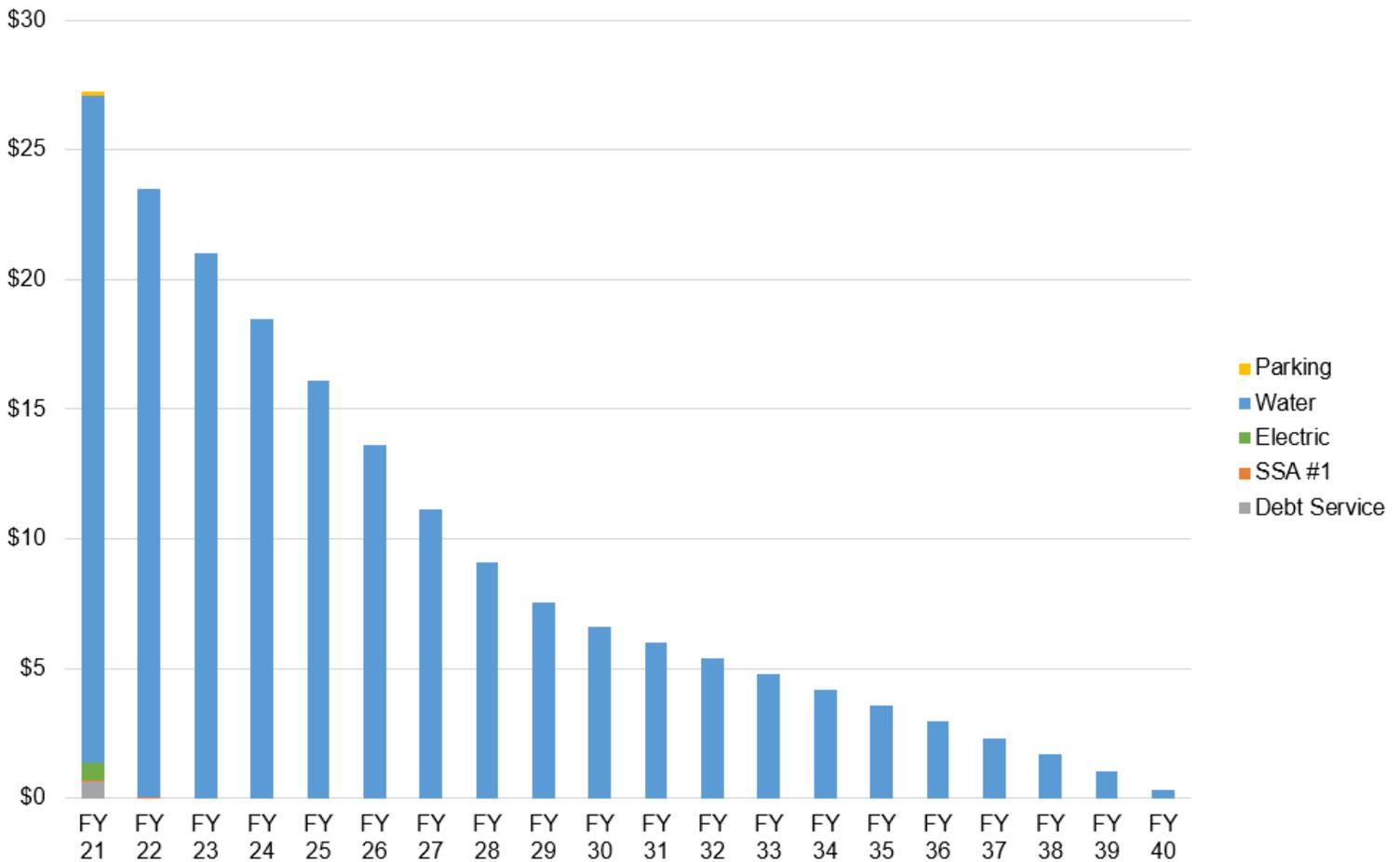


Long-Term Debt Obligation

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 2030. As a non-home rule government, under Illinois law, the City is limited in issuing debt. Moody's Investor Service has assigned an Aa2 rating to the City's bonds.

At fiscal year-end, the City has \$73.4 million in long-term debt outstanding. A reduction of \$1.7 million during the fiscal year is due to principal payments. Increases are due to a final IEPA loan issuance that added \$1.5 million in addition to the \$8.5 million from fiscal year 2019.

Outstanding Debts
(in Millions)



Capital Improvement Program

Municipalities continually face challenges of maintaining worn-out and antiquated facilities and infrastructure. 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 a lack of available financial resources. Below is a partial list of projects completed in fiscal year 2020:

Infrastructure

- Completed initial phases of a road project to extend Kautz Road to Fabyan Parkway as discussed in the Southeast Master Plan.
- Maintained the Annual Roadway Improvement Program by focusing on ADA upgrades and additional streets that require resurfacing.
- Completed the South Street bridge emergency superstructure replacement.

Water

- Continued the annual program to clean out and televise storm sewers to ensure they comply with the MS4 Storm Water Permit.
- Replaced several older and non-functioning water meters with radio read meters.
- Began engineering and painting of Dodson water tower, which was experiencing significant peeling of the existing paint coating and needs repainting.
- Removed and relocated the water main located under the Union Pacific RR and KC Cougars Stadium.
- Completed the IEPA required construction upgrades to the Wastewater Treatment Plant.

Electric

- Completed the final year of the Supervisory Control and Data Acquisition (SCADA) upgrade to implement the use of Geographical Information System (GIS).
- Continued upgrades to various substations throughout the City.
- Replaced aging underground and overhead electric cables at various locations throughout the City.

Miscellaneous

- Replaced 25-year-old “Welcome to Geneva” signs located at City limits on main thoroughfares.
- Replaced dated drinking fountains at City Hall with new water fountains/bottle filling stations.
- Began installing a keyless entry card system at both fire stations replacing traditional lock & key system.
- Initiated the Southeast Master Plan (SEMP) TIF Study.



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.

