

REVENUE SOURCES

Overview of Revenues

The City of Geneva has developed a diverse base of revenues to fund its operational and capital needs. This section describes forecast methods, major revenue sources, trends, and effects on the City. Special emphasis is placed on four major revenue sources for the General Fund. Collectively, these revenues represent 73.5% of the City's budgeted revenues within the General Fund for FY 2021. Property taxes are noted as a stand out item in this section as these revenues are recognized in several City funds (General Fund, Geneva Community Mental Health, and Debt Service Funds).

Revenue Forecast Methodology

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

Major Revenues

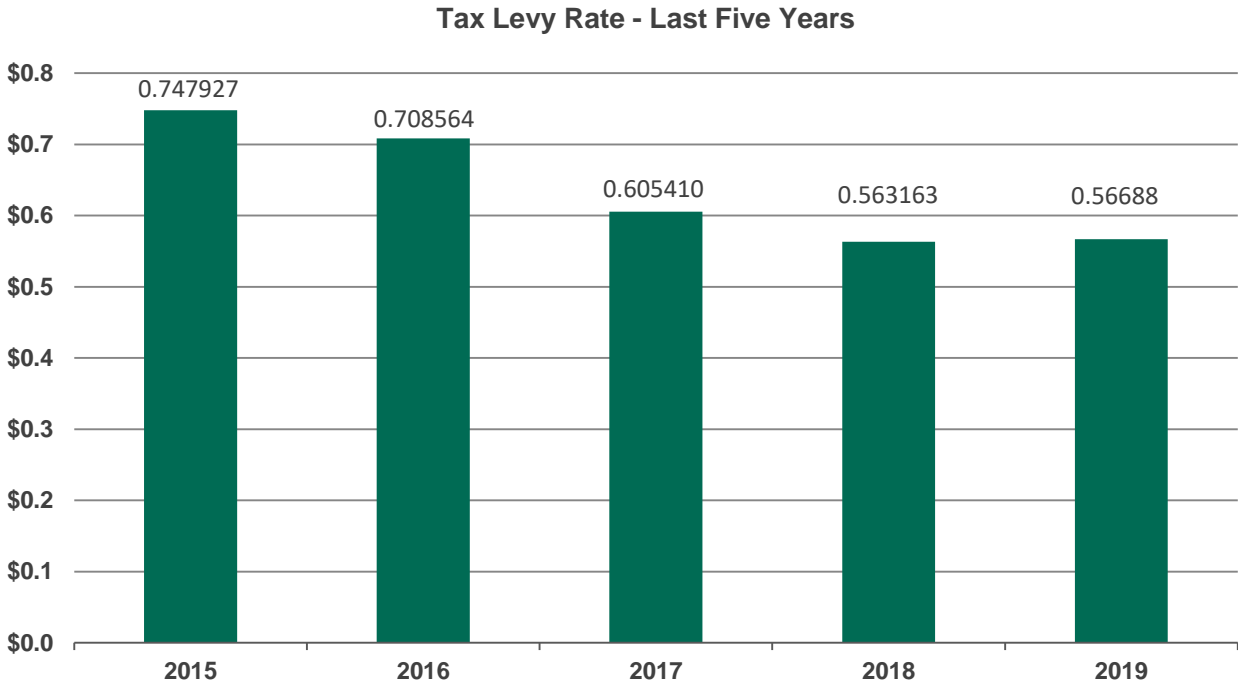
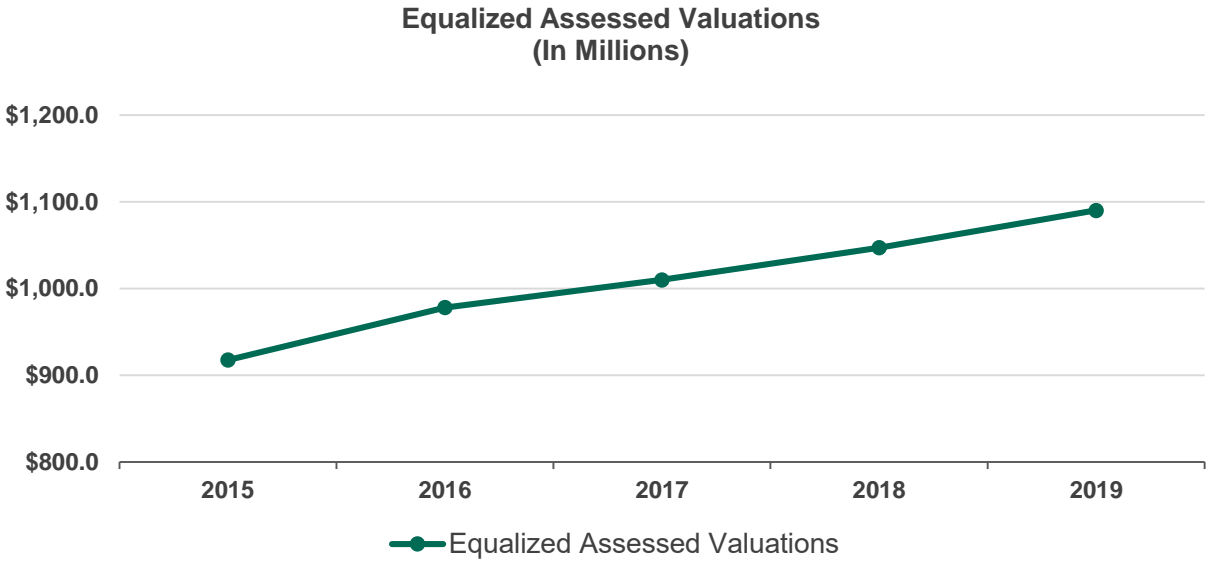
Ad Valorem Property Tax (\$6,050,640)

Property taxes are collected on the assessed valuation of taxable real personal property. The City establishes a legal right to the property tax assessments upon the enactment of a tax levy ordinance by the City Council. These tax assessments are levied in December and attached as an enforceable lien on the property as of January 1 of the same year. Tax bills are prepared by Kane County around May and August of the following year and are due in June and September, respectively. Taxes are collected and remitted to the City by the County Treasurer. The 2019 property taxes are collected in 2020 and provide funding for the FY 2021 budget.

Kane County provides the Equalized Assessed Values (EAV) used in the calculation of property taxes necessary to fund the budget. Total assessed valuation in Geneva increased steadily during the early to mid-2000's then began a steady descent after Levy Year 2009 with a slow return since Levy Year 2014. The 2019 assessed valuation of \$1,090,176,238 shows an increase of \$42,379,964 or 4.0% over 2018.

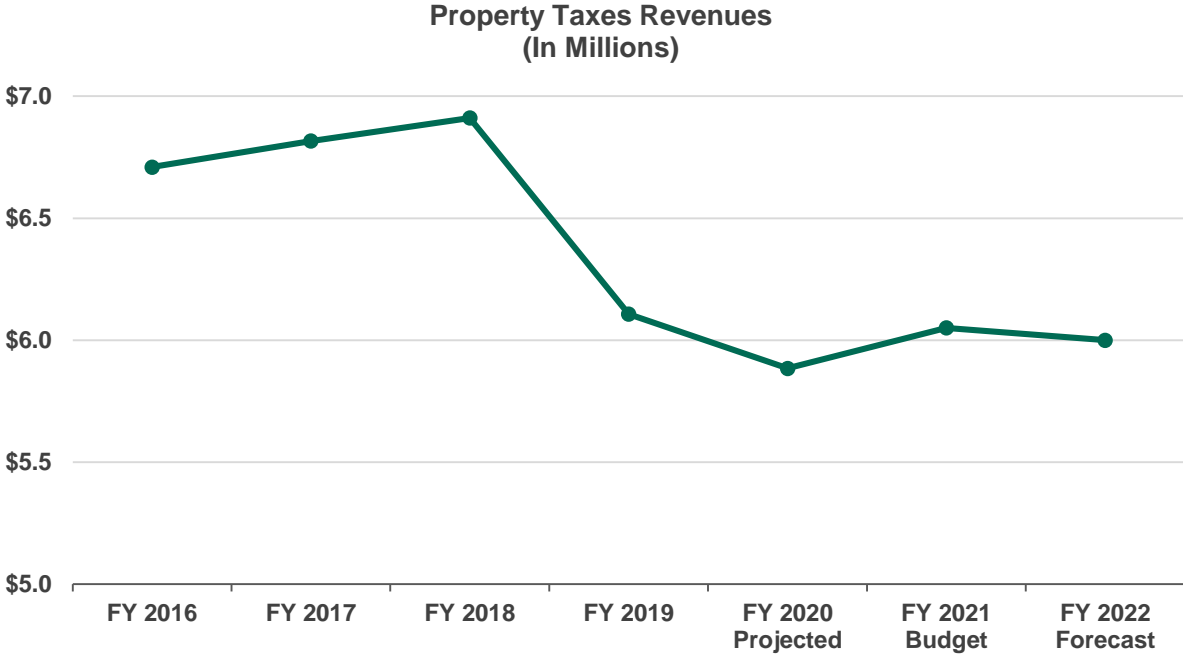
The tax levy rate also used to calculate property taxes, peaked in 2015 at \$0.7479 per \$100 of taxable assessed value and now continues a downward trend due to a decrease in required debt service payments. The tax rate for 2019 is \$0.566880 per \$100 of taxable assessed value.

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Property Taxes are reflected in the General, Geneva Community Mental Health and Debt Service Funds. Budgeted FY 2021 ad valorem property taxes total \$5,173,240 or 25.9% of current revenue in the General Fund. This year marks the second time in 20 years property taxes are projected to surpass Sales Tax revenues as the largest revenue source in the General Fund. Geneva Community Mental Health and Debt Service budgeted revenues are \$178,000 and \$699,400, respectively.

REVENUE SOURCES



General Fund

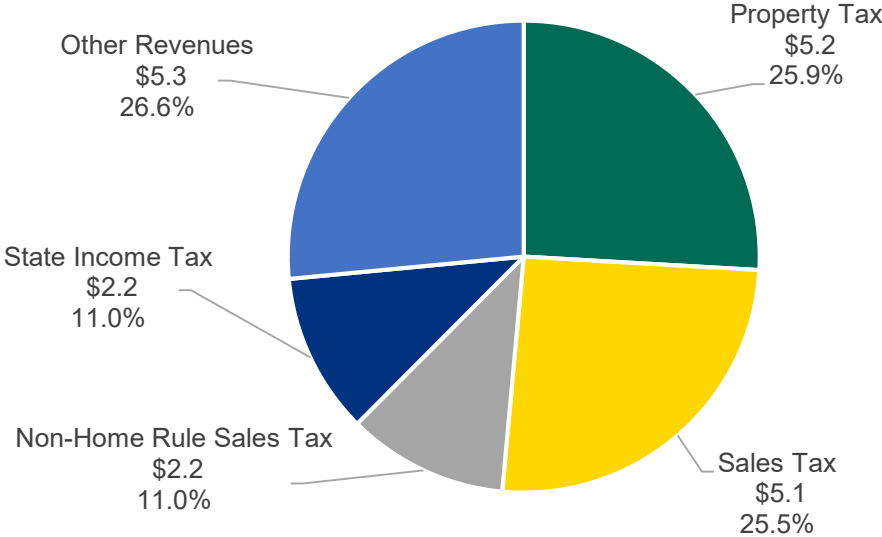
Fiscal Year 2021 budget revenues total \$19,965,860. The four major revenue sources and their contribution to overall revenues are summarized in the charts below.

Major Revenue Summary – General Fund

Major Revenue Source	Budgeted 2021 Revenue	Percent of Total Current Revenue
Property Tax	\$5,173,240	25.9%
Sales Tax	\$5,100,000	25.5%
Non-Home Rule Sales Tax	\$2,200,000	11.0%
State Income Tax	\$2,200,000	11.0%
Subtotal Major Revenue Sources	\$14,673,240	73.4%
Other Revenues	\$5,292,650	26.6%
Total Current Revenues	\$19,965,890	100.0%

REVENUE SOURCES

**Major Revenue Sources - General Fund
(In Millions)**

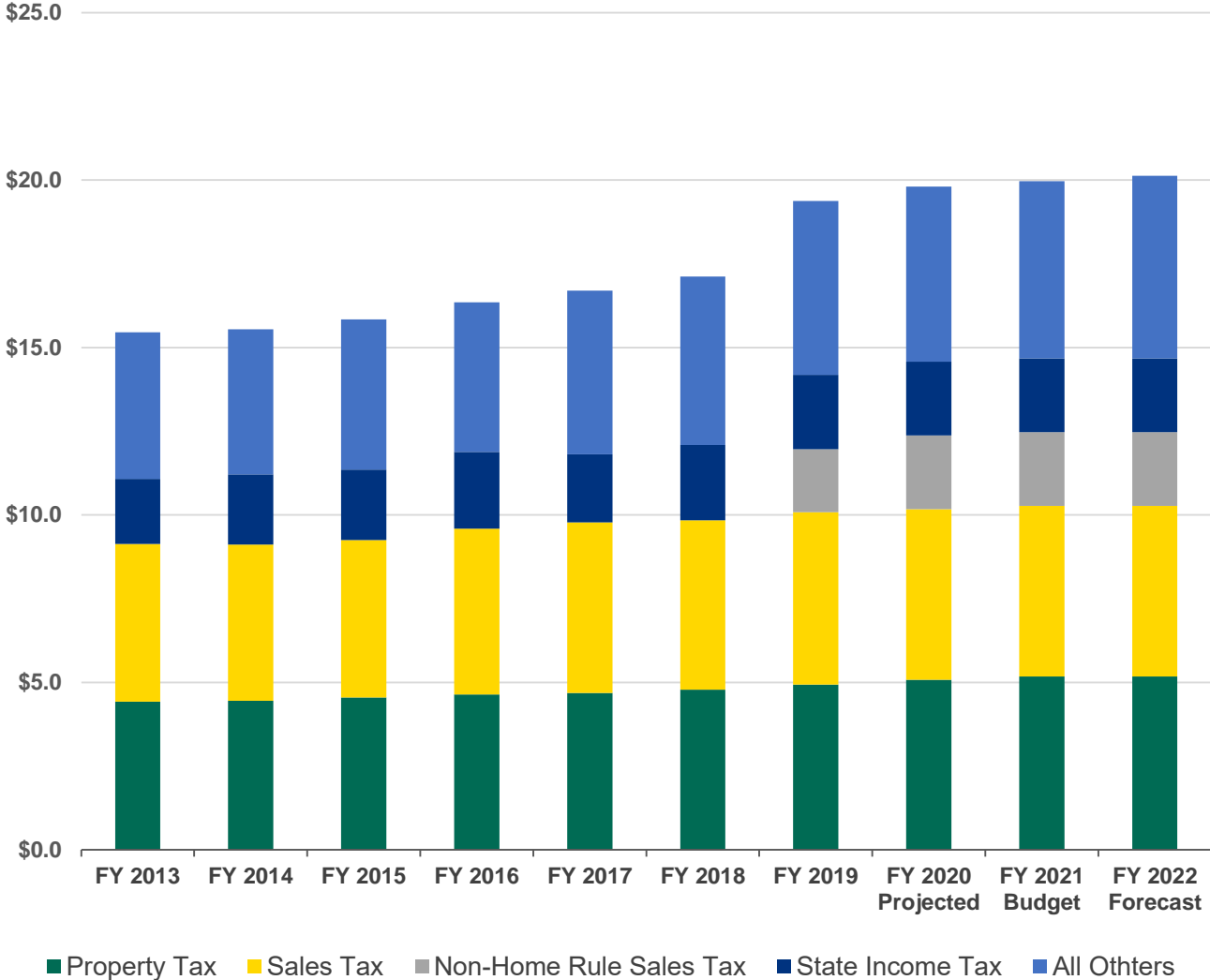


Major Revenue Sources – Last Ten Fiscal Years

Fiscal Year	Property Tax	Sales Tax	Non-Home Rule Sales Tax	State Income Tax	All Other	Total Revenues
2013	4,427,487	4,708,771	-	1,937,141	4,377,021	15,450,420
2014	4,450,945	4,666,100	-	2,094,605	4,334,903	15,546,553
2015	4,545,724	4,701,581	-	2,105,104	4,483,152	15,835,561
2016	4,640,915	4,952,394	-	2,290,774	4,465,504	16,349,587
2017	4,683,888	5,094,526	-	2,031,811	4,893,357	16,703,582
2018	4,778,699	5,066,293	-	2,244,013	5,030,922	17,119,967
2019	4,931,337	5,151,383	1,876,571	2,223,771	5,189,073	19,372,135
2020 Projected	5,073,860	5,100,000	2,200,000	2,200,000	5,232,120	19,805,980
2021 Budget	5,173,240	5,100,000	2,200,000	2,200,000	5,292,650	19,965,890
2022 Forecast	5,173,240	5,100,000	2,200,000	2,200,000	5,451,530	20,124,770

REVENUE SOURCES

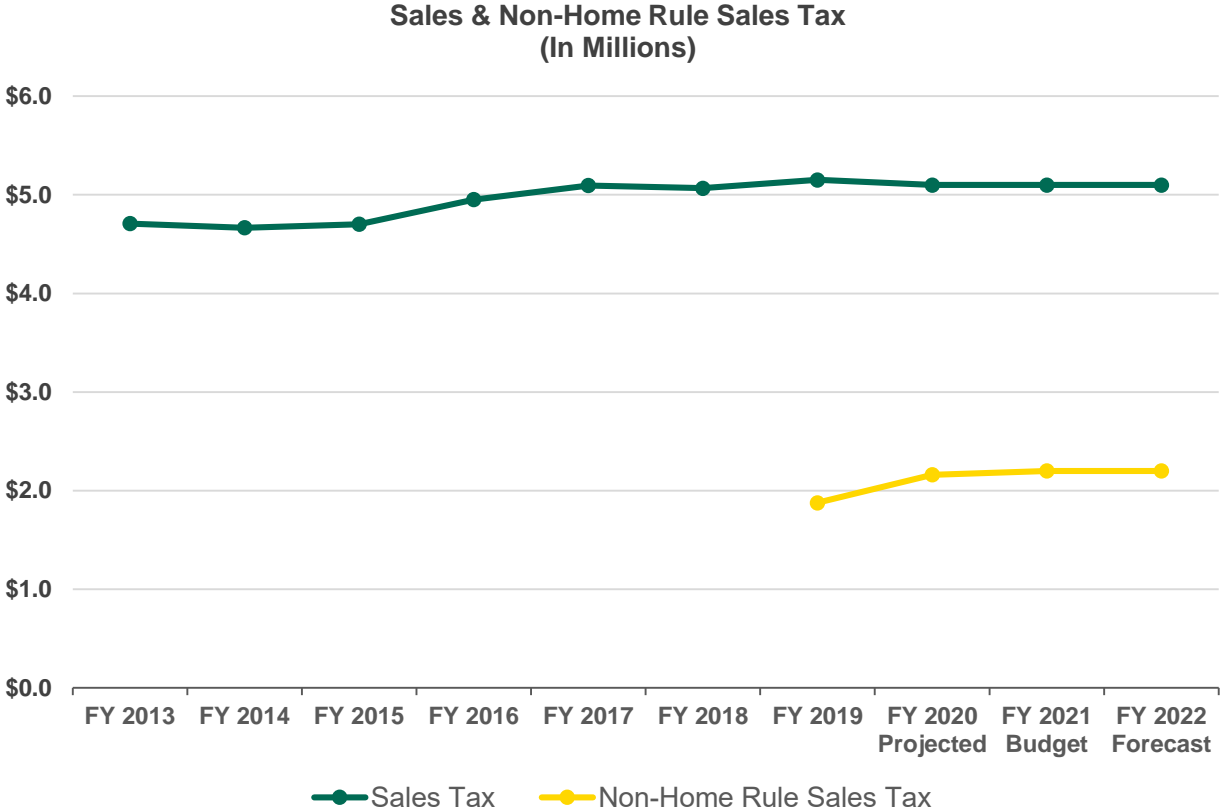
Major Revenue Sources - Last Ten Fiscal Years
(In Millions)



Sales Tax (\$5,100,000)

The second-largest source of revenue for the City’s General Fund is from local Sales taxes. Retail Sales Tax of 8.0% is collected by the State, effective July 1, 2018. Sales tax is remitted to the City three months after the liability occurs. The City currently receives 2.0% of the revenues collected. Of the total sales tax revenue received, 1.5% is unrestricted and recorded in the General Fund while the remaining 0.5% is restricted for infrastructure projects and is recorded in the Infrastructure Capital Projects Fund. Sales tax revenue is expected to remain stable based on historical trends. This figure represents approximately 25.5% of the total revenue in the General Fund.

REVENUE SOURCES



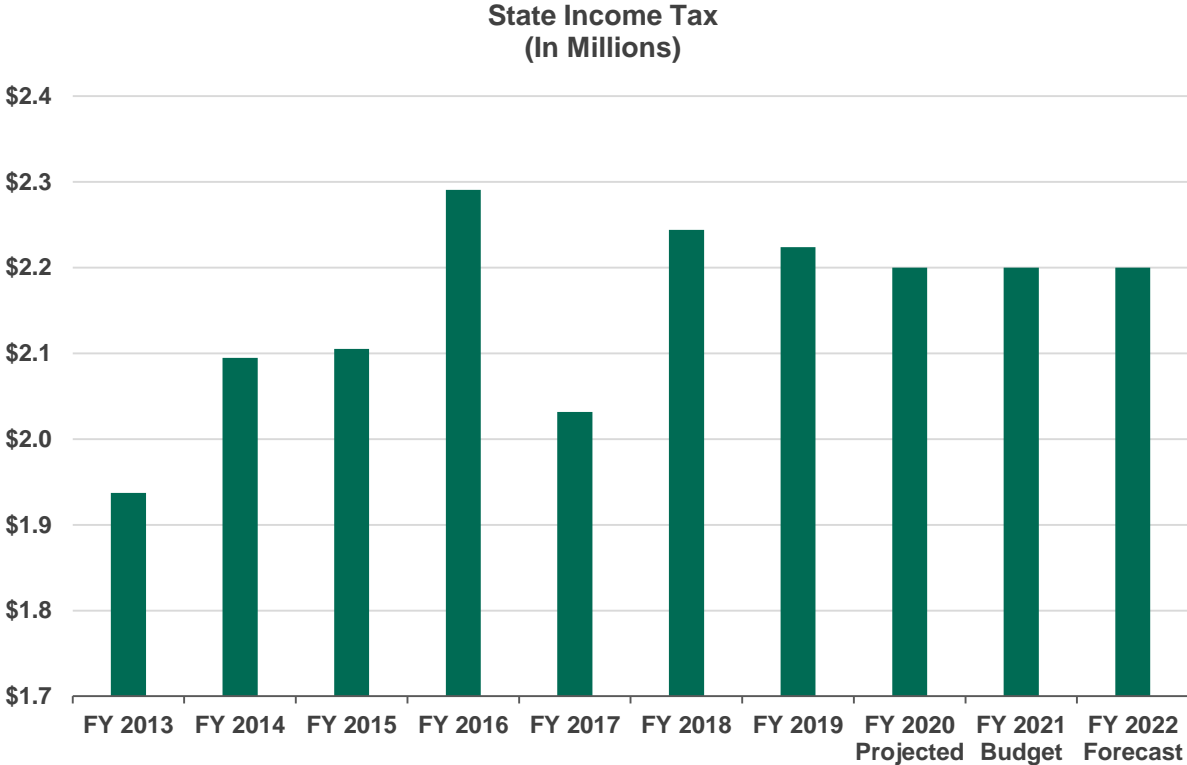
Non-Home Rule Sales Tax – Unrestricted (\$2,200,000)

The City gained a new revenue stream by passing a resolution for a city-wide referendum to impose an additional 0.5% non-home rule municipal retailer’s occupation tax and non-home rule municipal service occupation tax. The referendum held on March 20, 2018 passed with overwhelming support of the electorate. The additional 0.5% rate began collection on July 1, 2018. (This tax does not apply to sales of food, drugs, and medical appliances.) The State withholds 1.5% of collections to cover administration costs. Non-home rule sales taxes are expected to increase slightly from the FY 2019 totals. FY 2020 will reflect a full 12 month collection period. The City estimates to collect approximately \$2,200,000 for FY 2021.

State Income Tax (\$2,200,000)

The City currently receives State Income Tax revenues from the State of Illinois Local Government Distributive Fund (LGDF). LGDF is collected by the State and is distributed, on a per capita basis, one month after the liability occurs. State Income Tax is expected to maintain the projection from current year estimates. With the current legislature, there is always a threat of a reduction in LGDF.

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Other Revenue Sources

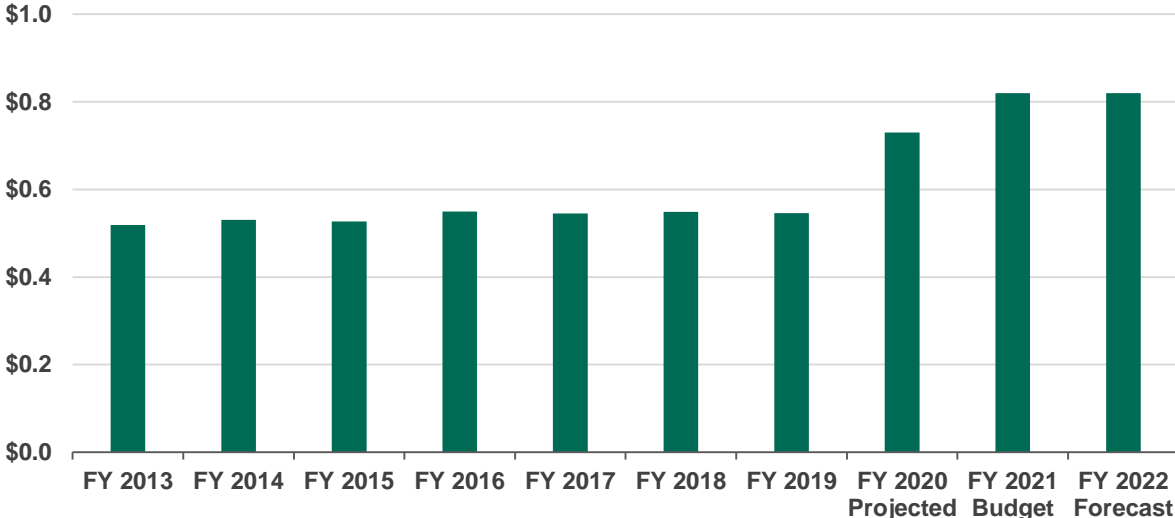
Motor Fuel Tax (\$820,000)

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. Effective July 1, 2019, the State of Illinois doubled the motor fuel tax rate for all unleaded gas purchases. The additional revenue passed through to the municipalities is an approximate increase of 40%.

The FY 2020 projection is \$730,000, which accounts for a partial year of the rate increase. The FY 2021 budget estimates \$820,000 in MFT revenues to be recorded in the MFT Special Revenue Fund. The City will use these funds towards the street improvement program.

REVENUE SOURCES

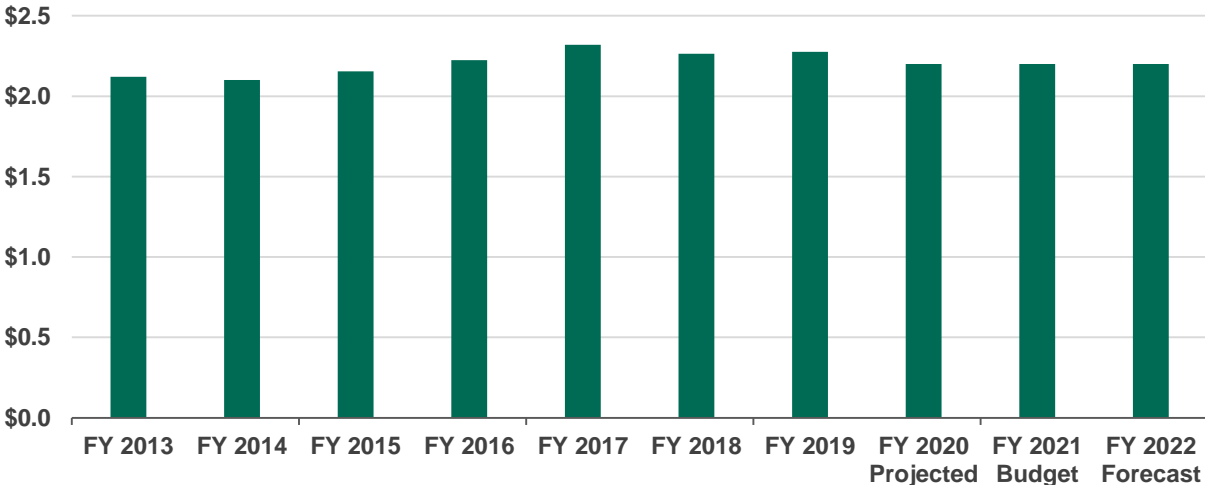
**Motor Fuel Tax
(In Millions)**



Non-Home Rule Sales Tax – Restricted (\$2,200,000)

The 0.5% non-home rule sales tax was instituted by referendum in 2007 and is restricted to “Infrastructure” related capital projects and recorded in the Infrastructure Capital Projects Fund. This tax does not apply to sales of food, drugs, and medical appliances; therefore, it is not exactly half of the Sales Tax. The State withholds 1.5% of the collections to cover administration costs. Non-home rule sales taxes are expected to increase due to the strong economy and the increase in the use of e-commerce sites.

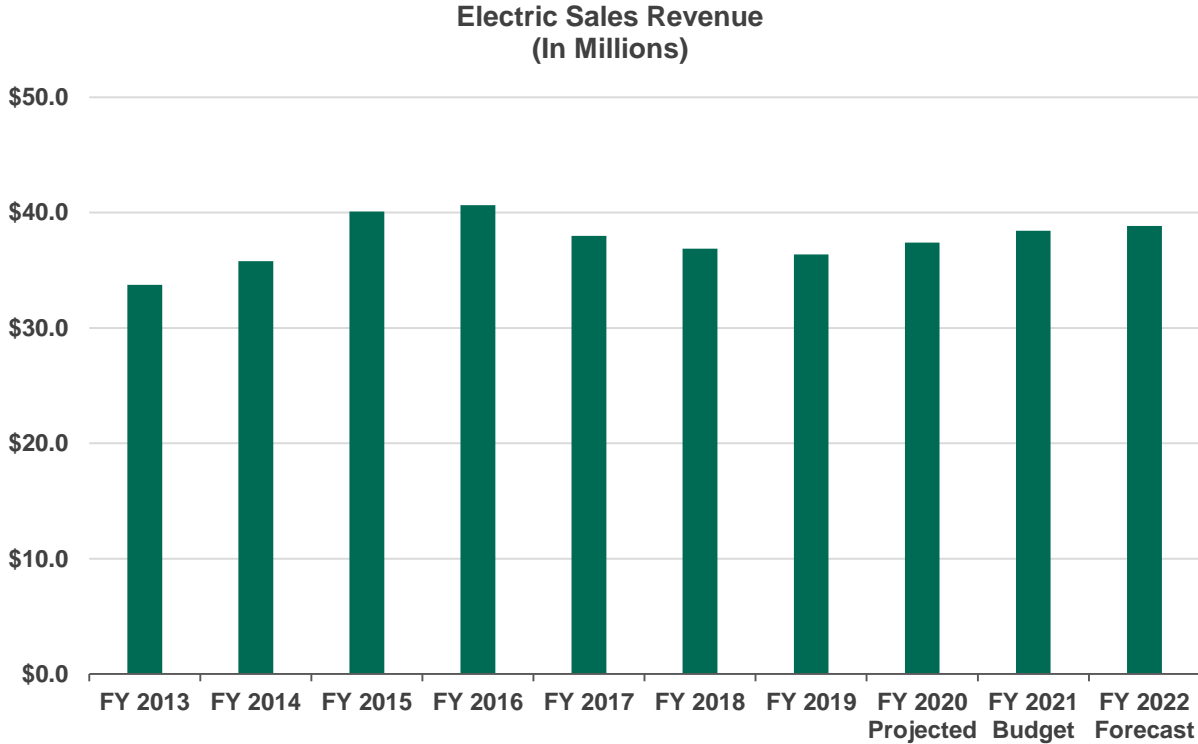
**Non-Home Rule Sales Tax
(In Millions)**



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Electric Sales (\$38,433,835)

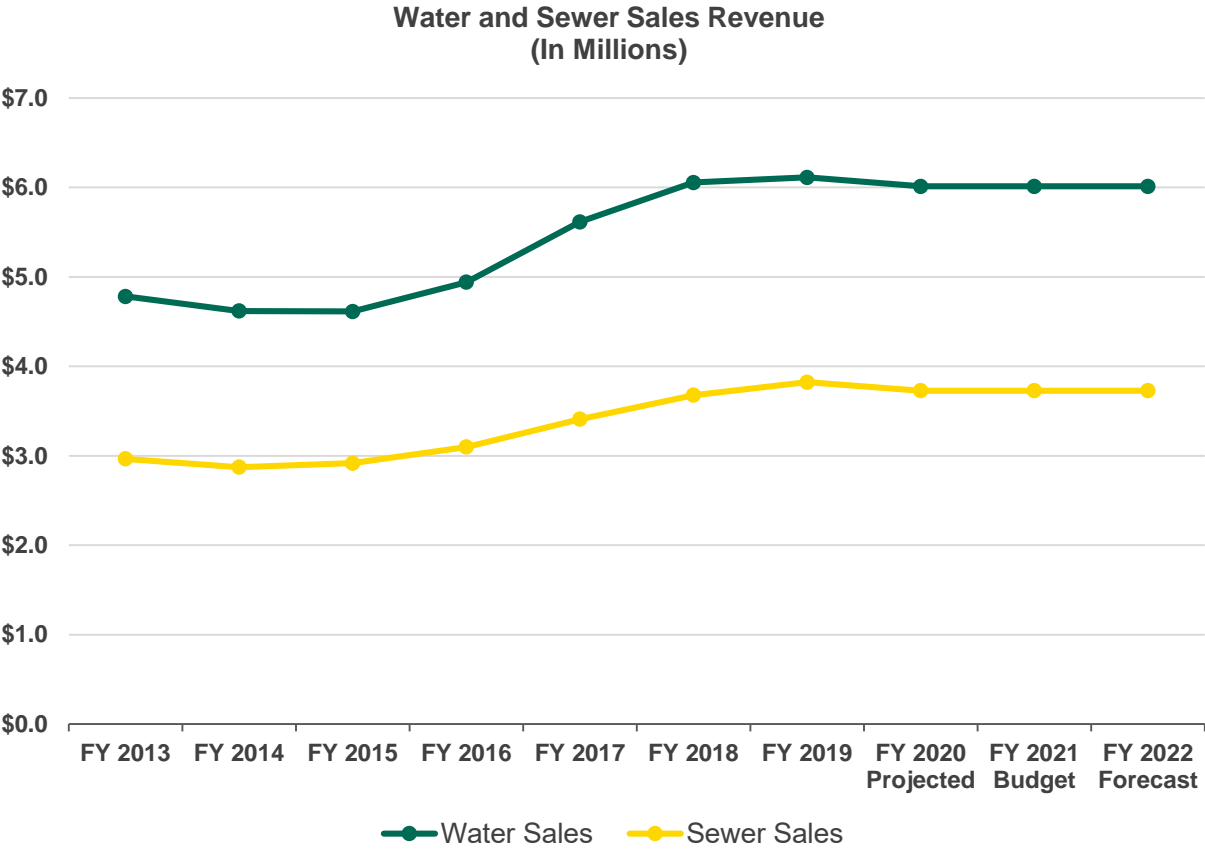
Electric revenues are based on a Class Cost of Service rate structure developed to assure each rate class pays its fair share of the utility’s cost of providing reliable electric service to the community. Geneva’s rates contain a Power Cost Adjustment (PCA) factor, which accounts for variations in the cost of electricity to the utility. Geneva utilizes a third party to conduct Class Cost of Service Studies and make rate recommendations with the last two recommendations made in FY 2014 and FY 2020. The results of these studies have shown the utility rates continue to recover the utility’s projected costs to provide electric service. Therefore, rate adjustment recommendations from these studies have been revenue-neutral to the utility. The City is a partner in the Northern Illinois Municipal Power Agency (NIMPA), which owns part of a coal-fired generating facility in southern Illinois. The City also generates power during peak demand time via the Geneva Generating Facility (GGF), a behind-the-meter natural gas-fired generating station, thereby limiting exposure to seasonal energy and capacity cost market fluctuations. As market costs vary, the PCA factor correspondingly adjusts revenues. Recent variations in power supply costs are primarily related to improved performance at Prairie State and a NIMPA Bond Refinancing in 2016 along with market increases for capacity costs. The FY 2021 budget of \$38,433,835 is based on a flat market expectation and a slight projected increase in consumption over estimated FY 2020 usage.



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Water Sales (\$6,308,000)

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 Plant. Water consumption has been steadily increasing over the past several years and a rate restructuring in 2015 has provided a fixed component that is independent of usage. The FY 2021 budget of \$6,308,000 is flat from the FY 2020 projected.



Sewer Sales (\$3,727,500)

Sewer sales are largely based on water consumption and have generally followed the same trends. The FY 2021 budget of \$3,727,500 is consistent with FY 2020 projected.

TYPICAL TAX BILL

Market Value of Home:	\$350,000	Annual Tax Liability for City Services: \$661.29 To calculate the annual tax bill, multiply the assessed valuation by the tax levy rate and divide the result by 100. $116,655 \times .566880 = 66,129.39$; $66,129.39 \div 100 = \$661.29$
Tax Levy Rate:	\$0.566880	
Assessed Valuation:	\$116,655	Monthly Expenses for City Services: \$55.11 To determine the monthly tax expenses for City services, divide the tax liability by 12 months: $\$661.29 \div 12 = \55.11
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 must comply with 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 5.0% 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 is all property tax dollars go to the City; the City's portion of a resident's total tax bill is approximately 7.0%. 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, 2021 & 2022

Fund	2017-2018 Actual	2018-2019 Actual	2019-2020 Budget	2019-2020 Projected	2020-2021 Budget	2021-2022 Forecast
Revenues and Other Financing Sources						
General	\$ 17,119,967	\$ 19,372,135	\$ 19,565,860	\$ 19,805,980	\$ 19,965,890	\$ 20,124,770
Special Revenue Funds						
Motor Fuel Tax	552,318	558,868	557,800	750,000	840,000	840,000
Cultural Arts Commission	31,053	21,979	42,390	9,045	42,410	39,010
SPAC	33,166	10,535	15,030	9,650	15,330	15,330
Beautification	8,773	8,311	15,650	4,690	15,000	14,950
Tourism	259,657	259,679	373,735	256,500	395,115	321,760
Restricted Police Fines	24,644	34,001	29,655	24,250	29,720	29,655
PEG	34,051	34,611	35,000	35,800	39,500	35,800
Mental Health	154,094	154,835	155,600	155,600	178,600	178,600
Foreign Fire Insurance	53,438	54,751	54,105	55,710	54,505	54,505
SSA #1	269,121	281,476	269,485	271,380	299,625	264,165
SSA #4 (Randall Square)	18,885	19,324	34,615	19,350	34,620	22,905
SSA #5 (Williamsburg)	9,021	9,122	9,130	9,135	9,150	9,150
SSA #7 (Blackberry)	2,961	3,035	3,030	3,035	3,035	3,035
SSA #9 (Geneva Knolls)	3,241	3,340	3,335	3,335	3,340	3,340
SSA #11 (Eagle Brook)	55,539	55,842	57,320	56,175	59,040	59,040
SSA #16 (Fisher Farms)	155,087	155,600	154,310	155,205	155,400	155,300
SSA #18 (Wildwood)	3,257	3,272	3,270	3,285	3,270	3,270
SSA #23 (Sunset Meadows)	1,164	1,216	1,210	1,160	1,160	1,160
SSA #26 (Westhaven)	7,447	7,450	7,455	7,505	7,490	7,490
SSA #32 (On Brentwood's Pond)	3,000	3,001	3,090	3,095	3,185	3,185
	<u>1,679,915</u>	<u>1,680,249</u>	<u>1,825,215</u>	<u>1,833,905</u>	<u>2,189,495</u>	<u>2,061,650</u>
Debt Service Funds						
Debt Service	1,988,422	2,027,181	658,450	657,450	704,800	654,500
	<u>1,988,422</u>	<u>2,027,181</u>	<u>658,450</u>	<u>657,450</u>	<u>704,800</u>	<u>654,500</u>
Capital Projects Funds						
General Capital Projects	60,358	153,791	670,000	282,500	767,300	600,000
Infrastructure Capital Projects	2,286,876	2,328,811	2,975,310	2,638,770	3,880,565	2,452,205
Prairie Green	1,109,849	689,333	76,705	32,640	424,615	78,945
TIF #2	245,331	257,563	250,660	262,350	357,125	681,055
TIF #3	34,824	43,528	169,435	62,675	330,230	730,135
Capital Equipment	345,490	1,423,952	1,507,840	979,370	2,087,310	1,180,540
	<u>4,082,726</u>	<u>4,896,977</u>	<u>5,649,950</u>	<u>4,258,305</u>	<u>7,847,145</u>	<u>5,722,880</u>
Enterprise Funds						
Electric	37,559,824	37,970,080	42,375,130	38,599,220	54,304,830	41,385,945
Water/Wastewater	11,079,255	21,048,789	14,685,930	13,819,983	15,746,590	12,918,250
Refuse	522,441	528,068	612,230	612,230	612,230	612,230
Cemetery	87,657	79,815	84,450	86,400	86,450	86,500
Commuter Parking	630,265	647,060	888,940	632,575	812,470	809,470
	<u>49,879,442</u>	<u>60,273,811</u>	<u>58,646,680</u>	<u>53,750,408</u>	<u>71,562,570</u>	<u>55,812,395</u>
Internal Service Funds						
Group Dental Insurance	186,192	179,260	200,260	199,340	195,040	196,830
Workers' Compensation	527,750	505,437	895,465	895,465	895,855	937,730
	<u>713,942</u>	<u>684,697</u>	<u>1,095,725</u>	<u>1,094,805</u>	<u>1,090,895</u>	<u>1,134,560</u>
Trust and Agency Funds						
Police Pension	3,538,022	3,229,067	3,365,330	3,365,330	3,377,020	3,387,400
Fire Pension	1,782,846	921,160	1,910,175	1,910,175	1,919,450	1,934,275
	<u>5,320,869</u>	<u>4,150,227</u>	<u>5,275,505</u>	<u>5,275,505</u>	<u>5,296,470</u>	<u>5,321,675</u>
Total Revenues	<u>\$ 80,785,283</u>	<u>\$ 93,085,278</u>	<u>\$ 92,717,385</u>	<u>\$ 86,676,358</u>	<u>\$ 108,657,265</u>	<u>\$ 90,832,430</u>

CITY OF GENEVA, ILLINOIS
Budget Summary - Total by Fund
Fiscal Year Ending April 30, 2021 & 2022

Fund	2017-2018 Actual	2018-2019 Actual	2019-2020 Budget	2019-2020 Projected	2020-2021 Budget	2021-2022 Forecast
Expenditures and Other Financing Uses						
General	\$ 16,367,206	\$ 17,956,194	\$ 19,565,860	\$ 19,105,187	\$ 19,965,890	\$ 20,124,770
Special Revenue Funds						
Motor Fuel Tax	589,971	585,522	557,800	550,000	840,000	840,000
Cultural Arts Commission	63,614	27,562	42,390	19,140	42,410	39,010
SPAC	38,722	16,317	15,030	3,330	15,330	15,330
Beautification	10,239	18,319	15,650	15,520	15,000	14,950
Tourism	241,895	251,071	373,735	322,460	395,115	321,760
Restricted Police Fines	10,990	8,221	29,655	21,100	29,720	29,655
PEG	50,108	37,168	35,000	25,965	39,500	35,800
Mental Health	180,319	142,700	155,600	187,775	178,600	178,600
Foreign Fire Insurance	39,056	40,576	54,105	35,855	54,505	54,505
SSA #1	235,309	245,066	269,485	258,833	299,625	264,165
SSA #4 (Randall Square)	9,514	10,049	34,615	9,300	34,620	22,905
SSA #5 (Williamsburg)	5,739	6,947	9,130	6,660	9,150	9,150
SSA #7 (Blackberry)	1,687	1,759	3,030	1,805	3,035	3,035
SSA #9 (Geneva Knolls)	2,638	2,678	3,335	825	3,340	3,340
SSA #11 (Eagle Brook)	43,150	35,500	57,320	57,320	59,040	59,040
SSA #16 (Fisher Farms)	189,844	158,740	154,310	158,650	155,400	155,300
SSA #18 (Wildwood)	1,238	787	3,270	840	3,270	3,270
SSA #23 (Sunset Meadows)	631	787	1,210	787	1,160	1,160
SSA #26 (Westhaven)	3,310	3,027	7,455	2,300	7,490	7,490
SSA #32 (On Brentwood's Pond)	3,000	3,000	3,090	3,000	3,185	3,185
	<u>1,720,974</u>	<u>1,595,797</u>	<u>1,825,215</u>	<u>1,681,465</u>	<u>2,189,495</u>	<u>2,061,650</u>
Debt Service Funds						
Debt Service	1,967,116	2,013,367	658,450	653,300	704,800	654,500
	<u>1,967,116</u>	<u>2,013,367</u>	<u>658,450</u>	<u>653,300</u>	<u>704,800</u>	<u>654,500</u>
Capital Projects Funds						
General Capital Projects	56,928	153,791	670,000	294,300	767,300	600,000
Infrastructure Capital Projects	2,341,504	2,801,998	2,975,310	2,195,110	3,880,565	2,452,205
Prairie Green	41,634	1,496,941	76,705	25,660	424,615	78,945
TIF #2	61,601	62,112	250,660	73,533	357,125	681,055
TIF #3	55,403	67,418	169,435	204,310	330,230	730,135
Capital Equipment	365,630	768,644	1,507,840	1,094,775	2,087,310	1,180,540
	<u>2,922,699</u>	<u>5,350,903</u>	<u>5,649,950</u>	<u>3,887,688</u>	<u>7,847,145</u>	<u>5,722,880</u>
Enterprise Funds						
Electric	36,477,102	37,242,713	42,375,130	40,158,229	54,304,830	41,385,945
Water/Wastewater	10,040,548	10,136,723	14,685,930	14,935,791	15,746,590	12,918,250
Refuse	535,617	549,354	612,230	582,474	612,230	612,230
Cemetery	75,069	47,404	84,450	48,100	86,450	86,500
Commuter Parking	604,305	622,055	888,940	898,458	812,470	809,470
	<u>47,732,641</u>	<u>48,598,249</u>	<u>58,646,680</u>	<u>56,623,052</u>	<u>71,562,570</u>	<u>55,812,395</u>
Internal Service Funds						
Group Dental Insurance	169,714	166,059	200,260	170,750	195,040	196,830
Workers' Compensation	760,635	130,188	895,465	892,465	895,855	937,730
	<u>930,349</u>	<u>296,247</u>	<u>1,095,725</u>	<u>1,063,215</u>	<u>1,090,895</u>	<u>1,134,560</u>
Trust and Agency Funds						
Police Pension	1,458,324	1,609,956	1,821,050	1,902,045	2,157,320	2,211,350
Fire Pension	808,470	837,672	945,855	940,230	969,920	998,680
	<u>2,266,794</u>	<u>2,447,628</u>	<u>2,766,905</u>	<u>2,842,275</u>	<u>3,127,240</u>	<u>3,210,030</u>
Total Expenditures	<u>\$ 73,907,780</u>	<u>\$ 78,258,385</u>	<u>\$ 90,208,785</u>	<u>\$ 85,856,182</u>	<u>\$ 106,488,035</u>	<u>\$ 88,720,785</u>