
POPULAR ANNUAL FINANCIAL REPORT



**FOR THE FISCAL YEAR ENDING APRIL 30, 2019
GENEVA, IL**

Information from this document can 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) 2019 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 2019 Comprehensive Annual Financial Report](#) 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.

The City received its sixth 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, 2018. 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 ninth consecutive Distinguished Budget Presentation Award from GFOA for the fiscal year beginning May 1, 2019. For the third year in a row, the City was awarded the Outstanding Achievement in Popular Annual Financial Reporting for FY 2018. 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

Contents

Letter from Management.....	1
About Geneva.....	2-3
Officials and Management.....	4
Capital Improvement Program...	5
Fiscal Condition.....	6
General Fund.....	7-8
Electric Fund.....	9
Water/Sewer Fund.....	10
Property Assessment & Tax Information.....	11
Property Tax.....	12
Sales Tax.....	13
Long Term Debt.....	14
Glossary.....	15

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	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 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	\$105,161
Median Home Value	\$305,000
Per Capita Income	\$47,954
Total Housing Units	8,201
Total Companies	2,768
Persons in Poverty	5.7%
High School Graduate or Higher	97.7%
Full-Time City Positions	150
2017 Equalized Assessed Value	\$1,013,275,139

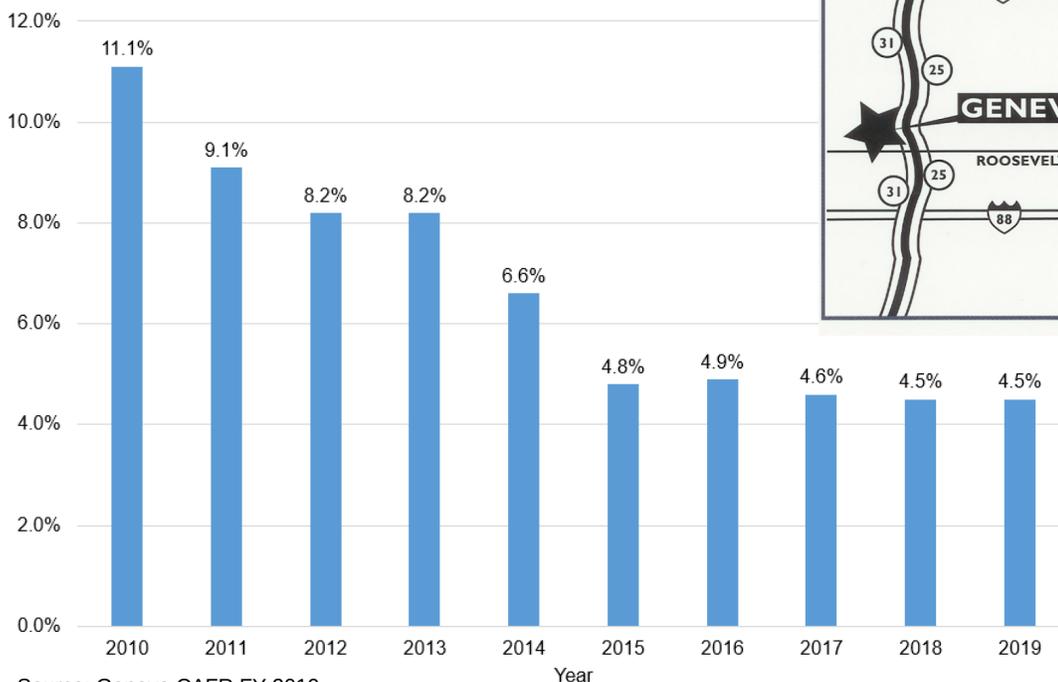
Source: 2013-2017 American Community Survey 5-year profiles from the U.S. Census Bureau Internet site; and Geneva CAFR FY 2019.

Top Ten Employers (2019)

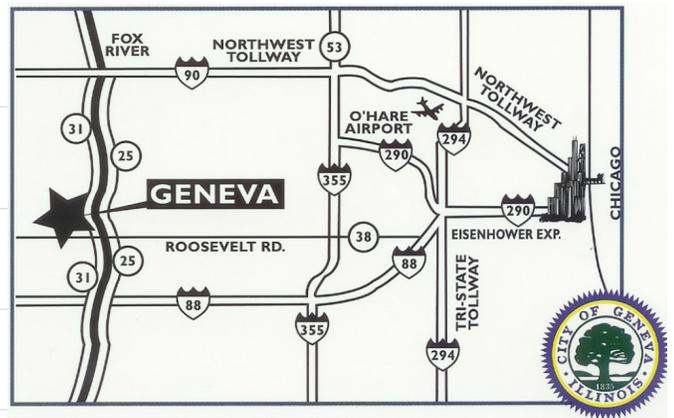
Employer	Employees
1. Delnor Hospital	1,650
2. Kane County	1,316
3. Geneva School Dist.	909
4. Greencore USA	300
5. Burgess-Norton Mfg.	300
6. Johnson Controls, Inc.	300
7. Houghton-Mifflin	250
8. FONA International	250
9. Power Packaging	200
10. Lineage Logistics	150

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

City of Geneva Annual Average Unemployment Rate



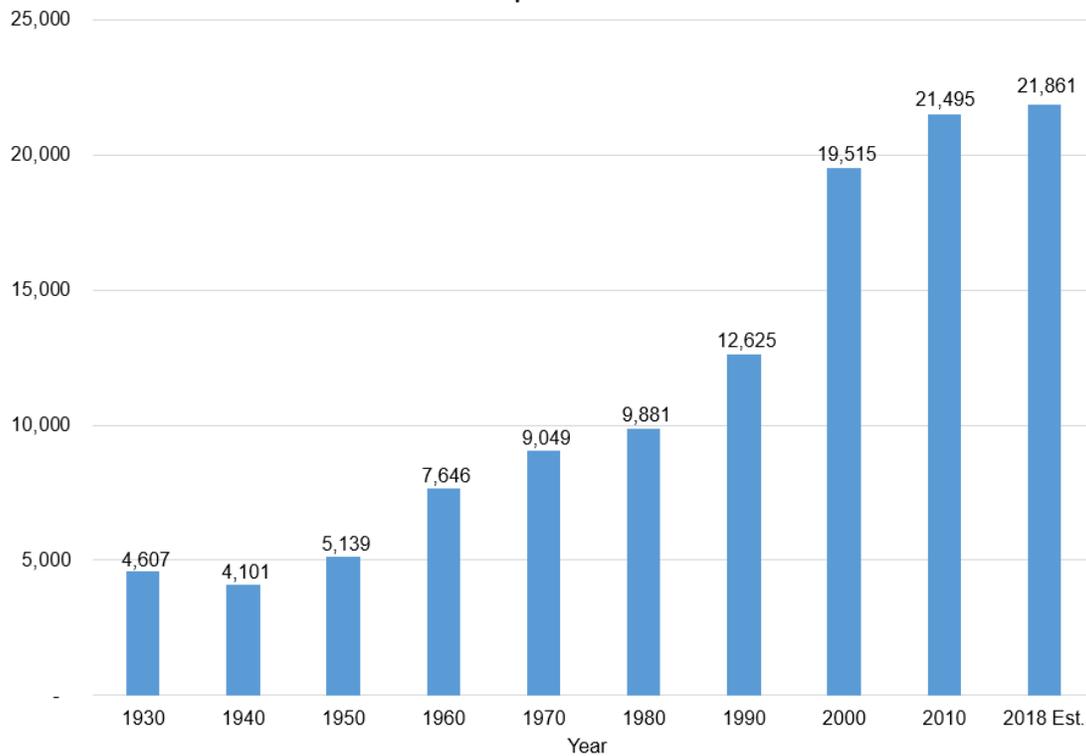
Source: Geneva CAFR FY 2019.



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, 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.

Population Trend



Source: 2013-2017 American Community Survey 5-year profiles 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 3rd PAFR Award!

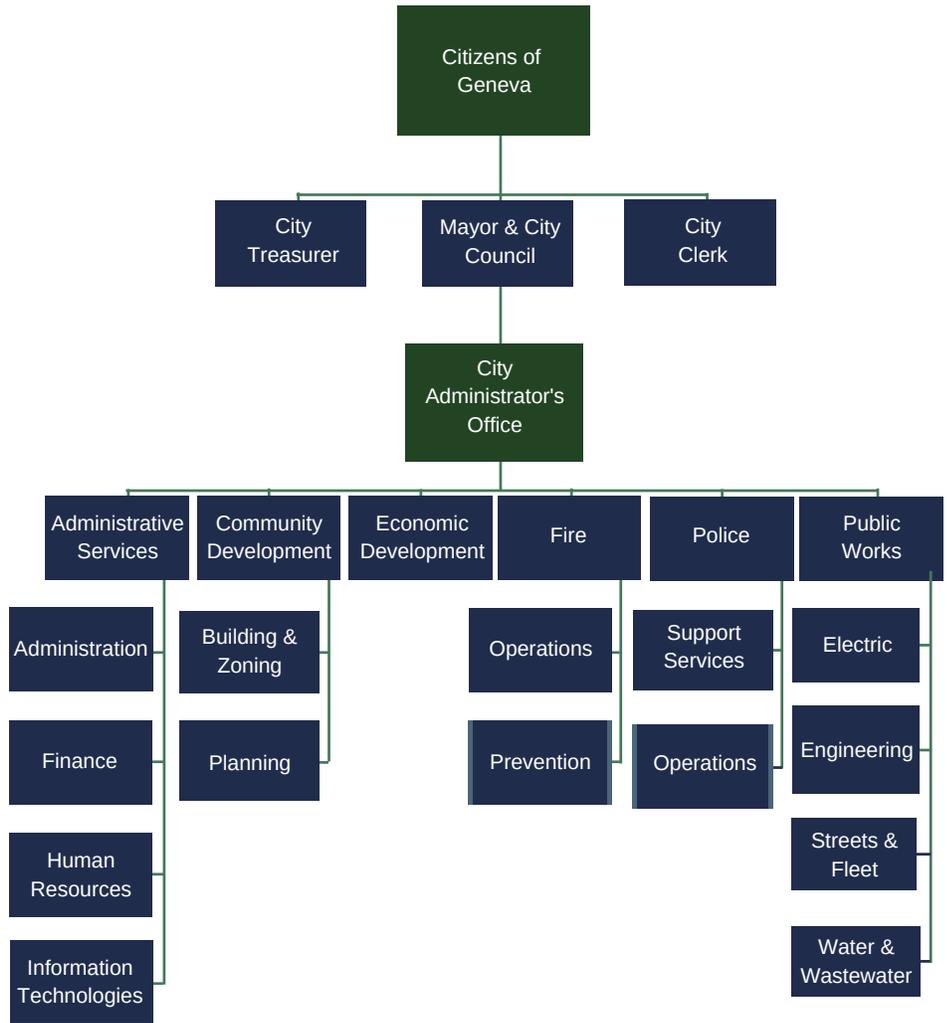
The City of Geneva was awarded its third Popular Annual Financial Reporting (PAFR) award for the fiscal year 2018. This was the third consecutive year the City prepared a PAFR. The PAFR is a summary of the Comprehensive Annual Financial Report (CAFR) issued by the City and is meant to communicate financial 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.

Organizational Chart



Geneva City Council

Mayor
Kevin Burns

City Clerk
Roger Godskesen

City Treasurer
Patrick McQueeney

1st Ward
Tara Burghart
Mike Bruno

2nd Ward
Michael Clements
Richard Marks

3rd Ward
Dean Kilburg
Becky Hruby

4th Ward
Jim Radecki
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 Public Works
Rich Babica

Director of Economic Development
Cathleen Tymoszenko

Chief of Police
Eric Passarelli

Fire Chief
Mike Antenore

(As of April 30, 2019)

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 lack of available financial resources. Below is a partial list of projects planned for fiscal year 2020:

Infrastructure

- Complete initial phases of a road project to extend Kautz Road to Fabyan Road as discussed in the Southeast Master Plan.
- Maintain the Annual Roadway Improvement Program by focusing on ADA upgrades and additional streets the require resurfacing.
- The acquisition of the Right-of-Way on East State Street (IL Rt. 38) in connection with the State's project to widen the road.

Water

- An annual program to clean out and televise storm sewers to ensure they comply with the MS4 Storm Water Permit.
- The replacement of approximately 1,200 older and nonfunctioning water meters with radio read meters.
- The engineering and painting of Dodson water tower, which is experiencing significant peeling of the existing paint coating and needs repainting.
- Remove and relocate the water main located under the Union Pacific RR and KC Cougars Stadium.
- The hiring of a consultant to evaluate the City's sanitary sewer collection system to evaluate whether a second river crossing to the Wastewater Treatment Plan is needed.

Electric

- The final year of a three year, Supervisory Control and Data Acquisition (SCADA) upgrade implementing the use of Grphical Information System (GIS).
- Implement improvements to City-owned buildings and facilities based on the findings of the Citywide Facilities Study.
- The replacement of aging underground and overhead electric cables at various locations within the City.

Miscellaneous

- Replacement of 25-year-old "Welcome to Geneva" signs. We are currently in year three of a four-year program.
- Purchase of a replacement Fire Engine.



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 \$136.6 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 \$4.9 million from the 2018 net position. During the fiscal year, the net position for the governmental activities increased \$1.0 million from the prior fiscal year for an ending balance of \$29.3 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 \$107.3 million. The total increase in net position was \$3.9 million or 3.7% 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, 2019
(In Millions)

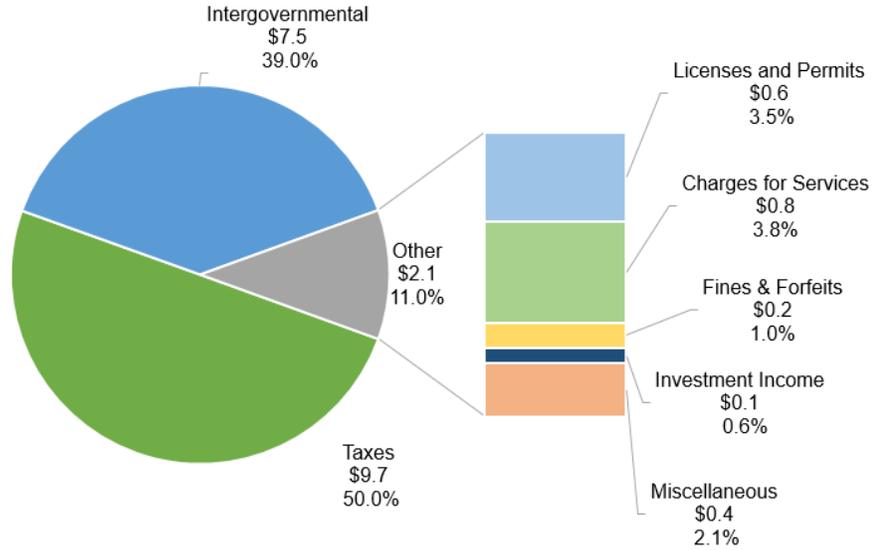
	Governmental Activities		Business-Type Activities		Total	
	2018	2019	2018	2019	2018	2019
Assets						
Current and other assets	\$ 21.8	\$ 23.3	\$ 23.9	\$ 24.3	\$ 45.7	\$ 47.6
Capital assets	46.6	48.4	114.1	124.6	160.7	173.0
Total assets	68.4	71.7	138.0	148.9	206.4	220.6
Deferred outflows	2.5	4.9	1.0	3.1	3.5	8.0
Total assets & Deferred outflows	70.9	76.6	139.0	152.0	209.9	228.6
Liabilities						
Long-term liabilities	30.6	34.5	29.8	34.1	60.4	68.6
Other liabilities	2.4	4.1	4.0	10.0	6.4	14.1
Total liabilities	33.0	38.6	33.8	44.1	66.8	82.7
Deferred inflows	9.8	8.7	1.8	0.6	11.6	9.3
Total liabilities & Deferred inflows	42.8	47.3	35.6	44.7	78.4	92.0
Net position						
Net investment in						
Capital assets	42.6	46.3	90.7	92.5	133.3	138.8
Restricted	4.5	4.3	0.3	0.3	4.8	4.6
Unrestricted	(18.8)	(21.3)	12.4	14.5	(6.4)	(6.8)
Total net position	\$ 28.3	\$ 29.3	\$ 103.4	\$ 107.3	\$ 131.7	\$ 136.6



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 on a monthly basis, these include state-shared sales, state income, and local use taxes. Total General Fund revenues for Fiscal Year 2019 were \$19,372,135.

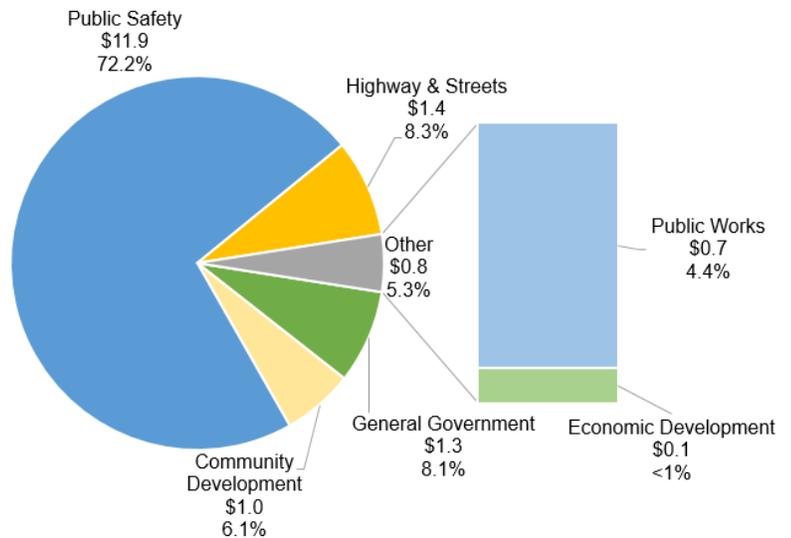
Taxes	\$9,677,609
Intergovernmental	7,555,448
Licenses and Permits	674,691
Charges for Services	754,550
Fines and Forfeits	197,417
Investment Income	112,840
Miscellaneous	399,580
Total	\$19,372,135



General Fund Expenditures: Where the Money Goes

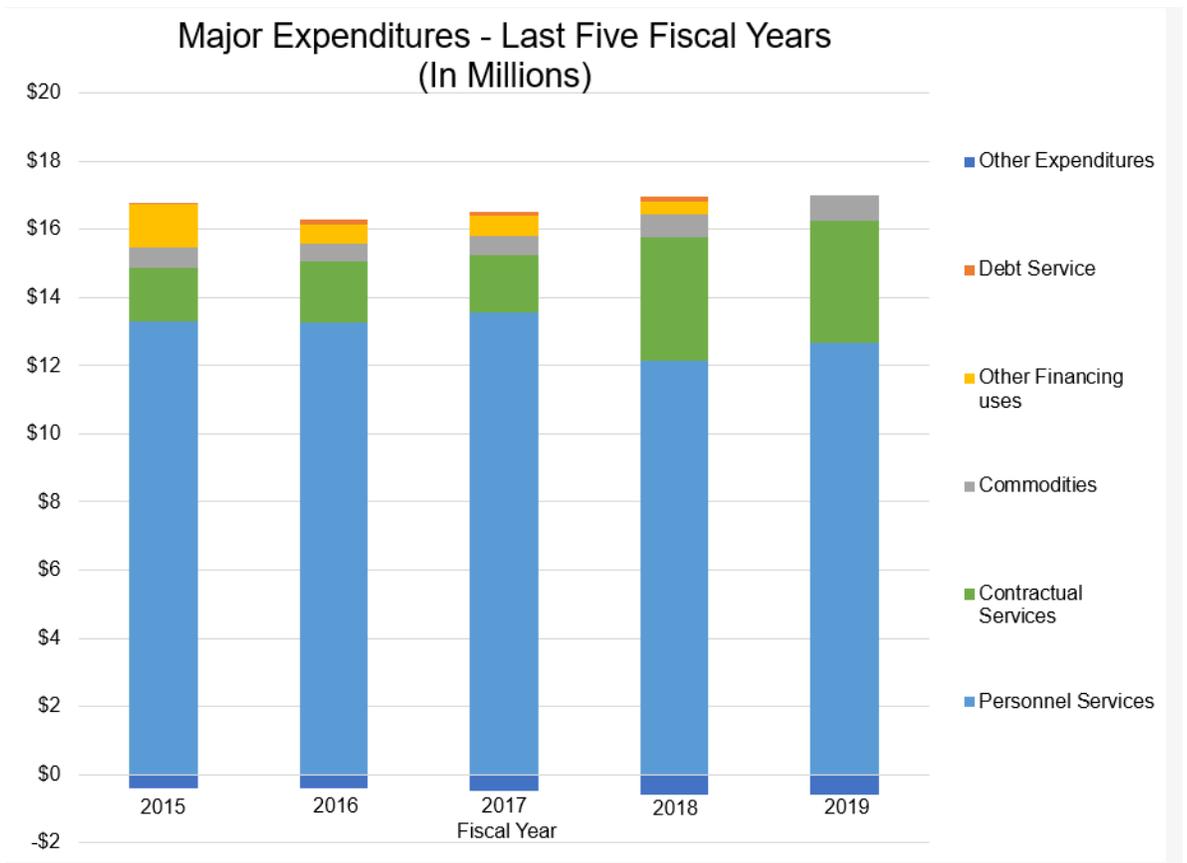
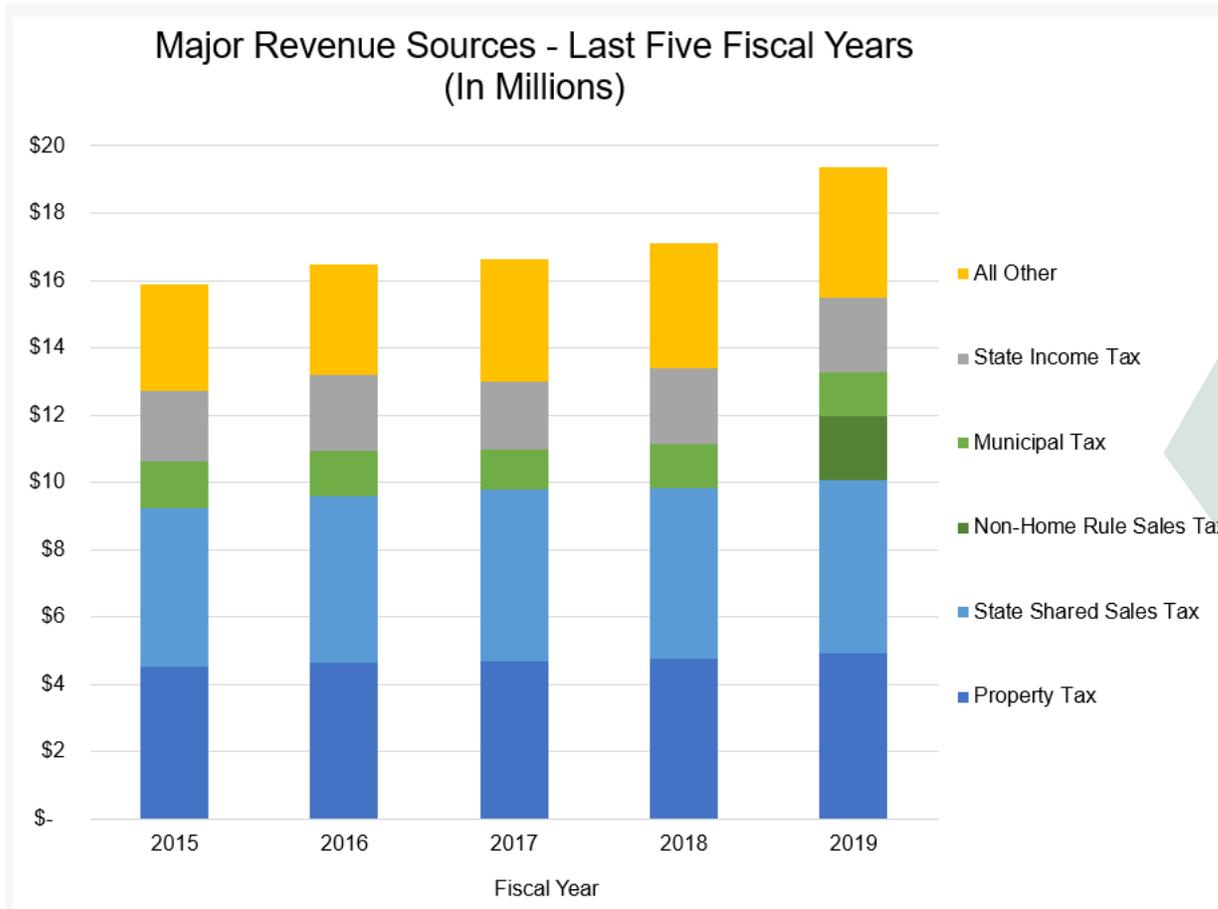
Functional expenditures of the General Fund include General Government, Community Development, Economic Development, Public Safety, Highway and Streets, and Public Works. A review of actual expenditures compared to the appropriations in the final budget reveals no significant variances. The City's General 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 2019 were \$16,428,261.

General Government	\$1,331,386
Public Works	713,185
Economic Development	102,828
Community Development	1,014,311
Public Safety	11,888,275
Highway & Streets	1,378,276
Total	\$16,428,261



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.



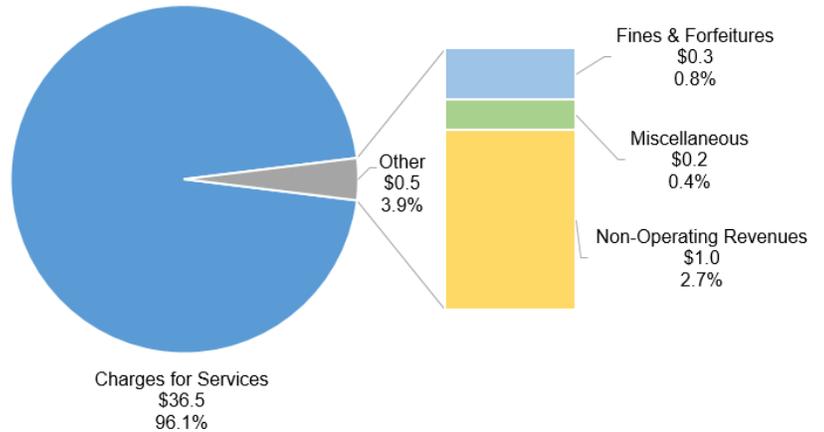
Electric Fund

In the Electric Fund, revenues declined from the prior fiscal year by \$0.4 million or 1.2% due to consumption reduction. Electric Fund operating expenses increased \$0.8 million or 2.2% when compared to the prior fiscal year. The increase was mainly due to increases in electric generation and administration. Significant capital projects included the overhead/underground cable replacement program, substation improvements and vehicle replacements.

Revenues

Charges for Services	\$36,476,484
Fines & Forfeitures	290,551
Miscellaneous	169,079
Non-Operating Revenues	1,014,552
Service Fees	22,725
Total	<u>\$37,973,391</u>

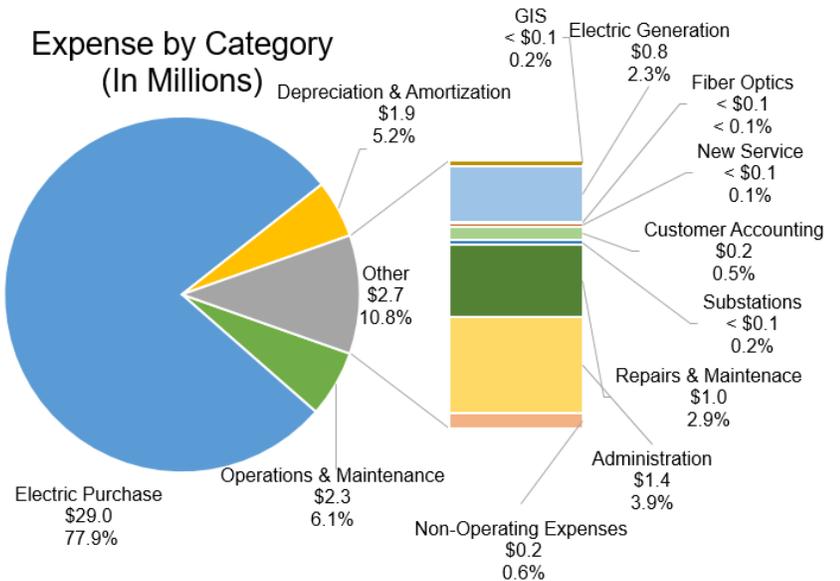
Revenues by Category
(In Millions)



Expenses

Operations & Maintenance	\$2,256,483
Electric Purchases	29,029,642
Electric Generation	846,968
GIS	77,266
Substations	81,140
Administration	1,440,932
Fiber Optics	6,921
New Service	55,557
Customer Accounting	197,083
Repairs and Maintenance	1,078,408
Depreciation and Amortization	1,948,599
Non-Operating Expenses	227,024
Total	<u>\$37,246,023</u>

Expense by Category
(In Millions)



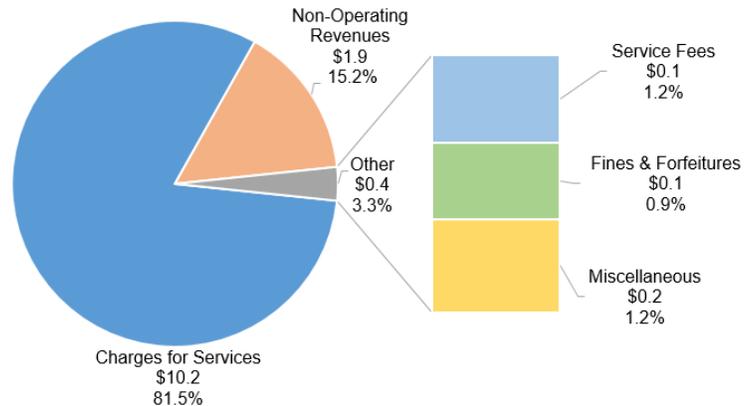
Waterworks and Sewerage Fund

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	\$10,204,720
Service Fees	141,433
Fines & Forfeitures	122,990
Miscellaneous	150,947
Non-Operating Revenues	1,901,263
Total	\$12,521,353

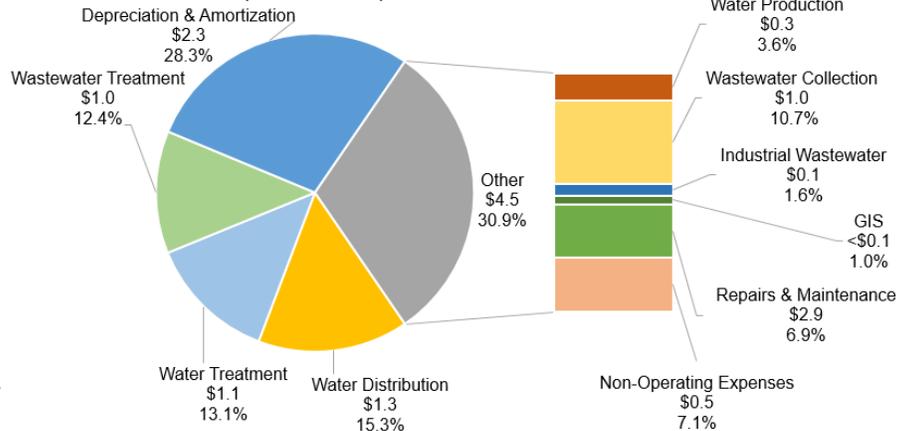
Revenues by Category
(In Millions)



Expenses

Water Distribution	\$1,280,889
Water Production	298,662
Water Treatment	1,091,556
Wastewater Treatment	1,040,565
Wastewater Collection	893,435
Industrial Wastewater	131,456
GIS	92,744
Repairs & Maintenance	573,406
Depreciation & Amortization	2,365,061
Non-Operating Expenses	590,914
Total	\$8,358,688

Expense by Category
(In Millions)

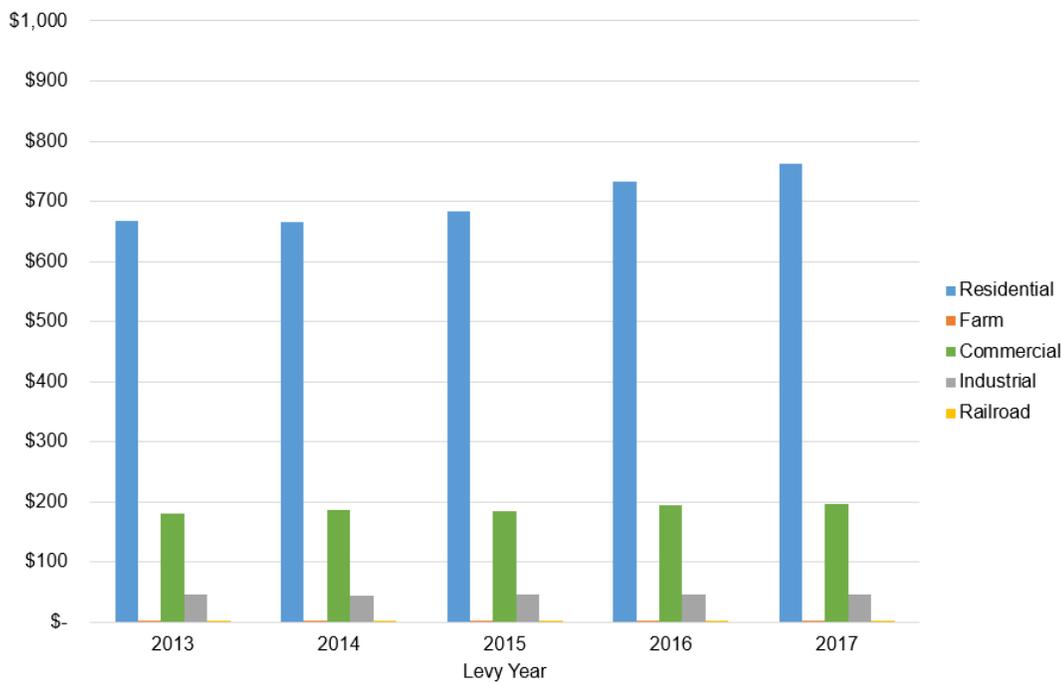


Property Assessment and Tax Information

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 2013.

Property Class	Levy Years				
	2013	2014	2015	2016	2017
Residential	\$667,035,145	\$666,227,302	\$683,317,381	\$732,020,594	\$763,333,471
Farm	2,408,489	2,422,086	2,279,984	2,397,767	2,433,801
Commercial	180,377,219	186,130,959	184,600,132	195,310,534	198,633,572
Industrial	46,200,397	44,411,334	45,704,458	46,637,112	47,144,299
Railroad	1,283,337	1,403,751	1,671,371	1,698,183	1,729,996
Total	\$897,304,587	\$900,595,432	\$917,573,326	\$978,064,190	\$1,013,275,139

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.

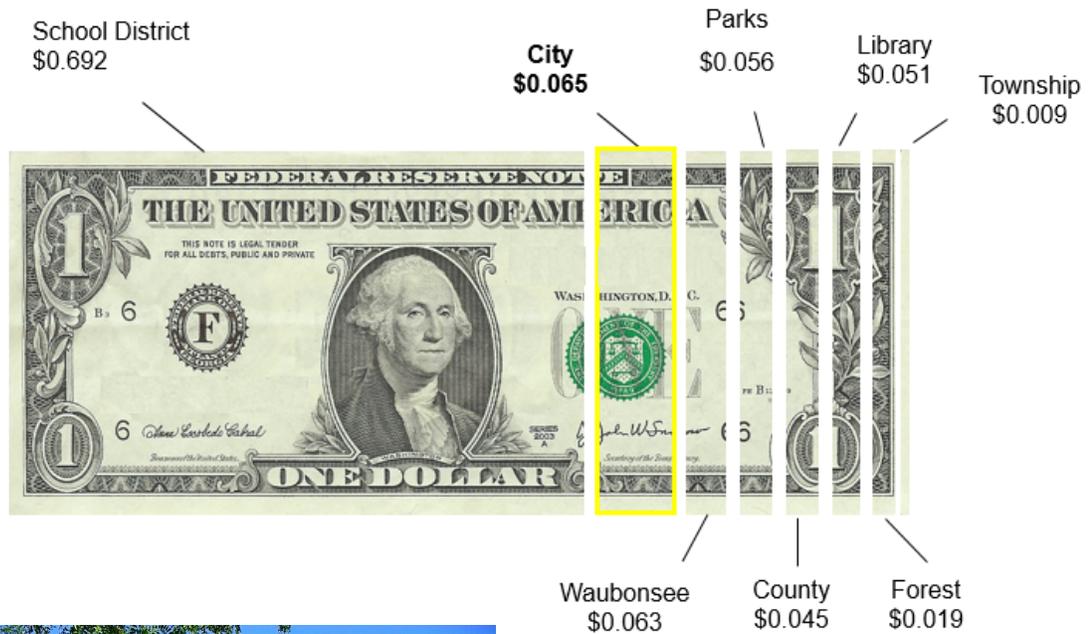


Understanding Property Tax

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.



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

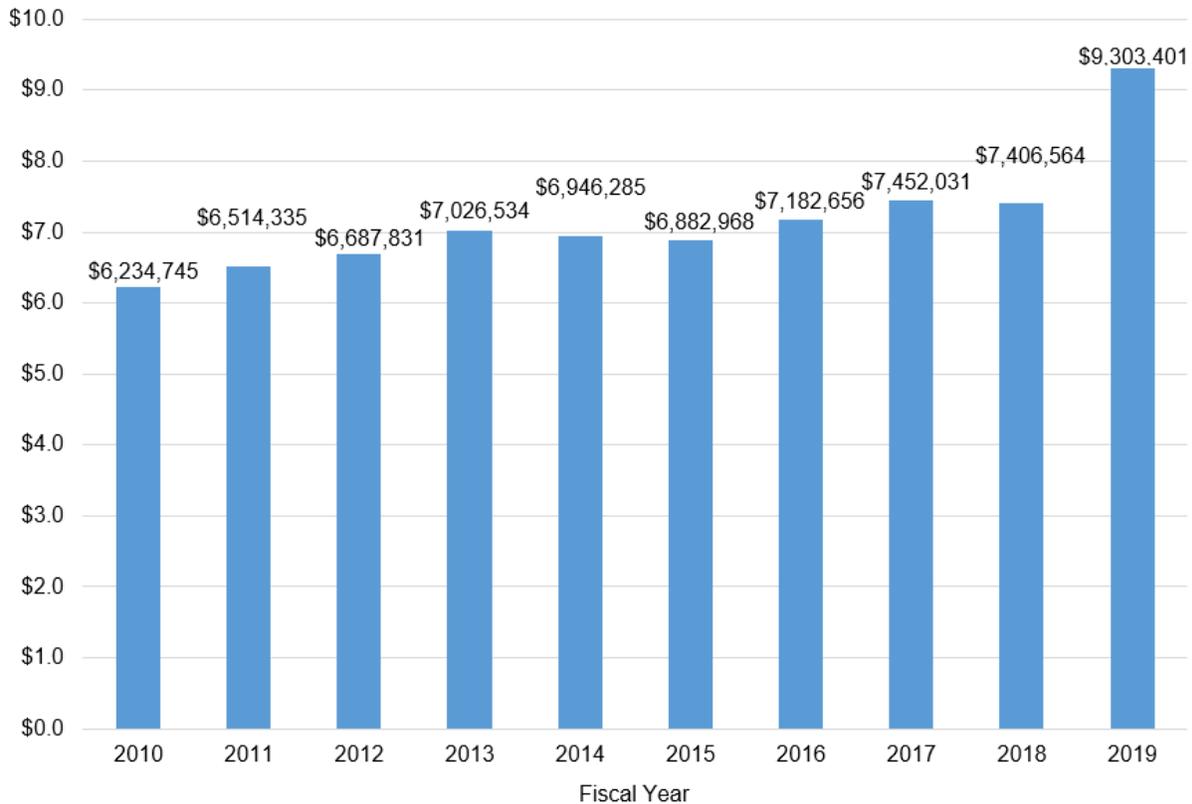
Understanding Sales Tax

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%*

* 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 2010 to FY 2019
(In Millions)

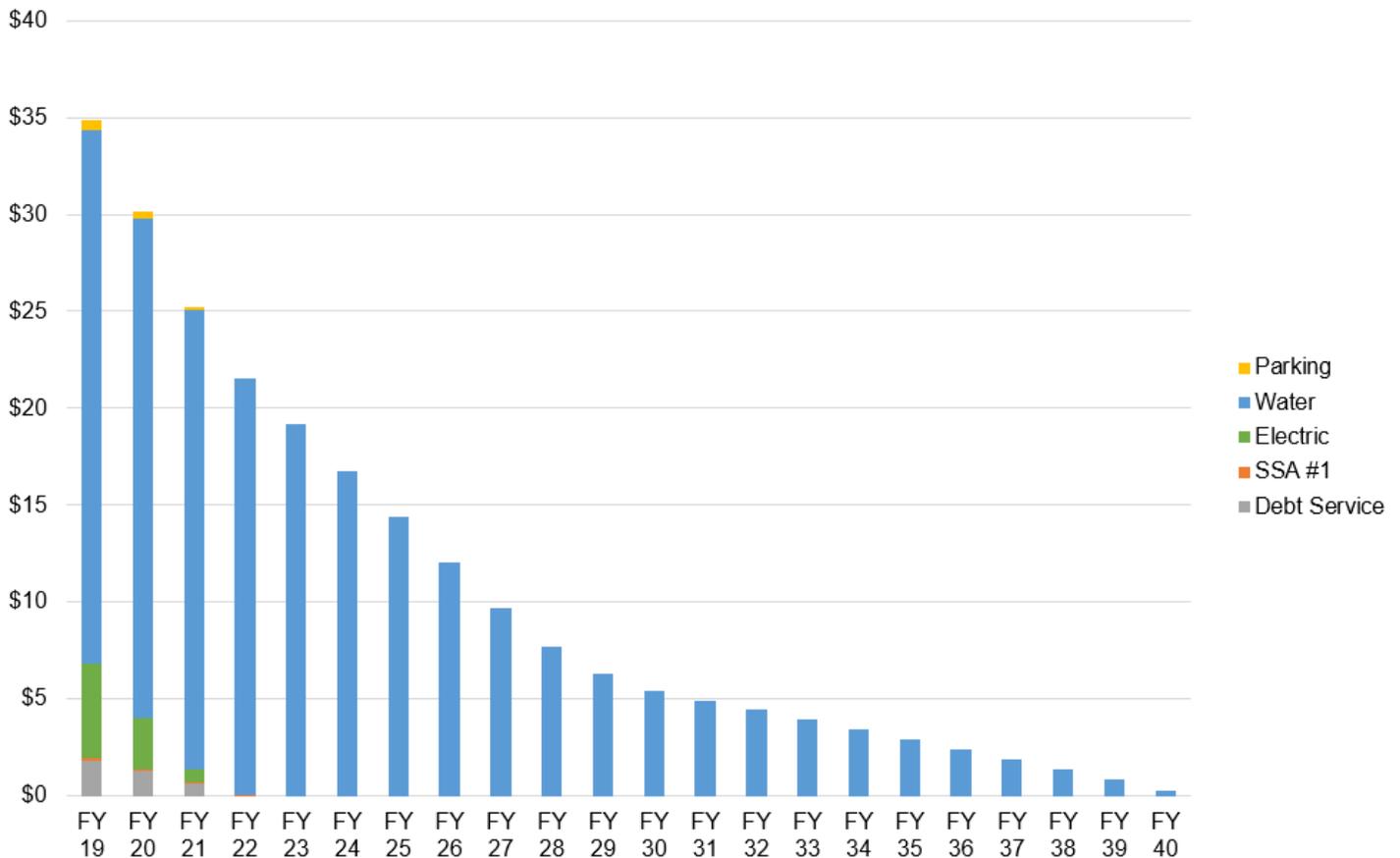


Long-Term Debt Obligation

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.

At fiscal year end, the City has \$75.1 million in long-term debt outstanding. The City has also issued an additional loan during fiscal year 2019. The total construction costs will be included in the final loan once the Wastewater Treatment Plant project is complete 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.

