

# Revenue Sources

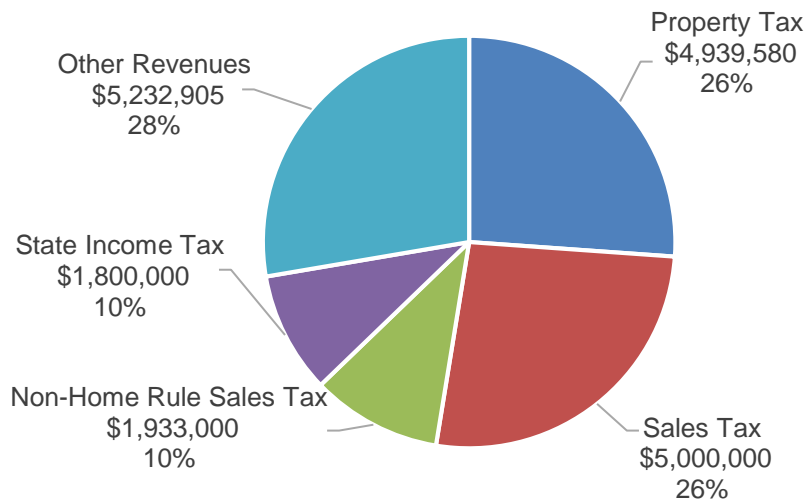
## Introduction

The City of Geneva has developed a diverse base of revenues to fund its operational and capital needs. The purpose of this section is to describe the major revenue sources and trends and how these affect the City. Special emphasis is placed on four major revenue sources. This set of revenues is significant as collectively they represent 72.3% of the City's budgeted revenues in the General Fund for FY 2019. Each major source of revenue is described on the following pages. Revenues in the FY 2019 budget total \$18,905,485. These four major revenue sources and their contribution to overall revenues are summarized in the charts below.

## Major Revenue Summary – General Fund

Major Revenue Source	Budgeted 2019 Revenue	Percent of Total Current Revenue
<i>Property Tax</i>	\$4,939,580	26%
<i>Sales Tax</i>	\$5,000,000	26%
<i>Non-Home Rule Sales Tax</i>	\$1,933,000	10%
<i>State Income Tax</i>	\$1,800,000	10%
<i>Subtotal Major Revenue Sources</i>	\$13,672,580	72%
Other Revenues	\$5,232,905	28%
Total Current Revenues	\$18,905,485	100%

## MAJOR REVENUE SOURCES - GENERAL FUND

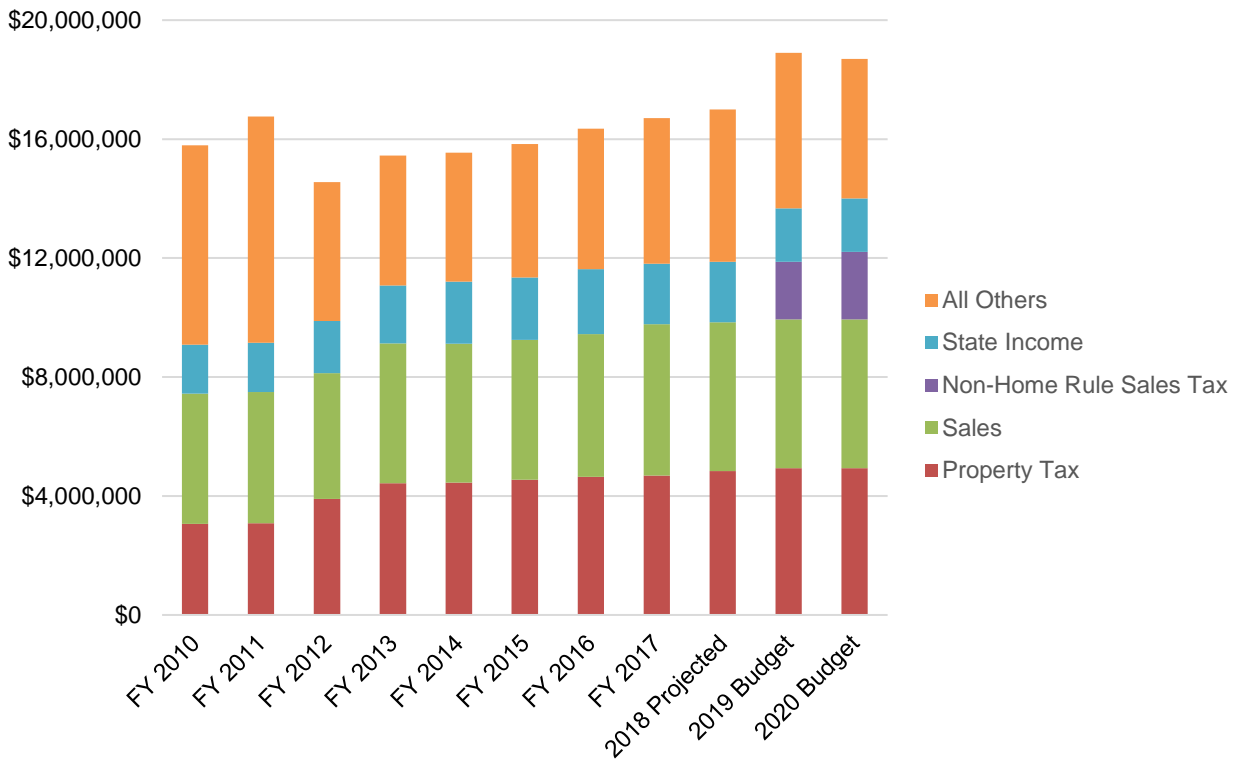


# Revenue Sources

## Major Revenue Sources – Last Ten Fiscal Years

Year	Property Tax	Sales Tax	Non-Home Rule Sales Tax	State Income Tax	All Other	Total Revenues
2010	3,062,871	4,383,719	-	1,637,623	5,409,004	15,794,755
2011	3,086,722	4,411,592	-	1,652,801	6,289,650	16,757,754
2012	3,904,829	4,229,673	-	1,754,844	3,527,764	14,554,973
2013	4,427,487	4,708,771	-	1,937,141	3,126,611	15,450,420
2014	4,450,945	4,666,100	-	2,094,605	2,981,141	15,546,553
2015	4,545,724	4,701,581	-	2,105,104	3,194,959	15,835,561
2016	4,640,915	4,952,394	-	2,290,774	3,276,200	16,349,587
2017	4,683,888	5,094,526	-	2,031,811	3,600,455	16,703,582
2018	4,791,920	5,305,400	-	2,000,000	3,627,680	16,998,745
Projected						
2019 Budget	4,939,580	5,000,000	1,933,000	1,800,000	5,232,905	18,905,485
2020 Budget	4,939,580	5,000,000	2,265,000	1,800,000	4,659,295	18,663,875

**MAJOR REVENUES SOURCES - LAST TEN FISCAL YEARS**



## Revenue Sources

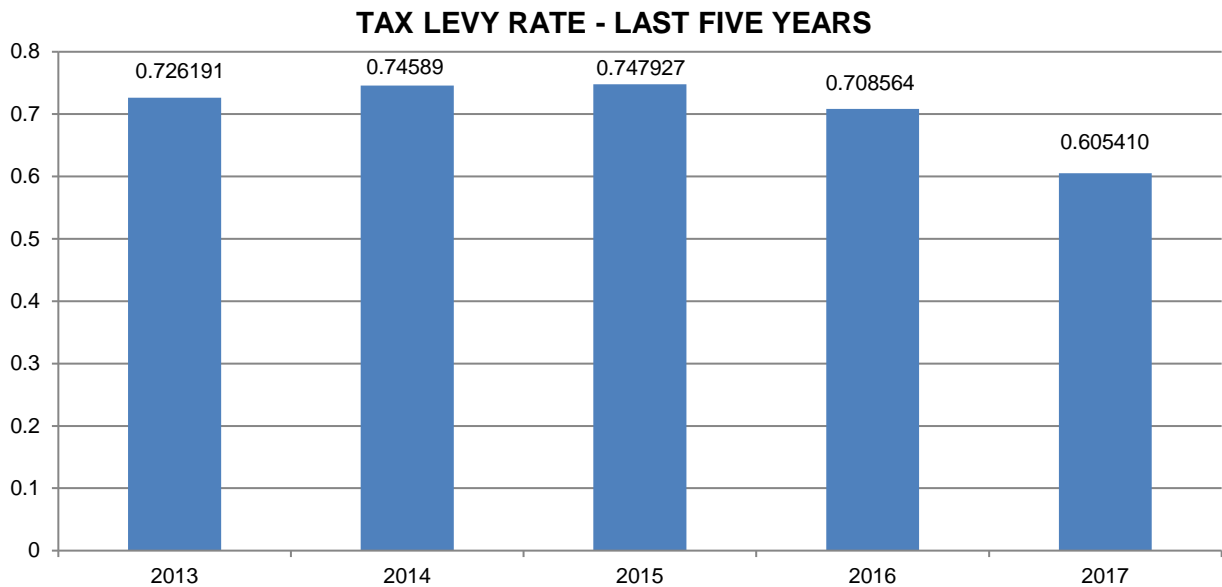
### Ad Valorem Property Tax

Budgeted FY 2019 ad valorem property taxes total \$4,939,580 or 26.1% of current revenue in the General Fund. Property taxes are collected on the assessed valuation of taxable real personal property. The County provides the EAV used in the calculation of property taxes necessary to fund the budget.

Total assessed valuation in Geneva grew steadily during the early to mid 2000's and then began a steady descent after Levy Year 2009 and a slow return since Levy Year 2014. The 2017 estimated assessed valuation of \$1,013,275,139 shows an increase of \$32,151,104 or 3.3% over 2016.

The decrease in the tax levy rate for the FY 2019 budget is due to a decrease in required debt service payments coupled with the sale of Prairie Green wetland credits.

The 2017 property taxes are collected in 2018 and provide funding for the FY 2019 budget.

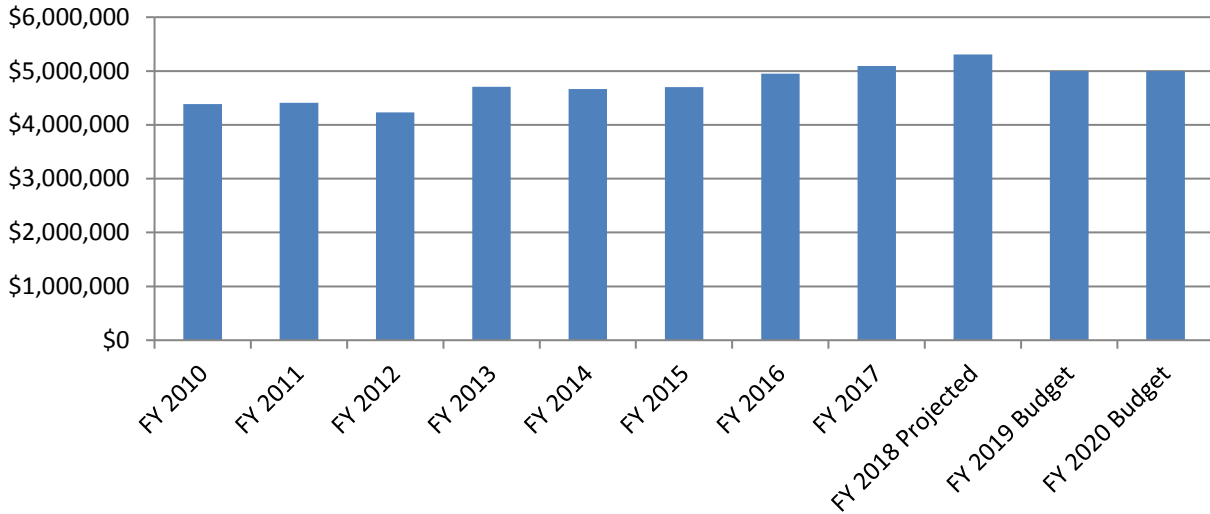


### Sales Tax

The largest source of revenue for the City's General Fund is from local Sales Taxes. Retail Sales Tax of 7.5% is collected by the State, effective July 1, 2018 an additional non-home rule sales tax of 0.5% will bring the sales tax rate to 8.0%. The City currently receives 1.5% the revenues collected however this will increase to 2.0% after July 1. Of the total sales tax revenue received 1.5% is unrestricted and recorded in the General Fund while the remaining 0.5% is restricted to capital improvement/infrastructure projects and is recorded in the Infrastructure Capital Projects Fund. Sales taxes are expected to remain stable from the FY 2018 estimated amount. This figure represents approximately 26.4% of the total revenue in the General Fund.

# Revenue Sources

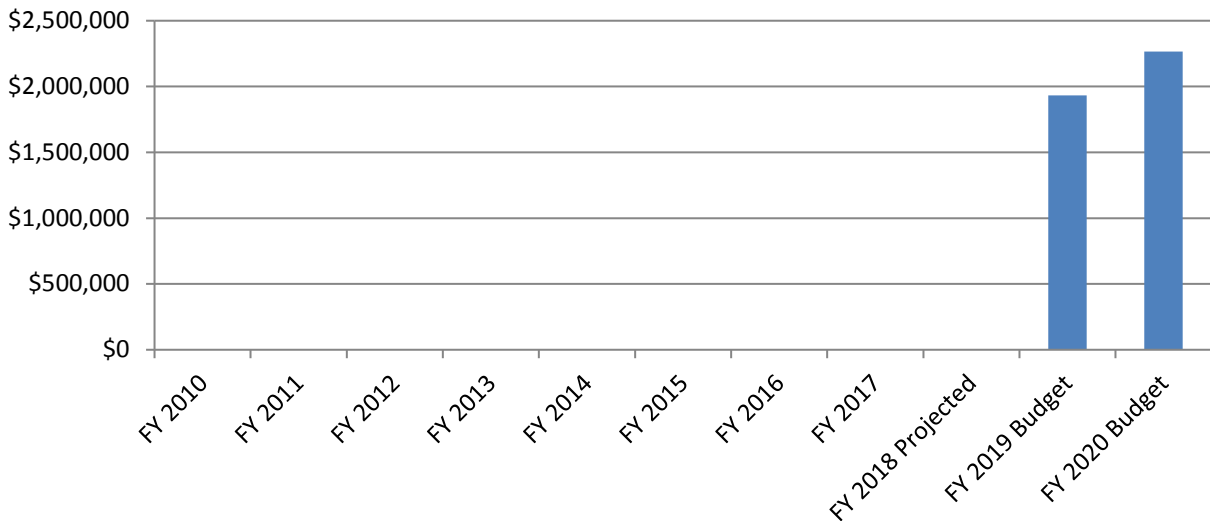
## SALES TAX REVENUE



### Non-Home Rule Sales Tax

The City gained a new revenue stream via referendum. The City Council passed 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 received overwhelming support of the electorate and passed, the additional 0.5% rate will begin collection on July 1, 2018. The City estimates to collect approximately \$1,933,000 for fiscal year 2019.

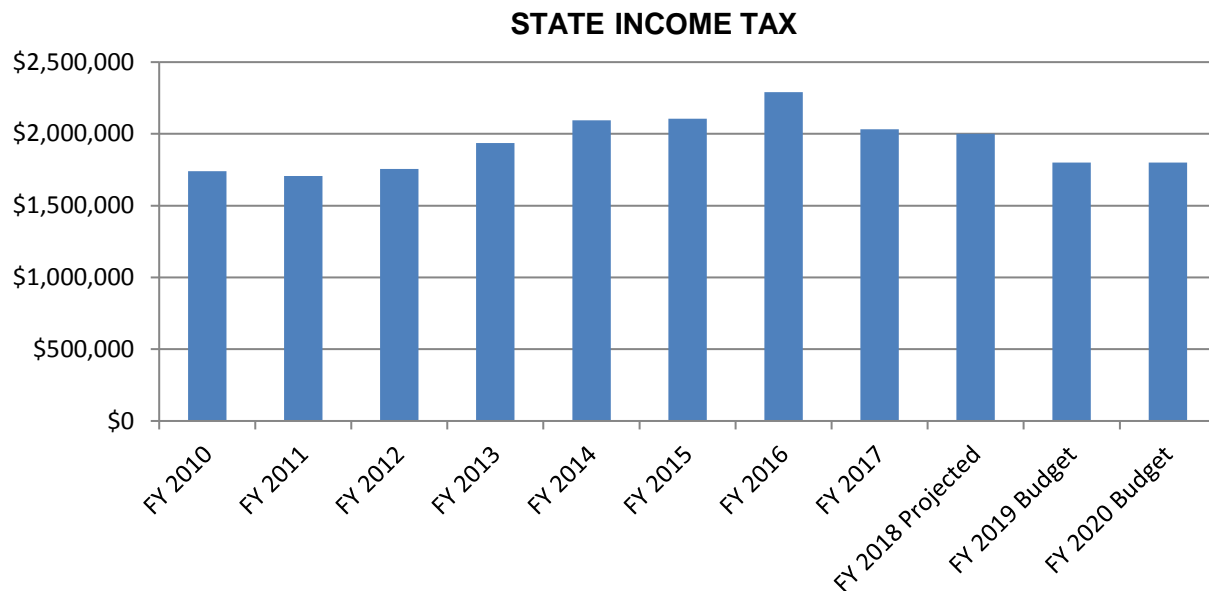
### NON-HOME RULE SALES TAX - UNRESTRICTED



## Revenue Sources

### State Income Tax

The City currently receives State Income Tax revenues based on a per capita formula applied to the State's set-aside 6.06% from individuals and 6.85% from corporations for Local Government Distributive Funds. State Income Tax is expected to decrease slightly (10.0%) from current year estimates due to a state wide decrease in income tax collection and an anticipation of a temporary 10% reduction to the local government distribution fund becoming permanent.



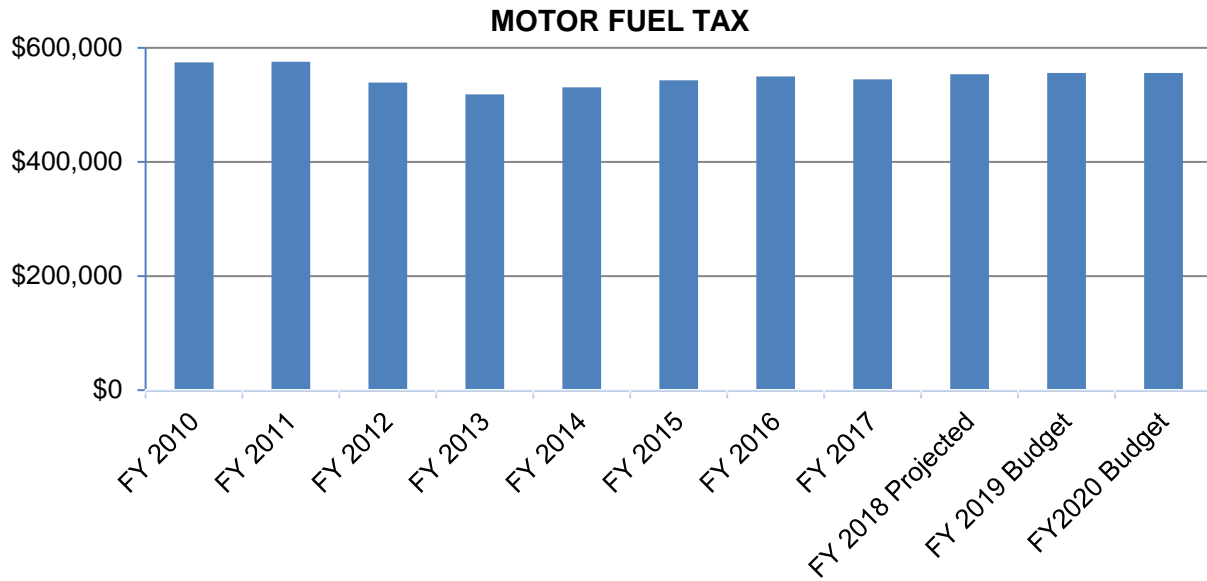
### **Other Revenue Sources**

#### Motor Fuel Tax

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

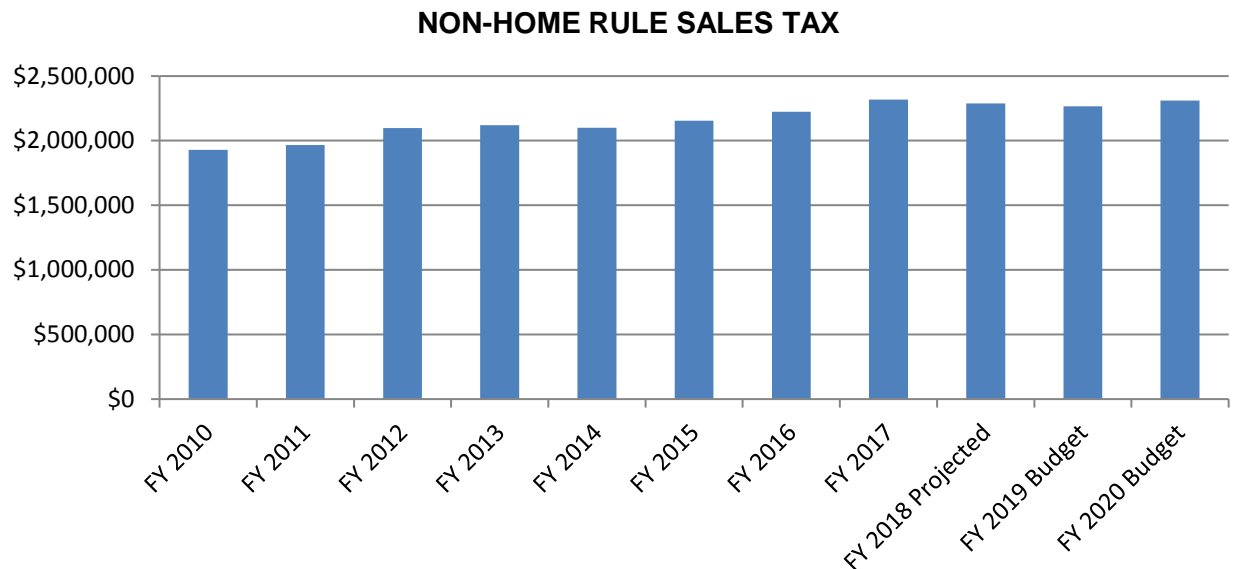
The FY 2019 budget estimates \$556,000 in MFT funds which are recorded in the MFT Special Revenue Fund. The City will use these funds towards a street improvement program. Collections of MFT funds have decreased over the past couple of years which can be attributed to fuel prices, conservation of fuel and the overall economic environment.

# Revenue Sources



### Non-Home Rule Sales Tax - Restricted

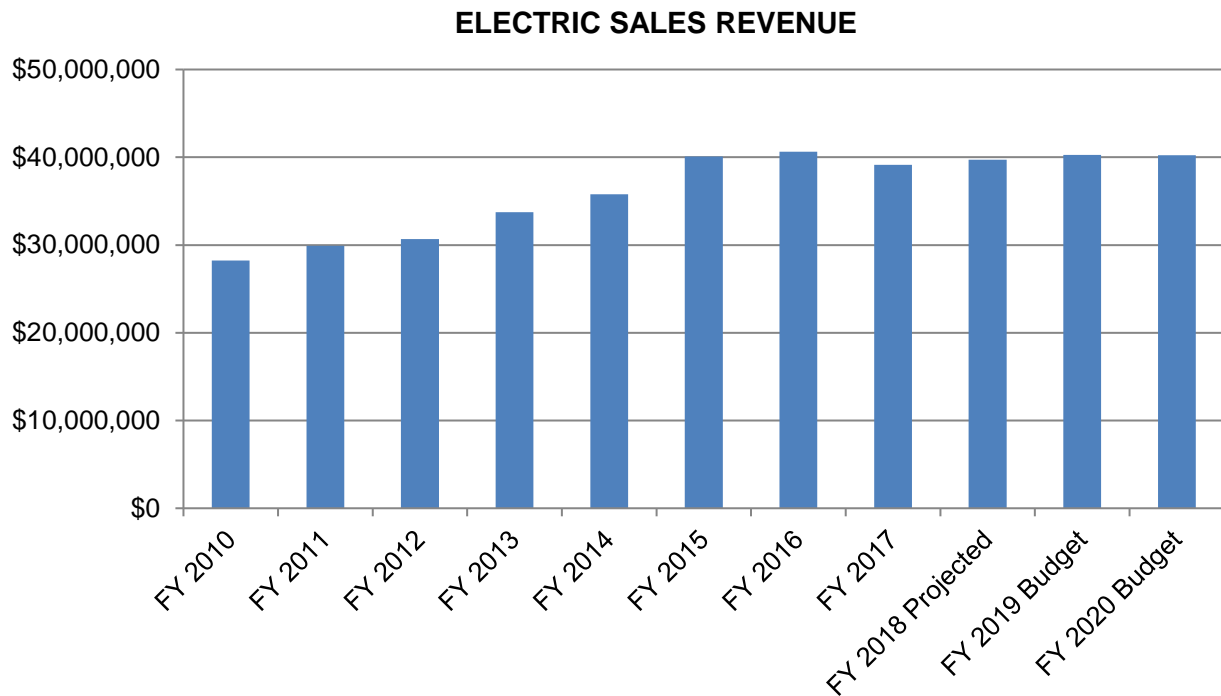
The 0.5% non-home rule sales tax was instituted in 2007 and is restricted to “Infrastructure” related capital projects and is recorded in the Infrastructure Capital Projects Fund. This tax does not apply to sales of food, drugs, and medical appliances so therefore it is not exactly half of the Sales Tax. Effective July 2017 the State withholds 2.0% of the collections to cover administration costs. Non-home rule sales taxes are expected to remain the same from the FY 2018 estimated amount.



## Revenue Sources

### Electric Sales

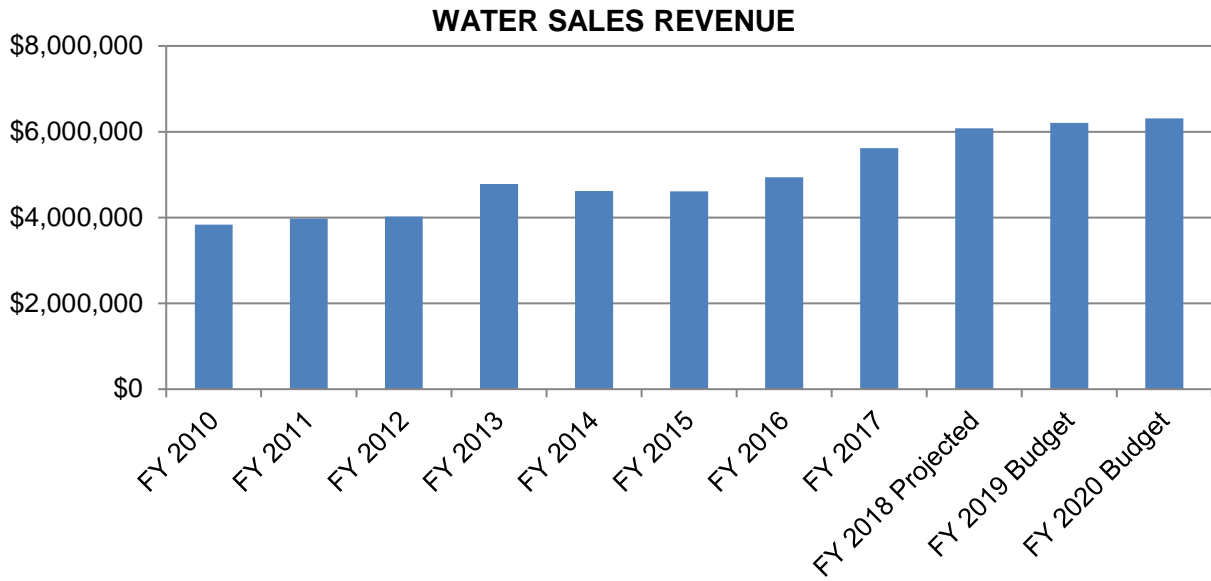
Electric revenues are based on the amount of electricity used by individual homes and businesses. Electric revenues over the past ten (10) years have been driven mainly by three factors. The first factor was rate increases in 2011, 2014 and again in 2015 due to cost increases in operations and purchased power. The second factor was overall increase in growth. The City of Geneva's demand for energy grew, peaking in 2007; followed by an overall decline due to the recession and rebounded in 2012. The final factor is weather, 2012 and 2013 had record periods of hot weather, driving the electric system to peak demand levels. The City is a partner in Northern Illinois Municipal Power Agency (NIMPA) which operates a coal-fired generating station in southern Illinois. The City can also generate power during peak demand via the Geneva Generating Facility (GGF), a natural gas-fired generating station. The FY 2019 budget of \$40,251,690 is based on a slight increase in consumption over the estimated FY 2018 usage.



### Water Sales

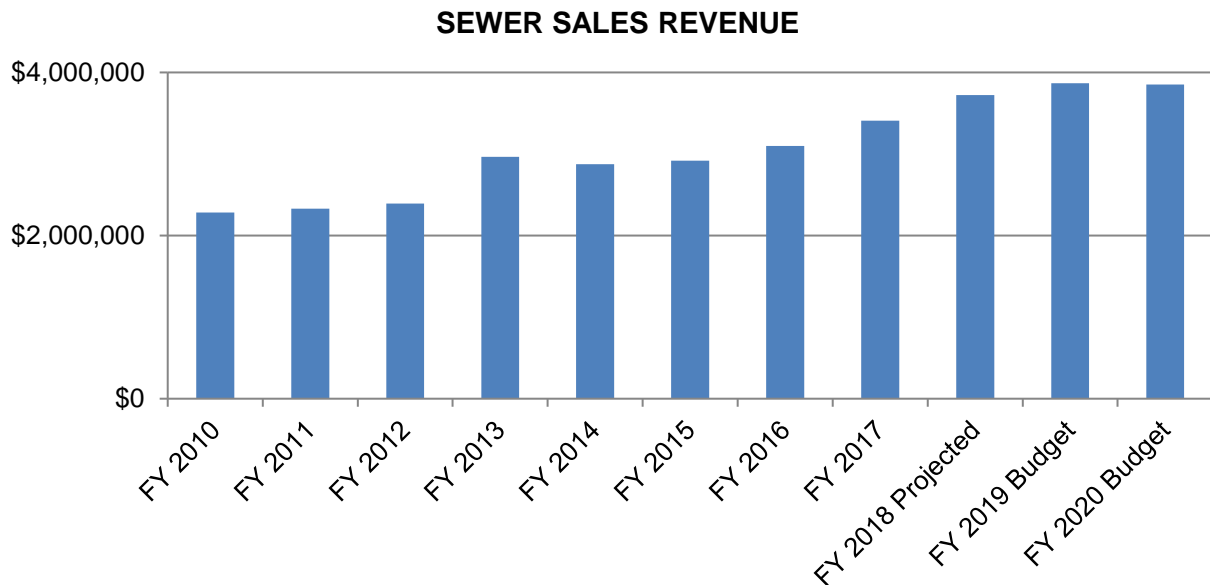
Water revenues are based on the number of cubic feet used by individual homes and businesses. Water rates are developed to recover the cost of providing potable water to the City users. The City pumps water from underground wells and treats it through a reverse osmosis system at the Water Treatment Facility. Water consumption has been steadily increasing over the past several years and a rate restructuring in 2016 has provided a fixed component that is independent of usage. The FY 2019 budget of \$6,207,000 is an increase of 2.1% from the FY 2018 projected and is based on the 2015 rate study projections.

# Revenue Sources



## Sewer Sales

Sewer sales are largely based on water consumption and have generally followed the same trends. The FY 2019 budget of \$3,867,000 is an increase of 3.9% from the FY 2018 projected and is based on the 2015 rate study projections.





### Revenue Forecast Methodology

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

# Typical Tax Bill

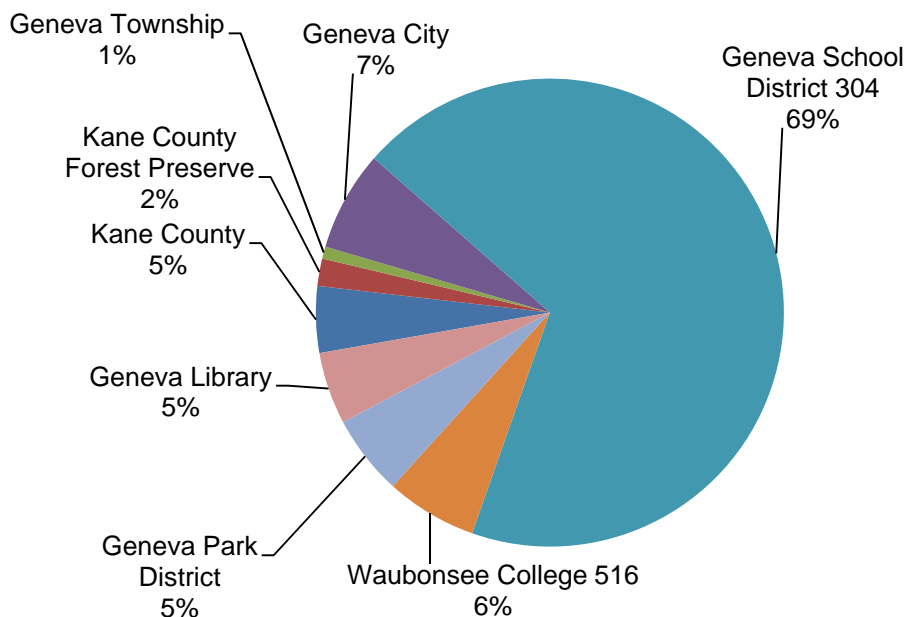
<b>Market Value of Home:</b>	<b>\$350,000</b>	<b>Annual Tax Liability for City Services: \$706.24</b> To calculate the annual tax bill, multiply the assessed valuation by the tax levy rate and divide the result by 100. $116,655 \times .605410 = 70,624.10$ ; $70,624.10 \div 100 = \$706.24$
<b>Current Tax Levy:</b>	<b>.605410</b>	
<b>Assessed Valuation:</b>	<b>\$116,655</b>	<b>Monthly Expenses for City Services: \$58.85</b> To determine the monthly tax expenses for City services, divide the tax liability by 12 months: $\$706.24 \div 12 = \$58.85$
To determine assessed valuation, multiply Market value by 33.33%: $350,000 \times 33.33\% = \$116,655$		

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

The City of Geneva is under the *Property Tax Extension Limitation Law* which caps increases in property tax extensions for non-home rule taxing districts. Increases in tax extensions are limited to the lesser of 5.0% 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 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 6.9%. The City relies more heavily on a combination of sales tax and other miscellaneous tax, than property tax, to provide essential core services to the public. The chart below illustrates the breakdown of a typical residential tax bill.

## Typical Tax Bill For a Geneva Resident-Levy Year 2017



CITY OF GENEVA, ILLINOIS  
Budget Summary - Total by Fund  
Fiscal Year Ending April 30, 2019 & 2020

Fund	2015-2016 Actual	2016-2017 Actual	2017-2018 Budget	2017-2018 Projected	2018-2019 Request	2019-2020 Request
<b>Revenues and Other Financing Sources</b>						
General	\$ 16,349,587	\$ 16,703,582	\$ 16,798,585	\$ 16,998,745	\$ 18,905,485	\$ 18,693,875
<b>Special Revenue Funds</b>						
Motor Fuel Tax	550,217	545,687	554,100	554,500	556,000	556,000
Cultural Arts Commission	23,904	37,851	86,145	31,300	45,980	45,980
SPAC	26,641	26,828	14,930	12,890	15,030	15,030
Beautification	13,666	12,372	12,900	8,045	12,900	12,900
Tourism	244,513	255,508	399,855	266,160	322,960	285,550
Restricted Police Fines	17,555	21,724	29,695	27,450	29,695	29,655
PEG	36,042	35,519	84,000	35,000	35,140	35,140
Mental Health	154,995	153,005	158,175	153,870	155,600	155,600
Foreign Fire Insurance	45,401	44,246	43,505	53,655	51,505	51,505
SSA #1	497,488	208,222	226,500	266,285	265,395	264,680
SSA #4 (Randall Square)	12,145	12,085	50,450	18,800	47,510	21,300
SSA #5 (Williamsburg)	8,514	7,635	13,250	8,990	8,990	8,990
SSA #7 (Blackberry)	2,762	2,873	2,905	2,945	2,945	2,945
SSA #9 (Geneva Knolls)	3,018	3,187	3,180	3,220	3,225	3,225
SSA #11 (Eagle Brook)	52,978	55,527	92,000	55,540	97,650	62,650
SSA #16 (Fisher Farms)	153,893	153,825	154,100	155,120	155,200	155,200
SSA #18 (Wildwood)	1,464	1,536	4,035	3,255	3,255	3,255
SSA #23 (Sunset Meadows)	1,069	1,131	6,120	1,160	6,790	1,160
SSA #26 (Westhaven)	7,094	7,368	7,450	7,450	7,450	7,450
SSA #32 (On Brentwood's Pond)	-	3,000	3,000	3,000	3,000	3,000
	<u>1,853,360</u>	<u>1,589,129</u>	<u>1,946,295</u>	<u>1,668,635</u>	<u>1,826,220</u>	<u>1,721,215</u>
<b>Debt Service Funds</b>						
Debt Service	1,932,287	5,084,603	1,985,975	1,989,215	2,027,075	656,650
	<u>1,932,287</u>	<u>5,084,603</u>	<u>1,985,975</u>	<u>1,989,215</u>	<u>2,027,075</u>	<u>656,650</u>
<b>Capital Projects Funds</b>						
General Capital Projects	128,345	100,227	102,500	99,635	271,865	129,000
Infrastructure Capital Projects	2,663,538	2,820,910	3,081,500	2,470,190	3,186,200	2,975,500
Prairie Green	106,812	92,830	70,000	1,107,485	1,008,500	76,205
TIF #2	242,920	270,233	246,535	241,495	242,990	243,010
TIF #3	-	-	171,035	34,825	114,490	115,855
Capital Equipment	85,560	31,738	358,810	347,405	1,666,235	1,166,100
	<u>3,227,174</u>	<u>3,315,938</u>	<u>4,030,380</u>	<u>4,301,035</u>	<u>6,490,280</u>	<u>4,705,670</u>
<b>Enterprise Funds</b>						
Electric	41,268,391	38,482,072	43,777,810	40,323,145	44,761,730	44,441,800
Water/Wastewater	8,995,692	9,775,508	23,145,890	11,620,705	24,137,095	12,264,990
Refuse	520,204	512,973	537,750	537,750	564,790	580,015
Cemetery	66,158	64,789	85,200	72,150	84,950	84,950
Commuter Parking	683,363	581,746	785,900	646,265	811,460	799,530
	<u>51,533,808</u>	<u>49,417,088</u>	<u>68,332,550</u>	<u>53,200,015</u>	<u>70,360,025</u>	<u>58,171,285</u>
<b>Internal Service Funds</b>						
Group Dental Insurance	180,606	189,260	207,260	192,575	199,780	199,880
Workers' Compensation	629,154	1,011,392	525,000	502,825	624,675	618,290
	<u>809,760</u>	<u>1,200,652</u>	<u>732,260</u>	<u>695,400</u>	<u>824,455</u>	<u>818,170</u>
<b>Trust and Agency Funds</b>						
Police Pension	1,215,064	3,595,729	2,927,735	4,253,910	3,015,780	3,099,305
Fire Pension	222,978	1,976,100	1,586,690	2,506,790	1,684,065	1,718,975
	<u>1,438,042</u>	<u>5,571,829</u>	<u>4,514,425</u>	<u>6,760,700</u>	<u>4,699,845</u>	<u>4,818,280</u>
<b>Total Revenues</b>	<u>\$ 77,144,018</u>	<u>\$ 82,882,822</u>	<u>\$ 98,340,470</u>	<u>\$ 85,613,745</u>	<u>\$ 105,133,385</u>	<u>\$ 89,585,145</u>

CITY OF GENEVA, ILLINOIS  
Budget Summary - Total by Fund  
Fiscal Year Ending April 30, 2019 & 2020

Fund	2015-2016 Actual	2016-2017 Actual	2017-2018 Budget	2017-2018 Projected	2018-2019 Request	2019-2020 Request
<b>Expenditures and Other Financing Uses</b>						
General	\$ 15,874,789	\$ 16,035,712	\$ 16,798,585	\$ 16,506,745	\$ 18,905,485	\$ 18,693,875
<b>Special Revenue Funds</b>						
Motor Fuel Tax	425,150	490,757	554,100	554,500	556,000	556,000
Cultural Arts Commission	46,382	22,474	86,145	67,670	45,980	45,980
SPAC	6,722	14,516	14,930	32,810	15,030	15,030
Beautification	9,962	9,976	12,900	6,695	12,900	12,900
Tourism	205,563	200,219	399,855	328,215	322,960	285,550
Restricted Police Fines	7,706	10,802	29,695	21,640	29,695	29,655
PEG	10,901	4,297	84,000	80,035	35,140	35,140
Mental Health	141,735	250,760	158,175	181,925	155,600	155,600
Foreign Fire Insurance	87,799	35,385	43,505	56,700	51,505	51,505
SSA #1	496,025	241,175	226,500	217,425	265,395	264,680
SSA #4 (Randall Square)	10,348	21,369	50,450	11,015	47,510	21,300
SSA #5 (Williamsburg)	5,553	12,295	13,250	10,500	8,990	8,990
SSA #7 (Blackberry)	1,468	3,563	2,905	2,445	2,945	2,945
SSA #9 (Geneva Knolls)	2,696	2,593	3,180	855	3,225	3,225
SSA #11 (Eagle Brook)	16,500	75,300	92,000	60,000	97,650	62,650
SSA #16 (Fisher Farms)	143,909	160,498	154,100	149,800	155,200	155,200
SSA #18 (Wildwood)	840	960	4,035	3,740	3,255	3,255
SSA #23 (Sunset Meadows)	533	609	6,120	635	6,790	1,160
SSA #26 (Westhaven)	3,042	5,666	7,450	3,310	7,450	7,450
SSA #32 (On Brentwood's Pond)	-	3,000	3,000	3,000	3,000	3,000
	<u>1,622,834</u>	<u>1,566,214</u>	<u>1,946,295</u>	<u>1,792,915</u>	<u>1,826,220</u>	<u>1,721,215</u>
<b>Debt Service Funds</b>						
Debt Service	1,899,381	5,074,487	1,985,975	1,966,775	2,027,075	656,650
	<u>1,899,381</u>	<u>5,074,487</u>	<u>1,985,975</u>	<u>1,966,775</u>	<u>2,027,075</u>	<u>656,650</u>
<b>Capital Projects Funds</b>						
General Capital Projects	633,494	92,897	102,500	110,200	271,865	129,000
Infrastructure Capital Projects	2,985,436	2,371,136	3,081,500	2,287,000	3,186,200	2,975,500
Prairie Green	22,051	19,971	70,000	41,645	1,008,500	76,205
TIF #2	180,228	120,051	246,535	61,670	242,990	243,010
TIF #3	-	111,132	171,035	56,605	114,490	115,855
Capital Equipment	-	297,983	358,810	346,635	1,666,235	1,166,100
	<u>3,821,209</u>	<u>3,013,170</u>	<u>4,030,380</u>	<u>2,903,755</u>	<u>6,490,280</u>	<u>4,705,670</u>
<b>Enterprise Funds</b>						
Electric	39,695,722	36,762,540	43,777,810	42,189,845	44,761,730	44,441,800
Water/Wastewater	8,959,572	9,757,408	23,145,890	13,830,485	24,137,095	12,264,990
Refuse	496,294	571,401	537,750	523,700	564,790	580,015
Cemetery	50,322	59,285	85,200	80,460	84,950	84,950
Commuter Parking	660,496	599,643	785,900	783,885	811,460	799,530
	<u>49,862,406</u>	<u>47,750,277</u>	<u>68,332,550</u>	<u>57,408,375</u>	<u>70,360,025</u>	<u>58,171,285</u>
<b>Internal Service Funds</b>						
Group Dental Insurance	159,999	159,653	207,260	162,845	199,780	199,880
Workers' Compensation	695,813	825,239	525,000	518,020	624,675	618,290
	<u>855,812</u>	<u>984,892</u>	<u>732,260</u>	<u>680,865</u>	<u>824,455</u>	<u>818,170</u>
<b>Trust and Agency Funds</b>						
Police Pension	1,328,765	1,497,001	1,509,950	1,497,695	1,677,450	2,037,440
Fire Pension	513,250	621,069	805,410	817,795	961,530	988,905
	<u>1,842,015</u>	<u>2,118,070</u>	<u>2,315,360</u>	<u>2,315,490</u>	<u>2,638,980</u>	<u>3,026,345</u>
<b>Total Expenditures</b>	<u>\$ 75,778,447</u>	<u>\$ 76,542,822</u>	<u>\$ 96,141,405</u>	<u>\$ 83,574,920</u>	<u>\$ 103,072,520</u>	<u>\$ 87,793,210</u>