

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 78.2% of the City's budgeted revenues within the General Fund for FY 2024. Property taxes are noted as a stand out item in this section as these revenues are recognized in two City funds (General and Geneva Community Mental Health).

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 enterprise funds. External economic conditions including inflation, unemployment, and interest rates are also taken into consideration when forecasting revenues.

Major Revenues

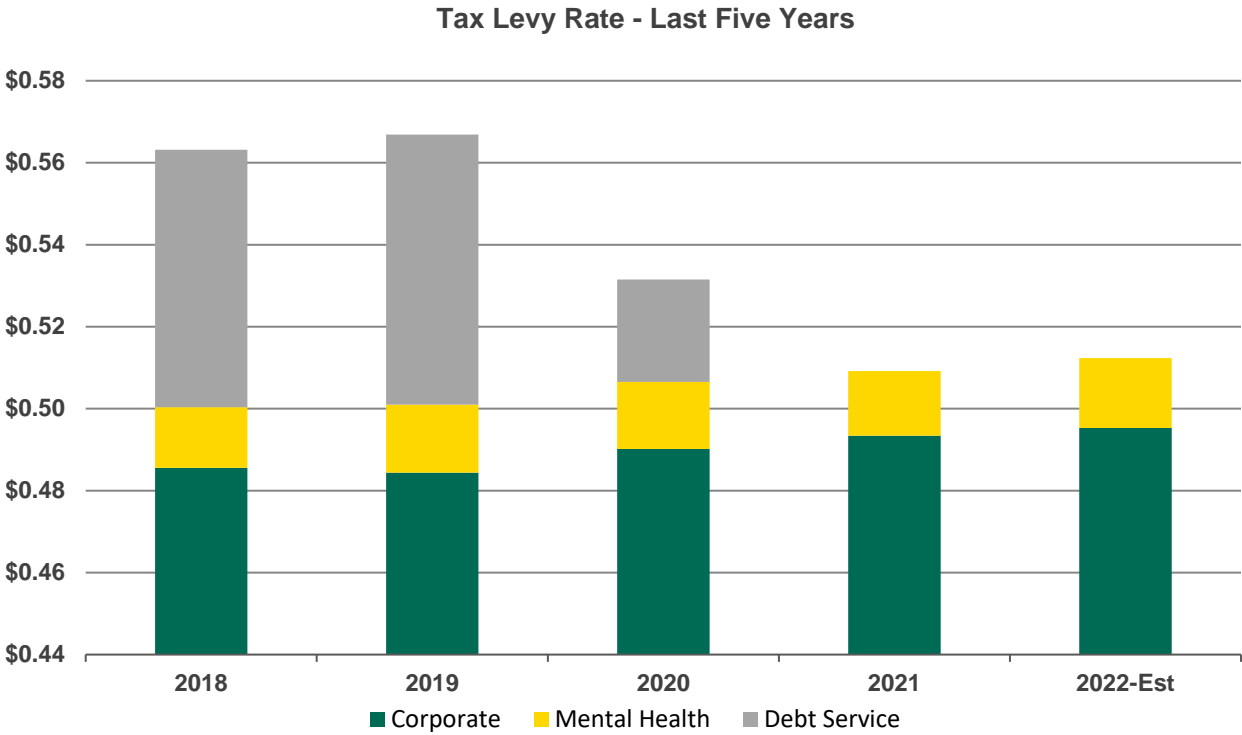
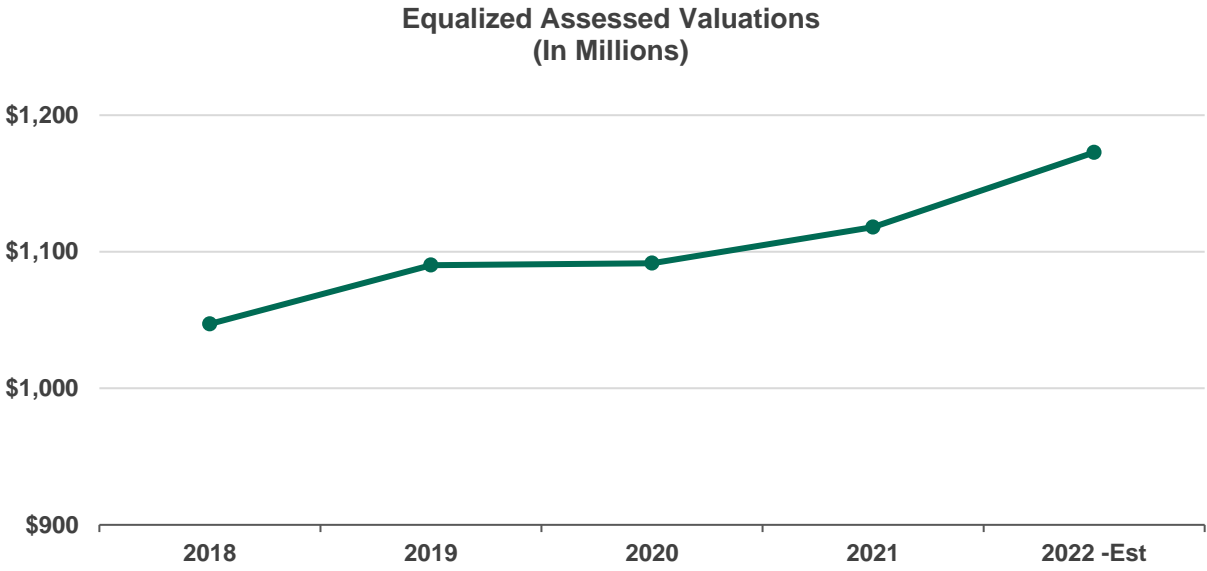
Ad Valorem Property Tax (\$5,818,020)

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 2022 property taxes are collected in 2023 and provide funding for the FY 2024 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 2022 estimated assessed valuation of \$1,172,741,182 shows an increase of \$54,729,143 or 4.9% over 2021.

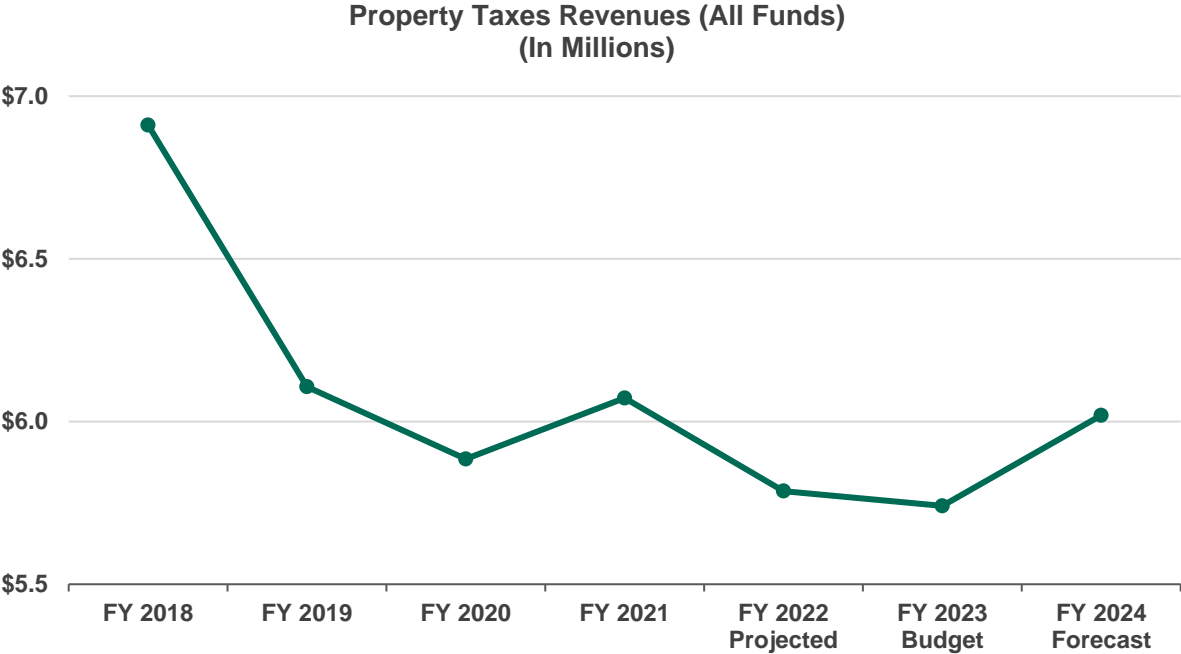
The tax levy rate also used to calculate property taxes, peaked in 2015 at \$0.7479 per \$100. From 2015-2021, the rate was on a downward trend due to a decrease in required debt service payments. The estimated tax rate for 2022 is \$0.512324 or a 1.8% increase compared to 2021.

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Property Taxes are reflected in the General and Geneva Community Mental Health Funds. Budgeted FY 2024 ad valorem property taxes total \$5,818,020 or 23.9% of current revenue in the General Fund. Mental Health Fund has budgeted property tax revenues of \$200,000.

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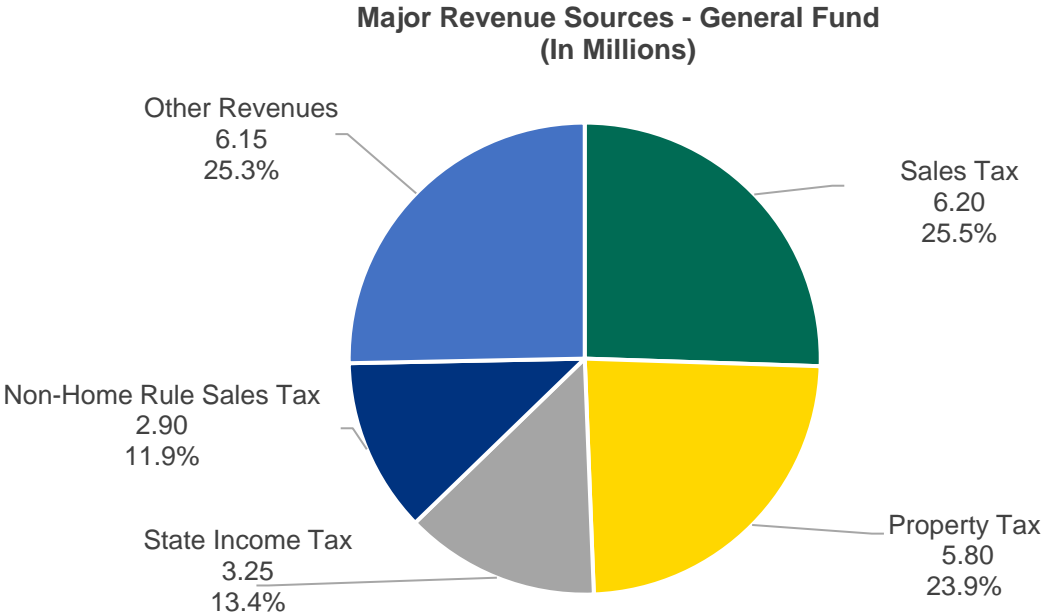
General Fund

Fiscal Year 2024 budget revenues total \$24,303,115. 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 2024 Revenue	Percent of Total Current Revenue
Sales Tax	\$6,200,000	25.5%
Property Tax	\$5,818,200	23.9%
State Income Tax	\$3,250,000	13.4%
Non-Home Rule Sales Tax	\$2,900,000	11.9%
Subtotal Major Revenue Sources	\$18,168,020	74.8%
Other Revenues	\$6,135,095	25.2%
Total Current Revenues	\$24,303,115	100.0%

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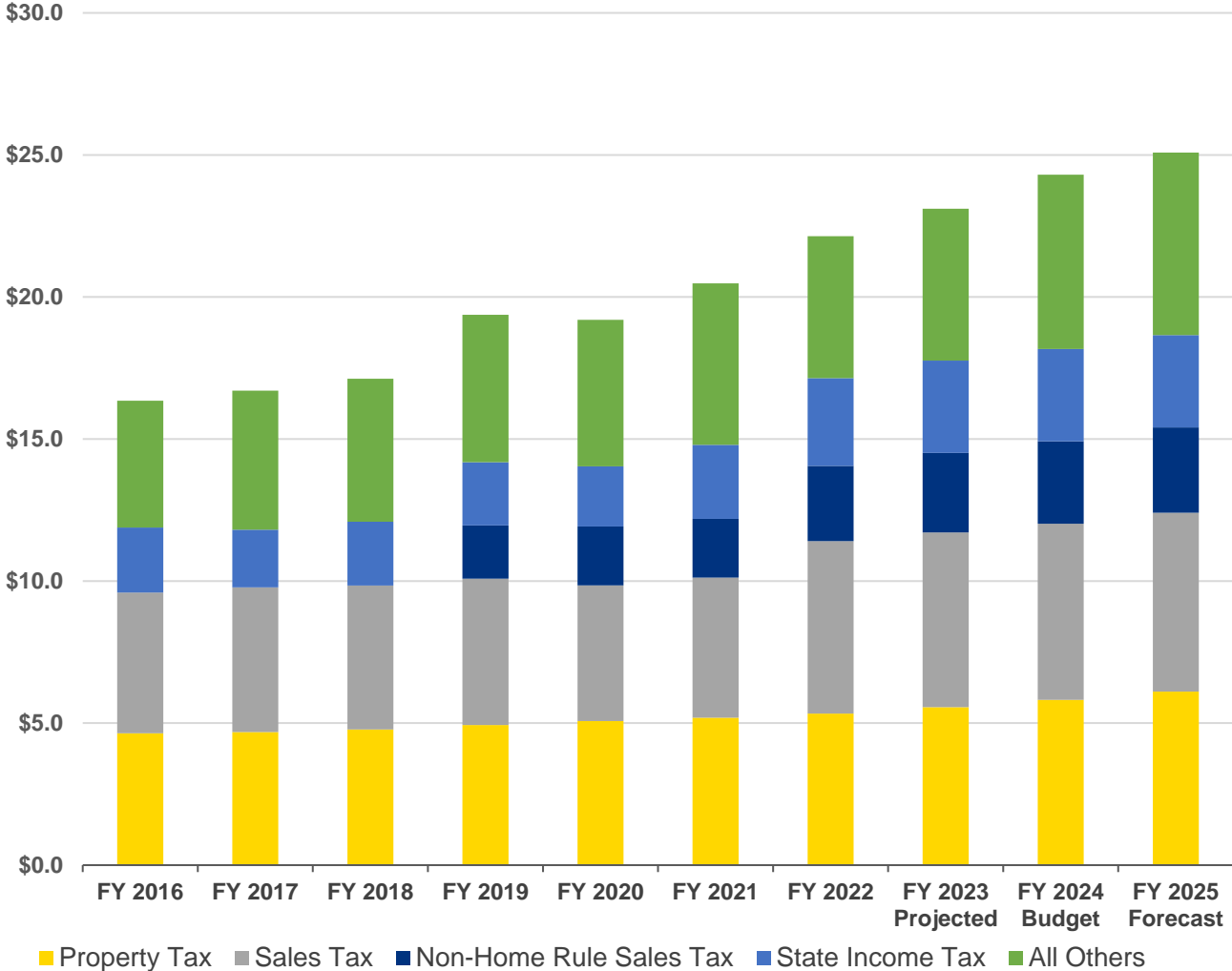


Major Revenue Sources – Last Ten Fiscal Years

Fiscal Year	Sales Tax	Property Tax	State Income Tax	Non-Home Rule Sales Tax	All Other	Total Revenues
2016	4,952,394	4,640,915	2,290,774	-	4,465,504	16,349,587
2017	5,094,526	4,683,888	2,031,811	-	4,893,357	16,703,582
2018	5,066,293	4,778,699	2,244,013	-	5,030,922	17,119,967
2019	5,151,383	4,931,337	2,223,771	1,876,571	5,189,073	19,372,135
2020	4,776,660	5,073,829	2,114,785	2,070,514	5,158,474	19,194,262
2021	4,931,979	5,190,447	2,609,113	2,066,277	5,680,311	20,478,127
2022	6,070,690	5,335,994	3,087,827	2,649,329	4,995,462	22,139,302
2023 Projected	6,150,000	5,563,420	3,250,000	2,800,000	5,341,480	23,104,900
2024 Budget	6,200,000	5,818,020	3,250,000	2,900,000	6,135,095	24,303,115
2025 Forecast	6,300,000	6,106,595	3,250,000	3,000,000	6,424,590	25,081,185

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



Sales Tax Generally

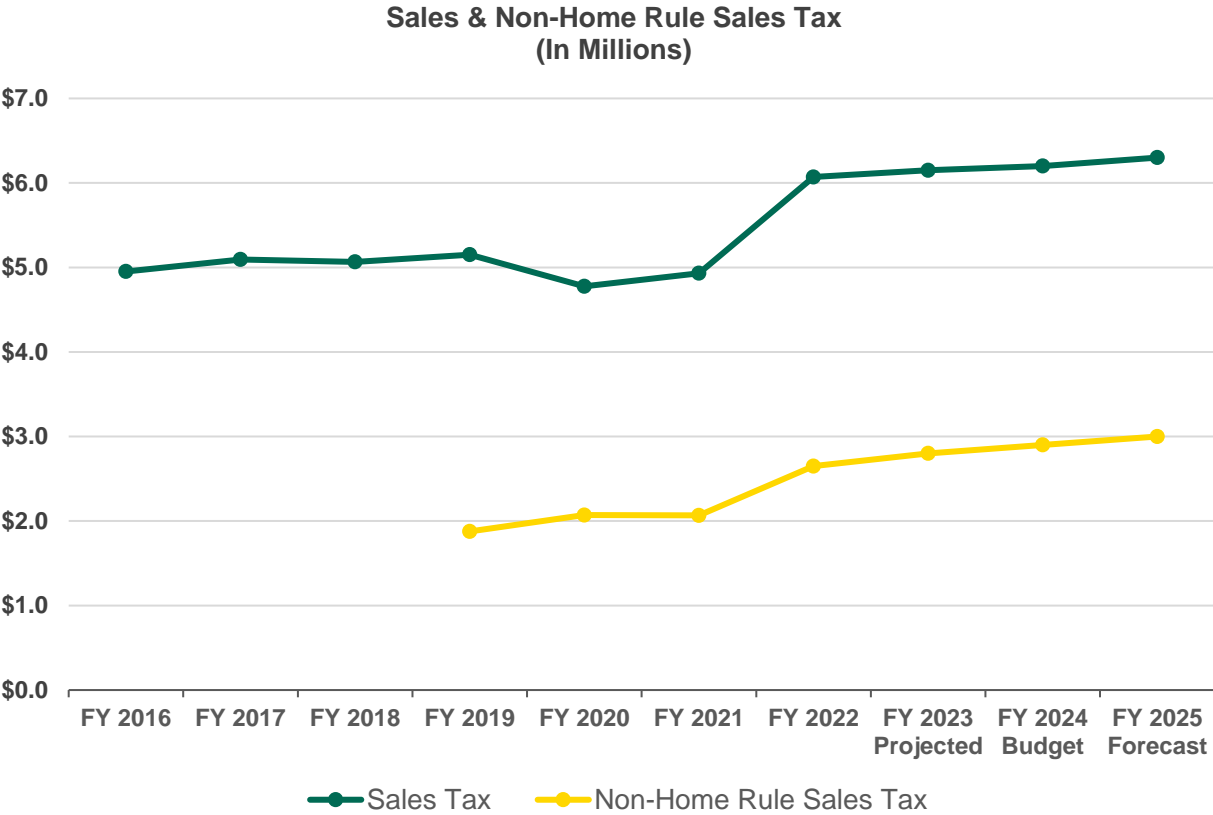
Retail Occupation Sales Tax of 8.0% is collected by the State, effective July 1, 2018. Sales tax is remitted to the City three months after the liability occurs. The City currently receives 2.0% of the revenues collected. The breakdown of the tax is below:

- Sales Tax (State Share) – 1%
- Non-Home Rule Sales Tax (General, unrestricted) - 0.5%
- Non-Home Rule Sales Tax (Infrastructure Capital Projects Fund, restricted) - 0.5%

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Sales Tax (\$6,200,000)

The largest source of revenue for the City’s General Fund is local Sales taxes. This figure represents approximately 25.5% of the total revenue in the General Fund.



Non-Home Rule Sales Tax – Unrestricted (\$2,900,000)

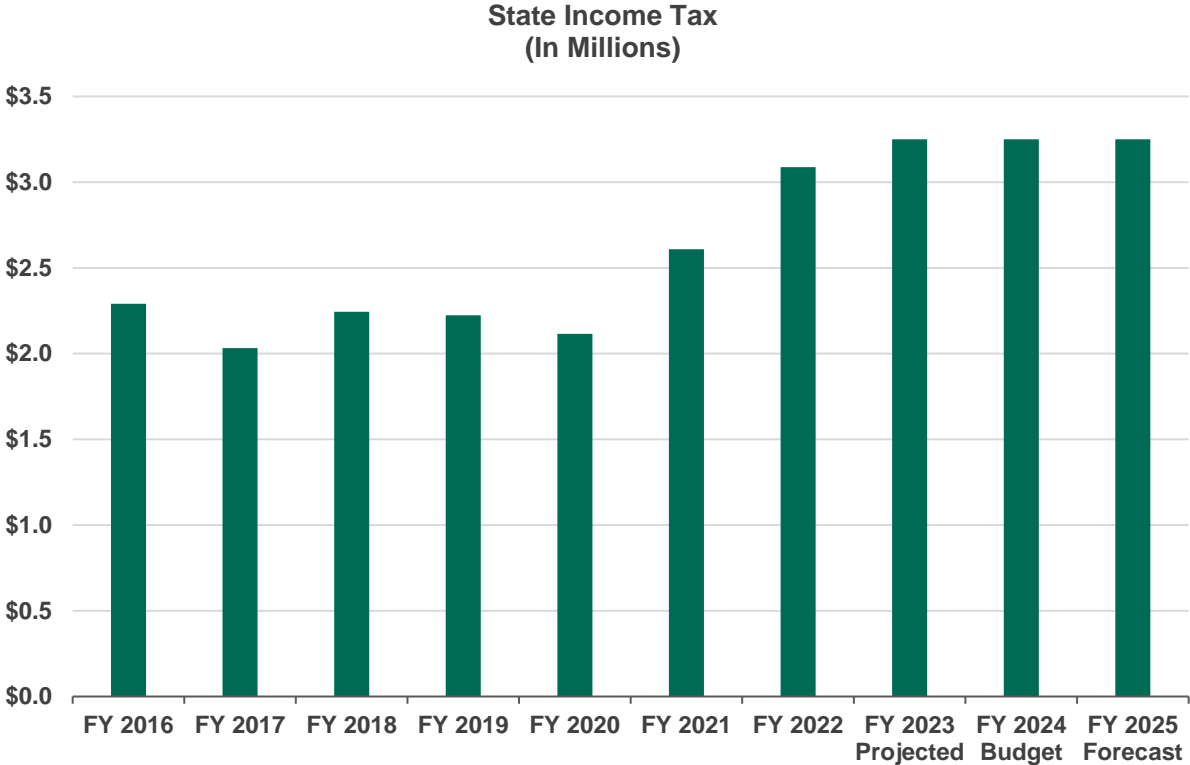
On March 20, 2018, the City gained a new revenue stream by passing a resolution for a city-wide referendum to impose an additional 0.5% non-home rule municipal retailer’s occupation tax and non-home rule municipal service occupation tax. The additional 0.5% rate began collection on July 1, 2018. (This 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 2023 totals. The City estimates to collect approximately \$2,900,000 for FY 2024.

State Income Tax (\$3,250,000)

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 increase from

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the current year estimates. There is always a threat of a reduction in LGDF, and this fiscal year will be no exception.



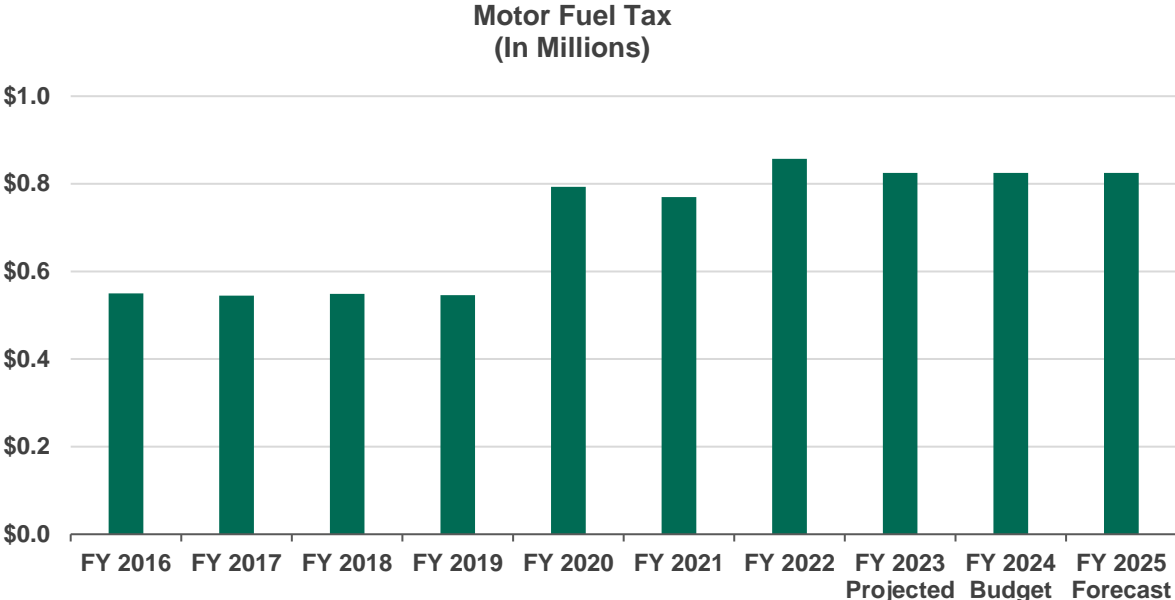
Other Revenue Sources

Motor Fuel Tax (\$825,000)

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.

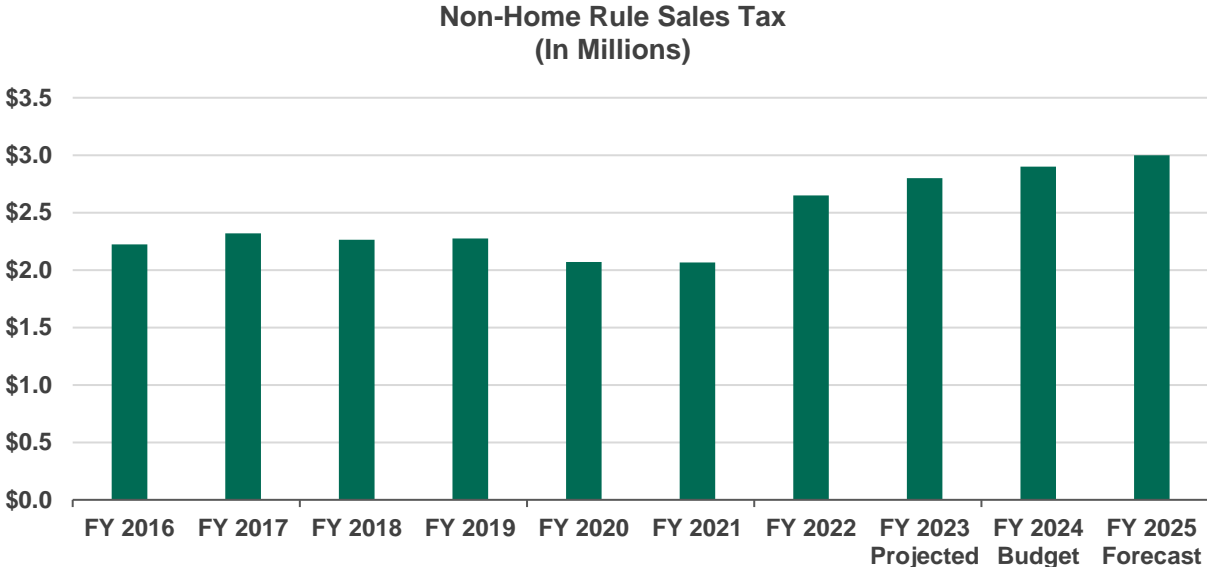
The FY 2023 projection is \$825,000. The FY 2024 budget estimates \$825,000 in MFT revenues to be recorded in the MFT Special Revenue Fund. The City will use these funds towards the street improvement program.

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Non-Home Rule Sales Tax – Restricted (\$2,900,000)

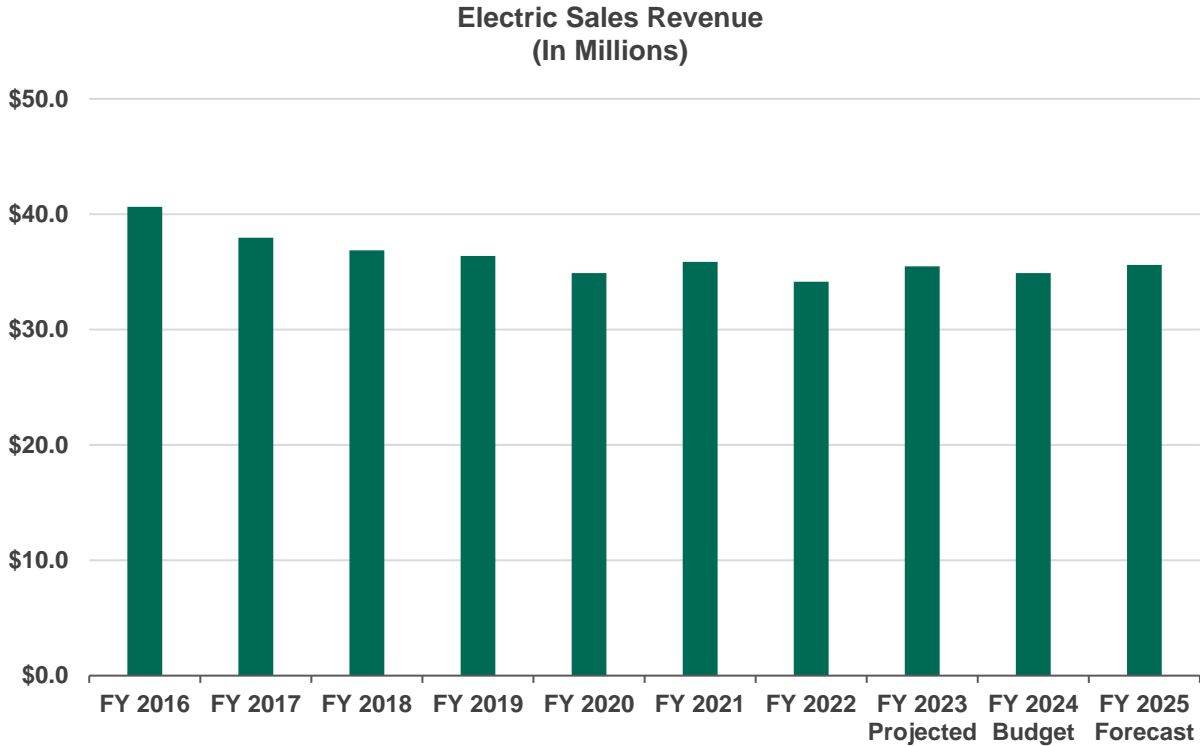
The 0.5% non-home rule sales tax was instituted by referendum in 2007 and is restricted to “Infrastructure” related capital projects and recorded in the Infrastructure Capital Projects Fund. This tax does not apply to sales of food, drugs, and medical appliances; therefore, it is not exactly half of 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 increase cost of goods and an increase in e-commerce transactions.



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Electric Sales (\$34,902,565)

Electric revenues are based on a Class Cost of Service rate structure developed to ensure 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. The FY 2024 budget of \$34,902,565 is based on a flat market expectation.

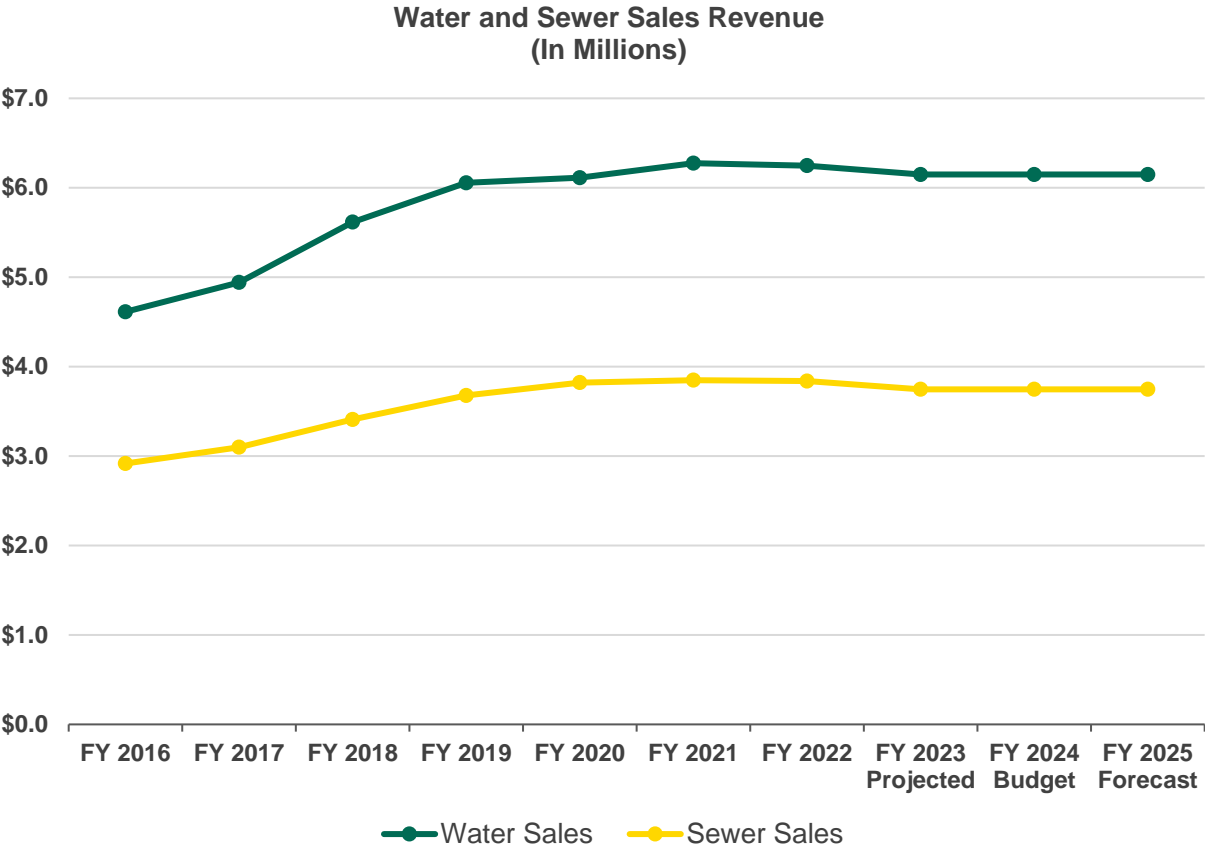


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Water Sales (\$6,148,000)

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.

The City conducted a rate study late in FY 2023. The city council approved new water/wastewater rates for FY 2024 through FY 2028. The FY 2024 increase is 7.50%. The FY 2024 budget of \$6,148,000 is flat from the FY 2023 budget and does not include the additional revenue that the rate increase will bring. Further discussion on the rates can be found in the water/wastewater section of this budget book.



Sewer Sales (\$3,746,500)

Sewer sales are largely based on water consumption and have generally followed the same trends. The FY 2024 budget of \$3,746,500 is consistent with FY 2023 budget. The city council also approved a FY 2024 increase in sewer rates of 7.50. Further discussion on the rates can be found in the water/wastewater section of this budget book.p