

# REVENUE SOURCES

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## 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 73.3% of the City's budgeted revenues within the General Fund for FY 2022. 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 enterprise funds. External economic conditions including inflation, unemployment, and interest rates are also taken into consideration when forecasting revenues.

## Major Revenues

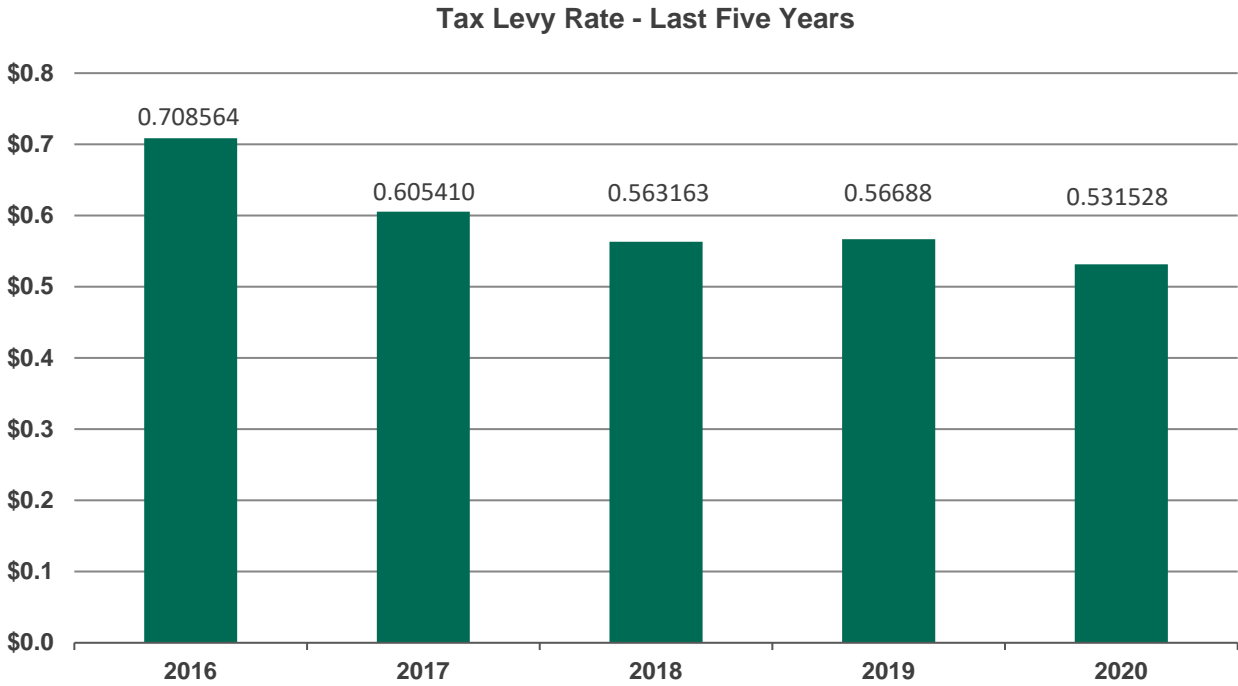
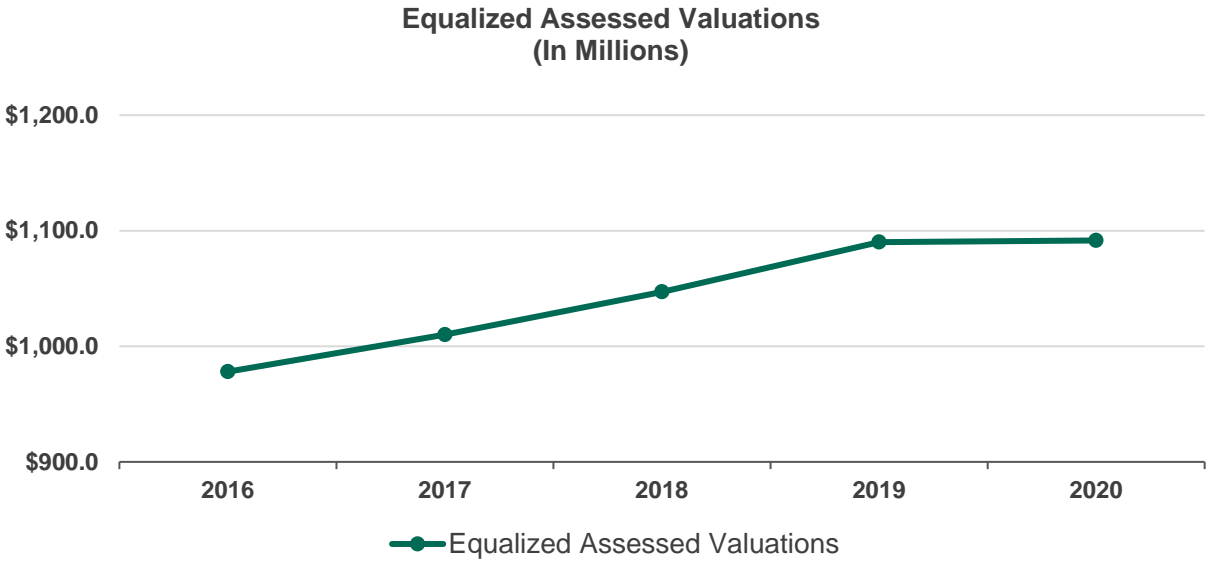
### **Ad Valorem Property Tax (\$5,871,240)**

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 2020 property taxes are collected in 2021 and provide funding for the FY 2022 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 2020 assessed valuation of \$1,090,050,433 shows an increase of \$17,808,659 or 1.7% over 2019.

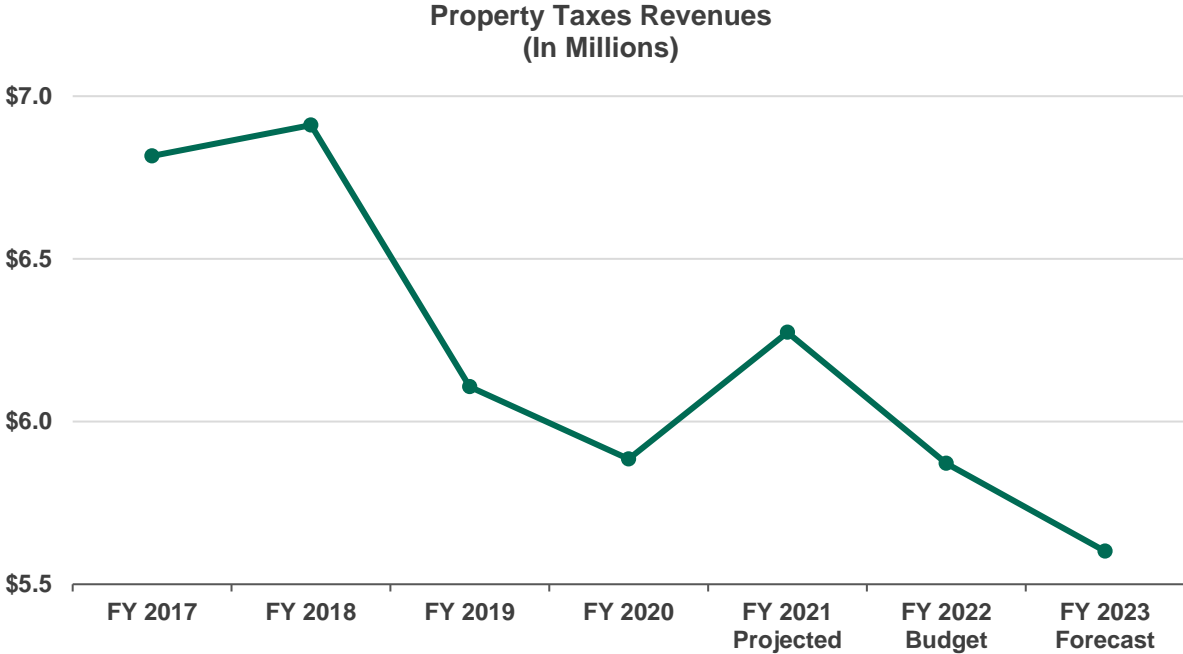
The tax levy rate also used to calculate property taxes, peaked in 2015 at \$0.7479 per \$100 of taxable assessed value and now continues a downward trend due to a decrease in required debt service payments. The tax rate for 2020 is \$0.531528 per \$100 of taxable assessed value.

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Property Taxes are reflected in the General, Geneva Community Mental Health and Debt Service Funds. Budgeted FY 2022 ad valorem property taxes total \$5,423,240 or 27.7% of current revenue in the General Fund. This year marks the third time in over 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 \$270,000, respectively.

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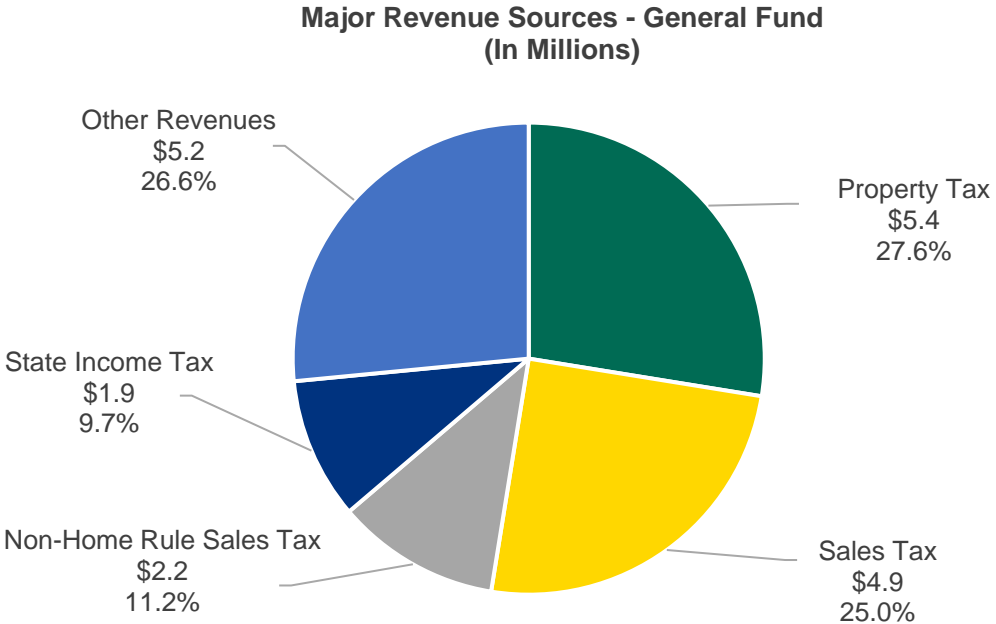
## General Fund

Fiscal Year 2022 budget revenues total \$19,612,815. 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 2022 Revenue	Percent of Total Current Revenue
Property Tax	\$5,423,240	27.7%
Sales Tax	\$4,900,000	25.0%
Non-Home Rule Sales Tax	\$2,154,000	11.0%
State Income Tax	\$1,900,000	9.7%
Subtotal Major Revenue Sources	\$14,377,240	73.3%
Other Revenues	\$5,255,575	26.7%
<b>Total Current Revenues</b>	<b>\$19,632,815</b>	<b>100.0%</b>

# REVENUE SOURCES

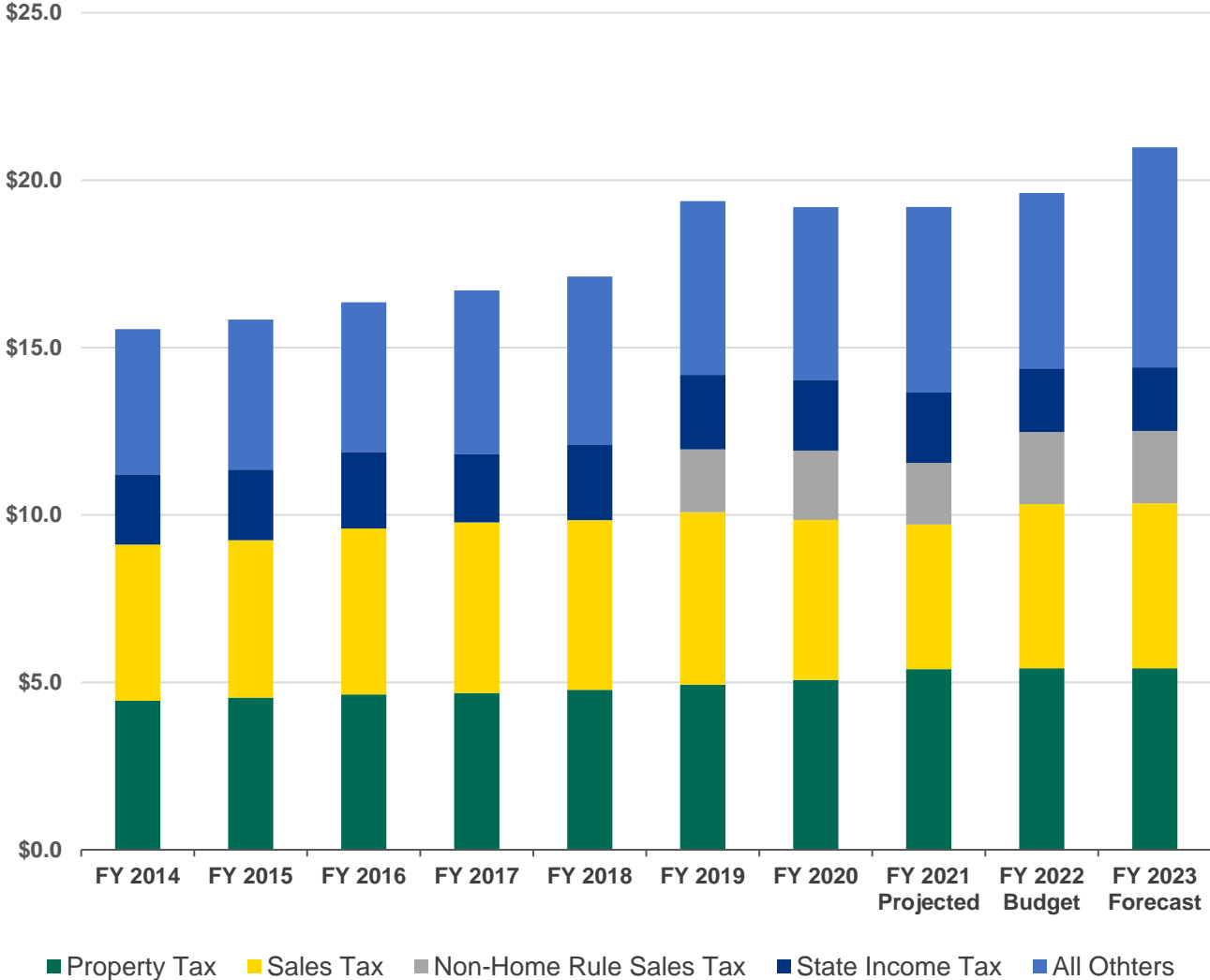


**Major Revenue Sources – Last Ten Fiscal Years**

Fiscal Year	Property Tax	Sales Tax	Non-Home Rule Sales Tax	State Income Tax	All Other	Total Revenues
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	5,073,829	4,776,660	2,070,514	2,114,785	5,158,474	19,194,262
2021 Projected	5,393,515	4,320,000	1,840,000	2,100,000	5,542,120	19,105,635
2022 Budget	5,423,240	4,900,000	2,154,000	1,900,000	5,255,575	19,632,815
2023 Forecast	5,423,240	4,925,000	2,159,000	1,900,000	6,573,190	20,980,430

# REVENUE SOURCES

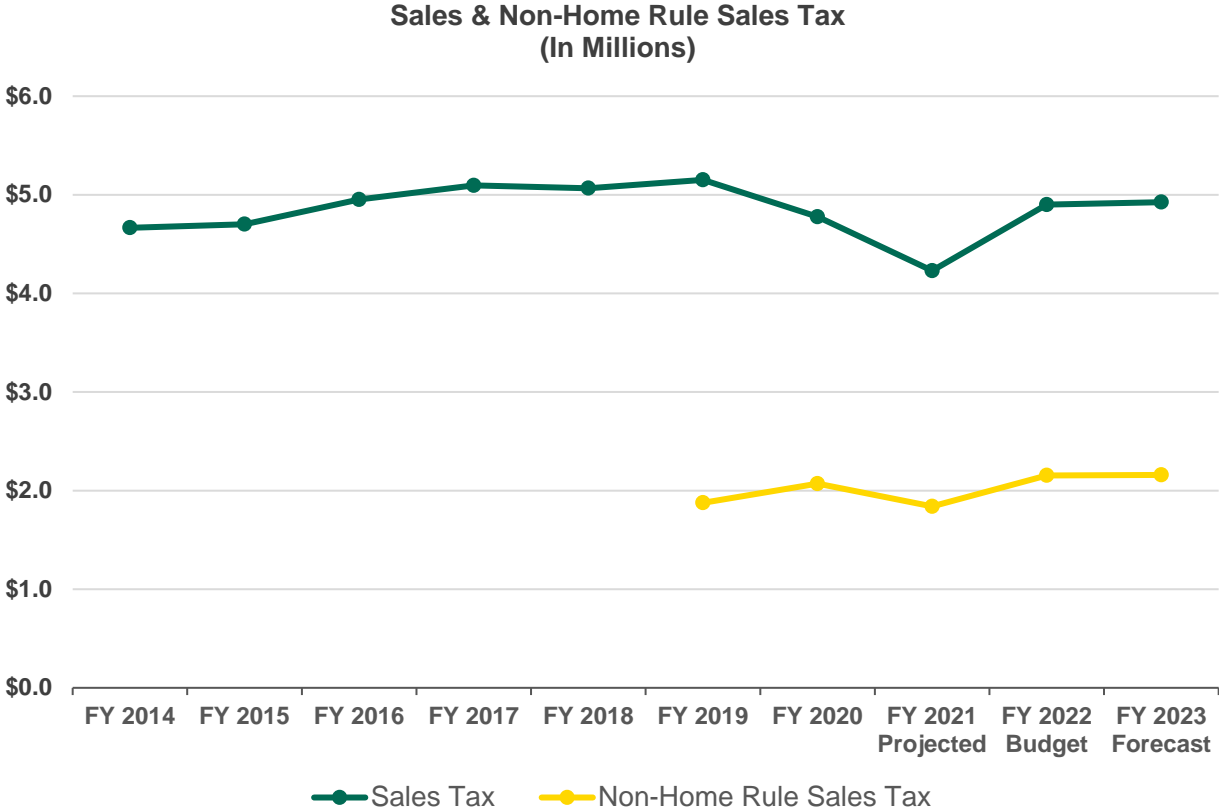
Major Revenue Sources - Last Ten Fiscal Years  
(In Millions)



## Sales Tax (\$4,900,000)

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. This figure represents approximately 25.0% of the total revenue in the General Fund.

# REVENUE SOURCES



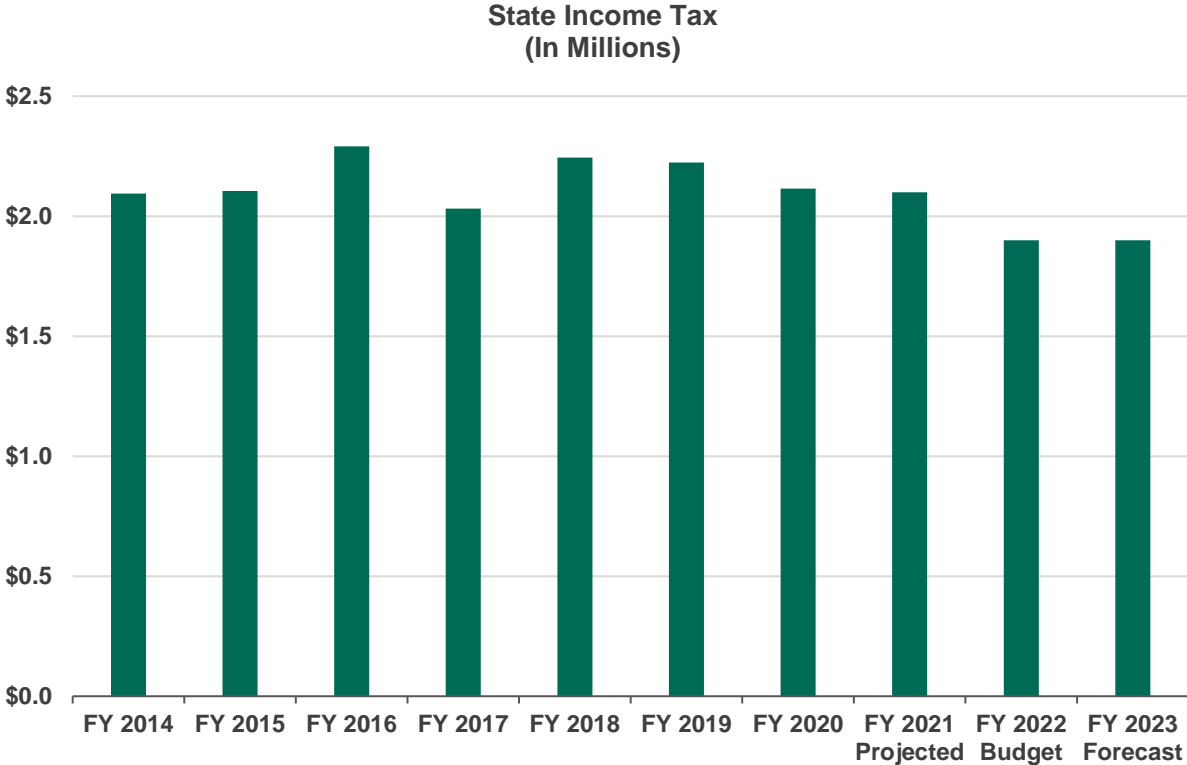
### Non-Home Rule Sales Tax – Unrestricted (\$2,154,000)

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 2021 totals. The City estimates to collect approximately \$2,154,000 for FY 2022.

### State Income Tax (\$1,900,000)

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 decline slightly from the current year estimates. There is always a threat of a reduction in LGDF, and this fiscal year will be no exception. The estimated reduction in revenues is attributable to an increase in the unemployment rate due to the pandemic. In addition, Illinois voters rejected the Governor’s plan to change Illinois’ flat-rate income tax system to a graduated income tax earlier this year, forcing the Governor to warn he will be forced to make major budget cuts to the State budget, thus increasing the concern regarding LGDF distributions.

# REVENUE SOURCES



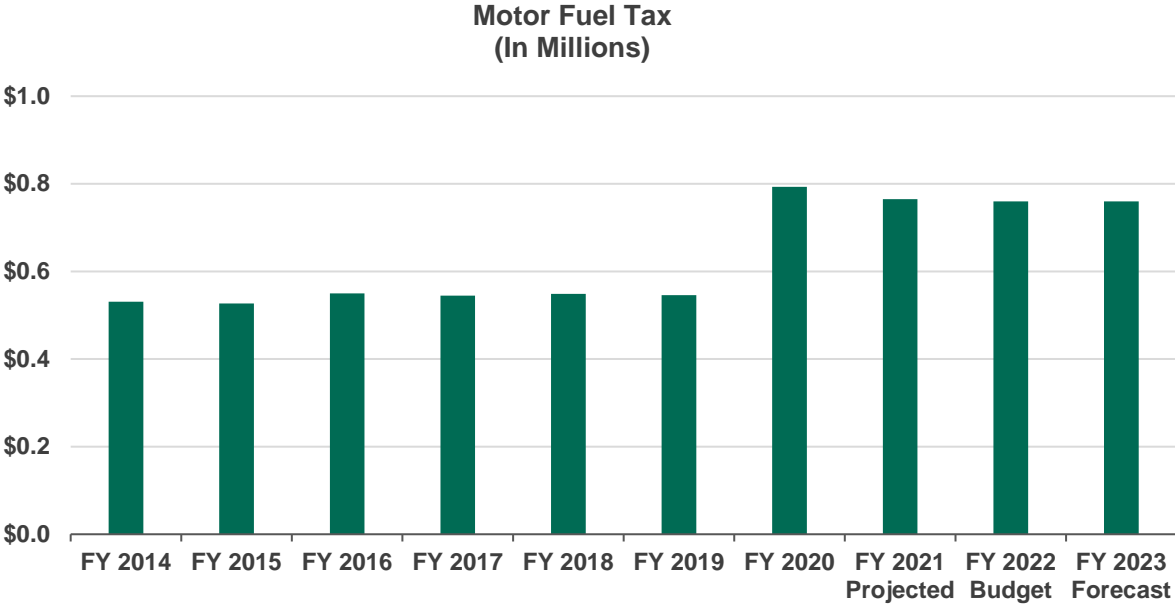
## Other Revenue Sources

### Motor Fuel Tax (\$760,000)

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.

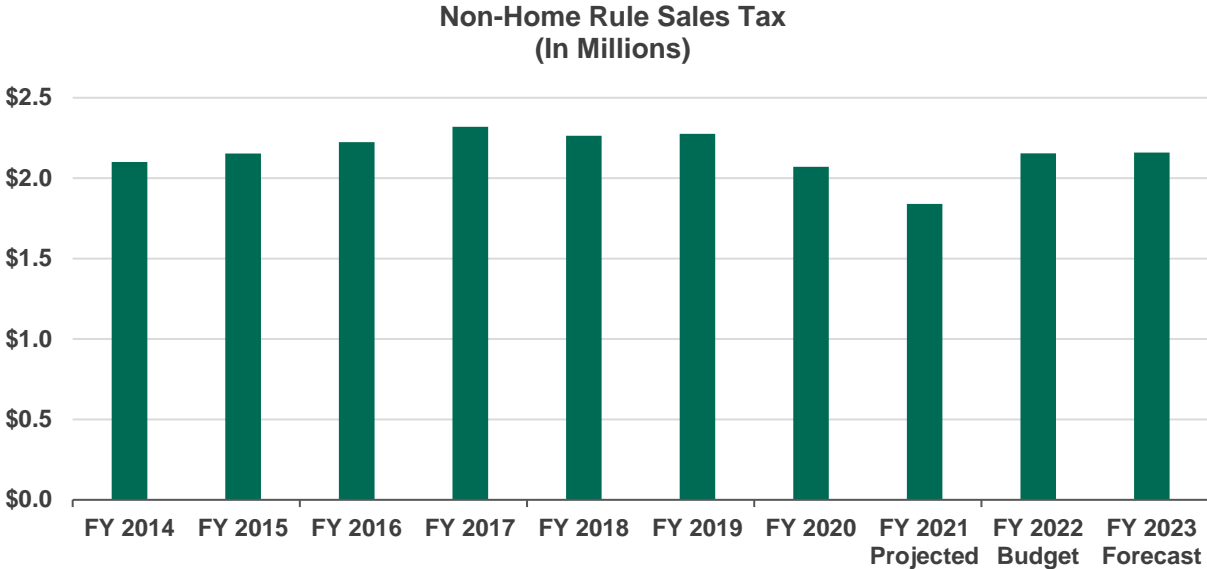
The FY 2021 projection is \$765,000. The FY 2022 budget estimates \$760,000 in MFT revenues to be recorded in the MFT Special Revenue Fund. The City will use these funds towards the street improvement program.

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**Non-Home Rule Sales Tax – Restricted (\$2,154,000)**

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 improving economy and an increase in e-commerce transactions.

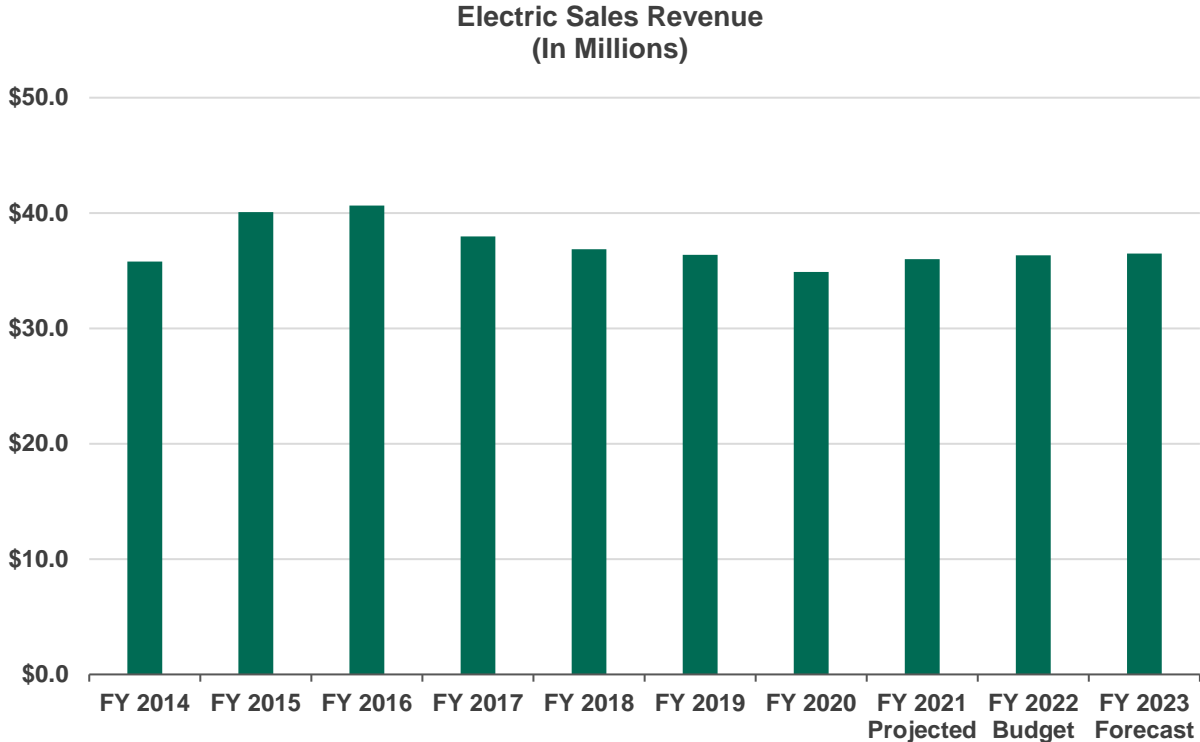




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## Electric Sales (\$36,340,680)

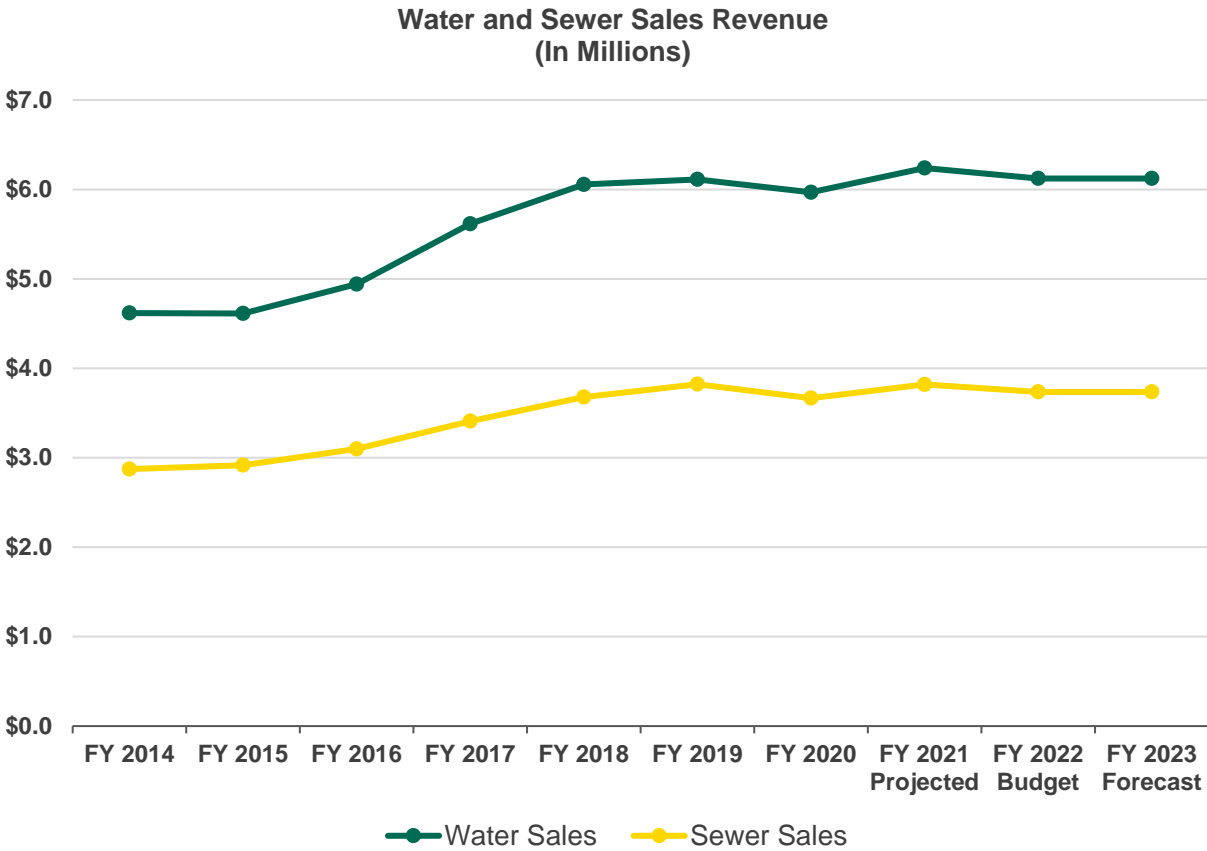
Electric revenues are based on a Class Cost of Service rate structure developed to assure each rate class pays its fair share of the utility’s cost of providing reliable electric service to the community. Geneva’s rates contain a Power Cost Adjustment (PCA) factor, which accounts for variations in the 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. The FY 2022 budget of \$36,340,680 is based on a flat market expectation and budgeted five percent decrease in NIMPA power supply costs.



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## Water Sales (\$6,123,000)

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 decreasing over the past several years and a rate restructuring in 2015 has provided a fixed component that is independent of usage. The FY 2022 budget of \$6,123,000 is flat from the FY 2021 projected.



## Sewer Sales (\$3,736,500)

Sewer sales are largely based on water consumption and have generally followed the same trends. The FY 2022 budget of \$3,736,500 is consistent with FY 2021 projected.

# TYPICAL TAX BILL

<b>Market Value of Home:</b>	<b>\$350,000</b>	<b>Annual Tax Liability for City Services: \$620.05</b> To calculate the annual tax bill, multiply the assessed valuation by the tax levy rate and divide the result by 100. $\$116,655 \times 0.531528 = \$62,005.40$ ; $\$62,005.40 \div 100 = \$620.05$
<b>Estimated Tax Levy Rate:</b>	<b>\$0.531528</b>	
<b>Assessed Valuation:</b>	<b>\$116,655</b>	<b>Monthly Expenses for City Services: \$51.67</b> To determine the monthly tax expenses for City services, divide the tax liability by 12 months: $\$620.05 \div 12 = \$51.67$
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 6.3%. 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, 2022 & 2023

Fund	2018-2019 Actual	2019-2020 Actual	2020-2021 Budget	2020-2021 Projected	2021-2022 Budget	2022-2023 Forecast
<b>Revenues and Other Financing Sources</b>						
General	\$ 19,372,148	\$ 19,194,262	\$ 19,965,890	\$ 19,105,635	\$ 19,632,815	\$ 20,980,430
<b>Special Revenue Funds</b>						
Motor Fuel Tax	558,868	815,692	840,000	1,240,005	1,234,605	1,234,605
Cultural Arts Commission	21,981	9,886	42,410	15	40,265	40,015
SPAC	10,536	8,568	15,330	8,850	16,270	16,270
Beautification	8,312	8,890	15,000	2,650	15,375	15,025
Tourism	259,678	260,102	395,115	140,075	191,350	356,120
Restricted Police Fines	34,001	32,452	29,720	35,500	73,590	35,500
PEG	34,611	34,670	39,500	31,500	30,600	29,600
Mental Health	154,835	155,826	178,600	178,200	179,775	179,775
Foreign Fire Insurance	54,751	56,215	54,505	59,685	62,510	62,510
SSA #1	281,476	272,430	299,625	215,185	312,280	281,665
SSA #4 (Randall Square)	19,324	19,579	34,620	19,450	34,905	35,400
SSA #5 (Williamsburg)	9,122	9,198	9,150	9,330	32,025	10,240
SSA #7 (Blackberry)	3,035	3,062	3,035	2,945	3,555	3,695
SSA #9 (Geneva Knolls)	3,340	3,347	3,340	3,315	7,685	3,355
SSA #11 (Eagle Brook)	55,842	57,427	59,040	56,100	99,040	59,040
SSA #16 (Fisher Farms)	155,600	156,394	155,400	154,600	154,600	154,600
SSA #18 (Wildwood)	3,272	3,336	3,270	3,270	5,865	3,270
SSA #23 (Sunset Meadows)	1,216	1,221	1,160	1,130	8,795	1,885
SSA #26 (Westhaven)	7,450	7,574	7,490	7,835	27,365	8,555
SSA #32 (On Brentwood's Pond)	3,001	3,100	3,185	3,190	3,280	3,375
	<u>1,680,252</u>	<u>1,918,969</u>	<u>2,189,495</u>	<u>2,172,830</u>	<u>2,533,735</u>	<u>2,534,500</u>
<b>Debt Service Funds</b>						
Debt Service	2,027,180	670,848	704,800	703,640	650,300	-
	<u>2,027,180</u>	<u>670,848</u>	<u>704,800</u>	<u>703,640</u>	<u>650,300</u>	<u>-</u>
<b>Capital Projects Funds</b>						
General Capital Projects	153,791	74,919	767,300	83,405	201,000	215,000
Infrastructure Capital Projects	2,328,811	2,495,497	3,880,565	2,003,000	3,331,600	2,725,000
Prairie Green	689,335	32,221	424,615	66,360	419,615	67,500
TIF #2	257,567	274,144	357,125	255,000	1,540,765	379,810
TIF #3	43,529	62,831	330,230	107,000	871,240	219,445
Capital Equipment	1,423,951	1,153,181	2,087,310	82,235	2,396,815	1,951,675
	<u>4,896,983</u>	<u>4,092,793</u>	<u>7,847,145</u>	<u>2,597,000</u>	<u>8,761,035</u>	<u>5,558,430</u>
<b>Enterprise Funds</b>						
Electric	37,970,083	36,094,600	54,304,830	36,734,625	51,620,110	41,050,450
Water/Wastewater	21,048,785	13,681,027	15,746,590	10,597,065	14,231,180	14,404,395
Refuse	528,068	541,525	612,230	546,580	546,580	548,580
Cemetery	79,814	61,102	86,450	70,875	72,400	71,150
Commuter Parking	647,062	655,957	997,470	10,000	590,480	623,750
	<u>60,273,811</u>	<u>51,034,211</u>	<u>71,747,570</u>	<u>47,959,145</u>	<u>67,060,750</u>	<u>56,698,325</u>
<b>Internal Service Funds</b>						
Group Dental Insurance	179,260	178,345	195,040	182,350	196,830	196,830
Workers' Compensation	505,437	824,076	895,855	793,335	852,135	893,855
	<u>684,697</u>	<u>1,002,421</u>	<u>1,090,895</u>	<u>975,685</u>	<u>1,048,965</u>	<u>1,090,685</u>
<b>Trust and Agency Funds</b>						
Police Pension	3,229,067	2,105,076	3,377,020	6,490,300	3,387,400	3,387,400
Fire Pension	921,160	(162,380)	1,919,450	1,919,450	1,934,275	1,941,125
	<u>4,150,227</u>	<u>1,942,696</u>	<u>5,296,470</u>	<u>8,409,750</u>	<u>5,321,675</u>	<u>5,328,525</u>
<b>Total Revenues</b>	<u>\$ 93,085,299</u>	<u>\$ 79,856,200</u>	<u>\$ 108,842,265</u>	<u>\$ 81,923,685</u>	<u>\$ 105,009,275</u>	<u>\$ 92,190,895</u>

CITY OF GENEVA, ILLINOIS  
Budget Summary - Total by Fund  
Fiscal Year Ending April 30, 2022 & 2023

Fund	2018-2019 Actual	2019-2020 Actual	2020-2021 Budget	2020-2021 Projected	2021-2022 Budget	2022-2023 Forecast
<b>Expenditures and Other Financing Uses</b>						
General	\$ 17,956,264	\$ 18,342,535	\$ 19,965,890	\$ 17,273,312	\$ 19,632,815	\$ 20,980,430
<b>Special Revenue Funds</b>						
Motor Fuel Tax	585,522	402,706	840,000	550,000	1,234,605	1,234,605
Cultural Arts Commission	27,563	17,486	42,410	17,700	40,265	40,015
SPAC	16,317	2,651	15,330	10,185	16,270	16,270
Beautification	18,319	12,854	15,000	14,175	15,375	15,025
Tourism	251,683	256,187	395,115	221,427	191,350	356,120
Restricted Police Fines	8,220	6,526	29,720	20,200	73,590	35,500
PEG	37,168	1,042	39,500	22,320	30,600	29,600
Mental Health	142,700	187,275	178,600	201,775	179,775	179,775
Foreign Fire Insurance	40,576	38,790	54,505	60,505	62,510	62,510
SSA #1	245,066	260,667	279,625	273,330	312,280	281,665
SSA #4 (Randall Square)	10,049	20,017	34,620	15,120	34,905	35,400
SSA #5 (Williamsburg)	6,947	6,144	9,150	6,865	32,025	10,240
SSA #7 (Blackberry)	1,759	1,814	3,035	4,500	3,555	3,695
SSA #9 (Geneva Knolls)	2,679	828	3,340	2,660	7,685	3,355
SSA #11 (Eagle Brook)	35,500	40,600	59,040	59,040	99,040	59,040
SSA #16 (Fisher Farms)	158,740	144,895	155,400	124,900	154,600	154,600
SSA #18 (Wildwood)	787	812	3,270	840	5,865	3,270
SSA #23 (Sunset Meadows)	787	924	1,160	840	8,795	1,885
SSA #26 (Westhaven)	3,027	2,219	7,490	2,370	27,365	8,555
SSA #32 (On Brentwood's Pond)	3,000	3,000	3,185	3,000	3,280	3,375
	<u>1,596,410</u>	<u>1,407,435</u>	<u>2,169,495</u>	<u>1,611,752</u>	<u>2,533,735</u>	<u>2,534,500</u>
<b>Debt Service Funds</b>						
Debt Service	2,013,367	652,991	704,800	700,500	650,300	-
	<u>2,013,367</u>	<u>652,991</u>	<u>704,800</u>	<u>700,500</u>	<u>650,300</u>	<u>-</u>
<b>Capital Projects Funds</b>						
General Capital Projects	153,791	74,975	767,300	100,950	201,000	215,000
Infrastructure Capital Projects	2,801,997	1,803,265	3,880,565	1,004,205	3,331,600	2,725,000
Prairie Green	1,496,942	21,931	424,615	38,980	419,615	67,500
TIF #2	62,114	66,630	357,125	317,020	1,540,765	379,810
TIF #3	67,418	174,208	330,230	383,470	871,240	219,445
Capital Equipment	768,644	1,331,548	2,087,310	157,905	2,396,815	1,951,675
	<u>5,350,905</u>	<u>3,472,558</u>	<u>7,847,145</u>	<u>2,002,530</u>	<u>8,761,035</u>	<u>5,558,430</u>
<b>Enterprise Funds</b>						
Electric	37,217,062	36,974,155	54,304,830	38,058,315	51,620,110	41,050,450
Water/Wastewater	16,800,861	11,342,866	15,746,590	14,279,335	14,231,180	14,404,395
Refuse	549,336	504,332	612,230	534,985	546,580	548,580
Cemetery	47,404	45,477	86,450	56,135	72,400	71,150
Commuter Parking	622,055	610,062	997,470	893,875	590,480	623,750
	<u>55,236,720</u>	<u>49,476,893</u>	<u>71,747,570</u>	<u>53,822,645</u>	<u>67,060,750</u>	<u>56,698,325</u>
<b>Internal Service Funds</b>						
Group Dental Insurance	166,058	144,592	195,040	166,130	196,830	196,830
Workers' Compensation	130,188	603,690	895,855	893,095	852,135	893,855
	<u>296,246</u>	<u>748,282</u>	<u>1,090,895</u>	<u>1,059,225</u>	<u>1,048,965</u>	<u>1,090,685</u>
<b>Trust and Agency Funds</b>						
Police Pension	1,609,956	1,909,114	2,157,320	2,057,610	2,262,715	2,429,565
Fire Pension	837,672	856,641	969,920	889,920	945,875	974,240
	<u>2,447,628</u>	<u>2,765,755</u>	<u>3,127,240</u>	<u>2,947,530</u>	<u>3,208,590</u>	<u>3,403,805</u>
<b>Total Expenditures</b>	<u>\$ 84,897,540</u>	<u>\$ 76,866,449</u>	<u>\$ 106,653,035</u>	<u>\$ 79,417,494</u>	<u>\$ 102,896,190</u>	<u>\$ 90,266,175</u>