PERFORMETER®

THE PERFORMETER®

A Financial Statement Analysis of
The City of Geneseo, Illinois
As of and for the year ended June 30, 2014

CRAWFORD & ASSOCIATES P.C.

Crawford & Associates, P.C.

What is a Performeter®?

An analysis that takes information contained in governmental financial statements and converts it into useful and understandable measures of financial health and performance

Financial ratios and a copyrighted analysis methodology are used to arrive at an overall rating of 1-10

The overall rating can be used as a barometer of the City's overall financial health and performance

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How to Use the Performeter®

Use the individual ratios and the trends in such ratios to identify financial warning signs – the ratios are combined into three categories

- Financial position ratios – that measure financial health at year end
- Financial performance ratios - that measure changes in the financial position from the prior year
- Financial capability ratios - that measure the ability to raise revenue or issue debt in the future, if needed

Use the overall rating as a collective benchmark of financial health and success of the City as a whole

Use the comparisons to prior years to monitor trends in financial indicators

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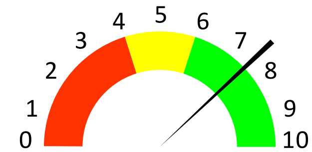
Limitations of the Performeter®

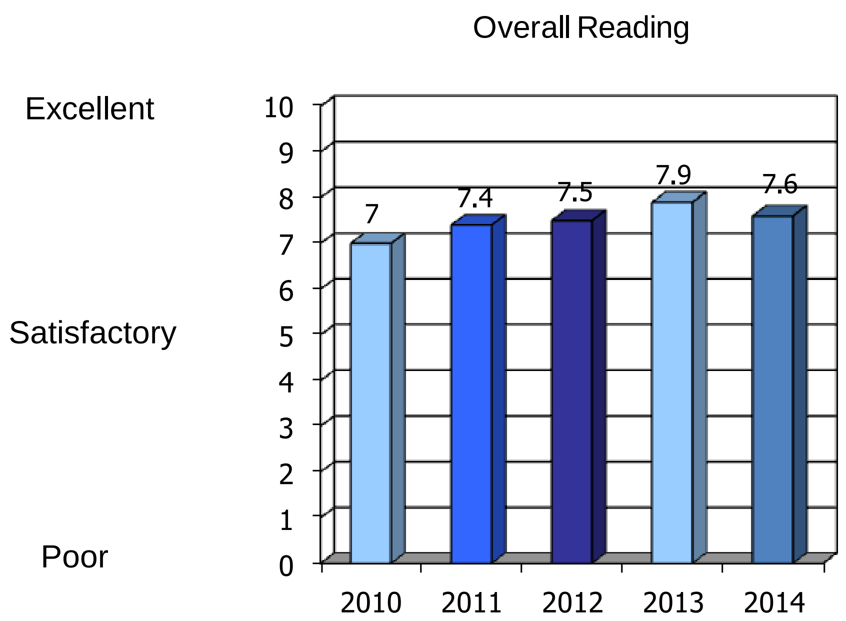
The Performeter® should not be used as the only source of financial information to evaluate financial health and performance

The analysis is an overall rating of the City as a whole and not specific activities, funds or units

The Performeter® is based on Crawford & Associates' professional judgment and is limited as to its intended use



Performeter® Reading



For the 2014 fiscal year, the readings by ratio category were as follows:

Financial Position	7.6
Financial Performance	7.7
Financial Capability	7.1

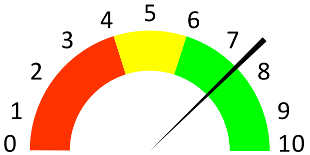
The City's strongest ratings are in the financial performance and financial position ratings of 7.7 and 7.6, respectively, and represent slight declines in those ratings from the prior year. The financial capability rating of 7.1, while the lowest of the ratings, represents a slight increase from the rating of the prior year.

The 2014 overall rating of **7.6** represents the evaluator's opinion that the City of Geneseo's overall financial health and performance continues to remain well above satisfactory, although it declined slightly when compared to the rating of the prior year.

Performeter® Ratios

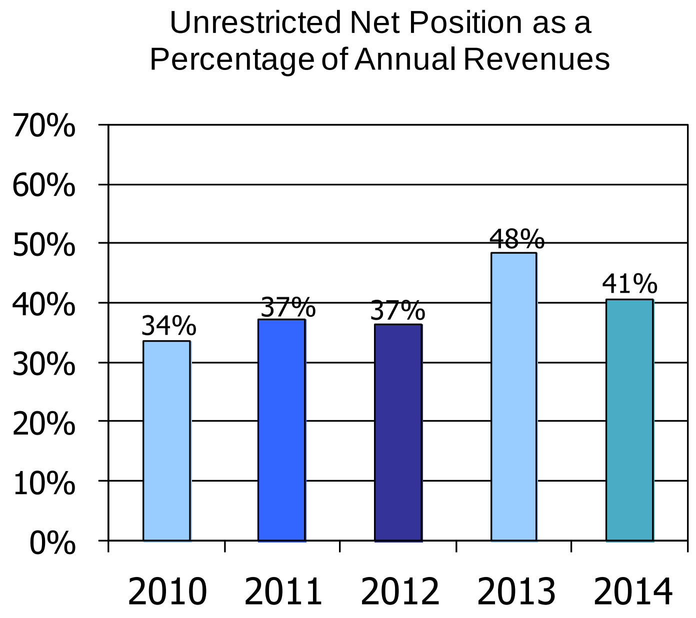
Financial Position Ratios

Unrestricted Net Position	How does our overall economic condition look?
Budgetary Fund Balance	How do our rainy day funds look?
Capital Asset Condition	How much estimated useful life do we have left in our capital assets?
Pension Plan Funding	Will we be able to pay our employees' pensions when they retire?
OPEB Plan Funding	Will we be able to pay for retirees' health care in the future?
Assets to Debt	Who really owns our government's assets?
Current Ratio	What is our ability to pay our employees and vendors on time?
Quick Ratio	How is our short-term cash position?



Level of Unrestricted Net Position

How does our overall financial position look?



The level of total unrestricted net position is an indication of the amount of overall unexpended and available resources the City has (not externally restricted) at a point in time to fund emergencies, shortfalls or other unexpected needs.

For the year ended June 30, 2014, the City's total government-wide unrestricted net position amounted to $6,571,269 or 41% of total annual revenues. This represents a decline when compared to the ratio of the prior year, but is within our model's desired benchmark range of 30% - 50%. At fiscal year end, governmental activities maintained unrestricted net position of $2,700,832 or 41% of annual revenues, while business-type activities ended the year with unrestricted net position of $3,870,437 or 40% of annual revenues.

2010	2011	2012	2013	2014
34%	37%	37%	48%	41%

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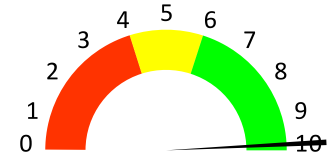
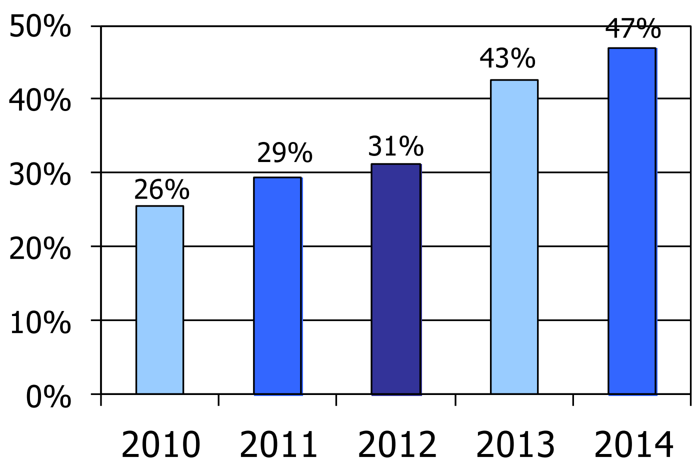


Level of Budgetary Unassigned Fund Balance

How do our rainy day funds look?

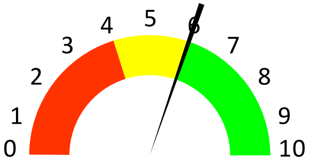
General Fund Budgetary Unassigned Fund Balance as a Percentage of Annual Revenues



The level of budgetary unassigned fund balance is an indication of the amount of unexpended, unencumbered and available resources the City's General Fund has at a point in time to carryover into the next fiscal year to fund budgetary emergencies, shortfalls or other unexpected needs. In this analysis, the General Fund's budgetary unassigned fund balance is considered, along with any unassigned fund balance deficits of the City's other governmental funds. In our model, 10% is considered a minimum responsible level, while 30% is considered desirable.

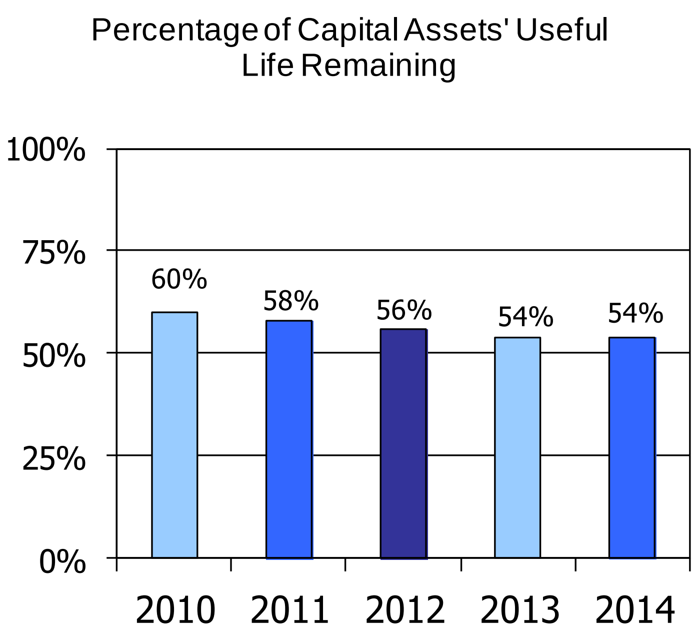
For the year ended June 30, 2014, the City's budgetary unassigned fund balance of the General Fund (including unassigned fund balance deficits of the City's other governmental funds) was approximately $1,683,376 or 47% of annual General Fund revenues. This level exceeds our model's minimum range and significantly increased from prior years.

2010	2011	2012	2013	2014
26%	29%	31%	43%	47%



Capital Asset Condition

How much estimated useful life do we have left in our capital assets?



The capital asset condition ratio compares capital assets cost of depreciable assets to accumulated depreciation to determine the overall percentage of estimated useful life remaining. A low percentage could indicate an upcoming need to replace a significant amount of capital assets.

At June 30, 2014, the City's depreciable capital assets amounted to $72.6 million while accumulated depreciation on such assets totaled $33.5 million. This indicates that, on the average, the City's capital assets have slightly more than half, or 54%, of their useful lives remaining. This is a moderately favorable financial indicator when compared to our model's benchmarks, and is consistent with prior years.

2010	2011	2012	2013	2014
60%	58%	56%	54%	54%

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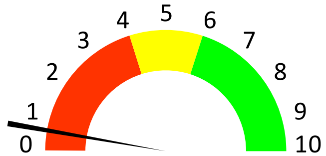
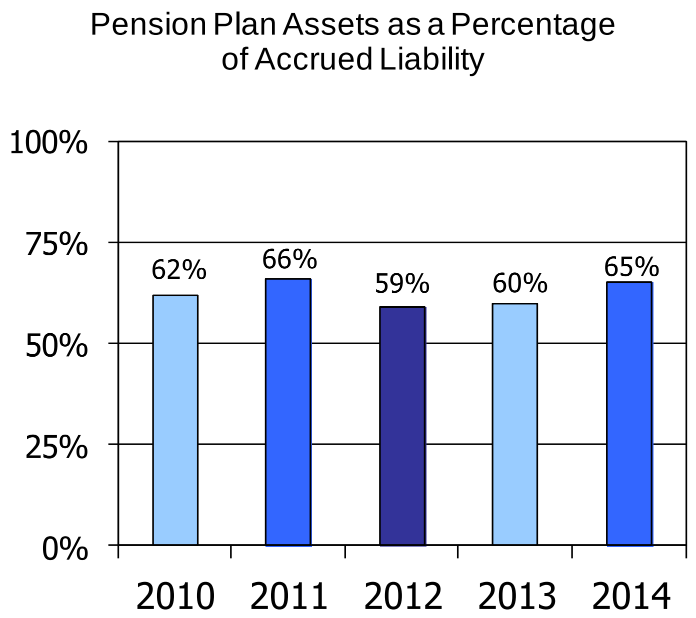


Pension Plan Funding Ratio

Will we be able to pay our employees' pensions when they retire?



The pension funding ratio compares the fair value of pension plan investment assets with the actuarial accrued liability for plan benefits. An actuarial fully funded plan would reflect a funding percentage of 100%.

The most recent actuarial valuations of the pension plans indicated that the IMRF plan was funded at 69% of the actuarial liability, while the Police plan was 61% funded. These funding levels are relatively consistent with the prior year levels and represent a relatively significant improvement from the 2012 levels when declines in the fair value of the plan's investments occurred.

2010	2011	2012	2013	2014
62%	66%	59%	60%	65%

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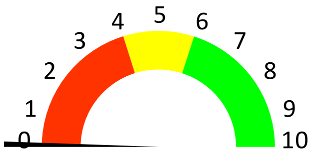
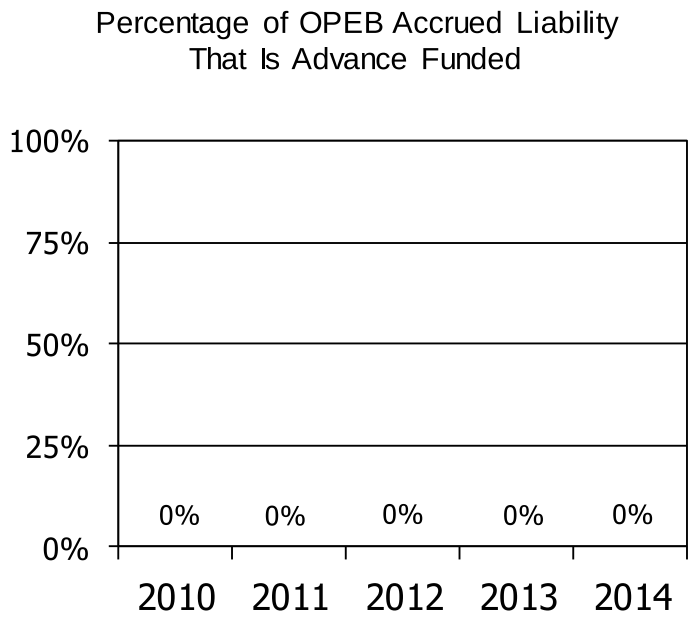


OPEB Plan Funding Ratio

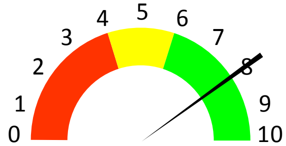
Will we be able to pay for retiree's health care in the future?



The OPEB funding ratio compares the fair value of any retiree healthcare plan assets set aside in trusts for future benefits with the actuarial accrued liability for plan benefits. An "actuarial fully advance funded" plan would reflect a funding percentage of 100%. Whereas a "pay-as-you-go" plan would report a funding percentage of 0%.

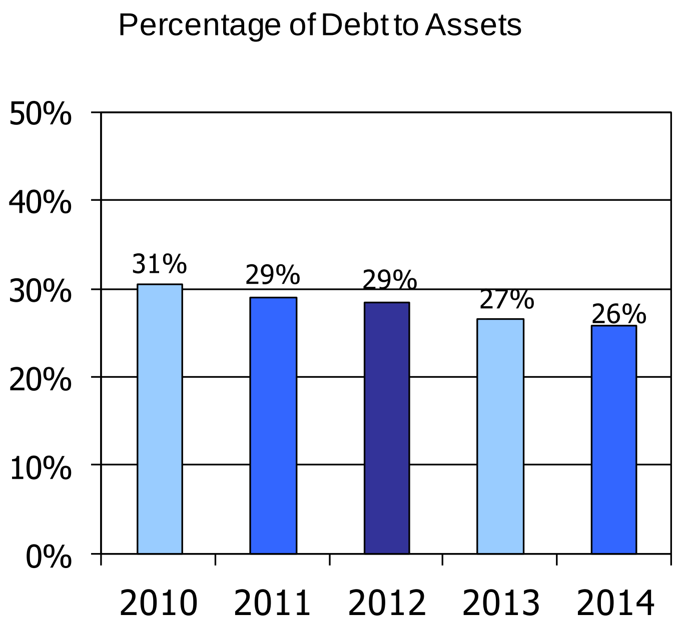
An accounting standard implemented in 2009 requires certain future retiree post employment healthcare costs to be recognized while the employee is providing service. No trust has been established for the advance funding of these benefits as the City has elected to continue pay-as-you-go funding for these retiree benefits. As a result, there are no plan assets to offset the actuarial accrued liability of $2.3 million, and the ability to pay for these future benefits will be dependent on future resources and appropriations as they become due and payable.

2010	2011	2012	2013	2014
0%	0%	0%	0%	0%



Debt to Assets

Who really owns the City?



The debt to assets ratio measures the extent to which the City had funded its assets with debt. The lower the debt percentage, the more equity the City has in its assets.

At June 30, 2014, 26% of the City's $54.0 million of total assets were funded with debt or other obligations. This indicates that for each dollar of City assets it owns, it owes approximately one-fourth of that dollar to others. The 2014 ratio is slightly less than the prior year, and has remained relatively consistent over the past 4 years. The 26% ratio is considered a low debt to asset ratio when compared to our model's benchmarks.

2010	2011	2012	2013	2014
31%	29%	29%	27%	26%

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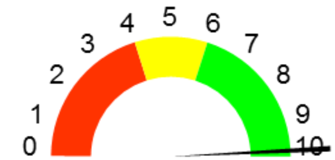
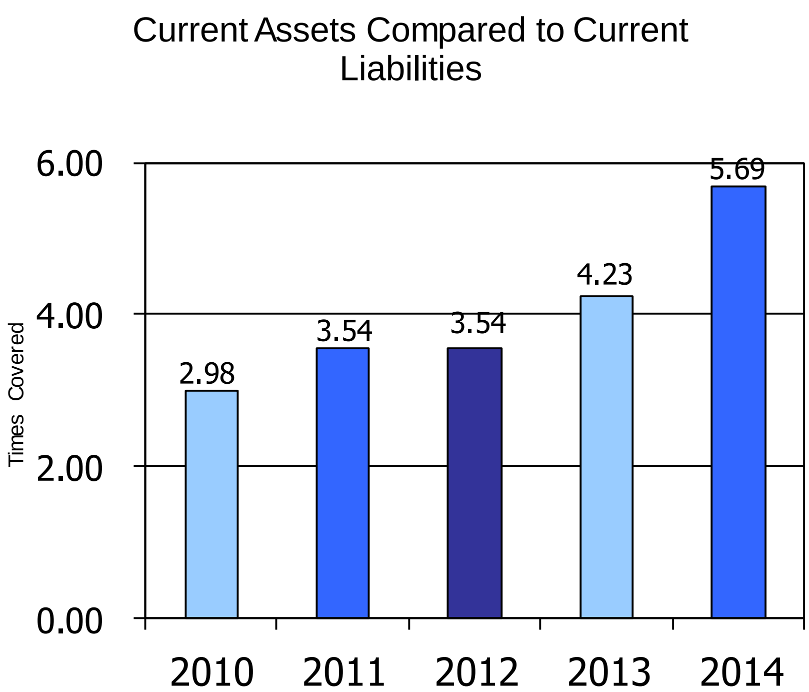


Current Ratio

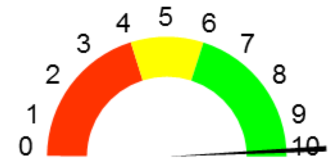
Will our employees and vendors be pleased with our ability to pay them on time?



The current ratio is one measure of the City's ability to pay its short-term obligations. The current ratio compares total current assets and liabilities. A current ratio of 2.00 to 1 indicates good current liquidity and an ability to meet the short-term obligations.

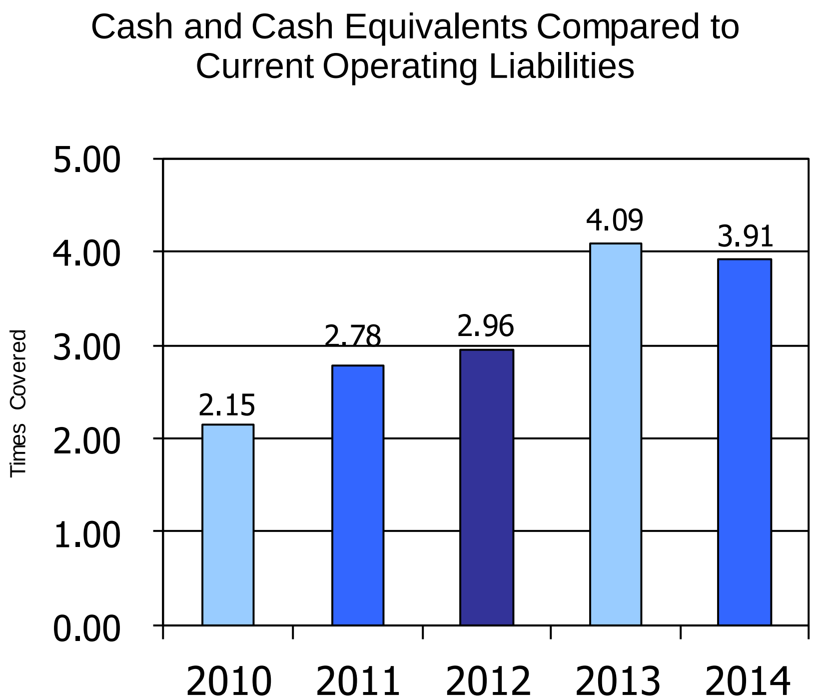
At June 30, 2014 the City continued to have good liquidity with a government-wide ratio of current assets to current liabilities of 5.69 to 1. This indicates that the City had more than five and one-half times the amount of current assets necessary to pay current liabilities. This is considered an excellent indicator of liquidity when compared to our model's benchmarks.

2010	2011	2012	2013	2014
2.98	3.54	3.54	4.23	5.69



Quick Ratio

How is our short-term cash position?



The quick ratio is another, more conservative, measure of the City's ability to pay its short-term obligations. The quick ratio compares total cash and short-term investments to operating liabilities such as accounts payable and accrued liabilities. A quick ratio of 1.00 to 1 indicates adequate current liquidity and a good ability to meet the short-term obligations with cash.

At June 30, 2014, the City continued to have excellent liquidity with a government-wide ratio of unrestricted cash and cash equivalents to current operating liabilities of 3.91 to 1. This indicates that the City had nearly four times the amount of cash and short-term investments to pay current liabilities. This is an excellent indicator of liquidity when compared to our model's benchmarks.

2010	2011	2012	2013	2014
2.15	2.78	2.96	4.09	3.91

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Financial Position Ratios

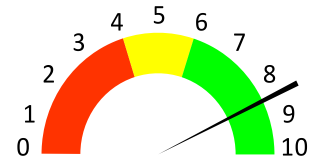
Summary and Comparison to Prior Year

Ratio	FY 2013	FY 2014
Unrestricted Net Position	48.3%	40.5%
Budgetary Fund Balance	42.5%	47.0%
Capital Asset Condition	54%	54%
Pension Plan Funding	60%	65%
OPEB Plan Funding	0%	0%
Debt to Assets	27%	26%
Current Ratio	4.23	5.69
Quick Ratio	4.09	3.91
Financial Position Performeter Score	**8.07**	**7.64**

Performeter® Ratios

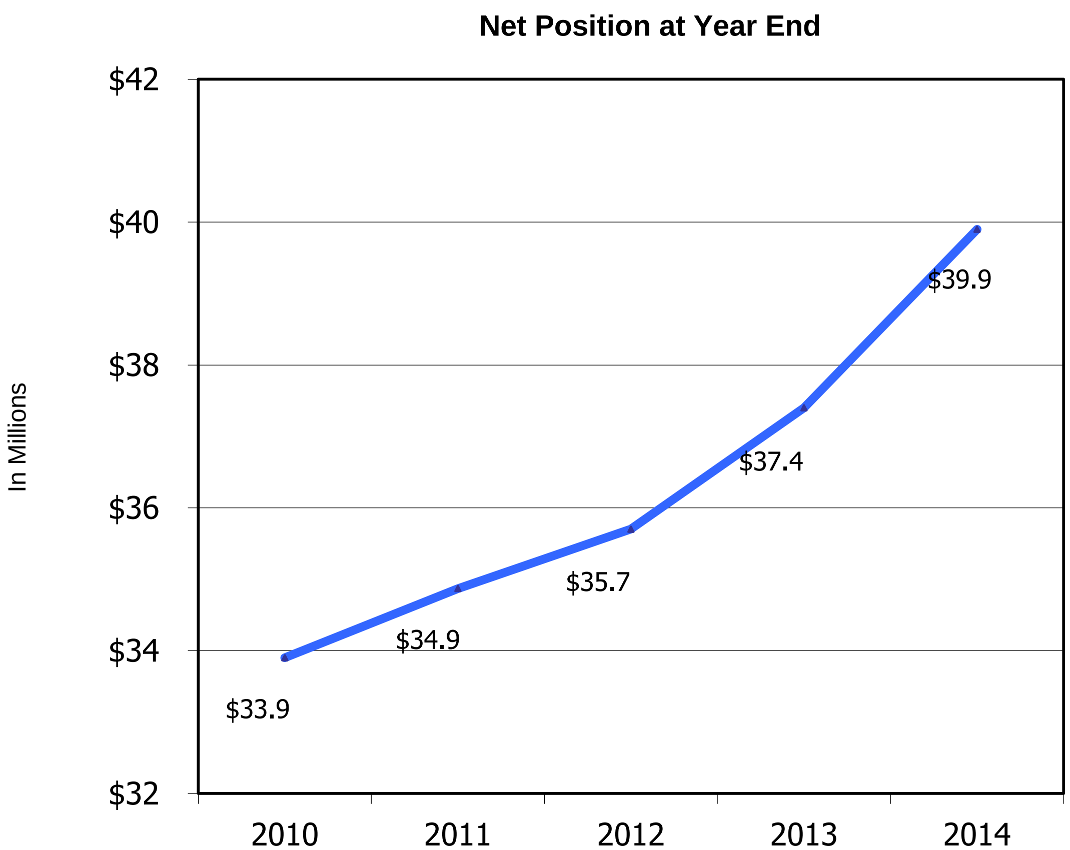
Financial Performance Ratios

Change in Net Position	Did our overall financial condition improve, decline, or remain steady from the past year?
Inter-period Equity	Did current year tax and rate payers pay for current year services?
BTA Self-Sufficiency	Did current year business-type activities, such as utility services, pay for themselves?
Debt Service Coverage	Were our revenue bond investors pleased with our ability to pay them on time?
Sales Tax Growth	What is the state of our local retail economy?



Change in Net Position

Did our overall economic financial condition improve, decline or remain steady from the past year?



Net Position include all assets of the City, except for fiduciary funds held for the benefit of others. It is measured as the difference between total assets and deferred outflows, including capital assets, and total liabilities and deferred inflows, including long-term debt.

For the year ended June 30, 2014, total net position increased by $2.5 million or 6.8% from the prior year. The business-type activities experienced a decrease in net position of $98,769 or -0.4%, and the City's governmental activities experienced an increase of $2,637,508 or 22.3%. The overall improvement in financial condition is the result of earning more revenue than expenses incurred in the fiscal year at a government-wide level.

2010	2011	2012	2013	2014
+5.6%	+2.8%	+2.0%	+4.8%	+6.8%

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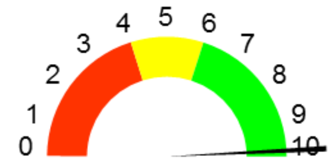
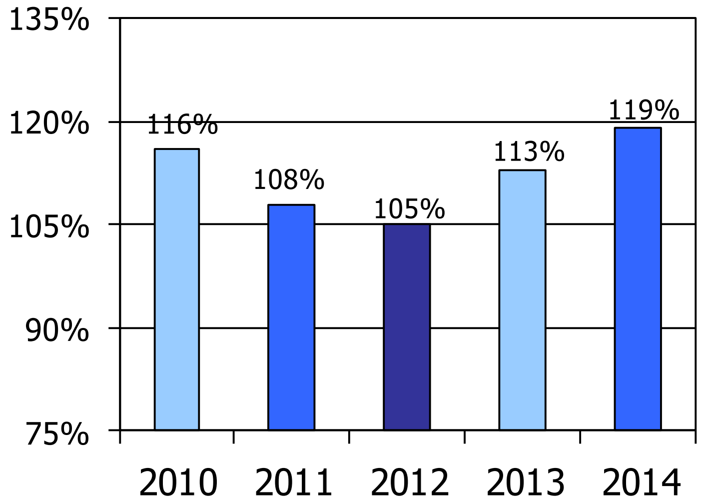


Inter-period Equity

Did current year tax and rate payers pay for current year services?

Current Year Revenues as a Percentage of Current Year Costs



The inter-period equity ratio indicates the level at which current year revenues from present tax and rate payers covered their current year costs, without having to rely on debt proceeds (future year tax and rate payers) or use of prior year resources carried forward (prior year tax and rate payers). 100% coverage is desired.

For the year ended June 30, 2014, the City's total current year revenues amounted to $16.2 million, while current year expenses amounted to $13.7 million. This represents a coverage of total current year costs with current year revenues of 119%, and indicates that, in total, current year costs were fully funded from current year resources. It should be noted that while taxpayers funded governmental activities' costs to the extent of 166%, utility service rate payers funded 99% of their current year costs.

2010	2011	2012	2013	2014
116%	108%	105%	113%	119%

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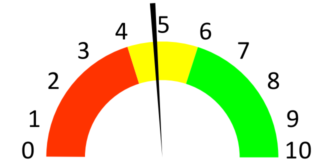
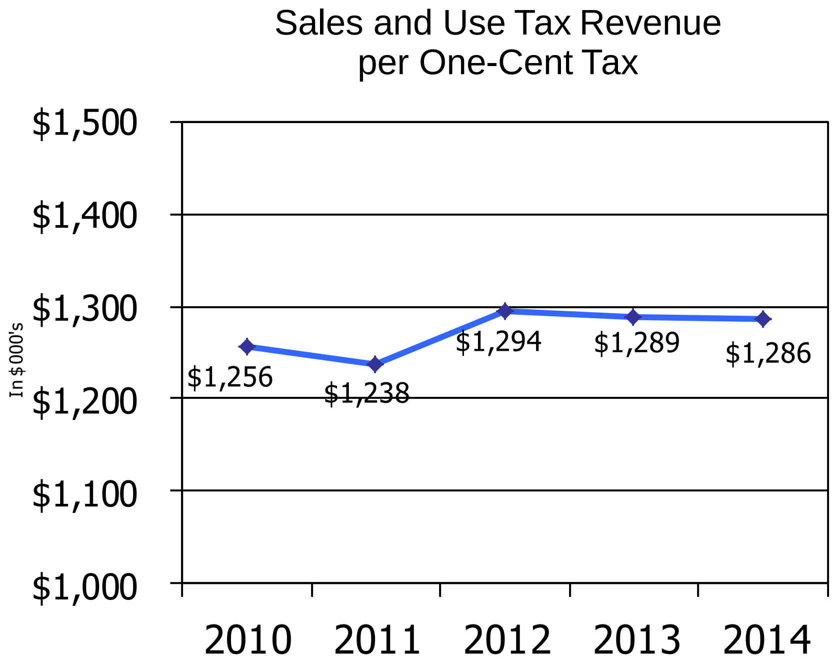


Sales Tax Growth

What is the state of our local retail economy?



Sales tax growth is one measure of the change in the local retail economy from the prior year in terms of the taxable sales. The City's tax rate changed in January 2010 from 1% to 1.5%. This ratio calculates the change in sales tax revenue per one-cent sales tax on a fiscal year basis.

For the year ended June 30, 2014, the City experienced a $4,499 or 0.2% decrease in unrestricted sales tax revenue from the prior year. Considering the City's 1.5% local sales tax rate, this decrease in sales tax revenue translates into a decrease in taxable sales of approximately $299,933 from fiscal year 2013 to 2014.

2010	2011	2012	2013	2014
-7.8%	-1.4%	+4.5%	-0.3%	-0.2%

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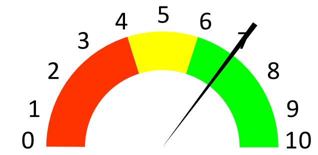
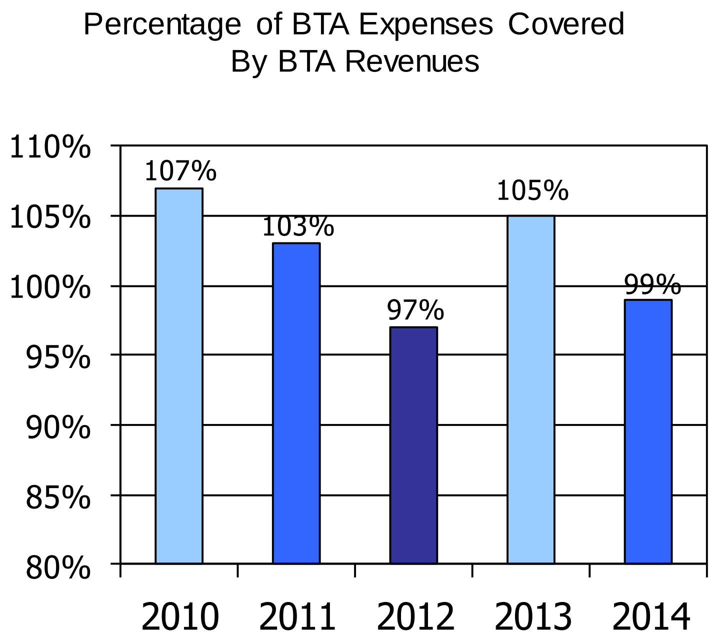


BTA Self-Sufficiency

Did current year business-type activities, such as utilities, pay for themselves?



The self-sufficiency ratio indicates the level at which business-type activities (primarily electric, water and sewer utility services) covered their current costs with current year revenues, without having to rely on subsidies or use of prior year reserves.

For the year ended June 30, 2014, the City's business-type activities were almost fully self-sufficient with service charge revenues funding 99% of current year costs. This indicates that almost all current year costs, including depreciation expense, were funded by current year service charges. The electric, water, sewer and other systems' revenues covered current year costs by 96%, 120%, 103% and 100%, respectively.

2010	2011	2012	2013	2014
107%	103%	97%	105%	99%

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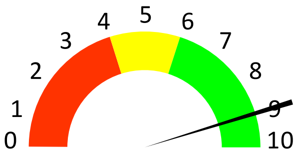
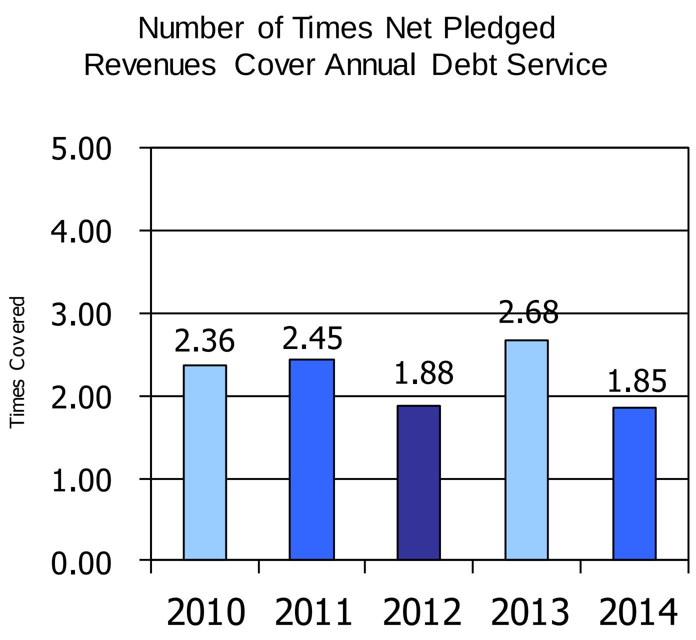


Debt Service Coverage

Were our revenue bond investors pleased with our ability to pay them on time?



The debt service coverage ratio compares the City's debt service requirements on enterprise fund revenue bonds and notes to the net operating cash generated by the revenue streams pledged for payment. A debt service ratio of greater than 1.00 indicates a sufficient ability to make the debt service payments from net revenue from operations.

For the year ended June 30, 2014, the City experienced a debt service coverage ratio of 1.85. This indicates that net pledged revenues were a little less than two times the annual debt service amount on the revenue debt. The 2014 ratio represents a decline in the ratio when compared to the ratio of the prior year.

2010	2011	2012	2013	2014
2.36	2.45	1.88	2.68	1.85

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Financial Performance Ratios

Summary and Comparison to Prior Year

Ratio	FY 2013	FY 2014
Change in Net Position	4.8%	6.8%
Inter-period Equity	113.4%	118.6%
Sales Tax Growth	-0.3%	-0.2%
BTA Self Sufficiency	104.8%	98.8%
Debt Service Coverage	2.68	1.85
Financial Performance Performeter Score	**8.29**	**7.70**

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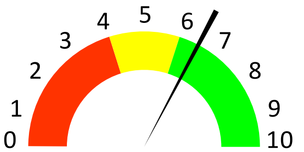
Financial Capability Ratios

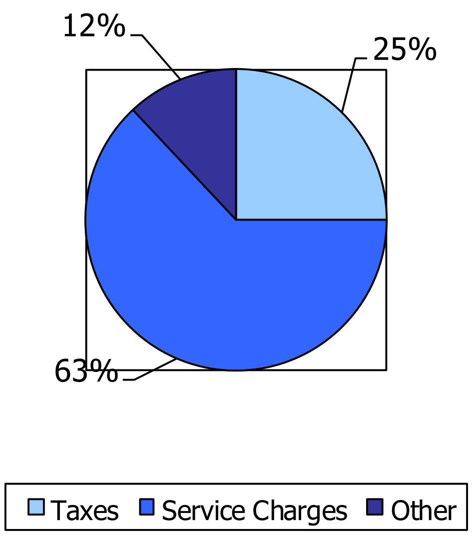
Revenue Dispersion	How much of our revenue is within our direct control?
Debt Service Load	How heavily is our budget loaded with payments to retire long-term debt?
Bonded Debt Per Capita	What is the debt burden on our tax payers?
Legal Debt Limit Remaining	Will we be legally able to issue more long-term debt if needed?
Taxes Per Capita	Will our citizens be willing to approve tax increases if needed?



Revenue Dispersion

How much of our revenue is within our direct control?

2014 Revenue Percentages by Source



The percentage dispersion of revenue by source indicates how dependent the City is on certain types of revenue. The more dependent the City is on revenue sources beyond its direct control, such as taxes with limitations or requiring voter approval, the less favorable the dispersion.

For the year ended June 30, 2014, the City had direct control of 63% (service charges) of its revenues. In other words, the City does not have direct control of the other third of its annual revenues. This ratio is relatively consistent with prior years and indicates the City has some exposure, as do most cities, to financial difficulties due to reliance on taxes.

2010	2011	2012	2013	2014
62%	67%	67%	67%	63%

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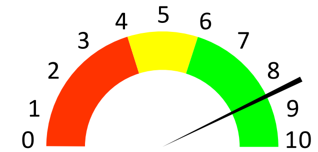
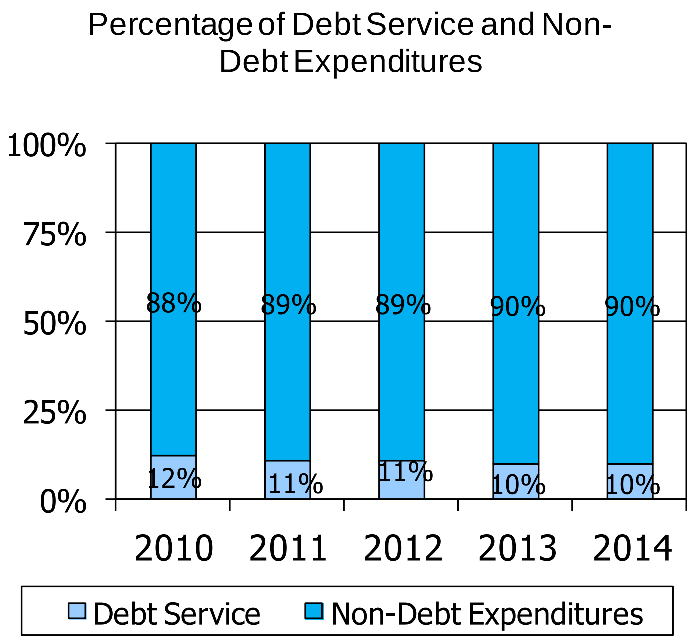


Debt Service Load

How much of our annual budget is loaded with disbursements to pay off long-term debt?



The debt service load solvency ratio measures the extent to which the City's non-capital expenditures were comprised of debt service payments on long-term debt.

For the year ended June 30, 2014, the City's total non-capital expenditures amounted to $12.6 million of which $1.2 million (or 10%) were payments for principal and interest on long-term debt, excluding debt retired by refunding. This indicates that for every dollar the City spent on non-capital items, 10 cents of that dollar was used for debt service. This ratio is consistent with prior years, and is considered a near excellent financial indicator of solvency when compared to our model's benchmarks.

2010	2011	2012	2013	2014
12%	11%	11%	10%	10%

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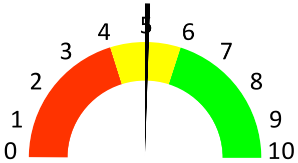
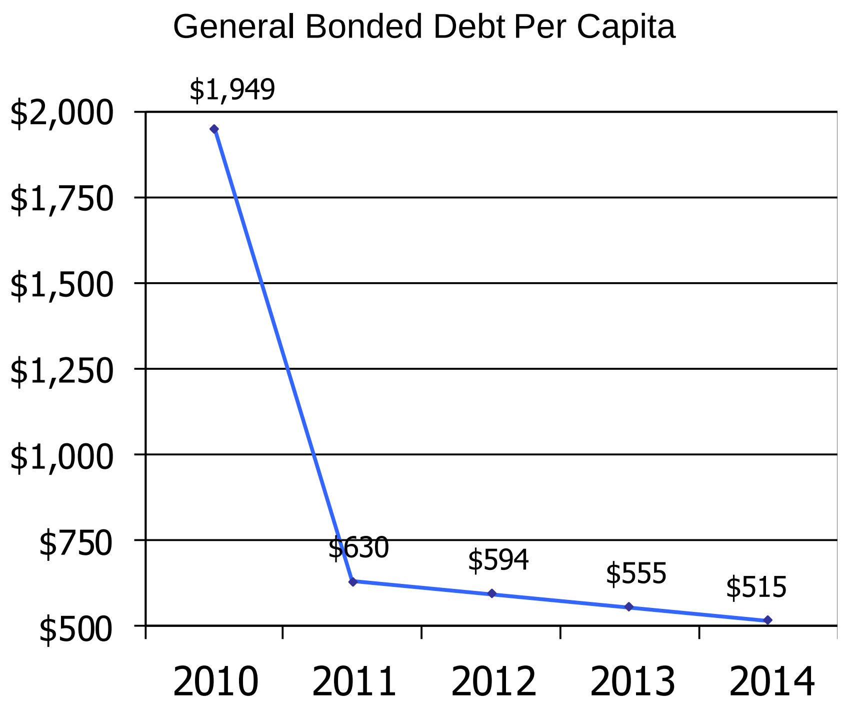


Bonded Debt Per Capita

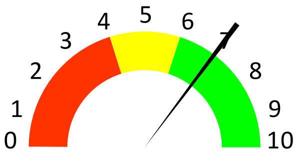
What is the debt burden on our tax payers?



The financial ratio of general bonded debt per capita is an indication of the City's debt burden on its citizens and other taxpayers related to general obligation debt (bonds, notes and leases) payable from taxes or similar pledged resources. The ratio does not consider debt payable from business-type activities or other alternate revenues.

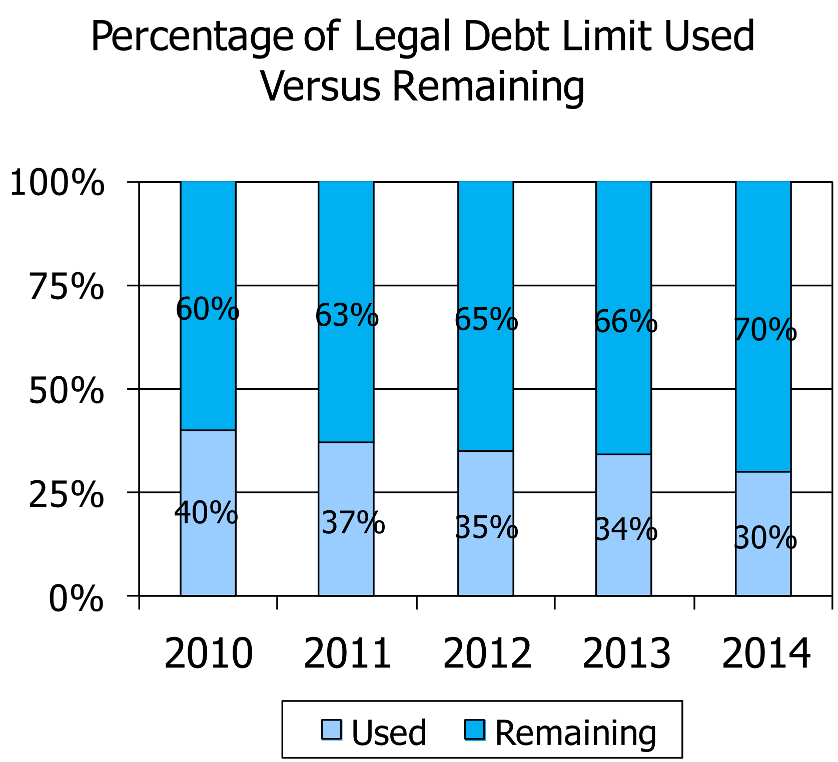
For the year ended June 30, 2014, the City had $3,395,000 in general obligation debt outstanding payable from taxes. As a result, the City's general bonded debt per capita was $515, a relatively favorable financial indicator compared to our model's benchmarks.

2010	2011	2012	2013	2014
$1,949	$630	$594	$555	$515



Legal Debt Limit Remaining

Will we be legally able to issue more long-term debt, if needed?



The City is legally limited by state law as to the amount of certain general obligation debt it may have outstanding to no more than 8.625% of the City's total assessed valuation of taxable property. This computes to a legal debt limit of $11.3 million at June 30, 2014.

For the year ended June 30, 2014, the City had $3,395,000 of net general obligation debt outstanding applicable to this legal debt limit. This means that at year end the City had 70% of its legal debt limit remaining. This is considered a favorable indicator compared to our model's benchmarks and represents a slight improvement of the ratio of the prior year.

2010	2011	2012	2013	2014
60%	63%	65%	66%	70%

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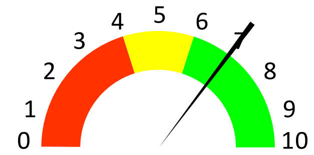
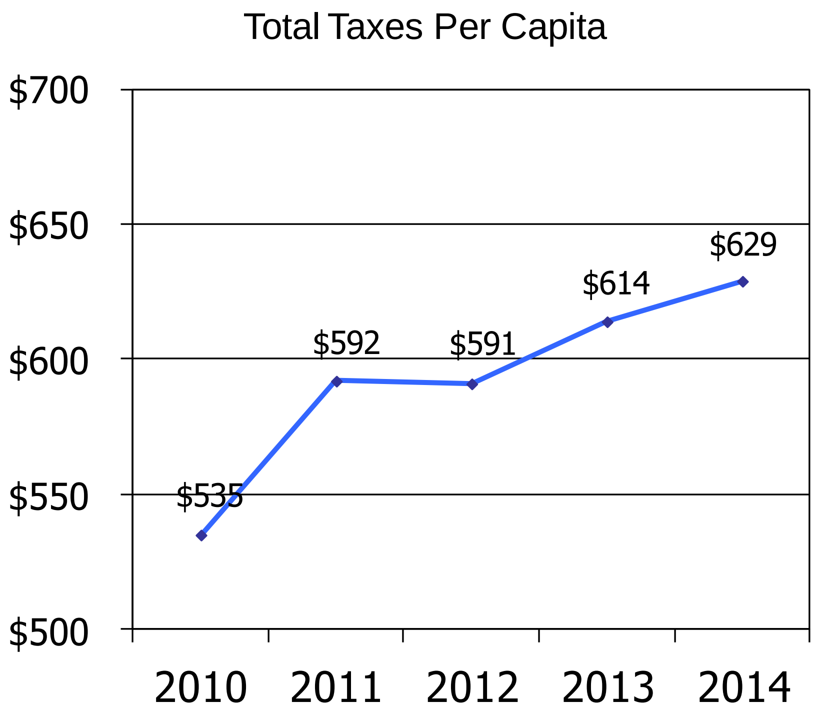


Taxes Per Capita

Will our citizens be willing to approve tax increases, if needed?



The financial ratio of taxes per capita is an indication of the City's tax burden on its citizens and other taxpayers. This ratio includes all taxes, including property, sales, income, utility and other taxes.

For the year ended June 30, 2014, total taxes amounted to $4,145,598 or $629 per capita. This represents a slight increase in tax burden from the prior year and indicates a relatively moderate tax burden when compared to our model's benchmarks.

2010	2011	2012	2013	2014
$535	$592	$591	$614	$629

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Financial Capability Ratios

Summary and Comparison to Prior Year

Ratio	FY 2013	FY 2014
Revenue Dispersion	66.9%	62.7%
Debt Service Load	9.7%	9.5%
Bonded Debt per Capita	$555	$515
Remaining Legal Debt Margin	66%	70%
Taxes per Capita	$614	$629
Financial Capability Performeter Score	**6.89**	**7.07**

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Thank You

We would like to commend and thank the City of Geneseo management and its governing body for allowing us to present this financial analysis. We hope it serves as a useful and understandable compliment to your annual financial report.

Visit our website at crawfordcpas.com for other useful tools for state and local governments.

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