

Budget Policy

Prior to the beginning of fiscal year 2002, a Budget Policy was drafted and passed. This serves as a guide to the City Manager in the compilation of the proposed budget as well as to the City Council in its debate and passage of the final budget. This policy is detailed, but an excerpt is included below:

"The General Fund budget will be balanced with property tax, only after all other revenue sources and expenditure reductions have been exhausted. In addition, all new unfunded mandates must be itemized within the budget. One-time revenues shall not be used to fund current operations."

In addition to guidance on the revenues and expenditures for a given fund, the Budget Policy discusses how much of a reserve is desired:

"Water Fund: A minimum of 10% expenses shall be maintained as a reserve; in addition, a sufficient reserve shall be maintained to meet bond requirements. A portion of the fund reserve shall be used to fund depreciation and capital improvement needs. A minimum of a 5% reserve is required, per bond agreements."

The Budget Policy was developed as a part of ongoing efforts toward formally addressing long-term budgeting provisions. An updated policy was passed in May 2004, and will guide the direction of the FY2006 budget.

Capital Improvement Program

Every year the City of Evanston updates the Capital Plan. This five-year plan addresses the capital and infrastructure needs of the city. Evaluating and comparing needs combined with multi-year planning is a way of making the best use of scarce financial resources. Items included in the Capital Improvement Program are financed over several years, typically with bonds.

The Capital Improvement Program (CIP) is passed annually and represents the projects to be funded for the current fiscal year. Some of these are new programs, while others are a continuation of multi-year initiatives. Listed below are some examples of projects included in this year's plan.

- ☞ Alley Resurfacing Program
- ☞ Mason Park Improvements
- ☞ Levinson Tot Lot Improvements
- ☞ Street Lighting Upgrade Project
- ☞ Five Year Street Improvement Plan
- ☞ Bike Plan Implementation
- ☞ Central Street Corridor Planning

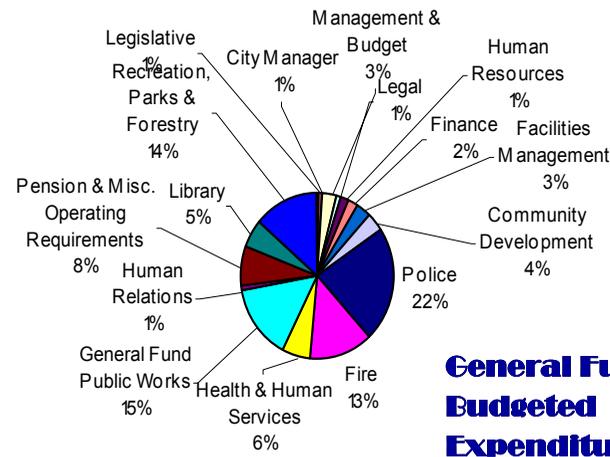
Expenditures

The City of Evanston budget is broken into funds. Funds are used to satisfy the accounting requirements of some revenues and expenditures within the overall operating budget. The General Fund, which contains expenditures for a significant amount of city services, is the largest of these funds and makes up nearly 50% of the total budget. Examples of the services supported in the General Fund include public safety, sanitation, recreation, and the library.

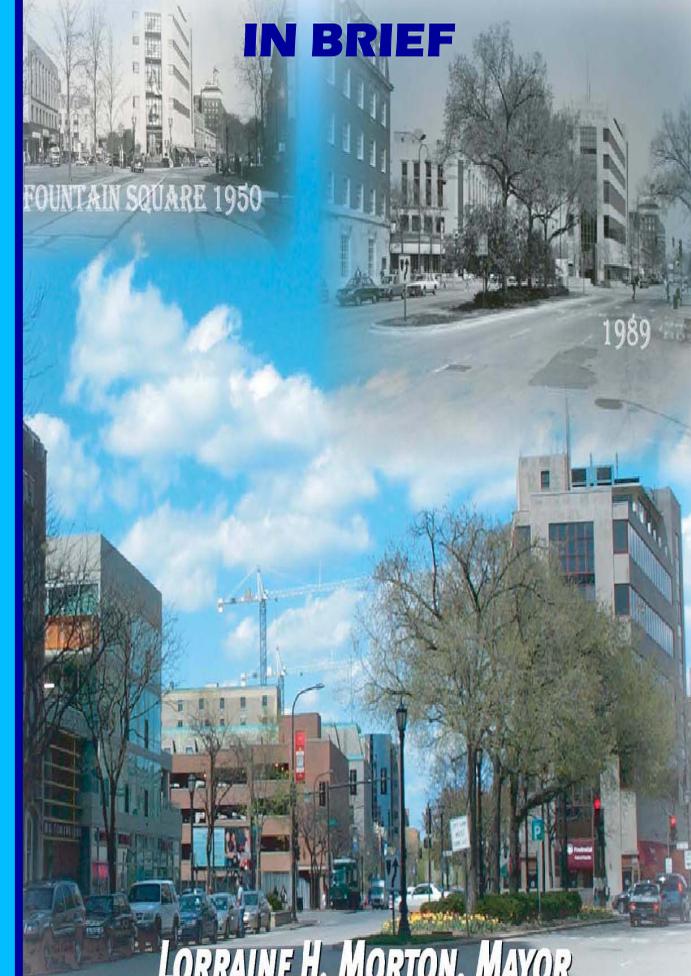
The General Fund is broken into Departments, Divisions, and Elements. These expenses include everything from personal services to materials purchased and outside contracted services. The largest portion of General Fund expenditures is personal services. This includes wages and overtime for the City's permanent, temporary, part-time, and seasonal employees.

The General Fund Appropriation for Fiscal Year 2005 is \$78,225,000, a difference of \$4,471,100, or 6.06% from the FY2004 appropriation. Over \$800,000 of this increase is the result of a new accounting for grants. These expenditures are offset by revenues, and formerly existed, but were not represented in the expenditure side of the budget. The total operating budget for the City of Evanston is \$164,909,249, an increase of 6.60%. The \$10 million increase is mainly due to increased expenditures in the downtown TIF districts (Downtown II and Washington National) and not an increase in City operating budgets. A new \$35 million Sherman Avenue Garage will be built there during the next few years.

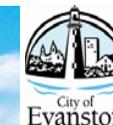
Examples of services provided by other funds include water, sewer, some pensions, and certain economic development activities. Some of these, such as water and sewer, are self-sufficient.



2004-05 BUDGET IN BRIEF



LORRAINE H. MORTON, MAYOR
ROGER D. CRUM, CITY MANAGER



For more information please visit our website at www.cityofevanston.org or contact the Budget Office at 847/866-2915.

Introduction

This Budget in Brief provides a summary of the City of Evanston's 2004-2005 (FY2005) operating budget. While the final budget is lengthy, the Budget in Brief presents summary information, overviews the policy that shapes the budget, and indicates the fiscal direction the City of Evanston is taking.

Formulation of the budget begins in September with departmental submissions. Following internal review, the City Manager submits a proposed balanced budget by December 31. After submission of the proposed budget, City Council members discuss various options and needs, and changes to the budget continue during workshops and City Council meetings. A final balanced budget must be passed by March 1.

Evanston At-A-Glance

Date of Incorporation.....	1863
Population.....	74,239
Area (sq.miles).....	8.5
Government Form.....	Council-Manager
Number of Wards.....	9
Median Household Income.....	\$56,335
Per Capita Income.....	\$33,645
Acres of Parks.....	268
Miles of Streets.....	147
Number of Firefighters.....	107
I.S.O. Rating.....	Class 3
Authorized Police Officers.....	162
Operating Budget (FY2005).....	\$164,909,249

Budget Highlights

City Council approved a budget containing no major cuts to service but no additions.

Almost two million dollars will be generated by a 6.8% increase in the City's portion of the property taxes and other revenue and fee increases. The result is a 1.25% increase on the taxpayer's total bill.

An over \$1 million surplus at the end of fiscal year 04 was placed on reserve due to the poor economy and several potential legal judgments estimated in the millions of dollars.

A 5% sewer rate increase is included in this budget. This is the last of four increases.

Non-union pay increases were set to 3.5% on March 1, and there are no labor contracts currently outstanding.

There are no major reductions or increases to services to report in this budget. The focus of this budget was to hold the line in anticipation of flat revenues this year and an improving economy in the next fiscal year.

Budget Timeline

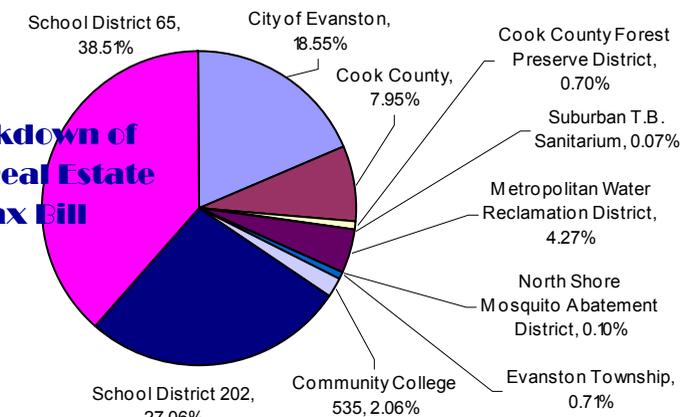
March 1	Beginning of Fiscal Year
March	Budget Committee meetings begin (open meetings)
September	Departmental submission of proposed budget to City Manager
September	Preliminary Public Hearing is held
December 31	Deadline for the City Manager to submit a proposed balanced budget
January/February	Saturday City Council Budget Workshops (open meetings)
March 1	Deadline for City Council passage of a balanced budget

Specific meeting dates and times, as well as other information, are available on the City of Evanston website, www.cityofevanston.org.

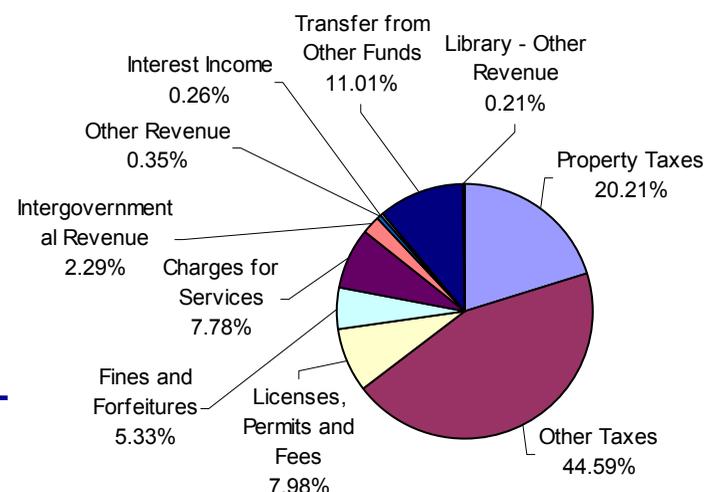
Revenues

The Real Estate Tax Bill includes property taxes for several governmental units. The chart at the right depicts the percentage of your tax bill attributable to each taxing body. The City of Evanston levies under 19% of the total tax bill, down from 27.6% in 1984. A graph showing Evanston's percentage of the total tax bill over the last 10 years is at the bottom of the page.

Breakdown of your Real Estate Tax Bill



General Fund Revenues



Property tax is not the only revenue used to fund services for Evanston residents. The General Fund, which provides many of the basic services for Evanston residents, is funded by a combination of taxes, fees, licenses and permits, fines, service charges, and intergovernmental revenues. As the chart to the left illustrates, while property tax makes up a large part of the General Fund revenues, these other sources contribute as well.

Percentage of Tax Bill Attributable to the City of Evanston (10 year comparison)

