



# **2005 - 2006 Budget**

**January 8, 2005**

City of  
**Evanston**



# Budget Discussion Schedule

- January 1, 2005
  - Proposed Budget to City Council
- Saturday January 8, 2005
  - FY 2003/04 Comprehensive Annual Financial Report
  - FY 2004/05 9 month Financial Report
  - FY 2005/06 Budget Overview
    - General Fund Highlights
    - Other Funds
- Saturday January 22, 2005
  - Capital Improvement Plan
  - Budget Discussion
- Saturday January 29, 2005
  - Tree Inoculation Program
  - General Budget Discussion

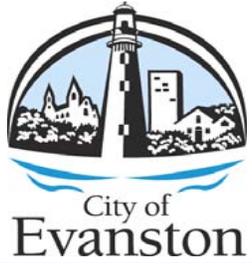


# Budget Discussion Schedule

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- Monday February 7, 2005
  - Public Hearing / Discussion
- Saturday February 5 & 12, 2005
  - Available if Necessary
- Monday February 14, 2005 – Regular City Council Meeting
  - Budget and CIP Adoption
- Monday February 28, 2005 - Regular City Council Meeting
  - Alternate Budget and CIP Adoption Date



# FY 2004 CAFR REVIEW

City of Evanston

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# FY 2004 CAFR

- Comprehensive Annual Financial Report
- Commonly know as the Audit
- CAFR has more information than an audit and is the model for financial reporting in the government sector
- Report from independent auditor to the elected officials on the financial management of the City by the administration



# FY 2004 CAFR

- Auditor's Opinion
  - Unqualified opinion
  - Qualified opinion
  - Adverse opinion – (GASB 34)
- Management Letter
- TIF audit letter is also included in the CAFR
- Single Audit report also provided

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# FY 2004 CAFR

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## New for FY 2004

**Sarbanes-Oxley:** New financial reporting tests for financial accountability

- Enron related concerns
- Discuss with elected officials
- More tests for accounting controls



# FY 2004 CAFR

## GFOA Award

Certificate of Achievement for Excellence in Financial Reporting

300 separate criteria and awarded by independent panel of judges from across the country

Evanston has received this award for over 20 years



# FY 2004 CAFR

## GASB 34 Format

- Private sector full accrual accounting
- MD&A – Management Discussion and Analysis
- Statement of Net Assets
- Statement of Activities
- Capital Assets booked in their entirety - \$341,149,808

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# General Fund – Income Statement

<b>Revenues</b>	<b>\$ 73,281,405</b>
<b>Net Transfers</b>	<b><u>1,724,000</u></b>
<b>Total Sources</b>	<b>\$ 75,005,405</b>
<b>Expenditures</b>	<b><u>\$ 73,689,552</u></b>
<b>Net Increase</b>	<b>\$ 1,315,853</b>

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# General Fund – Balance Sheet

<b>Cash and Investments</b>	<b>\$ 17,346,720</b>
<b>Receivables</b>	<b>14,430,454</b>
<b>Due From Other Govts/Fund</b>	<b><u>5,810,739</u></b>
<b>Total Assets</b>	<b>\$ 37,587,913</b>
<b>Liabilities</b>	<b>\$ 18,547,396</b>
<b>Restricted Fund Balance</b>	<b>4,923,403</b>
<b>Unrestricted Fund Balance</b>	<b><u>14,117,114</u></b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 37,587,913</b>



# General Fund – Cash Reserves

- **Total Unrestricted Cash \$ 7,844,879**
- **Equals 10% of current operating budget**
- **Budget Policy:**
  - **Goal of 8.3% to 10%**
  - **Funds over 10% shall be re-appropriated to other funds not yet meeting their reserve requirements**

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# Water Fund

- **Net change in assets of positive \$2,349,793**
- **Net cash increase for year of \$864,665**
- **No rate increase required**
- **No new debt anticipated – funding depreciation**



# Sewer Fund

- **Net change in assets of positive \$9,909,397**
- **Net cash increase for year of \$3,380,097**
- **Last 5% rate increase 3/1/05**
- **Complete IEPA loans and bonding for final stages of sewer CIP program**



# Parking Fund

- **Net change in assets of negative \$528,289**
- **Net cash decrease for year of \$1,085,458**
- **Third year of deficits**
- **Working with Parking Committee to develop increased rates**



# Insurance Fund

- **Insurance claims for general liability and worker's compensation estimated at \$28,165,652**
- **Continue to provide more aggressive risk management**
- **Potential financing of portions of claims payments will affect the CIP financing strategy**



# Fleet Fund

- **Net increase in assets of \$784,502**
- **Fleet valued at cost of \$17.4 million**
- **Debt service ends in FY 2006 and charges will be able to fund annual depreciation of \$1.5 million**

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# Pension Funds

- Police Pension – 49.37% funded, added benefits and poor stock market
- Fire Pension – 53.64% funded, added benefits and poor stock market
- IMRF – 108.97% funded, will decrease due to five year smoothing IMRF does



# TIF Funds

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## Downtown II

- Property taxes continue to grow from \$5.2 million in FY 2004 to \$7.2 million in FY 2005
- Still have \$38 million in outstanding debt service
- Repayment of bonds on schedule and will accelerate payments next three years

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# TIF Funds

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## Southwest TIF

- Property taxes continue to remain steady with \$498,318 in FY 2004 and \$600,363 in FY 2005
- Still have \$1.2 million in outstanding debt service
- Repayment of bonds on schedule and contribution to school intergovernmental agreement

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# TIF Funds

## Howard Hartrey TIF

- Property taxes continue to remain steady with \$1.1 million in FY 2004 and \$1.2 million in FY 2005
- Still have \$7.7 million in outstanding debt service
- Repayment of bonds on schedule and retired \$1.3 million in 1994 taxable bonds that were callable

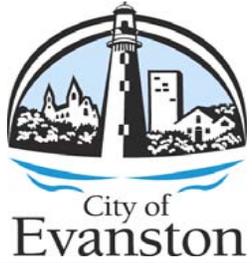
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# TIF Funds

## Washington National TIF

- Property taxes continue to remain steady with \$1million in FY 2004 and \$1million in FY 2005
- Still have \$48 million in outstanding debt service
- Repayment of bonds and construction of new Sherman Plaza Garage



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# FY 2005/06 General Fund and Other Fund Review

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# Staff Approach to Budget

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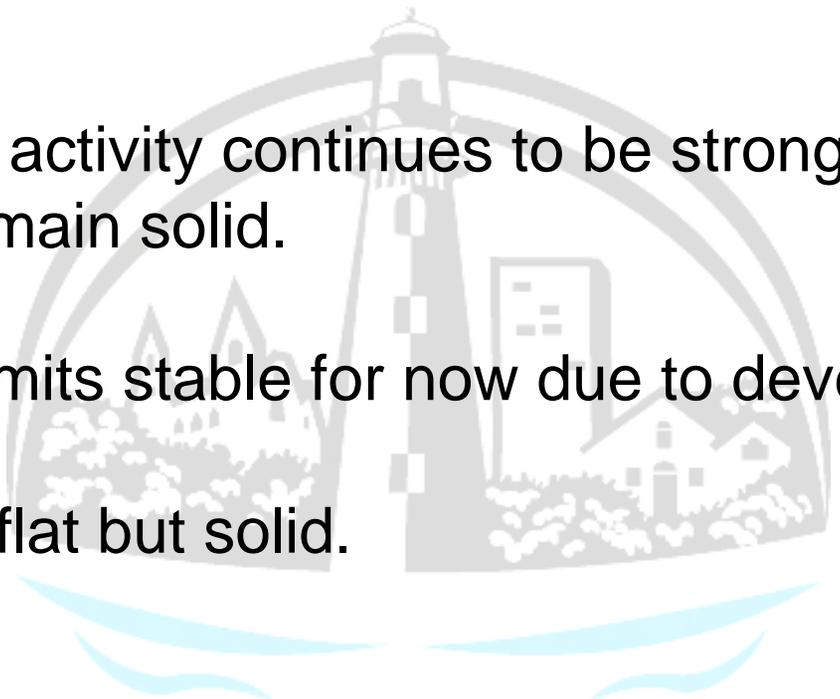
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- State Economy rebound is slow.
- Evanston Economy more stable than the State.
- Property Tax increase kept to the minimum.
- No major program or service reductions proposed.  
City Council has previously reviewed major program cuts - found them detrimental to the community quality of life.



# Evanston Economy

- Real estate activity continues to be strong, transfer tax collections remain solid.
- Building permits stable for now due to development.
- Sales tax is flat but solid.



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# Programs Previously Reviewed for Cuts

- Evanston Community Media Cuts
- Animal Control
- Mental Health Grants
- Community Service Grants
- Summer Youth Employment Program
- Branch Libraries
- School Resource Officers
- Fleetwood-Jourdain Adult Theater
- South Beach Closure
- Levy Center Program Coordinator
- Noyes Public Service Requirement
- School Crossing Guards to S.D. 65



# Property Tax Levy

Fund	2004/05	2005/06	% Change
	Approved	Proposed	
General Fund	\$15,783,600	\$16,700,000	5.81 %
Fire Pension	\$ 3,229,882	\$ 3,229,882	0 %
Police Pension	\$ 4,088,000	\$ 4,088,000	0 %
Debt Service	\$ 8,758,629	\$ 8,758,629	4.00 %
Total	\$ 31,523,241	\$32,776,511	3.98 %



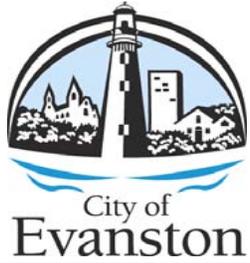
# **FY 2005/06 General Fund Expenditures**

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# General Fund Summary

Expenditures		Revenues	
<b>2004-05 Adopted Budget</b>	<b>\$78,225,000</b>	<b>2004-05 Adopted Budget</b>	<b>\$78,225,000</b>
Wages & Benefits	2,155,800	Property Tax	916,400
Medical Insurance	-	Food & Beverage	700,000
Utility Costs	163,800	State Income Tax	500,000
Additional Tree Planting	97,000	Cigarette Tax Increase	126,000
Police Positions	85,000	Vehicle Sticker Fines	70,000
Fire Positions	60,000	Growth in other revenue	677,600
Non Wage/Benefits	428,400		
<b>2005-06 Proposed Budget</b>	<b>\$81,215,000</b>	<b>2005-06 Proposed Budget</b>	<b>\$81,215,000</b>



# General Fund Increases

Proposed 2005/06 Budget:	\$81,215,000	
FY 2004/05 Adopted Budget:	<u>\$78,225,000</u>	
	\$ 2,990,000	3.82% Increase
Salaries, benefits, & overtime	\$ 2,155,800	
Utilities	\$ 163,800	
Police & Fire Positions	\$ 145,000	
Additional Tree Planting funds	<u>\$ 97,000</u>	
	\$ 2,561,600	3.27% Increase
Non-wage, benefits, positions & tree planting	\$ 428,400	0.55% Increase



# Employee Cost Assumptions

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- No increase in health insurance rate for 2005/06
  - New Insurance Carrier
  - Initial increase estimated at 20% or \$1,000,000
- 3.75% Cost of Living increase
- Allowed for Normal Step/Merit Increases
- 2.5 new positions

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# General Fund Expenditures

- Fire Department
  - Add One Firefighter/Paramedic each year for the next three years.
  - Will assist in manpower strength
  - Reduce overtime costs

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# General Fund Expenditures

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- Police Department
  - Add one service desk officer each year for the next four years.
  - Program began four years ago.
  - Return sworn officers to field work.
  - Increase Racial Profiling Clerk from ½ time to full time.

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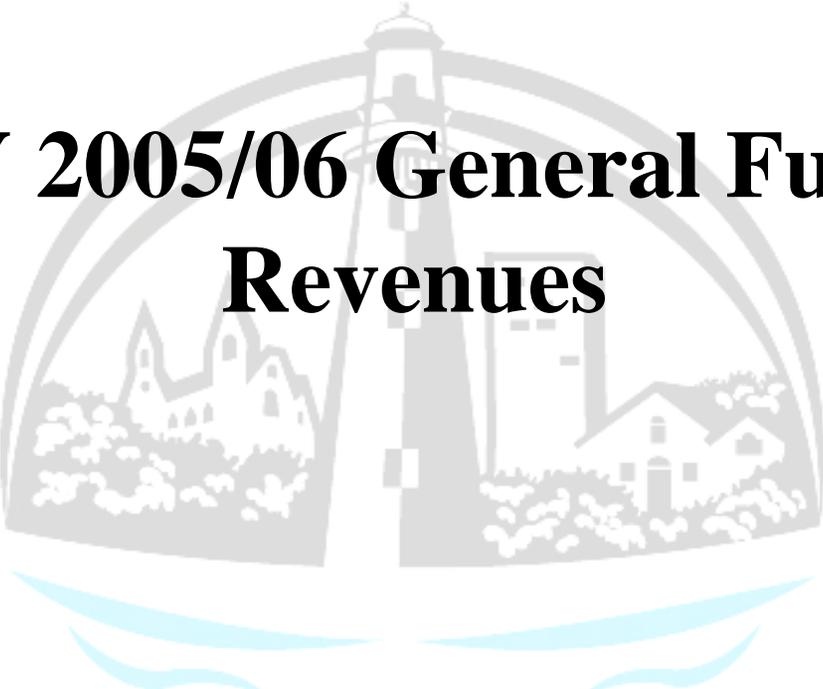


# General Fund Expenditures

- **Tree Inoculation Program**
  - Funding and Structure to be determined by Council
  - If complete in 1 year - necessary funding of 1.1 million, and an additional \$350,000 to create a reoccurring funding stream.
  - Establish a Special Revenue Fund
- **Budget session scheduled for Saturday, January 29, 2005**



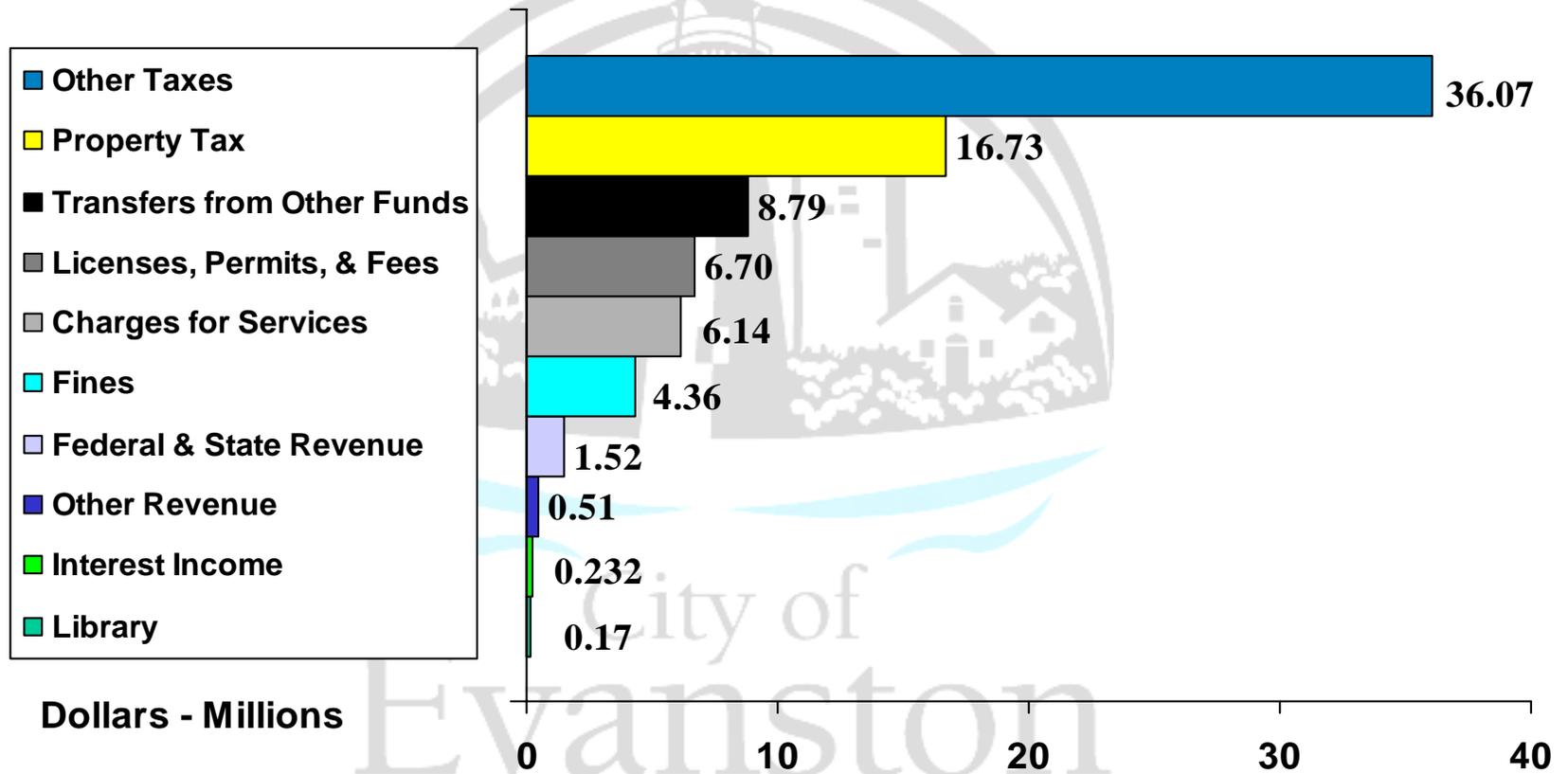
# **FY 2005/06 General Fund Revenues**



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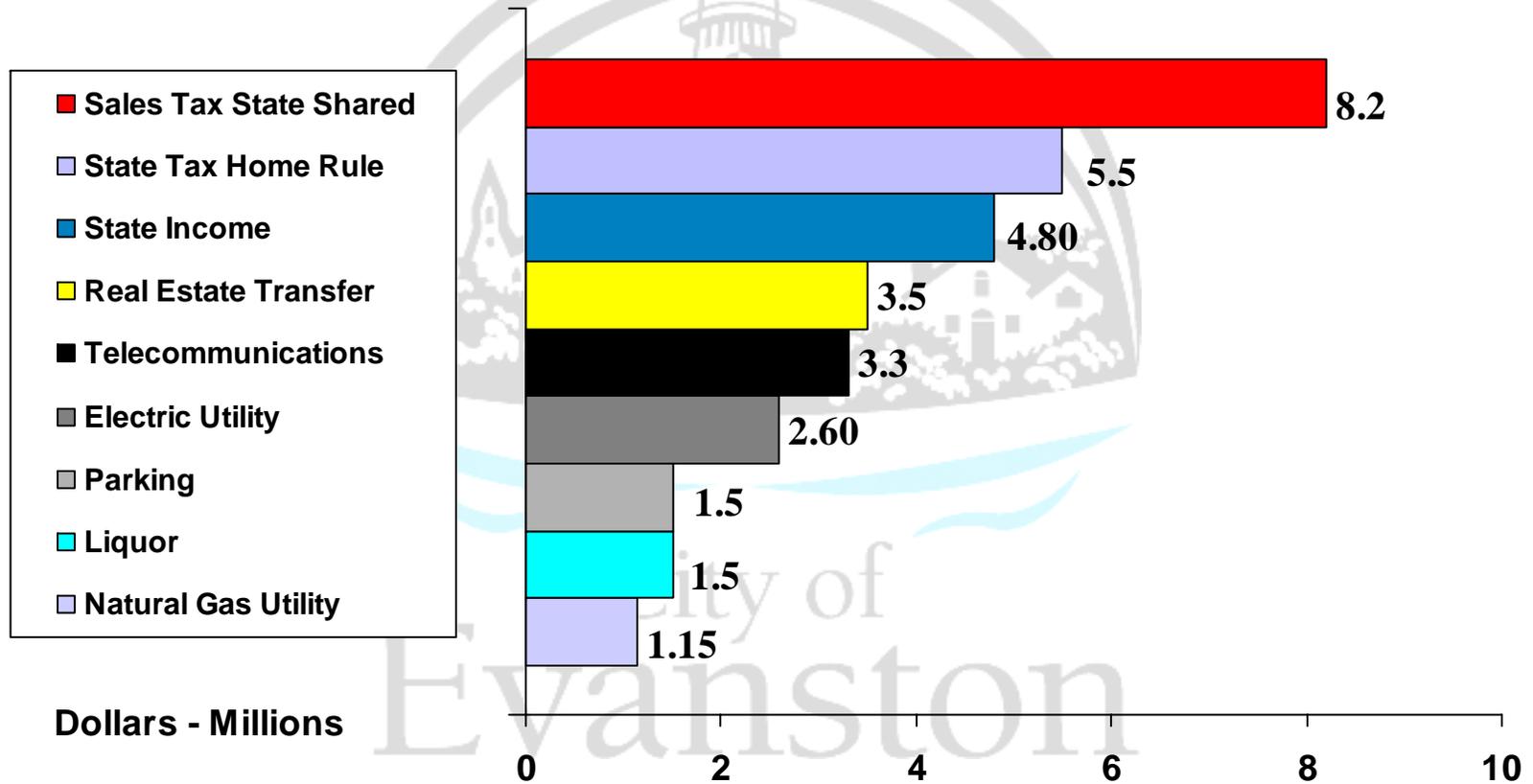
# FY 04/05 Proposed General Fund Revenue





# FY 04/05 Proposed General Fund Revenue

## Other Taxes

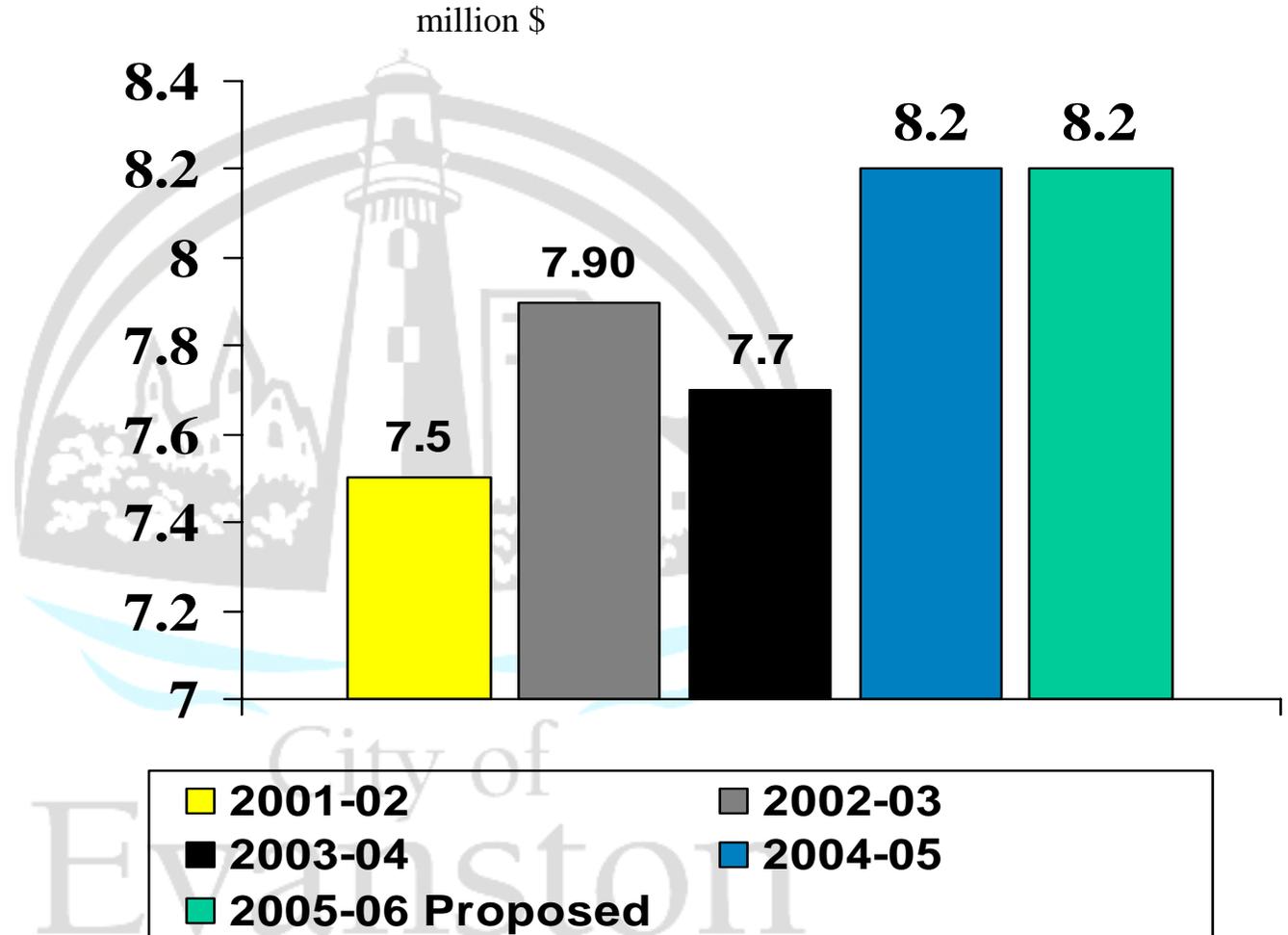




# Sales Tax

## General Fund

- 1% levied
- Project \$8,200,000 total

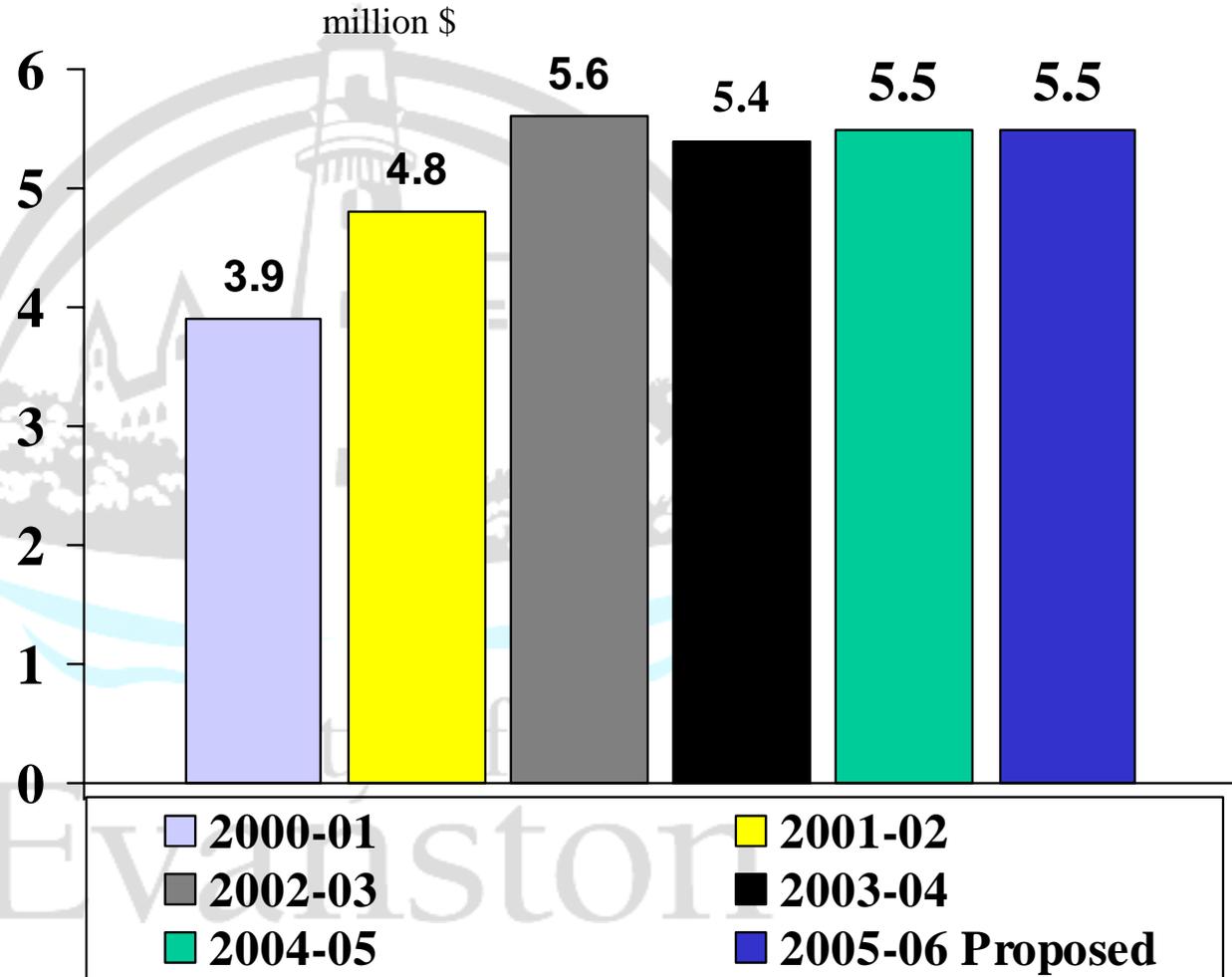




# Home Rule Sales Tax

## General Fund

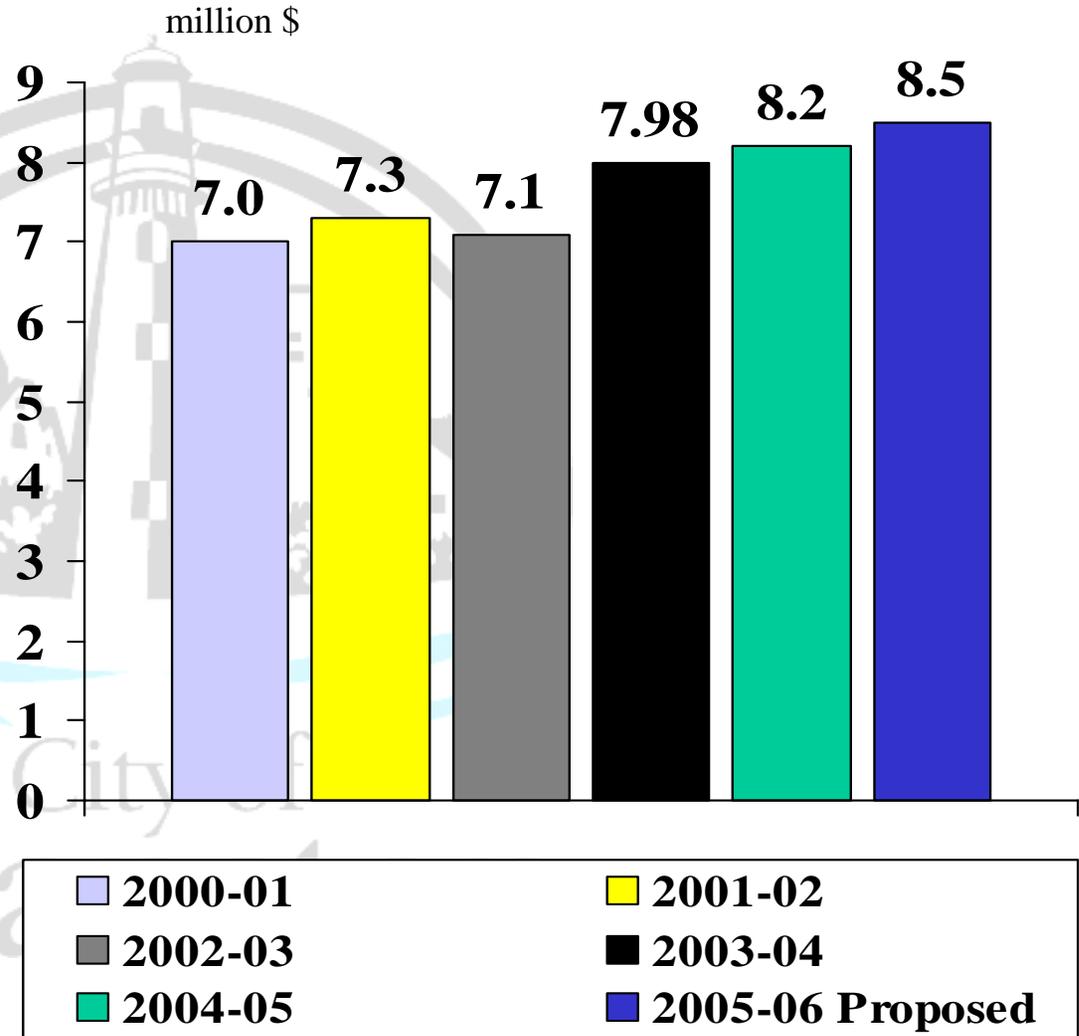
- 1.0% Levied
- Project \$5,500,000 total





# Utility Taxes

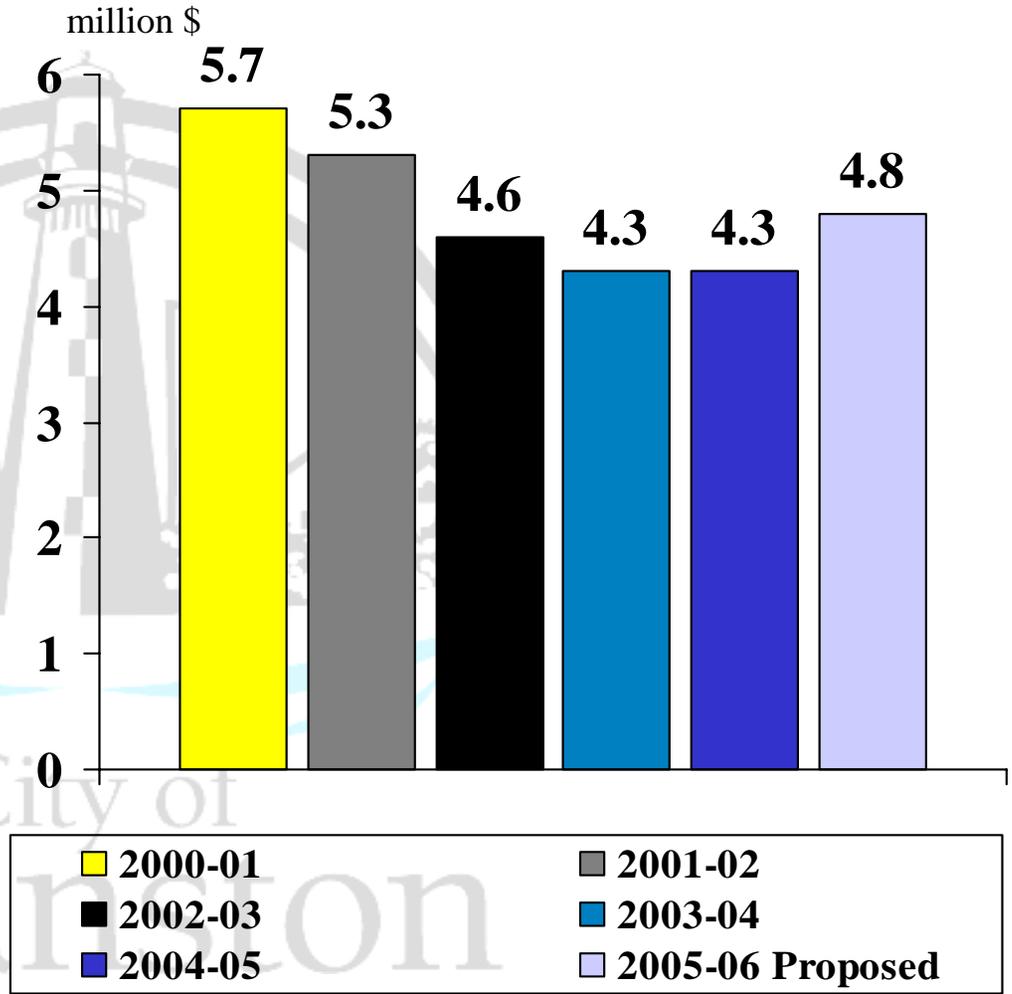
- 5% Tax Rate except 6% Telecommunications Tax
- Electric, Natural Gas & Telephone
- Proposed \$8,500,000





# State Income Tax

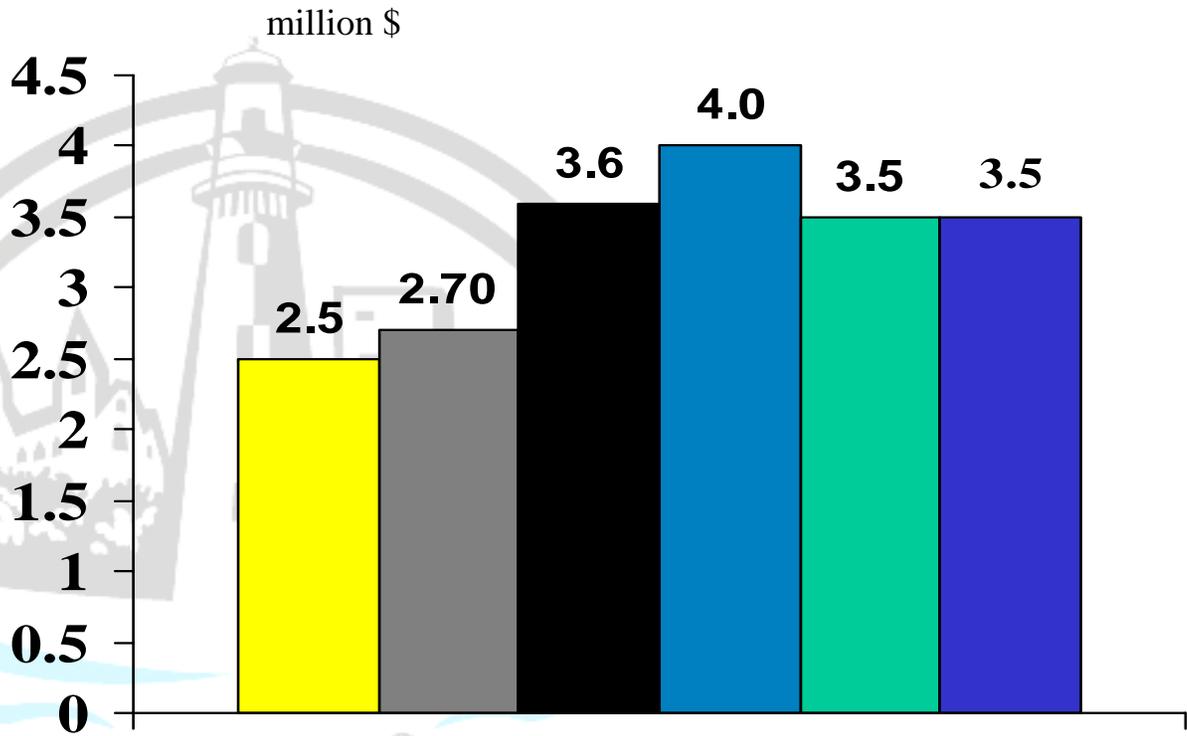
- Allocated by State based on population
- 1/10th of amount collected is allocated to local government
- Project \$4,800,000
- 11.6% increase from prior year budget. Still 18.75% below FY 2000-01





# Real Estate Transfer Tax

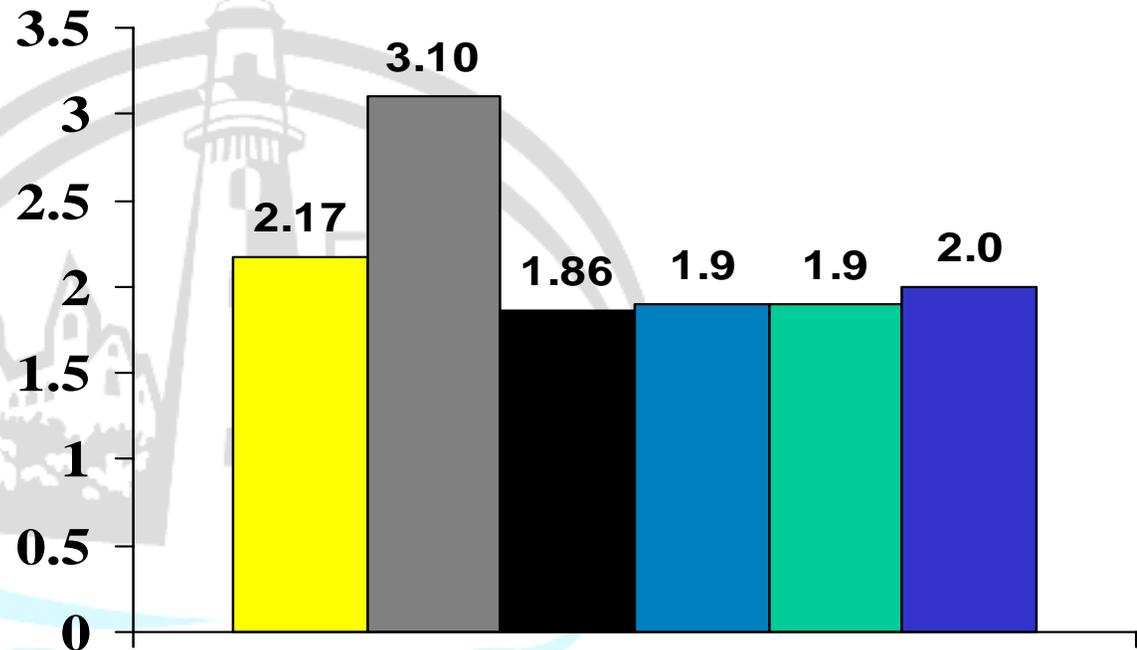
- 0.5% of sales value
- Tax falls on seller
- Budget of 3.5 million in 2004/05
- Revenue through December 2004 = \$3,842,185
- 2005/06 Budget @ \$3,500,000





# Building Permit Revenue

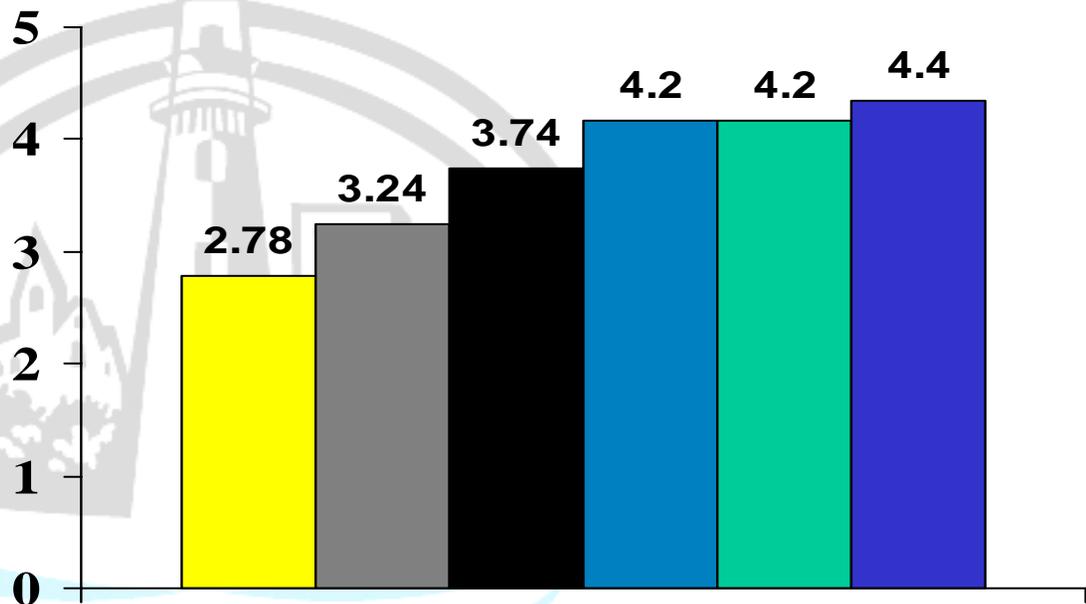
- A consistent average of 2.0 million.
- Depends heavily on development
- Budget at 2 million expect 3 million due to Sherman Avenue Project.





# Fines

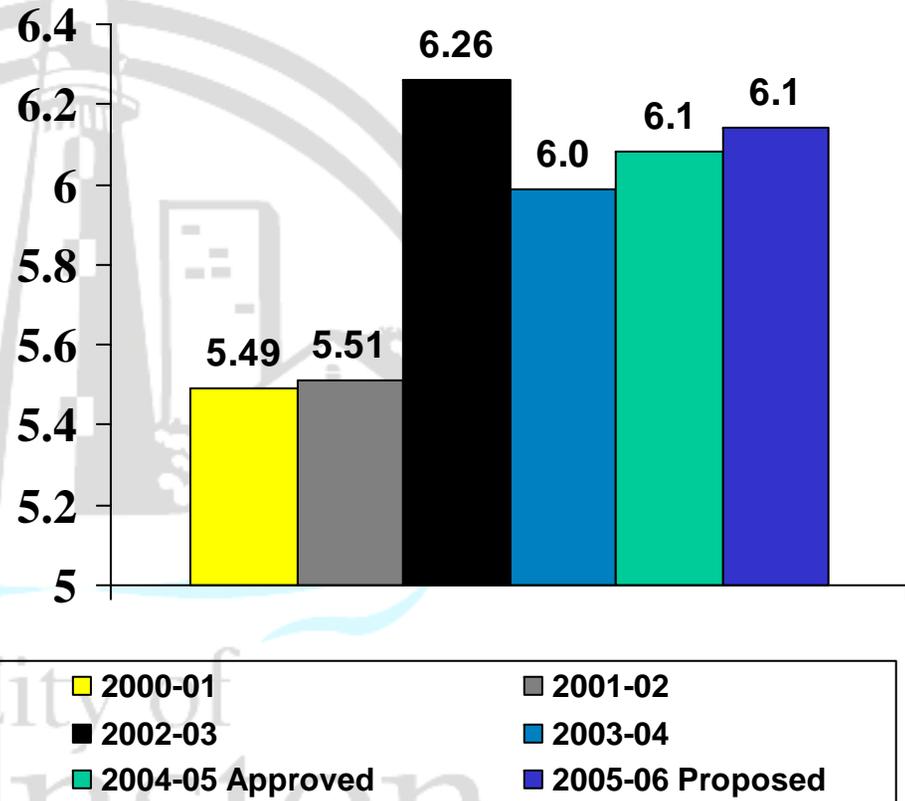
- Parking Ticket Fines
- Library Fines
- False Alarm Fines
- Administrative Adjudication Fines





# Charges for Service

- Recreation Revenue
- Library Revenue
- Health Department Fees
- Ambulance Fees
- Vital Statistic Records Fees





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## **IV. Other Funds**

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## Other Funds – Insurance Fund

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- **Insurance claims for general liability and worker's compensation estimated at \$28,165,652**
- **Continue to provide more aggressive risk management**
- **Potential financing of portions of claims payments will affect the CIP financing strategy**

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# Other Funds

## Police and Fire Pension Funds

- Actuarially determined funding requirements indicate no increase is necessary for FY 2005/06.
- Fire Pension Operating Budget = \$4,714,000
- Police Pension Operating Budget = \$5,888,500

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## Other Funds – Parking Fund

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- Anticipated expenditures of \$3,842,100
- Experienced a deficit for the third consecutive year
- Increased revenues will be required
- Working with Parking Committee to analyze the fund this winter and make recommendations to City Council

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# Other Funds

- **Water Fund - No Rate Increase**
  - Operating Budget of \$13,690,600
  - An Increase of \$211,700 or 1.6%
  - Funding depreciation adequately

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## Other Funds

- **Sewer Fund** – Final Rate Increase of 5%
  - Operating Budget of \$17,619,100
  - An Increase of \$804,000 or 4.78%

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## Other Funds

- **Fleet Fund**

- Balanced, Restricted New Equipment Purchase
- Operating Budget of \$4,880,400
- An Increase of \$37,500 or .77%
- Debt complete this year
- Equipment replacement of 1.5 to 2.0 Million per year

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## Other Funds

- **Motor Fuel Tax Fund** –
  - Operating budget of \$3,862,500
- **Emergency Telephone** –
  - Operating Budget of 2,190,300. Funded from wire and wireless surcharge.
- **CDBG** –
  - Operating budget of \$2,859,353
- **Economic Development** –
  - Operating budget of \$1,498,900. Funded by the Hotel and Amusement Tax



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# V. Summary

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# Budget Concerns

- Keep a close watch on local and State Economy.
- Monitor actions of the State Legislature.
- Insurance Fund/Major Litigation is primary uncertainty.
- No major new operating or capital programs should be undertaken until major litigation is resolved.



# Summary

- All funds except Parking and Insurance are balanced in this proposal.
- No new programs are proposed.
- Recommend something close to this proposal be adopted.

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# Questions ?

