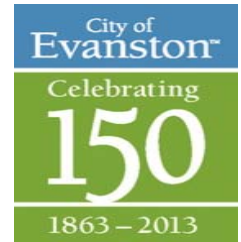


# Fiscal Year 2012 Year-End Financial Review

March 11, 2013



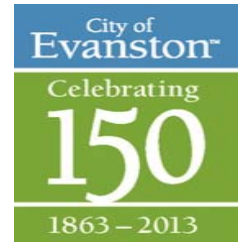
# Executive Summary



- All figures in this report are preliminary and unaudited. Annual audited report distribution date is anticipated in June.
- The amended FY 2012 General Fund budget contained a \$1.75M deficit due to transfers to the Capital Improvement (\$1.25M) and Equipment Replacement (\$500K) Funds.
- General Fund revenues finished above budget (favorable variance) by approximately \$480K or 0.6%.
- General Fund expenditures finished below budget (favorable variance) by approximately \$919K or 1.1%.
- The result is a General Fund net deficit of approximately \$346K, compared to the planned deficit of \$1.75M.



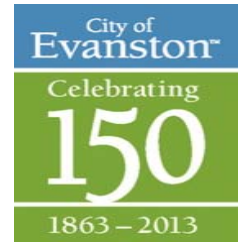
# General Fund Revenue



- Property Taxes came in at approximately \$12.4M compared or about \$123K over budget due to prior year tax receipts.
- Combined Sales Taxes (Basic + Home Rule) came in at \$14.3M or about \$883K below budget.
  - Three-month delay in sales tax disbursements from the State
  - Year-end sales tax revenues are estimated
  - December sales tax receipts may reduce shortfall
- Real Estate Transfer Taxes came in at approximately \$2M or about \$300K above budget.
- Income Taxes came in at approximately \$6.4M or about \$622K above budget.



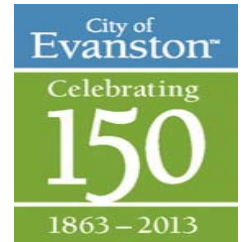
# General Fund Revenue



- Building Permits came in at approximately \$3.5M or about \$752K above budget. The top three building permits for 2012 included:
  - Northwestern University School of Music - \$1,273,827
  - Focus Development Apartments - \$452,170
  - Northwestern University Visitors Center - \$414,746
- Utility Taxes (electric, natural gas, telecommunications) came in at approximately \$8M or \$645K under budget. This was primarily due to the mild winter.
- Both Liquor and Parking Taxes exceeded budget by approximately \$200K for each item.
- Total revenue came in at approximately \$83.2M or about \$480K above budget.



# General Fund Revenue

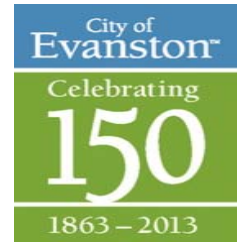


- Unaudited Year-End 2012 General Fund Revenue Summary:

Revenues	Budget	Actual	% of Budget
Property Tax	\$ 12,296,386	\$ 12,420,307	101.0%
Sales Tax	15,206,475	14,323,270	94.2%
State Income Tax	5,853,839	6,476,173	110.6%
Utility Tax	8,672,006	8,026,739	92.6%
Real Estate Transfer Tax	1,725,000	2,026,863	117.5%
Liquor Tax	2,070,063	2,262,396	109.3%
Other Taxes	5,860,547	5,629,170	96.1%
Licenses, Permits, Fees	8,652,861	10,474,362	121.1%
Charges for Services	7,853,023	8,064,606	102.7%
Intergovernmental Revenues	669,897	862,151	128.7%
Interfund Transfers	7,890,068	7,708,590	97.7%
Other Non-Tax Revenue	5,950,622	4,906,575	82.5%
<b>Total Revenues</b>	<b>\$ 82,700,787</b>	<b>\$ 83,181,202</b>	<b>100.6%</b>



# General Fund Expenditures

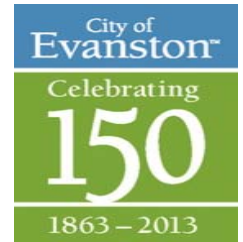


- FY 2012 Budget Amendment contained a budgeted General Fund deficit of \$1.75M.
- Total expenditures came in at approximately \$83.5M or 1.1% below budget.
- The \$346K General Fund deficit for FY 2012 decreased fund balance from \$18.39M to \$18.05M.
- Planned General Fund balance was \$16.65M.

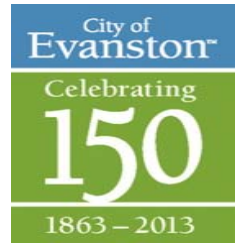
Expenditures	Budget	Actual	% of Budget
Legislative	616,033	628,543	102.0%
City Administration	1,856,258	1,606,510	86.5%
Law Department	999,107	978,867	98.0%
Administrative Services	8,643,197	7,919,254	91.6%
Community and Economic Dev.	3,148,339	3,093,549	98.3%
Police	24,752,938	25,400,515	102.6%
Fire	13,314,621	13,451,268	101.0%
Health	2,413,969	2,231,646	92.4%
Public Works	9,559,460	9,065,156	94.8%
Parks, Rec. and Comm. Serv.	17,392,621	17,402,177	100.1%
Transfer to Capital Improvement	1,250,000	1,250,000	100.0%
Transfer to Equipment Replacement	500,000	500,000	100.0%
<b>Total Expenditures</b>	<b>\$ 84,446,543</b>	<b>\$ 83,527,485</b>	<b>98.9%</b>



# Year-End FY 2012 Fund Balance Estimate



	<b>General Fund</b>
Audited unrestricted, unassigned fund balance @ 12/31/11	\$ 10,802,937
Audited unrestricted, assigned fund balance @ 12/31/11	\$ 7,590,232
<b>Total Unrestricted Fund Balance @ 12/31/11</b>	<b>\$ 18,393,169</b>
Unaudited General Fund revenues FY 2012	\$ 83,181,202
Unaudited General Fund expenditures FY 2012	\$ 83,527,485
Unaudited net surplus (deficit) FY 2012	\$ (346,283)
<b>Estimated unrestricted, fund balance @ 12/31/11</b>	<b>\$ 18,046,886</b>
<b>Estimated unrestricted, cash balance @ 12/31/11</b>	<b>\$ 10,674,525</b>

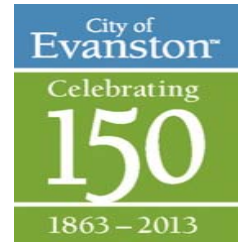


# Other Funds





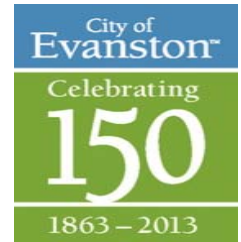
## Other Fund Revenue: Major Variances



- The favorable variance (actual revenue more than budgeted revenue) of \$361K in the Library Fund is primarily due to a one-time transfer of assets from the General Fund totaling \$521,920 (Library Gift Funds, Electronic-Payment Gift Funds, Fine Accounts and Petty Cash).
- The following funds ended FY 2012 with favorable revenue variances due to higher than anticipated intergovernmental program entitlements:
  - Neighborhood Stabilization Fund - \$692K
  - CDBG Fund - \$349K
  - CD Loan Fund - \$249K
  - Home Fund - \$195K
- The unfavorable variance of \$302K in the Economic Development Fund is due to lower than anticipated hotel and amusement tax revenue.



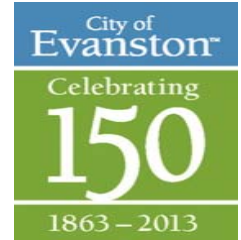
## Other Fund Revenue: Major Variances



- The following TIF districts ended FY 2012 with unfavorable variances due to lower than anticipated property tax increment:
  - Washington National TIF - \$335K
  - Howard-Ridge TIF - \$376K
- The unfavorable variance of \$2.8M in the West Evanston TIF is primarily due to the deferral of general obligation bonds for capital projects.
- The favorable variance of \$4M in the Debt Service Fund was due to the refinancing of the 2002C bonds, which was totally offset by the payment of the bonds.
- The unfavorable variance of \$3.6M in the Capital Improvement Fund was primarily due to budgeted grants which were not awarded to the City.



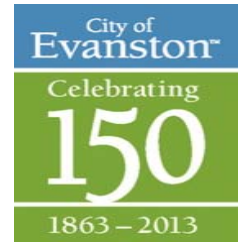
## Other Fund Revenue: Major Variances



- The favorable variance of \$838K in the Water Fund was primarily due to higher than anticipated water usage.
- The unfavorable variance of \$3.9M in the Sewer Fund was primarily due to deferral of 2012 IEPA Loan proceeds (operating revenues were approximately \$1.2M above budget).
- The unfavorable variance of \$886K in the Equipment Replacement Fund was primarily due to a reduced transfer from the Fleet Fund.



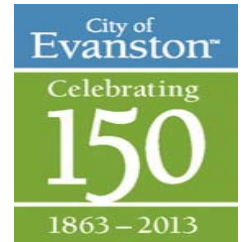
# Other Fund Expenditures



- The unfavorable variance (actual expenditures exceeded budgeted expenditures) of \$606K in the Neighborhood Stabilization Fund was due to higher than anticipated development activity expenses.
- The favorable variance of \$219K in the Motor Fuel Tax Fund was primarily due to favorable bid pricing for street resurfacing projects.
- The favorable variance of \$7.7M in the Capital Improvement Fund was primarily due to grant-funded projects which were not awarded and other project deferrals.
  - Deferrals = \$3.7M
  - Grants = \$4.0M
- The unfavorable variance of \$3.6M in the Debt Service Fund was primarily due to refinancing of the 2002C general obligation bonds.



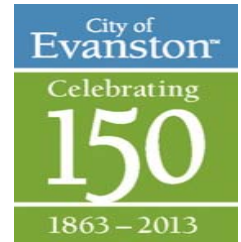
# Other Fund Expenditures



- The following funds ended FY 2012 with favorable variances primarily due to lower than anticipated capital project expenditures:
  - Emergency 911 Fund - \$220K
  - Washington National TIF Fund - \$3.1M
  - Howard-Hartrey TIF - \$1.8M
  - Southwest TIF - \$579K
  - Howard-Ridge TIF - \$1.2M
  - West Evanston TIF Fund - \$2.8M
- FY 2012 expenses for the Howard-Ridge TIF include a refund to 415 Howard Street for 2008 taxes totaling \$540K.
- The following funds ended FY 2012 with favorable expenditure variances due to lower than anticipated development activity expenses:
  - Economic Development Fund - \$433K
  - Affordable Housing Fund - \$135K



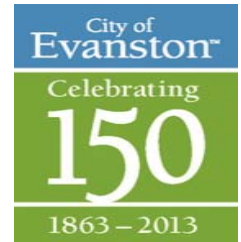
# Other Fund Expenditures



- The following enterprise funds ended FY 2012 with favorable variances due to lower than anticipated capital and operating expenditures:
  - Parking Fund - \$4.5M
    - Parking Meter Replacement
    - Sherman Avenue Garage
  - Water Fund - \$1.7M
  - Sewer Fund - \$4M
  - Equipment Replacement - \$442K
- The favorable variance of \$565K in the Solid Waste Fund was primarily due to lower than anticipated expenditures associated with the City's refuse, recycling and yard waste program.
- The favorable variance of \$790K in the Fleet Fund is primarily due to the reduced transfer to the Equipment Replacement Fund.
- The unfavorable variance of \$644K in the Insurance Fund was primarily due to higher than anticipated liability settlement payments.



# Year-End FY 2012 Capital Projects Overview

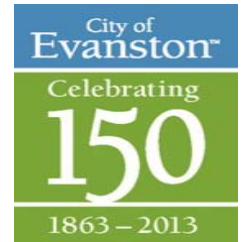


## Unaudited Capital Projects Expenses through 12/31/12 by Fund:

Funding Source	Amended FY 2012	YTD Expenses 12/31/2012
MFT Fund	\$ 1,400,000	\$ 1,181,453
CDBG Fund	255,000	288,722
Economic Development Fund	160,000	-
Washington National TIF Fund	2,536,000	1,141,424
Howard-Hartrey TIF Fund	1,500,000	22,185
Southwest TIF Fund	580,000	-
Howard-Ridge TIF Fund	900,000	120,938
West Evanston TIF Fund	2,270,000	1,369,476
Capital Improvements Fund	14,650,358	5,418,535
Special Assessment Fund	1,155,000	1,741,501
Parking Fund	3,400,000	1,829,068
Water Fund	7,837,000	6,136,142
Sewer Fund	4,753,000	726,470
<b>TOTAL</b>	<b>\$ 41,396,358</b>	<b>\$ 19,975,914</b>

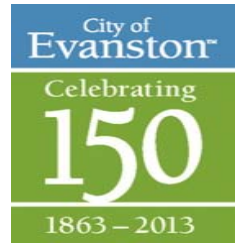


# Fiscal Year 2012 Summary



- General Fund
  - FY 2012 General Fund had a budgeted deficit of \$1.75M, actual deficit was \$346,283.
  - Year-End fund balance was \$18.04M, which is 21.6% of 2012 expenses.
- Capital Improvement Program
  - Capital revenues and expenditures for FY 2012 were below budget
  - \$4M of anticipated project grants were not awarded to City
- Enterprise Funds - Water, Sewer and Solid Waste Funds ended FY 2012 with surpluses
- Pension funding remains a major financial concern.
  - Police and Fire Pensions
  - PSEBA / OPEB unfunded liability of \$17M
- Moody's and Fitch rating services have affirmed the City's Aaa and AAA ratings respectively.





Questions?