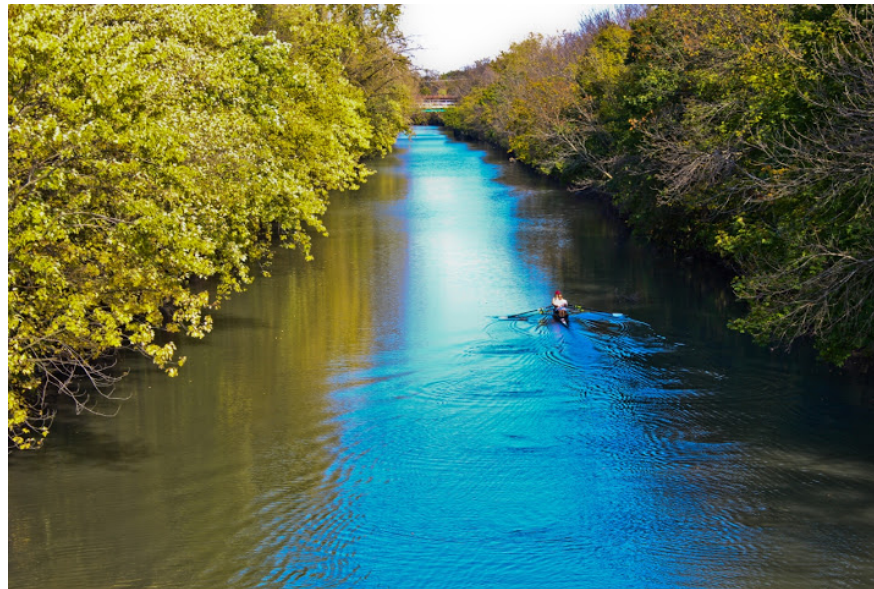


# EVANSTON

## 2017 Second Quarter Financial Report



Martin Lyons  
Assistant City Manager/CFO  
Ashley King, Budget and Finance Manager

July 10, 2017



City of  
Evanston™

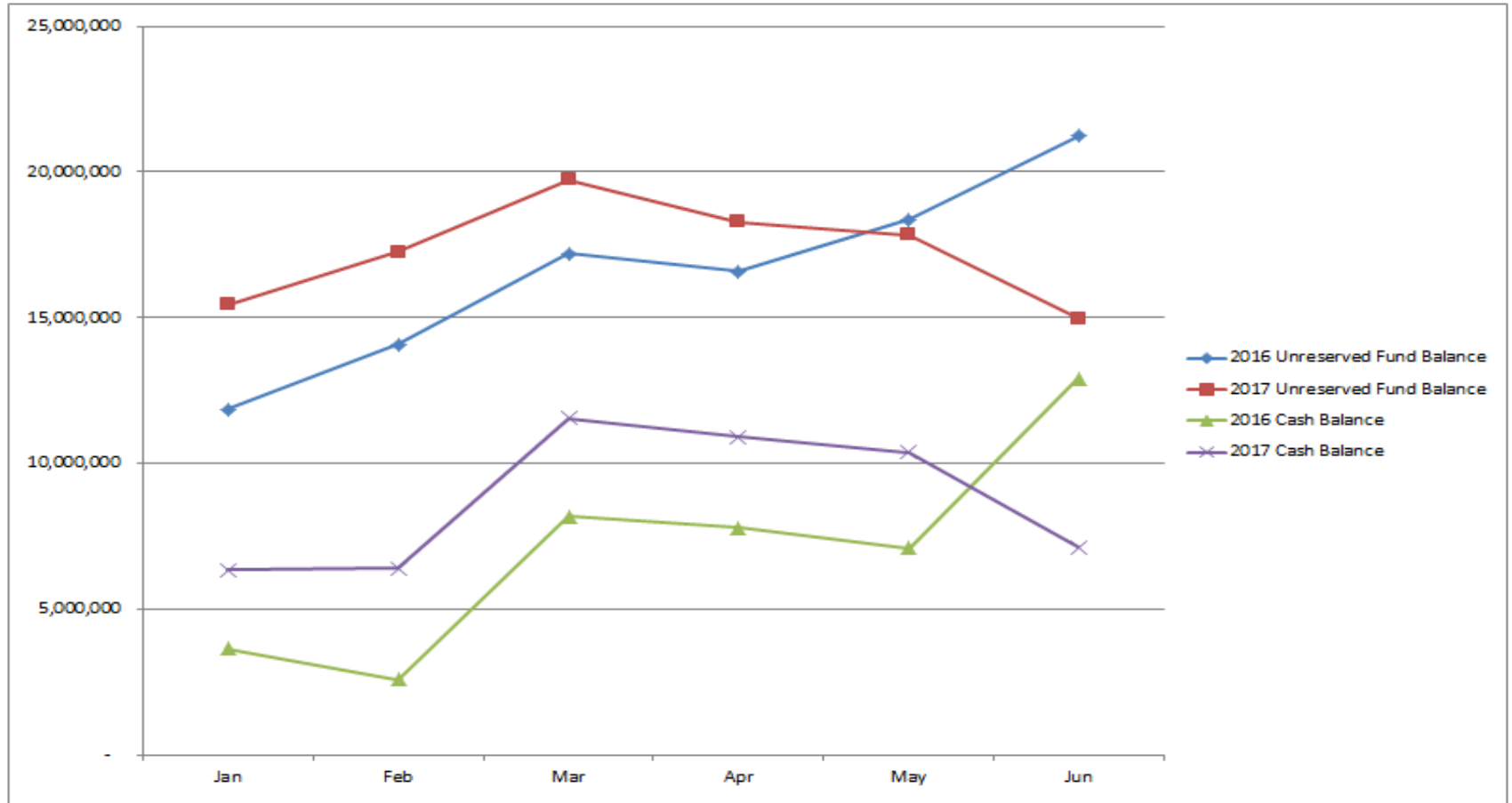
City Manager's Office

# 2017 SECOND QUARTER OVERVIEW

- General Fund revenues were \$54.0M or 45.51% of budget
- General Fund expenses were \$54.2M or 45.64% of budget
- General Fund 2017 Second Quarter ending unreserved fund balance was \$14,963,415 with a cash balance of \$7,136,280.

# 2017 SECOND QUARTER OVERVIEW

2016 v 2017 Fund and Cash Balance-- General Fund



# 2017 SECOND QUARTER OVERVIEW

- 2017 Second Quarter cash balance of \$7,136,280 is \$5,783,160 below 2016 cash balance of \$12,919,440.
- This is due to 3 payrolls in June 2017 versus 2 payrolls in 2016.
- Also due to Economic revenues being substantially below budget.

# GENERAL FUND REVENUE OVERVIEW

Classification	2017 Budget	YTD Actual	%	2016 Actual
Property Taxes	28,639,628	15,049,361	52.55%	27,302,687
Other Taxes	49,402,274	23,090,252	46.74%	44,156,868
License	5,496,150	1,746,809	31.78%	6,851,422
Permit Fee	11,648,000	2,396,767	20.58%	11,012,646
	115,500	92,670	80.23%	70,395
Fines and Forfeitures	3,810,000	1,523,873	40.00%	3,611,901
Parking Charges for Services	640,000	342,214	53.47%	687,835
Parks and Recreation Charges for Services	5,650,895	3,719,837	65.83%	5,401,563
Other Charges for Services	2,642,500	1,323,901	50.10%	2,687,897
Interfund Transfers	7,705,774	3,763,858	48.84%	8,099,626
Intergovernmental Revenue	839,965	587,059	69.89%	988,671
Other Revenue	2,138,046	409,059	19.13%	1,588,331
Interest Income	50,100	14,563	29.07%	30,285
<b>REVENUE TOTAL</b>	<b>118,778,832</b>	<b>54,060,222</b>	<b>45.51%</b>	<b>112,490,127</b>

- Police and Fire budget and YTD revenues include pension payments for the Police/Fire Department.
- 6/30/16 YTD revenues were just over \$57 million

# GENERAL FUND REVENUE OVERVIEW

- State Funds – The new state budget will impact local revenues negatively:
  - A reduction in Local Government Distributive Funds (LGDF).
  - Property tax freeze included in Council report is not in adopted state budget.
- Local Revenues
  - General tax revenues (income and sales tax) driven by the economy are all lower than projected.
  - This shortfall was not projected by the Illinois Municipal League (IML) or other sources in the fall of 2016 when budget projections were made.
  - Permit revenue timing (discussed in detail separately by Community Development and Budget staff)
    - Approval process
    - Total estimated projects
  - Parking ticket revenues

# GENERAL FUND EXPENSE OVERVIEW

Classification	2017 Budget	YTD Actual	%	2016 Actual
CITY COUNCIL	498,189	236,452	47.46%	433,601
CITY CLERK	275,488	147,038	53.37%	294,665
CITY MANAGER'S OFFICE	9,878,454	3,138,918	31.78%	7,471,734
LAW	854,050	370,273	43.35%	1,052,130
ADMINISTRATIVE SERVICES	9,700,879	4,376,095	45.11%	9,164,947
COMMUNITY DEVELOPMENT	2,804,668	1,158,213	41.30%	2,510,408
POLICE	38,223,842	19,315,157	50.53%	37,817,627
FIRE MGMT & SUPPORT	24,294,001	11,909,433	49.02%	23,235,714
HEALTH	3,582,312	1,486,464	41.49%	3,097,351
PUBLIC WORKS	-	-		(1,475)
PARKS, REC. AND COMMUNITY SERV.	12,361,460	5,149,102	41.65%	11,997,476
PUBLIC WORKS AGENCY	16,212,848	6,876,665	42.41%	14,488,137
<b>EXPENSE TOTAL</b>	<b>118,686,191</b>	<b>54,163,809</b>	<b>45.64%</b>	<b>111,562,315</b>

- Police and Fire budget and YTD expenses include pension payments for the Police Fire Department.
- 6/30/16 YTD expenses just over \$49 million.

# GENERAL FUND EXPENSE OVERVIEW

- Several Departments are running over anticipated expense levels based on service demands and personnel issues (Police, Fire, and Parks Recreation and Community Services). Staff recommends a review of these departments during the July 24<sup>th</sup> Council meeting.
- Other departments are operating well under budget due to personnel and operating savings (mainly vacancies and the mild winter).
- All department expenses will be analyzed to determine savings/costs that are one-time or structural.
- There were 3 payrolls in June, contributing to higher expenses as of June 30.
- Expenses are not evenly distributed throughout the year (i.e. Parks programs, Police Summer Plan).
- General wage increase not included year-to-date (budgeted at 1.5%).



# ENTERPRISE FUND OVERVIEW

	Budget	Actual	%
<b>PARKING SYSTEM FUND</b>			
Revenues	11,173,922	4,535,947	40.59%
Expenses	14,524,752	4,249,804	29.26%
<b>WATER FUND</b>			
Revenues	24,395,000	9,146,459	37.49%
Expenses	29,361,509	6,272,936	21.36%
<b>SEWER FUND</b>			
Revenues	13,126,315	6,422,379	48.93%
Expenses	14,607,057	6,559,557	44.91%
<b>SOLID WASTE FUND</b>			
Revenues	5,201,361	2,446,398	47.03%
Expenses	3,198,346	2,279,930	71.28%

Note: Water revenues are low due to the timing of bonds for capital projects.

# ALL FUNDS REVENUE OVERVIEW

- All funds are grouped by category/type
- Capital funds will include bond proceeds by year-end
- Police/Fire Pension revenues year-to-date are from taxes and employee contributions; investment income will be included by year-end

Fund Category	Budgeted Revenue	Actual Revenue	%
Capital	21,925,000	684,511	3.12%
CDBG and Housing	4,852,685	651,877	13.43%
Debt Service Funds	14,952,792	7,692,785	51.45%
Enterprise	53,896,598	23,451,183	43.51%
General	118,778,832	54,060,222	45.51%
Internal Service Funds	25,941,440	12,670,343	48.84%
Library	11,024,845	3,613,640	32.78%
Pension	31,785,909	10,546,800	33.18%
Special Revenue	2,942,700	1,461,704	49.67%
TIF Funds	7,331,050	3,597,188	49.07%
<b>TOTAL</b>	<b>293,431,851</b>	<b>118,430,253</b>	<b>40.36%</b>

# ALL FUNDS EXPENSE OVERVIEW

- All funds are grouped by category/type
- Capital funds do not include expenses for Water/Sewer, etc.
- Police/Fire pension expenses are for benefits paid
- Special Revenue includes Motor Fuel Tax, Special Service Areas, 911 and General Assistance Funds

Fund Category	Budgeted Expenses	Actual Expenses	%
Capital	30,508,512	3,526,957	11.56%
CDBG and Housing	6,246,792	950,891	15.22%
Debt Service Funds	15,290,519	2,152,425	14.08%
Enterprise	63,691,663	21,001,513	32.97%
General	118,686,191	54,163,809	45.64%
Internal Service Funds	26,184,423	11,478,279	43.84%
Library	11,024,845	3,281,033	29.76%
Pension	20,522,000	9,899,032	48.24%
Special Revenue	3,279,408	917,592	27.98%
TIF Funds	13,333,101	4,780,378	35.85%
<b>TOTAL</b>	<b>308,767,454</b>	<b>112,151,910</b>	<b>36.32%</b>

# GENERAL FUND - END OF YEAR ESTIMATES

- Scenario 1:
  - Building permit revenue \$2.7M below budget
  - Income tax, sales tax, and utility tax shortfalls
  - 2.75% General Wage Increase retroactive to 1/1/2017
  - Estimated \$2.4M in expense cuts from departments to year-end
- Scenario 2:
  - Building permit revenue \$4.7M below budget
  - Greater income tax, sales tax, and utility tax shortfalls
  - 2.75% General Wage Increase retroactive to 7/1/2017
  - Estimated \$2.4M in expense cuts from departments to year-end

# END OF YEAR ESTIMATES

<b>Scenario 1</b>	
<b>Revenue Budget</b>	<b>118,778,832</b>
Permit reduction	(2,732,000)
Income tax shortfall	(400,000)
State sales Tax shortfall	(780,000)
Utility Taxes shortfall	(200,000)
<b>New Revenue Budget</b>	<b>114,666,832</b>
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<b>Expense Budget</b>	<b>118,686,191</b>
Full year GWI of 2.75% all staff	1,505,358
Department Estimates	(2,461,019)
<b>New Expense Budget</b>	<b>117,730,530</b>
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New Revenue Budget	114,666,832
New Expense Budget	117,730,530
<b>New Net Deficit</b>	<b>(3,063,698)</b>

# END OF YEAR ESTIMATES

<b>Scenario 2</b>	
<b>Revenue Budget</b>	<b>118,778,832</b>
Permit reduction	(4,732,000)
Income tax shortfall	(780,000)
State sales Tax shortfall	(1,370,000)
Utility Taxes shortfall	(500,000)
<b>New Revenue Budget</b>	<b>111,396,832</b>
<b>Expense Budget</b>	<b>118,686,191</b>
Half year GWI of 2.75% all staff	752,679
Department Estimates	(2,461,019)
<b>New Expense Budget</b>	<b>116,977,851</b>
<b>New Revenue Budget</b>	<b>111,396,832</b>
<b>New Expense Budget</b>	<b>116,977,851</b>
<b>New Net Deficit</b>	<b>(5,581,019)</b>

Note: Final state budget revenue cuts are not equal to above assumed reductions to income and sales tax.

# 2017 BUDGET BALANCING OPTIONS

- Revenue Changes for Consideration:
  - \$10 increase to parking tickets/expired meter (bringing total fine to \$20)
  - 1 cent increase to motor fuel (gasoline) tax
  - 1% increase to liquor tax
  - 0.25% increase to home rule sales tax

# 2017 BUDGET BALANCING OPTIONS

Revenue increases	Full Year	Effective 9-1-2017
\$10 Parking Ticket Increase	600,000	200,000
Boot regulation change	100,000	33,333
Gas tax increase (1 c)	200,000	66,667
Liquor tax increase (1%)	500,000	166,667
Sales tax increase (.25%)	1,500,000	500,000
<b>TOTAL</b>	<b>2,900,000</b>	<b>966,667</b>

Note: Boot regulation change tentatively scheduled for July 24<sup>th</sup> Council Agenda



# 2017 BUDGET BALANCING OPTIONS

- Expense Changes for Consideration:
  - Gross wage increase for half-year only, retroactive to July 1, 2017
  - Departments were asked to submit further expense reductions to budget staff by July 10. These will be reviewed and prepared for discussion on July 24.

# 2017 BUDGET BALANCING OPTIONS

- Staff received department proposed expense cuts on July 10
- July 24 Council meeting – further discussion based on:
  - July 10 Council discussion
  - Department proposed changes
  - Revised revenue estimates – state budget changes

# CONCLUSION

- The City of Evanston ended the second quarter below budget in both revenue and expenses.
- Economic related revenues are a concern for the second half of 2017- specifically sales and income taxes and permit revenues.
- 2017 expenses are also a concern as noted in this presentation:
  - Gross wage increases not included YTD figures
  - Parks, Recreation, and Community Services expenses projected to be higher in the second half of 2017.
  - Police and Fire expenses projected to be over budget (not more than 1-3%) based on historical experience in the second half of each fiscal year and retroactive wage increases.
- Staff will provide expense alternatives based on department input received on July 10, 2017.
- Staff will provide update on impact of State of Illinois Budget.

# QUESTIONS?