



ADDENDUM II

BLOOMINGTON CITY COUNCIL AGENDA

AUGUST 27, 2012

ADDITION TO CONSENT AGENDA

- Item 6C. Financial Assistance Agreement known as Partners in Conservation between the Illinois Environmental Protection Agency, Bureau of Water and the City. (Recommend that the Agreement be approved and the Mayor and City Clerk be authorized to execute the necessary documents.) *Aerial map of Lake Evergreen showing dam location.*

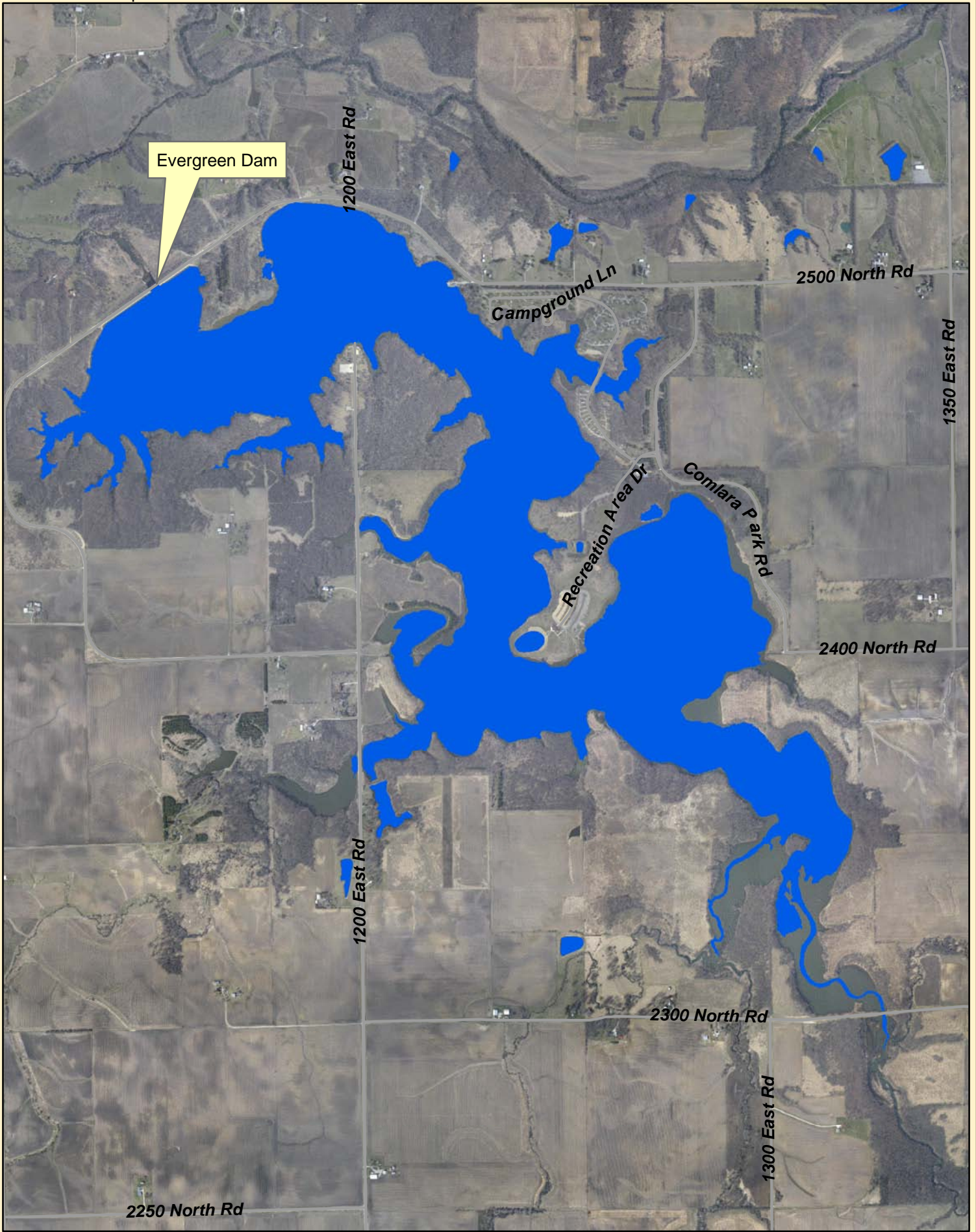
ADDITION TO REGULAR AGENDA

- Item 7A. Presentation Unaudited Year End Report for Fiscal Year 2012.

Evergreen Lake



Public Works Department



FY 2012

**Preliminary End of Year Presentation
(unaudited)**

Patti Lynn-Silva &

Timothy L Ervin

FY 2012 – Budget as Adopted

- The City's FY 2012 Budget was approved by City Council on April 23, 2011.
- **City wide budget encompassed 42 distinct funds**
 - \$160,036,882 – Total Revenue
 - (\$165,308,071) -- Total Expenditures/expenses
 - \$5,271,189 -- Potential Budgeted Fund Balance/Net Asset Drawdown
- **General Fund (Primary operating fund of the City)**
 - \$72,039,313 -- Revenue
 - (\$75,215,359) -- Expenditures
 - \$3,176,046 -- Potential Fund Balance Drawdown for the General Fund

General Fund Preliminary Financials as of FY 2012

General Fund Preliminary, Unaudited		
	Original Budget	Preliminary Results ¹
Revenue	\$ 71,620,313	\$ 73,810,787
<u>Expenditures</u>	<u>\$ 74,689,239</u>	<u>\$ 73,227,625</u>
Total:	\$ (3,068,926)	\$ 583,162

¹ - Estimates were made for payroll accrual entries which will be finalized upon completion of the FY 2012 audit.

¹ – The Preliminary results do not include capital entries for assets purchased in FY 2012.

General Fund Preliminary Revenue

- Actual collections variances to budget for FY 2012 were very favorable, with the major revenue contributions as:

Type of Tax	Favorable Variance
Home Rule Sales Tax	\$706,000
State Mandated Sales Tax	\$650,000
Income Tax	\$365,000
Hotel/Motel	\$321,000
<i>Other Various Revenues</i>	\$148,474
Total:	\$2,190,474

General Fund Preliminary Expenditures

- Actual expenditure variances to budget for FY 2012 were favorable, with the major expenditure as:

Department	Favorable Variance	Reason
Police	\$795,000	Police Officer Turnover savings (\$450,000), Overtime (\$150,000) & fewer vehicle repairs with new equip (\$195,000).
Non-Departmental	\$713,000	Fewer Retirements Payouts for vacation and sick leave buyback than anticipated
Snow & Ice	\$477,000	Very Mild Winter
Other Various	(\$523,386)	Various minor overages in various line items throughout the General Fund
Total:	\$1,461,614	

Council Approved Transfers in FY 2012

- During FY 2012, the General Fund made the following supplemental transfers approved by City Council:
 - **Support Unplanned Capital Projects**
 - \$562,000 to fund enhancement of road project for the Locust Colton CSO Project Capital Improvement Fund
 - \$500,000 to supplement capital expenditures in the Solid Waste Fund
 - \$100,000 to supplement accelerated funding of White Eagle Lake Project in the Storm Water Fund
 - **Eliminate deficit fund balance(s)**
 - \$82,000 to eliminate deficit fund balance in 2007 Fire Station Fund
 - \$72,000 to eliminate deficit fund balance in Pepsi Center Capital Project Fund
 - \$500,000 to partially offset deficit net asset balance in Casualty Fund
 - **Reduce Long Term Liabilities**
 - \$250,000 Supplemental IMRF pension payment
 - \$250,000 Supplemental Fire pension payment
 - \$250,000 Supplemental Police pension payment
 - \$250,000 to offset a portion of the 2005 GO Bond Payment in BCPA Fund

Historical General Fund Activity from in FY 2008 to FY 2012

	FY 2008 Actual Results	FY 2009 Actual Results	FY 2010 Actual Results	FY 2011 ³ Actual Results	FY 2012 ⁴ Preliminary Results
Revenue	\$76,329,428	\$79,698,568 ¹	\$81,556,530 ²	\$76,888,550	\$73,810,787
Expenditures	(\$73,801,536)	(\$75,553,454)	(\$69,751,881)	(\$65,962,823)	(\$62,363,348)
Other ⁵	(\$6,495,114)	(\$3,401,226)	(\$5,183,487)	(\$6,060,439)	(\$10,864,277)
Net Change in Fund Balance	(\$3,967,222)	\$743,888	\$6,621,162	\$4,865,288	\$583,162
Unreserved	(\$108,628)	\$2,143,575	\$9,666,497	\$14,472,349	\$14,079,516 ⁴
Total Fund Balance ⁶	\$3,379,350	\$4,123,238	\$10,744,400	\$15,609,688	\$16,192,850 ⁴

¹ – The City's Home Rule sales Tax increased by 0.25%

² – The City's Solid Waste Fee increased from \$7.00 per month to \$14.00 per month

³ – The City transferred the Solid Waste and Golf Operations from the General Fund to Enterprise Funds.

⁴ – The FY 2012 preliminary results are unaudited and subject to change

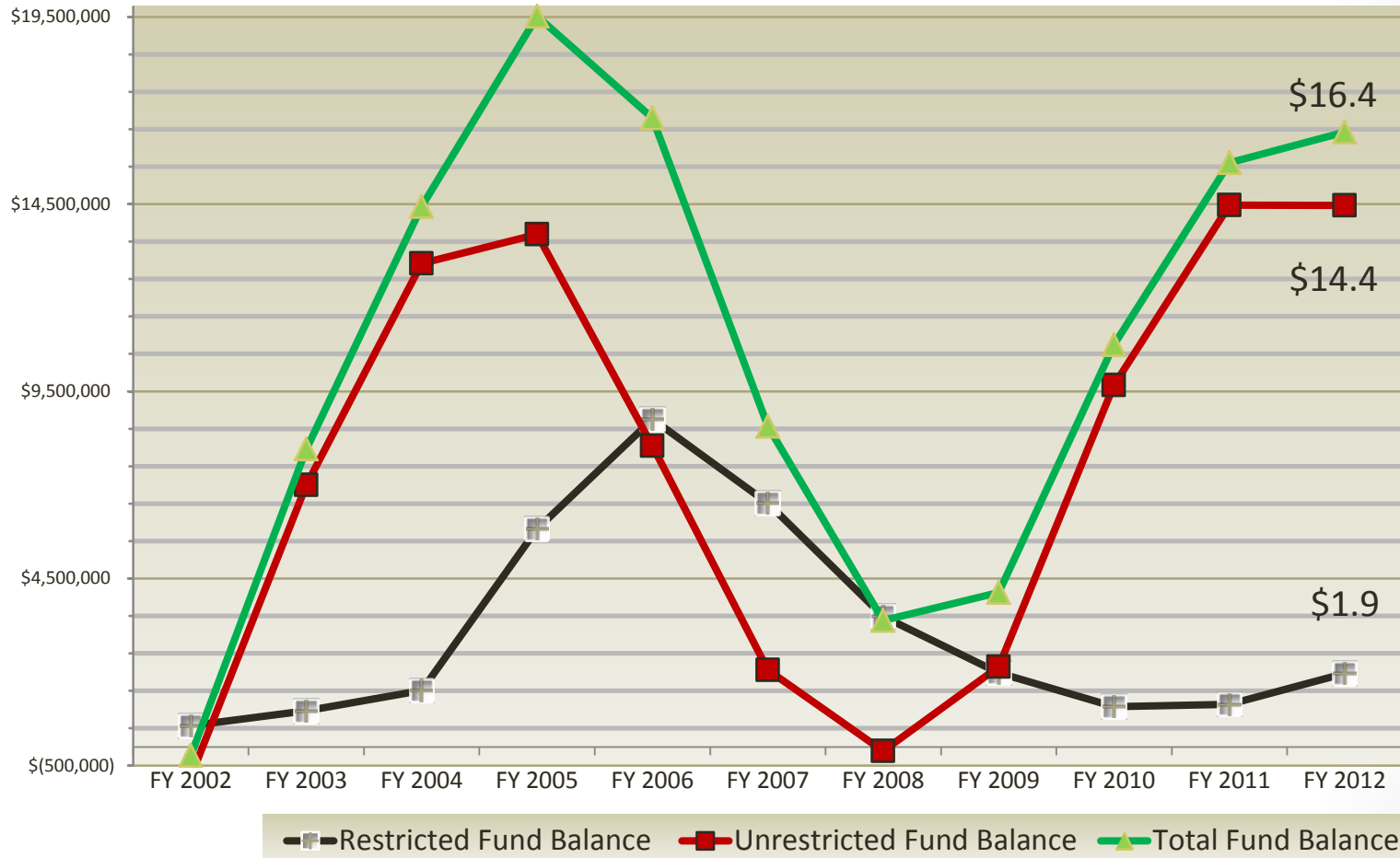
⁵ – Other includes Other Financing Sources/Uses and Prior Period Adjustments.

⁶ - Fund balance includes reserved (funds committed) and unreserved fund balance

General Unrestricted Fund Balance Reserve

- Based upon City's Fund Balance policy as adopted by the City General Fund Reserve should be no less than \$11.2 million in FY 2012.
 - City staff has **estimated** the unaudited, preliminary General Fund Reserve to be **approximately \$14.1 million** which is \$2.9 million above the policy.
 - In FY 2013, the City's Budget incorporated a **\$1.6 million drawdown** in Fund Balance to partially fund \$4.246 million in capital projects within the City's Capital Improvement Fund leaving estimated available Fund Balance at \$1.3 million
- FYI – Due to the new GASB #54 standard; fund balance will potentially appear inflated due to the consolidation of existing Special Revenue Funds into the General Fund for financial reporting purposes.

General Fund Eleven Year Fund Balance



Note: FY 2012 is preliminary, unaudited and subject to change with the incorporation of GASB 54

Historical Water Fund Activity from in FY 2008 to FY 2012

	FY 2008 Actual Results	FY 2009 Actual Results	FY 2010 Actual Results	FY 2011 Actual Results	FY 2012 ¹ Preliminary Results
Revenue	\$14,291,026	\$13,590,410	\$14,166,454 ²	\$15,645,249 ²	\$17,066,815 ²
Expenses	(\$12,706,492)	(\$12,779,288)	(\$11,835,445)	(\$11,209,352)	(\$13,418,698)
Contributed Capital	\$1,527,040	\$2,060,678	n/a	\$58,190	n/a
Other ⁴	\$198,554	\$142,267	(\$347,898)	(\$246,443)	(\$704,957)
Net Change in Net Assets	\$3,310,128	\$3,014,067	\$1,983,111	\$4,247,644	\$2,943,160
Unrestricted Net Assets	\$5,933,223	\$5,232,027	\$8,520,627	\$12,867,773	n/a
Total Net Assets ^{3,5}	\$83,076,152	\$86,090,219	\$88,073,330	\$92,320,974	\$95,264,134

¹ - Preliminary results **do not** include capitalization entries in addition to estimated payroll accruals.

² - City Council passed a multi-year water rate increase which impacted these fiscal years.

³ - Net assets includes restricted (funds committed) and unrestricted net assets.

⁴ - Other includes Other Financing Sources/Uses and Prior Period Adjustments.

⁵ - As an Enterprise Fund, the difference between unrestricted and total net assets is investment in capital assets which unlike the General Fund are accounted for in the financial statements; however, these resources are unavailable to support the operations of the fund.

Historical Sewer Fund Activity from in FY 2008 to FY 2012

	FY 2008 Actual Results	FY 2009 Actual Results	FY 2010 Actual Results	FY 2011 Actual Results	FY 2012 ¹ Preliminary Results
Revenue	\$2,445,451	\$2,524,990	\$3,206,540 ²	\$3,854,987 ²	\$4,885,585 ²
Expenses	(\$2,960,410)	(\$2,645,548)	(\$2,418,262)	(\$2,257,540)	(\$2,949,557)
Contributed Capital	\$1,737,800	\$1,612,880	n/a	\$121,433	n/a
Other ⁴	(\$358,575)	(\$499,504)	(\$525,673)	(\$1,070,624)	(\$129,540)
Net Change in Net Assets	\$864,266	\$992,818	\$262,605	\$648,256	\$1,806,488
Unrestricted Net Assets	(4,322,546)	(\$5,074,937)	(\$4,458,208)	(\$3,121,044)	n/a
Total Net Assets _{3,5}	\$50,815,692	\$51,808,510	\$52,071,115	\$52,719,371	\$54,525,859

¹ - Preliminary results **do not** include capitalization entries in addition to estimated payroll accruals.

² - City Council passed a multi-year sewer rate increase which impacted these fiscal years.

³ - Net assets includes restricted (funds committed) and unrestricted net assets.

⁴ - Other includes Other Financing Sources/Uses and Prior Period Adjustments.

⁵ - As an Enterprise Fund, the difference between unrestricted and total net assets is investment in capital assets which unlike the General Fund are accounted for in the financial statements; however, these resources are unavailable to support the operations of the fund.

Historical Storm Water Fund Activity from in FY 2008 to FY 2012

	FY 2008 Actual Results	FY 2009 Actual Results	FY 2010 Actual Results	FY 2011 Actual Results	FY 2012 ¹ Preliminary Results
Revenue ²	\$2,801,809	\$2,754,972	\$2,804,003	\$2,780,282	\$2,824,841
Expenses	(\$2,486,964)	(\$1,565,186)	(\$933,370)	(\$1,675,548)	(\$3,278,946)
Contributed Capital	\$58,000	\$83,000	n/a	\$259,123	n/a
Other ⁴	(\$163,230)	(\$382,428)	(\$581,947)	(\$344,918)	\$63,110
Net Change in Net Assets	\$209,615	\$890,358	\$1,288,686	\$1,018,939	(\$390,995)
Unrestricted Net Assets ⁵	(\$11,654,945)	(\$12,030,163)	(\$11,142,505)	(10,251,583)	n/a
Total Net Assets _{3,6}	(\$6,269,490)	(\$5,379,132)	(\$4,090,446)	(\$3,071,509)	(\$3,462,504)

¹ - Preliminary results **do not** include capitalization entries in addition to estimated payroll accruals

² - The City has not increased Storm Water fees since the funds inception in 2004.

³ - Net assets includes restricted (funds committed) and unrestricted net assets.

⁴ - Other includes Other Financing Sources/Uses and Prior Period Adjustments.

⁵ - Net assets include the \$11.048 million BNWRD payable; however, the asset is not accounted for as a City asset, but is owned by BNWRD

⁶ - As an Enterprise Fund, the difference between unrestricted and total net assets is investment in capital assets which unlike the General Fund are accounted for in the financial statements; however, these resources are unavailable to support the operations of the fund.

Historical Parking Fund Activity from in FY 2008 to FY 2012

	FY 2008 Actual Results	FY 2009 Actual Results	FY 2010 Actual Results	FY 2011 Actual Results	FY 2012 ¹ Preliminary Results
Revenue	\$967,286	\$969,091	\$844,666	\$821,278	\$821,278
Expenses	(\$1,285,387)	(\$1,261,466)	(\$1,203,396)	(\$1,362,195)	(\$1,362,195)
Other ⁴	(\$157,395)	\$51,430	\$47,981	(\$89,368)	(\$49,750)
Net Change in Net Assets	(\$475,496)	(\$240,945)	(\$310,749)	(\$630,285)	(\$590,667)
Unrestricted Net Assets	(\$696,825)	(\$818,449)	(\$915,305)	(\$1,345,730)	n/a
Total Net Assets _{3,5}	\$5,532,768	\$5,291,823	\$4,981,074	\$4,350,789	\$3,760,122

¹ – Preliminary results do not include capitalization entries in addition to estimated payroll accruals

² – Net assets includes restricted (funds committed) and unrestricted net assets.

³ – Includes a net loss of \$938,000 for the sale of the Snyder garage which occurred in FY 2012.

⁴ – Other includes Other Financing Sources/Uses and Prior Period Adjustments.

⁵ – As an Enterprise Fund, the difference between unrestricted and total net assets is investment in capital assets which unlike the General Fund are accounted for in the financial statements; however, these resources are unavailable to support the operations of the fund.

Potential Future Financial Challenges

- Outstanding Debt
 - General Obligation Debt -- \$79,250,000
 - 50% of this debt will be retired in 10 years
- Unfunded Liabilities
 - Pension -- \$114,162,341
 - Other Post Employment Benefit (OPEB) -- \$18,247,629
 - Incurred but not reported (IBNR) in Casualty Fund -- \$4,076,050
- Deficit Funds (unrestricted net asset from April 30, 2011 Financial Statements)
 - Sewer – (\$3,121,044) “*positive variance*”
 - Parking – (\$1,345,730) “*negative variance*”
 - Casualty Fund – (\$1,384,646) “*negative variance*”
 - Employee Health Retirement Funds – (\$985,458) “*negative variance*”
- Continue to maintain healthy reserves to provide long-term financial sustainability in light of challenges.

Conclusion ...

- **Outlook Stable** as of 03/12/2012 “Standards & Poor’s”
 - Deep and diverse employment base, despite the dominance of one leading employer;
 - *Diverse revenue streams, given the city's home-rule status, which has afforded it flexibility in increasing its revenues to regain structural balance in the general fund and build its general fund reserves to a very strong level;*
 - Good financial management under our Financial Management Assessment (FMA) methodology; and
 - *Moderate overall debt levels.*
- *Partially offsetting the above strengths is our view of the city's capital needs and uncertainty surrounding the extent of those needs and how much debt will be issued to address them, although management currently is undertaking extensive planning to answer those questions and is addressing debt service schedules, utility rates, and fees in anticipation of issuing that debt.*
- **Future Financial Planning**
 - Completion of the FY 2012 audit and Financial Statements – December 2012
 - Completion of all outstanding capital & liability assessments:
 - Bloomington Comprehensive Plan – TBD
 - Downtown Bloomington Master Plan
 - Downtown Streetscape Master Plan – TBD
 - Street & Sidewalk inventories /plans– Completed
 - Curbs & Gutters - TBD
 - Bridges – TBD
 - Traffic Signals - TBD
 - Parks/BCPA & Zoo Master plans - Completed
 - Sewer & Storm water inventories – studies underway
 - Fire/Ems Facilities Plan - Completed
 - Facilities Master Plan – TBD
 - Communications/Technology Master Plan - Completed
 - Water Master Plan – TBD
 - Strategic Water Supply Study - TBD
 - Fiscal Impact - Impact Fee - Rate Analysis – FY2013
 - Pension Funding Analysis – FY2013
 - Library Master Plan & East side branch- TBD
 - FY 2014 Budget Planning is already underway including integration of master plans where available.
 - Tax Levy and abatements to be set by City Council with a target date of December 10, 2013.