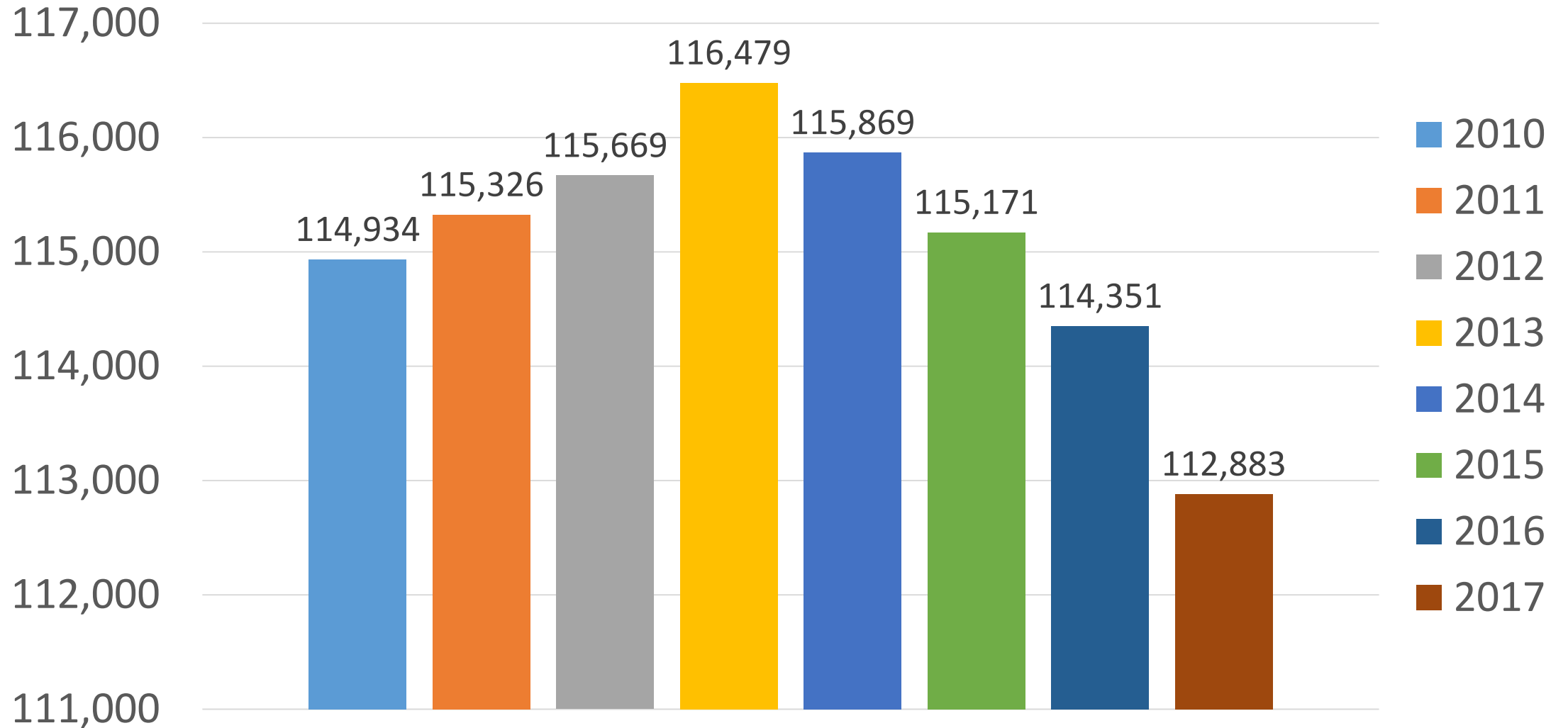




Financial Update

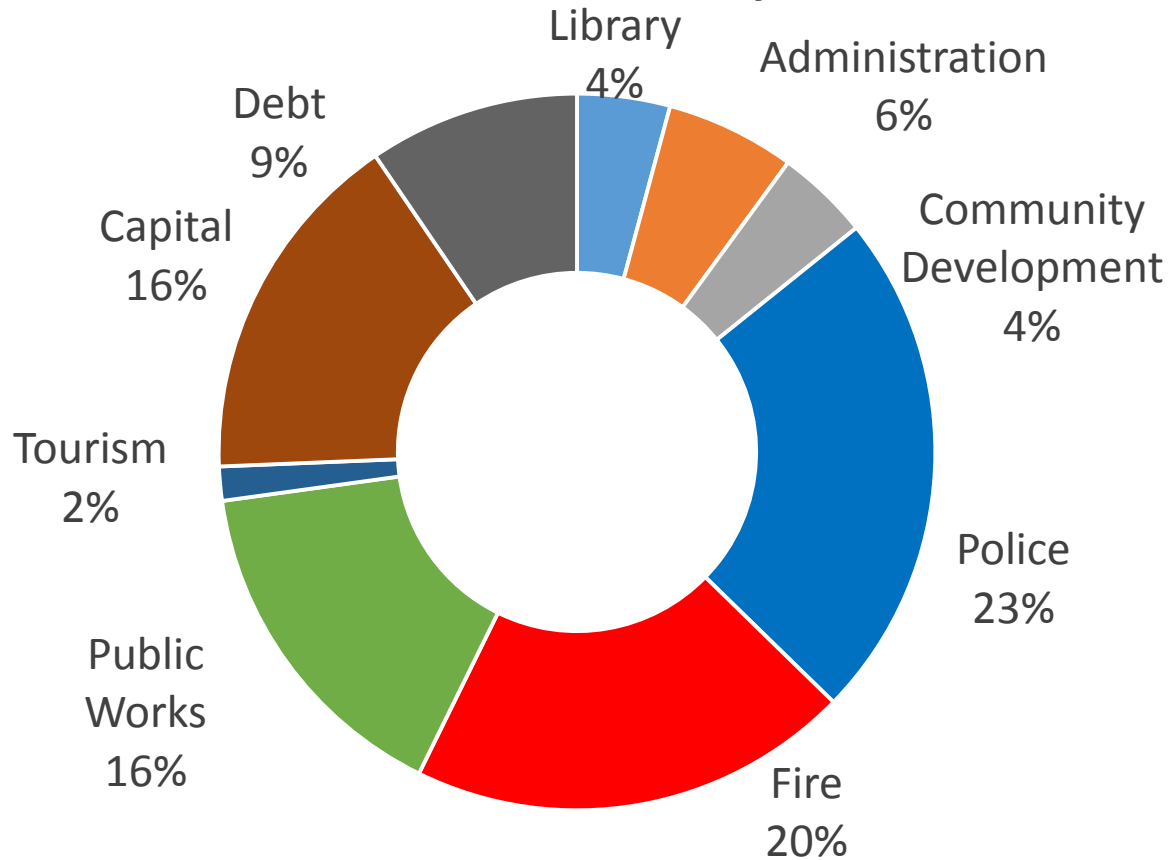
Patrick Urich
Peoria City Manager
June 26, 2018

Peoria Population 2010-2017

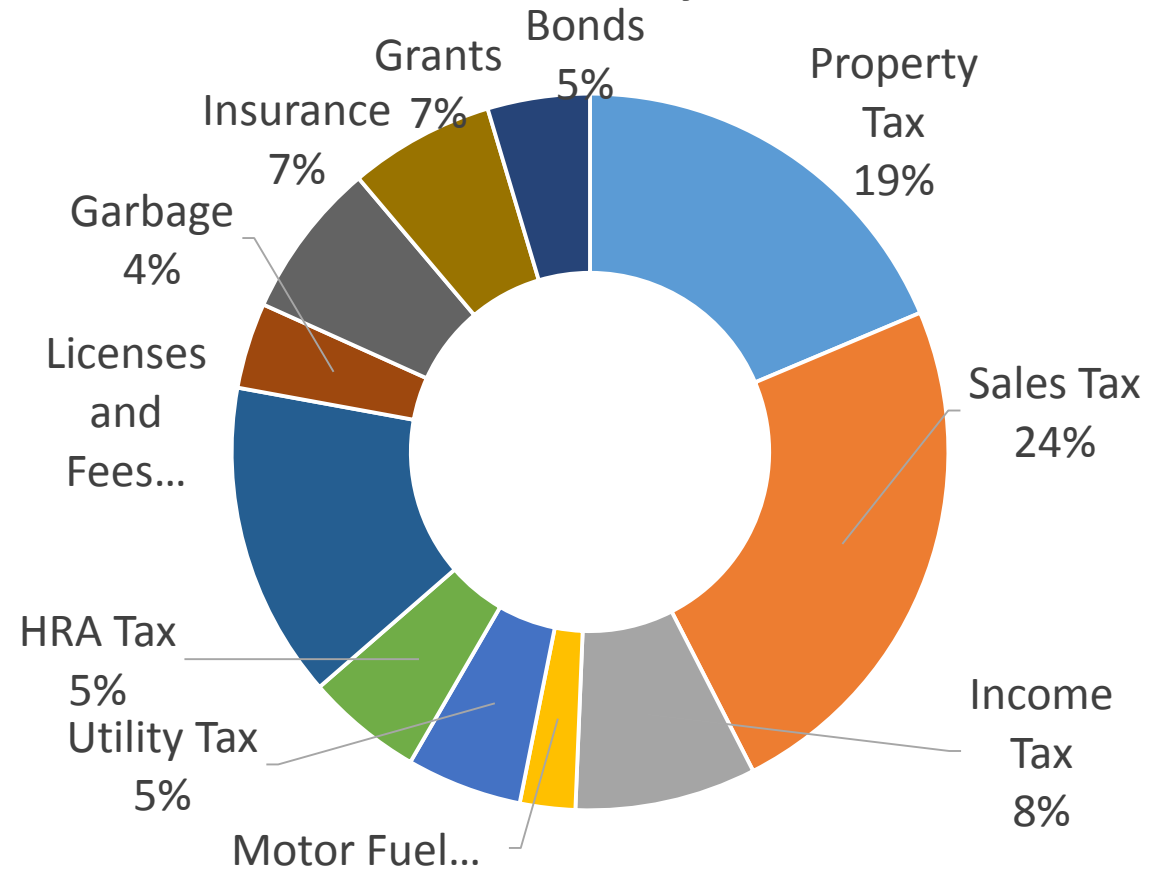


2018 Peoria Budget – Sources and Uses

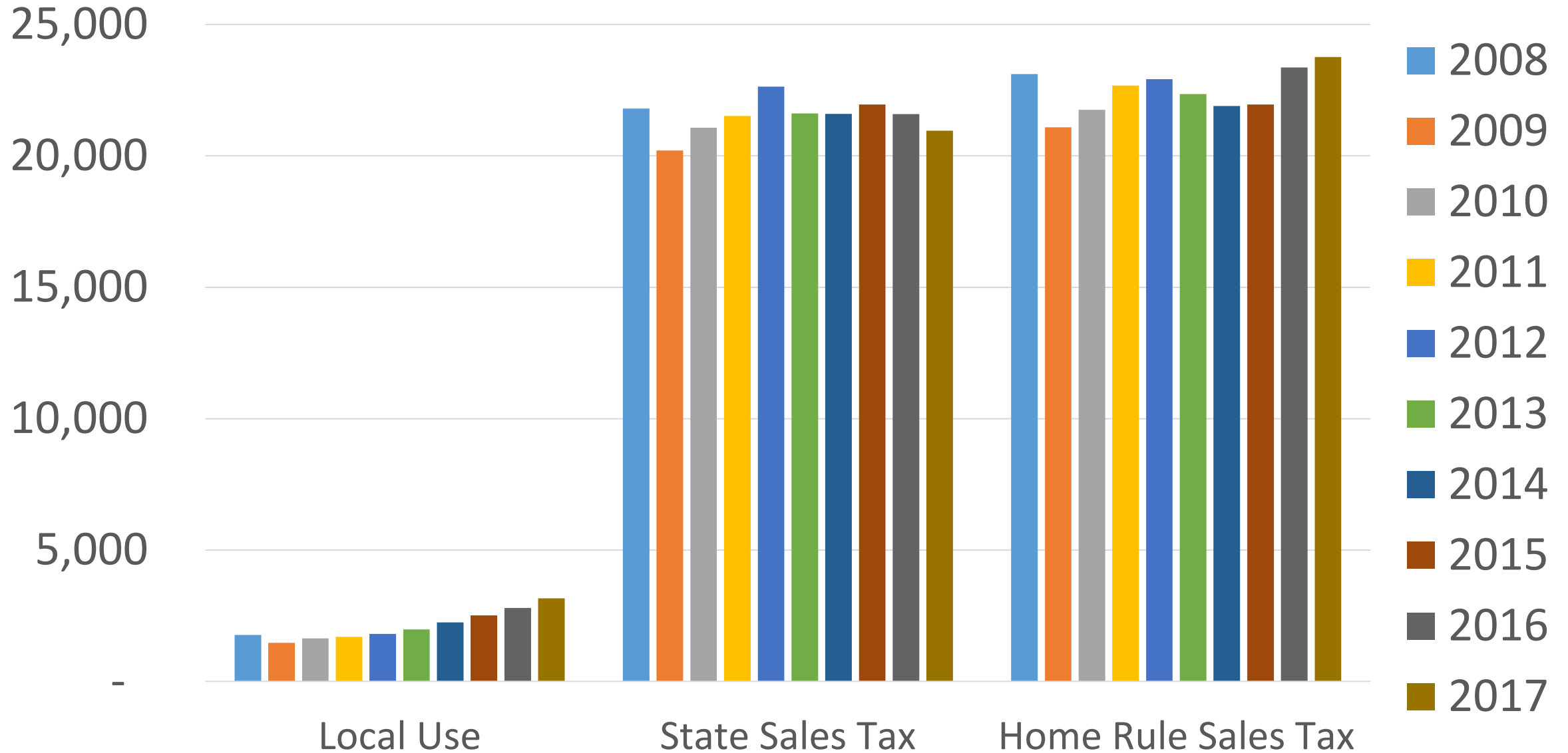
Where Does The Money Go?



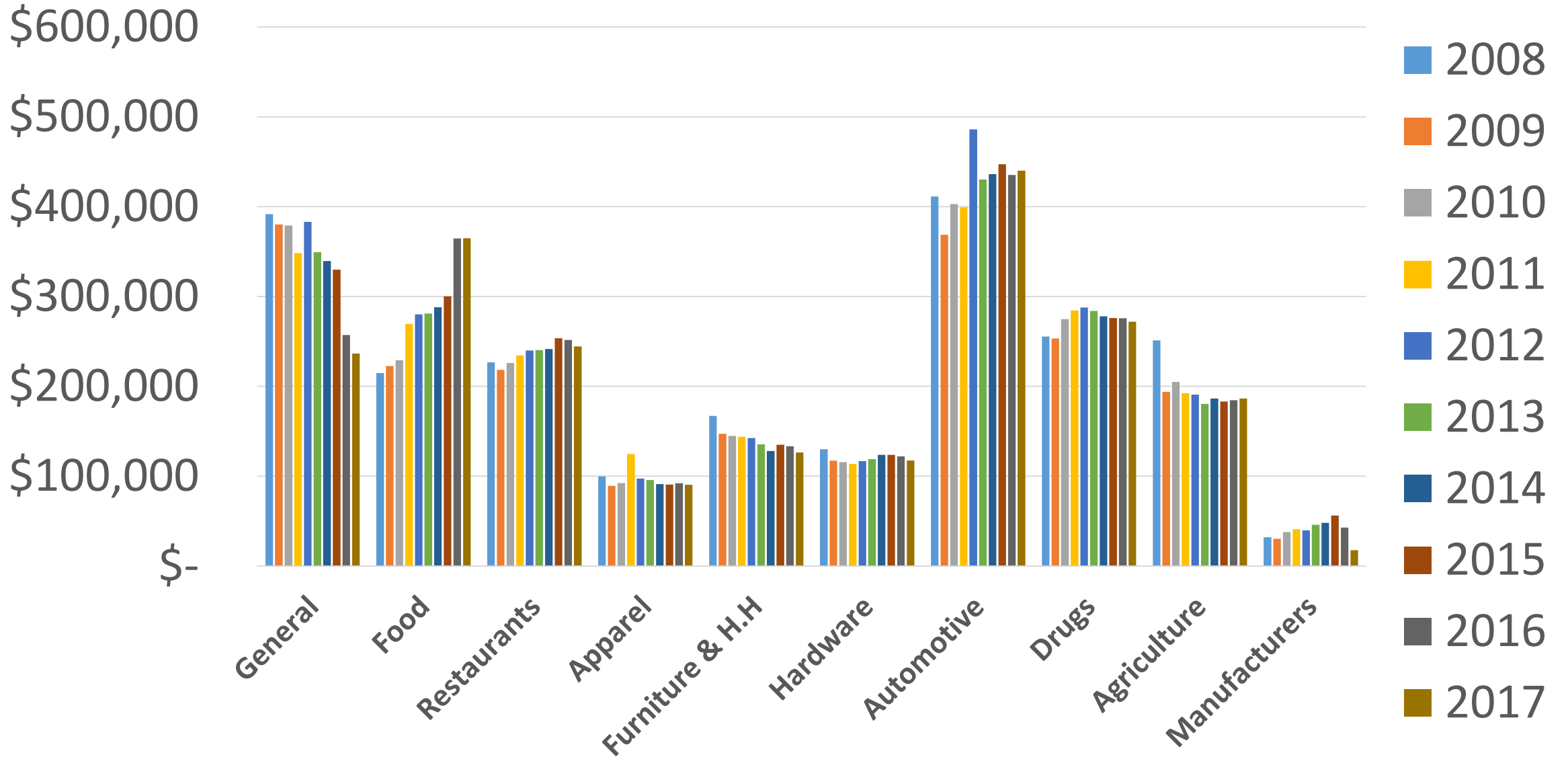
Where Does The Money Come From?



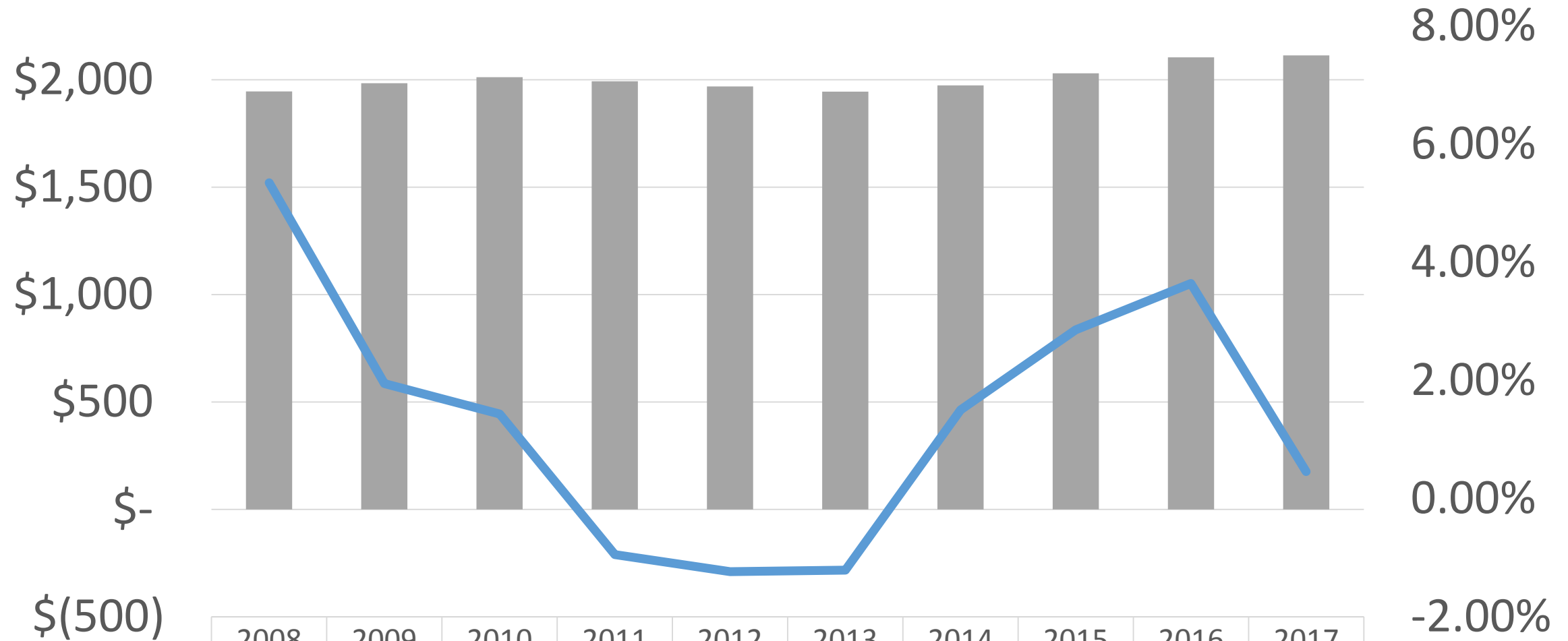
10 Year Sales Tax Trends 2008-2017



Taxable Sales by Category 2008-2017



Assessed Value & Growth Rate 2008-2017



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
■ EAV	\$1,946	\$1,984	\$2,012	\$1,993	\$1,968	\$1,945	\$1,974	\$2,030	\$2,104	\$2,114
— % Change in EAV	5.34%	1.95%	1.43%	-0.95%	-1.23%	-1.21%	1.50%	2.86%	3.64%	0.46%

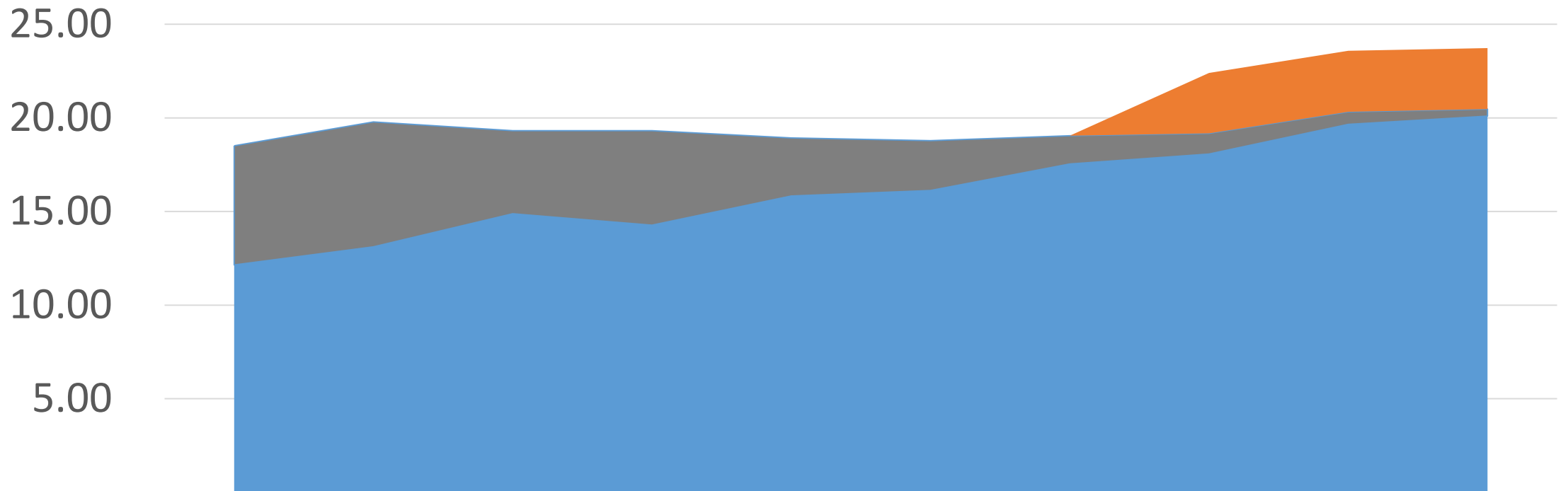
Property Tax Distribution by Government Type

Schools 58% County 9% Library 5%
Parks 9% Other 8% **City 12%**



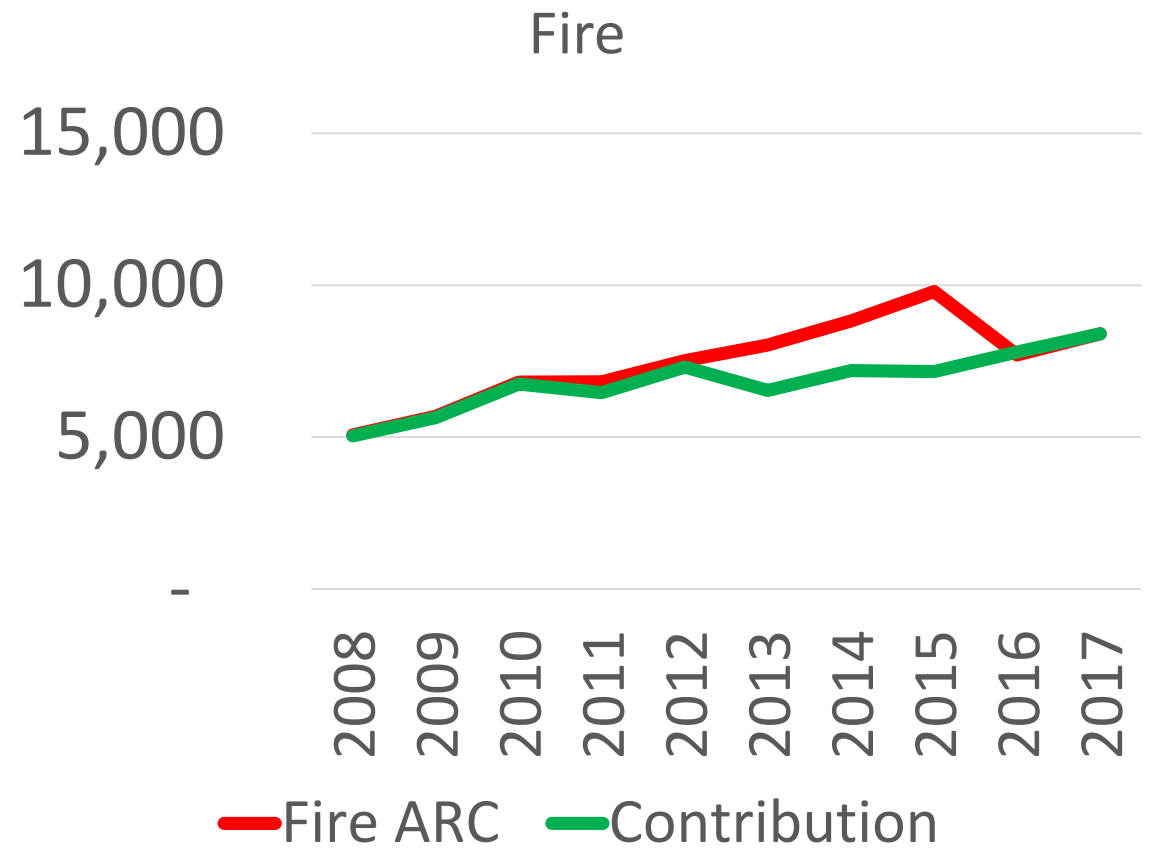
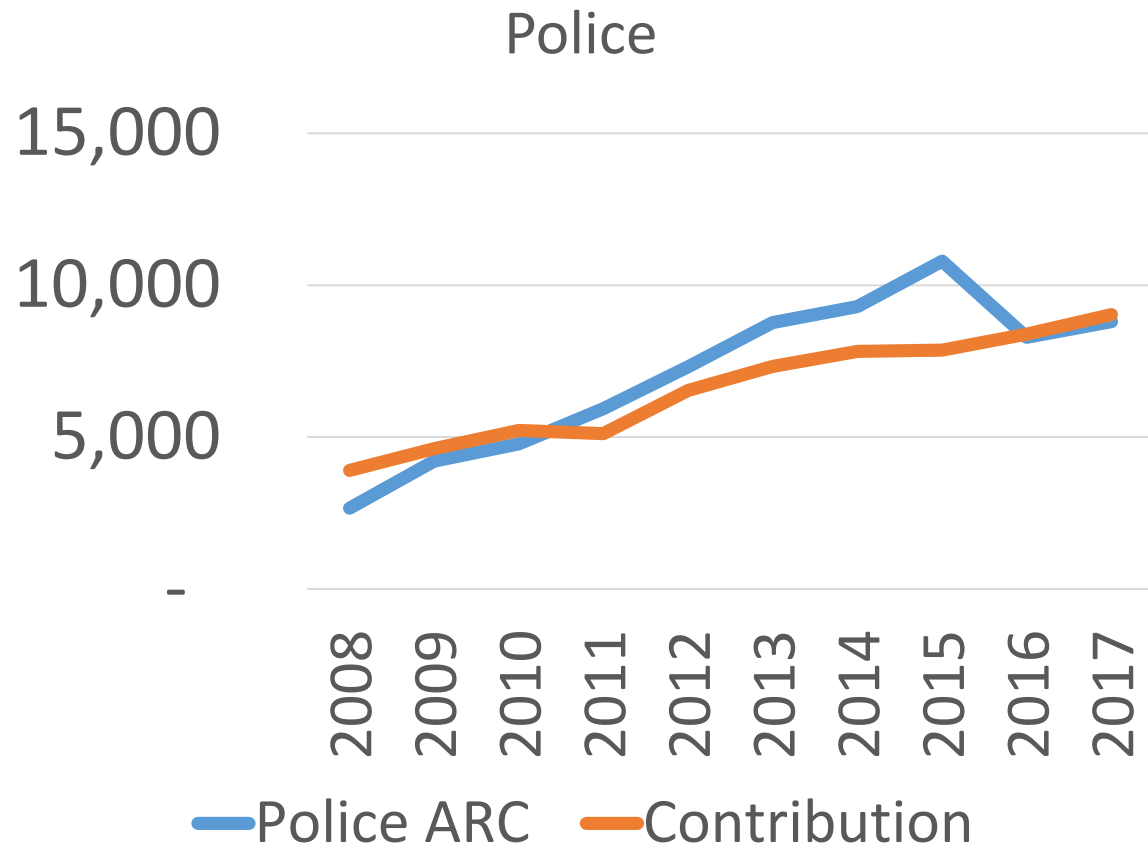
Source: 2017 Extended Property Tax Rates, Peoria County GIS

City of Peoria Property Tax Levy 2008-2017

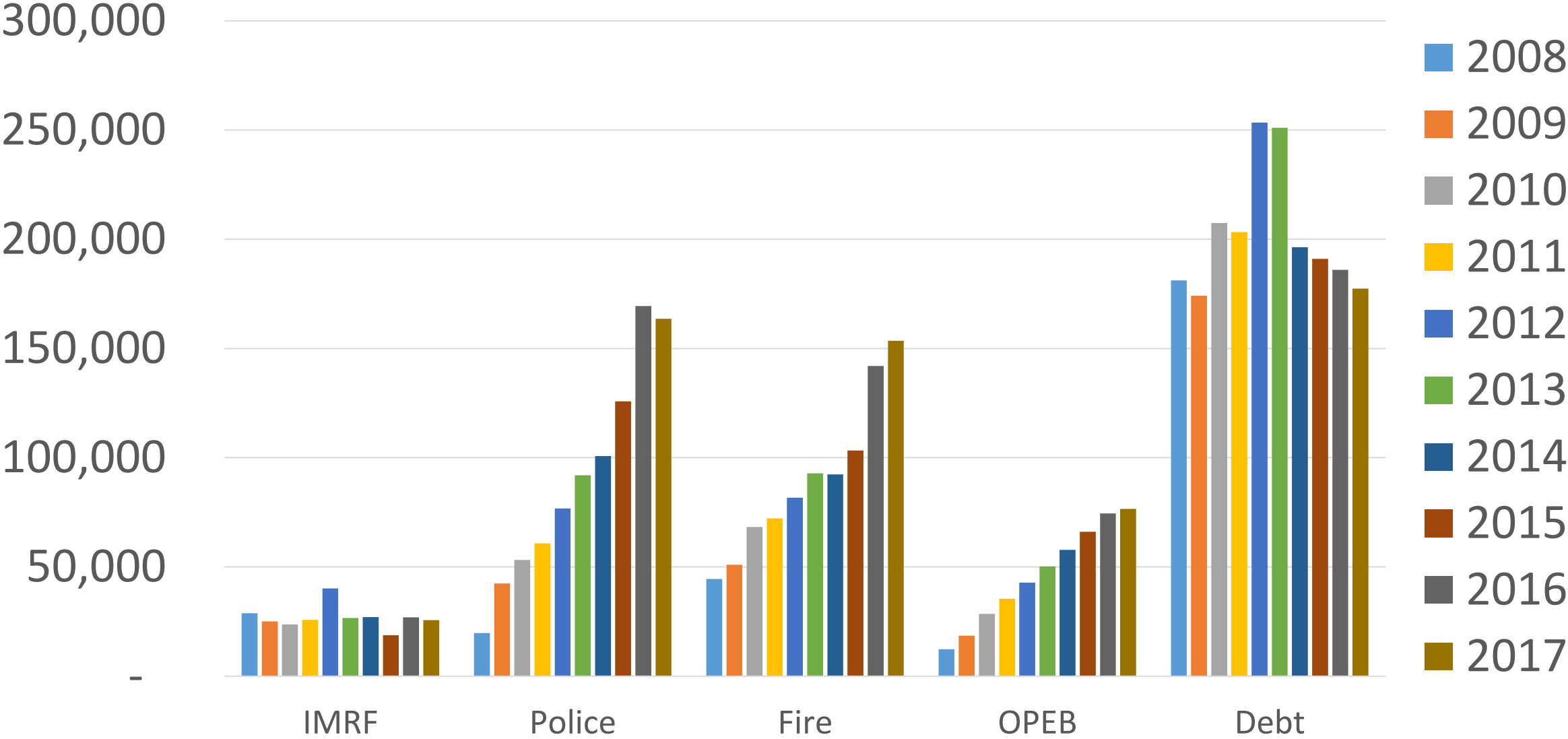


	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
■ Roads	-	-	-	-	-	-	-	3.23	3.26	3.26
■ Corporate	6.36	6.67	4.44	5.05	3.10	2.66	1.51	1.10	0.67	0.38
■ Pensions	12.15	13.12	14.88	14.27	15.83	16.13	17.54	18.07	19.66	20.10

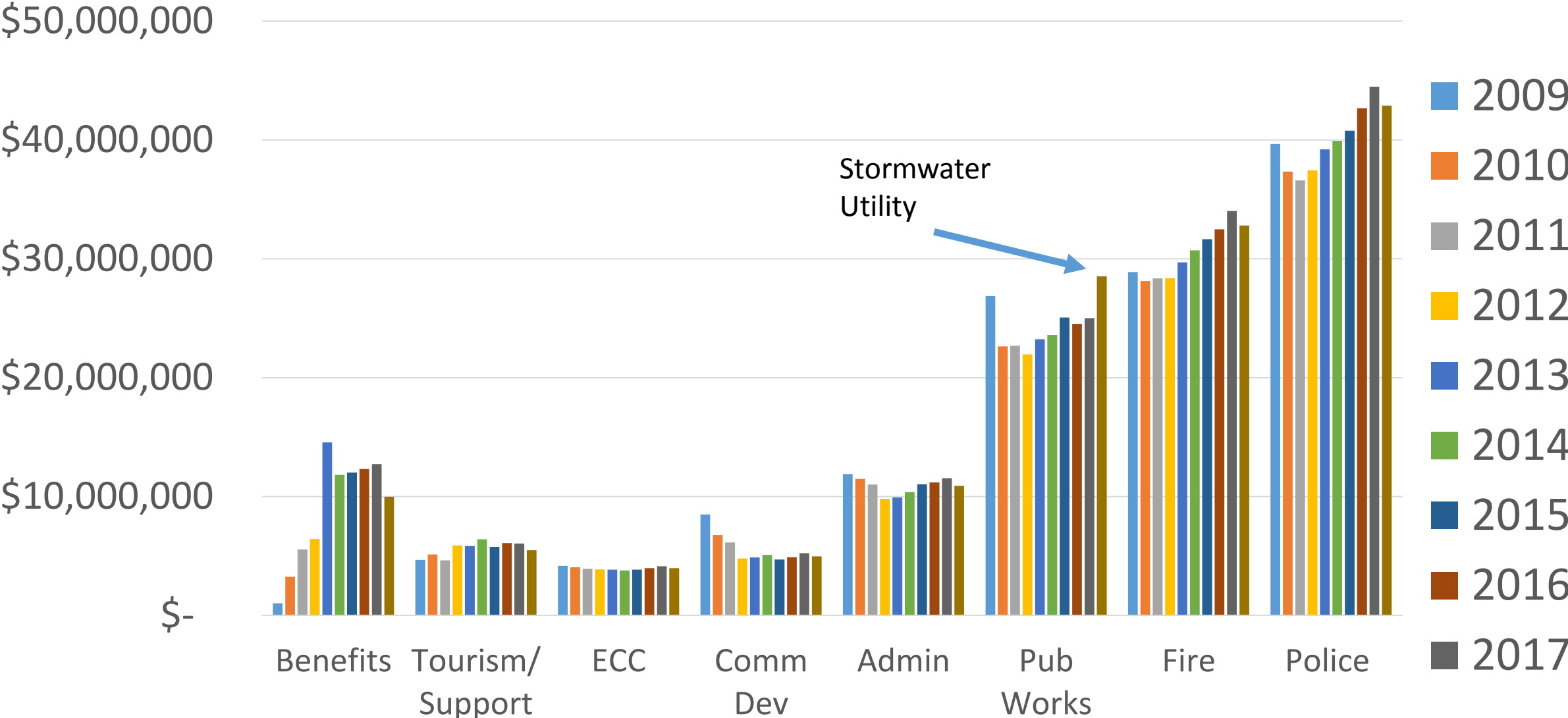
Police and Fire Actuarial and Actual Contributions 2008-2017



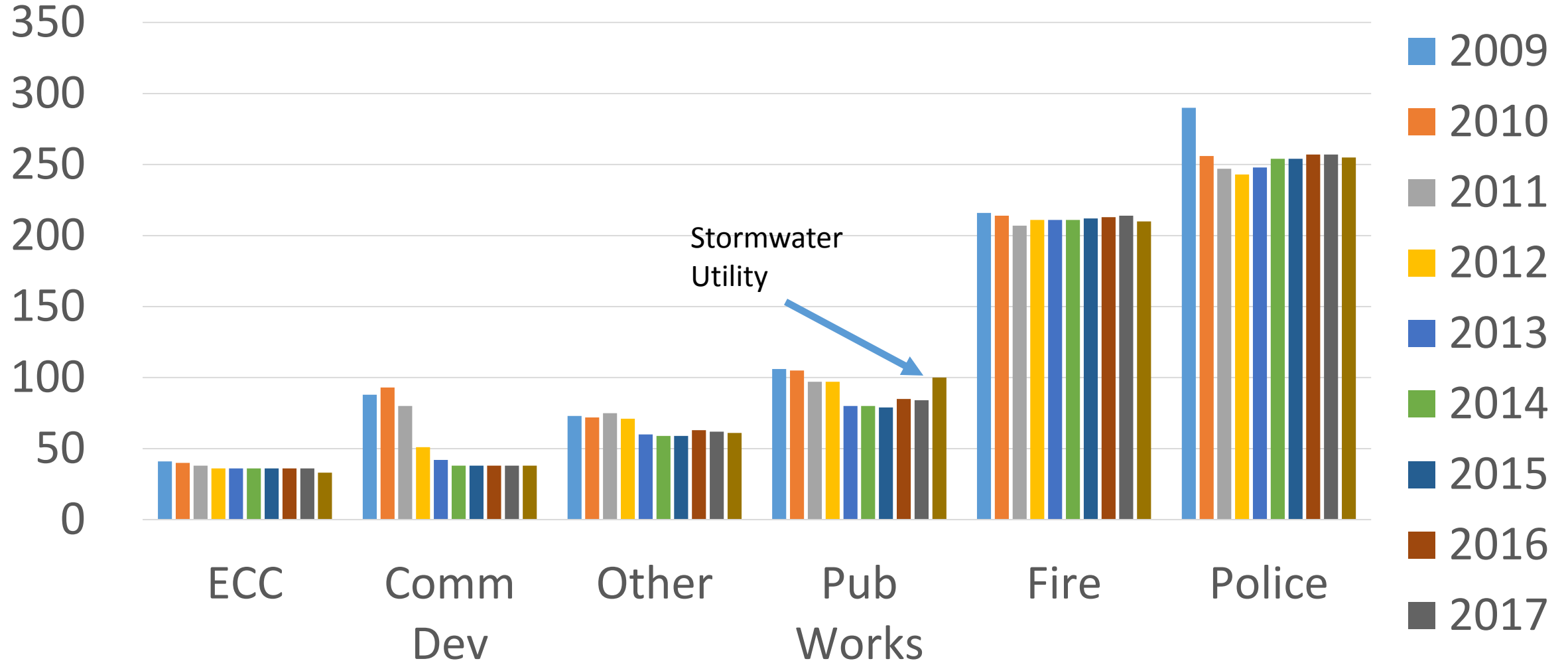
Unfunded Liabilities and Debt 2008-2017



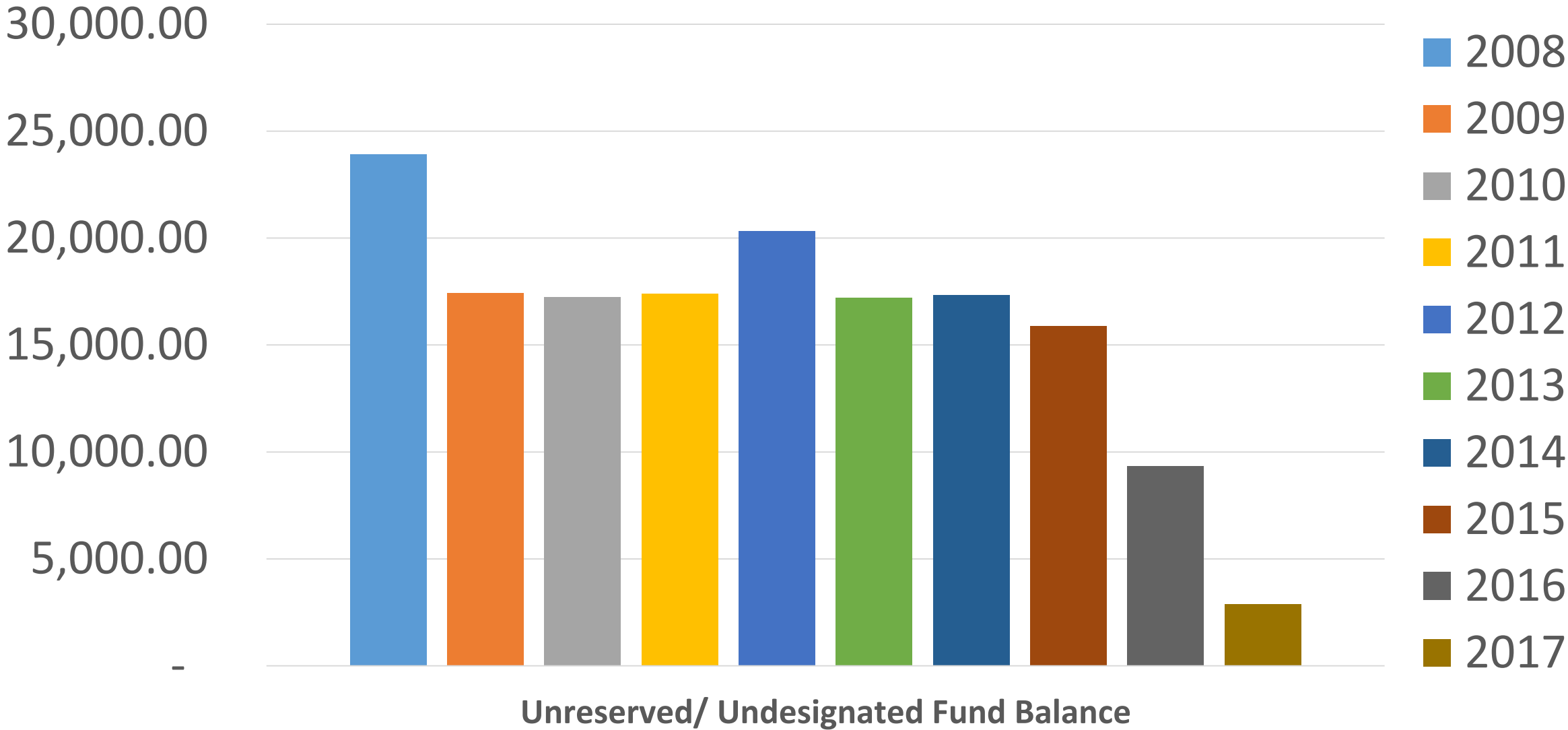
10 Year Operating Expense History 2009-2018



10 Year Headcount 2008-2017



General Fund Liquidity 2008-2017



Rating Agency Comments on Peoria

Standard and Poor's 2018

“We expect budgetary performance will likely be adequate or weak over the next few fiscal years after factoring in pension-payment gaps into total-governmental-funds expenditures. Over the long run, we believe rising pension costs and flat sales tax revenue growth will likely pressure the budgetary performance, forcing management to make budget adjustments to avoid deficits.”

Moody's

2016: Downgraded from Aa3 to A1 :

“Considerable growth in Peoria’s unfunded pension liabilities, as well as continued economic pressure associated with downsizing at Caterpillar, Inc. the region’s primary employer....The negative outlook reflects our expectations that the city’s economy will continue to be challenged by Caterpillar’s workforce reductions, which will occur through 2018. Exacerbating these credit challenges are high fixed costs associated with the city’s elevated debt burden and growing unfunded pension liabilities.”

2018: Downgraded from A1 to A2

“The downgrade to the A2 reflects the expectation that the city's high pension burden could grow further under current contribution practices and recent erosion of the city's reserves.”

2018 First Quarter Financial Report

- State Sales Taxes - 2% Lower than Budget
- Home Rule Sales Taxes - 3% Lower than Budget
- State Income Tax - 1% Lower Than Budget
- Fire – rolling brownouts to not exceed budget
- Legal expenses higher
- \$3,185,434 short of 2018 plan

	<u>2018 Adopted Budget</u>	<u>Revised 1st Quarter Estimates</u>
Revenue	\$94,606,742	\$92,704,737
Expense	\$92,983,962	\$94,267,191
Change in Fund Balance	\$1,622,980	(\$1,562,454)

2018 Mid-Year Adjustments

	<u>2018 Adopted Budget</u>	<u>Revised 1st Quarter Estimates</u>	<u>Changes</u>	<u>Adjusted General Fund</u>
Revenue	\$94,606,742	\$92,704,737	\$442,192	\$93,146,929
Expense	\$92,983,962	\$94,267,191	(\$2,480,000)	\$91,787,191
Change in Fund Balance	\$1,622,980	(\$1,562,454)		\$1,359,738

2018 Mid-Year Staffing Adjustments

Furloughs

- City employees take 88 hours before the end of the year
- Saves \$617,000 this year
- Sworn Police and Fire, and Emergency Communications staff, would be exempted
- Impact and implementation must be bargained with the City's various unions
- Beginning at the end of July, City Hall would be closed on Mondays every other week through early December
- Public Works staff would operate with a rolling layoff process where a portion of the staff would be laid off for a week at a time.

2019 Budget

Police and Fire Pension Costs

- Illinois Department of Insurance statutory contribution estimates are \$1.4 M higher than budget
- Actuarial estimates even higher
- This obligation needs to be met before adjusting for current operational needs

2019 Budget Process

- Need for a discussion about what City services need to be eliminated.
- Fewer staff and fewer resources means the City can no longer provide as many services as today
- Staff will be preparing for the 2019 budget and will work on making programmatic recommendations to Council for their consideration.