

ORDINANCE 12-88

Passed: November 13, 2012

**AMENDING ORDINANCE 11-20, WHICH
APPROVED THE CITY OF DEKALB,
ILLINOIS, FY 2011-2012 BUDGET.**

BE IT ORDAINED BY THE CITY COUNCIL of the City of DeKalb, Illinois, as follows:

Section 1. That the City Council of the City of DeKalb, Illinois, approves adding amendments to Ordinance 11-20, which approved the FY 2011-2012 budget. A list of said amendments are attached hereto and made a part hereof as Exhibit "A."

Section 2. That each section, paragraph, sentence, clause and provision of this ordinance is separable and if any provision is held unconstitutional or invalid for any reason, such decision shall not affect the remainder of this ordinance, nor any part thereof, other than that part affected by such decision.

Section 3. That this Ordinance shall, by authority of the City Council be published in pamphlet form. From and after ten days after such publication, this Ordinance shall be in full force and effect upon its passage and approval according to law. Publication date: November 14, 2012. Effective date: November 23, 2012.

PASSED BY THE CITY COUNCIL of the City of DeKalb, Illinois at a regular meeting thereof held on the 13th day of November, 2012, and approved by me as Mayor on the same day. Second reading waived and passed on roll call vote 8-0. Aye: Jacobson, Teresinski, Lash, Gallagher, Naylor, Baker, O'Leary, Povlsen.

ATTEST:



DIANE K. WRIGHT, City Clerk



KRIS POVLSSEN, Mayor



City of DeKalb
 Estimated Property Tax Summary-Levy Year 2012

LEVIED FUNDS	2011 LEVY EXTENSIONS	2012 LEVY REQUESTS
General	148,422.20	-
FICA/Medicare	445,150.10	467,025.00
IMRF	668,365.91	272,749.89
Police Pension	1,097,555.38	1,379,234.00
Fire Pension	1,837,569.37	2,078,061.00
Airport	0.00	0.00
Public Library	1,798,541.56	1,798,536.00
Special Service Area #3	2,788.07	2,788.00
Special Service Area #4	1,486.99	1,486.00
Special Service Area #6	10,101.31	10,101.00
"AGGREGATE" LEVY TOTALS	6,009,980.89	6,009,980.89
Debt Service Levy {Prior to Abatement}	2,806,411.26	3,623,789.08
"AGGREGATE" & D/S LEVY TOTALS	8,816,392.15	9,633,769.97

<h2 style="margin: 0;">EXHIBIT 'A'</h2> <h3 style="margin: 0;">City of DeKalb Property Tax Levy</h3>
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DEPT.	ACCOUNT CODE	ACCOUNT DESCRIPTION	FINAL 2012-2013 Budget	2012 TAX LEVY
311 - LEGISLATIVE DEPARTMENT				
	8100	Personal Services	96,766.00	
	8200	Commodities	2,500.00	
	8300	Contractual Services	231,050.00	
		DEPARTMENT TOTAL	330,316.00	
314 - CITY CLERK'S OFFICE				
	8100	Personal Services	117,150.00	
	8200	Commodities	750.00	
	8300	Contractual Services	2,700.00	
	8400	Other Services/Expenses	0.00	
	8500	Equipment	250.00	
		DEPARTMENT TOTAL	120,850.00	
312 - ADMINISTRATIVE SERVICES DEPARTMENT				
	8100	Personal Services	1,848,151.00	
	8200	Commodities	83,750.00	
	8300	Contractual Services	68,812.00	
	8400	Other Services/Expenses	170,000.00	
	8500	Equipment	11,000.00	
	8600	Permanent Improvements	0.00	
	9000	Transfers	0.00	
		DEPARTMENT TOTAL	2,181,713.00	
315 - LEGAL SERVICES DEPARTMENT				
	8100	Personal Services	77,653.00	
	8200	Commodities	2,380.00	
	8300	Contractual Services	2,420.00	
	8400	Other Services/Expenses	173,000.00	
		DEPARTMENT TOTAL	255,453.00	
320 - POLICE DEPARTMENT				
	8100	Personal Services	9,260,731.00	
	8200	Commodities	246,625.00	
	8300	Contractual Services	119,638.00	
	8400	Other Services/Expenses	23,000.00	
	8500	Equipment	6,425.00	
	8600	Permanent Improvements	0.00	
	9000	Transfers	0.00	
		DEPARTMENT TOTAL	9,656,419.00	

321 - FIRE DEPARTMENT

8100	Personal Services	8,524,529.00
8200	Commodities	219,747.00
8300	Contractual Services	216,948.00
8400	Other Services/Expenses	6,960.00
	DEPARTMENT TOTAL	<u>8,968,184.00</u>

345 - PUBLIC WORKS DEPARTMENT

8100	Personal Services	2,847,315.00
8200	Commodities	531,500.00
8300	Contractual Services	548,262.00
8400	Other Services/Expenses	39,000.00
8500	Equipment	17,600.00
	DEPARTMENT TOTAL	<u>3,983,677.00</u>

327 - GENERAL FUND SUPPORT

8100	Personal Services	1,281,919.00
8200	Commodities	153,650.00
8300	Contractual Services	124,700.00
8400	Other Services/Expenses	425,000.00
8500	Equipment	0.00
8600	Permanent Improvements	0.00
9000	Transfers	2,110,486.00
	DEPARTMENT TOTAL	<u>4,095,755.00</u>

SUBTOTAL: CORPORATE PROPERTY TAX LEVY - GENERAL FUND	29,592,367.00	0.00
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1	FICA & MEDICARE EXPENDITURES - GENERAL FUND	467,025.00	467,025.00
1	IMRF EXPENDITURES - GENERAL FUND	782,850.00	272,749.89
93	POLICE PENSION FUND EXPENDITURES		
8100	Personal Services	1,934,710.00	1,379,234.00
8300	Contractual Services	88,754.00	0.00
	FUND TOTAL	2,023,464.00	1,379,234.00
95	FIRE PENSION FUND EXPENDITURES		
8100	Personal Services	2,418,245.00	2,078,061.00
8300	Contractual Services	100,000.00	0.00
	FUND TOTAL	2,518,245.00	2,078,061.00
48	AIRPORT FUND EXPENDITURES		
8100	Personal Services	279,612.00	0.00
8200	Commodities	407,700.00	
8300	Contractual Services	137,850.00	
8400	Other Services/Expenses	134,741.00	
8500	Equipment	32,000.00	
8600	Permanent Improvements	375,000.00	
9000	Transfers	0.00	
	FUND TOTAL	1,366,903.00	0.00
SUBTOTAL: FICA, IMRF, POLICE, FIRE & AIRPORT LEVIES		7,158,487.00	4,197,069.89
220	General Fund Debt Service	1,011,680.00	1,840,463.00
225	TIF Debt Service	1,725,148.00	1,371,693.08
48	Airport Debt Service	88,752.00	89,708.00
648	Water Fund Bonded Debt Service	325,925.00	321,925.00
81	Special Service Area #3, Heritage Ridge	2,788.00	2,788.00
82	Special Service Area #4, Knolls	1,486.00	1,486.00
83	Special Service Area #6, Greek Row	10,101.00	10,101.00
SUBTOTAL: BOND FUNDS & SPECIAL SERVICES AREAS		3,155,779.00	3,638,164.08
99	DEKALB PUBLIC LIBRARY EXPENDITURES	2,013,097.00	1,798,536.00
TOTAL FICA, IMRF, POLICE, FIRE, AIRPORT & CORPORATE LEVY			4,197,069.89
TOTAL LIBRARY			1,798,536.00
TOTAL BOND FUNDS			3,623,789.08
TOTAL SPECIAL SERVICE AREAS			14,375.00
TOTAL PROPERTY TAX - ALL FUNDS			9,633,769.97



Actuary

To: Ms. Laura Pisarcik

Comments:

Re: Police & Firefighter Pension Funds

Laura:

Recall, last year as a result of PA 096-1495 many changes were made including the actuarial method (Projected Unit Credit), 30-year amortization period and a 90% amortization target. This year, we add "asset smoothing" to the mix (5-year average market value, a result of Pension Reform), and the smoothed values exceed the straight market values (\$2.3M Police, \$1.2M Fire). This year, the investment returns were much less than assumed (especially Police) and salaries increased as assumed for Police and less than assumed for Fire. Police has 1 less active member and the reported date of hire was changed for several Officers. Fire has 1 more active member and had 1 new incident of disability. Thus, the Tax Levy has increased and the Percent Funded has decreased for Police and increased slightly for Fire.

Also, the City is strongly encouraged to consider reducing the 8% interest rate assumption.

Highlights:

1. Investment returns: Police -2.91%; Fire 0.74%.
2. Annual payroll increases: Police 2.8%, Fire 0.4%
Average increases: Police 5.3%, Fire 2.3%.
3. New members: Police 3, Fire 5; Terminations: Police 0, Fire 1;
Retirements: Police 4, Fire 2; Incidents of Disability: Police 0, Fire 1.
4. Percent Funded: Police decreased from 65.0% to 62.7%;
Fire increased slightly from 45.8% to 46.0%.
5. Tax Levy: Police increased from \$1,097,501 to \$1,237,688 (12.8%);
Fire increased from \$1,837,536 to \$1,924,930 (4.8%).

As Always,

T. Sharpe

Timothy W. Sharpe, Actuary, Geneva, IL (630) 262-0600

November 2, 2012

CITY OF DEKALB
Actuarial Valuation Results

POLICE	<u>7/1/11</u>	<u>7/1/12</u>			
	Int: 8.00% <u>Sal: 5.00%</u>	Int: 8.00% <u>Sal: 5.00%</u>	Int: 7.50% <u>Sal: 5.00%</u>	Int: 7.50% <u>Sal: 4.50%</u>	Int: 8.00% <u>Sal: 5.00%¹</u>
1. City Normal Cost	336,106	340,637	443,297	379,827	502,604
2. Accrued Liability	39,892,647	43,395,538	45,955,079	45,332,124	41,100,253
3. Assets	25,924,840	27,210,724	27,210,724	27,210,724	27,210,724
4. Unfunded Liability/(Surplus)	13,967,807	16,184,814	18,744,355	18,121,400	13,889,529
5. Amortization of UL	680,099	805,370	881,368	903,181	486,637
6. Interest for One Year	81,296	91,681	99,350	96,226	79,139
7. Tax Levy Requirement (1+5+6)	<u>1,097,501</u>	<u>1,237,688</u>	<u>1,424,015</u>	<u>1,379,234</u>	<u>1,068,380</u>
8. Payroll	4,563,707	4,690,761	4,690,761	4,690,761	4,690,761
9. Percent Funded (3/2)	65.0%	62.7%	59.2%	60.0%	66.2%

Reflects Entry Age, 29-year, 100% amortization, smoothed market

¹ Reflects PA 096-1495 (PUC, 29-year, 90% amortization, smoothed market)

Timothy W. Sharpe, Actuary, Geneva, IL (630) 262-0600

November 2, 2012

**CITY OF DEKALB
Actuarial Valuation Results**

FIRE	<u>7/1/11</u>		<u>7/1/12</u>		
	Int: 8.00%	Int: 8.00%	Int: 7.50%	Int: 7.50%	Int: 8.00%
	<u>Sal: 5.00%</u>	<u>Sal: 5.00%</u>	<u>Sal: 5.00%</u>	<u>Sal: 4.50%</u>	<u>Sal: 5.00%¹</u>
1. City Normal Cost	497,932	496,089	605,216	538,355	674,241
2. Accrued Liability	45,579,135	47,891,959	50,499,169	50,026,972	45,069,847
3. Assets	20,861,991	22,043,243	22,043,243	22,043,243	22,043,243
4. Unfunded Liability/(Surplus)	24,717,144	25,848,716	28,455,926	27,983,729	23,026,604
5. Amortization of UL	1,203,490	1,286,254	1,338,010	1,394,725	921,552
6. Interest for One Year	136,114	142,587	145,742	144,981	127,663
7. Tax Levy Requirement (1+5+6)	<u>1,837,536</u>	<u>1,924,930</u>	<u>2,088,968</u>	<u>2,078,061</u>	<u>1,723,456</u>
8. Payroll	4,203,879	4,205,623	4,205,623	4,205,623	4,205,623
9. Percent Funded (3/2)	45.8%	46.0%	43.7%	44.1%	48.9%

Reflects Entry Age, 29-year, 100% amortization, smoothed market

¹ Reflects PA 096-1495 (PUC, 29-year, 90% amortization, smoothed market)

Timothy W. Sharpe, Actuary, Geneva, IL (630) 262-0600

November 2, 2012

**CITY OF DEKALB
Firefighters Pension Fund**

Investment Performance 2003-2012

	FYE 03	FYE 04	FYE 05	FYE 06	FYE 07	FYE 08	FYE 09	FYE 10	FYE 11	FYE 12
BOY Assets	11,869,136	12,366,819	13,606,913	14,601,317	15,749,950	17,655,231	17,579,037	16,340,474	18,125,580	20,861,991
City Contribution	785,808	909,103	1,019,255	1,062,734	1,183,848	1,373,886	1,500,813	1,706,970	2,001,368	2,019,607
Firefighter Contribution	253,704	272,138	320,340	540,961	367,283	420,474	439,532	392,253	413,040	398,920
Pension Payments	982,235	1,021,612	1,140,011	1,319,778	1,558,911	1,767,782	1,909,683	2,164,949	2,276,909	2,534,324
Expenses	12,156	45,188	14,569	17,669	23,691	30,407	34,387	42,076	41,295	63,029
Income	452,562	1,125,653	809,389	882,385	1,936,752	(72,365)	(1,234,838)	1,892,908	2,640,207	153,168
EOY Assets	12,366,819	13,606,913	14,601,317	15,749,950	17,655,231	17,579,037	16,340,474	18,125,580	20,861,991	20,836,332
Annual Yield	3.81%	9.06%	5.91%	5.99%	12.31%	-0.41%	-7.03%	11.62%	14.53%	0.74%
5-Year Yield (2008-12)	3.89%									
10-Year Yield (2003-12)	5.65%									

Timothy W. Sharpe, Actuary, Geneva, IL (630) 262-0600

November 2, 2012

**CITY OF DEKALB
Police Pension Fund**

Investment Performance 2003-2012

	FYE 03	FYE 04	FYE 05	FYE 06	FYE 07	FYE 08	FYE 09	FYE 10	FYE 11	FYE 12
BOY Assets	15,816,857	16,589,356	18,061,408	19,192,559	20,716,777	23,101,860	22,366,852	20,462,340	22,493,353	25,924,840
City Contribution	510,760	652,502	711,075	749,471	810,799	865,936	849,705	1,081,450	1,342,558	1,306,414
Officer Contribution	318,690	348,151	374,517	658,903	408,068	430,914	474,975	555,879	579,767	446,082
Pension Payments	1,077,780	1,174,503	1,171,670	1,248,809	1,368,267	1,531,635	1,633,842	1,595,908	1,745,619	1,942,575
Expenses	8,664	18,155	10,734	11,163	12,352	13,876	20,641	28,228	37,201	26,112
Income	1,029,493	1,664,057	1,227,963	1,375,816	2,546,835	(486,347)	(1,574,708)	2,017,821	3,291,981	(750,987)
EOY Assets	16,589,356	18,061,408	19,192,559	20,716,777	23,101,860	22,366,852	20,462,341	22,493,353	25,924,840	24,957,662
Annual Yield	6.56%	10.09%	6.82%	7.14%	12.34%	-2.12%	-7.09%	9.86%	14.59%	-2.91%
5-Year Yield (2008-12)	2.47%									
10-Year Yield (2003-12)	5.53%									

Timothy W. Sharpe, Actuary, Geneva, IL (630) 262-0600

DATE: November 7, 2012

TO: Mayor
City Council

FROM: Mark Biernacki, City Manager
Rudy Espiritu, Assistant City Manager
Laura A. Pisarcik, Finance/Purchasing Director

SUBJECT: Ordinance Amending Budget FY 2012

STRATEGIC GOAL: Ensure a Financially Stable and Sustainable City Government

I. Summary:

With the FY 2012 audit almost complete, the fund balance in the General Fund looks to be about \$3.5 million. Workers' Compensation Fund looks to have \$2.2 million and the Equipment Fund will have \$157,000. In consultation with our auditors, staff is recommending that we use a portion of these fund balances to eliminate deficit fund balances for Capital Projects, Fleet Replacement and Liability/Property Funds.

Before the City Council is an amendment to the FY 2012 budget to eliminate all the debit fund balances for all the deficit funds. Staff also recommends following the Fund balance policy that was passed on September 24, 2012, to maintain the fund balance in the Workers' Compensation Fund at \$1 million. With these transfers this would close these debit balances, and the General Fund would have a net reserve of \$4.7 million, which equates to a 17.31% fund balance. Our credit rating will benefit by eliminating the debit balances in our fund balances and the continued growth of the General Fund reserve.

II. Background:

Considering the City has funds with debit balances (Capital Projects, Fleet Replacement, and Liability/Property Fund), staff is recommending that we use existing fund balances in the Equipment Fund, and Workers' Compensation Fund to eliminate these debit balances. Doing this would mean the City will have all funds in positive balances and would leave the General Fund with a net reserve of \$4.7 million. With these transfers, the General Fund balance would equate to a \$4.7 million or 17.31%. This is a positive change from the \$22,169 fund balance in FY 2010 and \$2.7 Million in FY 2011.

The City's Fund Balance Policy states the goal to reach a General Fund reserve of 25%. If this budget amendment is adopted, the General Fund will actually grow its reserve at a faster

rate because we would not be transferring money from the General Fund to cover these debit balances. With a 17.31% fund balance in the General Fund, over the next several years, this balance should increase at a rate of 3% per year through continued budgetary efforts which would then achieve the 25% fund balance by FY 2017.

III. Community Groups/Interested Parties Contacted:

The Finance Division worked directly with our auditors to finalize the fund balances in all funds. The auditors concur with eliminating the debit balances in the funds above.

IV. Legal Impact:

A budget amendment requires a 2/3 majority of the corporate authorities for passage, inclusive of the Mayor.

V. Financial Impact:

At this time, the City's Workers' Compensation Fund and Equipment Fund are in a position to eliminate the debits balances in the deficit funds. At the end of FY12, funds with deficits were: the Capital Projects Fund, Fleet Replacement Fund, and Liability/Property Fund. The financial impact of the recommended transactions would return these Funds into the black, and offer a fresh start for the 2013 fiscal year. Please refer to chart below for details.

CITY OF DEKALB
BUDGET AMENDMENT AS OF 11/13/12
BUDGET YEAR 2011-2012
SECTION ONE: BUDGET AMENDED: Exhibit A

Descriptions	Capital Fund	Fleet Replacement Fd	Equipment Fund	Liability/Property Fund	Workers' Compensation	General Fund	Total
Beginning Balance 7/1/11	31,839.00		75,923.00	6,547.00	138.00	2,750,119.00	3,508,222.00
Current Year Activity	(44,748.00)	(78,260.00)	81,180.00	(64,080.00)	2,237,076.00	801,796.00	2,800,086.00
Tsfer to/from Equipment Fund	13,000.00	78,275.00	(91,275.00)				
Transfer to/from Wks Comp				58,000.00	(58,000.00)		
Transfer to/from General Fund					(1,179,214.00)	1,179,214.00	
Ending Balance 6/30/12	91.00	15.00	65,828.00	467.00	1,000,000.00	4,781,129.00	6,308,308.00
Fund Policy	Planned Cost	Planned Cost	Planned Cost		1,000,000.00	25%	
						17.31%	

VI. Alternatives:

1. Eliminate all the fund deficits. The Capital Fund debit of (\$44,748), Fleet Replacement Fund (\$78,260) and the Liability/Property Fund (\$64,080). General Fund would increase to a 17.31% reserve of \$4,731,129. This option is recommended.

2. Maintain the funds with debit balances in FY12, which reflects in our credit rating and maintain a Workers' Compensation balance of 2,237,076 in FY12. It will take longer to achieve in the General Fund balance of 25%. This option is not recommended.

VII. Recommendation:

Staff recommends adopting the budget amendment to eliminate all fund deficits. This presents the clearest picture of our fund balance situation and begin FY13 with no debit fund balances in any of our funds.

Respectfully submitted for City Council consideration,

Reviewed By:

Approved By:

Rudy Espiritu
Assistant City Manager

Mark Biernacki
City Manager