



**THE FISCAL HEALTH OF INDIANA'S
LARGER MUNICIPALITIES:
CITY OF BLOOMINGTON
MUNICIPAL PROFILE**

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CITY OF BLOOMINGTON MUNICIPAL PROFILE

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Introduction

This document is a summary of financial information on the City of Bloomington assembled from several public sources. It is intended to serve as a supplementary document to the Indiana Fiscal Policy Institute report *Fiscal Health of Indiana's Larger Municipalities* released in December, 2015. It was not prepared for or vetted by the City of Bloomington prior to its release and does not serve in any manner as a publication of the City. Rather it is the author's interpretation of the data gathered from publicly available sources.

Economic Climate

Based on this study's Composite Economic Index, the City of Bloomington has been functioning in the seventh strongest economic climate of the eighteen selected municipalities.

In 1970, the City of Bloomington had 43,262 residents. That total represented 51% of the Monroe County population. In 2014, the estimated population of Bloomington was 83,322. That total represented 58 percent of the Monroe County population, an increase of 7 percentage points from 1970. Between 1970 and 2014, Bloomington gained 40,060 residents, a 93% increase. Between 2006 and 2014, Bloomington gained an estimated 14,075 residents for a 20.3 percent increase.

Total personal income in Monroe County increased by 25.2 percent between 2006 and 2013. This was the fourth highest percentage increase among the fifteen counties that contained our selected municipalities. Per capita personal income in 2013 in Monroe County was \$32,892, third lowest among the selected counties. This was 85.2 percent of statewide per capita personal income. In 1970, per capita personal income in Monroe County was 80.0 percent of the statewide per capita personal income.

Monroe County has experienced long-term gain and short loss in employment. In 1970 the countywide total employment (full and part-time) was 37,215. By 2007, employment in the county had increased to 84,441. It but declined slightly to 83,298 2013. The longer-term increase between 1970 and 2013 was 123.8 percent. This was the third highest among the fifteen counties that contained the eighteen selected municipalities. The shorter-term decline between 2007 and 2013 was 1.4 percent, the fifth best performance of the fifteen counties. This data is from the Bureau of Economic Analysis Total Employment by county data and is based on place of work not place of residence.

The Gross Regional Product in Monroe County in 2013 was \$5,756,935,177. The per capita GRP was \$40,536 in 2013. This was the ninth highest GRP per capita of the fifteen counties containing our selected municipalities.

Of the eighteen municipalities included in this study, Bloomington ranked 7th on a Composite Economic Index of several municipal and countywide economic indicators (short and long-term population change, short and long-term employment change, total personal income growth, per capita personal income, gross regional product per capita, gross assessed valuation change, and gross assessed valuation per capita). It scored 145 out of a possible 270 points. This indicates that the City of Bloomington has been operating in a relatively strong economic environment in comparison with the group of municipalities included in this study. Some of these factors, such as per capita personal income relate closely to the

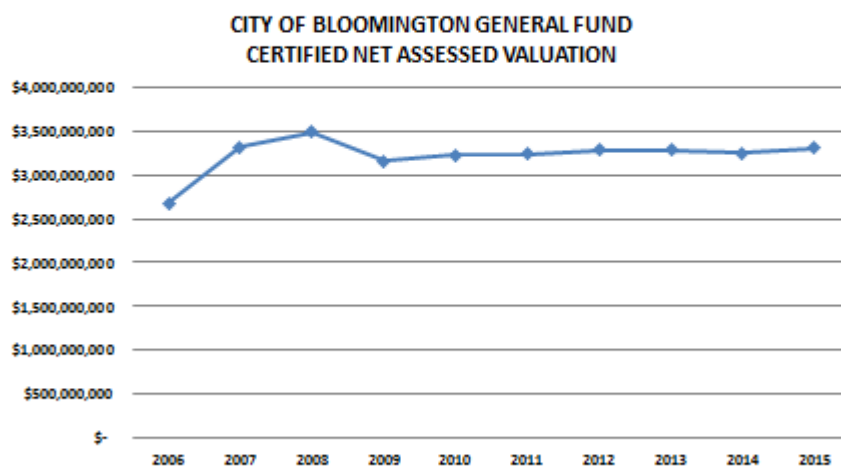
relative income tax performance and others such as change in gross assessed valuation impact both property tax levies and circuit breaker credits.

Assessed Valuation

The gross assessed valuation for the City of Bloomington was \$5,198,894,002 in 2014 pay 2015. This was a 3.2 percent increase over the 2007 pay 2008 gross assessed valuation. Gross assessed valuation was \$62,395 per capita in 2014 pay 2015, ranking 8th among the eighteen selected municipalities. In 2007 pay 2008 the standard homestead deductions were 8.2 percent while the 2014 pay 2015 combination of the standard and supplemental homestead deductions represented 18.7 percent of Bloomington's gross assessed valuation. In 2007 pay 2008 6.5 percent of the city's gross assessed valuation was captured in tax increment financing districts and this increased to 11.3 percent in 2014 pay 2015. Net certified assessed valuation in 2007 pay 2008 was 74.2 percent of gross assessed valuation (less the gross assessed valuation captured in tax increment districts). By 2014 pay 2015, this had fallen to 69.1 percent.

Figure 1 illustrates the changes in net assessed valuation for Bloomington from 2005 pay 2006 through the current year. The certified net assessed valuation for the City of Bloomington General Fund is \$3,303,079,126 for 2014 pay 2015. That is up from \$2,680,973 in 2005 pay 2006. Between 2007 pay 2008 and 2008 pay 2009, where the impact of the increases in the homestead deductions enacted in HEA 1001-2008 first occurred, the certified net assessed valuation for Bloomington declined by 9.5 percent, the seventh smallest decline among the eighteen selected municipalities. Between 2008 pay 2009 and 2014 pay 2015, the City of Bloomington's net assessed valuation grew by 4.4 percent, the sixth highest increase among the selected municipalities. Net assessed valuation per capita in Bloomington was \$39,642 in 2014 pay 2015, ranking 6th among the eighteen municipalities. Over the past year, net assessed valuation for the City of Bloomington General Fund increased by 1.4 percent. In 2014 pay 2015, 11.3 percent of the City of Bloomington's General Fund Net Assessed Valuation was captured by Tax Increment Financing Districts.

FIGURE 1



In 2006 pay 2007, the City of Bloomington’s certified net assessed valuation was 52.2 percent of the net assessed value countywide in Monroe County. By 2014 pay 2015, the City’s portion of the countywide net assessed value had decreased slightly to 51.1 percent.

Annual Property Tax Certified Levies and Rates

2007 Certified Budgets, Levies and Rates for Property Tax Supported Funds

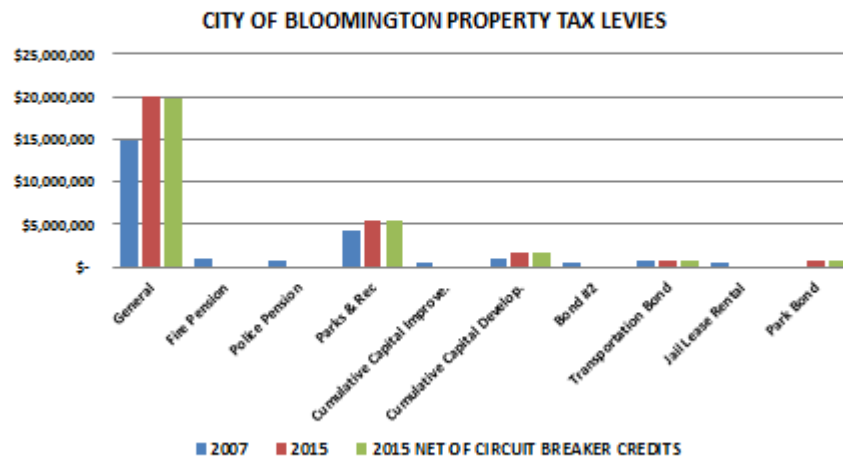
Fund	Budget	Certified Levy	Rate/\$100 AV
General	\$27,475,224	\$14,908,040	\$0.4496
Bond #2	\$600,315	\$547,114	\$0.0165
Fire Pension	\$2,446,892	\$998,069	\$0.0301
Police Pension	\$1,655,167	\$649,906	\$0.0196
Jail Lease Rental	\$395,500	\$381,322	\$0.0115
Parks & Recreation	\$5,547,811	\$4,297,335	\$0.1296
Cum. Capital Improvement	\$419,000	\$576,957	\$0.0174
Transportation Bond	\$645,425	\$620,063	\$0.0187
Cum. Capital Development	\$887,732	\$895,278	\$0.0270
Total	\$40,073,066	\$23,874,084	\$0.7200

2015 Certified Budgets, Levies and Rates for Property Tax Supported Funds

Fund	Budget	Certified Levy	Rate/\$100 AV
General	\$36,467,897	\$20,076,115	\$0.6078
Parks & Recreation	\$6,809,495	\$5,380,716	\$0.1629
Park Bond	\$450,032	\$630,888	\$0.0191
Transportation Bond	\$887,686	\$812,557	\$0.0246
Cum. Capital Development	\$2,305,825	\$1,631,721	\$0.0494
Total	\$46,920,935	\$28,531,997	\$0.8638

Source: Department of Local Government Finance Annual Budget Orders

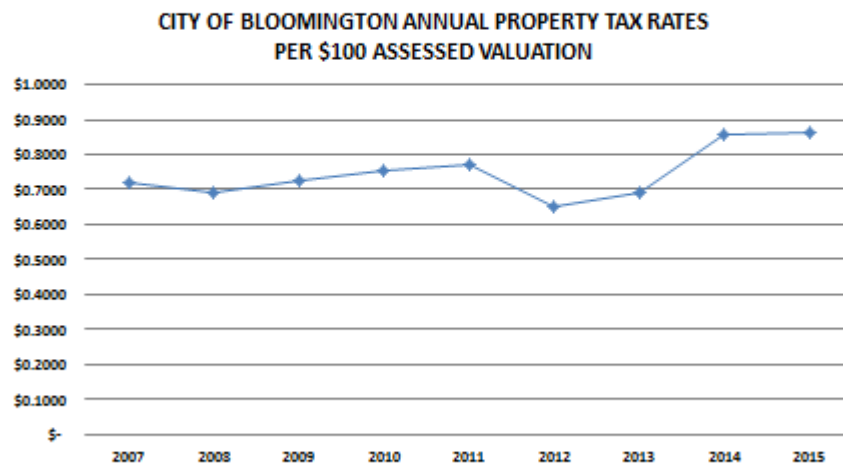
FIGURE 2



The City of Bloomington's 2015 property tax rate of \$0.8638 per \$100 of assessed value ranked as the fourth lowest among the eighteen selected municipalities. Bloomington's property tax rate increased by \$0.1438 between 2007 and 2015. This was a 20.0% increase. The increase, in cents per \$100 assessed valuation, also ranked as the fourth lowest among the selected communities and was fifth lowest as a percentage increase.

The City of Bloomington does have a Cumulative Capital Development Fund with a 2015 rate of \$0.0494. It does not levy property taxes for either its Police or Fire Pension Funds. In 2015, 13.4 percent of its property tax rate is used to support debt service funds.

FIGURE 3



Circuit Breaker Impacts

In 2015, the City of Bloomington lost \$227,803 in property tax revenue due to Circuit Breaker credits. That was 0.8 percent of its Certified Property Tax Levy, the lowest among the selected municipalities. After adjusting for inflation, the 2015 total Certified Levy net of Circuit Breaker Credits was 103.9 percent of its 2007 Certified Levy. In 2015 Circuit Breaker Credits allocated to the City of Bloomington were \$3 per capita (lowest among the eighteen municipalities) and \$7 per \$100 of assessed valuation (also lowest). Bloomington lost no in property tax revenue due to Circuit Breakers in its tax increment financing districts.

FIGURE 4

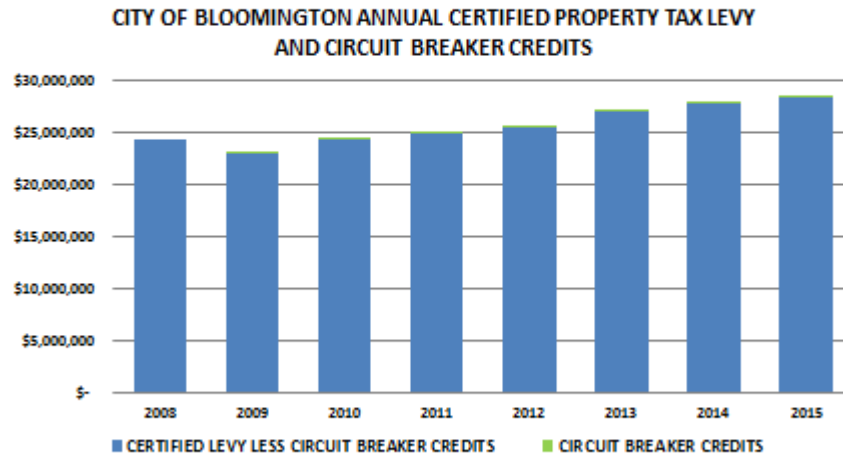


FIGURE 5

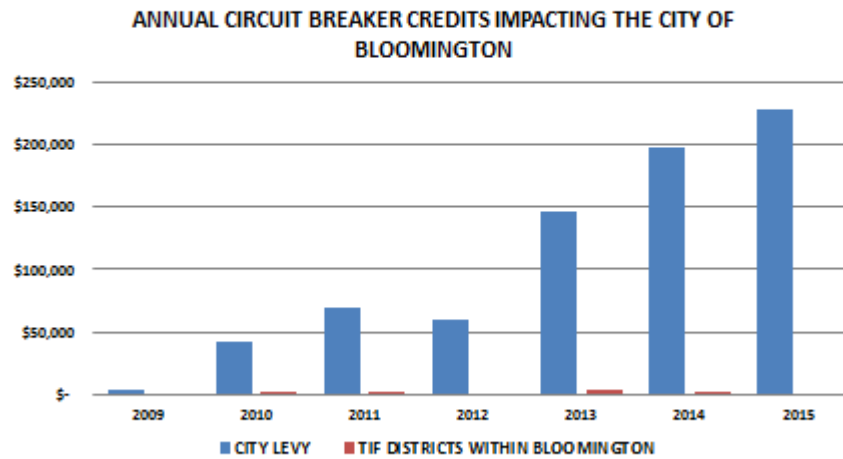
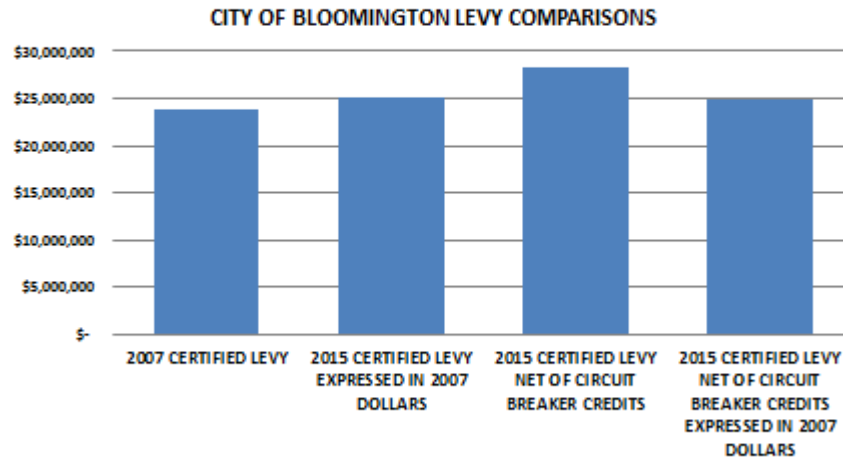


FIGURE 6



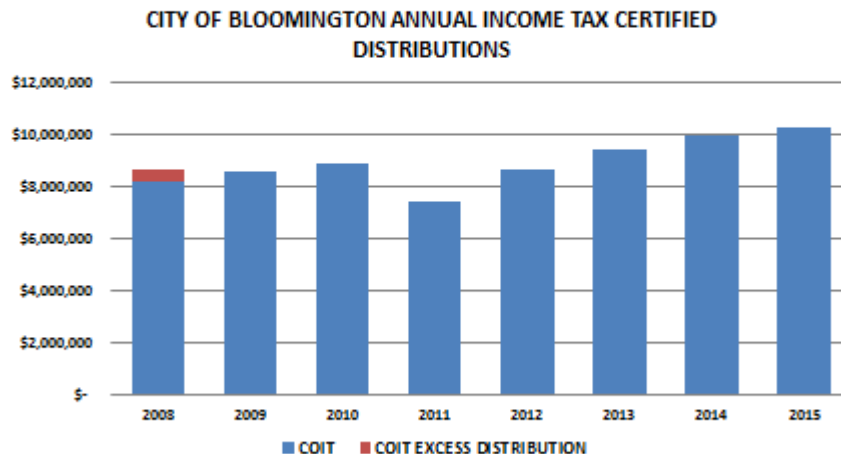
Local Income Taxes

Monroe County has the County Option Income Tax at a 1.0% rate and a Special Purpose LOIT of which the City of Bloomington does not have a direct share. The City of Bloomington has a controlling 58.3 percent of the votes in the Monroe County Income Tax Council. Monroe County has not adopted either a Property Tax Relief LOIT or the Public Safety LOIT as of January, 2015.

In 2008, the City of Bloomington received \$8,656,404 in local income tax distributions. By 2015 these distributions had increased to \$10,247,094. The 2008 distribution would have needed to be \$9,566,741 in 2015 to keep pace with inflation.

Local income tax revenue represented 26.3 percent of Bloomington's "core income" (certified property tax levy plus income tax revenue) in 2008. This proportion remained relatively static as income tax revenue represented 26.6 percent of "core income" (certified property tax levy less circuit breaker credits plus income tax revenue) in 2015.

FIGURE 7



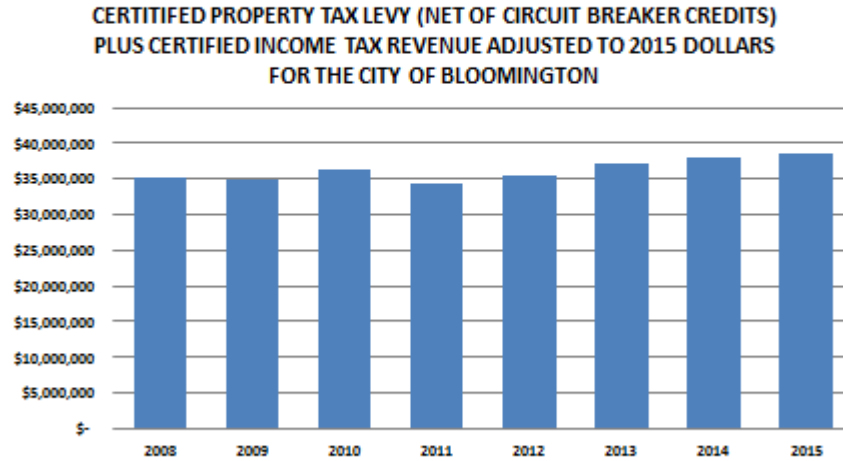
Fiscal Capacity Index

After exploring the changes which have occurred to the property and income tax revenues to the City of Bloomington, what has been the overall impact on the fiscal capacity of this municipality? To better understand that impact, a simple “Fiscal Capacity Index” has been created. “Core income” as defined in this study is the combination of (1) annual certified property tax levies net of circuit breaker credits; and (2) annual local option income tax certified distributions. In addition, property tax levies have been adjusted to remove the 2008 levies for those Police and Fire Pension Funds that were taken over by the state in 2009 to allow for a more accurate year-to-year comparison.

These two sources represent the two key revenue sources for most municipalities. The property tax component has been impacted by the enactment of the property tax caps and by the changes to assessed valuation both occurring through the 2008 legislation to increase homestead deductions and by the recession holding down “natural” growth in assessed valuation. Secondly, the impact of the property tax caps has been included by reducing property tax revenue by the amount of Circuit Breaker Credits attributable to each municipality. Lastly, the recession also had a depressing effect on personal income which, in turn, reduced income tax revenues.

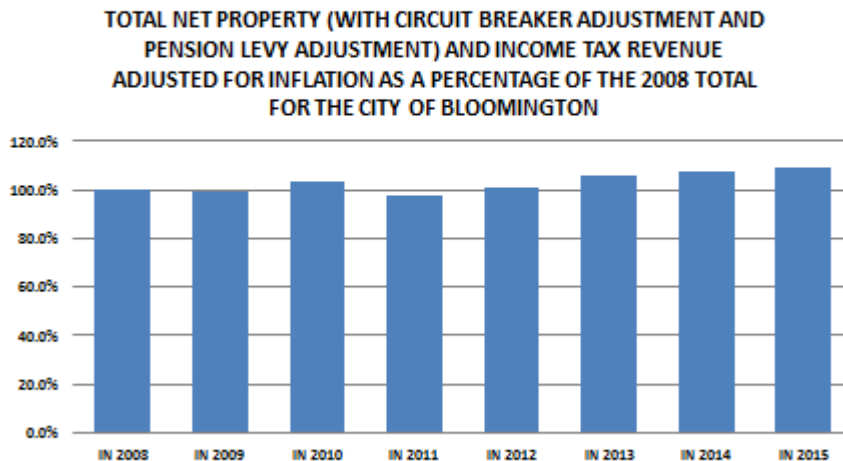
After the annual “core income” was determined for Bloomington, this revenue was then adjusted for inflation, creating the real value of the annual revenue for comparison over the 2008-2015 timeframe. Figure 8 illustrates the inflation adjusted core income for the City of Bloomington from 2008 through 2015.

FIGURE 8



The City of Bloomington's total certified property tax levy, net of circuit breaker, plus income tax revenue was, after adjusting for inflation, 109.5 percent of the 2008 total. This was the fourth highest Fiscal Capacity Index ranking of the eighteen selected municipalities. Between 2009 and 2015 the cumulative gain of core revenue compared with the 2008 total was \$21,444,253. This was the equivalent of 68 percent of 2008 core revenue.

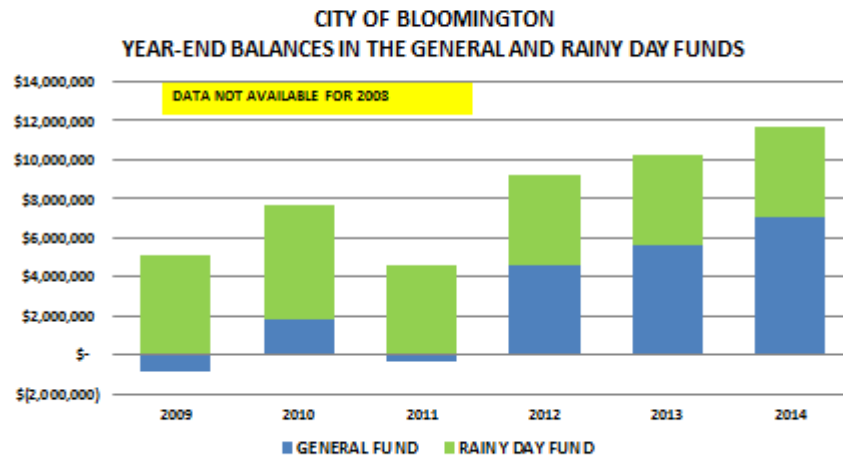
FIGURE 9



Year-End Balances, Annual Receipts and Annual Disbursements

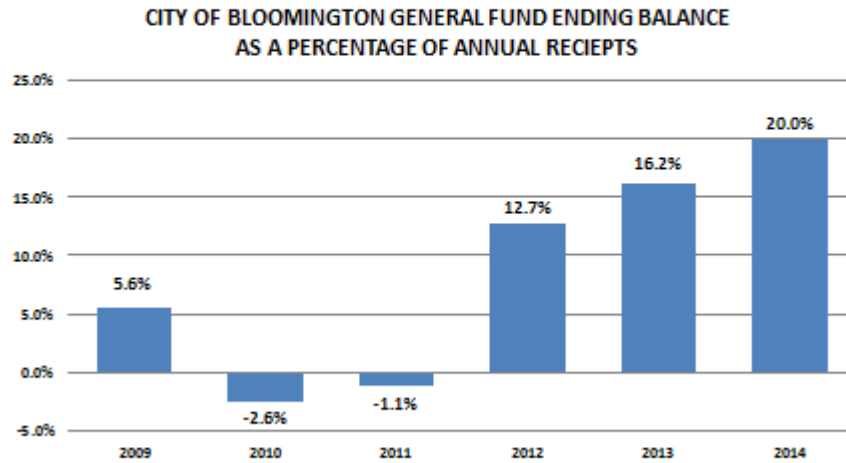
The 2014 year-end balance, including reserved and obligated funds, in the City of Bloomington's General Fund was \$7,067,335. Its Rainy Day Fund ended 2014 with a balance of \$4,630,833. The combined total balance for both funds at year-end 2014 was \$11,698,168. This was 33.0 percent of annual receipts from both funds combined, ranking as the 7th highest of the eighteen selected municipalities. The combined total represented \$140 per capita, the 9th highest ranking. The combined General and Rainy Day fund balances increased by \$7,463,158 between 2009 and 2014. This was the second highest ranking among the selected municipalities.

FIGURE 10



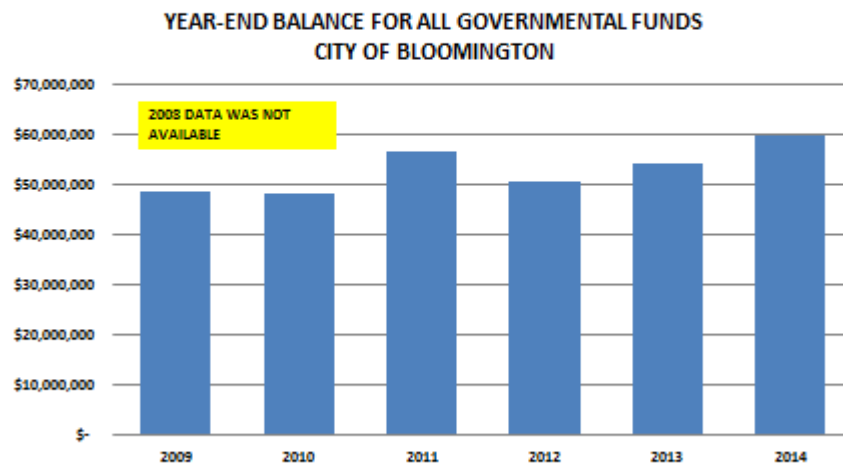
The 2014 year-end balance for all Governmental Funds for the City of Bloomington was \$59,942,200. This was \$719 per capita, ranking 9th highest among the selected municipalities. The year-end balance for all Governmental Funds was 56.9 percent of the 2014 receipts in those funds. General Fund disbursements represented 34.2 percent of all Governmental Fund disbursements in 2014. Total disbursements from Governmental Funds in 2014 were \$99,552,621. Total disbursements from all funds, including Governmental and Enterprise type funds, was \$155,128,701 in 2014.

FIGURE 11



Total receipts from all Governmental Funds in 2014 were 105,375,580. This was \$1,265 per capita, ranking as the second lowest among the selected municipalities. Core revenue (certified property taxes net of circuit breaker credits plus certified income tax distributions) represented 35.7 percent of all Governmental Fund receipts in 2014 for the City of Bloomington.

FIGURE 12



Intergovernmental Revenue

The information in this section was obtained from the IUPUI’s Public Policy Institute Fiscal Benchmarking Project. 2012 intergovernmental revenue for Bloomington was \$13,760,245 and represented 12.1

percent of total revenue. Intergovernmental revenue in 2011-2012 averaged 12.0 percent of total annual revenue. Bloomington was the 10th most dependent on Intergovernmental Revenues among the selected municipalities.¹ The 2011-2012 average annual intergovernmental revenue per capita was \$169, ranking Bloomington as 13th highest among the selected municipalities.

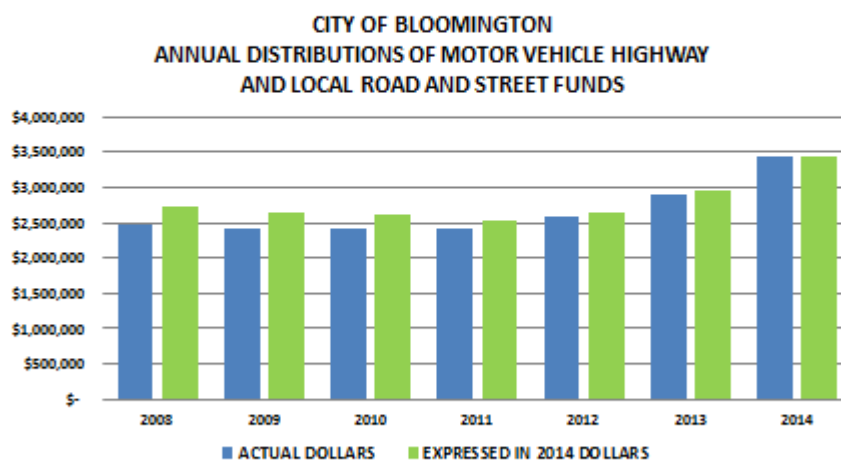
Highway Funding

The distribution of state taxes on fuel back to local governments has traditionally been the primary revenue source to support municipal road maintenance and enhancements. While most municipalities have found it necessary to supplement this source with other revenues, particularly as distributions from the Motor Vehicle Highway (MVH) and Local Road and Street (LR&S) funds had not been keeping pace with inflation, this source remains a most important revenue stream for the City of Bloomington.

In 2008, the City received a combined total of \$2,481,648 from the MVH and LR&S distributions. By 2012, these distributions had increased to \$2,572,618. The changes to the MVH Account made by the General Assembly beginning with the 2013-2015 State Budget increased the distributions to local units, including the City of Bloomington. By 2014, the first full year that the increase was in effect, Bloomington's combined distributions had increased to \$3,448,327. This was a 39.3 percent increase over the 2008 distributions, ranking as the fifth highest percentage change among the selected municipalities. After adjusting for inflation, this was a 26.4 percent increase over the 2008 combined MVH and LR&S distributions. The composite inflation adjusted increase for all eighteen selected municipalities was 15 percent.

While the City of Bloomington does not currently levy property taxes to support either its MVH or LR&S Funds, it is utilizing property taxes to retire the debt service on a Transportation Bond.

FIGURE 13



¹ There was no data available on Intergovernmental Revenue for the City of Lafayette.

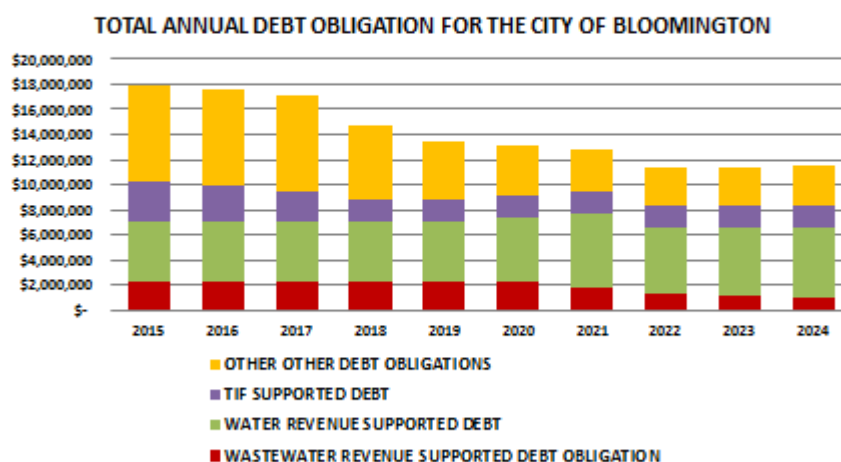
Debt

Per information available on the Indiana Gateway database, as of July 1, 2014, the City of Bloomington had total outstanding debt of \$184,470,615. This was \$2,234 of outstanding debt per capita, ranking eighth lowest among the selected municipalities.

Of the total outstanding debt, 39.3 percent was supported by water revenues and 18.2 percent was supported by tax increment finance revenues. The total outstanding debt per capita, excluding debt supported by wastewater, water and TIF revenues was \$716, fifth highest among the selected municipalities.

As of July 1, 2014, the City of Bloomington had \$8,852,212 in outstanding debt supported with County Option Income Tax revenues. This was 86.4 percent of the City's 2015 total COIT certified distribution.

FIGURE 14



The 2024 projected total debt payments of all current outstanding debt is 63.9 percent of the 2015 projected payments. According to the IUPUI Public Policy Institute's Fiscal Benchmarking Project, the 2012 Debt Service Ratio for the City of Bloomington is 10.4 percent.

Summary Observations

The property tax changes enacted in HEA 1001-2008 have had relatively little impact on the City of Bloomington's property tax revenues. It also operates in a relatively strong economic climate compared with the other municipalities included in this study, a situation which has benefited its income tax revenues. As a result of these two factors, Bloomington has one of the strongest fiscal pictures of the eighteen municipalities.

Bloomington has experienced positive growth in its gross assessed valuation between 2007 and 2015. Its 3.2 percent growth over this period is just slightly less than the composite rate

of change for all eighteen municipalities. Of importance has been the high percentage of net assessed valuation compared to gross assessed valuation. In 2014 pay 2015 Bloomington captured 69 percent of its gross assessed valuation as certified net assessed valuation, the second highest capture rate among all eighteen municipalities. It also had one of the lowest percentage declines in net assessed valuation between 2007 pay 2008 and 2014 pay 2015. It was one of only seven of the selected municipalities to have had actual growth in net assessed valuation since the HEA 1001-2008 changes in homestead deductions went into effect. It has the sixth highest amount of net assessed valuation per capita for 2014 pay 2015 among the eighteen municipalities.

The City of Bloomington currently has the fourth lowest property tax rate among the selected municipalities and this is a significant contributor to its very property tax cap impact. It also had one of the lowest percentage changes in its property tax rate between 2007 and 2015. Bloomington's percentage growth in its certified property tax levy between 2006 and 2015 has been just above that needed to keep pace with inflation.

The City of Bloomington had the lowest percentage loss of certified levy to circuit breaker credits in 2015 among all eighteen municipalities. It has \$227,803 in circuit breaker credit losses for less than one percent of its 2015 certified property tax levy. It also had the lowest amount of circuit breaker credits per capita among the eighteen municipalities.

Monroe County has had a 1 percent County Option Income Tax rate in place since at least 2008 (the earliest year for which this study gathered income tax rate data). The only change in the local income tax rate in the county since 2008 has been the adoption of a 0.095 percent Special Purpose LOIT for which Bloomington does not receive a direct distribution. Even without the adopt of the Public Safety LOIT, the City's 2015 income tax certified distribution has exceeded the amount needed to keep pace with inflation compared to its 2008 income tax revenue.

Given the minimal impact of the property tax caps on Bloomington's property tax revenue coupled with the strong revenue generating capacity of the one percent County Option Income Tax, the City's 2015 "core revenue", after adjusting for inflation, is 109.5 percent of its 2008 core revenue. This places Bloomington as the fourth highest ranked municipality on this study's Fiscal Capacity Index.

Since 2011, Bloomington has been able to grow a healthy General Fund year-end balance and has been able to maintain its Rainy Day Fund balance. The increase in the combined General and Rainy Day Fund balances was the second highest amount of increase in these fund balances among all eighteen municipalities. As of July, 2014 Bloomington had \$2,234 in outstanding debt per capita, placing the City in the mid-range of the selected municipalities on this factor. All of the indicators described above have contributed to the City of Bloomington ranking fourth on this studies overall Fiscal Health Index.