

Council Retreat

May 19, 2017

Understanding the Complexity of the City



The City is a complex organization, made up of **54 separate budgets**, that must follow rules - lots of rules!

The City Budget is Different from Private Business

Businesses:

- Strive to make a profit
- Typically provide a few related types of product or services
- Has to follow FASB (Financial Accounting Standards Board)
- Have more flexibility in moving around funds and budgets

City:

- Isn't in the business to make a profit from customers
- Provides a WIDE variety of unrelated services (police, fire, health, street maintenance, water, electric, sewer, trash, bus, airport, etc)
- Has to follow GASB (Governmental Accounting standards Board)
- Budgets are legal appropriations and require a process to change

The City Budget is Different from Your Personal Budget

Family Budgets:

- Generally have one or two sources of income
- More flexibility in allocating funds from one area to another

City Budget:

- Many sources of income (*4 different sales taxes, 5 gross receipt taxes, 3 other local taxes, numerous fees and service charges, fines, permit fees, etc.*)
- A lot of the income has to be spent for particular items and cannot be changed (*citywide Dedicated Sources are 86.44% of all revenue received*)

The City Uses Fund Accounting:

- Governments are required to use fund accounting
- Fund accounting is the way governments track revenues with purpose restrictions against the expenditures made for those purposes (*revenues for Water services need to be spent on providing the water service*)
- Fund accounting makes it easier to identify which monies are available for those specific purposes (*transportation sales tax*)

FUND -

A balanced set of accounts for recording resources whose use has been limited by a law, regulation or special restriction or accounting standard.

We have 45 separate funds in the budget

We have 6 different types of funds in the City Budget

1. General Fund *(1 fund - 20 department budgets)*



- 20 separate budgets
- Has Dedicated and General Sources
- General sources can be allocated to any budget

2. Special Revenue Funds *(10 funds)*

Convention and
Visitors

Non-Motorized
Grant Fund

All funding is
Dedicated

Stadium TDD
Fund

Transportation
Sales Tax Fund

Community
Development
Block Grant Fund
(CDBG)

Mid Missouri
Solid Waste
Management
District Fund

Contributions
Fund

Public
Improvement
Fund

Capital
Improvement
Sales Tax Fund

Parks Sales Tax
Fund

3. **Capital Projects Fund** *(1 fund - 4 separate areas)*

**All funding is
Dedicated**

**Public Safety
Capital Projects**



**Parks Capital
Projects**



**Other General
Government
Capital Projects**



**Streets and
Sidewalks Capital
Projects**



4. **Debt Service Funds** *(3 funds)*

**All funding is
Dedicated**

**2016 B Special
Obligation
Improvement
Bonds**

**Missouri
Transportation
Finance
Corporation Loan**

**Robert M. Lemone
Trust**

5. Enterprise Funds *(22 funds)*

Recreation
Services (Oper & CIP)

Storm Water
(Oper & CIP)

Transit
(Oper & CIP)

Parking
(Oper & CIP)

Solid Waste
(Oper & CIP)

Transload
(Oper & CIP)

Sewer
(Oper & CIP)

Water (Oper & CIP)

Electric
(Oper & CIP)

Railroad
(Oper & CIP)

Airport
(Oper & CIP)

- Provide services to external customers and other City departments
- Dedicated Sources
- Have one fund for operations and another fund for capital projects

6. Internal Service Funds *(8 funds)*

Custodial and
Building
Maintenance
Fund

Self Insurance
Fund

Utility Customer
Services Fund

Employee Benefit
Fund

Information
Technology
Fund

GIS Fund

Fleet Operations
Fund

Community
Relations
Fund

- Provide services to other City departments
- All dedicated sources

This can be a little confusing...



- A “Fund” and a “City Department” can have the same name (*Convention and Visitors Bureau*)
- A “Fund” can have more than one “City Department” (*General Fund - Police, Fire, Health, Streets, Parks and Recreation etc.*)
- A “City Department” can be made up of more than one “Fund” (*Sewer, Water and Electric - each have an operating fund and a capital projects fund*)

4 Documents Prepared Each Year:

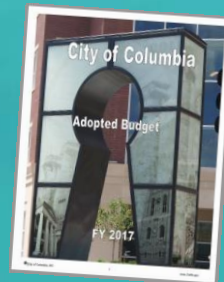
Comprehensive Annual
Financial Report



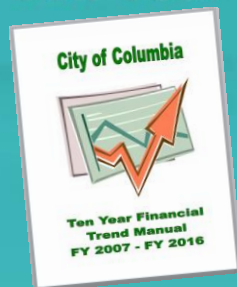
Last
Year

Next
Year

Annual Budget

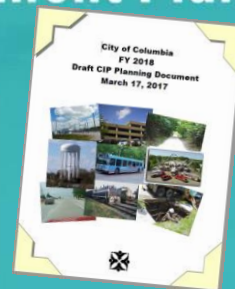


Ten Year Trend Manual



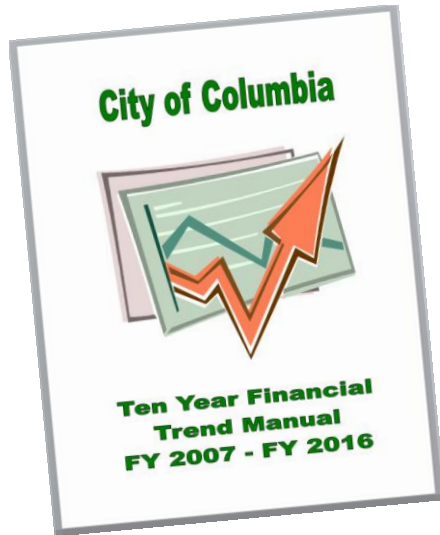
Looks Back 10 Years

Capital Improvement Plan



Looks Forward 10 Years

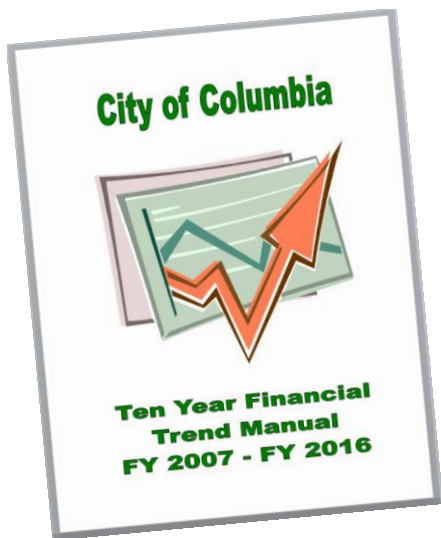
Ten Year Trend Manual - looks back 10 Years



[Link to 10 Year Trend Manual](#)

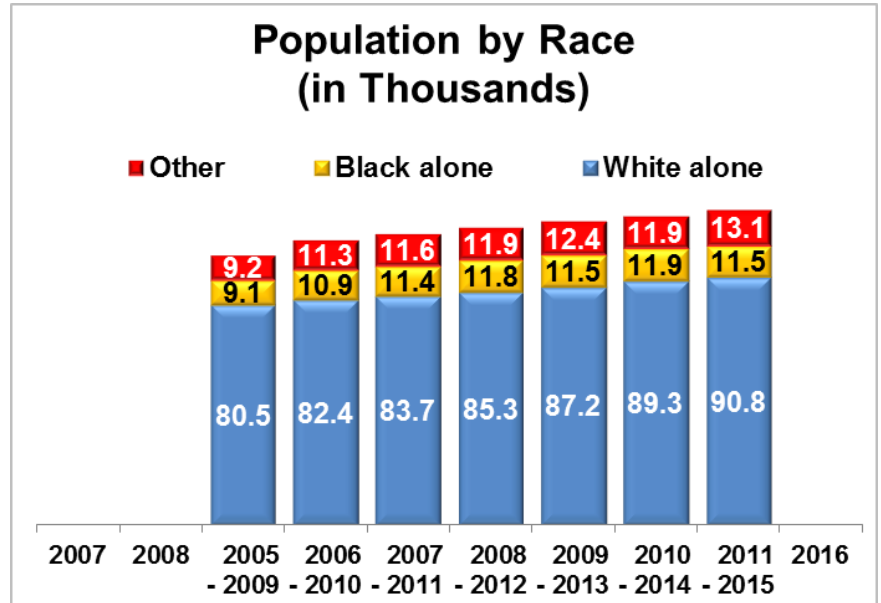
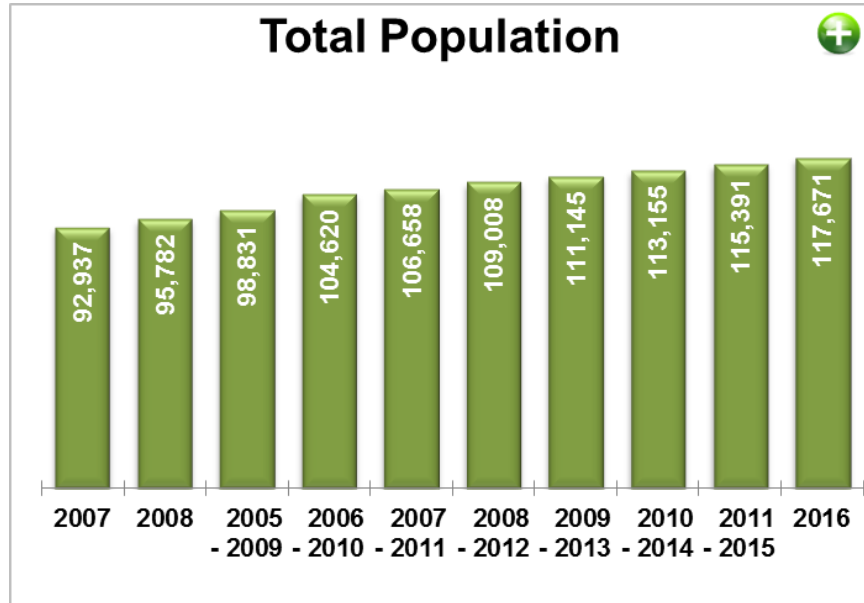
- Document has been reformatted!
- Find everything about a department in one place
- Source for population estimates changed to allow for comparison by race
- Added expenses per capita in constant dollars, employees per thousand population and fringe benefits as a percent of salaries and wages to each department section

Ten Year Trend Manual



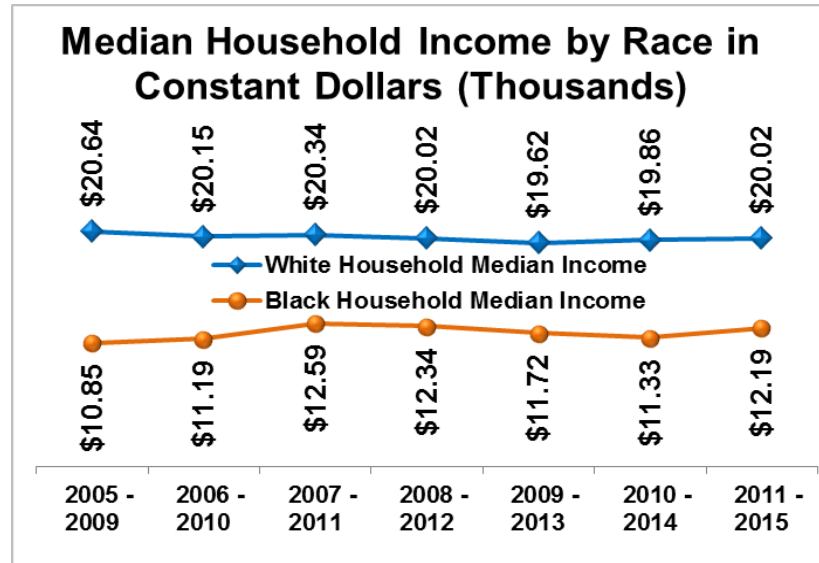
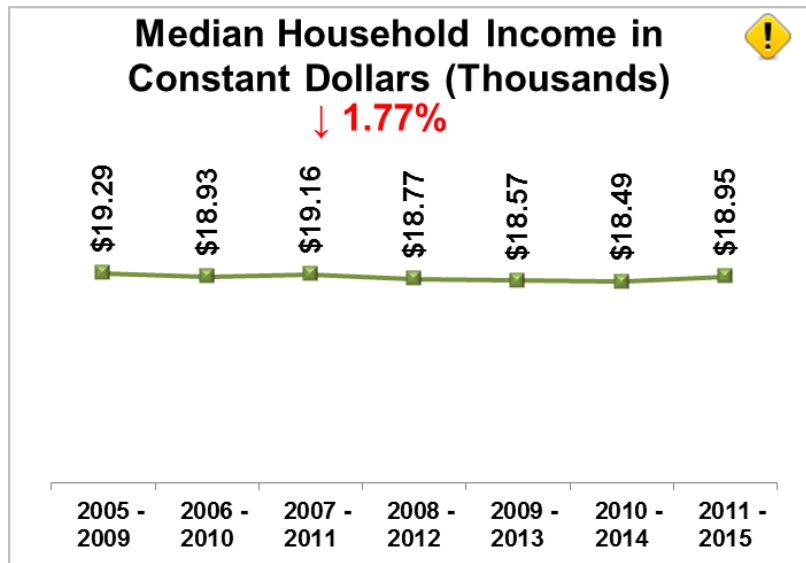
- Dedicated Source detail now included
- Position detail now included
- Some citizen survey information now included
- One page dashboard at the beginning of each department
- Trends are classified as:
 - ➕ Positive Trend
 - ⚠ Warning Trend
 - ➖ Negative Trend

Community Trends



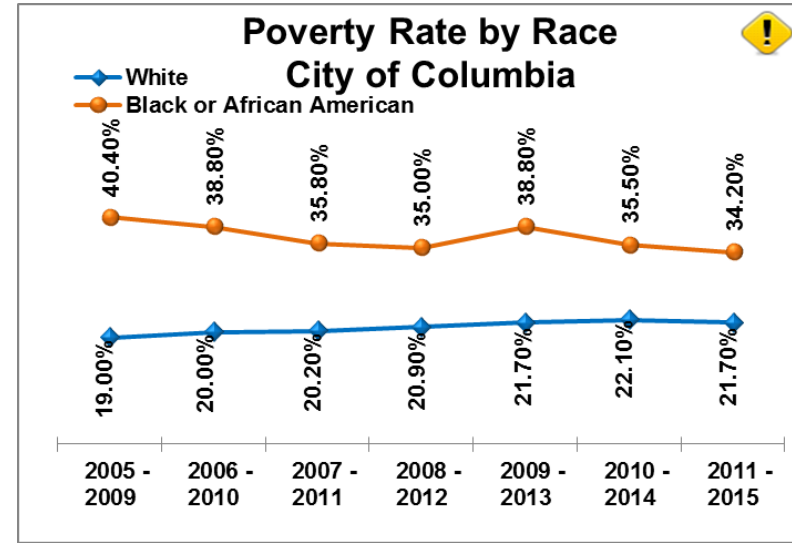
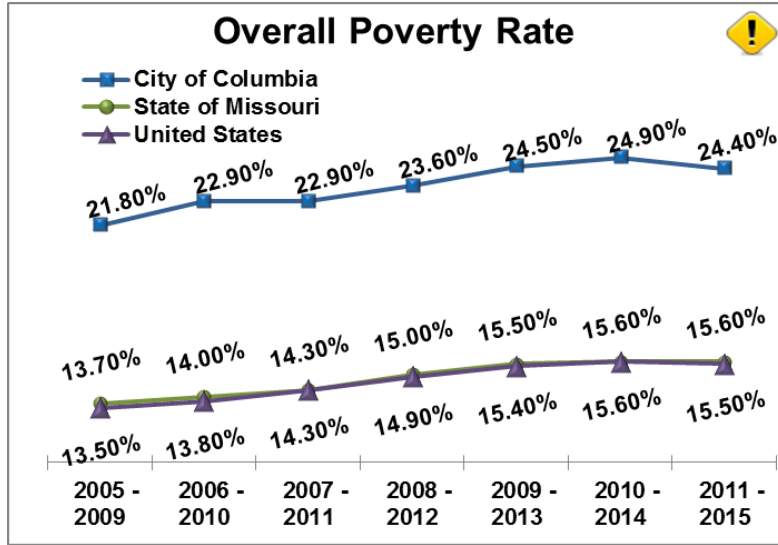
Population increased 26.61% (average 2.4% growth per year)

Community Trends - Median Household Income



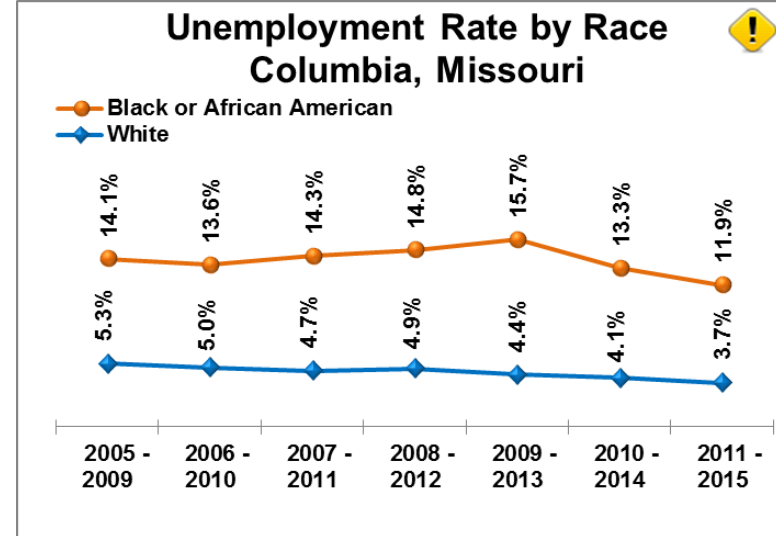
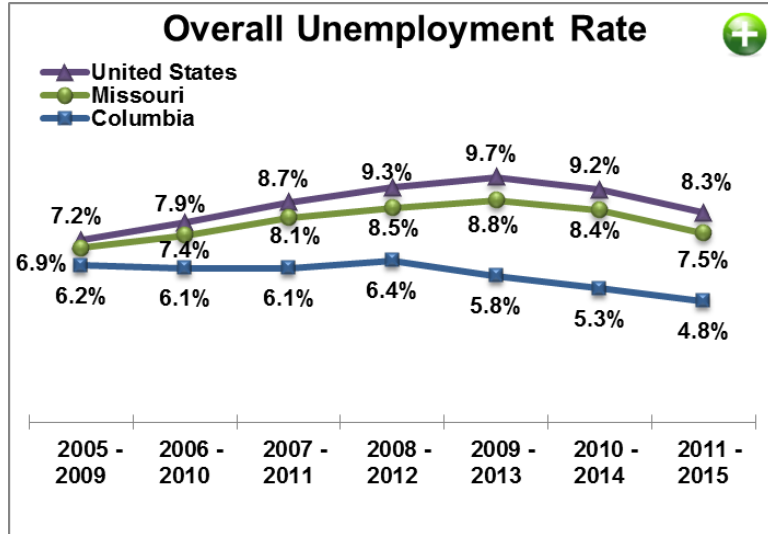
- Median Household Income in constant dollars decreased 1.77%
- Gap between Whites and Black or African Americans is \$7,827 in 2016, which is 20% lower than it was in 2009

Community Trends - Poverty Rate



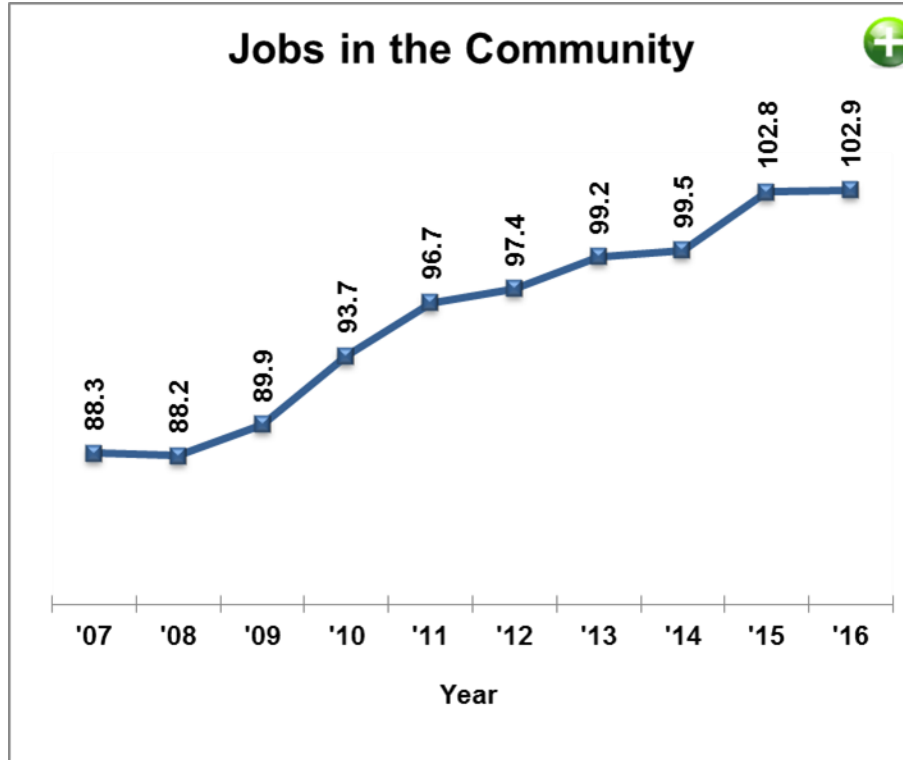
- Columbia's poverty rate is significantly higher than state and national
- Black or African American poverty rate still significantly higher than White
- Black or African American poverty rate decreased 15.35%
- White poverty rate increased 14.21%

Community Trends - Unemployment Rate



- Columbia's unemployment rate significantly lower than state and national
- Black or African American unemployment rate still significantly higher than White
- Black or African American unemployment rate decreased 15.60%
- White unemployment rate decreased 30.19%

Community Trends - Jobs in the Community



Number of jobs have increased by 14,518 or 16.43% over the past ten years

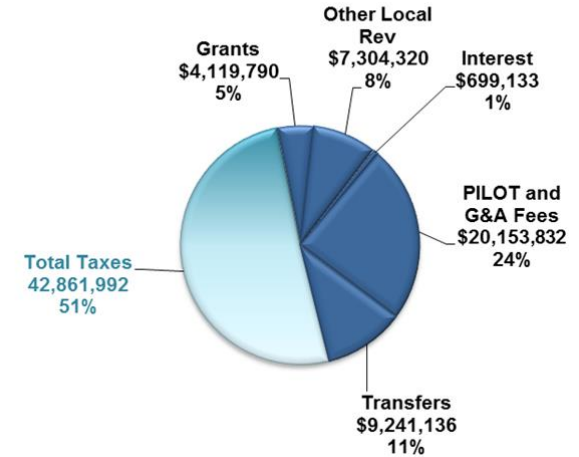
General Fund Revenues

– Revenues Per Capita in Constant Dollars Decreased

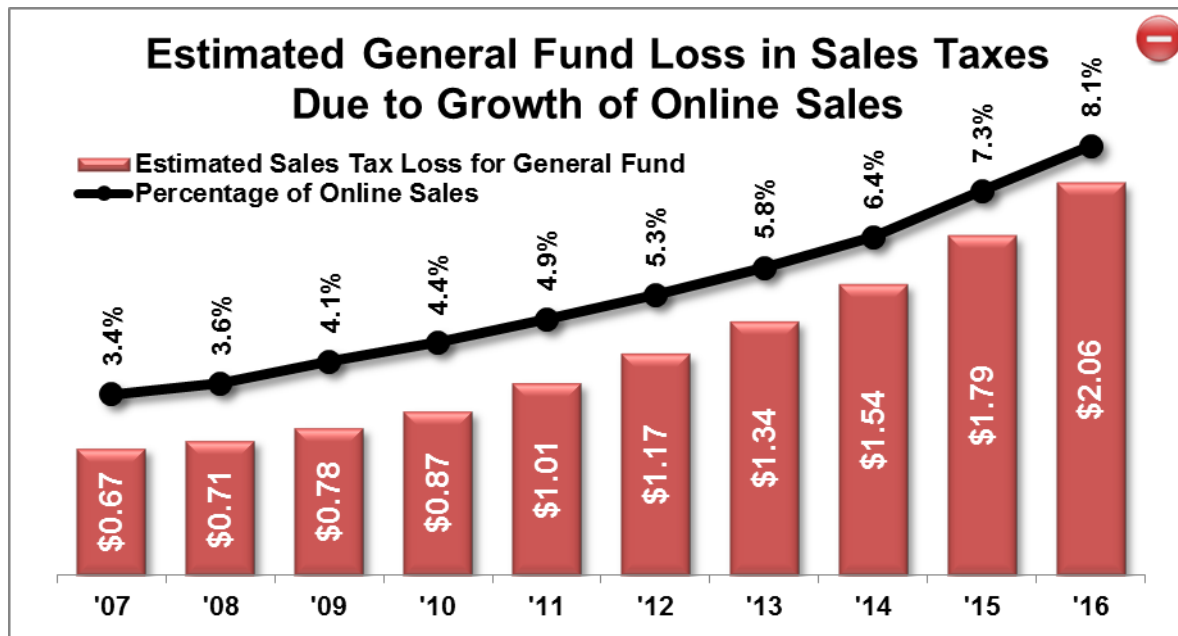
- (17.95%) Total General Fund Revenues
- (18.24%) General Source Revenues
- (14.51%) Total Tax Revenue
- (16.03%) Sales Tax Revenue
- (2.98%) Gross Receipts Taxes
- (23.32%) Other Local Taxes (gasoline, cigarette, motor vehicle)
- (12.65%) Property Taxes
- (37.84%) Grant Revenues
- (13.94%) Other Local Revenues (fines, licenses and permits, fees, misc. revenue)
- (17.91%) Transfers (to support Parks and Streets)

General Fund Revenues have not kept pace with the growth in inflation 15.78% and population 26.61%.

General Fund Revenue Sources

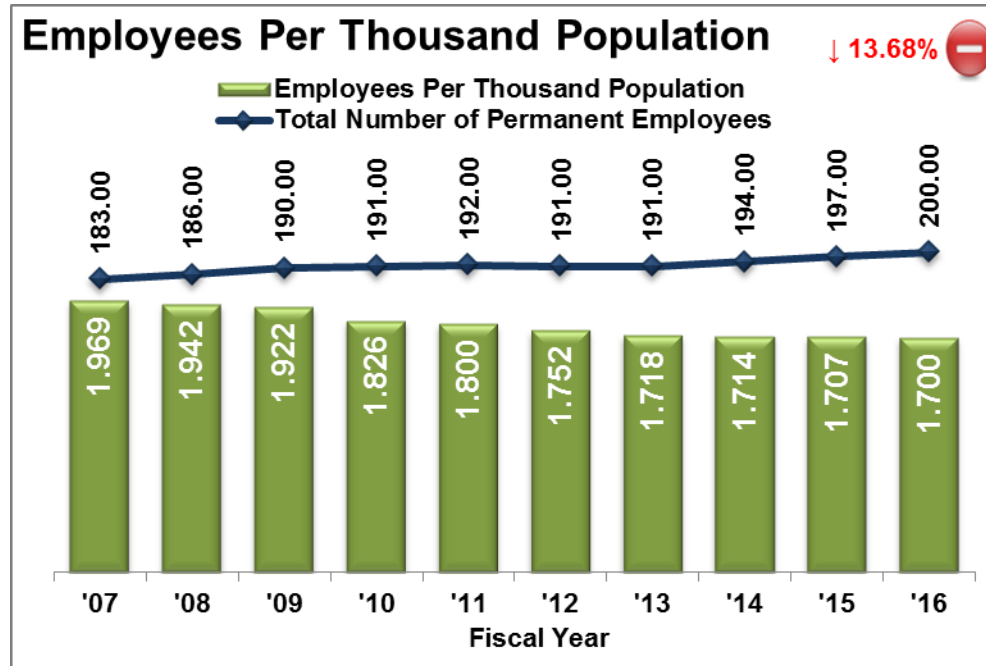


Online Sales Continue to Negatively Impact General Fund Revenues



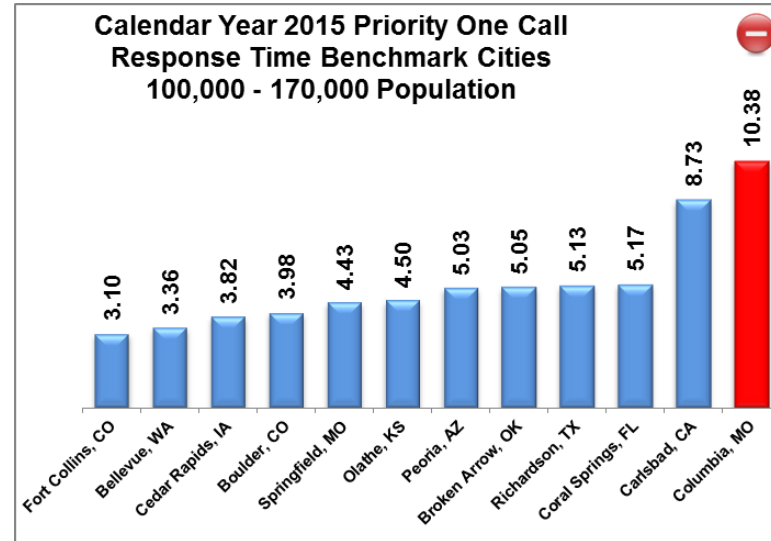
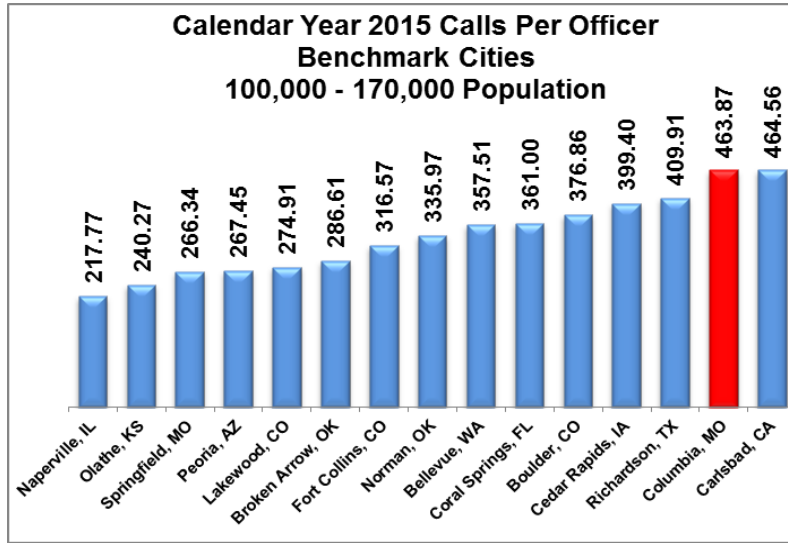
- Sales taxes are a major general fund revenue source *(27% of all revenue)*
- Estimated 10 year loss in general fund sales taxes = \$11,937,564
- FY 2016 estimated loss = \$2,064,746
- Public safety is funded 69% from general sources
- FY 2016 Estimated loss to Public Safety = \$1.42 million (10 police officer positions)

Public Safety Staffing Levels - Police



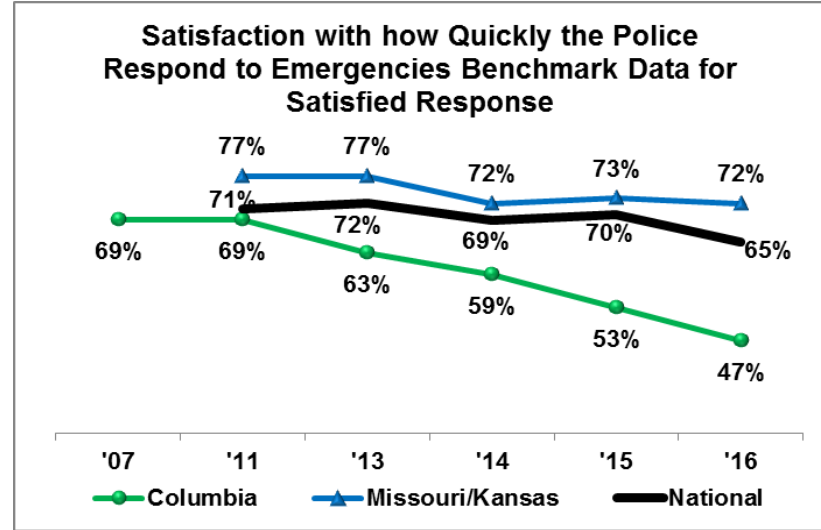
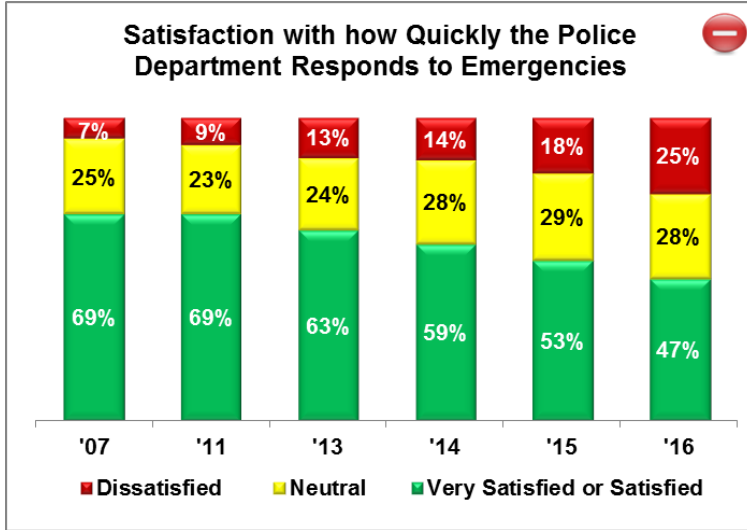
- 17.00 positions added over the past 10 years
- Employees per thousand population decreased 13.68%
- To keep up with population growth, the City should have added 93 more positions over the past ten years

Public Safety Staffing Levels - Police



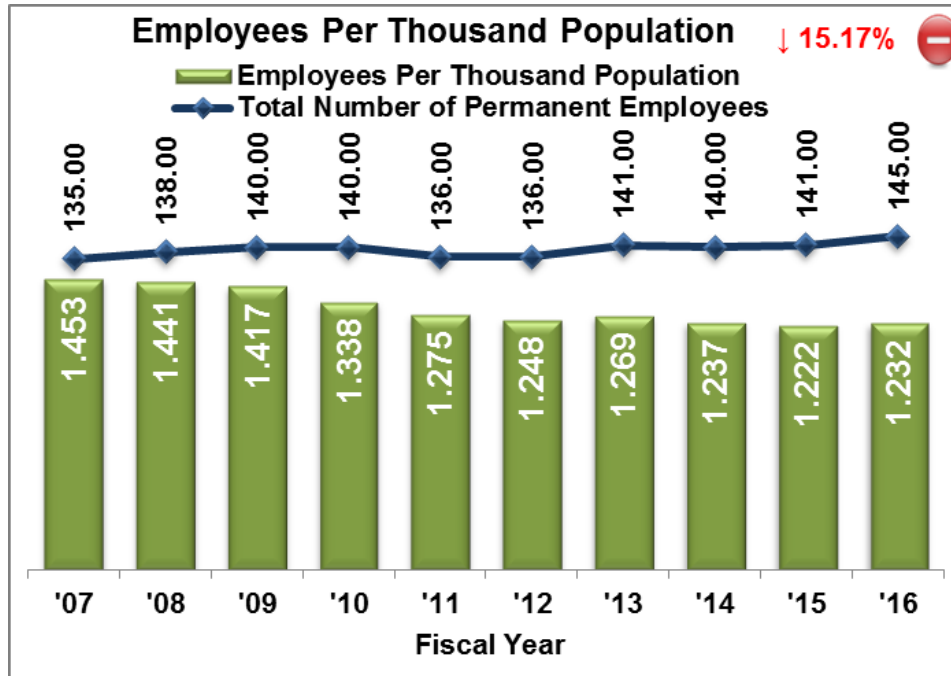
- In calendar year 2015, CPD had 463.87 calls per officer, the 2nd highest among benchmark cities
- CPD response time on priority 1 calls (*require immediate response and there is reason to believe that an immediate threat to life exists*) was 10.38 minutes compared to average response time of 5.22 minutes for benchmark cities

Police Citizen Survey Responses



- Citizen satisfaction dropped from 69% to 47% over the past ten years
- Percent dissatisfied increased from 7% to 25%
- Columbia's satisfaction rating has dropped way below state and national benchmark ratings

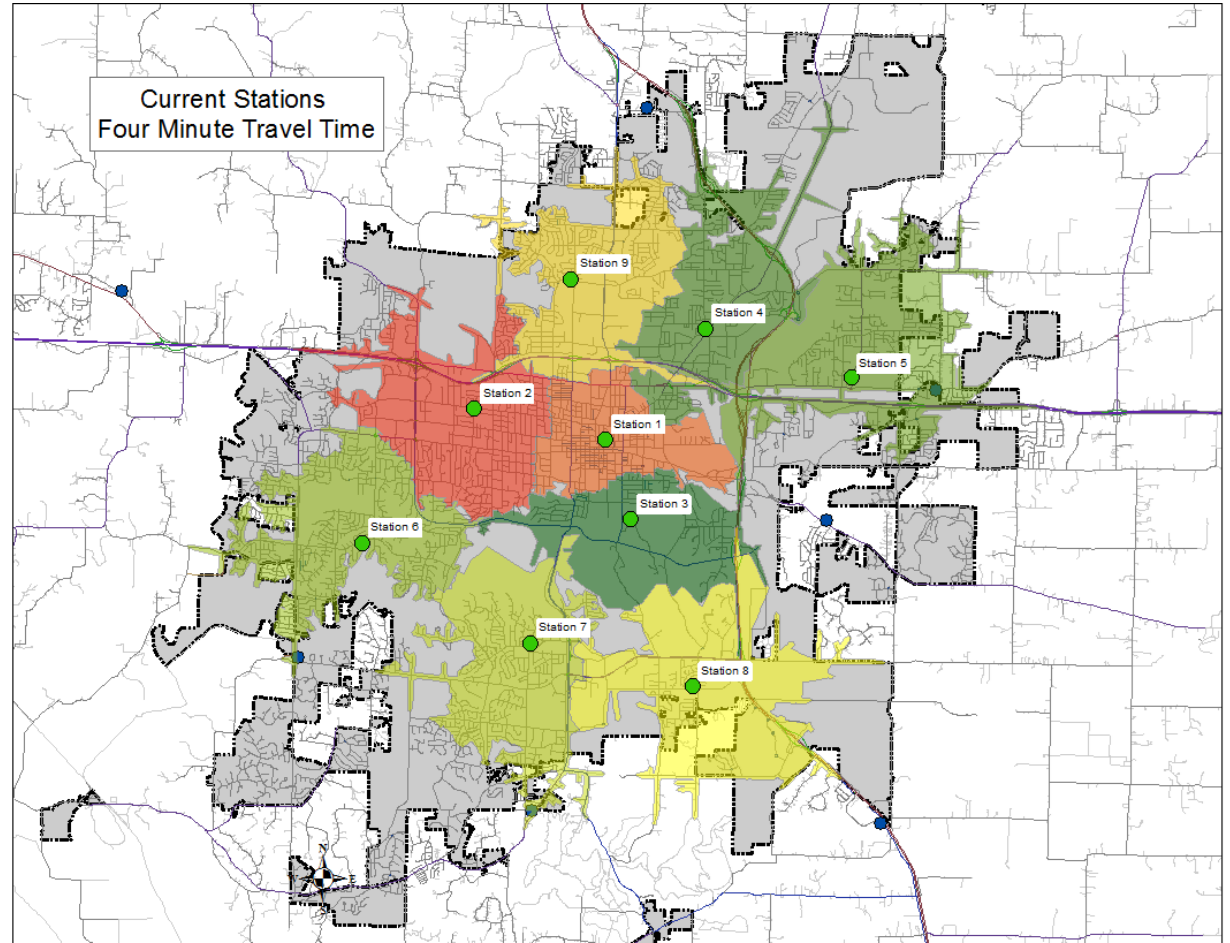
Public Safety Staffing Levels - Fire



- 10 positions added over the past 10 years
- Employees per thousand population decreased 15.17%
- To keep up with population growth, the City should have added 71 more positions over the past ten years

Fire 4 minute Response Time Map

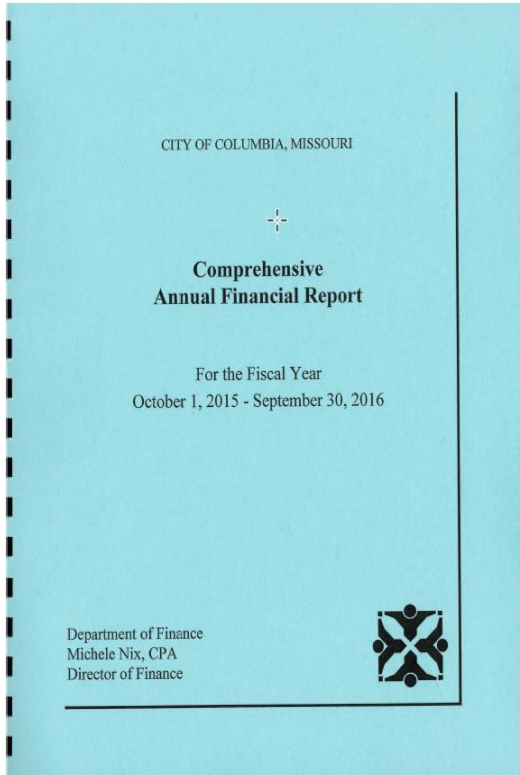
The gray shaded areas
cannot be reached
Within 4 minutes



What is a CAFR?

CAFR is an acronym for **Comprehensive Annual Financial Report**.

- A CAFR contains government financial statements showing financial report of the City.
- The City's CAFR is required to be audited by a certified public accounting (CPA) firm.
- The CAFR composed of three sections: Introductory, Financial and Statistical.
- A CAFR covers all the financial activity for a year and is dated through the last day of the fiscal year September 30.
- It is a **historical view** of finances of the City.



[Link to CAFR](#)

Who reviews the CAFR?



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Columbia
Missouri

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

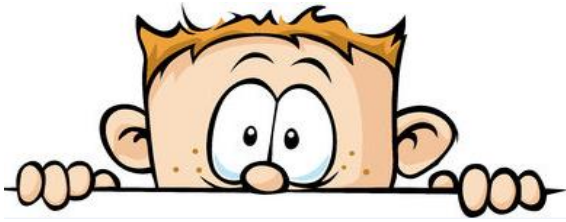
Jeffrey R. Egan
Executive Director/CEO

- **RSM US LLP** is the City's audit firm. RSM is CPA firm that is certified by the American Institute of Certified Public Accountants (AICPA).
- The **CAFR is audited every year**. The auditor's opinion states whether the financial statements are materially accurate and follow generally accepted accounting standards (GAAP).
- GAAP allows for **reporting standardization between governments**.
- Following GAAP allows the City to maintain a high (AA positive) **credit rating necessary for bonding** and grants.
- The City's CAFR has won the Government Financial Officers Association (GFOA) Certificate of Achievement award for **Excellence in Financial Reporting award for the last 36 years**.



Why does the City need to follow GAAP?

- GASB refers to the Governmental Accounting Standards Board. This board creates the accounting and reporting standards for financial transactions that occur within the City.
- GASB's mission is to establish and improve financial accounting and reporting standards to provide useful information to investors and other users of financial reports and educate stakeholders on how to most effectively understand and implement those standards.
- The purpose of GAAP is to promote financial reporting that provides useful information to taxpayers, public officials, investors, and others who use financial reports.
- Risk of not following GAAP: lack of transparency, a higher risk of fraud and poor credit ratings.
- Poor credit rating will affect borrowing (loans, bonds, grants).
- Required by City Charter and Missouri state law

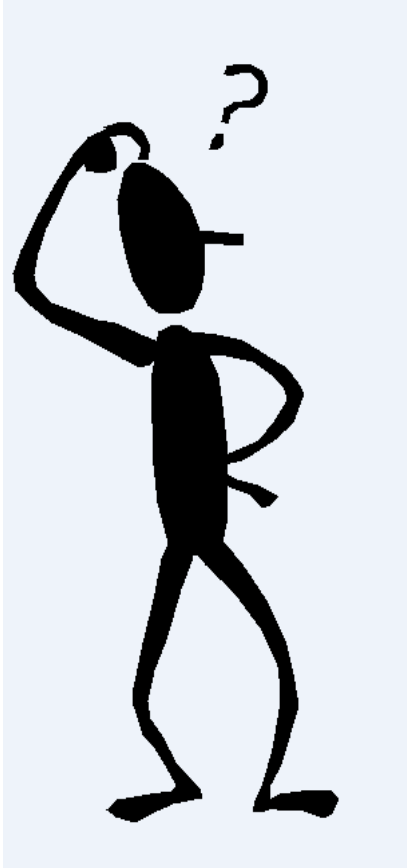


A quick peek into the CAFR

- The basic financial statements present two kinds of information: Government-wide financial statements and Fund financial statements
- Basic financial statements: *Statement of Net Position and Statement of Activities*
- Provides long-term and short-term information about the City's overall financial status.
- Fund financial statements provide useful information on individual parts of the government. The City has six different types of funds.
- The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Clarification of accounting terms

Since accounting terms are technical in nature, some of them can be confusing.



- **CASH** - Money in the physical form. Can also be referred to as bank accounts.
- **CASH EQUIVALENTS** - Securities that are short-term investments that are highly liquid. These can be sold and turned into cash within three months or less.
- **FUND** - A balanced set of accounts for recording resources whose use has been limited by a law, regulation or special restriction or accounting standard.
- **FUND BALANCE** - The difference between assets and liabilities in a governmental fund. $\text{Assets} - \text{Liabilities} - \text{Deferred Inflows} = \text{Fund Balance}$.
Note: Fund Balance includes cash as part of the assets but is not made up entirely of cash.
- **DEPRECIATION** - A reduction in the value of an asset with the passage of time, due in particular to wear and tear. Note: Depreciation is not cash and depreciation is not a fund.

Setting the Record Straight

Although the City strives to be as transparent as possible with financial reporting, rumors sometimes surface which can make a Council Member's job difficult. Here are a few rumors "debunked"...

- "CoMo CITY HALL SAVINGS ACCOUNT ALL TIME HIGH: Hits record \$306,000,000"
- Swiss Bank Accounts
- "CITY-OWNED UTILITY PROFITS: Must fund CoMO public safety, law says"
- "DEAR MR. UTILITY REGULATOR: You should know about CoMo's missing 'Depreciation Fund'"

General Fund 'Savings' for Fiscal Year ending 9-30-16

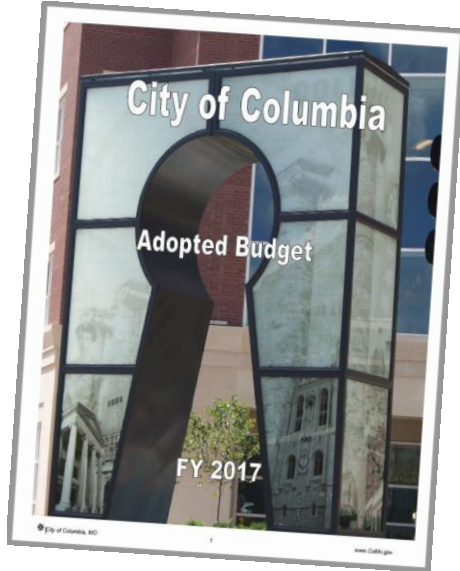
In the General Fund as of 9-30-2016:

- Excess revenues and other financing **sources over expenditures** and other financing uses equaled \$4,407,894.
- **Incentive-based budgeting policy:** *When an increase to fund balance occurs AND the City is above the cash reserve target, the savings are split between the departments and Council to use for one-time expenses.*
- As a result of the above policy: **\$2,203,947 will be allocated back to departments based on the percentage that they contributed to the savings for one-time expenses. The other \$2,203, 947 is allocated to Council for one-time expenses.**

Recommendations for Council Portion of FY 2016 General Fund Savings:

\$300,000	Strategic Plan Initiatives
\$100,000	Vision Zero funding
\$850,000	Provide a one-time lump sum payment to employees
\$250,000	Job Point
\$703,947	Pay down on unfunded accrued police and fire pension liabilities
<hr/>	
\$2,203,947	Allocated by Council for one-time expenses

Budget Document



[Link to Budget Document](#)
[Budget 101 video](#)
[Budget 102 video](#)

- Annually Council adopts the budget which appropriates the departmental budgets and capital project funding for the next year (\$442,576,734 for FY 2017)
- Columbia has received the Government Finance Officer Association's Distinguished Budget Presentation Award for the past 20 years
- 54 Departmental Budgets
- 7 Focus Areas



City of Columbia - 54 Budgets - 7 Focus Areas

Administrative

1. City Council (GF)
2. City Clerk (GF)
3. City Manager (GF)
4. Finance (GF)
5. Human Resources (GF)
6. Law (GF)
7. City General (GF)
8. Public Works Administration (GF)
9. Other General Government (CP)
10. Debt Service Funds (DSF)

Health and Environment

11. Public Health and Human Services (GF)
12. Community Development (GF)
13. Economic Development (GF)
14. Cultural Affairs (GF)
15. Office of Sustainability (GF)
16. Convention & Tourism Fund (SRF)
17. CDBG Fund (SRF)
18. Contributions Fund (SRF)

Parks and Recreation

19. Parks Operations (GF)
20. Recreation Services (EF)
21. Parks Capital Projects (CP)
22. Parks Sales Tax Fund (SRF)

Public Safety

23. Police (GF)
24. Fire (GF)
25. Public Safety Joint Communications (GF)
26. Public Safety Capital Projects (CP)
27. Municipal Court (GF)

Supporting Activities

28. Employee Benefit Fund (ISF)
29. Self Insurance Reserve Fund (ISF)
30. Custodial & Building Maintenance Fund (ISF)
31. Fleet Operations Fund (ISF)
32. GIS Fund (ISF)
33. Information Technologies Fund (ISF)
34. Community Relations Fund (ISF)
35. Utility Customer Services Fund (ISF)

Transportation

36. Non-Motorized Grant (SRF)
37. Streets and Engineering (GF)
38. Streets and Sidewalks CIP (CP)
39. Parking Enforcement and Traffic (GF)
40. Transit (EF)
41. Airport (EF)
42. Parking (EF)
43. Railroad (EF)
44. Transload Facility (EF)
45. Capital Improvement Sales Tax Fund (SRF)
46. Transportation Sales Tax Fund (SRF)
47. Public Improvement Fund (SRF)
48. Stadium TDD Fund (SRF)

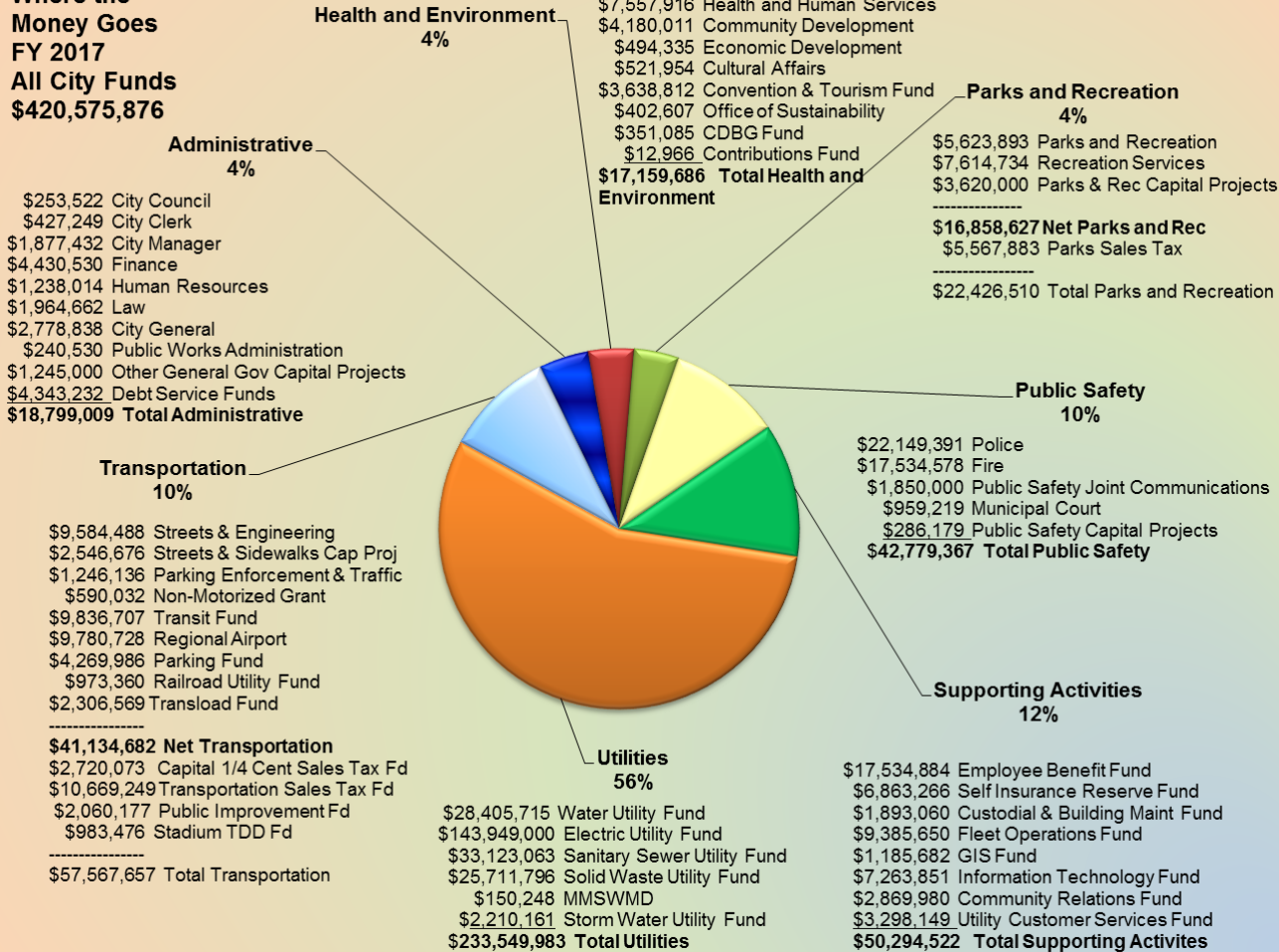
Utilities

49. Water (EF)
50. Electric (EF)
51. Sewer (EF)
52. Solid Waste (EF)
53. Mid Mo Solid Waste Management District (SRF)
54. Storm Water (EF)

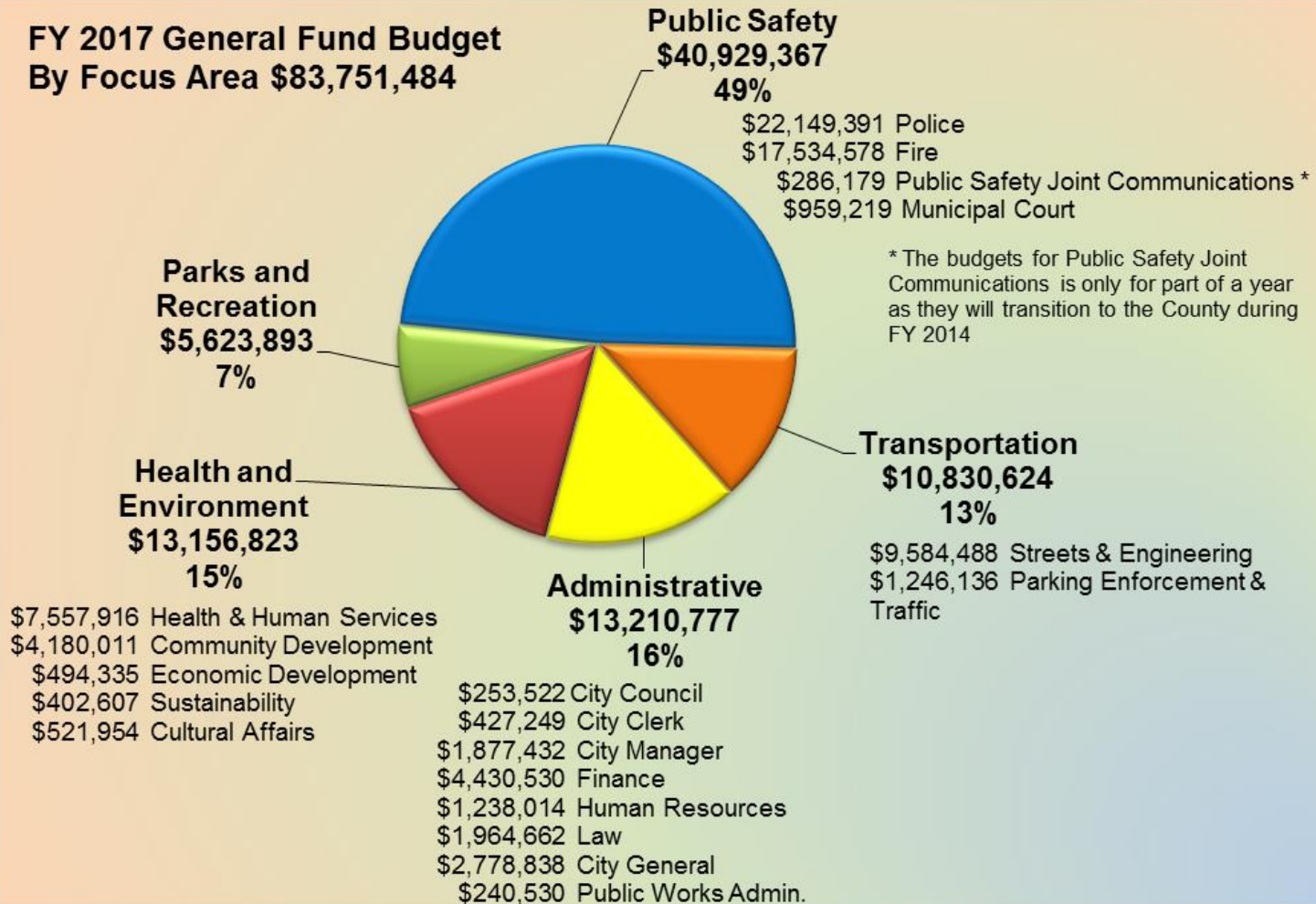
Fund Types:

(GF) General Fund
 (CP) Capital Projects Fund
 (DSF) Debt Service Funds
 (EF) Enterprise Funds
 (ISF) Internal Service Funds
 (SRF) Special Revenue Funds

**Where the
Money Goes
FY 2017
All City Funds
\$420,575,876**



**FY 2017 General Fund Budget
By Focus Area \$83,751,484**



Funding Sources in the General Fund

Dedicated Sources - must be used to offset the cost of a specific operation

- Grants (federal, state, and county)
- Intragovernmental revenues (General and Administrative Fees)
- Other Local Taxes (*Gasoline Tax and Motor Vehicle License Taxes*)
- Other Local Revenues (*Building Permits, etc.*)
- Transfers (*from Transportation Sales Tax for street maintenance, Parks Sales Tax for parks maintenance, etc.*)

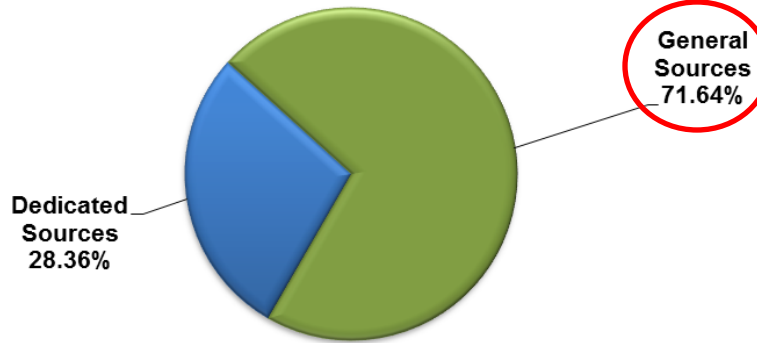
General Sources - can be allocated to any department

- Sales Tax (*1% General Sales Tax - same rate since 1970*)
- Property Tax (*0.41/\$100 assessed valuation - same rate since FY 2002*)
- Gross Receipt Taxes (*Telephone, Natural Gas, Electric, Cable Franchise Fees*)
- Other Local Taxes (*Cigarette Tax, Motor Vehicle Sales Fees*)
- PILOT (*Payment-in-lieu-of-taxes*) from the Water and Electric utilities

A lot of focus on the General Fund

20 departments - competing for the same general sources

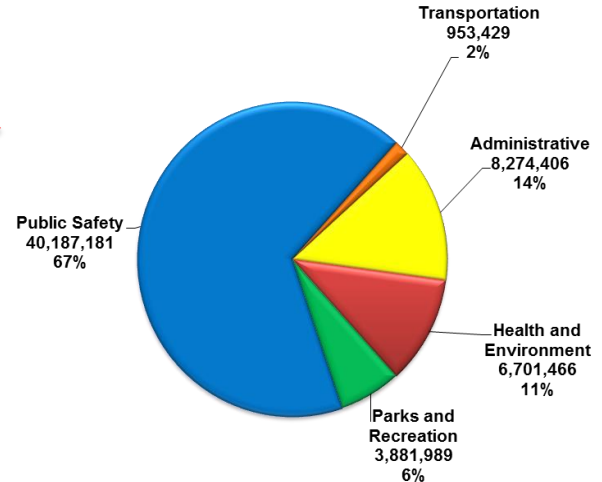
FY 2017 Totals By Funding Source



General sources can be reallocated from one department to another.

Dedicated sources are specifically allocated to a department.

General Fund - General Sources



What We Know About the FY 2018 Budget So Far:

Revenues:

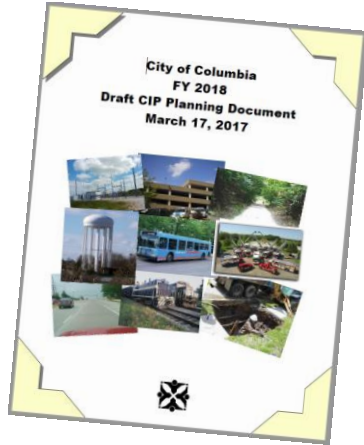
- Low Sales Tax growth projected
- Ameren UE revenues down
(\$800,000 in FY 2016 will impact FY 2018 projection)
- Grants are down *(Health, Police)*

Expenditures:

- Increases:
\$627,000 Police and Fire pension
\$104,000 LAGERS pension costs
\$211,000 Health Insurance costs
\$942,000
- Street maintenance budget down
\$351,000 *(one time funding in FY 2017 from County Road Tax revenues -Forum/Chapel Hill Roundabout project)*
- No additional positions in General Fund
- No fleet replacements in General Fund
(Departments will use FY 2016 savings to replace fleet items)

CIP (Capital Improvement Plan)

- Planning Document – identifies needs
- Projects By Timeframe
 - Current
 - 1-2 Years
 - 3-5 Years
 - 6-10 Years
 - 10+ Years
- Public Hearing on the CIP – July 3rd
- Final Document prepared after budget is adopted in September

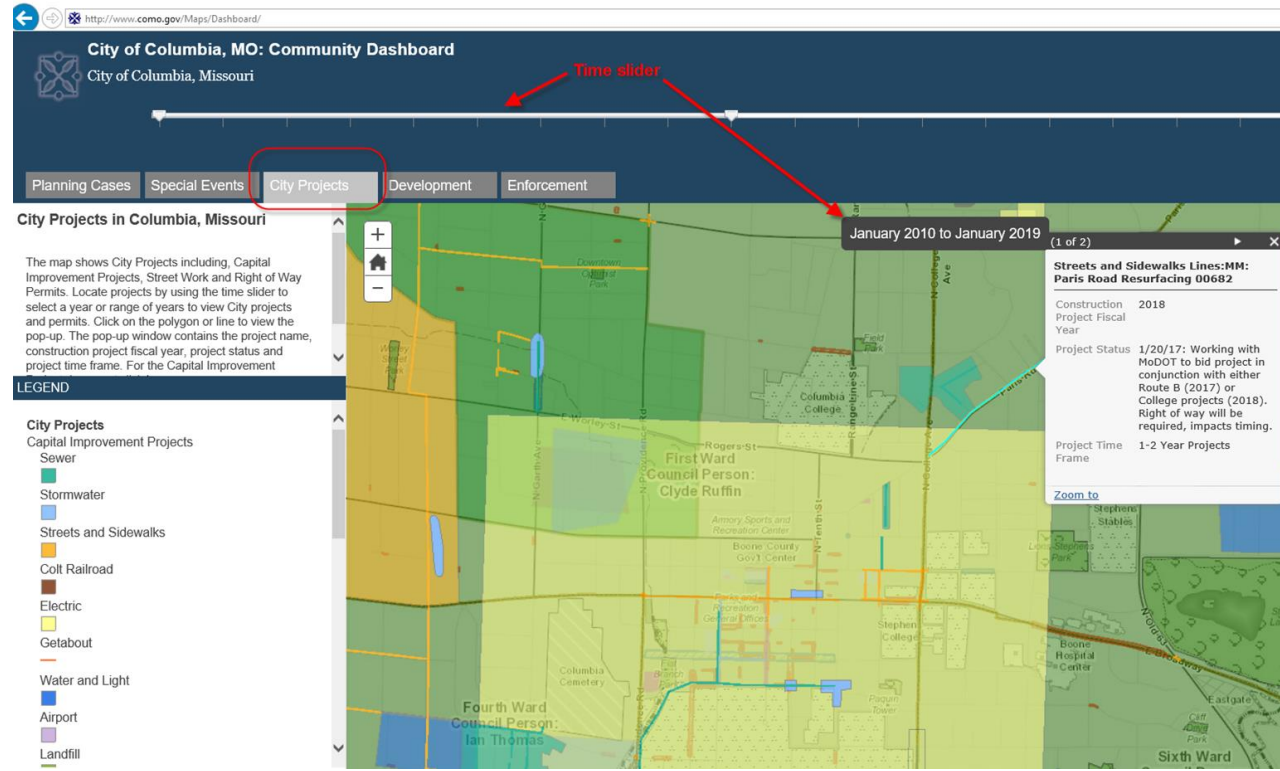


[Link to FY 2018
Draft CIP
Document](#)

CIP - Navigating the City's Dashboard

[Link to City Dashboard](#)

- Click on the City Projects tab
- Move the time slider to select years
- Click on project to see information about the project



FY 2018 CIP Projects - Streets

- \$50,000 Annual Traffic Calming
- \$1,479,857 Nifong-Providence to Forum 4 Lane *(Consultant working on concept plans, construction begins FY 2020)*
- \$2,500,000 Sinclair-Old Mill Ck-Nifong *(Preliminary Design, construction FY 2018)*
- \$49,000 Stewart Road Traffic Calming *(Proposed, construction FY 2018)*
- \$382,500 Vandiver & Parker Roundabout *(Preliminary Design, construction FY 2019)*
- \$19,974 Carter Lane Sidewalks *(Proposed, construction FY 2018)*
- \$291,500 Oakland Gravel Sidewalk-Blue Rdg to Edris *(Preliminary Design, construction FY 2018)*

FY 2018 CIP Projects - Public Safety

\$8,021,000 Police Precinct/Municipal Svc Center N *(preliminary design, construction planned for FY 2018)*

FY 2018 CIP Projects - Parks

Parks:

- \$450,000 Antimi Sports Complex: Field Improvements *(construction FY 2018)*
- \$200,000 Clary-Shy Community Park Improvements *(construction begins FY 2018)*
- \$50,000 Clyde Wilson Park Improvements *(construction FY 2018)*
- \$35,000 Cosmo Rec Area: Skate park *(construction FY 2018)*
- \$20,000 Emergency Phone Replacement *(construction FY 2018)*
- \$50,000 LOW Driving Range Construction *(continue construction FY 2018)*
- \$250,000 Southeast Regional Park Tennis Complex *(construction FY 2018)*
- \$1,820,000 Sports Field House *(construction FY 2018)*

Trails:

- \$1,200,000 Hinkson Cr Trail: Stadium to East Campus *(construction FY 2018)*
- \$180,000 Perche Creek Trail Ph. 1: MKT to Gillespie Bridge *(design FY 2018)*

FY 2018 CIP Projects - Electric

- \$200,000 Future Substation Transformer *(design FY 2018)*
- \$1,600,000 Landfill Gas Generator #4 *(construction FY 2018)*
- \$2,000,000 More's Lake Restoration *(design FY 2018)*
- \$300,000 Replace UG electric, Keen & Lansing *(construction FY 2018)*

FY 2018 CIP Projects - Water

- \$520,000 Bus Loop - Phase 6A - 3,200' Main Replace *(construction FY 2018)*
- \$560,000 Country Club Drive S/E Walnut Phase 2 *(construction FY 2018)*
- \$420,000 Crown Point - Loop to Spring Valley *(construction FY 2018)*
- \$100,000 Lime Softening Residual Discharge Pipe *(finish regulatory process FY 2018)*
- \$300,000 New Southeast Pump Station *(design FY 2018)*
- \$300,000 West Ash Upgrades *(design FY 2018)*

FY 2018 CIP Projects - Sewer

- \$45,000 College Avenue Sewer Replacement *(design FY 2018)*
- \$85,000 Columbia Country Club *(construction FY 2018)*
- \$450,000 Court and Hickory Street Sewer Relocation *(construction FY 2018)*
- \$628,047 Henderson Branch Sewer: Midway Sewer Ext *(construction FY 2018)*
- \$25,000 Hwy 63 Connector south of I-70 *(design FY 2018)*
- \$80,000 PCCE #21 - Stanford *(construction FY 2018)*
- \$100,000 PCCE #22 - Shannon Place *(construction FY 2018)*
- \$25,000 PCCE #23 - Lakeshore Drive & Edgewood Ave *(design FY 2018)*
- \$15,000 Tupelo-Larch Sewer Replacement *(design FY 2018)*
- \$100,000 Upper Merideth Branch Stream Bank Stabilization *(construction FY 2018)*
- \$4,000,000 WWTP Digester Complex Improvements *(construction FY 2018)*

FY 2018 CIP Projects - Storm Water

- \$15,000 Greenwood South *(design FY 2018)*
- \$150,000 Mill Creek - 307 W Alhambra *(construction FY 2018)*
- \$400,000 Sinclair Culvert at Mill Creek *(construction FY 2018)*

FY 2018 CIP Projects - Solid Waste

- \$100,000 Landfill Fuel Station Facility Improvements Phase 2 *(design FY 2018)*
- \$200,000 Landfill Operations Center Building Improvements *(design FY 2018)*
- \$200,000 Material Recovery Facility Phase 1 *(construction FY 2018)*
- \$625,000 Vehicle Storage Shelters *(construction FY 2018)*
- \$500,000 Vehicle Wash Bay *(construction FY 2018)*

FY 2018 CIP Projects - Airport

- \$734,727 R/W 2-20 & T/W A North Ext & AGIS Survey *(design FY 2018)*
- \$200,000 R/W 2-20 Tech Ops Agreement
- \$5,622,949 Runway 2-20 Isolated Pavement Remediations *(construction FY 2018)*
- \$2,694,285 T/W B (2750x100) West of T/W A *(construction FY 2018)*

Future Ballot Issues

- Water
- Public Safety
- Sewer
- Neighborhood paving
- School and County

Upcoming Dates

July 3rd	CIP public hearing
July 18th	City Manager presents FY 2018 budget to Council
July 21st	Budget press conference
August 21st	Public hearing on FY 2018 budget
August 23rd	Council budget worksession
September 5th	Public hearing on FY 2018 budget
September 18th	Public hearing and adoption of FY 2018 budget