



City of Columbia Financial Review

May 19, 2007

5/25/2007 4:49 PM

1




Budget Policy/Guidelines

- General Fund Policy Resolution – Unreserved Fund Balance must be maintained at a minimum of 16% of expenditures.
- Try to maintain at least 16% Unreserved Fund Balance in all other funds.
- Utilities must charge rates sufficient to maintain debt coverage ratios required in bond ordinances.
- Internal Service Fund must operate on a break-even basis and not accumulate large amounts of fund balance.
- Where possible, plan ahead for major changes, and phase them in to minimize impact on citizens and/or City departments.

5/25/2007 4:49 PM

2




Overall Financial Status 6 Months

- City continues to be in sound financial condition.
- Recent trends indicate a slowing of local economy.
- General Fund budget variances in both revenues and expenditures are below what may be needed to provide sufficient carry-forward funds to FY 2008 and FY 2009.

5/25/2007 4:49 PM

3



Overall Financial Status 6 Months (cont.)

- Enterprise funds – Are tracking with budgeted amounts for FY 2007, except for Airport.
- Fuel costs – Are high but still under 50% of budget.
- Health and Self Insurance operating losses are higher than budgeted.

5/25/2007 4:49 PM

4



Six Month Financial Review General Fund

■ Revenues

- Overall revenues up 5.95% from last year at this time – budget 6.6%
- Sales tax growth rate 2.6% at 6 months - budget 4.6%. Typically sales taxes exceed budget.
 - May receipts indicate a 3.6% growth rate.
- Building Permits are down 28.7% at 6 months – budget decrease of 23.5%.

5/25/2007 4:49 PM

5



Six Month Financial Review General Fund

■ Revenues

- PILOT growth rate 6.6% - budget 6.5% (Most revenue is generated in summer months and is weather dependent.)
- Fine Revenue appears to be on target to meet budget.
- Gasoline Tax budgeted at 1% but grew by 1.9%. Tax based on number of gallons, but higher prices at pump could result in fewer gallons sold...that affects revenue.

5/25/2007 4:49 PM

6

Six Month Financial Review General Fund

■ Expenditures

- Overall expenditures up 8.3% – budget 3.6%.
- Personnel cost up 8.2% - budget increase 6.2%. YTD should be lower due to the delay in hiring new positions. Overtime up 48%.
- Staff is holding major expenditures pending review of sales tax revenues.

5/25/2007 4:49 PM

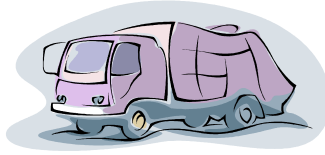
7

General Fund Expenditures By Department Six Months Fiscal Year 2007

	FY 2007 Revised Budget	Actual FY 2007 6 Months	% of Budget
City Council	\$ 251,811	\$ 86,403	34.31%
City Clerk	\$ 258,777	\$ 144,591	55.87%
City Manager	\$ 1,050,152	\$ 472,334	44.98%
Finance Department	\$ 3,265,106	\$ 1,596,969	48.91%
Human Resources	\$ 806,708	\$ 377,028	46.74%
Volunteer Services	\$ 191,156	\$ 84,380	44.14%
Law Department	\$ 953,727	\$ 452,587	47.45%
Municipal Court	\$ 716,668	\$ 355,569	49.61%
Police Department	\$ 17,155,378	\$ 8,244,408	48.06%
Fire Department	\$ 12,997,353	\$ 6,209,269	47.77%
Health Department	\$ 5,594,023	\$ 2,457,752	43.94%
JCIC & Emergency Management	\$ 2,630,329	\$ 1,304,700	49.60%
Planning & Development	\$ 854,888	\$ 347,207	40.61%
Economic Development	\$ 366,290	\$ 175,629	47.95%
Community Services	\$ 1,560,020	\$ 606,061	38.85%
Cultural Affairs	\$ 386,033	\$ 195,076	50.53%
Parks & Recreation	\$ 4,786,415	\$ 1,936,430	40.46%
Public Works	\$ 10,720,510	\$ 4,560,385	42.54%
City General	\$ 5,227,098	\$ 2,280,885	43.64%
Total Department	\$ 69,772,442	\$ 31,887,663	45.70%

5/25/2007 4:49 PM

8



Enterprise Funds



5/25/2007 4:49 PM

9

Enterprise Funds

	Actual Revenues 3/31/2007	Actual Expenses 3/31/2007	Net Income or (Loss) Trsf. to R.E.
Electric Utility	\$47,196,193	\$42,750,353	\$4,445,840
Water Utility	\$7,581,472	\$7,533,269	\$48,203
Railroad	\$530,709	\$487,530	\$43,179
Sanitary Sewer Utility	\$5,133,599	\$5,191,281	(\$57,682)
Regional Airport	\$932,558	\$1,060,013	(\$127,455)
Public Transportation	\$2,556,778	\$2,217,169	\$339,609
Solid Waste	\$6,700,738	\$5,831,377	\$869,361
Parking Facilities	\$1,103,575	\$688,935	\$414,640
Recreation Services	\$2,745,654	\$2,726,680	\$18,974
Storm Water Utility	\$979,201	\$687,463	\$291,738
Total	\$75,460,477	\$69,174,070	\$6,286,407

5/25/2007 4:49 PM

10



Six Month Financial Status Enterprise Funds

- Total net income exceeded \$6 million.
- Water & Electric – Net income above budget projections for 6 month. (Summer months greatly affect net income.)
- Railroad – Small net income. Budgeted loss.
- Public Transportation, Parking, Storm Water – Net income above budgeted amount.

5/25/2007 4:49 PM

11



Six Month Financial Status Enterprise Funds - Continued

- Recreation Services – Net income higher than budget. Summer season will significantly effect year end results.
- Solid Waste – Operating income increased from last year. Increase budgeted to generate funding for capital equipment purchases.
- Airport – Revenues down due to decreased activity and increased expenditures.

5/25/2007 4:49 PM

12



Internal Service Funds



5/25/2007 4:49 PM


13

Internal Service Funds

	Actual Revenues 3/31/2007	Actual Expenses 3/31/2007	Net Income or (Loss) Trsf. to R.E.
Custodial & Maintenance Services	\$442,863	\$456,263	(\$13,400)
Utility Customer Services	\$795,042	\$895,598	(\$100,556)
Information Technologies	\$1,732,636	\$1,900,205	(\$167,569)
Public Communications	\$729,727	\$566,661	\$163,066
Fleet Operations	\$3,037,774	\$3,049,742	(\$11,968)
Self Insurance Reserve	\$1,632,758	\$1,911,464	(\$278,706)
Employee Benefit Fund	\$5,270,622	\$5,463,528	(\$192,906)
Total	\$13,641,422	\$14,243,461	(\$602,039)

5/25/2007 4:49 PM

14



Six Month Financial Status Internal Service Funds

- Internal Service Funds are separate operations establish to provide services to city departments. Cost of service is charged to departments and generate revenue to the Internal Service Fund which operates as a business.
- Budgeted use of fund balance in most operations. Do not anticipate using total amount budgeted in most funds.
- Employee Benefit Fund (Health Insurance) – Loss for first six months. Did not budget for use of fund balance in FY 2007.
- Self Insurance Fund – loss is anticipated to exceed budget by year end

5/25/2007 4:49 PM

15



Forecast for Remainder of FY 2007

- Staff is closely monitoring revenues and spending in the General Fund.
 - Revenues will need to pick up to meet budget.
 - Staff is closely reviewing all General Fund discretionary spending due to high overtime costs and other costs incurred this year due to weather and other events.

5/25/2007 4:49 PM

16

General Fund Use of "Carryforward" Funds

- * **This year, revenues may NOT meet budget projections.**
 - Sales tax actual growth is only 3.5%, budgeted growth 4.6%.
 - Building permits are down from last year.
 - Gasoline tax - as prices increase, fewer gallons are sold and revenues decrease.
 - Some revenues are below budget projections.
 - Other revenues are not substantially above budget projections.

- * **In addition, expenditures are not significantly below budget.**
 - Significant weather events have increased costs.
 - Vacancy rates are down.
 - Gasoline prices affect operating budgets.

- * Each year the City budget plans for the need to spend our balances.
- * We show the amount available to spend as a revenue or "Carryforward".
- * Most years we never have to actually spend this "Carryforward" balance.
 - 1) Revenues come in over budget
 - 2) Departments never spend all of their budgets.

5/25/2007 4:49 PM

17

General Fund Budget vs. Actual

Year	Budgeted Revenue "Carryforward"	Actual Use of "Carryforward"	"Carryforward" Accumulated	Variance Positive (Negative)
1998	\$ 2,338,281		\$ 1,005,174	\$ 3,343,455
1999	\$ 2,378,624		\$ 323,804	\$ 2,702,428
2000	\$ 2,038,125	\$ 1,432,050	\$ -	\$ 606,075
2001	\$ 1,052,503	\$ 122,068	\$ -	\$ 930,435
2002	\$ 2,163,003		\$ 3,011,397	\$ 5,174,400
2003	\$ 2,595,029		\$ 803,846	\$ 3,398,875
2004	\$ 3,587,694		\$ 1,891,263	\$ 5,478,957
2005	\$ 4,128,270	\$ 1,147,015	\$ -	\$ 2,981,255
2006	\$ 3,972,195		\$ 1,213,384	\$ 5,185,579
2007	\$ 3,773,196	?	?	*

* City needs substantial positive variance to fund 2008 & 2009 budgets.

5/25/2007 4:49 PM

18

Forecast for Remainder of FY 2007

- Utilities will continue to be monitored over summer months which can greatly affect operating results.
- Health Care costs will need to be monitored closely for the remainder of the year. Adjustments will need to be made to next year's budget. Need to plan for OPEB/GASB 45 cost increases.
- Self-Insurance claims will also need to be monitored closely for the remainder of the year.

5/25/2007 4:49 PM

19

Forecast for FY 2007

- Most Enterprise and Internal Service funds are doing better than budget.
- Seasonal trends in Water, Electric and Recreation Services will determine forecast for these funds.
 - Cost of power will significantly affect income in Electric Utility – highly market-dependent
 - Weather will affect revenue in Water Utility and activity in Recreation Services Fund.
- Fuel costs will have major effect on many enterprise funds, especially Solid Waste operations.

5/25/2007 4:49 PM

20

Capital Balances

	Ending 2007 Available	
Transportation		
Capital Balance (Accum. Int.)	\$3,900,000	
Transportation Sales Tax	\$700,000	
Special Road District Tax	\$2,200,000	
Development Charges	\$1,000,000	
Total	\$7,800,000	
Less Reserve Requirement	\$1,500,000	
Estimated Ending FY 2007	\$6,300,000	Allocated to Road Plan

Capital Balances

	Estimated Ending 2007 Available
Parks	
Capital Balance (Accum Int.)	\$350,000
Parks Sales Tax	\$1,000,000
Total	\$1,350,000
Less Reserve Requirement	\$1,000,000
Estimated Ending FY 2007	\$350,000

Capital Plan is totally funded with 1/8th cent tax 5 year extension. \$4.3 in balances used in 2007 for purchase of Crane Property. Operating transfers are less than permanent 1/8th cent tax.

5/25/2007 4:49 PM

23

Capital Balances

	Estimated Ending 2007 Available
Public Safety	
Capital Balance (Accum Int.)	\$2,200,000
Total	\$2,200,000
Less Reserve Requirement	\$750,000
Estimated Ending FY 2007	\$1,450,000

5/25/2007 4:49 PM

24

Capital Balances

	Estimated Ending 2007 Available	
Other		
Capital Balance (Accum Int.)	\$100,000	Airport
Public Improvement Fund	\$1,575,000	Reserve for
Quarter Cent Sales Tax Collections	\$850,000	Public Buildings
Total	\$2,525,000	Reserve for Debt
Less Reserve Requirement	\$1,500,000	Service
Estimated Ending FY 2007	\$1,025,000	
Designated Loan Fund	\$3,300,000	

5/25/2007 4:49 PM

25

5/25/2007 4:49 PM

26