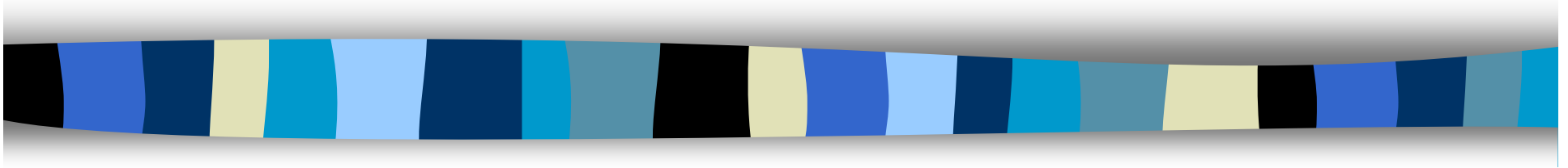


FY 2014 6 Month Financial Review and FY 2015 Budget Issues



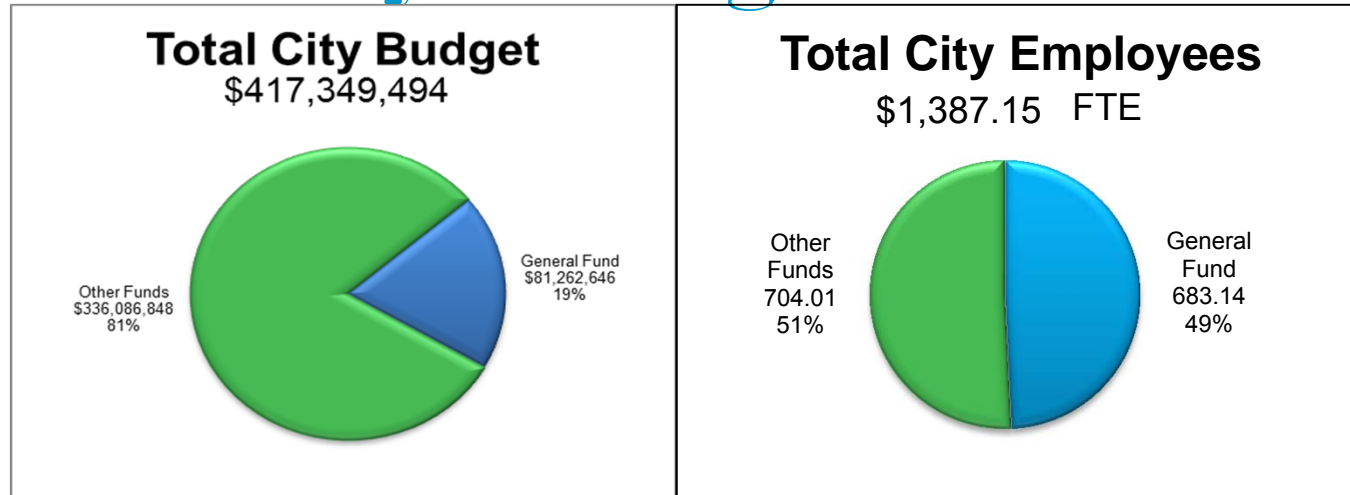
**Council Mini Retreat
May 13, 2014**



Our Fiscal Guiding Principles:

- Transparency
- Living Within Our Means
 - Budget revenues conservatively
 - Budget expenditures at our maximum foreseen exposure

The City's Budget At a Glance

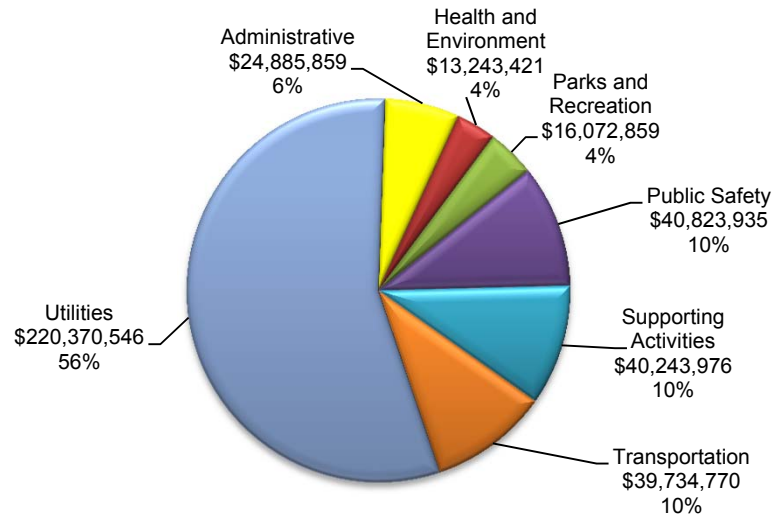


- 53 separate budgets, with 21 budgets in the General Fund
- 7 Different Types of Funds with different types of accounting rules (General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Fund, Trust Funds, Enterprise Funds, and Internal Service Funds)
- 7 Functional Groups:

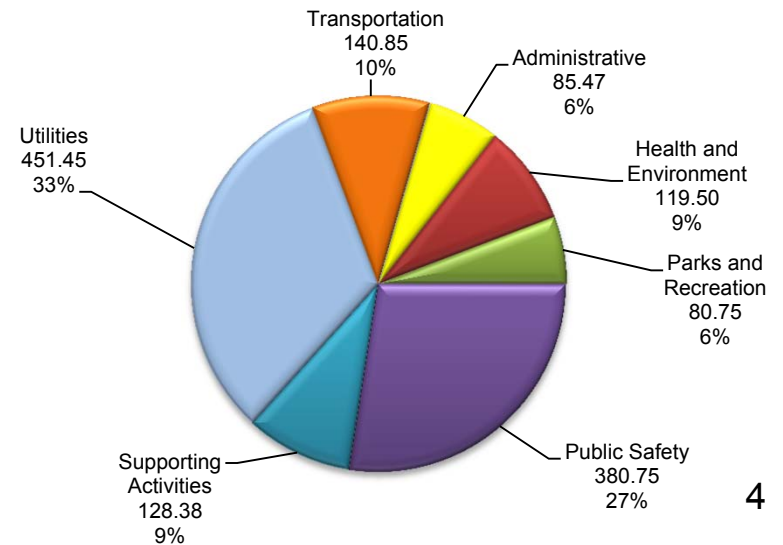
Administrative	Public Safety	Transportation
Health and Environment	Supporting Activities	Utility Departments
Parks and Recreation		
- Fiscal Year: October 1st – September 30th Budget Process: January – September

Budget and Personnel By Functional Group

Budget By Functional Group



Personnel By Functional Group





Enterprise / Utility Operations

- Provides products and services to citizens on a user charge basis and are operated as a business
- Required by Section 27 of the city Charter to keep charges for all services performed by each enterprise separate from all other city accounts
- Enterprise/Utility operations include:
 - Utilities: Water, Electric, Sewer, Solid Waste, Storm Water
 - Transportation: Parking, Railroad, Transload Facility, Transit, Airport
 - Parks and Recreation: Recreation Services

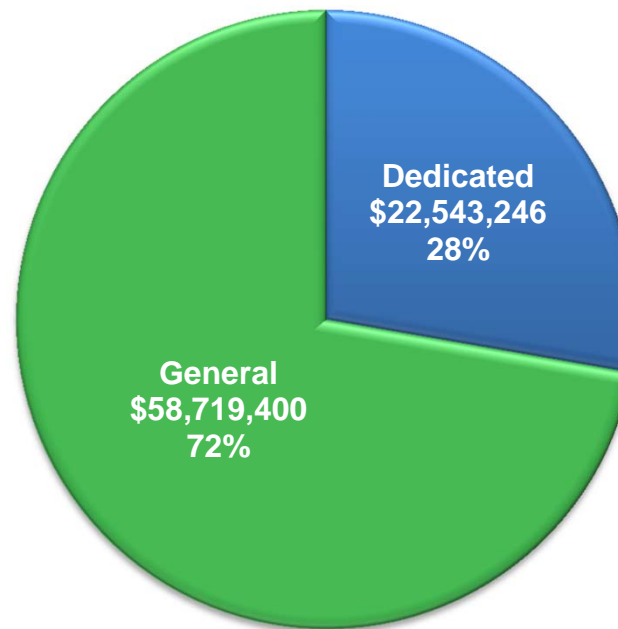


General Fund Operations

- Provides basic governmental services such as police, fire, health, parks and recreation, public works, and administration
- Supported by tax revenue
- May charge some fees for services, but in general, most operations are not expected to be self-supporting
- Some tax revenues are dedicated for a specific use such as Transportation Sales Tax, Capital Improvement Sales Tax, Parks Sales Tax, grants, etc. A dedicated source cannot be spent for any other use.

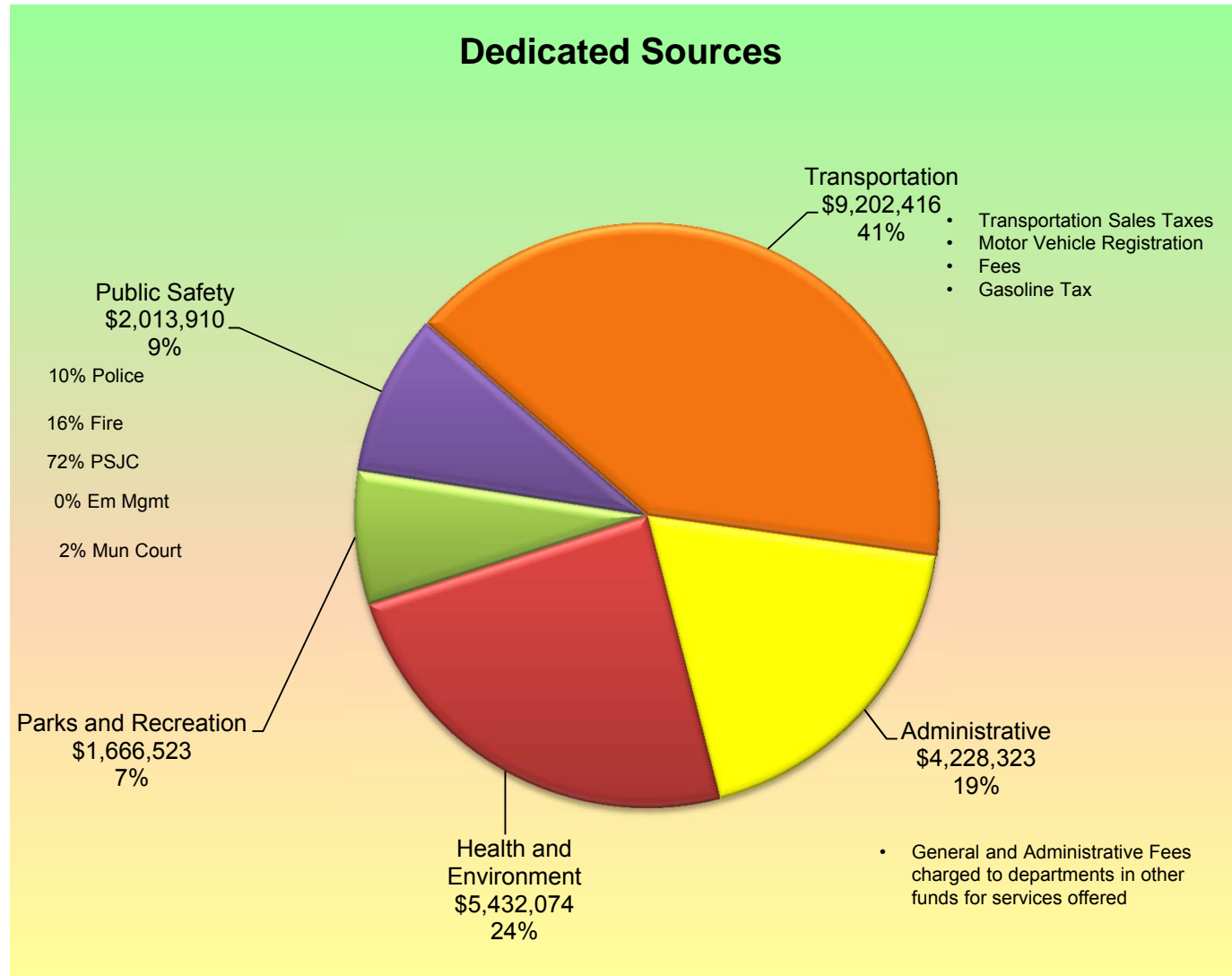
Where The General Fund Money Comes From

General Fund Sources \$81,262,646



General Sources can be reallocated from one department to another. **Dedicated Sources** are specifically allocated to a department.

Where The Money Comes From





So, how does all this impact the City's budget options?

- The City does not have one big budget, but 53 smaller budgets that must stand alone
- As a rule of thumb, the City cannot take excess funds from one operation to support another operation.
- The City has many restrictions on how it can allocate tax dollars based upon their dedicated nature.



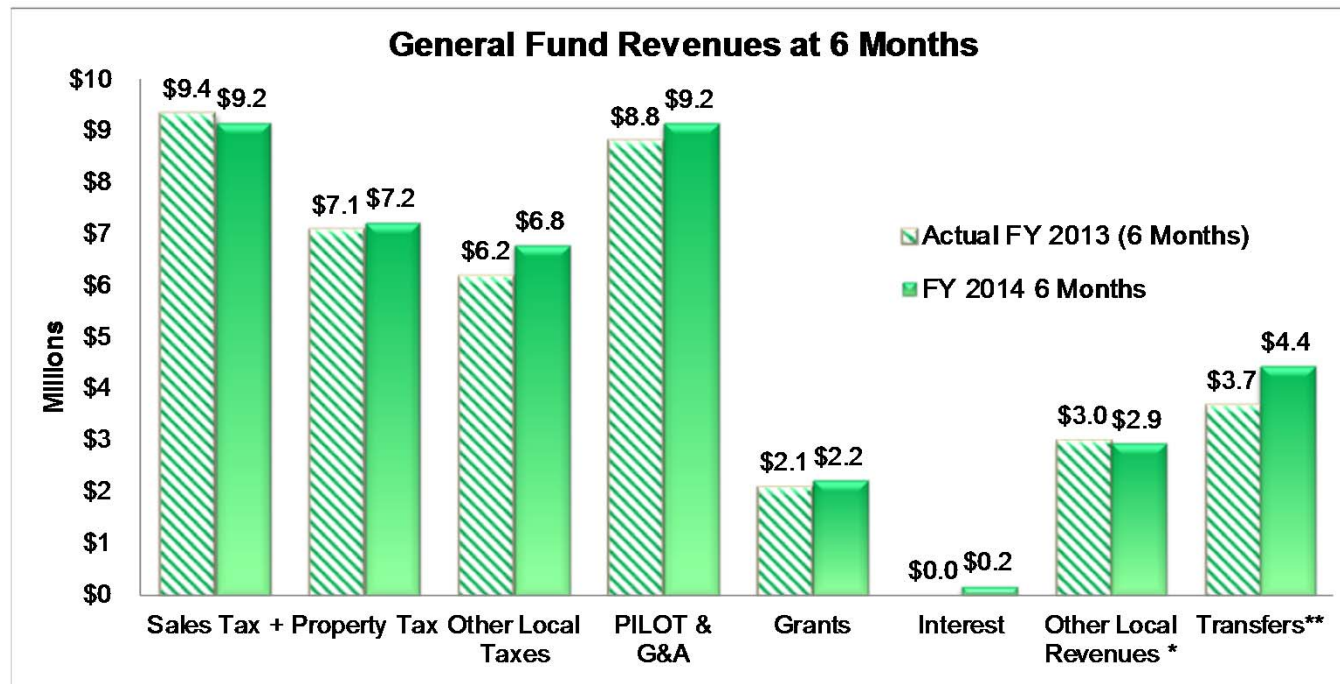
So, how does all this impact the City's budget options?

- Enterprise operations are expected to have revenue equal to the cost of service with four exceptions:
 - Railroad – receives a small subsidy from the Electric Utility because of the greater benefit to Columbia businesses
 - Transit, Airport, and Recreation Services are subsidized to support their operations due to the public benefit they provide.
- Subsidies as well as matching funds needed for capital improvements in Transit and Airport, from the dedicated Transportation Sales Tax, compete with street maintenance and improvements
- Subsidy to Recreation Services, from the dedicated Parks Sales Tax, competes with parks programs/operations/capital improvements
- Negative cash forecasted in Airport Fund in future years



Six Month Update

A complete version of the Six Month statements for the City are included the City's website under the Financial Reports Section

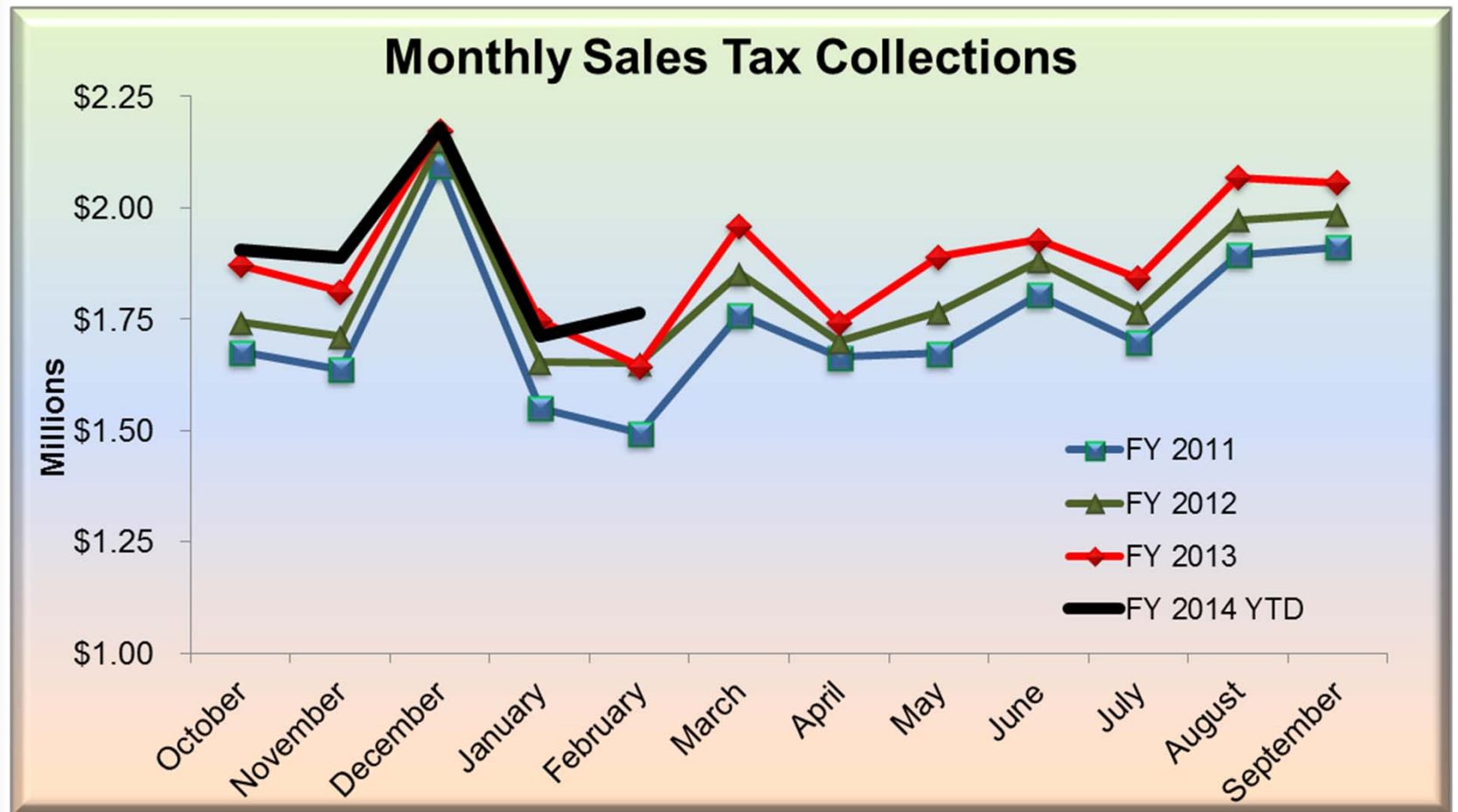


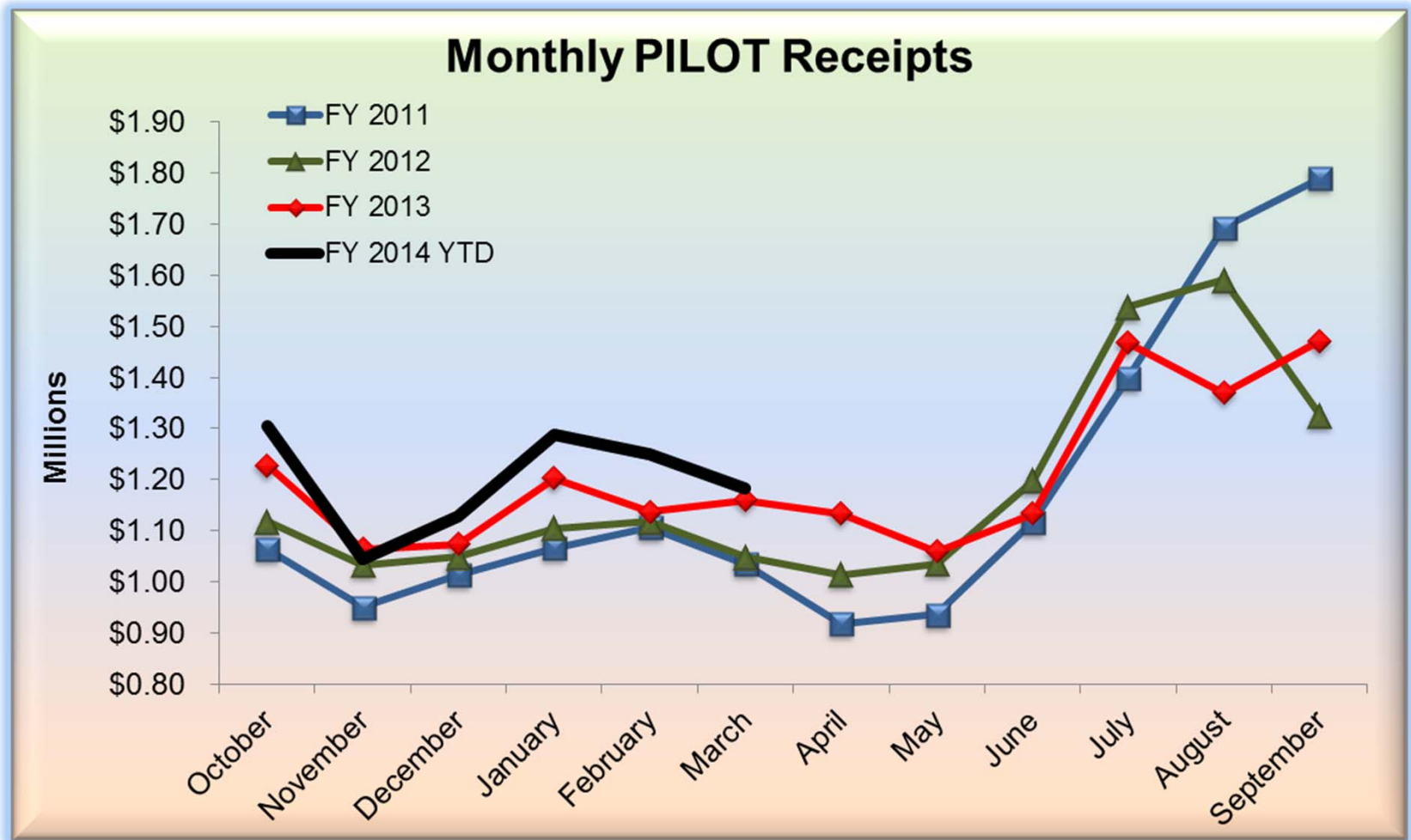
	Actual FY 2013 (6 Months)	FY 2013 Percent Received	FY 2014 Revised Budget @ 6 Months	FY 2014 6 Months	FY 2014 Percent Received	
Sales Tax +	\$9,374,468	44.00%	\$21,895,235	\$9,185,737	41.95%	●
Property Tax	\$7,109,881	98.36%	\$7,326,011	\$7,241,491	98.85%	●
Other Local Taxes	\$6,217,703	50.71%	\$12,479,345	\$6,806,418	54.54%	●
PILOT & G&A	\$8,829,754	47.91%	\$18,731,036	\$9,170,482	48.96%	●
Grants	\$2,121,811	51.71%	\$4,537,004	\$2,221,876	48.97%	●
Interest	\$16,314	-4.11%	\$617,000	\$187,660	30.41%	●
Other Local Revenues *	\$3,018,580	44.66%	\$6,838,236	\$2,939,452	42.99%	●
Transfers**	\$3,714,493	50.02%	\$8,239,374	\$4,447,974	53.98%	●
Total Financial Sources	\$40,403,004	52.17%	\$80,663,241	\$42,201,090	52.32%	

* Other Local Revenues include Licenses and Permits, Fines, Fees, Miscellaneous Revenues, and Lease/Bond Proceeds.

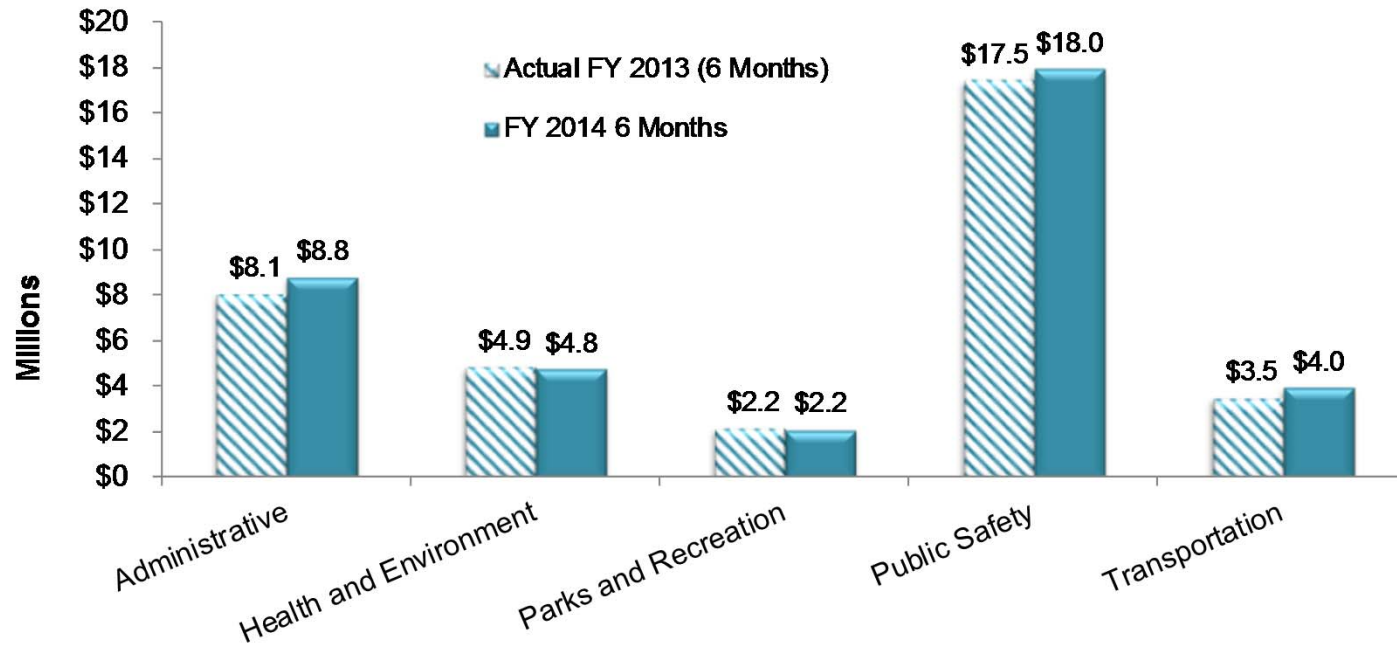
** Transfers come from Parks Sales Tax Fund, Transportation Sales Tax Fund, Capital Projects Fund, Contributions Fund, and the Utility Customer Services Fund.

+ FY 2014 6 Month Sales Tax on a cash basis was 57% of budget; FY 2013 was 59%.












General Fund Expenditures at 6 Months



	Actual FY 2013 (6 Months)	FY 2013 Percent Expended	FY 2014 Revised Budget @ 6 Months	FY 2014 6 Months	FY 2014 Percent Expended
Administrative	\$8,096,053	50.06%	\$17,736,268	\$8,828,950	49.78%
Health and Environment	\$4,890,844	42.26%	\$11,659,805	\$4,789,324	41.08%
Parks and Recreation	\$2,188,406	39.58%	\$5,795,879	\$2,154,138	37.17%
Public Safety	\$17,496,685	44.69%	\$39,653,548	\$17,962,039	45.30%
Transportation	\$3,530,362	36.46%	\$10,536,004	\$3,972,769	37.71%
Total Expenditures	\$36,202,350	44.09%	\$85,381,504	\$37,707,220	44.16%





Transfers to other funds include Recreation Services Fund (subsidy), Debt Service Funds, and Capital Projects Fund,

Transportation Funds



Department	FY 2013 6 Month Increase/ (Decrease) to Cash	FY 2014 Projected Increase/ (Decrease) to Cash	FY 2014 6 Month Increase/ (Decrease) to Cash	FY 2014 6 Month Above/ (Below) Cash Reserve Target	Financial Sources % of Budget	Financial Uses % of Budget	Overall Rating
Transit	\$517,434	\$604,189	\$865,613	\$1,180,770	55.58%	47.08%	
Airport	\$1,665,021	(\$117,343)	(\$75,835)	\$217,418	51.97%	52.63%	
Parking	(\$229,194)	\$229,714	\$186,042	\$173,907	51.32%	49.62%	
Railroad	(\$140,173)	\$3,041	(\$43,334)	\$85,691	37.85%	42.85%	
Capital Improvement Sales Tax Fd	(\$795,066)	\$195,853	(\$723,059)	\$836,256	41.22% *	56.45%	
Transportation Sales Tax Fd	(\$525,068)	\$1,552,230	(\$171,903)	\$958,716	41.34% *	50.00%	
Public Improvement Fund	(\$24,556)	\$1,406,212	\$750,542	\$4,780,514	52.05% *	50.00%	

* On a cash basis, sales tax are at 57% of budget.

Utility Funds

Department	FY 2013 6 Month Increase/ (Decrease) to Cash	FY 2014 Projected Increase/ (Decrease) to Cash	FY 2014 6 Month Increase/ (Decrease) to Cash	FY 2014 6 Month Above/ (Below) Cash Reserve Target	Financial Sources % of Budget	Financial Uses % of Budget	Overall Rating
Water and Electric Fund	(\$9,569,359)	(\$15,018,412)	(\$9,950,762)	\$2,291,288	47.44%	49.11%	
Sewer	\$1,264,926	(\$1,659,076)	\$1,467,320	\$6,450,613	52.45%	41.62%	
Solid Waste	\$387,541	\$71,393	\$1,232,588	\$1,846,090	48.64%	41.64%	
Storm Water	\$217,684	\$174,199	\$239,046	\$1,426,820	49.82%	37.48%	

Parks Activity Funds

Department	FY 2013 6 Month Increase/ (Decrease) to Cash	FY 2014 Projected Increase/ (Decrease) to Cash	FY 2014 6 Month Increase/ (Decrease) to Cash	FY 2014 6 Month Above/ (Below) Cash Reserve Target	Financial Sources % of Budget	Financial Uses % of Budget	Overall Rating
Parks Sales Tax Fund	(\$217,731)	\$45,757	(\$451,317)	(\$96,323)	41.33% *	50.00%	
Recreation Services Fund	\$96,930	(\$237,572)	(\$96,053)	\$728,060	39.54%	40.43%	

* On a cash basis, sales tax are at 57% of budget.

Supporting Activity Funds

Department	FY 2013 6 Month Increase/ (Decrease) to Cash	FY 2014 Projected Increase/ (Decrease) to Cash	FY 2014 6 Month Increase/ (Decrease) to Cash	FY 2014 6 Month Above/ (Below) Cash Reserve Target	Financial Sources % of Budget	Financial Uses % of Budget	Overall Rating
Employee Benefit Fund	\$8,605	(\$497,499)	\$753,690	\$3,871,463	49.16%	41.86%	●
Self Insurance Fund	\$97,104	(\$321,803)	\$263,546	\$4,328,501	50.15%	42.31%	●
Custodial and Building Maintenance Fd	\$51,119	(\$49,572)	\$106,638	\$545,753	49.79%	41.86%	●
Fleet Operations Fund	\$216,822	\$161,676	\$151,880	\$317,878	47.73%	46.95%	●
GIS Fund	(\$2,529)	\$6,024	\$157,017	\$213,728	46.29%	24.84%	●
Information Technologies Fund	(\$123,698)	(\$97,475)	(\$49,037)	\$646,972	49.62%	49.63%	●
Public Communications Fund	(\$64,447)	(\$343,902)	\$9,010	\$1,157,894	50.10%	39.15%	●
Utility Customer Services Fund	\$98,610	\$42,737	\$281,383	\$393,014	59.00%	48.32%	●



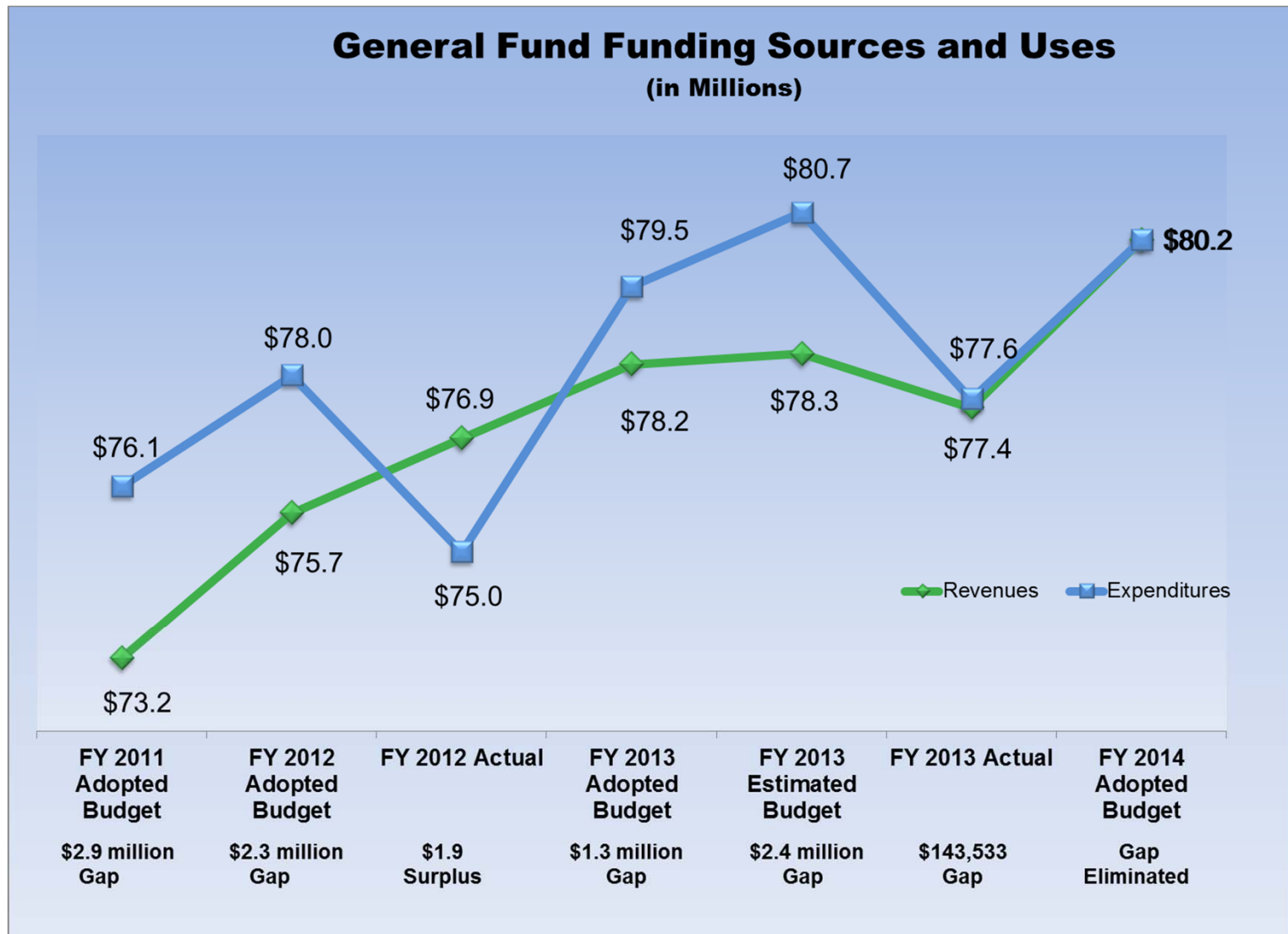
FY 2015 Budget Issues



FY 2015 Budget Issues

- **Keeping the General Fund Gap Closed** (Keeping expenditure growth in line with revenue growth)
- **Street Resurfacing Needs** (48 year cycle time)
- **Transit Changes** (COMO Connect)
- **Future Ballot Planning** (1-2 Years)
- **Salaries** (Pay Compression)
- **Pension Funding**
- **Health Care Reform Costs** (Temp Employees)
- **COFERS Project** (Core Financial Implementation Phase)

Keeping the Gap Closed in the General Fund





Public Safety Issues

• Additional Fire Fighters

- *5 added in FY 2013 that were paid for with FEMA Homeland Security grant funding for 2 years (City will fund 100% of these costs beginning midyear in FY 2015)*
- *1 additional Fire Fighter position for FY 2015*

• Additional Police Positions

- *FY 2015 will include 3 additional positions*

• Infrastructure Needs

- *Capital improvement sales tax ballot*
- *Use Tax ballot*
- *Developer Fee increase*
- *Infrastructure Trust Fund*

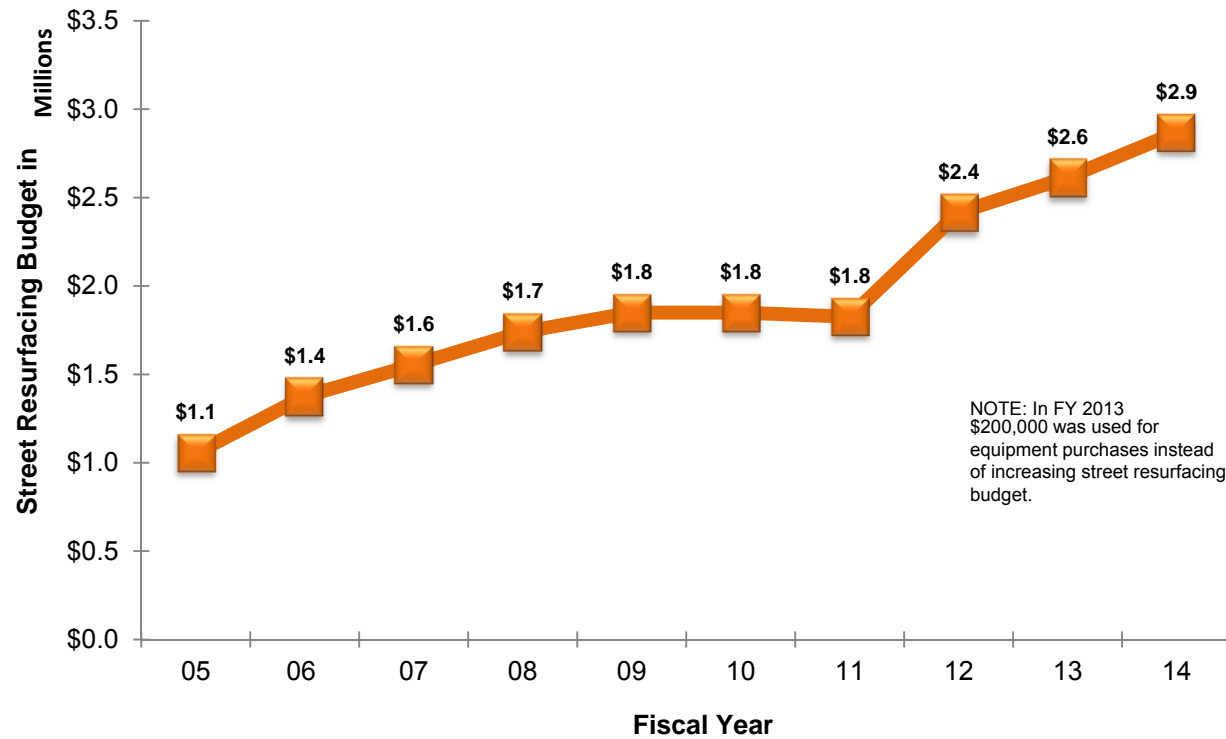


Street Resurfacing Needs

- Street maintenance funding comes from Transportation Sales Tax funds. Airport, Transit, and street operations all compete for these limited funds
- FY 2015 budget will increase street resurfacing funding by \$204,298 of general sources freed up from CEC PILOT payments to local taxing authorities
(Columbia Public Schools, Daniel Boone Regional Library, and Boone County Family Resources)

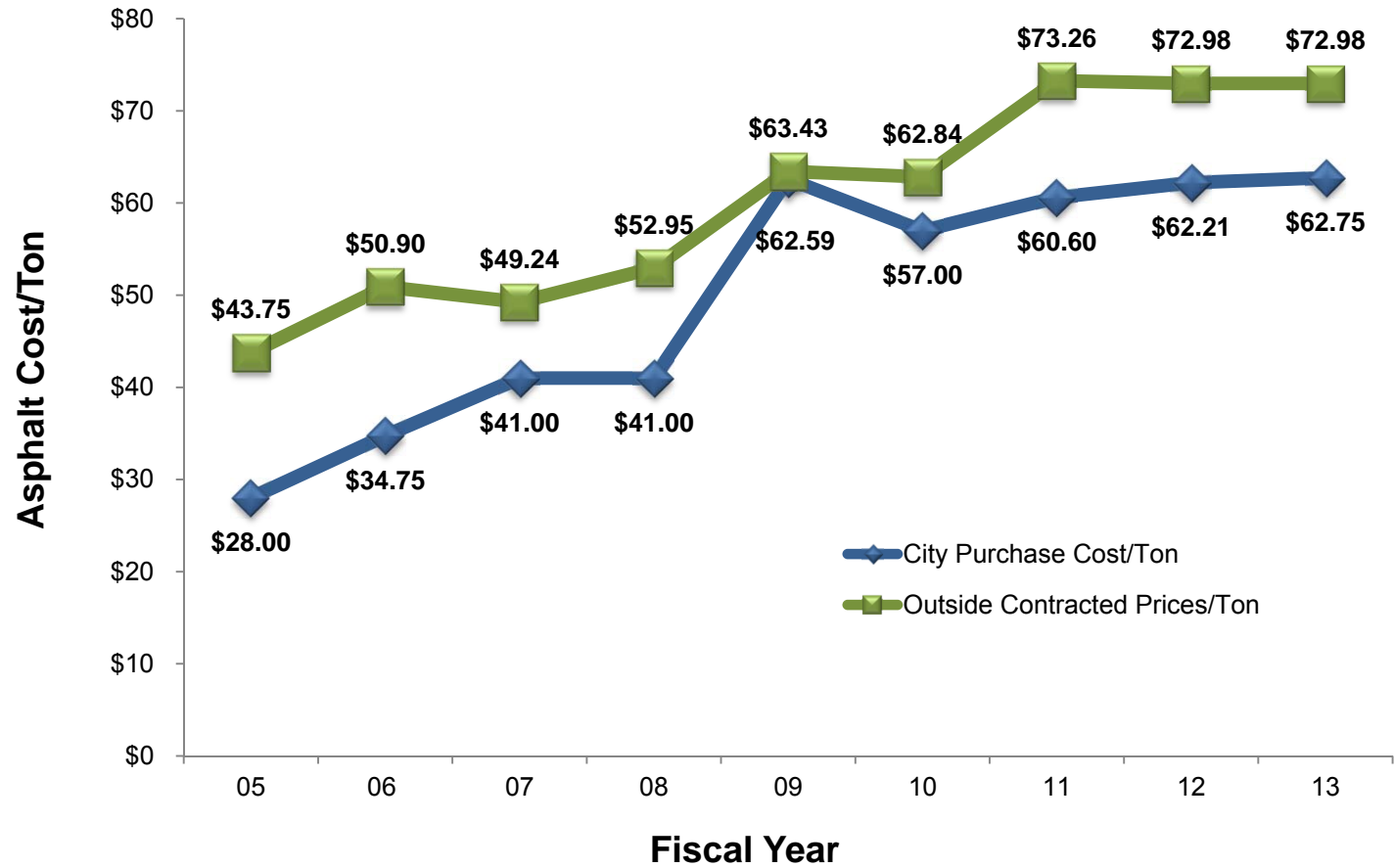
Street Resurfacing Needs

Street Maintenance Resurfacing Budget



Street Resurfacing Needs

Asphalt Cost/Ton





Transit System – CoMo Connect

- **Hours:**
 - Monday – Friday 6:25 AM – 8:00 PM
 - Saturday – 10:00 AM – 8:00 PM
- **Routes:**
 - 2 Core Connector Routes (Black and Gold)
 - 7 Neighborhood Routes
 - 1 Downtown Orbitor
 - 1 Commuter to Prathersville Rd (*2 trips morning/evening*)
- **August 4, 2014 – CoMo Connect routes fully implemented**
- **Information Bus and Informational Meetings to help customers learn about the new system (*mid June – July*)**



Transit System – Other Comments

- **Financial health has improved**
- **Conversion to CNG in future years will have a significant positive impact on the financial sustainability of the transit operation**
- **Future Goals:**
 - **Master Plan – Fall of 2014**
 - **Increase Hours of Bus Service**
 - **Free at the Fare Box (High school age and younger)**
 - **Sunday Service**
- **Transit Utility Fee (FY 2016 ballot initiative)**
 - **Funding survey – summer of 2014**



Salaries (Pay Compression)

- Meet and Confer Process
- Move to new market adjusted minimums
- Some movement to mid-point for those who have been in their classification for 5 or more years
- An across-the-board raise for all employees that are not redlined

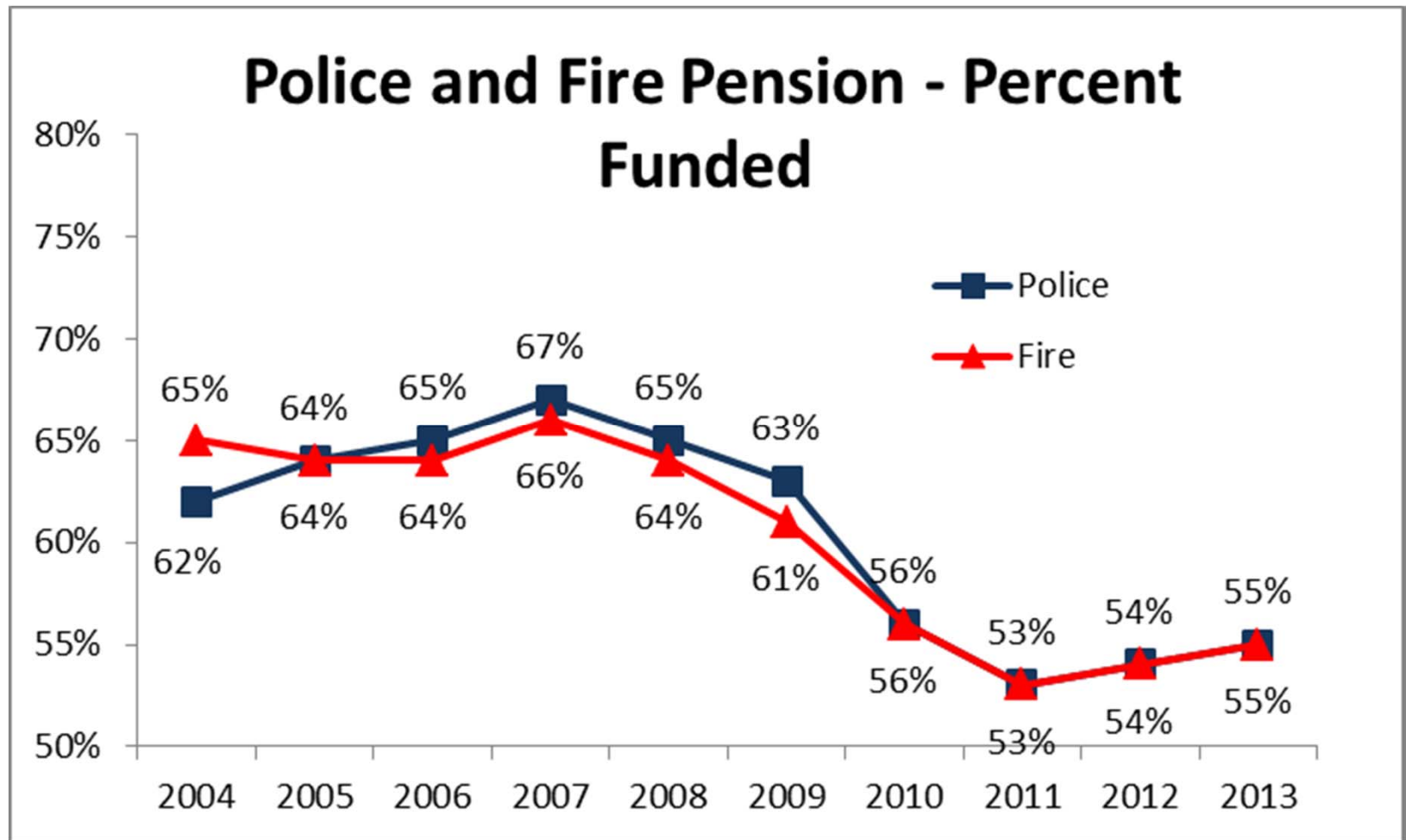


Pension Funding

Pension	FY 2014 Rate	FY 2015 Rate
LAGERS – General	16.80%	16.60%
LAGERS – Utility	19.40%	18.70%
Police	40.35% 31.35%	40.85%
Fire	60.71% 53.88%	58.82%

- Overall FY 2015 city contribution rates as a percentage of payroll will decrease
- Police rate increase is due to payroll being flat versus a projected 3.5% increase due to retirements and turnover
- Fire rate decrease is due to a recognized investment return of 8% versus 7.5% assumed rate.
- FY 2013 Police and Fire results versus projections was a gain of \$649,588.

Pension Funding



Future Ballot Planning (1-2 Years)

Ballot Issue	Timing
Electric Ballot Issue <i>(includes transmission lines and one downtown feeder – utility rate increase required)</i>	November, 2014
Use Tax <i>(to fund Public Safety)</i>	November, 2014
Storm Water Utility Fee Increase	April, 2015?
Extend 1/4 th Cent Capital Sales Tax for 10 years <i>(For Streets and Public Safety – Expires 12/31/2015)</i> Citizen committee formed	August, 2015 August, 2014
Extend 1/8 th Cent Parks Sales Tax <i>(expires 3/31/2016)</i>	November, 2015
Transit Utility Fee	August, 2016
Developer Fee <i>(update Londeree Study, etc.)</i>	2016?



Health Care Reform

- Health insurance offered to temporary employees beginning January 1, 2015 *(temporary employees who work an average of 30 or more hours per week)*
- Departments Significantly Impacted
 - *Transit*
 - *Parks and Recreation*
 - *Streets*
 - *Solid Waste*
 - *Water and Electric*



COFERS Project Update

- Contact Center (Tyler Incident Management)
 - April 7, 2014 – began handling Solid Waste calls
 - Incoming calls for Streets will be the next area added to the Contact Center
- Time and Attendance
 - Telestaff and Kronos
 - Currently being implemented
- Core Financials
 - Chart of Accounts development May, 2014
 - October, 2015 – Go live



FY 2015 Budget Process Calendar

March

- Draft CIP document prepared
- Budget guidelines prepared and distributed to Departments.
- Budget training provided to Departments.
- Council Retreat – FY 2013 Year End Review and Council recommended topics
- Departments begin to prepare their budget requests.

July

- City Manager makes final budget decisions
- Department review budget document with City Manager recommendations
- City Manager's Proposed Budget Document prepared and submitted to Council

May

- Council Mini-Retreat - review 6 month numbers, FY 2015 Budget Issues, and CIP draft document
- Additional forecasting prepared
- Finance reviews department budgets
- Planning & Zoning Commission reviews draft CIP document and provides feedback to council

August

- Scheduled Public hearings and department work sessions held on budget.
- City Council works on budget amendments

June

- City Manager presents State of the City/Annual Performance Report
- City Manager meets with each Department head to review their budget requests and tie to the strategic plan goals, progress and funding considerations

September

- City Council adopts budget
- After budget is adopted, document is prepared and released to the public