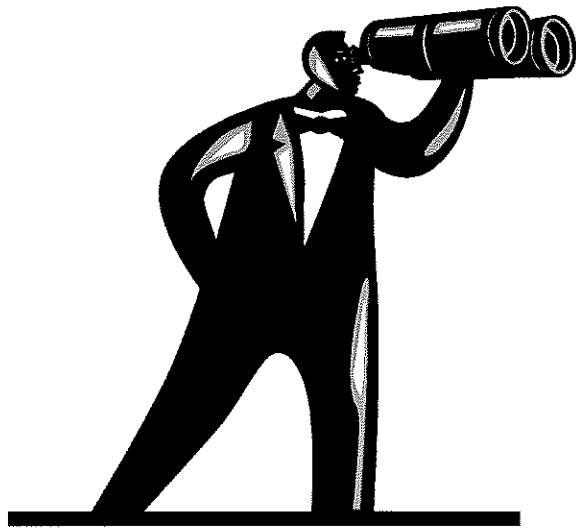




Long Term Financial Forecasting



City of Columbia City
2011-12 Annual Budget

LONG-TERM FINANCIAL FORECASTING

STEP 1: Collect historical financial data and identify future influences on revenues and expenditures.



STEP 2: Develop spreadsheets using information to show trends and projections.



STEP 3: Specify assumptions for projections and state basis of assumptions.



STEP 4: Select appropriate forecasting method.



STEP 5: Project future revenues and expenditures based on the information available.



STEP 6: Analyze data and make adjustments where necessary.



STEP 7: Create documents, i.e. graphs, charts, etc., helpful for planning for the future of the City.

**City of Columbia City
2011-12 Annual Budget**

LONG-TERM FINANCIAL FORECASTING

January 12, 2011: City Council Workshop held for review of long-range financial projections for Water and Sewer Fund operations.

Water Fund: Well rehabilitation work, a reduction in water sales, and wholesale water purchases were the major contributors to a sharp decrease in the debt ratio coverage within the water fund this year. To correct the debt ratio deficiency, the consensus was to move forward with a \$5.00 per month increase in the base rate effective February 26, 2011, with another proposed \$5.00 per month increase considered in February 26, 2012, subject to further review of updated financial projections at that time.

Sewer Fund: The sewer fund is currently faced with the emergency replacement of 680 feet of high pressure sewer main within the River Club Estates (RCE) Subdivision, and the City of St. Helens implemented another 32% increase in Columbia City's sewer treatment fees effective December 15, 2010. The RCE project costs are estimated at nearly \$100,000. Repairs are needed immediately to avoid further sewer main breaks that may lead to more costly emergency repairs, property damages, and sewer spills. The sewer fund is still struggling to recover from the "A" to "E" Street Sewer Replacement Project, and the funds are not currently available to complete the RCE repairs. The consensus was to move forward with a \$10.00 per month increase in the base rate, effective February 26, 2011, to recover the RCE project costs and begin to rebuild fund balance.

Public Hearings for the rate increases are scheduled for February 3 and 17, 2011.

January 20, 2011: City Council Workshop held for review of long-range General Fund financial projections.

General Fund: Projections show a continued decline in the fund balance of the General Fund. The 2010-11 year is projected to end with a fund balance of \$129,535, down \$121,090 from three years ago, and the fund balance is projected to dip into a negative position by the end the 2012-13 year. To stop this downward trend, additional revenues and/or service level reductions are necessary.

The Council discussed the services provided within the General Fund at length with staff. Services include, but are not limited to, administrative services, police protection, park maintenance, building and planning services, municipal court, and library. The Council reviewed the final results of the citizen survey dated October 4, 2010, with respect to various services provided by the City. Survey results showed police protection services ranked as the highest priority, and library and parks ranked the lowest, respectively. After lengthy discussions with staff and further review of the General Fund financial projects, it

was the consensus of the Council that the City submit a ballot measure for a five-year local option levy for police protection services in the amount of \$0.67 per \$1,000 assessed value to the voters in May. Concurrently, staff is directed to prepare several service level cut back options for consideration and review by the Council during the coming months and in preparation for the upcoming budget process.

March 3, 2011: City Council Workshop held to review and discuss a variety of cost savings measures and service level reduction options with a focus on programs funded by the General Fund. After a lengthy review and discussion, it was the consensus of the group that new financial projections be developed reflecting the following changes:

- Eliminate the temporary, seasonal utility worker position;
- Reduce park maintenance activities to bare minimum - occasional mowing, trash and repair work;
- Cancel the Lexipol police policy manual service;
- Cancel the month-to-month lease for the Community Library space;
- Postpone all contributions to the Equipment Reserve Fund for one year;
- Increase the rental rates for the Community Hall;
- Tighten up Community Hall rental policies to provide more opportunities for all day rentals as well as guidelines for serving alcohol;
- Cancel the Celebration activities;
- Remove the porta-potty's from Harvard Park and Jim Bundy Memorial Park during the months of November through March;
- Cancel maintenance activities within the DAR owned Pixie and Ruth Rose Richardson Parks;
- Cancel the contract for backflow inspections;
- Reduce uniform, travel and other miscellaneous expenses.

Additionally, a focus will be placed on volunteer recruitment for park maintenance activities.

City of Columbia City

PROPOSED WATER AND SEWER UTILITY RATE INCREASES

UTILITY RATE INCREASE PROPOSAL

- **Water:**
 - **\$5.00 increase in base fee**
 - **9% overall increase for residential customer with water usage of 1000 c.f. per month**
 - **Current base fee is \$30.75; new base fee would be \$35.75**

- **Sewer:**
 - **\$10.00 increase in base fee**
 - **35% for residential customer with sewer usage of 650 c.f. per month**
 - **Current base fee is \$24.50; new base fee would be 34.50**

- **Effect February 26, 2011 - will show on March 26, 2011 billings**

RATE SETTING GOALS

- **Minimize increases for customers**
- **Adequately fund utility operations and maintenance**
- **Maintain required debt coverage**
- **Fund capital projects as needed**

UTILITY RATE DRIVERS

- **Operations and maintenance:**
 - **Increases in personnel costs:**
 - **PERS**
 - **Employment tax**
 - **Health insurance benefits**
 - **Step increases**
 - **Increases in maintenance costs:**
 - **Well rehabilitation work**
 - **12% increase in wholesale water rate**
 - **32% increase in sewer treatment rate**
 - **Increased sewer system inflow and infiltration (I&I)**
 - **Unanticipated wholesale water purchases**

- **Revenue reductions due to:**
 - **Vacant housing**
 - **Water conservation**
 - **Cooler summer in 2010**
 - **Increases in uncollectible accounts**
- **Unanticipated capital Improvements:**
 - **A-E Street Sewer Replacement Project**
 - **RCE Sewer Replacement Project**
- **Debt service requirements:**
 - **Water reservoir loan - \$2.2 million**
 - **Water investigations and development loan - \$1.2 million**
 - **Annual debt payment - \$144,148**
 - **Debt ratio coverage requirement - 1.10 (annual net operating income must equal 110% of annual debt payment - \$158,563)**

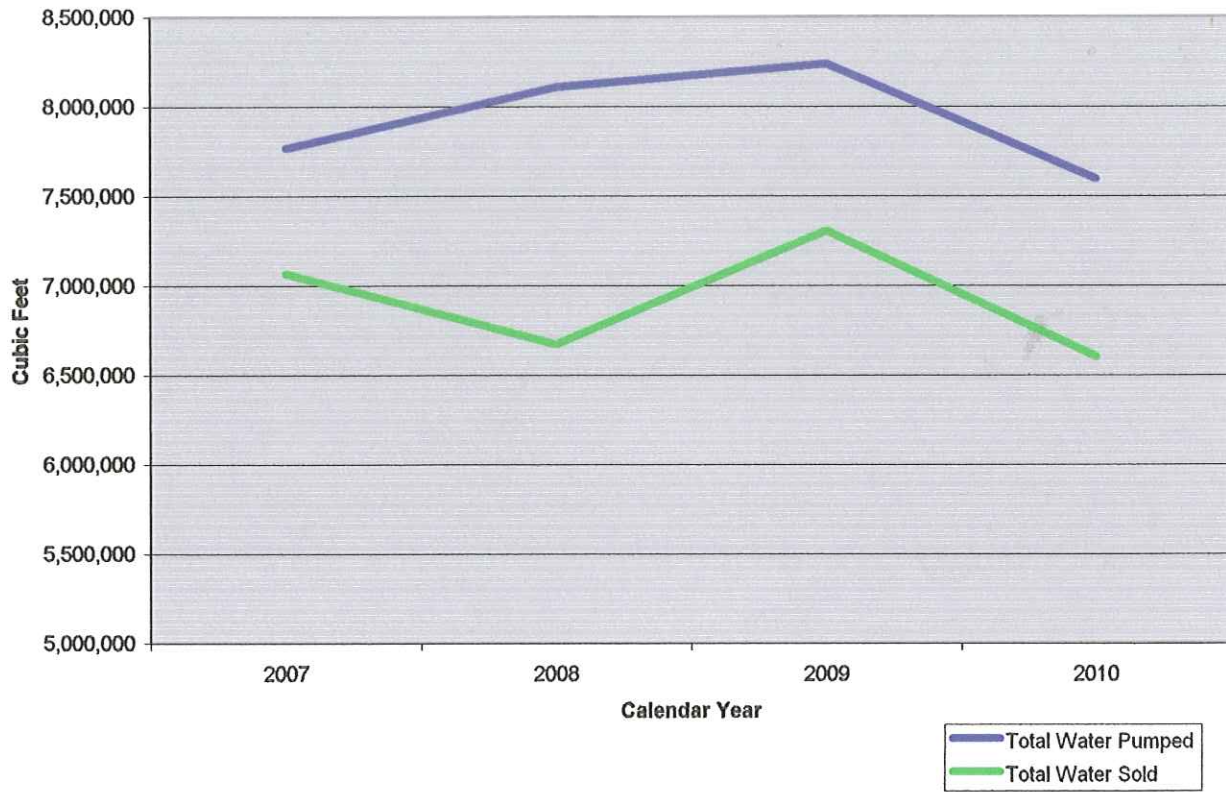
City of Columbia City
Water Operating Fund
Model Forecast
Update 3-7-11

	Audited 06/30/08	Audited 06/30/09	Audited 06/30/10	Projected 06/30/11	Updated Using Proposed Budget Projected 06/30/12	Projected 06/30/13	Projected 06/30/14	Projected 06/30/15	Projected 06/30/16
Revenues:									
Delinquent Fees	9,295	8,551	9,260	8,387	8,300	8,549	8,805	9,070	9,342
Interest	7,530	5,075	1,467	763	600	618	637	656	675
Homeland Security Grant Funds	0	0	0	10,000	0	0	0	0	0
Miscellaneous	1,449	306	269	744	300	309	318	328	338
Hookup Charges	2,997	1,715	112	0	530	546	562	579	597
Water Receipts	411,428	424,698	423,547	436,021	468,021	482,062	496,523	511,419	526,762
Restoration Fees	405	640	470	150	150	155	159	164	169
Revenue Total	433,104	440,985	435,125	456,065	477,901	492,238	507,005	522,215	537,882
Expenditures:									
Personal Services	142,932	163,496	162,074	163,877	179,899	190,693	202,135	214,263	227,118
Materials and Services	168,820	156,442	140,783	211,070	127,257	131,075	135,007	139,057	143,229
Total Expenditures	311,752	319,938	302,857	374,947	307,156	321,768	337,141	353,320	370,347
Net Operating Income	121,352	121,047	132,268	81,118	170,745	170,470	169,864	168,896	167,535
Other Financing Sources/Uses									
Debt Service									
Technical Assistance Loan	3,583								
Safe Drinking Water Loan	183,410	115,876	115,876	115,876	115,876	115,876	115,876	115,876	115,876
Safe Drinking Water Loan #2		17,977	28,272	28,272	28,272	28,272	28,272	28,272	28,272
Total Debt Service	186,993	133,853	144,148	144,148	144,148	144,148	144,148	144,148	144,148
Debt Ratio Coverage	0.65	0.90	0.92	0.56	1.18	1.18	1.18	1.17	1.16
Total Capital Outlay/Construction	84,533	79,416	9,286	10,000					
Interfund Transfer - Loan Pmt.	(79,399)	(83,586)							
Net Other Financing Sources/Uses	192,127	129,683	153,434	154,148	144,148	144,148	144,148	144,148	144,148
Net Income(Expense)	(70,775)	(8,636)	(21,166)	(73,030)	26,597	26,322	25,716	24,748	23,387
Beginning Fund Balance	206,414	135,639	241,174	220,008	146,978	173,575	199,897	225,613	250,361
Capital Contribution - Construction Fund		114,171							
Ending Fund Balance	135,639	241,174	220,008	146,978	173,575	199,897	225,613	250,361	273,747

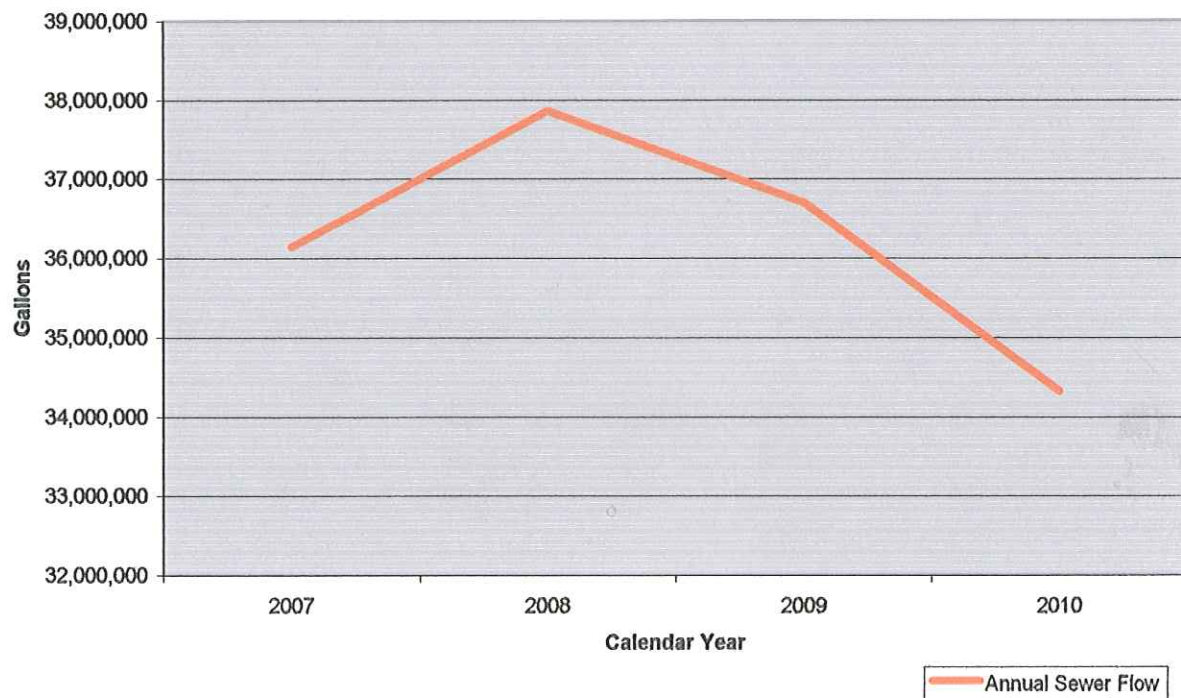
City of Columbia City
Sewer Operating Fund
Model Forecast
Updated 3-7-11

	Audited 06/30/08	Audited 06/30/09	Audited 06/30/10	With Rate Increase of \$10.00/mo. 3/1/11 Projected 06/30/11	Updated Using Proposed Budget Projected 06/30/12	Projected 06/30/13	Projected 06/30/14	With Rate Increase of 3% 7/1/14 Projected 06/30/15	With Rate Increase of 3% 7/1/15 Projected 06/30/16
Revenues:									
Sewer Collection Fees	234,000	232,828	243,639	295,441	359,441	359,441	359,441	370,224	381,331
Interest	7,481	4,701	944	200	50	52	53	55	1,383
Homeland Security/CIS Risk Grants	0	0	0	13,623	0	0	0	0	0
St. Helens SDCs	3,813	7,676	3,177	0	3,838	3,953	4,072	4,194	3,738
Miscellaneous	1,486	(43)	6	326	100	103	106	109	100
Revenue Total	246,780	245,162	247,766	309,590	363,429	363,549	363,672	374,582	386,552
Expenditures:									
Personal Services	96,415	101,052	85,260	87,927	101,388	107,471	113,920	120,755	128,000
Materials and Services	124,899	154,150	139,539	172,929	208,152	214,397	220,828	227,453	234,277
Total Expenditures	221,314	255,202	224,799	260,856	309,540	321,868	334,748	348,208	362,277
Net Operating Income	25,466	(10,040)	22,967	48,734	53,889	41,681	28,924	26,374	24,275
Other Financing Sources/Uses									
Total Capital Outlay/Construction	63,370	237,034	39,781	98,900					
Transfer Out - Capital Contribution	2,283			1,000					
Interfund Transfer - Capital Contribution	(88,080)	(101,890)							
Net Other Financing Sources/Uses	(22,427)	135,144	39,781	99,900	0	0	0	0	0
Net Income(Expense)	47,893	(145,184)	(16,814)	(51,166)	53,889	41,681	28,924	26,374	24,275
Beginning Fund Balance	172,194	220,087	74,903	58,089	6,923	60,812	102,493	131,417	157,791
Ending Fund Balance	220,087	74,903	58,089	6,923	60,812	102,493	131,417	157,791	182,066

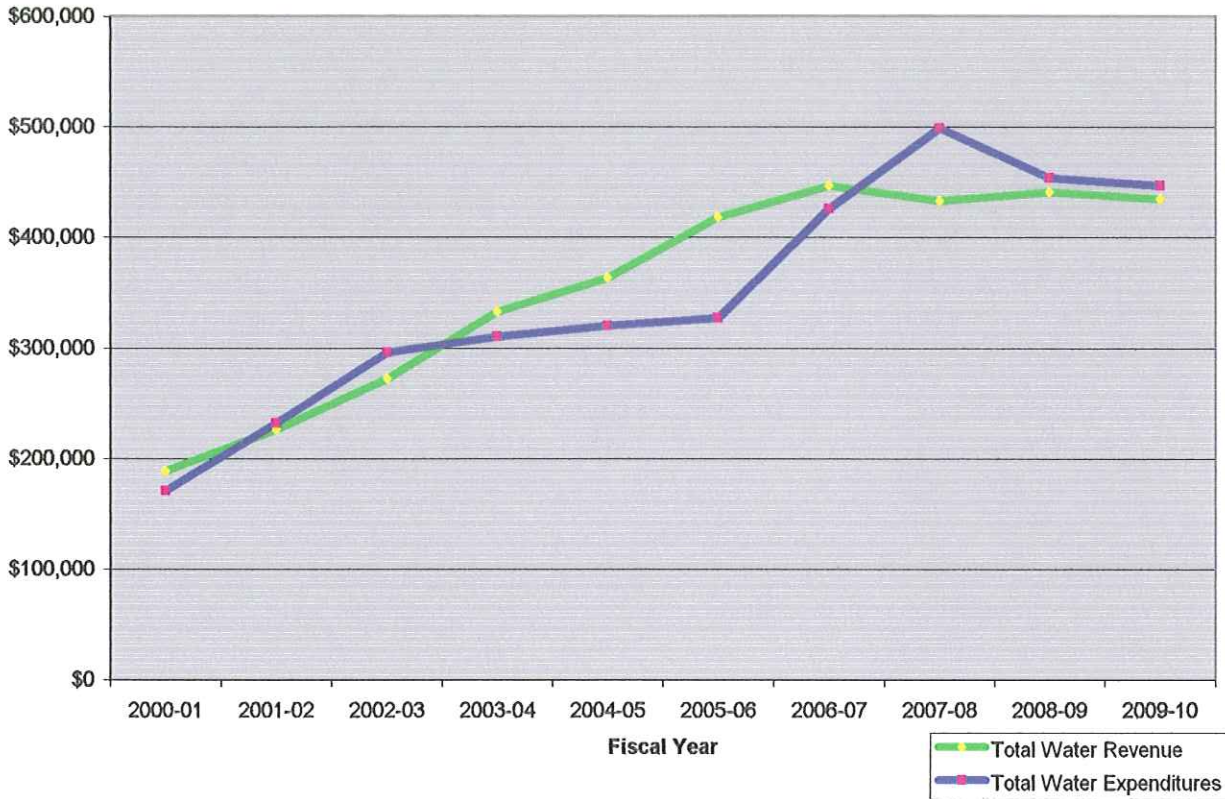
City of Columbia City Water Pumped History



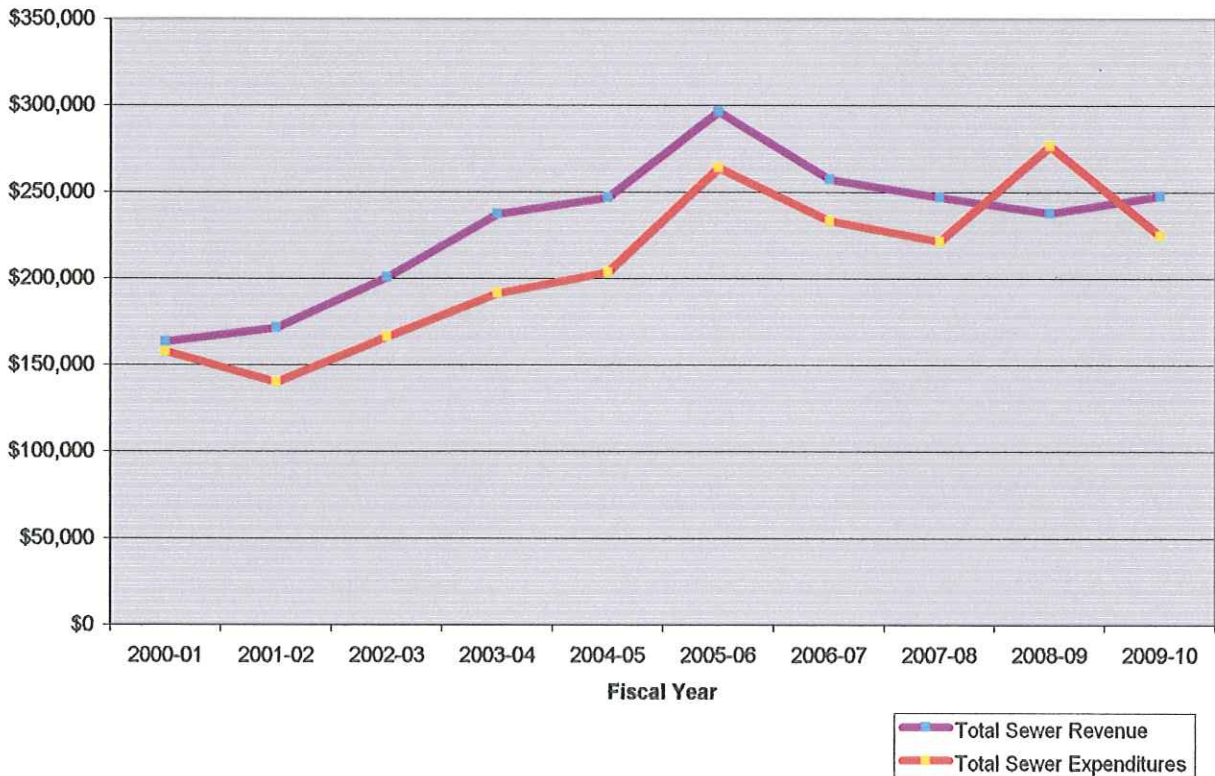
City of Columbia City Sewer Flow History



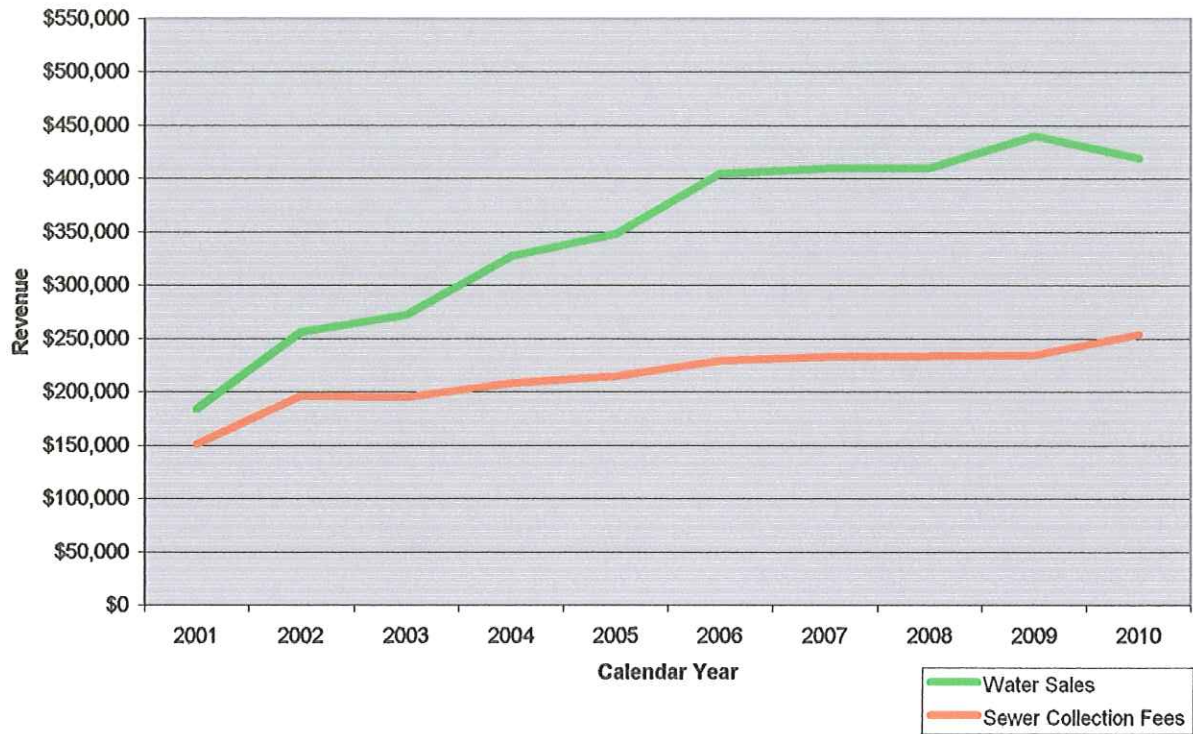
**Water Fund Revenues vs. Expenditures
(excludes capital contributions)**



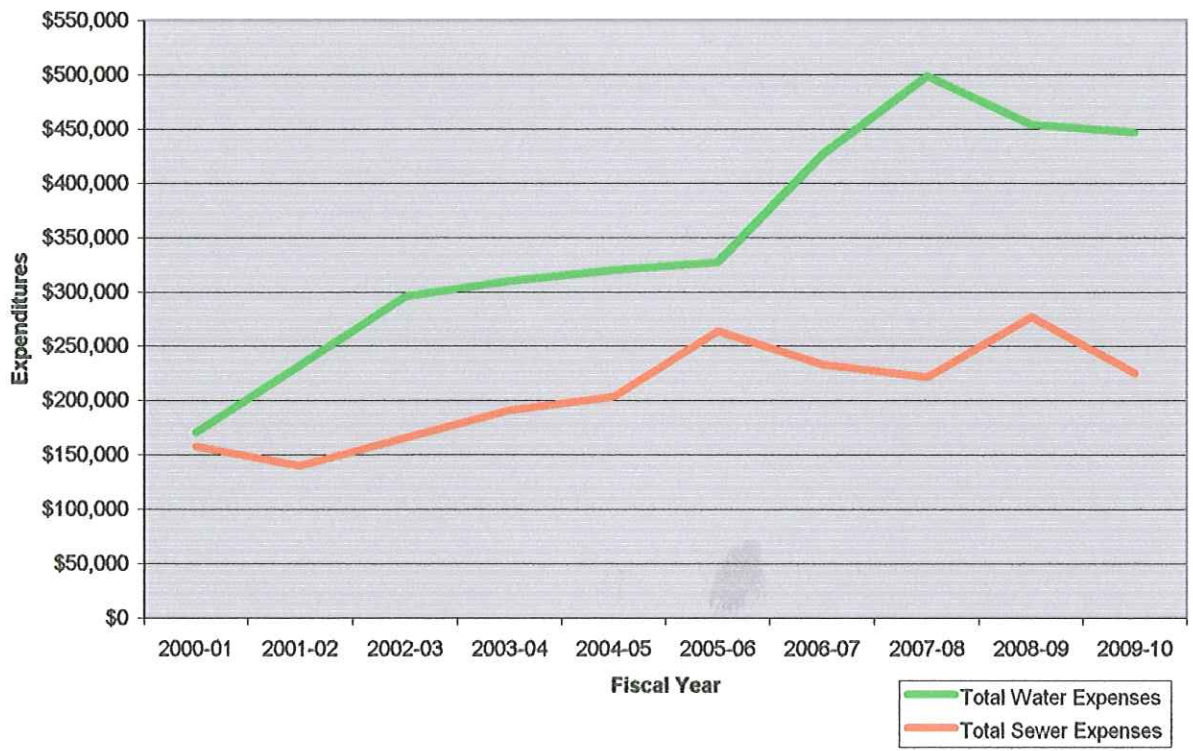
**Sewer Fund Revenues vs. Expenditures
(excludes capital contributions)**



**City of Columbia City
Water and Sewer Revenue Trends**



**City of Columbia City
Water and Sewer Expenditures**
Includes Operating and Debt Service Requirements; Excludes Capital Outlay



CITY OF COLUMBIA CITY
GENERAL FUND ACTUAL AND PROJECTED COSTS
Updated 3/15/11

	Actual 2007-08	Actual 2008-09	Actual 2009-10	Estimate 2010-11	Proposed Budget Estimate 2011-12	Estimate 2012-13	Estimate 2013-14
GENERAL FUND REVENUE:							
Taxes	155,327	159,295	157,062	167,435	169,545	174,631	179,870
Licenses, Permits & Fees	197,980	180,914	197,295	185,471	185,193	190,749	196,471
Intergovernmental Revenue	56,276	62,967	56,224	88,013	71,230	73,367	75,568
Fines	33,125	24,987	19,345	17,083	18,800	19,364	19,945
Miscellaneous Revenue	<u>32,177</u>	<u>30,806</u>	<u>39,543</u>	<u>22,856</u>	<u>29,440</u>	<u>30,323</u>	<u>31,233</u>
Total Revenue	474,885	458,969	469,469	480,858	474,208	488,434	503,087
GENERAL FUND EXPENDITURES:							
Personal Services:							
Administration	106,814	124,288	124,277	117,317	126,784	134,391	142,455
Police Department	143,026	132,446	178,644	183,578	194,212	205,865	218,217
Building Department	26,853	14,928	14,826	12,283	15,010	15,911	16,865
Parks Department	<u>18,518</u>	<u>45,197</u>	<u>24,848</u>	<u>30,105</u>	<u>19,599</u>	<u>20,775</u>	<u>22,021</u>
Total Personal Services	295,211	316,859	342,595	343,283	355,605	376,941	399,558
Materials & Services:							
Administration	85,912	94,251	105,799	84,588	79,411	81,793	84,247
Police Department	31,813	39,484	45,218	40,708	37,229	38,346	39,496
Building Department	21,867	16,412	7,767	12,246	11,465	11,809	12,163
Parks Department	<u>6,805</u>	<u>6,791</u>	<u>8,965</u>	<u>11,000</u>	<u>5,065</u>	<u>5,217</u>	<u>5,373</u>
Total Materials & Services	146,396	156,937	167,749	148,542	133,170	137,165	141,280
Total General Fund Operating Expenditures:	441,607	473,796	510,344	491,825	488,775	514,106	540,838
NET REVENUE VS. OPERATING EXPENSE:	33,278	-14,827	-40,875	-10,967	-14,567	-25,672	-37,751
Capital Outlay	28,430	4,169	38,000	24,667	0	0	0
Transfers Out	14,129	6,000	0	11,026	0	0	0
Transfers (In)	<u>-2,879</u>	<u>0</u>	<u>-38,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
NET CHANGE IN FUND BALANCE:	-6,402	-24,996	-40,875	-46,660	-14,567	-25,672	-37,751
Beginning Fund Balance:	257,027	250,625	225,629	184,754	138,094	123,527	97,855
Ending Fund Balance:	250,625	225,629	184,754	138,094	123,527	97,855	60,104
<i>Minimum Fund Balance Target:</i>	110,402	118,449	127,586	122,956	122,194	128,527	135,209

City of Columbia City
 Financial History and Projections
 Columbia City Police Department

Police Department	Actual 2007-08	Actual 2008-09	Actual 2009-10	Estimate 2010-11	Estimate 2011-12	Estimate 2012-13	Estimate 2013-14	Estimate 2014-15	Estimate 2015-16
Property Taxes	155,327	159,295	157,056	162,000	169,545	174,631	179,870	185,266	190,824
Towing Fees	450	550	250	50	200	50	50	50	50
Intergovernmental Revenue	1,320	5,305	7,861	22,879	46,172	500	500	500	500
Police Training Fee	472	671	441	239	400	400	400	400	400
Miscellaneous	21	92	75	76	75	75	75	75	75
Shop with a Cop Donations	0	0	1,080	465	1,000	1,000	1,000	1,000	1,000
Transfer in from Equipment Reserve	0	0	38,000	0	0	0	0	0	35,000
Revenues:	157,590	165,913	204,763	185,709	217,392	176,656	181,895	187,291	227,849
Police Personal Services	143,026	132,446	178,644	192,743	213,067	225,851	239,402	253,766	268,992
Police Materials & Services	31,813	39,484	45,218	44,208	37,229	38,346	39,496	40,681	41,902
Police Capital Outlay	5,113	0	38,000	4,600	10,000	5,000	5,000	5,000	40,000
Transfer Out for Equipment Reserve	7,500	0	0	7,500	0	7,500	7,500	7,500	7,500
Expenditures:	187,452	171,930	261,862	249,051	260,296	276,697	291,398	306,947	358,394
Net:	-29,862	-6,017	-57,099	-63,342	-42,904	-100,041	-109,503	-119,656	-130,544

