

Budget Overview Meeting

August 8, 2013



Meeting Agenda & Introductions

- Introduction of participants
- Agenda / Meeting format
- Budget Process & Overview
- Audited financial statements
- Specific questions to be answered (per Billy's email)
 - Debt levels and debt service
 - Employee headcount, benefit obligations
 - Administrative payroll & cost allocations
 - Unavoidable expenses
 - Tax revenue vs. fee revenue
- Questions & Answers
- Sources for more information

Budget Process

Colorado Revised Statutes requirements:

- Submit an estimated budget on or before October 15
- Budget format and content:
 - By fund & spending agency
 - Sources of revenue & object of expenditures
 - Compare to prior completed fiscal year, current fiscal year (est.)
 - Fund balances (est.) at beginning & end of year
 - Written “budget message”
 - Lease-purchase disclosure
- Notice of Budget
- Budget Hearing, Adoption, Appropriation of Funds
- Certified copy filed with the State of Colorado
- Supplemental budget amendment & appropriation

Budget Process

Internal Process:

- “City News” column announces the beginning of the budget process
- All work sessions with council are publicly noticed
- After presenting the proposed budget, a Notice of Budget is published in the Mountain Mail and Public Hearing date set
- A copy of the proposed budget is available at City Hall and on the website
- Additional budget work sessions follow
- Budget Hearing
- Adopted by Council before end of December

Budget Process

- Separate funds – different revenue sources and expenditures
 - Government funds – tax revenue
 - Proprietary funds (Enterprise funds) – fees charged to users
- Salida has four separate funds, five separate budgets
 - General Fund
 - SteamPlant Enterprise Fund
 - Water Activity Enterprise Fund
 - Water Operations
 - Sewer Operations
 - Conservation Trust Fund (CTF)
- Some city-wide expenditures are allocated

Year End Audit & Financial Statements

- CRS require an audit by an independent CPA
 - Financial statements are the responsibility of management
 - Outside CPA's role is to conduct an independent audit and issue an unbiased opinion
- GASB requires general purpose financial statements; format established by GASB 34
 - Government-wide and by fund
 - Required Supplementary Information (RSI)
 - Management's Discussion & Analysis (MD&A)
 - Budgetary Comparison
 - Other
- Filed with the Office of State Auditor by July 31
- CAFR is encouraged by GASB, but not required

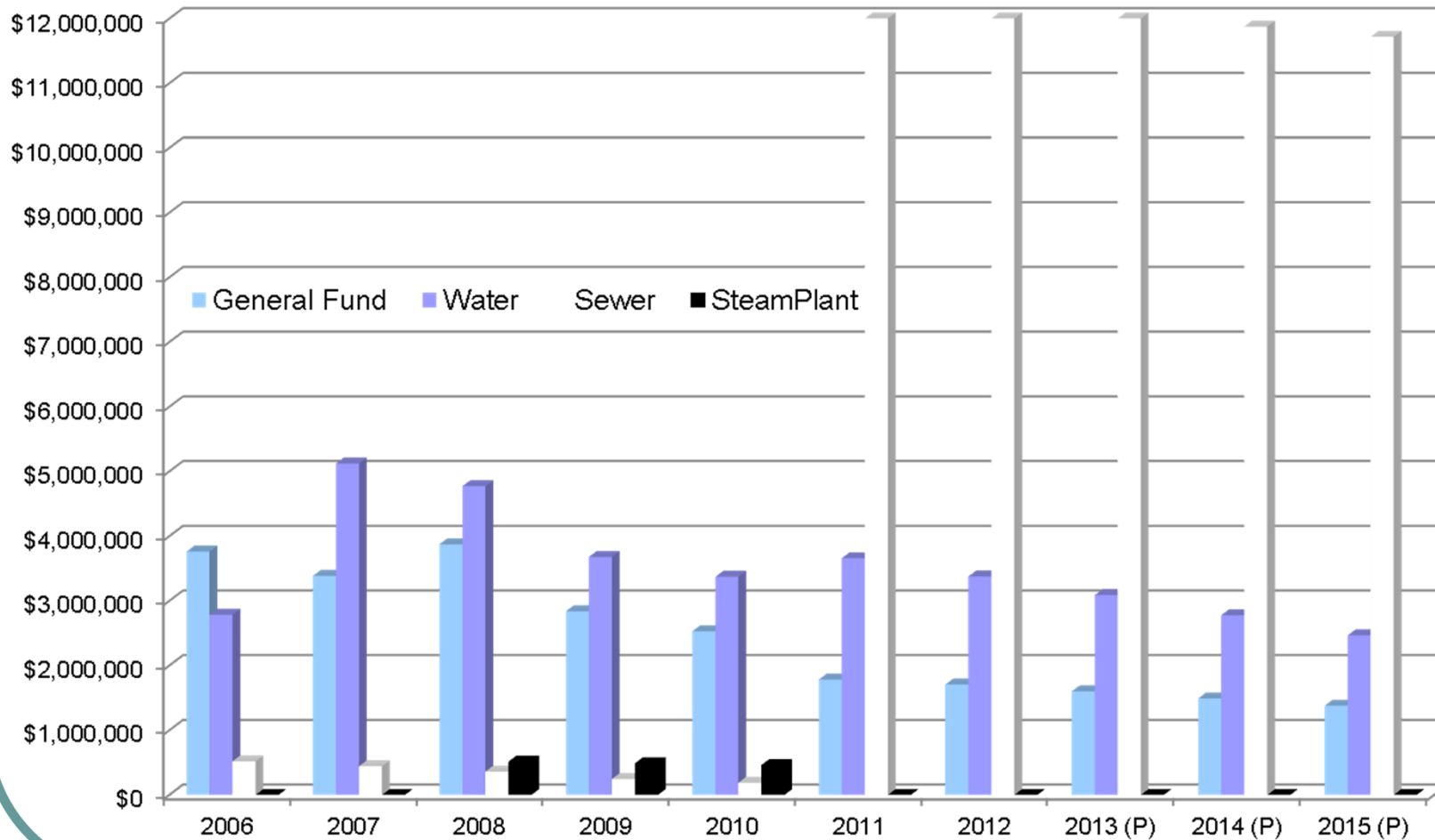
Interim Financial Reports

- Not required by CRS or GASB
- Presented to city council since 2009
- Used for internal & external purposes:
 - Inform the council and public about the City's finances
 - Accountability for the budget
- Format is similar to the budget comparison included in RSI
 - Narrative (highlight important items, show information graphically, "Plain English" explanations, etc.)
 - City-wide Financial Summary
 - Budget Comparisons by Fund
 - Supplemental Data

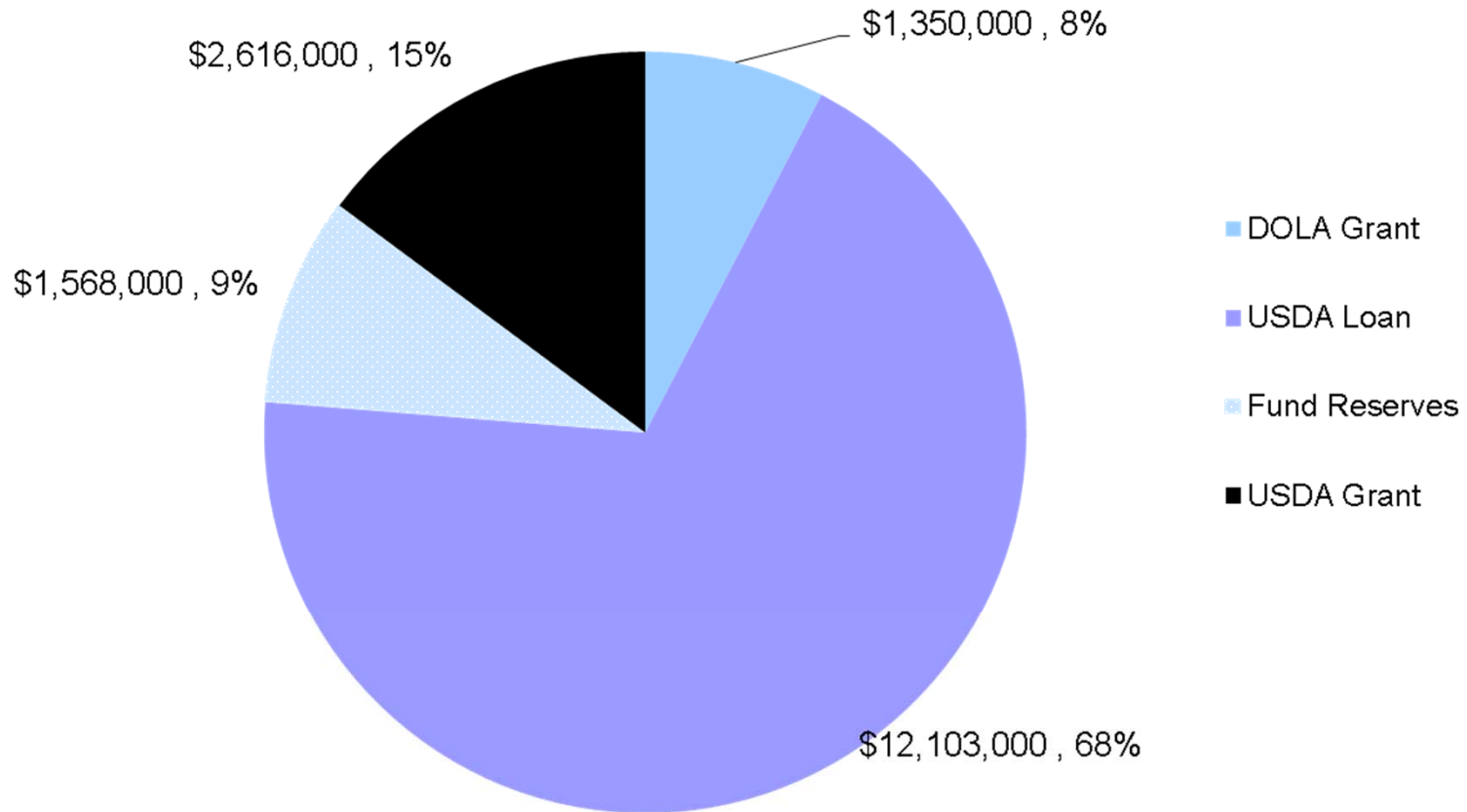
Benchmarking to Outside Data

	Salida Figures:			Peer Group:
	2011	Projected 2012	Budget 2013	2011 Average
Tax revenue per capita	\$1,023	1,075	1,102	872
Intergovernmental revenue as a percent of total	8.0%	12.0%	12.7%	14.9%
Total operating expenditures per capita	782	851	936	1,141
Total general government per capita	166	164	176	242
Total public safety per capita	394	412	440	370
Total interest expense per capita	25	9	11	35
Debt service as a percent of revenue	13.3%	1.7%	2.2%	6.7%
Capital outlay as a percent of total expenditures	15.2%	35.5%	32.3%	14.0%
Unrestricted fund balance to revenue	33.5%	30.7%	27.2%	32.2%

Debt Levels



Wastewater Treatment Plant Financing



Sewer Fund Debt

<u>Outstanding Debt</u>	Interest Rate	Original Amount	Balance at 12/31/2012	Annual Payment
2013 USDA Loan - WWTF Upgrade	2.50%	\$ 12,103,000	\$ 12,103,000	\$ 480,405
Debt Service as a Percentage of Revenue				12%
2013 Revenue Budget			\$ 4,169,700	
2013 Total Expenditures			\$ 4,062,800	
Addition to (use of) Reserves			\$ 106,900	

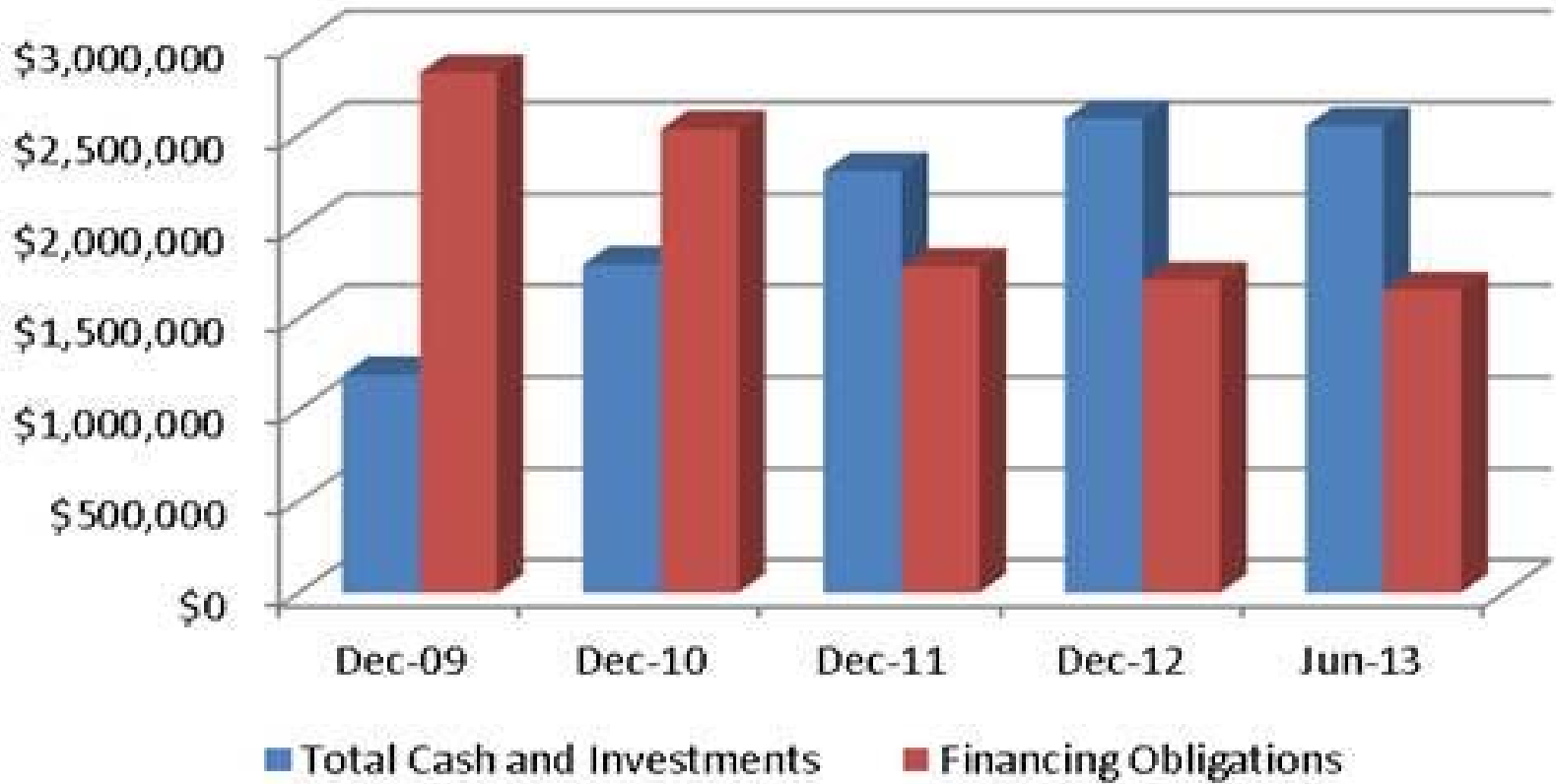
Water Fund Debt

Outstanding Debt	Interest Rate	Original Amount	Balance at 12/31/2012	Annual Payment
2001 DOLA Loan	5.00%	\$ 175,000	\$ 99,812	\$ 14,042
2007 Revenue Bonds	4.00%	3,940,000	2,745,000	364,063
2011 Drinking Water Revolving Loan	0.00%	545,000	531,375	27,250
Total		\$ 4,660,000	\$ 3,376,187	\$ 405,355
Debt Service as a Percentage of Revenue				25%
2013 Revenue Budget				\$ 1,636,300
2013 Total Expenditures				\$ 2,011,300
Addition to (use of) Reserves				\$ (375,000)

General Fund Debt

Outstanding Debt	Interest Rate	Original Amount	Balance at 12/31/2012	Annual Payment
2008 Lease Purchase - Touber Bldg	3.40%	\$ 875,000	\$ 761,240	\$ 72,708
2009 Lease Purchase - Touber Bldg	3.40%	1,100,000	944,806	89,124
Total		\$ 1,975,000	\$ 1,706,046	\$ 161,832
Debt Service as a Percentage of Revenue				2%
2013 Revenue Budget				\$ 7,450,700
2013 Total Expenditures				\$ 7,429,800
Addition to (use of) Reserves				\$ 20,900

General Fund Balance Sheet



Employee Headcount, Benefits

- Refer to 2013 Budget Package – Section VII. “Staffing” on pages 13-15 of the narrative and page 22 for HR Report
- Summary:
 - 56 full-time employees with benefits
 - 72 FTEs (numerous part-time and/or seasonal employees)
 - PT or seasonal employee benefit costs consist of taxes & workers comp - ~8% to 10%
 - FT employee benefit costs range from 30% to 75%
 - Average burden rate is 35.7%
 - Defined contribution retirement plan - non public safety EEs
 - Colorado Fire & Police Pension Association – DB Plan

Administrative Payroll

- 10% of Personnel Costs are in Administration
- Six regular full-time employees:
 - City Administrator
 - Deputy City Clerk
 - Finance Director
 - Senior Accountant
 - Accountant I
 - Admin / HR Assistant
 - Intern (temporary position; 50% grant-funded)
- Part-time employees:
 - Video Technician for council meetings
 - Elected Officials

Allocated Costs

- Personnel Costs – 10% to 25% of certain admin employees allocated to water and sewer funds for time spent on billing, payables, HR, payroll, financing and managing capital projects, rate studies, budget management, water rights, personnel matters, etc.
- Property / Casualty Insurance premiums – based on capital assets
- Workers compensation – employee classification and associated rates
- Audit – based on relative level of revenue & expenditures
- Note: Direct administrative costs include water rights, billing software & supplies, postage, legal costs

Unavoidable Ongoing Expenses

- Fixed vs. Variable Costs – “All costs are variable if your time horizon is long enough.”
- Unavoidable Expenses:
 - Debt Service
 - Regulatory compliance – across all departments
 - Deferred maintenance – can cost more in the long run
- Discretionary Expenses:
 - Capital – many one-time asset purchases & projects
 - Lots of stuff – This is what the budget process is all about!
 - Projects Priority Criteria provides an objective method for evaluating budget requests
 - City-wide goals provide guiding criteria

Meeting Wrap Up

- Q&A
- Resources for more info:
 - City website – Annual Audit, Budgets, Interim Reports are all available
 - GASB website
 - CRS
 - Contact me directly
 - 530-2623
 - jan.schmidt@cityofsalida.com
 - Call your council person