



# City of Columbia, Missouri

## Meeting Minutes

### Finance Advisory and Audit Committee

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Monday, April 22, 2024  
1:00 PM

Regular

Conference Rooms  
1A/1B  
Columbia City Hall  
701 E. Broadway

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#### I. CALL TO ORDER

Attending from the Finance Department was Matthew Lue, Jim McDonald, Deep Debnath, Shane Edwards, and Clarissa English. Also in attendance were guests John Conway and Mike Murphy.

**Present:** 4 - Kristian Bloom, Maria Oropallo, Diane Suhler and Thomas Richards

#### II. INTRODUCTIONS

Introductions were made.

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#### III. APPROVAL OF AGENDA

Suhler moved to approve the Agenda; Bloom seconded the motion and it was approved unanimously.

#### IV. APPROVAL OF MINUTES

Mr. Richards made a motion to approve the minutes as presented; Mr. Bloom seconded the motion and it was approved unanimously.

Richards made a motion to approve the minutes as presented; Bloom seconded the motion and it was approved unanimously.

#### V. OLD BUSINESS

FAAC Structure/Mandate Review

Lue reported the open positions have been re-advertised.

Finance Ordinance Review

Committee discussed the specific audit functions, including the Federally required annual audit, the status of the vacant internal auditor position, and the external auditor. Oropallo asked about the status of the contract with external Auditor Rubin, Brown LLC. Lue and McDonald reported that recommendations from previous audits of the Purchasing and Payroll departments have been implemented or are in process. Lue also commented that the City Manager has some projects that may be included in the upcoming audits, and that the contract for more audits will be negotiated.

Oropallo, Suhler, and Bloom discussed the recommendations the FAAC made to City Council in 2018 about the importance of hiring or engaging with an outside auditor. Richards was not serving on the FAAC at the time. Bloom discussed the importance of the auditor needed to review processes, and procedures. Suhler stressed the auditor's critical role to identify concerns, and accountability.

City Council Agenda Review

No items were reviewed as the FAAC meeting was held a week after the April 16th City Council meeting.

**VI. NEW BUSINESS**

Changes for CIP - FY25

Lue reported that the CIP was not available to review. The committee will discuss at the June 2024 meeting.

Popular Annual Financial Report (PAFR)

**General Information:** The Government Finance Officers Association (GFOA) established the Popular Annual Financial Reporting Awards Program (PAFR Program) in 1991 to encourage and assist state and local governments to extract information from their annual comprehensive financial report to produce high-quality popular annual financial reports specifically designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance and then to recognize individual governments that are successful in achieving that goal.

Oropallo credited McDonald and Lue for introducing the PAFR to Columbia a few years ago. She commented that the report should be widely reviewed by elected officials and the public to gain a better understanding of how the prior year's budget was actually spent. She opined that the information contained in the PAFR, which is released by March of every year, should be the basis for reviewing the upcoming new year's budget.

McDonald highlighted information shown in the PAFR. This report shows the first full year of Use Tax receipts. Overall, the final reports showed increased revenue due to positive investment results, Use Tax, Sales Tax growth, ARPA money, and open staff positions.

Committee discussed General Fund (GF) expenses, 80% of which are personnel-related. Public Safety encompasses the largest portion of the GF with the Police Dept. using 19.81% and Fire Dept. using 17.75%

McDonald added the Utilities Enterprise Funds reflected ongoing issues with increased staff wages, increased operating expenses, and lack of rate increases.

He further discussed non-utility enterprise funds, and noted that Parks and Rec has been moved to its own fund, and is no longer reflected in General Fund.

Bloom asked if all the ARPA funds had been appropriated, and spent. Lue responded all funds appropriated, not all spent.

Suhler asked if the funds are being invested. Lue responded all funds not in use are invested.

Suhler asked if the city were fully staffed, how much of an increase would be needed. Lue responded \$100M vs the current \$80M. McDonald reviewed page 13 of the PAFR regarding employees. The full-time equivalent employees increased by 56.4 positions. Departments with the largest increase were Police, Fire, Health and Human Services, and Water and Electric. Governmental Full-Time equivalent positions came to 990.30 in FY23. Business-Type Full-Time equivalent positions came to 581.20 in FY23.

He also reviewed the City's debt which is low because no new debt was issued in FY-23 (Oct 2022 - Sept 2023) by the City.

The committee discussed suggestions that would highlight important information, create a narrative of City expenditures, and format.

Monthly Economic Report

Debnath reported the unemployment rate remains low.

He reviewed home sales and recommended the on-line monthly economic report

1) Headline inflation among Midwestern cities with a population of less than 2.5 million in March 2024 increased to 2.56% from 2.49% in February, while core inflation decreased to 2.84%, compared to 3.10% last month. •

2) Housing inflation was still high at 4.06%; however, it was lower than last month's 4.23%. In March 2023, it was 7.52%. •

3) In March, month-over-month headline and core inflation increased by 0.63% and 0.54%, respectively, food & beverages inflation decreased by 0.09%, housing inflation increased by 0.22%, and energy-related inflation increased by 2.94%. •

4) The unemployment rate in Columbia declined by 0.15 percentage points in February to 2.85%, compared to 3.0% in January 2024. In contrast, Missouri unemployment rose by 0.2 percentage points in February to 4.0% from 3.8% in January 2024. •

5) In February 2024, Columbia's housing market saw a 6.09% decrease in homes sold compared to last year. The median home price increased by 2.42%, while the average price decreased by 1.32% from February 2023. •

6) Sales tax collections in April (February tax period) totaled around \$5.31 million, while Use tax collections came to about \$925,349, 3.76%, and 50% higher than last year in April. •

7) In April (February tax period), marijuana-related excise tax collection was \$28,759, around \$53,600 less than the previous month. We assume that such a low marijuana tax collection is dependent on how often the businesses are remitting the excise tax: monthly versus quarterly.

Suhler asked if the employment numbers reflected full-time vs part-time. Debnath replied the information came from the US Bureau of Labor Statistics and the report did not differentiate. Suhler commented this provided an incomplete picture.

## VII. GENERAL COMMENTS BY PUBLIC, MEMBERS AND STAFF

John Conway advised the committee that he provided information and advice to the April 16th Council on agenda items:

**B72-24** Authorizing an amendment to the agreement for professional engineering services with HDR Engineering, Inc. for the McBaine Water Treatment Plant Upgrade - Phase 1 project.

**B73-24** Authorizing an amendment to the agreement for professional engineering services with HDR Engineering, Inc. for design upgrades to the West Ash Pump Station.

**B79-24** Amending the FY 2024 Annual Budget for second quarter appropriation of funds for Water Utility CIP for \$38,647,027.

Member Richards discussed the context of having an internal auditor as staff vs hiring an outside audit firm. The Council should assess where the City should expend energy and resources to further its objectives. He cited the efforts to pass a rate increase, the 100% Renewable Energy effort, among others.

## VIII. NEXT MEETING DATE

May 20th, 2024

## IX. ADJOURNMENT

**Suhler made a motion to adjourn the meeting; Richards seconded the motion and it was approved unanimously.**

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