



City of Columbia, Missouri

Meeting Minutes

Finance Advisory and Audit Committee

Monday, October 21, 2024
1:00 PM

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

I. CALL TO ORDER

Attending from the Finance Department was Matthew Lue, Jim McDonald, Andrea Greer, Ashley Wilson, Meganne Montesinos, Amanda Kent, Danielle Abels and Shane Edwards. Also in attendance were Columbia residents Jim Windsor and John Conway, Mike Murphy of Como Buzz and Sarah Sprintzer of the Missourian.

Present: 6 - Kristian Bloom, Maria Oropallo, Thomas Richards, Karilee Gruenberg, Randy Minchew and Brian Toohey

II. INTRODUCTIONS

III. APPROVAL OF AGENDA

Mr. Richards made a motion to approve the agenda; Mr. Minchew seconded the motion and it was approved unanimously.

IV. APPROVAL OF MINUTES

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

V. OLD BUSINESS

FAAC Structure/Mandate Review

No discussion.

Finance Ordinance Review

McDonald reported the Purchasing Ordinance is still in Law department for review.

City Council Agenda Review

Lue reported that Finance has only the Monthly report on that night's City Council agenda. He added the report includes Cash Balance Report, and Cash Position of the city. Oropallo asked if these reports includes utilities. Lue responded that it did include utilities.

VI. NEW BUSINESS

Budget Communications

Lue described new initiatives to increase the discussions around the budget. He identified some misunderstanding with the budget this year. He added a preventative idea about adding town hall meetings this year in December, and again before the budget process before next year's budget

Greer added some examples of how information could be better presented, especially around "deficit spending", which she stressed the City does not do.

Lue reiterated that the city is not deficit spending, and that the issue was in the differences between CIP and Operating Budget. Lue and Greer seek to strive for something digestible to the public.

Richards asked how to best communicate FTE (full time equivalent positions), and identifying what and how many positions are filled, and what and how many positions are vacant. Lue said the Budget Policy calls for clarifying what is internal and what is external.

Greer spoke to the "Budget in Brief" document that was sent to the public last fall, and the City will send it again.

Toohy asked if the budget is posted on BeHeard. Greer responded that it was .

Police and Fire Pension

McDonald shared a Pre-Council presentation.

FAAC discussed elements of the presentation, including:

- 1) Pension is \$50M of the budget
- 2) Police and Fire have a defined Benefit Pension which is based on time and service and highest average salary. There are also features for surviving spouse, disability
- 3) There are 179 Fire which gets \$9M a year
and 198 Police which gets \$7M
- 4) The pool continues to rise, paid pensioners is going to be \$15M in 2024
- 5) Other details included that Fire personnel, hired before 2012, had a generous plan, but they receive no Social Security benefits

Further, staff discussed liability costs for how much the city would have to pay out to employees currently in the plan and how much to pay out for current employees. This discussion includes bringing P&F to LAGERS.

Richards offered details of LAGERS which is a \$10B enterprise, is state run and opined that this move would eventually get the city out of the pension business.

McDonald pointed out the highlights in the Actuarial Report, which is included in the Pre-Council presentation

Revenue Discussion

Lue described an initiative to look at different revenue sources, what it may look like in the next fiscal year, help with month-to-month forecasting. He said in November or early December discussing with this with City Council in a worksession. He added this may involve some deep conversations on Public Safety pensions, with a possible move to Lagers.

Citizens Summit

Oropallo stated this item will be kept on Old Business for future meetings.

Lue described the Summit as a way to get more public involvement. It is currently scheduled for March 15, 2025, in City Hall. The goal is to get good information out there, including Social services, normal day-to-day operations

Oropallo asked if utilities would be included, Lue responded yes.

Internal Audit

Lue reported the status of Internal Audits, including a recap of all previous audits done in the last four years will help determine what new audits might be suggested

Oropallo asked if Rubin Brown LLC was still under contract with the City. Lue said yes.

CPAs Answer Questions about City Budget

Mr. Lue exited the meeting at 2:12 pm.

Minchew said he spoke with Lue about this idea since people say they want more transparency. He added that even though the budget and reports are all available, people want more understanding. He suggested having trusted people from private organizations sit with Lue, do a question and answer to help make it understandable. Minchew added that having an outside endorsement by people in the industry and getting the info into the hands of people not part of the City.

Staff Response to calls for a State Audit

Mr. Conway exited the meeting at 2:22 pm.

There was some discussion, but no action taken on whether the FAAC should have a role in supporting the call for an audit, or support John Conway's request for responses.

Monthly Economic Report

Ms. Gruenberg exited the meeting at 2:33 pm.

Shane reported that unemployment is going down again, inflation is flat, but may start to go up now that unemployment is going down. He added the Use Tax has seen a big result, but this was somewhat due to some businesses pay the State on a quarterly basis and others pay monthly. Dollar amount was one of the highest the City has received in a while.

The Summary of the Monthly Economic Report:

- In September, the national headline increased to 3.31% while core inflation decreased to 2.44%, compared to 3.20% and 2.53% in August.
- However, overall headline inflation among Midwestern cities with a population of less than 2.5 million in September 2024 remained stable at 2.10% from 2.11% in August, while core inflation (excluding food and energy) increased to 2.96%, compared to 2.66% last month.
- Housing inflation among Midwestern cities remained high at 4.69% in September 2024, higher than August's 4.63%, and Columbia is not the exception. This is mainly due to the seasonal nature of the housing/rental market.
- The unemployment rate in Columbia decreased by 0.69 percentage points in August to 3.24%, compared to 3.93% in July 2024. Missouri's unemployment rate followed a similar pattern and decreased by 0.72 percentage points in August to 3.87%, compared to 4.59% in July 2024. Akin to local and state, the national unemployment rate slightly decreased by 0.03 percentage points during this time, from 4.25% to 4.22%.
- Following a similar trend, in September 2024, the national unemployment rate fell to 4.05%, around seventeen percentage points.
- The Federal Reserve decided to reduce the interest rate from 5.25 - 5.50% to 4.75 - 5.00% by 50 basis points (bp), or 0.5%. This is the first time the Federal Reserve has cut interest rates since March 2020.
- The median home price in Boone County is higher than that of the state of Missouri by around \$57,600. In August 2024, the median home price in Boone County increased by 2.85%, while the average price increased by 5.25%.
- Sales tax collections in October (August tax period) totaled around \$5.18 million, while Use tax collections came to about \$1,235,893, 7.83%, and 52.51% higher than last year in October. The August 2024 Use tax collections are equivalent to 23.86% of the total Sales tax collections, which is the highest share in FY 24. This could be due to increased consumer spending - as the universities and public-school districts in Columbia are back in session.
- In October (August tax period), marijuana-related excise tax collection was \$62,269, around \$1,000 more than the previous month

2124VII. GENERAL COMMENTS BY PUBLIC, MEMBERS AND STAFF

Jim Windsor presented his analysis of the problems with how the PILOT is calculated. He pointed out his opinion the current process is in violation of City Charter, specifically the amount of tax that is being charged to Water Utility.

He said the City should only be charging the Columbia tax rate, not Boone tax rate. He requested the FAAC asks City Council to stop doing what they are doing. He suggested a review from the Law Dept may be in order. He said Director of Utilities, Dave Sorrell would be presenting a report that evening's City Council meeting.

Oropallo suggested the Utilities report would be added to the next FAAC meeting

Richards, who identified himself as a member of the CPS Finance Committee asked how the city gets to keep that entire payment.

Oropallo asked if the Law Dept has expressed an opinion.

VIII. NEXT MEETING DATE

November 18, 2024

IX. ADJOURNMENT

Mr. Minchew made a motion to adjourn the meeting; Mr. Bloom seconded the motion and it was approved unanimously.