



Long Term Financial Forecasting



City of Columbia City
2016-17 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.

TEN-YEAR MODEL FORECAST ASSUMPTIONS

The following assumptions were made during the preparation of the ten-year model forecasts contained in this section.

General Fund:

Revenues: An assumed growth rate of 105% per year was used for property tax revenue, and an assumed annual growth rate of 103% was used for all other revenue sources. In addition, it is important to note that the revenue projections are based upon the assumption that the current Five-Year Local Option Levy will continue to be renewed by voters. A new Five-Year Local Option Levy will be required beginning with the 2017-18 fiscal year, and again during the 2022-23 fiscal year. All of the property taxes collected by the City are used to fund the Police Department.

Personal Services: Staffing levels are distributed throughout the various departments within the City based upon workload requirements, and from year to year the distributions are adjusted. The distribution of personal services throughout the various departments was projected for 2017-18 fiscal year, and that distribution was then carried through to fiscal year 2025-2026. In the Police Department, an assumed growth rate of 107% for personal service costs was used, and an assumed growth rate of 105% was used for personal service costs in each of the remaining departments.

Materials and Services: A growth rate of 102% was factored in for each year.

Capital Outlay and Construction: Provisions were made for each of the planned equipment acquisitions currently outlined in the Equipment Reserve Fund acquisition schedules. In addition, some additional appropriations were provided for other unplanned capital outlay purchases. Considering the condition and age of the City Hall and Community Hall facilities, periodic capital construction appropriations were made throughout the years for building improvements.

Water Fund:

Revenues: A growth rate of 105% was used for water sales revenue assuming annual increases of 3% and a 2% allowance for growth in service for the first three years, and for the remaining years the growth rate was tapered back to 104.5%. As outlined in the 2013 Water System Master Plan, loan proceeds were included to cover planned improvement projects and periodic transfers in from the Water Development Fund were included to represent contributions towards the annual debt payments. An assumed annual growth rate of 103% was used for all other revenue sources.

Personal Services: Staffing levels are distributed throughout the various departments within the City based upon workload requirements, and from year to year the distributions are

adjusted. The distribution of personal services throughout the various departments was projected for 2017-18 fiscal year, and that distribution was then carried through to fiscal year 2024-2025. An assumed growth rate of 105% was used for personal service costs within the Water Department.

Materials and Services: A growth rate of 102% was factored in for each year.

Capital Outlay and Construction: Provisions were made for each of the planned equipment acquisitions currently outlined in the Equipment Reserve Fund acquisition schedules. In addition, some additional appropriations were provided for other unplanned capital outlay purchases and/or building improvements. Capital projects outlined in the 2013 Water System Master Plan were included throughout the planning period.

Debt Requirements: Debt payments related to current loans were included, along with estimated debt payments for anticipated loans throughout the planning period.

Sewer Fund:

Revenues: A growth rate of 104% was used for sewer usage fee revenue assuming annual increases of 3% and a 1% allowance for growth in service. As outlined in the 2013 Wastewater Collection System Facility Plan, loan proceeds were included to cover planned improvement projects and periodic transfers in from the Sewer Development Fund were included to represent contributions towards the annual debt payments. An assumed annual growth rate of 103% was used for all other revenue sources.

Personal Services: Staffing levels are distributed throughout the various departments within the City based upon workload requirements, and from year to year the distributions are adjusted. The distribution of personal services throughout the various departments was projected for 2017-18 fiscal year, and that distribution was then carried through to fiscal year 2024-2025. An assumed growth rate of 105% was used for personal service costs within the Sewer Department.

Materials and Services: A growth rate of 102% was used to project to material and service costs for each year.

Capital Outlay and Construction: Provisions were made for each of the planned equipment acquisitions currently outlined in the Equipment Reserve Fund acquisition schedules. In addition, some additional appropriations were provided for other unplanned capital outlay purchases. Capital projects outlined in the 2013 Wastewater Collection System Facilities Plan were included throughout the planning period.

Debt Requirements: Debt payments related to current loans were included, along with estimated debt payments for anticipated loans throughout the planning period.

City of Columbia City
General Fund
Model Forecast

	5-Year Local Option Levy Authorized				
	Actual 2012-13	Actual 2013-14	Actual 2014-15	Estimate 2015-16	Budget 2016-17
Revenues:					
Taxes	263,571	289,903	302,555	312,571	309,178
Licenses, Permits & Fees	200,332	187,402	199,092	216,498	209,118
Intergovernmental Revenue	64,428	91,345	86,783	116,623	198,377
Fines	24,363	29,561	29,477	14,648	20,000
Miscellaneous Revenue	31,416	41,433	39,226	57,861	30,595
Revenue Total:	584,110	639,644	657,133	718,201	767,268
Expenditures:					
Personal Services:					
Administration	134,191	152,933	158,930	139,595	144,902
Police Department	215,521	257,743	208,418	202,383	231,861
Building Department	13,325	13,568	13,856	14,837	15,446
Parks Department	23,589	29,529	39,278	64,592	85,626
Total Personal Services	386,626	453,773	420,482	421,407	477,835
Materials & Services:					
Administration	78,241	66,427	65,799	88,187	150,669
Police Department	48,584	60,658	51,657	58,390	68,302
Building Department	15,618	9,328	11,209	11,187	18,593
Parks Department	13,664	15,296	18,751	20,107	19,980
Total Materials & Services	156,107	151,709	147,416	177,871	257,544
Operating Expenditure Total:	542,733	605,482	567,898	599,278	735,379
Excess Revenues over Operating Expenditures	41,377	34,162	89,235	118,923	31,889
Capital Outlay and Construction					
Capital Outlay	4,782	10,534	4,216	60,422	1,072
Capital Construction	6,436	23,494	31,351	83,000	85,000
Total Capital Outlay and Construction	11,218	34,028	35,567	143,422	86,072
Other Financing Sources/Uses					
Transfers Out	10,716	7,500	9,379	0	23,700
Transfers (In)	(4,782)	(7,000)	0	(20,500)	0
Net Change in Fund Balance	24,225	(366)	44,289	(3,999)	(77,883)
Beginning Fund Balance:	154,604	178,829	178,463	222,752	218,753
Ending Fund Balance:	178,829	178,463	222,752	218,753	140,870
Target Fund Balance - 90 Days Operating	133,825	149,297	140,030	147,767	181,326

	*New 5-Year Local Option Levy Required					*New Levy Required			
	Projected 2017-18	Projected 2018-19	Projected 2019-20	Projected 2020-21	Projected 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26
	324,637	340,869	357,912	375,808	394,598	414,328	435,044	456,797	479,637
	215,392	221,853	228,509	235,364	242,425	249,698	257,189	264,904	272,852
	204,328	210,458	216,772	223,275	229,973	236,873	243,979	251,298	258,837
	20,600	21,218	21,855	22,510	23,185	23,881	24,597	25,335	26,095
	31,513	32,458	33,432	34,435	35,468	36,532	37,628	38,757	39,920
	796,470	826,856	858,479	891,392	925,650	961,312	998,437	1,037,091	1,077,340
	152,147	159,754	167,742	176,129	184,936	194,183	203,892	214,086	224,791
	248,091	265,458	284,040	303,922	325,197	347,961	372,318	398,380	426,267
	16,218	17,029	17,881	18,775	19,713	20,699	21,734	22,821	23,962
	43,206	45,366	47,635	50,016	52,517	55,143	57,900	60,795	63,835
	459,663	487,608	517,297	548,843	582,363	617,986	655,844	696,083	738,854
	155,189	159,845	164,640	169,579	174,667	179,907	185,304	190,863	196,589
	70,351	72,462	74,635	76,875	79,181	81,556	84,003	86,523	89,119
	19,151	19,725	20,317	20,927	21,554	22,201	22,867	23,553	24,260
	20,579	21,197	21,833	22,488	23,162	23,857	24,573	25,310	26,069
	265,270	273,228	281,425	289,868	298,564	307,521	316,747	326,249	336,037
	724,933	760,836	798,722	838,711	880,927	925,507	972,591	1,022,332	1,074,891
	71,537	66,020	59,757	52,681	44,723	35,805	25,847	14,760	2,449
	36,000	10,000	10,000	44,000	10,000	20,000	10,000	10,000	10,000
	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
	51,000	25,000	25,000	59,000	25,000	35,000	25,000	25,000	25,000
	7,500	9,500	7,500	9,500	7,500	9,500	7,500	7,500	7,500
	(31,000)	0	0	(22,500)	0	(20,000)	0	(8,000)	(35,000)
	44,037	31,520	27,257	6,681	12,223	11,305	(6,653)	(9,740)	4,949
	140,870	184,907	216,427	243,684	250,365	262,588	273,893	267,240	257,499
	184,907	216,427	243,684	250,365	262,588	273,893	267,240	257,499	262,449
	178,751	187,603	196,945	206,805	217,215	228,207	239,817	252,082	265,042

City of Columbia City Water Operating Fund Model Forecast				3% Rate Increase	3% Rate Increase
	Actual 2013/14	Actual 2014/15	Estimated 2015/16	Budget 2016/17	Projected 2017/18
Revenues:					
Delinquent Fees	9,790	9,305	10,770	9,500	9,785
Interest	1,050	914	1,506	1,250	1,288
Grants	307,222	70,380	0	105,000	0
Loan Proceeds	432,226	0	0	180,000	0
Miscellaneous	61	(429)	25	50	52
Hookup Charges	1,185	2,864	2,370	3,555	3,662
Water Receipts	483,005	509,718	524,291	529,425	555,896
Restoration Fees	830	955	750	900	927
Interfund Transfer - Water Dev Fund	18,000	12,731	0	6,000	30,000
Revenue Total	1,253,369	606,438	539,712	835,680	601,609
Transfer from Rate Stabilization Reserve	0	0	0	33,000	10,000
Adjusted Revenue Total	1,253,369	606,438	539,712	868,680	611,609
Expenditures:					
Personal Services	189,076	201,325	198,273	211,072	221,651
Materials and Services	134,387	123,086	141,468	176,696	180,230
Capital Construction w/loan or grant funding	745,529	52,185	0	285,000	0
IFA Water/Wastewater Financing Loan	3,043	3,043	3,043	3,043	3,043
Total Expenditures	1,072,035	379,639	342,784	675,811	404,924
Transfer to Rate Stabilization Account	23,000	32,000	4,000	0	0
Adjusted Expenditure Total	1,095,035	411,639	346,784	675,811	404,924
Net Operating Income	158,334	194,799	192,928	192,869	206,685
Other Financing Sources/Uses					
Debt Service					
110% Safe Drinking Water Loan #1	115,877	115,876	115,876	115,876	115,876
110% Safe Drinking Water Loan #1 Amendment	28,271	28,272	28,272	28,272	28,272
120% Safe Drinking Water Loan #2	0	30,249	28,565	28,565	28,565
120% Future Loans	0	0	0	0	10,900
Total Debt Service	144,148	174,397	172,713	172,713	183,613
Debt Ratio Coverage Requirement	1.10	1.10/1.20	1.10/1.20	1.10/1.20	1.10/1.20
Debt Ratio Requirement	158,562	194,860	192,841	192,841	206,041
Total Capital Outlay/Construction	6,019	6,177	12,563	52,563	10,000
Interfund Transfer - Equipment Fund	5,100	(891)	(4,500)	0	0
Net Other Financing Sources/Uses	155,267	179,683	180,776	225,276	193,613
Net Income(Expense)	3,067	15,116	12,152	(32,407)	13,072
Beginning Fund Balance	212,616	238,683	285,799	301,951	236,544
Ending Fund Balance	238,683	285,799	301,951	236,544	239,616
Target Fund Balance - 3 months operating expense	80,866	81,103	84,935	96,942	100,470

3% Rate Increase	3% Rate Increase	3% Rate Increase	3% Rate Increase	3% Rate Increase	3% Rate Increase	3% Rate Increase	3% Rate Increase
Projected 2018/19	Projected 2019/20	Projected 2020/21	Projected 2021/22	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26
10,079	10,381	10,692	11,013	11,343	11,684	12,034	12,395
1,326	1,366	1,407	1,449	1,493	1,537	1,583	1,631
0	0	0	0	0	0	0	0
350,000	0	0	140,000	0	200,000	0	200,000
53	55	56	58	60	61	63	65
3,771	3,885	4,001	4,121	4,245	4,372	4,503	4,638
583,691	612,876	640,761	669,916	700,397	732,265	765,583	800,417
955	983	1,013	1,043	1,075	1,107	1,140	1,174
20,000	30,000	29,000	13,000	13,000	4,000	10,000	0
969,875	659,545	686,931	840,601	731,613	955,027	794,908	1,020,322
6,000	12,000	0	0	0	0	0	0
975,875	671,545	686,931	840,601	731,613	955,027	794,908	1,020,322
Expenditures:							
232,734	244,370	256,589	269,418	282,889	297,034	311,885	327,479
183,835	187,511	191,261	195,087	198,988	202,968	207,028	211,168
350,000	0	0	140,000	0	200,000	0	200,000
3,043	3,043	3,043	0	0	0	0	0
769,611	434,924	450,893	604,505	481,877	700,002	518,913	738,648
0	0	0	0	2,000	8,000	12,000	18,000
769,611	434,924	450,893	604,505	483,877	708,002	530,913	756,648
206,264	236,621	236,038	236,096	247,735	247,025	263,995	263,674
Other Financing Sources/Uses							
Debt Service							
115,876	115,876	115,876	115,876	115,876	115,876	115,876	115,876
28,272	28,272	28,272	28,272	28,272	28,272	28,272	28,272
28,565	28,565	28,565	28,565	28,565	28,565	28,565	28,565
10,900	35,400	35,400	35,400	45,200	45,200	59,200	59,200
183,613	208,113	208,113	208,113	217,913	217,913	231,913	231,913
1.10/1.20	1.10/1.20	1.10/1.20	1.10/1.20	1.10/1.20	1.10/1.20	1.10/1.20	1.10/1.20
206,041	236,041	236,041	236,041	247,081	247,081	263,881	263,881
10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
0	0	0	0	0	0	0	0
193,613	218,113	218,113	218,113	227,913	227,913	241,913	241,913
12,651	18,508	17,925	17,983	19,822	19,112	22,082	21,761
239,616	246,267	252,775	270,700	288,683	310,505	337,617	371,699
246,267	252,775	270,700	288,683	310,505	337,617	371,699	411,461
104,142	107,970	111,963	116,126	120,469	125,000	129,728	134,662

City of Columbia City Sewer Operating Fund Model Forecast	Actual 2013/14	Actual 2014/15	Estimated 2015/16	3% Rate Increase	3% Rate Increase
				Budget 2016/17	Projected 2017/18
Revenues:					
Sewer Collection Fees	379,083	376,438	387,463	399,087	415,050
Interest	1,003	1,927	1,840	1,400	1,442
Grants	437	0	53,117	0	0
St. Helens SDCs/Connection Fees	2,530	7,676	15,138	11,514	11,859
Miscellaneous	702	(172)	450	200	206
DEQ Clean Water Loan	51,728	75,028	624,244	140,000	85,000
Prior Years' Property Tax	3,905	1,507	0	0	0
Transfer in from Sewer Development Fund	0	30,000	0	0	0
Revenue Total	439,388	492,404	1,082,252	552,201	513,558
Transfer from Rate Stabilization Account	0	0	0	13,000	30,000
Adjusted Revenue Total	439,388	492,404	1,082,252	565,201	543,558
Expenditures:					
Personal Services	123,420	124,931	126,124	117,813	129,594
Materials and Services	197,645	201,665	262,843	261,559	266,790
Capital Construction - Loan Related	51,728	75,027	744,321	140,000	85,000
Total Expenditures	372,793	401,623	1,133,288	519,372	481,384
Transfer to Rate Stabilization Account	66,000	90,000	0	0	0
Adjusted Expenditure Total	438,793	491,623	1,133,288	519,372	481,384
Net Operating Income	595	781	(51,036)	45,829	62,173
Other Financing Sources/Uses					
105% DEQ Clean Water Loan Payment #1	0	0	0	27,030	28,058
105% DEQ Clean Water Loan Payment #2	0	0	0	16,751	23,364
105% DEQ Clean Water Loan Payment #3	0	0	0	0	7,295
105% DEQ Clean Water Loan Payment #4	0	0	0	0	0
105% DEQ Clean Water Loan Payment #5	0	0	0	0	0
Total Debt Service	0	0	0	43,781	58,717
Debt Ratio Coverage Requirement	N/A	N/A	N/A	1.05	1.05
Debt Ratio Requirement	N/A	N/A	N/A	45,970	61,653
Interfund Transfer - Equipment Reserve	3,000	(863)	(4,500)	0	0
Interfund Transfer - Sewer Dev. Fund	0	0	0	0	0
Total Capital Outlay/Construction	11,310	6,146	9,563	1,563	10,000
Net Other Financing Sources/Uses	14,310	5,283	5,063	45,344	68,717
Net Income(Expense)	(13,715)	(4,502)	(56,099)	485	(6,544)
Beginning Fund Balance	172,230	224,515	310,013	253,914	241,399
Ending Fund Balance	224,515	310,013	253,914	241,399	204,855
Target Fund Balance - 3 months operating expense	80,266	81,649	97,242	94,843	99,096

| 3% Rate
Increase |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Projected
2018/19 | Projected
2019/20 | Projected
2020/21 | Projected
2021/22 | Projected
2022/23 | Projected
2023/24 | Projected
2024/25 | Projected
2025/26 |
| 431,652 | 448,918 | 466,875 | 485,550 | 504,972 | 525,171 | 546,178 | 568,025 |
| 1,485 | 1,530 | 1,576 | 1,623 | 1,672 | 1,722 | 1,773 | 1,827 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 12,215 | 12,582 | 12,959 | 13,348 | 13,748 | 14,161 | 14,586 | 15,023 |
| 212 | 219 | 225 | 232 | 239 | 246 | 253 | 261 |
| 0 | 0 | 0 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 20,000 | 16,000 | 10,000 | 17,000 | 11,000 |
| 445,565 | 463,248 | 481,635 | 620,753 | 636,631 | 651,300 | 679,790 | 696,136 |
| 30,000 | 25,000 | 19,000 | 0 | 0 | 0 | 0 | 0 |
| 475,565 | 488,248 | 500,635 | 620,753 | 636,631 | 651,300 | 679,790 | 696,136 |
| 136,074 | 142,878 | 150,022 | 157,523 | 165,399 | 173,669 | 182,352 | 191,470 |
| 272,126 | 277,569 | 283,120 | 288,782 | 294,558 | 300,449 | 306,458 | 312,587 |
| 0 | 0 | 0 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| 408,200 | 420,446 | 433,141 | 546,305 | 559,957 | 574,118 | 588,810 | 604,057 |
| 0 | 0 | 0 | 8,000 | 10,000 | 11,000 | 9,000 | 12,000 |
| 408,200 | 420,446 | 433,141 | 554,305 | 569,957 | 585,118 | 597,810 | 616,057 |
| 67,365 | 67,802 | 67,494 | 66,448 | 66,674 | 66,182 | 81,980 | 80,079 |
| 27,975 | 27,891 | 27,804 | 27,715 | 27,624 | 27,530 | 27,434 | 27,336 |
| 23,288 | 23,210 | 23,131 | 23,050 | 22,967 | 22,883 | 22,797 | 22,710 |
| 7,273 | 7,251 | 7,230 | 7,208 | 7,186 | 7,165 | 7,143 | 7,122 |
| 5,888 | 5,870 | 5,852 | 5,835 | 5,817 | 5,800 | 5,782 | 5,765 |
| 0 | 0 | 0 | 0 | 0 | 0 | 14,000 | 14,000 |
| 64,424 | 64,222 | 64,017 | 63,808 | 63,594 | 63,377 | 77,157 | 76,933 |
| 1.05 | 1.05 | 1.05 | 1.05 | 1.05 | 1.05 | 1.05 | 1.05 |
| 67,645 | 67,433 | 67,218 | 66,998 | 66,774 | 66,546 | 81,014 | 80,779 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| 74,424 | 74,222 | 74,017 | 73,808 | 73,594 | 73,377 | 87,157 | 86,933 |
| (7,059) | (6,420) | (6,523) | (7,360) | (6,920) | (7,196) | (5,176) | (6,854) |
| 204,855 | 167,797 | 136,377 | 110,853 | 111,494 | 114,574 | 118,378 | 122,202 |
| 167,797 | 136,377 | 110,853 | 111,494 | 114,574 | 118,378 | 122,202 | 127,348 |
| 102,050 | 105,112 | 108,285 | 111,576 | 114,989 | 118,529 | 122,203 | 126,014 |

