The Expenditure Indicators
Numbers 11 - 15
FY 1994 - FY 2003

*Changes in the expenditure patterns can be monitored by the use of the following indicators:*

- Expenditures Per Capita
- Employees Per Capita
- Fixed Costs
- Fringe Benefits
- Budgeted Expenditures
THE REVENUE INDICATORS: NUMBERS 11 - 15

Expenditures are a rough measure of a city's output effort. Generally, the more a city spends in constant dollars, the more service it is providing or it is providing higher quality service.

Most cities are required to have balanced budgets; however, there are a number of subtle ways to balance an annual budget yet create possible long-run imbalances. Some of the more common ways are to use bond proceeds for operations, defer maintenance, or defer pension funding. In each case, the budget remains balanced, but long-run budgets could be developing deficits.

Expenditures represent a level of "fixed costs," or expenditure flexibility, as well a measure of the city's ability to adjust service levels in relation to changing economies, political, and social conditions. The higher the fixed costs, the smaller the city's ability to make appropriate adjustments. As the percentage of fixed costs increases, the flexibility of spending decreases.

Ideally, a city will have an expenditure growth rate that does not exceed its revenue growth rate and will have maximum spending flexibility to adjust to changing factors. Review of city expenditures can identify certain of the following should they exist: undesired growth in fixed costs, ineffective budgetary controls and decline in personnel productivity.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Actual Expenditures*</th>
<th>Consumer Price Index</th>
<th>Constant Dollar Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994</td>
<td>$110,044,501</td>
<td>447.5</td>
<td>$24,590,950</td>
</tr>
<tr>
<td>1995</td>
<td>$116,530,722</td>
<td>459.0</td>
<td>$25,387,957</td>
</tr>
<tr>
<td>1996</td>
<td>$121,837,153</td>
<td>472.7</td>
<td>$25,774,731</td>
</tr>
<tr>
<td>1997</td>
<td>$129,460,115</td>
<td>483.0</td>
<td>$26,803,336</td>
</tr>
<tr>
<td>1998</td>
<td>$134,664,830</td>
<td>491.3</td>
<td>$27,409,898</td>
</tr>
<tr>
<td>1999</td>
<td>$141,670,007</td>
<td>503.9</td>
<td>$28,114,707</td>
</tr>
<tr>
<td>2000</td>
<td>$146,496,203</td>
<td>521.2</td>
<td>$28,107,483</td>
</tr>
<tr>
<td>2001</td>
<td>$165,682,699</td>
<td>529.2</td>
<td>$31,308,144</td>
</tr>
<tr>
<td>2002</td>
<td>$157,112,286</td>
<td>543.2</td>
<td>$28,923,469</td>
</tr>
<tr>
<td>2003</td>
<td>$167,614,560</td>
<td>554.3</td>
<td>$30,238,961</td>
</tr>
</tbody>
</table>

* Total Expenditures of all Governmental Fund Types and Expendable Trust Fund Types; and Total Operating Expenses of Proprietary and Fiduciary Fund Types.

NOTE: FY 1993, FY 1994, FY 1995 and FY 1999 (due to 401A being removed) numbers were restated.

Expenditures for FY 1996 - FY 2003 do NOT include encumbrances.

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## Indicator 11-A

**EXPENDITURES PER CAPITA:**
General Fund

**Warning Trend:**
Increasing Operating Expenditures (constant dollars) per Capita

**Formulation:**
Operating Expenditures and Transfers (Constant Dollars)
Population

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Operating Expenditures and Transfers *</th>
<th>Consumer Price Index</th>
<th>Constant Dollar Expenditures</th>
<th>Estimated Population</th>
<th>Estimated Households</th>
<th>Per Capita Expenditures in Constant Dollars</th>
<th>Per Household Expenditures in Constant Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994</td>
<td>$32,382,118</td>
<td>447.5</td>
<td>$7,236,227</td>
<td>74,072</td>
<td>27,937</td>
<td>$97.69</td>
<td>$259.02</td>
</tr>
<tr>
<td>1995</td>
<td>$34,831,771</td>
<td>459.0</td>
<td>$7,588,621</td>
<td>75,415</td>
<td>28,461</td>
<td>$100.62</td>
<td>$266.63</td>
</tr>
<tr>
<td>1996</td>
<td>$36,233,996</td>
<td>472.7</td>
<td>$7,665,326</td>
<td>76,756</td>
<td>28,985</td>
<td>$99.87</td>
<td>$264.46</td>
</tr>
<tr>
<td>1997</td>
<td>$38,578,207</td>
<td>483.0</td>
<td>$7,987,206</td>
<td>78,675</td>
<td>29,509</td>
<td>$101.52</td>
<td>$270.67</td>
</tr>
<tr>
<td>1998</td>
<td>$40,870,715</td>
<td>491.3</td>
<td>$8,318,892</td>
<td>80,642</td>
<td>30,033</td>
<td>$103.16</td>
<td>$276.99</td>
</tr>
<tr>
<td>1999</td>
<td>$42,469,418</td>
<td>503.9</td>
<td>$8,428,144</td>
<td>82,658</td>
<td>30,557</td>
<td>$101.96</td>
<td>$275.82</td>
</tr>
<tr>
<td>2000</td>
<td>$41,975,779</td>
<td>521.2</td>
<td>$8,053,680</td>
<td>84,531</td>
<td>31,081</td>
<td>$95.27</td>
<td>$259.12</td>
</tr>
<tr>
<td>2001</td>
<td>$44,601,765</td>
<td>529.2</td>
<td>$8,428,149</td>
<td>86,391</td>
<td>33,689</td>
<td>$97.56</td>
<td>$250.18</td>
</tr>
<tr>
<td>2002</td>
<td>$48,626,769</td>
<td>543.2</td>
<td>$8,951,909</td>
<td>88,291</td>
<td>35,916</td>
<td>$101.39</td>
<td>$249.25</td>
</tr>
<tr>
<td>2003</td>
<td>$49,723,710</td>
<td>554.3</td>
<td>$8,970,541</td>
<td>89,174</td>
<td>38,036</td>
<td>$100.60</td>
<td>$235.84</td>
</tr>
</tbody>
</table>

* Includes Lease Expenses.

Census population numbers for 1994, and 1996. All other years reflect 1% growth/year.
Consolidated Plan household number for 1999. For the other years, we took the total increase from 1990 to 1999 and divided it up equally among remaining years.

Census numbers were used for 1994, 1996 and 2000. All other years reflect 1% growth except 1997-99 which reflect a 2.5% growth rate.

**Description:**
Expenditures per capita reflect changes in expenditures relative to changes in population. Increasing per capita expenditures can indicate that the cost of providing services is increasing at a pace beyond the community's ability to pay. In addition, if increases are occurring which cannot be explained by the addition of other services, it may indicate declining productivity—spending more to deliver the same level of services.
Analysis:

For the period shown, operating expenditures in actual dollars have increased 53.55% and operating expenditures in constant dollars have increased 23.97%, while per capita expenditures in constant dollars have increased 2.97% and per household expenditures in constant dollars have decreased -8.95%. The population and number of households continue to increase and city services continue to grow; however not at a pace beyond the community's ability to pay. Since the overall trend shows a slight increase in per capita and per household expenditures for the period shown, there is no immediate cause for concern with this indicator. The City regularly monitors revenues and expenditures to prevent problems in the future.

Sources:

--Prior to FY 2002 City of Columbia Comprehensive Annual Financial Reports, Exhibit B-4
--FY 2002 to present City of Columbia Financial Management Information Supplement, Exhibit B-4
--City of Columbia Planning Department
--Consumer Price Index (Bureau of Labor Statistics Web Site)
--http://quickfacts.census.gov/hunits/states/29pl.html

Notes:
**Description:**

Enterprise Fund expenses per capita reflect changes relative to changes in varying service demands which would be expected to coincide with population changes. Increasing per capita expenses (in constant dollars) may indicate that the cost of services is outpacing the consumer's ability to pay. It may also be an indication of decreasing productivity, provided that the same levels of services are being delivered.
Analysis:

For the period shown, operating expenses in actual dollars have increased 46.39% and operating expenses in constant dollars have increased 18.19%, while per capita expenses in constant dollars have decreased -1.83% and per household expenses in constant dollars have decreased -13.19%. The most accurate analysis of expense requirements might be made on a per household basis rather than per capita basis, as most service expenses are associated with households rather than individuals. Since the amount spent per household has shown no major increase for the period shown, there is no warning trend for this indicator.

Sources:

--Prior to FY 2002 City of Columbia Comprehensive Annual Financial Reports, Exhibit F-2
--FY 2002 to present City of Columbia Financial Management Information Supplement, Exhibit F-2
--Sales and Marketing Management (July - August, 1990 - 1995)
--City of Columbia Planning Department
--U.S. Census Bureau - 1990 Census
--Consumer Price Index (Bureau of Labor Statistics Web Site)
--www.stats.bls.gov/news.release for the month of December
--http://quickfacts.census.gov/hunits/states/29pl.html

Notes:
Indicator 12-A

EMPLOYEES PER CAPITA: General Fund

Warning Trend:
Increasing Number of Municipal Employees per Capita

Formulation:

Census population numbers for 1990, 1994, and 1996. All other years reflect 1% growth/year.
Census household number for 1990, Consolidated Plan household number for 1999. For the other years, we took the total increase from 1990 to 1999 and divided it up equally among the remaining years.

Description:
Because personnel costs are a major portion of General Fund operating expenditures, plotting changes in the number of employees per capita is another way to measure changes in expenditures. A substantial increase in employees per capita might indicate that expenditures are rising faster than revenues, that the City is becoming more labor intensive, services are expanding, or personnel productivity is declining.
Analysis:

The number of municipal employees per capita has decreased -0.56% during the period shown. Assuming that employees per thousand households is the more accurate indicator of service demand, the city has not experienced any substantial increase in employees per thousand households for the period shown. The yearly increases in General Fund employees have been mainly due to new city programs and population growth. This trend warrants close attention to ensure that it does not continue to become a negative factor in future years. It is believed that the number of households are increasing due to more single households being set up, divorce rate increasing, and the elderly living longer.

Sources:

--City of Columbia Annual Budget
--City of Columbia Planning Department
--http://quickfacts.census.gov/hunits/states/29pl.html

Notes:
Indicator 12-B

EMPLOYEES PER CAPITA:
Enterprise Funds and Internal Service Funds

Warning Trend:
Increasing Number of Municipal Employees per Capita

Formulation:

Number of Enterprise Fund, Internal Service, and Other Fund Employees
Per Thousand Population

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Number Of Enterprise &amp; Internal Service Fund Employees *</th>
<th>** Estimated Population</th>
<th>*** Estimated Households</th>
<th>Employees Per Thousand Population</th>
<th>Employees Per Thousand Households</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994</td>
<td>438.23</td>
<td>74,072</td>
<td>27,937</td>
<td>5.92</td>
<td>15.69</td>
</tr>
<tr>
<td>1995</td>
<td>453.50</td>
<td>75,415</td>
<td>28,461</td>
<td>6.01</td>
<td>15.93</td>
</tr>
<tr>
<td>1996</td>
<td>461.35</td>
<td>76,756</td>
<td>28,985</td>
<td>6.01</td>
<td>15.92</td>
</tr>
<tr>
<td>1997</td>
<td>471.20</td>
<td>78,675</td>
<td>29,509</td>
<td>5.99</td>
<td>15.97</td>
</tr>
<tr>
<td>1998</td>
<td>475.45</td>
<td>80,642</td>
<td>30,033</td>
<td>5.90</td>
<td>15.83</td>
</tr>
<tr>
<td>1999</td>
<td>502.62</td>
<td>82,658</td>
<td>30,557</td>
<td>6.08</td>
<td>16.45</td>
</tr>
<tr>
<td>2000</td>
<td>514.32</td>
<td>84,531</td>
<td>31,081</td>
<td>6.08</td>
<td>16.55</td>
</tr>
<tr>
<td>2001</td>
<td>521.87</td>
<td>86,391</td>
<td>33,689</td>
<td>6.04</td>
<td>15.49</td>
</tr>
</tbody>
</table>

* These include employees in the enterprise and internal service funds as well as other budgeted employees in special revenue funds, expendable trust funds and non-expendable trust funds.

** Census numbers were used for 1994, 1996 and 2000. All other year reflect 1% growth except 1997-1999 which reflect a 205% growth rate.

*** Consolidated Plan household number for 1999. For the other years, we took the total increase from 1990 to 1999 and divided it up equally among the remaining years. FY 2000 is a census number.

Description:

Personnel costs are not as major a component of expenditures for enterprise and internal service funds as they are for the General Fund, due to their capital intensive nature; however, they are significant enough to warrant close monitoring because of the implications attached to increases in personnel. Increases in the number of employees per capita may indicate that these funds are becoming more labor intensive, that demands for services are rapidly increasing, or productivity is declining.
Analysis:
For the period shown, employees per thousand population have increased by 0.21 positions and employees per thousand households have decreased by -1.33 positions. The service efforts of the City’s major enterprises are closely related to services offered to households, rendering employees per thousand households as the best indicator because it ensures that employee growth is not outstripping growth of the community. Since there has not been any substantial increase for the period shown, there is no negative trend for this indicator.

The number of Enterprise and Internal Service Fund employees have increased over the stated period, largely due to new city programs and city growth. Some of the new programs were the result of Federal mandates. The large increase in the number of employees from FY 1998 to FY 1999 is due to the conversion of 26.57 positions from temporary to permanent positions with benefits within the solid waste and public transportation areas. Careful attention should always be given to this trend to ensure that the labor intensiveness of the City’s Enterprise and Internal Service operations remain favorable.

Sources:
--City of Columbia Annual Budget
--City of Columbia Planning Department

--http://quickfacts.census.gov/hunits/states/29pl.html

Notes:
### Indicator 13

**FIXED COSTS:**

All Funds

**Warning Trend:**

Increasing Fixed Costs as a Percent of Operating Expenditures and Transfers

**Formulation:**

\[
\frac{\text{Fixed Costs}}{\text{Operating Expenditures and Transfers}} \times 100\%
\]

---

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Total Fixed Costs *</th>
<th>Operating Expenditures &amp; Transfers **</th>
<th>Fixed Costs As A Percent Of Operating Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994</td>
<td>$16,594,050</td>
<td>$94,406,185</td>
<td>17.58%</td>
</tr>
<tr>
<td>1995</td>
<td>$16,649,950</td>
<td>$108,398,855</td>
<td>15.36%</td>
</tr>
<tr>
<td>1996</td>
<td>$17,088,775</td>
<td>$111,792,272</td>
<td>15.29%</td>
</tr>
<tr>
<td>1997</td>
<td>$19,856,600</td>
<td>$117,746,692</td>
<td>16.86%</td>
</tr>
<tr>
<td>1998</td>
<td>$26,524,187</td>
<td>$125,714,611</td>
<td>21.10%</td>
</tr>
<tr>
<td>1999</td>
<td>$25,210,211</td>
<td>$127,645,529</td>
<td>19.75%</td>
</tr>
<tr>
<td>2000</td>
<td>$19,920,056</td>
<td>$131,077,078</td>
<td>15.20%</td>
</tr>
<tr>
<td>2001</td>
<td>$20,554,541</td>
<td>$138,555,685</td>
<td>14.83%</td>
</tr>
<tr>
<td>2002</td>
<td>$22,431,759</td>
<td>$145,576,514</td>
<td>15.41%</td>
</tr>
<tr>
<td>2003</td>
<td>$25,149,166</td>
<td>$154,895,715</td>
<td>16.24%</td>
</tr>
</tbody>
</table>

* Fixed Costs: City's Pension Contributions, Debt Service & Lease Costs, Salaries of Key Personnel and Insurance Costs.
** General (including encumbrances through FY 1995), Enterprise, and Internal Service Funds.

NOTE: FY 1995 numbers were restated in FY 1996 due to reorganization of two expendable trust funds to internal service funds: Self Insurance and Employee Health.

**Description:**

The operating expenditures of every city are partly composed of expenditures over which the city has little short-run control. These expenditures are referred to as "mandatory," or "fixed" costs. They include expenditures to which the City has some type of legal commitment such as debt service, pension benefits, insurance, and salaries of certain key City officials.

The level of fixed costs is important because the higher the level, the less flexibility the City has to adjust its budget in response to changing economic conditions. This is especially important during periods of financial retrenchment since many of the City's expenditures cannot be reduced; therefore, levels of service may suffer.

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Analysis:

The percent of total expenditures which is fixed has ranged from a low of 14.83% to a high of 21.10% for the period shown. The FY 2003 percent of total fixed costs is 16.24%, which is a 0.83 percentage point decrease from FY 2002. This trend illustrates that:

1. The City is remaining flexible, allowing it to respond more effectively to changing economic conditions.
2. Decisions and policies are not being made that would commit large percentages of City funds to fixed or mandatory expenditures.

Sources:

--Prior to FY 2002 City of Columbia Comprehensive Annual Financial Reports, Exhibits A-3, F-2, and G-2
Operating Expenditures and Transfers To Other Funds
Debt Service Footnotes in CAFR on Long-Term Debt
(Annual Requirements to Amortize Long-Term Debt and Capital Lease Agreements)
--HTE Payroll Demand Reports #10 and #28 (FY 1998 - FY 2000)

Notes:
Indicator 14

FRINGE BENEFITS

Warning Trend:
Increasing Fringe Benefit Expenditures as a percent of Salaries and Wages

Formulation:

Fringe Benefit Expenditures
Salaries and Wages

Fiscal Year | Cost of Fringe Benefits * | Salaries And Wages | Benefits As a Percent Of Salaries & Wages |
---|---|---|---|
1994 | $8,898,758 | $38,079,401 | 23.37% |
1995 | $9,772,527 | $41,254,633 | 23.69% |
1996 | $10,667,841 | $43,677,175 | 24.42% |
1997 | $11,852,965 | $43,826,571 | 34.03% |
1998 | $12,652,003 | $37,212,785 | 34.00% |
1999 | $14,134,469 | $39,163,736 | 36.09% |
2000 | $14,632,167 | $40,454,895 | 36.17% |
2001 | $15,157,466 | $42,594,457 | 35.59% |
2002 | $15,572,478 | $45,107,449 | 34.52% |
2003 | $16,485,446 | $46,654,199 | 35.34% |

* Benefits: LAGERS, Police and Firefighters Retirement Fund, Life and Health Insurance, Social Security, Disability Insurance, Sick Leave Incentive, Deferred Compensation, and Other Benefits. Beginning in FY 1996, Employee Incentives (which is now included in Other Benefits) is included in the cost of fringe benefits.

NOTE: A new computer system was implemented in FY 1997 which allowed us the ability to better separate salaries and benefits. Therefore, there is a significant increase in the fringe benefit percentage for that year.

Description:

The most common forms of fringe benefits are pension plans and health and life insurance. Together, they can represent a significant cost to the City, often exceeding 25% of salaries and wages. Some benefits, such as life and health insurance, require immediate cash outlays. Some, like pension benefits, can be deferred. Because of the complex nature of the funding and recording of fringe benefits, these costs can inadvertently escalate and place a financial strain on a city -- one that is not readily identifiable.
Analysis:

Fringe benefits as a percent of salaries and wages have ranged from a low of 23.37% to a high of 36.17%, with FY 2003 being 35.34%. This percentage is an average for all city employees. The salaries and wages figure used in this indicator covers all salaries and wages including seasonal employees who are not eligible for most of the benefits listed in this indicator, i.e., sick leave incentive, insurance, retirement, etc. The percentage maybe higher for certain employee groups who have negotiated fringe benefits in the past.

The most significant change occurred in FY 1997 when we implemented a new computer system which enabled us to better identify and separate benefits from salary items.

Certain factors such as increases or decreases in pension contributions; cost of social security; health insurance costs; and workers’ compensation have had an impact on the City’s cost of fringe benefits and caused these amounts to vary from year to year.

Reasons for increases and variances in the past ten years in fringe benefit expenditures as a percent of wages and salaries are due to external factors such as increased employer cost in social security, increases in health insurance costs and workers’ compensation. In FY 1992 and FY 1993, the LAGERS contribution rates were increased when the City Council approved the retirement plan change from L3 to L7 and to LT 8, respectively. In doing so, the employees covered under LAGERS realized an increase in future retirement benefits.

In FY 1994, the City adopted the Eighty and Out Plan which allows city employees to retire with full retirement benefits when the sum of their age and years of service total eighty or more. Additionally, both the Police and Firefighters’ Retirement Funds received increased contribution rates from the City. In FY 1997, the City changed from the LT 8 plan to the LT 10 plan.

Sources:

--Finance Department HTE Budget Worksheet "Chart 14" (FY 1996 - present)
### Indicator 15

**EXPENDITURES:**
General Fund
Over/Under Budget

**Warning Trend:**
Consecutive Years of Actual Expenditures over Budgeted Expenditures

**Formulation:**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Actual General Fund Expenditures *</th>
<th>Budgeted Expenditures</th>
<th>Amount (Over)/Under Budget</th>
<th>Percent (Over)/Under Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994</td>
<td>$32,382,118</td>
<td>$33,588,293</td>
<td>$1,206,175</td>
<td>3.59%</td>
</tr>
<tr>
<td>1995</td>
<td>$34,831,771</td>
<td>$35,666,666</td>
<td>$834,895</td>
<td>2.34%</td>
</tr>
<tr>
<td>1996</td>
<td>$36,233,996</td>
<td>$37,784,424</td>
<td>$1,550,428</td>
<td>4.10%</td>
</tr>
<tr>
<td>1997</td>
<td>$38,578,207</td>
<td>$41,109,783</td>
<td>$2,531,576</td>
<td>6.16%</td>
</tr>
<tr>
<td>1998</td>
<td>$40,870,715</td>
<td>$43,894,199</td>
<td>$3,023,484</td>
<td>6.89%</td>
</tr>
<tr>
<td>1999</td>
<td>$42,469,418</td>
<td>$46,114,525</td>
<td>$3,645,107</td>
<td>7.90%</td>
</tr>
<tr>
<td>2000</td>
<td>$41,975,779</td>
<td>$45,605,237</td>
<td>$3,629,458</td>
<td>7.96%</td>
</tr>
<tr>
<td>2001</td>
<td>$44,601,765</td>
<td>$47,943,003</td>
<td>$3,341,238</td>
<td>6.97%</td>
</tr>
<tr>
<td>2002</td>
<td>$48,626,769</td>
<td>$51,629,227</td>
<td>$3,002,458</td>
<td>5.82%</td>
</tr>
<tr>
<td>2003</td>
<td>$49,723,710</td>
<td>$53,496,581</td>
<td>$3,772,871</td>
<td>7.05%</td>
</tr>
</tbody>
</table>

* Budgeted Expenditures and Encumbrances include all appropriations thru the end of the fiscal year for FY 1990 - FY 1995.

Expenditures for FY 1996 - FY 2003 do NOT include encumbrances.

FY 1996 expenditures were restated in FY 1997.

**Description:**

This indicator examines the difference between budgeted expenditures and actual expenditures during the year. Major discrepancies that continue year after year can be an indication of an erratic economy, or inaccurate estimating techniques. It can also be an indication that expenditure estimates are being made optimistically low or conservatively high.
Analysis:

The City has analyzed this indicator since FY 1977 and has consistently maintained actual expenditures under budgeted expenditures for all years except FY 1989. The amount over budget in FY 1989 was primarily due to the expenditures of Miscellaneous Non-Programmed Activities such as interest expense, capital lease additions, etc., which are not budgeted expenditures. Actual expenditures have consistently been under budgeted expenditures for the period shown. This illustrates an on-going effort to produce a reliable and consistent forecast of expenditures. This should be monitored carefully in future years. The City as a whole is making a strong concerted effort to consistently come in at 5-7% under budget in the general fund. Based on the information listed in the graph the city has come under budget ranging from a low of 2.34% to a high of 7.96%

Sources:

--Prior to FY 2002 City of Columbia Comprehensive Annual Financial Reports, Exhibit B-4
--FY 2002 to present City of Columbia Financial Management Information Supplement, Exhibit B-4

Notes: