Community Needs and Resources
Numbers 29 - 36
FY 1999 - FY 2008

Changes in economic and demographic characteristics are most useful for long-run analysis and can best be monitored by the use of:

- Population
- Median Age
- Personal Income
- Public Assistance Recipients
- Property Value
- Residential Development
- Employment Base
- Business Activity
Community needs and resources encompass economic and demographic characteristics such as population, employment, personal income, property value, and business activity. This category treats a city's financial condition and community needs and resources as different sides of the same coin. On one side, they describe the community's wealth and its ability to generate revenues; on the other side, they describe demands which the community will make on local government, i.e., public safety, capital improvements and additions, and social services.

The needs and resources of a community are closely interrelated to one another; changes in one trend affect the other, and the changes are often cumulative. An example of this is the interrelationship and cumulative affects which changes in population can have on the community's needs and resources.

A community which is experiencing a gradual population growth could expect accompanying increases in its business activity. This increase could then create additional jobs which would stimulate retail sales and housing demand. A cycle of events such as this would act to place the finances of the City on solid ground. On the other hand, a declining population accompanied by a decrease in jobs would tend to cause people to look elsewhere for employment, causing further decline in population. As a result, retail sales and housing demand would be expected to suffer a similar decline, further depressing the local economy.

If a city were to experience a decrease in population, it could not balance the loss of revenue by decreasing expenditures by a corresponding reduction. The City must maintain certain levels of service (lighting, streets, police and fire services). Many of these expenditures remain regardless of population decline.

In fact, a city may be forced to raise taxes and rates to make up for lost revenues, placing a larger burden on the remaining population. As economic conditions decline and taxes rise, the City could become a less desirable place to live if the declining cycle continued.

A community's economic and demographic characteristics are sensitive to decisions regarding long-range planning and development. Therefore, this group of indicators should prove valuable by providing information for financial forecasting. In addition, they should also identify policies or practices which need review in order that potential negative trends may be averted before they develop or become serious.
Indicator 29

POPULATION

Warning Trend:
A Decreasing Rate of Growth or a Sudden Increase in Population

Formulation:
Population
Number of Households

### Table: Fiscal Year Population and Households Estimated

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Estimated Population</th>
<th>Estimated Households</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>80,500</td>
<td>30,033</td>
</tr>
<tr>
<td>2000</td>
<td>85,292</td>
<td>30,557</td>
</tr>
<tr>
<td>2001</td>
<td>86,081</td>
<td>33,689</td>
</tr>
<tr>
<td>2002</td>
<td>87,003</td>
<td>33,689</td>
</tr>
<tr>
<td>2003</td>
<td>88,423</td>
<td>33,689</td>
</tr>
<tr>
<td>2004</td>
<td>89,803</td>
<td>33,689</td>
</tr>
<tr>
<td>2005</td>
<td>91,912</td>
<td>33,689</td>
</tr>
<tr>
<td>2006</td>
<td>94,428</td>
<td>39,624</td>
</tr>
<tr>
<td>2007</td>
<td>96,128</td>
<td>39,624</td>
</tr>
<tr>
<td>2008</td>
<td>97,858</td>
<td>41,063</td>
</tr>
</tbody>
</table>

Notes:
- Estimated Population-Census numbers were used for 2000 - 2006. The remaining year estimates were based on the average growth rate from the census estimates.

Description:

The exact relationship between population changes and other economic and demographic factors has not yet been made clear. However, the evidence seems to indicate that changes in population can have a direct effect on city revenues because population levels appear to be at least indirectly related to such issues as employment, income, and property value. Sudden and substantial increases in population can create immediate pressures for new capital outlays on infrastructure, and for higher levels of service. In the case of annexations, where much of the capital infrastructure is already in place, the pressure may not be as great. However, there still may need to be an expansion of operating programs.
A decline in population would, at first glance, appear to relieve the pressure for expenditures because there would be less population to service. In reality, however, a city is rarely able to reduce expenditures in the same proportion as it is losing population -- at least not in the short run. First, many of a city's costs, such as debt service, pension and governmental mandates, are fixed and cannot be reduced in the short run.

Second, if the out migration is composed of middle- and upper-income households, then the City is left with a more expensive type of population to service -- the poor and the aged, who characteristically rely most heavily on government services. Finally, because of the interrelationship between population levels and other economic and demographic factors, a decline in population tends to have a cumulative negative affect on city revenues -- the further the decline, the more adverse the affects on employment, income, housing and business activity.

Analysis:

For the period shown, estimated population has increased 21.56% and the number of estimated households has increased by 36.73%. As has been suggested in other indicators, a study of the number of households may reveal a more accurate reading on certain pressures for City services since service costs to households may be basically the same, regardless of the number of inhabitants. Neither the population nor household growth rates are a cause for concern because neither of them are declining, nor are they increasing substantially. The City uses U.S. Census Bureau counts for the years in which the census is tabulated and estimates the population and number of households in the years between the census.

Sources:

--U.S. Census Bureau - 2000 Census and Missouri Census Data Center
--http://factfinder.census.gov (using Columbia Missouri)

Notes:

and 2007
Indicator 30

MEDIAN AGE

Warning Trend:
Increasing Median Age of Population

Formulation:
Median Age of Population

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Median Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>29.9</td>
</tr>
<tr>
<td>2000</td>
<td>29.4</td>
</tr>
<tr>
<td>2001</td>
<td>26.8</td>
</tr>
<tr>
<td>2002</td>
<td>26.8</td>
</tr>
<tr>
<td>2003</td>
<td>26.8</td>
</tr>
<tr>
<td>2004</td>
<td>26.8</td>
</tr>
<tr>
<td>2005</td>
<td>26.8</td>
</tr>
<tr>
<td>2006</td>
<td>29.7</td>
</tr>
<tr>
<td>2007</td>
<td>29.7</td>
</tr>
<tr>
<td>2008</td>
<td>31.8</td>
</tr>
</tbody>
</table>

1997-1999 - "Sales and Marketing Management Survey" was used
2000-2004 - 2000 census numbers
2005-2007 - Estimated 2005 census numbers
2008 - "Sales and Marketing Management Survey" was compiled again

Description:

As the population changes, the relationships between median age and the other economic and demographic factors are not clear. However, the evidence does indicate that an aging population and a rise in the number of senior citizens can hurt both revenues and expenditures profiles of a city.

Revenues may be affected for two reasons. First, the income of senior citizens is often in the form of Social Security benefits, which are not subject to taxes and therefore could reduce the amount paid to the state, reducing the amount paid by the state to the City in the form of grants etc. Secondly, senior citizens tend to spend less than younger persons.
As the younger age groups leave a community or decrease as a percentage of population, business activity can decrease to a greater proportion. This is especially true if most of the people leaving are between twenty-five and and forty years old, since these people usually buy more than those in any other age group. If this age group leaves, it also means the community loses a significant portion of its labor force, and this can create an additional negative effect on the local economy. If the increase in median age is caused by a decrease in families with young children, this can have a favorable affect on city revenues because of reduced need for schools, recreational facilities, and related programs.

Analysis:

For the period shown, the median age has ranged from a low of 26.8 years to a high of 31.8 years, with the current average median age for the ten year period is just at 28.1 years.

According to Missouri Census Data Center the percent of population in Boone County is broken down by age groups as follows: 18-24 years 18.2%; 25-44 years 28.5%; 45-64 years 21.8%, and 65 and over 9.1%. The trend should be monitored in the future to determine if the trend increase is becoming a matter that warrants concern. However, in Columbia the breakdown is as follows: 18-24 years 22.17%; 25-34 years 16.16%; 35-49 years 18.62%, and 50 and over 22.90%. Since Columbia is home of the University of Missouri, Columbia College, and Stephens College it is apparent that the age group of 18-24 years will continue to remain one of the high age groups in Columbia.

Sources:

http://mcdc.missouri.edu/websas/estimates_by_age.shtml
http://factfinder.census.gov (using Columbia Missouri)

Notes:
Indicator 31

HOUSEHOLD EFFECTIVE BUYING INCOME

Warning Trend:
Decline in the Level of Household Income

Formulation:

Median Household Effective Buying Income

Description:

Household income is one measure of a community's ability to pay taxes -- the higher the income, the more property taxes, sales taxes, and business taxes the City can generate. If income is distributed evenly, higher per capita income will usually mean a lower dependency on governmental services such as transportation, health, recreation, and welfare. Credit rating firms use per capita income as an important measure of a city's ability to repay debt.

A decline in per capita income results in loss of consumer purchasing power and can provide advance notice that businesses, especially in the retail sector, will suffer a decline that can ripple through the rest of the City's economy.
Analysis:

Effective household buying income has increased by 21.01% for the period listed and ranged from a low of $28,038 to $37,051. Household numbers are only able to be obtained every 5 years which effects the range.

When examining the data for effective household buying income, it is apparent that this indicator will fluctuate from year-to-year depending upon the percentage of households by effective buying incomes.

The increase in the period listed is 21.01%, thus there is no concern for this indicator. Obviously, if this indicator declined over the next few years, then ramifications could occur for the community, including a decline in property taxes and sales taxes.

Source:

--"Sales and Marketing Management," July or August issues for 1997-1999 & 2008 numbers

Notes:
Indicator 32

PUBLIC ASSISTANCE RECIPIENTS

Warning Trend:
Increasing Percent of Population Receiving Public Assistance

Formulation:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Number of Public Assistance Recipients *</th>
<th>Estimated Boone County Population</th>
<th>Percent of Population Receiving Public Assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>9,263</td>
<td>128,963</td>
<td>7.18%</td>
</tr>
<tr>
<td>2000</td>
<td>10,115</td>
<td>135,747</td>
<td>7.45%</td>
</tr>
<tr>
<td>2001</td>
<td>11,298</td>
<td>136,977</td>
<td>8.25%</td>
</tr>
<tr>
<td>2002 **</td>
<td>12,109</td>
<td>138,600</td>
<td>8.74%</td>
</tr>
<tr>
<td>2003</td>
<td>13,527</td>
<td>140,067</td>
<td>9.66%</td>
</tr>
<tr>
<td>2004</td>
<td>15,056</td>
<td>141,216</td>
<td>10.66%</td>
</tr>
<tr>
<td>2005</td>
<td>14,548</td>
<td>143,343</td>
<td>10.15%</td>
</tr>
<tr>
<td>2006</td>
<td>15,904</td>
<td>146,048</td>
<td>10.89%</td>
</tr>
<tr>
<td>2007</td>
<td>18,870</td>
<td>147,947</td>
<td>12.75%</td>
</tr>
<tr>
<td>2008</td>
<td>***</td>
<td>149,870</td>
<td>***</td>
</tr>
</tbody>
</table>

* Total number of people in Boone County receiving assistance. This does NOT include all food stamp recipients.

The public assistance recipients number for 2004 was estimated at the time of printing, however, the number was revised to the actual state report when printing for 2005.

** 2000 Census Numbers for County population

Prior to FY 2006 the "total persons receiving other assistance" did not include the list provided to the right.

*** At the time of printing the Department of Family Services does not have the 2008 report finalized. Numbers will be provided in August 2009

Description:

An increase in this trend for several consecutive years might be closely associated with a decline in average personal income. The indicator may be used to focus on specific problems associated with growth of low-income families. As with measures of personal income, an increase in the number of public assistance recipients can signal a future increase in the level and unit cost of services because of the relatively higher levels of needs of low-income people, combined with their relative lack of wealth.
Analysis:

During the period shown, the number of people requesting public assistance has fluctuated greatly. The percentage of the population receiving public assistance ranged from a low of 7.18% to a high of 12.75% during this period. The public assistance recipients will fluctuate slightly on a yearly basis depending on the number of applications pending.

Food Stamps furnished to households totaled 6,405 in FY 2008 up from 6,370 last year. The food stamp cases in FY 2008 provided food stamps to 16,742 recipients. A portion of the food stamp recipients also receive other public assistance as indicated in the total number of public assistance recipients. Those years that experienced increases in the number of public assistance recipients could have been due to an increase in the number of pregnant women recipients and elderly living longer. Also, Medicaid guidelines were changed whereby more children can be covered.

Sources:

--U.S. Census Bureau - 2000 Census and Missouri Census Data Center

Notes:

The number of recipients receiving public assistance includes the following:

- Total persons receiving temporary assistance (children and parents)
- All Children receiving medicaid in the category of MC, Poverty, and MAF and adults receiving medicaid
- Total persons receiving "other" assistance (Listed below)
  - MC+ for Pregnant Women (included in the FY 2007 count)
  - Supplemental Aid to the Blind (included in the FY 2007 count)
  - Blind Pension (included in the FY 2007 count)
  - Medical Assistance (included in the FY 2007 count)
  - Supplemental Security Income and State Supplementation (included in the FY 2007 count)
  - Qualified Medicare Beneficiary (included in the FY 2007 count)
  - Specified Low-Income Medicare Beneficiary (included in the FY 2007 count)
- Total persons receiving nursing care
**Indicator 33**

**PROPERTY VALUE**

**Warning Trend:**
Declining or Negative Growth in Market Value of Residential, Commercial and Industrial Property

**Formulation:**
Change in Property Value (Constant Dollars)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Market Value of Property</th>
<th>Consumer Price Index</th>
<th>Property Value in 1984 Constant Dollars</th>
<th>Percentage Change in Property Value (Constant Dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>$3,625,640,713</td>
<td>166.6</td>
<td>$2,176,254,930</td>
<td>16.73%</td>
</tr>
<tr>
<td>2000</td>
<td>$3,794,813,029</td>
<td>172.2</td>
<td>$2,203,724,175</td>
<td>1.26%</td>
</tr>
<tr>
<td>2001</td>
<td>$3,952,633,338</td>
<td>177.1</td>
<td>$2,231,865,239</td>
<td>1.28%</td>
</tr>
<tr>
<td>2002</td>
<td>$4,251,424,537</td>
<td>179.9</td>
<td>$2,363,215,418</td>
<td>5.89%</td>
</tr>
<tr>
<td>2003</td>
<td>$4,450,247,350</td>
<td>184.0</td>
<td>$2,418,612,690</td>
<td>2.34%</td>
</tr>
<tr>
<td>2004</td>
<td>$4,648,539,062</td>
<td>188.9</td>
<td>$2,460,846,512</td>
<td>1.75%</td>
</tr>
<tr>
<td>2005</td>
<td>$4,853,192,612</td>
<td>195.3</td>
<td>$2,484,993,657</td>
<td>0.98%</td>
</tr>
<tr>
<td>2006</td>
<td>$5,713,406,342</td>
<td>201.6</td>
<td>$2,834,030,924</td>
<td>14.05%</td>
</tr>
<tr>
<td>2007</td>
<td>$6,548,424,667</td>
<td>210.0</td>
<td>$3,118,297,460</td>
<td>10.03%</td>
</tr>
<tr>
<td>2008</td>
<td>$6,785,163,254</td>
<td>211.4</td>
<td>$3,209,177,153</td>
<td>2.91%</td>
</tr>
</tbody>
</table>

Since 1998 the Bureau of Labor Statistics (BLS) has used 1984=100 when computing the Consumer Price Index. Prior to that BLS used 1967=100. The city decided to convert to the 1984 stats in 2007 since there was 10 years worth of data to use for comparison.

**Description:**

Property value is important to cities who rely heavily on the property tax as a substantial portion of their revenue. If a city does not lower or increase its tax rate, then the higher the aggregate property value, the greater the revenues produced. Cities experiencing population and economic growth will likely see a growth in property values -- at least in the short run. This is because in the short run the supply of housing is fixed, and the increase in demand due to growth will force prices up. The reverse tends to be true for declining areas.

The extent to which declining property value (constant dollars) affects city revenues depends on the City's reliance on the property tax.
Analysis:

In FY 1998 and FY 2005 there was a general reassessment of all properties. When major reassessments occur, the growth in subsequent years will generally be much smaller. The City continues to experience growth in both commercial and residential areas.

Although the growth fluctuates significantly over time, it is of little consequence to the City as it does not rely on property tax revenues as a major source for financing its general government operations.

Sources:

--City of Columbia Comprehensive Annual Financial Reports, Table 5
--http://www.stats.bls.gov
--Consumer Price Index are annual archived numbers from the Bureau of Labor.

Notes:
Indicator 34

RESIDENTIAL DEVELOPMENT

Warning Trend:
Increasing Market Value of Residential Property as a Percent Of Total Property Value

Formulation:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Residential Property</th>
<th>Total Property</th>
<th>As a Percent Of Total Property</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>$2,382,605,395</td>
<td>$3,625,640,713</td>
<td>65.72%</td>
</tr>
<tr>
<td>2000</td>
<td>$2,498,095,647</td>
<td>$3,794,813,029</td>
<td>65.83%</td>
</tr>
<tr>
<td>2001</td>
<td>$2,795,469,711</td>
<td>$3,952,633,338</td>
<td>70.72%</td>
</tr>
<tr>
<td>2002</td>
<td>$2,900,971,689</td>
<td>$4,251,424,537</td>
<td>68.24%</td>
</tr>
<tr>
<td>2003</td>
<td>$3,028,953,300</td>
<td>$4,450,247,350</td>
<td>68.06%</td>
</tr>
<tr>
<td>2004</td>
<td>$3,209,104,884</td>
<td>$4,648,539,062</td>
<td>69.03%</td>
</tr>
<tr>
<td>2005</td>
<td>$3,895,357,916</td>
<td>$4,853,192,612</td>
<td>80.26%</td>
</tr>
<tr>
<td>2006</td>
<td>$4,212,721,532</td>
<td>$5,713,406,342</td>
<td>73.73%</td>
</tr>
<tr>
<td>2007</td>
<td>$4,492,291,279</td>
<td>$6,548,424,667</td>
<td>68.60%</td>
</tr>
<tr>
<td>2008</td>
<td>$4,696,608,768</td>
<td>$6,785,163,254</td>
<td>69.22%</td>
</tr>
</tbody>
</table>

Description:

Generally speaking, the net cost of servicing residential development is greater than the cost of servicing commercial or industrial development. This is because residential development usually creates more expenditure demands than revenue receipts. The old planning adage is that residential development creates expenditure drains, commercial development pays for itself, and industrial development creates revenue surpluses. Under such a set of circumstances, the ideal condition would be to have sufficient industrial development to offset the costs of residential development.

There are, however, many exceptions. For example, a high-density residential area occupied by middle-aged, wealthy residents, who are heavy consumers, and who look to government for fewer General Fund services can generate more revenue than service costs. In addition, if in new subdivisions, the developer is required to construct the basic infrastructure, the expenditure drain may not occur -- at least in the short run.
Analysis:

Although industrial development may not cause a drain on service-oriented expenditures, it may tie the community more to national economic trends than is desirable. The City of Columbia, to a certain extent, is insulated from national economic pressures. Although unemployment is generally less than the national average, a significant portion of it is keyed to manufacturing firms who are responding to national economic pressures.

Residential property as a percentage of total property has increased from 65.72% to 69.22% for the period shown as a result of increased commercial development and assessed values. A large portion of the increase in commercial property is from the northwest section of the City including Columbia Mall, Bernadette Square and complex development, State Farm and Shelter Insurance expansion of facilities, and Holiday Inn expansion of facilities.

In October 2003 Famous Barr opened in the Northwest part of Columbia along with Best Buy and Hobby Lobby. Columbia continues to experience considerable residential development in several sections of the City. The net cost of servicing residences is higher than that of commercial property.

In FY 2005 Columbia experienced the opening of Bass Pro (March), Old Navy, Linens-n-Things and Shoe Carnival (August) along with additional well-known restaurant establishments.

In FY 2007 Kohl's opened in Columbia, along with 2 relocations of new Walmarts located at Fairview and Broadway and Nifong - east of Providence.

Sources:

--Prior to FY 2002 City of Columbia Comprehensive Annual Financial Reports, Table 5
--FY 2002 to present City of Columbia Financial Management Information Supplement, Table 5
--Boone County Assessor's Office

Notes:
Indicator 35

EMPLOYMENT BASE

Warning Trend:
Increasing Rate of Unemployment or a Decline in Number of Jobs Provided Within the Community

Formulation:
Unemployment Rate and Number of Jobs in the Community

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Unemployment Rate Local</th>
<th>Unemployment Rate National</th>
<th>Jobs in Community - Civilian Labor Force</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>0.7%</td>
<td>4.1%</td>
<td>83,257</td>
</tr>
<tr>
<td>2000</td>
<td>1.1%</td>
<td>3.9%</td>
<td>81,453</td>
</tr>
<tr>
<td>2001</td>
<td>1.7%</td>
<td>5.6%</td>
<td>83,744</td>
</tr>
<tr>
<td>2002</td>
<td>1.8%</td>
<td>5.8%</td>
<td>85,452</td>
</tr>
<tr>
<td>2003</td>
<td>2.0%</td>
<td>5.9%</td>
<td>89,315</td>
</tr>
<tr>
<td>2004</td>
<td>2.5%</td>
<td>5.5%</td>
<td>88,800</td>
</tr>
<tr>
<td>2005</td>
<td>3.0%</td>
<td>5.0%</td>
<td>90,700</td>
</tr>
<tr>
<td>2006</td>
<td>2.9%</td>
<td>4.5%</td>
<td>93,900</td>
</tr>
<tr>
<td>2007</td>
<td>3.5%</td>
<td>5.0%</td>
<td>95,100</td>
</tr>
<tr>
<td>2008</td>
<td>4.3%</td>
<td>6.7%</td>
<td>92,700</td>
</tr>
</tbody>
</table>

* The national and the local unemployment rates reflect rates obtained for the month of November 2008.

Description:

Unemployment and jobs in the community are considered together because they are closely related; and for purposes of this discussion are referred to as "employment base." In addition, for comparative purposes, the national unemployment rate is included. Employment base is important because it is directly related to the levels of the business activity and personal income. Changes in the number of jobs provided by the community are a measure of and an influence on business activity. Changes in rate of employment of the community’s citizens are related to changes in personal income and thus, are a measure of and an influence on the community's ability to support its local business sector.

If the employment base is growing, if it is sufficiently diverse to provide against short-run economic fluctuation, or downturn in one sector, and if it provides sufficient income to support the local business community, then it will have a positive influence on the city's financial condition. A decline in employment base as measured by the number of jobs, or the lack of employment, can be an early warning sign that overall economic activity will decline and thus, that governmental revenues may decline (or at least not increase at the expected rate), particularly sales tax revenues.
Analysis:

The unemployment rate for Columbia has varied from a high of 4.3% to a low of 0.7% with the reported 2008 rate at 4.30% while the number of jobs have increased 11.34% for the period shown. This compares to a national unemployment rate in the same period ranging from a high of 6.7% to a low of 3.9%. During the past couple of years listed, the gap between the National unemployment rate and Columbia's unemployment rate is narrowing. The current economic factors have had an impact on the economy in Columbia.

Although the unemployment base has been sufficiently diverse to cushion against temporary economic downfalls in any particular sector, most employment fluctuations have been associated with national manufacturing firms located in Columbia. Such jobs comprise slightly less than 10% of the City's total work force and have been effected by the current economic factors on a national level.

Staff is monitoring this trend. The REDI Corporation has been working to increase employment opportunities in the area with the creation of an Industrial Land Committee. Other employment opportunities are in the works such as the Discovery Ridge Incubator project.

Sources:

--Missouri Division of Employment Security (November Preliminary Report)
--http://stats.bls.gov/news.release/lau.s.nws.htm - Obtained in the month of December
--http://stats.bls.gov
--http://www.bls.gov/eag/eag.mo_columbia_msa.htm

Notes:
Description:

The number of business license accounts can affect the City’s financial condition in two ways. First, it can assist prediction of sales tax revenue yields and, second, it is an indication of business activity that could affect other demographic and economic areas, including the employment base, personal income levels and property values. Changes in business license activity tend to be cumulative.

A decline in accounts will tend to have a negative impact on employment base, income and property values. This in turn can create further declines in business activity as allied industries and services are impacted from the loss of business.
Analysis:

The number of business license accounts has increased by 18.67% for the period shown. This increase is the result of additional light manufacturing facilities locating in Columbia, growth in locally owned businesses and small retail shops.

The total number of home occupations licensed now totals 997. This is a 3.86% decrease compared to the previous year. Business License now has a program in place to maintain a more accurate tracking of the number of business licenses, home occupations, liquor licenses etc.

Source:

---City of Columbia Finance Department, Business License Division

Notes:
Indicator 36-B

BUSINESS ACTIVITY:
Retail Sales

Warning Trend:
Decline in Business Activity as Measured by Retail Sales (Constant Dollars)

Formulation:
Retail Sales (Constant Dollars)

Description:
The level of retail sales can affect the City's financial condition in two ways. First, it directly affects revenue yields to the extent that they are reliant on sales tax receipts. And second, the effect is indirect to the extent that changes in retail sales affect other demographic and economic areas such as employment base, personal income, etc. This in turn can create further declines in such business activity.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Estimated Retail Sales</th>
<th>Retail Sales Growth</th>
<th>Consumer Price Index</th>
<th>Retail Sales In Constant Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>$1,402,218,550</td>
<td>5.52%</td>
<td>166.6</td>
<td>$841,667,797</td>
</tr>
<tr>
<td>2000</td>
<td>$1,457,129,000</td>
<td>3.92%</td>
<td>172.2</td>
<td>$846,184,088</td>
</tr>
<tr>
<td>2001</td>
<td>$1,505,913,800</td>
<td>3.35%</td>
<td>177.1</td>
<td>$850,318,351</td>
</tr>
<tr>
<td>2002</td>
<td>$1,558,620,000</td>
<td>3.50%</td>
<td>179.9</td>
<td>$866,381,323</td>
</tr>
<tr>
<td>2003</td>
<td>$1,608,167,400</td>
<td>3.18%</td>
<td>184.0</td>
<td>$874,004,022</td>
</tr>
<tr>
<td>2004</td>
<td>$1,706,044,600</td>
<td>6.09%</td>
<td>188.9</td>
<td>$903,146,956</td>
</tr>
<tr>
<td>2005</td>
<td>$1,811,118,300</td>
<td>6.16%</td>
<td>195.3</td>
<td>$927,351,920</td>
</tr>
<tr>
<td>2006</td>
<td>$1,950,101,600</td>
<td>7.67%</td>
<td>201.6</td>
<td>$967,312,302</td>
</tr>
<tr>
<td>2007</td>
<td>$1,975,706,800</td>
<td>1.31%</td>
<td>210.0</td>
<td>$940,812,762</td>
</tr>
<tr>
<td>2008</td>
<td>$1,975,749,800</td>
<td>0.00%</td>
<td>211.4</td>
<td>$934,469,943</td>
</tr>
</tbody>
</table>
Analysis:

Constant dollar retail sales fluctuate by 11.03% for the period shown. This reflects on the current economic trend of the decrease current retail sales growth. The fluctuation in retail sales has ranged from approximately 0% to 7.67% for the period listed. Sales tax figures continue to be closely monitored on a monthly basis.

Sources:

--Prior to FY 2002 City of Columbia Comprehensive Annual Financial Reports
   Exhibit B-2: General Fund Sales Tax Revenue
   Exhibit C-3: Public Improvement Sales Tax Revenue
--FY 2002 to present City of Columbia Financial Management Information Supplement
   Exhibit B-2: General Fund Sales Tax Revenue
   Exhibit C-3: Public Improvement Sales Tax Revenue

--"Monthly Labor Review" (CPI)

Notes:
(This Page Intentionally Left Blank)