



# MONROE CITY COUNCIL

## Agenda Bill No. 19-097

<b>SUBJECT:</b>	<i>Budget 101/Fund Accounting</i>
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<b>DATE:</b>	<b>DEPT:</b>	<b>CONTACT:</b>	<b>PRESENTER:</b>	<b>ITEM:</b>
04/30/2019	Finance	Becky Hasart	Becky Hasart	Discussion Items #2

**Discussion:** 04/30/2019  
**Attachments:** 1. Budget 101 PowerPoint Presentation

**REQUESTED ACTION:** None. Information only.

### POLICY CONSIDERATIONS

*The Council is responsible for adopting the City’s budget, which sets the policy for staffing and program levels of service (RCW 35A.33.080).*

### DESCRIPTION/BACKGROUND

To help foster continued growth in budgeting knowledge, transparency, and consistency in policy application among staff and all interested parties, the attached presentation was created as a starting point for the 2020 Budget development process. This presentation covers the basics of budgeting, introduces fund accounting, and reviews some budgeting best practices.

This information has been presented to the City’s supervisors’ group, the Police Sergeants, Planning Commission, and Parks Board during 2019. The City’s Economic Development Advisory Board has also seen parts of this presentation. We plan to continue to roll this out to all City staff as time allows.

### FISCAL IMPACTS

N/A

### TIME CONSTRAINTS

N/A

### ALTERNATIVES

N/A

# **CITY OF MONROE BUDGET 101**

**THE ADVENTURE  
STARTS HERE!**

# **TODAY'S TOPICS**

- \$ Why do a budget**
- \$ 2020 Budget Calendar**
- \$ Fund Accounting**
- \$ Capital Funding Sources**
- \$ Some best practices**
- \$ 2020 Budget Calendar redux**

# WHY BUDGET?

- \$ Legally required**
- \$ Specifies your income and how you will spend it**
- \$ Can be annual or bi-annual**
- \$ Adopted at the level at which we will be held accountable (minimum fund level)**
- \$ Fosters strategic planning and policy development**
- \$ Must be balanced**
- \$ Communicates fiscal information**
- \$ Provides operational guidance**
- \$ Provides accountability**



# 2020 BUDGET CALENDAR



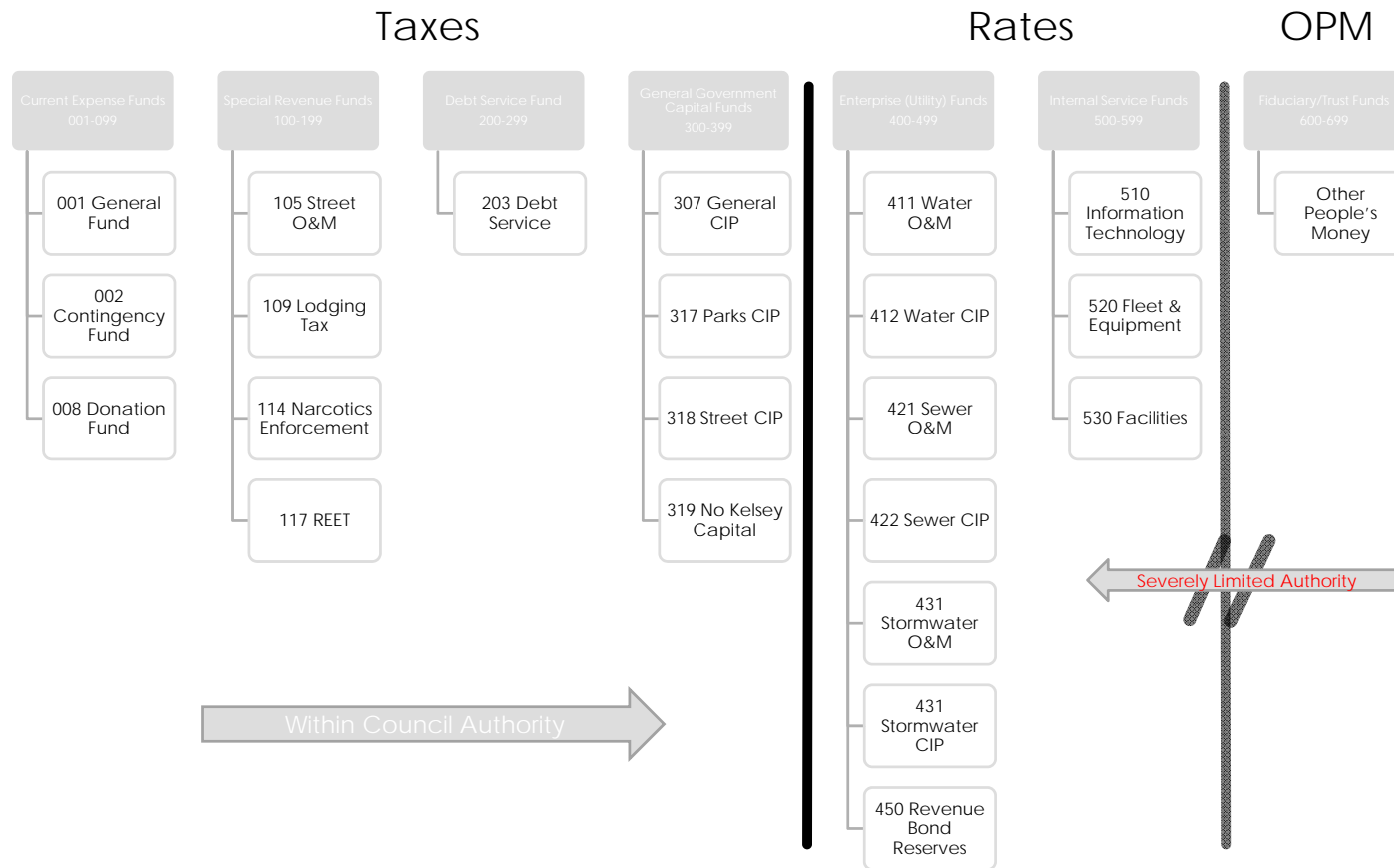
<u>Date</u>	<u>Item</u>	<u>Responsible Party</u>	<u>Legal Deadline</u>
4/30/2019 5:00 p.m.	Council retreat/workshop	City Administrator, Mayor, & Finance Director	n/a
6/17/19	Budget worksheets sent out to all departments (with instructions)	Finance Director	9/9/2019
7/29/19 8:00 a.m.	Budget worksheets due back to Finance Department	Department Heads	9/23/2019
07/30/2019 5:30 p.m.	Council retreat/workshop	City Administrator, Mayor, & Finance Director	n/a
8/5/19 - 8/30/2019	City Administrator & Mayor review budget & meet with department heads	City Administrator, Mayor, Finance Director & Dept. Heads	10/1/2019
9/3/19-9/13/19	Draft Budget Message	Mayor/CA	n/a
9/18/19	Final Budget Message	Mayor/CA	10/31/2019
9/24/19	Council presented with estimates of revenues for 2019 (current year)	Finance Director	10/1/2019
9/24/19	Preliminary Budget presented to council & filed with the City Clerk	City Clerk publishes	10/31/2019
10/8/19	Public Hearing on revenue sources for 2020, including consideration of possible property tax increases and for the 2020 Budget.	City Clerk publishes	10/31/2019 (clerk to publish notice 09/30/19 & 10/07/19)
10/15/19	2020 Budget Presentation to Council	Finance Director, Department Heads	n/a
10/22/19	First reading of Ordinance setting property tax levy	City Council	n/a
11/12/19	Second Reading/Adoption of Ordinance setting property tax levy	City Council	11/30/2019
10/29/2019 5:30 p.m.	Council retreat/workshop	City Administrator, Mayor, Finance Director & Dept. Heads	n/a
11/12/19	First reading of Ordinance for 2020 Budget	City Council	n/a
12/10/19	Second Reading/Adoption of Ordinance for 2020 Budget	City Council	12/31/2019

# WHAT IS FUND ACCOUNTING?

- § **Used by government agencies and other not-for-profits to track the amount of money assigned to different purposes and uses.**
- § **The focus is on accountability rather than profitability**
- § **Monroe uses 22 separate funds in fiscal year 2019.**
- § **The number of funds used allows greater transparency regarding budgets and fiscally supported programs/activities.**



# FUND ACCOUNTING



# CAPITAL FUNDING SOURCES



**§ General Fund Resources**

**§ Impact Fees**

**§ Real Estate Excise Taxes (REET)**

**§ Grants**



# **GENERAL FUND – BANKED CAPACITY**

**§ Property Taxes – Banked Capacity**

**§ Legally allowed amount not assessed each year by the Council**

**§ Remains available for use with  
Council authority**

**§ As of 01/01/2019, banked capacity is  
approximately \$252,852**

**§ Would be ongoing source of revenue  
(could be used for ongoing expenses)**



# GENERAL FUND – LEVY RATES

Year	Assessed Vaule	Revenue	rate per \$1,000
2019	\$ 2,600,459,852	\$ 3,201,628	\$ 1.23
2018	\$ 2,255,923,097	\$ 2,674,640	\$ 1.19
2017	\$ 1,991,598,893	\$ 2,577,719	\$ 1.29
2016	\$ 1,773,873,208	\$ 2,047,724	\$ 1.15
2015	\$ 1,631,751,335	\$ 2,013,295	\$ 1.23
2014	\$ 1,464,883,201	\$ 1,991,453	\$ 1.36
2013	\$ 1,349,715,977	\$ 1,969,615	\$ 1.46

# **GENERAL FUND - CONSTRUCTION SALES TAX**



**\$ Considered one-time revenue**  
**\$ 2018 collection was \$807,642**  
**\$ 2019 Budget is \$410,554**

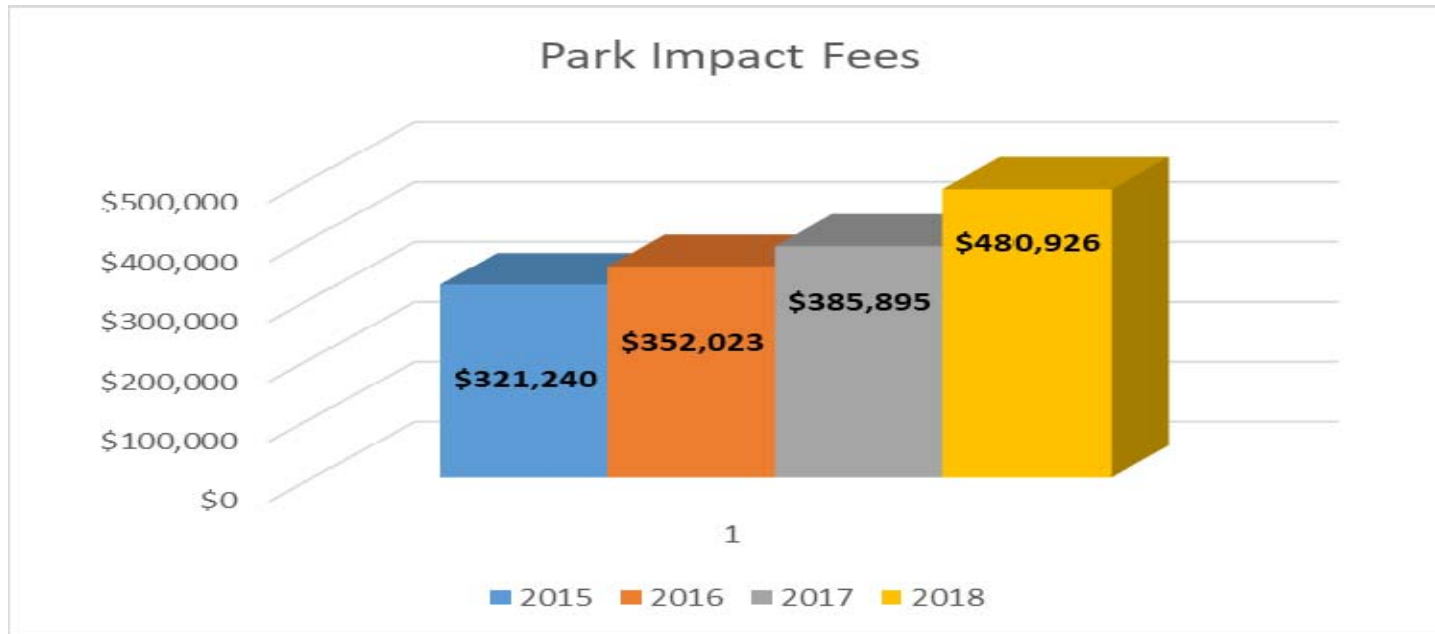
# IMPACT FEES - PARKS AND STREETS

- § **Collection on new residential development to directly address increased demand (no prior deficiencies)**
- § **Projects must be identified in the Capital Facilities Plan**
- § **Cannot support private facilities**
- § **Cannot exceed a proportionate share of the cost of the improvements (cannot pay 100% of the improvement RCW 82.050.050)**
- § **Must be used within 10 years of receipt**



# PARK IMPACT FEES

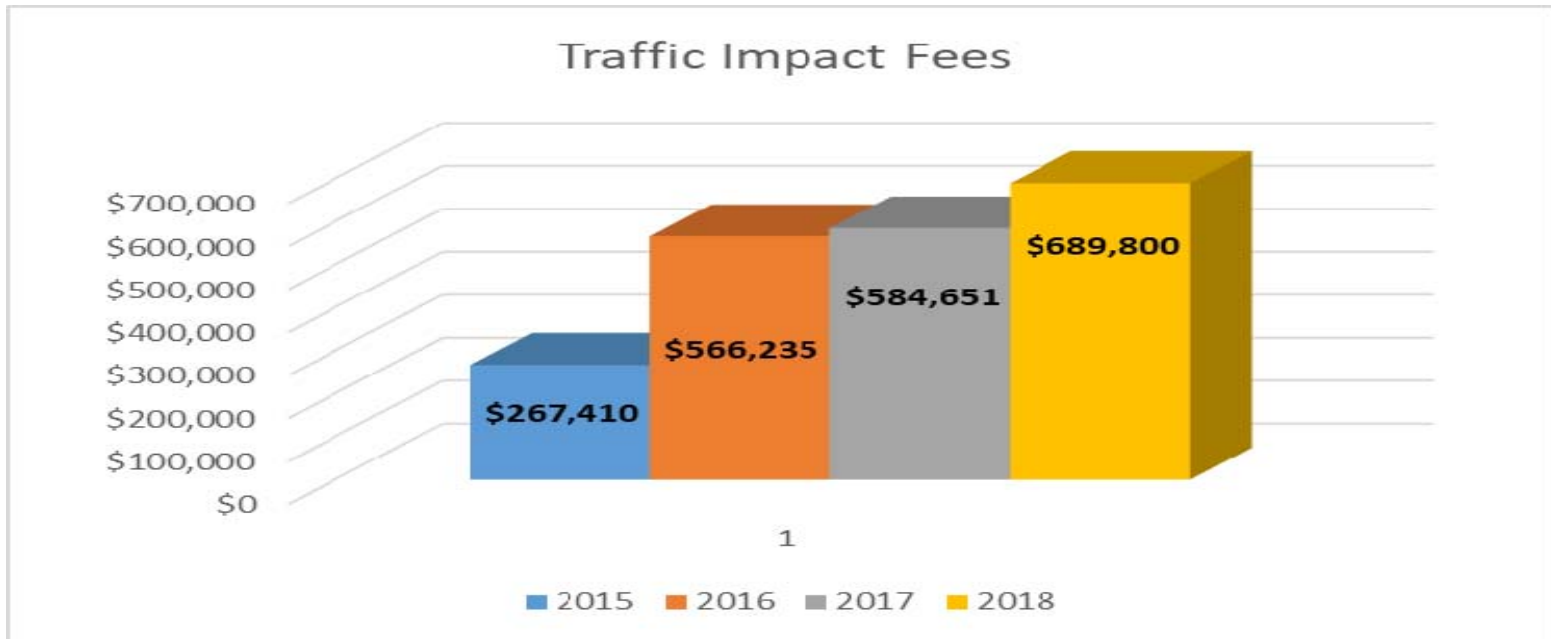
**§ Park impact fees are tracked in Fund 317 Parks CIP**



**§ Current Fund 317 balance is \$952,548 @ 01/01/2019**

# TRAFFIC IMPACT FEES

**§ Traffic impact fees are tracked in Fund 318 Streets CIP**



**§ Current Fund 318 balance is \$2,065,161 @ 01/01/2019**

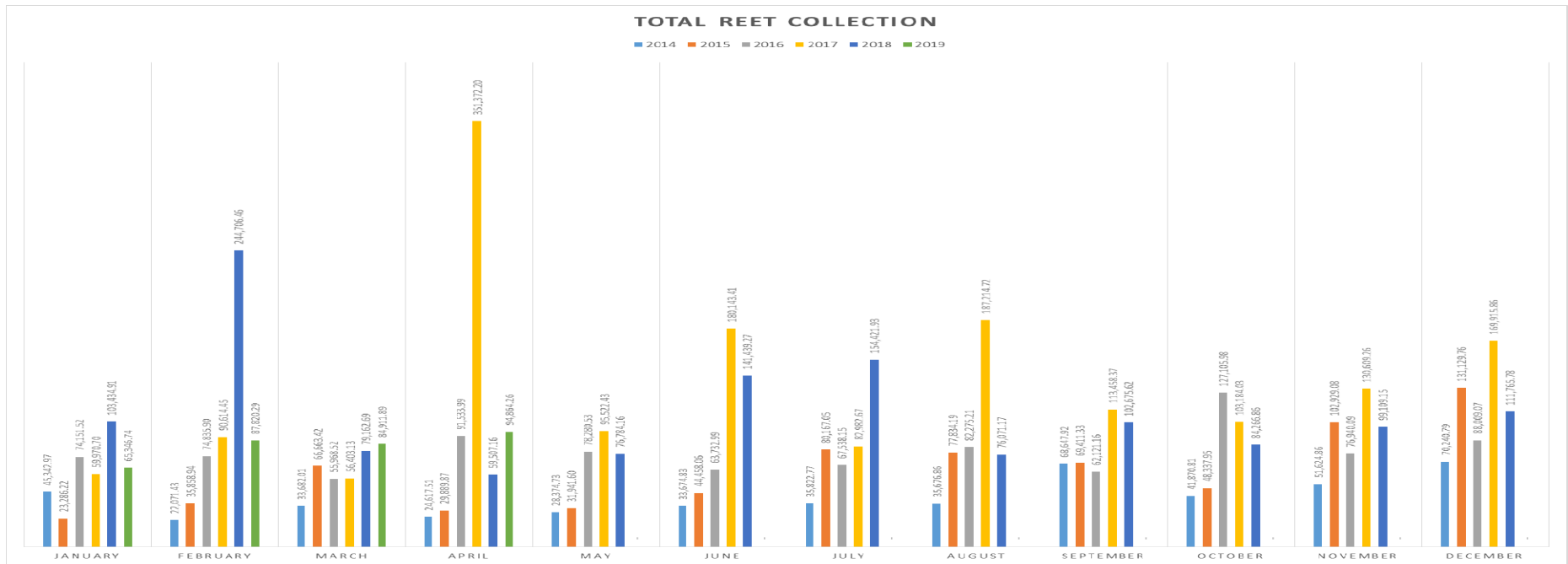
# REAL ESTATE EXCISE TAXES



- § Imposed on the sales value of real estate**
- § Used for capital facilities (e.g. streets, parks, public buildings) identified in the City's capital improvement plan**
- § GMA cities can levy both 0.25%**
- § Second 0.25% is more restricted**
- § Both 0.25% can pay for park planning and improvements**
- § Only the first 0.25% can pay for park land acquisition**

# REAL ESTATE EXCISE TAXES

§ Real estate excise taxes are tracked in Fund 117 REET



§ Current Fund 117 balance is \$3,037,267 @ 01/01/2019



# GRANTS

- § **City leverages grants as they are available**
- § **\$800,000 secured through State Capital Budget for the Lake Tye All-weather fields (2019 design)**
- § **\$270,000 Transportation Improvement Board Grant for road maintenance**
- § **\$1,102,500 from Monroe TBD (road maintenance)**
- § **Various County and City Tourism related awards (Lodging Taxes)**

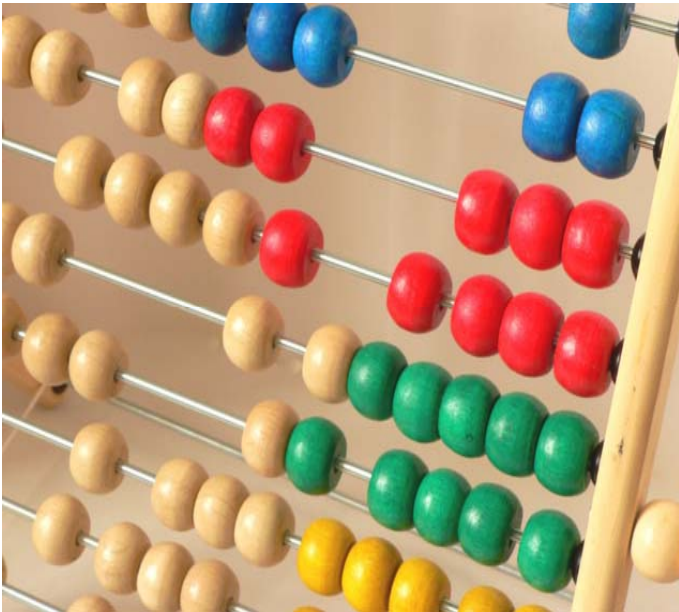


# GRANTS

- § Grant money is becoming more scarce**
- § Many require local matching funds**
- § Must remain cautious of potential timing and local match challenges**



# SOME BEST PRACTICES



- § **Maintain appropriate reserves**
- § **Use on-going revenues to support on-going expenditures**
- § **Develop multi-year (five to six) budget projections**
- § **Establish appropriate debt service ratios**

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