

**2023-2024 Budget Revenue
Sources and 2023-2024
Recommended Budget**

**Public Hearing
10/11/2022**

2023-2024 Budget - Next Steps (p. 6)

- ▶ 10/11/2022 - 1st Public Hearing
- ▶ 10/18/2022 - 2nd Public Hearing
- ▶ 10/18/2022 - In depth budget presentation
- ▶ 10/25/2022 - 3rd Public Hearing
- ▶ 10/25/2022 - First reading of Budget and Property Tax ordinances
- ▶ 11/15/2022 - Adoption of Budget and Property Tax ordinances

2023-2024 Economic Conditions and Budget Assumptions (p. 16)

- ▶ June over June CPI-U Seattle/Tacoma/Bellevue - 10.1%
- ▶ September IPD - 6.457%
- ▶ Continued supply chain challenges
- ▶ Federal Reserve continues to raise interest rates
- ▶ Monroe Correctional Complex (MCC) closed/closing units (affects population numbers and utility sales)

2023-2024 Economic Conditions and Budget Assumptions (p. 16)

- ▶ Housing starts: 180 in the next biennium (affects permit revenues and charges for services-review revenues)
- ▶ Population decreasing from 19,900 to 19,700 (affects state shared revenues for public safety and gas taxes for Streets O&M)
- ▶ Utility rates increase per Resolution No. 022/2019:
 - ▶ Water 3.0%
 - ▶ Stormwater 10.0% (down from 12.5% increase in 2022)
 - ▶ Sewer - no increase

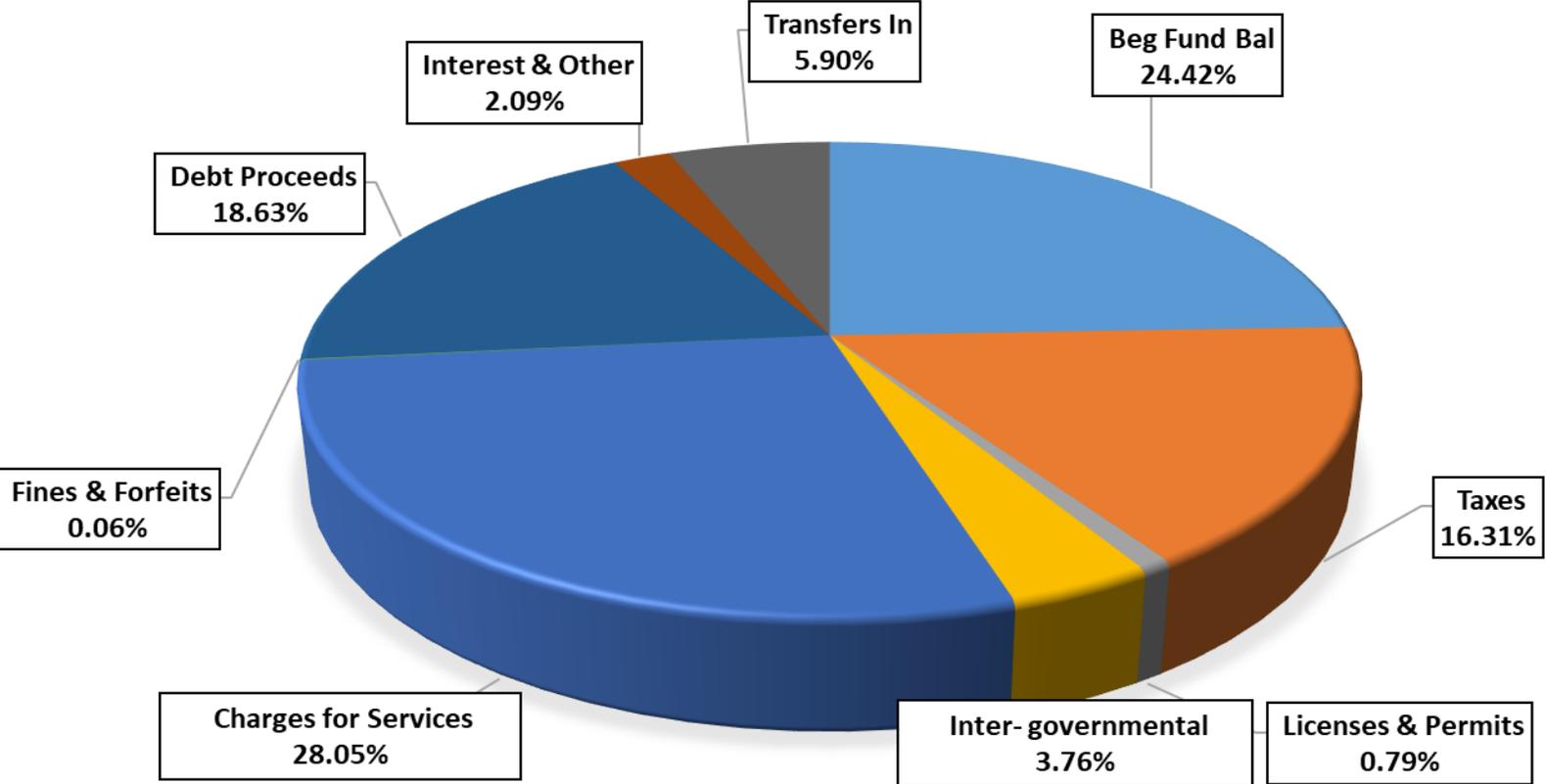
2023-2024 Budget Numbers

- ▶ Aggregate budget all funds: \$198,079,593 (p. 19)
- ▶ Target ending fund balance: \$37,844,384 (p. 23)
- ▶ All reserves fully funded
- ▶ General Fund (GF) budget: \$44,154,284 (p. 27)
- ▶ Target GF end fund balance: \$3,436,009 (p. 34)

2023-2024 Budget Numbers - All Revenues (p. 21)

	Beg Fund Bal	Taxes	Licenses & Permits	Inter-governmental	Charges for Services	Fines & Forfeits	Debt Proceeds	Interest & Other	Transfers In	Totals
TOTAL ALL FUNDS	\$ 48,362,614	\$ 32,300,907	\$ 1,568,423	\$ 7,438,835	\$ 55,558,853	\$ 122,300	\$ 36,900,000	\$ 4,132,872	\$ 11,694,789	\$ 198,079,593
	24.42%	16.31%	0.79%	3.76%	28.05%	0.06%	18.63%	2.09%	5.90%	

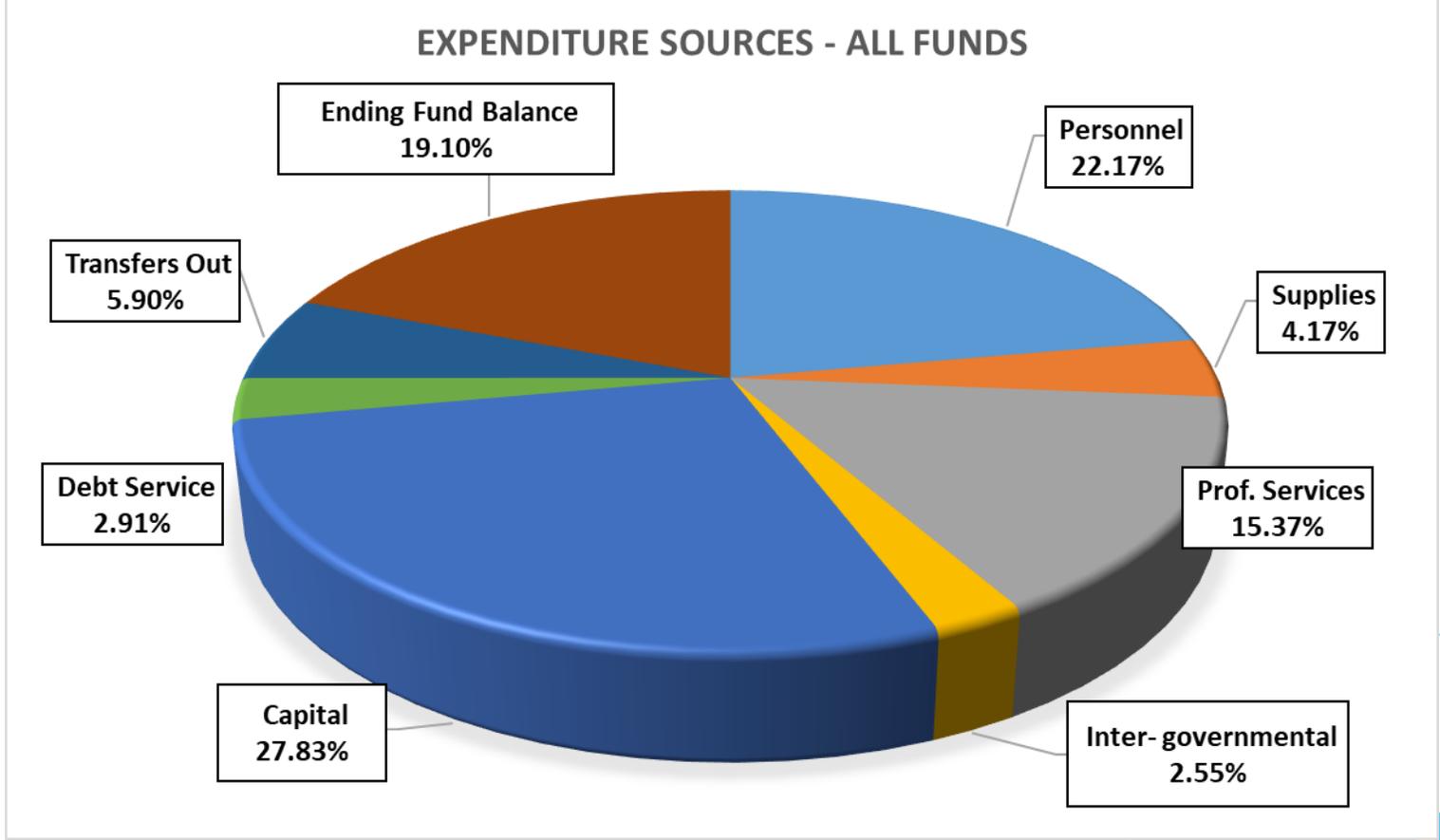
REVENUE SOURCES - ALL FUNDS



2023-2024 Budget Numbers - All Expenditures (p. 24)

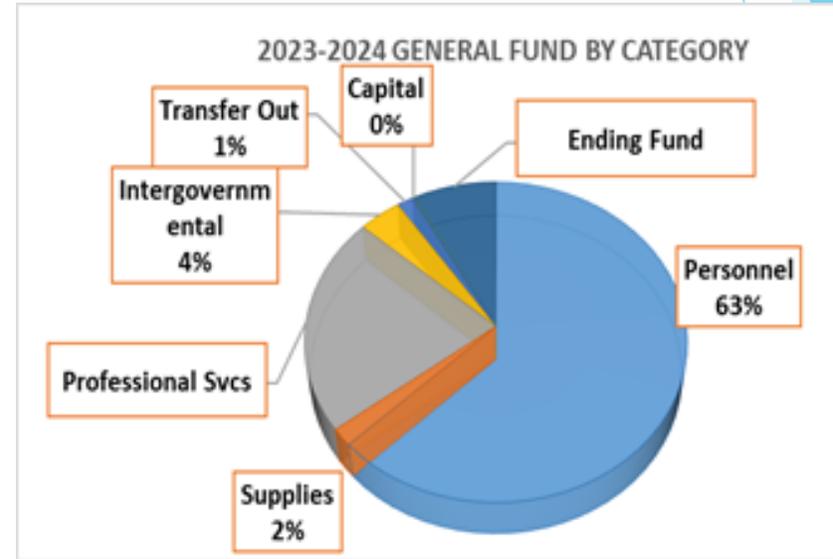
	Personnel	Supplies	Prof. Services	Inter-governmental	Capital	Debt Service	Transfers Out	Ending Fund Balance	Totals
TOTAL ALL FUNDS	\$ 43,911,470	\$ 8,265,058	\$ 30,436,850	\$ 5,044,678	\$ 55,128,120	\$ 5,754,244	\$ 11,694,789	\$ 37,844,384	\$ 198,079,593
	22.17%	4.17%	15.37%	2.55%	27.83%	2.91%	5.90%	19.10%	

EXPENDITURE SOURCES - ALL FUNDS



2023-2024 Budget Numbers - GF Expenditures (P. 34)

2023-2024 Recommended General Fund		
Category	Amount	Percent
Personnel	\$27,723,286	62.79%
Supplies	777,338	1.76%
Prof. Services	9,752,598	22.09%
Intergovernmental	1,736,269	3.93%
Transfers Out	683,784	1.55%
Capital	45,000	0.10%
End Fund Balance	3,436,009	7.78%
Total	\$44,154,284	100.00%

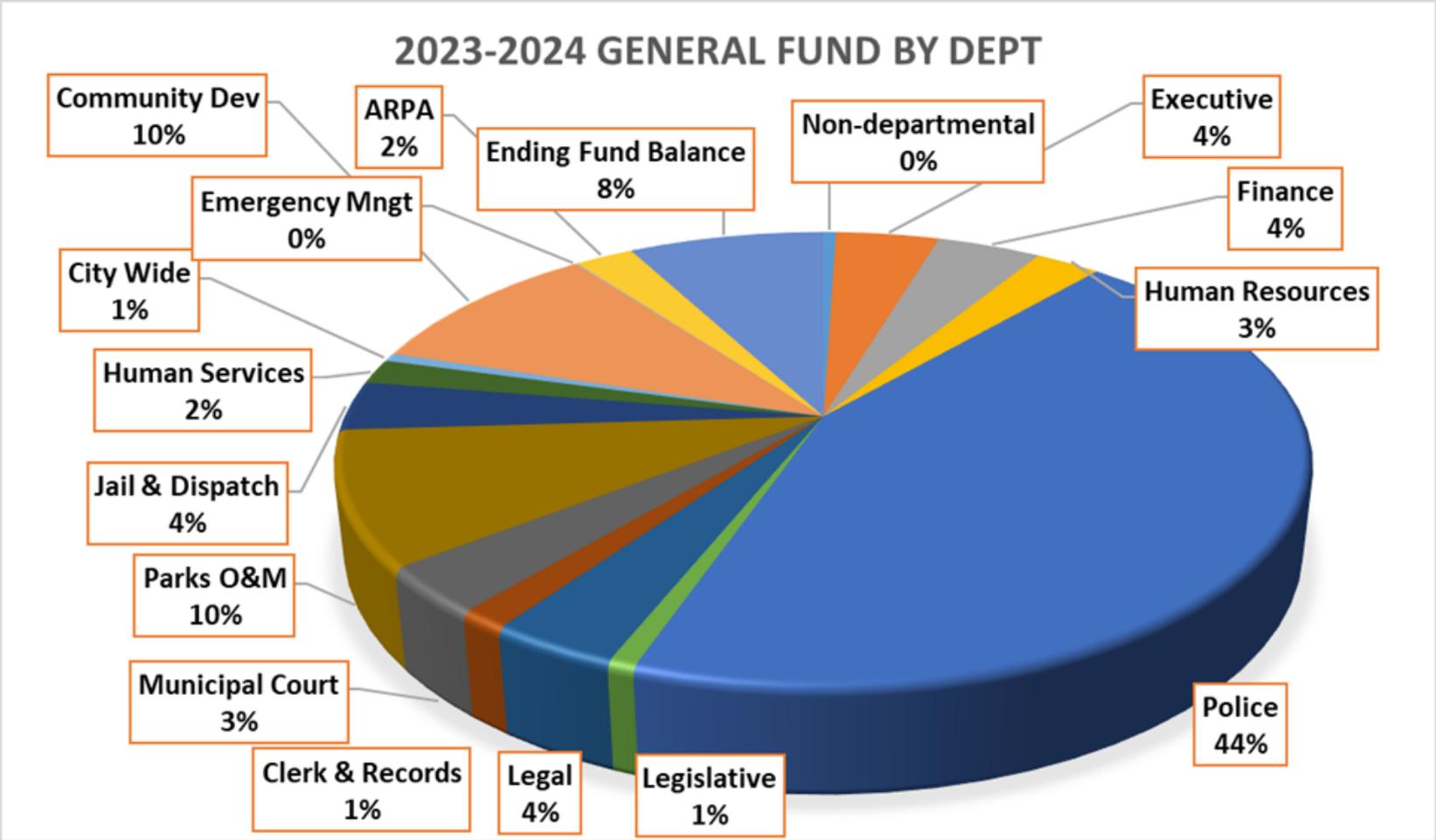


2023-2024 Budget Numbers - GF Expenditures (P. 34)

General Fund – Expenditures by Department						
	Actual 2019	Actual 2020	Actual 2021	Budget 2022	Projected 2022	Proposed 2023-2024*
Non-departmental	\$ 1,923,848	\$ 545,450	\$ 1,476,274	\$ 1,335,300	\$ 1,335,300	\$ 219,784
Executive	664,714	592,890	604,558	702,830	694,043	1,817,167
Finance	546,121	583,359	639,857	899,631	846,861	1,823,582
Human Resources	204,808	232,888	361,729	438,118	369,057	1,144,521
Police	7,416,730	7,389,476	7,935,677	8,532,696	8,342,557	19,414,285
Legislative	149,918	168,911	226,225	167,287	169,658	341,059
Legal	798,911	632,856	602,537	761,750	678,500	1,608,587
Clerk & Records	184,955	163,250	158,299	280,041	315,059	615,612
Municipal Court	399,528	452,220	453,908	679,404	657,063	1,484,075
Parks O&M	1,588,130	1,668,285	1,566,205	1,736,518	1,677,375	4,224,418
Jail & Dispatch	718,653	589,545	651,616	809,379	696,960	1,550,417
Human Services		138,415	222,409	347,518	206,518	775,856
City Wide	100,364	112,131	113,330	182,594	123,920	261,320
Community Dev.	1,457,273	1,572,882	1,580,769	2,251,838	2,100,807	4,373,900
Emergency Mngt	20,127	15,088	22,412	23,221	17,181	39,827
ARPA		1,004,306	2,704	2,725,215	2,196,371	1,023,865
Ending Fund Balance	4,629,428	5,201,874	8,430,275	5,898,369	9,054,648	3,436,009
Total	\$20,803,508	\$21,063,826	\$25,048,786	\$27,771,709	\$29,481,879	\$44,154,284

*Per Ordinance No. 011-2022 adopted April 26,2022, 2023-2024 represents the City's first biennial budget

2023-2024 Budget Numbers - GF Expenditures (P. 34)



2023-2024 Budget Numbers - GF Revenues (p. 27)

General Fund – Revenues						
	Actual 2019	Actual 2020	Actual 2021	Budget 2022	Projected 2022	Proposed 2023-2024*
Taxes	\$13,018,694	\$12,628,249	\$13,825,899	\$13,175,591	\$13,963,184	\$28,785,907
Licenses & Permits	792,171	651,804	756,137	674,721	704,562	1,025,075
Intergovernmental	493,215	1,358,903	3,492,516	3,494,430	3,651,749	1,114,902
Charges for Services	1,691,551	1,483,159	1,621,760	1,809,777	1,887,410	3,362,094
Fines & Forfeitures	240,706	151,445	107,685	96,600	62,964	122,300
Interest & Other Rev	144,619	117,058	54,518	36,954	57,658	689,358
Transfers In	0	40,209	0	56,014	56,014	0
Beg Fund Balance	4,422,551	4,632,999	5,190,271	8,427,622	8,427,622	9,054,648
Total	\$20,803,507	\$21,063,826	\$25,048,786	\$27,771,709	\$28,811,164	\$44,154,284

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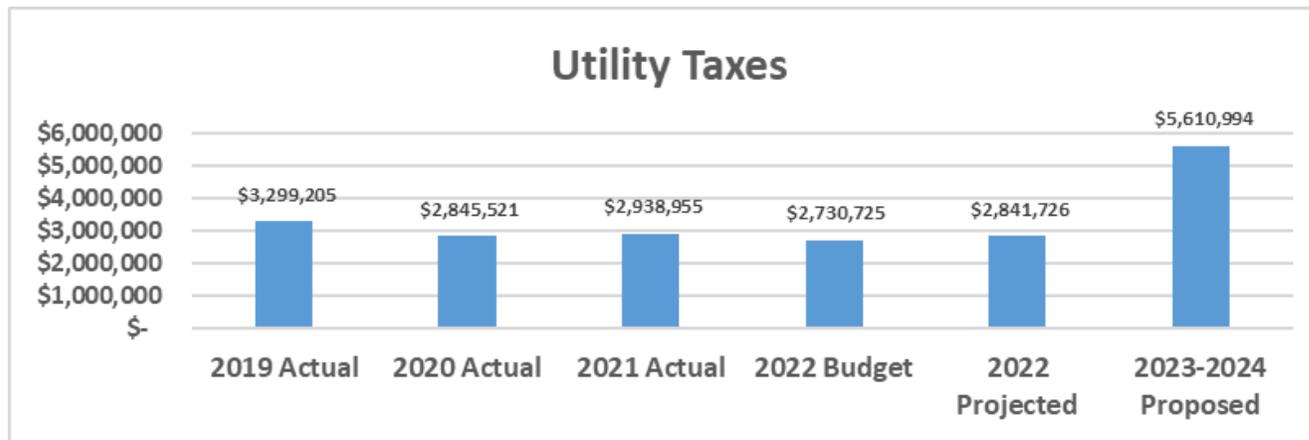
Sales Taxes (p. 30)

- ▶ Retail sales add on tax; rate in Monroe is 9.4%
- ▶ 1.3% of the 9.4% stays in Monroe
- ▶ Largest source of revenue to General Fund
- ▶ Steady growth over last few years except 2020 (COVID-19)
- ▶ 2023-2024 expected to be flat as construction activity slows and inflationary pressures affect spending



Utility Taxes (p. 31)

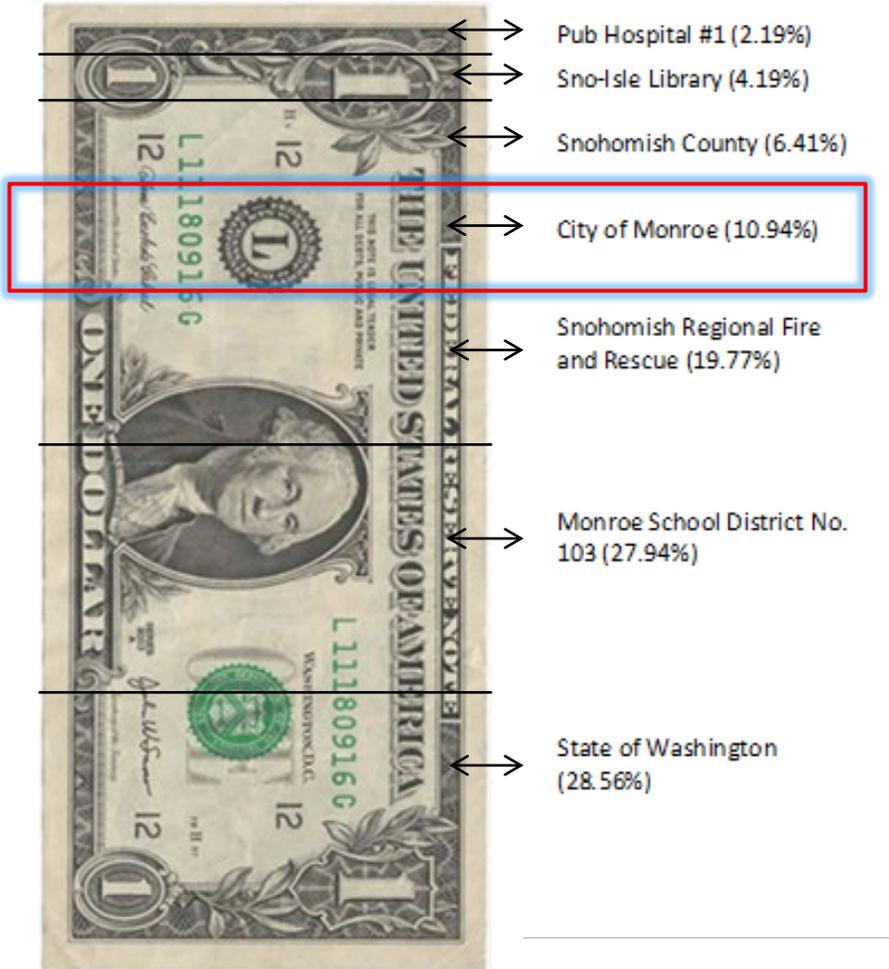
- ▶ Levied on gross revenues of public and private utilities
- ▶ Third largest revenue source to General Fund
- ▶ No growth/slow decline over last few years
- ▶ 2023-2024 expected to be flat due to changes at MCC, improved conservation efforts, and changes to consumer habits



Property Taxes (p. 27-30)

- ▶ Must be adopted annually
- ▶ Second largest revenue source to General Fund
- ▶ Conservative estimate of new construction at time of projection: \$30M
- ▶ Preliminary new construction assessment: \$83,964,300
- ▶ Annexation assessment: \$177,545,200
- ▶ Currently have \$331,825 in banked capacity

Property Taxes (p. 27-30)



- ▶ Monroe portion of a 2022 tax bill is 10.94% (i.e. Monroe receives 10.94 cents for every \$1.00 in property tax collected)
- ▶ Remaining goes to other jurisdictions

Property Taxes (p. 27-30)

▶ 2023 Property Tax projection

Current Levy	\$3,469,174
Add New Construction	\$30,650
Add Annexation	<u>\$181,432</u>
Subtotal 2023 Property Taxes	\$3,681,256
Add banked capacity requested	<u>\$241,063</u>
Total 2023 Proposed Property Taxes	<u><u>\$3,922,319</u></u>

▶ Use of \$241,063 banked capacity leaves \$90,762 available

Property Taxes (p. 27-30)

- ▶ Impacts of \$241,063 banked capacity = about \$0.05 per \$1,000

Home Value	Per Month Impact	Per Year Impact
\$900,000	\$3.93	\$47.18
\$600,000	\$2.62	\$31.45
\$400,000	\$1.75	\$20.97

- ▶ Banked capacity is an on-going revenue source used for on-going program costs
- ▶ Reserve policy goal is to use ongoing revenues for ongoing expenses

Property Taxes (p. 27-30)

- ▶ \$241,063 banked capacity funds the following:

Amount	Operational Program/Priority
\$33,207	Public Records Officer position part to full time (cost difference)
\$25,000	Annual maintenance cost for holding cell cameras/audio recording capabilities (unfunded legislative mandate)
\$28,800	Continued mental health provider contract for PD (first two years were grant funded)
\$44,828	Two 5-month parks seasonal positions
<u>\$109,228</u>	Human Services Coordinator position (conversion from contract to FTE approved by Council during 2022 Budget Amendment)
<u>\$241,063</u>	Total

Property Taxes (p. 27-30)

- ▶ 2023 preliminary assessed value (AV) - \$4,598,864,603 (27.7% increase before new construction and annexation)
- ▶ Increase in AV decreases rate per \$1,000

Historical City Assessed Valuation, General Property Tax Levied, and City Property Tax Rate			
**2023 rates are preliminary estimates			
Year	Assessed Value	Revenue	Rate per \$1,000
2023 with banked capacity used	\$4,598,864,603	\$3,922,319	\$0.85
2023 without banked capacity used	\$4,598,864,603	\$3,681,256	\$0.80
2022	\$3,395,678,937	\$3,469,175	\$1.02
2021	\$3,115,841,466	\$3,402,070	\$1.09
2020	\$2,885,062,587	\$3,275,000	\$1.14
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

Property Taxes (p. 27-30)

2022 Assessed Value	2023 Estimated Assessed Value 27.7% increase	2022 City Tax Rate	2022 City Tax	2023 Estimated City Tax rate without banked capacity	2023 Estimated City Tax without banked capacity	Difference year over year (less than \$1.00 is due to rounding)
\$800,000	\$1,021,600	\$1.02164	\$817.31	\$0.80047	\$817.76	\$0.45
\$500,000	\$638,500	\$1.02164	\$510.82	\$0.80047	\$511.10	\$0.28
\$300,000	\$383,100	\$1.02164	\$306.49	\$0.80047	\$306.66	\$0.17

Property Taxes (p. 27-30)

2022 Assessed Value	2023 Estimated Assessed Value 27.7% increase	2022 City Tax Rate	2022 City Tax	2023 Estimated City Tax rate with banked capacity	2023 Estimated City Tax with banked capacity	Yearly difference year over year
\$800,000	\$1,021,600	\$1.02164	\$817.31	\$0.85288	\$871.30	\$53.99
\$500,000	\$638,500	\$1.02164	\$510.82	\$0.85288	\$544.56	\$33.74
\$300,000	\$383,100	\$1.02164	\$306.49	\$0.85288	\$326.74	\$20.25

2023-2024 Additional Considerations - ARP

(p. 16)

- ▶ American Rescue Plan Act (ARP) fund uses per US Treasury:
 - Replace lost public sector revenues
 - Respond to the far-reaching public health and negative economic impacts of the pandemic
 - Provide premium pay for essential workers
 - Invest in water, sewer, and broadband infrastructure
- ▶ In 2020, projected 3-year recovery period, of which 2023 represents the third year
- ▶ City received just over \$5.5 million
- ▶ City has awarded \$2.073 million to external partners (various human services providers, local non-profits, small businesses, etc.)

2023-2024 Additional Considerations - ARP

(p. 16)

- ▶ 2023-2024 Budget uses remaining funds (the \$2.7 million received in June 2022) to bridge the final fiscal period of recovery while still supporting economic development and human services:

Recommended Program	2023	2024	Total
Economic Development Assist Awards	\$120,000	\$120,000	\$240,000
Human Services Assist Awards	\$150,000	\$150,000	\$300,000
Public Defender Embedded Social Worker (additional \$11,000 grant)	\$1,200	\$13,200	\$14,400
Embedded Social Worker	\$95,000	\$104,500	\$199,500
Monroe Senior Center Bus support	\$15,000	\$15,000	\$30,000
Complete Branding Consultant contract (Econ Dev)	\$109,891	\$0	\$109,891
Community Relations Training (CHSAB supported)	\$75,000	\$0	\$75,000

2023-2024 Additional Considerations - Debt Service (p. 17)

- ▶ \$36,900,000 scheduled in bond issuance during 2023-2024
- ▶ \$16 million for sewer capital (WWTP) - paid by sewer revenues without affecting rates
- ▶ \$2 million for water capital - paid by water revenues without affecting scheduled rate increases
- ▶ \$2 million for stormwater capital - paid by stormwater revenues without affecting scheduled rate increases

2023-2024 Additional Considerations - Debt Service (p. 17)

- ▶ \$16.9 million for Phase II Municipal Campus project
- ▶ Utility portion of project paid by utility rates - does not affect rates
- ▶ General government portion paid with Real Estate Excise Taxes, which cannot be used for operations
- ▶ Target reserve for general government bond payments (bond sinking fund) is 2 to 3 years of debt payments
- ▶ End of 2023-2024 Biennium will have 2 ½ years of debt payments reserved

2023-2024 Budget - Next Steps (p. 6)

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