Overview

• Economic Update

• Overview of FY 2013-14 Adopted and Revised Budgets

• General Fund

• Other Funds

• Questions and Answers
Economic Update

- Unemployment steady-tracking below 7%
- Sales tax showing continued growth
- Slow, but steady, growth in property values
- State is projecting a balanced budget
Adopted City-wide Budget FY 2013-2014 Overview

• In June 2013, the City-wide budget was adopted:
  • Revenues = $58.61M
  • Expenditures = $58.80M

• Short-term solutions implemented to achieve balance

• Long-term solutions to be identified (during budget study sessions)

• Budget structurally balanced
Revised City-wide Budget FY 2013-2014 Overview

Revenues-
Mid-year revised revenue = $58.64M

• Adjustments made for the following:
  • Updates for 2012-2013 year-end actual revenues
  • Grant and project updates based on current progress
  • Actual collections through January 2014
Revised City-wide Budget FY 2013-2014 Overview

Expenditures-
Mid-year revised expenditures = $59.34M

• Overall, most expenditure projections tracking on target at 58% through January 2014

• Adjustments, totaling $152,618, made for the following:
  • MOU/Labor agreements
  • Grant and project updates based on current progress
  • Some additional cuts based on actual activity through January 2014
  • Salary savings from vacancies

Budget is still structurally balanced
General Fund Review
FY 2012-13

• Financial condition at year-end (6/30/13):
  • Net gain of $79K for the year

• Overall, most revenues ended on target:
  • However, sales tax came in lower than projected
  • Interest earnings higher than expected
  • Most shortfalls offset by increases
  • Overall, net shortfall in revenue was $26K

• Reserves replenished during FY 2012-2013
General Fund Revised Budget
FY 2013-14

• Overall, most expenditure and revenue projections on target at 58% through January 2014

• Revenue adjustments made for:
  • Sales tax (adjusted down)
  • Grant revenue (adjusted down)
  • Fire service impact fee, SB 2557 revenues, and property tax in-lieu revenue (adjusted up)
  • Other minor adjustments

• Expenditure adjustments made for:
  • Grant/project activity updates
  • Salary adjustments (MOU’s and salary savings)
## General Fund Budget
### FY 2013-14 Revenues

<table>
<thead>
<tr>
<th>Tax Category</th>
<th>Original Budget</th>
<th>Revised Budget</th>
<th>Increase/Decrease</th>
<th>% of Original Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Tax</td>
<td>$9,748,154</td>
<td>$9,760,144</td>
<td>$11,990</td>
<td>100.1%</td>
</tr>
<tr>
<td>Sales Tax</td>
<td>9,440,899</td>
<td>9,255,050</td>
<td>(185,849)</td>
<td>98.0%</td>
</tr>
<tr>
<td>Other Taxes</td>
<td>3,210,221</td>
<td>3,210,221</td>
<td>0</td>
<td>100.0%</td>
</tr>
<tr>
<td>Licenses &amp; Permits</td>
<td>210,225</td>
<td>570,225</td>
<td>360,000</td>
<td>271.2%</td>
</tr>
<tr>
<td>Fines &amp; Forfeitures</td>
<td>213,280</td>
<td>213,080</td>
<td>(200)</td>
<td>99.9%</td>
</tr>
<tr>
<td>Interest/Use of Money</td>
<td>50,000</td>
<td>50,000</td>
<td>0</td>
<td>100.0%</td>
</tr>
<tr>
<td>Rev from Other Agencies</td>
<td>40,000</td>
<td>40,000</td>
<td>0</td>
<td>100.0%</td>
</tr>
<tr>
<td>Charges for Services</td>
<td>1,543,256</td>
<td>1,488,020</td>
<td>(55,236)</td>
<td>96.4%</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>481,150</td>
<td>902,900</td>
<td>421,750</td>
<td>187.6%</td>
</tr>
<tr>
<td>Project Revenues</td>
<td>1,815,055</td>
<td>1,520,491</td>
<td>(294,564)</td>
<td>83.7%</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td>26,752,240</td>
<td>27,010,131</td>
<td>257,891</td>
<td>100.9%</td>
</tr>
<tr>
<td>Transfers - Other Funds</td>
<td>6,312,780</td>
<td>6,237,612</td>
<td>(75,168)</td>
<td>98.8%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$33,065,020</td>
<td>$33,247,743</td>
<td>$182,723</td>
<td>100.6%</td>
</tr>
</tbody>
</table>
## General Fund Budget
FY 2013-14 Expenditures

<table>
<thead>
<tr>
<th>Budget Category</th>
<th>Original Budget</th>
<th>Revised Budget</th>
<th>Increase/Decrease</th>
<th>% of Original Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$22,158,368</td>
<td>$22,420,149</td>
<td>$261,781</td>
<td>101.1%</td>
</tr>
<tr>
<td>Maintenance &amp; Operations</td>
<td>8,003,883</td>
<td>8,191,952</td>
<td>188,069</td>
<td>102.3%</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>80,500</td>
<td>64,500</td>
<td>(16,000)</td>
<td>80.1%</td>
</tr>
<tr>
<td>Project Expenditures</td>
<td>1,715,869</td>
<td>1,445,088</td>
<td>(270,781)</td>
<td>84.2%</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td><strong>31,958,620</strong></td>
<td><strong>32,121,689</strong></td>
<td><strong>163,069</strong></td>
<td><strong>100.5%</strong></td>
</tr>
<tr>
<td>Transfers – Other Funds</td>
<td>1,163,328</td>
<td>1,152,877</td>
<td>(10,451)</td>
<td>99.1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$33,121,948</strong></td>
<td><strong>$33,274,566</strong></td>
<td><strong>$152,618</strong></td>
<td><strong>100.4%</strong></td>
</tr>
</tbody>
</table>
General Fund Revised Budget
FY 2013-2014 Summary

• Increase in revised expenditures, $152,618, offset by increase in revised revenues, $182,723

• Year-end fund balance adjusted by this net increase

• Components of budget:
  • All current labor contracts included (including full contribution by all employee groups)
  • Salary savings from vacancies
  • Minor adjustments to M & O
  • Grant/project adjustments
General Fund
Five-Year Forecast Assumptions

• Revenue Assumptions
  • Sales Tax = 3-5%
  • Property Tax = 4%
  • Other revenues = modest increases

• Expenditure Assumptions
  • Personnel Costs = 2-3% increase
  • Maintenance & Operations = 2% increase
General Fund
Five-Year Forecast Assumptions

• Our future projections continue to assume approved PERS rate increases

• Likely to be additional PERS increases for possible changes in mortality and retirement age assumptions beginning in FY 2016-2017

<table>
<thead>
<tr>
<th>Employee Group</th>
<th>Approved Increase to Begin in FY 2015-2016</th>
<th>Potential Additional Increase to Begin in FY 2016-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Miscellaneous Employees</td>
<td>+6.3% spread over 10 years</td>
<td>2-5%</td>
</tr>
<tr>
<td>Public Safety</td>
<td>+10.5% spread over 10 years</td>
<td>4-8%</td>
</tr>
</tbody>
</table>

• Some offset from pension reform

• Need to consider future health care costs increases
## General Fund
### Five-Year Forecast

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenues</th>
<th>Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009-10</td>
<td>$29,000,000</td>
<td>$29,000,000</td>
</tr>
<tr>
<td>2010-11</td>
<td>$30,000,000</td>
<td>$30,000,000</td>
</tr>
<tr>
<td>2011-12</td>
<td>$31,000,000</td>
<td>$31,000,000</td>
</tr>
<tr>
<td>2012-13</td>
<td>$32,000,000</td>
<td>$32,000,000</td>
</tr>
<tr>
<td>2013-14</td>
<td>$33,000,000</td>
<td>$33,000,000</td>
</tr>
<tr>
<td>2014-15</td>
<td>$34,000,000</td>
<td>$34,000,000</td>
</tr>
<tr>
<td>2015-16</td>
<td>$35,000,000</td>
<td>$35,000,000</td>
</tr>
<tr>
<td>2016-17</td>
<td>$36,000,000</td>
<td>$36,000,000</td>
</tr>
<tr>
<td>2017-18</td>
<td>$37,000,000</td>
<td>$37,000,000</td>
</tr>
<tr>
<td>2018-19</td>
<td>$38,000,000</td>
<td>$38,000,000</td>
</tr>
</tbody>
</table>
## Other Funds
### FY 2013-14 Revised Budget

<table>
<thead>
<tr>
<th></th>
<th>Original Budget</th>
<th>Revised Budget</th>
<th>Increase / (Decrease)</th>
<th>% Increase / (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues (without transfers)</strong></td>
<td>$39,095,980</td>
<td>$38,866,409</td>
<td>($229,571)</td>
<td>(0.5%)</td>
</tr>
<tr>
<td><strong>Transfers</strong></td>
<td>5,408,177</td>
<td>5,297,500</td>
<td>(110,677)</td>
<td>(1.9%)</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$44,504,157</td>
<td>$44,163,909</td>
<td>($340,248)</td>
<td>(0.7%)</td>
</tr>
</tbody>
</table>

| **Expenditures (without transfers)** | $34,117,51*    | $34,456,551    | $339,033              | 1.1%                   |
| **Transfers**           | 10,634,381     | 10,464,166     | (170,215)             | (0.9%)                 |
| **Total Expenditures**  | $44,751,899    | $44,920,717    | $168,818              | 0.6%                   |

*Includes $46,018 already approved for the General Plan

- Revenue and Expenditure adjustments made for:
  - Grant and project progress through January 2014
  - MOU/Labor contracts
  - Staff reallocations

- All funds still structurally balanced
Water Fund

• FY 13-14
  • Revenues are currently tracking as expected for FY 13-14
  • Additional water purchase costs of $400K added to FY 13-14 budget
  • Annual operating shortfall expected to be $500K
  • Annual shortfall covered by temporary use of reserves

• Ongoing:
  • No funding available to set aside reserves
  • Still need to consider other options (Possible rate increases?)
Storm Drain Maintenance Fund

• Net gain of $75K at end of FY 12/13

• Major unfunded costs still on the horizon

• **Ongoing Costs (beginning in 14-15):**
  • Increase in annual operating costs of $346K per year for ongoing maintenance of catch basins and new permit program requirements
  • Funding to be provided (up to $500K) by Waste Fund reserves
  • Will still need to look at long-term solutions within next 12 months
Storm Drain Maintenance Fund

• **One-Time Costs:**
  • Trash screens to be installed in catch basins by June 30, 2014:
    • Estimated one-time cost = $1.05M *(includes LA County permit fees)*
    • Additional unfunded strategic plan costs = $91,500
    • Total = $1.14M

• **Funding to be provided through internal borrowing:**
  • Water Fund Reserves
  • Repayment = Waste Franchise Fees:
    • $100K-$150K per year through 2017
    • May decrease in future years (down to $50K or less)
    • Will return to Council in 1-2 years with update
Ongoing Projects

To be completed by year-end:
• Monrovia Fire Department Training Center
• FY 13-14 Street Resurfacing

To be completed next year:
• Julian Fisher Park
FY 13-14 Mid-Year Budget Summary

• City-wide fund budgets still balanced
• Most revenues and expenditures are tracking as expected through January 2014
• Adjustments made based on updated actuals for FY 12/13
• City will be able to meet its annual obligations:
  • Debt service payments and MOU’s
• Continuing to discuss strategies to address long-term issues and challenges
• Will reevaluate critical areas during preparation of FY14-15 budget

City of Monrovia
What’s Next?

• Budget Study Sessions to continue

• FY 14-15 discussions to begin in May 2014

• FY 14-15 budget adoption in June 2014

• Special items for discussion:
  • Reserve policy for economic uncertainties, deferred maintenance, and capital replacements
  • Options for funding strategic plan priorities
  • Organizational study considerations
Questions and Answers

Thank you for your time.