



MONROVIA MEASURE K CITIZEN ADVISORY COMMITTEE AGENDA REPORT



DEPARTMENT: Administrative Services

MEETING DATE: April 11, 2023

PREPARED BY: Buffy Bullis, Administrative Services Director

AGENDA LOCATION: AR-2

TITLE: Measure K Financial Update and Budget Calendar

BACKGROUND: During the Measure K meeting on October 10, 2022, the Monrovia Measure K Citizen Advisory Committee (the Committee) was provided with a financial update based on *pre-audit estimates* for Fiscal Year 2021-22, since the City had not yet completed its financial audit at that time. Now that the City has closed the books for Fiscal Year 2021-22 and the financial audit is complete, updated Measure K revenues, expenditures, and fund balances are being provided for Fiscal Year 2021-22 as part of this financial update. Additionally, a high-level overview of Measure K interest earnings will be provided, as well as a review of the City’s budget calendar and key Measure K dates.

ANALYSIS: Below is a summary of Measure K revenues, expenditures, and estimated fund balances through the end of Fiscal Year 2022-2023. It is estimated that the Measure K Fund Balance will be approximately \$16,465,158 at the end of Fiscal Year 2022-23, as noted in the table below.

Measure K Financial Summary Revenues, Expenditures, and Fund Balances (Post Audit)

Fiscal Year	Revenues	Expenditures	Fund Balance
FY 2019-20 Actuals	\$890,851	\$0	\$890,851
FY 2020-21 Actuals	\$6,153,709	\$1,319,918	\$5,724,642
FY 2021-22 Actuals	\$6,384,327	\$1,105,811	\$11,003,158
FY 2022-23 Budget	\$6,462,000*	\$1,000,000	\$16,465,158

**Based on latest projections.*

Revenues:

Measure K Sales Tax Revenues:

Overall, Measure K revenues remain strong and continue to show growth each year. For Fiscal Year 2021-22, total actual revenues (including interest revenue) of \$6,384,327 were approximately 4% higher than the prior year. At this time, the estimate for Fiscal Year 2022-23 budgeted revenues is \$6,462,000, which is \$13,000 higher than the original projection. Staff is currently preparing a Fiscal

Year 2022-23 quarterly budget review (for Quarter 3) that will be presented to City Council in May, and Measure K budgeted revenues will be requested to be adjusted from \$6,449,000 to \$6,462,000 as part of the quarterly review.

Interest Earnings:

All City funds, including Measure K funds, earn interest annually. City funds are pooled and invested to maximize interest earnings. Funds are invested in compliance with the guidelines of the City’s Investment Policy, for which the main objectives are:

1. Preservation of capital and protection of investment principal;
2. Maintenance of sufficient liquidity to meet anticipated cash flows;
3. Attainment of a market value rate of return; and
4. Diversification to avoid incurring unreasonable market risks.

When accounting for cash, as mentioned above, the City uses a “pooled cash” concept for its funds. Interest earnings are allocated to each fund based on a pro-rata share of that fund’s monthly cash balance in relation to the balance of all cash in all City funds. As such, interest earnings have been recorded in the Measure K Fund based on this allocation method each year. Interest earnings, like sales tax revenues, roll into fund balance if not used during the year. Below is a summary of year-end cash balances and interest earnings in the Measure K Fund by fiscal year:

**Measure K Interest Earnings Summary
By Fiscal Year**

Fiscal Year	Ending Cash Balance	Interest Earnings
FY 2019-20	\$290,630*	\$407
FY 2020-21	\$4,790,265	\$13,456
FY 2021-22	\$10,045,095	\$22,961

**\$290,630 was received in June 2020. Therefore, interest revenue only includes one month of interest earnings.*

Investment earnings are dependent on market conditions. In recent years, the City’s investments have been earning approximately .5% - 1.5% annually. However, recently, during Fiscal Year 2022-23, the City has seen an increase in investment yields, due to market conditions. Therefore, for Fiscal Year 2022-23, an increase in overall interest earnings is expected.

Expenditures:

As the Committee will recall, for Fiscal Year 2021-22, five projects were approved for Measure K funding by the City Council. Now that the audit is complete for Fiscal Year 2021-22, updated actual expenditures are provided below, as follows:

**Measure K Expenditure Summary
Fiscal Year 2021-22
(Post Audit)**

Type of Expenditure	Budget	Actual	Difference
Transfer to Workers Compensation Fund (Financial Management)	\$500,000	\$500,000	\$0
Transfer to General Fund Reserves (Financial Management)	\$500,000	\$500,000	\$0
OnBase and Munis Upgrade (Infrastructure)	\$82,666	\$64,544	\$18,122
Mitel Phone Improvements (Infrastructure)	\$28,500	\$26,829*	\$1,671*
City Hall Wireless Access Points (Infrastructure)	\$48,500	\$14,427	\$34,073

* Additional expenditures of \$1,671 incurred in the subsequent year (FY 2022-23)

As the Committee will recall, any unused funds (i.e., actual expenditures are less than budget) will roll into reserves.

Fiscal Year 2022-23:

During the Measure K meeting in October 2022, an update was provided to the Committee regarding the status of budgeted expenditures for Fiscal Year 2022-23. As the Committee will recall, for Fiscal Year 2022-23, four projects were originally approved for Measure K funding by the City Council; however, during the Fiscal Year 2022-23 Budget process in June 2022, an alternative funding source was identified in the City's operating budget for the Annual Server Replacement Project for \$15,000 and the Storage Area Network Unit – City Hall Project for \$75,000, so these items were removed from Measure K. Below are the final expenditures approved by City Council for Measure K use during Fiscal Year 2022-23:

1. Transfer to Workers Compensation Fund - \$500,000
2. Transfer to General Fund Reserves - \$500,000

At this time, no new Measure K expenditures have been approved by the City Council. As discussed at the last Measure K meeting, the direction from City Council remains the same. Due to the unforeseen damage caused by debris flow within Monrovia Canyon Park in December 2021 and January 2022, and with the additional damage caused by the most recent rainstorms in December 2022 and January 2023, City Council has decided to hold off on appropriating any Measure K funding at this time. It is anticipated that the City Council will be discussing budget and finances in the upcoming months as part of the budget process.

Budget Calendar:

The preparation of the Fiscal Year 2023-25 Two-Year Citywide Budget is currently underway. To that end, attached to this report is a copy of the budget calendar, which includes dates for budget preparation, upcoming budget study sessions, and formal budget approval. Additionally, as outlined in the Measure K Financial Policy, City Council will review a Measure K Spending Plan two times a year. The Plan will then be presented to the Committee for review and comment. Below is a schedule for approval of the Spending Plan and subsequent presentation to the Committee:

Spending Plan Approval By City Council	Comments	Presentation to the Measure K Committee
June	The Measure K Spending Plan will be approved by City Council as part of the annual budget adoption in June.	September
February	The Measure K Spending Plan will be approved by City Council as part of the Mid-Year Budget Review in February.	March

ENVIRONMENTAL IMPACT: There is no environmental impact associated with this item.

FISCAL IMPACT: There is no fiscal impact associated with this item.

RECOMMENDATION: Receive and file this report.

COMMITTEE ACTION REQUIRED: If the Committee concurs, the appropriate action would be a motion to receive and file this report.

City of Monrovia - Budget Calendar

March 2023

February '23							April '23						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
			1	2	3	4							1
5	6	7	8	9	10	11	2	3	4	5	6	7	8
12	13	14	15	16	17	18	9	10	11	12	13	14	15
19	20	21	22	23	24	25	16	17	18	19	20	21	22
26	27	28					23	24	25	26	27	28	29
							30						

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
26	27	28 Budget Kickoff Meetings	1 Budget Kickoff Meetings	2 Budget Kickoff Meetings	3	4
5	6 Departments Prepare Operating Budgets and Review Fees and Charges	7	8	9	10	11
12	13 Departments Prepare Operating Budgets and Review Fees and Charges	14	15	16	17	18
19	20 Departments Prepare Operating Budgets and Review Fees and Charges	21	22	23	24	25
26	27 Departments Prepare Operating Budgets and Review Fees and Charges	28	29	30 Budget Worksheets Due From Departments	31	1
2	3	Notes				

City of Monrovia - Budget Calendar

April 2023

March '23							May '23						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
			1	2	3	4		1	2	3	4	5	6
5	6	7	8	9	10	11	7	8	9	10	11	12	13
12	13	14	15	16	17	18	14	15	16	17	18	19	20
19	20	21	22	23	24	25	21	22	23	24	25	26	27
26	27	28	29	30	31		28	29	30	31			

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
26	27	28	29	30	31	1
2	3 Department Meetings With City Manager	4	5	6	7	8
9	10 Department Meetings With City Manager	11 Measure K Citizen Advisory Committee Meeting City Hall - 7:00 pm	12	13	14	15
16	17 Departments Finalize Fees & Charges	18	19	20	21	22
23	24 Departments Finalize Fees & Charges	25	26	27 Fees & Charges Due From Departments	28	29
30	1	Notes				

City of Monrovia - Budget Calendar

May 2023

April '23							June '23							
S	M	T	W	T	F	S	S	M	T	W	T	F	S	
						1						1	2	3
2	3	4	5	6	7	8	4	5	6	7	8	9	10	
9	10	11	12	13	14	15	11	12	13	14	15	16	17	
16	17	18	19	20	21	22	18	19	20	21	22	23	24	
23	24	25	26	27	28	29	25	26	27	28	29	30		
						30								

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
30	1 Staff Continues to Compile Data and Prepare Schedules.	2 <i>Tentative:</i> FY 23-25 Study Session #1 (Review of CIP) FY 22-23 Quarter 3 Update	3	4	5	6
7	8 Staff Continues to Compile Data and Prepare Schedules.	9	10	11	12	13
14	15 Staff Continues to Compile Data and Prepare Schedules.	16 <i>Tentative:</i> FY 23-25 Study Session #2 (Review of Operating Budget and Fees & Charges)	17	18	19	20
21	22 Staff Continues to Compile Data and Prepare Schedules.	23	24	25	26	27
28	29 Memorial Day City Hall Closed	30	31	1	2	3
4	5	Notes				

City of Monrovia - Budget Calendar

June 2023

May '23							July '23						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
	1	2	3	4	5	6							1
7	8	9	10	11	12	13	2	3	4	5	6	7	8
14	15	16	17	18	19	20	9	10	11	12	13	14	15
21	22	23	24	25	26	27	16	17	18	19	20	21	22
28	29	30	31				23	24	25	26	27	28	29
							30	31					

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
28	29	30	31	1	2	3
4	5	6 <i>Tentative:</i> Formal Budget Approval (Includes Measure K Spending Plan) or 3rd Study Session, if Needed	7	8	9	10
11	12	13	14	15	16	17
18	19	20 <i>Tentative:</i> Formal Budget Approval if Not Approved on June 6	21	22	23	24
25	26	27	28	29	30	1
2	3	Notes: Measure K Spending Plans will be tentatively scheduled for approval by City Council in June (as part of the budget) for presentation to the Measure K Committee at September's meeting and in February for presentation to the Measure K Committee at March's meeting.				