

**TOWN OF FAIRFAX
STAFF REPORT**

To: Mayor, Members of the Town Council

**From: Michael Rock, Town Manager
Laurie Ireland-Ashley, Finance Director**

Date: February 16, 2011

Subject: Mid-Year Budget Review - Financial Statements and Disbursement Registers

RECOMMENDATION

Accept and file reports.

DISCUSSION

For your review within the following package the Financial Statements through December 31, 2010. The attached financial reports (Revenue & Expenditure Guidelines) summarize the Town of Fairfax Funds operating results for the period ending December 31, 2010. The monthly financial report is prepared on a "cash" basis. As a result, certain revenue and expenditure accounts may not reflect the actual month due to the timing of when revenue is received or expenditure is paid.

Revenues:

The adopted budget for the Town of Fairfax FY 10-11 was conservative overall in nature. This is serving us well in the current climate. Below is an explanation of certain revenue collection patterns.

Property Tax

The Town receives secured property tax from the County of Marin on a "teeter plan" basis with 55% payment in December, 45% in April, and 5% in June. Accordingly the Town received \$2,249,907 in December. This was (1.60%) below what was budgeted as the Property Tax basis was reassessed for the first time since the Depression. This equates to a year-to-date lower than projected amount of (\$25,224) for the General Fund, and a lower than annual projection of (\$45,862). For the six months ended December 31, 2010 the General Fund reported revenue of 26.79%. The Property Taxes were at 40.24%.

ERAF

The Town received the Educational Revenue Augmentation Fund (ERAF) in January which was 55% of the annual disbursement. This equates to a total expected revenue for ERAF of \$413,829 against a budgeted amount of \$446,325 resulting in lower than projected revenue of (\$32,496) for the year.

VLF & Triple Flip

The Town received the Triple Flip in January which was 50% of the annual disbursement. This equates to total expected revenue of \$115,488 against a budgeted amount of \$97,210 resulting in higher than projected revenue of \$18,278 for the year.

The Town received the VLF Swap in January which was 50% of the annual disbursement. This equates to total expected revenue of \$562,268 against a budgeted amount of \$499,918 resulting in higher than projected revenue of \$62,350 for the year.

Prop 172

The estimated \$48,000 that the Town receives for Prop172 was not included in the Adopted Budget FY10-11. Staff excluded these funds from the budget based upon the current climate of the State at budget time. However, the Town has been receiving the Prop 172 funds, \$26,182 to date, which is on target in comparison to last year. These funds are helping to offset other budgetary challenges.

Pension Fund

The Town received the Property Tax disbursement for the Pension Override Fund which was 55% of the annual disbursement. This tax is based upon the assessed value, so therefore it was lower than expected as well. This equates to a total expected revenue for Pension Override Fund of \$977,325 against a budgeted amount of \$1,029,717 resulting in lower than projected revenue of (\$52,392) for the year.

Investment Funds

In the budget the Town has a projected amount of interest income from our investments, in the amount of \$20,000 with LAIF and OPEB trust. The revenue was projected based upon the climate at the time of adoption. The climate continues to be in a conservative cycle, however by investing in the OPEB trust the Town has earned \$16,800 to date and projects to come in approx \$16,000 over budget if the investment trend continues for the year.

With all the revenue ups and downs, if everything continues as expected the net effect against the budgeted amount will be a higher than projected revenue of \$13,878 with the items detailed above

Expenditures

The mid-year major departmental expenditures to budget ratios are as follows:

- Town Council 51.6%
- Town Manager 55.7
- Town Clerk 52.7
- Finance 44.2
- Planning 53.5
- Building 46.6
- Police 56.1
- Fire 59.3
- Public Works 76.9
- Street Maintenance 52.7
- Park Maintenance 60.3
- Misc – Non-Departmental 57.3

Expenditures:

For the six months ended December 31, 2010 the General Fund reported expenditures of 51.58% which is as expected. The Check Register and EFT register are also attached. The largest single check disbursement was to RVFD for a total of \$142,494.00 for monthly expenditures.

Investments:

As of December 31, 2010, the balance in the Town's general checking account was \$257,919 and the balance in the Measure K checking account was \$34,396. The two Local Area Investment Funds (LAIF) accounts are interest bearing holding accounts for our general checking and Measure K funds. As of December 31, 2010, the general fund investment fund account had a balance of \$1,678,403 and the Measure K investment fund had a balance of \$50,000.