

**TOWN OF FAIRFAX  
STAFF REPORT**

**To: Mayor, Members of the Town Council**  
**From: Michael Rock, Town Manager  
Michael Vivrette, Finance Director**  
**Date: March 7, 2012**  
**Subject: 2011-12 Mid-Year Budget Review**

**RECOMMENDATION**

Accept and file reports.

**DISCUSSION**

Financial statements for the six months ended December 31, 2011 have been distributed with this agenda. This report reviews key FY 11-12 revenue and expenditure activity. No specific recommendations for adjustments to budget are recommended.

**Revenues:**

Property Taxes:

Net Secured Property Taxes: December property tax receipts were slightly higher than projected. The Teeter Plan distribution, projected to distribute 55% of the property tax, yielded 55.9% of budget, which is about \$17,200 more than was projected. The Town will collect another 40% in May and the remainder in July. The total Levy for 2011/12 is \$ 4,131,300 which is .37% or \$15,450 less than last fiscal year.

In addition, the property tax administration charges assessed by the County under Senate Bill 2557 are \$38,940 annualized, which is \$11,000 less than the amount charged last year is also good news for the Town.

ERAF: Finally, the Town receives secured property tax reimbursements from excess monies distributed under the Educational Revenue Augmentation Fund (ERAF) shifts from 1992-1994. Excess ERAF fund amounts received in January were \$207,716 representing 55% of the amounts we will receive under the Teeter formula. Total ERAF receipts are projected to be \$377,700 which will be \$28,700 (7.05%) less than budgeted.

Overall, staff projects that total secured property taxes will have no significant change from budget.

Source:	Projected Variance:
Net Secured Property Tax	+ \$17,200
Reduced Property Tax admin charge	+ \$11,000
ERAF distribution	(\$28,700)

**Sales Taxes:**

The Town has had five consecutive quarters of increased sales tax collections which is a hopeful sign the economy is improving. The Town sales tax receipts increased 16% from October – December 2010 to October - December 2011 compared to a 9.2% increase in sales tax receipts statewide. Budgeted sales tax receipts for this year, \$338,150 projected no increase in the budgeted receipts from last year's budget. If the 16% increase holds through June, the Town will exceed its budgeted sales tax revenue by \$28,000. Staff has included an attachment summarizing actual sales tax receipts and projections for the past five years.

In November, the Town passed a ½ percent increase in the sales tax rate which will take effect on sales after April 1, 2012. Revenues may increase accrued revenues for the quarter ended June 30, 2012, but the Town won't see any revenues from the measure until next fiscal 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 \$100,983 against a budgeted amount of \$97,210 resulting in higher than projected revenue of \$3,773 for the year.

The Town received the Property Tax in Lieu of VLF (Motor Vehicle License Fee Swap) in January which was 50% of the annual disbursement. This equates to total expected revenue of \$561,404 against a budgeted amount of \$562,268 resulting in lower than projected revenue of (\$864) for the year.

Source:	Projected Variance:
Sales Tax collections	+ \$28,000
VLF Swap distribution	+ \$ 3,773
Triple Flip distribution	(\$ 864)

**Expenditures:**

At mid-year, Town departments had spent \$3,596,112 which is 48.8% of budgeted expenditures.

Only four departments have exceeded 50% of budget at December 31:

- Finance 52.33%
- Public Works Administration 72.98%
- Street Maintenance 52.22%
- Misc – Non Departmental 56.31%

Last year, nine departments had expended over 50% of budget at December 31<sup>st</sup>.

Although there are adjustments to expenditure line items anticipated, all adjustments at this point are expected to be done within department budgets without need for additional funding.

**Attachments:**

- Sales Tax Distributions

**DISTRIBUTIONS FROM  
THE 1% LOCAL SALES AND USE TAX FUNDS**

MONTHLY DISTRIBUTION:		Year-to	Yr to Yr
Prior year	date	date	% chg
FY 11-12	318,719	366,363	14.95%
FY 10-11	314,020	318,719	1.50%
FY 09-10	340,830	314,020	-7.87%
FY 08-09	314,561	340,830	8.35%
FY 07-08	321,772	314,561	-2.24%

ADVANCES		Q1		Q2		Q3		Q4			
JULY	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
22,700	30,300	34,449	22,000	29,400	45,125	23,600	31,400	39,925	23,600	34,400	29,465
22,700	30,300	24,779	21,800	29,100	37,874	28,800	38,400	4,338	18,400	26,900	35,328
22,900	30,600	29,109	21,800	29,100	30,225	22,100	29,400	25,631	17,600	25,700	29,855
22,100	29,400	44,501	22,800	30,400	38,462	23,100	30,800	26,231	18,400	24,600	30,036
24,300	32,400	22,625	23,800	31,800	27,865	24,800	33,100	23,465	20,700	27,600	22,105

**SUMMARY BY QUARTER**

FY 11-12	318,719	183,074	
FY 10-11	314,220	318,719	1.43%
FY 09-10	340,030	314,220	-7.59%
FY 08-09	316,761	340,030	7.35%
FY 07-08	321,772	316,761	-1.56%

88,149	94,925	81,938	76,328
78,679	81,774	81,631	68,055
83,709	80,825	84,831	68,536
95,301	91,362	85,465	69,005
79,825	82,465		

**% CHANGE FROM PRIOR QUARTER**

FY 11-12			
FY 10-11			
FY 09-10			
FY 08-09			
FY 07-08			

15.49%	7.69%	0.20%	-6.85%
15.61%	3.93%	1.00%	-16.63%
22.14%	-3.45%	-7.15%	-19.21%
38.11%	-4.13%	3.64%	-19.26%
	3.31%		

**% CHANGE FROM PRIOR YEAR**

FY 11-12			
FY 10-11			
FY 09-10			
FY 08-09			
FY 07-08			

16.08%	0.38%	12.16%
1.17%	-3.77%	-0.70%
-11.53%	-0.74%	-0.68%
10.79%		