

**TOWN OF SAN ANSELMO**  
**STAFF REPORT**  
**January 14, 2013**

For the meeting of January 22, 2013

TO: Mayor and Members of the Town Council

FROM: Daria Carrillo, Finance & Admin Services Director

SUBJECT: 2012-2013 Mid-Year Budget Review

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**RECOMMENDATION**

That Council approve the attached resolution amending the 2012-2013 Budget.

**BACKGROUND**

On September 11, 2012, the Town Council approved Resolution No. 4003 adopting the 2012-2013 Budget. Since that time, new information has become available.

**MID YEAR BUDGET REVISION RECOMMENDATIONS**

- 1. Adjust the General Fund Streets and Engineering Budgets to account for a change in employee work assignment.**

An employee was originally budgeted in the Streets Department. Due to a modified work schedule as the result of an industrial injury, the employee has been working in the Engineering Department during this fiscal year, causing the Engineering Budget to be over spent and the Streets Department budget to be under spent in the areas of salaries and benefits. This adjustment will correct this situation and will have no effect on the ending fund balance.

- 2. Add expenditures and revenues related to the dual use facility at Memorial Park.**

Expenditures for work at Memorial Park related to flood prevention were not included in the General Fund Adopted Budget. Expenditures are expected to total \$90,000. The County of Marin will reimburse the Town for these expenditures, so there is no anticipated impact on the ending fund balance.

- 3. Increase the Police Department budget by \$223,163 for payments to employees as a result of the Police Department consolidation with Twin Cities Police Authority.**

This item is related to the payment of accrued Holiday Equivalent Paid Time Off which was paid to police employees in accordance with the agreement between the Town and the Twin Cities

Police Authority upon consolidation of the two agencies, as well as to payments made to the Police Chief as required by his contract.

These one time payments will reduce the General Fund ending fund balance by \$223,163.

**4. Adjust the Grant Fund as follows:**

- Remove the Street Light Efficiency Grant revenue in the amount of \$64,622. This revenue has been received and, as instructed by the Town's independent auditors, was recorded in the previous fiscal year. The expenditures for this grant were also recorded in the previous fiscal year.
- Add revenue in the amount of \$50,488 to reflect state revenue received for work completed in previous years for the Pedestrian Program and Safe Routes to School.
- Add expenditures for work completed on Sunnyhills Drive in the amount of \$109,803. Revenue in this amount has been received from Transportation Authority of Marin. It was originally expected that the work would be completed in the next fiscal year.

**5. Adjust the Emergency Fund as follows:**

- Add expenditures in the amount of \$77,730 for emergency work done at 437 Scenic Avenue.
- Add expenditures for \$8,520 for work paid to the FEMA consultant.
- Remove transfers in and payments related to the municipal lease, as these transactions will take place in the Municipal Lease fund. There is no impact to the ending balance as a result of this transaction.
- Add expenditures in the amount of \$175,000 for half of the anticipated payment regarding the settlement of a contract dispute. The other half of the payment is expected to be made in the next fiscal year.

The net result of these adjustments is that the balance in the Emergency Fund will be fully expended.

**FISCAL IMPACT OF MID-YEAR BUDGET CHANGE**

As a result of the above transactions, the General Fund ending fund balance is projected to be \$1,364,886. At the time the budget was adopted, the ending fund balance was projected to be \$1,422,509. This decrease of \$57,623 is due to the increase in police expenditures as explained above. The decrease is less than the amount of \$223,163 (the one time police expenditures related to leave buyout and severance pay noted above) because at the time the budget was adopted, the accounting for the 2011-2012 fiscal year had not yet been completed or audited and the ending balance for 2011-2012 was an estimate. When the 2011-2012 figures were finalized, the ending balance for 2011-2012 (which is the beginning balance for 2012-2013) was \$165,540 greater than expected. Please note that while the Town will likely be able to maintain a reserve as expressed in its reserve policy (10% of general fund expenditures and transfers out), the amount designated as contingency will be fully expended.

The Grant Fund's ending balance is projected to be \$43,190 as opposed to \$104,499 as presented in the Adopted Budget. This is a result of differences in timing of revenues and expenditures between past fiscal years, the current fiscal year and the next fiscal year.

The Emergency Fund will have a zero balance due to emergency work on Scenic Avenue and the lawsuit settlement.

To assist the Council in their deliberations, staff offers the following assessment regarding the Town's financial outlook for 2012-2013:

- **Excess Revenue Carryover:** Staff has reviewed revenue and expenditures to date and has projected estimates for the fiscal year end. Year-to-date figures indicate that General Fund revenues, aside from the items listed above, will likely meet budgeted amounts. Continued control on expenditures during the first half of the year has kept spending within budgeted limits.
- **Property Tax Revenue:** Property tax revenues, the Town's largest source of revenue, have been received as budgeted to date for this fiscal year. Supplemental property tax revenue, an indicator of growth, is essentially flat as compared with last year. Property taxes are not expected to substantially increase in the next fiscal year.
- **Employee compensation:** The employee portion of the PERS retirement rate will increase from 15.18% to 15.68% for Tier I Miscellaneous employees and from 10.24% to 10.78% for Tier 2 Miscellaneous employees in the next fiscal year. This represents an approximately 4% increase in retirement costs for non safety employees. As a result of the Police Department consolidation, the Town no longer has an active safety tier.
- **Emergency Fund:** As stated above, the Emergency Fund will not have a balance at the end of the current fiscal year. However, the Town is expected to settle a lawsuit that will result in approximately \$175,000 being paid in each of the current and next fiscal years.

## CONCLUSION

The Town has an adequate reserve available at this time for appropriation. Staff's recommendation for each of these mid-year appropriations is made from a sense of their specific necessity but also with a careful eye toward the needs of an uncertain future.

Respectfully submitted,



Daria Carrillo, Finance & Admin Services Director

**Attachment #1:** Resolution # \_\_\_\_\_, A Resolution of the Town Council of the Town of San Anselmo Amending the 2012-2013 Budget

# TOWN OF SAN ANSELMO

## RESOLUTION NO.

### A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF SAN ANSELMO AMENDING THE 2012-2013 BUDGET

**WHEREAS**, the Town Council adopted the 2012-2013 fiscal year budget by Resolution No. 4003 on September 11, 2012; and

**WHEREAS**, new information on projected revenues and expenditures has emerged since adoption of the 2012-2013 budget,

**NOW, THEREFORE, BE IT HEREBY RESOLVED** that the 2012-2013 budget be amended as follows:

#### **GENERAL FUND**

The revenue budget is hereby revised as follows:

Local Agency Revenue County of Marin	Increase by \$90,000 for Memorial Park reimbursements
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The expenditure budget is hereby revised as follows:

Streets Budget	Increase by \$90,000 for Memorial Park expenditures related to dual use facility
Police Department Budget	Increase by \$223,163 for leave buyout and severance payments as a result of police consolidation

#### **GRANT FUND**

The budget is hereby revised as follows:

Decrease to Revenue Budget:	Decrease by a net amount of \$14,134 by removing Street Light Efficiency Grant revenue received in the previous year and adding revenue received from the State of California reimbursing for work done in prior years
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Increase to Expenditure Budget: Increase by \$109,803 for road work done on Sunnyhills Drive

**EMERGENCY FUND**

The budget is hereby revised as follows:

Adjust for municipal lease payment: The \$158,517 debt service payment currently budgeted in the Emergency Fund will be made from the Municipal Lease Fund. The transfer from the general fund to fund the payment will be transferred to the Municipal Lease fund. The transfer and payments are properly budgeted in the Municipal Lease fund.

Increase to Expenditure Budget: Increase by \$77,730 for emergency work done at 437 Scenic Avenue

Increase by \$8,520 for payments to consultant working on FEMA claim

Increase by \$175,000 for half of anticipated legal settlement related to contract dispute

I hereby certify that the foregoing resolution was passed and adopted by the San Anselmo Town Council at a regular meeting thereof, held on the 22nd day of January, 2013, by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

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Kay Coleman, Mayor

ATTEST:

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Barbara Chambers, Town Clerk