



**CITY OF MARTINEZ**

**CITY COUNCIL AGENDA  
February 16, 2011**

**TO:** Mayor and City Council  
**FROM:** Cathy Spinella, Finance Manager  
**SUBJECT:** Mid-Year Financial Report for Fiscal Year 2010-11  
**DATE:** February 4, 2011

**RECOMMENDATION:**

Accept the Mid-Year Financial Report for Fiscal Year 2010-11 and approve the resolution to adopt adjustments presented in this report.

**BACKGROUND:**

The Budget Subcommittee reviewed this report at its meeting on February 3, 2011, and recommended forwarding to the full City Council for approval.

**Overview of 2010-11 Mid-Year General Fund Revenues**

Overall General Fund revenues are \$11,154 less than those at mid-year 2009-10 as shown in Table 1.

<b>MID YEAR REVIEW YEAR TO YEAR COMPARISON</b>					<i>Table 1</i>
	<b>Mid-Year 12/31/09</b>	<b>Mid-year 12/31/10</b>	<b>Dollar Variance</b>	<b>Percent Variance</b>	
<b>REVENUE</b>					
Property Taxes	\$ 3,665,206	\$ 3,604,814	(60,392)	-1.65%	
Sales Tax	1,159,803	1,302,544	142,741	12.31%	
Other Taxes	923,798	831,116	(92,682)	-10.03%	
Intergovernmental	171,320	190,010	18,691	10.91%	
Licenses, Permits & Fees	252,037	272,230	20,193	8.01%	
Charges for Services	235,338	177,207	(58,131)	-24.70%	
Fines and Forfeits	133,594	162,979	29,385	22.00%	
Use of Money & Property	51,579	35,358	(16,221)	-31.45%	
Miscellaneous	532,016	537,278	5,262	0.99%	
Sub-total	<u>7,124,691</u>	<u>7,113,536</u>	<u>(11,154)</u>	<u>-0.16%</u>	
Transfers In				-100.00%	
<b>TOTAL</b>	<b><u>\$ 7,124,691</u></b>	<b><u>\$ 7,113,536</u></b>	<b><u>\$ (11,154)</u></b>	<b><u>-0.16%</u></b>	

The major variances are in taxes. Property tax, the City’s single-highest source of General Fund revenue, is slightly less than at this time last year due to continuing falling home prices and reassessments of property values. This drop was accounted for in the budget adjustments in June. Sales tax revenues are up 12.31% from this time last year, primarily due to a major sales tax business returning to the City. Other taxes are down due to a drop in sales tax in-lieu which is calculated on prior year sales tax. Since sales tax was reduced last fiscal year due to a loss of a major sales tax producer, the City has a negative “true up” for this year to offset the loss. Charges for services are down 24.7% from last year, due to the closure of the Rankin swimming pool and a reduction in Public Works inspections. Use of money & property decreased 31.45% due to a continuing decline in investment earnings.

The Budget Subcommittee accepted staff’s recommended General Fund revenue revisions that total \$176,563, listed below and shown in Table 2:

- Increase Sales Tax by \$415,926.
- Decreases in Other Taxes of \$152,859 for Sales Tax In-lieu.
- Decrease Intergovernmental by \$87,256, of which \$21,500 is for a decline in Motor Vehicle License fees and \$65,756 in Public Safety Sales Tax.
- Decrease Licenses, Permits & Fees by \$80,000 for building permits.
- Decrease Charges for Services by \$133,235, including \$83,236 in Public Works inspection fees and \$50,000 in mitigation fees the City will not receive.
- Decrease Use of Money & Property by \$139,139 due to lowered interest earnings.

<b>MID YEAR REVIEW 2010 - 2011 GENERAL FUND REVENUES</b>					<i>Table 2</i>
	<b>Adopted Budget</b>	<b>Mid-year July-Dec</b>	<b>Percent Received</b>	<b>Proposed Budget Revisions</b>	<b>Revised Budget</b>
<b>REVENUE</b>					
Property Taxes	\$ 6,381,074	\$ 3,604,814	56.49%	(0)	\$ 6,381,074
Sales Tax	2,803,388	1,302,544	46.46%	415,926	3,219,314
Other Taxes	6,361,732	831,116	13.06%	(152,859)	6,208,873
Intergovernmental	729,806	190,010	26.04%	(87,256)	642,550
Licenses, Permits & Fees	526,655	272,230	51.69%	(80,000)	446,655
Charges for Services	632,641	177,207	28.01%	(133,235)	499,406
Fines and Forfeits	351,158	162,979	46.41%	(0)	351,158
Use of Money & Property	260,635	35,358	13.57%	(139,139)	121,496
Miscellaneous	589,548	537,278	91.13%	0	589,548
Sub-total	18,636,637	7,113,536	38.17%	(176,563)	18,460,074
Transfers In	210,331				210,331
<b>TOTAL</b>	<b>\$ 18,846,968</b>	<b>\$ 7,113,536</b>	<b>37.74%</b>	<b>\$ (176,563)</b>	<b>\$ 18,670,405</b>

### **Recommended General Fund Budget Adjustments**

The Budget Subcommittee also accepted staff’s recommended mid-year expenditure reductions of \$176,563 to offset diminishing revenues, with a further increase in expenditures of \$80,000 for legal costs. This has a net decrease in expenditures of \$96,563.

Table 3 highlights the FY 2010-11 mid-year expenditures and proposed adjustments by department.

**2010 - 2011 EXPENDITURE SUMMARY  
BY DEPARTMENT**

*Table 3*

Description	Adopted Budget	Mid-year Actuals	Percent Expended	Proposed Budget Revisions	Revised Budget
General Government	\$ 1,300,775	\$ 587,599	45%	(2,500)	\$ 1,298,275
Non-Departmental	1,098,648	423,963	39%	0	1,098,648
Admin Services	790,913	362,850	46%	(14,064)	776,849
Public Works	3,798,935	1,702,208	45%	(22,000)	3,776,935
Police	10,073,922	5,017,892	50%	(130,000)	9,943,922
Community Development	2,184,716	1,009,915	46%	(8,000)	2,176,716
Sub-total	19,247,909	9,104,427	47%	(176,564)	19,071,345
Transfers	473,605	23,605	5%	0	473,605
<b>Total</b>	<b>\$ 19,721,514</b>	<b>\$ 9,128,032</b>	<b>46%</b>	<b>\$ (176,564)</b>	<b>\$ 19,544,950</b>

Table 4 below illustrates the impact of the recommended mid-year revisions on the General Fund ending fund balance, which is estimated to be approximately \$2.96 million.

<b>Fund Balance</b>		<i>Table 4</i>
<b>Operating Revenues &amp; Expenditures</b>		
Beginning Fund Balance	\$	3,915,136
Revenues		18,797,684
Expenditures		(18,796,135)
Excess Revenue (Expenditures)	\$	1,549
Transfers Out per Adopted Budget		(16,605)
One-time Funding per Adopted Budget		(128,000)
Transfers Out-Lighting & Landscape		(7,000)
Transfers Out-EBRCSA Reserve		(371,400)
Debt Service-EBRCSA		(128,235)
Loan to Willows Theater forgiven		(40,000)
Marina Reconstruction Project		(184,000)
Contract legal fees		(80,000)
		(955,240)
Ending Fund Balance	\$	2,961,445

**FISCAL IMPACT:**

The budget amendments proposed for the General Fund include a reduction of \$80,000 from fund balance.

**ACTION:**

Motion adopting a resolution accepting the mid-year budget adjustments for Fiscal Year 2010-11.

Attachment: Resolution



**APPROVED BY:** City Manager

RESOLUTION NO. -11

APPROVING THE MID-YEAR ADJUSTMENTS TO THE ADOPTED BUDGET  
FOR THE 2010-2011 FISCAL YEAR

WHEREAS, in June 2009, the City Council adopted the Budget for the City of Martinez for Fiscal Years 2009-10 and 2010-11; and

WHEREAS, in June 2010, the City Council adopted certain amendments to the Fiscal Year 2010-11 Budget; and

WHEREAS, at mid-year, it is necessary to amend the budget to update certain general fund, special revenue fund and enterprise fund revenue projections and expenditures; and

WHEREAS, those changes to the 2010-11 Fiscal Year Budget have been described, including their fiscal impact, in the attached staff report.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Martinez adopts the revisions to the 2010-11 Fiscal Year Budget as provided for in the attached staff report.

\* \* \* \* \*

I HEREBY CERTIFY that the foregoing is a true and correct copy of a resolution duly adopted by the City Council of the City of Martinez at a Regular Meeting of said Council held on the 16th day of February, 2011, by the following vote:

AYES:

NOES:

ABSENT:

RICHARD G. HERNANDEZ, CITY CLERK  
CITY OF MARTINEZ