

“Placerville, a Unique Historical Past Forging into a Golden Future”



City Manager's Report
February 14, 2017, City Council Meeting
Prepared by: Dave Warren, Director of Finance
Item #: 8.4

Subject: Acknowledge and file the Measure J financial report for the quarter ended June 30, 2016.

Background:

In November 1998, Placerville voters approved Measure J which is a 0.25% add-on sales tax in addition to the 7.50% Bradley-Burns sales tax. The use of Measure J revenue is restricted to “Peace Officer Safety Services” such as the augmentation of base wages, any resulting increase in the cost of fringe benefits, and additional Police Officer programs that exceed the Fiscal Year 1997/1998 level. Section 6.A of City Ordinance number 1548 states, “Commencing the first Wednesday in November 1998, and then continuing every three months thereafter, a report detailing the use of all funds collected pursuant to this Ordinance shall be presented for review to the City Council.” Due to unforeseen workload impacts, the quarterly reports for Fiscal Year 2015/2016 have not been presented to the City Council. In an effort to get caught up and present this information in the most efficient and expeditious manner, staff has prepared a financial report that encompasses the entire Fiscal Year from of July 1, 2015 to June 30, 2016 (all four quarters), for the Council’s review tonight. Staff is committed to submitting future quarterly reports in a timely fashion.

Analysis:

Between July 1, 2014 and June 30, 2015, the City received \$925,621 in Measure J sales tax revenues. From July 1, 2015 to June 30, 2016, the City received \$925,511 which was \$110 or 0.01% less than what the City received during the same period last fiscal year. The \$110 decrease is another indication that the local economy has stabilized from the Great Recession and is now experiencing normal cyclical fluctuations. Measure J dollars are invested in the Local Agency Investment Fund or LAIF. As of June 30, 2016, Measure J dollars earned a 0.55% rate of return.

Currently, Measure J revenues are being used to primarily elevate sworn officer salaries to a more competitive level. For example, nineteen full-time sworn officer positions are partially funded by Measure J including twelve Police Officers, four Sergeants, two Commanders, and the Chief of Police. The Canine officer stipend and veterinary and training costs for the canine have historically been paid for by Measure J as well.

For the period of July 1, 2015 to June 30, 2016, Measure J operating expenditures and net transfers out totaled \$1,041,710 or \$115,521 more than operating revenues. The \$115,521 deficit

is primarily due to a planned \$77,131 inter-fund loan payment to the Reserve for Economic Uncertainties. The Operating Account had an ending balance of \$219,553 and the Reserves and Set-Asides Account had an ending balance of \$0 as of June 30, 2016. Attached are the revenue and expenditure reports for both the Operating Account and Reserves and Set-Asides account.

It's important to note that the City Council approved a \$137,318 inter-fund loan from the Reserve for Economic Uncertainties to the Measure J Fund at its regularly scheduled meeting held on October 25, 2011, to ensure the Measure J Fund was able to meet its cash flow obligations during Fiscal 2011/2012. As of June 30, 2016, the Measure J Fund has paid \$95,131 towards the loan leaving a \$42,187 balance which is planned to be paid back during Fiscal Year 2016/2017.

Staff is cautiously optimistic Measure J revenues will continue to operate within its means through June 30, 2017, based on the State Board of Equalization's latest statewide sales tax forecasts and local trends overall. The City secured funding from the El Dorado Union High School District to provide a part-time School Resource Officer assignment at El Dorado High School. These factors will help the City avoid having to dip into other reserves to maintain a balanced Measure J Fund Budget through June 30, 2017.

Options:

1. Acknowledge and file the report.
2. Do nothing.

Cost:

This is an informational item only, and there are no costs associated with the recommended action.

Budget Impact:

There are no budget impacts associated with the recommended action.

Recommendation:

Acknowledge and file the Measure J quarterly financial report for the period ended June 30, 2016.



M. Cleve Morris, City Manager



Dave Warren, Director of Finance

City of Placerville
Public Safety Augmentation (Measure J) Fund
Accounting of Revenues and Expenditures

Operating Account - Cash Basis

For all Measurable Transactions through June 30, 2016

Revenues:

Sales Tax	\$ 925,511
Interest	678
Other	-
Total Revenues	<u>926,189</u>

Expenditures:

Personnel	951,892
Materials and Services	3,394
1% Administrative Charge	<u>9,293</u>
Total Expenditures	<u>964,579</u>

Excess of revenues over (under) expenditures	<u>(38,390)</u>
--	-----------------

Other Financing Sources (Uses):

Transfers in	-
Transfers out	<u>(77,131)</u>
Total Other Financing Sources (Uses)	<u>(77,131)</u>

Excess of revenues and other financing sources over (under) expenditures and other financing uses	(115,521)
--	-----------

Fund Balances:

Beginning	<u>\$ 335,074</u>
Ending	<u><u>\$ 219,553</u></u>

City of Placerville
Public Safety Augmentation (Measure J) Fund
Accounting of Revenues and Expenditures
Reserves and Set-Asides - Cash Basis
For all Measurable Transactions through June 30, 2016

Revenues:

Interest	\$ -
Total Revenues	<u>-</u>

Expenditures:

-

Other Financing Sources (Uses):

Transfer in 10% Reserve	-
Transfer in New Hire Set-Asides	-
Transfer in 4% PERS Reserve	-
Transfer Out to Operating Account	-
Total Other Financing Sources (Uses)	<u>-</u>

Excess of revenues and other financing sources over
(under) expenditures and other financing uses

-

Reserve Balance:

Beginning	<u>-</u>
Ending	<u><u>\$ -</u></u>

Components of Ending Reserve Balance

10% Cash Reserve	\$ -
New Hire Set Aside Reserve	-
4% PERS Reserve	-
Total Reserves	<u><u>\$ -</u></u>