



Measure X Report
One Cent Transaction
& Use Tax

Five Months Ending
May 2018

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Five Month Measure X Report

As of May 2018

City of Wasco Municipal Code 3.14.150

Independent Financial Audit — By no later than December 31 of each year, the City's independent auditors shall complete a Transactions and Use Tax Ordinance Compliance and Internal Control Audit Report. Such report shall review whether the tax revenues collected pursuant to this ordinance are collected, managed and expended in accordance with the requirements of this ordinance.

This report is an interim report being produced in accordance with the Municipal Code in order to maintain transparency of maintaining the Measure X Fund.

Background

During the general election of November 2016, the citizens of the City of Wasco approved Measure X, a local one-cent Transaction and Use Tax (i.e. sales tax). As per the requirements of Measure X, the Measure X Sales Tax Oversight Committee was installed on June 5, 2017. Although Measure X tax revenues are legally general purpose funds, the City Council committed to dedicate Measure X funds primarily to public safety and road and lighting repairs.

Introduction

The Sales Tax Oversight Committee (the Committee) is charged with the responsibility to report to the City Council regarding the revenue and expenditures of the Local Sales Tax (also referred to as "Transaction and Use Tax"). The Committee consists of five members, all residents of the City of Wasco, appointed by the City Council.

The terms of the Wasco Sales Tax Oversight Committee members shall be for a period of four (4) years. Upon implementation, three of the Committee members shall serve an initial term of four (4) years, and two members shall serve an initial term of two (2) years. Upon completion of the two members serving the first two (2) year term, the subsequent term shall be four (4) years, thereby making each term served by any member a four (4) year term.

The Wasco Sales Tax Oversight Committee will meet at least annually. The committee will be subject to the provisions of the Ralph M. Brown Act. Meetings must be noticed and open to the public. Committee minutes and reports are a matter of public record, and may be posted on the City's website. Additional meetings may be scheduled as necessary. All committee members shall attend training and orientation prior to the first regular Wasco Sales Tax Oversight Committee meeting, including Brown Act training and AB1234 Ethics Training.

The Committee's function is strictly that of oversight. It is not within the purview of the Committee to direct staff, recommend any particular contracts, or define the scope of a project. These responsibilities remain under the authority of the City Council, City Manager, and City professional staff.

Summary of five months of activity Measure X Revenues and Expenditures

As a result of the passage of Measure X in November 2016, the increase in sales tax (1%, or one cent) took effect on April 1, 2017. The tables below reflect all revenues and expenses related to Measure X for the five-month period from January 1st through May 31, 2018.

Measure X Five Month Report Ending May 2018

Revenues:

REVENUES						
ACCOUNT PER	ACCOUNT NAME	JNL	SRC	EFF DATE	VENDOR NAME	AMOUNT
01 -100-30051 -20162	MEASURE X SALES TAX					
*6		549	CRP	1/3/2018	FINAN CASH RECEIPTS JOURNAL	\$ 336,009.57
*8		582	GEN	2/26/2018	JE-IP RECORD MEASURE X REV	115,400.00
*9		515	CRP	3/29/2018	STATE OF CALIFORNIA	81,500.00
*9		515	CRP	3/29/2018	STATE OF CALIFORNIA	207,869.73
*9		516	GEN	3/1/2018	JE-RDR CORRECTION S/B 20162	86,600.00
*10		485	CRP	4/26/2018	STATE OF CALIFORNIA	81,500.00
*11			CRP	5/29/2018	STATE OF CALIFORNIA	268,870.85
Total Revenues						\$ 1,177,750.15
January 1st to May 31, 2018						
July 1st through December 31, 2017						\$ 535,062.69
Fiscal Year 2016						\$ 86,350.67
Total of all Revenues Received						\$ 1,799,163.51

The revenues during this period at \$1.178 million were significantly higher than expected. Our sales tax consultants, HdL, projected an annual amount for this fiscal year of \$1.47 million. Within the last few days we received additional monies from the state at a much higher level than we anticipated, therefore our revenues are now above \$1.6 million for the current year. Total receipts since inception for this measure are now closing in at \$1.8 million level.

Expenditures:

EXPENDITURES						
ACCOUNT PER	ACCOUNT NAME	JNL	SRC	EFF DATE	VENDOR NAME	AMOUNT
01 -115-50012 -20162	ADMINISTRATION FEES					
*9		515	GEN	3/29/2018	STATE OF CALIFORNIA	\$ 1,490.00
*12			CRP	5/29/2018	STATE OF CALIFORNIA	3,520.00
01 -140-50232 -20162	TRAINING & SEMINARS					
*7		812	API	1/31/2018	KERN COUNTY SHERIFF	2,244.27
01 -140-50460 -20162	PROFESSIONAL SERVICES					
*6		445	API	12/20/2017	ARROYO ASSOCIATES	10,527.82
*10		551	API	4/30/2018	ARROYO ASSOCIATES	24,472.18
01 -140-52042 -20162	SMALL TOOLS & EQUIP-NONCAPITAL					
*9		482	API	3/31/2018	WATCHGUARD VIDEO	2,792.85
01 -130-80500 -20162	TRANSFER OUT - STREET					
*9		516	GEN	3/1/2018	JE-RDR FUNDS TRANSFER	400,000.00
*9		516	GEN	3/1/2018	JE-RDR CORRECT -WRONG ACCT	19,918.00
01 -130-80705 -20162	OPER. TRANS OUT- CIP					
*9		516	GEN	3/1/2018	JE-RDR FUNDS TRANSFER	500,000.00
01 -130-81461 -20162	TRANSFER OUT - CNG					
*9		519	GEN	3/19/2018	JE-RDR FUNDS TRANSFER	30,450.00
01 -130-81720 -20162	OPER TRANS OUT- SHERIFF					
*9		519	GEN	3/19/2018	JE-RDR FUNDS TRANSFER	200,000.00
Total Expenditures						\$ 1,195,415.12
July 1st through December 31, 2017						\$ 15,313.37
Fiscal Year 2016						\$ -
Total of all Expenditures Paid						\$ 1,210,728.49
Total unused funds available						\$ 588,435.02

The emphasis for expenditures was concentration on three major categories for the City. Those categories were Street Repairs (\$420,000), Street Construction (\$500,000) and the Sheriff's department (\$200,000). Fiscal year expenditures amounted to \$1.2 million. As of 2017-2018 fiscal there was a residual amount of \$588,000 that is being carried +9forward.

Measure X Five Month Report Ending May 2018

While there is still one more month left in the year, staff believes that there not be any significant activity that will change the year-to-date amounts listed in this report.

It is anticipated, as addressed in the Wasco Sales Tax Oversight Committee handbook, a complete external financial audit of Fiscal Year 2017/18 will occur by December 2018, which will include a review of Measure X. It is expected that the audit will received an “unqualified audit report”, which is the highest level that can be obtained from external auditors.

Funding for our capital project comes from several sources. Funds are transferred into this category from Grant Revenues, TDA Funds, Measure X and finally the General Fund.

2018-2019 Budget

<u>Account Name</u>	<u>Proposed Budget</u>	<u>Projected 2017-2018</u>	<u>2016-2017</u>	<u>Total</u>
MEASURE X - REVENUE	1,472,821	1,612,450	186,713	3,271,984
ADMINISTRATION FEES	4,000	11,658.37	1,490	17,148
PROFESSIONAL SERVICES	-	-	-	-
CAPITAL OUTLAY - PALM AVE	300,000	-	-	300,000
LEGAL FEES	-	42,175	-	42,175
TRANSFER OUT - STREET	200,000	419,918	-	619,918
OPER. TRANS OUT- CIP	800,000	500,000	-	1,300,000
TRANSFER OUT - CODE ENFORCE	50,000	-	-	50,000
TRANSFER OUT - CNG	12,400	30,450	-	42,850
OPER TRANS OUT- SHERIFF MEASURE X	400,000	205,037	-	605,037
NET Measure X	<u>(293,579)</u>	<u>403,212</u>	<u>185,223</u>	<u>294,856</u>
MEASURE X RESERVE	<u>294,856</u>			

There is an increase of \$200,000 in funding to the Sheriff's department in order to alleviate some of the burden that is occurring with general expenses in that category.

Capital Expenditures

Staff has determined that the following projects will be partially or fully funded by Measure X during the budget year:

- **-\$140k** Complete street improvements and landscaping on north side of Margalo St., east of Palm Ave..
- **-\$600k** Roadway rehabilitation and ADA improvements in the neighborhood around Westside Park.
- **-\$325k** Purchase and demolish house on Margalo/Palm.
- **-\$200k** General Street Repairs.

Measure X Five Month Report Ending May 2018

The costs for the year 2017-2018 through May 2018 are as follows:

Road Rehab Costs:

EFF DATE	VDR NAME/ITEM DESC	CHECK NO	AMOUNT	COMMENTS
05/22/2018	ENVIRONMENTAL CONCEPTS	15043	18,673.20	STREET STRIPING IN VARIOUS LOC
04/30/2018	ENVIRONMENTAL CONCEPTS	14946	298,576.54	SINGLE FIBERSEAL VARIOUS CITY
12/27/2017	ENVIRONMENTAL CONCEPTS	14246	116,394.67	VARIOUS STREETS REMOVE/REPLACE
01/17/2018	PALMETTO ENGINEER & LAND SURVEYING, INC.	14348	135.00	LOCAL ROAD REHABILITATION SURV
01/17/2018	PALMETTO ENGINEER & LAND SURVEYING, INC.	14348	270.00	ROADWAY FIBER SEAL SPECIFICATI
09/30/2017	KERN ASPHALT PAVING AND SEALING CO., INC	14817	7,511.00	ROADS REHAB., HAWTHORNE, CAMEL
07/31/2017	KERN ASPHALT PAVING AND SEALING CO., INC	14816	17,683.00	ROADS REHAB., HAWTHORNE, CAMEL
07/31/2017	BSK & ASSOCIATES, INC.	13483	107.00	CONSTRUCTION TESTING PALM, JAS
07/25/2017	KERN ASPHALT PAVING AND SEALING CO., INC	13365	200,979.70	JASMINE AREA LOCAL ROADS STREE
	TOTAL CAPITAL PURCHASES		<u>660,330.11</u>	
	Limitation of funds used from Measure X		<u>(105,729.97)</u>	
	Allowable Measure X Funding		<u><u>554,600.14</u></u>	

Repairs & Repair & Maintenance Costs:

EFF DATE	VDR NAME/ITEM DESC	CHECK NO	AMOUNT	COMMENTS
01/17/2018	ASBESTOS SERVICES INC	14358	6,800.00	ASBESTOS REMOVAL 28704 FILBURN
08/31/2017	GOLDEN STATE PERTERBILT	13745	131,973.20	10 WHEEL DUMP TRUCK
01/31/2018	TRAFFIC MANAGEMENT, INC.	14446	19,734.00	2018 NEW MESSAGE BOARD AND TRA
11/08/2017	PURCHASE FILBURN	N/A	153,000.00	RCRD PURCHASE OF 28704 FILBUR
11/28/2017	VSS EMULTECH	14101	1,763.25	450-GALLONS SS1 TACK OIL
11/28/2017	VULCAN MATERIALS COMPANY	14102	1,734.98	48 TONS OF COLD MIX PATCH MATE
11/28/2017	VULCAN MATERIALS COMPANY	14102	1,740.16	48 TONS OF COLD MIX PATCH MATE
10/17/2017	VULCAN MATERIALS COMPANY	13865	2,700.16	36-TONS COLD MIX
09/30/2017	VULCAN MATERIALS COMPANY	13809	345.21	ASPHALT AT 10TH & ADAMS STORM
09/28/2017	VSS EMULTECH	13777	429.40	SS1 TACK OIL
08/31/2017	VULCAN MATERIALS COMPANY	13653	5,569.78	75 TONE 3/8 COLD MIX, COUNTY Y
10/31/2017	DISPENSING TECH. CORP.	14021	8,950.67	CRACK SEALANT MATERIAL, AROUND
04/12/2018	DEPARTMENT OF TRANSPORTATION	14831	1,529.70	SIGNALS MAINTENANCE
01/09/2018	DEPARTMENT OF TRANSPORTATION	14301	1,697.07	SIGNALS MAINTENANCE
10/17/2017	DEPARTMENT OF TRANSPORTATION	13850	3,552.96	SIGNALS MAINTENANCE
07/31/2017	DEPARTMENT OF TRANSPORTATION	13680	3,272.82	SIGNALS MAINTENANCE
11/14/2017	DISPENSING TECH. CORP.	14038	20,524.50	STREET TACK POT FOR STREET REPAIR
	TOTAL REPAIRS & MAINTENANCE		<u>365,317.86</u>	
	Total Measure X Funding for Streets		<u><u>919,918.00</u></u>	

As of the 2018-2019 budget, there is expected to be a \$294,856 surplus based on our projected expenditures. As far as revenue, there is an uncertainty as to the amount we may receive in the future, since we were only projected to receive \$1.4 million in the current fiscal year. Due to this ambiguity, it was decided to conservatively budget an amount that was based on the projections from our sales tax consultant at HdL. Therefore, we budgeted 1.47 million for the new budget year.

In conclusion, we have been very fortunate in that we received substantially more than we expected, but at the same time our streets are in need of major reconstruction or replacement. This has allowed us an opportunity to allocate more funds to the sheriff, repairs and reconstruction. We expect to keep on this path in the next budget year.

Thank You.