

**MEASURE C OVERSIGHT COMMITTEE
JANUARY 24, 2023**

ITEM: 7.2

**FISCAL YEAR END JUNE 30, 2023 MEASURE C
FINANCIAL STATUS REPORT**

RECOMMENDATION: Receive Financial Status Report on Lathrop Public Safety and Essential City Services Transaction and Use Tax (Measure C) as of Fiscal Year Ending June 30, 2023

DISCUSSION:

The Measure C Oversight Committee was established in association with the adoption of the Lathrop Public Safety and Essential City Services Transaction and Use Tax (Measure C). The primary responsibility of this committee is to review the expenditure of revenues collected to determine that the funds have been expended in accordance with the general purpose defined in the Measure.

The Council amended Fiscal Year 2022/2023 budget projected Measure C revenues to be \$10.4 million and expenditures to be \$10.4 million. At the end of the fiscal year, actual revenues received came in at \$10.2 million or 98% of budget. Expenditures at the end of the fiscal year came in under budget at \$9.6 million or 93% of budget. The unspent funds will remain within the Measure C Fund and will be reported in the ending fund balance and made available for future programs or projects.

In Fiscal Year 2022/2023, Measure C funded the following programs/projects:

- Public Safety
 - 7.5 Police Positions
 - 2.5 Sworn Officers
 - 1 Sergeant
 - 2 School Resource Officer
 - 1 Detective
 - 1 Lieutenant
- Other Essential City Services
 - Parks and Recreation - Operation and Maintenance/Staffing of the Generations Center
 - Capital Improvement Projects
 - Crime Deterrent Cameras
 - Citywide Fiber Network
 - Upgrades to park facilities throughout the City
 - Upgrades to Milestone Manor Park
 - Installation of rubberized surface at various City Parks
- LMFD
 - 9 Firefighter Engineers
 - 1.98 Line Battalion Chiefs
 - 1 Deputy Fire Marshal

- Overtime to provide constant staffing at fire stations in the City of Lathrop

The financial implications associated with the recovering economy in a post pandemic environment remains unpredictable. Due to this unpredictability an adequate fund balance will become more important than ever to accurately fund the current needs funded through Measure C. In October 2010, the City Council adopted a Fund Balance Reserve Policy that applies to all City funds. Establishing a Fund Balance Reserve demonstrates sound fiscal awareness and responsibility. Both the Government Finance Officers Association (GFOA) and the California Society of Municipal Finance Officers (CSMFO) recommend the establishment of a formal policy regarding fund balances as a method to manage the fiscal risk associated with a local public agency. The City's Reserve Policy states that the acceptable reserve balance range is 10% to 50% of expenditures, with a primary goal of 50%. In addition, the City has an Equipment Replacement Reserve Fund that is used for large equipment replacement purchases.

To stay consistent with the City's current Reserve Policy, the Measure C Committee established a reserve account of 25% of operating revenues for the Measure C Fund. The reserve fund balance as of June 30, 2023 is:

Reserve Fund (25% of Expenditures)	\$	872,566
Equipment Replacement	\$	175,000

After the establishment of the Reserve Funds, the ending fund balance of Measure C as of June 30, 2023, is:

Measure C: Essential City Services	\$	5,064,617
Measure C: LMFD	\$	1,020,937

Measure C revenue is based entirely on sales tax collected via taxable sales within the City. Sales Tax can fluctuate drastically depending on the local economy. At any time, a new business may come into the City or a business may close. Because of this volatility, the City has continued to be conservative with its budget projections.

REASON FOR RECOMMENDATION:

In association with the Adoption of the Lathrop Public Safety and Essential City Services Transaction and Use Tax Measure (Measure C), the Measure C Oversight Committee will meet semi-annually to review the expenditure of revenue collected pursuant to the Measure.

ATTACHMENTS:

- A. Measure C: Essential City Services, Income Statement as of June 30, 2023

APPROVALS:



Cari James
Director of Finance

1/16/2024

Date



Thomas Hedegard
Deputy City Manager

1/17/2024

Date



Salvador V. Navarrete
City Attorney

1-18-2024

Date


FOR

Stephen J. Salvatore
City Manager

1/18/2024

Date

Income Statement
City of Lathrop
Essential City Services
Lathrop Public Safety and Essential City Services Transaction and Use Tax
Measure C
As of 06/30/2023
ATTACHMENT "A"

	<u>22/23 Adjusted</u> <u>Budget</u>	<u>Year to Date</u>	<u>% of</u> <u>Budget</u>
Revenue			
Essential City Services	6,252,000	6,014,482	96%
Interest Essential City Services		142,769	
Lathrop Manteca Fire District	4,168,000	4,009,654	96%
Interest LMFD		4,138	
Total Revenue	10,420,000	10,171,043	98%
Operating Expenditures			
Essential City Services			
Salaries (Generations Center)	420,401	419,516	100%
Operation & Maint (Generations Center)	285,013	218,437	77%
Capital Improvements	2,777,000	2,588,585	93%
Intergov Contract Service (Police)	2,628,500	2,119,326	81%
Indirect Costs	156,350	156,350	100%
Total Essential City Services Expenditures	6,267,264	5,502,214	88%
40% Transferred to LMFD			
Prior Yr Transfer		1,164,924	
HDL		156	
Pending payment		(1,006,726)	
Total Lathrop Manteca Fire District	4,168,000	4,168,005	100%
Net Changes in Fund Balance			
Essential City Services	(15,264)	655,036	
LMFD	-	(154,212)	
Total Net Changes in Fund Balance	(15,264)	500,824	
Beginning Fund Balance			
Essential City Services	5,457,147	5,457,147	
LMFD	1,175,149	1,175,149	
Total Net Changes in Fund Balance	6,632,296	6,632,296	
Reserve Funds			
Essential City Services Fund Balance Reserve	(872,566)	(872,566)	
Essential City Services Equip Replace Reserve	(175,000)	(175,000)	
Total Reserve Fund Balance	(1,047,566)	(1,047,566)	
Ending Fund Balance			
Essential City Services	4,394,317	5,064,617	
LMFD	1,175,149	1,020,937	
Net Surplus (Loss)	5,569,466	6,085,554	

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