

Annual Report

For the 2005-2006 Fiscal Year

Measure W Citizens Committee Review of Expenditures



This is the second report from the Measure W Citizens Oversight Committee. The report covers Fiscal Year 2005-06 which began July 1, 2005 and ended June 30, 2006. Measure W provides funding for Public Safety using a one quarter cent sales tax. The role of the Citizens Oversight Committee is to determine whether revenues and expenditures from Measure W are consistent with goals and plans presented to voters.

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The Citizens Committee received a briefing on the 2005-06 revenues in June 2006 and in November received audited financial reports for the entire 2005-06 fiscal year. Measure W funds were spent in the following manner:

- 71% was for staff being trained for or performing Measure W tasks;
- 17% was for training, equipment, and supplies; and
- 12% repayment of a loan from the City's General Fund to provide funding during 2004-05 for the operation of Fire Station 13.

After reviewing the audited financial reports and discussing the expenditures with the Fire Chief and Police Chief the Committee has determined that the expenses from the Measure W fund were for the purposes of enhancing public safety and were consistent with the purposes set forth in Measure W.

Measure W Citizens Oversight Committee

Chair David Jimenez	Vice-Chair Carole Murphy
Tony Washington	Ed Rishwain
Joe Curtis	Bob Wingo
Rod Mendoza	

Citizens Comments

To find out more about Measure W questions and comments are welcome:

Police 937-8217
email: police@ci.stockton.ca.us

Fire 937-8801
email: fire@ci.stockton.ca.us

Auditor's Comments

The Independent Auditor Report on Internal Control over Financial Reporting and on Compliance and Other Matters section of the auditor's report reached two conclusions:

- "We note no matters involving the internal controls over financial reporting and its operations that we consider to be material weaknesses."
- "The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards."

See detailed audit financial summary on page 4.

Measure W Tax Revenues Grow

The tax revenues from Measure W grew from \$1,047,510 in Fiscal Year 2004-05 to \$9,941,134. Only two payments had been received in 2004-05, because of the mid-year passage of Measure W. 2005-06 had a full year of payments. In fact, due to an accounting adjustment, 2005-06 had fourteen months of revenue. Future years will have the normal twelve months of payments.

The monthly average during 2005-06 was \$765,000. This amount will grow or shrink with the volume of sales tax expenditures within the boundaries of Stockton.

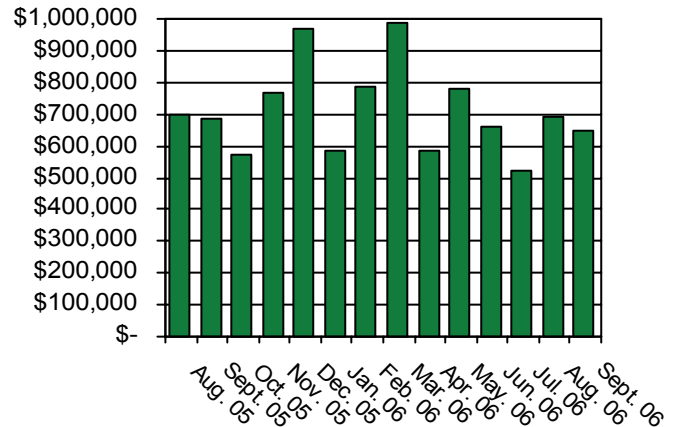
Measure W Fund Balance

The Measure W Fund (081) began July 2005 with a deficit of \$882,377. The deficit was the result of Measure W expenditures in Fiscal Year 2004-05 related to the opening of Fire Station 13 in Northeast Stockton and the number of months that the State Board of Equalization took to begin remitting Measure W Sales tax proceeds. The \$882,377 was resolved, temporarily, with a loan approved by the City Council in June of 2005 .

During 2005-06, \$9,941,134 was received from Sales Tax proceeds and an additional \$98,569 was received from interest related sources for a total revenue of \$10,039,703. This revenue was used to pay back the loan from the General Fund and pay for safety personnel and equipment with \$7,362,282 from the fund. The Measure W fund ended Fiscal Year 2005-06 with \$2,677,421.

One of the goals for the next three Fiscal Years is to accumulate a fund balance that would provide a reserve of 25% of the annual cost for Measure W expenses. The need to establish such a reserve is required by the Program Guidelines for Measure W, under the heading of *Economic Uncertainty Fund*.

Funds Received From Tax



Staffing During 05-06

During Fiscal Year 2005-06 the Police Department added eleven officers using Measure W funding. These officers joined the seven who were added in Fiscal Year 2004-05 for a total of eighteen by June 2006. Since the end of Fiscal Year 2005-06 the Police Department has added thirteen more officers and one lieutenant for the North Stockton area for a current total of thirty-two.

During Fiscal Year 2005-06 eight Measure W funded positions were added to the Fire Department. These new positions provide a portion of the staffing for the new Truck Company serving North Stockton. These eight positions join the nineteen positions added through Measure W during Fiscal Year 2004-05. The total Fire Department Measure W staffing is currently twenty-seven.

Fire Chief's Report



New Measure W positions have had a positive impact on the community. The explosive growth in North Stockton caused increased emergency response times for the fire stations and Truck Company located in the area.

The opening of Company 13 in Northeast Stockton has greatly reduced response times to that part of Stockton. Last year the new company responded to 1,078 emergency calls:

- 216 Fire Calls
- 678 Medical Calls
- 112 Vehicle Accidents
- 10 Rescue Calls (with persons trapped)
- 23 Hazardous Materials Calls
- 39 Other

In the same manner the addition of Truck 7 partially funded by Measure W revenue has enabled the Fire Department to adequately provide specialized truck coverage in the North Stockton area. Since the opening of the new truck company in April through June 30, 2006, Truck 7 responded to 175 emergency calls:

- 39 Fire Calls
- 82 Medical Calls
- 19 Vehicle Accidents
- 12 Rescue Calls (with persons trapped)
- 2 Hazardous Materials Calls
- 21 Other

A new Training Division position provides a comprehensive firefighter driver's safety program teaching Company Officers and Engineers (vehicle drivers) safe driving practices while responding to emergencies. The position funded by Measure W allows the Fire Department to provide safe driving practices training in an effort to meet our new goal of reducing vehicle accidents by 90%.

Measure W funding has made a clear positive impact on the ability of the Fire Department to better serve the community.

Ron Hittle, Fire Chief

Police Chief's Report



During the last half of 2005 the Police Department working with the City's Human Resources Department ramped up the Police Officer recruiting process to fill new positions made available by Measure W and normal vacancies among

General Funded positions. The first results of these efforts came during fiscal year 2005-06 as Officers graduated and were assigned to operating units.

Eighteen officers who are funded by Measure W are now assigned to the Field Operations Division and the majority are working Patrol assignments as Patrol Officers. In addition to their regular Patrol duties several of the officers whose positions were made possible by Measure W funding have specialized or extra duties.

- Two Officers are assigned to DUI enforcement positions
- One Officer is assigned to the Kentfield Action Team (KAT) as a Community Police Officer (CPO)
- One Police Officer is a SWAT Officer and also participates in the Department's Equestrian Program
- One of the new Officers regularly assists with recruitment efforts focusing on recruiting individuals exiting the military

After the close of Fiscal Year 2005-06, thirteen more officers were hired with Measure W funds and are currently in training. These will be assigned to Patrol duties as they complete their training.

Measure W provides funds for hiring and equipping added officers. The benefits of these added officers will become increasing apparent as the officers become familiar with their assignments and as the officers currently in training graduate and join them.

Wayne Hose, Police Chief

External Audit Report 2005-06

Measure W requires that an independent financial audit be performed on Measure W expenditures. For 2005-06 the City again retained the firm of Macias Gini & O'Connell, LLP to perform the review. The *Schedule of Revenues, Expenditures and Changes in Fund Balance-Measure W Public Safety Tax Fund for the year ended June 30, 2006* is presented below:

	Police	Fire	Other	Total
Revenues:				
Sales and Use Tax - Measure W	\$ 4,970,567	\$ 4,970,567	\$ -	\$ 9,941,134
Interest income	-	-	44,050	44,050
Net increase in fair value of investment	-	-	2,779	2,779
Refunds and reimbursements	-	-	51,740	51,740
Total revenues	4,970,567	4,970,567	98,569	10,039,703
Expenditures - Public Safety:				
Payroll:				
Salaries	954,092	1,701,332	-	2,655,424
Benefits	908,211	1,640,575	-	2,548,786
	1,862,303	3,341,907	-	5,204,210
Products and Services Purchased:				
Liability insurance	30,404	58,410	-	88,814
Patrol fleet changes	198,346	46,826	-	245,172
Lie detector tests	18,363	-	-	18,363
Psychological tests	31,345	6,825	-	38,170
Physical examinations	19,492	15,469	-	34,961
Credit checks	595	-	-	595
Duty weapon, accessories, helmet	49,688	-	-	49,688
Academy uniforms	4,748	-	-	4,748
Bomb trailer parts	1,812	-	-	1,812
Bike patrol equipment	7,339	-	-	7,339
Body armor	10,234	-	-	10,234
Name tags	233	-	-	233
Radio microphone	2,002	-	-	2,002
Restraints	7,542	-	-	7,542
Ammunition	7,451	-	-	7,451
Duty weapon, accessories	5,756	-	-	5,756
Shotguns	5,279	-	-	5,279
Badges	1,572	-	-	1,572
Non-lethal weapon	23,472	-	-	23,472
Officer equip: flashlights, batons helmets, and handcuffs	23,530	-	-	23,530
Rifles	10,675	-	-	10,675
Reimburse officer for training cost	44,189	-	-	44,189
Academy tuition	18,000	-	-	18,000
Housing/food for academy	121,561	-	-	121,561
Fire fighter recruitment advertising	-	133	-	133
Preemployment physical	-	393	-	393
Helmets and shields	-	745	-	745
Radio equipment	-	13,385	-	13,385
	643,628	142,186	-	785,814
Total expenditures	2,505,931	3,484,093	-	5,990,024
Excess of revenues over expenditures	2,464,636	1,486,474	98,569	4,049,679
Other Financing Uses:				
Transfer Out - City Central Garage Internal Service Fund	(308,769)	-	-	(308,769)
Transfer Out - City Radio Equipment Internal Service Fund	(181,112)	-	-	(181,112)
Total transfers out	(489,881)	-	-	(489,881)
Net Change in Fund Balance	1,974,755	1,486,474	98,569	3,559,798
Fund Balance, Beginning of the Year	355,382	(1,235,757)	(2,002)	(882,377)
Fund Balance, End of the Year	\$ 2,330,137	\$ 250,717	\$ 96,567	\$ 2,677,421