

**RESOLUTION NO. 2016-011**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALISTOGA, COUNTY OF NAPA, STATE OF CALIFORNIA, AUTHORIZING THE ACCEPTANCE OF THE SPECIAL GAS TAX STREET IMPROVEMENT FUND AUDIT FOR PERIOD OF JULY 1, 2007 THROUGH JUNE 30, 2014 AND APPROPRIATE FROM THE UNENCUMBERED SPECIAL GAS TAX STREET IMPROVEMENT FUND BALANCE THE AMOUNT OF \$44,919.82 TO THE STATE CONTROLLER'S OFFICE FOR TRAFFIC CONGESTION RELIEF FUNDS FOR FISCAL YEAR 2008-09 AND A TRANSFER FROM THE UNAPPROPRIATED GENERAL FUND TO THE SPECIAL GAS TAX STREET IMPROVEMENT FUND FOR AN AMOUNT OF \$5,021.22 FOR A DEFICIT BALANCE FOR FISCAL YEAR 2006-2007.**

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**WHEREAS**, the State apportions funds monthly from the highway users tax account within the transportation tax fund to cities and counties for the construction, maintenance and operation of local streets and roads and;

**WHEREAS**, the highway users taxes are derived from state taxes on the sale of motor vehicle fuel; and

**WHEREAS**, in accordance with Streets and Highways Code Section 2101 and Article XIX of the California Constitution, all apportionments of highway users taxes to cities must be deposited in the city's gas tax fund (also known as the Special Gas Tax Street Improvement Fund) and must be expended only for street-related purposes; and

**WHEREAS**, Chapter 91, Statutes of 2000 (Assembly Bill 2928) as amended by Chapter 656, Statutes of 2000 (Senate Bill 1662) established a Traffic Congestion Relief Fund (TCRF) in the State Treasury for allocating funds quarterly to cities and counties for street or road maintenance, reconstruction and storm damage repair; and

**WHEREAS**, during the week of March 23, 2015 Jason Fong from the State Controllers' Office did a City audit on the use of Proposition 1B, gas tax funds and traffic congestion relief funds for the time period of July 1, 2007 through June 30, 2014; to determine conformance with Government Auditing Standards; and

**WHEREAS**, Mr. Fong from the State Controllers' office has made the following findings:

1. Finding 1: Maintenance of effort (MOE) requirement was not met. In Fiscal Year 2008-09, the City received TCRF allocation in the amount of \$44,919.82. However, the City did not meet the three year average requirement of the MOE agreement concerning expenditures of TCRF Funds. The City's MOE level was \$272,062 but the City only expended \$181,639 of discretionary funds for street report, resulting in a shortfall of \$90,369.
2. Finding 2: Negative fund balance. As of July 1, 2007 the beginning fund

balance in the Special Tax Gas Street Improvement Fund was a deficit of \$5,021.22. The practice of funding one fiscal year's activities with Highway Users Tax apportionments of the following fiscal year is in violation of Article 16, Section 18 of the California Constitution and is contrary to established municipal budgetary and accounting principles. As a result the deficit balance of \$5,021.22 is disallowed.

**NOW, THEREFORE, BE IT RESOLVED** that based upon the above findings, authorizes the Interim City Manager return the \$44,919.82 to the State Controller's Office for reallocation to other cities and counties under account 21-4122-4402 and transfer \$5,021.22 from the unappropriated general fund account 01-4700-4799 to the Special Gas Tax Improvement fund account 21-3299.

**PASSED, APPROVED AND ADOPTED** by the City Council of the City of Calistoga at a regular meeting held this 2<sup>nd</sup> day of February, 2016, by the following vote:

**AYES:** Councilmembers Kraus, Barnes and Lopez-Ortega,  
Vice Mayor Dunsford and Mayor Canning  
**NOES:** None  
**ABSENT:** None  
**ABSTAIN:** None

  
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**CHRIS CANNING, Mayor**

**ATTEST:**

  
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**KATHY FLANSON, City Clerk**