CITY OF OXNARD CALIFORNIA

Written materials relating to an item on this agenda that are distributed to the legislative body within 72 hours before the item is to be considered at its meeting will be made available for public inspection at the City Clerk's Office, 300 West Third Street 4th Floor during customary business hours. Agenda reports are also on the City of Oxnard website at www.oxnard.org.

AGENDA
Measure O Citizen Oversight Committee
Regular Meeting
Council Chambers, 305 West Third Street
Oxnard, CA 93030

July 25, 2019
5:30 p.m.

A. Roll Call/Posting of the Agenda

B. Pledge of Allegiance

C. Public Comments

At this time, the Committee will consider public comments for a maximum of fifteen minutes. A person may address the Committee only on matters not appearing on the agenda and within the subject matter jurisdiction of the Committee. The presiding officer may limit public comments to three minutes per person.

D. Approval of Minutes
1. SUBJECT: Approval of the minutes of May 6, 2019
RECOMMENDATION: Approve.

E. Presentations
1. SUBJECT: Measure O Independent Accountant's Report on Applying Agreed Upon Procedures for FY 2017-18
RECOMMEDNATION: Receive and file report.
2. SUBJECT: Review of Measure O Appropriations for Fiscal Year 2019-2020
RECOMMENDATION: Receive and file presentation.

F. Future Agenda Items

G. Adjournment to Thursday, October 24, 2019 at 5:30 p.m.

In compliance with the Americans with Disabilities Act, if you require special assistance to participate in a meeting, please contact Sarah Rowley, City Manager's Office at (805) 385-7443. Notice at least 72 hours prior to the meeting will enable the City to reasonably arrange for your accessibility to the meeting.

MINUTES

Measure O Citizen Oversight Committee
Special Meeting
May 6, 2019

A. ROLL CALL

At 5:30 p.m., the special meeting of the Measure O Citizen Oversight Committee convened in the Council Chambers. Commissioners Deirdre Frank; Nancy Lindholm; Ruby Durias; Joe Munoz; and Len Shulman were present. Commissioners Kay Brainard; David Garcia; and Juan Reynoso were absent. The Recording Secretary stated that the agenda was posted on Tuesday, April 30 2019, at City Hall and the Public Library. Chair Frank presided and called the meeting to order. Staff members present were: Alexander Nguyen, City Manager; Shiri Klima, Deputy City Manager; Sarah Rowley, Recording Secretary; Luly López, Recording Secretary; Terrel Harrison, Cultural and Community Services Director; Emilio Ramirez, Housing Director; Kevin Riper, Chief Financial Officer; Darwin Base, Fire Chief; Jeffrey Lambert, Community Development Director; Donna Ventura, Assistant Chief Financial Officer; Stephen Fischer, City Attorney; Renee Rakestraw, Recreation Supervisor; Brian Yanez, Assistant Public Works Director; Jason Benites, Assistant Police Chief; Rosemarie Gaglione, Public Works Director; and Keith Brooks, Information Technology Director.

B. PLEDGE OF ALLEGIANCE

The flag salute was followed by a moment of silence.

C. PUBLIC COMMENTS

There were no public comments.

D. APPROVAL OF MINUTES

1. SUBJECT: Approval of minutes of January 24, 2019
   RECOMMENDATION: Approve.
   ACTION: Commissioner Durias moved approval as recommended. Commissioner Lindholm seconded, and the motion carried 5-0.

E. PRESENTATIONS

1. SUBJECT: General Fund Year-End Estimates 2018-2019 and Preliminary Base 2019-2020
   RECOMMENDATION: Receive and file presentation.
   ACTION: None

2. SUBJECT: Review of Measure O Appropriations for Fiscal Year 2018-2019 and 2019-2020
   RECOMMENDATION: Receive and file presentation.
   ACTION: None.

F. New Business

1. SUBJECT: Audits of Measure O
   RECOMMENDATION: The City will audit Measure O with the CAFR for approximately $10,000 annually. Provide direction to staff regarding need for 2017-2018 retroactive audit for additional $15,000.
   ACTION: Commissioner Frank moved approval to spend $15,000 for the retroactive audit and to include the pro-forma in the CAFR for $10,000 annually. Commissioner Shulman seconded and, the motion carried 5-0.

G. FUTURE AGENDA ITEMS

H. ADJOURNMENT

At 6:46 p.m., the Measure O Citizen Oversight Committee concurred to adjourn the meeting.

CITY OF OXNARD CALIFORNIA

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

MEASURE O
REVENUES AND EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 2018

EADIE + PAYNE LLP
Celebrating a Century of Quality Service

CITY OF OXNARD

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& Business Advisors

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Honorable Members of the City Council
City of Oxnard
Oxnard, California

We have performed the procedures enumerated below, which were agreed to by the City of Oxnard, solely to assist you in determining that revenues were collected in accordance with Measure O and expenditures were spent in accordance with Measure O for the year ended June 30, 2018. The City of Oxnard's management is responsible for the accounting records and preparation of financial statements pertaining to Measure O. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which the report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. Obtained from the City of Oxnard applicable Measure O compliance requirements, including City ordinances, resolutions, and memoranda.

   We obtained City Council Ordinance No. 2779, An Uncodified Ordinance of the City Council of the City of Oxnard Adopting the "Vital City Services Transactions (Sales) and Use Tax" to Sunset in Twenty Years with Citizen Oversight and Independent Annual Financial Audits, to be Administered by the State Board of Equalization, adopted on July 8, 2008. According to the ordinance, the purpose of Measure O is to protect, maintain, and enhance vital city services by imposing a general purpose retail transactions and use tax of one-half cent.

In addition, the amount generated by Measure O and how the revenues are used shall be included in the annual audit of the City. The estimated revenue and proposed use of funds shall be an integral part of the City's budget and strategic planning process, and significant opportunities will be provided for meaningful participation by citizens in determining priority use of these funds. The City shall provide an Annual Community Report detailing how much revenue has been generated and how the funds have been used, and a Citizen Oversight Committee is to meet bi-annually to review and discuss the use of revenues.

Measure O was approved by voters on November 4, 2008 “to protect, maintain, and enhance vital city services including police, fire and emergency response, increasing street paving and sidewalk/pothole repair to improve traffic flow, expanding youth recreation, after-school and anti-gang prevention programs, acquiring property for parks/open space preservation, upgrading storm water drains, improving senior services, increasing building code compliance, and other general city services."

We obtained Resolution No. 13,776, A Resolution of the City Council of the City of Oxnard Relating to the Establishment of a Measure O Citizen Oversight Committee, adopted on March 2, 2010. The resolution established a Committee on Measure O composed of 9 members with the following powers and duties:

(a) Review the use of Measure O revenues in conformance with allocations approved by the City Council.

(b) Serve as a liaison between the City Council and the community in matters related to Measure O issues.

(c) Receive, review and recommend action on independent financial audit related to Measure O.

(d) Receive, review, and recommend action on periodic reports and studies on the collection and use of Measure O sales tax responsible agencies.

(e) Present Committee recommendations, findings, and requests to the City Council and public in a formal audit report.

2. We gained an understanding of the City of Oxnard’s internal control structure relating to Measure O’s transactions.

   We interviewed key personnel of the City's finance department to gain an understanding of the City's internal control structure relating to Measure O, including individuals responsible for accounting, budget, payroll and purchasing functions.

Measure O revenues mainly consist of transactions and use tax and are collected by the California Department of Tax and Fee Administration (CDTFA) in the same manner as the State sales and use tax. The CDTFA remits the funds to the City monthly. Measure O revenues are credited when received to Fund 104. Fund 104 is segregated from other funds of the City. Interest income is allocated on a quarterly basis based on the fund's average cash balance for the quarter.

Measure O expenditures are subject to the same approval process as all City procurement and disbursement transactions. Once a vendor has been selected through an informal bid process, a requisition and supporting documentation is sent to Purchasing for review. If a vendor is selected through a formal bid process, the Purchasing Division prepares the purchase order. The purchase order is then approved by the Purchasing Agent or City Manager before being returned to the department for disbursement to the vendor.

Prior to disbursements, the budget division of the finance department ensures there are sufficient budget appropriations. When a fund has insufficient budgets, an adjustment to the fund budget must be approved by City Council. When projects within the fund have insufficient budgets, the City Manager is authorized to approve an Administrative Budget Adjustment to move available funds from one project to another within the fund.

In the same manner, the payroll expenses charged to Measure O go through the same process as payroll expenses charged to other funds. The City's budget adopted for each fiscal year includes a number of full-time equivalent staffing that would be funded by Measure O revenue. The personnel action forms that reflect such fund allocation are submitted to Human Resources and Finance departments and eventually entered to the payroll system. Changes to personnel action forms are approved by Human Resources and/or the City Manager.

The budget division of the finance department provides monthly budget to actual reports for each project and ensures they are available for use by project managers and the City Manager. The budget division of the finance department reconciles Measure O project budget reports to ensure all project expenditures are recorded against the budget.

3. We obtained the Measure O revenues and expenditures of the City of Oxnard for the fiscal year ended June 30, 2018, and tied the amounts to the fund trial balance generated from HTE general ledger system.

Measure O Revenues and Expenditures For the year ended June 30, 2018
For the year ended June 30, 2018

Beginning Committed Fund Balance	$	10,480,885
Revenues:		
Half Cent Sales Tax		13,753,704
General Fund Loan Payment		1,875,689
Interest Income		95,213
Total Revenues	$	15,724,606
Expenditures by Program:		
Public Safety & Gang Prevention	$	8,650,972
Traffic & Road Improvements		6,639
Parks & Open Space		1,264,191
Other Community Improvements		1,777,184
Transfer to Internal Service Fund		1,844,243
Total Expenditures	$	13,543,229
Net Annual Activity	$	2,181,377
Ending Committed Fund Balance	$	12,662,262

a. Measure O expenditures as a percentage of the total revenues was 86%.
b. The excess of revenues over expenditures and transfers of $2,181,377 increased the committed fund balance to $12,662,262.
c. Ending committed fund balance is encumbered by a year-end carryover amount of $2,413,590, which is primarily for construction in progress.
d. The beginning and ending committed fund balances were agreed to the City's Comprehensive Annual Financial Reports for the years ended June 30, 2017 and 2018, respectively.

4. We obtained the approved budget for Measure O for the fiscal year ended June 30, 2018.

   See Exhibit 1, 2 and 3 for additional detail. The City's original budget for Measure O amounted to $12,985,871. The budget was increased to $15,575,486 through budget adjustments approved by City Council during the fiscal year.

5. We prepared a budget to actual comparison for the fiscal year and inquired of management as to the nature of significant budget variances.

Below is the budget to actual comparison.

Revenues:	Adopted Budget	Final Budget	Actual	Variance
Half Cent Sales Tax	$ 14,033,000	$ 14,033,000	$13,753,704	$ (279,296)
General Fund Loan Payment	1,875,688	1,875,688	1,875,689	1
Interest Income	44,493	44,493	95,213	50,720
Total Revenues	$ 15,953,181	$ 15,953,181	$15,724,606	$ (228,575)
Expenditures by Category:				
Public Safety & Gang Prevention	$ 8,755,918	$ 8,684,987	$ 8,650,972	$ 34,015
Traffic & Road Improvements	3,675	6,639	6,639	-
Parks & Open Space	1,087,453	1,360,499	1,264,191	96,308
Other Community Improvements	1,300,116	3,684,652	1,777,184	1,907,468
Transfer to Internal Service Fund	1,838,709	1,838,709	1,844,243	(5,534)
Total Expenditures	$ 12,985,871	$ 15,575,486	$13,543,229	$ 2,032,257
Net Annual Activity	$ 2,967,310	$ 377,695	$ 2,181,377	$ 1,803,682

a. We noted two projects, MO2201 and MO5701, that respectively went over budget by $200,443.38 and $202,563.39 during the fiscal year. However, the Measure O fund as a whole remained within its budget. Per City's financial management policies, budget adjustments between projects within a fund are considered administrative adjustments that the City Manager is authorized to make. Only increases and decreases to the overall fund budget requires City Council approval.

6. We obtained the Measure O transactions and use tax remittances for the fiscal year. The Measure O transactions and use tax revenue reported in the Measure O revenues and expenditures in the amount of $13,753,704 agreed to the remittances from the State of California.

7. We reviewed the interest allocation schedule for the fiscal year and determined that the interest allocation for Measure O fund was reasonable.

8. We obtained a detail of payroll expenditures and selected a sample of expenditures for testing (payroll made up 50% of total expenditures).

   For items selected, we tested allocations of time charged to Measure O and noted if each allocation was reasonable and authorized. Based on a sample of 40 individuals, we noted two exceptions for which no documentation was available authorizing the allocation of their wages to Measure O.

9. We obtained a detail of expenditures and tested debt service payments, capital outlay and transfers, and a sample of contracts. For the items selected, we compared the dollar amount listed on the general ledger to the supporting documentation and noted that the projects were included in the budget and we determined them to be allowable costs.

The following non-payroll expenditures were tested:

Expenditures – Measure O	Expenditures	Amounts Examined	Percentage
Capital Outlay	$ 669,962	$ 363,251	54%
Indirect Prorated Cost	541,127	29,445	5%
Interest	608,242	608,242	100%
Liability Insurance Charges	98,149	-	0%
Office Expenses	732,727	35,171	5%
Principal	715,000	715,000	100%
Professional Services	1,067,097	594,202	56%
Transfers	1,844,243	1,844,243	100%
Total Measure O Expenditures	$ 6,276,547	$ 4,189,554	67%

10. We inquired of management as to the nature of any transfers in or out in the Measure O fund. For any transfers out, we determined if the nature of the transfers was included in the budget or was approved by the City Council.

    We found that transfers out were to the internal service fund for debt service payments related to the Fire Station Lease. These payments were properly included in the budget and approved. There was an additional transfer out in the amount of $5,534, which was to cover Measure O's allocated share of negative cash balance in the internal service fund at year-end.

11. We inquired of management as to the amount of general or non-project related indirect costs, if any, included in expenditures. Indirect costs identified were determined to be included in the budget.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on Measure O Revenues and Expenditures. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the City of Oxnard and is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Eadie and Payne LLP

July 15, 2019
Riverside, California

Exhibit 1: Measure O Budget FY 2017-18 – Full Time Equivalent Staffing

	17-18 Adopted
RECREATION AND YOUTH	
Administrative Assistant	1.00
Management Analyst I/II	1.00
Recreation/Human Services Coordinator	1.00
Recreation/Human Services Leader I (LimitedTerm)	1.00
Recreation/Human Services Leader II (LimitedTerm)	3.00
Recreation/Human Services Leader III (LimitedTerm)	10.00
Library Aide I/II	0.50
Total FTE	**17.50**
PARKS AND OPEN SPACE	
Groundsworker I/II	2.00
Senior Groundsworker	1.00
Total FTE	**3.00**
PUBLIC SAFETY & GANG PREV.	
Computer Network Engineer I/II	3.00
Fire Captain	6.00
Fire Engineer	6.00
Firefighter	9.00
Police Officer I/II	14.00
Police Officer III	1.00
Police Sergeant	1.00
Total FTE	**40.00**
MEASURE O TOTAL	**60.50**

Exhibit 2: Measure O Budget FY 2017-18 - Programs

Programs	Adopted FY17-18
CAD/RMS Operational	800,000
City Corps Townkeeper Program	550,000
Enhance Community Police	2,800,000
Fire Station 8 Lease Debt	1,355,918
Fire Station 8 Operations	3,800,000
Fire Truck Lease 2013	169,182
Public Safety & Gang Prevention Intervention Total	**9,475,100**
2014 Lease Revenue Street Bond	1,673,202
Alley Reconstruction and Roadway Repair	500,000
Traffic & Road Improvements Total	**2,173,202**
College Park Annual Maintenance	500,000
College Park Program	155,000
Day at the Park-Special Needs	17,453
East Village Park Maintenance	100,000
Homework Center Main Library	41,309
Library Integrated System	50,000
Library Wi-Fi Operational	2,000
Mobile Activity Center Services	50,000
Police Activities League (PAL) Operational	140,000
Preschool To You	135,000
Senior Nutrition Program Enhancement	40,000
Parks & Open Space Total	**1,230,762**
Ormond Beach Enhancement	50,000
Spanish Language Interpretation of Council Meetings	56,807
Other Community Improvements Total	**106,807**
	12,985,871

Exhibit 3: Measure O Budget FY 2017-18 - Expenditures by Department

	2017-18 Adopted
104-HALF CENT SALES TAX	
FIRE	
1-PERSONNEL	3,204,585
2-OTHER O&M EXPENSE	570,415
3-DEBT SERVICE	1,355,918
4-CAPITAL OUTLAY	25,000
5-TRANSFERS OUT	169,182
FIRE Total	**5,325,100**
GENERAL SERVICES	
1-PERSONNEL	318,318
2-OTHER O&M EXPENSE	595,850
4-CAPITAL OUTLAY	185,832
GENERAL SERVICES Total	**1,100,000**
LIBRARY	
1-PERSONNEL	32,705
2-OTHER O&M EXPENSE	60,604
LIBRARY Total	**93,309**
NON-DEPARTMENTAL	
2-OTHER O&M EXPENSE	50,000
NON-DEPARTMENTAL Total	**50,000**
POLICE	
1-PERSONNEL	2,488,190
2-OTHER O&M EXPENSE	1,111,810
POLICE Total	**3,600,000**

Exhibit 3: Measure O Budget FY 2017-18 - Expenditures by Department (Continued)

	2017-18 Adopted
CITY MANAGER	
2-OTHER O&M EXPENSE	56,807
CITY MANAGER Total	**56,807**
STREET MAINTENANCE & REPAIRS	
2-OTHER O&M EXPENSE	3,675
5-TRANSFERS OUT	1,669,527
STREET MAINTENANCE & REPAIRS Total	**1,673,202**
RECREATION	
1-PERSONNEL	925,409
2-OTHER O&M EXPENSE	162,044
RECREATION Total	**1,087,453**
104-HALF CENT SALES TAX Total	**12,985,871**

Measure O Citizen Oversight Committee

Presenter: Shiri Klima, Deputy City Manager

Date: July 25, 2019

Measure O: Estimated Cash Balance (in Millions)

Audited Ending FY 2017-18 Unreserved Fund Balance	**$12.78**
FY18-19 Year-End Estimated Revenues	$17.16
FY18-19 Estimated Year-End Expenses	$(18.04)
Estimated Ending FY 2018-19 Fund Balance	**$11.90**

Estimated Ending FY 2018-19 Fund Balance	**$11.90**
FY19-20 Adopted Revenues	$16.92
FY18-19 Estimated Year-End Carryover	$(2.31)
FY19-20 Adopted Expenditure	$(20.17)
FY19-20 Approved CIP	$(3.62)
Estimated Ending FY 2019-20 Fund Balance	**$2.72**

FY 19-20 Measure O Updates

City Council Budget Public Hearing Added Projects:

1. PACC 6-month extension subsidy $410,000 (One-Time)
2. Fire overtime for Station 2 subsidy of $1,000,000 (One-Time)

Updates from May 6, 2019 Meeting:

1. Fire Academy subsidy of $711,998 (One-Time)
2. East Village Park Operating Maintenance ongoing cost will be reflective of fiscal year 2019-20 amount ($146,970)

Q&A