AGENDA

REGULAR MEETING OF THE
GENERAL TRANSACTIONS AND USE TAX
OVERSIGHT COMMITTEE

WEDNESDAY, MARCH 20, 2019
5 P.M.

ADMINISTRATIVE CONFERENCE ROOM -- 701 CIVIC CENTER BOULEVARD -- SUISUN CITY, CALIFORNIA

ROLL CALL
Board Members

ORGANIZATIONAL MATTERS
1. Welcome New Committee Members and Introductions – (Wilson)
2. Election of Chair and Vice Chair

PUBLIC COMMENT
(Requests by citizens to discuss any matter under our jurisdiction other than an item posted on this agenda per California Government Code §54954.3 allowing 3 minutes to each speaker).

GENERAL BUSINESS
3. Approval of Minutes of the General Transactions and Use Tax Oversight Committee Meeting held on June 7, 2018.
4. Review Committee Guidelines and Duties – (Dingman)
5. Receive Measure S Update and Progress Report – (Corey)
6. Review FY 2017-18 Measure S Audit Report – (Luna)

REPORTS: (Informational items only.)
7. Next Discussion of Future Agenda Items, Meeting Dates and Similar Administrative Matters – (Dingman)

ADJOURNMENT

A complete packet of information containing Staff Reports and exhibits related to each item is available for public review at least 72 hours prior to a Committee Meeting or, in the event that it is delivered to the Committee members less than 72 hours prior to a Committee Meeting, as soon as it is so delivered. The packet is available for review in the Suisun City Manager’s Office during normal business hours.
MINUTES

REGULAR MEETING OF THE
GENERAL TRANSACTIONS AND USE TAX
OVERSIGHT COMMITTEE

THURSDAY, JUNE 7, 2018
6 P.M.

SUISUN CITY COUNCIL CHAMBERS -- 701 CIVIC CENTER BOULEVARD -- SUISUN CITY, CALIFORNIA

ROLL CALL
Board Members Present: Ruth Forney, Tony Oddo, Garry Rowe, Wanda Williams, Chair
Board Member Absent: Michael Moore

City Staff Present:
Tom Myers, Interim Fire Chief; Tim McNamara, Development Services Director; Scott Corey, Senior Management Analyst; Kris Lofthus, Recreation and Community Services Director; John Kearns, Senior Planner; Mike Kashiwagi, Interim Public Works Director; Joe Dingman, Administrative Services Director; and Suzanne Bragdon, City Manager;

City Manager Bragdon opened the meeting with the introduction of City staff in attendance. She explained staff is working on the FY2018-19 Budget which is scheduled for the June 19, 2018 City Council agenda for adoption.

ORGANIZATIONAL MATTERS
1. Measure S Data Review – (Chair Williams)
   This item was moved to be discussed after General Business Items.

PUBLIC COMMENT  None
(Requests by citizens to discuss any matter under our jurisdiction other than an item posted on this agenda per California Government Code §54954.3 allowing 3 minutes to each speaker).

GENERAL BUSINESS
2. Approval of Minutes of the 2018 General Transactions and Use Tax Oversight Committee Meeting held on February 28, 2018.
   Board Members Rowe moved and Forney seconded a motion to approve General Business Item 2. Motion carried by a unanimous vote.

3. Report on Status of 2018 Measure S Collections – (Corey)
   Senior Management Analyst Corey gave a report of Measure S revenues explaining the projected and actual revenues received, sales tax and expenditures. Car sales and internet sales are having a higher than expected impact on revenues.
4. Measure S Budget Chart and Updates (Fiscal Year 2018-2020)

   Department Heads presented background information on their departments function, including budget, staffing, and projects. Projects discussed funded by Measure S included, CAD System Lease for seven years, Fire Department training for structure fires, dredging, roads, property tax increase, and ROPS.

   Discussion was held and Department Head responded to questions from the Board.

**ORGANIZATIONAL MATTERS**

1. Measure S Data Review – (Chair Williams)

   Board Members discussed how they would report to the City Council and agreed they would make a presentation at the next council meeting.

**REPORTS:** *(Informational items only.)*

5. Committee Meeting Stipend

   Management Analyst Corey gave an update on the meeting stipend.

**ADJOURNMENT**

There being no further business the meeting was adjourned at 7:15 pm.

_________________________________
Donna Pock, Deputy City Clerk
ORDINANCE NO. 742

AN ORDINANCE OF THE PEOPLE OF THE CITY OF SUISUN CITY ADDING CHAPTER 3.14 TO THE SUISUN CITY CODE IMPOSING A GENERAL TRANSACTIONS AND USE TAX TO BE ADMINISTERED BY THE STATE BOARD OF EQUALIZATION, SUBJECT TO APPROVAL OF A MAJORITY OF THE ELECTORS VOTING ON THE TAX MEASURE AT THE GENERAL MUNICIPAL ELECTION TO BE HELD ON TUESDAY, NOVEMBER 8, 2016

WHEREAS, Article XIIIIC, Section 2 of the California Constitution authorizes a city to impose a general tax if approved by a majority vote of the qualified electors; and

WHEREAS, Part 1.6 (commencing with Section 7251) of Division 2 of the California Revenue and Taxation Code, and Section 7285.9 of the California Revenue and Taxation Code, authorizes a city to adopt a transactions and use (sales) tax ordinance, which shall be operative if a majority of the electors voting on the measure vote to approve the imposition of the tax at an election called for that purpose; and

WHEREAS, in response to the Great Recession, as well as the elimination of the Redevelopment Agency and other state take-aways, the City of Suisun City dramatically tightened it belt; and

WHEREAS, this belt tightening included: reducing staffing by 20%; deferring building, parks and street maintenance; and postponing vehicle replacement; and

WHEREAS, in addition there are huge funding shortfalls for such critical needs as updating the police and fire communications system, replacing a 35-year old accounting/budget/payroll/HR/purchasing/billing/permit system, fully funding the dredging of the Suisun Marina, replacing playground equipment at parks; and

WHEREAS, continuing to try to operate with reduced staffing has a negative impact on public service delivery in all departments of the City; and

WHEREAS, as a solution to the fiscal constraints on general services, the City Council desires to submit to the voters a proposal to enact a one-cent per dollar (i.e., 1.0%) transaction and use tax in the City of Suisun City, with the funds to be deposited in the City's General Fund and be used for general City purposes and services, including but not limited to maintain rapid 911 emergency response times, neighborhood police patrols, youth crime and gang prevention programs, fire prevention and protection, fixing potholes, maintaining City streets and streetlights, maintaining City parks and street trees, and other vital City services; and

WHEREAS, by taking this step to keep the City safe by keeping crime rates low, to maintain or reduce emergency response times, and to enhance the City's maintenance of its critical public facility infrastructure, the City can protect property values and protect the progress the City has made to date, and keep it moving in the right direction; and
WHEREAS, funds from this proposed measure are subject to strict fiscal accountability and transparency provisions, including annual independent audits and publishing of expenditure reports to ensure funds are spent efficiently and effectively; and

WHEREAS, California Constitution Article XIIIC, Section 2, provides any general tax must be submitted to the electorate and approved by a majority vote of the electorate; and

WHEREAS, California Constitution Article XIIIC, Section 2, provides that an election regarding a general tax must be consolidated with a regularly scheduled general municipal election for members of the City Council; and

WHEREAS, a general municipal election on Tuesday, November 8, 2016, has been called by Resolution No. 2016-40, adopted on June 21, 2016; and

WHEREAS, on the basis of the foregoing, the City Council hereby determines it is appropriate to place a measure before the voters at the November 8, 2016, general municipal election regarding adopting a general City transactions and use tax.

NOW THEREFORE, on the basis of the foregoing, the People of the City of Suisun City at the November 8, 2016, general municipal election do hereby Ordain as follows:

SECTION 1. A new Chapter 3.14 is hereby added to the Suisun City Code to read as follows:

Chapter 3.14
GENERAL TRANSACTIONS AND USE TAX

3.14.010 Title of ordinance. This Chapter shall be known as the General Transactions and Use Tax Ordinance. This Chapter shall be applicable only in the incorporated territory of the City.

3.14.020 Basic definitions. As used in this Chapter, "City" means the City of Suisun City and "tax" means the transactions and use tax (general tax) imposed under the provisions of this Chapter.

3.14.030 Operative date. "Operative Date" means the first day that the tax is imposed. The “operative date” means the first day of the first calendar quarter commencing more than 110 days after the effective date of this Chapter, such effective date being as set forth below, and shall expire ten years thereafter.

3.14.040 Purpose. This Chapter is adopted to achieve the following, among other purposes, and directs that the provisions hereof be interpreted in order to accomplish those purposes:

A. To impose a retail transactions and use tax in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code and Section 7285.9 of Part 1.7 of Division 2, which authorizes the City to adopt this tax ordinance which shall be operative only if a majority of the electors voting on the measure vote to approve the imposition of the tax at an election called for that purpose.

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Ordinance adopted by the voters of the City of Suisun City on November 8, 2016
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B. To adopt a retail transactions and use tax (general tax) ordinance that incorporates provisions identical to those of the Sales and Use Tax Law of the State of California insofar as those provisions are not inconsistent with the requirements and limitations contained in Part 1.6 of Division 2 of the Revenue and Taxation Code.

C. To adopt a retail transactions and use tax ordinance that imposes a general tax and provides a measure therefore that may be administered and collected by the State Board of Equalization in a manner that adapts itself as fully as practicable to, and requires the least possible deviation from, the existing statutory and administrative procedures followed by the State Board of Equalization in administering and collecting the California State Sales and Use Taxes.

D. To adopt a retail transactions and use tax ordinance that may be administered in a manner that will be, to the greatest degree possible, consistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, minimize the cost of collecting the transactions and use taxes, and at the same time, minimize the burden of record keeping upon persons subject to taxation under the provisions of this ordinance.

3.14.050 Contract with state. Prior to the operative date, the City shall contract with the State Board of Equalization to perform all functions incident to the administration and operation of this transactions and use tax ordinance; provided however, that if the City shall not have contracted with the State Board of Equalization prior to the operative date, it shall nevertheless so contract and in such a case the operative date shall be the first day of the first calendar quarter following the execution of such a contract.

3.14.060 Transaction tax rate. For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the incorporated territory of the City at the rate of one-cent per dollar (1.0%) of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in said territory on and after the operative date of this Chapter.

3.14.070 Place of sale. For the purposes of this Chapter, all retail sales are consummated at the place of business of the retailer unless the tangible personal property sold is delivered by the retailer or his agent to an out-of-state destination or to a common carrier for delivery to an out-of-state destination. The gross receipts from such sales shall include delivery charges, when such charges are subject to the State sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the State or has more than one place of business, the place or places at which the retail sales are consummated shall be determined under rules and regulations to be prescribed and adopted by the State Board of Equalization.

3.14.080 Use tax rate. An excise tax is hereby imposed on the storage, use or other consumption in the City of tangible personal property purchased from any retailer and after the operative date of this Chapter for storage, use or other consumption in said territory at the rate of one-cent per dollar (1.0%) of the sales price of the property. The sales price shall include delivery charges when such charges are subject to State sales or use tax regardless of the place to which delivery is made.

3.14.090 Proceeds of taxes. The proceeds of the transactions and use tax imposed by this Chapter shall be deposited into the General Fund of the City to be used for all general
government purposes which may include, but are not limited to, fire and police protection, street and sidewalk repair and maintenance, park repair and maintenance, recreational programs, building and code enforcement services, planning and zoning services, capital equipment requirements, public infrastructure, repair and replacement of City facilities, capital improvement projects, operational expenses, fiduciary responsibilities, administration, indebtedness, and general obligations of the City. The tax imposed by this Chapter is intended to be and is, a general tax, the proceeds of which are to be spent as the City Council shall in its discretion, from time to time, determine.

3.14.100 Adoption of provisions of state law. Except as otherwise provided in this Chapter and except insofar as they are inconsistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, all of the provisions of Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code are hereby adopted and made a part of this Chapter as though fully set forth herein.

3.14.110 Limitations on adoption of state law and collection of use taxes. In adopting the provisions of Part 1 of Division 2 of the Revenue and Taxation Code:

A. Wherever the State of California is named or referred to as the taxing agency, the name of the City shall be substituted therefore. However, the substitution shall not be made when:

1. The word "State" is used as a part of the title of the State Controller, State Treasurer, State Board of Control, State Board of Equalization, State Treasury, or the Constitution of the State of California.

2. The result of that substitution would require action to be taken by or against this City or any agency, officer, or employee thereof rather than by or against the State Board of Equalization, in performing the functions incident to the administration or operation of this Chapter.

3. In those sections, including, but not necessarily limited to, sections referring to the exterior boundaries of the State of California, where the result of the substitution would be to:

   a. Provide an exemption from this tax with respect to certain sales, storage, use or other consumption of tangible personal property, which would not otherwise be exempt from this tax while such sales, storage, use or other consumption remain subject to tax by the State under the provisions of Part 1 of Division 2 of the Revenue and Taxation Code, or

   b. Impose this tax with respect to certain sales, storage, use or other consumption of tangible personal property, which would not be subject to tax by the State under the said provision of that code.

4. In Sections 6701, 6702 (except in the last sentence thereof), 6711, 6715, 6737, 6797 or 6828 of the Revenue and Taxation Code.

B. The word "City" shall be substituted for the word "State" in the phrase "retailer engaged in business in this State" in Section 6203 and in the definition of that phrase in Section 6203 of the Revenue and Taxation Code.
3.14.120 Permit not required. If a seller’s permit has been issued to a retailer under Section 6067 of the Revenue and Taxation Code, an additional transactor’s permit shall not be required by this Chapter.

3.14.130 Exemptions and exclusions.

A. There shall be excluded from the calculation of the transactions tax and the use tax the amount of any sales tax or use tax imposed by the State of California or by any city, city and county, or county pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law or the amount of any State-administered transactions or use tax.

B. There are exempted from the computation of the amount of transactions tax the gross receipts from:

1. Sales of tangible personal property, other than fuel or petroleum products, to operators of aircraft to be used or consumed principally outside the county in which the sale is made and directly and exclusively in the use of such aircraft as common carriers of persons or property under the authority of the laws of this State, the United States, or any foreign government.

2. Sales of property to be used outside the City which is shipped to a point outside the City, pursuant to the contract of sale, by delivery to such point by the retailer or his agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point. For the purposes of this paragraph, delivery to a point outside the City shall be satisfied:
   a. With respect to vehicles (other than commercial vehicles) subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, and undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code by registration to an out-of-City address and by a declaration under penalty of perjury, signed by the buyer, stating that such address is, in fact, his or her principal place of residence; and
   b. With respect to commercial vehicles, by registration to a place of business out-of-City and declaration under penalty of perjury, signed by the buyer, that the vehicle will be operated from that address.

3. The sale of tangible personal property if the seller is obligated to furnish the property for a fixed price pursuant to a contract entered into prior to the operative date of this Chapter.

4. A lease of tangible personal property which is a continuing sale of such property, for any period of time for which the lessor is obligated to lease the property for an amount fixed by the lease prior to the operative date of this Chapter.

5. For the purposes of subparagraphs (3) and (4) of this section, the sale or lease of tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

C. There are exempted from the use tax imposed by this Chapter, the storage, use or other consumption in this City of tangible personal property:

1. The gross receipts from the sale of which have been subject to a transactions tax under any State-administered transactions and use tax ordinance.

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2. Other than fuel or petroleum products purchased by operators of aircraft and used or consumed by such operators directly and exclusively in the use of such aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this State, the United States, or any foreign government. This exemption is in addition to the exemptions provided in Sections 6366 and 6366.1 of the Revenue and Taxation Code of the State of California.

3. If the purchaser is obligated to purchase the property for a fixed price pursuant to a contract entered into prior to the operative date of this Chapter.

4. If the possession of, or the exercise of any right or power over, the tangible personal property arises under a lease which is a continuing purchase of such property for any period of time for which the lessee is obligated to lease the property for an amount fixed by a lease prior to the operative date of this Chapter.

5. For the purposes of subparagraphs (3) and (4) of this section, storage, use, or other consumption, or possession of, or exercise of any right or power over, tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

6. Except as provided in subparagraph (7), a retailer engaged in business in the City shall not be required to collect use tax from the purchaser of tangible personal property, unless the retailer ships or delivers the property into the City or participates within the City in making the sale of the property, including, but not limited to, soliciting or receiving the order, either directly or indirectly, at a place of business of the retailer in the City or through any representative, agent, canvasser, solicitor, subsidiary, or person in the City under the authority of the retailer.

7. "A retailer engaged in business in the City" shall also include any retailer of any of the following: vehicles subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, or undocument vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code. That retailer shall be required to collect use tax from any purchaser who registers or licenses the vehicle, vessel, or aircraft at an address in the City.

D. Any person subject to use tax under this Chapter may credit against that tax any transactions tax or reimbursement for transactions tax paid to a district imposing, or retailer liable for a transactions tax pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code with respect to the sale to the person of the property the storage, use or other consumption of which is subject to the use tax.

3.14.140 Changes in law. All amendments subsequent to the effective date of this Chapter to Part 1 of Division 2 of the Revenue and Taxation Code relating to sales and use taxes and which are not inconsistent with Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, and all amendments to Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, shall automatically become a part of this Chapter, provided however, that no such amendment shall operate so as to affect the rate of tax imposed by this Chapter.

3.14.150 Enjoining collection forbidden. No injunction or writ of mandate or other legal or equitable process shall issue in any suit, action or proceeding in any court against the State or the City, or against any officer of the State or the City, to prevent or enjoin the collection
under this Chapter, or Part 1.6 of Division 2 of the Revenue and Taxation Code, of any tax or any amount of tax required to be collected.

3.14.160 Annual audit. The proceeds resulting from this Transactions and Use Tax shall be deposited into the City's General Fund and become subject to the same independent annual audit requirements as other general fund revenue. In addition the City’s independent auditor shall complete a General Transactions and Use Tax Compliance and Internal Control Audit Report. Such report shall review whether the tax revenues collected pursuant to this Chapter are collected, managed, and expended in accordance with this Chapter.

3.14.170 All funds staying local. All tax revenues collected under the authority of this Chapter shall be expended solely on local municipal services, and shall not be used for any other purposes.

3.14.180 Effective date. This Chapter levying the tax described herein shall be effective ten (10) days after the date on which the City Council has declared that the voters of the City of Suisun City have approved the Chapter by a vote of no fewer than a majority of the votes cast by the electors voting on the tax measure set forth in this Chapter at that general municipal election to be held on Tuesday, November 8, 2016.

3.26.190 Penalties. Without limiting any remedies available at law or equity, any person violating any of the provisions of this Chapter shall be deemed guilty of a misdemeanor.

3.14.200 Amendments. The tax rate in this Chapter may only be increased by a vote of the People of the City of Suisun City; provided, however, that the City Council may amend this Chapter to otherwise implement or advance the purpose and intent of this Chapter.

3.14.210 Severability. If any provision of this Chapter or the application thereof to any person or circumstance is held invalid, the remainder of the Chapter and the application of such provision to other persons or circumstances shall not be affected thereby.

3.14.220 Suisun City oversight committee. The City Council shall establish a Suisun City General Tax Oversight Committee to review the expenditure of the revenues collected pursuant to this Chapter. The committee shall consist of five members appointed by the City Council. The committee members shall be residents and taxpayers in the City. The terms of the committee members, as well as their specific duties shall be set forth in a resolution adopted by the City Council. Such resolution may be amended by resolution of the Council.

SECTION 2. SEVERABILITY. If any section, subsection, sentence, clause or phrase of this ordinance or the application thereof to any person or circumstance is for any reason held to be invalid, such decision shall not affect the validity of the remaining portions of this ordinance. The People of the City of Suisun City hereby declared that they would have passed each subsection, subdivision, paragraph, sentence, clause, or phrase thereof, irrespective of the fact that any one or more subsection, subdivision, paragraph, sentence, clause, or phrase be declared unconstitutional.

SECTION 3. CEQA REVIEW. The adoption of this ordinance is not a "project" subject to the requirements of 19 the California Environmental Quality Act (CEQA) (Public Resources Code Section §§ 21000 et seq.). CEQA Guideline 15378(b)(4) provides that the
creation of government funding mechanisms or other government fiscal activities that do not involve any commitment to a specific project that may result in a potentially significant physical impact on the environment are not projects subject to the requirements of CEQA.

SECTION 4. NOTICE OF PUBLICATION. This Ordinance shall be posted in compliance with Municipal Code Section 1.12.010 and applicable law.

SECTION 5. EXECUTION. The Mayor of the City of Suisun City is hereby authorized and shall attest to the adoption of the Ordinance by the voters of the City of Suisun City by signing where indicated below.

CERTIFICATION

Ordinance No.742 was submitted to the People of the City of Suisun City at the November 8, 2016, general municipal election. It was approved by the following vote of the electors:

YES: 6,497

NO: 2,915

I hereby certify that the foregoing Ordinance was PASSED, APPROVED and ADOPTED by the People of the City of Suisun City, California voting on the 8th day of November, 2016.

Pete Sanchez
Mayor

ATTEST

Linda Hobson, CMC
City Clerk

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Ordinance adopted by the voters of the City of Suisun City on November 8, 2016
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RESOLUTION NO. 2017-36

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SUISUN CITY
MODIFYING THE SUISUN CITY GENERAL TAX OVERSIGHT COMMITTEE’S
GUIDELINES AND DUTIES TO AUTHORIZE COMPENSATION

WHEREAS, at the General Municipal Election held in the City of Suisun City on
November 8, 2016, voters approved a ballot measure approving a general transactions and use
tax for the City (the “Measure”); and

WHEREAS, Section 3.14.220 of the ordinance approved by the voters provides as
follows:
The City Council shall establish a Suisun City General Tax Oversight Committee to review the
expenditure of the revenues collected pursuant to this Chapter. The committee shall consist of
five members appointed by the City Council. The committee members shall be residents and
taxpayers of the City. The terms of the committee members, as well as their specific duties
shall be set forth in a resolution adopted by the City Council. Such resolution may be amended
by resolution of the Council.

WHEREAS, Section 3.14.160 of the ordinance approved by the voters provides as
follows:
The proceeds resulting from this Transactions and Use Tax shall be deposited into the City’s
General Fund and become subject to the same independent annual audit requirements as other
general fund revenue. In addition the City’s independent auditor shall complete a General
Transactions and Use Tax Compliance and Internal Control Audit Report. Such report shall
review whether the tax revenues collected pursuant to the Chapter are collected, managed, and
expended in accordance with this Chapter.

WHEREAS, on July 26, 2016, the City Council adopted Resolution No. 2016-64
setting forth the terms and specific duties of the Suisun City General Tax Oversight Committee;
and

WHEREAS, on April 18, 2017, the City Council appointed the Suisun City General
Tax Oversight Committee, and directed staff to prepare an amendment to the resolution as set
forth in Section 3.14.220 of the Suisun City Code to authorize the compensation of committee members for their service.

**NOW THEREFORE, BE IT RESOLVED** by the City Council of the City of Suisun City as follows:

**Section 1.** With the passage of the General Transactions and Use Tax by the voters of the City, the City Council hereby confirms the establishment of a five (5) member oversight committee known as the Suisun City General Tax Oversight Committee, which shall be comprised of Suisun City residents and taxpayers.

**Section 2.** The term of office for the committee members shall be five (5) years.

**Section 3.** The City Council hereby approves the Suisun City General Tax Oversight Committee Guidelines and Duties, which is set forth in Exhibit A attached hereto, as amended.

**PASSED AND ADOPTED** at a Regular Meeting of said City Council of the City of Suisun City duly held on Tuesday, the 30th day of May 2017, by the following vote:

**AYES:** Councilmembers: Day, Hudson, Segala, Wilson, Sanchez

**NOES:** Councilmembers: None

**ABSENT:** Councilmembers: None

**ABSTAIN:** Councilmembers: None

**WITNESS** my hand and the seal of said City this 30th day of May 2017.

[Signature]

Donna Pock, CMC
Deputy City Clerk
EXHIBIT A

SUISUN CITY GENERAL TAX OVERSIGHT COMMITTEE
GUIDELINES AND DUTIES

The City Council of the City of Suisun City hereby establishes an oversight committee to monitor the revenue collected pursuant to the General Transactions and Use Tax Ordinance, as well as to report on the use of the funds. The committee shall be known as the Suisun City General Tax Oversight Committee (hereinafter “Oversight Committee”).

Application/Recruitment Process
Whenever there are vacancies on the Oversight Committee, the Deputy City Clerk shall advertise an invitation for individuals who are residents and taxpayers of the City of Suisun City to apply to serve on the committee. Notice of any vacancies will be advertised in the Fairfield Daily Republic and on the City’s website and social media outlets. The applications received shall be reviewed by an ad hoc committee of the City Council which has been appointed by the Mayor, and a list of no more than two finalists per vacancy shall be submitted by the ad hoc committee to the full City Council for interviews and selection by the full City Council. In other words, if there are two vacancies, no more than four names would be submitted to the City Council.

Powers and Duties
The Oversight Committee will ensure transparency and oversight of the revenue generated by the voter-approved General Transactions and Use Tax Ordinance. The duties will consist of reviewing the General Transactions and Use Tax Compliance and Internal Control Audit Report, which will be prepared annually by the City’s independent auditor, as well as any City financial reports necessary to advise the City Council.

The duties of the Oversight Committee do not include decision-making or advisory responsibilities regarding spending priorities, funding source decisions or financial plans, as these are the purview of the City Council as set forth in state law and the Suisun City Code.

Qualifications for Appointment
Suisun City citizens interested in serving on the Oversight Committee must be residents who meet the following requirements:
• The residency requirement is defined as residing within the City limits of Suisun City. Residency may be verified annually by the City Clerk’s office through: 1) voter registration, or 2) utility bills (water, phone, cable, etc.).

• Oversight Committee members are also required to be taxpayers in the City of Suisun City.

Selection of Members
The composition of the Oversight Committee will consist of five (5) members. The applications received shall be reviewed by an ad hoc committee of the City Council which has been appointed by the Mayor, and a list of no more than ten finalists shall be submitted by the ad hoc committee to the full City Council for interviews and selection by the full City Council.

Term of Service
Two (2) Oversight Committee members shall be appointed to terms of a period of three (3) years, and three (3) members shall be appointed to terms of a period of five (5) years.

Meetings
The Oversight Committee will meet at least once annually. The committee shall be subject to the provisions of the Ralph M. Brown Act (California Government Code Section 54950 et seq.). Meetings must be noticed and open to the public. Committee minutes and reports are a matter of public record pursuant to the Public Records Act (California Government Code Section 6250 et seq.) and they may be posted on the City’s website. Additional meetings may be scheduled as deemed necessary by the Oversight Committee. All committee members shall attend training and orientation prior to attending their first meeting, including Brown Act training and AB 1234 Ethics training.

Oversight Committee members are expected to attend all regular meetings. Failure to attend the annual meeting(s) may result in removal from the Oversight Committee at the discretion of the City Council. Committee decisions and actions require a simple majority vote of those members in attendance. A quorum for any meeting shall be a minimum of three (3) members.

Staff Liaison
The City Manager and/or his/her designee will serve as staff liaison(s) to the Oversight Committee. The liaison(s) will be responsible for providing relevant information to the Oversight Committee,
including the annual financial audit. The liaison(s) will provide copies of the minutes of the Oversight Committee’s proceedings to the City Council and the public.

Compensation

Members of the Oversight Committee shall receive $100.00 for each meeting of the Oversight Committee held pursuant to the Ralph M. Brown Act, as set forth in California Government Code Section 95950 et seq. up to a maximum of three (3) meetings per fiscal year.
CITY OF SUISUN CITY
CALIFORNIA

MEASURE S
GENERAL TRANSACTIONS AND
USE TAX AUDIT
(ORDINANCE NO. 742)

For the Year Ended June 30, 2018

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CHAVAN & ASSOCIATES, LLP
CERTIFIED PUBLIC ACCOUNTANTS
1475 SARATOGA AVE., SUITE 180
SAN JOSE, CA 95129
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INDEPENDENT AUDITOR’S REPORT

To the Honorable Mayor and Members of the
City Council of the City of Suisun City
City of Suisun City, California

Report on the Financial Statements

We have audited the accompanying statement of revenues and expenditures for Measure S of the City of Suisun City (the “City”), as of and for the year ended June 30, 2018, and the related notes to the financial statement, which comprises the City’s statement of revenues and expenditures for Measure S.

Management’s Responsibility for the Financial Statements

City management is responsible for the preparation and fair presentation of its financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express opinions on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City’s preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.
Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the respective financial position of the revenues and expenditures for Measure S of the City of Suisun City, as of June 30, 2018, in accordance with accounting principles generally accepted in the United States of America.

Other Information

The accompanying statement was prepared to present the revenues and expenditures pursuant to Measure S and Ordinance No. 742 as described in the Notes and is not intended to be a complete presentation of the City’s revenues and expenditures. It does not purport to, and does not, fairly present the financial statements of the City as of June 30, 2018, and its changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 28, 2018 on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City’s internal control over financial reporting and compliance.

December 28, 2018
San Jose, California
## Statement of Revenues and Expenditures

For the Fiscal Year Ended June 30, 2018

<table>
<thead>
<tr>
<th>Variance with Final Budget Positive (Negative)</th>
<th>Original Budget</th>
<th>Final Budget</th>
<th>Actual</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td>$2,200,000</td>
<td>$2,200,000</td>
<td>$2,501,763</td>
<td>$301,763</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>$2,200,000</td>
<td>$2,200,000</td>
<td>$2,501,763</td>
<td>$301,763</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>EXPENDITURES</strong></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>City Staff:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Police Officer</td>
<td>92,800</td>
<td>92,800</td>
<td>68,508</td>
<td>24,292</td>
</tr>
<tr>
<td>Police Officer</td>
<td>94,400</td>
<td>94,400</td>
<td>92,943</td>
<td>1,457</td>
</tr>
<tr>
<td>Dispatcher</td>
<td>73,700</td>
<td>73,700</td>
<td>52,065</td>
<td>21,635</td>
</tr>
<tr>
<td>Fire Administrative Captain</td>
<td>92,700</td>
<td>92,700</td>
<td>53,809</td>
<td>38,891</td>
</tr>
<tr>
<td>SCFD Succession Planning Program</td>
<td>20,000</td>
<td>20,000</td>
<td>-</td>
<td>20,000</td>
</tr>
<tr>
<td>Economic Development Specialist</td>
<td>46,400</td>
<td>46,400</td>
<td>32,763</td>
<td>13,637</td>
</tr>
<tr>
<td>Maintenance Worker</td>
<td>70,200</td>
<td>70,200</td>
<td>70,200</td>
<td>-</td>
</tr>
<tr>
<td>Recreation Supervisor</td>
<td>36,400</td>
<td>36,400</td>
<td>22,658</td>
<td>13,742</td>
</tr>
<tr>
<td><strong>Total City Staff</strong></td>
<td>526,600</td>
<td>526,600</td>
<td>392,946</td>
<td>133,654</td>
</tr>
<tr>
<td>Police Patrol Vehicle</td>
<td>-</td>
<td>25,500</td>
<td>25,500</td>
<td>-</td>
</tr>
<tr>
<td><strong>Capital projects:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marina Dredging</td>
<td>213,000</td>
<td>213,000</td>
<td>213,000</td>
<td>-</td>
</tr>
<tr>
<td>Fire Engine Acquisition</td>
<td>250,000</td>
<td>250,000</td>
<td>250,000</td>
<td>-</td>
</tr>
<tr>
<td>Street Repair Program</td>
<td>328,500</td>
<td>328,500</td>
<td>328,500</td>
<td>-</td>
</tr>
<tr>
<td>Public Safety Communication System</td>
<td>229,000</td>
<td>229,000</td>
<td>229,000</td>
<td>-</td>
</tr>
<tr>
<td>Storm Drain Repairs</td>
<td>228,000</td>
<td>228,000</td>
<td>431,262</td>
<td>(203,262)</td>
</tr>
<tr>
<td>Business Mgmt.-Phase 1</td>
<td>224,000</td>
<td>224,000</td>
<td>224,000</td>
<td>-</td>
</tr>
<tr>
<td>Video Surveillance Program</td>
<td>40,000</td>
<td>40,000</td>
<td>40,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Capital Projects</strong></td>
<td>1,512,500</td>
<td>1,512,500</td>
<td>1,715,762</td>
<td>(203,262)</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>2,039,100</td>
<td>2,064,600</td>
<td>2,134,208</td>
<td>(69,608)</td>
</tr>
</tbody>
</table>

**Excess (Deficiency) of Revenues over Expenditures**

160,900 135,400 367,555 232,155

**Measure S Balance Beginning**

303,728 303,728 303,728 -

**Measure S Balance Ending**

$464,628 $439,128 $671,283 $232,155

The notes to the financial statements are an integral part of this statement.
SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Description of Reporting Entity

The statement represents the revenues and expenditures for the Measure S General Transactions and use tax under Ordinance No. 742 of City of Suisun City (the “City”) for the year ended June 30, 2018. The accompanying statement of revenues and expenditures presents only the activities from the expenditure of Measure S taxes is not intended to present the financial position and result of operation of the City in conformity with accounting principles generally accepted in the United States of America.

Description of Measure S

Measure S is a 1% local tax applied to gross receipts of any retailer within the city and collected similarly to sales and use tax. It was passed by a majority of the voters in November of 2016 through City Ordinance No. 742.

Statement of Grant Revenues and Expenditures

The statement of revenues and expenditures presents the eligible costs charged to Measure S by the City and the revenues received from general transactions and use tax from the sale of tangible personal property at retail within the City.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the statement. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The City used the modified accrual basis of accounting. Revenues are recognized when collection of the amounts can be reasonably estimated to be received in the near future, typically 60 days after year end. Expenditures are generally recognized in the period in which goods and services are received or a liability is incurred.

Budgeting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year-end. The City submits requests for appropriations to the City Manager so that a budget may be prepared. The proposed budget is presented to the City Council for review. The Council holds public hearings and adopts a final budget.

The appropriated budget is prepared by fund, function, and department. The City Manager may make transfers of appropriations within a department. Transfers of appropriations between funds require the approval of the City Council. The legal level of budgetary control is the fund level.
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and Members of the
City Council of the City of Suisun City
City of Suisun City, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the Statement of Revenues and Expenditures for Measure S of the City of Suisun City (the “City”) as of and for the year ended June 30, 2018, and the related notes to the financial statement, which comprises City’s statement of revenues and expenditures for Measure S, and have issued our report thereon dated December 28, 2018.

Internal Control over Financial Reporting

Management is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statement, we considered the City’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the applicable statutes, rules and regulations of Measure S and City Ordinance No. 742, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

December 28, 2018
San Jose, California
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MEASURE S GENERAL TRANSACTIONS AND USE TAX IN ACCORDANCE WITH CITY ORDINANCE NO. 742

To the Honorable Mayor and Members of the City Council of the City of Suisun City
City of Suisun City, California

Report in Compliance

We have audited the City of Suisun City’s (the City) compliance of the Measure S revenues and expenditures with the types of compliance requirements described in Measure S General Transactions and Use Tax and Ordinance No. 742, as of and for the fiscal year ended June 30, 2018.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws and regulations applicable to Measure S.

Auditor’s Responsibility

Our responsibility is to express an opinion on the City’s compliance with Measure S based on our audit in accordance with the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on Measure S revenues and expenditures occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on Measure S compliance. However, our audit does not provide a legal determination of the City’s compliance.

Opinion on Compliance with Measure S

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Measure S revenues and expenditures for the fiscal year ended June 30, 2018.
Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City’s internal control over compliance with the types of requirements that could have a direct and material effect on Measure S revenues and expenditures to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with Measure S General Transactions and Use Tax and Ordinance No. 742, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report is intended solely for the information and use of City Council and management and is not intended to be and should not be used by anyone other than these specified parties.

C & A UP

December 28, 2018
San Jose, California