

A G E N D A

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 XIII C, 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 its 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

1 B. To adopt a retail transactions and use tax (general tax) ordinance that
2 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.

3 C. To adopt a retail transactions and use tax ordinance that imposes a general tax
4 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
5 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
6 Taxes.

7 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
8 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
9 persons subject to taxation under the provisions of this ordinance.

10 3.14.050 Contract with state. Prior to the operative date, the City shall contract with
11 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
12 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
13 calendar quarter following the execution of such a contract.

14 3.14.060 Transaction tax rate. For the privilege of selling tangible personal property
15 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
16 personal property sold at retail in said territory on and after the operative date of this Chapter.

17 3.14.070 Place of sale. For the purposes of this Chapter, all retail sales are
18 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
19 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
20 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
21 consummated shall be determined under rules and regulations to be prescribed and adopted by
the State Board of Equalization.

22 3.14.080 Use tax rate. An excise tax is hereby imposed on the storage, use or other
23 consumption in the City of tangible personal property purchased from any retailer on and after
24 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
25 delivery charges when such charges are subject to State sales or use tax regardless of the place
to which delivery is made.

26 3.14.090 Proceeds of taxes. The proceeds of the transactions and use tax imposed by
27 this Chapter shall be deposited into the General Fund of the City to be used for all general
28

1 government purposes which may include, but are not limited to, fire and police protection, street
 2 and sidewalk repair and maintenance, park repair and maintenance, recreational programs,
 3 building and code enforcement services, planning and zoning services, capital equipment
 4 requirements, public infrastructure, repair and replacement of City facilities, capital
 5 improvement projects, operational expenses, fiduciary responsibilities, administration,
 6 indebtedness, and general obligations of the City. The tax imposed by this Chapter is intended
 7 to be and is, a general tax, the proceeds of which are to be spent as the City Council shall in its
 8 discretion, from time to time, determine.

9
 10 3.14.100 Adoption of provisions of state law. Except as otherwise provided in this
 11 Chapter and except insofar as they are inconsistent with the provisions of Part 1.6 of Division
 12 2 of the Revenue and Taxation Code, all of the provisions of Part 1 (commencing with Section
 13 6001) of Division 2 of the Revenue and Taxation Code are hereby adopted and made a part of
 14 this Chapter as though fully set forth herein.

15
 16 3.14.110 Limitations on adoption of state law and collection of use taxes. In adopting
 17 the provisions of Part 1 of Division 2 of the Revenue and Taxation Code:

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

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

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

28 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.

1 3.14.120 Permit not required. If a seller's permit has been issued to a retailer under
 2 Section 6067 of the Revenue and Taxation Code, an additional transactor's permit shall not be
 3 required by this Chapter.

4 3.14.130 Exemptions and exclusions.

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

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

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

16 2. Sales of property to be used outside the City which is shipped to a point
 17 outside the City, pursuant to the contract of sale, by delivery to such point by the retailer or his
 18 agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point. For
 19 the purposes of this paragraph, delivery to a point outside the City shall be satisfied:

20 a. With respect to vehicles (other than commercial vehicles) subject
 21 to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the
 22 Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code,
 23 and undocumented vessels registered under Division 3.5 (commencing with Section 9840) of
 24 the Vehicle Code by registration to an out-of-City address and by a declaration under penalty
 25 of perjury, signed by the buyer, stating that such address is, in fact, his or her principal place of
 26 residence; and

27 b. With respect to commercial vehicles, by registration to a place of
 28 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.

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

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

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

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

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

25 7. "A retailer engaged in business in the City" shall also include any retailer
26 of any of the following: vehicles subject to registration pursuant to Chapter 1 (commencing
27 with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with
28 Section 21411 of the Public Utilities Code, or undocumented 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

1 under this Chapter, or Part 1.6 of Division 2 of the Revenue and Taxation Code, of any tax or
2 any amount of tax required to be collected.

3 3.14.160 Annual audit. The proceeds resulting from this Transactions and Use Tax
4 shall be deposited into the City's General Fund and become subject to the same independent
5 annual audit requirements as other general fund revenue. In addition the City's independent
6 auditor shall complete a General Transactions and Use Tax Compliance and Internal Control
7 Audit Report. Such report shall review whether the tax revenues collected pursuant to this
8 Chapter are collected, managed, and expended in accordance with this Chapter.

9 3.14.170 All funds staying local. All tax revenues collected under the authority of this
10 Chapter shall be expended solely on local municipal services, and shall not be used for any
11 other purposes.

12 3.14.180 Effective date. This Chapter levying the tax described herein shall be
13 effective ten (10) days after the date on which the City Council has declared that the voters of
14 the City of Suisun City have approved the Chapter by a vote of no fewer than a majority of the
15 votes cast by the electors voting on the tax measure set forth in this Chapter at that general
16 municipal election to be held on Tuesday, November 8, 2016.

17 3.26.190 Penalties. Without limiting any remedies available at law or equity, any
18 person violating any of the provisions of this Chapter shall be deemed guilty of a misdemeanor.

19 3.14.200 Amendments. The tax rate in this Chapter may only be increased by a vote
20 of the People of the City of Suisun City; provided, however, that the City Council may amend
21 this Chapter to otherwise implement or advance the purpose and intent of this Chapter.

22 3.14.210 Severability. If any provision of this Chapter or the application thereof to
23 any person or circumstance is held invalid, the remainder of the Chapter and the application of
24 such provision to other persons or circumstances shall not be affected thereby.

25 3.14.220 Suisun City oversight committee. The City Council shall establish a Suisun
26 City General Tax Oversight Committee to review the expenditure of the revenues collected
27 pursuant to this Chapter. The committee shall consist of five members appointed by the City
28 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

1 creation of government funding mechanisms or other government fiscal activities that do not
2 involve any commitment to a specific project that may result in a potentially significant
3 physical impact on the environment are not projects subject to the requirements of CEQA.

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

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

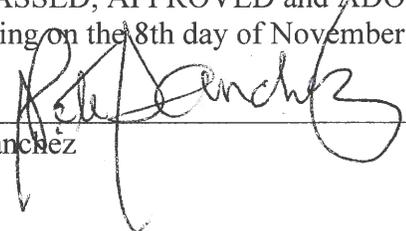
9 **CERTIFICATION**

10 Ordinance No.742 was submitted to the People of the City of Suisun City at the November 8,
11 2016, general municipal election. It was approved by the following vote of the electors:

12 YES: 6,497

13 NO: 2,915

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

16 

17 Pete Sanchez
18 Mayor

19 **ATTEST**

20 

21 Linda Hobson, CMC
22 City Clerk
23
24
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27
28

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

1 forth in Section 3.14.220 of the Suisun City Code to authorize the compensation of committee
2 members for their service.

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

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

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

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

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

15 AYES:	Councilmembers:	<u>Day, Hudson, Segala, Wilson, Sanchez</u>
16 NOES:	Councilmembers:	<u>None</u>
17 ABSENT:	Councilmembers:	<u>None</u>
18 ABSTAIN:	Councilmembers:	<u>None</u>

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

20 
21 Donna Pock, CMC
22 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

* * *



CHAVAN & ASSOCIATES, LLP
CERTIFIED PUBLIC ACCOUNTANTS
1475 SARATOGA AVE., SUITE 180
SAN JOSE, CA 95129

CITY OF SUISUN CITY
CALIFORNIA

Item #6

MEASURE S GENERAL TRANSACTION AND USE TAX
ORDINANCE No. 742

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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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.

C & A LLP

December 28, 2018
San Jose, California

**CITY OF SUISUN CITY
CALIFORNIA**

MEASURE S GENERAL TRANSACTIONS AND USE TAX
ORDINANCE No. 742

STATEMENT OF REVENUES AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Sales & Use Tax	\$ 2,200,000	\$ 2,200,000	\$ 2,501,763	\$ 301,763
Total Revenues	<u>2,200,000</u>	<u>2,200,000</u>	<u>2,501,763</u>	<u>301,763</u>
EXPENDITURES				
City Staff:				
Police Officer	92,800	92,800	68,508	24,292
Police Officer	94,400	94,400	92,943	1,457
Dispatcher	73,700	73,700	52,065	21,635
Fire Administrative Captain	92,700	92,700	53,809	38,891
SCFD Succession Planning Program	20,000	20,000	-	20,000
Economic Development Specialist	46,400	46,400	32,763	13,637
Maintenance Worker	70,200	70,200	70,200	-
Recreation Supervisor	36,400	36,400	22,658	13,742
Total City Staff	<u>526,600</u>	<u>526,600</u>	<u>392,946</u>	<u>133,654</u>
Police Patrol Vehicle	-	25,500	25,500	-
Capital projects:				
Marina Dredging	213,000	213,000	213,000	-
Fire Engine Acquisition	250,000	250,000	250,000	-
Street Repair Program	328,500	328,500	328,500	-
Public Safety Communication System	229,000	229,000	229,000	-
Storm Drain Repairs	228,000	228,000	431,262	(203,262)
Business Mgmt.-Phase 1	224,000	224,000	224,000	-
Video Surveillance Program	40,000	40,000	40,000	-
Total Capital Projects	<u>1,512,500</u>	<u>1,512,500</u>	<u>1,715,762</u>	<u>(203,262)</u>
Total Expenditures	<u>2,039,100</u>	<u>2,064,600</u>	<u>2,134,208</u>	<u>(69,608)</u>
Excess (Deficiency) of				
Revenues over Expenditures	160,900	135,400	367,555	232,155
Measure S Balance Beginning	<u>303,728</u>	<u>303,728</u>	<u>303,728</u>	<u>-</u>
Measure S Balance Ending	<u>\$ 464,628</u>	<u>\$ 439,128</u>	<u>\$ 671,283</u>	<u>\$ 232,155</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF SUISUN CITY
CALIFORNIA**

**MEASURE S GENERAL TRANSACTIONS AND USE TAX
ORDINANCE No. 742**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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.

C & A LLP

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 LLP

December 28, 2018
San Jose, California