



**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES**

**MEASURES A AND B
REVENUES AND EXPENDITURES**

FOR THE YEAR ENDED JUNE 30, 2019



CITY OF STOCKTON
TABLE OF CONTENTS
JUNE 30, 2019

	PAGE
Independent Accountant's Report on Applying Agreed-Upon Procedures	1
Exhibit 1 – Measures A and B Schedule of Sources and Uses	6
Exhibit 2 – Revenue and Expenditures for the Fiscal Years Ending June 30, 2015 through 2019 .	8

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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



We have performed the procedures enumerated below, which were agreed to by the City of Stockton, solely to assist you in determining that revenues were collected in accordance with Measure A and expenditures were spent in accordance with Measure B for the year ended June 30, 2019. The City of Stockton's management is responsible for the accounting records pertaining to Measures A and B. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which the report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. In order to plan and perform the agreed-upon procedures, we obtained an understanding of the key compliance requirements of Measures A and B. Additionally, we interviewed key personnel in the City's Administrative Services Department and Police Department to gain an understanding of the City's internal control structure relating to Measure A's financial transactions.

Eadie + Payne, LLP

3880 Lemon St., Ste. 300
Riverside, CA 92501

P.O. Box 1529
Riverside, CA 92502-1529

Office: 951-241-7800

www.eadiepaynellp.com

2. We obtained the Measures A and B Schedule of Sources and Uses included in the Comprehensive Annual Financial Report of the City of Stockton for the fiscal year ended June 30, 2019. The schedule is shown in Exhibit 1.
- a. In calculating the ratio of Measure B expenditures as a percent of Measure A revenues, the City included encumbrances of \$162,413. An encumbrance is a reservation of funds and not an expenditure. Measure B expenditures as a percentage of the total Measure A revenues was 70%.

	<u>Amount</u>
SOURCES / REVENUES:	
Measure A Transaction and Use Tax	\$ 34,570,561
Total Revenues	<u>34,570,561</u>
USES / EXPENDITURES:	
Police	23,347,964
Office of Violence Prevention	<u>875,362</u>
Total Measure B Expenditures	<u>24,223,326</u>
Measure B expenditures as a percentage of annual Measure A revenues	70%
Excess of Revenues over Expenditures and Transfers	<u>\$ 10,347,235</u>

- b. The excess of revenues over expenditures and transfers of \$10,347,235 remains in the General Fund as available fund balance.

3. To verify that Measure A revenues were collected in accordance with the tax measure, we obtained reports from the California Department of Tax and Fee Administration (CDTFA) and traced the following cash receipts:

	<u>Gross Revenues</u>
2018 – 3 rd Quarter	\$ 8,812,772
2018 – 4 th Quarter	8,991,374
2019 – 1 st Quarter	8,152,958
2019 – 2 nd Quarter	<u>8,613,457</u>
Total	<u><u>\$ 34,570,561</u></u>

The Measure A transaction and use tax revenue reported in Measures A and B Schedules of Sources and Uses in the amount of \$34,570,561 agreed to CDTFA records.

4. We examined approximately 43% of Measure B expenditures to validate the expenditures that were spent on the Marshall Plan on Crime. The approved Marshall Plan uses include the following:
- Rebuilding the Police Department;
 - Creating Office of Violence Prevention;
 - Implementing Neighborhood Blitz Team;
 - 120 new sworn public safety officers' positions over an estimated three-year period; and
 - 43 Civilian public safety positions over an estimated three-year period.

Below is a summary of Measure B expenditures examined.

<u>Uses / Expenditures – Measure B</u>	<u>Expenditures</u>	<u>Amounts Examined</u>	<u>Percentage</u>
Salary & benefits	\$ 21,259,304	\$ 8,805,518	41%
Equipment, materials, and supplies	469,030	329,274	70%
Other	<u>2,494,992</u>	<u>1,384,872</u>	56%
Total Measure B Expenditures	<u><u>\$ 24,223,326</u></u>	<u><u>\$ 10,519,664</u></u>	43%

- a. We obtained a report from City staff entitled, "Personnel Timeline – PD" for City of Stockton, which shows date of hire for both sworn public safety officers and civilian public safety staff. We selected a sample of individuals to agree the employee hire dates on the report to Omniform-CS-23, "City of Stockton Report on Personnel Action" for each employee.

Based on these reports, we noted that the City hired 18 sworn public safety officers and 2 civilian public safety staff during the fiscal year ended June 30, 2019 using Measure A funds.

All 18 sworn public safety officers hired were new officers. During the year, 3 new hires subsequently resigned or were terminated during the year. Furthermore, 23 of the sworn public safety officers out of 116 who remained as of June 30, 2018 resigned or were terminated during the fiscal year ended June 30, 2019, leaving 111 positions filled as of June 30, 2019. There was a net decrease of 5 sworn public safety officers during the fiscal year ended June 30, 2019.

Of the 2 civilian public safety staff hired, both were new hires, resigned, or were terminated during the fiscal year ended June 30, 2019. In addition, 1 other existing civilian public safety staff hired during the previous fiscal years resigned or was terminated during the fiscal year ended June 30, 2019, leaving 28 positions filled as of June 30, 2019. There was a net decrease of 1 civilian public safety officer during the fiscal year ended June 30, 2019.

Since July 1, 2014, the City has hired a total of 225 sworn public safety officers, 47 civilian public safety staff, and 11 employees for the Office of Violence Prevention, for a total of 283 employees. As of June 30, 2019, 52% of the individuals hired remain in their positions. Please refer to the table below for more details.

MARSHALL PLAN POSITIONS (Cumulative)

CATEGORY	TOTAL AUTHORIZED / BUDGETED	POSITIONS FILLED AS OF JUNE 30,				
		2015	2016	2017	2018	2019
Police Sworn	120	40	66	100	116	111
Police Civilian	17	5	12	12	16	16
Neighborhood Services	9	6	6	8	8	8
Neighborhood Blitz	5	5	5	4	5	4
Office of Violence Prevention	7	1	8	9	7	7
Totals	158	57	97	133	152	146

- b. The City also employed 21 retired police officers in part-time positions. These are not included in the table above which only notes full-time positions.
- c. We examined invoices, purchase orders, and City Council approval of resolutions for purchases of vehicles, radios, office equipment, and other supplies amounting to \$329,274.

5. We obtained the project activity reports and reviewed expenditures to date for the allocation of \$9,699,000 of Measure A funding for Mission Critical Spending shown below.

As of June 30, 2019

PROJECT DESCRIPTION	FISCAL YEAR APPROVED	MEASURE A FUNDING	EXPENDITURES TO DATE	RETURN TO GENERAL FUND*	REMAINING FUNDING
SEB 4 th Floor Build Out	2016	\$ 1,500,000	\$ 1,500,000	\$ -	\$ -
Police Communications System Upgrade	2016	650,000	650,000	-	-
Information Technology – ERP System	2015	5,000,000	2,510,339	-	2,489,661
Information Technology – Backup Infrs.	2016	385,000	385,000	-	-
LED Lighting Project Phase III	2016	1,576,000	1,347,285	(228,715)	-
Parks Irrigation Controller Upgrade	2016	588,000	588,000	-	-
Totals		<u>\$ 9,699,000</u>	<u>\$ 6,751,909</u>	<u>\$ (228,715)</u>	<u>\$ 2,489,661</u>

* Denotes project is complete with unspent Measure A funds to be returned to the General Fund.

- a. We obtained reports from City Finance Department staff entitled "Project Activity Listing" detailing activity by project for SEB 4th Floor Build Out Project, Police Communications System Upgrade, Information Technology Projects, LED Lighting Project Phase III, and Parks Irrigation Controller Upgrade Project in the total amount of \$6,751,909 for the projects' history-to-date.

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

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

Eadie and Payne, LLP

November 15, 2019
Riverside, California

CITY OF STOCKTON
MEASURES A AND B SCHEDULE OF SOURCES AND USES
 FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT 1

	<u>Final Budget</u>	<u>Year-End Actual</u>	<u>Variance with Final Budget</u>
SOURCES / REVENUES:			
Measure A Transaction and Use Tax	\$ 31,458,459	\$ 34,570,561	\$ 3,112,102
Total Revenues	<u>31,458,459</u>	<u>34,570,561</u>	<u>3,112,102</u>
USES / EXPENDITURES:			
Police			
Salary & Benefits			
Sworn	18,604,080	17,552,945	1,051,135
Non-Sworn	3,207,584	3,085,164	122,420
Vacancy Savings	(1,046,464)	-	(1,046,464)
Other Services	1,854,746	1,726,339	128,407
Materials & Supplies			
Fuel	140,434	312,503	(172,069)
Other Supplies	348,629	142,380	206,249
Other Expenses			
Training	556,454	528,633	27,821
	<u>23,665,463</u>	<u>23,347,964</u>	<u>317,499</u>
Office of Violence Prevention			
Salary & Benefits			
Non-Sworn	686,203	621,195	65,008
Other Services	312,307	220,279	92,028
Materials & Supplies			
Fuel	6,731	5,620	1,111
Other Supplies	28,600	5,060	23,540
Office Equipment	5,441	3,467	1,974
Other Expenses	20,250	19,741	509
	<u>1,059,532</u>	<u>875,362</u>	<u>184,170</u>

CITY OF STOCKTON

EXHIBIT 1

MEASURES A AND B SCHEDULE OF SOURCES AND USES (Continued)

FOR THE YEAR ENDED JUNE 30, 2019

	<u>Final Budget</u>	<u>Year-End Actual</u>	<u>Variance with Final Budget</u>
Basis Adjustment			
Encumbrances (included in Final Budget)	\$ -	\$ 162,413	\$ (162,413)
Total Measure B Expenditures	<u>\$ 24,724,995</u>	<u>\$ 24,385,739</u>	<u>\$ 339,256</u>
 Crime Prevention (Measure B) expenditures as a percentage of annual Measure A revenues	 79%	 71%	
 Other City Services			
Prior Year – Mission Critical Projects			
Marketing/Communications Plan	14,325	-	14,325
General Fund Available Fund Balance	<u>6,719,139</u>	<u>10,184,822</u>	<u>(3,465,683)</u>
	<u>6,733,464</u>	<u>10,184,822</u>	<u>(3,451,358)</u>
 Total Uses/Expenditures	 <u>\$ 31,458,459</u>	 <u>\$ 34,570,561</u>	 <u>\$ (3,112,102)</u>

CITY OF STOCKTON
REVENUE AND EXPENDITURES
 FOR THE YEARS ENDED JUNE 30, 2015 THROUGH 2019

EXHIBIT 2

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
SOURCES / REVENUES:					
Measure A Transaction and Use Tax	\$ 34,570,561	\$ 31,735,727	\$ 30,048,605	\$ 29,259,106	\$ 27,811,587
Total Revenues	34,570,561	31,735,727	30,048,605	29,259,106	27,811,587
USES / EXPENDITURES:					
Police	23,347,964	21,600,708	17,433,483	12,255,785	4,857,390
Office of Violence Prevention	875,362	873,609	847,222	611,857	209,932
Total Measure B Expenditures	24,223,326	22,474,317	18,280,705	12,867,642	5,067,322
Measure B expenditures as a % of annual Measure A revenues	70%	71%	61%	44%	18%
Other City Services					
Administration Overhead	-	-	-	730,920	230,096
Transfers to Mission Critical Projects	-	-	380,201	5,292,380	7,789,129
Total Other City Services	-	-	380,201	6,023,300	8,019,225
Total Uses/Expenditures	24,223,326	22,474,317	18,660,906	18,890,942	13,086,547
EXCESS OF REVENUES OVER EXPENDITURES AND TRANSFERS	\$ 10,347,235	\$ 9,261,410	\$ 11,387,699	\$ 10,368,164	\$ 14,725,040