

CITY OF BURBANK

REPORT ON AGREED-UPON PROCEDURES
ON MEASURE P SALES TAX FUNDS

FISCAL YEAR ENDED
JUNE 30, 2019

**INDEPENDENT ACCOUNTANTS' REPORT
 ON APPLYING AGREED-UPON PROCEDURES**

City Council
 City of Burbank
 275 East Olive Avenue
 Burbank, CA 91502

We have performed the procedures enumerated below, which were agreed to by the City of Burbank (the “City”), to assist the City’s oversight of Measure P sales tax revenues and expenditures for the fiscal year ended June 30, 2019. The City’s management is responsible for oversight of Measure P sales tax funds. The sufficiency of these procedure is solely the responsibility of the City. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. We verified that Measure P revenues did not supplant existing revenue resources for infrastructure projects by comparing non-Measure P revenue sources for infrastructure projects, for the year ended June 30, 2019, to the baseline General Fund Commitment toward infrastructure funding established in the Infrastructure Maintenance, Repair, and Improvement Funding Commitment Policy adopted by the City Council on October 30, 2018.

Findings

On October 30, 2018, the City Council adopted Infrastructure Maintenance, Repair, and Improvement Funding Commitment Policy. The policy established a baseline for General Fund Commitment toward infrastructure of \$4,709,040. This baseline commitment was derived from the average of the previous three-year’s (FY 15-16, FY 16-17 and FY 17-18) General Fund recurring infrastructure maintenance and repair funding. We agreed the amounts used to calculate the baseline to transfers recorded in the City’s general ledger without exception.

As shown below, the total Non-Measure P revenue designated for infrastructure projects during the fiscal year ended June 30, 2019 was \$6,302,567, resulting in an excess of \$1,593,527. These funds were transferred to the Municipal Building Replacement Fund and the General City Capital Projects Fund where funds are solely used for infrastructure projects.

5% of 1% Local Sales Tax	\$ 1,867,567
Building Maintenance Fund transfer	1,500,000
Annual Infrastructure reserve and maintenance of effort	<u>2,935,000</u>
Total Non-Measure P revenues designated for infrastructure projects	<u><u>\$ 6,302,567</u></u>

Procedures and Findings (Continued)

2. We verified that a presentation of an accounting of Measure P tax revenues received and expenditures made during the fiscal year ended June 30, 2019, was made to the City Council, prior to the adoption of the budget.

Findings

Based on inquiries with management, a presentation of an accounting of Measure P sales tax revenues received and expenditures made has not yet been made to the City Council. Due to it being the first year the City received Measure P sales tax revenues, a presentation could not be made prior to the adoption of the Budget for the fiscal year ended June 30, 2020. It is Management's intention to present an accounting of Measure P sales tax revenues received and expenditures made during the fiscal year ended June 30, 2019, to the City Council, prior to the adoption of the budget for the fiscal year ended June 30, 2021.

3. We verified the accuracy of Measure P revenues recorded in the general ledger for fiscal year ended June 30, 2019.

Findings

Tax payments reported by the California Department of Tax and Fee Administration on their website totaling \$5,377,178, less administrative fees of \$45,680, agreed to Measure P sales tax revenues of \$5,331,498 recorded in the general ledger for the fiscal year ended June 30, 2019.

4. We verified that the expenditures funded by Measure P revenues were consistent with the purposes of Measure P.

Findings

Section 2-4-2114 of Ordinance 18-3,904 states the Measure P sales tax revenues should be spent across a broad category of purposes, such as operations including services and programs, and infrastructure. For the fiscal year ended June 30, 2019, fifty percent of Measure P revenues was recorded to the Municipal Building Replacement Fund where funds are solely used for infrastructure projects. The remaining fifty percent was recorded to the General Fund and was used to fund General Operating expenditures of the City.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's oversight of Measure P. Accordingly, we do not express such an opinion or conclusion. 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 and is not intended to be and should not be used by anyone other than those specified parties.

White Nelson Dick Evans LLP

Irvine, California
November 26, 2019