

CITY OF SANTA ANA, CALIFORNIA

**SCHEDULE OF MEASURE X
REVENUES AND USES/EXPENDITURES**

**WITH INDEPENDENT ACCOUNTANTS' REPORT ON
EXAMINATION REPORT ON MANAGEMENT'S ASSERTIONS
ABOUT THE CITY'S COMPLIANCE WITH MEASURE X**

FOR THE YEAR ENDED JUNE 30, 2019

INDEPENDENT ACCOUNTANTS' REPORT
ON EXAMINATION REPORT ON MANAGEMENT'S ASSERTIONS
ABOUT THE CITY'S COMPLIANCE WITH MEASURE X

To the Measure X Citizen Oversight Committee
and Members of City Council
of the City of Santa Ana
Santa Ana, California

We have examined management of the City of Santa Ana, California's, (City) assertion that the accompanying Schedule of Measure X Revenues and Uses/Expenditures (Schedule) for the fiscal year ended June 30, 2019 is accurate and that the City's uses/expenditures of Measure X funds complied with the requirements of Measure X. The City's management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion about the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion about compliance with the specified requirements is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about whether management's assertion is fairly stated, in all material respects. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We have been informed that, under the City's interpretation of Measure X requirements, the funds collected during the fiscal year ended June 30, 2019 were utilized to address various budget shortfalls in the General Fund and to retain police officers and that these usages are in compliance with Measure X. We agreed the Measure X revenues and uses/expenditures identified by the City to supporting documentation.

Our examination does not provide a legal determination on the City's compliance with the specified requirements.

In our opinion, management's assertion that the accompanying Schedule for the fiscal year ended June 30, 2019 is accurate and that the City's uses/expenditures of Measure X funds complied with the requirements of Measure X, is fairly stated, in all material respects.

This report is intended solely for the information and use of the Measure X Citizen Oversight Committee, City Council, and management of the City of Santa Ana, California and is not suitable for any other purpose.

White Nelson Diehl Evans LLP

Irvine, California
December 5, 2019

CITY OF SANTA ANA

SCHEDULE OF MEASURE X REVENUES AND USES/EXPENDITURES

For the year ended June 30, 2019

Measure X Revenue:	
April 2019	\$ 4,174,794
May 2019	5,213,622
June 2019	4,206,233
Corrections for April 2019 - June 2019, received late and posted to Fiscal Year 2019-2020	<u>1,585,176</u>
Total Measure X Revenue	<u><u>\$ 15,179,825</u></u>
 Measure X Uses/Expenditures:	
Planned use of General Fund balance	\$ 10,200,000
Planned labor savings not implemented	1,500,000
Retaining police officers	<u>4,154,530</u>
Total Measure X Uses/Expenditures	<u><u>\$ 15,854,530</u></u>

See accompanying notes to the Schedule of Measure X Revenues and Uses/Expenditures.

CITY OF SANTA ANA

NOTES TO SCHEDULE OF MEASURE X REVENUES AND USES/EXPENDITURES

For the year ended June 30, 2019

1. REVENUES AND USES/EXPENDITURES:

Measure X revenues consist of the 1.5 cent transactions and use (i.e. “sales”) tax approved by the voters of Santa Ana on November 6, 2018. Measure X became effective April 1, 2019, which provided three months of revenue in Fiscal Year 2018/19 in the amount of approximately \$15.2 million.

Measure X is a general-purpose tax, which means the revenues received from the tax go into the City’s General Fund to maintain or enhance any lawful City program, improvement or service such as 9-1-1 response; retaining firefighters and police officers; addressing homelessness; fixing streets; maintaining parks; youth and senior services; and unrestricted general revenue purposes. Without Measure X, the General Fund’s budgeted operating deficit for Fiscal Year 2018/19 would have been \$10.2 million as identified in the City’s original budget for Fiscal Year 2018/19. In addition, due to Measure X, the General Fund did not implement planned labor savings of \$1.5 million as identified in the City’s original budget for Fiscal Year 2018/19 resulting in total uses of \$11.7 million for unrestricted revenue purposes. Also, Measure X was utilized to retain police officers by increasing their compensation.

The uses/expenditures are higher than revenue reported for the period, which is supplemented by other sources of General Fund revenue.