

THOUSAND OAKS CITY COUNCIL



Supplemental Information Packet

Cynthia M. Rodriguez

**Agenda Related Items - Meeting of July 9, 2019
Supplemental Packet Date: July 9, 2019**

2:30 P.M.

Supplemental Information:

Any agenda related public documents received and distributed to a majority of the City Council after the Agenda Packet is printed are included in Supplemental Packets. Supplemental Packets are produced as needed, typically a minimum of two—one available on the Thursday preceding the City Council meeting and the second on Tuesday at the meeting. The Thursday Supplemental Packet is available for public inspection in the City Clerk Department, 2100 E. Thousand Oaks Boulevard, during normal business hours (main location pursuant to the Brown Act, G.C. 54957.5(2)). Both the Thursday and Tuesday Supplemental Packets are available for public review at the City Council meeting in the City Council Chambers, 2100 E. Thousand Oaks Boulevard.

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Finance Department
MEMORANDUM

2100 Thousand Oaks Boulevard • Thousand Oaks, CA 91362
Phone 805/449.2200 • Fax 805/449.2250 • www.toaks.org

TO: Andrew P. Powers, City Manager
FROM: Jaime Boscarino, Finance Director
DATE: July 9, 2019
SUBJECT: Agenda Item No. 7.N. Boys & Girls Club Matching Capital Improvement Grant (John L. Notter Family Club)

Following is Attachment #1, the Boys & Girls Club Matching Grant Audit Report, subject to the Boys & Girls Club Staff Report for the July 9, 2019 City Council Meeting. The audit report includes background information, audit objectives, and audit results.

2019 JUL -8 PM 3:09
CITY OF OAKS DEPARTMENT
CITY OF THOUSAND OAKS

TO COUNCIL 7-9-2019
AGENDA ITEM NO. 7N
MEETING DATE 7-9-2019

Finance Department
MEMORANDUM

2100 Thousand Oaks Boulevard • Thousand Oaks, CA 91362
Phone 805/449.2200 • Fax 805/449.2250 • www.toaks.org

To: Jaime Boscarino, Finance Director
From: Earl Garland, City Auditor
Date: July 9, 2019
Subject: **BOYS & GIRLS CLUBS MATCHING GRANT AUDIT – JOHN L. NOTTER FAMILY CLUB (REDWOOD MIDDLE SCHOOL)**

BACKGROUND:

The City entered into the matching capital improvement grant agreement with Boys & Girls Clubs of Conejo and Las Virgenes, Inc. (BGC) in 2002. The agreement provided that the City would provide BGC a capital improvements matching grant up to \$1,000,000, \$250,000 for each of up to four clubhouses located at middle schools in Thousand Oaks. The City's grant funding is limited to the purpose of construction of the clubhouses. BGC is required to raise funds to qualify for the City's matching grant and to spend the funds towards certain project-related costs.

BGC opened its first freestanding clubhouse in the Conejo Valley at Los Cerritos middle school in 2004. BGC opened their second freestanding clubhouse at Colina middle school in 2007. BGC opened their third clubhouse at Sequoia middle school in September 2011. After each club opened, the City audited the BGC to verify contract compliance. As a result, the City distributed \$250,000 to each of the three clubhouses (\$750,000 in total).

In June 2012, the Boys & Girls Clubs of Conejo & Las Virgenes, Inc. formally changed its name to the Boys & Girls Clubs of Greater Conejo Valley, Inc. (BGCCV).

The BGCCV recently requested the final \$250,000 for the John L. Notter Family (Notter) Club located at the Redwood Middle School campus, which opened March 2019. This audit is in response to BGCCV's request for the matching grant funds.

AUDIT OBJECTIVES:

Our objectives were to determine whether the BGCCV complied with the agreement requirements, including whether they raised the required matching grant funds and whether project expenditures were properly supported and allowable under the agreement.

AUDIT RESULTS:

BGCCV's accounting records for the Notter club indicate that total project costs were \$3.1 million, and revenues, including pledged donations, were \$1.7 million. As of the

Boys & Girls Clubs Matching Grant Audit Report
July 9, 2019
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audit date, \$965,000 of the project revenue had been paid to the BGCCV (the remaining \$700,000 in pledges are expected to be paid in the future). The BGCCV was able to fully pay for the entire project cost with the \$965,000 cash raised, as well as, with \$2.1 million in general purpose contributions and investments.

We found that the BGCCV did not technically meet all the terms of the agreement. Section 1 of the matching grant agreement stipulates that the City will “provide a monetary matching grant from its funds up to an amount of \$250,000 per Project site after all other matching funds have been raised (cash in bank)”. The agreement provides an example; “If the final estimated cost of a single site project is \$800,000, \$500,000 in matching funds would have had to already been raised and expended on construction costs before City’s \$250,000 matching grant will be provided”. Thus, the agreement requires that the BGCCV raise (cash in hand) over \$2.8 million (\$3.1 million project cost less \$250,000) to comply with the agreement.

Section 2 of the matching grant agreement further defines the matching grant requirement, stating that “the grantee shall have raised to that point in time, from other sources, an amount of matching funds sufficient to pay for each Project’s total construction costs, less \$250,000”. The “from other sources” requirement is intended to avoid the BGCCV from borrowing money from itself and counting it towards the raised matching funds requirement.

Other than the exception noted above, we found that the BGCCV met the agreement requirements.

SUMMARY:

Although the BGCCV did not fully comply with the agreement, we believe that the primary intent of the grant, i.e. construction of a public use building, has been met. Accordingly, we recommend the release of the \$250,000 to the BGCCV. Additionally, the risk to the City of a non-public use is low, given that the club is located on Conejo Valley Unified School District property. Funding for the grant is contained in the City’s FY 2019-20 budget.

I would like to thank the BGCCV for their assistance during the audit.

cc: Dr. Crystal Nāone, CEO/President, Boys & Girls Clubs of Greater Conejo Valley
Andrew P. Powers, City Manager
Ingrid Hardy, Assistant City Manager
Tracy Noonan, City Attorney

