

**CITY OF VISALIA**  
**INDEPENDENT ACCOUNTANTS' REPORT ON**  
**APPLYING AGREED-UPON PROCEDURES**  
**MEASURE T**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**M. GREEN AND COMPANY LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

CITY OF VISALIA  
JUNE 30, 2013  
TABLE OF CONTENTS

	<u>Page No.</u>
Independent Accountants' Report on Applying Agreed-Upon Procedures.....	1



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

City Council  
City of Visalia and Citizens Advisory Committee  
707 W. Acequia  
Visalia, CA 93291-6100

We have performed the procedures enumerated below, which were agreed to by the City of Visalia (City), solely to assist the City and the independent Citizens Advisory Committee (CAC), with respect to the administration, financial management and accounting of the City's Measure T funds for the fiscal year ended June 30, 2013. The City's management is responsible for the City's administration, financial management and accounting for Measure T. 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 this report. 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.

The procedures applied and findings, as pertinent, are as follows:

- (1) We obtained and reviewed the City's Measure T commitments as expressed in the Measure T ballot measure from the March 2, 2004 election, the Enabling Ordinance adopted by the City Council, Board of Equalization Agreements for implementation and administration of additional sales tax, City Council approved Program Guidelines and expenditure plans for the current fiscal year and the City Council approved City Manager Plan Recertification for June 30, 2013.

**Finding:**

During the first City Council meeting in January 2013 and every eight years thereafter Measure T calls for the City Council to hold a public hearing to review the progress of the Public Safety plan and the continuing need for the sales tax. To continue the sales tax, 4/5<sup>ths</sup> of the Council must affirm the tax.

Council held a public hearing and affirmed the sales tax by a 4/5<sup>ths</sup> vote on January 14, 2013.

**Dinuba  
Hanford  
Tulare  
Visalia**

**Finding:**

Measure T calls for the budgeted General Fund support for police and fire services during the fiscal year 2012-13, without regard to Measure T, to be greater than the General Fund police and fire services support during the fiscal year 2011-12, unless the council declares an economic emergency by a 4/5<sup>ths</sup> vote.

Council declared an economic emergency by a 4/5<sup>ths</sup> vote on June 18, 2012, suspending Measure T's maintenance of effort provisions, for the General Fund fire support, for the fiscal year 2012-13. However, the General Fund met the maintenance of effort provisions for police support.

**Finding:**

The Measure calls for the establishment and funding of an Economic Uncertainty Fund in the amount of 25% of the annually budgeted revenues. The Fire and Police Measure T Economic Uncertainty Fund Balances as of June 30, 2013, were \$615,047 and \$332,954, respectively. The amount for the Fire Measure T Economic Uncertainty Fund exceeded the required 25% by \$142,422. However, the Police Measure T Economic Uncertainty Fund was below the required 25% by \$395,371.

The use of the Police Measure T Economic Uncertainty Funds follows the Plan's funding Priorities of funding the current year's budgeted expenditures first. Due to the current state of the economy and the decrease in sales tax revenue the City was unable to fully fund the Police Measure T Economic Uncertainty Fund in the current fiscal year.

- (2) We updated our documentation of the following Measure T compliance provisions, as interpreted by the City Council adopted enabling ordinance and program guidelines, into an interim progress report and reported to City staff:
- a. Administrative procedures
  - b. Accounting control (including budgetary) procedures

**Findings: None**

- (3) We updated our understanding of the City's implementation of the material administrative compliance procedures.

**Findings: None**

- (4) We updated our understanding of the City's implementation of the material accounting control procedures and determined if the following were implemented or maintained:
- a. Establishment of a separate Measure T fund or fund group;
  - b. Establishment within the Measure T fund(s) of an accountability structure that allows for accountability of the Measure T sales tax proceeds mandated allocations - police (60%) and fire (40%);
  - c. That reasonable interest allocation methodologies were applied to Measure T fund(s) regarding interest revenue for unexpended net proceeds and interest charged for other City fund advances;
  - d. That General Fund support for police and fire services during the fiscal year 2012-13, without regard to Measure T funds based upon budgeted expenditure levels, was not less than General Fund police and fire services support during the fiscal year 2011-12, unless the Council declared an economic emergency by a 4/5<sup>ths</sup> vote;
  - e. Establishment of a separate "Economic Uncertainty" fund within the Measure T fund(s) of 25% of the budgeted Measure T tax revenues.

**Findings:**

Council declared an economic emergency by a 4/5<sup>ths</sup> vote on June 18, 2012, suspending Measure T's maintenance of effort provisions for the fiscal year 2012-13. However, the General Fund met the maintenance of effort provisions for police support.

- (5) We traced all Measure T monies remitted by the State Board of Equalization to determine whether they were properly deposited into the appropriate Measure T fund.

**Findings:** None

- (6) We performed procedures to verify the summaries of Measure T receipts, disbursements and unexpended funds pertaining to the fiscal year 2012-13 prepared by the City.

**Finding:**

Our review indicated that twenty-two police officers and fifteen firemen were hired as of June 30, 2013 in accordance with plan objectives. Due to the struggling economy and reduced sales tax revenue, the number of police officers hired was reduced from the original twenty-eight planned. During the reduction three officers were transferred to the General fund and will be transferred back once sales tax revenues improve. The number of firemen hired was reduced from the original eighteen planned until sales tax revenues improve and the hiring of nine of the firemen was postponed by two months in the current year from July 2012 to September 2012.

**Finding:**

We found the Capital Improvement Program expenditures are generally proceeding in accordance with the Measure T Plan. The Measure T Fire Fund purchased equipment for the nine firemen hired during the current fiscal year. The Southwest Fire Station construction has been delayed due to land acquisition challenges. The project is still in the design phase as the City is currently in the process of purchasing property and is expected to be completed in the 2015-16 fiscal year. The construction of a 911 center was put on hold due to the current declared economic emergency that the City faces but the City has resumed the planning stages of the project in the current fiscal year.

**Findings:**

Our prior year recommendation that the grant revenue specific to the overtime paid to Measure T police officers, originally recorded in the General Fund, be recorded in the Measure T Police Fund where the related expenditures were charged was implemented. Our review noted that a \$33,316 adjustment was made, to the prior fiscal year, to record the revenue in the Measure T Police Fund.

- (7) We determined if the Measure T allocations were made in accordance with the following required funding priorities:

- a. Funding of the current year's budgeted expenditures;
- b. Funding of the "Economic Uncertainty" Fund including annual revision;
- c. Funding expenditures budgeted for subsequent plan years.

**Findings:** None

- (8) We conducted an exit interview with City staff representatives.

**Findings:** None

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on administration, financial management and accounting. 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 Council, City management and the CAC and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

Very truly yours,

A handwritten signature in cursive script that reads "M Green and Company LLP".

M. GREEN AND COMPANY LLP  
Certified Public Accountants

November 14, 2013  
Visalia, California