

CITY OF VISALIA
INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES
MEASURE T
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

M. GREEN AND COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

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M. Green and Company LLP

CERTIFIED PUBLIC ACCOUNTANTS

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, 2015. 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, the Board of Equalization Agreements for implementation and administration of additional sales tax, the City Council approved Program Guidelines and expenditure plans for the current fiscal year and the Annual Recertification Plan for June 30, 2015, as approved by the City Council.

Finding:

Measure T calls for the budgeted General Fund support for police and fire services during the fiscal year 2014-15, without regard to Measure T, to be greater than the General Fund police and fire services support during the fiscal year 2013-14, unless the council declares an economic emergency by a 4/5^{ths} vote.

General Fund support for police and fire services during the fiscal year 2014-15, without regard to Measure T, was greater than the General Fund police and fire services support during the fiscal year 2014-15; therefore, the City has met the maintenance of effort calculations.

Dinuba
Hanford
Tulare
Visalia

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, 2015, were \$620,698 and \$824,014, respectively. The amount for the Fire and Police Measure T Economic Uncertainty Funds exceeded the required 25% by \$30,248 and \$814, respectively.

- (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 2014-15, 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 2013-14, unless the Council declared an economic emergency by a 4/5^{ths} 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: None

- (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 2014-15, prepared by the City.

Finding:

Our review indicated that twenty-three police officers and fifteen firemen were hired as of June 30, 2015 in accordance with plan objectives. Due to the struggling economy, reduced sales tax revenue and the Measure T sales tax revenue recovery at a slow rate, 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 remaining two positions were left vacant by attrition and will be filled when sales tax receipts increase sufficiently to fund these positions. The number of firemen hired was reduced from the original eighteen planned to fifteen until sales tax revenues improve.

Finding:

We found that the Capital Improvement Program expenditures are generally proceeding in accordance with the Measure T Plan. The Southwest Fire Station construction had been delayed due to land acquisition challenges in previous fiscal years. However, the land was purchased and the design phase was completed during the last fiscal year and construction began during the current fiscal year. Management anticipates the project to be completed in January of 2016.

The Capital Improvement Program expenditures for construction of a Visalia Emergency Communication Center had been put on hold due to the declared economic emergency that the City faced in previous fiscal years but the City has been working on the design phase of the project since the last fiscal year and anticipates the construction of the project to begin in the next fiscal year. Management anticipates the project to be completed in fiscal year 2016-17. The expenditures made towards the project were not charged to Fire and Police Measure T Funds, as the project is going to be funded with Bond proceeds. Therefore, expenditures related to the construction of the Visalia Emergency Communication Center, were recorded in another fund where all project expenditures and bond proceeds will be accounted for. Fire and Police Measure T Funds are budgeted to pay for their percentage of the project through 12 years of debt service payments beginning in fiscal year 2015-16.

- (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 2, 2015
Visalia, California