

**CITY OF VISALIA**  
**INDEPENDENT ACCOUNTANT'S REPORT ON**  
**APPLYING AGREED-UPON PROCEDURES**  
**MEASURE 'T'**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

City Council  
City of Visalia  
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, 2009. 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 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, 2009.

### Finding:

Measure 'T' calls for the General Fund support for police and fire services during the fiscal year 2008-09, without regard to Measure 'T', to be greater than the General Fund police and fire services support during the fiscal year 2007-08, unless the council declares an economic emergency by a 4/5<sup>ths</sup> vote.

General Fund support for police and fire services during the fiscal year 2008-09, without regard to Measure 'T,' was greater than the General Fund police and fire services support during the fiscal year 2007-08; therefore, the City has met the maintenance of effort calculations.

### 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 "Economic Uncertainty" Fund Balance as of June 30, 2009, was \$1,448,297. This amount exceeded the required 25% by \$171,472.

- (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 2008-09, without regard to Measure 'T' funds based upon expenditure levels, was not less than General Fund police and fire services support during the fiscal year 2007-08, unless the Council declared an economic emergency by 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:** 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 2008-09 prepared by the City.

**Finding:**

Our review indicated that twenty-four police officers and four firemen were hired as of June 30, 2009 in accordance with plan objectives. However, our review of personnel and payroll records determined that there was not a proper allocation of labor charges for one Measure 'T' officer at the time of hire for a period of two months. The police department's records indicated this police officer was to be expended from a different fund than what was indicated on the employee's CV9 form at the time of hire. As a result, this officer was mistakenly charged to the City's General Fund instead of the Measure 'T' Police Fund when hired during the 2008-09 fiscal year. A CV9 form was later completed to allocate the officer's salary to the correct Measure 'T' Police Fund. However, no correction was made for the salary mistakenly charged to the City's General Fund, which amounted to \$8,030.

**Recommendation:**

We recommend that the City take further steps and work closely with the police department to ensure that proper records are maintained in the police department that indicate the fund an officer's salary is to be charged to and that proper measures are followed to ensure a CV9 form is filled out each time an officer is hired, terminated, or transferred to a different fund.

We also recommend that the Measure 'T' Police Fund reimburse the City's General Fund for those expenditures related to the officer mistakenly charged to the General Fund during the 2008-09 fiscal year.

**Management Response:**

Management agrees with the finding. The root cause of the error was the internal accounting codes the City used for all Police Officers. The City used the same object code regardless of which fund Officers were paid from. The City has now created unique codes to identify Measure T and General Fund Officers. This will ensure Officer's salary expenses are coded properly. Management will prepare a journal entry to increase the salary expenses in the Measure T Police fund by \$8,030 and decrease the salary expenses in the General Fund by \$8,030.

**Finding:**

The Capital Improvement Program expenditures were proceeding in accordance with Measure 'T'.

(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.

Very truly yours,

*M. Green and Company LLP*  
M. GREEN AND COMPANY LLP  
Certified Public Accountants

November 12, 2009  
Visalia, California