

CITY OF VISALIA
INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES
MEASURE N
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

M. GREEN AND COMPANY LLP
Certified Public Accountants

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

City Council
City of Visalia and Measure N Sales Tax Oversight Board
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 Measure N Sales Tax Oversight Board, with respect to the administration, financial management and accounting of the City's Measure N funds for the fiscal year ended June 30, 2018. The City's management and accounting for the City's administration, financial management and accounting for Measure N. 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 N commitments as expressed in the Measure N ballot measure from the November 8, 2016 election, the Enabling Ordinance adopted by the City Council, the Board of Equalization Agreements for implementation and administration of additional sales tax, and the City Council approved initial expenditure plan, annual expenditure plan and any amendments, as applicable for the current fiscal year.

Findings: None

- (2) We identified and documented the following Measure N compliance provisions, as interpreted by the City Council adopted enabling ordinance and interim progress report 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

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- (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 an initial spending plan specifying the uses of the proceeds of the sales or use tax for the period between implementation of the sales and use tax and the end of the subsequent fiscal year; and,
 - b. Establishment of an annual expenditure plan, as part of adoption of an annual City General Fund budget, specifying the uses of the proceeds of the sales or use tax for the coming fiscal year prior to the expiration of the initial expenditure plan; and,
 - c. That any amendments to the initial expenditure plan and subsequent annual expenditure plan were made by resolution adopted by a majority of the Council following:
 - i. Submission for comment and recommendation to the Measure N Sales Tax Oversight Committee and
 - ii. Public hearing during at least two regularly scheduled and appropriately noticed meetings of the City Council; and,
 - d. That the initial expenditure plan, any subsequent annual expenditure plan and any amended expenditure plans were made publicly accessible at all times; and,
 - e. Establishment of a separate "Economic Uncertainty" fund within the Measure N fund(s) of 10% of the budgeted Measure N sales tax proceeds for the coming plan year; and,
 - f. Establishment of a separate "Maintenance and Emerging Needs" fund within the Measure N fund(s) of 10% of the budgeted Measure N sales tax proceeds for the coming plan year of which 2% of the budgeted Measure N sales tax proceeds shall be used for youth programs; and,
 - g. That none of the Measure N sales tax proceeds were used to pay annual debt service requirements.

Finding:

The Measure calls for the establishment and funding of an Economic Uncertainty Fund in the amount of 10% of the annually budgeted revenues. The Measure N Economic Uncertainty Fund balance as of June 30, 2018, was \$1,100,000. The amount for the Measure N Economic Uncertainty Fund met the required 10%.

The Measure also calls for the establishment and funding of a Maintenance and Emerging Needs Fund in the amount of 10% of the annually budgeted revenues of which 2% of the budgeted revenues shall be used for youth programs. The Maintenance and Emerging Needs Fund and The Maintenance and Emerging Needs Fund - Youth Fund were both funded during the fiscal year June 30, 2018, with the amount of \$880,000 and \$220,000, respectively which met the required percentages.

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

Findings: None

- (6) We performed procedures to verify the summaries of Measure N receipts, disbursements and unexpended funds pertaining to the fiscal year 2017-2018 as prepared by the City.

Finding:

Police

The amended Measure N Plan calls for the hiring of 13 police officers and three police professional staff in the initial plan year, which is through June 30, 2018. Our review indicated that eight police officers and three police professional staff were hired as of June 30, 2018 in accordance with plan objectives. One additional police officer was hired during the fiscal year; however, the officer resigned prior to June 30, 2018 and the position remained open as of June 30, 2018. City staff has indicated as of October 31, 2018, these positions have been filled.

Parks and Recreation

The amended Measure N Plan also calls for the hiring of two parks and recreation maintenance employees, an urban forest employee and a recreation coordinator. Our review indicated an urban forest employee and a recreation coordinator were hired as of June 30, 2018. City staff has indicated as of October 31, 2018, these positions have been filled.

Maintenance and Emerging Needs (Including Youth)

The Measure N Plan also calls for the implementation of a Clubhouse Networking program in which the Maintenance and Emerging Needs Fund - Youth Fund was able to fund various hourly employees working on the Clubhouse Networking program in accordance with the Plan.

Finding:

We found that the Capital Improvement Program expenditures are generally proceeding in accordance with the Measure N Plan. During the fiscal year 2017-2018, the City approved the existing capital project roll-over policy to include Measure N Funds as many of the projects have been approved and possibly started but not completed in the current fiscal year. Now those projects can be rolled into the next fiscal year if the project was not completed which will bring consistency across all City projects and funds.

Fire

A ladder truck had been purchased as of June 30, 2017 in accordance with the Measure N plan. However, there were some remaining project costs that were incurred during the current fiscal year. An air truck has been purchased as of June 30, 2018 in accordance with the Measure N plan.

Police

As of June 30, 2018, four police officer vehicles and two police professional staff vehicles had been purchased and the approval of nine additional police officer vehicles had been made in accordance with the Measure N plan.

Also, during the 2017-2018 fiscal year the City approved the purchase for the Body Worn Camera Program in accordance with the Plan. No amounts had been expended as of June 30, 2018.

Roads

Various road projects have been completed in fiscal year 2017-2018 in accordance with the Measure N plan. \$2,692,327 had been expended during the fiscal year ended June 30, 2018.

Parks and Recreation

No Capital Improvement Program expenditures amounts had been included in the Measure N plan or expended as of June 30, 2018.

Maintenance and Emerging Needs (Including Youth)

The Whittman Center re-roof project had been completed by June 30, 2018 in accordance with the Measure N plan.

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

Findings: None

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on administration, financial management and accounting. Accordingly, we do not express such an opinion or conclusion. 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 Measure N Sales Tax Oversight Board 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 black ink that reads "M. Green and Company LLP". The signature is written in a cursive, flowing style.

M. GREEN AND COMPANY LLP
Certified Public Accountants

November 10, 2018
Visalia, California