

CITY OF VISALIA
INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES
MEASURE N
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

M. GREEN AND COMPANY LLP
Certified Public Accountants

Page No.

Independent Accountants' Report on Applying Agreed-Upon Procedures 1



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, 2019. The City's management is responsible 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

REBECCA AGREDANO, C.P.A.
MARLA D. BORGES, C.P.A.
NICOLE A. CENTOFANTI, C.P.A.
WM. KENT JENSEN, C.P.A.
KATHLEEN M. LAMPE, C.P.A.
R. IAN PARKER, C.P.A.
MARY L. QUILLIN, C.P.A.
ELAINE D. REULE, C.P.A., C.F.E.
GIUSEPPE SCALIA, C.P.A.
NATALIE H. SIEGEL, C.P.A.
ROSALIND WONG, C.P.A.
LARRY W. AYERS, C.P.A.
JAMES G. DWYER, C.P.A.
KEVIN M. GREEN, C.P.A.
GREG GROEN, C.P.A.
LYNN M. LAMPE, C.P.A., C.F.E.
ALAN S. MOORE, C.P.A.
D. CHRIS NEESE, E.A.
KENNETH B. NUNES, C.P.A.
KEITH M. SPRAGUE, C.P.A.
KENNETH W. WHITE, JR., C.P.A.
NORIKO A. AWBREY, C.P.A.
TYLER J. CODAY, C.P.A.
BRENDA A. DADDINO, C.P.A.
JASON A. FRY, C.P.A., M.S.A.
MANNY GONZALEZ, C.P.A.
JASMAN S. KHOSA, C.P.A.
TRACY L. MCINTYRE, C.P.A.
KRYSTAL PARREIRA, C.P.A., M.S.A.
RACHEL L. SCHROEDER, C.P.A.
GINILU VANDERWALL, C.P.A.
KRISTI WEAVER, C.P.A.

*Hanford
Lindsay
Tulare
Visalia*

- (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, 2019, was \$1,303,970. 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, 2019, with the amount of \$1,043,176 and \$260,794, respectively which met the required percentages.

- (5) We traced all Measure N monies remitted by the California Department of Tax and Fee Administration 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 2018-2019 as prepared by the City.

Findings:

Police

The Annual Measure N Plan calls for the hiring of 18 police officers and five police professional staff during the current fiscal year. Our review indicated that 17 police officers and five police professional staff were hired in accordance with plan objectives. One of the five police professional staff hired transferred to a police officer vacant position during the current fiscal year and one of the 17 police officers hired resigned prior to June 30, 2019. Therefore two police officer positions and one police professional staff position remained open as of June 30, 2019.

Fire

The Annual Measure N Plan calls for the hiring of four squad staff during the current fiscal year. Our review indicated that none were hired as of June 30, 2019. However, we noted that on April 15, 2019 Council discussed and approved a phased squad vehicle based emergency medical response program, with paramedic staffing implementation plan to be presented to the Measure N Oversight Committee for a proposal amendment of the Annual Measure N Plan.

Parks and Recreation

Our review also indicated that two parks and recreation maintenance employees, an urban forest employee and a recreation coordinator were hired in accordance with the Annual Measure N Plan.

Maintenance and Emerging Needs (Including Youth)

The prior year Measure N Plan called for the implementation of a Clubhouse Networking program which rolled-over to the current fiscal year and 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.

Findings:

We found that the Capital Improvement Program expenditures are generally proceeding in accordance with the Annual Measure N Plan. Measure N Funds include a capital project roll-over policy consistent with all City projects and funds where projects approved and possibly started but not completed in one fiscal year may roll-over into the next fiscal year until completed.

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. However, there were some remaining project costs that were incurred during the current fiscal year.

The Capital Improvement Program expenditures for refurbishment of Station 51 has been delayed due to the advancement of relocating Fire Station 56 within the Annual Measure N Plan. Land was purchased during the 2018-2019 fiscal year and the project is in the design phase. Management anticipates the project to be completed in fiscal year 2021-2022 or 2022-2023.

The Annual Measure N Plan also calls for the purchase of four squad vehicles during the current fiscal year. Our review indicated that none were purchased as of June 30, 2019. However, we noted that on April 15, 2019 Council discussed and approved a phased squad vehicle based emergency medical response program, with paramedic staffing implementation plan to be presented to the Measure N Oversight Committee for a proposal amendment of the Annual Measure N Plan.

Police

As of June 30, 2019, 13 police officer vehicles and two police professional staff vehicles had been purchased and the approval of five additional police officer vehicles had been made in accordance with the Measure N plan.

Also, during the 2018-2019 fiscal year the City purchased body worn cameras in accordance with the Plan.

Roads

Various street maintenance projects have been completed in fiscal year 2018-2019 in accordance with the Measure N Plan. \$1,069,272 had been expended during the fiscal year ended June 30, 2019.

Parks and Recreation

No Capital Improvement Program expenditure amounts had been expended as of June 30, 2019. However, the approval of two employee vehicles had been made in accordance with the Measure N plan.

Other

The Annual Measure N Plan calls for a Downtown Street Light System. This project is still in the design phase. Management anticipates the project to be completed in fiscal year 2021-2022 or 2022-2023.

Maintenance and Emerging Needs

Various building maintenance projects have been completed in fiscal year 2018-2019 in accordance with the Measure N plan. \$365,644 had been expended towards re-roofing City Facilities during the fiscal year ended June 30, 2019.

Maintenance and Emerging Needs – Youth

No Capital Improvement Program expenditure amounts had been included in the Annual Measure N Plan or expended as of June 30, 2019.

(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,

M. Green and Company LLP

M. GREEN AND COMPANY LLP
Certified Public Accountants

November 13, 2019
Visalia, California