

**CITY OF VISALIA**  
**INDEPENDENT ACCOUNTANTS' REPORT ON**  
**APPLYING AGREED-UPON PROCEDURES**  
**MEASURE T**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**M. GREEN AND COMPANY LLP**  
**Certified Public Accountants**

Independent Accountants' Report on Applying Agreed-Upon Procedures..... 1



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## 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, 2019. The City's management is responsible for the City's administration, financial management and accounting for Measure T. 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, 2019, as approved by the City Council.

**Findings:** None

- (2) We updated our documentation of the following Measure T compliance provisions, as interpreted by the City Council adopted enabling ordinance, program guidelines 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

- (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 2018-19, 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 2017-18, 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.

**Finding:**

Measure T calls for the budgeted General Fund support for police and fire services during the fiscal year 2018-19, without regard to Measure T, to be greater than the General Fund police and fire services support during the fiscal year 2017-18, 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 2018-19, without regard to Measure T, was greater than the General Fund police and fire services support during the fiscal year 2017-18; 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 Fire and Police Measure T Economic Uncertainty Fund balances as of June 30, 2019, were \$672,350 and \$987,276 respectively. The amount for the Fire and Police Measure T Economic Uncertainty Funds exceeded the required 25% by \$20,375 and \$9,301, respectively.

- (5) We traced all Measure T monies remitted by the California Department of Tax and Fee Administration 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 2018-19 as prepared by the City.

**Finding:**

Our review indicated that 23 police officers and 15 firemen were hired in accordance with plan objectives. However as of June 30, 2019, two police officer positions were vacant by attrition, of which one will remain vacant in Measure T fund and the position will be filled in the General Fund following the Annual Recertification Plan for June 30, 2020. Due to reduced sales tax revenue compared to original Plan projections and the Measure T sales tax revenue recovery at a slow rate, the number of police officers hired was reduced from the original 28 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 18 planned to 15 until sales tax revenues improve.

**Finding:**

We found that two employee related expenditures were charged to Measure T Funds in error. The employees were not Measure T employees during the current fiscal year. Therefore, the charges should have not been charged to Measure T Funds. City staff has made journal entries to correct the errors and our review noted that Measure T Funds were reimbursed in the current fiscal year for the amounts expended in error for a total of \$33.

**Recommendation:**

We recommend that City staff ensure that employee related expenditures are only charged to Measure T Funds for current Measure T officers.

**Management Response:**

City staff has implemented processes to ensure that employee related expenditures are only charged to Measure T funds for current Measure T officers.

**Finding:**

We found that the Capital Improvement Program expenditures are generally proceeding in accordance with the Measure T Plan. The City finished construction of the Visalia Emergency Communication Center during the previous fiscal year. The expenditures made towards the project were not charged to Fire and Police Measure T Funds, as the project was a multi-funded project which was being funded with prior year Certificates of Participation (COP) proceeds. Therefore, expenditures related to the construction of the Visalia Emergency Communication Center, were recorded in another fund where all project expenditures were accounted for. COP in the amount of \$17,910,000 were issued in the 2015-16 fiscal year to fund the project. The Measure T Plan was recertified approving the Police Measure T Fund to pay 14% of the total debt payment in the amount of \$151,000. However, Measure T's portion of the COP proceeds and debt service payments is 9.577540%. Police Measure T Funds paid \$150,944 of debt service payments in the current year in accordance with approved plan and is budgeted to pay for their percentage of the project through an additional 12 years of debt service payments ending in fiscal year 2029-30.

**Recommendation:**

We recommend that Measure T's correct percentage portion of the COP proceeds and debt service payments be reflected in the next annual recertification of the Plan.

**Management Response:**

City staff has made the changes and it will be reflected in the next annual recertification of the plan.

- (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

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 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,

  
M. GREEN AND COMPANY LLP  
Certified Public Accountants

November 13, 2019  
Visalia, California