

CITY OF VISALIA
INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES
MEASURE N
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, 2020. 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

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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, 2020, was \$1,317,010. 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, 2020, with the amount of \$1,053,608 and \$263,402, 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 2019-2020 as prepared by the City.

Findings:

Police

The Annual Measure N Plan calls for the hiring of 21 police officers and six police professional staff during the current fiscal year. Our review indicated that 21 police officers and six police professional staff were hired in accordance with plan objectives. One of the six police professional staff hired and one of the 21 police officers hired resigned prior to June 30, 2020. Therefore one police officer positions and one police professional staff position remained open as of June 30, 2020.

Fire

We noted that an approved phased squad vehicle based emergency medical response program, with three paramedics and one EMS Coordinator were to be hired during the current fiscal year with the revised Annual Measure N Plan. Our review indicated that one paramedic and an EMS Coordinator were hired in accordance with plan objectives. Therefore, two paramedic positions remained open as of June 30, 2020. Our review also indicated that a Battalion Chief and Administrative Capitan were transferred to Measure N from Measure T in accordance with the revised 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. Our review indicated that the recreation coordinator was transferred to another fund prior to June 30, 2020, due to the pandemic, and the position remained open as of June 30, 2020.

Maintenance and Emerging Needs (Including Youth)

The Measure N Plan called for the implementation of a Clubhouse Networking program in a previous year 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 a squad vehicle and a supervisor vehicle during the current fiscal year. Our review indicated that a squad vehicle was purchased and the supervisor vehicle had been ordered as of June 30, 2020.

Police

As of June 30, 2020, 18 police officer vehicles and two police professional staff vehicles had been purchased. The Measure N Plan called for the purchase of three additional police officer vehicles and one police professional staff member during the current fiscal year. We noted that the purchase for three of the police officer vehicles had been delayed due to the pandemic and are in the process of being ordered during the 2020-2021 fiscal year. The department determined the purchase of a vehicle for the professional staff member hired during the current fiscal year was not need as the position filled did not require the use of a vehicle. The professional staff member positions filled each fiscal year vary based on the needs of the department as allowed in the Measure N Plan.

Roads

Various street maintenance projects have been completed in fiscal year 2019-2020 in accordance with the Measure N Plan. \$3,146,086 had been expended during the fiscal year ended June 30, 2020.

Parks and Recreation

As of June 30, 2020, three vehicles had been purchased 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. \$234,543 had been expended during the fiscal year ended June 30, 2020.

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, 2020.

(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 17, 2020
Visalia, California