

CITY OF VISALIA
INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES
MEASURE N
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

M. GREEN AND COMPANY LLP
Certified Public Accountants

Independent Accountants' Report on Applying Agreed-Upon Procedures 1



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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

REBECCA AGREDANO, CPA

MARLA D. BORGES, CPA

NICOLE A. CENTOFANTI, CPA

BRENDA A. DADDINO, CPA

JASON A. FRY, CPA, MSA

ELAINE D. HOPPER, CPA, CFE

R. IAN PARKER, CPA

MARY L. QUILLIN, CPA

GIUSEPPE SCALIA, CPA

NATALIE H. SIEGEL, CPA

ROSALIND WONG, CPA

LARRY W. AYERS, CPA

JAMES G. DWYER, CPA

KEVIN M. GREEN, CPA

GREG GROEN, CPA

WM. KENT JENSEN, CPA

KATHLEEN M. LAMPE, CPA

LYNN M. LAMPE, CPA

ALAN S. MOORE, CPA

KENNETH B. NUNES, CPA

KEITH M. SPRAGUE, CPA

KENNETH W. WHITE, JR., CPA

NORIKO A. AWBREY, CPA

TYLER J. CODAY, CPA

MANNY GONZALEZ, CPA

JASMAN S. KHOSA, CPA

KRYSTAL PARREIRA, CPA, MSA

GINILU VANDERWALL, CPA

KRISTI WEAVER, CPA

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 with respect to the administration, financial management and accounting of the City of Visalia's (City) Visalia Essential City Services Sales Tax (Measure N) funds for the fiscal year ended June 30, 2021. The City's management is responsible for the City's administration, financial management and accounting for Measure N.

The City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose, solely to assist the City and the independent Measure N Sales Tax Oversight Board in regards to Measure N. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs to fall users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings 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 including accountability measures 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

- (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 separate "Maintenance and Emerging Needs" funds within the Measure N fund(s) of (1) 8% of the budgeted Measure N sales tax proceeds for the coming plan year and (2) 2% of the budgeted Measure N sales tax proceeds which 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, 2021, was \$1,158,880. 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, 2021, with the amount of \$927,100 and \$231,800, 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 2020-2021 as prepared by the City.

Findings:

Police

The Annual Measure N Plan calls for the hiring of 23 police officers and seven police professional staff during the current fiscal year. Our review indicated that 23 police officers and six police professional staff were hired in accordance with plan objectives. One of the 23 police officers hired resigned prior to June 30, 2021. Therefore one police officer position and one police professional staff position remained open as of June 30, 2021.

Fire

The Annual Measure N Plan calls for the hiring of six firemen (a Battalion Chief, Administrative Capitan, EMS Coordinator and three Paramedics) during the current fiscal year. Our review indicated that six firemen were hired in accordance with plan objectives.

Parks and Recreation

The Annual Measure N Plan calls for the hiring of two parks and recreation maintenance employees, an urban forest employee and a recreation coordinator. Our review indicated that two parks and recreation maintenance employees and an urban forest employee were hired in accordance with the Annual Measure N Plan. Our review indicated that the recreation coordinator was transferred to another fund last fiscal year, due to the pandemic, and the position remained open as of June 30, 2021.

Maintenance and Emerging Needs (Including Youth)

The Measure N Plan for Youth implemented a Clubhouse Networking program in fiscal year 2018-2019 and was shut down in fiscal year 2019-2020 due to COVID -19 restrictions. These restrictions continued through fiscal year 2020-2021 causing the Clubhouse to remain closed. Measure N funded staffing for this program and due to the pandemic, no salaries were charged to the Measure N Fund in the current fiscal year. However, unemployment wages were charged to the Measure N Fund in the current year.

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

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 2022-2023.

The Annual Measure N Plan also calls for the purchase of a squad vehicle and a supervisor vehicle during the previous fiscal year. A squad vehicle was purchased as of June 30, 2020, in accordance with the Measure N Plan. However, there were some remaining project costs that were incurred during the current fiscal year. Our review indicated that the supervisor vehicle had been purchased as of June 30, 2021.

Police

As of June 30, 2021, 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 fiscal year 2019-2020 and an additional two police officer vehicles in the current fiscal year 2020-2021. We noted that the purchase of five police officer vehicles had been approved during the current fiscal year and then later delayed due to the pandemic. Additional delays continue due to the current shortage of vehicles. There is currently a purchase order for three vehicles, issued in March 2021, which the City is awaiting to receive. The remaining two vehicles will be purchased in the future as vehicles become available. The department has also determined the purchase of a vehicle for the one police professional staff member hired is not needed at this time 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 2020-2021 in accordance with the Measure N Plan. \$3,425,597 had been expended during the fiscal year ended June 30, 2021.

Parks and Recreation

No Capital Improvement Program expenditure amounts had been included in the Annual Measure N Plan or expended as of June 30, 2021.

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 2022-2023.

Maintenance and Emerging Needs

Various building maintenance projects have been completed in accordance with the Measure N plan of which, \$647,042 had been expended during the fiscal year ended June 30, 2021.

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, 2021.

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

Findings: None

We were engaged by the City to perform this agreed-upon procedures engagement and conducted our engagement 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 engagement, 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.

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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
Certified Public Accountants

December 13, 2021
Visalia, California