

CITY OF VISALIA
INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES
MEASURE T
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

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We have performed the procedures enumerated below with respect to the administration, financial management and accounting of the City of Visalia's (City) Visalia Public Safety Sales Tax (Measure T) 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 T.

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 Citizens Advisory Committee (CAC) in regards to Measure T. 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 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, 2021, 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. Repayment of advances to Measure T fund(s) from other funds within 24 months of the advance;
 - e. That General Fund support for police and fire services during the fiscal year 2020-21, 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 2019-20, unless the Council declared an economic emergency by a 4/5th vote;
 - f. 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 2020-21, without regard to Measure T, to be greater than the General Fund police and fire services support during the fiscal year 2019-20, unless the council declares an economic emergency by a 4/5th vote.

General Fund support for police and fire services during the fiscal year 2020-21, without regard to Measure T, was greater than the General Fund police and fire services support during the fiscal year 2019-20; 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, 2021, were \$696,369 and \$1,022,544, respectively. The amount for the Fire and Police Measure T Economic Uncertainty Funds exceeded the required 25% by \$121,669 and \$160,519, 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 2020-21 as prepared by the City.

Finding:

Our review indicated that the plan objectives call for 23 police officers and 13 firemen were to be hired during the fiscal year. During the current fiscal year 20 police officers were hired and there were three vacancies. At the end of fiscal year one additional position became vacant and remained vacant as of June 30, 2021. Therefore, as of June 30, 2021, four police officer positions were vacant and are being recruited. During the current fiscal year 13 firemen were hired as called for in the current plan.

Finding:

We found that 2 vehicles were approved for purchase for police officers in March of 2021. However, the purchase has been delayed since the number of police officers hired has been below the 23 planned police officers. Police Measure T funds currently have 21 police officer vehicles and vehicle replacement expenditures are being allocated to Police Measure T Funds for those 21 police officer vehicles.

We also found that allocated expenditures for vehicle replacements were charged to Fire Measure T Funds in error. The item being depreciated was not a Fire Measure T vehicle. Therefore, the charges should have not been charged to Fire Measure T Funds. City staff has made a journal entry to correct the error and our review noted the Fire Measure T Funds were reimbursed in the current fiscal year for the amounts expensed in error for a total of \$438.

Recommendation:

We recommend that City staff ensure that allocated expenditures for vehicle replacements are only charged to Fire Measure T Funds for current Fire Measure T vehicles.

Management Response:

City staff has implemented processes to ensure that only allocated expenditures for vehicle replacements are charged to Fire Measure T funds for current Fire Measure T vehicles.

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 2017-18 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 the total debt payment at a reduced amount, which makes Measure T's portion of the COP proceeds and debt service payments 9.577540%. Police Measure T Funds paid \$151,477 of debt service payments in the current fiscal year in accordance with approved plan and is budgeted to pay for their reduced percentage of the project through an additional 9 years of debt service payments ending in fiscal year 2029-30.

The plan also calls for contributions towards the construction of a Public Safety Office Building to improve police and fire operations. In August of 2019, the design phase was approved to begin. However, due to COVID-19 interviews with consultants were delayed and an architectural engineer wasn't selected until May of 2021.

- (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

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 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

December 13, 2021
Visalia, California