

CITY OF VISALIA
INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES
MEASURE N
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

M. GREEN AND COMPANY LLP
Certified Public Accountants

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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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, 2022. 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, 2022, was \$1,170,470. 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, 2022, with the amount of \$936,400 and \$234,100, 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 2021-2022 as prepared by the City.

Findings:

Police

The Annual Measure N Plan calls for the hiring of 24 police officers and eight police professional staff during the current fiscal year. Our review indicated that 24 police officers and six police professional staff were hired as of June 30, 2022. Therefore, two police professional staff positions were vacant as of June 30, 2022 and are currently being recruited.

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 in 2019-2020 fiscal year, due to the pandemic, and the position remained open as of June 30, 2022.

Youth Programs

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 Youth Programs 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.

Police

As of June 30, 2022, 21 police officer vehicles and two police professional staff vehicles had been purchased. The Measure N Plan called for the purchase of an additional two police officer vehicles in the fiscal year 2020-2021 and one additional police officer vehicle in the fiscal year 2021-2022. We noted that the purchase of two police officer vehicles had been approved during the 2020-2021 fiscal year and then later delayed due to the pandemic. Additional delays continue due to the current shortage of vehicles. The remaining one vehicle will be purchased in the future as vehicles become available.

Fire

The Capital Improvement Program expenditures for refurbishment of Station 51 had been delayed due to the advancement of relocating Fire Station 56 within the Annual Measure N Plan. Land previously purchased for Station 56 during the 2018-2019 fiscal year was sold in the current fiscal year and land for a new location was purchased during the current fiscal year. The project is in the design phase and management anticipates the project to be completed in fiscal year 2022-2023.

Roads

Various street maintenance projects have been completed in fiscal year 2021-2022 in accordance with the Measure N Plan. \$4,688,593 had been expended during the fiscal year ended June 30, 2022.

Parks and Recreation

No Capital Improvement Program expenditure amounts had been included in the Annual Measure N Plan or expended as of June 30, 2022.

We noted that \$68,900 was spent on tree maintenance during the fiscal year when the Annual Measure N Plan only budgeted for \$53,000. City Staff made the corrections in fiscal year 2021-2022 to address the overages as expenses fell into allowed Measure N Plan park maintenance.

Recommendation:

We recommend that the City staff ensure that expenditures in excess of the approved Annual Measure N Plan are not charged to Measure N funds and if costs exceed amounts approved, we recommend that City staff follow the necessary steps to amend the Plan.

Management Response:

City Staff has implemented processes to ensure that expenditures are within the approved Annual Measure N Plan.

Other

The Annual Measure N Plan calls for a Downtown Street Light System. The design phase of this project has been completed in the current fiscal year and a contractor has been approved. 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, \$63,920 had been expended during the fiscal year ended June 30, 2022.

Youth Programs

No Capital Improvement Program expenditure amounts had been included in the Annual Measure N Plan or expended as of June 30, 2022.

(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

January 3, 2023
Visalia, California