

# Agenda

## City of Visalia Measure N Oversight Committee

Esther Perez – Board of Realtors/Building Industry  
Myron Sheklian – Downtown Visalians/Property Owners  
Armondo Apodaca – Hispanic/Visalia Chamber  
Garrett Lovell – Visalia Economic Development Council  
Glen Stewart – Citizens Advisory Committee  
Ed Jones – Citizens Advisory Committee

Lisa Alvarado – Council appointee  
Mark Fulmer – Council appointee  
Darlene Mata – Council appointee  
Jason Osborn – Council appointee  
Matt Seals – Council appointee

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Tuesday, January 9, 2024  
5:30 p.m.

Visalia Administration Office  
220 N. Santa Fe St.  
Visalia, CA

1. Welcome and Public Comment.

This is a time set aside for the Committee to receive public comment on issues which are not already included on the agenda. Public comment regarding items on the agenda may be open to public comment prior to the committee's discussion of the agenda item and before any action is taken on the agenda item. Members ask that comments are kept brief and positive. In fairness to all who wish to speak, each speaker will be allowed three minutes. Please begin your comments by stating your name and providing your city of residence.

2. Receive and accept the FY 22/23 Measure N Audit Report

3. Future Meetings and Items for Discussion.

4. Good of the Order.

5. Adjourn.

Next meeting: TBD

*In compliance with the American Disabilities Act, if you need special assistance to participate in meetings call (559) 713-4512 48-hours in advance of the meeting. For Hearing Impaired – Call (559) 713-4900 (TDD) 48-hours in advance of the scheduled meeting time to request signing services.*

*Any written materials relating to an item on this agenda submitted to the Measure N Oversight Committee after distribution of the agenda are available for public inspection in the Office of the City Clerk, 220 N. Santa Fe Street, Visalia CA 93292, during normal business hours.*

**CITY OF VISALIA**  
**INDEPENDENT ACCOUNTANTS' REPORT ON**  
**APPLYING AGREED-UPON PROCEDURES**  
**MEASURE N**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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



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## M. GREEN AND COMPANY LLP

CERTIFIED PUBLIC ACCOUNTANTS

### 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 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, 2023. 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

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

KRYSTAL PARREIRA, CPA, MSA

MARY L. QUILLIN, CPA

GIUSEPPE SCALIA, CPA

NATALIE H. SIEGEL, CPA

ROSALIND WONG, CPA

KATHERINE B. ALVES, 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

NORIKO A. AWBREY, CPA

DAVID A. BEKEDAM, CPA

TYLER J. CODAY, CPA

MANNY GONZALEZ, CPA

RYAN HOLLINGSWORTH, CPA

GINILU VANDERWALL, CPA

KRISTI WEAVER, CPA

- (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, 2023, was \$1,928,380. 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, 2023, in the amount of \$1,542,700 and \$385,700, 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 2022-2023 as prepared by the City.

**Findings:**

Police

The Annual Measure N Plan calls for the hiring of 25 police officers and 10 police professional staff during the current fiscal year. Our review indicated that 25 police officers and nine police professional staff were hired as of June 30, 2023. Therefore, one police professional staff position was vacant as of June 30, 2023 and is currently being recruited.

#### Fire

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

#### Parks and Recreation

The Annual Measure N Plan calls for the hiring of four parks and recreation employees. 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 filled again as of June 30, 2023.

#### 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, 2023, 23 police officer vehicles and two police professional staff vehicles had been purchased. The Measure N Plan called for the purchase of an additional police officer vehicle in the fiscal year 2021-2022 and one additional police officer vehicle in the fiscal year 2022-2023. The current shortage of vehicles that has occurred since the pandemic have continued to delay the purchase vehicles. The remaining three vehicles 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 2021-2022 fiscal year and land for a new location was purchased during the same fiscal year. The project is currently under construction and management anticipates the project to be completed in fiscal year 2023-2024.

The Annual Measure N Plan also calls for the purchase of a squad vehicle during the current fiscal year. During the fiscal year ended June 30, 2023, equipment in the amount of \$8,282 had been purchased for the vehicle that is currently on order.

#### Roads

Various street maintenance projects have been completed in fiscal year 2022-2023 in accordance with the Measure N Plan. \$3,693,091 had been expended during the fiscal year ended June 30, 2023.

#### Parks and Recreation

No Capital Improvement Program expenditure amounts had been included in the Annual Measure N Plan or expended as of June 30, 2023.

#### Other

The Annual Measure N Plan calls for a Downtown Street Light System. \$6,088,454 had been expended during the fiscal year ended June 30, 2023.

#### Maintenance and Emerging Needs

Various building maintenance projects have been completed in accordance with the Measure N plan of which, \$445,599 had been expended during the fiscal year ended June 30, 2023.

Youth Programs

No Capital Improvement Program expenditure amounts had been included in the Annual Measure N Plan or expended as of June 30, 2023.

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

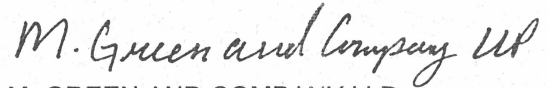
**Findings:** None

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

November 27, 2023  
Visalia, California

# City of Visalia Measure N Audit


***For Fiscal Year  
July 1, 2022 - June 30, 2023***





# Measure N:

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- ▶ The Measure is a 1/2 cent Sales Tax for essential City services.
  - ▶ Sales Tax from Measure N will provide for essential city services such as Police, Fire, Recreation, as well as maintenance of parks, roads, and City facilities. The Measure uses a detailed 10 year plan.
  - ▶ Measure N was approved by the voters November 2016 and became effective April 1, 2017.
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# Measure N Requirements:

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## ▶ Revenues:

- 10% of budgeted revenues go to the Uncertainty Fund for a fiscal emergency.
- 10% of budgeted revenues to the following programs:
  - 2% Youth Programs
  - 8% Maintenance and Emerging Needs

## ▶ Expenditures:

- Money shall not be used for debt service payments
- Annual expenditure plan must be approved by Council after the following has occurred:
  - City Manager makes a recommendation to City Council and makes changes as requested.
  - Comments and recommendation received by Sales Tax Oversight Board.
  - Two public hearings are held at regular Council Meetings to consider expenditure plan.

# Measure N Requirements cont.

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## ▶ **Sales Tax Oversight Board**

- Board consists of 11 members that are appointed as specified in the plan.
- Reviews Measure N budgets prior to adoption.
- Reviews Compliance Audits.

## ▶ **Annual Audit**

- An Independent Auditor will annually review tax revenues received and audit expenditures from the Measure, to ensure compliance with the Ballot Measure, Program Guidelines and Expenditure Plan.

## ▶ **Effectiveness Review**

- Review the progress of the Measure N Plan and the continuing need for the sales tax measure at a City Council meeting before April 1, 2025, and every 8 years thereafter.

# Measure N FY22/23 Budget with Actuals:

		Measure N	
		Final	
		Budget	Actual
<b>REVENUES</b>			
Sales Taxes		\$ 19,283,800	\$ 19,487,895
Interest Earnings & Miscellaneous		228,000	442,742
Grants - Police		-	16,092
Total Revenues		<u>19,511,800</u>	<u>19,946,729</u>
<b>EXPENDITURES</b>			
General Government		(1,945,200)	(271,392)
Public Safety:			
Fire		(1,642,400)	(1,559,712)
Police		(5,588,100)	(5,913,995)
Community Services		(858,335)	(830,058)
Capital Outlay		(12,434,973)	(12,054,479)
Total Expenditures		<u>(22,469,008)</u>	<u>(20,629,636)</u>
Revenues Over (Under) Expenditures		<u>(2,957,208)</u>	<u>(682,907)</u>
Net Change in Fund Balance		<u><u>\$ (2,957,208)</u></u>	<u>(682,907)</u>
Fund Balance Beginning of Year			<u>37,268,500</u>
Fund Balance - End of Year *			<u><u>\$ 36,585,593</u></u>

\* Included in the end of year fund balance is the Economic Uncertainty Fund of \$1,928,380 (10% of the annual budgetd sales tax revenue).

**FY 22/23 Measure N - Budget to Actual Comparison with Comments:**

	22/23 Budget	Prior Year Capital Rollover	22/23 Total Budget	22/23 Actuals	Comments
<b>Revenues</b>					
Sales Tax	19,283,800		19,283,800	19,487,895	
Interest & Misc Rev	228,000		228,000	458,834	
<b>Total Revenues</b>	<b>19,511,800</b>		<b>19,511,800</b>	<b>19,946,729</b>	
<b>Expenditures</b>					
Police					
Salary and Benefits	4,825,000		4,825,000	5,014,772	27 Officers/7 Professional Staff
Operating Expenditures	763,200		763,200	888,633	
Body Cameras					
Capital - Vehicles	93,900	170,553	264,453	114,553	Vehicles to be purchased in FY 23/24 - FY 21/22 - 1 Car, FY 22/23 -1 Car, Media & Community Coordinator Vehicle
Fire					
Salary and Benefits	1,398,800		1,398,800	1,264,547	1 BC, 1 Admin Capt, 1 EMS Coordinator, 6 Paramedics
Operating Expenditures	243,600		243,600	299,438	
Capital	-	7,576,724	7,576,724	1,694,814	Fire Station 56-construction & Fire Station 51-design, Squad Phase 2 Vehicle
Streets Capital	3,600,000	4,678,331	8,278,331	3,693,091	Rolled over to 23/24, projects to be completed in 23/24
Parks and Recreation					
Salary and Benefits	381,400		381,400	361,974	2 Park tech, 1 Urban Forestry, 1 Rec Crd
Operating Expenditures	297,800		297,800	338,862	

## FY 21/22 Measure N (Continued)

	<b>22/23</b>	<b>Prior Year</b>	<b>22/23</b>	<b>22/23</b>	
	<b>Budget</b>	<b>Capital Rollover</b>	<b>Total Budget</b>	<b>Actuals</b>	<b>Comments</b>
Downtown Street Lights	-	8,499,212	8,499,212	6,088,454	Project completed in FY 22/23
2% Youth - Police & Recreation	385,700		385,700	154,437	
8% Maintenance & Emerging Needs					
Building Maintenance	-	2,004,125	2,004,125	459,940	
Emerging Needs	1,542,700	266,400	1,809,100	-	
State Sales Tax Fees	279,200		279,200	256,121	
<b>Total Expenditures</b>	<b>13,811,300</b>	<b>23,195,345</b>	<b>37,006,645</b>	<b>20,629,636</b>	
<b>Surplus/(Shortfall)</b>	<b>5,700,500</b>	<b>(23,195,345)</b>	<b>(17,494,845)</b>	<b>(682,907)</b>	
<b>Beginning Cash</b>	32,924,747	-	32,924,747	32,924,747	
<b>Transfer to Uncertainty Fund</b>	(757,910)	-	(757,910)	(757,910)	
<b>Ending Cash Balance</b>	<b>39,383,157</b>	<b>-</b>	<b>16,187,812</b>	<b>31,483,930</b>	
Uncertainty Fund Balance (current policy)				1,928,380	
Required Uncertainty Fund (10%)				1,928,380	
Budget amount rolled to 23/24 for CIPs				18,831,551	

# Current and Future Projects:

Project Name	Roll Amount
Road Rehabilitation - MS N	1,515,598
Reclamite Streets - MS N	40,087
Rehabilitation of Walnut Ave	30,000
Shirk Widening over Mill Creek	167,077
Downtown Street Lights	2,410,758
Fire Station 56 Relocation	5,674,551
Station 51 Facility	4,395,640
FFY19-20 Major St Rehabilitation Goshen	71,923
County Center Road Rehabilitation	2,199,791
Caldwell Improvement Project - Akers to Shady	460,881
Purchase Marked Patrol Vehicle	80,000
Purchase Media & Community Coordinator Vehicle	35,000
Purchase Police Patrol Vehicle	80,000
Purchase Phase 2 Squad Vehicle	111,718
Measure N Building Maintenance	1,558,527
<b>TOTAL</b>	<b>18,831,551</b>

## Future Additional Funding

Station 51 Facility

# Measure N Audit Summary

The Independent Accountants report confirmed that Measure N funds are in accordance with the Ballot Measure, Program Guidelines and Expenditure Plan for Fiscal Year ended June 30, 2023.

## Action Tonight

No formal action is required. Just review and accept report.

# Questions?

