

CITY OF VISALIA
INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES
MEASURE N
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

M. GREEN AND COMPANY LLP
Certified Public Accountants

Independent Accountants' Report on Applying Agreed-Upon Procedures 1



**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, 2024. 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 of all 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

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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 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, 2024, was \$1,966,950. 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, 2024, in the amount of \$1,573,600 and \$393,400, 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 2023-2024 as prepared by the City.

Findings:

Police

The Annual Measure N Plan calls for the hiring of 25 police officers and 12 police professional staff during the current fiscal year. Our review indicated that 25 police officers and 11 police professional staff were hired as of June 30, 2024. Therefore, one police professional staff position was vacant as of June 30, 2024 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. However, as of June 30, 2024, there were only six fire employee positions filled and the three open positions are being recruited.

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, an urban forest employee and a recreation coordinator were hired in accordance with the Annual Measure N Plan.

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, 2024, 24 police officer vehicles and three 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, one additional police officer vehicle in the fiscal year 2022-2023 and one police officer vehicle replacement in the fiscal year 2023-2024. The shortage of vehicles that has occurred since the pandemic continued to delay the purchase of vehicles. The remaining three vehicles were ordered and were received in the 2024-2025 fiscal year.

Fire

The capital Improvement Program expenditures for design and construction 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 station 56 project was completed and occupied in August of 2024. The station 51 project construction management services was awarded to Griffin Structures Inc. on November 4, 2024. The Station 51 project is still in the design phase.

The Annual Measure N Plan also called for the purchase of a squad vehicle during the fiscal year 2022-2023 which was purchased during the current year for \$78,714, the asset and the asset's related vehicle replacement costs were inadvertently booked to the General Fund. As soon as the error was noted a journal entry was made to correct the asset and depreciation schedule to reclassify the asset's related vehicle replacement costs to the Measure N Fire Fund.

Recommendation:

We recommend that the City staff ensure that all Measure N Capital Improvement Program asset's and related vehicle replacement costs are recorded to the correct fund.

Management Response:

City Staff has implemented a procedure to review any Capital Improvement Program expenses that have been reclassified to verify the asset's and related vehicle replacement costs are recorded in the correct fund.

Roads

Various street maintenance projects have been completed in fiscal year 2023-2024 in accordance with the Measure N Plan. \$4,719,459 had been expended during the fiscal year ended June 30, 2024. We did note that one invoice reviewed in the amount of \$20,361 was expensed and the wire transfer was made in the current year and it should have been accrued in Measure N Fund during the previous fiscal year.

Parks and Recreation

No Capital Improvement Program expenditure amounts had been included in the Annual Measure N Plan or expended as of June 30, 2024.

Other

The Annual Measure N Plan calls for a Downtown Street Light System. \$1,186,898 had been expended during the fiscal year ended June 30, 2024. We did note that one invoice reviewed in the amount of \$689,190 was expensed and the wire transfer was made in the current year and it should have been accrued in Measure N Fund during the previous fiscal year.

Maintenance and Emerging Needs

Various building maintenance projects have been completed in accordance with the Measure N plan of which, \$2,053 had been expended during the fiscal year ended June 30, 2024.

Youth Programs

No Capital Improvement Program expenditure amounts had been included in the Annual Measure N Plan or expended as of June 30, 2024.

Recommendation:

We recommend that the City staff ensure that all wire transfers made subsequent to the fiscal year end are properly recorded in the correct fiscal year.

Management Response:

City staff has implemented processes to ensure that all wire transfers are recorded in the correct fiscal year.

(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 LP
M. GREEN AND COMPANY LLP
Certified Public Accountants

November 15, 2024
Visalia, California