

Agenda

City of Visalia Measure N Oversight Committee

Don Sharp – Board of Realtors/Building Industry
Anil Chagan – Downtown Visalians/Property Owners
Vincent Salinas – Hispanic/Visalia Chamber
Rick Feder – Visalia Economic Development Council
Joel Rosales – Citizens Advisory Committee
Suzanne Monroe – Citizens Advisory Committee

Janice Avila – Council appointee
Berkley Johnson – Council appointee
Basil Perch – Council appointee
Erica Tootle – Council appointee
Brad Maaske – Council appointee

Monday, January 14, 2019

5:30 p.m.

Admin. Board Room

220 N. Santa Fe, 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 the street you live on.

2. **Receive and accept the FY 17/18 Measure N Audit Report. Document attached.**

3. **Future meetings and items for discussion.**

4. **Good of the Order.**

5. **Adjourn.**

Next meeting: To be determined.

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, 2018

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, which were agreed to by the City of Visalia (City), solely to assist the City and the independent Measure N Sales Tax Oversight Board, with respect to the administration, financial management and accounting of the City's Measure N funds for the fiscal year ended June 30, 2018. The City's management and accounting for the City's administration, financial management and accounting for Measure N. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures applied and findings, as pertinent, 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 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, C.P.A.
MARLA D. BORGES, C.P.A.
NICOLE A. CENTOFANTI, C.P.A.
WM. KENT JENSEN, C.P.A.
KATHLEEN M. LAMPE, C.P.A.
LYNN M. LAMPE, C.P.A., C.F.E.
R. IAN PARKER, C.P.A.
ELAINE D. REULE, C.P.A., C.F.E.
GIUSEPPE SCALIA, C.P.A.
NATALIE H. SIEGEL, C.P.A.
LARRY W. AYERS, C.P.A.
JAMES G. DWYER, C.P.A.
KEVIN M. GREEN, C.P.A.
GREG GROEN, C.P.A.
ALAN S. MOORE, C.P.A.
D. CHRIS NEESE, E.A.
KENNETH B. NUNES, C.P.A.
KEITH M. SPRAGUE, C.P.A.
KENNETH W. WHITE, JR., C.P.A.
NORIKO A. AWBREY, C.P.A.
BRENDA A. DADDINO, C.P.A.
JASON A. FRY, C.P.A., M.S.A.
JASMAN S. KHOSA, C.P.A.
TRACY L. MCINTYRE, C.P.A.
KRYSTAL PARREIRA, C.P.A., M.S.A.
MARY L. QUILLIN, C.P.A.
RACHEL L. SCHROEDER, C.P.A.
GINILU VANDERWALL, C.P.A.
KRISTI WEAVER, C.P.A.
ROSALIND WONG, C.P.A.

*Dinuba
Hanford
Lindsay
Tulare
Visalia*

- (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 a separate "Maintenance and Emerging Needs" fund within the Measure N fund(s) of 10% of the budgeted Measure N sales tax proceeds for the coming plan year of which 2% of the budgeted Measure N sales tax proceeds 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, 2018, was \$1,100,000. 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, 2018, with the amount of \$880,000 and \$220,000, respectively which met the required percentages.

- (5) We traced all Measure N monies remitted by the State Board of Equalization 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 2017-2018 as prepared by the City.

Finding:

Police

The amended Measure N Plan calls for the hiring of 13 police officers and three police professional staff in the initial plan year, which is through June 30, 2018. Our review indicated that eight police officers and three police professional staff were hired as of June 30, 2018 in accordance with plan objectives. One additional police officer was hired during the fiscal year; however, the officer resigned prior to June 30, 2018 and the position remained open as of June 30, 2018. City staff has indicated as of October 31, 2018, these positions have been filled.

Parks and Recreation

The amended Measure N Plan also calls for the hiring of two parks and recreation maintenance employees, an urban forest employee and a recreation coordinator. Our review indicated an urban forest employee and a recreation coordinator were hired as of June 30, 2018. City staff has indicated as of October 31, 2018, these positions have been filled.

Maintenance and Emerging Needs (Including Youth)

The Measure N Plan also calls for the implementation of a Clubhouse Networking program in which the Maintenance and Emerging Needs Fund - Youth Fund was able to fund various hourly employees working on the Clubhouse Networking program in accordance with the Plan.

Finding:

We found that the Capital Improvement Program expenditures are generally proceeding in accordance with the Measure N Plan. During the fiscal year 2017-2018, the City approved the existing capital project roll-over policy to include Measure N Funds as many of the projects have been approved and possibly started but not completed in the current fiscal year. Now those projects can be rolled into the next fiscal year if the project was not completed which will bring consistency across all City projects and funds.

Fire

A ladder truck had been purchased as of June 30, 2017 in accordance with the Measure N plan. However, there were some remaining project costs that were incurred during the current fiscal year. An air truck has been purchased as of June 30, 2018 in accordance with the Measure N plan.

Police

As of June 30, 2018, four police officer vehicles and two police professional staff vehicles had been purchased and the approval of nine additional police officer vehicles had been made in accordance with the Measure N plan.

Also, during the 2017-2018 fiscal year the City approved the purchase for the Body Worn Camera Program in accordance with the Plan. No amounts had been expended as of June 30, 2018.

Roads

Various road projects have been completed in fiscal year 2017-2018 in accordance with the Measure N plan. \$2,692,327 had been expended during the fiscal year ended June 30, 2018.

Parks and Recreation

No Capital Improvement Program expenditures amounts had been included in the Measure N plan or expended as of June 30, 2018.

Maintenance and Emerging Needs (Including Youth)

The Whittman Center re-roof project had been completed by June 30, 2018 in accordance with the Measure N plan.

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

Findings: None

This agreed-upon procedures engagement was conducted 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, 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.

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,

A handwritten signature in black ink that reads "M. Green and Company LLP". The signature is written in a cursive, flowing style.

M. GREEN AND COMPANY LLP
Certified Public Accountants

November 10, 2018
Visalia, California

City of Visalia Measure N Audit

*For Fiscal Year Ended
June 30, 2018*

Measure N – Compliance Audit

- ▶ Measure N is required to be presented to the Measure N Oversight Committee only.
 - ▶ The Measure N compliance audit is brought to you today as CAC was involved and helped with the passing of Measure N ballot.
 - ▶ No action is needed.
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Measure N:

- ▶ Measure N was approved by the voters November 2016.
- ▶ The Measure is a 1/2 cent Sales Tax for essential City services.
- ▶ Measure became effective April 1, 2017.
- ▶ This audit is for July 1, 2017 to June 30, 2018.

Measure N Requirements:

▶ 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.

▶ **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 expenditure plans and with prudent, established accounting regulations and practices.

▶ **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:

Year 1 of the Spending Plan

- Revenues began being collected on April 1, 2017
- Allowed the first year of the initial spending plan to be funded over 5 quarters
 - April 1, 2017 – June 30, 2017 (1 quarter in FY 16/17)
 - July 1, 2017 – June 30, 2018 (4 quarters in FY 17/18)
- The first full year (FY17/18) of revenue collected is being audited to ensure the City is in compliance.

FY 17/18 Measure N

		Budget	Actuals	Comments
Revenues				
	Sales Tax	11,000,000	12,438,183	
	Interest	-	27,120	
	Misc Revenues	-	15,257	Grant reimbursement, rebates
	Total	11,000,000	12,480,560	
Expenditures				
Essential Services				
Police	16 - Police Salaries & Benefits	1,801,200	968,462	9 of 13 officers hired , 2 CSOs hired, 1 ID tech hired
	New Police Cars & Equipment	753,220	404,970	4 cars purchased, remainder on order in FY 18/19
	Operating Expenses (on-going costs)	146,180	71,746	
		<u>2,700,600</u>	<u>1,445,178</u>	
Roads	Street Maintenance (Rehab, Crack Seal, etc)	4,100,000	2,662,639	remainder was carried over to FY 18/19 to complete projects
Parks	3 - Parks & Urban Forestry Salarie/Benefits	229,000	2,464	Urban Forestry FTE hired June 2018, 2 Parks FTE hired Oct 2018
	Operating Expenses	11,000	2,262	
	Parks Trucks with Utility Bodies	80,000	-	
	Trailsway Maintenance	50,000	-	
	Tree Maintenance	50,000	-	
	Building Maintenance	50,000	44,812	
	New Park Maintenance	50,000	-	
		<u>520,000</u>	<u>49,538</u>	

FY 17/18 Measure N

		Budget	Actuals	Comments
Expenditures				
Rec	Recreation Coordinator	89,000	63,995	Recreation Coordinator hired Sept 2017
	Operating Expenses	5,000	116	
		<u>94,000</u>	<u>64,111</u>	
Fire	Mobile Airt Vehicle	500,000	407,935	Ordered Jan 2018, remaining budget for equipment
	Aerial Fire Truck		29,687	Truck ordered FY 16/17, expenses are to equip truck
		<u>500,000</u>	<u>437,623</u>	
Other	State Fees, Audits, Accounting	-	138,264	
		-	138,264	
		<u>-</u>	<u>138,264</u>	
	Essential Services Total	<u>7,914,600</u>	<u>4,797,353</u>	
2% Youth Programs				
	Recreation - Clubhouse	103,000	46,576	Program partially opened in March. Computers purchased May 2018. Program fully running Aug 2018
	Police - Youth Grants	75,000	37,500	Started January 2018. Funds disbursed every 6 months
		<u>178,000</u>	<u>84,076</u>	
8% Maintenance & Emerging Needs				
	Building Maintenance	670,000	34,726	Project rolled to 18/19 for roof Repairs (2 Precincts, CHW, PD HQ) & various HVAC replacements
		<u>670,000</u>	<u>34,726</u>	
	Grand Total	<u><u>8,762,600</u></u>	<u><u>6,016,154</u></u>	
	Economic Uncertainty Fund Balance		1,100,000	Economic Uncertainty Fund is 10% of budgeted Sales Tax

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, 2018

Questions?

