

**CITY OF VISALIA**

**INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED-UPON PROCEDURES**

**MEASURE 'T'**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**M. GREEN AND COMPANY LLP  
CERTIFIED PUBLIC ACCOUNTANTS**

**CITY OF VISALIA  
JUNE 30, 2008  
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# M. Green and Company LLP

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED UPON PROCEDURES

City Council  
City of Visalia  
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 Citizens' Advisory Committee (CAC), with respect to the administration, financial management and accounting of the City's Measure 'T' funds for the fiscal year ended June 30, 2008. The City's management is responsible for the City's funds administration, financial management and accounting for Measure 'T'. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by The American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those 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 'T' commitments as expressed in the Measure 'T' ballot measure from the March 2, 2004 election, the Enabling Ordinance adopted by the City Council, Board of Equalization Agreements for implementation and administration of additional sales tax, City Council approved Program Guidelines and expenditure plans for the current fiscal year and the City Council approved City Manager Plan Recertification for June 30, 2008.

**Finding:**

Measure 'T' calls for the General Fund support for police and fire services during the fiscal year 2007-08, without regard to Measure 'T', to be greater than the General Fund police and fire services support during the fiscal year 2006-07, unless the council declares an economic emergency by a 4/5ths vote.

General Fund support for police and fire services during the fiscal year 2007-08, without regard to Measure 'T', was greater than the General Fund police and fire services support during the fiscal year 2006-07; therefore, the City has met the maintenance of effort calculations. Expenditures related to grant revenues were excluded from these calculations as agreed to during the 2003-04 fiscal year.

**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 "Economic Uncertainty" Fund Balance as of June 30, 2008, was \$1,380,786. This amount exceeded the required 25% by \$100,811.

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- (2) We updated our documentation of the following Measure 'T' compliance provisions, as interpreted by the City Council adopted enabling ordinance and program guidelines, into an interim progress report and 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. That General Fund support for police and fire services during the fiscal year 2007-08, without regard to Measure 'T' funds based upon expenditure levels, was not less than General Fund police and fire services support during the fiscal year 2006-07, unless the Council declared an economic emergency by 4/5<sup>ths</sup> vote;
- e. Establishment of a separate "Economic Uncertainty" fund within the Measure 'T' fund(s) of 25% of the budgeted Measure 'T' tax revenues.

**Findings:** None

- (5) We traced all Measure 'T' monies remitted by the State Board of Equalization 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 2007-08 prepared by the City.

**Finding:**

Our review of personnel and payroll records determined that inadequate controls exist for salary expenditures allocated to Measure 'T' funds and because of this the hiring goals have not been properly allocated for year four of the Measure 'T' Plan.

During our review, we found several instances where the police department's records indicated a police officer was to be expended from a different fund than what was indicated on the employee's CV9 form.

Our review also indicated that twenty police officers and four firemen were hired as of June 30, 2008 in accordance with plan objectives. However, due to the lack of adequate accounting controls regarding the proper allocation of labor charges for Measure 'T' officers to Measure 'T' funds, one police officer hired during the 2007-08 fiscal year was never charged to a Measure 'T' fund. The salary related to the officer amounted to \$70,167 which was charged to the City's General Fund instead of the Measure 'T' Police Fund.

**Recommendation:**

We recommend that the City take further steps and work closely with the police department to ensure that proper records are maintained in the police department that indicate the fund

an officer's salary is to be charged to and that proper measures are followed to ensure a CV9 form is filled out each time an officer is hired, terminated, or transferred to a different fund.

We also recommend that the Measure 'T' Police Fund reimburse the City's General Fund for those expenditures related to the officer mistakenly charged to the General Fund during the 2007-08 fiscal year.

**Management Response:**

The Measure T fund uses the same division number as in the General Fund. The City of Visalia typically has one division number per fund. Police wants to maintain all officers with the same division number, no matter what fund they are paid from. This created a problem with one employee. One employee's salary was mistakenly paid from the General Fund when it should have been charged to the Measure T fund.

During the audit year, the Police Department began noting in the comment section of the CV9 form if the employee is a Measure T or General Fund employee.

Management agrees with the recommendation to prepare an adjusting journal entry to move expenses for salaries from the General Fund to the Police Measure T fund. The amount of \$70,167.32 in salary expense for the one Officer has been moved from the General Fund to the Police Measure T fund.

**Finding:**

The Capital Improvement Program expenditures were proceeding in accordance with Measure 'T'.

- (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 not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on administration, financial management and accounting. Accordingly, we do not express such an opinion. 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 CAC and is not intended to be and should not be used by anyone other than those specified parties.

Very truly yours,



M. GREEN AND COMPANY LLP  
Certified Public Accountants

October 13, 2008  
Visalia, California