

# City of Visalia Measure N Audit

***For Fiscal Year  
July 1, 2021 - June 30, 2022***

# Measure N – Compliance Audit

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- ▶ Compliance Audit Completed by M. Green and Company for Fiscal Year ending June 30, 2022.
  - ▶ No formal action is required today. Just receive and review report.
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# Audit Finding for Fiscal Year 21 /22

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- ▶ Park maintenance invoice was miscoded to tree maintenance which took it overbudget.
- ▶ City Staff made the coding correction before the audit was completed.

# Measure N:

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- ▶ The Measure is a 1/2 cent Sales Tax 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.
- ▶ This audit is for July 1, 2021 to June 30, 2022.

# 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 go 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 expenditures 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 Actuals:

	Measure N	
	20/21 Actual	21/22 Actual
<b>REVENUES</b>		
Sales Taxes	\$ 16,880,055	\$ 19,717,002
Interest Earnings & Miscellaneous	202,593	(827,135)
Grants - Police	29,556	8,231
Total Revenues	<u>17,112,204</u>	<u>18,898,098</u>
<b>EXPENDITURES</b>		
General Government	(219,236)	(271,018)
Public Safety:		
Fire	(978,595)	(1,286,697)
Police	(4,293,747)	(4,942,293)
Community Services	(461,573)	(668,948)
Capital Outlay	(4,806,242)	(4,279,194)
Total Expenditures	<u>(10,759,393)</u>	<u>(11,448,150)</u>
Revenues Over (Under) Expenditures	<u>6,352,811</u>	<u>7,449,948</u>
Other Financing Sources (Uses)		
Sale of Land	-	144,938
Total Other Financing Sources (Uses)	<u>-</u>	<u>144,938</u>
Net Change in Fund Balance	6,352,811	7,594,886
Fund Balance Beginning of Year	<u>23,320,803</u>	<u>29,673,614</u>
Fund Balance - End of Year *	<u>\$ 29,673,614</u>	<u>\$ 37,268,500</u>

\* Included in the end of year fund balance is the Economic Uncertainty Fund of \$1,170,470 (10% of the annual budgetd sales tax revenue).

## FY 21/22 Measure N - Budget to Actual Comparison with Comments:

	21/22	21/22	
	Total Budget	Actuals	Comments
<b><u>Revenues</u></b>			
Sales Tax	11,704,700	19,717,002	
Interest & Misc Rev	118,900	(673,662)	
<b>Total Revenues</b>	<b>11,823,600</b>	<b>19,043,340</b>	
<b><u>Expenditures</u></b>			
Police			
Salary and Benefits	3,696,500	4,202,664	23 Police Officers/7 Professional Staff
Operating Expenditures	453,888	491,243	
Body Cameras	195,000	180,877	
Capital - Vehicles	355,671	171,830	Remaining FY 20/21- 2 Cars & FY 21/21 - 1 Car
Fire			
Salary and Benefits	794,700	968,656	1 BC, 1 Admin Capt, 1 EMS Coordinator, 6 Paramedics
Operating Expenditures	224,700	318,802	
Capital	7,858,983	178,044	Fire Station 56-construction & Fire Station 51-design, Squad Phase 2 Vehicle
Streets Capital	7,966,075	3,259,606	Rolled over to 22/23, projects to be completed in 22/23
Parks and Recreation			
Salary and Benefits	336,800	357,414	2 Park tech, 1 Urban Forestry, 1 Rec Crd
Operating Expenditures	298,300	270,748	

## FY 21/22 Measure N (Continued)

	21/22	21/22	
	Total Budget	Actuals	Comments
Downtown Street Lights	9,102,174	602,962	Project completed in FY 22/23
2% Youth - Police & Recreation	258,600	111,494	Clubhouse was reopened towards the end of the FY
8% Maintenance & Emerging Needs			
Building Maintenance	2,068,046	85,836	\$400k in PO's rolled to FY 22/23, Re-roof city facilities & repair fleet shop
Emerging Needs	266,400	-	
State Sales Tax Fees	250,400	248,280	
<b>Total Expenditures</b>	<b>34,126,237</b>	<b>11,448,455</b>	
<b>Surplus/(Shortfall)</b>	<b>(22,302,637)</b>	<b>7,594,886</b>	
<b>Beginning Cash</b>	29,673,614	29,673,614	
<b>Transfer to Uncertainty Fund</b>	(11,590)	(11,590)	
<b>Ending Cash Balance</b>	<b>7,382,567</b>	<b>37,280,089</b>	
Uncertainty Fund Balance (current policy)		1,170,470	
Required Uncertainty Fund (10%)		1,170,470	
Budget amount rolled to 22/23 for CIPs		23,195,345	

# Current and Future Projects:

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<b>Project Name</b>	<b>Roll Amount</b>
Cape Seal - MS N	207,234
Reclamite Streets - MS N	160,907
Rehabilitation of Walnut Ave	1,258,996
Shirk Widening over Mill Creek	170,994
Downtown Street Lights	8,499,212
Fire Station 56 Relocation	3,056,907
Station 51 Facility	4,399,817
FFY 19-20 Major St Rehab Goshen	819,422
County Center Road Rehab	2,060,778
Purchase 7 Marked Patrol Veh	170,553
Squad Vehicle Phase 2	120,000
Measure N Building Maintenance	2,004,125
Emerging Needs CIP	266,400
<b>TOTAL</b>	<b>23,195,345</b>

## **Future Additional Funding**

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Fire Station 51 Relocation

# Measure N FY 21 /22 – Fund Balance

	<b>Beginning Fund Balance</b>	<b>21/22 Revenues</b>	<b>21/22 Expenditures</b>	<b>Ending Fund Balance</b>	<b>CIP Rolled into FY 22/23</b>	<b>Fund Balance Remaining</b>
Essential Services	24,948,380	19,004,526	12,287,972	31,664,934	20,924,820	10,740,114
8% Maint & Emerging Needs	2,970,043	847,353	85,836	3,731,560	2,270,525	1,461,035
2 % Youth Programs	596,311	216,719	111,494	701,536		701,536
<b>Measure N Operating Funds</b>	<b>28,514,734</b>	<b>20,068,598</b>	<b>12,485,302</b>	<b>36,098,030</b>	<b>23,195,345</b>	<b>12,902,685</b>
Economic Uncertainty	1,158,880	11,590		1,170,470		1,170,470
<b>Measure N Total</b>	<b>29,673,614</b>	<b>20,080,188</b>	<b>12,485,302</b>	<b>37,268,500</b>	<b>23,195,345</b>	<b>14,073,155</b>

# 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, 2022.

## Action Tonight

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

# Questions?

