



AGENDA

Victor P. Lopez, Mayor

Diana Guerra Silva, Mayor Pro Tem
Roy Rodriguez, Council Member

Josie Cervantes, Council Member
Esperanza Rodriguez, Council Member

WEDNESDAY, JANUARY 27, 2021 - 6:30 P.M.

TELECONFERENCE

(CALL 888-204-5987 ACCESS CODE 8166599#)

A. Call to Order/Welcome

Roll Call

B. Confirmation of Agenda

C. Consent Calendar

1. City Warrants for December 2020
2. Approving Resolution No.2021-08 MOU Between the City of Orange Cove and the Orange Cove Police Protection District to assist in the Purchase of a Police Interceptor Patrol Vehicle and authorizing Interim City Manager to sign the MOU

D. Administration

Director of Building and Development Services:

3. **SUBJECT:** MOU Tax Sharing Agreement Extension between Fresno County and the City of Orange Cove and Annexation Update

Recommendation: Council to consider approving Resolution No. 2021-07 approving the MOU Tax Sharing Agreement Extension between Fresno County and the City of Orange Cove

Public Works Superintendent

4. **SUBJECT:** Update report on the Street Sweeping and Electrical Cars

Recommendation: Informational Item Only

Interim City Manager:

5. **SUBJECT:** Resolution renaming Squaw Valley to Nim Valley

Recommendation: Council to consider approving Resolution No. 2021-04 Renaming Squaw Valley to Nim Valley

6. **SUBJECT:** Program Guidelines for Business Assistance Payment Program Funded with CDBG-CV1

Recommendation: Council to consider approving Resolution No. 2021-09 Approving Guidelines for Business Assistance Program CV Business Assistance Program

7. **SUBJECT:** CDBG-CV Policies and Procedures and Subsistence Payments Program

Recommendation: Council to approve the CDBG-CV Policies and Procedures and Subsistence Payment Program CDBG COVID-19 Application and Verification Forms – English/Spanish

8. **SUBJECT:** Presentation of FY 2018-19 Audit report by Price, Paige and Company

Recommendation: Receive and File Report

9. **SUBJECT:** Update on Financial Issues

Recommendation: Informational Item Only

10. **SUBJECT:** Presentation by Element 7 for future Medical and Adult use of retail Cannabis Dispensary

Recommendation: Council to discuss and review and provide staff with direction

E. Public Forum

Members of the public wishing to address the City Council on an item that is not on the agenda may do so now. No action will be taken by the City Council this evening. But items presented may be referred to the City Manager for follow up and a report. In order to allow time for all comments, each individual is limited to three minutes. When addressing the Council, you are requested to come forward to the speaker's microphone, state your name and address, and then proceed with your comments.

F. City Manager's Report

G. City Council Communications

H. Adjournment

ADA Notice: In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk at (559) 626-4488 ext. 214. Notification 48 hours prior to the meeting will enable the City to make arrangements to ensure accessibility to this meeting.

Documents: Any writings or documents provided to a majority of the City Council regarding any item on this agenda will be made available for public inspection at front counter at City Hall and at the Orange Cove Library located at 815 Park Blvd., Orange Cove, CA during normal business hours. In addition, most documents are posted on City's website at cityoforangecove.com.

STATEMENT ON RULES OF DECORUM AND ENFORCEMENT

The Brown Act provides that members of the public have a right to attend public meetings, to provide public comment on action items and under the public forum section of the agenda, and to criticize the policies, procedures, or services of the city or of the acts or omissions of the city council. The Brown Act also provides that the City Council has the right to exclude all persons who willfully cause a disruption of a meeting so that it cannot be conducted in an orderly fashion.

During a meeting of the Orange Cove City Council, there is a need for civility and expedition in the carrying out of public business in order to ensure that the public has a full opportunity to be heard and that the Council has an opportunity to conduct business in an orderly manner. The following is provided to place everyone on notice of the rules of decorum and enforcement.

GENERAL RULES OF DECORUM

While any meeting of the City Council is in session, the following rules of decorum shall be observed:

1. All remarks shall be addressed to the City Council as a whole and not to any single member, unless in response to a question from a member of the City Council.
2. A person who addresses the City Council under public comment for a specific agenda item or under the Public Forum section of the agenda may not engage in speech or conduct (i) which is likely to provoke others to violent or riotous behavior, (ii) which disturbs the peace of the meeting by loud and unreasonable noise, (iii) which is irrelevant or repetitive, or (iv) which disrupts, disturbs, or otherwise impedes the orderly conduct of any City Council meeting.
3. A person, other than members of the Council and the person, who has the floor, shall not be permitted to enter into the discussion unless requested by the Mayor to speak.

4. Members of the City Council may not interrupt a person who has the floor and is making public comments. Members of the City Council shall wait until a person completes his or her public comments before asking questions or commenting. The Mayor shall then ask Councilmembers if they have comments or questions.
5. No person in the audience at a Council meeting shall engage in disorderly or boisterous conduct, including the utterance of loud, threatening or abusive language, whistling, stamping of feet or other acts which disturb, disrupt or otherwise impede the orderly conduct of any Council meeting.

ENFORCEMENT OF DECORUM RULES (Resolution No. 2012-16)

While the City Council is in session, all persons must preserve order and decorum. A person who addresses the City council under public comment for a specific agenda item or under the Public Forum section of the agenda may not engage in speech or conduct which is likely to provoke others to violent or riotous behavior, which disturbs the peace of the meeting by loud and unreasonable noise, which is irrelevant or repetitive, or which disrupts, disturbs, or otherwise impedes the orderly conduct of any City Council meeting.

The Mayor or other presiding officer shall request that a person who is breaching the rules of decorum cease such conduct. If after receiving such a warning, the person persists in breaching the rules of decorum, the Mayor or other presiding officer may order the person to leave the City Council meeting. If such person does not leave, the Mayor or presiding officer may request any law enforcement officer who is on duty at the meeting as sergeant-at-arms to remove the person from the Council Chambers. In the event there is no one from law enforcement present, the Mayor or presiding officer may direct the City Manager to contact law enforcement.

In accordance with the Point of Order Rule 4.6, the majority of the Council may overrule the Mayor if the majority of the Council believes the Mayor or other presiding officer is not applying the rules of decorum appropriately.

REPORT.: Jan 21 21 Thursday
RUN....: Jan 21 21 Time: 10:09
Run By.: Dora Silva

CITY OF ORANGE COVE
Cash Disbursement Detail Report
Check Listing For 12-20 thru 12-20 Bank Account.: 1010

PAGE: 001
ID #: PY-DE
CTL.: ORA

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
046278	12/04/20	CMM01	CITRUS MINI-MART	-1884.21	1219u	Ck# 046278 Reversed
046573	12/01/20	APV01	AMERIPRIDE UNIFORM SERVIC	1958.60	510118519	ANNUAL UNIFORM ALLOWANCE - WWTP, WTP, PUBLIC WORKS
046574	12/01/20	HER01	RUDY HERNANDEZ	8800.00	91	FINANCIAL CONSULTING/INTERIM CITY MANAGER SERVICES
046575	12/01/20	FLN01	TRE LINCOLN NATIONAL LIFE	685.12	DEC 2020	EMPLOYEES LIFE INSURANCE COVER 12/01/20-12/31/20
046576	12/01/20	USB01	U.S. BANK CORPORATE PAYME	7794.24 -7794.24 7794.24	12/01/20 12/01/20u 12/01/20y	CREDIT CARD 10/10/20 MAIN ACCT, ENDING 0483 Ck# 046576 Reversed Ck# 046576->046576 Replacement
Check Total.....:				7794.24		
046577	12/03/20	APV01	AMERIPRIDE UNIFORM SERVIC	47.31 52.98 54.98 47.31 52.98 50.99 54.98 47.31 52.98 54.98 47.31 52.98 50.99	502699278 502699307 502702977 502702982 502703006 502703036 502706766 502706775 502706802 502710783 502710798 502710825 502710853	JANITORIAL SUPPLIES JANITORIAL SUPPLIES JANITORIAL SUPPLIES JANITORIAL SUPPLIES JANITORIAL SUPPLIES JANITORIAL SUPPLIES JANITORIAL SUPPLIES JANITORIAL SUPPLIES JANITORIAL SUPPLIES JANITORIAL SUPPLIES JANITORIAL SUPPLIES JANITORIAL SUPPLIES JANITORIAL SUPPLIES
Check Total.....:				668.08		
046578	12/03/20	BSK01	BSK ASSOCIATES	490.00 140.00 140.00 110.00 140.00 140.00 560.00 140.00	AD13661 AD15141 AD15687 AD15830 AD22369 AD23097 AD23130 AD23149	WATER SAMPLES FOR WTP WATER SAMPLES FOR WTP WATER SAMPLES FOR WTP WATER SAMPLES FOR WTP WATER SAMPLES FOR WTP WATER SAMPLES FOR WTP WATER SAMPLES FOR WTP WATER SAMPLES FOR WTP
Check Total.....:				1860.00		
046579	12/03/20	DIO00	DIONICIO RODRIGUEZ JR.	1650.00	12/01/20	PROF.SERVICES WATER TREATMENT PLANT
046580	12/03/20	RUB05	RUBALCABA, RACHEL	85.94	11/25/20	PICKED UP COOKIES & DRINKS FOR COMMUNITY MEETING
046581	12/03/20	SMO04	STRATHMORE MACHINERY, INC	2919.44 -2919.44 1184.46 -1184.46 1190.00 -1190.00	55813 55813u 55814 55814u 55815 55815u	ANNUAL TRACTOR DISK REPAIRS INV# 55813 Ck# 046581 Reversed ANNUAL TRACTOR DISK REPAIRS INV# 55814 Ck# 046581 Reversed ANNUAL TRACTOR DISK REPAIR INV# 55815 Ck# 046581 Reversed
Check Total.....:				.00		
046582	12/03/20	VER04	VERONICA RAMIREZ	88.62	11/24/20	MILEAGE-FRESNO TRAINING 11-17-20
046583	12/04/20	CMM01	CITRUS MINI-MART	1884.21 1343.75	1219y 11/30/20	Ck# 046583->046278 Replacement FINANCIAL CONSULTING SERVICES
Check Total.....:				3227.96		
046584	12/08/20	A1N01	A-1 NATIONAL FENCE, INC	120.76	11808	TEMP FENCE ON 255 PARK BLVD. INV# 11808
046585	12/08/20	ANGE1	ANGELICA'S CONE	2000.00 -2000.00	12/03/20 12/03/20u	SMALL BUSINESS GRANT PROGRAM Ck# 046585 Reversed
Check Total.....:				.00		
046586	12/08/20	APV01	AMERIPRIDE UNIFORM SERVIC	54.98 54.98 172.27 52.98 52.09 54.98 47.31 52.98	502714639 502718306 502718314 502718347 502718379 502722494 502722500 502722524	JANITORIAL SUPPLIES FOR WTP INV#1502714639 JANITORIAL SUPPLIES FOR WTP INV# 1502718306 JANITORIAL SUPPLIES FOR CITY YARD INV# 1502718314 JANITORIAL SUPPLIES FOR WWTP INV# 1502718347 JANITORIAL SUPPLIES FOR CITY HALL INV# 1502718379 JANITORIAL SUPPLIES FOR ETP INV# 1502722494 JANITORIAL SUPPLIES FOR CITY YARD INV# 1502722500 JANITORIAL SUPPLIES FOR WWTP INV# 1502722524
Check Total.....:				542.57		
046587	12/08/20	ASI00	ASI ADMINISTRATIVE SOLUTI	33.87	11/18/20	HEALTH INSURANCE

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Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
046588	12/08/20	BMI01	BADGER METER, INC	584.40	80061928	GATEWAY CELLULAR BACKHAUL
046589	12/08/20	BSK01	BSK ASSOCIATES	140.00	AD15832	WATER SAMPLES FOR WTP INV# AD15832
				140.00	AD16190	WATER SAMPLES FOR WTP INV# AD16190
				140.00	AD17131	WATER SAMPLES FOR WTP INV# AD17131
				140.00	AD18203	WATER SAMPLES FOR WTP INV# AD18203
				140.00	AD18711	WATER SAMPLES FOR WTP INV# AD18711
				140.00	AD19329	WATER SAMPLES FOR WTP INV# AD19329
				140.00	AD19499	WATER SAMPLE FOR WTP INV# AD19499
Check Total.....:				980.00		
046590	12/08/20	CEN06	CENTRAL VALLEY SWEEPING	3000.00	202014104	MECHANICAL BROOM SWEEPING PARK BLVD. JULY 2020
046591	12/08/20	CLS01	CORELOGIC SOLUTIONS, LLC.	300.00	30507882	DEC 2020-MONTHLY FEE FOR PROPERTY INFO SERV
046592	12/08/20	COL03	COLLINS & SCHOETTLER	1400.00	1105	PLANNING CONSULTING
046593	12/08/20	DAP01	DODSON AUTO PARTS	14.02	48806	TIRES FOR BANNERS INV# 48806
046594	12/08/20	DHM01	D H MACHINE INC.	456.73	45720	3/8 CHAIN FOR HEAD WORKS PUMP INSTALLATION
				35.00	45753	TRACTOR DISKER HITCH FABRICATION INV# 45753
Check Total.....:				491.73		
046595	12/08/20	FAST1	CRAIGO INVESTMENTS INC.	2466.57	FRES84945	CHRISTMAS BANNER FOR CITY INV# FRES-84945
046596	12/08/20	FJC01	FLOYD JOHNSTON CONSTRUCTI	98469.88	2010NC-04	WORK COMPLETED ON THE TEMPORARY COFFERDAM PROJECT
046597	12/08/20	GAR27	GARY V. BUFKIN	9000.00	12/04/20	COMPUTER PLANNING SOFTWARE PROGRAM PER SB2 PLN GRT
046598	12/08/20	GAT02	GATEWAY ENGINEERING, INC.	6700.00	18-026-03	COMPLETION OF REMAINING TASKS FOR ENGINEERING DESN
046599	12/08/20	HER01	RUDY HERNANDEZ	990.00	92	FINANCIAL CONSULTING/INTERIM CITY MANAGER SERVICES
046600	12/08/20	IND00	INDUSTRIAL CONTROL AND DE	1418.25	15559	TROUBLESHOOT SCADA SYSTEM AT THE WTP (PLC, PC UNIT)
046601	12/08/20	JHER1	JENNIFER HERNANDEZ	1000.00	2	BUILD & INSTALL JAMES EATON PARK SIGN PARK & CENTR
046602	12/08/20	LAN09	LANGUAGE LINE SERVICE	16.54	10108519	OVER THE PHONE INTERPRETATION INV# 10108519
046603	12/08/20	LOP16	DAVID LOPEZ	47.50	11/17/20	BUSINESS LUNCHEON-CHRISTMAS EVENT
046604	12/08/20	MCC03	MUNICIPAL CODE CORPORATIO	900.00	00349209	ONLINE CODE HOSTING INV# 00349209
046605	12/08/20	MER00	MERCADO, RICARDO	650.00	12/07/20	ORANGE COVE BUDGET REPORT 2021 DESIGN
046606	12/08/20	MWS01	MODERN WILDLIFE SOLUTIONS	650.00	7590	OCTOBER MONTHLY RODENT CONTROL INV# 7590
046607	12/08/20	OCPC1	ORANGE COVE PETTY CASH	280.70	12/04/20	PETTY CASH FOR CITY HALL
046608	12/08/20	PAR33	PARAMOUNT PEST SERVICES	355.00	201100322	PEST CONTROL PWD, WTP, WWTP & PD INV# 2011-00322
046609	12/08/20	PD001	PENA'S DISPOSAL	125.00	544314	MATTRESS PICK UP INV# 544314
046610	12/08/20	PRO21	PROFESSIONAL PRINT & MAIL	567.37	105074	PRINT & INSERT-VOTE FRESNO COUNTY INV# 105074
				1548.71	105075	PRINTING MONTHLY UTILITY BILL INVOICE# 105075
				2035.19	105174	PRINTING PUBLIC MEETING INVITATION INV# 105174
Check Total.....:				4151.27		
046611	12/08/20	ROB11	ROBERT V. JENSEN INC	942.71	0495739IN	ULS DIESEL (DYDED) CITY YARD INV# 0495739-IN
				333.96	0495743IN	ULS DIESEL (DYDED) WTP INV# 0495743-IN
Check Total.....:				1276.67		
046612	12/08/20	SEB01	SEBASTIAN	357.50	24976	9/25/2020 ALARM UPGRADE INSTALLATION INV# 24976
				693.81	10638225	ALARM MONITORING FOR ALL DEPTS. INV# 10638225
Check Total.....:				1051.31		
046613	12/08/20	SUP03	SUPERIOR POOL PRODUCTS LL	1073.60	Q2012081	CHLORINE FOR WTP SERVICE CHARGE INV# Q2012081
046614	12/08/20	UND01	UNDERGROUND SERVICE ALERT	150.00	020122841	UNDERGROUND 2020 MEMBERSHIP FEE INV# 2020122841
046615	12/08/20	WEE01	W&E ELECTRIC	90.00	2010053	HEAD WORK PUMP FRAILER, ELECTRICAL PANEL DIAGNOSTC
				51.56	2010054	HEAD WORKS VFD IN LINE FUSES INV# 2010054
				479.28	2010055	HEAD WORK HOOK UP PUMPS CHECKING AC DRIVES

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Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
Check Total.....:				620.84		
046616	12/08/20	ANGE1	ERIKA PENA	2000.00	12/03/20y Ck# 046616->046585	Replacement
046617	12/10/20	ASI00	ASI ADMINISTRATIVE SOLUTI	2623.82 3131.90 668.78 636.87 138.58	08/25/20 09/09/20 09/30/20 10/06/20 12/08/20	HEALTH INSURANCE HEALTH INSURANCE HEALTH INSURANCE HEALTH INSURANCE HEALTH INSURANCE
Check Total.....:				7199.95		
046618	12/10/20	BMI01	BADGER METER, INC	422.40	80063595	BEACON FIXED NETWORK SERVICE UNIT INV# 80063595
046619	12/10/20	BSK01	BSK ASSOCIATES	140.00	AD24328	WATER SAMPLES FOR WTP INV# AD24328
046620	12/10/20	CVA03	CENTRAL VALLEY ASPHALT	10652.50	212491	RETENTION CONSTRUCTION CITY HALL, PARKING & 6TH ST
046621	12/10/20	HER40	HERRERA RAFAEL	59.35 24.41	11/25/20 12/09/20	THANKSGIVING POTLUCK FOR STAFF SHIPPING COST FOR MONEY COUNTING MACHINE
Check Total.....:				83.76		
046622	12/10/20	KOAL0	LEOBARDO NUNEZ	800.00	255	REMOVAL OF TREE ON 8TH & D STREET
046623	12/10/20	LIE01	LIEBERT CASSIDY WHITMORE	11429.79	1509251	PROFESSIONAL SERVICES RENDERED THROUGH 10/31/20
046624	12/10/20	MUN03	MUNICIPAL MAINTENANCE EQU	247008.47	0154742IN	PURCHASE OF SCHWARZE A7 REGENERATIVE AIR ST SWEEPR
046625	12/10/20	PONCE	PONCE'S CONCRETE PUMPING	250.00	629898	CONCRETE POURING AT EATON PARK INV# 629898
046626	12/10/20	ROD13	JOSE RODRIGUEZ	2000.00	12/08/20	SMALL BUSINESS GRANT PROGRAM
046627	12/10/20	RR001	ROY RODRIGUEZ	123.72	12/10/20	MEDICAL REIMBURSEMENT
046628	12/10/20	SEB01	SEBASTIAN	75.97 75.97 91.21 50.65 60.81 50.65	10631467 10632757 10633621 10636517 10637649 10639129	ALARM MONITORING AT SNACK BAR VPL CENTER ALARM MONITORING AT CITY YARD OFFICE ALARM MONITORING AT VPL CENTER INV# 10633621 ALARM MONITORING AT CITY YARD ALARM MONITORING AT VICTOR P. LOPEZ CENTER ALARM MONITORING AT SNACK BAR VPL CENTER
Check Total.....:				405.26		
046629	12/10/20	SUR01	SURVEILLANCE INTEGRATION	204.57 139.79	7459 7460	SECURITY SYSTEMS SOFTWARE @ SKATEPARK SECURITY SYSTEMS SOFTWARE @ DAYCARE
Check Total.....:				344.36		
046630	12/10/20	TRE01	MID-VALLEY PUBLISHING INC	24.75 180.00	0321763IN 0321829IN	AD FOR STREET SWEEPER INV# 0321763-IN PUBLIC HEARING FOR BC RECYCLING INV# 0321829-IN
Check Total.....:				204.75		
046631	12/10/20	USB02	US BANK N.A. CM 9705	24651.41	12/08/20	CALI 1995 WATER SYSTEM IMPROVEMENT PROJECT
046632	12/16/20	APV01	AMERIPRIDE UNIFORM SERVIC	47.31 52.98 106.96 136.55	502714645 502714670 502718369 502718377	JANITORIAL SUPPLIES FOR CITY YARD INV# 1502714645 JANITORIAL SUPPLIES FOR WWTP INV# 1502714670 JANITORIAL SUPPLIES FOR PD INV# 1502718369 JANITORIAL SUPPLIES FOR PD INV# 1502718377
Check Total.....:				343.80		
046633	12/16/20	ATTM1	AT&T MOBILITY	1636.45	X11192020	COMMUNICATION AT&T FOR PD ACCT# 287287201576
046634	12/16/20	BSK01	BSK ASSOCIATES	418.00 74.00 120.00 74.00 74.00 74.00 120.00 103.00 74.00 74.00 74.00 74.00	AD09215 AD10206 AD12751 AD15143 AD15831 AD16249 AD16515 AD16713 AD16726 AD17093 AD17841 AD18717	WWTP SAMPLES INV# AD09215 WWTP SAMPLES INV# AD10206 WWTP SAMPLES INV# AD12751 WWTP SAMPLES INV# AD15143 WWTP SAMPLES INV# AD15831 WWTP SAMPLES INV# AD16249 WWTP SAMPLE INV# AD16515 WWTP SAMPLES INV# AD16713 WWTP SAMPLES INV# AD16726 WWTP SAMPLES INV# AD17093 WWTP SAMPLES INV# AD17841 WWTP SAMPLES INV# AD18717

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Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
046634	12/16/20	B3K01	BSK ASSOCIATES	74.00	AD18968	WWTP SAMPLES INV# AD18968
				197.00	AD19295	WWTP SAMPLES INV# AD19295
				74.00	AD19333	WWTP SAMPLES INV# AD19333
				74.00	AD19720	WWTP SAMPLES INV# AD19720
				74.00	AD19831	WWTP SAMPLES INV# AD19831
				197.00	AD20103	WWTP SAMPLES INV# AD20103
				74.00	AD20125	WWTP SAMPLES INV# AD20125
				74.00	AD20745	WWTP SAMPLES INV# AD20745
				864.00	AD20850	WWTP LAND APP INV# AD20850
				74.00	AD20861	WWTP SAMPLES INV# AD20861
				197.00	AD21511	WWTP SAMPLES INV# AD21511
				74.00	AD21531	WWTP SAMPLE INV# AD21531
				74.00	AD21941	WWTP SAMPLES INV# AD21941
				74.00	AD21991	WWTP SAMPLES INV# AD21991
				197.00	AD22370	WWTP SAMPLES INV# AD22370
				74.00	AD22488	WWTP SAMPLES INV# AD22488
				1500.00	AD22894	WWTP PFAS SMPLES INV# AD22894
				74.00	AD22911	WWTP SAMPLES INV# AD22911
				74.00	AD23132	WWTP SAMPLES INV# AD23132
				74.00	AD23357	WWTP SAMPLES INV# AD23357
				74.00	AD23370	WWTP SAMPLES INV# AD23370
				197.00	AD24327	SAMPLES FOR WWTP INV# AD24327
Check Total.....:				5812.00		
046635	12/16/20	CEN06	CENTRAL VALLEY SWEEPING	3000.00	202020247	MECHANICAL BROOM SWEEPING PARK BLVD. NOV.2020
046636	12/16/20	CHAA1	CHAPA'S AUTOMOTIVE	147.00	10844	CHEVY COLORADO (ANIMAL CONTROL UNIT) AIR CONDITION
046637	12/16/20	CMM01	CITRUS MINI-MART	.00	1219y	Ck# 046583->046278 Replacement
				1580.34	1222	GASOLINE-NOVEMBER FOR WTP,WWTP,PWD INVOICE# 1222
Check Total.....:				1580.34		
046638	12/16/20	DHM01	D H MACHINE INC.	29.67	45775	WORK SUPPLIES FOR GATE INV# 45775
				25.00	45776	REMOVE FITTING FROM FIRE HYDRANT METER INV# 45776
				5.64	FC 4134	FINANCE CHARGE INV# FC 4134
Check Total.....:				60.31		
046639	12/16/20	FEC01	FEDEX	26.30	718821774	CONTRACT TO DEPT. OF EDUCATION
046640	12/16/20	FGS01	FRUIT GROWERS SUPPLY CO	26.55	92188237	2" HOSE SET UP INV# 92188237
				22.10	92188462	1.5" HOSE SET UP INV# 92188462
Check Total.....:				48.65		
046641	12/16/20	FJC01	FLOYD JOHNSTON CONSTRUCT	69136.25	2010NC-02	WORK COMPLETED TEMP COFFERDAM PROJ. FUND AB 72GRAT
046642	12/16/20	FOO02	FOOTHILL AUTO TRUCK & AG	64.72	888280	DEF FOR WATER PUMP FRIANT KERN CANAL SHUTDOWN PROJ
046643	12/16/20	HER01	RUDY HERNANDEZ	8800.00	93	FINANCIAL CONSG/INTERIM CITY MAN 12/01/20-12/15/20
046644	12/16/20	HER40	HERRERA RAFAEL	101.31	12/15/20	REFRESHMENTS FOR FOOD DRIVE (COFFEE & UTENSILS)
046645	12/16/20	HWS01	HEALTHWISE SERVICES, LLC	175.00	000076657	KIOSK MEDICAL WASTE SERVICE INV# 0000076657
046646	12/16/20	IND00	INDUSTRIAL CONTROL AND DE	1096.88	15423	TROUBLE SHOOTING SCADA SYSTEM @ THE WTP (PLC,PCUNIT
				495.00	15588	TROUBLESHOOT SCADA SYSTEM AT THE WTP (PLC,PC UNIT)
Check Total.....:				1591.88		
046647	12/16/20	JC001	JORGENSEN CO.	337.88	5913208	FIRE EXT ANNUAL MAINT. FIRE DEPT. & POLICE
046648	12/16/20	JIM00	JIM MANNING DODGE, INC	114.99	CHCS13286	OIL CHANGE & SERVICE 2018 RAM WTP
046649	12/16/20	METRO	METRO UNIFORM	145.85	220416	OFC. HERNANDEZ WINTER JACKET
046650	12/16/20	NBS01	NBS GOVERNMENT FINANCE	1260.90	920000237	QUARTERLY ADMINISTRATIVE FEES 10/01/20-12/31/20
046651	12/16/20	O'R01	O'REILLY AUTOMOTIVE, INC.	63.58	817170228	WIPER BLADE FOR WWTP INV# 5817-170228
				53.97	817171756	PTA SET & FLOOR MAT FOR WWTP INV# 5817-171756
				3.23	817172135	GL-WIPER FLD FOR WWTP INV# 5817-172135
				56.64	817172506	OIL FILTER,AIR FILTER & MOTOROIL INV# 5817-172506
Check Total.....:				177.42		
046652	12/16/20	OCL02	ORANGE COVE LIQUOR	3263.99	NOV2020	GAS FOR PD FOR THE MONTH OF NOVEMBER 2020

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Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
046653	12/16/20	PRICE	PRICE PAIGE & COMPANY	2445.00	18323	PROFESSIONAL SERVICES RENDERED INV# 18323
046654	12/16/20	QUI05	QUIL CORPORATION	164.18 246.59 110.77 56.35 20.40 7.33 7.57 291.82 22.13	12060266 12060339 12060796 12062119 12111401 12189036 12419689 12445044 12486033	OFFICE SUPPLIES FOR PD INV# 12060266 OFFICE SUPPLIES FOR ALL DEPTS. INV# 12060339 OFFICE SUPPLIES FOR ALL DEPTS. INV# 12060796 OFFICE SUPPLIES FOR ALL DEPTS. INV# 12062119 OFFICE SUPPLIES FOR ALL DEPTS. INV# 12111401 OFFICE SUPPLIES FOR ALL DEPTS. INV# 12189036 OFFICE SUPPLIES FOR ALL DEPTS. INV# 12419689 OFFICE SUPPLIES FOR ALL DEPTS. INV# 12445044 OFFICE SUPPLIES FOR ALL DEPTS. INV# 12486033
			Check Total.....:	927.14		
046655	12/16/20	SEB01	SEBASTIAN	155.00 357.50	24864 25232	TROUBLESHOOT PROBLEM W/ALARM PANEL @ WWTP FIRE ALARM UP GRADE INV# 25232
			Check Total.....:	512.50		
046656	12/16/20	SEQ05	SEQUOIA EQUIPMENT CO, IN	1543.39	001118778	MAINTENANCE WORK ON BACKHOE REPLACE BROKEN WINDOWS
046657	12/16/20	SHER02	SHERD-IT, C/O STERICYCLE,	40.00	180822243	SHREDDING SREVICES INV# 8180822243
046658	12/16/20	SWRCB	SWRCB	2848.00 33870.00	WD0176103 WD0176228	STATE WATER RESOURCES CONTROL BOARD ANNUAL PERM FE STATE WATER RESOURCES CONTROL BOARD ANNUAL FEE
			Check Total.....:	36718.00		
046659	12/16/20	UNITY	UNITY IT	1090.73	362273	HP 250 LAPTOP FOR DORA INV# 362273
046660	12/16/20	USB01	U.S. BANK CORPORATE PAYME	.00 26806.09	12/01/20y 12/10/20	Ck# 046576->046576 Replacement CREDIT CARD
			Check Total.....:	26806.09		
046661	12/16/20	VER04	VERONICA RAMIREZ	43.73	12/11/20	MILEAGE - FRESNO TRAINING 12/02/20
046662	12/16/20	VPL01	VICTOR P LOPEZ	163.02	12/15/20	MEDICAL REIMBURSEMENT
046663	12/18/20	AFLAC	AFLAC	1242.24	749335	AFLAC INSURANCE PREMIUMS PAYABLE INV# 749335
046664	12/18/20	APV01	AMERIPRIDE UNIFORM SERVIC	106.96 41.66	502726519 502726523	JANITORIAL SUPPLIES FOR PD INV# 1502726519 JANITORIAL SUPPLIES FOR PD INV# 1502726523
			Check Total.....:	148.62		
046665	12/18/20	COL10	COLONIAL LIFE	607.04	1106924	EMPLOYEE BENEFIT PROGRAM INV#4180949-1106924
046666	12/18/20	DOO02	DOOLEY ENTERPRISES, INC	2934.50	59075	AMMUNITION SUPPLY
046667	12/18/20	FCSFF	FRESNO COUNTY SHERIFF	12992.44	8017956	DISPATCHING SERVICES INV# 8017956
046668	12/18/20	GON12	MARIA GONZALEZ	10.90	12/17/20	MILEAGE FOR CHRISTMAS TOY PURCHASED
046669	12/18/20	HWS01	HEALTHWISE SERVICES, LLC	225.30	000080628	KIOSK FEES INV# 000080628
046670	12/18/20	LIFE-	LIFE-ASSIST, INC.	48.59	1055668	TAC MEDICAL BAGS FOR PARTOL UNITS (2) INV#1055668
046671	12/18/20	LOP16	DAVID LOPEZ	1712.77	12/16/20	D. LOPEZ, PURCHASED CHRISTMAS TOYS
046672	12/18/20	PAR32	FARRA, DANIEL	10.00	12/03/20	TRAINING FRESNO COUNTY SHERIFFS-LUNCH REIMBURSEMNT
046673	12/18/20	PEA02	PORA OF CALIFORNIA	327.00	299889	CCPOA MEMBERSHIP DUES INV# 299889
046674	12/18/20	PSP01	PSP STORES LLC	78.78	070060211	DOG FOOD
046675	12/18/20	RUB05	RUBALCABA, RACHEL	191.07	12/14/20	TRAVEL AND LUNCH FOR CHRISTMAS TOY GIVE AWAY EVENT
046676	12/18/20	SID00	SIDNEY IRABELLA DAYNA LOP	22.37	12/17/20	LUNCHEON FOR CHRISTMAS TOY DRIVE
046677	12/18/20	TAY02	DESYRAE TAYLOR	162.24	12/17/20	WATER REIMBURSEMENT FOR D. TAYLOR
046678	12/18/20	TRE01	MID-VALLEY PUBLISHING INC	600.00	0321685IN	PUBLICATION SUSAN LONG/SELF HELP INV# 0321685-IN
046679	12/18/20	VER04	VERONICA RAMIREZ	31.39 44.31	12/03/20 12/17/20	FRESNO TRAINING 12/03/20 & 12/17/20 LUNCH MILEAGE-FRESNO TRAINING 12-17-20
			Check Total.....:	75.70		
046680	12/21/20	IIM01	INTERNATIONAL INSTITUTE OF	200.00	12/16/20	RENEWAL NOTICE MEMBERSHIP CITY CLERK ID# 15248

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Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
046681	12/21/20	VPL01	VICTOR P LOPEZ	500.00 498.54	122120 12/21/20	MILEAGE REIMBURSEMENT JAN 2021 APPROVED 01/08/20 MEDICAL REIMBURSEMENT CO-PAY
			Check Total.....:	998.54		
046682	12/23/20	SM004	STRATHMORE MACHINERY, INC	2919.44 1184.46 1190.00	55813y 55814y 55815y	Ck# 046682->046581 Replacement Ck# 046682->046581 Replacement Ck# 046682->046581 Replacement
			Check Total.....:	5293.90		
046683	12/23/20	AMCE1	AM CONSULTING ENGINEERS,	24354.87	12/09/20	PROFESSIONAL SERVICES NOV. 2020
046684	12/23/20	ATT05	AT & T	126.02	12/03/20	COMMUNICATION & OVERSE
046685	12/23/20	ATTM1	AT&T MOBILITY	1646.82	X11242020	COMMUNICATION FOR DEC 2020 ACCT# 287019327302
046686	12/23/20	BAR26	BARRAGAN, ANDRES	10.00	12/11/20	LUNCH FOR TRAINING FOR A.BARRAGAN REIMBURSEMENT
046687	12/23/20	CHAA1	CHAPA'S AUTOMOTIVE	221.41 259.81 865.03	10895 10896 10897	BATTERY-REMOVED & REPLACE-ALL APPLICABLE MODELS HEADLAMP BULB CONNECTOR-REMOVE & REPAIR HEADLAMPS ENGINE OR TRANSMISSION MOUNT-REMOVE & REPLACE
			Check Total.....:	1346.25		
046688	12/23/20	DG001	DIANA GUERRA SILVA	607.90	12/23/20	MEDICAL REIMBURSEMENT
046689	12/23/20	FB001	THE FRESNO BEE	846.00	11302020	AD STREET SWEEPER POSTION INV# 0001952114-11302020
046690	12/23/20	NBS01	NBS GOVERNMENT FINANCE	1332.99	120000286	QUARTERLY ADMINISTRATIVE FEES 1/1/21-3/31/21
046691	12/23/20	OCT81	ORANGE COVE TIRE SERVICE	541.01	25876	UNIT 19-06 FRONT BRAKES/ROTORS INV# 25876
046692	12/23/20	PD001	PENA'S DISPOSAL	53188.59	NOV 2020	UTILITY ACCOUNTING FOR NOV 2020
046693	12/23/20	PGE01	PG & E	23450.29	12/04/20	UTILITIES ELECTRICITY FOR ALL DEPTS.
046694	12/23/20	PRO21	PROFESSIONAL PRINT & MAIL	402.24 1249.60	106175 106176	PRINTING -TOY GIVEAWAY INV# 106175 PRINTING-NOV. 2020 MONTHLY UTILITY BILLS
			Check Total.....:	1651.84		
046695	12/23/20	RIV11	RIVERA, MARTY	51.91	12/18/20	PURCHASED SPACE HEATER FOR ANIMAL SHELTER
046696	12/23/20	RSG01	ROSENOW SPEEVACEK GROUP	3621.25	I006741	SUCCESSOR AGENCY ADMIN. SERVICES INV# I006741
046697	12/23/20	RUB05	RUBALCABA, RACHEL	98.96	12/19/20	TRAVEL FOR CHRISTMAS TOY DRIVE AND REFRESHMENTS
046698	12/23/20	SBS01	SELECT BUSINESS SYSTEMS	129.35 11.00	307746 307965	TONER FOR COPIER FOR ALL DEPTS. INV# 307746 MONTHLY METER RATE CHARGES INV# 307965
			Check Total.....:	140.35		
046699	12/23/20	SEB02	SEBASTIAN	40.00 -40.00 40.00 -40.00	180629110 180629110u 181035081 181035081u	SHREDDING SERVICES INV# 8180629110 Ck# 046699 Reversed SHREDDING SERVICES INV# 8181035081 Ck# 046699 Reversed
			Check Total.....:	.00		
046700	12/23/20	SLC01	SHAVER LAKE CONSTRUCTION	390.00	298	CRANE SERVICES FOR CHRISTMAS TREE INV# 298
046701	12/23/20	SUR01	SURVEILLANCE INTEGRATION	172.18	7461	SECURITY SYSTEM SOFTWARE AT JULIA LOPEZ CENTER
046702	12/23/20	TUL05	TULARE COUNTY JAIL	25.06	18189	PD GRAPHICS FOR SIGN INV# 18189
046703	12/30/20	ATT05	AT & T	7.58 1.39 8.60 .70 .69 3.45 50.88 .63 .70 2.40 851.43	015654250 015654251 015654252 015654255 015654256 015654258 015654259 015654260 015654284 015656343 015656428	CALNET 3-COMMUNICATION ACCT# 9391062196 CALNET 3-COMMUNICATION ACCT# 9391062197 CALNET 3-COMMUNICATION ACCT# 9391062198 CALNET 3-COMMUNICATION ACCT# 9391062201 CALNET 3-COMMUNICATION ACCT# 9391062202 CALNET 3-COMMUNICATION ACCT# 9391062204 CALNET 3-COMMUNICATION ACCT# 9391062205 CALNET 3-COMMUNICATION ACCT# 9391062206 CALNET 3-COMMUNICATION ACCT# 9391062904 CALNET 3-COMMUNICATION ACCT# 9391062194 AT&T LD NOV. ACCT# 9391066128
			Check Total.....:	928.45		
046704	12/30/20	CAR02	CARTOZIAN'S AIR CONDITIOI	350.00	16856	AIR & HEATING SEASONAL SERV. FOR COMMUNITY CENTER

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046704	12/30/20	CAR02	CARTOZIAN'S AIR CONDITIOI	187.58 335.46 153.25 314.35 241.95 258.00 696.99	16857 16858 16859 16860 16861 16862 16863	AIR & HEATING SERVICES FOR COMMUNITY CENTER #16857 AIR & HEATING SERVICES FOR CITY HALL INV# 16858 AIR & HEATING SERVICES FOR WTP INV# 16859 AIR AND HEATING SERICES FOR PD/FIRE DEPT INV#16860 AIR & HEATING SERICES FOR WWTP INV# 16861 AIR & HEATING SERVICES FOR SENIOR CENTER INV#16862 AIR AND HEATING SERVICES FOR JULIA LOPEZ CENTER
			Check Total.....:	2537.58		
046705	12/30/20	COOK1	COOK'S COMMUNICATION	250.00 53.45	146585 146587	SERVICE ON UNIT FORD TAURUS INV# 146585 FEDERAL SIGNAL PA MIC INV# 146587
			Check Total.....:	303.45		
046706	12/30/20	CSJVR	CENTRAL SAN JOAQUIN VALLE	58846.00	2021-0222	LIABILITY & WORKERS COMP 3RD QUARTER RMA 2021-0222
046707	12/30/20	DAR01	DODSON AUTO PARTS	30.22	48913	WELDING WIRE INV# 48913
046708	12/30/20	DIO00	DIONICIO RODRIGUEZ JR.	1350.00	12/28/20	PROFESSIONAL SERVICES WATER TREATMENT PLANT
046709	12/30/20	FGS01	FRUIT GROWERS SUPPLY CO	11.59 32.31	92185061 92186211	TRAP FLY RIBBON 4/PK INV# 92185061 KNEE PADS FOR DAVID LOPEZ INV# 92186211
			Check Total.....:	43.90		
046710	12/30/20	FOO02	FOOTHILL AUTO TRUCK & AG	73.77 202.32 7.58 30.22 7.88 9.66 34.12 15.46 10.79 57.52 54.73 32.38 5.60 4.32 21.58	887632 887666 887694 887934 887987 888120 888223 888308 888356 888508 888592 888608 888657 889871 891244	BATTERY FOR JANITOR VAN PWD INV# 887632 BELT FOR LAWN MOWER PWD INV# 887666 CABLE TIE FOR LAWN MOWER PWD INV# 887694 TAPE MEASURE PWD INV# 887934 SINGLE SIDE KEY INV# 887987 PROOF COIL FOR PLAYGROUND PROJ. INV# 888120 PROPANE FUEL FOR MAN LIFT INV# 888223 NUTS FOR PLAYGROUND PROJ. INV# 888308 AAA BATTERIES 8PACK WTP INV# 888356 SUPPLIES FOR TRUCK# 201 INV# 888508 SUPPLIES FOR BACKHOE INV# 888592 TIE DOWN PADDED FOR PLAYGROUND PROJECT INV# 888608 HYD/FL 5G FOR BACKHOE INV# 888657 PATROL FLEET WIPER BLADES INV# 889871 ANIMAL CONTROL UNIT EXTENSION CORD INV# 891244
			Check Total.....:	567.93		
046711	12/30/20	FRON1	FRONTIER	74.61	11/07/20	COMMUNICATIONS FOR PD ACCT# 213-031-7012-081913-5
046712	12/30/20	IAW01	INTERNATIONAL AUTO WRECKI	2000.00	12/29/20	SMALL BUSINESS GRANT PROGRAM
046713	12/30/20	IU000	IUOE LOCAL 39	672.30	12/30/20	UNION DUES DECEMBER 2020
046714	12/30/20	JT200	JT2 INC.	62701.90	66142R	INV FOR WORK ON D ST SIDEWALK IMPROVEMENTS PROJ.
046715	12/30/20	KOEFR	KOEFERAN INDUSTRIES, INC.	820.00	000434044	EMPTY FREEZER SERVICE INV#000434044
046716	12/30/20	MWS01	MODERN WILDLIFE SOLUTIONS	650.00	7651	NOVEMBER MONTHLY RODENT CONTROL INV# 7651
046717	12/30/20	ORT09	ESTEBAN ORTEGA	216.79	12/11/20	WOOD FOR CITY HALL STAIRS
046718	12/30/20	ORT15	ORTEGA BUILDERS INC.	2950.00	12/01/20	STAIRWAY PROJ. REMOVAL OF DAMAGED WOOD & INSTALL
046719	12/30/20	QUI05	QUIL CORPORATION	48.53 343.04 135.26 13.59	12821939 12902049 12902664 12905216	OFFICE SUPPLIES FOR ALL DEPTS. INV# 12821939 OFFICE SUPPLIES FOR ALL DEPTS. INV# 12902049 OFFICE SUPPLIES FOR ALL DEPTS. INV# 12902664 OFFICE SUPPLIES FOR ALL DEPTS. INV# 12905216
			Check Total.....:	540.42		
046720	12/30/20	RIV04	RIVERA JUAN	75.31	11/17/20	REIMBURSEMENT FOR SEAT COVER F150 FORD TRUCK
046721	12/30/20	RL001	REEDLEY LUMBER CO.	15.01	247520	KEYS DOC# 247520
046722	12/30/20	SEB01	SEBASTIAN	845.00 155.00	24713 25439	ANIMAL CONTROL UPGRADES INV# 24713 CITY HALL LOW VOLTAGE LABOR INV# 25439
			Check Total.....:	1000.00		
046723	12/30/20	SHR02	SHRED-IT, C/O STERICYCLE,	40.00 40.00	818062911 818103508	SHREDDING SERVICES INV# 8180629110 SHREDDING SERVICES INV# 8181035081

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Check Total.....:				80.00		
046724	12/30/20	UNITY	UNITY IT	4215.26	362300	COMMUNICATION SERVICES INV# 362300
046725	12/31/20	ADV03	ADVANCED FLOW MEASUREMENT	450.00	0004175	INFLUENT FLOW CALIBRATION FOR ANNUAL REPORT
046726	12/31/20	AMERI	AMERITAS LIFE INSURANCE C	3491.00	DEC2020	EMPLOYEE DENTAL INS. COVERAGE 12/1/20-12/31/20
				580.64	DEC 2020	EMPLOYEE VISION INS COVERAGE 12/01/20-12/31/20
Check Total.....:				4071.64		
046727	12/31/20	ATT05	AT & T	1.65	015654249	CALNET 3-COMMUNICATION ACCT# 9391062195
046728	12/31/20	FOO02	FOOTHILL AUTO TRUCK & AG	12.41	885495	DEGREASER INV#885495
Cash Account Total.....:				926265.76		
Total Disbursements.....:				926265.76		

RESOLUTION NO. 2021-08

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ORANGE COVE
APPROVING MEMORANDUM OF UNDERSTANDING BY AND BETWEEN
THE CITY OF ORANGE COVE AND THE ORANGE COVE
POLICE PROTECTION DISTRICT AND AUTHORIZING INTERIM
CITY MANAGER TO SIGN THE MEMORANDUM**

WHEREAS, the City has had a relationship with the Orange Cove Police Protection District ("District") for many years; and,

WHEREAS, District desires to provide financial assistance to the Orange Cove Police Department; and

WHEREAS, District has directed and will continue to direct investment in the City by financial assistance to the Police Department in assistance in purchase of patrol vehicles; and,

WHEREAS, City is available to assist District in its' functions outside city limits to the extent as allowed by the Sheriff and without exposing the City to a lack of adequate police coverage for the residents of Orange Cove; and

WHEREAS, City and District have set forth the mutual understandings in the attached Exhibit "A" which is incorporated herein by this reference as if set forth in full.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF ORANGE COVE, FINDS, DETERMINES AND RESOLVES AS FOLLOWS:

1. The foregoing recitals, and each of them, are true and correct, and they are each hereby adopted as findings of the City;

2. The Memorandum of Understanding, the attached Exhibit "A", between the City and District is in the best interest of the residents of Orange Cove and of the District.

3. The Interim City Manager of the City is hereby authorized to execute the Memorandum on the behalf of the City.

* * * * *

I HEREBY CERTIFY that the foregoing resolution was passed and adopted by the City Council of the City of Orange Cove at a meeting thereof held on the 27th^h day of January 2021, by the following vote:

AYES:	COUNCILMEMBERS:	
NOES:	COUNCILMEMBERS:	
ABSENT:	COUNCILMEMBERS:	
ABSTAIN:	COUNCILMEMBERS:	None

Mayor of the City of Orange Cove

ATTEST:

City Clerk of the City of
Orange Cove

MEMORANDUM OF UNDERSTANDING BETWEEN THE
CITY OF ORANGE COVE AND THE ORANGE COVE
POLICE PROTECTION DISTRICT FOR A MONETARY
CONTRIBUTION TO THE CITY TO ASSIST IN THE
PURCHASE OF A POLICE INTERCEPTOR PATROL
VEHICLE, AND RETROFIT OF A POLICE INTERCEPTOR
FOR USE AS A K-9 VEHICLE.

THIS Memorandum of Understanding ("MOU") is made and entered into this day of January, by and between the City of Orange Cove, a municipal corporation (hereafter referred to as "CITY") and Orange Cove Police Protection District, a California special district (hereafter referred to as "DISTRICT"). The City and District are collectively referred to herein as the "Parties", and individually as "Party".

WHEREAS, the CITY has a Police Department which provides law enforcement and public safety services within the City of Orange Cove; and

WHEREAS, the DISTRICT serves an area that includes the CITY as well as area surrounding the CITY; and

WHEREAS, the DISTRICT provides funding on an "as needed" basis to all law enforcement agencies that provide services in the DISTRICT; and

WHEREAS, the Parties have cooperated in many ways over the years to ensure that law enforcement and public safety services are provided to the residents of the CITY and the DISTRICT; and

WHEREAS, DISTRICT recognizes that the Orange Cove Police Department's provides necessary public safety and law enforcement services to the CITY which benefits DISTRICT; and

WHEREAS, the DISTRICT desires to contribute monies to the CITY to partially offset CITY'S lease/purchase of three police vehicles.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and of the covenants, conditions, and premises hereinafter contained, to be kept and performed by the respective parties, it is mutually agreed as follows:

1. Law Enforcement Services

(a) CITY will use the contribution provided by DISTRICT to offset the purchase costs for one police interceptor police vehicles to be used by the CITY's Police Department. This cost includes the vehicle, related necessary equipment. Additionally the DISTRICT will provide costs

for retro-fitting the equipment from a currently owned vehicle to offset the costs for retro-fitting and adding the necessary equipment to another currently owned vehicle to convert as a K-9 vehicle.

(b) To the extent authorized by law and subject to available resources, in the event Emergency services are necessary outside the CITY's boundaries but within the DISTRICT's boundaries, the CITY's Police Department shall respond to such calls with available personnel. DISTRICT acknowledges that the CITY's police officers are held to the requirements of the law and any of the CITY's Police Department policies. DISTRICT agrees that it shall not have authority to direct the law enforcement activity of any CITY police officer.

(c) The Parties agree that CITY shall retain control over the vehicles and equipment and other terms and conditions relating to the vehicle purchase, and that the vehicles purchased using the DISTRICT's contribution is the property of the CITY.

2. DISTRICT Contribution.

(a) To assist CITY in its purchase, within thirty (30) days of the Effective Date of this MOU, the DISTRICT shall contribute to CITY, Sixty Six Thousand Six Hundred Forty Eight Dollars and Sixty Four Cents. (\$66,648.64) pursuant to the terms of this Agreement.

(b) This contribution shall be subject to DISTRICT'S annual budget requirements.

3. Term of Agreement. It is the intent of the parties that the term of this Agreement is a One time contribution effective January 2021.

4. Termination of Agreement.

(a) Either Party may terminate this Agreement without cause upon 30 calendar days' prior written notice to the other Party.

(b) This Agreement may be terminated immediately by either Party upon seven (7) calendar days prior written notice should the other Party fail substantially to observe, fulfill or perform any obligation, covenant, term or condition in accordance with this Agreement. A Party will have failed substantially to observe, fulfill or perform any obligation, covenant, term or condition of this Agreement, if such failure is not cured within seven (7) calendar days' prior written notice and this shall constitute a material default and breach of this Agreement. The Party terminating the Agreement may exercise any right, remedy (in law or equity), or privilege which may be available to it under applicable laws of the State of California or any other applicable law, or proceed by appropriate court action to enforce the terms of the Agreement, or to recover direct, indirect, consequential or incidental damages for the breach of the Agreement.

(c) No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

5. Indemnification.

(a) DISTRICT shall defend, indemnify, and hold harmless CITY, its elected and appointed officers, officials, agents, contractors, consultants, employees and volunteers from and against any and all claims, damages, demands, liability, costs, losses and expenses, including without limitation, court costs and reasonable attorneys' fees, arising out of or in connection with its acts or omissions under this Agreement, except such loss or damage which was caused by the sole negligence, or willful misconduct of CITY.

(b) CITY shall defend, indemnify, and hold harmless DISTRICT, its elected and appointed officers, officials, agents, contractors, consultants, employees and volunteers from and against any and all claims, damages, demands, liability, costs, losses and expenses, including without limitation, court costs and reasonable attorneys' fees, arising out of or in connection with its acts or omissions under this Agreement, except such loss or damage which was caused by the sole negligence, or willful misconduct of DISTRICT..

(c) This section shall survive termination or expiration of this MOU.

6. Insurance. It is understood and agreed that DISTRICT and CITY maintain insurance policies or self-insurance programs to fund their respective liabilities. Evidence of Insurance, Certificates of Insurance or other similar documentation shall not be required of either Party under this MOU.

7. Non discrimination. Neither Party shall employ discriminatory practices in their respective performance under this MOU on the basis of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, marital status, sex, age, sexual orientation, ethnicity, status as a disable veteran or veteran of the Vietnam era.

8. Independent Contractor and Not a Partnership. For the purposes of this MOU, CITY and DISTRICT shall act in an independent capacity and not as officers or employees or agents of the other. Nothing in this MOU establishes, constitute, or will be construed as establishing or constituting a partnership or agency or employment relationship between CITY and DISTRICT.

9. Notices. Any notice required or intended to be given to either Party under the terms of this MOU shall be in writing and shall be deemed to be duly given if delivered personally or deposited into the United States mail, with postage prepaid, addressed to the Party to which notice is to be given at the Party's address set forth on the signature page of this MOU or at such other address as the Parties may from time to time designate by written notice.

10. Binding. Once this MOU is signed by all Parties, it shall be binding upon, and shall inure to the benefit of, all Parties, and each Parties' respective heirs, successors, assigns, transferees, agents, servants, employees and representatives.

11. Assignment. Neither Party may assign or transfer, by operation of law or otherwise, all or any of its rights or obligations under this MOU without the prior written consent of the other

Party.

12. Waiver. The waiver by either Party of a breach by the other of any provision of this MOU shall not constitute a continuing waiver or waiver of any subsequent breach of either the same or a different provision of this MOU. No provisions of this Agreement may be waived unless in writing and signed by all Parties to this MOU. Waiver of any one provision herein shall not be deemed to be a waiver of any other provision herein.

13. Governing Law and Venue. This MOU shall be governed by, and construed and enforced in accordance with, the laws of the State of California. Venue for purposes of the filing of any action regarding the enforcement or interpretation of this MOU and any rights and duties hereunder shall be Fresno County, California.

14. Headings. The section headings in this MOU are for convenience and reference only and shall not be construed or held in any way to explain, modify or add to the interpretation or meaning of the provisions of this MOU.

15. Severability. The provisions of this MOU are severable. The invalidity or unenforceability of any one provision in this MOU shall not affect the other provisions.

16. Interpretation. The parties acknowledge that this MOU in its final forms is the result of the combined efforts of the parties and that, should any provision of this MOU be found to be ambiguous in any way, such ambiguity shall not be resolved by construing this MOU in favor of or against either Party, but rather by construing the terms in accordance with their generally accepted meaning.

17. Attorney's Fees. If either Party is required to commence any proceeding or legal action to enforce or interpret any term, covenant or condition of this MOU, the prevailing party in such proceeding or action shall be entitled to recover from the other party its reasonable attorney's fees and legal expenses.

18. No Third Party Beneficiaries. The rights, interests, duties and obligations defined within this MOU are intended for the specific Parties hereto as identified in the preamble of this MOU. Notwithstanding anything stated to the contrary in this MOU, it is not intended that any rights or interests in this MOU benefit or flow to the interest of any third parties.

19. Extent of Agreement. Each Party acknowledges that they have read and fully understand the contents of this MOU. This MOU represents the entire and integrated agreement between the Parties with respect to the subject matter hereof and supersedes all prior negotiations, representations or agreements, either written or oral. This MOU may be modified only by written instrument duly authorized and executed by both CITY and DISTRICT.

20. This MOU may be executed simultaneously in multiple counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

21. Each person executing this MOU hereby represents and warrants (i) their authority to do so, and (ii) that such authority has been duly and validly conferred.

(SIGNATURES ON FOLLOWING PAGE)

IN WITNESS WHEREOF, the Parties have executed this Agreement at Orange Cove, California, as of the Effective Date.

"DISTRICT"

Orange Cove Police Protection District

By: _____
Name, Title

ATTEST

By: _____

APPROVED AS TO FORM

By: _____

"CITY"


City of Orange Cove

By: _____
Victor Lopez, Mayor

ATTEST

By: _____

APPROVED AS TO FORM

By: 
_____, City Attorney

RESOLUTION NO. 2021-07

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
ORANGE COVE APPROVING AN EXTENSION OF THE TAX SHARING
AGREEMENT BY AND BETWEEN THE CITY OF ORANGE COVE
AND COUNTY OF FRESNO AND AUTHORIZING THE
MAYOR OR MANAGER TO EXECUTE THE AGREEMENT**

WHEREAS, the City Council has determined that in 2006 the City and the County of Fresno negotiated a tax-sharing agreement regarding the equitable division of property tax increment for future City annexation; and,

WHEREAS, the 2006 agreement is set to expire on March 1, 2021; and

WHEREAS, the County and City are in current negotiations regarding the terms and conditions of the tax sharing agreement going forward; and,

WHEREAS, the County and City agree that it would be in the best interests of the City of Orange Cove and the County to extend the current tax sharing agreement for the period of one (1) year to continue the negotiations regarding the terms and conditions of any tax sharing agreement going forward; and

WHEREAS, the City and County have set forth the terms and conditions of the extension in the attached Exhibit "A" which is incorporated herein by this reference as if set forth in full.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF ORANGE
COVE, FINDS, DETERMINES AND RESOLVES AS FOLLOWS:**

1. The foregoing recitals, and each of them, are true and correct, and they are each hereby adopted as findings of the City;
2. The Agreement, the attached Exhibit "A", as proposed between the City and County of Fresno is in the best interest of the residents of Orange Cove and of the City of Orange Cove.
3. The Mayor or City Manager of the City is hereby authorized to execute the attached Agreement on behalf of the City Council and City of Orange Cove.

* * * * *

I HEREBY CERTIFY that the foregoing resolution was passed and adopted by the City Council of the City of Orange Cove at a meeting thereof held on the ____ day of _____ 2021, by the following vote:

AYES:	COUNCILMEMBERS:	
NOES:	COUNCILMEMBERS:	
ABSENT:	COUNCILMEMBERS:	
ABSTAIN:	COUNCILMEMBERS:	None

Mayor of the City of Orange Cove

ATTEST:

City Clerk of the City of
Orange Cove

'EXHIBIT A'

**FIRST AMENDMENT TO THE AMENDED AND RESTATED
MEMORANDUM OF UNDERSTANDING BETWEEN
THE COUNTY OF FRESNO AND THE CITY OF ORANGE COVE**

This First Amendment to the Amended and Restated Memorandum of Understanding ("First Amendment"), executed on this ____ day of _____, 2021, (the "Effective Date"), amends the Amended and Restated Memorandum of Understanding (the "MOU") executed on March 21, 2006, by and between the County of Fresno, a political subdivision of the State of California (hereinafter referred to as "County") and the City of Orange Cove, a municipal corporation of the State of California (hereinafter referred to as "City"). County and City are each a "Party" to this First Amendment and are sometimes collectively referred to as "the Parties" to this First Amendment.

RECITALS:

WHEREAS, the Parties previously entered into a comprehensive MOU, dated March 21, 2006, regarding development, City's sphere of influence, annexation, sales tax, property tax, and other matters impacting both parties; and

WHEREAS, the term of the MOU would, without this First Amendment, expire on March 21, 2021;

and

WHEREAS, a First Amendment to the MOU is necessary and desirable to accommodate extension of the MOU for one year from the expiration date of March 21, 2021, to provide additional time for both Parties to complete ongoing negotiations regarding a longer-term extension.

NOW, THEREFORE, County and City hereby agrees to amend the MOU as follows:

AMENDMENT NO. 1

1. Section 9.1 "Term of MOU" is deleted in its entirety and replaced with the following:

This RESTATED MOU shall commence as of March 21, 2006 and remain in effect until March 21, 2022, unless terminated prior to that time by mutual agreement of the parties.

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1 In addition, should all or any portion of this RESTATED MOU be declared invalid or inoperative
2 by a court of competent jurisdiction, or should any party to this RESTATED MOU fail to perform any of
3 its obligations hereunder, or should any party to this RESTATED MOU take any action to frustrate the
4 intentions of the parties as expressed in this RESTATED MOU, then in such event, this entire RESTATED
5 MOU, as well as any ancillary documents entered into by the parties in order to fulfill the intent of this
6 RESTATED MOU, shall immediately be of no force and effect and, in particular, no property tax exchange
7 agreement, as required by Section 99 of the Revenue and Taxation Code, shall exist between the CITY
8 and COUNTY as to unincorporated property.

9 2. The Parties agree that this Amendment is sufficient to amend the MOU and that upon
10 execution of this Amendment, the MOU and this Amendment together shall be considered the MOU.

11 3. The MOU, as hereby amended, is ratified and continued. Unless expressly modified by
12 the terms of this First Amendment, all other terms of the MOU remain in full force and effect.

13 (Signature page follows.)
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1 IN WITNESS WHEREOF, the Parties hereto have executed this FIRST Amendment, on the date
2 set forth above.

3 COUNTY OF FRESNO, a Political
4 Subdivision of the State of California
("County")

5 By: _____
6 Steve Brandau, Chairman of the
7 Board of Supervisors of the County
of Fresno

8 ATTEST:
9 Bernice E. Seidel
10 Clerk of the Board of Supervisors
County of Fresno, State of California

11 By: _____
12 Deputy

CITY OF ORANGE COVE, a Municipal
Corporation of the State of California
("City")

By: _____
Victor P. Lopez, Mayor
City of Orange Cove

ATTEST:
June V. Lopez-Bracamontes,
City Clerk, City of Orange Cove

By: _____
June V. Lopez-Bracamontes, City Clerk

REVIEWED AND RECOMMENDED FOR
APPROVAL:

By: _____
Rudy Hernandez, Interim City Manager

APPROVED AS TO LEGAL FORM:

By: _____
Daniel T. McCloskey, City Attorney

RESOLUTION No: 2021-04

**A RESOLUTION SUPPORTING LEGISLATION AUTHORIZING THE RENAMING
OF
“Squaw Valley” to “Nim Valley”**

WHEREAS, "Squaw Valley" is a census-designated place located in Fresno County, California, United States of America (zip codes 93646 & 93675); and

WHEREAS, Orange Cove is a comfortable agricultural community located within "Squaw Valley" along the eastern foothills of the Sierra Nevada mountains; and

WHEREAS, The Orange Cove City Council is committed to improving the quality of life in the City and enhancing the public trust; and

WHEREAS, The Orange Cove City Council goals include priorities in the areas of community relations; and

WHEREAS, "Squaw Valley" underscores the disparaging impact on the local Fresno County community of which the name represents; and

WHEREAS, Names are powerful, helping to form our identity, even if unintentional, the current name is harmful; and

WHEREAS, The word "Squaw" is an informal word associated to Native American women that has come to mean both a part of the female genitalia and a woman of ill repute; and

WHEREAS, The current name "Squaw Valley" perpetuates a sexualized, exploitative, and humiliating narrative that continues to focus the desires and disgust of early European-Americans on the bodies of Native American women; and

WHEREAS, To properly honor our neighboring Native American communities, particularly Native American women, we must eradicate existing degrading geographic names; and

WHEREAS, "Nim Valley" changes the narrative, identifies, and honors our homelands first inhabitants in the local Western Mono indigenous language.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF
Orange Cove supports enabling legislation that would authorize the renaming of "Squaw Valley" to "Nim Valley." ADOPTED by the Orange Cove City Council this th day of January, 2021.

This resolution was adopted at a Regular Meeting of the City Council of the City of Orange Cove held on January 27, 2020 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Victor P. Lopez, Mayor

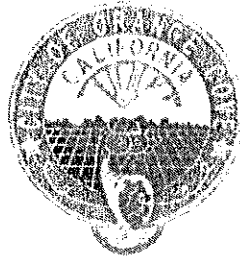
ATTEST:

June Bracamontes, City Clerk

Mayor:
Victor P. Lopez

Mayor Pro Team:
Diana Guerra Silva

City Council Members:
Roy Rodriguez
Josie Cervantes
Esperanza Rodriguez



Incorporated January 20, 1948

Rudy Hernandez
Interim City Manager
(559) 626-4488 ext. 216

Rudy Hernandez
Financial Consultant
(559) 626-4488 ext. 216

City Clerk:
June V. Bracamontes
(559) 626-4488 ext. 214

633 Sixth Street, Orange Cove, CA 93646 | Phone: (559) 626-4488 | FAX: (559) 626-4653

To: The Honorable Mayor and City Council

From: Rudy Hernandez, Interim City Manager

Date: January 27, 2021

Subject: Approval of Program Guidelines for Business Assistance Payment Program Funded with CDBG-CV1.

Attachments: Resolution Approving Guidelines for Business Assistance Program. CV Business Assistance Program.

BACKGROUND

The State CDBG Program requires guidelines for the Business Assistance Payment Program be adopted by the City Council. Guidelines are to identify the method by which applications will be taken and processed, as well as identify how eligibility is determined, what documents are required to determine eligibility, what forms of assistance will be provided, the limit of that assistance, fair marketing strategies and recordkeeping requirements.

DISCUSSION

The Business Assistance Program guidelines identifies the following:

1. Application will be processed on a first come first served basis.
2. Efforts for nondiscrimination and inclusion.
3. Outreach and Marketing.
4. A business must meet **ALL** the following criteria to be eligible to apply:
 - a. Must be a private, for profit business. *Independent Contractors are not eligible for this program.
 - b. Business and/or any owner may not be suspended, debarred, proposed for debarment, declared ineligible, or voluntarily excluded from participation in federal transactions.
 - c. Businesses must have less than 15 FTE (full-time equivalent employees.)
 - d. The business must have a physical storefront establishment within Livingston's city limits.

- e. Businesses must have a current Livingston business license or bring current because of assistance.
- f. The business must have experienced a negative impact due to COVID-19, by certifying that the business has experienced at least a 25% reduction in revenue since March 1, 2020 and that grant proceeds will be used for allowable expenses under the Federal CDBG-CV Act guidelines Applicant business cannot have any unremedied City Code violations.
- g. No national chains. National chains are defined as franchises/for-profit corporations: **except in the case where the franchisee or brand has a Livingston-based owner.**
- h. Operating **as a business since January 2020.**
- i. Business may **NOT** be delinquent in State and/or Federal licensing and filings.
- 5. If CDBG-CV funds are awarded to a business, the business must meet the following requirement:
 - a. Business will create/retain at least **one full-time or full-time equivalent (40 hours/week) low or moderate-income permanent job (LMI Job) within 12 months.** Moderate-income means less than or equal to 80% of the Area Median Income (AMI). See Section 4 of the application for income and details on how to meet the HUD National Objective for jobs.
 - b. If business is retaining LMI job(s) – business must demonstrate clear objective evidence.
 - c. that permanent LMI job(s) would be lost without CDBG-CV assistance.
- 6. Loan will be forgiven over a two-year period as the business meets the required LMI job creation/retention requirement as outlined in the written agreement.
- 7. A maximum of \$35,000 will be provided for Mortgage/Rent, Utilities (electric, gas, water, sewer, trash and broadband), Payroll and other operating expenses.
- 8. Applicant may not have received other assistance for the same purpose for any other source.
- 9. Reporting and Invoicing requirements.


RECOMMENDED ACTION

Approve Resolution Approving Guidelines for Business Assistance Program.

FISCAL IMPACT:

The Business Assistance Program will consist of \$250,650 as listed below:

- Economic Development -Microenterprise/Business Assistance \$152,650.
- CDBD CoronaVirus Activities \$98,000.

Prepared by: _____ Approved by: 
REVIEW: City Manager: ✓ Finance: _____ City Attorney: _____

TYPE OF ITEM:	COUNCIL ACTION:	APPROVED	DENIED	NO ACTION
<u> </u> Consent	<u> </u> Public Hearing			
<u> </u> Info Item	<u> </u> Matter Initiated by Council Member			
<u>✓</u> Action Item	<u> </u> Other			
<u> </u> Department Report	<u> </u> Continued to: _____			
<u> </u> Redevelopment Agency	_____			

RESOLUTION NO. _____

**A RESOLUTION OF THE COUNCIL OF THE CITY OF ORANGE COVE APPROVING THE
GUIDELINES FOR THE BUSINESS ASSISTANCE PROGRAM**

WHEREAS, the City of Orange Cove, a political subdivision of the State of California, has established Program Guidelines which govern the administration of its CDBG CV Business Assistance Program; and

WHEREAS, the City desires to adopt the Guidelines for the Business Assistance Program to comply with HCD requirements of the CDBG Program; and

IT IS NOW THEREFORE RESOLVED THAT, the City adopts the Guidelines for the Business Assistance Program.

PASSED AND ADOPTED THIS XXTH DAY OF JANUARY, 2021, BY THE FOLLOWING VOTE:

AYES:

NAYS:

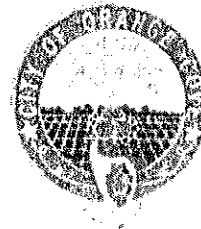
ABSTAIN:

ABSENT:

The undersigned _____, City Clerk of the applicant does hereby attest and certify that the foregoing is a true and full copy of a resolution of the City Council of the applicant passed and adopted at a duly convened meeting on the date above, and said resolution has not been altered, amended, or repealed.

Signature

Date



Orange Cove CDBG-CV COMMUNITY DEVELOPMENT BLOCK GRANT CORONAVIRUS AID SMALL BUSINESS RELIEF STABILIZATION PROGRAM GUIDELINES & APPLICATION

Funding is limited. Awards will be on a first-come, first-eligible basis

PROGRAM GUIDELINES

I. Summary

Community Development Block Grant is a federally funded program under section. City CDBG-CV funds may be used to secure economic opportunities for low-and moderate-income persons. CDBG-CV funds are targeted to business of the City that have the highest adverse impact as a result of the Coronavirus.

II. Purpose

The Orange Cove Small Business Stabilization Program (SBSP) is designed to promote economic stability by providing immediate relief in the form of a one-time forgivable loan for essential operating expenses to Orange Cove small businesses negatively impacted by COVID-19.

The goals of this program are:

- 1. Help small businesses survive the COVID-19 crisis.**
- 2. Retain employment and continue to pay employees.**
- 3. Maintain the provision of goods and services for Orange Cove residents.**

III. Funding

The maximum CDBG-CV award will be \$35,000 upon approval and in compliance with CDBG-CV criteria.

IV. Eligibility

A business must meet **ALL** of the following criteria to be eligible to apply:

- Must be a private, for profit business. *Independent Contractors are not eligible for this program.**



- Business and/or any owner may not be suspended, debarred, proposed for debarment, declared ineligible, or voluntarily excluded from participation in federal transactions.
- Businesses must have less than 15 FTE (full-time equivalent employees.)
- The business must have a physical storefront establishment within Orange Cove's city limits.
- Businesses must have a current Orange Cove business license or bring current as a result of assistance.
- The business must have experienced a negative impact due to COVID-19, by certifying that the business has experienced at least a 25% reduction in revenue since March 1, 2020 and that grant proceeds will be used for allowable expenses under the Federal CDBG-CV Act guidelines Applicant business cannot have any unremedied City Code violations.
- No national chains. National chains are defined as franchises/for-profit corporations; **except in the case where the franchisee or brand has a Orange Cove-based owner.**
- Operating **as a business since January 2020.**
- Business may **NOT** be delinquent in State and/or Federal licensing and filings.

If CDBG-CV funds are awarded to a business, the business must meet the following requirement:

- Business will create/retain at least **one full-time or full-time equivalent (40 hours/week) low or moderate-income permanent job (LMI Job) within 12 months.** Moderate-income means less than or equal to 80% of the Area Median Income (AMI). See Section 4 of the application for income and details on how to meet the HUD National Objective for jobs.
- If business is retaining LMI job(s) – business must demonstrate clear objective evidence that permanent LMI job(s) would be lost without CDBG-CV assistance.

V. Terms

Loan will be forgiven over a one-year period as the business meets the required LMI job

2020 CDBG Income Limits								
Area Median Income	1	2	3	4	5	6	7	8
Very Low Income 30%	14,700	16,800	18,900	20,950	22,650	24,350	26,000	27,700
Low Income 60%	29,400	33,600	37,800	41,940	45,300	48,660	52,020	55,380
Moderate Income 80%	39,150	44,750	50,350	55,900	60,400	64,850	69,350	73,800

creation/retention requirement as outlined in the written agreement.

VI. Eligible Uses (CDBG-CV funds can be used for):

Rent Mortgage
Utilities
Payroll
Other operating expenses

VII. Ineligible Uses (CDBG-CV funds cannot be used for):

Loan Payments to Small Business Assoc. (SBA)
Governmental Uses or Expenses
Political Activities Personal Property Savings

VIII. Application Process

Applicants must complete and submit a funding application to Self-Help Enterprises (SHE). Applications will be reviewed on a first-come, first-eligible served basis. All required



supporting documentation **MUST** be submitted with completed application in order to be considered for CDBG-CV funding.

Applicants will be notified of their application's approval or rejection and funding amount, by Self-Help Enterprises staff. Amount of funding awarded to a business will be based on need. Once program funding is exhausted, other qualified applicants will be placed on a waiting list if/when additional funds become available.

****REQUIRED DOCUMENTS****

You will not be able to leave and return to your application. Ensure you have the following documents ready to upload before beginning this form:

- (1) Business License
- (2) Proof of Insurance
- (3) Financial Statement that includes (a) Income Statement, (b) Balance Sheet, (c) Statement of Cash Flows
- (4) Current signed IRS Tax Return

You will also need the following information to fill out the form:
DUNS number, and Tax ID/EIN

IX. Review Process

The following priorities will be considered when awarding funds:

- The business provides jobs to low-income individuals.
- The number of jobs that the business sustains during a normal business cycle (pre COVID-19 levels).
- The business demonstrates that it has lost a significant share (50% or more) of revenue due to the COVID-19 pandemic.
- The business demonstrates a strong chance of remaining open post COVID-19.
- The business has operated consistently for two years.
- Duplication of benefits statement
- Ethnicity/race demographics for federal reports
- Documentation of all client expenses
- All eligibility criteria has been met.

X. Nondiscrimination and Inclusion

Title VI of the Civil Rights Act of 1964 requires that, "No person shall, on the grounds of race, color or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance." We strongly encourage under-represented and non-English speaking families in your community have a fair chance of receiving assistance. Steps could include:

- Working with services providers that serve primarily race and ethnic minority groups to announce the availability of assistance to hard-to-reach residents
- Allowing non-English speaking residents a fair amount of time to apply and gather the necessary documentation, and providing translation or other language support



- Accessing COVID-19 racial equity and social justice resources.

XI. Outreach and Marketing

All outreach efforts will be done in accordance with state and federal fair lending regulations to assure nondiscriminatory treatment, outreach and access to the Program. No person shall, on the grounds of age, ancestry, color, creed, physical or mental disability or handicap, marital or familial status, medical condition, national origin, race, religion, gender or sexual orientation be excluded, denied benefits or subjected to discrimination under the Program. The Sponsor will ensure that all persons, including those qualified individuals with handicaps, have access to the Program.

The Fair Housing Lender and Accessibility logos will be placed on all outreach materials. Fair housing marketing actions will be based upon a characteristic analysis comparison (census data may be used) of the Program's eligible area compared to the ethnicity of the population served by the Program (includes, separately, all applications given out and those receiving assistance) and an explanation of any underserved segments of the population. This information is used to show that protected classes (age, gender, ethnicity, race, and disability) are not being excluded from the Program. Flyers or other outreach materials, in English and any other language that is the primary language of a significant portion of the area residents, will be widely distributed in the Program-eligible area and will be provided to any local social service agencies. The Program may sponsor homebuyer classes to help educate homebuyers about the home buying process and future responsibilities. Persons who have participated in local homebuyer seminars will be notified about the Program.

The Program Operator will work with local non-profits and other services providers to explain the Program requirements for eligible households. Local non-profits and other service providers will also be encouraged to have their customers participate in the Program.

Section 504 of the Rehabilitation Act of 1973 prohibits the exclusion of an otherwise qualified individual, solely by reason of disability, from participation under any program receiving Federal funds. The Program Sponsor will take appropriate steps to ensure effective communication with disabled housing applicants, residents and members of the public.

XII. Required Reports

A. Financial Reports

CDBG grants must be administered on a reimbursement basis. To request a monthly reimbursement, Subrecipient must submit the following items:

- Invoice
- General ledger of CDBG expenses
- Timesheets
 - *Timesheets must:*
 - Discern between hours charged and not charged to CDBG
 - Approved and signed a supervisor
- Mileage claims if applicable
 - *Mileage claims must:*
 - Indicate employee name, travel dates, departure and destination addresses, and mileage claim amounts.
 - Approved and signed by a supervisor
 - Travel dates must coincide with CDBG timesheet dates



- CDBG supplies invoices

A. Program Reports

Monthly program reports shall include the following items:

- Performance Tracker Report
- Monthly narrative highlighting progress in meeting objectives

Please submit financial and program reports to Rudy Hernandez
rudy@cityoforangevale.com by the 10th of each month.

B. RECORD KEEPING

1. Client files must contain the following items:

- a. Intake application
- b. Current proof of income for ALL household members 18 and older *or* primary client presumed LMI supporting documentation
- c. Proof of hardship related to COVID-19
- d. Duplication of benefits statement
- e. Ethnicity/race demographics for federal reports
- f. Documentation of all client expenses
- g. Business assistance use of funds documentation

C. Retention Period

All CDBG files must be maintained for a ***minimum of five (5) years*** after the completion of the program, in order to allow access for audit and public examination. The retention period starts when the final expenditure report is submitted. If any litigation, claim, or audit is started before the expiration of the 5- year period, the records must be retained until all litigation, claims or audit findings involving the records have been resolved and final action taken.

Guidelines and Application are available at: www.selfhelpenterprises.org

Complete applications should be submitted to:

Self-Help Enterprises
CovidRelief@selfhelpenterprises.org or
P.O. Box 6520, Visalia, CA 93291

Questions should be directed to Ashley Young, Manager, (559) 802-1273 or ashleyy@selfhelpenterprises.org





CDBG-CV Small Business Stabilization Loan Application

1. BUSINESS INFORMATION

Business Name: _____
Business Owner Full Name: _____
Business Address: _____
City/ State/ Zip: _____
Business Owner Address: _____
City/ State/ Zip: _____
Business Phone: _____ Email Address: _____
Website: _____ Contact Phone: _____
Type of Business (please list usual activities): _____

Are you an Independent Contractor? ☐ Yes ☐ No
Does the business own or lease the building it occupies? ☐ Yes ☐ No
Was your business forced to shut down due to COVID-19? ☐ Yes ☐ No
Is the business veteran owned? ☐ Yes ☐ No
Is the business minority owned? ☐ Yes ☐ No
Is the business women owned? ☐ Yes ☐ No

Business License# _____ Start Date: _____
Tax ID#/EIN # _____ DUNS#: _____

The DUNS# is required for all federally funded programs. Obtaining a DUNS number is free. Obtain one by calling 1-866-705-5711 or by applying online at <http://fedgov.dnb.com/webform>. If awarded funds, you must also register your business with SAM.GOV. This is a free service. Please create a user login and follow the steps to register the business with SAM.GOV. **Registration is required.*

FUNDING REQUEST: \$ _____ (The maximum is \$35,000)

Grant requests may not be fully funded due to availability and/or the approved grant expenses.)

How did you hear about this program: _____

Organizational Structure (check one):

- | | |
|---|--|
| <input type="checkbox"/> Sole Proprietorship | <input type="checkbox"/> Corporation |
| <input type="checkbox"/> General Partnership | <input type="checkbox"/> Limited Liability Company (LLC) |
| <input type="checkbox"/> Limited Partnership (LP) | <input type="checkbox"/> Limited Liability Partnership (LLP) |
| <input type="checkbox"/> Other: _____ | |



2. ESTIMATED ADVERSE ECONOMIC IMPACT (Pre February 1, 2020 and Post February 1, 2020):

- a. How has your business been impacted by COVID-19? (Example: Sales decline in dollars, walk in traffic, etc.)
- b. Describe what adverse economic effects COVID-19 has had on your business to date.
- c. What is your recovery plan?
- d. Is the owner of the business also an employee of the business?
- e. How many full-time (FT) and part-time (PT) employees did you employ prior to COVID-19? (Pre-February 1, 2020). Owner included if an employee of the business.
- f. How many full-time (FT) and part-time (PT) employees do you currently employ? How has this number changed? (Post February 1, 2020) Owner included if an employee of the business.
- g. Proposed number of full-time (FT) and part-time (PT) positions that will be created or retained with CDBG-CV funds. FT ____ PT ____ (include the owner if an employee of the business)
- h. Will you be ☐ retaining or ☐ creating a Full Time equivalent (FTE) job with these loan funds? (Full time equivalent job is any one employee working 40 hours or multiple employees working a total of 40 hours - the owner can be included in this number if he/she is an employee of the business)
1. Job title(s): _____
2. List special skills or education required for each position. _____
3. Expected time needed to hire (number of days following receipt of funds): _____
4. Hourly Rate: _____
5. Average hours per week per employee: _____
6. How/where will the position be advertised? _____
7. Is this position held by the owner? ☐ Yes ☐ No
8. Notes you would like to provide for consideration. _____



3. FINANCIAL INFORMATION

- a. Please list the operating expenses that the CDBG-CV award would pay for and attach verification of costs/expenses, include a description and amount (such as lease, utilities, payroll etc.)

- b. Please list other sources of funding for business expenses; including revenues, personal funds, grants and loans applied for and/or received. Include funding source and amount within the year.

- c. Have you applied for any other relief funding? If so, what and when?

- d. Have you received notification that you are eligible for relief funding? If so, what?

- e. Have you received any other relief funding? If so, how much?



4. MEETING THE JOBS REQUIREMENTS

All CDBG-CV-funded activities must create or retain **Low or Moderate Income (LMI) Jobs** - jobs that are held by or made available to low and moderate- income (LMI) persons. HUD defines LMI person whose earnings are less than 80% of the area median income by family household size. *See Income Limit Chart at bottom of this page.*

The applicant must satisfy the following LMI job objectives of the CDBG-CV program:

Low or Moderate Income (LMI) Job - The business must **create or retain** permanent jobs, at least 51 percent of which (computed on a full-time equivalent basis) will be made available to or held by LMI person.

The following requirements must be met for jobs to be considered created or retained.

1. If a Business creates jobs, there must be documentation (Employee Certification Form) indicating that at least 51 percent of the jobs will be held by or made available to, LMI persons.
2. If a Business retains jobs, there must be sufficient information documenting that the jobs would have been lost without the CDBG-CV assistance and that one or both of the following applies to at least 51 percent of the jobs:
 - The owner of the business is a LMI person (Employee Certification Form Required at award); or
 - The job is held by a LMI person (Employee Certification Form); or
 - The job can reasonably be expected to turn over within the following two years and steps will be taken to ensure that the job will be filled by or made available to a LMI person.

The following requirements apply for jobs to be considered available to or held by LMI persons.

1. Created or retained jobs are only considered available to LMI persons when:
 - Special skill that can only be acquired with substantial training or work experience or education beyond high school are not a prerequisite to fill such jobs, or the business agrees to hire unqualified persons and provide training; and
 - The grantee and the assisted business take action to ensure that LMI persons receive first consideration for filling such jobs.

Income Limit Chart:

HUD 80% AMI limits, per household size, for Kern County, California			
1 person ≤ \$39,150	2 person ≤ \$44,750	3 person ≤ \$50,350	4 person ≤ \$55,900
5 person ≤ \$60,400	6 person ≤ \$64,850	7 person ≤ \$69,350	8 person ≤ \$73,800



5. DISCLOSURE ASSURANCES AND SIGNATURES

Applicant agrees that the acceptance of this application does not commit the City to enter into an agreement, to pay any costs incurred in its preparation, to participate in subsequent negotiations, or to contract for the project. Further, the acceptance of this application does not constitute an agreement by the City that any contract will be entered into by the City. The City expressly reserves the right to reject any or all applications or to request more information from the applicant.

The applicant also agrees that the City will only consider funding for an application that has been completed in full, met all eligibility requirements and has attached all supporting documentation. Applicant hereby certifies that all information contained in this document and any attachments is true and correct to the best of the applicant's knowledge.

The City, the Comptroller General of the United States, or any duly authorized representatives, will have access to any books, documents, papers and records that are directly related to the program assistance for the purposes of monitoring, making audits, examination, excerpts, and transcripts. All records supporting the costs will be maintained for a period not less than 5 years following completion of the program agreement period, agreement termination, or default, whichever shall first occur.

No person who is an employee, agent, consultant, officer, appointed official, or elected official of the City of Orange Cove who exercises or has exercised any functions or responsibilities with respect to CDBG-CV activities, or is in a position to participate in a decision-making process, or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit, or have interest in any program assistance, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.

Hiring or retaining a LMI job is a condition of receiving CDBG-CV funding and must be created/retained prior to award of funds. Recipient of funds will be required to report monthly for a one-year period after the job creation/retention has occurred. The Written Agreement will further outline CDBG-CV requirements during the one-year period. A recipient will be required to repay CDBG-CV funds if LMI job creation/retention is not fulfilled within the one-year period.

I UNDERSTAND AND BY SIGNING, AGREE:

All information I have provided in this application is true and correct to the best of my knowledge. I agree to notify you promptly in writing upon any material change in the information provided herein. You are authorized to make such inquiries, as you deem necessary and appropriate to verify the accuracy of this application.

I also agree to comply with nondiscriminatory employment practices and Affirmative Action Programs under Title VI and Section 112 of the Civil Rights Act of 1964 and applicable provisions of federal statutes and regulations concerning equal employment opportunity laws and civil rights laws, and the provisions of the Americans with Disabilities Act. Grant recipients must give equal consideration to all qualified job applicants and treatment of employees without regard to race, color, religion, sex (including pregnancy, gender identity and sexual orientation) national origin, age (40 or older), disability.

Signature - Business Owner

Date

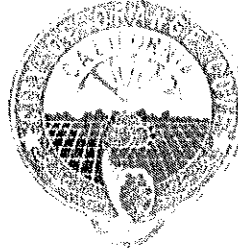
Signature - Business Owner

Date

Mayor:
Victor P. Lopez

Mayor Pro Team:
Diana Guerra Silva

City Council Members:
Roy Rodriguez
Josie Cervantes
Esperanza Rodriguez



Incorporated January 20, 1948

Rudy Hernandez
Interim City Manager
(559) 626-4488 ext. 216

Rudy Hernandez
Financial Consultant
(559) 626-4488 ext. 216

City Clerk:
June V. Bracamontes
(559) 626-4488 ext. 214

633 Sixth Street, Orange Cove, CA 93646 | Phone: (559) 626-4488 | FAX: (559) 626-4653

To: The Honorable Mayor and City Council

From: Rudy Hernandez, Interim City Manager

Date: January 27, 2021

Subject: Approval of CDBG-CV Policies & Procedures and Subsistence Payments Program.

**Attachments: CDBG-CV Policies & Procedures and Subsistence Payment Program
CDBG COVID-19 -Application and Verification Forms – English/Spanish**

PROGRAM OBJECTIVE

To provide Low-Moderate Income (LMI) clients/households who have been financially impacted, as a direct result of the coronavirus pandemic, with emergency rental/mortgage and/or utility assistance for the purpose of preventing eviction and/or cutoff of utility services.

ELIGIBLE HOUSEHOLDS - INCOME VERIFICATION

Eligible clients/households need to be Low-Moderate Income (LMI) at or below 80% of the Area Median Income (AMI). Client eligibility can be verified by: **Household Income.**

1. Household Income Verification

Household income verification requires obtaining current gross income for everyone 18 and older within a household. Gross household income needs to be within 2020 CDBG income limits.

Household Income will be determined by projecting the household's current rate of income at the time assistance is provided. Third party documentation of income will not be required. Households must self-certify income and provide minimum required backup document to verify income eligibility.

Household income may be determined by projecting the household's prevailing rate of income at the time the assistance is provided and maintaining documentation of this determination. Household income includes income from all wage or income earning

household members, including seniors receiving social security or pension payments, households with multiple wage earners, income from spousal and child support payments, and income from unemployment or other public benefit programs. Income does not include income from minors. For a complete list of what qualifies as income for the purposes of determining income eligibility in a subsistence payment program.

Documentation is not required to be verified via third-party. Documentation must be sufficient to support current year income projections and may be either annual income or monthly income projected out 12 months.

Supporting documents may include.

- Prior year tax returns
- Pay stubs (tabulated for annual income)
- Social Security letter or stub
- Unemployment letter or stub
- Statement of loss of income (for persons who are self-employed) including current year annual income projection.
- Other proof of income or loss of income
- Signed statements of no-income (jurisdictions/operators may prepare template statement of no-income letters that can be signed and dated at application submittal)

2020 CDBG Income Limits								
Area Median Income	1	2	3	4	5	6	7	8
Very Low-Income 30%	14,700	16,800	18,900	20,950	22,650	24,350	26,000	27,700
Low Income 60%	29,400	33,600	37,800	41,940	45,300	48,660	52,020	55,380
Moderate Income 80%	39,150	44,750	50,350	55,900	60,400	64,850	69,350	73,800

I. CDBG-CV EMERGENCY SUBSISTENCE PAYMENTS REQUIREMENTS

- Eligible cost incurred after January 21, 2020.
- Maximum assistance (*whichever is utilized first*):
 - Maximum assistance allotted is \$5,000 per household.
 - Maximum payments are up to 90 consecutive days.
- Allowable rent/mortgage and utility assistance payments:
 - current month payments
 - past due payments
 - partial or full payments
- Mortgage assistance:
 - Escrow fees for taxes are not allowable.
 - Escrow for insurance is allowable.
- Allowable utility assistance includes:

- electric, gas, water, sewer, trash, and broadband
- Payments must be paid to the service provider on behalf of a client, and not to the client.
- Payments must address hardship resulting directly from the COVID-19 pandemic.
- Payments made must be for client's primary residence.
- Payments cannot be a Duplication of Benefit.
 - A Duplication of Benefit occurs when a person, household, organization, or other entity receives financial assistance from multiple sources for the same purpose, and the total assistance received for that purpose is more than the total need for assistance.
 - A Duplication of Benefit statement must be completed for all CDBG-CV funded clients to ensure Duplication of Benefit compliance.

II. APPLICATION PROCESS AND PACKAGE

To be considered for assistance the applicant must provide the following:

- a. Intake application – completed with all household information and signed by all household member's age 18 and older.
- b. Current proof of income for ALL household members 18 and older or primary client presumed LMI supporting documentation.
- c. Proof of hardship related to COVID-19.
- d. Duplication of benefits statement
- e. Ethnicity/race demographics for federal reports
- f. Documentation of all client expenses
- g. Rent/Mortgage/Utility assistance documentation— Late payment notice, eviction, or other proof that loss of housing or essential utility services are at risk and documenting the need for emergency payment:
 - i. Rental lease agreement
 - ii. Current mortgage statement
 - iii. Current utility bill
- h. Copies of payments and checks processed.

RECOMMENDED ACTION

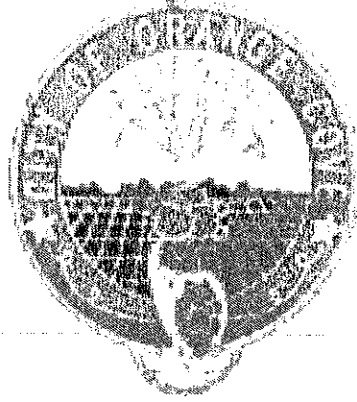
For the City Council to review and approve the CDBG-CV Policies and Procedures and Subsistence Payments Program.

FISCAL IMPACT:

The amount available for the Public Service – Subsistence Payments program is \$229,886. The City Council may determine how to allocate per household. However, the maximum allotted is \$5,000 per household.

Prepared by: _____ Approved by: [Signature]
REVIEW: City Manager: ✓ Finance: _____ City Attorney: _____

TYPE OF ITEM:	COUNCIL ACTION:	APPROVED	DENIED	NO ACTION
_____ Consent	_____ Public Hearing			
_____ Info Item	_____ Matter Initiated by Council Member			
<u>✓</u> Action Item	_____ Other			
_____ Department Report	_____ Continued to: _____			
_____ Redevelopment Agency	_____			



City of Orange Cove

CDBG-CV Policies & Procedures

Subsistence Payments Program

City of Orange Cove
633 Sixth Street.,
Orange Cove, CA 93646
www.cityoforange Cove.co
m

I. PROGRAM OBJECTIVE

To provide Low-Moderate Income (LMI) clients/households who have been financially impacted, as a direct result of the coronavirus pandemic, with emergency rental/mortgage and/or utility assistance for the purpose of preventing eviction and/or cutoff of utility services.

II. INTAKE

Applications will be processed on a first come basis, until all funds are exhausted. Incomplete applications are not considered received until complete. Applications may be submitted in person or electronically. Applicants in need of assistance on how to complete the application will be provided assistance upon request.

III. NONDISCRIMINATION AND INCLUSION

Title VI of the Civil Rights Act of 1964 requires that, "No person shall, on the grounds of race, color or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance." We strongly encourage under-represented and non-English speaking families in your community have a fair chance of receiving assistance. Steps could include:

- Working with services providers that serve primarily race and ethnic minority groups to announce the availability of assistance to hard-to-reach residents
- Allowing non-English speaking residents a fair amount of time to apply and gather the necessary documentation, and providing translation or other language support
- Accessing COVID-19 racial equity and social justice resources.

IV. OUTREACH AND MARKETING

All outreach efforts will be done in accordance with state and federal fair lending regulations to assure nondiscriminatory treatment, outreach and access to the Program. No person shall, on the grounds of age, ancestry, color, creed, physical or mental disability or handicap, marital or familial status, medical condition, national origin, race, religion, gender or sexual orientation be excluded, denied benefits or subjected to discrimination under the Program. The Sponsor will ensure that all persons, including those qualified individuals with handicaps, have access to the Program.

A. The Fair Housing Lender and Accessibility logos will be placed on all outreach materials. Fair housing marketing actions will be based upon a characteristic analysis comparison (census data may be used) of the Program's eligible area compared to the ethnicity of the population served by the Program (includes, separately, all applications given out and those receiving assistance) and an explanation of any underserved segments of the population. This information is used to show that protected classes (age, gender, ethnicity, race, and disability) are not being excluded from the Program. Flyers or other outreach materials, in English and any other language that is the primary language of a significant portion of the area residents, will be widely distributed in the Program-eligible area and will be provided to any local social service agencies. The Program may sponsor homebuyer classes to help educate homebuyers about the home buying process and future responsibilities. Persons who have participated in local homebuyer seminars will be notified about the Program.

B. The Program Operator will work with local non-profits and other services providers to explain the Program requirements for eligible households. Local non-profits and other service providers will also be encouraged to have their customers participate in the Program.

C. Section 504 of the Rehabilitation Act of 1973 prohibits the exclusion of an otherwise qualified individual, solely by reason of disability, from participation under any program receiving Federal funds. The Program Sponsor will take appropriate steps to ensure effective communication with disabled housing applicants, residents and members of the public.

V. ELIGIBLE HOUSEHOLDS

A. INCOME VERIFICATION

Eligible clients/households need to be Low-Moderate Income (LMI) at or below 80% of the Area Median Income (AMI). Client eligibility can be verified by: **Household Income**.

1. Household Income Verification

Household income verification requires obtaining current gross income for everyone 18 and older within a household. Gross household income needs to be within 2020 CDBG income limits. Household Income will be determined by projecting the household's current rate of income at the time assistance is provided. Third party documentation of income will not be required. Households must self-certify income and provide minimum required backup document to verify income eligibility.

Household income may be determined by projecting the household's prevailing rate of income at the time the assistance is provided, and maintaining documentation of this determination. Household income includes income from all wage or income earning household members, including seniors receiving social security or pension payments, households with multiple wage earners, income from spousal and child support payments, and income from unemployment or other public benefit programs. Income does not include income from minors. For a complete list of what qualifies as income for the purposes of determining income eligibility in a subsistence payment program, please see [this link](#).

Documentation is not required to be verified via third-party. Documentation must be sufficient to support current year income projections and may be either annual income or monthly income projected out 12 months.

Supporting documents may include

- o Prior year tax returns
- o Pay stubs (tabulated for annual income)
- o Social Security letter or stub
- o Unemployment letter or stub
- o Statement of loss of income (for persons who are self-employed) including current year annual income projection

- Other proof of income or loss of income
- Signed statements of no-income (jurisdictions/operators may prepare template statement of no-income letters that can be signed and dated at application submittal)

2020 CDBG Income Limits								
Area Median Income	1	2	3	4	5	6	7	8
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Low Income 60%	29,400	33,600	37,800	41,940	45,300	48,660	52,020	55,380
Moderate Income 80%	39,150	44,750	50,350	55,900	60,400	64,850	69,350	73,800

VI. CDBG-CV EMERGENCY SUBSISTENCE PAYMENTS REQUIREMENTS

- Eligible cost incurred after January 21, 2020
- Maximum assistance (*whichever is utilized first*):
 - Maximum assistance allotted is \$5,000 per household
 - Maximum payments are up to 90 consecutive days
- Allowable rent/mortgage and utility assistance payments:
 - current month payments
 - past due payments
 - partial or full payments
- Mortgage assistance:
 - Escrow fees for taxes are not allowable
 - Escrow for insurance is allowable
- Allowable utility assistance includes:
 - electric, gas, water, sewer, trash, and broadband
- Payments must be paid to the service provider on behalf of a client, and not to the client.
- Payments must address hardship resulting directly from the COVID-19 pandemic.
- Payments made must be for client's primary residence.
- Payments cannot be a Duplication of Benefit.
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 - **A Duplication of Benefit statement must be completed for all CDBG-CV funded clients to ensure Duplication of Benefit compliance.**

VII. APPLICATION PROCESS AND PACKAGE

To be considered for assistance the applicant must provide the following:

- a. Intake application – completed with all household information and signed by all household member's age 18 and older.
- b. Current proof of income for ALL household members 18 and older *or* primary client presumed LMI supporting documentation

- c. Proof of hardship related to COVID-19
- d. Duplication of benefits statement
- e. Ethnicity/race demographics for federal reports
- f. Documentation of all client expenses
- g. Rent/Mortgage/Utility assistance documentation-- Late payment notice, eviction or other proof that loss of housing or essential utility services are at risk and documenting the need for emergency payment:
 - i. Rental lease agreement
 - ii. Current mortgage statement
 - iii. Current utility bill
- h. Copies of payments and checks processed

VIII. REQUIRED REPORTS

A. FINANCIAL REPORTS

CDBG grants must be administered on a reimbursement basis. To request a monthly reimbursement, Subrecipient must submit the following items:

- Invoice
- General ledger of CDBG expenses
- Timesheets
 - *Timesheets must:*
 - Discern between hours charged and not charged to CDBG
 - Approved and signed a supervisor
- Mileage claims if applicable
 - *Mileage claims must:*
 - Indicate employee name, travel dates, departure and destination addresses, and mileage claim amounts.
 - Approved and signed by a supervisor
 - Travel dates must coincide with CDBG timesheet dates
- CDBG supplies invoices

B. PROGRAM REPORTS

Monthly program reports shall include the following items:

- Performance Tracker Report
- Monthly narrative highlighting progress in meeting objectives

Please submit financial and program reports to Rudy Hernandez
rudy@cityoforangecove.com by the 10th of each month.

C. RECORD KEEPING

2. Client files must contain the following items:
 - a. Intake application
 - b. Current proof of income for ALL household members 18 and older or primary client presumed LMI supporting documentation
 - c. Proof of hardship related to COVID-19
 - d. Duplication of benefits statement
 - e. Ethnicity/race demographics for federal reports
 - f. Documentation of all client expenses
 - g. Rent/Mortgage/Utility assistance documentation— Late payment notice, eviction or other proof that loss of housing or essential utility services are at risk and documenting the need for emergency payment:
 - i. Rental lease agreement
 - ii. Current mortgage statement
 - iii. Current utility bill

Upon approval and issuance of payment(s) copies of payments and checks processed, will be provided to the applicant for their records.

Applicant must provide documented receipt of payment by the landlord, utility provider, or other service provider.

D. RETENTION PERIOD

All CDBG files must be maintained for a ***minimum of five (5) years*** after the completion of the program, in order to allow access for audit and public examination. The retention period starts when the final expenditure report is submitted. If any litigation, claim, or audit is started before the expiration of the 5- year period, the records must be retained until all litigation, claims or audit findings involving the records have been resolved and final action taken.

City of Orange Cove
Community Development Block Grant Program (CDBG) COVID-19

Rent, Mortgage, and Utility Subsistence Payment - Application and Verification Form

Up to \$5,000 total is available to qualifying families impacted by COVID-19 for emergency subsistence payments. To request assistance, you must meet the program requirements, submit required documentation, and certify this form by December 31, 2021. Funds are available on a limited basis. Submitting this application is not a guarantee of assistance. For your privacy, information collected will remain confidential, used only to meet federal and state record keeping requirements, and withheld as applicable from disclosure.

Name(s)			
Residential Address		Phone	
Email		TOTAL Amount Requested	\$ 0
1. Make payment on my behalf to (landlord or mortgage lender):			
Name on the Account		Phone or Email	
Address/Account#			
Proposed Use of Funds	<input type="checkbox"/> Rent <input type="checkbox"/> Mortgage		
Month(s) to Cover		Amount	\$
2. Make payment on my behalf to (name of utility company):			
Name on the Account		Phone or Email	
Address/Account#			
Proposed Use of Funds	<input type="checkbox"/> Electricity <input type="checkbox"/> Gas <input type="checkbox"/> Water <input type="checkbox"/> City Utility <input type="checkbox"/> Other:		
Month(s) to Cover		Amount	\$
3. Make payment on my behalf to (name of utility company):			
Name on the Account		Phone or Email	
Address/Account#			
Proposed Use of Funds	<input type="checkbox"/> Electricity <input type="checkbox"/> Gas <input type="checkbox"/> Water <input type="checkbox"/> City Utility <input type="checkbox"/> Other:		
Month(s) to Cover		Amount	\$

City of Orange Cove

Community Development Block Grant Program (CDBG) COVID-19

Rent, Mortgage, and Utility Subsistence Payment - Application and Verification Form

4. Make payment on my behalf to (name of utility company):			
Name on the Account		Phone or Email	
Address/Account#			
Proposed Use of Funds	<input type="checkbox"/> Electricity <input type="checkbox"/> Gas <input type="checkbox"/> Water <input type="checkbox"/> City Utility <input type="checkbox"/> Other:		
Month(s) to Cover		Amount	\$
Month(s) to Cover		Amount	\$
5. Make payment on my behalf to (name of utility company):			
Name on the Account		Phone or Email	
Address/Account#			
Proposed Use of Funds	<input type="checkbox"/> Electricity <input type="checkbox"/> Gas <input type="checkbox"/> Water <input type="checkbox"/> City Utility <input type="checkbox"/> Other:		
Month(s) to Cover		Amount	\$
Month(s) to Cover		Amount	\$
			YES NO
<i>DUPLICATION OF BENEFIT</i> – Have you received, or are aware of being eligible to receive from another source, any financial assistance for the costs listed above? (If yes, please complete supplementary income form attached)			<input type="checkbox"/> <input type="checkbox"/>
<i>COVID-19 IMPACT</i> – Have you had work hours reduced, been temporarily or permanently laid off, or other loss of income due to COVID-19? If YES, Provide details: _____		EST. % loss of gross income from one year previous: _____ %	
<i>SUBSISTENCE/EMERGENCY STATUS</i> – Have you received a late payment due, eviction notice or other proof that loss of housing or essential utility services is at risk and emergency payment need?		Number of months unable to pay: _____	
LMI Household Income Qualification Questions			
Total Annual Household Income is gross income (before deductions) from all sources of income (wages, child support, SSI, unemployment, pension, income from assets, etc.), from all adult members in the family living in the household. Consult the program if unsure.			
Total Household Income anticipated during the next 12 months			

City of Orange Cove

Community Development Block Grant Program (CDBG) COVID-19

**Rent, Mortgage, and Utility Subsistence Payment - Application and Verification
Form**

Name List <u>all</u> household members, including yourself.	Age	Check If Applicable			Annual Gross (Pre-Tax) Income	Source of Income	
		Head of House- hold	Co-Head of House- hold	Full-Tm Student 18 Yrs. or Older			
					\$		
					\$		
					\$		
					\$		
					\$		
Total Anticipated Annual Household Income:					\$ 0		
CHECK the <u>number</u> of household members, including yourself:							
1	2	3	4	5	6	7	
\$39,150	\$44,750	\$50,350	\$55,900	\$60,400	\$64,850	\$69,350	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Is your anticipated total household income LOWER or HIGHER than the \$ amount listed directly below the number of people circled above? If LOWER , attach proof of annual household income (such as latest tax return, quarterly tax, pay stubs, or bank statements).						LOWER	HIGHER
						<input type="checkbox"/>	<input type="checkbox"/>
Ethnicity (select one)				<input type="checkbox"/> Not Hispanic		<input type="checkbox"/> Hispanic	
Race (select one)							
White		<input type="checkbox"/>		Asian		<input type="checkbox"/>	
Black or African American		<input type="checkbox"/>		Native Hawaiian or Pacific Islander		<input type="checkbox"/>	
American Indian or Alaskan Native		<input type="checkbox"/>		Other or Multi-Racial		<input type="checkbox"/>	

Duplication of Benefits Affidavit ("Affidavit")

I/We, _____ affirm the following:

1. I/We is/are executing this Affidavit in connection with assistance that we are receiving to help us respond to the coronavirus by providing us with assistance with rent, mortgage, or utility payments ("Type of Assistance") for the purpose of avoiding foreclosure, eviction, or disconnection of utility services ("Need") in the amount of 0 ("Amount of Assistance or Total Need") from Self-Help Enterprises ("Organization") through a program administered by the City of Orange Cove funding from the U.S. Department of Housing and Urban Development (the "Program").
2. I/We believe the Amount of Assistance/Total Need is 0
3. In addition, I/We have received or will receive the following amounts and types of assistance from the sources listed below ("Duplicative Assistance"):

(a)

Source of Funds #1	
Purpose	
Amount	

(b)

Source of Funds #2	
Purpose	
Amount	

(c)

Source of Funds #3	
Purpose	
Amount	

4. Total Unmet Need (2- (3(a) + 3(b) + 3(c))) \$ 0
5. I/We have received no other assistance funds for the Need listed in Paragraph 1 other than that set forth above in paragraph 3.
6. Section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5155), as amended by section 1210 of the Disaster Recovery Reform Act of 2018 (division D of Public Law 115-2 254; 132 Stat. 3442), prohibits federal agencies from providing assistance to any person for "any part of such loss" as to which he has received financial assistance under any other program or from insurance or any other source (such as, FEMA, SBA, the Red Cross, the City, business owner's Insurance, etc.).
7. I/We understand that the amount of assistance received by I/We from Self-Help Enterprises must be reduced by the amount of Duplicative Assistance received or that will be received for the Need, from

Duplication of Benefits Affidavit ("Affidavit")

other sources (such as, FEMA, SBA, the Red Cross, the City homeowner's insurance, etc.) for the same purpose.

8. Therefore, I/We understand that if I/We receive assistance from a source other than Self-Help Enterprises (such as, FEMA, SBA, the Red Cross, the City, homeowner's insurance, etc.) for the same purpose, I/We must repay the assistance received from Self-Help Enterprises.
9. I/We certify under State and Federal penalties for perjury and fraud that the information provided above is true and accurate and acknowledge that repayment of all assistance received by Me/Us from [Insert Subrecipient Name], payment of fines and/or Imprisonment may be required in the event that I/We provide false, incomplete or misleading information in this Affidavit or during the rest of this process. **By executing this Affidavit, Applicant(s) acknowledge and understand that Title 18 United States Code Section 1001: (1) makes it a violation of federal law for a person to knowingly and willfully (a) falsify, conceal, or cover up a material fact; (b) make any materially false, fictitious, or fraudulent statement or representation; OR (c) make or use any false writing or document knowing it contains a materially false, fictitious, or fraudulent statement or representation, to any branch of the United States Government; and (2) requires a fine, imprisonment for not more than five (5) years, or both, which may be ruled a felony, for any violation of such Section.**

Participant _____

Signature of Participant _____ Date _____

Participant _____

Signature of Participant _____ Date _____

FOR SHE USE ONLY

Household size: _____

Projected 12-month Income: _____

Income Calculation: ☐ Very Low Income (30%) ☐ Low Income (60%) ☐ Moderate Income (80%)

COVID Related: ☐ Yes ☐ No

Duplication of Benefits Verified: ☐ Yes ☐ No

Amount of Assistance Approved: \$ _____

Assistance Type: ☐ Rent
☐ Mortgage
☐ Utilities
☐ Rent/Mortgage & Utilities

☐ ELIGIBLE ☐ NOT ELIGIBLE

Reviewed by: _____

te: _____

Approved by: _____

Date: _____

Ciudad de Orange Cove
Programa de Subvenciones para Bloques de Desarrollo Comunitario (CDBG)
COVID-19

Pago de Alquiler, Hipoteca, y Subsistencia de Servicios Públicos - Formulario de Solicitud y Verificación

Hasta \$5,000 en total está disponible para familias calificadas afectadas por COVID-19 para pagos de subsistencia de emergencia. Para solicitar asistencia, debe cumplir con los requisitos del programa, presentar la documentación requerida y certificar este formulario antes del 31 de Diciembre de 2021. Los fondos están disponibles de forma limitada. La presentación de esta solicitud no es una garantía de asistencia. Para su privacidad, la información recopilada permanecerá confidencial, utilizada solo para cumplir con los requisitos federales y estatales de mantenimiento de registros, y retenida según corresponda de la divulgación.

Nombre(s)			
Dirección Residencial		Teléfono	
Correo Electronico		Cantidad TOTAL solicitada	\$ 0
1. Realizar el pago en mi nombre a (propietario o prestamista hipotecario):			
Nombre en la Cuenta		Teléfono o Correo Electrónico	
Dirección/Cuenta #			
Propósito de los Fondos	<input type="checkbox"/> Renta <input type="checkbox"/> Hipoteca		
Mes(es) para Cubrir		Cantidad	\$
2. Realizar el pago en mi nombre a (nombre de la compañía de servicios públicos):			
Nombre en la Cuenta		Teléfono o Correo Electrónico	
Dirección/Cuenta #			
Propósito de los Fondos	<input type="checkbox"/> Electricidad <input type="checkbox"/> Gas <input type="checkbox"/> Agua <input type="checkbox"/> Servicio de la Ciudad <input type="checkbox"/> Otro:		
Mes(es) para Cubrir		Cantidad	\$
3. Realizar el pago en mi nombre a (nombre de la compañía de servicios públicos):			
Nombre en la Cuenta		Teléfono o Correo Electrónico	
Dirección/Cuenta #			
Propósito de los Fondos	<input type="checkbox"/> Electricidad <input type="checkbox"/> Gas <input type="checkbox"/> Agua <input type="checkbox"/> Servicio de la Ciudad <input type="checkbox"/> Otro:		

Pago de Alquiler, Hipoteca, y Subsistencia de Servicios Públicos - Formulario de Solicitud y Verificación

Mes(es) para Cubrir	Cantidad	\$
---------------------	----------	----

CDBG-CV

Ciudad de Orange Cove
Programa de Subvenciones para Bloques de Desarrollo Comunitario (CDBG)
COVID-19

**Pago de Alquiler, Hipoteca, y Subsistencia de Servicios Públicos - Formulario de
Solicitud y Verificación**

LMI Preguntas de Calificación de Ingresos del Hogar							
El Ingreso Total Anual del Hogar es el ingreso bruto (antes de deducciones) de todas las fuentes de Ingresos (salarios, manutención de niños, SSI, desempleo, pensión, ingresos de activos, etc.), de todos los miembros adultos de la familia que viven en el hogar. Consulte el programa si no está seguro.							
Ingreso total del hogar anticipado durante los próximos 12 meses							
Nombre Enumere <u>todos</u> los miembros del hogar, incluso usted.	Age	Marque si Aplica			Ingreso Bruto Anual (antes de impuestos)	Fuente de Ingreso	
		Cabeza de Familia	Co-cabeza de Familia	Estudiante Tiempo Completo 18 años o mayor			
					\$		
					\$		
					\$		
					\$		
					\$		
Total de Ingresos Anual Anticipado del Hogar:					\$ 0		
MARQUE CON UN CÍRCULO el número de miembros de la casa, incluido usted mismo.:							
1	2	3	4	5	6	7	8+
\$39,150 <input type="checkbox"/>	\$44,750 <input type="checkbox"/>	\$50,350 <input type="checkbox"/>	\$55,900 <input type="checkbox"/>	\$60,400 <input type="checkbox"/>	\$64,850 <input type="checkbox"/>	\$69,350 <input type="checkbox"/>	\$73,800 <input type="checkbox"/>
Es su ingreso total anticipado de la familia más BAJO o más ALTO que el \$ indicado directamente debajo del número de personas que aparecen en un círculo arriba. Si más BAJO , adjunte una prueba de los ingresos anuales de la familia (como la última declaración de impuestos, impuestos trimestrales, talones de pago o estados de cuenta bancarios).						BAJO <input type="checkbox"/>	ALTO <input type="checkbox"/>
Etnicidad (seleccione uno) <input type="checkbox"/> No Hispano <input type="checkbox"/> Hispano							
Raza (seleccione uno)							
Blanco	<input type="checkbox"/>	Asiano				<input type="checkbox"/>	
Negra/Africana Americana	<input type="checkbox"/>	Nativo de Hawái o Isla Pacífica				<input type="checkbox"/>	
Indio Americano/nativo de Alaska	<input type="checkbox"/>	Otras Razas o Multirracial				<input type="checkbox"/>	

Duplication of Benefits Affidavit ("Affidavit")

Yo/Nosotros, _____ afirmamo/s lo siguiente:

1. Yo/Nosotros es ejecución de esta Declaración Jurada en relación con la asistencia que estamos recibiendo para ayudarnos responder al coronavirus proporcionándonos asistencia con pagos de alquiler, hipoteca o servicios públicos ("Tipo de Asistencia") con el propósito de evitar la ejecución hipotecaria, desalojo, o desconexión de servicios públicos ("Necesidad") en la cantidad de 0 ("Cantidad de Asistencia o Necesidad Total") de Self-Help Enterprises ("Organización") a través de un programa administrado por la ciudad de Orange Cove de fondos del Departamento de Vivienda y Desarrollo Urbano de los Estados Unidos ("Programa").
2. Yo/Nosotros creo que **Cantidad de Asistencia/Necesidad Total** es 0
3. Además, yo/nosotros he/hemos recibido o recibiré los siguientes montos y tipos de asistencia de las fuentes enumeradas a continuación ("Asistencia Duplicada"):

(a)

Fuente de Fondos #1	
Propósito	
Cantidad	

(b)

Fuente de Fondos #2	
Propósito	
Cantidad	

(c)

Fuente de Fondos #3	
Propósito	
Cantidad	

4. Necesidad Total Insatisfecha (2- (3(a) + 3(b) + 3(c))) \$ _____.
5. Yo/Nosotros he/hemos recibido ningún otro fondo de asistencia para la necesidad enumerada en el párrafo 1 que no sea la establecida anteriormente en el párrafo 3.
6. Sección 312 de la Ley de Asistencia de Emergencia y Socorro de Desastres de Robert T. Stafford (42 U.S.C. 5155), modificada por el artículo 1210 de la Ley de Reforma de la Recuperación de Desastres de 2018 (división D de Ley Publica 115-2 254; 132 Stat. 3442). prohíbe a las agencias federales proporcionar asistencia a cualquier persona por "cualquier parte de dicha pérdida" en la que haya recibido asistencia financiera bajo cualquier otro programa o de un seguro o cualquier otra fuente (como, FEMA, SBA, cruz roja, la ciudad, seguro del propietario de negocios, etc.).
7. Yo/Nosotros entiendo/entendemos que la cantidad de asistencia recibida por I/We de las Empresas de Autoayuda debe reducirse por la cantidad de Asistencia Duplicada recibida o que será recibida por

Duplication of Benefits Affidavit ("Affidavit")

la Necesidad, de otras fuentes (como FEMA, SBA, la Cruz Roja, el seguro de propietario de vivienda de la Ciudad, etc.) para el mismo propósito.

8. Por lo tanto, yo/nosotros entiendo que si recibo ayuda de una fuente distinta a Self-Help Enterprises (como FEMA, SBA, la Cruz Roja, la Ciudad, el seguro de propietario de vivienda, etc.) para la necesidad del mismo propósito, debemos pagar la asistencia recibida de Self-Help Enterprises.
9. Yo/Nosotros certifico/calasificamos bajo sanciones estatales y federales por perjurio y fraude que la información proporcionada anteriormente es verdadera y precisa y reconocen que el reembolso de toda la asistencia recibida por yo/nosotros de *[Insertar Nombre del Subreceptante]*, el pago de multas y/o encarcelamiento puede ser requerido en el caso de que yo/Nosotros proporcione información falsa, incompleta o engañosa en esta Declaración Jurada o durante el resto de este proceso. **Al ejecutar esta Declaración Jurada, los Solicitantes reconocen y entienden que el Título 18 del Código de los Estados Unidos Sección 1001: (1) hace que sea una violación de la ley federal para una persona para falsificar, ocultar o encubrir a sabiendas e intencionalmente un hecho material; (b) hacer cualquier declaración o representación materialmente falsa, ficticia o fraudulenta; O (c) hacer o usar cualquier escritura o documento falso sabiendo que contiene una declaración materialmente falsa, ficticia o fraudulenta o representación, a cualquier rama del Gobierno de los Estados Unidos; y (2) requiere una multa, prisión por no más de cinco (5) años, o ambos, que pueden ser declarados delito grave, por cualquier violación de dicha Sección.**

Participante _____

Firma de Participante _____ Fecha _____

Participante _____

Firma de Participante _____ Fecha _____

FOR SHE USE ONLY

Household size: _____

Projected 12-month Income: _____

Income Calculation: ☐ Very Low Income (30%) ☐ Low Income (60%) ☐ Moderate Income (80%)

COVID Related: ☐ Yes ☐ No

Duplication of Benefits Verified: ☐ Yes ☐ No

Amount of Assistance Approved: \$ _____

Assistance Type: ☐ Rent
☐ Mortgage
☐ Utilities
☐ Rent/Mortgage & Utilities

☐ ELIGIBLE ☐ NOT ELIGIBLE

Reviewed by: _____

te: _____

Approved by: _____

Date: _____



Date: January 27, 2021
To: Mayor and City Council
From: Rudy Hernandez, Interim City Manager
Subject: Presentation of FY 2018-19 Financial Audit Report Prepared by Price, Page and Company.
Attachments: Corrective Action Plan for Fiscal Year Ended June 30, 2019.

BACKGROUND:

The goal of a financial statement audit is to provide users of a given set of financial statements with independent assurance that they can rely upon the information presented in those financial statements. Auditors use a variety of means to obtain the evidence they need to provide such assurance. Specifically, auditors.

- Inspect relevant documentation.
- Observe employee performance.
- Inquire concerning policies, procedures, transactions, and events.
- Confirm balances and transactions with outside parties.
- Perform analytical procedures to determine the reasonableness of transactions and balances.

Audit Opinions:

At the conclusion of the audit, the auditor renders an opinion on the overall financial statements of the City. In other words, this is sometimes referred to as a report card. An unmodified opinion can be interpreted as an "A", whereas an adverse opinion can be interpreted as an "F". There are generally four types of audit opinions that auditors may render on the financial statements which are:

- **Unmodified Opinion (Letter Grade "A")** - When expressing an unmodified opinion on financial statements, the auditor's opinion should state that the financial statements present fairly, in all material respects, the financial position of the entity as of the balance sheet date and the results of its operations and its cash flows for the period then ended, in accordance with the applicable financial reporting framework.
- **Qualified Opinion (Letter Grade "C")** – **a.** The auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are material but not pervasive to the financial statements or **b.** The auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion, but

the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be material but not pervasive.

- **Adverse Opinion (Letter Grade "F")** - The auditor should express an adverse opinion when the auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are both material and pervasive to the financial statements.
- **Disclaimer (No letter Grade)** – The auditor should disclaim an opinion when the auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion, and the auditor concludes that the possible effects on the financial statements, if any, could be both material and pervasive.

Highlights of FY 2018-19 Audit (See Attached Audit Report):

1. **Audit Opinion** - The City's auditor has rendered an unmodified opinion on the overall financial statements of the City (**Letter Grade "A"**).
2. **General Fund** - The City's FY 2018-19 general fund audited fund balance is \$1,520,267. The FY 2018-19 general fund net change in fund balance was (\$204,049). This represents the amount by which general fund expenditures exceeded general fund expenditures. When the FY 2018-19 budget was adopted by the City Council, it projected land sales in the amount of \$400,000 from the Amaya project. The sale did occur but not until the FY 2019-20. Had the Land sale occurred in FY 2018-19, the general fund would have ended up in the black by (\$570,000 – 204,049) \$365,951.
3. **Enterprise Funds (Water/Sewer)** – During FY 2018-19, the water and sewer funds continued to operate with deficit balances. During the FY 2018-19 budget, the City Council approved a plan that will erase future deficits and adopt future balance budgets. In addition, the City will work to ensure that debt service reserves required by loan resolutions, various bond documents and debt instruments are in full compliance.
4. **Audit findings and recommendations** – As part of the FY 2018-19 audit, the auditor identified 2 areas of our internal control structure that they believe could be improved (See attached Corrective Action Plan).

RECOMMENDATION:

Staff recommends the City Council receive and file report.

FISCAL IMPACT:

None.

Prepared by Rudy Hernandez

Approved by: [Signature]

REVIEW: City Manager: ✓

Finance: _____

City Attorney: [Signature]

TYPE OF ITEM:

COUNCIL ACTION: APPROVED DENIED NO ACTION

_____ Consent

_____ Public Hearing

_____ Info Item

_____ Matter Initiated by a Council Member

x Action Item

_____ Other

_____ Department Report

_____ Continued to: _____

_____ Redevelopment Agency

CITY OF ORANGE COVE
CALIFORNIA

**INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
JUNE 30, 2019**

**CITY OF ORANGE COVE
FINANCIAL STATEMENTS
JUNE 30, 2019**

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**CITY OF ORANGE COVE
FINANCIAL STATEMENTS
JUNE 30, 2019**

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PRICE PAIGE & COMPANY
Accountancy Corporation

The Place to Be

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Orange Cove, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Orange Cove, California (the City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used in the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Orange Cove, California, as of June 30, 2019, and the respective

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changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, Proportionate Share of the Net Pension Liability and the Schedule of Contributions as listed on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Orange Cove, California's basic financial statements. The other supplementary information as listed in the table of contents (the other supplementary information) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Price Page & Company

Clovis, California
January 15, 2021

BASIC FINANCIAL STATEMENTS

**CITY OF ORANGE COVE
STATEMENT OF NET POSITION
JUNE 30, 2019**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 2,582,137	\$ 663,303	\$ 3,245,440
Cash and Investments - restricted	210,708	-	210,708
Cash with fiscal agent - restricted	-	16,009	16,009
Accounts receivable	486,567	420,866	907,433
Interest receivable	268,247	1,978	270,225
Due from other governments	371,397	-	371,397
Internal balances	357,843	(357,843)	-
Notes receivable	2,961,285	-	2,961,285
Land held for resale	874,841	-	874,841
Net pension asset	307,962	-	307,962
Capital assets, net of depreciation	8,594,183	17,044,556	25,638,739
Total assets	17,015,170	17,788,869	34,804,039
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources from pensions	438,021	185,989	624,010
Total deferred outflows of resources	438,021	185,989	624,010
LIABILITIES			
Accounts payable and accrued expenses	521,847	211,302	733,149
Accrued interest	17,316	12,120	29,436
Deposits	-	48,985	48,985
Compensated absences	150,162	52,593	202,755
Unearned revenues	210,708	-	210,708
Long-term liabilities:			
Due within one year	76,178	69,146	145,324
Due in more than one year	979,984	1,136,939	2,116,923
Net pension liability	-	549,187	549,187
Total liabilities	1,956,195	2,080,272	4,036,467
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources from pensions	113,201	88,289	201,490
Total deferred inflows of resources	113,201	88,289	201,490
NET POSITION			
Net investments in capital assets	7,538,021	15,838,471	23,376,492
Restricted for:			
Debt service	428,258	16,009	444,267
Community development	609,825	-	609,825
Capital projects	339,331	-	339,331
Public safety	10,301	-	10,301
Daycare	14,745	-	14,745
Specific projects and programs	1,032,509	-	1,032,509
Unrestricted	5,410,805	(48,183)	5,362,622
Total net position	\$ 15,383,795	\$ 15,806,297	\$ 31,190,092

The notes to the basic financial statements are an integral part of this statement.

**CITY OF ORANGE COVE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

Functions/Programs	Expenses	Program Revenue			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 479,077	\$ 68,858	\$ -	\$ -	\$ (412,219)	\$ -	\$ (412,219)
Public safety	1,985,938	137,290	513,740	-	(1,334,908)	-	(1,334,908)
Public works	188,316	-	-	-	(188,316)	-	(188,316)
Planning and development	311,365	77,635	59,508	-	(174,222)	-	(174,222)
Streets	510,094	-	986,490	285,355	741,751	-	741,751
Parks and recreation	350,528	-	14,333	-	(336,195)	-	(336,195)
Daycare	1,378,184	-	1,376,724	-	(1,480)	-	(1,480)
Interest and other fiscal charges	56,716	-	-	-	(56,716)	-	(56,716)
Total governmental activities	5,260,218	281,783	2,930,795	285,355	(1,762,285)	-	(1,762,285)
Business-type activities:							
Water	1,786,633	1,324,068	-	107,155	-	(355,420)	(355,420)
Sewer	1,310,085	736,864	-	8,256	-	(564,965)	(564,965)
Disposal	658,423	609,471	-	-	-	(48,952)	(48,952)
Total business-type activities	3,755,141	2,670,393	-	115,411	-	(989,337)	(989,337)
Total primary government	\$ 9,015,359	\$ 2,952,176	\$ 2,930,795	\$ 400,766	(1,762,285)	(989,337)	(2,731,622)
General revenues:							
Taxes:							
Property taxes and special assessments					407,256	-	407,256
Sales taxes					225,886	-	225,886
Franchise taxes					125,490	-	125,490
Utility users tax					491,560	-	491,560
Business licenses					19,658	-	19,658
Motor vehicle In-lieu					836,086	-	836,086
Unrestricted investment earnings					91,527	6,111	97,638
Other					103,369	-	103,369
Total general revenues					2,300,832	6,111	2,306,943
Change in net position					538,547	(963,226)	(424,679)
Net position, beginning of year, restated					14,845,248	16,789,523	31,614,771
Net position, end of year					\$ 15,383,795	\$ 15,806,297	\$ 31,190,092

The notes to the basic financial statements are an integral part of this statement.

**CITY OF ORANGE COVE
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2019**

		Special Revenue Funds		
	General	Local Transportation	Low-Moderate Housing Asset	Housing Grant
ASSETS				
Cash and investments	\$ 565,386	\$ 491,986	\$ 71,289	\$ 125,447
Cash and investments - restricted	-	-	-	-
Accounts receivable	486,567	-	-	-
Interest receivable	719	1,114	169,487	92,783
Due from other governments	124,056	32,400	-	-
Due from other funds	412,724	-	-	-
Notes receivable	-	-	275,000	2,680,105
Land held for resale	376,000	-	-	-
Total assets	<u>\$ 1,965,452</u>	<u>\$ 525,500</u>	<u>\$ 515,776</u>	<u>\$ 2,898,335</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ 293,758	\$ 1,615	\$ -	\$ -
Due to other funds	-	-	-	-
Unearned revenues	-	-	-	-
Total liabilities	<u>293,758</u>	<u>1,615</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	<u>151,427</u>	<u>-</u>	<u>444,487</u>	<u>2,772,475</u>
Total deferred inflows of resources	<u>151,427</u>	<u>-</u>	<u>444,487</u>	<u>2,772,475</u>
FUND BALANCE				
Nonspendable:				
Land held for resale	376,000	-	-	-
Restricted:				
Low-income housing activities	-	-	71,289	-
Daycare	-	-	-	-
Circulation improvements	-	523,885	-	125,860
Community development	-	-	-	-
Capital improvement projects	-	-	-	-
Public safety	-	-	-	-
Debt service	-	-	-	-
Unassigned	<u>1,144,267</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>1,520,267</u>	<u>523,885</u>	<u>71,289</u>	<u>125,860</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,965,452</u>	<u>\$ 525,500</u>	<u>\$ 515,776</u>	<u>\$ 2,898,335</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF ORANGE COVE
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2019
(Continued)

	Special Revenue Fund		
	Daycare	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$ 119,845	\$ 1,208,184	\$ 2,582,137
Cash and investments - restricted	210,708	-	210,708
Accounts receivable	-	-	486,567
Interest receivable	473	3,671	268,247
Due from other governments	46,985	167,956	371,397
Due from other funds	-	-	412,724
Notes receivable	-	6,180	2,961,285
Land held for resale	-	498,841	874,841
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 378,011</u>	<u>\$ 1,884,832</u>	<u>\$ 8,167,906</u>
LIABILITIES			
Accounts payable and accrued expenses	\$ 152,558	\$ 73,916	\$ 521,847
Due to other funds	-	54,881	54,881
Unearned revenues	210,708	-	210,708
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>363,266</u>	<u>128,797</u>	<u>787,436</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	-	-	3,368,389
	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>3,368,389</u>
FUND BALANCE			
Nonspendable:			
Land held for resale	-	-	376,000
Restricted:			
Low-income housing activities	-	8,762	80,051
Daycare	14,745	-	14,745
Circulation improvements	-	302,713	952,458
Community development	-	609,825	609,825
Capital improvement projects	-	339,331	339,331
Public safety	-	10,301	10,301
Debt service	-	428,258	428,258
Unassigned	-	56,845	1,201,112
	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>14,745</u>	<u>1,756,035</u>	<u>4,012,081</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 378,011</u>	<u>\$ 1,884,832</u>	<u>\$ 8,167,906</u>

The notes to the basic financial statements are an integral part of this statement.

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**CITY OF ORANGE COVE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019**

Total fund balance - governmental funds	\$ 4,012,081
---	--------------

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	8,594,183
---	-----------

Net pension asset used in governmental activities is not classified as current financial resources and, therefore, is not reported in the funds.	307,962
--	---------

Interest payable on long-term debt does not require the use of current financial resources. Therefore, interest payable is not reported as a liability in the governmental funds balance sheet.	(17,316)
---	----------

Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(150,162)
---	-----------

Pension related deferrals are reported as deferred outflows and inflows of resources on the statement of net position:

Deferred outflows of resources	438,021
Deferred inflows of resources	(113,201)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds and loans payable	(1,056,162)
-------------------------	-------------

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.

	<u>3,368,389</u>
--	------------------

Net position of governmental activities	<u>\$ 15,383,795</u>
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The notes to the basic financial statements are an integral part of this statement.

CITY OF ORANGE COVE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2019

		Special Revenue Funds		
	General	Local Transportation	Low-Moderate Housing Asset	Housing Grant
REVENUES				
Taxes	\$ 1,941,423	\$ -	\$ -	\$ -
Intergovernmental	114,333	315,851	-	-
Charges for services	129,715	-	-	-
Licenses, permits and impact fees	147,248	-	-	-
Interest and rent	44,900	3,439	258	33,776
Other	98,948	-	-	-
Total revenues	<u>2,476,567</u>	<u>319,290</u>	<u>258</u>	<u>33,776</u>
EXPENDITURES				
Current:				
General government	399,311	-	-	-
Public safety	1,825,697	-	-	-
Public works	182,272	-	-	-
Streets	-	224,764	-	-
Planning and development	210,902	-	-	-
Parks and recreation	216,689	-	-	-
Day care	-	-	-	-
Capital outlay	115,548	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and other fiscal charges	-	-	-	-
Total expenditures	<u>2,750,419</u>	<u>224,764</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(273,852)	94,526	258	33,776
OTHER FINANCING SOURCES (USES)				
Transfers in	69,803	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>69,803</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(204,049)	94,526	258	33,776
Fund balances (deficit), beginning of year, restated	<u>1,724,316</u>	<u>429,359</u>	<u>71,031</u>	<u>92,084</u>
Fund balances (deficit), end of year	<u>\$ 1,520,267</u>	<u>\$ 523,885</u>	<u>\$ 71,289</u>	<u>\$ 125,860</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF ORANGE COVE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
JUNE 30, 2019
(Continued)

	Special Revenue Fund	Nonmajor Governmental Funds	Total Governmental Funds
	Daycare		
REVENUES			
Taxes	\$ -	\$ 405,122	\$ 2,346,546
Intergovernmental	1,376,724	995,502	2,802,410
Charges for services	-	-	129,715
Licenses, permits and impact fees	-	29,328	176,576
Interest and rent	6,231	13,983	102,587
Other	-	2,496	101,444
	<u>1,382,955</u>	<u>1,446,431</u>	<u>5,659,277</u>
Total revenues			
EXPENDITURES			
Current:			
General government	-	-	399,311
Public safety	-	258,830	1,884,527
Public works	-	-	182,272
Streets	-	235,239	460,003
Planning and development	-	99,609	310,511
Parks and recreation	-	-	216,689
Day care	1,378,184	-	1,378,184
Capital outlay	-	400,151	515,899
Debt service:			
Principal	-	70,000	70,000
Interest and other fiscal charges	-	57,883	57,883
	<u>1,378,184</u>	<u>1,121,712</u>	<u>5,475,079</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	4,771	324,719	184,198
OTHER FINANCING SOURCES (USES)			
Transfers in	-	120,870	190,673
Transfers out	(66,694)	(123,979)	(190,673)
	<u>(66,694)</u>	<u>(3,109)</u>	<u>-</u>
Total other financing sources (uses)			
Net change in fund balances	(61,923)	321,610	184,198
Fund balances (deficit), beginning of year, restated	76,668	1,434,425	3,827,883
Fund balances (deficit), end of year	\$ 14,745	\$ 1,756,035	\$ 4,012,081

The notes to the basic financial statements are an integral part of this statement.

**CITY OF ORANGE COVE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

Net change in fund balance - governmental funds \$ 184,198

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts are:

Capital outlay	459,147
Depreciation expense	(378,447)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Repayment of the principal of long-term debt	72,178
--	--------

Accrued interest payable on long-term debt is reported in the government-wide statement of activities, but does not require the use of current financial resources. This amount represents the change in accrued interest payable not reported in governmental funds.

1,167

Changes to net pension asset and pension related deferred outflows and inflows of resources do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

81,090

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

170,367

The distribution of housing loans and corresponding payments that were recognized in the governmental funds are not recognized in the statement of activities.

(30,000)

Compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds.

(21,153)

Change in net position of governmental activities

\$ 538,547

The notes to the basic financial statements are an integral part of this statement.

**CITY OF ORANGE COVE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019**

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Disposal	Total
ASSETS				
Current assets:				
Cash and investments	\$ -	\$ 542,826	\$ 120,477	\$ 663,303
Cash with fiscal agent - restricted	16,009	-	-	16,009
Accounts receivable, net	256,762	111,218	52,886	420,866
Interest receivable	300	1,372	306	1,978
Total current assets	<u>273,071</u>	<u>655,416</u>	<u>173,669</u>	<u>1,102,156</u>
Noncurrent assets:				
Property, plant and equipment (net of allowances for depreciation)	<u>8,236,221</u>	<u>8,808,335</u>	<u>-</u>	<u>17,044,556</u>
Total assets	<u>8,509,292</u>	<u>9,463,751</u>	<u>173,669</u>	<u>18,146,712</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources from pensions	<u>93,825</u>	<u>92,364</u>	<u>-</u>	<u>185,989</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	86,588	72,226	52,488	211,302
Accrued interest	12,120	-	-	12,120
Deposits	48,985	-	-	48,985
Compensated absences	30,032	22,561	-	52,593
Due to other funds	357,843	-	-	357,843
Current portion of long-term debt	69,146	-	-	69,146
Total current liabilities	<u>604,714</u>	<u>94,787</u>	<u>52,488</u>	<u>751,989</u>
Noncurrent liabilities:				
Long-term debt	1,136,939	-	-	1,136,939
Net pension liability	<u>275,783</u>	<u>273,404</u>	<u>-</u>	<u>549,187</u>
Total noncurrent liabilities	<u>1,412,722</u>	<u>273,404</u>	<u>-</u>	<u>1,686,126</u>
Total liabilities	<u>2,017,436</u>	<u>368,191</u>	<u>52,488</u>	<u>2,438,115</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources for pensions	<u>44,664</u>	<u>43,625</u>	<u>-</u>	<u>88,289</u>
NET POSITION				
Net investment in capital assets	7,030,136	8,808,335	-	15,838,471
Restricted for debt service	16,009	-	-	16,009
Unrestricted	<u>(505,328)</u>	<u>335,964</u>	<u>121,181</u>	<u>(48,183)</u>
Total net position	<u>\$ 6,540,817</u>	<u>\$ 9,144,299</u>	<u>\$ 121,181</u>	<u>\$ 15,806,297</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF ORANGE COVE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Disposal	Total
Operating revenues				
Charges for services	\$ 1,322,236	\$ 736,864	\$ 609,471	\$ 2,668,571
Connection fees	<u>1,822</u>	<u>-</u>	<u>-</u>	<u>1,822</u>
Total operating revenue	<u>1,324,058</u>	<u>736,864</u>	<u>609,471</u>	<u>2,670,393</u>
Operating expenses				
Contractual services and utilities	494,899	417,883	654,689	1,567,471
Personnel	533,527	408,151	-	941,678
Supplies and materials	282,429	16,400	-	278,829
Depreciation	440,153	465,557	-	905,710
Bad debt	<u>3,963</u>	<u>2,094</u>	<u>1,421</u>	<u>7,478</u>
Total operating expenses	<u>1,734,971</u>	<u>1,310,085</u>	<u>656,110</u>	<u>3,701,166</u>
Operating income (loss)	<u>(410,913)</u>	<u>(573,221)</u>	<u>(46,639)</u>	<u>(1,030,773)</u>
Nonoperating revenues (expenses)				
Intergovernmental	103,023	-	(2,313)	100,710
Interest income	929	4,235	947	6,111
Interest expense	(51,662)	-	-	(51,662)
Developmental fees	<u>4,132</u>	<u>8,256</u>	<u>-</u>	<u>12,388</u>
Total nonoperating revenues (expenses)	<u>56,422</u>	<u>12,491</u>	<u>(1,366)</u>	<u>67,547</u>
Changes in net position	(354,491)	(560,730)	(48,005)	(963,226)
Net position, beginning of year	<u>6,895,308</u>	<u>9,705,029</u>	<u>169,186</u>	<u>16,769,523</u>
Net position, end of year	<u>\$ 6,540,817</u>	<u>\$ 9,144,299</u>	<u>\$ 121,181</u>	<u>\$ 15,806,297</u>

The notes to the basic financial statements are an integral part of this statement.

**CITY OF ORANGE COVE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Disposal	Total
Cash flows from operating activities:				
Receipts from customers and users	\$ 1,382,607	\$ 794,309	\$ 634,101	\$ 2,811,017
Payments to suppliers	(751,828)	(430,032)	(644,641)	(1,826,301)
Payments for employees	(520,543)	(394,203)	-	(914,746)
Net cash provided (used) by operating activities	110,436	(29,926)	(10,540)	69,970
Cash flows from noncapital financing activities:				
Payments from developers	4,132	8,256	-	12,388
Payments received (paid to) other funds	(135,423)	-	-	(135,423)
Miscellaneous	-	-	(2,313)	(2,313)
Net cash provided (used) by noncapital financing activities	(131,291)	8,256	(2,313)	(125,348)
Capital and related financing activities:				
Purchase of property, plant and equipment	(137,588)	(18,194)	-	(155,782)
Capital grants and contributions received	281,728	-	-	281,728
Principal paid on long-term debt	(67,120)	-	-	(67,120)
Interest paid on long-term debt	(51,770)	-	-	(51,770)
Net cash provided (used) by financing activities	25,250	(18,194)	-	7,056
Cash flows from investing activities:				
Interest received	851	3,889	760	5,500
Net cash provided (used) by investing activities	851	3,889	760	5,500
Net increase (decrease) in cash	5,246	(35,975)	(12,093)	(42,822)
Cash, beginning of year	10,763	578,801	132,570	722,134
Cash, end of year	\$ 16,009	\$ 542,826	\$ 120,477	\$ 679,312

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Disposal	Total
Reconciliation of operating income (loss) to net cash provide (used) by operating activities:				
Operating income (loss)	\$ (410,913)	\$ (573,221)	\$ (46,639)	\$ (1,030,773)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	440,153	465,557	-	905,710
(Increase) decrease in accounts receivable	62,512	59,539	26,051	148,102
(Increase) decrease in deferred outflows of resources	9,211	8,319	-	17,530
Increase (decrease) in accounts payable and accrued liabilities	(3,573)	4,251	10,048	10,726
Increase (decrease) in customer deposits	9,273	-	-	9,273
Increase (decrease) in compensated absences	6,257	5,439	-	11,696
Increase (decrease) in net pension liability	(4,051)	(4,016)	-	(8,067)
Increase (decrease) in deferred inflows of resources	1,567	4,206	-	5,773
Net cash provided (used) by operating activities	\$ 110,436	\$ (29,926)	\$ (10,540)	\$ 69,970

The notes to the basic financial statements are an integral part of this statement.

**CITY OF ORANGE COVE
STATEMENT OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUND – SUCCESSOR AGENCY
JUNE 30, 2019**

ASSETS

Cash and investments	\$ 391,451
Cash and investments with fiscal agents	398,707
Interest receivable	884
Note receivable	<u>200,000</u>
Total assets	<u>991,042</u>

LIABILITIES

Accounts payable	3,970
Interest payable	61,950
Bond payable	<u>4,034,508</u>
Total liabilities	<u>4,100,428</u>

NET POSITION

Held in trust for other governments	<u>\$ (3,109,386)</u>
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The notes to the basic financial statements are an integral part of this statement.

**CITY OF ORANGE COVE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUND – SUCCESSOR AGENCY
FOR THE YEAR ENDED JUNE 30, 2019**

Additions

Property taxes	\$ 566,044
Investment earning and other	<u>10,316</u>
Total additions	<u>576,360</u>

Deductions

Administrative costs	144,885
Interest and fiscal agency expenses of former redevelopment agency	<u>151,980</u>
Total deductions	<u>296,865</u>

Change in net position	279,495
Net position (deficit) held in trust - beginning of year	<u>(3,388,881)</u>
Net position (deficit) held in trust - end of year	<u>\$ (3,109,386)</u>

The notes to the basic financial statements are an integral part of this statement.

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NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF ORANGE COVE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Orange Cove, California (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting principles.

These financial statements present the government and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and data from these units are combined with data of the primary government. Each blended component unit has a June 30 year-end. The City has no component units to report. The following sections further describe the significant policies of the City.

A. Reporting Entity

The City was incorporated as a general law city in 1948. The City operates under a Council-Manager form of government. The City's major operations include public safety, public works, water, sewer, disposal, parks and recreation, streets, planning, daycare and community development, and general administrative services.

B. Basis of Presentation – Fund Accounting

Government-Wide Financial Statements – The statement of net position and the statement of activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the *governmental and business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The *Statement of Activities* presents a comparison between direct expenses and program revenues for each different identifiable activity of the City's *business-type activities* and for each function of the City's *governmental activities*. Direct expenses are those that are specifically associated with a program or function and, therefore, are included in the program expense reported for individual functions. Certain indirect costs, which cannot be identified and broken down, are included in the program expense reported for individual functions or activities. Program revenues include: 1) fines, fees, and charges paid by the recipients of goods and services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

Certain eliminations have been made as prescribed by GASB No. 34 in regards to interfund activities. All internal balances in the statement of net position have been eliminated except those representing balances between governmental activities and business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the statement of activities, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated: due from/due to other funds, advances from/advances to other funds, and interfund transfers in/transfers out.

Net position is restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position. When both restricted and unrestricted resources are available for use, generally it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

CITY OF ORANGE COVE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation – Fund Accounting (Continued)

Governmental Fund Financial Statements – The fund financial statements provide information about the City's funds. Separate statements for each fund category – *governmental, proprietary and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. An accompanying schedule is presented to reconcile and explain the differences in funds and changes in fund balances as presented in these statements of net position and changes in net position presented in the government-wide financial statements.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidiaries and investment earnings, result from non-exchange transactions or ancillary activities. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

The City reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the City. It is used for all financial resources except those required legally, or by sound financial management to be accounted for in another fund. Generally, the General Fund is used to account for traditional governmental services of the City, such as police protection and general administrative services.

Local Transportation Special Revenue Fund – This fund is used to account for transportation funds received from the State of California for related transportation projects and maintenance costs.

Low-Moderate Housing Asset Special Revenue Fund – This fund accounts for the former Orange Cove Redevelopment Agency's affordable housing assets following its dissolution on January 31, 2012.

Housing Grant Special Revenue Fund – This fund is used to account for grant revenues and expenditures related to housing assistance loans for low income individuals.

Daycare Special Revenue Fund – This fund is used to account for grant revenues and expenditures related to the operation of the Julia A. Lopez Child Development Center.

Enterprise fund financial statements include a statement of net position, statement of revenues, expenses and changes in net position, and a statement of cash flows for each major enterprise fund and nonmajor fund.

The City has three major enterprise funds, the Water, Sewer and Disposal Fund, which are used to account for operations that are financed and operated in a manner similar to private business enterprises. In an enterprise fund, the intent of the City Council is that costs (expenses, including depreciation) of providing services to the general public, on a continuing basis, be financed or recovered primarily through user charges.

CITY OF ORANGE COVE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation – Fund Accounting (Continued)

The City reports the following three major enterprise funds:

- The **Water Fund** is used to account for financial activity of the water utility system.
- The **Sewer Fund** is used to account for the financial activity of the sewer utility system.
- The **Disposal Fund** is used to account for the financial activity of the disposal utility system.

The City's fiduciary funds are used to account for resources held for the benefit of parties outside the government. The fund's activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The City uses a private purpose trust fund to account for activities and changes in fiduciary net position of the Successor Agency. This fund is custodial in nature and does not involve measurement of results of operations. Accordingly, it presents only a statement of fiduciary net position and does not present a statement of changes in fiduciary net position.

Fiduciary funds are not reflected in the government-wide statements because the resources of those funds are not available to support the City's own programs. Fiduciary funds are presented on an economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements.

The City reports the following fiduciary fund:

- **Private-Purpose Trust Fund** – The Private Purpose Trust Fund accounts for assets held by the City as trustee for the *Successor Agency*.

C. Measurement Focus, Basis of Accounting

Government-Wide, Proprietary and Fiduciary Fund Financial Statements – The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales taxes are recognized when the underlying transaction takes place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements – Governmental funds are reported using current financial resources measurement focus and the modified accrual basis of accounting. Under the modified basis of accounting, revenues are recognized when measurable and available. Property and sales taxes, interest, certain state and federal grants, and charges for services are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be both measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments and compensated absences, are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

CITY OF ORANGE COVE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. *Operating revenues*, such as charges for services, result from exchange transactions associated with the principal activity of each fund. *Nonoperating revenues*, such as interest income, state and federal grants, and subsidies, usually result from nonexchange transactions or ancillary activities. *Operating expenses* include costs for providing services and delivering goods such as administrative expenses and depreciation on capital assets. All other expenses not meeting this definition are reported as *nonoperating expenses*.

D. Assets, Liabilities and Equity

Cash and Cash Equivalents – Cash and cash equivalents represent the City's cash bank accounts, including, but not limited to, certificates of deposit, money market funds and cash management pools for reporting purposes in the statement of cash flows. Additionally, investments with maturities of three months or less when purchased are included as cash equivalents in the statement of cash flows.

The City maintains a cash and investment pool that is available for use by all funds. Interest earnings as a result of this pooling are distributed to the appropriate funds based on month-end cash balances in each fund.

Investments of the pool include only those investments authorized by the California Government Code such as, United States Treasury securities, agencies guaranteed by the United States Government, registered state warrants, and other investments. Investments primarily consist of deposits in the State of California Local Agency Investment Fund. Investments are recorded at fair market value. Fair value is based upon quoted market prices.

Accounts Receivable – Billed, but unpaid, services provided to individuals or non-governmental entities are recorded as accounts receivable. The proprietary funds include a year-end accrual for services through the end of the fiscal year which have not yet been billed. Accounts receivable are reported net of an allowance for uncollectible.

Property Tax Calendar – Fresno County is responsible for the assessment, collection and apportionment of property taxes for all taxing jurisdictions. Property taxes are levied in equal installments on November 1 and February 1. They become delinquent on December 10 and April 10, respectively. The lien date is January 1 of each year. Property taxes are accounted for in the General Fund. Property tax revenues are recognized when they become measurable and available to finance current liabilities. The City considers property taxes as available if they are collected within 60 days after the year-end. Property taxes on the unsecured roll are due on July 1 and become delinquent if unpaid on August 31. However, unsecured property taxes are not susceptible to year-end accrual.

The City is permitted by Article XIII A of the State of California Constitution (known as Proposition 13) to levy a maximum tax of \$1.00 per \$100 of full cash value.

Due From/To Other Funds – Items classified as due from/to other funds represent short-term lending/borrowing transactions between funds. This classification also includes the current portion of an advance to or from another fund.

CITY OF ORANGE COVE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

Advances From/To Other Funds – This classification represents noncurrent portions of any long-term lending/borrowing transactions between funds. This amount will be equally offset by a reserve of fund balance which indicates that it does not represent available financial resources and, therefore, is not available for appropriation. The current portion of any interfund long-term loan (advance) is included as an interfund receivable/payable.

Capital Assets – Capital outlays are recorded as expenditures of the general, special revenue, and capital projects funds, and capitalized assets in the government-wide financial statements to the extent the City's capitalization threshold is met.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental business-type activities column in the Government-Wide Financial Statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of fixed assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	10-50 years
Plant system	20-40 years
Machinery and equipment	5-10 years
Infrastructure	40 years

Compensated Absences – Accumulated unpaid vacation benefits, sick pay, and compensatory time benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements as long-term debt. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which employees who have accumulated leave are paid. Vested leave is included in proprietary funds and is recorded as an expense and liability as the benefits accrue.

Sick leave is accumulated at 12 days per year for full-time regular employees. Vacation is accumulated at 12 days per year for full-time regular employees. Vacation is accumulated at 12 days per year for full-time regular employees with less than five years of service to a maximum of 25 days per year for full-time employees with over 20 years of service with no limit on accrual of unused hours. Upon employment termination, unused sick leave is paid out at 5% to 25% depending on years of service, with a maximum payout of \$2,500. These amounts are included as liabilities in the government-wide and enterprise fund financial statements.

CITY OF ORANGE COVE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

Interest Payable – In the government-wide financial statements, interest payable of long-term debt is recognized as the liability is incurred for governmental fund-types and proprietary fund-types. In the fund financial statements, proprietary fund-types recognize the interest payable when the liability is incurred.

Unearned Revenue – Unearned revenue is that for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The City typically records unearned revenue related to uncollected outstanding, performing loans and intergovernmental revenues (primary grants and subventions) received by not earned (qualifying expenditures not yet incurred).

Unavailable Revenue – In the fund financial statements, unavailable revenue is recorded when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. The City records unavailable revenue for transactions for which revenues have been earned, but for which funds are not available to meet current financial obligations.

Long-term Obligations – In the government-wide financial statements and proprietary fund-types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Debt principal payments of both governmental and business-type activities are reported as decreases in the balance of the liability on the statement of net position. Bond premiums and discounts, as well as insurance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year the bond was issued.

In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid. Governmental fund-types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pension Plan – All full-time City employees are members of the State of California Public Employees' Retirement System. The City's policy is to fund all pension costs accrued; such as costs to be funded are determined annually as of July 1 by the System's actuary. See Note 11 for further discussion.

For purposes of measuring the net position liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the City's Pension Plan and additions to/deductions from the City's Pension Plan's fiduciary net position have been determined on the same basis as they are reported by the City's Pension Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Investments are reported at fair value.

Encumbrances – The City does not use encumbrance accounting.

Budgetary and Budgetary Accounting – Budgets are adopted annually for the general fund, special revenue funds, capital funds, debt service funds, and enterprise funds. Formal budgetary integration is employed as a management control device during the year for these funds. The annual budgets are prepared on the basis of accounting utilized by the fund.

Expenditures may not legally exceed budgeted appropriations at the fund level. The City Manager is authorized to make budget transfers between accounts within any fund. All revisions must be reported to the City Council.

**CITY OF ORANGE COVE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Net Position – In the government-wide financial statements, net position is classified in the following categories:

Net investment in capital assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted net position – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – This category presents the net position of assets that do not meet the definition of "net investment in capital assets" or "restricted net position".

When both restricted and unrestricted net position are available, restricted resources are depleted before the unrestricted resources are used.

Fund Balances

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council delegating this responsibility to the Finance Director through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the general fund.

Unassigned – This classification is the residual classification for the general fund and represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. In other governmental funds it includes any negative residual amounts that may exist as a result of expenditures incurred for specific purposes in excess of amounts restricted, committed or assigned to those purposes.

The City would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

**CITY OF ORANGE COVE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

California law authorizes the City to invest in obligations of the United States Treasury, agencies, instrumentalities, certificate of deposit or time deposits in banks and savings and loan associations which are insured by the Federal Deposit Insurance Corporation,

In accordance with applicable sections of the California Government Code and the Orange Cove Municipal Code, the City prepares and legally adopts an annual balanced budget on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the General Fund, specific Special Revenue Funds, and specific Capital Projects Funds. Budget plans are adopted for Proprietary Funds. A proposed budget is presented to the City Council during May of each year for review. The Council holds public hearings and may add to, subtract from, or change appropriations within the revenues and reserves estimate as available. Expenditures may not legally exceed budgeted appropriations at the fund level. Supplementary appropriations which alter the total expenditures of any fund, or expenditures in excess of total budgeted fund appropriations, must be approved by the City Council.

All annual appropriations lapse at fiscal year-end to the extent they have not been expended or encumbered.

NOTE 3 – CASH AND INVESTMENTS

The City pools all of its cash and investments except those funds required to be held by bond trustee or outside fiscal agents under the provisions of bond indentures. Interest earned on pooled cash is allocated to the various funds on average cash balances. Interest income from cash investments held by bond trustee is credited directly to the related funds.

Cash and investments as of June 30, 2019 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 3,245,440
Cash and investments - restricted	210,708
Cash and investments with fiscal agent	16,009
Fiduciary Funds:	
Cash and investments	391,451
Cash and investments with fiscal agent	<u>398,707</u>
 Total cash and investments	 <u>\$ 4,262,315</u>

Cash and investments as of June 30, 2019 consist of the following:

Cash on hand and in bank	\$ 2,430,764
Investments	<u>1,831,551</u>
 Total cash and investments	 <u>\$ 4,262,315</u>

**CITY OF ORANGE COVE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 – CASH AND INVESTMENTS (Continued)

A. Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that categorizes the inputs to valuation techniques used to measure fair value into three levels. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

Level 2: Inputs to valuation methodology include inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurements.

The asset or liability's fair value measurement level within a fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

<u>Investments by fair value level</u>	<u>Fair Value</u>	<u>Level 2</u>
Debt securities:		
U.S. Treasury Obligations	\$ 16,009	\$ 16,009
U.S. Government Obligations	398,707	398,707
Total debt securities	<u>414,716</u>	<u>\$ 414,716</u>
<u>Unclassified Investments</u>		
LAIF	<u>1,416,835</u>	
Total investments	<u>\$ 1,831,551</u>	

LAIF is based on the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (Level 2 input).

**CITY OF ORANGE COVE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 – CASH AND INVESTMENTS (Continued)

B. Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investments policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. The City's investment policy does not contain any specific provisions intended to limit the City's exposure to interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment Policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

C. Investments Authorized by Debt Agreements

Investments of debt proceeds by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by the bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	None	None	None
U.S. Bank Securities	None	None	None
Banker's Acceptances	180 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	None	None	None
Certificates of Deposits	1 year	None	None
Repurchase Agreements	30 days	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Municipal Bonds	None	None	None

**CITY OF ORANGE COVE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 – CASH AND INVESTMENTS (Continued)

D. Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City manages its exposure to interest rate risk by investing funds in liquid, short-term investments which can be converted to cash when necessary to meet disbursement requirements. As of June 30, 2019, the City had the following investments by maturity:

<u>Investment Type</u>	<u>Amount</u>	<u>Maturity Date</u>
Local Agency Investment Fund	\$ 1,416,835	N/A
Held by Bond Trustee:		
U.S. Treasury Obligations	16,009	N/A
U.S. Government Obligations	<u>398,707</u>	N/A
Total	<u>\$ 1,831,551</u>	

E. Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required (where applicable) by the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

<u>Investment Type</u>	<u>Amount</u>	<u>Maximum Legal Rating</u>	<u>Rating as of Year-End</u>
			<u>Not Rated</u>
Local Agency Investment Fund	\$ 1,416,835	N/A	\$ 1,416,835
Held by Bond Trustee:			
U.S. Treasury Obligations	16,009	N/A	16,009
U.S. Government Obligations	<u>398,707</u>	N/A	<u>398,707</u>
Total	<u>\$ 1,831,551</u>		<u>\$ 1,831,551</u>

F. Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The City does not have any investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments.

**CITY OF ORANGE COVE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 – CASH AND INVESTMENTS (Continued)

G. Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provisions for deposits: The California Government Code requires that a financial institution secure deposits made by the state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2019, the City's balance of \$2,079,379 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the City.

The custodial risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a governmental will not be able to recover the value of its investments or collateral securities that are in possession of another party. The California Government Code and the City's investment policy do not contain legal policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools such as the Local Agency Investment Fund (LAIF).

H. Investment in State Investment Pool

The City is a voluntary participant in the LAIF that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investments in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained for the LAIF, which are recorded on an amortized cost basis.

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable balances of the City's enterprise funds, including the applicable allowance for uncollectible accounts as of June 30, 2019 are as follows:

	Water	Sewer	Disposal	Total
Accounts receivable	\$ 465,848	\$ 185,551	\$ 165,830	\$ 817,229
Allowance for uncollectible accounts	(209,086)	(74,333)	(112,944)	(396,363)
Accounts receivable, net	\$ 256,762	\$ 111,218	\$ 52,886	\$ 420,866

**CITY OF ORANGE COVE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 – INTERFUND ACTIVITIES

A. Due From/To Other Funds

Interfund receivables and payables consist of short-term loans resulting from regular transactions. These loans are expected to be repaid as soon as the borrowing fund has cash. Individual fund interfund payables balances as of June 30, 2019 are as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 412,724	\$ -
Streets Special Revenue Fund	-	5,707
Soccer Grant Special Revenue Fund	-	9,989
Bureau of Reclamation Special Revenue Fund	-	1,280
Streets Capital Projects Fund	-	37,905
Water Enterprise Fund	-	357,843
	<u> </u>	<u> </u>
Total	<u>\$ 412,724</u>	<u>\$ 412,724</u>

B. Operating Transfers

With the City Council approval, resources may be transferred from one City fund to another. The purpose of most transfers is to reimburse a fund that has made expenditures on behalf of another fund. Transfers within fund types have been eliminated with the government-wide financial statements.

Transfers in and out for the year ended June 30, 2019 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
Major Funds:		
General Fund	\$ 69,803 (1), (3)	\$ -
Daycare Special Revenue Fund	-	66,694 (1)
Nonmajor Funds:		
Measure C Special Revenue Fund	-	120,870 (2)
USDA Kitchen Grant Special Revenue Fund	-	3,109 (3)
Street Capital Projects Fund	<u>120,870 (2)</u>	<u>-</u>
Total	<u>\$ 190,673</u>	<u>\$ 190,673</u>

- (1) Transfer out from the Daycare Special Revenue Fund to the General Fund of \$66,694 was to reimburse the General Fund for the funding of the prior year reserve cash balance.
- (2) Transfer out from the Measure C Special Revenue Fund to the Street Capital Projects Fund in the amount of \$120,870 to fund street projects.
- (3) Transfer out from the USDA Kitchen Grant Special Revenue Fund to the General Fund in the amount of \$3,109 was to reimburse the General Fund for community center kitchen expenses which were reimbursed by the USDA.

**CITY OF ORANGE COVE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 6 – NOTES RECEIVABLE

Notes receivable at June 30, 2019 are as follows:

Housing Grants Note – The City has loaned \$1,290,000 to forty-three families at 1.00% interest. The loan proceeds were used by these low- and moderate-income families to purchase homes. The loans are payable in thirty years or when property ownership is transferred. The proceeds for the loans are provided through a State HOME Grant. As of June 30, 2019, the notes receivable balance was \$1,259,000. Deferred interest receivable on these notes was \$92,370 as of June 30, 2019.

The City loaned four loans totaling \$239,957 at 0% interest. The loan proceeds were used by low- and moderate-income families to purchase homes. The loans are payable in thirty to forty-five years or when property ownership is transferred. The proceeds for the loans are provided through a Federal HOME Grant.

As of June 30, 2019, the City loaned forty-nine loans totaling \$1,181,148 at 0% interest. The loan proceeds were used by these low- and moderate-income families to purchase homes. The loans are payable in thirty years or when property ownership is transferred. The proceeds for the loans are provided through a CalHOME Grant.

Low and Moderate Housing Notes – A note receivable is due from Citrus Gardens '98 LP, to assist in the construction of a low-income apartment complex. The note incurs interest at three percent and requires annual payments of 50% of residual receipts (revenues less debt service, property tax and maintenance and operating expenses). To date, there have been no payments on the note. The note is due in full in November 2029 with interest. The balance due on the note at June 30, 2019 was \$275,000. Deferred interest receivable on the note at June 30, 2019 was \$169,487.

Valley Small Business Development Note – A note receivable is due from Valley Small Business Development Corporation ("Valley") in which funds were used to assist Valley in retaining control of a community medical clinic (Orchard Medical Center) in the City of Orange Cove and enable the property to again be used as a financially viable medical clinic. The note is due if and when Valley sells the Property. The first \$200,000 of net appreciation would be due to the City in addition to 25% of any excess appreciation. The balance due on the note at June 30, 2019 was \$200,000.

**CITY OF ORANGE COVE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 – CAPITAL ASSETS

A. Governmental Activities

Capital assets activity of the governmental activities for the year ended June 30, 2019 was as follows:

	Balance July 1, 2018, Restated	Additions	Retirements	Balance June 30, 2019
Capital assets, not being depreciated:				
Land	\$ 1,302,411	\$ -	\$ -	\$ 1,302,411
Construction in progress	<u>-</u>	<u>37,486</u>	<u>-</u>	<u>37,486</u>
Total capital assets, not being depreciated	<u>1,302,411</u>	<u>37,486</u>	<u>-</u>	<u>1,339,897</u>
Capital assets, being depreciated:				
Buildings and improvements	10,207,276	357,025	-	10,564,301
Machinery and equipment	<u>1,612,287</u>	<u>64,638</u>	<u>-</u>	<u>1,676,923</u>
Total capital assets, being depreciated	<u>11,819,563</u>	<u>421,661</u>	<u>-</u>	<u>12,241,224</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,168,405)	(309,819)	-	(3,478,224)
Machinery and equipment	<u>(1,440,086)</u>	<u>(68,628)</u>	<u>-</u>	<u>(1,508,714)</u>
Total accumulated depreciation	<u>(4,608,491)</u>	<u>(378,447)</u>	<u>-</u>	<u>(4,986,938)</u>
Total capital assets being depreciated, net	<u>7,211,072</u>	<u>43,214</u>	<u>-</u>	<u>7,254,286</u>
Governmental activities capital assets, net	<u>\$ 8,513,483</u>	<u>\$ 80,700</u>	<u>\$ -</u>	<u>\$ 8,594,183</u>

Depreciation expense was charged to governmental functions as follows:

<i>Governmental Activities:</i>	
General government	\$ 90,294
Public safety	49,025
Public works	9,444
Parks and recreation	132,752
Streets	<u>96,932</u>
Total	<u>\$ 378,447</u>

**CITY OF ORANGE COVE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 – CAPITAL ASSETS (Continued)

B. Business-Type Activities

Capital assets activity of the business-type activities for the year ended June 30, 2019 was as follows:

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019
Capital assets, not being depreciated:				
Land	\$ 769,772	\$ -	\$ -	\$ 769,772
Construction in progress	1,091,395	137,589	-	1,228,984
Total capital assets, not being depreciated	1,861,167	137,589	-	1,998,756
Capital assets, being depreciated:				
Buildings and improvements	23,910,506	-	-	23,910,506
Machinery and equipment	2,944,172	18,194	-	2,962,366
Total capital assets, being depreciated	26,854,678	18,194	-	26,872,872
Less accumulated depreciation for:				
Buildings and improvements	(10,289,811)	(637,315)	-	(10,907,126)
Machinery and equipment	(651,551)	(268,395)	-	(919,946)
Total accumulated depreciation	(10,921,362)	(905,710)	-	(11,827,072)
Total capital assets being depreciated	15,933,316	(887,516)	-	15,045,800
Business-type activities capital assets, net	\$ 17,794,483	\$ (749,927)	\$ -	\$ 17,044,556

Depreciation expense was charged to business-type functions of the business-type activities as follows:

Business-Type Activities:

Water	\$ 440,153
Sewer	465,557
Total	<u>\$ 905,710</u>

**CITY OF ORANGE COVE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 – LONG-TERM DEBT

The City generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt.

In governmental fund-types, debt discounts and issuance costs are recognized in the current period. Debt discounts incurred in proprietary funds are deferred and amortized over the term of the debt using the "bonds outstanding" method, which approximates the effective interest method. The City's debt activities are summarized below and discussed in detail thereafter.

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019	Current Portion
Governmental Activities:					
Special Assessment Bonds	\$ 1,114,000	\$ -	\$ (70,000)	\$ 1,044,000	\$ 74,000
PG&E Street Lights Loan	14,340	-	(2,178)	12,162	2,178
Total Governmental Activities Debt	<u>\$ 1,128,340</u>	<u>\$ -</u>	<u>\$ (72,178)</u>	<u>\$ 1,056,162</u>	<u>\$ 76,178</u>
Business-Type Activities:					
Bonds Payable:					
1995 Water System Improvement Project	\$ 554,364	\$ -	\$ (22,500)	\$ 531,864	\$ 23,500
2005 COP Water Loan	359,300	-	(7,100)	352,200	7,300
Notes Payable:					
California Department of Water Resources	359,541	-	(37,520)	322,021	38,346
Total Business-Type Activities Debt	<u>\$ 1,273,205</u>	<u>\$ -</u>	<u>\$ (67,120)</u>	<u>\$ 1,206,085</u>	<u>\$ 89,146</u>
Compensated Absences:					
Governmental Activities	<u>\$ 129,009</u>	<u>\$ 21,153</u>	<u>\$ -</u>	<u>\$ 150,162</u>	<u>\$ 150,162</u>
Business-Type Activities	<u>\$ 40,897</u>	<u>\$ 11,696</u>	<u>\$ -</u>	<u>\$ 52,593</u>	<u>\$ 52,593</u>

Long-term debt at June 30, 2019 was comprised of the following individual issues:

Governmental Activities

Special Assessment Bond Payable

In March 1990, the City issued \$2,450,684 in special assessment bonds with interest rates at 5.00% payable semi-annually. The proceeds were used to finance a sewer plant expansion project. These bonds are payable from assessments on the property owners within the City. The principal payments range from \$21,000 to \$120,000 and are due annually through fiscal year 2030. At June 30, 2019 bonds payable outstanding amounts to \$1,044,000.

Annual debt service requirements for Special Assessment Bonds Payable are as follows:

Years Ending June 30,	Principal	Interest	Total
2020	\$ 74,000	\$ 50,150	\$ 124,150
2021	78,000	46,350	124,350
2022	81,000	42,375	123,375
2023	85,000	38,225	123,225
2024	88,000	33,900	121,900
2025-2029	514,000	96,750	610,750
2030	124,000	3,000	127,000
Total	<u>\$ 1,044,000</u>	<u>\$ 310,750</u>	<u>\$ 1,354,750</u>

**CITY OF ORANGE COVE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 – LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

PG&E Street Lights Loan

In 2015, the City financed \$21,238 from Pacific Gas & Electric for the LED Street Lights project. The principal payments of \$182 are due monthly through fiscal year 2025. At June 30, 2019 the note payable outstanding amounts to \$12,162.

Annual debt service requirements for the PG&E Street Lights Loan are as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 2,178	\$ -	\$ 2,178
2021	2,178	-	2,178
2022	2,178	-	2,178
2023	2,178	-	2,178
2024	2,178	-	2,178
2025	<u>1,272</u>	<u>-</u>	<u>1,272</u>
Total	<u>\$ 12,162</u>	<u>\$ -</u>	<u>\$ 12,162</u>

Business-Type Activities

1995 Orange Cove Public Financing Authority Revenues Bond Payable

In 1995, the City issued \$907,650 in revenue bonds with interest rates at 4.5% payable semi-annually through 2035. The proceeds were used to finance a Water System Improvement Project. The City signed a lease agreement with the Authority with loan payments plus interest due semiannually. The principal payments range from \$8,650 to \$47,000 are due annually through fiscal year 2036. At June 30, 2019, the bonds payable outstanding amounts to \$531,864.

Annual debt service requirements for the 1995 Orange Cove Public Financing Authority Revenue Bonds Payable are as follows:

<u>For the Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 23,500	\$ 25,436	\$ 48,936
2021	24,500	24,356	48,856
2022	25,500	23,231	48,731
2023	26,500	22,061	48,561
2024	28,000	10,733	38,733
2025-2029	159,000	83,745	242,745
2030-2034	198,000	43,763	241,763
2035-2036	<u>46,864</u>	<u>4,185</u>	<u>51,049</u>
Total	<u>\$ 531,864</u>	<u>\$ 237,510</u>	<u>\$ 769,374</u>

CITY OF ORANGE COVE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8 – LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

2005 Certificate of Participation Water Loan

In July 2005, the City borrowed \$425,000 from the U.S. Government to facilitate water plant improvements. The interest rate is at 4.125% payable semi-annually. The principal payments in amounts from \$4,300 to \$21,000 are due annually through FY2046. At June 30, 2019, the bonds payable outstanding amount to \$352,200.

Annual debt service to requirements for the 2005 Certificate of Participation Water Loan are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2020	\$ 7,300	\$ 14,378	\$ 21,678
2021	7,600	14,070	21,670
2022	8,000	13,749	21,749
2023	8,300	13,412	21,712
2024	8,600	13,064	21,664
2025-2029	48,800	59,561	108,361
2030-2034	59,700	48,405	108,105
2035-2039	73,100	34,755	107,855
2040-2044	89,600	18,035	107,635
2045-2046	41,200	1,716	42,916
Total	<u>\$ 352,200</u>	<u>\$ 231,145</u>	<u>\$ 583,345</u>

California Department of Water Resources Note Payable

In 1996 the City borrowed \$943,280 from the California Department of Water Resources to finance water system improvements. The interest rate is 2.955% payable semi-annually. The principal payments in amounts ranging from \$9,900 to \$23,280 are due annually through fiscal year 2027. At June 30, 2019, the note payable outstanding amounts to \$322,021.

Annual debt service requirements for the Department of Water Resources note payable are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2020	\$ 38,346	\$ 9,799	\$ 48,145
2021	39,515	8,630	48,145
2022	40,673	7,472	48,145
2023	41,884	6,261	48,145
2024	43,121	5,224	48,345
2025-2027	118,482	6,131	124,613
Total	<u>\$ 322,021</u>	<u>\$ 43,517</u>	<u>\$ 365,538</u>

**CITY OF ORANGE COVE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has pension related items that qualify to be reported in deferred outflows of resources. The pension related deferred outflows of resources are described in detail in Note 11.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The City has one type of item which arises only under a modified basis of accounting that qualifies for reporting as deferred inflows of resources. Accordingly, that item, unavailable revenues, is reported only in the governmental funds balance sheet. The City reports \$3,368,389 as unavailable revenue in the governmental funds:

	General Fund	Low- Moderate Housing Asset	Housing Fund	Total
Unavailable revenues:				
Grants	\$ 95,479	\$ -	\$ -	\$ 95,479
County apportionments	55,948	-	-	55,948
Program income	-	-	2,690,795	2,690,795
Interest income	-	169,487	81,680	251,167
Loan repayments	-	275,000	-	275,000
Total	<u>\$ 151,427</u>	<u>\$ 444,487</u>	<u>\$ 2,772,475</u>	<u>\$ 3,368,389</u>

NOTE 10 – DEFICIT FUND BALANCES

The following is a summary of deficit fund balances and net position as of June 30, 2019:

The deficit fund balance of \$5,677 in the Streets Special Revenue Fund is due to operating expenditures exceeding operating revenues in the current year.

The deficit fund balance of \$9,989 in the Soccer Grant Special Revenue Fund is due to expenditures in the current year without a funding source.

The deficit fund balance of \$1,280 in the Bureau of Reclamation Special Revenue Fund is due to expenditures in the current year without a funding source.

The deficit net position of \$3,109,386 in the Successor Agency Fund is due to operating expenditures exceeding operating revenues, the bond payable will be paid down with future tax increments.

**CITY OF ORANGE COVE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 11 – DEFINED BENEFIT PENSION PLAN

A. General Information about the Pension Plan

Plan Description – All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost Sharing Multiple-Employer Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City of Orange Cove (City) sponsors four rate plans (two miscellaneous and two safety). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the Plan are applied as specified by the Public Employees' Retirement Law.

The rate plan provisions and benefits in effect at June 30, 2019 are summarized as follows:

	<u>Miscellaneous Classic</u>	<u>Safety Classic</u>
	<u>Prior to</u>	<u>Prior to</u>
Hire date	<u>January 1, 2013</u>	<u>January 1, 2013</u>
Benefit formula	2% at 60;	2% at 55;
Benefit vesting schedule	5 years	5 years
Benefit payments	monthly for life	monthly for life
Retirement age	50-63	50-55
Monthly benefits, as a % of eligible compensation	1.092% to 2.418%	1.426% to 2.0%
Required employee contribution rates	7%	7%
Required employer contribution rates	7.634%	16.704%

	<u>Miscellaneous PEPRA</u>	<u>Safety PEPRA</u>
	<u>Prior to</u>	<u>Prior to</u>
Hire date	<u>January 1, 2013</u>	<u>January 1, 2013</u>
Benefit formula	2% at 62;	2% at 57
Benefit vesting schedule	5 years	5 years
Benefits payable	monthly for life	monthly for life
Retirement age	52 - 67	50-57
Monthly benefits, as a % of eligible compensation	1.0% to 2.5%	1.426% to 2.0%
Required employee contribution rates	6.25%	12.00%
Required employer contribution rates	6.842%	12.141%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability and side fund, if applicable. The dollar amounts are billed on a monthly basis. The City's required contribution for the unfunded liability was \$45,460 for the fiscal year ended June 30, 2019.

**CITY OF ORANGE COVE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

A. General Information about the Pension Plan (Continued)

Contributions – Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

The City's contributions to the plan recognized as a part of pension expense for the year ended June 30, 2019 were \$195,039.

B. Pension Liability, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2019, the City reported net position liability for its proportionate shares of the net pension liability of the Plan of \$241,225.

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, rolled forward to June 30, 2018, using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plan as of June 30, 2017 and 2018 was as follows:

Proportion - June 30, 2017	0.0034%
Proportion - June 30, 2018	0.0025%
Change - Increase (Decrease)	-0.0009%

For the year ended June 30, 2019, the City recognized pension expense of \$141,280. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to the measurement date	\$ 207,115	\$ -
Changes of assumptions	62,609	40,855
Difference between expected and actual experience	29,125	19,738
Net differences between projected and actual earnings on plan investments	2,714	3,057
Change in employer's proportion	322,447	1,517
Differences between the employer's actual contributions and the employer's proportionate share of contributions	-	136,323
	<u>-</u>	<u>136,323</u>
Total	<u>\$ 624,010</u>	<u>\$ 201,490</u>

**CITY OF ORANGE COVE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

B. Pension Liability, Pension Expenses, and Deferred Outflows/Inflows of Resources Related Pensions

A total of \$207,115 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflow of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Years Ending June 30,</u>	
2020	\$ 90,909
2021	83,378
2022	45,027
2023	(3,909)
2024	-
Thereafter	-

C. Actuarial Assumptions

The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase	3.30% to 14.20% ⁽¹⁾
Investment Rate of Return	7.15% ⁽²⁾
Mortality	Derived using CalPERS' Membership Data for all Funds ⁽³⁾

⁽¹⁾ Depending on age, service and type of employment

⁽²⁾ Net pension plan investment expenses, including inflation

⁽³⁾ The mortality table was developed based on CalPERS specific data.
The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP2016.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2017 valuation were based on the results of December 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experiences Study can be found on the CalPERS website.

Change of Assumptions – In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

**CITY OF ORANGE COVE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

D. Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected Public Employees Retirement Fund (PERF) cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

Asset Class ^(a)	New Strategic Allocation	Real Return Years 1-10 ^(b)	Real Return Years 11+ ^(c)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	100%		

^(a) In the CalPERS CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

^(b) An expected inflation of 2.00% used for this period

^(c) An expected inflation of 2.92% used for this period

CITY OF ORANGE COVE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

D. Discount Rate (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

Discount Rate -1% 6.15%	Current Discount Rate 7.15%	Discount Rate +1% 8.15%
\$ 1,339,220	\$ 241,225	\$ (663,427)

E. Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued CalPERS financial reports.

F. Payable to the Pension Plan

The City did not have an outstanding amount of contributions due to the pension plan required for the year ended June 30, 2019.

NOTE 12 – POST-RETIREMENT HEALTHCARE BENEFITS

The City provides no post-employment benefits to its employees. However, former employees may be maintained on the City's health insurance programs through the City's Consolidated Omnibus Budget Reconciliation Act (COBRA) insurance continuation plan.

NOTE 13 – RISK MANAGEMENT

The City participates with other public entities in a joint venture under a joint powers agreement which establishes the Central San Joaquin Valley Risk Management Authority (CSJVRMA). The relationship between the City and CSJVRMA is such that CSJVRMA is not a component unit of the City for financial reporting purposes.

The City is a member of the Central San Joaquin Valley Risk Management Authority, which is a joint powers authority established under the provisions of California Government Code Section 6500, et. seq. The CSJVRMA is comprised of 54 member cities and is governed by a Board of Directors which meet three times per year. The Board is comprised of one Board member and one alternate Board member appointed by each member city. The day-to-day business is handled at a management firm under contract with the CSJVRMA. The audited financial statements of the CSJVRMA are available at 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833.

**CITY OF ORANGE COVE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 13 – RISK MANAGEMENT (Continued)

The City purchases liability coverage through the CSJVRMA at a \$10,000 self-insured retention. This risk sharing pool covers the first \$1 million of losses (CSJVRMA's retained limit). The CSJVRMA is a member of the California Affiliated Risk Management Authorities (CARMA) for the purpose of obtaining excess coverage in a risk sharing pool. CARMA provides coverage in excess of CSJVRMA's retained limit up to \$29 million. As of June 30, 2019, 54 cities participated in the CSJVRMA's liability program. The City also purchases workers' compensation coverage through the CSJVRMA at a \$10,000 self-insured retention. The risk sharing pool covers the first \$500,000 of losses (CSJVRMA's retained limit). The CSJVRMA is a member of the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) for excess workers' compensation coverage. LAWCX provides \$4.5 million of coverage in excess of CSJVRMA's retained limit and participates in the California State Association of Counties Excess Insurance Authority (CSAC-EIA) for coverage in excess of \$5 million up to statutory.

For both liability and workers' compensation coverage, expected claims are actuarially determined and deposited with the CSJVRMA along with all estimated operating costs each program year. Each program year is retrospectively adjusted five years following its conclusion, and any funds remaining in excess of the minimum funding requirements established by the Board are returned to the member city.

The City also purchases various property coverage programs. Deductibles and limits per property type can be obtained from the City Manager.

The following is a summary of financial information of the CSJVRMA as of and for the fiscal year ended June 30, 2019:

Total assets	\$ 128,442,162
Total liabilities	<u>109,661,346</u>
 Total net position	 <u>\$ 18,780,816</u>
 Total revenues	 \$ 53,005,963
Total expenses	<u>52,250,549</u>
 Excess of expenses (loss) over income	 <u>\$ 755,414</u>

NOTE 14 – CONTINGENCIES

The City participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

NOTE 15 – JULIA A. LOPEZ DAYCARE

The City operates a full daycare program funded by the State of California Department of Education. The City was awarded the contract not to exceed \$1,404,717 for childcare reimbursements. The City subcontracts the daily operation to Target 8 Advisory Council, a nonprofit organization that operates another daycare program in the City. Amounts paid to Target 8 Advisory Council were \$1,358,219. The daycare incurred administrative costs of \$100,500, not to exceed 15% of the grant.

**CITY OF ORANGE COVE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 16 – SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X26 ("the Bill") that dissolved all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Chowchilla that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 10, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City Resolution Number 5-12.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments.)

In future years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to renew the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure of encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City's position on this issue is not a position of settled law and there is considerable uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue favorably to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

**CITY OF ORANGE COVE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

**NOTE 16 – SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY
(Continued)**

Orange Cove RDA Tax Refunding Bonds

The former Redevelopment Agency of the City of Orange Cove issued a tax allocation bond payable in the annual installments ranging from \$55,340 to \$396,299 with interest payable semi-annually at a rate between 3.7% per annum. At June 30, 2019 the bond outstanding amounts to \$4,034,508.

Annual debt service requirements to maturity for the Orange Cove RDA Tax Refunding Bonds are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2020	\$ 249,311	\$ 146,970	\$ 396,281
2021	254,009	137,703	391,712
2022	263,596	128,216	391,812
2023	277,432	118,335	395,767
2024	286,027	107,990	394,017
2025-2029	1,592,937	371,879	1,964,816
2030-2032	1,111,196	72,827	1,184,023
Total	<u>\$ 4,034,508</u>	<u>\$ 1,083,920</u>	<u>\$ 5,118,428</u>

NOTE 17 – RESTATEMENT OF BEGINNING NET POSITION/FUND BALANCE

Governmental Activities

Beginning net position of the Governmental Activities in the Government-Wide Statement of Activities have been restated to record prior period adjustments as presented in the reconciliation below.

Fund Financial Statements

The City has determined that certain transactions were recorded incorrectly in the prior year. The beginning fund balance and net position of the funds has been restated on the fund financial statements as presented in the reconciliation below.

	Government-Wide	Governmental Funds	
	Governmental Activities	Local Transportation Special Revenue Fund	USDA Kitchen Grant Nonmajor Special Revenue Fund
Fund balance/net position, June 30, 2018, as previously reported	\$ 14,882,022	\$ 453,430	\$ 13,005
Prior period adjustment:			
Overstatement of accounts receivable	(34,862)	(24,071)	(10,791)
Overstatement of unavailable revenue	(46,721)	-	-
Overstatement of capital assets	44,809	-	-
Total prior period adjustments	<u>(36,774)</u>	<u>(24,071)</u>	<u>(10,791)</u>
Fund balance/net position, July 1, 2018, as restated	<u>\$ 14,845,248</u>	<u>\$ 429,359</u>	<u>\$ 2,214</u>

**CITY OF ORANGE COVE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 18 – SUBSEQUENT EVENTS

On March 11, 2020 the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. In response, the State of California issued a shelter in-place order and the temporary closure of all businesses deemed to be nonessential. The most recent Regional Stay at Home Order, effective December 7, 2020 for Fresno County, requires individuals living in the San Joaquin Valley Region to stay at home, except as allowed, to maintain continuity of the federal critical infrastructure sectors. Accordingly, some functions of the City's operations have been limited to protect the health and safety of its employees. The financial impact that could occur as a result of the pandemic is unknown at this time.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ORANGE COVE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET TO ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Original	Final	Actual Amounts	Variance Final Budget
REVENUES				
Taxes	\$ 1,659,788	\$ 1,659,788	\$ 1,941,423	\$ 281,635
Intergovernmental	217,000	217,000	114,333	(102,667)
Charges for services	126,300	126,300	129,715	3,415
Licenses, permits and impact fees	156,925	156,925	147,248	(9,677)
Interest and rent	52,758	52,758	44,900	(7,858)
Other	29,950	29,950	98,948	68,998
Total revenues	<u>2,242,721</u>	<u>2,242,721</u>	<u>2,476,567</u>	<u>233,846</u>
EXPENDITURES				
Current:				
General government	306,383	306,383	399,311	(92,928)
Public safety	1,624,978	1,624,978	1,625,697	(719)
Public works	200,667	200,667	182,272	18,395
Planning and development	80,900	80,900	210,902	(130,002)
Parks and recreation	242,273	242,273	216,689	25,584
Capital outlay	128,406	128,406	115,548	12,858
Total expenditures	<u>2,583,607</u>	<u>2,583,607</u>	<u>2,750,419</u>	<u>(166,812)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(340,886)</u>	<u>(340,886)</u>	<u>(273,852)</u>	<u>67,034</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	40,500	40,500	69,803	29,303
Total other financing sources (uses)	<u>40,500</u>	<u>40,500</u>	<u>69,803</u>	<u>29,303</u>
Net changes in fund balances	<u>(300,386)</u>	<u>(300,386)</u>	<u>(204,049)</u>	<u>96,337</u>
Fund balances, beginning of year	<u>1,724,316</u>	<u>1,724,316</u>	<u>1,724,316</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,423,930</u>	<u>\$ 1,423,930</u>	<u>\$ 1,520,267</u>	<u>\$ 96,337</u>

CITY OF ORANGE COVE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET TO ACTUAL
LOCAL TRANSPORTATION SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 241,158	\$ 241,158	\$ 315,851	\$ 74,693
Interest and rent	<u>500</u>	<u>500</u>	<u>3,439</u>	<u>2,939</u>
Total revenues	<u>241,658</u>	<u>241,658</u>	<u>319,290</u>	<u>77,632</u>
EXPENDITURES				
Current:				
Streets	<u>118,439</u>	<u>118,439</u>	<u>224,764</u>	<u>(106,325)</u>
Total expenditures	<u>118,439</u>	<u>118,439</u>	<u>224,764</u>	<u>(106,325)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>123,219</u>	<u>123,219</u>	<u>94,526</u>	<u>(28,693)</u>
Fund balances (deficits), beginning of year, restated	<u>429,359</u>	<u>429,359</u>	<u>429,359</u>	<u>-</u>
Fund balances (deficits), end of year	<u>\$ 552,578</u>	<u>\$ 552,578</u>	<u>\$ 523,885</u>	<u>\$ (28,693)</u>

**CITY OF ORANGE COVE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET TO ACTUAL
LOW-MODERATE HOUSING ASSET SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest and rent	\$ 50	\$ 50	\$ 258	\$ 208
Total revenues	50	50	258	208
EXPENDITURES				
Current:				
Planning and development	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	50	50	258	208
Fund balances, beginning of year	71,031	71,031	71,031	-
Fund balances, end of year	\$ 71,081	\$ 71,081	\$ 71,289	\$ 208

**CITY OF ORANGE COVE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET TO ACTUAL
DAYCARE SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 1,337,374	\$ 1,337,374	\$ 1,376,724	\$ 39,350
Interest and rent	-	-	6,231	6,231
Total revenues	<u>1,337,374</u>	<u>1,337,374</u>	<u>1,382,955</u>	<u>45,581</u>
EXPENDITURES				
Current:				
Daycare	<u>1,337,374</u>	<u>1,337,374</u>	<u>1,378,184</u>	<u>(40,810)</u>
Total expenditures	<u>1,337,374</u>	<u>1,337,374</u>	<u>1,378,184</u>	<u>(40,810)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>4,771</u>	<u>4,771</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>-</u>	<u>-</u>	<u>(66,694)</u>	<u>(66,694)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(66,694)</u>	<u>(66,694)</u>
Net changes in fund balances	-	-	(61,923)	(61,923)
Fund balances (deficits), beginning of year	<u>76,668</u>	<u>76,668</u>	<u>76,668</u>	<u>-</u>
Fund balances (deficits), end of year	<u>\$ 76,668</u>	<u>\$ 76,668</u>	<u>\$ 14,745</u>	<u>\$ (61,923)</u>

**CITY OF ORANGE COVE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019**

NOTE 1 – BUDGETARY INFORMATION

The City follows the following procedures annually in establishing the budgetary data reflected in the budgetary comparison schedules:

1. The City Manager submits to the City Council a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
2. The City Council reviews the proposed budget at specially scheduled sessions, which are open to the public. The Council also conducts a public hearing on the proposed budget to obtain comments from interested persons.
3. Prior to July 1, the budget is legally adopted through passage of an ordinance. This budget is reported as Original Budget in the budgetary comparison schedules.
4. During the fiscal year, changes to the adopted budget may be authorized as follows:
 - a. Items requiring City Council action – appropriation of fund balance revenues; transfers of appropriations between funds; appropriation of any non-departmental revenue; new interfund loans or advances; and creation of a new capital projects or increases to existing capital projects.
 - b. Items delegated to the City Manager – transfers between departments within funds; appropriation of unbudgeted departmental revenues; and approval of transfers which increase salary and benefit appropriations.
 - c. Items delegated to the department head – allocation of departmental appropriations to line item level.
5. Formal budgetary integration is employed as a management tool for all funds. Annual budgets are legally adopted and amended as required for the general, special revenue, and enterprise funds. Project-length budgets are adopted for the capital projects funds. All budgets are prepared on a basis consistent with generally accepted accounting principles (GAAP), and budgetary comparisons for the general and major special revenue funds are presented on that basis in the required supplementary information. A debt service payment schedule for the debt service funds is also approved as part of the budget process.
6. Budget amounts are reflected after all authorized amendments and revisions. This budget is reported as the Final Budget in the budgetary comparison schedules.
7. For each legally adopted operating budget, expenditures may not exceed budgeted appropriations at the activity level. The legal appropriation basis is at the level called "department". A department for legal appropriation purposes may be a single organization or an entire department having multiple organizations within the same fund, or an entire fund.

The City did not budget for the Housing Grant Special Revenue Fund.

**CITY OF ORANGE COVE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019**

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following funds incurred expenditures in excess of appropriations in the following amounts for the year ended June 30, 2019:

General Fund

Current expenditures:

General government	\$ 92,928
Public safety	719
Planning and development	130,002

Local Transportation Special Revenue Fund

Current expenditures:

Streets	\$ 106,325
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Daycare Special Revenue Fund

Current expenditures:

Daycare	\$ 40,810
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**CITY OF ORANGE COVE
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF THE CITY'S
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 YEARS*
AS OF JUNE 30, 2019**

	2015	2016	2017	2018	2019
Proportion of the net pension liability	-0.0018%	-0.0039%	0.0019%	0.0034%	0.0025%
Proportionate share of the net pension liability	\$ (112,285)	\$ (270,847)	\$ 161,985	\$ 334,714	\$241,225
Covered payroll	\$ 1,787,519	\$ 1,782,750	\$ 1,781,031	\$ 1,693,061	\$1,640,504
Proportionate share of the net pension liability as percentage of covered payroll	-6.28%	-15.19%	9.10%	19.77%	14.70%
Plan fiduciary net position as a percentage of the total pension liability	102.09%	104.40%	97.55%	95.54%	97.01%

NOTES TO THE SCHEDULE

Changes in Benefit Terms - None

Changes of Assumptions - In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

**CITY OF ORANGE COVE
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CONTRIBUTIONS
LAST 10 YEARS*
AS OF JUNE 30, 2019**

	2014	2015	2016	2017	2018	2019
Actuarially required contribution (actuarially determined)	\$ 149,758	\$ 158,678	\$ 155,206	\$ 188,076	\$ 195,039	\$ 207,115
Contributions in relation to the actuarially determined contributions	149,758	158,678	155,206	188,076	195,039	207,115
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$1,787,519	\$1,782,750	\$1,781,031	\$1,693,081	\$1,640,504	\$1,519,198
Contributions as a percentage of covered payroll	8.38%	8.90%	8.71%	10.99%	11.89%	13.63%

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

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OTHER SUPPLEMENTARY INFORMATION

**CITY OF ORANGE COVE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

		Special Revenue Funds					
	Streets	Measure O	Gas Tax	Soccer Grant	Community Development	Development Impact Fees	Measure C
ASSETS							
Cash and investments	\$ 88	\$ 10,301	\$ 63,333	\$ -	\$ 119,185	\$ 338,744	\$ 255,614
Interest receivable	30	-	773	-	723	587	618
Due from other governments	-	-	34,316	-	-	-	38,053
Notes receivable	-	-	-	-	6,180	-	-
Land held for resale	-	-	-	-	498,841	-	-
Total assets	\$ 118	\$ 10,301	\$ 98,422	\$ -	\$ 624,929	\$ 339,331	\$ 294,283
LIABILITIES							
Accounts payable and accrued expenses	\$ -	\$ -	\$ 24,719	\$ -	\$ 15,104	\$ -	\$ 2,256
Due to other funds	5,707	-	-	9,989	-	-	-
Total liabilities	5,707	-	24,719	9,989	15,104	-	2,256
FUND BALANCES (DEFICITS)							
Restricted:							
Low-income housing activities	-	-	-	-	-	-	-
Circulation improvements	-	-	-	-	-	-	292,027
Community development	-	-	-	-	609,825	-	-
Capital improvement projects	-	-	-	-	-	339,331	-
Public safety	-	10,301	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Unassigned	(5,589)	-	73,703	(9,989)	-	-	-
Total fund balances (deficits)	(5,589)	10,301	73,703	(9,989)	609,825	339,331	292,027
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 118	\$ 10,301	\$ 98,422	\$ -	\$ 624,929	\$ 339,331	\$ 294,283

**CITY OF ORANGE COVE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019
(Continued)**

	Special Revenue Funds					Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Traffic Congestion	Bureau of Reclamation	Serna Project	USDA Kitchen Grant	BSCC Grant	General Debt Service	Street Capital Projects	
ASSETS								
Cash and investments	\$ 10,688	\$ -	\$ 8,747	\$ -	\$ -	\$ 420,655	\$ (19,151)	\$ 1,208,184
Interest receivable	18	-	15	-	-	692	217	3,671
Due from other governments	-	-	-	-	-	-	95,587	167,958
Notes receivable	-	-	-	-	-	-	-	6,180
Land held for resale	-	-	-	-	-	-	-	488,841
Total assets	\$ 10,686	\$ -	\$ 8,762	\$ -	\$ -	\$ 421,347	\$ 76,653	\$ 1,884,832
LIABILITIES								
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,837	\$ 73,916
Due to other funds	-	1,280	-	-	-	-	37,905	54,881
Total liabilities	-	1,280	-	-	-	-	69,742	128,797
FUND BALANCES (DEFICITS)								
Restricted:								
Low-income housing activities	-	-	8,762	-	-	-	-	8,762
Circulation improvements	10,686	-	-	-	-	-	-	302,713
Community development	-	-	-	-	-	-	-	609,825
Capital improvement projects	-	-	-	-	-	-	-	339,331
Public safety	-	-	-	-	-	-	-	10,301
Debt service	-	-	-	-	-	421,347	6,911	428,258
Unassigned	-	(1,280)	-	-	-	-	-	56,845
Total fund balances (deficits)	10,686	(1,280)	8,762	-	-	421,347	6,911	1,756,035
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 10,686	\$ -	\$ 8,762	\$ -	\$ -	\$ 421,347	\$ 76,653	\$ 1,884,832

CITY OF ORANGE COVE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds						
	Streets	Measure O	Gas Tax	Soccer Grant	Community Development	Development Impact Fees	Measure C
REVENUES							
Taxes	\$ -	\$ 260,267	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	10,678	-	367,405	-	59,508	-	272,556
Licenses, permits and impact fees	-	-	-	-	-	29,328	-
Interest and rent	93	-	2,434	-	4,693	1,937	1,902
Other	-	-	-	-	-	-	-
Total revenues	10,771	260,267	369,839	-	64,201	31,265	274,458
EXPENDITURES							
Current:							
Public safety	-	258,830	-	-	-	-	-
Streets	-	-	52,677	-	-	-	182,562
Planning and development	-	-	-	-	99,609	-	-
Capital outlay	-	-	-	-	-	-	168
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-
Total expenditures	-	258,830	52,677	-	99,609	-	182,730
Excess (deficiency) of revenues over (under) expenditures	10,771	1,437	317,162	-	(35,408)	31,265	91,728
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(120,870)
Total other financing sources (uses)	-	-	-	-	-	-	(120,870)
Net changes in fund balances	10,771	1,437	317,162	-	(35,408)	31,265	(29,142)
Fund balances (deficits), beginning of year, restated	(16,360)	8,864	(243,469)	(9,989)	645,233	308,066	321,169
Fund balances (deficits), end of year	\$ (5,589)	\$ 10,301	\$ 73,703	\$ (9,989)	\$ 609,825	\$ 339,331	\$ 292,027

CITY OF ORANGE COVE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019
(Continued)

	Special Revenue Funds					Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Traffic Congestion	Bureau of Reclamation	Sema Project	USDA Kitchen Grant	BSCC Grant	General Debt Service	Street Capital Projects	
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 144,855	\$ -	\$ 405,122
Intergovernmental	-	-	-	-	-	-	285,355	995,502
Licenses, permits and impact fees	-	-	-	-	-	-	-	29,328
Interest and rent	56	-	47	16	-	2,136	669	13,983
Other	-	-	-	879	1,617	-	-	2,496
Total revenues	56	-	47	895	1,617	146,991	286,024	1,446,431
EXPENDITURES								
Current:								
Public safety	-	-	-	-	-	-	-	258,830
Streets	-	-	-	-	-	-	-	235,239
Planning and development	-	-	-	-	-	-	-	99,609
Capital outlay	-	-	-	-	-	-	399,983	400,151
Debt services:								
Principal	-	-	-	-	-	70,000	-	70,000
Interest and other charges	-	-	-	-	-	57,883	-	57,883
Total expenditures	-	-	-	-	-	127,883	399,983	1,121,712
Excess (deficiency) of revenues over (under) expenditures	56	-	47	895	1,617	19,108	(113,959)	324,719
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	120,870	120,870
Transfers out	-	-	-	(3,109)	-	-	-	(123,979)
Total other financing sources (uses)	-	-	-	(3,109)	-	-	120,870	(3,109)
Net changes in fund balances	56	-	47	(2,214)	1,617	19,108	6,911	321,610
Fund balances (deficits), beginning of year, restated	10,630	(1,280)	8,715	2,214	(1,617)	402,239	-	1,434,425
Fund balances (deficits), end of year	\$ 10,686	\$ (1,280)	\$ 8,762	\$ -	\$ -	\$ 421,347	\$ 6,911	\$ 1,756,035

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COMPLIANCE SECTION

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PRICE PAIGE & COMPANY
Accountancy Corporation

The Place to Be

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and City Council
City of Orange Cove, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Orange Cove, California (the City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 15, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2019-001 through 2019-002 that we consider to be material weaknesses.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion of the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Price Pange & Company

Clovis, California
January 15, 2021

**CITY OF ORANGE COVE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	<u>Unmodified</u>			
Internal control over financial reporting:				
Material weaknesses identified?	<u> X </u>	Yes	<u> </u>	No
Significant deficiencies identified - not considered to be material weaknesses?	<u> </u>	Yes	<u> X </u>	No
Noncompliance material to financial statements noted?	<u> </u>	Yes	<u> X </u>	No

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2019-001 Year-End Closing Process (Material Weakness)

Condition: During the audit of the City's financial statements, we identified material misstatements in the City's general ledger account balance which necessitated the proposal of audit adjustments. Additionally, the City identified numerous misstatements to the general ledger account balances subsequent to providing us with a final trial balance.

Criteria: A strong system of internal controls and management review requires that general ledger account balances be properly reconciled to a subsidiary ledger or other adequate supporting documentation on a periodic basis, as well as during the year-end financial close process in order to accurately and completely close the current year general ledger in a timely manner. Management is responsible for maintaining its accounting records in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Cause: The City's Finance Director was relatively new to the City during the year under audit and in addition to the demands of closing a City's general ledger, there were numerous other financial statement, compliance, and control environment matters to resolve that were inherited from accounting errors and decisions made in previous fiscal years. Additionally, during the closing process, the City's accounting department lost experienced staff positions which had to be replaced with new staff calling for significant training. Finally, COVID-19 caused unforeseen delays as City staff had to work remotely and/or quarantine at various points over the last nine months which resulted in significant delays.

Effect: Various areas of the financial statements, including fund balance/net position, accounts receivable, accounts payable, unavailable revenue, and revenue were materially misstated, which required journal entries to be posted subsequent to receiving the City's final trial balance.

Recommendation: We recommend that the City perform the following steps in order to address the matters described above:

- Create a closing checklist to assist with the preparation of audit schedules that are complete, accurate, and reconcile to the City's general ledger account balances. Additionally, ensure that a system is in place to allow the City to perform this in a timely matter.
- Provide additional assistance to the Finance Department through the hiring of additional competent personnel.
- Provide additional training in accounting specific to governmental entities to Finance Department staff in order to ensure that they are current with all financial accounting and reporting requirements as directed by the Governmental Accounting Standards Board.

Management's Response: See client's corrective action plan (attached).

**CITY OF ORANGE COVE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Finding 2019-002 Bank Reconciliation (Material Weakness)

Condition: Cash was not reconciled to the general ledger on a monthly basis. Bank statements accumulated for several months to a year before they were reconciled to the appropriate general ledger accounts.

Criteria: A strong system of internal controls and management review requires that bank reconciliations be performed on a timely basis.

Cause: The bank reconciliation process was disrupted in fiscal year 2019 as the City's finance director was relatively new to the City during the year under audit. Additionally, the City hired an outside consultant to perform the bank reconciliations, however, this resulted in delays in rectifying any unreconciled differences. In addition, the demands placed on the finance director (loss of experienced staff, audit preparation, and other matters) prevented the timely completion of the bank reconciliation process.

Effect: By not reconciling the bank accounts to the general ledger on a monthly basis, errors or other problems might not be recognized and resolved on a timely basis.

Recommendation: Timely preparation of complete and accurate bank reconciliations is key to maintaining adequate internal control over cash. Bank reconciliations should be performed on all bank accounts in a timely manner after month-end. The bank reconciliations should be formally approved. Any discrepancies should be investigated, and all errors and omissions should be posted to the general ledger.

Management's Response: See client's corrective action plan (attached).

SECTION III – FEDERAL AWARDS FINDINGS

None noted.

Mayor:
Victor P. Lopez

Mayor Pro Tem:
Diana Guerra Silva

City Council Members:
Ray Rodriguez
Jasle Cervantes
Esperanza Rodriguez



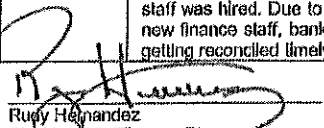
Rudy Hernandez
Interim City Manager
(559) 626-4488 ext. 216

Rudy Hernandez
Financial Consultant
(559) 626-4488 ext. 216

City Clerk:
June V. Brachmontes
(559) 626-4488 ext. 214

**CITY OF ORANGE COVE
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2019**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2019-001	<p>On February 27, 2019, the City Council approved a resolution adopting the Fiscal Year End Closing Policy (Attached) which was also reviewed and approved by our City Auditor. Part of the year-end closing requires that all expenditure and revenues be analyzed for accuracy prior to closing the books. In addition, finance staff does use a checklist to assist with the preparation of audit schedules to ensure that audit schedules are complete, accurate and reconciled to the general ledger.</p> <p>The delay in completing the FY 2018-19 audit was mainly due to the loss of 2 long-time employees and dealing with the Covid-19 which did affect the finance staff. The finance director also spent an extensive amount time in training the new finance staff in the areas of internal controls and new enhanced accounting procedures. These new accounting procedures should result in timely and accurate financial reports as well as good audit reports.</p> <p>It should also be noted that the new finance director has over 38 years of experience in working with government audits, preparing, and presenting financial reports to governing boards, and preparing and monitoring budgets.</p>	Implemented in FY 2019-20.	Rudy Hernandez – Finance Director
2019-002	<p>When the City's new finance director arrived in July 2018, it was discovered that the last bank statement that was reconciled was in July 2017 (Almost one year behind). Under the direction of the City's new finance director, the system of reconciling the bank statement changed from using an excel format to using the MOMS bank reconciliation program. Having to go back one (1) year and reconcile all bank statements was time consuming but it done. However, during the FY 2018-19 audit, the City lost 2 long time finance employees who played a key role in our day-to-day operations including assisting in reconciling the bank statements. This had a temporary impact to our finance operations until new staff was hired. Due to the recent extensive job training to the new finance staff, bank statements are now in the process of getting reconciled timely and to the general ledger.</p>	Implemented in FY 2019-20.	Rudy Hernandez – Finance Director


Rudy Hernandez
City Manager/Finance Director



Date: January 27, 2021
To: Mayor and City Council
From: Rudy Hernandez, Interim City Manager
Subject: Update on Financial Issues
Attachments: None.

Background

- Scheduling of date to review and approve the FY 2020-21 budget.
- Discussion regarding the FY 2021-22 upcoming budget.
- Latest on financial aid to City, County and State Governments.

RECOMMENDATION:

For Information Only.

Prepared by: _____

Approved by: _____

REVIEW: City Manager: _____

Finance: _____

City Attorney: _____

TYPE OF ITEM:

COUNCIL ACTION: APPROVED DENIED NO ACTION

____ Consent
____ Info Item
____ Action Item
____ Department Report
____ Redevelopment Agency

____ Public Hearing
____ Matter Initiated by a Council
Member
____ Other
____ Continued to: _____