

AGENDA

Victor P. Lopez, Mayor

Diana Guerra Silva, Mayor Pro Tem Minerva Pineda, Council Member

Gilbert Garcia, Council Member Josie Cervantes, Council Member

WEDNESDAY, MAY 27, 2015 - 6:30 P.M. Orange Cove Council Chambers 633 6th Street, Orange Cove, California 93646

- A. Call to Order/Welcome
- 1. Roll Call
- 2. Invocation
- 3. Flag Salute
- B. Confirmation of Agenda
- C. Presentation
- 1. Presentation by Mr. Victor Irzky from Goodwin Consulting Group regarding Measure O Parcel Tax Timeline
- 2. Presentation by Preston Prince, CEO of Fresno Housing Authority, regarding overview of Fresno Housing Programs, Developments and highlights of the partnership with the residents of Orange Cove. Presentation of proclamation from the City of Orange Cove to the Housing Authority

D. 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 speakers microphone, state your name and address, and then proceed with your comments.

E. Consent Calendar

- 1. Consideration of Resolution No. 2015-24 Approving the City's Warrants (036504-037486)
- 2. City Council Minutes, Meeting of April 8, 2015

F. Administration

City Engineer:

1. **SUBJECT:** Consideration of a Resolution Approving a Professional Services Agreement for Engineering Services with Krazan and Associates, Inc. for Quality Assurance Materials Testing for the Water Meter Project and the Anchor Avenue Reconstruction Project

Recommendation: Council to adopt the attached Resolution selecting Krazan & Associates, Inc. for the quality assurance materials testing services for the Water Meter Project and the Anchor Avenue Reconstruction Project for an estimated fee of \$20,220.00 and authorize the City Manager to sign the agreements for engineering services.

Finance Director:

2. **SUBJECT:** Presentation and Discussion regarding the Begin Program Grant Award

Recommendation: Informational Item Only

3. SUBJECT: Consideration of a professional services agreement with Bryant L. Jolley CPA for audit services for fiscal years 2014-15, 2015-16 and 2016-17 in an amount not to exceed the total contract price of \$91,500.

Recommendation: Council to approve the professional services agreement with Bryant L. Jolley CPA for audit services for fiscal years 2014-15, 2015-16 and 2016-17

Events Committee

4. **SUBJECT:** Presentation, discussion and direction regarding the Annual Independence Day Celebration on July 2, 2015 located at the Orange Cove Community Center, the fireworks display at the Orange Cove High School and the potential sale of fireworks by the City's Events Committee

Recommendation: Council to approve the request by the Events Committee to hold the Annual Independence Day Celebration on July 2, 2015, the fireworks display at Orange Cove High School, and direction regarding the sale of fireworks by the Events Committee

City Manager:

5. **SUBJECT:** Consideration and Discussion regarding the Sustainable Energy Roadmap (SER) Program presented by Julian Chapa

Recommendation: Council to give staff direction

- G. City Manager's Report
- H. City Attorney's Report
- I. City Council Communications
- J. Closed Session:
- 6. Conference with Labor Negotiators pursuant to Government Code Section 54957.6

Agency designated representatives: Sam Escobar, City Manager; Bianca Sparks, City Attorney

Employee organization: International Union of Operating Engineers, Local 39

7. Conference with Labor Negotiators pursuant to Government Code Section 54957.6

Agency designated representatives: Sam Escobar, City Manager; Bianca Sparks, City Attorney

Employee organization: Orange Cove Police Officers Association

8. Conference with Legal Counsel pursuant to Government Code Section 54957(b)(1):Public Employee Performance Evaluation
Title: City Manager

K. Reconvene City Council Meeting:

L. 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.

		Fimeline for Annual Parcel Tax Levy
Period	ltem	Action
June 1- 30	Parcel Data Research	GCG will compile County parcel data into database; research unit counts for MFR parcels; coordinate with City staff on parcel tax issues.
July 1	Draft Parcel Tax Levy Approval	GCG will apply the parcel tax rates shown in City Ordinance No. 368 to all non-exempt parcels in the City and submit the draft tax levy to City staff for review, comment, and final approval.
July 29	Tax Levy Submittal to Fresno County	County Tax Submittal Due Date - GCG will submit, by July 29, the approved parcel tax levy to the Fresno County Auditor's Office (or other date depending on the annual County instructions).
July 29	Parcel Rejects and Corrections	If any parcel is rejected by the County Auditor, GCG will make the necessary correction and resubmit the parcel and levy to the Auditor's Office.
August	Tax Levy Proof Report Review	GCG will review the tax levy proof report sent by the County to verify placement of parcel taxes on the property tax roll.
November	Parcel Tax Annual Review Report	Pursuant to Ordinance No. 368, coordinated with City staff regarding the City's use of the prior year's parcel tax revenues; complete the Annual Review Report and send to City. Reports are typically completed by November.

Goodwin Consulting Group, Inc.

04/08/15



CITY OF ORANGE COVE, CALIFORNIA

The Honorable Mayor Victor P. Lopez and Distinguished Council Members Mayor Pro Tem Diane Silva-Guerra, Councilmember Gilbert Garcia, Councilmember Minerva Pineda, Councilmember Josie Cervantes

FRESNO HOUSING AUTHORITY

WHEREAS, The year 2015 is recognized as the 75th anniversary of the Fresno Housing Authority; and

WHEREAS, For 75 years, Fresno Housing has changed the lives of tens of thousands of families throughout Fresno County by providing housing and critical programs that encourages people to succeed and engage in their neighborhoods; and

WHEREAS, Fresno Housing is more than just housing, but believes housing is core. Fresno Housing creates vibrant communities and quality housing, and works to engage residents to excel in school and work; and

WHEREAS, Fresno Housing focuses on the quality of place by creating new, innovative housing developments; and

WHEREAS, Fresno Housing leads, encourages, and builds partnerships with local, regional, and national organizations to promote policies that build community; and

WHEREAS, Fresno Housing, for 75 years, has recognized its responsibility to be professional, effective, and unparalleled in its commitment to leverage opportunities to support the communities of Fresno County.

NOW THEREFORE be it RESOLVED that, I, Victor P. Lopez, Mayor of the City of Orange Cove, California, do hereby recognize and congratulates Fresno Housing Authority for their 75 years of contributions to the local community.

Mayor, City of Orange Cove



MINUTES

Regular and Special Meeting of the Orange Cove City Council

Victor P. Lopez, Mayor

Diana Guerra Silva, Mayor Pro Tem Minerva Pineda, Council Member Gilbert Garcia, Council Member Josie Cervantes, Council Member

WEDNESDAY, APRIL 8, 2015 - 6:30 P.M. Orange Cove Council Chambers 633 6th Street, Orange Cove, California 93646

A. Call to Order/Welcome

COUNCIL PRESENT:

Mayor Victor P. Lopez

Mayor Pro Tem Diana Guerra Silva Councilmember Gilbert Garcia Councilmember Minerva Pineda Councilman Josie Cervantes

STAFF PRESENT:

City Manager Samuel A. Escobar City Clerk June V. Bracamontes Police Chief, Marty Rivera Attorney Bianca Sparks Finance Director, LAN Bui

INVOCATION:

Mayor Pro Tem Diana Guerra Silva

FLAG SALUTE:

Mayor Victor P. Lopez

B. Confirmation of Agenda

City Manager requested to remove Item #3 under Presentations

C. Presentations

1. Presentation by Rafael Aguilar regarding Learn for Life Public Charter

Mr. Rafael Aguilar, Principal and Mary Frances Green, Community Liaison from the Lean4Life Concept Charter Schools presented to Council the following:

- *Learn4Life in the Central Valley
- *They offer flexible schedules and personalized one on one learning. Hours of operation from 8am to 4:30 p.m. or 7:30am to 6:00pm
- *Free tutoring, computer labs and bus tokens
- *Earn High School Diplomas, not just GED
- *Schools are all WASC Accredited.
- *Career Technical Education
- 2. Presentation by Genoveva Islas, MPH regarding the Regional Obesity Prevention Program

Ms. Genoveva Islas, MPH presented to Council the Regional Obesity Prevention Program as follows:

- *Creating a healthier Community in California
- *What surrounds among the Latino Communities
- *Diabetics
- *Cancer
- *Preventions by eating better
- *Environmental Shapes our nutrition
- *Types of Drinks Marketing promoting cheaper drinks such as soda
- *Obesity Latinos are 77% overweight
- *Support Rural stores bring in healthier food
- *Exercising
- 3. Presentation by Rebecca Martinez update report on the Orange Cove Boys and Girls Club

Item removed.

D. 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 speakers microphone, state your name and address, and then proceed with your comments.

- 1. David Gonzalez originally from Orange Cove presented to Council the Community Garden. Purchased 20 acres on Manning and Crawford Avenues. Donating 3-4 acres for Community Garden. Seeking volunteers and donors.
- 2. Manuel Ferreira representing the Orange Cove Chamber of Commerce reminding Council about the Blossom Festival and Parade on Saturday. Would like to see city participation in the parade.
- 3. Fire Chief, Tom Greenwood, thanked the Council for allowing the Fire Department to use the Center for the fund raiser dinner event.

E. Consent Calendar:

- 1. Second Reading of Ordinance 371 Amending Section 2.08.050 (Compensation), and Repealing Sections 2.08.080 (Removal Procedure) and 2.08.090 (Agreements on Employment) of Chapter 2.08 (City Manager) of Title 2 (Administration and Personnel) of the Orange Cove Municipal Code
- 2. Resolution donation to the American Legion Alta Post 19 in the amount of \$500.00
- 3. Consideration of the Termination of the City's Easement for a Water Main and Water Valves for the Property located at 1555 South Avenue, Orange Cove, Commonly Known as Orchard Village

Upon the motion by Mayor Pro Tem Diana Guerra Silva and seconded by Councilman Gilbert Garcia, Council approved the Consent Calendar as presented (Yes Vote: Mayor Lopez, Silva, Garcia, Pineda and Cervantes)

F. Administration

City Engineer

1. Subject: Public Meeting Regarding Projects for Safe Routes to School Grant Application.

Recommendation: Council conduct a Public Meeting to hear suggestions from residents and give direction to Staff for the preparation of an application for Safe Routes to School Grant.

Mayor Lopez opened the Public Meeting for Public comments

- a. Mr. Rudy Becerra resident of Orange Cove would like to have sidewalks around the High School.
- b. Mr. David Lopez resident of Orange Cove concern about the sidewalks on the west side of 4th street to A.L. Connors School.
- c. Fire Chief Tom Greenwood concern about the new bridge on 11th Street and Railroad. When traveling to Railroad coming East telephone pole in the way cannot see pedestrian.
- d. Mr. Mario Villarreal across the Orange Cove High school to the EDA Center need a cross walk

Mayor Lopez closed the public comments.

No action necessary for this item. Mr. Horn discussed the West side of 4th & B Streets to A.L. Connors; Sheridan School South and 11th Street flashing lights; McCord Elementary School that do not have sidewalks. The other ideas mentioned tonight 4th street apply for other funding.

Direction to staff to move forward.

- 2. Subject: Water Meter Procurement and Installation, Consideration of the Following:
 - a. A Resolution Awarding Bid for the Procurement of Water Meters and Fixed Network Automation Equipment to National Meter & Automations, Inc.
 - b. A Resolution Awarding Bid for the Water Meter Installation Project to Dawson-Mauldin Construction, Inc.

Recommendation: Council Approve the Resolution Awarding Bids for Water Meters Procurement to National Meter & Automation, Inc. and Water Meter Installation to Dawson-Mauldin Construction, Inc.

Upon the motion by Mayor Pro Tem Diana Guerra Silva and seconded by Councilman Gilbert Garcia, Council approved the Resolution Awarding Bid for the Procurement of Water Meters and Fixed Network Automation Equipment to National Meter & Automations, Inc. (Yes Vote: Mayor Lopez, Silva, Garcia, Pineda and Cervantes)

Upon the motion by Councilman Gilbert Garcia and seconded by Councilwoman Josie Cervantes, Council approved Resolution Awarding Bid for the Water Meter Installation Project to Dawson-Mauldin Construction, Inc. (Yes Vote: Mayor Lopez, Silva, Garcia, Pineda and Cervantes)

3. Subject: Consideration of a Resolution Authorizing Execution of State Standard Agreement for Housing Related Parks Program Grant

Recommendation: Council Approve the Resolutions Execution of State Standard Agreement for Housing Related Parks Program Grant.

Upon the motion by Mayor Pro Tem Diana Guerra Silva and seconded by Councilwoman Josie Cervantes, Council approved the Resolutions Execution of State Standard Agreement for Housing Related Parks Program Grant. (Yes Vote: Mayor Lopez, Silva, Garcia, Pineda and Cervantes)

4. Subject: Consideration of Resolution Resolution Resolution No. 2010-53 Concerning Truck Parking Zones and Establishing New Truck Parking Zones in the City

Recommendation: Council approve a Resolution Rescinding Resolution No. 2010-53 Concerning Truck Parking Zones and Establishing New Truck Parking Zones in the City

Upon the motion by Mayor Pro Tem Diana Guerra Silva and seconded by Councilwoman Josie Cervantes, Council approved Resolution Rescinding Resolution No. 2010-53 Concerning Truck Parking Zones and Establishing New Truck Parking Zones in the City (Yes Vote: Mayor Lopez, Silva, Garcia, Pineda and Cervantes)

Police Department:

5. SUBJECT: Valley Network Solutions Quote for a HP ProLiant Server Upgrade at the Police Department

Recommendation: Council to consider approving the Valley Network Solutions Quote in the amount of \$5,958.17 for a HP ProLiant Server Upgrade at the Police Department

Per Chief of Police the estimate sealing amount for such quote is \$6,500.00.

Upon the motion by Mayor Pro Tem Diana Guerra Silva and seconded by Councilwoman Minerva Pineda, Council approved the Valley Network Solutions Quote in the scaling amount of \$\$6,500.00 for a HP ProLiant Server Upgrade at the Police Department

6. SUBJECT: Presentation and discussion regarding monthly statistical report

Recommendation: Informational item only

Chief of Police presented the monthly statistical report for the month of March 2015.

City Manager:

7. **SUBJECT:** Discussion and direction regarding a donation to the Orange Cove Fire Protection District for the purchase of safety equipment.

Recommendation: Council to discuss and provide Staff with direction.

By Consensus Council approved the match of \$10,000 for the purchase of safety Equipment to go forward.

G. City Attorney's Report

None.

H. City Manager's Report

- 1. Sidewalk Repair Project.
- 2. Anchor Avenue Bid in April.
- 3. Underground Utility working with PG&E.
- 4. CDBG Back Wash Project.
- 5. Eaton Park Restroom under design.
- 6. Community Center preparing bid document.
- 7. Annual 2015 Real Estate Forecast sponsored by EDC

I. City Council Communications

Councilman Gilbert Garcia: No report.

Councilwoman Josie Cervantes:

Easter Event was great community coming together

Councilwoman Minerva Pineda:

Easter Event was success with families and lots of children and enjoyed the Firemen's Event.

Mayor Pro Tem Diana Guerra Silva:

Thanked the Fire Department for an outstanding dinner event. Attended the Easter Event great attendance

Mayor Victor P. Lopez:

Complimented the Events Committee for putting together the Easter Event collaborating with the local churches. The Firemen's Dinner Event was a success, and announced the Medical Care for undocumented Supervisor support to vote in favor.

Public Comments regarding Closed Session item

- 1. Mr. Lee Bailey, thanked the City for their support. Mr. Bailey lives at 445 Road 28 adjacent to the land to be discussed in Closed Session. Stated that the land was donated to the city for community use. Mr. Bailey was disturbed that he was not notified to make an offer on the property. Explained that there a problems with the North Side access of the hill. Mr. Bailey would like to have an opportunity to bid on the property or leave it as is. Requested to Council to give an opportunity to participate if the city decides to sale.
- 2. Mr. David Roth also presented to Council his concern about the sale of property. Mr. Roth owns part of the hill. Explained that there is no water and would like to have the opportunity to also bid on the property.
- 3. Mr. Mario Villarreal stated he will leave the property natural and will encourage to beautify the OC

J. CLOSED SESSION:

8. Conference with Real Property Negotiator

Government Code Section 54956.8

Property: APN: 005-060-030 (Avenue 448, between Roads 124 and 128, Tulare County California)

City Negotiator: City Manager, Sam Escobar and City Attorney, Bianca Sparks

Negotiating Parties: Mario Villarreal

Under Negotiation: Price and Terms of Payment

Closed Session Special Meeting item:

D1. Conference with Legal Counsel-Anticipated Litigation Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9 (One Case)

K. Reconvene City Council Meeting:

Report out of closed session

Mayor Victor P. Lopez reconvened the City Council Meeting At 9:50 p.m.

City Attorney reported that the Council met in Closed Session respect to item J8 on the regular meeting agenda and direction was given to the City Attorney's Office, and the

City Council met in Closed Session respect to item D1 on the special meeting agenda and direction was given to the City Attorney's Office, no other matter was discussed.

L Adjournment

Mayor Victor P. Lopez adjourned the City Council Meeting at 9:51 p.m.	
RESPECTFULLY SUBMITTED:	
June V. Bracamontes, City Clerk City of Orange Cove	
PRESENTED TO COUNCIL:	
DATE:	
ACTION:	



CITY OF ORANGE COVE REPORT TO THE CITY COUNCIL

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Orange Cove City Council

From:

Gary D. Horn, City Engineer

Subject:

Resolution Approving Agreement for Engineering Services by Krazan & Associates, Inc. Quality Assurance Materials Testing for

Water Meter Project and the Anchor Avenue Reconstruction

Project

Attachments:

Resolution

RECOMMENDATION:

Council adopt the attached Resolution selecting Krazan & Associates, Inc. for the quality assurance materials testing services for the Water Meter Project and the Anchor Avenue Reconstruction Project for an estimated fee of \$20,220.00 and authorize the City Manager to sign the agreements for engineering services.

EXECUTIVE SUMMARY:

The City received proposals from two qualified testing laboratories to provide quality assurance materials testing for the Water Meter Project and the Anchor Avenue Reconstruction Project. The lowest priced proposal was received from Krazan & Associates, Inc. in the estimated amount of \$20,220.00.

BACKGROUND:

The City has received Federal funds for the Anchor Avenue Reconstruction, Federal Project No. STPL-5301(015), from Park Boulevard to Adams Avenue. As part of the Federal Highway Administration (FHWA) requirements for the project, quality assurance materials testing must be performed by a qualified testing laboratory to ensure the improvements constructed meet specified standards. The quality assurance materials testing will include testing on native soil, aggregate

Prepared by: GH		Approved by: _	Spanned trung
REVIEW: City Manager: 2	<u>88</u> Fi	nance:	City Attorney:
TYPE OF ITEM:	COUNCIL ACTION:	APPROVED DENI	ED NO ACTION
Consent Info Item Action Item Department Report Redevelopment Ag		Memb	Public Hearing Matter Initiated by a Council er Other Continued to:

base, and hot mix asphalt compaction, aggregate base quality, and hot mix asphalt quality.

The City has received State Revolving Funds for the installation of water meters in the City. Part of the project will include the installation of new water services and compaction testing will be needed.

The City solicited proposals from three qualified testing laboratories on May 1, 2015. Since both projects will be under construction at the same times it is advantageous to use one laboratory for both projects. Two of the laboratories provided proposals for the quality assurance materials testing. The final number of tests, and ultimately the cost, will depend on construction and field conditions. The materials testing operations will be under the direction of the City Inspector and City Engineer. The estimated costs provided in the proposals are as follows:

Testing Laboratory	Water Meters	Anchor Ave. Project	Total
Krazan & Associates, Inc.	\$6,375.00	\$13,845.00	\$20,220.00
RMA Associates	\$6,230.00	\$18.400.00	\$24,630.00

Both testing laboratories are well qualified and certified by Caltrans to provide materials testing services.

REASON FOR RECOMMENDATION:

Krazan & Associates, Inc. submitted the lowest priced proposal for quality assurance materials testing for both projects combined and is well qualified and certified by Caltrans to provide materials testing services.

FISCAL IMPACT:

The cost of quality assurance materials testing are eligible for reimbursement from the Federal and State funds obligated for these two projects.

ALTERNATIVES:

There are no alternatives for the required quality assurance materials testing.

ACTIONS FOLLOWING APPROVAL:

If approved, the City Manager will sign the City's standard consultant agreements for the services indicated.

CONFLICT OF INTEREST:

None

RESOLUTION NO. 2015-

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ORANGE COVE APPROVING PROFESSIONAL SERVICES AGREEMENTS FOR ENGINEERING SERVICES WITH KRAZAN & ASSOCIATES, INC. FOR QUALITY ASSURANCE MATERIALS TESTING FOR THE WATER METER PROJECT AND THE ANCHOR AVENUE RECONSTRUCTION PROJECT

WHEREAS, the City has received federal funds for the Anchor Avenue Reconstruction Project and State funds for the Water Meter Project; and

WHEREAS, the Federal Highway Administration requires quality assurance material testing to assure the quality of materials and construction practices; and

WHEREAS, quality assurance testing will be required for the installation of water services for the Water Meter Project; and

WHEREAS, the City has received proposals from two engineering firms qualified to provide quality assurance material testing services for both projects; and

WHEREAS, the City Engineer has evaluated the proposals and recommends that Krazan & Associates, Inc. be selected to provide quality assurance material testing services for the projects.

NOW, THEREFORE BE IT RESOLVED, by the City Council of the City of Orange Cove, California, as follows:

- 1. The above recitals are true and correct and are adopted as the findings of the City Council.
- 2. Upon the recommendation of the City Engineer that the City Council hereby approves the professional services agreements with Krazan & Associates, Inc. for quality assurance materials testing services for the Water Meter Project and the Anchor Avenue Reconstruction, Federal Project No. STPL-5301(015), and that the City Manager is authorized to sign the agreements on behalf of the City.
- 3. The provisions of this Resolution are severable and if any provision, clause, sentence, word or part thereof is held illegal, invalid, unconstitutional, or inapplicable to any person or circumstances, such illegality, invalidity, unconstitutionality, or inapplicability shall not affect or impair any of the remaining provisions, clauses, sentences, sections, words or parts thereof of the Resolution or their applicability to other persons or circumstances.
- 4. That the City Clerk shall certify to the adoption of this Resolution and that the same shall be in full force and effect.

This resolution was adopted at a Regular Meeti	ng of the City Council of the City of Orange
Cove held on May 27, 2015, by the following v	vote:
AYES:	
NOES:	
ABSENT:	
ABSTAIN:	
Victor P. Lopez, Mayor	
ATTEST:	APPROVED AS TO FORM
June Bracamontes, City Clerk	Bianca Sparks, City Attorney

MEMO

To: Honorable Mayor and City Council

From: Lan Bui, Finance Director

cc: Samuel Escobar, City Manager

Date: May 27, 2015

Re: FINANCE DIRECTOR'S REPORT

BEGIN Program, Grant award was from 11/2006 to 8/2009, extended to 2/2013

Background information: The State advanced us \$1,410,000 to spend on low-income housing. Money was used to help potential homeowners finance a new home. City provided each qualified applicants a \$30,000 loan at 1% interest. Payments (principal and interest) can be deferred for 30 years, balloon payment at the end of 30 years.

Problems:

City did not spend down the money within the required time frame.

Annual Status Reports has not been completed since FY07-08 per agreement.

Quarterly Reports has not been filed since FY12-13 per agreement.

Reuse report has not been filed since FY07-08 per agreement.

2 Home Loans were not properly submitted to the State per agreement.

City returned back \$150,000 back to State.

Homeowners were not billed the 1% annual interest since the date of the loan agreement.

Homeowners' insurance and property tax status was not monitored by the City.

Actions done By Finance Director to correct the BEGIN program:

Reports (Reuse, Annual Status, and Quarterly Reports) were completed and submitted to State. We are now in compliance.

Homeowners are billed annually for the interest. Some homeowners were billed for several years. Statements are sent to borrowers twice a year.

Returned to the state \$150,000 of unspent, unearned money.

Bank Reconciliations

Problems:

Bank reconciliation was not done for period covering July 2013 to December 2013. Due to the delay of reconciling bank statements - Errors were not detected in a timely manner and City's financials are not reported in timely manner. There were also about \$70,000 of stale dated outstanding checks going as far back as 2005.

Corrections:

Bank reconciliations are up-to-date. Done every month by the 15th. Outstanding checks were voided in our accounting software. Cash is now fairly presented to Council each month with the financials.

UTILITIES

Problems:

We had about 25% of our utility accounts past due and did not have a collection agency in place to recover utility revenues.

Closed accounts with an average balance of \$250 were not sent to a collection agency to recover revenues. Due to time lapse, vital information to help us with collection are deemed useless.

Corrections:

Collected about \$44,000 in past due accounts the first week as Finance Director.

The Utility Aging Report is reviewed every month for accuracy. Adjustments are made timely with the help of Utility Clerk.

We have a grant agreement with Grant Mercantile Agency and collect about \$500 per month in closed accounts. Turn offs are done monthly with the collaboration of staff in Finance and Public Works.

FINANCIALS

Problems:

Monthly financial statements and cash reports has not been submitted to council for review – key measurements of City's finances

Status: Reports are presented to City Council for review. Staff are provided with monthly budget reports

CDBG (FY04-05 Grant)

Problems:

City was not monitoring the sub-recipient, Valley Small Business for compliance of reports

Program income reports were not done since FY07-08

Grantee Performance Reports were not completed

Self-Certification Reports were not completed

Vague and complex agreement between City and VSB, VSB overcharged the City about \$25,000.

Delayed future funding of CDBG projects - Backwash Project

Status:

Program Income Reports are caught up and filed with State with the help of our consultant Paul Ashby

Grantee Reports and Self-Certifications Reports are now current

Working with VSB to bring the loan servicing in-house via QuickBooks

Program income accumulated will go towards backwash project; \$199,000 of program income will go towards that project

Transferring of funds from VSB to the City is expected to be done sometime in June 2015

ASSESSMENT DISTRICT

Problems:

City failed to notify NBS of assessments that were paid off when new permits are pulled, therefore homeowners were never taken out of the tax roll and may have continued to be charged those assessments. This could go back several years.

Delinquent accounts were not monitored by the City and foreclosure letters were not send out when needed to collect per Resolution

Status:

Working on drafting a delinquency policy and do an audit of the accounts through NBS. Possible return of money to property owners. Will need to work with legal counsel.

CalHOME GRANT (FY2013-2016) Grant to expire March 2016

Problems:

Reuse Account Plan, Program Guidelines and Loan Servicing Plan was not submitted to the State for approval

Status:

All plans were submitted to State and were approved. Successfully financed 5 loans thru this program

OTHER

- Outsourced payroll for efficiency and bumped up payday by two days. Payroll was time consuming and
 involved too many steps to get the process done. Payroll process was only done by one staff, now two staff
 are cross-trained to run payroll. Also our accounting system wasn't updated often enough to properly
 calculate deductions. Obtaining data for internal management purposes was also time consuming.
- Prepared and cleaned the books for the annual audit ending June 30, 2014. Prepared financial statements inhouse for the first time. I have three 2-inch binders filled with journal entries to clean up and close the books for the auditors.
- Refinanced RDA bonds for a cost saving of \$731,000 to the City and bringing in \$60,000 back to the City
- Conducted Safety Workshops and helped passed Measure O, passing rate was 67.57%
- Saved the City \$7,200 with new copier lease agreement
- I-9 was not properly completed and filed
- Payroll was improperly allocated to funds
- Funds were not properly closed out
- Billing of grants and service agreements were not done timely to ensure continuous flow of cash receipts.
- Bond covenants

Memo

To: Honorable Mayor and City Council

From: Lan Bui, Finance Director

cc: Sam Escobar, City Manager

Date: May 27, 2015

Consideration of a professional services agreement with Bryant Jolley, CPA for

Re: Audit Services

BACKGROUND

the provision of laws and regulations, identified in the Guidelines for Compliance Audits of California Successor Agencies, issued by the An audit of the City's finances must be performed annually per State and Federal Regulations. The auditors will provide the following Governmental Auditing Standards issued by the Comptroller of the United States. The Successor Agency will be audit in conformity with services: 1) City Audit and Related Reports; 2) Successor Agency Audit and Related Reports; 3) GANN Limit and Related Reports; 4) City and Street State Controller's Report; and 5) Single Audit and Related Reports, if applicable. Audits will be performed in accordance with State Comptroller. An audit ensures that the financial statements are fairly stated, however, an audit does not measure the financial health of the City

EXECUTIVE SUMMARY

Exponent. The City's Finance Director also sent emails with the RFP to three local firms. Three CPA firms responded to our proposal, and The City conducted a request for proposal ("RFP") for audit services, which was advertised from April 17 thru May 15, 2015 in the Reedley a summary of their costs are highlighted on the next page.

OPTION NO.	AUDIT FIRM	LOCATION	FY14-15 AMOUNT	FY15-16 AMOUNT	FY16-17 AMOUNT	TOTAL CONTRACT PRICE	ESTIMATED HOURS
1	Bryant L. Jolley, CPA	Fresno	\$30,000	\$30,500	\$31,000	\$91,500	202 hours
2	Moss, Levy & Hartzheim, LLP	Cuiver City	\$25,893	\$26,360	\$26,827	\$79,080	287 hours
က	Sampson, Sampson & Patterson, LLP	Clovis	Declined to	bid due to tim on our li	e constraints, h st for future pro	Declined to bid due to time constraints, however they advised to keep us on our list for future proposal requests.	sed to keep us

RECOMMENDATION:

As set forth in the table, Option #2 provides the lowest price for the services, and is \$12,420 less than Option1. However, cost is only one consideration when selecting a government contractor. Pursuant to Section 3.08.080 of the City's Municipal Code, other qualitative factors including competence and professional qualifications, must also be considered when evaluating bids. Bryant Jolley, has been extensively indicate that the firm has an expertise in municipal audits. During its review of the responses submitted, Staff conducted additional due engaged in governmental accounting since 1979. He also received over 80 hours of government-specific continuing professional education over the last two years. Moss, Levy & Harzheim is a Southern California CPA firm, and its website and the documents submitted to the City diligence which revealed prior lawsuits against Moss, Levy & Harzheim, by public agency clients, and newspaper articles detailing auditing concerns by public agency clients. Because of Mr. Jolley's extensive experience in municipal audits, the positive recommendations received by other local cities that utilize his services, and fair and reasonable pricing offered, Staff recommends that the City Council approve a professional services agreement with Mr. Jolley for the City's audit services.

FISCAL IMPACT

Audit services costs are budgeted annually. Bryant Jolley's proposed fee is \$500 greater than the prior year, for FY 2013-14, his costs were \$29,500, as set forth in the table above, the costs for FY 2014-15 are \$30,000.

ALTERNATIVES:

The Council may choose not to sign a three-year contract and may consider a one-year contract. Council may also extend the bid for another two weeks, however most CPA firms are booked for the audit season.

ACTIONS FOLLOWING APPROVAL:

The Mayor will sign the audit contract with whatever auditors the City Council selects.

CONFLICT OF INTEREST:

None.

PROPOSAL TO PROVIDE PROFESSIONAL AUDITING SERVICES

City of Orange Cove



Bryant L. Jolley, CPA

901 "N" Street, Suite 104 Firebaugh, Ca 93622 Phone: (559) 659-3045 Fax: (559) 659-0615 FID #94-2706107

April 29, 2015

RECEIVED

MAY 0 1 2015

City of Orange Cove Accounting Clerk

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CERTIFIED PUBLIC ACCOUNTANTS

Bryant L. Jolley C.P.A. Ryan P. Jolley C.P.A. Darryl L. Smith C.P.A. Travis B. Evenson

April 29, 2015

Lan Bui, Finance Director City of Orange Cove 633 Sixth Street Orange Cove, CA 93646

We are pleased to provide this response to the City of Orange Cove, request for proposal for an independent accounting firm to provide audit and related financial services for the fiscal years ending June 30, 2015, 2016 and 2017.

We understand the scope of work will include Audited Financial Statements, the Annual Financial Transaction Reports (Controller Reports), a Single Audit if applicable, a review of the City's GANN Limit, and a Management Report. We also understand the audit and reports are to be conducted in accordance with generally accepted government auditing standards as set forth by the General Accounting Office's (GAO) Government Auditing Standards, U.S. Office of Management and Budget (OMB) Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations, and the guidelines for Compliance Audits of California Successor Agencies issued by the State Controller's Office. Finally, we understand the objective of the services to be performed and commit to performing those services within the time period specified by the City of Orange Cove.

We have specialized in the auditing of cities and special districts over the past 35 years and have performed over 300 district and city audits. Our firm consists of three CPA's who have over sixty years combined governmental auditing experience making us premier auditors of local governments.

We seek to conduct the City audit because we feel our past experience with the City of Orange Cove and our expertise with government audits makes us a perfect fit for the engagement. We can provide value to the City through the quality of our work, the timeliness of our performance, our knowledge of governments, team consistency, and, most important, a strong relationship among the people on our team.

In the following proposal, you will see that our firm is capable of consistently delivering high levels of value to the City. You will work with an auditor that is stable and responsive. You will receive accurate, reliable, and timely service that is fairly priced. And you will have continual access to senior-level team members who are knowledgeable, qualified, and consistent.

Bryant L. Jolley, CPA will serve as the principle contact authorized to make representations on behalf of this bid. This proposal is firm and irrevocable offer for 60 days. He can be reached by phone at 559-659-3045 or by mail at 901 "N" Street, Suite 104, Firebaugh, CA 93622.

We are eager to work with you on this project and look forward to demonstrating to your Audit Committee our commitment to providing a cost-effective, high-quality audit of the City. We look forward to your response and meeting with you to further discuss a possible relationship. Thank you for your consideration.

Sincerely,

Bryant L. Jolley,

TECHNICAL PROPOSAL

Our firm is independent of the City of Orange Cove as defined by the U.S. General Accounting Office's Government Auditing Standards. Our firm is licensed to operate as a certified public accounting firm by the State of California. All professional staff is properly licensed to practice in California.

Our firm consists of three CPA's who have over sixty years combined governmental auditing experience making us premier auditors of local governments. Because of the size of our firm and the experience of the individuals, all three members of our firm will be involved in this engagement.

Our firm is in compliance with all GAO standards for continuing education and we recently completed a peer-review of our work, which included government engagements, by an independent CPA firm (see page 8).

The people who serve you today will be the people who serve you tomorrow. Our firm's turnover rate is 0%, which ensures continuity on your engagement. Our firm only consists of senior level members who have significant years of governmental experience. Your engagement team will not contain staff accountants nor will you have to train new audit team members in succeeding years. We highly emphasize senior level involvement because these are the team members who know the most about you and your operations. Their involvement assures quick resolution of issues, better job management, closer supervision, and expeditious review of work papers. These are the people who will remain consistently committed to your engagement.

The following information outlines the qualifications and experience of the individuals who would be assigned to the engagement. In addition, one non-licensed staff accountant would assist with the audit.

QUALIFICATIONS OF YOUR AUDIT TEAM

BRYANT JOLLEY, CPA

AUDIT ROLE: CLIENT SERVICE PARTNER/ENGAGEMENT REVIEWER

Bryant Jolley will be the in-charge person for the City audit. He has been a licensed CPA since 1976 and has operated his own firm since 1980. He graduated from Brigham Young University in 1974 and did graduate accounting studies at the University of Southern California. His initial training as an auditor was with Deloitte Touche, an international CPA firm. The first governmental audit he performed was in 1979 and he has been extensively engaged in governmental accounting since that date. He is the in charge person on an average of twenty city or special district audits each year. This experience allows him to have a unique understanding of the accounting and fiscal problems facing governmental units and provide concrete recommendations to improve overall efficiencies. He has received over 80 hours of government-specific continuing professional education over the last two years and is a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants.

DARRYL SMITH, CPA

AUDIT ROLE: ENGAGEMENT MANAGER

Darryl Smith is a licensed certified public accountant who joined the firm in 1982. Since that time he has worked closely with Bryant Jolley on all audit engagements including approximately 150 governmental audits. Additionally, he has helped many cities and districts with temporary accounting projects or other operational emergencies. This has provided him with extensive working knowledge of the commonly used governmental accounting software programs and allows him to be available for normal accounting questions or assistance throughout the year. He is a member of the American Institute of Certified Public Accountants.

RYAN JOLLEY, CPA

AUDIT ROLE: ENGAGEMENT MANAGER

Ryan Jolley is a licensed certified public accountant who joined our firm in 2004. He graduated with an undergraduate degree in accounting in 2002 and entered the Masters program in accounting at San Diego State University the same year. During this period he started work as a staff auditor with Moss Adams LLP, a large national CPA firm. He interned with our firm for several summers during college and worked on numerous governmental audits. He was the primary senior non-profit/governmental auditor for the Moss Adams San Diego office. Since then he has worked extensively with several cities helping them with the GASB 34 conversion process. He has over 10 years of experience with auditing municipalities, colleges, and commercial entities as well as conducting Single Audits under OMB Circular A-133 standards.

OUR EXPERIENCE AUDITING GOVERNMENT ENTITIES

City of Kerman

Principal Contacts: Toni Jones, Finance Director (559-846-9382)

Engagement Dates: June 30, 2014

Approximate Staff Hours Expended: 300 hours

Scope of Work: Audited Financial Statements, Annual Financial Transaction Report

City of Coalinga

Principal Contacts: Mari Jimenez, Assistant Financial Services Director (559-935-1531)

Engagement Dates: June 30, 2014

Approximate Staff Hours Expended: 300 hours

Scope of Work: Audited Financial Statements, Annual Financial Transaction Report

City of San Joaquin

Principal Contacts: Cruz Ramos, City Manager (559-693-4311)

Engagement Dates: June 30, 2014

Approximate Staff Hours Expended: 150 hours

Scope of Work: Audited Financial Statements, Annual Financial Transaction Report

City of Firebaugh

Principal Contacts: Pio Martin, Finance Director (559-659-2043)

Engagement Dates: June 30, 2014

Approximate Staff Hours Expended: 160 hours

Scope of Work: Audited Financial Statements, Annual Financial Transaction Report

City of Livingston

Principal Contacts: Odi Ortiz, Finance Director (209-394-8041)

Engagement Dates: June 30, 2014

Approximate Staff Hours to be Expended: 300 hours

Scope of Work: Audited Financial Statements, Annual Financial Transaction Report

Eight additional municipal audits are performed by our firm and are available upon request. None of our audit clients have received the CSMFO and GFOA awards.

HOW WE APPROACH YOUR AUDIT

Our effective and efficient government audit approach combines knowledge of governmental accounting and auditing with an understanding of the associated risks. We are value-driven and seek to maximize the return on your investment in the audit process through in-depth analysis of your financial statements and your internal controls. Throughout the engagement, our team will collaborate with your staff whenever possible to minimize costs and improve efficiencies. Of course, we will need assistance with preparing schedules, finding documents, explaining processes, and providing sample documentation, budget related materials, organizational charts, and manuals.

Audit Standards

The auditor's opinion will be directed toward the fairness of presentation of the financial statements in accordance with Generally Accepted Auditing Standards (GAAS). We will prepare the Annual Financial Report in conformity with Government Code Section 26909, Generally Accepted Accounting Principles (GAAP), and Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States General Accounting Office.

Pre-Audit

We are very familiar with the audit issues facing government entities. We have adjusted our audit services to incorporate these specialized areas and approach the audit from the following aspects:

- ♦ Where are the City's greatest exposures?
- ♦ How does the City safeguard against risks?
- ♦ How does the City internally evaluate its organization?
- What are the controls used by the City to measure accountability?

Our approach to the City's audit is truly a design that will be as unique as the City itself and is based on the areas we find to be the most vulnerable. Our focus includes evaluating internal controls that ensure adherence to applicable federal and state laws and regulations.

We place a substantial amount of our time reviewing and assessing such high-risk areas during our evaluation. This risk-based approach focuses our efforts on what is important to you and your stakeholders and enables us to present you with meaningful suggestions.

We monitor our performance using a variety of qualitative and quantitative measures. First and foremost, we honor our agreement with you, completing the engagement on-time and on-budget. When you talk to our references, you will find that this sets us apart from most regional and national CPA firms. Typically in a first year audit engagement, we invest additional time in your audit, which is **not** billed to you as cost over-runs. Rather, we view it as an investment in our long-term professional relationship.

We measure our audit performance in the response we receive from the City and its staff. In addition, we report directly to management and the Board in face-to-face meetings, providing meaningful information and answering questions directly.

Segmentation of the Audit

Our audit involves a logical sequence of five steps that ensures compliance with the applicable professional standards and the expeditious completion of the audit. We will tailor our audit to the needs and complexity of the City.

- 1. Planning First, we learn everything we can about the City and its related organizations from organizational structure to policies and procedures. We read meeting minutes, review budgets, assess manuals and programs, hold discussions with key management staff, and evaluate management information systems. Based on what we learn, we develop our expectations regarding current year results, and then compare our expectations to actual results. This helps us develop risk assessments for each audit segment to determine what level of control testing and/or substantive testing is necessary to address the assessed risk. We then design our audit program accordingly.
- 2. Control Testing Depending on our risk assessments, we determine specific audit cycles to test for internal controls and we evaluate the results. Based on the results against our expectations, we then determine if any modification is necessary to our planned substantive audit procedures on ending account balances and transactions. Based on the information we have obtained to date, we plan to test controls to obtain moderate to substantial reliance over cash and investments, revenues and related receivables, expenses and related payables, capital outlay, and long-term debt. This is subject to change once we gather more information as part of our audit planning procedures.
- 3. Substantive Testing Our overall objective is to achieve a low level of risk of error in ending account balances. After we have performed our preliminary analytical and internal control tests and evaluated the results, we determine the nature, timing, and extent of detailed audit procedures on ending account balances and transactions necessary to achieve a low level of risk that errors could be present without detection.
- 4. Compliance Testing The State requires testing organizational compliance with certain laws and regulations. In addition, we will test your compliance with federal laws. We have specially-designed audit programs that ensure we adequately address both areas.
- 5. Report Writing and Review After all the fieldwork is complete, we draft our opinions and other reports. As part of our firm's quality control process, Bryant Jolley is required to review our audit files and report to improve the quality of our audits and to ensure optimum

quality. We have a requirement that only personnel involved in our governmental service team can be involved in the review of our work. This ensures that our clients are served with professionals trained in governmental auditing and accounting standards.

6. Statistical Sampling - Sampling to be used during our audit will include random sampling methods for tests of controls and for substantive tests of details. Sampling will be used throughout the engagement to test most financial statement balances.

We will select the most appropriate sampling technique for a given compliance test, tailored to the type and nature of the test.

7. Analytical Procedures - Analytical procedures are generally performed throughout the audit engagement, and result in substantial discussion with management. Initially, at the planning phase of the audit, comparisons are made between current and prior year results, actual and budgetary information, and to industry benchmarks. We use common size financial statements and trend and ratio analyses to aid us in developing our audit plan and programs. Non-financial data and external information are incorporated in our procedures to enhance their validity, and information is disaggregated as much as possible to improve precision.

During our substantive testing of balances, we typically analyze the detail of changes to certain accounts. For example, this approach is often used with sampling in our testing of capital asset, long-term debt and investment accounts.

At the conclusion of the audit, we again employ analytical procedures similar to those used at the planning phase. The audit team takes a holistic view of the financial statements in light of the results of all other auditing procedures performed. We discuss our observations with management and provide information to the Board as part of our audit result presentation. Our clients find this to be the most important value of their annual audit process. It produces beneficial information far beyond the audit of the financial statements they initially expect.

AUDIT: Documenting internal control structure

- Obtain copies of all available system and policy/procedure documentation from City finance, treasury, human resources, information technology, grant management, budget department, and personnel. This will include organization charts, narratives and flowcharts. Copies will be retained in our permanent working paper file. This documentation will be updated annually for any changes.
- Review the above-described documentation and meet with City personnel to make inquiries about, and discuss questions that arise from, our review.
- Document and assess the adequacy of internal controls over the various City systems, and develop preliminary risk assessments for each of them. As mentioned earlier in our discussion of audit approach, the framework of this system incorporates the requirements of auditing standards related to internal control and fraud detection.

At the planning phase of our audit and in accordance with Statement on Auditing Standards (SAS) 99, Consideration of Fraud in a Financial Statement Audit, we will hold a brainstorming meeting to discuss fraud risks related to the City and design the audit to take those risks into account. Provisions of this new and important auditing standard will be incorporated throughout our audit.

Certified Public Accountants

9301 Oakdale Avenue, Suite 230 Chatsworth, CA 91311 . www.fhhopas.com

Telephone: (818) 895-1943 Facsimile: (818) 727-7700

System Review Report

September 15, 2014

To the owner of
Bryant L Jolley CPA
And the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Bryant L Jolley CPA (the firm) in effect for the year ended May 31, 2014. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under Government Auditing Standards and audits of employee benefit plans.

We noted the following deficiencies during our review:

1. <u>Deficiency</u> – Professional standards require the firm's management to set a proper "tone at the top" in establishing and complying with quality control standards. However, the firm has performed an employee benefit plan audit for several years and did not properly report that to the peer review program. As a result, not notifying the peer review program of the employee benefit plan audit has caused the firm to have a replacement review.

<u>Recommendation</u> – The firm's owner needs to commit to adhering to professional standards by providing accurate and complete information to the peer review program.

2. <u>Deficiency</u> – The firm has not designed their system of quality control to ensure that the firm's accountants reports comply with professional standards. As a result, certain financial statements prepared under the income tax basis of accounting included an accountant's report of the firm under Accounting Principles Generally Accepted in the United States of America.

<u>Recommendation</u> – The firm's owner should modify the firm's policies and procedures to more closely review the firm's accountants reports prior to issuance to ensure that they include the same basis of accounting as the underlying financial statements. The firm plans to update their accountants reports on a prospective basis.

3. <u>Deficiency</u> – The firm has not designed their system of quality control to ensure that the firm will document all procedures performed in audit engagements. As a result, in an audit of a not-for-profit organization, the firm did not document their substantive procedures performed regarding contributions and expenses.

<u>Recommendation</u> – The firm's owner should emphasize the firm's workpaper review policies and procedures to ensure that all required matters have been appropriately documented prior to the release of the firm's report. The firm plans to augment the omitted documentation on a prospective basis.

In our opinion, except for the deficiencies described above, the system of quality control for the accounting and auditin5/31/g practice of Bryant L Jolley CPA in effect for the year ended May 31, 2014, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. Bryant L Jolley CPA has received a peer review rating of pass with deficiencies.

Farber Hass Hurley LLP

Starle Hom Harlyup

EXHIBIT B

Below is our Hourly Rate Schedule for hourly charges for professional services rendered in relation to any additional services that may be requested by the City.

	Hours	Hourly Rates	Totals
Partner	32	\$200	\$6,400
Managers	80	\$160	\$12,800
Staff Accountant	90	\$120	\$10,800
Totals	202		\$30,000

Submitted By:

Firm Name: Bryant L. Jolley, CPA

I hereby certify that the undersigned is authorized to represent the firm stated above, and empowered to submit this bid, and if selected authorized to sign a contract with the City, for the services identified in the Request For Proposals.

Signature: _

Printed Name: Bryant L. Jolley

Date: April 29, 2015

CITY OF ORANGE COVE

COST PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

For the Fiscal Years Ending June 30, 2015, 2016, and 2017 (Optional Fiscal Year Ending June 30, 2018)

Submitted By:

Moss, Levy & Hartzheim, LLP 5800 Hannum Avenue, Suite E Culver City, California 90230 Phone: (310) 670-2745 Fax: (310) 670-1689

Submitted On:

May 15, 2015

Contact Persons:

Craig A. Hartzheim, CPA: Partner Ron A. Levy, CPA: Partner Hadley Y. Hui, CPA: Partner

AUDIT WORK COST PROPOSAL

Service	2014/15			2015/16		2016/17
City Audit and Related	\$	17,478	\$	17,800	\$	10 122
Reports	<u>ې</u>	17,470	3	17,000		18,122
GANN Limit Review Report	\$	477	\$	485	\$	493
Single Audit and Related Reports*	\$	2,979	\$	3,034	\$	3,089
Successor Agency Audit and Related Reports	\$	2,466	\$	2,511	\$	2,556
City State Controller's Report	\$	2,493	\$	2,530	\$	2,567
Total for Fiscal Year (not to exceed)	\$	25,893	\$	26,360	\$	26,827

^{*} Includes the cost of one major program. Each additional major program is an additional \$2,750.

ESTIMATE OF COST

Name of Firm: MOSS Levy & HARTZLEIM LLP	
Address: 5500 Hannum Ave # E	
Culver City, CA 90230	
Contact Name: (RAG A. HANTZLEIN	
Contact Phone #: 310-670-2745	
Fax#: 310-670-1685	
Contact Email: Chartzheim @ MLHCPAS. Com	

1. Auditor's Standard Billing Rates

	Audito	rs Standard	Hour	y Billing Rates		
POSITION	20	14/15	/15 2015/16		2016/17	
Partner	\$	150	\$	153	\$ 156	
Manager	\$	120	\$	122	\$ 124	
Senior Accountant	\$	90	\$	92	\$ 94	
Staff Accountant	\$	70	\$	71	\$ 72	
Clerical	\$	50	\$	51	\$ 52	

RATES FOR ADDITIONAL PROFESSIONAL SERVICES

Any request from the City of Orange Cove by Moss, Levy & Hartzheim, LLP. for additional services as a result of specific recommendations included in any report issued on this engagement shall be set forth in an addendum to the contract between the City of Orange Cove and Moss, Levy & Hartzheim, LLP. Any such additional work agreed to between the City of Orange Cove and Moss, Levy & Hartzheim, LLP shall be performed at the same rates set forth in the schedule of professional fees and expenses.

MANNER OF PAYMENT

Progress payments will be made on the basis of hours of work completed during the course of the engagement. Interim billings shall cover a period of not less than one calendar month.

Respectfully submitted,

Craig A. Hartzheim, CPA

Partner

CITY OF ORANGE COVE

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

For the Fiscal Years Ending June 30, 2015, 2016, and 2017 (Optional Fiscal Year Ending June 30, 2018)

Submitted By:

Moss, Levy & Hartzheim, LLP 5800 Hannum Avenue, Suite E Culver City, California 90230 Phone: (310) 670-2745

Fax: (310) 670-1689

Submitted On:

May 15, 2015

Contact Persons:

Craig A. Hartzheim, CPA: Partner Ron A. Levy, CPA: Partner Hadley Y. Hui, CPA: Partner

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PARTNERS
RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA
ALEXANDER C HOM, CPA
ADAM V GUISE, CPA
TRAVIS J HOLE. CPA

COMMERCIAL ACCOUNTING & TAX SERVICES 433 N. CAMDEN DRIVE, SUITE 730 BEVERLY HILLS, CA 90210 TEL: 310.273.2745 FAX: 310.670.1689 www.mlhcpas.com

GOVERNMENTAL AUDIT SERVICES 5800 HANNUM AVE, SUITE E CULVER CITY, CA 90230 TEL: 310.670.1689 FAX: 310.670.1689 www.mlhcpas.com

May 15, 2015

City of Orange Cove Ms. Lan Bùi Finance Director 633 Sixth Street Orange Cove, CA 93646

Dear Ms. Bùi,

We are pleased to respond to the Request for Proposal for the City of Orange Cove (City) for independent professional auditing services. We have prepared our proposal to address each of the specifications included in the City's Request for Proposal.

After 58 years in public accounting and 38 years of performing local governmental and non-profit audits, it is extremely gratifying to witness the continued growth of Moss, Levy & Hartzheim, LLP. The firm is a regional full service public accounting firm with offices in Culver City, Beverly Hills, and Santa Maria and clients throughout the State of California, as well as thirty-one other states. We and the entire staff are pleased with not only the continuing development of the firm but also the progress and economic health of our clients. We understand that governmental accounting is a specialized industry with its own accounting standards and requirements, and that is why we strive to constantly improve the quality of our professional services. This degree of dedication, coupled with our ability to inform our clients of any new accounting and auditing issues, is paramount to our success.

Our size is such that we are large enough to provide a broad spectrum of services and experience backed by an in-house training program, professional development courses, and an extensive professional library, yet not so large as to become impersonal and rigid. Our audit approach allows us to be flexible enough to complete our engagements in a timely manner that is the most convenient for each client. Also, this allows us to be more accessible to our clients when our clients have questions or concerns.

It is our understanding that we will perform an audit of the City's basic financial statements in accordance with auditing standards generally accepted in the United States of America as set forth by the American Institute of Certified Public Accountants, with the objective of expressing an opinion on the fair presentation of the basic financial statements. Our audit will also be in accordance with *Government Auditing Standards*, issued by the Comptroller of the United States.

It is our understanding that we will be responsible for issuing an independent auditor's report on the fair presentation of the City's basic financial statements, in conformity with accounting principles generally accepted in the United States of America. The financial statements will be prepared by the City and will include Government - Wide Financial Statements, Governmental Fund Financial Statements, Proprietary Fund Financial Statements, Fiduciary Fund Financial Statements, Notes to the Financial Statements, Required Supplementary Information, and Other Supplementary Information.

In addition to the procedures deemed necessary to express our opinion on the basic financial statements, we understand that we will also be responsible for performing certain limited procedures involving the management's discussion and analysis (MD&A) and the required supplementary information (RSI), as mandated by auditing standards generally accepted in the United States of America.

It is our understanding that we will also perform a financial and compliance audit of the Successor Agency to the Orange Cove Redevelopment Agency. Our audits will be in conformity with the provisions of laws and regulations identified in the Guidelines for Compliance Audits of California Successor (Redevelopment) Agencies, issued by the State Controller.

Although we understand no single audit is anticipated, if necessary, we will also perform a single audit on the expenditures of federal grants in accordance with U.S. Office of Management and Budget (OMB) Circular A-133 and test compliance with the Single Audit Act as amended in 1996, and applicable laws and regulations, if applicable. We will issue an independent auditor's reports on internal control over financial reporting and on compliance and other matters based on an audit of the basic financial statements of the City performed in accordance with *Government Auditing Standards*; an independent auditor's report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with OMB Circular A-133, if applicable; and a single audit report which includes a schedule of expenditures of federal awards, footnotes, findings and questioned costs including significant deficiencies and material weaknesses, if applicable.

It is our understanding that we will perform agreed-upon procedures pertaining to the City's GANN Limit (Appropriations Limit). We will also issue a report annually on the compliance with the Proposition 111, Article XIII.B of the California State Constitution and Government Code 7900 on its appropriations limit (GANN limit calculation).

We will also issue to City Council a separate management letter that includes recommendations for improvements in internal control, accounting procedures, and other significant observations that are considered reportable. For non-reportable observations, we will issue a separate letter addressed to the City Manager. Our management letters will also include Statement on Auditing Standards (SAS) No. 114 and No. 115 letters (now Codified).

We understand that we will prepare and submit the City's annual report of financial transactions to the State Controller's office, at the City's request. These annual reports will also include the Street Report.

Our audits would be conducted in accordance with auditing standards generally accepted in the United States of America; Government Auditing Standards, issued by the Comptroller General of the United States, including all applicable auditing standards issued by the American Institute of Certified Public Accountants; the provisions of the Single Audit Act Amendments of 1996; the U.S. Office of Management and Budget (OMB) Circular A-133 Audits of State, Local Governments (new Supercircular), and Nonprofit Organizations; and all relevant Governmental Accounting Standards Board (GASB) Statements.

We will be responsible for retaining all working papers and reports, at our expense, for a minimum of seven (7) years, unless the firm is notified in writing by the City of Orange Cove of the need to extend the retention period. We will make available all original working papers for examination, upon request, to the City of Orange Cove or any federal and state agencies designated by the City. We will also respond to the reasonable inquiries of successor auditors and allow successor auditors to review our work papers relating to matters of continuing accounting significance.

Any significant irregularities and illegal acts or indications of illegal acts of which we become aware of during the course of our audit will be immediately reported to the appropriate level at the City.

Moss, Levy & Hartzheim, LLP will perform the audit work within the specified time period, pending no unforeseen circumstances which the City imposes on our work.

The percentage of the audit work we expect to accomplish in each month is shown below, based on the books and records being substantially closed in September (we are flexible):

July	September	October	Total
45%	50%	5%	100%

This proposal for auditing services is an irrevocable offer for fiscal years 2014-2015, 2015-2016, 2016-2017, and 2017-18, barring substantial changes.

Thank you for your consideration and please do not hesitate to contact the authorized representatives listed below with any questions, problems, or concerns.

- (1) Craig A. Hartzheim, CPA
 Partner
 5800 Hannum Avenue
 Suite E
 Culver City, CA 90230
 (310) 670-2745
 chartzheim@mlhcpas.com
- (2) Ron A. Levy, CPA
 Partner
 2400 Professional Parkway
 Suite 205
 Santa Maria, CA 93455
 (805) 925-2579
 rlevy@mlhcpas.com
- (3) Hadley Y. Hui, CPA
 Partner
 5800 Hannum Avenue
 Suite E
 Culver City, CA 90230
 (310) 670-2745
 hhui@mlhcpas.com

Sincerely,

Craig A. Hartzheim, CPA

CAH-

Partner

LICENSE TO PRACTICE IN CALIFORNIA

Moss, Levy & Hartzheim, LLP is a properly licensed certified public accounting firm in the State of California. All certified public accountants engaged in the audit of the City of Orange Cove (City) are licensed to practice in the State of California and have received at least the minimum number of governmental continuing professional education hours required by the State Board of Accountancy and Government Auditing Standards to perform governmental audits.

INDEPENDENCE

Moss, Levy & Hartzheim, LLP is independent of the City, and all of its component units, as defined by auditing standards generally accepted in the United States of America, the U.S. General Accounting Office's *Government Auditing Standards*, the U.S. Securities and Exchange Commission, and all other authoritative bodies with standard or rule-making authority over the auditing profession.

The firm uses checklists and questionnaires to determine that staff members are independent of each client being audited and each staff member signs a personal independence declaration prior to commencing work on an audit client. The partner in charge of the audit reviews all independence work papers prior to staffing each audit.

FIRM QUALIFICATIONS AND EXPERIENCE

Moss, Levy & Hartzheim, LLP is a regional firm that performs audits of governmental and non-profit entities throughout the State of California, from the Oregon border to the Mexico border. For most of our governmental clients, we also prepare their Comprehensive Annual Financial Report. Our firm also performs review and compilation engagements as well as tax and consulting services to clients throughout the United States. The firm currently employs 30 professionals, all of whom are trained in governmental auditing, and has annual gross revenues in excess of \$4 million dollars. The firm has three offices in California: Culver City, Beverly Hills, and Santa Maria.

The audit work will be completed by staff from our Santa Maria and Culver City office.

The Culver City office is currently staffed by six certified public accountants (three partners, two managers, and one senior accountant). In addition, the Culver City office employs ten professional staff, consisting of managers, senior accountants, and staff accountants. All certified public accountants, managers, and senior accountants are part of the governmental and non-profit audit practice. We have low staff turnover.

The City will have one partner, one manager, and one senior accountant assigned to the audit on a full-time basis. In addition, one accountant will be assigned to the audit on a full-time basis. These employees will not be changed except due to unforeseen circumstances.

It is the firm's policy to have our partners and audit managers involved in the managing function of our governmental audits. Having both the partner and audit manager involved in the engagement allows the City to receive immediate response to questions about accounting and audit topics, concerns, and findings.

Please see Appendix A – Current and/or Recently Completed Governmental Audits for a list of current governmental audits performed by the firm.

FIRM QUALIFICATIONS AND EXPERIENCE (CONTINUED)

Please see *Appendix B – Peer Quality Review Report* for a copy of our firm's December 31, 2011 quality review report, which includes a review of specific governmental and non-profit engagements. The 2014 report is due to be published in summer 2015.

Our firm has never been the object of any disciplinary action from any federal or state regulatory body or professional organization, nor is there any disciplinary action pending.

Our firm currently provides the following services:

Audits:

Governmental (cities, special districts, single audits, and school districts)

Non-Profit

Commercial

Compliance

Transient Occupancy Tax

Employee Benefit Plans

Accounting Services:

Reviews

Compilations

Bookkeeping

Payroll Taxes

Management Advisory Services (Non-Audit Clients):

Data Processing Services

Business Consultation

Pension and Profit Sharing Plan Assistance

Acquisition and Mergers

Income Tax Services:

Preparation

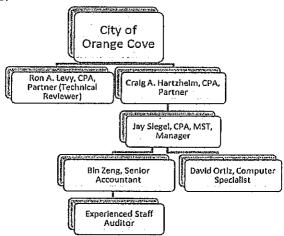
Planning

Tax Audits and Negotiations with Internal Revenue Service and Other Taxing Authorities

Moss, Levy & Hartzheim, LLP is a registered DBE, MBE and SBE. Please see Appendix C – Disadvantaged and Minority Business Certifications for appropriate documents.

PARTNER, SUPERVISORY AND STAFF QUALIFICATIONS AND EXPERIENCE

The audit team will be as follows:



Mr. Ron A. Levy, CPA will be the technical (concurring) partner in charge of the City's audits. He will be responsible for reviewing the City's basic financial statements and all other required statements and reports. He may also be responsible for addressing any City questions or concerns that arise during the year. He has assisted numerous municipal clients and has prepared award-winning CAFRs.

Mr. Craig A. Hartzheim, CPA will be the engagement partner assigned to the audits. As engagement partner, he will oversee the day-to-day operations of the audits, review all audit areas, and be on-site for a majority of the fieldwork. He has assisted many municipal clients and has also prepared numerous award-winning CAFRs. It is the firm's policy during the first year on the audit engagement to have a partner on-site for a majority of the fieldwork. This policy enables the partner to become acquainted with the City's daily operations and key personnel.

Mr. Jay Siegel, CPA, MST, will be the manager assigned to the audits. He will oversee the day-to-day operations of the audits and perform more difficult audit sections.

Mr. Bin Zeng will be the senior auditor assigned to the audits. As senior auditor, it will be his responsibility to oversee the staff accountants, do preliminary reviews of audit sections, and perform more difficult audit sections.

Mr. David Ortiz will be the computer specialist assigned to the audits, when needed. Mr. Ortiz has extensive knowledge in auditing EDP functions. Mr. Ortiz may also perform the statistical sampling procedures for the audit and also document and test the internal control structure of the computer systems.

In addition to the supervisory staff listed above, one staff accountant will be assigned to the audits. All staff accountants have degrees from accredited colleges or universities, have received in-house governmental audit training, and at present, have at least one year of governmental auditing experience. All staff accountants will be directly supervised by the partner and manager assigned to the audits at all times. All partners, managers, and staff members have worked on numerous governmental engagements together.

Please see *Appendix D – Resumes* for each individual's qualifications and experience.

PARTNER, SUPERVISORY AND STAFF QUALIFICATIONS AND EXPERIENCE (CONTINUED)

The firm conducts an annual firm-wide two-day training seminar to update all governmental auditors on new pronouncements and improved audit techniques. In addition to this firm sponsored seminar, each governmental auditor attends the annual governmental accounting conference and many other continuing education courses and is updated on current accounting/auditing issues through our journals and supplements, which we receive on a regular basis.

The firm will maintain staff continuity on the engagement throughout the term of the contract, barring any terminations, illnesses, or other unforeseen circumstances (departure from the firm, promotion, or assignment to another office). At the written request of the City, any Moss, Levy & Hartzheim, LLP engagement partner, manager, or other supervisory staff assigned to the audits can be removed and replaced by another qualified employee. The City retains the right to approve or reject replacements. Other audit personnel may be changed at the discretion of Moss, Levy, & Hartzheim, LLP as long as the replacements have substantially the same or better qualifications or experience.

SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENT ENTITIES

Moss, Levy & Hartzheim, LLP has an extensive background in auditing governmental and non-profit entities with over thirty-eight years of experience in this specialized field. The firm currently performs thirty-six municipal audits, over seventy-five special district audits, as well as the audit of the County Sanitation Districts of Los Angeles County (all 25 districts), and thirty-five school district and related audits. We have also recently completed monitoring of one hundred contractors for the County of Los Angeles, for contract compliance and fiscal monitoring. Additionally, we are also on the master lists and have signed master contracts with the County of San Diego and the County of Los Angeles for Compliance and Financial Audits.

The following are the most significant engagements, by total hours, performed in the last three years that are similar to the engagement described in the RFP:

CITY OF CULVER CITY

Audit of basic financial statements, former Redevelopment Agency (Successor Agency), Single Audit Report,

Municipal Bus Line, REAC Report, and prepared City, former RDA, and Transit State Controller Reports 2011 to Present

Partner – Craig A. Hartzheim, CPA 1000 Hours

Contact: Jeff Muir, (310) 253-6016

Received GFOA Certificate of Achievement in Financial Reporting

CITY OF TRACY

Audit of basic financial statements, former Redevelopment Agency (Successor Agency), and Single Audit
Report

2004 to Present
Partner – Hadley Hui, CPA
700 Hours

Contact: Robert Harmon, (209) 831-4125
Received GFOA Certificate of Achievement in Financial Reporting

SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENT ENTITIES (CONTINUED)

The following are the most significant engagements, by total hours, performed in the last five years that are similar to the engagement described in the RFP: (continued)

CITY OF COVINA

Audit of basic financial statements, former Redevelopment Agency (Successor Agency), and Single Audit
Report

2013 to Present

Partner - Craig A. Hartzheim, CPA

700 Hours

Contact: Dilu De Alwis, (626) 384-5516

Received GFOA Certificate of Achievement in Financial Reporting

CITY OF YUBA CITY

Audit of basic financial statements, former Redevelopment Agency (Successor Agency), and Single Audit
Report

Prepared the City's State Controller Report and Street Report

2008 to Present

Partner - Ron A. Levy, CPA

600 Hours

Contact: Robin Bertagna, (530) 822-4615

Received GFOA Certificate of Achievement in Financial Reporting

CITY OF EL CENTRO

Audit of basic financial statements, former Redevelopment Agency (Successor Agency), Single Audit

Report, and GANN Limit

Prepared the City's State Controller Report

2007 to Present

Partner - Hadley Hui, CPA

500 Hours

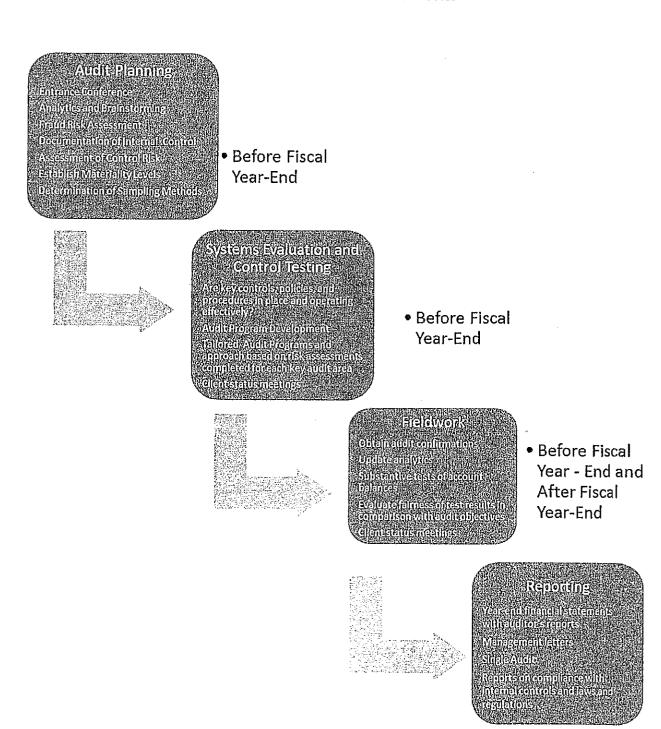
Contact: Leticia Salcido, (760) 773-4573

Received GFOA Certificate of Achievement in Financial Reporting

Please see Appendix E – References for a list of five references for whom we have performed governmental auditing services.

SPECIFIC AUDIT APPROACH

Overview of the MLH Audit Process



After Fiscal Year-End

The chart below shows some of MLH's preliminary audit procedures

Patilinidas - Patientes - Patientes	Bundari di desta de la	Three by Arthur State St
Obtain budget and budget amendments	Ensure budgetary compliance	Analyze budget-to-actual variances. Look at capital projects, status of property tax assessments as part of the focus; looking at water rates to see how cost coverage exists.
Obtain documents, any bonds	Ensure grant compliance	Analyze documents
Obtain policies and procedures	Evaluate effectiveness of policies, updates and relate to key compliance matters	Analyze policies and procedures
Obtain client internal control memos of client if they exist	Evaluate internal controls Short interviews of accounting and selected operating personnel for documentation of process	Analyze Internal controls, including computer controls
Obtain prior year financials	Determine which items are important for testing	Set preliminary "materiality" limits
Obtain appropriate schedules	Ensure effective procedures	Testing of cash receipts, cash disbursements, and payroll transactions
Obtain Council minutes	Ensure knowledge of government key communication	Analyze important events highlighted in Council meetings
Draft confirmations – third party letters for independent verification of cash, property taxes, attorney, etc. for client to sign and auditor to mail	Independent verification of selected balances	Client to prepare letters and auditor to send letters
Develop document request list for client to review and agree upon	To clarify client — auditor requests	Meet with client and agree upon document request list for audit
Preliminary trial balance	Ensure preliminary results make sense	Perform selected testing on balances such as receipts, disbursements, and payroll
Obtain documentation for any new capital asset agreements, land and property purchases, sales, easements, for applicability, and compliance as necessary	Reduce the amount of year-end testing and bulld a client permanent file for future years	Compliance and building of documentation for existence, title ownership and use, regulatory compliance
Obtain updates on retirement plans	Discuss GASB 68 and any changes	Audit selected components of any new reports and changes for compliance
Request screen view access only for computer analysis	Minimize client interruptions and view transactions	Scan ledgers and accounts for accounting propriety
Consider site visitations on areas where there are significant cash, card, deposits and billing controls, internet site controls	Focus on controls where the risk assessment of material misstatement of cash, card and internet transactions could occur	Site visitations
Legal bills, key litigation	Look for commitments, contingencies and disclosure	Discuss with client prepare attorney letters for response and read relevant documents
Obtain minutes	Look for major agreements and key decisions	Analyze for audit relevance and test and inquire as necessary
Obtain long-term debt agreements	Analyze for disclosure and compliance	Obtain and prepare long term lease schedules
Commitments and Contingencles	Ensure auditing standards are applied for proper accrual and disclosure	Send legal letters, talk with client, review disclosures

Please see Appendix F – Segmentation and Budgeted Hours for a schedule of the level of staff and number of hours to be assigned to each segment of the engagement.

During the first year of the engagement, we will utilize the prior year's financial statements, the current year's budget, and our knowledge of the City's systems to determine materiality for the different audit sections. Each year, we will select a sample of transactions to determine to what extent the systems are functioning as described to us. The extent of our sample size will depend upon our assessment of the internal control structure and the results of our assessment in accordance with Statement on Auditing Standards. These standards require auditors to perform test of controls and transactions based on a risk approach.

The selection of transactions for testing will be made using a combination of random, systematic, and haphazard sampling techniques. We will identify the strength of the systems upon which we can rely in planning our substantive tests. Our internal control review will meet all of the following requirements of AICPA: Statement on Auditing Standards (SAS) No. 55, Consideration of the Internal Control Structure in a Financial Statement Audit, as amended by SAS No. 78; SAS No. 99, Consideration of Fraud in a Financial Statement Audit; SAS No. 106, Audit Evidence; SAS No. 107, Audit Risk and Materiality in Conducting an Audit; SAS No. 108, Planning and Supervision; SAS No. 109, Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement; and SAS No. 110, Performing Audit Procedures in Response to Assessed Risks and Evaluating the Audit Evidence Obtained (as Codified).

It is estimated that the sampling size for transaction testing for compliance with systems as actually implemented would be as follows:

- I. Minimum of 25-60 disbursement items, including automatic and manual checks and bank debits, depending on risk assessment
- II. Minimum of 10-15 payroll checks, including direct deposits, depending on risk assessment
- III. Minimum of 25-60 receipt items, depending on risk assessment

Our approach to be taken in drawing audit samples for purposes of tests of compliance will depend on the number of transactions, the amounts of financial assistance provided (as applicable) and the City's internal controls over the respective programs. We will select samples that will provide sufficient evidence of the City's compliance with the laws and regulations that will have a material effect on the financial statements.

We have extensive knowledge in auditing computer systems. We have assisted numerous clients with the implementation of accounting software and database business systems. This assistance has provided our firm with a thorough background in computer systems with respect to both the software applications aspect and also insight into auditing such systems. It is our policy to have a computer specialist as part of the audit team and to be used on an as-needed basis. This individual assists the audit team in documenting the computer system internal control structure and highlighting strengths and weaknesses relating to the computer structure of the City.

In addition, all of our staff is equipped with networked laptop computers. These computers are equipped with not only word processing and spreadsheet capabilities, but also various functional software, such as PPC Audit – e-Tools, Creative Solutions Accounting, Adobe Acrobat, random sampling software, Lacerte Tax Program, and Easy Accounting Software, which contain amortization programs and depreciation programs, and other applications as well (including the Governmental Accounting Research System which includes all GASB publications).

We will perform preliminary analytical review procedures using the prior fiscal year's audited statements and the current fiscal year's budget. In the preliminary stage, we will adopt ratio analysis procedures to compare the relationships between account balances and classes of transactions between prior periods and against budgets and industry statistics. This may include budgets, trial balances, and/or draft financial statements to help us identify the source of individual fluctuations. We will then adopt trend analysis to compare current data with prior periods, which is particularly useful for analyzing revenue and expenditures. Any unexpected trends or deviations will be discussed with relevant City staff to obtain explanations.

During the first year of the engagement, we will prepare narrative flow charts and other documentation of the internal control structure and of the major systems, such as revenue and cash receipts, purchasing and cash disbursements, payroll and personnel, inventory, property and equipment, grant compliance, investment activities, and the budget process. We will obtain our information through discussions with appropriate City staff and the review of available documented policies, organizational charts, manuals, programs, and procedures. Once we obtain this information, we will evaluate the systems of internal controls and revise our standard governmental audit programs.

We will also review the following documents in order to determine compliance with applicable laws and regulations:

- 1. Minutes of the governing body with special attention to: indications of new revenue sources, including federal and state grants; expense authorizations and related appropriations, including any special or restrictive provisions; appropriation transfers; authorization for bank or other debt incurred; awards to successful bidders; authorization for new leases entered into; changes in licenses, fines, or fees; authorization for fund balance commitments or assignments; and authorization for significant new employees hired.
- 2. New agreements and amendments to agreements including, but not limited to: grant agreements; debt and lease agreements; labor agreements; joint venture agreements; disposition and development agreements; and other miscellaneous agreements.
- 3. Administrative Code
- 4. Investment Policy

The main extent of our work would be what is required to enable us to express an opinion on the basic financial statements in accordance with:

- 1. AICPA Industry Audit Guide for State and Local Governmental Units
- 2. AICPA Audit Standards
- 3. National Committee on Governmental Accounting, Auditing and Financial Reporting (Amended) Publication
- 4. Laws of the State of California
- 5. Requirements of Office of Management and Budget's (OMB) Circular A-133, Audits of State, Local Governments and Nonprofit Organizations
- 6. GAO Standards for Audit of Governmental Organizations, Activities and Functions, the Guidelines for Financial and Compliance Audits of Federally Assisted Programs
- 7. Our firm's own additional standards and procedures

The audit will be conducted in accordance with auditing standards generally accepted in the United States of America. The primary purpose of the audit is to express opinions on the basic financial statements, and such an audit is subject to the inherent risk that material errors or fraud may exist and not be detected by us. If conditions are discovered which lead to the belief that material errors, defalcations, or fraud may exist, or if any other circumstances are encountered that require extended services, we will promptly advise the City.

If convenient for the City's staff, the approximate target dates for the fiscal year 2015 audits would be as follows (we are flexible):

- 1. Entrance conference and submission of audit plan July
- 2. Interim fieldwork Mid-July
- 3. Interim exit conferences Mid-July
- 4. Entrance conference and year-end fieldwork Mid-September
- 5. Exit conference Mid-September
- 6. Preparation and submission of the City's Annual Financial Transactions Report By the required due date.
- 7. Draft management letter, financial statements, and other audit reports No later than November 15th
- 8. Final management letter, financial statements, and other audit reports No later than December 1st

Our audit would begin when it is convenient for the City's staff. We estimate that in July, we will perform interim work. Each year, the partner or manager of the firm will contact the Financial Services Manager to set up an entrance conference meeting. The purpose of this meeting will be to discuss the scope and timing of the annual audit, to review any accounting issues known at that time, to provide our detailed audit plan, and to address any of the City's personnel concerns about the impending audit.

We will schedule approximately one week of interim work each year. During the first year, we will prepare narrative flow charts and other documentation of the internal control structure and of the major systems, such as revenue and cash receipts, purchasing and cash disbursements, payroll and personnel, inventory, property and equipment, grant compliance, investment activities, and the budget process. We will gain this information through discussions with appropriate City staff and the review of available documented policies, organizational charts, manuals, programs, and procedures. Once we obtain this information, we will evaluate the systems of internal controls and revise our standard governmental audit programs.

Before year-end fieldwork, we will discuss with the City any assistance the City may need with the year-end closing.

The chart below shows some of MLH's final audit procedures:

High and the state of the state		Concession and the second of the second
Obtain updated general ledger	Ensure proper closing of books	Analyze records and update analytical procedures
Obtain Internal control memos, if there are any changes	Re-evaluate internal controls	Update understanding of Internal controls and document key changes
Obtain prior GFOA CAFR comments	Ensure improvement in financial reporting	Implement significant changes in financial reporting methods
Obtain and further agree upon audit schedules as agreed upon in the contract and RFP	To commence audit properly on final numbers	Apply auditing procedures
Obtain/prior year GASB 34 conversion entries /prepare GASB 34 Entries	Ensure that all GASB 34 conversion entries are proper	Work on current year GASB 34 presentations
Analyze capital asset ledgers	Review or updates from preliminary and analyze for impairment	Obtain capital asset documents and update for impairments
Service Concession Agreements	Look for proper accruals and revenue payments	Look at selected billings and revenue agreements
Risk Management	Determine coverage	Confirm balances and analyze for proper accruals as necessary
Cost allocations	Internal service allocation propriety	Discuss and analyze internal service cost allocations
Allocation agreements	Ensure agreement compliance	Analyze allocations as necessary from client calculations and documents
Obtain OPEB and PERS documents	Review for any needed updates, GASB 68	Read documents and update
Bond agreements	Bond compliance	Test bond compliance and obtain bond ratings
Contributions	Compliance	Analyze significant contributions for compliance
Receipt of third party letters	Independent verification of accounts	Match to year-end books and records and reconcile to accounts
None	Ensure proper audit process	Hold timely status meetings with the client
Adjusting entries, and any possible management points	Obtain client agreement	Post as necessary with client
None	Compliance with contract and governance	Attend finance and board meetings
MD&A, prepare financials, reports and read supplementary information	Ensure documents match, are consistent and appropriately completed	Read MD&A, prepare financials, reports and read supplementary information

Our year-end fieldwork would begin mid-September. The year-end audit work would begin with an analytical review of all significant balance sheet and revenues and expenditures/expense accounts for each fund, which includes substantive tests on all balance sheet accounts. Analytical procedures will be used to supplement the substantive tests, not supplant them. We will perform analytical procedures during interim and year-end fieldwork on all balance sheet and revenue and expense/expenditure accounts.

The primary objective of the year-end audit work is to audit the final numbers that will appear in the City's basic financial statements. Our fieldwork would also consist of procedures required under SAS No. 99, Consideration of Fraud in a Financial Statement Audit (now Codified).

We will perform procedures such as:

- (a) Confirmations by positive and negative circularization including but not limited to all cash and investment accounts; selected receivable and revenue balances; all bonds, loans, notes payable, and capital leases; all notes receivable; all insurance carriers; all legal firms employed on the City's business; and other miscellaneous confirmations deemed necessary
- (b) Physical verifications and observations
- (c) Analysis and review of evidential material
- (d) Interviews and investigative efforts
- (e) Electronic data processing testing for computer and software reliability
- (f) Numerous other procedures

During the entire engagement, our audit team will be determining whether an audit in compliance with OMB Circular A-133 is required through review of the City Council minutes, examination of the general ledger, and discussion with finance personnel. If a compliance audit is required, we would perform tests of: specific requirements; claims for advances and reimbursements; and amounts claimed or used for matching in compliance with the Single Audit Act. The compliance audit will be conducted in accordance with auditing standards generally accepted in the United States of America, the GAO Standards for Audits of Governmental Organizations, Programs, Activities, and Functions, and the GAO Guidelines for Financial and Compliance Audits of Federally Assisted Programs.

The Governmental Accounting, Auditing and Financial Reporting (GAAFR), issued by the Government Finance Officers Association (the "Blue Book") and other GFOA publications are often used as additional tools when preparing and reviewing the financial statements of our governmental clients. The firm has and uses its extensive library of current AICPA, GFOA, and GASB publications and pronouncements.

As part of our audit engagements, we issue our clients management letters if we note certain observations or recommendations that we feel need to be disclosed. Our firm's philosophy regarding the management letter is that the management letter is to help management improve its internal control and accounting procedures and not to criticize the management in charge. This is why we present our management letters to management in draft form for open discussion prior to issuance.

The workpapers for this engagement are the property of Moss, Levy & Hartzheim, LLP and constitute confidential information. However, we may be requested to make certain workpapers available to any Cognizant Agency pursuant to authority given to it by law or regulation, any parties designated by the federal or state governments or by the City as part of an audit quality review process, and other audits of entities of which the City is a sub-recipient of grant funds or component unit.

We understand that we shall respond to the reasonable inquiries of successor auditors and allow them to review working papers relating to matters of continuing accounting significance. If requested, access to such workpapers will be provided under the supervision of Moss, Levy & Hartzheim, LLP personnel.

IDENTIFICATION OF ANTICIPATED POTENTIAL AUDIT PROBLEMS

We do not anticipate any problems with the audit except for items listed in past management letters. In the event of a problem, the City Council, City Manager, City Attorney, and the Finance Director will be immediately notified in writing of any fraud, other illegal acts, or indications of illegal acts found during the course of our work. All other discrepancies or weaknesses in the internal control system that we become aware of will be communicated to management through discussion, the management recommendation letter, and/or if it is a reportable condition, as part of the single audit report, if necessary.

Minimal assistance of the City's staff is required during the course of the audit; however, we do ask that the City provide the following: cooperation in answering questions, requested confirmations, bank reconciliations, a general ledger, and other miscellaneous items.

Under penalties of perjury, I declare that I am an authorized signer and that there are no and have never been any financial interests between any officials or employees of the City of Orange Cove and Moss, Levy & Hartzheim, LLP.

Respectfully submitted,

Craig A Hartzheim, CPA

Partner

CITY OF ORANGE COVE

APPENDIX A – CURRENT AND/OR RECENTLY COMPLETED GOVERNMENT AUDITS

CITIES AND SUCCESSOR AGENCIES*

Adelanto, CA

Arroyo Grande, CA

Atascadero, CA

Buellton, CA

Calabasas, CA

California City, CA

Covina, CA

Culver City, CA

Dinuba, CA

El Centro, CA

Eureka, CA

Fort Bragg, CA

Greenfield, CA

Grover Beach, CA

Holtville, CA

Hughson, CA

Indio, CA

La Cañada Flintridge, CA

La Habra Heights, CA

Laguna Hills, CA

Los Alamitos, CA

Morgan Hill, CA

Ojai, CA

Pacifica, CA

Paradise, CA

Paso Robles, CA

San Anselmo, CA

Santa Maria, CA

Taft, CA

Tracy, CA

Watsonville, CA

Westlake Village, CA

Windsor, CA

Yorba Linda, CA

Yuba City, CA

PUBLIC FINANCING AUTHORITIES

The majority of our Municipalities issue debt and do so through an established Public Financing Authority.

OTHER SCHOOL ENTITIES

Academia Semillas del Pueblo Charter School
Albert Einstein Academy
Antelope Valley Schools Transportation District
Bright Star Secondary Charter Academy
East Bay Regional Occupational Program
Garr Academy of Mathematics and Entrepreneurial Studies
Pacoima Charter School
Santa Ynez Valley Charter School
Southern California Regional Occupational Center
Stella Middle Charter Academy
Tri-Valley Regional Occupational Program

SCHOOL DISTRICTS

Acton-Agua Dulce Unified School District
Ballard School District
Bellflower Unified School District
Beverly Hills Unified School District
Blochman Union School District
Bradley Elementary School District
Buellton Union School District
Calaveras County Schools
Calexico Unified School District
Calipatria Unified School District
Carpinteria Unified School District
Casmalia School District

Sandra District Vict District

Мописть с.... Mulberry School District Novato Unified School District Oreutt Union School District Pacific Unified School District Palmdale School District Pleasant Valley Union School District San Ardo Elementary School District San Lucas School District San Miguel Joint Union School District Santa Maria Joint Union High School District Shandon Unified School District Solvang Elementary School District Temple City Unified School District Torrance Unified School District Vallecito Union School District Westmoreland Elementary School District

Wilsona School District

^{*}Current municipal clients

CITY OF ORANGE COVE

APPENDIX A - CURRENT AND/OR RECENTLY COMPLETED GOVERNMENT AUDITS

COUNTIES

Los Angeles County, CA (Master List) San Diego County, CA (Master List)

SANITATION DISTRICTS

Carpinteria Sanitation District, CA
Cayucos Sanitation District, CA
County Sanitation Districts of Los Angeles County, CA
- All 25 Districts
Encina Wastewater Authority, CA
Montecito Sanitation District, CA
Orange County Sanitation District, CA - Internal Audits
Ross Valley Sanitary District, CA

UTILITY DISTRICTS

Georgetown Divide Public Utility District

WATER/IRRIGATION DISTRICTS

Aldercroft Heights County Water District, CA Foothill Municipal Water District, CA Main San Gabriel Basin Watermaster, CA Marina Water District, CA North Marin Water District, CA Sweetwater Springs Water District, CA Valley County Water District, CA Valley of the Moon Water District, CA

AMBULANCE SERVICES DISTRICT

Cambria Community Healthcare District North Coast Emergency Medical Services

CEMETERY DISTRICTS

Arroyo Grande Cemetery District, CA Atascadero Cemetery District, CA Gridley-Biggs Cemetery District, CA San Miguel Cemetery District, CA Santa Maria Cemetery District, CA

COMMUNITY SERVICES DISTRICTS

Cambria Community Services District, CA
Cuyama Community Services District, CA
Groveland Community Services District, CA
Heritage Ranch Community Services District, CA
Los Alamos Community Services District, CA
Nice Community Services District, CA
Rancho Murieta Community Services District, CA
Santa Ynez Community Services District, CA
Vandenberg Village Community Services District, CA

RECREATION AND PARK DISTRICTS

Conejo Recreation and Park District, CA
Isla Vista Recreation and Park District, CA
Mountains Recreation and Conservation Authority, CA
Rancho Simi Recreation and Park District, CA
Hayward Recreation and Park District, CA

BUILDING AUTHORITY

County of San Diego Regional Building Authority, CA

FIRE PROTECTION DISTRICTS

Cayucos Fire Protection District, CA Lakeport Fire Protection District, CA Orcutt Fire Protection District, CA

OTHER DISTRICTS

Beach Cities Health District County of San Diego Emergency Services Organization County of San Diego First 5 Commission County of San Diego In-Home Supportive Services Public Authority County of San Diego Health and Human Services Agency Child Development Program Grant County of San Diego MIOCR Grant County of San Diego RLETC Grant County of Los Angeles Delta Sigma Theta, Head Start Program, Inc. County of San Diego DA Office of Auto Ins, Fraud Grant, Urban Auto Fraud Grant, WC Ins Fraud Grant Los Angeles County Flood Control District Marin/Sonoma Mosquito and Vector Control District San Diego Geographic Information Source Tracy Area Public Facilties Financing Agency West Contra Costa Integrated Waste Management Authority

TRANSPORTATION DEVELOPMENT ACT

Arroyo Grande, CA
Brawley, CA
Calexico, CA
El Centro, CA
Grover Beach, CA
Holtville, CA
Paso Robles, CA
San Luis Obispo County and Cities Area Planning
Council:
Local Transportation Fund

Local Transportation Fund
State Transit Assistance Fund
South County Area Transit, CA
South County/San Luis Obispo Transit, CA
Transportation Agency for Monterey County, CA
Transportation Authority of Marin
Association of Monterey Bay Area Governments
Santa Cruz Regional Transportation Commission

TRANSIENT OCCUPANCY TAX AUDITS

Represented the following municipalities and/or counties in the audit of the hotel "bed tax" records:

Arroyo Grande, CA
Bellflower, CA
Bishop, CA
Calexico, CA
Carmel, CA
Ojai, CA
Pismo Beach, CA
Santa Maria, CA
South Lake Tahoe, CA
Whittier, CA



Jessie C. Powell, CPA Patrick D. Spattord, CPA

Doctoral Lythe California Deard of Accountment Monder: American Institute of Cartillo I Fad lic Accountants

System Review Report

To the Partners of
Moss, Levy & Hartzheim, LLP
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Moss, Levy & Hartzheim, LLP (the firm) in effect for the year ended December 31, 2011. Our review was conducted in accordance with standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under Government Auditing Standards and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Moss, Levy & Hartzheim, LLP in effect for the year ended December 31, 2011, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency (ies) or fail. Moss, Levy & Hartzheim, LLP has received a peer review rating of pass.

Sowell & Spafford; LLP

July 11, 2012

SUPPLIER CLEARINGHOUSE CERTIFICATE OF ELIGIBILITY

CERTIFICATE EXPIRATION DATE: 08-01-2017

The Supplier Cleavinghouse for the Utility Supplier Diversity Program of the California Public Utilities Commission hereby certifies that it has audited and verified the eligibility of:

Moss, Levy & Hartzheim, LLP of Culver City, California as a MBE pursuant to Commission General Order 156, and the terms and conditions stipulated in the Verification Application Package. This Certificate shall be valid only with the Clearinghouse scal affixed hereto.

eligibility was awarded later becomes invalid due to Commission ruling. The Clearinghouse may request additional information was obtained by false, misleading or incorrect information. Decertification may occur if any verification criterion under which comply may result in a denial of eligibility. The Clearinghouse may reconsider certification if it is determined that such status Eligibility must be maintained at all times, and renewed within 30 days of any changes in ownership or control. Failure to or conduct on- site visits during the term of verification to verify eligibility.

This certification is valid only for the period that the above named firm remains eligible as determined by the Clearinghouse. Utility companies may direct inquiries concerning this Certificate to the Clearinghouse at 800-359-7998 in Los Angeles.

VON: 14050076

Determination Date: 08-01-2014



Los Angeles County Metropolitan Transportation Authority

One Gateway Plaza Los Angeles, CA 90012-2952

213.922.2000 Tel milro.net



Metro

CALIFORNIA UNIFIED CERTIFICATION PROGRAM

September 15, 2014

CUCP#41754 Metro File# 6380

Ronald A. Levy Moss, Levy & Hartzhelm, LLP 5800 Hannum Ave. Suite E. Gulver City, California 90230

RE: 'Disadvantaged Business Enterprise Certification

Dear Mr. Levy:

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We are pleased to advise you that after careful review of your application and supporting documentation, the Los Angeles County Metropolitan Transportation Authority (Metro) has determined that your firm meets lie eligibility standards to be certified as a Disadvantaged Business Enterprise (DBE) as required under the U.S. Department of Transportation (U.S. DOT) Regulation 49 CFR Part 26, as amended. This certification will be recognized by all (CUCP) database of certified DBEs under the following specific areas of expertise that you have identified on the NAICS codes form of the application package;

NAICS (2007)	
541211	Offices of Certified Public Accountants
041213	Tax Preparation Services
541219	Other Accounting Services

Your DBE certification applies only for the above codes. You may review your firm's information in the CUCP DBE database which can be accessed at the CUCP's website at www.californlaucp.org. Any additions and revisions

In order to ensure your continued DBE status, you are required to submit an annual No Change Declaration Form (which will be sent to you) along with supporting documentation. If no changes are noted, then your DBE status remains current. If there are changes, Metro will review to determine continued DBE eligibility. Please note, your DBE status remains in effect unless Metro notifies you otherwise.

Should any changes occur that could affect your certification status prior to receipt of the No Change Declaration Form, such as changes in your firm's name, business/mailing address, ownership, management or control, or failure to meet the applicable business size standards or personal net worth standard, please notify Metro immediately. Fallure to submit forms and/or change of information will be deemed a failure to cooperate under Section 26.109 of the Regulations.

Metro reserves the right to withdraw this certification if at any time it is determined that it was knowingly obtained by false, misleading, or incorrect information. Your DBE certification is subject to review at any time. The firm thereby consents to the examination of its books, records and documents by Metro.

Ed Sten, Low & Hericheles, LLDs File of ward - Will Approved Lawer - Merifical Ace

Small Businers Certilication Unit One Gatewey Plara, Mail Stop 39:6-5, Los Augeles, CA 00012-4052 Plu 415-029-4500 Fex: 213-922-7600

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Ron A. Levy, C.P.A. - Partner

- California licensed C.P.A. with 38 years of audit experience with governmental and non-profit entities
- Technical partner (concurring) in charge of all governmental and non-profit audits, currently including 36 municipal audits, 75 special district audits, and 35 school district and related audits
- Has assisted governmental clients with year-end closing, key position interviews, preparation of award winning CAFRs, and preparation of State Controller's Reports
- Has met or exceeded all continuing education requirements, including recent courses in the following:

2014, 2013, and 2012 Governmental Accounting Conference
2014, 2013, and 2012 School District Conference
GASB 34 Training Seminars
Planning a Governmental Audit Engagement
Auditor's Reports on Audits of Local Governments
Governmental Accounting Update
Audits of State and Local Governments
Compliance Auditing, Auditing Sampling, and Concluding the Audit
The Single Audit Act

• Member of the following:

American Institute of Certified Public Accountants California Society of Municipal Finance Officers California Society of Certified Public Accountants California Association of School Business Officials Kiwanis Club

- Bachelor of Science degree from Oregon State University conferred in 1977
- Taught accounting courses at a branch of LaVerne College and Chapman College
- Knowledgeable about all areas of tax law including non-profit tax issues
- Mr. Levy's ancestry is of Hispanic descent

Craig A. Hartzheim, C.P.A. - Partner

- California licensed C.P.A. with 31 years of audit experience with governmental, non-profit, and commercial entities
- Engagement partner for governmental and non-profit audits (Culver City office) including 26 municipal audits, 40 special district audits (including Los Angeles County Flood Control District and the County Sanitation Districts of Los Angeles County), and 12 school districts and related audits
- Has assisted governmental clients with year-end closings, key position interviews, preparation of award winning CAFRs, and preparation of State Controller's Reports
- Has met or exceeded all continuing education requirements including recent courses in the following:

2014, 2013, and 2012 Governmental Accounting Conference 2014, 2013, and 2012 School District Conference Single Audits of Governmental Entities Preparing Governmental Financial Statements Yellow Book, Government Auditing Standards GAAS Guide Other Comprehensive Basis of Accounting (OCBOA) Statements Audit Standards update Implementing SAS 112 and 114 Fraud in Audits Auditing update

- Bachelor of Science degree in Accounting from Marquette University conferred in 1982
- Member of the following:

American Institute of Certified Public Accountants California Society of Certified Public Accountants

Knowledgeable about all areas of tax law including non-profit and payroll tax issues

Hadley Y. Hui, C.P.A. - Partner

- California licensed C.P.A. with 17 years of audit experience with governmental, nonprofit, and commercial entities
- Partner in charge of 10 municipal audits, 26 special district audits, 8 special audits for the County of San Diego, and 20 school districts and related audits
- Supervisor for the CSS and DPSS Monitoring Projects for Los Angeles County
- Has met or exceeded all continuing education requirements including recent courses in the following:

2014, 2013, and 2012 Governmental Accounting Conference 2014, 2013, and 2012 School District Conference Fraud in Audits Risk-Based Auditing Part 1, Part 2 Accounting and Auditing Update Guide to Auditing Control Course 1, Course 2

- Extensive knowledge of database systems, networking, and various accounting software
- Bachelor of Arts degree in Economics with a minor in Accounting from University of California – Los Angeles was conferred in 1997
- Member of the following:

American Institute of Certified Public Accountants California Society of Certified Public Accountants

Jay Siegel, C.P.A., M.S.T. - Manager

- California, Texas, and Washington D.C. licensed C.P.A. with 35 years of audit experience with governmental and commercial entities
- Manager for 11 municipal audits and 2 special district audits
- Has met or exceeded all continuing education requirements including recent courses in the following:

2014 and 2013 Governmental Accounting Conference 2014 and 2013 School District Conference 2014 Single Audit Compliance GASB 34 Training Seminars Risk-Based Auditing Part 1 & Part 2 2014 Accounting and Auditing Update Guide to Auditing Control Course 1 & Course 2

- Member of the California Society of Municipal Finance Officers Association and its Comprehensive Annual Financial Report technical reviewer section
- Bachelor of Science degree in Accounting from California State University Long Beach was conferred in 1978. MS Degree in Taxation from Golden Gate University was conferred in 1991

Bin Zeng - Senior Accountant

- Auditor with 7 years of audit experience with governmental and commercial entities.
- Auditor for 8 municipal audits, 4 special district audits, and 1 school district audits.
- Has met or exceeded all continuing education requirements including recent courses in the following:

2013, 2012, and 2011 Governmental Accounting Conference 2013, 2012, and 2011 School District Conference Fraud in Audits

• Bachelor of Arts degree in Business Economics from University of California – Los Angeles was conferred in 2007.

David Ortiz - Computer Specialist

- Auditor with 22 years audit experience with governmental and commercial entities
- Computer specialist with emphasis in fund accounting software
- Extensive knowledge of database systems, networking, and accounting software
- A Bachelor of Science degree in Business Administration with an emphasis in Accounting from California Polytechnic State University, San Luis Obispo

CITY OF CULVER CITY

Audit of basic financial statements, former Redevelopment Agency, Single Audit,
Municipal Bus Line, REAC Report, and prepared City, former RDA, and Transit State Controller Reports
2011 to Present

Partner – Craig A. Hartzheim, CPA Contact: Jeff Muir, (310) 253-6016

9770 Culver Boulevard, Culver City, CA 90232 Received GFOA Certificate of Achievement in Financial Reporting

CITY OF COVINA

Audit of basic financial statements, former Redevelopment Agency, and Single Audit 2013 to Present

Partner – Craig A. Hartzheim, CPA
Contact: Debbie Pacheco, (626) 384-5516
125 East College Street, Covina, CA 91723
Received GFOA Certificate of Achievement in Financial Reporting

CITY OF LA CAÑADA FLINTRIDGE

Audit of basic financial statements, Single Audit Report, and review of the City's GANN Limit
Prepared State Controller Reports
2013 to Present

Partner – Craig A. Hartzheim, CPA
Contact: Daniel Jordan, Ph.D, (818) 790-8880
4529 Angeles Crest Highway, Suite 102, La Cañada Flintridge, CA 91011
Received GFOA Certificate of Achievement in Financial Reporting

CITY OF DINUBA

Audit of basic financial statements, former Redevelopment Agency, and Single Audit Report
Prepared the City's State Controller Report and Street Report
CAFR prepared in accordance with GAAP
2003 to 2007 and 2013 to Present
Partner – Craig A. Hartzheim, CPA
Contact: Cass Cook, (559) 591-5900
405 East El Monte Way, Dinuba, CA 93618

Received GFOA Certificate of Achievement in Financial Reporting

CITY OF HUGHSON

Audit of basic financial statements, former Redevelopment Agency, and Single Audit Report
Prepared the City's State Controller Report and Street Report
2010 to Present

Partner – Craig A. Hartzheim, CPA Contact: Lisa Whiteside, (209) 883-4054 7018 Pine Street, Hughson, CA 95326

CITY OF ORANGE COVE APPENDIX F – SEGMENTATION AND BUDGETED HOURS BY SEGMENT

AUDIT SEGMENTS	Staff	Senior	Manager	Partner/ Technical Partner	Total
Planning	7	14	10	8	39
Risk Assessment	3	9	7	5	24
Audit Conferences, Meetings, Presentations	4	4	4	3	15
Correspondence	9	2	4	4	19
Review/Documentation of Internal Controls:					
Documentation of systems	3	16	4	5	28
Testing of systems	23	12	4	2	41
Compliance Testing	8	8	4	4	24
Year End Balance Testing	32	17	4	4	57
Revenue and Expense/Expenditure	<i>-</i>				
Analysis (Analytical Procedures)	5	3	4	2	14
Preparation, Review, and Findings (City prepares) (including Single Audit, as applicable) *	6	7	7	6	26
	-				
GRAND TOTAL	100	92	52	43	287

3148 Willow Avenue, Suite 102 Clovis, California 93612-4739 (559) 291-0277 • FAX (559) 291-6411

May 11, 2015

City of Orange Cove ATTN: Lan Bui, Finance Director 633 Sixth Street Orange Cove, CA 93646

Re: Request for Audit Proposal

Dear Lan Bui;

Thank you for your letter inviting us to submit a proposal for the audit of the City of Orange Cove.

Due to the time constrains required for your audit, we regret that at this time we are unable to submit a bid for auditing services.

We would appreciate it if our name would remain on your list for future proposal requests.

Very truly yours,

Sampson, Sampson & Patterson, LLP

Sampson, Sampson & Patterson, LAP

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INFORMATION MEMORANDUM

DATE: May 27, 2015

TO: Mayor and Orange Cove City Council Members

SUBJECT: Sustainable Energy Roadmap (SER) Program

RECOMMENDATION:

That the City of Orange Cove Consider Participation in the SER Program and Authorize Municipal Partner Agreement for SER Program

Background:

The SER Program effort brings together a diverse group of key stakeholders to pursue approaches for accelerating local and regional clean energy and sustainable development for common benefit – economic, environmental and equity. This is a voluntary program that provides participating agencies with a host of technical assistance services within a successful collaborative approach. The neighboring communities of Parlier, Visalia and Mendota are participants and have approved Municipal Agreements for the Program.

A SER Program Description and a Municipal Partner Agreement, to be signed by the City, for participation in the SER program, are attached.

Fiscal Impact:

No fiscal impact is expected or out of pocket costs for the City of Orange Cove. The City will receive a \$5,000 stipend for participation in the program.



Sustainable Energy Roadmap (SER) Municipal Partner Agreement

SER Program Description:

The San Joaquin Valley is well positioned for explosive clean energy growth due to California's aggressive energy goals, associated state and local programs and resources, and abundant clean energy potential in the region. The region's population growth in the face of economic, air quality, water access and other prominent challenges are driving Valley municipalities to identify and pursue innovative planning, policies and programs. Sustainable Energy Roadmap (SER) -- www.sustainableenergyroadmap.com -- is focused on helping local communities to set and pursue goals related to energy efficiency, renewable energy, transportation and land use, while bringing disadvantaged communities into the public planning process. The SER provides information, resources, and tailored assistance to benefit public agencies and their most disadvantaged communities. The SER approach leverages a systematic process and set of tools to support San Joaquin Valley municipalities to benchmark their energy and sustainable development policies and programs, and based on a review of best practices, to adopt and pursue goals that optimize outcomes for their jurisdiction, and in particular their most environmentally and economically challenged communities. Led by a team of regional partners and content experts, SER is sponsored by the Strategic Growth Council through Proposition 84 funding, focused on reducing greenhouse gas emissions and on engaging environmental justice communities (EJCs) in the municipal planning process. By opting into the SER approach, the City will benefit from a regional, collaborative model, receiving a tailored roadmap, guidance and resources for pursuing best practices in implementing climate-friendly policies and programs.

SER Implementers:

Regional Policy Council (www.sjvcogs.org) Michael Sigala sigala@sigalainc.com

Madera County Transp. Commission (www.maderactc.org) Troy McNeil troy@maderactc.org

Strategic Energy Innovations (www.seiinc.org) Stephen Miller stephen@seiinc.org

Optony Inc. (www.optony.com) Benjamin Foster ben.foster@optony.com

CEG (http://www.coloradoenergygroup.com) George Burmeister g.burmeister@comcast.net

National Association of Regional Councils (www.narc.org) Mia Colson mia@narc.org



Period of Performance: February 2015 through July 2016

Municipal Goals and Benefits: The Roadmap effort brings together a diverse group of key stakeholders to pursue approaches for accelerating local and regional clean energy and sustainable development adoption for common benefit – economic, environmental and equity. This is a voluntary program that provides participating agencies with a host of technical assistance services within a successful collaborative approach.

- Environmental & energy benchmarking related to policies, codes, standards, programs and supporting community resources
- Tailored Roadmaps/action plans focusing on clean energy, transportation and land use
- Goal setting tied to regional and national best practices
- Policy, program and project resources and tailored assistance
- Environmental justice community (EJC) engagement and supporting services
- Online Roadmap platform and recognition
- Partnerships with regional industry and workforce development organizations

SER Process: Implementers will deploy a centralized effort that leverages all applicable data, research, analysis, and resources relevant for participating agencies with an eye towards their most disadvantaged communities. SER implementers will create tailored roadmaps/action plans in consultations with participating agencies, informed by benchmarking data and established best practices. Each agency will elect their goals to pursue. SER implementers will track and broadcast municipal progress along with relevant EJC needs, interests and feedback.

Implementers will support and assist the municipality throughout the process of:

- 1. Performance of a baseline benchmark survey of existing municipal sustainability infrastructure, processes and practices;
- 2. Identification of local sustainability goal(s) for improvement;
- 3. Development of a "Roadmap" or action plan on how to achieve the goal(s), with special attention to addressing the needs of EJ/Disadvantaged Communities; and,
- 4. Project implementation and monitoring to achieve and document success.

In recognition of the additional staff effort and associated costs for the above scope, the first 18 participating agencies to sign up to the program are eligible for a program stipend of \$5,000. The City can invoice up to half of the stipend and expenses during 2015, and the other half in 2016.



Signatures

Our agency understands the goals of SER and we support this effort for our jurisdiction and region and will participate in this project through July 2016.

[Signature]

[Printed Name]

[Title]

[Department]

[City/County] [Date]