

# City of California City

## *“A Tale of a City”*

### **PREFACE:**

*“It was the best of times, it was the worst of times,”* as the story goes. The City of California City (City) is a tale of a City. Depending on whom you want to believe, or which social media you watch, the government of the City is working to improve it, or they are working to destroy it.

### **PURPOSE OF INQUIRY:**

The 2017-2018 Kern County Grand Jury (Grand Jury) received numerous complaints about the management and governance of the City, and the lack of code enforcement on unoccupied businesses. The Cities and Joint Powers Committee (Committee) of the Grand Jury visited to inquire and investigate the operations and management of the City, pursuant to California Penal Code §925(a).

### **PROCESS:**

The Committee conducted at least 50 interviews with employees, residents, and the complainants from the City. Interviews were conducted at the Grand Jury Office, City Police Department, City Fire Department, and via conference calls. The Committee met with each complainant, to better understand the situations and the problems within the City.

The Committee first visited the City on November 14, 2017, followed by eight more visits to conduct interviews and inquire into various important locations. The Committee visited and inquired into the operation of a permitted Cannabis growing operation within the City, on March 20, 2018. The Fire Chief provided a tour of the new California City Fire Station Number 19.

Online research of the City ordinances and policies were reviewed to obtain vital information. The California Medical Marijuana Regulation and Safety Act was helpful to better understand the Medical Marijuana (Cannabis) business. Newspapers articles were useful to understand the current events of the City.

### **BACKGROUND AND FACTS:**

The City of California City was the *dream* of a private land developer in 1958. He bought 80,000 acres of open land in the northern Antelope Valley in Kern County, California, 65 miles southwest of the Death Valley National Park in the

Mojave Desert. The *dream* was to build a master-planned city that would rival Los Angeles in scope and size.

A total of 203,631 square miles now makes the City the third largest city, by area, in California. The City has over 54,000 parcels with marked roads, most with available water and sewer.



Provided by: [https://en.wikipedia.org/wiki/California\\_City,\\_California](https://en.wikipedia.org/wiki/California_City,_California)

In 1965, the City incorporated as a General Law City, with an elected mayor and four city council members elected at large. The population grew from 617 in 1965, to 14,120 (United States 2010 Census). Today's population includes inmates at the California City Correctional Center (CAC), a California Department of Corrections and Rehabilitation State Prison.

One advantage for this desert city is that it lies over an extensive aquifer that provides virtually an unlimited supply of fresh water. In the 1960s, the initial developers built the water transmission system. They used 4 inch and 10 inch uncoated steel water mainlines from World War II surplus, with an estimated life of thirty years. Expecting immediate rapid growth, the infrastructure of water and sewer lines, plus miles of paved and unpaved roads, were laid out all at once. The expected growth never occurred. This idle infrastructure is now showing signs of deterioration, thus the City has a significant number of old waterlines in need of repair and/or replacement.

Just north of the City is the Desert Tortoise Research Natural Area. This is an area of 39.5 square miles of prime natural habitat, set aside for the Desert Tortoise, the official California State Reptile. The preserve boasts a rich flora and fauna representative of the intricate Mojave Desert ecosystem. (See Appendix A)

The City has a golf course, a prison, a municipal airport, and is home to the California City Whiptails, an independent professional baseball team associated with the Pecos League.

Much of the City's workforce travels to Edwards Air Force Base, which is located just south of the City. Other major sources of employment include CAC; Mojave Air and Space Port and its flight test operations; the Hyundai/Kia Proving Grounds, located in the rural southwestern part of the City. The Honda Proving Grounds of California, located north of the City, has recently reopened.

State Highway 14 serves the City to the west and State Highway 58 to the south (See Appendix A). Kern Transit District provides inter-regional bus service to other areas in Kern County. Within the City, California City Dial-A-Ride Transit provides transportation on a demand-response basis on weekdays.

As an incorporated city, the City has its own Police, Fire, and Public Works Departments.

The economic recession, starting around 2007, hit the City hard, leaving many houses, malls, and businesses unoccupied (See Appendix B). The City offers a permit process for property owners to notify the Police, Fire, and Code Enforcement Departments that houses and businesses are unoccupied.

## **FINDINGS:**

F1. The Mayor and Council Members stated in their respective interviews that they visit City Hall on a regular basis, outside the scheduled City Council meetings:

- Mayor 40 plus hours per week
- Council Member One 20 hours per week
- Council Member Two 20-30 hours per week
- Council Member Three 20-30 hours per week
- Council Member Four 1 to 2 visits per month

F2. The Mayor and Council Members met with the previous City Manager on a weekly basis to inquire into City business. This action would be a violation of the Ralph M. Brown Act (California Government Code §54950 et seq.), if the same discussion is shared among the other Council Members. The previous City Manager stated that, it was standard procedure to discuss issues and answer agenda questions with each of the Council Members, prior to each City Council meeting.

The current City Manager stated that most inquiries are now phone calls rather than frequent office visits.

F3. The City of California City, Code of Ordinances, Administration, CHAPTER 1. – CITY COUNCIL, ARTICLE 1. – ROLE OF THE COUNCIL establishes the policies of the City Council.  
(See Appendix C)

*“Except as otherwise provided by the Code, the Mayor and individual Council members shall deal with the administrative services of the City only through the City Manager. Except for the purposes of inquiry, the Mayor and individual Council members shall not give orders or instructions to any subordinate of the City Manager. The City Manager shall take orders and instructions from the Council only when sitting in a duly held meeting of the Council. Neither the Mayor nor any individual Council member shall separately give any orders or instructions to the City Manager, except for the purposes of inquiry.”*

- F4. The City has two Code Enforcement Officer positions; one was vacant at the time of the visit. The Code Enforcement Department is now under the jurisdiction of the City Fire Chief. Over the past ten years, the Police Chief and the City Manager have supervised this Department. The Code Enforcement Department is responsible for overseeing existing buildings, homes, and parcels within the City, for violations of City and State codes.
- F5. The Building and Planning Department is responsible for all new construction and business permits, including the initial Cannabis permits.
- F6. Code Enforcement Officers, Fire Marshall, and/or Building Inspectors are authorized to place a Red Tag on a building when it is not properly permitted or safe to occupy. The Red Tag should not be removed until the situation is corrected.
- F7. An unoccupied building, located at a local mall, was Red Tagged on August 20, 2017, because of a citizen complaint concerning activities at this location. Inspectors found two males working and living in the building; the Fire Marshal placed a Red Tag on the building because he found living quarters. City Officials removed the Red Tag after the owner complained to the City Manager and the living quarters were removed. Other possible violations (electrical, fire sprinklers, safety concerns, storage of items throughout the building) were not addressed, because the Fire Marshall was denied access to the entire building. Code Enforcement Officers and the Fire Marshal were directed by City Officials not to return to that location.
- The Committee visited the location more than ten times, over a five month period and observed people and vehicular activity
  - Photos provided to the Committee, showed vehicular activities during the entire day and late nights for several months; on many occasions water (or other liquids) were brought into the building on a regular basis
  - Interviewees stated that the building was used as a church, nursery, storage area, and office

- Interviewees stated that during the first week of April 2018, activity has ceased and the building may be vacant at this time
- F8. On June 12, 2017, the Code Enforcement Officer started a case for Open Violations: graded lot, unlawful temporary property use, activity, or business on a vacant lot. This lot is ten acres, owned by a City Council Member with a Cannabis permit for this property. The last case entry was made on June 28, 2017, "Waiting on response from Chief" (Fire). The Committee was informed that this case was given to the California Department of Fish and Wildlife for further investigation, for environmental concerns.
- F9. According to the Fire Department, the City has over 500 commercial buildings, and most are in need of inspections.
- F10. Approximately 7,000 of the 54,000 parcels in the City, are owned, managed, or under the control of one person and/or his companies. Code Enforcement officers were again given a directive by City Officials not to inspect some of these parcels.
- F11. The Interim City Manager, hired November 2017, was confirmed as the full time City Manager on March 16, 2018.
- F12. The City Clerk has held the position since March 2006. The Clerk is hired by, and reports to, the City Council. Duties of the Clerk include:
- Preparing Council meeting agendas with background information
  - Preparing Council meeting minutes for approval
  - Maintaining all City records with original contracts and documentation
  - Handling public request for information
  - Issuing business permits, including Cannabis
  - Issuing yearly business licenses
- F13. City Council meetings minutes are not approved by the City Council in a timely manner. Minutes for the August 8, 2017, City Council Meeting, and the September 26, 2017, City Council Meeting were not approved until March 13, 2018. Another example of delayed approval of meeting minutes: at the December 28, 2017, Special City Council Meeting, the Council approved the minutes for 3-14-17, 3-28-17, 4-11-17, 5-2-17, 5-9-17, 5-23-17, 6-13-17, and 9-12-17 with one consent item vote. The Committee found approved minutes to have many inaccuracies in the voting record of the Council Members.
- F14. The January 11, 2018, City of California City, City Council Meeting Agenda: has a resolution to place a ballot item on the April 10, 2018 election, to extend the special parcel tax for six years (See Appendix D):

*“To prevent cuts in police, fire, drug enforcement and emergency 9-1-1 response, to fix potholes, improve streets, and improve park and recreation services, shall the existing special parcel tax be extended for six years (through the tax year 2023-2024) at a rate not to exceed the existing rate \$150 per lot or parcel, potentially generating approximately \$7.5 million annually with such funds only to be used for police, fire, code enforcement, parks, and roads?”*

Without approved minutes, it is not possible for the Committee to verify the above action. The City Manager and City Council Members indicated that if this ballot fails, employee pink slips would be issued.

- F15. The City is lacking public transparency:
- Mayor and Council Members' City contact information is not readily available to the public
  - The City's website is not up-to-date with photos or contact information of Council Members
  - Council meeting minutes are not published in a timely manner
    - Last minutes available - July 2017 meeting (not on the website)
    - The Council does not approve minutes on a regular basis, due to the lack of preparation of the minutes
  - Most citizens wanting to view the results of the meetings, will view the video and/or comments on social media

- F16. Stated on the City Council Meeting March 13, 2018, Agenda, New Business,  
NB 1. – FY 2016-17 Financial Audit Report Prepared by Price Paige and Company, Certified Public Accountants,  
Recommendation: Council Discuss, and File:  
(See Appendix E)

Listed in Appendix E, Section II Financial Statement Findings, are findings 2017-001, 2017-002, 2017-003, 2017-004, 2017-005, and Corrective Action Plan, June 30, 2017. The Corrective Action Plan, for 2017 findings has Anticipated Completion Date June 30, 2018, and Responsibilities given to City Council, City Manager, Financial Director, and City Accountant.

- F17. Because approved City Council meeting minutes of most recent meetings are not available to verify, witnesses reported to the Committee, that many votes of the Council's actions were a 3-2-0 or a 2-2-1 vote, for the past year.

- F18. The City has a website, [www.californiacity-ca.gov/](http://www.californiacity-ca.gov/). It is lacking City Council meeting minutes, contact information for the Council Members, a portal for public comments; not regularly updated, and difficult to navigate.
- F19. The Committee has verified that two or more e-mails from City employees to other employees or their supervisors, have disappeared from the City's e-mail server. Several e-mails from City employees to the Grand Jury have also been deleted or disappeared from the server. Records of the e-mails from the sent and/or inbox, and the contact list, have been deleted or disappeared.
- F20. After interviewing several present and past City employees, at least 8 out of 21 stated that they have filed a grievance, complaint, or a concern about the working conditions. The Human Resource Director was involved in the resolution of most of these complaints resulting in promotions, resignations, placement on administrative leave for over a year, or reassignment to another supervisory position.
- F21. City employees shared concerns that they were harassed by supervisors at work and/or written up for what appears to be minor details, after interviewing with the Committee.
- F22. The City has adopted an ordinance with several amendments to allow the cultivation, manufacturing, and transporting of Cannabis. The permitting process has several steps with many fees that must be paid. Planning/Building, Public Works, Fire, and Police Departments are all involved in the permitting process. Not just one department or assigned personnel is responsible for the collection of fees and/or needed documents.

Several City employees working the front window in the City Hall may receive and receipt funds and fees. This process may lead to inaccurate accounting. Budget funding codes were changed to allow for a better method of tracking fees.

The nonrefundable Cannabis fee schedule is as follows:

Phase 1: Preliminary determination of eligibility	\$3,258
Phase 2: Initial ranking	\$ 701
Phase 3: Second ranking	\$1,790
Phase 4: Public Meeting and City Council final selection	\$1,937

To date, four Cannabis businesses have been approved.

It is unclear, due to conflicting statements given to the Committee, as to how many funds have actually been receipted for the Cannabis businesses. Approximately 185 applicants have started the process

and paid some fees. Not all of the fees were receipted in the same object code of the budget, making it difficult to reconcile. (See Appendix E)

The approved Cannabis Tax will not take effect until July 1, 2018, for all permitted businesses.

- F23. Account Clerks staff the payment window in City Hall. Clerks collect payments for water bills, business licenses, Cannabis permits, and other funds for the City in the form of cash, check, or credit card. Direct supervision is sometimes lacking; refund checks and credits have been issued on the same account, and receipt coding to accounts were entered incorrectly. (See Appendix E)
- F24. Not all Council Members were completely accurate on their Form 700, submitted in September 2017.
- F25. Community perception that the Mayor has hired friends as City employees, dismissed employees that oppose the Mayor, and issued Cannabis business permits to friends is unsubstantiated.

In actuality, the Mayor and Council Members, working as a body, only hire the City Clerk and City Manager. The City Manager hires, dismisses, and disciplines all City employees. The City Council is involved in the appeal process for employee discipline.

The City Council as a unit, will issue Cannabis permits after all phases and vetting processes are completed.

- F26. The Special Parcel Tax measure on the April 10, 2018 Ballot, failed to receive the required 2/3 vote:
- Yes – 957 votes, 57.31%,
  - No – 711 votes, 42.57%.

## **COMMENTS:**

The previous and current City Managers were very cooperative and helpful in providing needed information about the City, Cannabis production requirements, and future activities. Many interviewees provided much needed input and contact information.

The City government is in need of guided directions. It appears that many employees and Council Members believe they are in full control of the City business. But actually, personal bias appears to be in charge of the City. Most decisions seem to be made based on personalities, which are not necessarily good for the City.

An interviewee stated that the attitude of the residents is, "If we are to be friends, then you MUST hate the same people that I hate."

The Special Parcel Tax is a major concern for the City. Without these funds, it will be very difficult for the City to continue to operate in the current manner. These funds are needed to provide police and fire services, as well as road improvements.

## **RECOMMENDATIONS:**

- R1. The City of California City's Mayor and Council Members should refrain from meeting with the City Manager outside scheduled City Council Meetings. This appears to be a violation of the City Code of Ordinance and/or the Ralph M. Brown Act. (Findings 1, 2, and 3)
- R2. The City Manager, Mayor, and Council Members should allow the Code Enforcement Officers, Fire Marshall, and Building Inspectors to perform their assigned duties, regardless of property ownership. (Findings 4, 5, 6, 7, 8, 9, and 10)
- R3. The City should post approved meeting minutes in a timely manner (by the next meeting date), to allow the public an opportunity to review the Council's actions. The posting of minutes should be on the City's website and at City Hall. (Findings 12, 13, 14, 15, and 16)
- R4. The City should update their website to include contact information for City Officials and City Government. (Finding 18)
- R5. The City should assure that **all** e-mails sent and/or received be archived. (Finding 19)
- R6. The City Manager, Department Heads and Supervisors should be trained on how to become better leaders, to effectively supervise their staff, and to successfully resolve conflicts in the work place. The City should cease and desist any harassment of City employees who act as whistleblowers, and/or shared information with the Grand Jury. (Findings 20 and 21)
- R7. The City should hire an outside auditing firm to perform a forensic audit of all financial transactions for the past two years. (Findings 16, 22, and 23)
- R8. The City Council should take the lead role and responsibility to see that the City completes the Corrective Action Plan from the June 30, 2017 Financial Audit Report, by the end of the 2017-2018 Fiscal Year. (Finding 16)

**NOTES:**

- The City of California City should post a copy of this report where it will be available for public review.
- Persons wishing to receive an email notification of newly released reports may sign up at: [www.kerncounty.com/grandjury](http://www.kerncounty.com/grandjury).
- Present and past Kern County Grand Jury Final Reports and Responses can be accessed on the Kern County Grand Jury website: [www.kerncounty.com/grandjury](http://www.kerncounty.com/grandjury).

**RESPONSE REQUIRED WITHIN 90 DAYS TO:**

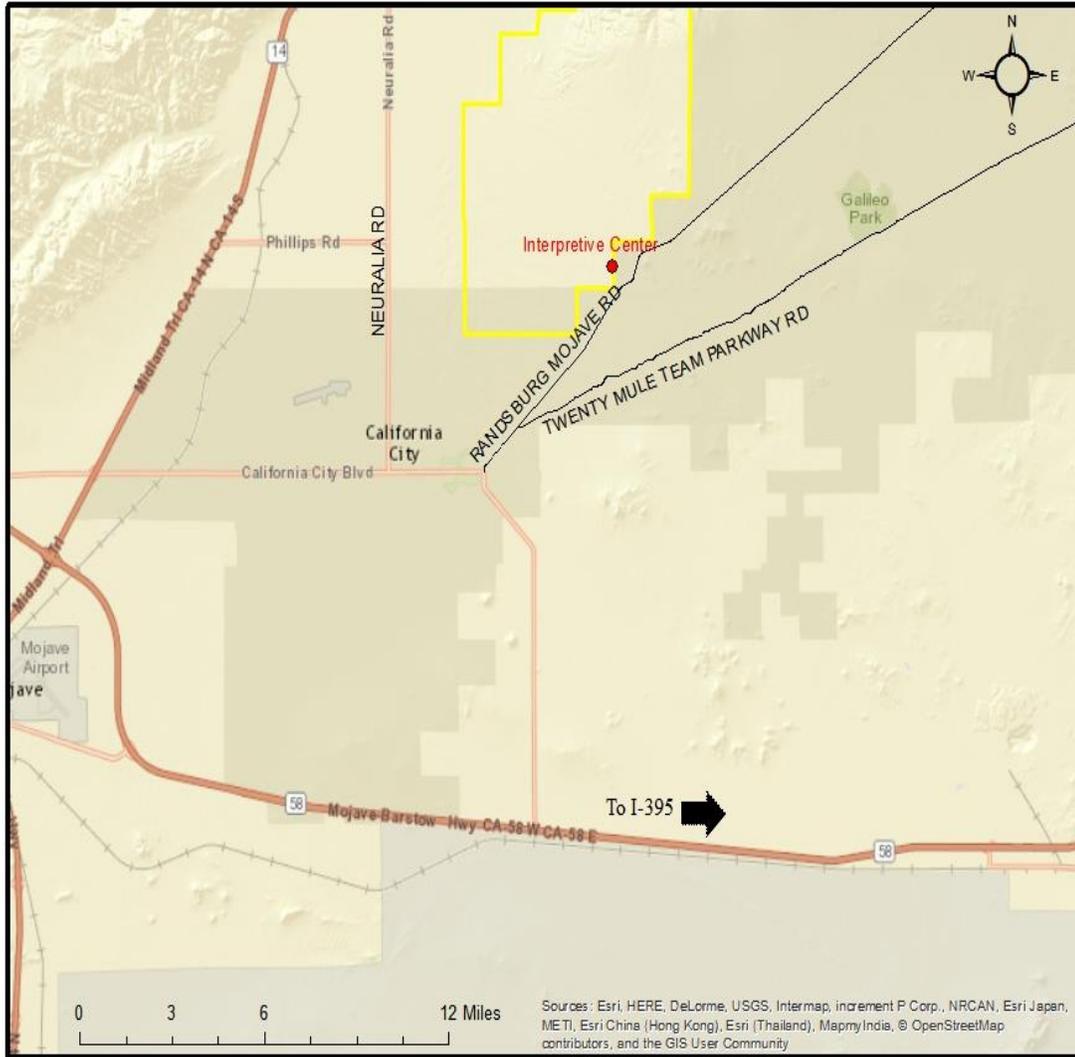
**PRESIDING JUDGE  
KERN COUNTY SUPERIOR COURT  
1415 TRUXTUN AVENUE, SUITE 212  
BAKERSFIELD, CA 93301**

**CC: FOREPERSON  
KERN COUNTY GRAND JURY  
1415 TRUXTUN AVENUE, SUITE 600  
BAKERSFIELD, CA 93301**

# APPENDIX A: MAP

## City of California City

### Desert Tortoise Research Natural Area and Interpretive Center



Provided by: [www.tortoise-tracks.org/wptortoisetracks/visiting-the-dtrna/](http://www.tortoise-tracks.org/wptortoisetracks/visiting-the-dtrna/)

## APPENDIX B: CONSTRUCTION BUILDING PERMITS

### City of California City:

1998:	3 buildings	average cost:	\$102,400
1999:	7 buildings	average cost:	\$140,600
2000:	8 buildings	average cost:	\$124,600
2001:	7 buildings	average cost:	\$120,200
2002:	9 buildings	average cost:	\$125,600
2004:	146 buildings	average cost:	\$133,000
2005:	385 buildings	average cost:	\$124,800
2006:	479 buildings	average cost:	\$143,900
2007:	241 buildings	average cost:	\$121,500
2008:	23 buildings	average cost:	\$149,500
2009:	4 buildings	average cost:	\$151,800
2010:	1 building	cost:	\$169,200
2011:	1 building	cost:	\$190,000
2014:	1 building	cost:	\$275,300

[www.city-data.com/city/California-City-California.html#ixzz58tfqg2M6](http://www.city-data.com/city/California-City-California.html#ixzz58tfqg2M6)

## **APPENDIX C: CODE OF ORDINANCES**

### **City of California City**

#### **CHAPTER 1. - CITY COUNCIL**

#### **ARTICLE 1. - ROLE OF THE COUNCIL**

##### **Sec. 2-1.101. - General.**

The Council is responsible for establishing the policies of the City and ensuring the policies are implemented.

(Ord. No. 14-725, § 1, 10-21-2014)

##### **Sec. 2-1.102. - Council Relationship with Management.**

Except as otherwise provided by this Code, the Mayor and individual Council members shall deal with the administrative services of the City only through the City Manager. Except for the purposes of inquiry, the Mayor and individual Council members shall not give orders or instructions to any subordinate of the City Manager. The City Manager shall take orders and instructions from the Council only when sitting in a duly held meeting of the Council. Neither the Mayor nor any individual Council member shall separately give any orders or instructions to the City Manager, except for the purposes of inquiry.

(Ord. No. 14-725, § 1, 10-21-2014)

##### **Sec. 2-1.103. - Council Relationship with Commissions.**

The Council may seek the advice of the City's various commission on a variety of subjects for the purpose of assisting in the formulation of policies.

(Ord. No. 14-725, § 1, 10-21-2014)

##### **Sec. 2-1.104. - Presiding Officer.**

(a) The Mayor shall be the presiding officer for the meetings of the Council. In the absence of the Mayor, the Mayor Pro Tempore shall preside over meetings of the Council.

(b) Each time a Mayor is seated, the most senior member of the Council who has not yet served as Mayor Pro Tempore shall serve as Mayor Pro Tempore. The council member who has received the most votes during the most recent election shall serve as Mayor Pro Tempore if two council members have equal seniority. The council member who declines to serve as Mayor Pro Tempore shall be deemed to have served for the purpose of determining succession. Mayor Pro Tempore shall serve at the pleasure of the council and may be removed by the affirmative vote of majority of the council, in which event a majority of the council shall select a successor.

Provided by: [www.californiacity-ca.gov/](http://www.californiacity-ca.gov/).

## APPENDIX D: CITY COUNCIL MEETING AGENDA JANUARY 11, 2018

### Resolutions:

**ORIGINAL**

#### RESOLUTION NO. 01-18-2718

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALIFORNIA CITY, CALIFORNIA CALLING A SPECIAL MUNICIPAL ELECTION TO BE HELD ON TUESDAY, APRIL 10, 2018 FOR THE PURPOSE OF SUBMITTING A SPECIAL PARCEL TAX MEASURE TO THE VOTERS OF THE CITY; REQUESTING THE ASSISTANCE OF THE COUNTY OF KERN IN CONNECTION WITH THAT ELECTION AND CONSOLIDATING THAT ELECTION WITH ANY OTHER ELECTIONS HELD ON THAT DATE**

**WHEREAS**, in 2007 the voters of the City of California City approved a special parcel tax on all property in the City; and

**WHEREAS**, in 2012, following the sunset of the special parcel tax approved in 2007, the voters again approved a special parcel tax; and

**WHEREAS**, the parcel tax approved in 2012 will sunset as of tax year 2017-18; and

**WHEREAS**, the City's general tax revenues remain insufficient to fully fund all City services unless some services are funded by a special tax; and

**WHEREAS**, a continuation of the special parcel tax will help the City to continue to provide essential public safety services; and

**WHEREAS**, the City Council desires to submit a special parcel tax measure to the voters of the City at a Special Municipal Election to be held on Tuesday, April 10, 2018 and to be consolidated with any countywide election to be held on that date; and

**WHEREAS**, the proposed tax (the "Special Parcel Tax") is more completely described in the ordinance attached hereto as Exhibit "A" and incorporated herein by reference (the "Tax Ordinance"); and

**WHEREAS**, this resolution was adopted following a public hearing that was noticed as a special meeting as required by Section 54956 of the Government Code and applicable law.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CALIFORNIA CITY AS FOLLOWS:**

**Section 1. Recitals.** The City Council hereby finds and determines that the foregoing recitals are true and correct.

**Section 2. Proposal.** Pursuant to Section 50077 of the Government Code, the City Council hereby proposes the Special Parcel Tax.

**Section 3. Election.** The City Council hereby calls a Special Municipal Election for Tuesday, April 10, 2018 (the “Election”) and orders, pursuant to Section 9222 of the Elections Code, that the Tax Ordinance be submitted to the voters at that election.

**Section 4. Ballot Question.** The question submitted by Section 3 of this Resolutions shall appear on the ballot as follows:

To prevent cuts in police, fire, drug enforcement and emergency 9-1-1 response, to fix potholes, improve streets, and improve park and recreational services, shall the existing special parcel tax be extended for six years (through tax year 2023-2024) at a rate not to exceed the existing rate of \$150 per lot or parcel, potentially generating approximately \$7.5 million annually with such funds only to be used for police, fire, code enforcement, parks and roads?	<b>YES</b>	
	<b>NO</b>	

**Section 5. Approval.** Pursuant to Section 4 of Article XIII A of the Constitution, this measure requires approval by a two-thirds vote of those casting ballots on the measure.

**Section 6. Consolidation.** Pursuant Section 10400 et seq. of the Elections Code, the Board of Supervisors of Kern County is requested to consolidate the Election with other elections held on the same day in the same territory or in the territory that is in part the same.

**Section 7. Canvass.** The Board of Supervisors is authorized to canvass the returns of the Election pursuant to Section 10411 of the Elections Code.

**Section 8. Conduct of Election.** Pursuant to Section 10002 of the Elections Code, the Board of Supervisors is requested to permit the County Clerk to render all services specified by Section 10418 of the Elections Code relating to the election, for which services the City agrees to reimburse the County, in accordance with current County pro-rations and allocation procedures.

**Section 9. Filing with County.** The City Clerk shall file a certified copy of this Resolution with the County Clerk.

**Section 10. Analysis and Argument.** The City Attorney shall prepare an impartial analysis of the measure. The argument shall be included with other ballot materials. Any person may prepare an argument against the measure not exceeding 300 words in length. If more than one argument is submitted against the measure, the City Clerk shall select the argument against the measure to be included with the ballot materials. Rebuttal arguments shall be permitted.

vote: **APPROVED and ADOPTED** this 11th day of January 2018 by the following roll call

AYES: McGuire, Parris, Gomez, Wood  
NOES: None  
ABSENT: Stump  
ABSTAIN: None

  
Jennifer Wood, Mayor

ATTEST:

  
Denise Hilliker, City Clerk

Provided by: [www.californiacity-ca.gov/](http://www.californiacity-ca.gov/).

# APPENDIX E: INDEPENDENT AUDITOR'S REPORT

2016-2017 Fiscal Year



PRICE PAIGE & COMPANY  
Accountancy Corporation

The Place to Be

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

To the Honorable Mayor and Members of the City Council  
of the City of California City  
City of California City, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of California City (the City) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 27, 2017.

#### Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs identified as item 2017-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs identified as items 2017-002 and 2017-003 to be significant deficiencies.

677 Scott Avenue  
Clovis, CA 93612  
tel 559.299.5540  
fax 559.299.3344

[www.ppcpas.com](http://www.ppcpas.com)

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2017-004 and 2017-005.

### **City's Response to Findings**

The City's responses to the findings identified in our audit are described in the Corrective Action Plan. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion in them.

### **Purpose of this Report**

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

*Price Page & Company*

Clovis, California  
December 27, 2017

CITY OF CALIFORNIA CITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017

**SECTION I – SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

  X   Yes        No

Significant deficiencies identified that  
are not considered to be material weaknesses?

  X   Yes        None reported

Noncompliance material to financial statements noted?

  X   Yes        No

CITY OF CALIFORNIA CITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding 2017-001**

**Year-End Closing Process (Material Weakness)**

Condition:	During the audit of the City's financial statements, we identified material misstatements in the City's general ledger account balance which necessitated the proposal of audit adjustments. Additionally, the City identified numerous misstatements to the general ledger account balances subsequent to providing us with a final trial balance.
Criteria:	A strong system of internal controls and management review requires that general ledger account balances be properly reconciled to a subsidiary ledger or other adequate supporting documentation on a periodic basis, as well as during the year-end financial close process in order to accurately and completely close the current year general ledger in a timely manner. Management is responsible for maintaining its accounting records in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).
Cause:	Although significant improvements were made from the 2015-2016 fiscal year financial statements audit, there were still various adjusting journal entries necessary to determine that the financial statements were free of material misstatement.
Effect:	Various areas of the financial statements, including fund balance/net position, intergovernmental receivables, utilities accounts receivable, accounts payable, grant revenues and overhead allocations were materially misstated, which required journal entries to be either posted by the City (13 entries) or proposed by us (10 entries) subsequent to receiving the City's final trial balance.
Recommendation:	<p>We recommend that the City perform the following steps in order to address the matters described above:</p> <ol style="list-style-type: none"><li>1) Create a closing checklist to assist with the preparation of audit schedules that are complete, accurate, and reconcile to the City's general ledger account balances. Additionally, ensure that a system is in place to allow the City to perform this in a timely manner.</li><li>2) Provide additional assistance to the Finance Department through the hiring of additional competent personnel.</li><li>3) Provide additional training in accounting specific to government entities to Finance Department staff in order to ensure that they are current with all financial accounting and reporting requirements as directed by the Governmental Accounting Standards Board.</li></ol>

**CITY OF CALIFORNIA CITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

<b>Finding 2017-002</b>	<b>Overhead Cost Allocations (Significant Deficiency)</b>
Condition:	The City is using an overly complex method of allocating overhead costs that has not been updated to address the current operations of the City. Additionally, the allocation methodology included at least two employees with unreasonable payroll allocations and at least one employee who is no longer employed by the City.
Criteria:	A strong system of internal control requires that a reasonable methodology for allocating overhead costs throughout the City's functions should be reviewed and updated periodically to reflect the current operations and personnel of the City.
Cause:	The City has not reviewed and/or updated its cost allocation schedule for multiple years to ensure that it accurately reflects the current operations and personnel of the City.
Effect:	Expenditures and/or expenses may be materially overstated or understated though the City's accounting records, adversely affecting the fund balance and/or net position in several funds.
Recommendations:	We recommend that the City establish a reasonable methodology to allocate overhead costs and it is reviewed and updated periodically by management, but at least on an annual basis. Updates to the overhead allocation schedule should be reviewed and approved through formal action the City Council.
<b>Finding 2017-003</b>	<b>Accounting Oversight (Significant Deficiency)</b>
Condition:	The Finance Department does not have adequate oversight over all aspects of the accounting functions, including cash management and the development of internal control.
Criteria:	A strong system of internal control and management review requires that there is adequate oversight of the financial and accounting activity and maintenance of all financial records throughout the City.
Cause:	The Finance Department does not have adequate control over the general accounting and grant-related accounting functions, including the collection of cash and development of internal control, for the Off-Highway Vehicles program. Rather, much of the accounting and development of internal control over this program is maintained within the Police Department.
Effect:	Inadequate Finance Department oversight over all aspects of the City's accounting, including the collection of cash and the development of internal control, could result in a misappropriation of assets, material accounting errors, and/or noncompliance with grant agreements.
Recommendation:	We recommend that Finance Department be provided the responsibility for the accounting, development of internal control, and cash management over all aspects of City's fiscal operations.

**CITY OF CALIFORNIA CITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

<b>Finding 2017-004</b>	<b>Timely Preparation of Minutes (Compliance)</b>
Condition:	Through the date of issuance of the City's financial statements in December 2017, numerous minutes of the City Council meetings had not been prepared, approved by the City Council, and distributed to the public in a timely manner. Additionally, a review of the City's website shows that the last minutes which were made publicly available on the website were for the March 3, 2015 City Council meeting.
Criteria:	Proper municipal governance provides for transparent communication of significant City Council decisions to the City's citizens. The most effective way of accomplishing this is by the timely preparation and distribution of minutes from the City Council meetings.
Cause:	City management has not set policies and procedures mandating the timely preparation and distribution of minutes of the City Council meetings to the public.
Effect:	The untimely preparation and distribution of the minutes does not provide for transparency with the public. Additionally, formal actions adopted by the City Council may not be adequately communicated to the appropriate personnel, resulting in the untimely implementation of the City Council's decisions.
Recommendation:	We recommend that City management develop and implement policies and procedures related to the timely preparation of minutes of the City Council meetings. Minutes should be prepared no later than the following regular meeting and the distribution of the minutes to the public shortly thereafter.
 <b>Finding 2017-005</b>	 <b>Loan Conditions (Compliance)</b>
Condition:	We found that the City is not in compliance with conditions of a loan received from the United States Department of Agriculture during the 2004-2005 fiscal year. The conditions that the City is out of compliance with include the following: <ol style="list-style-type: none"> <li>1) The City must adopt an operating budget for the water system that should rely on standby fees only to the extent that it is permitted by Resolution No. 7-93-1510.</li> <li>2) The City will establish a restricted fund for standby fees in accordance with Resolution No. 7-93-1510. The City should comply with the Resolution in the use of these funds.</li> <li>3) The City will establish a separate debt service reserve account that must be maintained as directed in the loan agreement for the remainder of the loan.</li> </ol>
Criteria:	A strong system of internal controls and management review should ensure compliance with all loan conditions.
Cause:	Since this loan is currently being paid semiannually without any notifications from the grantor, Management had not considered any debt covenants from preexisting loans with which the City may not be in compliance.
Effect:	By not being in compliance with conditions set forth the loan, the City risks negative consequences from Federal and State granting agencies.
Recommendations:	We recommend that the City review all debt agreements to ensure that they are in compliance with all loan conditions and debt covenants.

**CITY OF CALIFORNIA CITY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017**

**FINANCIAL STATEMENT FINDINGS**

**Finding 2016-001**

**Year-End Closing Process (Material Weakness)**

Condition:	During the audit of the City's financial statements, we identified material misstatements in the City's general ledger account balance which necessitated the proposal of numerous audit adjustments. Additionally, the City identified an excessive amount of misstatements to the general ledger account balances subsequent to providing us with a final trial balance.
Criteria:	A strong system of internal controls and management review requires that general ledger account balances be properly reconciled to a subsidiary ledger or other adequate supporting documentation on a periodic basis, as well as during the year-end financial close process in order to accurately and completely close the current year general ledger in a timely manner. Management is responsible for maintaining its accounting records in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).
Cause:	The City's Finance Director and Accountant, although competent, were relatively new to the City and, in addition to the demands of closing a City's general ledger, there were numerous other financial statement, compliance, and control environment matters to resolve that were inherited from accounting errors and decisions made in previous fiscal years. Additionally, the fiscal year 2014-2015 financial statement audit was not completed until fourteen months after the fiscal year-end, making it especially difficult to close the general ledger accounts in a complete and timely manner given the matters described.
Effect:	Almost all areas were misstated resulting in 78 adjusting journal entries, many of them related to prior year misstatements, which were required to be either posted by the City (41 entries) or proposed by us (37 entries) subsequent to receiving the City's final trial balance.
Recommendation:	<p>We recommend that the City perform the following steps in order to address the matters described above:</p> <ol style="list-style-type: none"><li>4) Create a closing checklist to assist with the preparation of audit schedules that are complete, accurate, and reconcile to the City's general ledger account balances. Additionally, ensure that a system is in place to allow the City to perform this in a timely manner.</li><li>5) Provide additional assistance to the Finance Department through the hiring of additional competent personnel.</li><li>6) Provide additional training in accounting specific to government entities to Finance Department staff in order to ensure that they are current with all financial accounting and reporting requirements as directed by the Governmental Accounting Standards Board.</li></ol>
Status:	Partially Implemented (See 2017-001)

**CITY OF CALIFORNIA CITY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017**

**FINANCIAL STATEMENT FINDINGS (Continued)**

<b>Finding 2016-002</b>	<b>Journal Entries (Material Weakness)</b>
Condition:	During a review of the City's general ledger, we noted that an excessive amount of journal entries were recorded in the accounting system. Additionally, we noted that journal entries were being posted to the accounting system prior to being adequately reviewed.
Criteria:	A strong system of internal control and management review is necessary in order to ensure that the City transactions are correctly recorded into the City's accounting system and do not require additional subsequent adjustments.
Cause:	Controls, although designed appropriately, were not being adhered to in order to ensure that all transactions or journal entries were reviewed in a timely manner and correctly posted to the City accounting system, requiring an excessive amount of corrective journal entries.
Effect:	Posting more journal entries than would normally be necessary, or have not been properly reviewed by appropriate personnel, increases the risk of material misstatements due to error or fraud.
Recommendation:	We recommend that the City perform the following steps in order to address the matters described above:  <ol style="list-style-type: none"><li>1) Adhere to its current internal control policies and ensure all transactions and journal entries are reviewed and approved by appropriate personnel prior to being posted to the City's accounting system.</li><li>2) Provide additional assistance to the Finance Department through the hiring of additional competent personnel.</li><li>3) Provide training to all department heads responsible for authorizing disbursements on methods to accurately classify all disbursements to the appropriate budget line items.</li></ol>
Status:	Implemented

**CITY OF CALIFORNIA CITY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017**

**FINANCIAL STATEMENT FINDINGS (Continued)**

<b>Finding 2016-003</b>	<b>City of California Housing Corporation (Material Weakness)</b>
Condition:	The City of California Housing Corporation (Housing Corporation), which owns and operates the Desert Jade Senior Complex, was not identified as a component unit of the City and included in the City's financial statements.
Criteria:	Governmental Accounting Standards Board Statement No. 61 states that a legally separate entity must be included as a component unit of another government if the nature and significance of the relationship between the two is such that excluding the former would render the latter's financial statements misleading.
Cause:	When the Housing Corporation formed in 1992, the City did not include its balance sheet and financial activity in the City's financial statements. Given the relationship between the City and Housing Corporation, its balance sheet and financial activity should have always been included within the City's financial statements.
Effect:	The City's nonmajor governmental funds fund balance and governmental activities net position were understated by \$756,976.
Recommendation:	We recommend that City management take a more proactive approach in overseeing the accounting of the Housing Corporation by integrating the Housing Corporation's financial accounting activities and accounting records maintenance with those of the City.
Status:	Implemented
<b>Finding 2016-004</b>	<b>Successor Agency Accounting Oversight (Material Weakness)</b>
Condition:	There were numerous accounting errors identified in the Successor Agency of the former Redevelopment Agency's (Successor Agency) accounting records and no oversight over its financial and accounting activity.
Criteria:	A strong system of internal control and management review requires that there is adequate oversight of the financial and accounting activity and maintenance of all financial records of entities in which the City has a fiduciary responsibility.
Cause:	The accounting records of the Successor Agency were maintained outside of City Hall by personnel without adequate accounting experience and training.
Effect:	Almost all balance sheet and current year activities accounts in the Successor Agency's accounting system were materially misstated including, among others, a prior year understatement of land held for resale totaling \$5,162,378 and Restricted Cash with Fiscal Agents totaling \$862,082.
Recommendation:	We recommend that City management take a more proactive approach in overseeing the accounting of the Successor Agency by integrating the Successor Agency's financial and accounting activities and accounting records maintenance with those of the City's.
Status:	Implemented

**CITY OF CALIFORNIA CITY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017**

**FINANCIAL STATEMENT FINDINGS (Continued)**

<b>Finding 2016-005</b>	<b>Water and Sewer Fund Accounts Receivable (Material Weakness)</b>
Condition:	Opening and ending accounts receivable balances and cash in the Water Fund and Sewer Fund were materially misstated.
Criteria:	A strong system of internal controls and management review requires that appropriate personnel have adequate knowledge of the accounting software used by the City in order to ensure that all transaction modules have been correctly set up to provide accurate information. Additionally, accounting personnel should be able to identify when accurate information is not being provided.
Cause:	The utilities billing module in the City's accounting system was inaccurately set up when the City initially changed accounting software in the 2006-2007 fiscal year. Since it was initially set up incorrectly, it has not been fixed in subsequent years.
Effect:	As a result of this condition, accounts receivable was materially overstated and cash was materially understated in the Water Fund. Additionally, accounts receivable were materially understated and cash was materially overstated in the Sewer Fund by the same amounts.
Recommendation:	We recommend that the City identify the cause of the error in its accounting software's utilities billing module and make the appropriate corrections. Additionally, we recommend that Finance Department personnel receive additional training of the City's accounting software in order to fully utilize the capabilities of the system and better understand its outputs.
Status:	Partially implemented (See 2017-001)
 <b>Finding 2016-006</b>	 <b>Garage Operations Costs (Material Weakness)</b>
Condition:	Excess garage operating costs were allocated to enterprise funds and a restricted fund by the General Fund.
Criteria	Proposition 218 specifies that no property-related fee may be used levied to pay for general government services. Additionally, externally restricted revenue sources may only be used for the express stated purpose of the revenue.
Cause:	The City used an allocation methodology created in a prior year that did not accurately reflect current actual costs incurred for the purpose of the allocation.
Effect:	The City allocated \$146,835 from the Street Maintenance Fund (a restricted fund) and the Water Fund, Sewer Fund and Airport Fund (enterprise funds) in excess of actual related costs incurred by the General Fund. Accordingly, the City was not in compliance with laws requiring the allowable usage of certain revenue sources.
Recommendation	We recommend the City evaluate the methodology of recovering the costs of fleet services to ensure that restricted and enterprise funds are only reimbursing the General Fund for actual costs. The City should periodically review this methodology, preferably annually. We also recommend the City consider creating an internal services fund for services provided to multiple City funds.
Status:	Implemented

**CITY OF CALIFORNIA CITY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017**

**SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)**

<b>Finding 2016-007</b>	<b>Police and Fire Department Timesheets (Significant Deficiency)</b>
Condition:	We noted numerous instances where timesheets completed by Police and Fire Department personnel were either not approved by a direct supervisor or were incorrect and/or incomplete.
Criteria:	A strong system of internal controls and management review requires that all timesheets are accurate and approved by the appropriate personnel.
Cause:	An emphasis has not been placed on ensuring that all timesheets completed by police department personnel are reviewed, complete and in line with City policy.
Effect:	Although we did not identify errors resulting in a material misstatement in the City's financial statements, inadequate controls over the accuracy of timesheets in accordance with City policies significantly increase the risk of misstatement due to error or fraud.
Recommendation:	We recommend that the internal controls the City has designed are strictly adhered to by all departments, including the Police and Fire Departments. We also recommend that the City consider providing additional training to Police and Fire Department personnel to ensure they are aware of all payroll policies and their responsibilities to be in compliance with these policies.
Status:	Implemented
 <b>Finding 2016-008</b>	 <b>Loan Conditions (Compliance)</b>
Condition:	We noted that the City is not in compliance with conditions of a loan received from the United States Department of Agriculture during the 2004-2005 fiscal year. The conditions that the City is out of compliance with include the following: <ol style="list-style-type: none"> <li>1) The City must adopt an operating budget for the water system that should rely on standby fees only to the extent that it is permitted by Resolution No. 7-93-1510.</li> <li>2) The City will establish a restricted fund for standby fees in accordance with Resolution No. 7-93-1510. The City should comply with the Resolution in the use of these funds.</li> <li>3) The City will establish a separate debt service reserve account that must be maintained as directed in the loan agreement for the remainder of the loan.</li> </ol>
Criteria:	A strong system of internal controls and management review requires that it ensures that it is in compliance with all loan conditions.
Cause:	Since this loan is currently being paid semiannually without any notifications from the grantor, management had not considered any debt covenants from preexisting loans with which the City may not be in compliance.
Effect:	By not being in compliance with conditions set forth the loan, the City risks negative consequences from the grantor.
Recommendations:	We recommend that the City review all debt agreements to ensure that they are in compliance with all loan conditions and debt covenants.
Status:	Not Implemented (See 2017-005)

**CITY OF CALIFORNIA CITY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017**

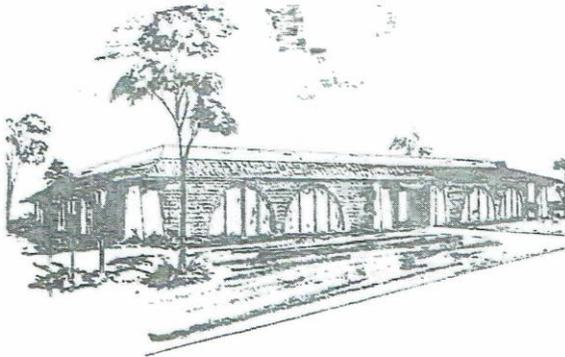
**SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)**

<b>Finding 2016-009</b>	<b>Construction in Progress (Significant Deficiency)</b>
Condition:	During our review of the City's prior year financial statement and current year trial balance, we noted that although the City had ongoing projects, it had not tracked related expenditures and capitalized them as construction in progress.
Criteria:	A strong system of internal controls and management review requires that all disbursements related to ongoing construction projects are accumulated, maintained on the City's depreciation schedule and properly reported on the City's financial statements.
Cause:	The City did not have a system in place to accumulate all prior year expenditures related to ongoing projects.
Effect:	The City's construction in progress was materially understated.
Recommendation:	We recommend that the City design and implement a system to track expenditures related to all ongoing construction projects and ensure that they are properly capitalized and included on the City's depreciation schedule.
Status:	Implemented
<b>Finding 2016-010</b>	<b>Investment Policy (Compliance)</b>
Condition:	During our review of the City's investment policy, we noted that the City is noncompliant with the City's investment policy in regards to money market funds not exceeding 20% of their investment portfolio.
Criteria:	A strong system of internal controls and management review requires that all policies created by the City or mandated by State or Federal law be adhered to on a consistent bases.
Cause:	This was a finding that the City received during its 2014-2015 financial statements audit, which was not completed until after June 30, 2016. Accordingly, management was not aware of this condition until after they were capable of correcting it.
Effect:	The City was out of compliance with its investment policy.
Recommendations:	Although the City has since corrected this deficiency, we recommend that City review its investments statements monthly to ensure that it is always in compliance with its investment policies.
Status:	Implemented

CITY OF CALIFORNIA CITY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017

**SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)**

<b>Finding 2016-011</b>	<b>Schedule of Expenditures of Federal Awards (Material Weakness)</b>
Condition:	The Schedule of Expenditures of Federal Awards (SEFA) initially provided by the City was materially incomplete. There were Federal grants for which City made expenditures that were not included on the SEFA.
Criteria:	A strong system of internal controls and management review requires that expenditures for all Federal grants are accumulated and included on the SEFA in compliance with 2 CFR 200, <i>Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards</i> .
Cause:	The Finance Department did not maintain a file that includes all City grants so its personnel was unaware of funding source of certain grants. Additionally, the Finance Department did not have a system in place to track all Federal expenditures necessary for inclusion to the SEFA.
Effect:	The expenditures included on the SEFA initially provided by the City were materially understated.
Recommendation:	We recommend that the Finance Department maintain a file of all City grants and create a system to develop an annual grant reconciliation for these grants that identifies the funding source and can be reconciled to the trial balance.
Status:	Implemented



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*City of California City*

City Hall



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**CALIFORNIA CITY  
CORRECTIVE ACTION PLAN  
June 30, 2017**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2017-001	• We will work on developing a more comprehensive closing check list in an effort to streamline the closing process.	6/30/2018	Accountant
	• We will ask City Council for funding to add another accountant to the Finance Department. We recognize that there is room for improvement; however, we do not have the appropriate staff to be able to better review all transactions in a timely manner.	6/30/2018	City Council
	• We will request to keep funding in the budget for annual CPE training for the Finance Director and Accountant to be able to keep current in GASB changes and updates.	6/30/2018	City Council
2017-002	We are reviewing our allocations based on time and effort. Rather than a budgeted allocation, we are using the percentages/hours and basing the allocation on actual numbers rather than budgeted numbers.	1/30/18	Fin. Director
2017-003	We have now brought all accounting, internal control and cash management into the Finance Department. This should help to ensure proper accounting and controls over all functions, including cash management.	11/30/2017	Fin. Director
2017-004	We will develop and implement policies and procedures related to the timely preparation of minutes of the City Council meetings. This will include having minutes prepared no later than the following regular meeting and the distribution of the minutes to the public shortly thereafter.	1/30/2018	City Manager
2017-005	We will review all debt agreements to ensure that we are in compliance with all loan conditions and debt covenants.	6/30/2018	Fin. Director

Robert Stockwell  
Interim City Manager

Jeanie O'Laughlin  
Finance Director/Assistant City Manager