

# TEHACHAPI VALLEY RECREATION AND PARK DISTRICT

Per the State of California Executive Order N-29-20, this meeting will be held telephonically:

The public is invited to join the meeting via **Microsoft Teams** on your computer or mobile app at [https://teams.microsoft.com/l/meetup-join/19%3ameeting\\_YmY1NTU3N2Q2tNjIxYy00ZGNhLWI4ZmUtNmJjMjNjZiRhZTAx%40thread.v2/0?context=%7b%22Tid%22%3a%22ea300d7c-f009-4e18-8b47-dc5a2e0b626e%22%2c%22Oid%22%3a%22579c9a4e-c16b-4401-bb4a-227dbedc8687%22%7d](https://teams.microsoft.com/l/meetup-join/19%3ameeting_YmY1NTU3N2Q2tNjIxYy00ZGNhLWI4ZmUtNmJjMjNjZiRhZTAx%40thread.v2/0?context=%7b%22Tid%22%3a%22ea300d7c-f009-4e18-8b47-dc5a2e0b626e%22%2c%22Oid%22%3a%22579c9a4e-c16b-4401-bb4a-227dbedc8687%22%7d)

**SPECIAL BOARD MEETING**  
**THURSDAY, DECEMBER 3, 2020, 5:30 P.M.**

## BOARD OF DIRECTORS

IAN STEELE, CHAIRPERSON  
KALEB JUDY, VICE-CHAIRPERSON  
WES BACKES, DIRECTOR  
DWIGHT DREYER, DIRECTOR  
SANDY CHAVEZ, DIRECTOR

## AGENDA

## 1. FLAG SALUTE

## 2. ROLL CALL

### 3. PUBLIC COMMENTS

*The Tehachapi Valley Recreation and Park District Board of Directors welcome public comments on any items within the subject matter jurisdiction of the District. We respectfully request that this public forum be utilized in a positive and constructive manner. Items addressed during Public Comment section are generally matters not included on the posted agenda and therefore the Board will take no action at this meeting. Such items, however, may be added to a future meeting's agenda. Speakers are limited to two (2) minutes. Please state your name or organization represented, if any, before making presentation. Thank you.*

#### 4. CONSENT CALENDAR

*All items listed on the Consent Calendar shall be considered routine and will be enacted by one vote. There will be no separate discussion of these items unless a member of the Board request specific items to be removed from the Consent Calendar for separate action.*

- B. Approval of the Preliminary Financial Reports for August and September 2020, (Pages 4-20).

**5. RECREATION MANAGER REPORT**

**6. OPERATIONS MANAGER REPORT**

**7. DISTRICT MANAGER REPORT**

**8. AGENDA ITEMS**

- A. Discussion/Approval of the Coronavirus Relief Fund Program Assistance to Special Districts Agreement between the County of Kern and Tehachapi Valley Recreation and Park District, (Pages 21-74).

**9. BOARD OF DIRECTORS' TIME**

*Opportunity for the Board to comment on items not listed on the agenda.*

**10. ADJOURNMENT**

*Adjourn to the next Regular Meeting of the Board of Directors of the Tehachapi Valley Recreation and Park District scheduled on January 19, 2021.*



## Tehachapi Valley Recreation & Park District

### **CERTIFICATE OF POSTING AGENDA**

I, the Clerk of the Tehachapi Valley Recreation and Park District Board of Directors hereby certify that a copy of the December 3, 2020, Special Board Meeting Agenda was posted at the following public places within the District on Wednesday, December 2, 2020, at 5:00 P.M. approximately:

- TVRPD, 490 West D Street, Tehachapi, California 93561
- The TVRPD Web site at [www.tvrpd.org](http://www.tvrpd.org)

The agenda and related documents were also provided to the Tehachapi Valley Recreation and Park District Board of Directors on the 2<sup>nd</sup> day of December 2020.

Dated this 2<sup>nd</sup> day of December 2020.

*Carrie Champlin*  
Carrie Champlin  
Clerk of the Board of Directors



## **Tehachapi Valley Recreation & Park District**

### **CERTIFICATE OF POSTING AGENDA**

I, the Clerk of the Tehachapi Valley Recreation and Park District Board of Directors hereby certify that a copy of the December 3, 2020, Special Board Meeting Agenda was posted at the following public places within the District on Wednesday, December 2, 2020, at 5:00 P.M. approximately:

- TVRPD, 490 West D Street, Tehachapi, California 93561
- The TVRPD Web site at [www.tvrpd.org](http://www.tvrpd.org)

The agenda and related documents were also provided to the Tehachapi Valley Recreation and Park District Board of Directors on the 2<sup>nd</sup> day of December 2020.

Dated this 2<sup>nd</sup> day of December 2020.

---

Carrie Champlin  
Clerk of the Board of Directors



# Tehachapi Valley Recreation and Park District

## BALANCE SHEET As of August 31, 2020

	TOTAL
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
1000 Cash in County Treasury General Fund	893,682.65
1004 Check BOTS 4470	29,357.98
1005 County Treasury Capital Projects Fund	205,804.12
1006 County FMV	18,718.00
1007 Square Inc	224.24
1051 Change Fund	950.00
1100 Petty Cash Fund	400.00
<b>Total Bank Accounts</b>	<b>\$1,149,136.99</b>
Accounts Receivable	
1200 Accounts Receivable	4,941.84
<b>Total Accounts Receivable</b>	<b>\$4,941.84</b>
Other Current Assets	
1070 Prepaid Expenses	545.00
1092 Credit Card Receivables	-1,636.97
1096 Undeposited Funds	217.00
1210 Inventory Asset	3,763.84
<b>Total Other Current Assets</b>	<b>\$2,888.87</b>
<b>Total Current Assets</b>	<b>\$1,156,967.70</b>
Fixed Assets	
1150 Land	166,734.76
1161 Building	540,391.52
1162 Improvements	3,058,111.76
1163 Equipment	1,191,721.83
1166 Furniture & Fixtures	27,502.88
1167 Machinery	48,662.24
1170 Accumulated Depreciation	-3,236,447.00
1180 Fleet Vehicles and Equipment	162,109.22
<b>Total Fixed Assets</b>	<b>\$1,958,787.21</b>
Other Assets	
1901 DOR-Pension Contributions	45,624.00
1903 DOR-Pension Related	70,912.00
<b>Total Other Assets</b>	<b>\$116,536.00</b>
<b>TOTAL ASSETS</b>	<b>\$3,232,290.91</b>
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 Accounts Payable-General Fund	34,700.52
<b>Total Accounts Payable</b>	<b>\$34,700.52</b>



## Tehachapi Valley Recreation and Park District

### BALANCE SHEET As of August 31, 2020

	TOTAL
Credit Cards	
2010 Cardmember Services Payable	8,017.89
2014 Home Depot Payable	357.68
<b>Total Credit Cards</b>	<b>\$8,375.57</b>
Other Current Liabilities	
2021 Accrued Salaries & Wages	16,314.89
2022 Accrued Employer PR Taxes	1,336.94
2024 Accrued Vacation, Sick, & Comp Time	60,134.72
2208 Kern County Loan Payable	450,000.00
2210 Payroll Liabilities	-627.29
2270 Refundable Deposits	5,500.00
<b>Total Other Current Liabilities</b>	<b>\$532,659.26</b>
<b>Total Current Liabilities</b>	<b>\$575,735.35</b>
Long-Term Liabilities	
2310 Loan Payable 2016	457,805.00
2900 Net Pension Liability	244,292.00
2902 DIR-Pension Related	46,365.00
<b>Total Long-Term Liabilities</b>	<b>\$748,462.00</b>
<b>Total Liabilities</b>	<b>\$1,324,197.35</b>
Equity	
3010 Net Investment In Capital Assets	1,464,693.30
3020 Restricted Funds	301,679.13
3110 Retained Earnings	333,481.78
Net Income	-191,760.65
<b>Total Equity</b>	<b>\$1,908,093.56</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$3,232,290.91</b>



# Tehachapi Valley Recreation and Park District

## PROFIT AND LOSS

August 2020

	TOTAL		
	AUG 2020	JUL - AUG, 2020 (YTD)	% OF INCOME
Income			
4010 Property Taxes	-16,871.94	-11,826.70	-165.95 %
4020 Interest Income	1,192.18	1,235.92	11.73 %
4020.1 Interest Income Cap Proj Fund	364.23	364.23	3.58 %
4030 Adult Program Revenues		-4,318.50	
4050 Facility Revenue	18,793.75	43,244.75	184.85 %
4210 Events Revenues	55.00	145.00	0.54 %
4300 Youth Program Revenues	6,733.80	83.80	66.23 %
4650 Discounts given	-100.00	-260.00	-0.98 %
<b>Total Income</b>	<b>\$10,167.02</b>	<b>\$28,668.50</b>	<b>100.00 %</b>
Cost of Goods Sold			
5004 Contracted Classes Costs	400.00	400.00	3.93 %
5005 Events Costs	430.00	430.00	4.23 %
5008 Youth Program Costs	1,121.24	2,203.76	11.03 %
5110 Scholarship Fund Expense	4.20	117.30	0.04 %
<b>Total Cost of Goods Sold</b>	<b>\$1,955.44</b>	<b>\$3,151.06</b>	<b>19.23 %</b>
<b>GROSS PROFIT</b>	<b>\$8,211.58</b>	<b>\$25,517.44</b>	<b>80.77 %</b>
Expenses			
6000 Employee Costs	57,687.63	147,399.03	567.40 %
7010 Advertising & Marketing	1,037.05	1,193.05	10.20 %
7020 Bank Service Charges	1,278.14	2,688.85	12.57 %
7030 Dues & Subscriptions	38.88	2,739.46	0.38 %
7050 Insurance		24,655.50	
7056 Interest Expense		1,266.81	
7060 Licenses & Fees	353.76	634.78	3.48 %
7070 Maintenance	8,553.79	13,563.89	84.13 %
7084 Meals & Entertainment	140.19	185.05	1.38 %
7090 Office Supplies	3,516.41	4,925.51	34.59 %
7120 Professional Development		814.00	
7150 Professional Fees	2,529.94	13,699.30	24.88 %
7180 Security	224.95	449.90	2.21 %
7210 Telephone and Internet	511.78	2,413.35	5.03 %
7230 Uniforms & Apparel	120.12	476.95	1.18 %
7250 Utilities	6,885.59	12,963.66	67.72 %
7999 Uncategorized Expense	31.00	31.00	0.30 %
<b>Total Expenses</b>	<b>\$82,909.23</b>	<b>\$230,100.09</b>	<b>815.47 %</b>
<b>NET OPERATING INCOME</b>	<b>\$ -74,697.65</b>	<b>\$ -204,582.65</b>	<b>-734.71 %</b>
Other Income			
8040 TVRPD Development Fee Revenues	6,411.00	12,822.00	63.06 %
<b>Total Other Income</b>	<b>\$6,411.00</b>	<b>\$12,822.00</b>	<b>63.06 %</b>
<b>NET OTHER INCOME</b>	<b>\$6,411.00</b>	<b>\$12,822.00</b>	<b>63.06 %</b>



## Tehachapi Valley Recreation and Park District

### PROFIT AND LOSS

August 2020

	TOTAL		
	AUG 2020	JUL - AUG, 2020 (YTD)	% OF INCOME
NET INCOME	\$ -68,286.65	\$ -191,760.65	-671.65 %





# Tehachapi Valley Recreation and Park District

## PROFIT & LOSS PRIOR YEAR COMPARISON

August 2020

	TOTAL			
	AUG 2020	AUG 2019 (PY)	CHANGE	% CHANGE
<b>Income</b>				
4010 Property Taxes	-16,871.94	3,955.06	-20,827.00	-526.59 %
4020 Interest Income	1,192.18	1,228.99	-36.81	-3.00 %
4020.1 Interest Income Cap Proj Fund	364.23	254.11	110.12	43.34 %
4030 Adult Program Revenues		6,000.00	-6,000.00	-100.00 %
4050 Facility Revenue	18,793.75	20,029.00	-1,235.25	-6.17 %
4210 Events Revenues	55.00	13,984.80	-13,929.80	-99.61 %
4213 Operational Grants		500.00	-500.00	-100.00 %
4300 Youth Program Revenues	6,733.80	19,458.00	-12,724.20	-65.39 %
4610 Billable Expense Income		1,768.84	-1,768.84	-100.00 %
4650 Discounts given	-100.00	-462.00	362.00	78.35 %
4704 Sales		262.22	-262.22	-100.00 %
<b>Total Income</b>	<b>\$10,167.02</b>	<b>\$66,979.02</b>	<b>\$ -56,812.00</b>	<b>-84.82 %</b>
<b>Cost of Goods Sold</b>				
5001 Adult Program Costs		318.09	-318.09	-100.00 %
5004 Contracted Classes Costs	400.00	300.00	100.00	33.33 %
5005 Events Costs	430.00	12,466.19	-12,036.19	-96.55 %
5008 Youth Program Costs	1,121.24	2,432.70	-1,311.46	-53.91 %
5110 Scholarship Fund Expense	4.20	8.00	-3.80	-47.50 %
<b>Total Cost of Goods Sold</b>	<b>\$1,955.44</b>	<b>\$15,524.98</b>	<b>\$ -13,569.54</b>	<b>-87.40 %</b>
<b>GROSS PROFIT</b>	<b>\$8,211.58</b>	<b>\$51,454.04</b>	<b>\$ -43,242.46</b>	<b>-84.04 %</b>
<b>Expenses</b>				
6000 Employee Costs	57,687.63	76,026.01	-18,338.38	-24.12 %
7010 Advertising & Marketing	1,037.05	4,170.20	-3,133.15	-75.13 %
7020 Bank Service Charges	1,278.14	1,945.27	-667.13	-34.29 %
7030 Dues & Subscriptions	38.88	38.88	0.00	0.00 %
7035 Equipment Rents & Leases		1,209.85	-1,209.85	-100.00 %
7050 Insurance		2,560.42	-2,560.42	-100.00 %
7060 Licenses & Fees	353.76	1,609.50	-1,255.74	-78.02 %
7070 Maintenance	8,553.79	4,163.96	4,389.83	105.42 %
7084 Meals & Entertainment	140.19	357.47	-217.28	-60.78 %
7090 Office Supplies	3,516.41	851.57	2,664.84	312.93 %
7120 Professional Development		150.00	-150.00	-100.00 %
7150 Professional Fees	2,529.94	10,463.59	-7,933.65	-75.82 %
7180 Security	224.95	179.96	44.99	25.00 %
7210 Telephone and Internet	511.78	940.22	-428.44	-45.57 %
7230 Uniforms & Apparel	120.12		120.12	
7250 Utilities	6,885.59	8,193.09	-1,307.50	-15.96 %
7999 Uncategorized Expense	31.00		31.00	
<b>Total Expenses</b>	<b>\$82,909.23</b>	<b>\$112,859.99</b>	<b>\$ -29,950.76</b>	<b>-26.54 %</b>
<b>NET OPERATING INCOME</b>	<b>\$ -74,697.65</b>	<b>\$ -61,405.95</b>	<b>\$ -13,291.70</b>	<b>-21.65 %</b>



## Tehachapi Valley Recreation and Park District

### PROFIT & LOSS PRIOR YEAR COMPARISON

August 2020

	TOTAL			
	AUG 2020	AUG 2019 (PY)	CHANGE	% CHANGE
Other Income				
8040 TVRPD Development Fee Revenues	6,411.00	4,274.00	2,137.00	50.00 %
<b>Total Other Income</b>	<b>\$6,411.00</b>	<b>\$4,274.00</b>	<b>\$2,137.00</b>	<b>50.00 %</b>
NET OTHER INCOME	<b>\$6,411.00</b>	<b>\$4,274.00</b>	<b>\$2,137.00</b>	<b>50.00 %</b>
NET INCOME	<b>\$ -68,286.65</b>	<b>\$ -57,131.95</b>	<b>\$ -11,154.70</b>	<b>-19.52 %</b>



# Tehachapi Valley Recreation and Park District

## STATEMENT OF CASH FLOWS

August 2020

	TOTAL
<b>OPERATING ACTIVITIES</b>	<b>-68,286.65</b>
Net Income	
Adjustments to reconcile Net Income to Net Cash provided by operations:	0.00
1200 Accounts Receivable	126.01
1085 Interest Receivable	-3,270.60
1092 Credit Card Receivables	-20,892.79
2000 Accounts Payable-General Fund	-1,116.63
2010 Cardmember Services Payable	416.01
2014 Home Depot Payable	0.00
2200 Suspense	0.00
2211 Payroll Liabilities:CalPERS Payable	-557.05
2231 Payroll Liabilities:Health Plan Payable	-15.76
2241 Payroll Liabilities:AFLAC Payable	307.58
2250 Payroll Liabilities:Payroll Tax Liabilities	-25,003.23
<b>Total Adjustments to reconcile Net Income to Net Cash provided by operations:</b>	<b>\$ -93,289.88</b>
<b>Net cash provided by operating activities</b>	
<b>INVESTING ACTIVITIES</b>	<b>-2,604.02</b>
1163 Equipment	\$ -2,604.02
<b>Net cash provided by investing activities</b>	
<b>FINANCING ACTIVITIES</b>	<b>-5,745.63</b>
3010 Net Investment In Capital Assets	6,775.23
3022 Restricted Funds:Capital Projects	-1,029.60
3028 Restricted Funds:Site Lease Funds	\$0.00
<b>Net cash provided by financing activities</b>	<b>\$ -95,893.90</b>
<b>NET CASH INCREASE FOR PERIOD</b>	<b>1,245,247.89</b>
Cash at beginning of period	
<b>CASH AT END OF PERIOD</b>	<b>\$1,149,353.99</b>



# Tehachapi Valley Recreation and Park District

## TVRPD BUDGET VS ACTUAL 2020-2021

August 2020

	TOTAL			
	ACTUAL	BUDGET	REMAINING	% REMAINING
Income				
4010 Property Taxes	-16,871.94	0.00	16,871.94	
4020 Interest Income	1,192.18	0.00	-1,192.18	
4020.1 Interest Income Cap Proj Fund	364.23		-364.23	
4050 Facility Revenue	18,793.75	0.00	-18,793.75	
4210 Events Revenues	55.00	0.00	-55.00	
4300 Youth Program Revenues	6,733.80	0.00	-6,733.80	
4650 Discounts given	-100.00	0.00	100.00	
<b>Total Income</b>	<b>\$10,167.02</b>	<b>\$0.00</b>	<b>\$ -10,167.02</b>	<b>0.00%</b>
Cost of Goods Sold				
5004 Contracted Classes Costs	400.00	0.00	-400.00	
5005 Events Costs	430.00	0.00	-430.00	
5008 Youth Program Costs	1,121.24	0.00	-1,121.24	
5110 Scholarship Fund Expense	4.20	0.00	-4.20	
<b>Total Cost of Goods Sold</b>	<b>\$1,955.44</b>	<b>\$0.00</b>	<b>\$ -1,955.44</b>	<b>0.00%</b>
<b>GROSS PROFIT</b>	<b>\$8,211.58</b>	<b>\$0.00</b>	<b>\$ -8,211.58</b>	<b>0.00%</b>
Expenses				
6000 Employee Costs	57,687.63	0.00	-57,687.63	
7010 Advertising & Marketing	1,037.05	0.00	-1,037.05	
7020 Bank Service Charges	1,278.14	0.00	-1,278.14	
7030 Dues & Subscriptions	38.88	0.00	-38.88	
7060 Licenses & Fees	353.76	0.00	-353.76	
7070 Maintenance	8,553.79	0.00	-8,553.79	
7084 Meals & Entertainment	140.19	0.00	-140.19	
7090 Office Supplies	3,516.41	0.00	-3,516.41	
7150 Professional Fees	2,529.94	0.00	-2,529.94	
7180 Security	224.95	0.00	-224.95	
7210 Telephone and Internet	511.78	0.00	-511.78	
7230 Uniforms & Apparel	120.12	0.00	-120.12	
7250 Utilities	6,885.59	0.00	-6,885.59	
7999 Uncategorized Expense	31.00		-31.00	
<b>Total Expenses</b>	<b>\$82,909.23</b>	<b>\$0.00</b>	<b>\$ -82,909.23</b>	<b>0.00%</b>
<b>NET OPERATING INCOME</b>	<b>\$ -74,697.65</b>	<b>\$0.00</b>	<b>\$74,697.65</b>	<b>0.00%</b>
Other Income				
8040 TVRPD Development Fee Revenues	6,411.00		-6,411.00	
<b>Total Other Income</b>	<b>\$6,411.00</b>	<b>\$0.00</b>	<b>\$ -6,411.00</b>	<b>0.00%</b>
<b>NET OTHER INCOME</b>	<b>\$6,411.00</b>	<b>\$0.00</b>	<b>\$ -6,411.00</b>	<b>0.00%</b>
<b>NET INCOME</b>	<b>\$ -68,286.65</b>	<b>\$0.00</b>	<b>\$68,286.65</b>	<b>0.00%</b>



## Tehachapi Valley Recreation and Park District

### BALANCE SHEET

As of September 30, 2020

	TOTAL
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
1000 Cash in County Treasury General Fund	862,341.33
1004 Check BOTS 4470	50,739.88
1005 County Treasury Capital Projects Fund	214,352.12
1006 County FMV	18,718.00
1007 Square Inc	89.59
1051 Change Fund	950.00
1100 Petty Cash Fund	400.00
<b>Total Bank Accounts</b>	<b>\$1,147,590.92</b>
Accounts Receivable	
1200 Accounts Receivable	9,096.97
<b>Total Accounts Receivable</b>	<b>\$9,096.97</b>
Other Current Assets	
1092 Credit Card Receivables	-2,474.38
1210 Inventory Asset	3,763.84
<b>Total Other Current Assets</b>	<b>\$1,289.46</b>
<b>Total Current Assets</b>	<b>\$1,157,977.35</b>
Fixed Assets	
1150 Land	166,734.76
1161 Building	540,391.52
1162 Improvements	3,058,111.76
1163 Equipment	1,195,643.93
1166 Furniture & Fixtures	27,502.88
1167 Machinery	48,662.24
1170 Accumulated Depreciation	-3,236,447.00
1180 Fleet Vehicles and Equipment	162,109.22
<b>Total Fixed Assets</b>	<b>\$1,962,709.31</b>
Other Assets	
1901 DOR-Pension Contributions	45,624.00
1903 DOR-Pension Related	70,912.00
<b>Total Other Assets</b>	<b>\$116,536.00</b>
<b>TOTAL ASSETS</b>	<b>\$3,237,222.66</b>
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 Accounts Payable-General Fund	7,193.82
<b>Total Accounts Payable</b>	<b>\$7,193.82</b>
Credit Cards	
2010 Cardmember Services Payable	8,250.63

Accrual Basis Friday, October 30, 2020

112



## Tehachapi Valley Recreation and Park District

### BALANCE SHEET

As of September 30, 2020

	TOTAL
<b>Total Credit Cards</b>	<b>\$8,250.63</b>
Other Current Liabilities	
2024 Accrued Vacation, Sick, & Comp Time	60,134.72
2208 Kern County Loan Payable	450,000.00
2210 Payroll Liabilities	-1,789.50
2270 Refundable Deposits	5,500.00
<b>Total Other Current Liabilities</b>	<b>\$513,845.22</b>
<b>Total Current Liabilities</b>	<b>\$529,289.67</b>
Long-Term Liabilities	
2310 Loan Payable 2016	457,805.00
2900 Net Pension Liability	244,292.00
2902 DIR-Pension Related	46,365.00
<b>Total Long-Term Liabilities</b>	<b>\$748,462.00</b>
<b>Total Liabilities</b>	<b>\$1,277,751.67</b>
Equity	
3010 Net Investment in Capital Assets	1,457,294.99
3020 Restricted Funds	309,077.44
3110 Retained Earnings	333,481.78
Net Income	-140,383.22
<b>Total Equity</b>	<b>\$1,959,470.99</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$3,237,222.66</b>



# Tehachapi Valley Recreation and Park District

## PROFIT AND LOSS

September 2020

	TOTAL		
	SEP 2020	JUL - SEP, 2020 (YTD)	% OF INCOME
Income			
4010 Property Taxes	68,658.68	56,831.98	75.79 %
4020 Interest Income		1,235.92	
4020.1 Interest Income Cap Proj Fund	0.00	364.23	0.00 %
4030 Adult Program Revenues		-4,318.50	
4050 Facility Revenue	17,978.00	61,191.75	19.85 %
4210 Events Revenues		145.00	
4300 Youth Program Revenues	-205.00	11.80	-0.23 %
4610 Billable Expense Income	4,155.13	4,155.13	4.59 %
4650 Discounts given		-260.00	
<b>Total Income</b>	<b>\$90,586.81</b>	<b>\$119,357.31</b>	<b>100.00 %</b>
Cost of Goods Sold			
5004 Contracted Classes Costs	2,000.00	2,400.00	2.21 %
5005 Events Costs	973.76	1,948.76	1.07 %
5008 Youth Program Costs	81.38	2,285.14	0.09 %
5110 Scholarship Fund Expense		117.30	
<b>Total Cost of Goods Sold</b>	<b>\$3,055.14</b>	<b>\$6,751.20</b>	<b>3.37 %</b>
<b>GROSS PROFIT</b>	<b>\$87,531.67</b>	<b>\$112,606.11</b>	<b>96.63 %</b>
Expenses			
6000 Employee Costs	44,721.91	174,469.11	49.37 %
7010 Advertising & Marketing	250.41	1,443.46	0.28 %
7020 Bank Service Charges	990.08	3,678.93	1.09 %
7030 Dues & Subscriptions		2,739.46	
7035 Equipment Rents & Leases	1,002.98	1,002.98	1.11 %
7050 Insurance		24,655.50	
7056 Interest Expense		1,266.81	
7060 Licenses & Fees	1,535.31	2,170.09	1.69 %
7070 Maintenance	2,906.42	16,470.31	3.21 %
7084 Meals & Entertainment	395.97	581.02	0.44 %
7090 Office Supplies	702.28	5,627.79	0.78 %
7120 Professional Development		814.00	
7150 Professional Fees	2,976.04	16,675.34	3.29 %
7180 Security	224.95	674.85	0.25 %
7210 Telephone and Internet	1,343.51	3,756.86	1.48 %
7230 Uniforms & Apparel		476.95	
7250 Utilities	4,892.21	17,855.87	5.40 %
<b>Total Expenses</b>	<b>\$61,942.07</b>	<b>\$274,359.33</b>	<b>68.38 %</b>
<b>NET OPERATING INCOME</b>	<b>\$25,589.60</b>	<b>\$ -161,753.22</b>	<b>28.25 %</b>
Other Income			
8040 TVRPD Development Fee Revenues	8,548.00	21,370.00	9.44 %
<b>Total Other Income</b>	<b>\$8,548.00</b>	<b>\$21,370.00</b>	<b>9.44 %</b>

Accrual Basis Friday, October 30, 2020

172



## Tehachapi Valley Recreation and Park District

### PROFIT AND LOSS

September 2020

	TOTAL		
	SEP 2020	JUL - SEP. 2020 (YTD)	% OF INCOME
NET OTHER INCOME	<b>\$8,548.00</b>	<b>\$21,370.00</b>	<b>9.44 %</b>
NET INCOME	<b>\$34,137.60</b>	<b>\$ -140,383.22</b>	<b>37.68 %</b>





# Tehachapi Valley Recreation and Park District

## PROFIT & LOSS PRIOR YEAR COMPARISON

September 2020

	TOTAL			
	SEP 2020	SFP 2019 (PY)	CHANGE	% CHANGE
Income				
4010 Property Taxes	68,658.68	59,181.10	9,477.58	16.01 %
4020 Interest Income		-2.75	2.75	100.00 %
4030 Adult Program Revenues		2,874.00	-2,874.00	-100.00 %
4050 Facility Revenue	17,978.00	23,294.00	-5,316.00	-22.82 %
4210 Events Revenues		15,199.40	-15,199.40	-100.00 %
4213 Operational Grants		2,250.00	-2,250.00	-100.00 %
4216 Scholarship Donations		15.00	-15.00	-100.00 %
4300 Youth Program Revenues	-205.00	2,408.00	-2,613.00	-108.51 %
4610 Billable Expense Income	4,155.13	1,023.00	3,132.13	306.17 %
4650 Discounts given		-10.00	10.00	100.00 %
<b>Total Income</b>	<b>\$90,586.81</b>	<b>\$106,231.75</b>	<b>\$ -15,644.94</b>	<b>-14.73 %</b>
Cost of Goods Sold				
5001 Adult Program Costs		1,301.70	-1,301.70	-100.00 %
5004 Contracted Classes Costs	2,000.00	3,020.00	-1,020.00	-33.77 %
5005 Events Costs	973.76	38,813.28	-37,839.52	-97.49 %
5008 Youth Program Costs	81.38	755.93	-674.55	-89.23 %
5704 Purchases for Resale		1,185.00	-1,185.00	-100.00 %
<b>Total Cost of Goods Sold</b>	<b>\$3,055.14</b>	<b>\$45,075.91</b>	<b>\$ -42,020.77</b>	<b>-93.22 %</b>
<b>GROSS PROFIT</b>	<b>\$87,531.67</b>	<b>\$61,155.84</b>	<b>\$26,375.83</b>	<b>43.13 %</b>
Expenses				
6000 Employee Costs	44,721.91	46,874.87	-2,152.96	-4.59 %
7010 Advertising & Marketing	250.41	8,661.81	-8,411.40	-97.11 %
7020 Bank Service Charges	990.08	1,276.51	-286.43	-22.44 %
7030 Dues & Subscriptions		38.88	-38.88	-100.00 %
7035 Equipment Rents & Leases	1,002.98		1,002.98	
7050 Insurance		3,222.70	-3,222.70	-100.00 %
7060 Licenses & Fees	1,535.31	759.01	776.30	102.28 %
7070 Maintenance	2,906.42	5,235.28	-2,328.86	-44.48 %
7084 Meals & Entertainment	395.97	688.02	-292.05	-42.45 %
7090 Office Supplies	702.28	1,054.68	-352.40	-33.41 %
7150 Professional Fees	2,976.04	3,071.50	-95.46	-3.11 %
7180 Security	224.95	179.96	44.99	25.00 %
7210 Telephone and Internet	1,343.51	1,164.52	178.99	15.37 %
7230 Uniforms & Apparel		386.11	-386.11	-100.00 %
7250 Utilities	4,892.21	6,705.89	-1,813.68	-27.05 %
<b>Total Expenses</b>	<b>\$61,942.07</b>	<b>\$79,319.74</b>	<b>\$ -17,377.67</b>	<b>-21.91 %</b>
<b>NET OPERATING INCOME</b>	<b>\$25,589.60</b>	<b>\$ -18,163.90</b>	<b>\$43,753.50</b>	<b>240.88 %</b>
Other Income				
8040 TVRPD Development Fee Revenues	8,548.00	2,137.00	6,411.00	300.00 %
<b>Total Other Income</b>	<b>\$8,548.00</b>	<b>\$2,137.00</b>	<b>\$6,411.00</b>	<b>300.00 %</b>

Accrual Basis Friday, October 30, 2020 12:40 PM GMT-04:00

1/2



## Tehachapi Valley Recreation and Park District

### PROFIT & LOSS PRIOR YEAR COMPARISON

September 2020

	TOTAL			
	SEP 2020	SEP 2019 (PY)	CHANGE	% CHANGE
NET OTHER INCOME	<b>\$8,548.00</b>	<b>\$2,137.00</b>	<b>\$6,411.00</b>	<b>300.00 %</b>
NET INCOME	<b>\$34,137.80</b>	<b>\$ -16,026.90</b>	<b>\$50,164.50</b>	<b>313.00 %</b>



## Tehachapi Valley Recreation and Park District

### STATEMENT OF CASH FLOWS

September 2020

	TOTAL
OPERATING ACTIVITIES	
Net Income	34,137.60
Adjustments to reconcile Net Income to Net Cash provided by operations:	
1200 Accounts Receivable	-4,155.13
1092 Credit Card Receivables	837.41
2000 Accounts Payable-General Fund	-27,373.70
2010 Cardmember Services Payable	232.74
2014 Home Depot Payable	-357.68
2200 Suspense	0.00
2211 Payroll Liabilities:CalPERS Payable	0.00
2231 Payroll Liabilities:Health Plan Payable	-1,153.41
2241 Payroll Liabilities:AFLAC Payable	-15.76
2250 Payroll Liabilities:Payroll Tax Liabilities	6.96
Total Adjustments to reconcile Net Income to Net Cash provided by operations:	-31,978.57
Net cash provided by operating activities	\$2,159.03
INVESTING ACTIVITIES	
1163 Equipment	-3,922.10
Net cash provided by investing activities	\$ -3,922.10
FINANCING ACTIVITIES	
3010 Net Investment In Capital Assets	-7,398.31
3022 Restricted Funds:Capital Projects	8,548.00
3028 Restricted Funds:Site Lease Funds	-1,149.69
Net cash provided by financing activities	\$0.00
NET CASH INCREASE FOR PERIOD	\$ -1,763.07
Cash at beginning of period	1,149,353.99
CASH AT END OF PERIOD	\$1,147,590.92

Friday, October 30, 2020

18



# Tehachapi Valley Recreation and Park District

## TVRPD BUDGET VS ACTUAL 2020-2021

July - September, 2020

	TOTAL			
	ACTUAL	BUDGET	REMAINING	% REMAINING
<b>Income</b>				
4010 Property Taxes	56,831.98	953,595.63	896,763.65	94.04 %
4020 Interest Income	1,235.92	10,551.82	9,315.90	88.29 %
4020.1 Interest Income Cap Proj Fund	364.23		-364.23	
4030 Adult Program Revenues	-4,318.50	41,360.00	45,678.50	110.44 %
4050 Facility Revenue	61,191.75	182,660.00	121,468.25	66.50 %
4210 Events Revenues	145.00	59,100.00	58,955.00	99.75 %
4213 Operational Grants		61,375.00	61,375.00	100.00 %
4300 Youth Program Revenues	11.80	372,470.00	372,458.20	100.00 %
4610 Billable Expense Income	4,155.13	18,050.00	13,894.87	76.98 %
4650 Discounts given	-260.00	-6,000.00	-5,740.00	95.67 %
4704 Sales		600.00	600.00	100.00 %
<b>Total Income</b>	<b>\$119,357.31</b>	<b>\$1,893,762.45</b>	<b>\$1,574,405.14</b>	<b>92.95 %</b>
<b>Cost of Goods Sold</b>				
5001 Adult Program Costs		5,940.00	5,940.00	100.00 %
5002 Fish Stocking		7,500.00	7,500.00	100.00 %
5004 Contracted Classes Costs	2,400.00	38,225.00	35,825.00	93.72 %
5005 Events Costs	1,948.76	73,025.00	71,076.24	97.33 %
5008 Youth Program Costs	2,285.14	65,650.00	63,364.86	96.52 %
5110 Scholarship Fund Expense	117.30	4,000.00	3,882.70	97.07 %
5704 Purchases for Resale		2,300.00	2,300.00	100.00 %
<b>Total Cost of Goods Sold</b>	<b>\$6,751.20</b>	<b>\$196,640.00</b>	<b>\$189,888.80</b>	<b>96.57 %</b>
<b>GROSS PROFIT</b>	<b>\$112,606.11</b>	<b>\$1,497,122.45</b>	<b>\$1,384,516.34</b>	<b>92.48 %</b>
<b>Expenses</b>				
6000 Employee Costs	174,469.11	990,700.00	816,230.89	82.39 %
7010 Advertising & Marketing	1,443.46	40,000.00	38,556.54	96.39 %
7020 Bank Service Charges	3,678.93	14,000.00	10,321.07	73.72 %
7026 Charitable Contribution		18,500.00	18,500.00	100.00 %
7030 Dues & Subscriptions	2,739.46	7,000.00	4,260.54	60.86 %
7035 Equipment Rents & Leases	1,002.98	4,300.00	3,297.02	76.67 %
7050 Insurance	24,655.50	35,500.00	10,844.50	30.55 %
7056 Interest Expense	1,266.81	18,000.00	16,733.19	92.96 %
7060 Licenses & Fees	2,170.09	21,000.00	18,829.91	89.67 %
7070 Maintenance	16,470.31	102,200.00	85,729.69	83.88 %
7084 Meals & Entertainment	581.02	4,000.00	3,418.98	85.47 %
7090 Office Supplies	5,627.79	14,000.00	8,372.21	59.80 %
7120 Professional Development	814.00	7,500.00	6,686.00	89.15 %
7150 Professional Fees	16,675.34	79,500.00	62,824.66	79.02 %
7160 Property Tax Collection Fee		14,000.00	14,000.00	100.00 %
7160 Safety Equipment		2,000.00	2,000.00	100.00 %
7180 Security	674.85	5,700.00	5,025.15	88.16 %
7210 Telephone and Internet	3,756.86	12,000.00	8,243.14	68.69 %



## Tehachapi Valley Recreation and Park District

### TVRPD BUDGET VS ACTUAL 2020-2021

July - September, 2020

	TOTAL			
	ACTUAL	BUDGET	REMAINING	% REMAINING
7230 Uniforms & Apparel	476.95	3,000.00	2,523.05	84.10 %
7250 Utilities	17,855.87	79,655.00	61,799.13	77.58 %
<b>Total Expenses</b>	<b>\$274,359.33</b>	<b>\$1,472,555.00</b>	<b>\$1,198,195.67</b>	<b>81.37 %</b>
NET OPERATING INCOME	<b>\$ -161,753.22</b>	<b>\$24,567.45</b>	<b>\$186,320.67</b>	<b>758.40 %</b>
Other Income				
8040 TVRPD Development Fee Revenues	21,370.00		-21,370.00	
<b>Total Other Income</b>	<b>\$21,370.00</b>	<b>\$0.00</b>	<b>\$ -21,370.00</b>	<b>0.00%</b>
NET OTHER INCOME	<b>\$21,370.00</b>	<b>\$0.00</b>	<b>\$ -21,370.00</b>	<b>0.00%</b>
NET INCOME	<b>\$ -140,383.22</b>	<b>\$24,567.45</b>	<b>\$164,950.67</b>	<b>671.42 %</b>

**AGREEMENT  
CORONAVIRUS RELIEF FUND PROGRAM  
ASSISTANCE TO SPECIAL DISTRICTS**

**THIS AGREEMENT** ("**Agreement**") is made and entered into on \_\_\_\_\_, 2020, by and between the COUNTY OF KERN, a political subdivision of the State of California ("**COUNTY**"), and \_\_\_\_\_ whose principal place of doing business is located at \_\_\_\_\_, California ("**SPECIAL DISTRICT**" or "**Subgrantee**").

**RECITALS:**

(a) COUNTY has obtained funds from the Department of Treasury pursuant to section 601(b) of the Social Security Act, as added by section 5001 of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), specifically the Coronavirus Relief Fund ("CRF") (hereinafter referred to as "CRF Program"); and

(b) On November 17, 2020, COUNTY, by and through the Kern County Board of Supervisors, considered and amended the CARES Act Coronavirus Relief Fund Initial Utilization Plan which was originally approved on May 5, 2020; and

(c) COUNTY agrees to assist SPECIAL DISTRICT by making available a portion of the CRF Program funds available to SPECIAL DISTRICT in an amount and upon the conditions provided for herein and for such activities as are permitted by the CRF Program; and

(d) COUNTY desires to distribute to SPECIAL DISTRICT a portion of the total CRF Program funds allotted to the COUNTY so long as SPECIAL DISTRICT's payments are eligible SPECIAL DISTRICT costs, eligible SPECIAL DISTRICT costs are costs that:

(1) Are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19);

(2) Were not accounted for in the budget most recently approved by SPECIAL DISTRICT as of March 27, 2020;

(3) Were incurred during the period that begins on March 1, 2020 and ends on December 30, 2020.

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, the receipt and adequacy of which are acknowledged, the COUNTY and SPECIAL DISTRICT agree to the following terms:

## AGREEMENT:

### 1. Definitions

(a) **"Project"** means the eligible activities to be carried out by SPECIAL DISTRICT under the CRF Program which are COVID-19 related net of other CARES funding received by the SPECIAL DISTRICT.

(b) **"Eligible CRF Program Components"** include out of pocket costs related to COVID-19 and the related public health precautions, including:

- (1) Personal protective equipment
- (2) Telecommuting
- (3) Sanitizing
- (4) Public health order enforcement
- (5) Eligible payroll expenses
- (6) Other

### 2. COUNTY's Financial Obligations

(a) COUNTY's financial obligation under this Agreement shall only be paid from CRF Program funds received by COUNTY from the United States Department of the Treasury. These funds shall be considered a grant to SPECIAL DISTRICT pursuant to this Agreement.

(b) Notwithstanding the foregoing, COUNTY's duty to pay SPECIAL DISTRICT under this Agreement is expressly contingent on SPECIAL DISTRICT submitting a COVID-19 SPECIAL DISTRICT Reimbursement Form ("Reimbursement Form," an example of which is attached hereto as Exhibit "A.") of eligible costs and retaining documentation of such costs. COUNTY, at its sole option, may terminate or suspend this Agreement if SPECIAL DISTRICT fails to comply with terms of the CARES Act or in accordance with Section 19 of this Agreement, Termination. SPECIAL DISTRICT hereby agrees to and grants said option to COUNTY without reservation or claim for future cause of action based thereon.

(c) COUNTY may withhold payments to SPECIAL DISTRICT if SPECIAL DISTRICT, in COUNTY's sole determination, has not complied with provisions of the Act, federal regulations thereunder, terms of the CRF Program grant from the federal government to COUNTY, the regulations of COUNTY promulgated to facilitate the administration of such grant, the terms of this Agreement, or any other statute or regulation applicable to the CRF Program or administration thereof. COUNTY agrees to inform SPECIAL DISTRICT within fifteen (15) days if COUNTY becomes aware that SPECIAL DISTRICT is not in compliance with the foregoing.

3. SPECIAL DISTRICT's Obligations

(a) SPECIAL DISTRICT shall submit a certified Reimbursement Form to Kern County prior to December 15, 2020. Said certified claim is to be itemized and properly documented so as to clearly indicate, at minimum, the eligible costs for which payment is being claimed, or other measurement as agreed by and between COUNTY and SPECIAL DISTRICT.

4. COUNTY's Obligations

(a) COUNTY shall provide CRF Program funds as reimbursement for Project activities carried out by SPECIAL DISTRICT.

(b) Disbursements shall be made by COUNTY to SPECIAL DISTRICT or its designee, after SPECIAL DISTRICT's submittal to COUNTY of a Reimbursement Form executed by a properly designated official of SPECIAL DISTRICT indicating the expenses incurred by SPECIAL DISTRICT for Project activities.

(c) SPECIAL DISTRICT agrees that the Board of Supervisors of COUNTY or its designee is hereby empowered to make an independent determination as to eligible Project activities which have been acquired or completed, and any such determination is conclusive.

(d) COUNTY shall process a Reimbursement Form of SPECIAL DISTRICT for payment under this Agreement with due diligence.

5. Compliance with Laws

(a) SPECIAL DISTRICT agrees to comply with the provisions of the CARES Act, any amendments thereto, the federal regulations and guidelines now or hereafter enacted pursuant to the Act, terms of the CRF Program grant to COUNTY now or hereafter in effect, and the regulations now or hereafter enacted by COUNTY to facilitate its administration of the CRF Program grant in Kern County, or any other statute, regulation or guideline applicable to the CRF Program, including, without limitation, the requirements under 24 CFR part 576. SPECIAL DISTRICT shall become familiar with the applicable statutes, regulations and guidelines governing the CRF Program, each of which is made a part hereof and incorporated herein by this reference as if set forth in full.

(b) It is agreed that all provisions of State of California law applicable to public contracts (except to the extent California law may be waived and is waived by the parties) are a part of this Agreement to the same extent as if set forth herein in full and shall be complied with by SPECIAL DISTRICT under this Agreement and any related agreements.



(c) Should COUNTY become subject to any sanctions, including but not limited to those enumerated at 24 CFR part 576.501, due to any failure by SPECIAL DISTRICT or SPECIAL DISTRICT's agents to comply with all Federal, State and local laws and regulations, SPECIAL DISTRICT hereby agrees without reservation to be liable for any such sanctions and shall fully reimburse COUNTY for any payments made or funding lost as a result of such sanctions.

(d) All references or citations to Federal, State, or local codes, statutes, rules, regulations or executive orders are effective and applicable to this Agreement only to the extent they are currently valid or as they are from time to time amended, repealed or superseded.

(e) In the event SPECIAL DISTRICT, or any Contractors hired by SPECIAL DISTRICT, fails to comply with any of the obligations pursuant to this Agreement, including, but not limited to, use of CRF Program funds for ineligible Projects or any failure to comply with Federal, State or local codes, statutes, rules or regulations, SPECIAL DISTRICT agrees to re-pay CRF Program funds to COUNTY within five (5) business days of a determination that said funds are ineligible. Should SPECIAL DISTRICT fail to remit payment to COUNTY within five (5) business days, SPECIAL DISTRICT hereby authorizes the Kern County Auditor-Controller to transfer funds directly from any deposit accounts SPECIAL DISTRICT maintains with COUNTY, including but not limited to property taxes, directly into COUNTY accounts in order to re-pay CRF Program funds in accordance with this Agreement.

(f) Notwithstanding the above, including the Eligible CRF Program Components set forth in subsection 1(b) of this Agreement, in the event the United States government determines that SPECIAL DISTRICT's uses of CRF Program funds are used for ineligible Projects, SPECIAL DISTRICT agrees to re-pay said CRF Program funds in accordance with section 5(e) of this Agreement.

## 6. Records and Administration

(a) SPECIAL DISTRICT shall comply with the policies, guidelines, and requirements of 2 CFR part 200, UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS as now in effect and may be amended from time to time, including without limitation, cost allocation plans, and procurement, as they relate to the acceptance and use of CRF Program funds by SPECIAL DISTRICT organizations. In the event COUNTY determines that an intentionally false or fraudulent certified claim has or is being filed by SPECIAL DISTRICT, COUNTY, in its sole discretion, may immediately terminate this Agreement and/or SPECIAL DISTRICT shall reimburse COUNTY for any and all funds found to be improperly paid, as well as those reasonable costs, including attorney fees, associated with the investigation and recovery of the contested claims and/or amounts.

(b) SPECIAL DISTRICT agrees to maintain Project documents, records and accounts, personnel and financial records, and submit such financial and performance reports as are required to assure a proper accounting of all Project funds, as required by the regulations adopted pursuant to the CARES Act. Methods used to determine costs assigned to Project must conform to 2 CFR part 200 UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS as now in effect and may be amended from time to time, and must not differ substantially from the methods used by SPECIAL DISTRICT to determine costs for other aspects of its operations or programs. SPECIAL DISTRICT shall provide for access during normal business hours to the Project records by Federal, State and COUNTY auditors, or their authorized agents, as may be deemed necessary to carry out their audit responsibilities. SPECIAL DISTRICT shall retain Project records for five (5) years after completion of Project, or until all related audit issues are resolved, whichever should occur later.

(c) COUNTY and SPECIAL DISTRICT shall comply with Recordkeeping and Reporting Requirements established at 24 CFR part 576.500.

7. Political Activity

SPECIAL DISTRICT agrees that no CRF Program funds shall be expended to finance any political activity in contravention of the Hatch Act of 1939, as amended, 5 U.S.C. 15 et seq.

8. Use of Grant Funds for Religious Purpose

SPECIAL DISTRICT will not engage in inherently religious activities as part of the CRF Program. Additionally, no otherwise qualified individual shall, solely by reason of his or her religion or religious belief, be excluded from the participation in, be denied the benefits of, or be subjected to, discrimination under any program funded by CRF Program funds.

9. Indemnification and Insurance

SPECIAL DISTRICT agrees to indemnify, defend, and hold harmless COUNTY and its agents, board members, elected and appointed officials and officers, employees, volunteers, and authorized representatives, from any and all losses, liabilities, charges, damages, claims, liens, causes of action, awards, judgments, costs and expenses (including, but not limited to, reasonable attorney's fees of County Counsel and counsel retained by COUNTY, expert fees, costs of staff time, and investigation costs) of whatever kind or nature which arise out of or are in any way connected with any act or omission of SPECIAL DISTRICT or its officers, agents, employees, independent contractors, sub-contractors of any tier, or authorized representatives. Without limiting the generality of the foregoing, the same shall include bodily and personal injury or death to any person or persons; damage to any property, regardless of where located, including the property of

COUNTY; and any workers' compensation claim or suit arising from or connected with any services performed pursuant to this Agreement on behalf of SPECIAL DISTRICT by any person or entity.

SPECIAL DISTRICT acknowledges that SPECIAL DISTRICT, and all contractors hired by SPECIAL DISTRICT to perform services under this Agreement, are aware of and understand the Immigration Reform and Control Act ("IRCA"). SPECIAL DISTRICT is and shall remain in compliance with the IRCA and shall ensure that only contractors hired by SPECIAL DISTRICT to perform services under this Agreement are in compliance with the IRCA. In addition, SPECIAL DISTRICT agrees to indemnify, defend, and hold harmless the COUNTY, its agents, board members, elected and appointed officials and officers, employees, volunteers, and authorized representatives, from any liability, damages or causes of action arising out of or relating to any claims that SPECIAL DISTRICT's employees or the employees of any contractor hired by SPECIAL DISTRICT, are not authorized to work in the United States for SPECIAL DISTRICT or its contractor and/or any other claims based upon alleged IRCA violations committed by SPECIAL DISTRICT or its contractor(s).

SPECIAL DISTRICT acknowledges that SPECIAL DISTRICT, and all contractors hired by SPECIAL DISTRICT to be compensated with CRF Program funds, will comply with the obligations and conditions set forth in this Agreement, including, but not limited to those expressly set forth in section 5, Compliance with laws. SPECIAL DISTRICT agrees to indemnify, defend, and hold harmless the COUNTY, its agents, board members, elected and appointed officials and officers, employees, volunteers, and authorized representatives, from any liability, damages or causes of action arising out of or relating to any claims or determinations that SPECIAL DISTRICT or SPECIAL DISTRICT's contractors used CRF Program funds for ineligible Projects.

SPECIAL DISTRICT in order to protect COUNTY and its board members, officials, agents, officers, and employees against all claims and liability for death, injury, loss and damage as a result of SPECIAL DISTRICT's actions in connection with the performance of SPECIAL DISTRICT's obligations, as required in this Agreement, shall secure and maintain insurance as described below. SPECIAL DISTRICT shall not perform any work under this Agreement until SPECIAL DISTRICT has obtained all insurance required under this section and the required certificates of insurance and all required endorsements have been filed with the COUNTY's authorized insurance representative, Insurance Tracking Services Inc. (ITS). Receipt of evidence of insurance that does not comply with all applicable insurance requirements shall not constitute a waiver of the insurance requirements set forth herein. The required documents must be signed by the authorized representative of the insurance company shown on the certificate. Upon request, SPECIAL DISTRICT shall supply proof that such person is an authorized representative thereof and is authorized to bind the named underwriter(s) and their company to the coverage, limits and termination provisions shown thereon. The SPECIAL DISTRICT shall promptly deliver to ITS a certificate of insurance, and all required endorsements, with respect to each renewal policy, as necessary to demonstrate the maintenance of the required insurance coverage for the term specified herein. Such certificates and

endorsements shall be delivered to ITS not less than 30 days prior to the expiration date of any policy and bear a notation evidencing payment of the premium thereof if so requested. SPECIAL DISTRICT shall immediately pay any deductibles and self-insured retentions under all required insurance policies upon the submission of any claim by SPECIAL DISTRICT or COUNTY as an additional insured.

a. Workers' Compensation and Employers' Liability Insurance Requirement

In the event SPECIAL DISTRICT has employees who may perform any services pursuant to this Agreement, SPECIAL DISTRICT shall submit written proof that SPECIAL DISTRICT is insured against liability for workers' compensation in accordance with the provisions of section 3700 of the California Labor Code.

SPECIAL DISTRICT shall require any contractor or sub-contractor to provide workers' compensation for all of the contractor's or sub-contractor's employees, unless the contractor's or sub-contractor's employees are covered by the insurance afforded by SPECIAL DISTRICT. If any class of employees engaged in work or services performed under this Agreement is not covered by Labor Code section 3700, SPECIAL DISTRICT shall provide and/or require each contractor or sub-contractor to provide adequate insurance for the coverage of employees not otherwise covered.

SPECIAL DISTRICT shall also maintain employers' liability insurance with limits of one million dollars (\$1,000,000) for bodily injury or disease.

b. Liability Insurance Requirements

(1) SPECIAL DISTRICT shall maintain in full force and effect, at all times during the term of this Agreement, the following insurance:

(a) Commercial General Liability Insurance including, but not limited to, Contractual Liability Insurance (specifically concerning the indemnity provisions of this Agreement with the County), Products-Completed Operations Hazard, Personal Injury (including bodily injury and death), and Property Damage for liability arising out of SPECIAL DISTRICT's performance of work under this Agreement. The Commercial General Liability insurance shall contain no exclusions or limitation for independent contractors working on the behalf of the named insured. SPECIAL DISTRICT shall maintain the Products-Completed Operations Hazard coverage for the longest period allowed by law following termination of this Agreement. The amount of said insurance coverage required by this Agreement shall be the policy limits, which shall be at least one million dollars (\$1,000,000) each occurrence and two million dollars (\$2,000,000) aggregate.

(b) Automobile Liability Insurance against claims of Personal Injury (including bodily injury and death) and Property Damage covering all owned, leased, hired, and non-owned vehicles used in the performance of services pursuant to this Agreement with combined limits for Bodily Injury and Property Damage liability of at

least one million dollars (\$1,000,000) each occurrence.

(2) The Commercial General Liability and Automobile liability Insurance required herein shall include an endorsement naming the COUNTY and COUNTY's board members, officials, officers, agents and employees as additional insureds for liability arising out of this Agreement and any operations related thereto. Said endorsement shall be provided on ISO form CG 20 10 Edition date 11/85 or such other forms which provide coverage at least equal to or better than form CG 20 10 11 85.

(3) Any self-insured retentions in excess of ten thousand (\$10,000) must be declared on the Certificate of Insurance or other documentation provided to COUNTY and must be approved by the COUNTY Risk Manager.

(4) If any of the insurance coverages required under this Agreement is written on a claims-made basis, SPECIAL DISTRICT at its option, shall either (i) maintain said coverage for at least three (3) years following the termination of this Agreement with coverage extending back to the effective date of this Agreement; (ii) purchase an extended reporting period of not less than three (3) years following the termination of this Agreement; or (iii) acquire a full prior acts provision on any renewal or replacement policy.

c. Cancellation of Insurance — The above stated insurance coverages required to be maintained by SPECIAL DISTRICT shall be maintained until the completion of all of SPECIAL DISTRICT's obligations under this Agreement except as otherwise indicated herein. Each insurance policy supplied by the SPECIAL DISTRICT must be endorsed to provide that the coverage shall not be suspended, voided, cancelled or reduced in coverage or in limits except after ten (10) days written notice in the case of non-payment of premiums, or 30 days written notice in all other cases. Such notice shall be by certified mail, return receipt requested. This notice requirement does not waive the insurance requirements stated herein. SPECIAL DISTRICT shall immediately obtain replacement coverage for any insurance policy that is terminated, canceled, non-renewed, or whose policy limits have been exhausted or upon insolvency of the insurer that issued the policy.

d. All insurance shall be issued by a company or companies admitted to do business in California and listed in the current "Best's Key Rating Guide" publication with a minimum of a "A-; VII" rating. Any exception to these requirements must be approved by the COUNTY Risk Manager.

e. If SPECIAL DISTRICT is, or becomes during the term of this Agreement, self-insured or a member of a self-insurance pool, SPECIAL DISTRICT shall provide coverage equivalent to the insurance coverages and endorsements required above. COUNTY will not accept such coverage unless COUNTY determines, in its sole discretion and by written acceptance, that the coverage proposed to be provided by SPECIAL DISTRICT is equivalent to the above-required coverages.

f. All insurance afforded by SPECIAL DISTRICT pursuant to this Agreement

shall be primary to and not contributing to any other insurance maintained by COUNTY. An endorsement shall be provided on all policies, except professional liability/errors and omissions, which shall waive any right of recovery (waiver of subrogation) against the COUNTY.

g. Insurance coverages in the minimum amounts set forth herein shall not be construed to relieve SPECIAL DISTRICT for any liability, whether within, outside, or in excess of such coverage, and regardless of solvency or insolvency of the insurer that issues the coverage; nor shall it preclude COUNTY from taking such other actions as are available to it under any other provision of this Agreement or otherwise in law.

h. Failure by SPECIAL DISTRICT to maintain all such insurance in effect at all times required by this Agreement shall be a material breach of this Agreement by SPECIAL DISTRICT. COUNTY, at its sole option, may terminate this Agreement and obtain damages from SPECIAL DISTRICT resulting from said breach. Alternatively, COUNTY may purchase such required insurance coverage, and without further notice to SPECIAL DISTRICT, COUNTY shall deduct from sums due to SPECIAL DISTRICT any premiums and associated costs advanced or paid by COUNTY for such insurance. If the balance of monies obligated to SPECIAL DISTRICT pursuant to this Agreement is insufficient to reimburse COUNTY for the premiums and any associated costs, SPECIAL DISTRICT agrees to reimburse COUNTY for the premiums and pay for all costs associated with the purchase of said insurance. Any failure by COUNTY to take this alternative action shall not relieve SPECIAL DISTRICT of its obligation to obtain and maintain the insurance coverages required by this Agreement.

i. Subcontractor Requirements

(1) If SPECIAL DISTRICT hires a consultant to provide professional services, such as counseling or substance abuse treatment services, under this Agreement, SPECIAL DISTRICT shall require its consultant to provide Professional Liability (Errors and Omissions) Insurance, for liability arising out of, or in connection with, the performance of all required services under this Agreement, with limits of not less than one million dollars (\$1,000,000) per claim and two million dollars (\$2,000,000) aggregate.

(2) During the Project, SPECIAL DISTRICT shall require that all contractors hired by SPECIAL DISTRICT to perform work with CRF Program funds maintain the following insurance coverages at all times during the performance of said work:

(a) Commercial General Liability Insurance including Products-Completed Operations Hazard, Personal Injury (including bodily injury and death), and Property Damage for liability arising out of Contractor's performance of work. The amount of said insurance coverage required by this Agreement shall be the policy limits, which shall be at least one million dollars (\$1,000,000) each occurrence and two million dollars (\$2,000,000) aggregate.

(b) Automobile Liability Insurance against claims of Personal Injury (including bodily injury and death) and Property Damage covering all owned,

leased, hired, and non-owned vehicles, with combined limits for Bodily Injury and Property Damage liability of at least one million dollars (\$1,000,000) each occurrence.

10. Assignment

SPECIAL DISTRICT shall not assign any right, title or interest it may acquire by reason of this Agreement except upon first obtaining the written consent of the COUNTY.

11. Remedies

No right or remedy herein conferred on or reserved to COUNTY is exclusive of any other right or remedy herein or by law or equity provided or permitted; but each shall be cumulative of every other right or remedy given hereunder or now or hereafter existing by law or in equity or by statute or otherwise, and may be enforced concurrently therewith or from time to time.

12. Non Waiver

No covenant or condition of this Agreement to be performed by SPECIAL DISTRICT can be waived except by the written consent of COUNTY. Forbearance or indulgence by COUNTY in any regard whatsoever shall not constitute a waiver of the covenant or condition to be performed by SPECIAL DISTRICT. A waiver of one covenant or condition by COUNTY does not grant or imply a waiver of any other covenant or condition to be performed by SPECIAL DISTRICT. COUNTY shall be entitled to invoke any remedy available to COUNTY under this Agreement or by law or in equity despite said forbearance or indulgence.

13. Incorporation of Prior Agreements and Amendments

This Agreement, including all attachments hereto and any reference to pertinent Federal or State laws and regulations, contains the entire Agreement between the parties, relating to the services, rights, obligations and covenants contained herein and assumed by the parties respectively. No inducements, representations or promises have been made, other than those recited in this Agreement. No oral promise, modification, change or inducement shall be effective or given any force or effect. This Agreement may be modified in writing only, signed by the parties in interest at the time of the modification.

14. Severability

Should any part, term, portion or provision of this Agreement be finally decided to be in conflict with any law of the United States or the State of California, or otherwise be unenforceable or ineffectual, the validity of the remaining parts, terms, portions, or provisions shall be deemed severable and shall not be affected thereby, provided such remaining portions or provisions can be construed in substance to constitute the agreement which the parties intended to enter into in the first instance.

15. Signatory Authority

Each individual executing this Agreement on behalf of each party represents and warrants that he/she is duly authorized to execute and deliver this Agreement on behalf of such party and that this Agreement is binding on such party in accordance with its terms. SPECIAL DISTRICT shall, prior to Agreement execution by COUNTY's Board of Supervisors, deliver to COUNTY a copy of the resolution or minute order of SPECIAL DISTRICT's governing body authorizing the execution of this Agreement.

16. Modifications or Changes

The terms of this Agreement may only be modified by the written consent of the parties hereto.

17. Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same document.

18. Term of Agreement

The term of this Agreement shall commence as of the date first written above and shall terminate December 30, 2020. Notwithstanding the foregoing, this Agreement shall be in effect only during such time as COUNTY maintains its CRF Program in effect in Kern County under the CRF Program Grant to COUNTY, except that SPECIAL DISTRICT shall retain records as is required in **Section 6** entitled "Records and Administration".

19. Termination

Notwithstanding **Section 18**, above, COUNTY and SPECIAL DISTRICT each reserve the right to terminate this Agreement according to the standards and requirements found at 2 CFR 200.339 upon giving 30 days' notice to the other party. In the event this Agreement is terminated, SPECIAL DISTRICT shall furnish to COUNTY the results of its work or copies of any and all documents relating to Project in SPECIAL DISTRICT's possession up to the date of termination. SPECIAL DISTRICT's failure to perform or observe any term, covenant or condition of this Agreement shall constitute an event of default under this Agreement and provide grounds for immediate termination of the Agreement.

20. Execution

This Agreement is effective upon the date indicated herein above. It is the product of negotiation and all parties are equally responsible for authorship of this Agreement. Section 1654 of the California Civil Code shall not apply to the interpretation of this



Agreement.

21. Notices

Notices shall be sufficiently given hereunder if personally served in writing upon the Clerk of the Board of Supervisors of COUNTY or the SPECIAL DISTRICT Clerk of SPECIAL DISTRICT or if sent by the United States mail, postage prepaid, as follows:

If directed to COUNTY:

County Administrative Office  
County Administrative Center  
1115 Truxtun Avenue, Fifth Floor  
Bakersfield, California 93301

If directed to SPECIAL DISTRICT:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

22. Venue

This Agreement has been entered into and is to be performed in the County of Kern, California. Accordingly, the parties agree that the venue of any action relating to this Agreement shall be brought in the County of Kern.

23. Opinions and Determinations

Where the terms of this Agreement provide for action to be based upon the opinion, judgment, approval, review, discretion, option, or determination of either COUNTY or SPECIAL DISTRICT, such terms are not intended to be and shall not be construed as permitting such opinion, judgment, approval, review, discretion, option, or determination to be arbitrary, capricious, or unreasonable.

24. No Third Party Beneficiaries

It is expressly understood and agreed that the enforcement of these terms and conditions and all rights of action relating to such enforcement, shall be strictly reserved to COUNTY and SPECIAL DISTRICT. Nothing contained in this Agreement shall give or allow any claim or right of action whatsoever by any other third person. It is the express intention of COUNTY and SPECIAL DISTRICT that any such person or entity, other than COUNTY and SPECIAL DISTRICT, receiving services or benefits under this Agreement shall be deemed an incidental beneficiary only.

25. Prohibited Interest of Officials and Employees

In addition to the conflict of interest requirements in OMB Circulars A-102 and A-110, no person who is an employee, agent, consultant, officer, or elected or appointed official of COUNTY, or SPECIAL DISTRICT (or of any designated public agency) that receives CRF Program funds and who exercises any functions or responsibilities with respect to the CRF Program during his tenure, or for one (1) year thereafter, shall have any interest, direct or indirect, in any contract or subcontract, or the proceeds thereof for work to be performed pursuant to this Agreement. SPECIAL DISTRICT shall incorporate or cause to be incorporated, in all contracts or subcontracts, relating in any manner to this Agreement, a provision prohibiting such interest.

The parties to this Agreement have read and are aware of the provisions of Section 1090 et seq. and Section 87100 et seq. of the Government Code relating to conflict of interest of public officers and employees. All parties hereto agree that they are unaware of any financial or economic interest of any public officer or employee of the COUNTY relating to this Agreement. It is further understood and agreed that if such a financial interest does exist at the inception of this Agreement, COUNTY may immediately terminate this Agreement by giving written notice thereof. SPECIAL DISTRICT shall comply with the requirements of Government Code section 87100 et seq. during the term of this Agreement.

26. Audit

In the event SPECIAL DISTRICT expends at least seven hundred fifty thousand dollars (\$750,000) in federal financial assistance in any single fiscal year, from all sources combined, it shall arrange at its own expense for performance of an audit in accordance with 2 CFR Chapter I, Chapter II, Part 200, Subpart F, incorporated herein by this reference as if set forth in full.

The results of the audit must be submitted to COUNTY within 30 days of completion. Acceptance of SPECIAL DISTRICT's audit reports by COUNTY does not prohibit COUNTY from performing any additional audit work required to follow up on findings, as deemed necessary by COUNTY, or as necessary for COUNTY to comply with any administrative or audit requirements imposed by the Federal or State government.

27. Other Federal Requirements

Use of CRF Program funds must comply with the following additional

requirements:

(a) Definitions:

1. **Government** means the United States of America and any executive department or agency thereof.
2. **Third Party subcontract** means a subcontract at any tier entered into by SPECIAL DISTRICT or subcontractor, financed in whole or in part with Federal assistance originally derived from CRF Program funds.

(b) Federal Changes

1. SPECIAL DISTRICT shall at all times comply with all applicable regulations, policies, and procedures, as they may be amended or promulgated from time to time during the term of this Agreement, including but not limited to those requirements of 2 CFR 200.317 through 200.326 and more fully set forth in Appendix II to Part 200—Contract Provisions for non-Federal Entity Contracts Under Federal Awards, which is included herein by reference. SPECIAL DISTRICT's failure to so comply shall constitute a material breach of this contract.
2. The SPECIAL DISTRICT agrees to include the above clause in each third party subcontract financed in whole or in part with CRF Program funds. It is further agreed that the clause shall not be modified, except to identify the subcontractor who will be subject to its provisions.

(c) Access to Records

1. The SPECIAL DISTRICT agrees to provide the County, the Comptroller General of the United States or any their authorized representatives access to any books, documents, papers, and records of the SPECIAL DISTRICT which are directly pertinent to this Agreement for the purposes of making audits, examinations, excerpts, and transcriptions.
2. The SPECIAL DISTRICT agrees to permit any of the foregoing parties to reproduce by any means whatsoever or to copy excerpts and transcriptions as reasonably needed.
3. The SPECIAL DISTRICT agrees to maintain all books, records, accounts, and reports required under this Agreement for a period of not less than five (5) years after the later of: (a) the date of termination or expiration of this Agreement or (b) the date County makes final payment under this Agreement, except in the event of litigation or settlement of claims arising from the performance of this Agreement, in which case, SPECIAL DISTRICT agrees to maintain same until the County, the Comptroller General, or any of their duly authorized representatives, have disposed of all such litigation, appeals, claims, or exceptions related thereto.

4. The requirements set for in paragraphs 1, 2, and 3 above are all in addition to, and should not be considered to be in lieu of, those requirements set forth in Section 6 and Section 26 of the Agreement.

(d) Debarment and Suspension

1. This Agreement is a covered transaction for purposes of 2 C.F.R. pt. 180 and 2 C.F.R. pt. 3000. As such the SPECIAL DISTRICT is required to verify that none of the SPECIAL DISTRICT, its contractors, its principals (defined at 2 C.F.R. § 180.995), or its affiliates (defined at 2 C.F.R. § 180.905) are excluded (defined at 2 C.F.R. § 180.940) or disqualified (defined at 2 C.F.R. § 180.935).

2. SPECIAL DISTRICT represents and warrants that it is not debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549, "Debarment and Suspension" or on the USEPA's List of Violating Facilities. SPECIAL DISTRICT agrees that neither SPECIAL DISTRICT nor any of its third party subcontractors shall enter into any third party subcontracts for any of the work under this Agreement with a third party subcontractor who is debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs under executive Order 12549 or on the USEPA's List of Violating Facilities. Gov. Code § 4477.

3. The SPECIAL DISTRICT must comply with 2 C.F.R. pt. 180, subpart C and 2 C.F.R. pt. 3000, subpart C while this Agreement is valid and throughout the period of any contract that is funded by CRF Program funds and must include a requirement to comply with these regulations in any lower tier covered transaction it enters into. SPECIAL DISTRICT agrees to the provisions of the below, Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion—Lower Tier Covered Transactions. For purposes of this Agreement and the Debarment, Suspension, Ineligibility and Voluntary Exclusion Certification, SPECIAL DISTRICT is the "prospective lower tier participant."

4. The SPECIAL DISTRICT agrees to include paragraphs 1 and 2 above in each third party subcontract financed in whole or in part with Federal assistance provided by CRF Program funds. It is further agreed that the paragraphs shall not be modified, except to identify the subcontractor who will be subject to its provisions.

5. This certification is a material representation of fact relied upon by County. If it is later determined that the SPECIAL DISTRICT did not comply with 2 C.F.R. pt. 180, subpart C and 2 C.F.R. pt. 3000, subpart C, in addition to remedies available to the State of California, the County, and the Federal Government may pursue available remedies, including but not limited to suspension and/or debarment.

(e) No Federal Government Obligations To SPECIAL DISTRICT

1. The County and SPECIAL DISTRICT acknowledge and agree that, notwithstanding any concurrence by the Federal Government in or approval of the solicitation or award of the underlying Agreement, absent the express written consent by

the Government, the Government is not a party to this Agreement and shall not be subject to any obligations or liabilities to the County, SPECIAL DISTRICT, or any other party (whether or not a party to that contract) pertaining to any matter resulting from the underlying Agreement.

2. The SPECIAL DISTRICT agrees to include the above clause in each third party subcontract financed in whole or in part with Federal assistance provided by CRF Program funds. It is further agreed that the clause shall not be modified, except to identify the subcontractor who will be subject to its provisions.

(f) Equal Employment Opportunity Compliance (applicable to all construction contracts awarded meeting the definition of "federally assisted construction contract" under 41 CFR 61-1.3)

SPECIAL DISTRICT agrees to comply with Executive Order 11246 of September 24, 1965, entitled "Equal Employment Opportunity," as amended by Executive Order 11375 of October 13, 1967, and as supplemented in Department of Labor regulations (41 CFR Part 60). 41 CFR 60.14 is hereby incorporated by reference.

1. During the performance of this Agreement, the SPECIAL DISTRICT agrees as follows:

- (i) The SPECIAL DISTRICT will not discriminate against any employee or applicant for employment because of race, color, religion, sex, sexual orientation, gender identity, or national origin. The SPECIAL DISTRICT will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, sexual orientation, gender identity, or national origin. Such action shall include, but not be limited to the following:

Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The SPECIAL DISTRICT agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause.

- (ii) The SPECIAL DISTRICT will, in all solicitations or advertisements for employees placed by or on behalf of the SPECIAL DISTRICT, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, sexual orientation, gender identity, or national origin.
- (iii) The SPECIAL DISTRICT will not discharge or in any other manner discriminate against any employee or applicant for employment because such employee or applicant has

inquired about, discussed, or disclosed the compensation of the employee or applicant or another employee or applicant. This provision shall not apply to instances in which an employee who has access to the compensation information of other employees or applicants as a part of such employee's essential job functions discloses the compensation of such other employees or applicants to individuals who do not otherwise have access to such information, unless such disclosure is in response to a formal complaint or charge, in furtherance of an investigation, proceeding, hearing, or action, including an investigation conducted by the employer, or is consistent with the SPECIAL DISTRICT's legal duty to furnish information.

- (iv) The SPECIAL DISTRICT will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the said labor union or workers' representatives of the SPECIAL DISTRICT's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- (v) The SPECIAL DISTRICT will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.
- (vi) The SPECIAL DISTRICT will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
- (vii) In the event of the SPECIAL DISTRICT's noncompliance with the nondiscrimination clauses of this Agreement or with any of the said rules, regulations, or orders, this Agreement may be canceled, terminated, or suspended in whole or in part and the SPECIAL DISTRICT may be declared ineligible for further Government contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

- (viii) The SPECIAL DISTRICT will include the portion of the sentence immediately preceding paragraph (i) and the provisions of paragraphs (i) through (vii) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The SPECIAL DISTRICT will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance:

Provided, however, that in the event a SPECIAL DISTRICT becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the administering agency, the SPECIAL DISTRICT may request the United States to enter into such litigation to protect the interests of the United States.

The SPECIAL DISTRICT further agrees that it will be bound by the above equal opportunity clause with respect to its own employment practices when it participates in federally assisted construction work: Provided, That if the SPECIAL DISTRICT so participating is a State or local government, the above equal opportunity clause is not applicable to any agency, instrumentality or subdivision of such government which does not participate in work on or under the Agreement.

The SPECIAL DISTRICT agrees that it will assist and cooperate actively with the administering agency and the Secretary of Labor in obtaining the compliance of contractors and subcontractors with the equal opportunity clause and the rules, regulations, and relevant orders of the Secretary of Labor, that it will furnish the administering agency and the Secretary of Labor such information as they may require for the supervision of such compliance, and that it will otherwise assist the administering agency in the discharge of the agency's primary responsibility for securing compliance.

The SPECIAL DISTRICT further agrees that it will refrain from entering into any contract or contract modification subject to Executive Order 11246 of September 24, 1965, with a contractor debarred from, or who has not demonstrated eligibility for, Government contracts and federally assisted construction contracts pursuant to the Executive Order and will carry out such sanctions and penalties for violation of the equal opportunity clause as may be imposed upon contractors and subcontractors by the administering agency or the Secretary of Labor pursuant to Part II, Subpart D of the Executive Order. In addition, the SPECIAL DISTRICT agrees that if it fails or refuses to comply with these undertakings, the administering agency may take any or all of the following actions: Cancel, terminate, or suspend in whole or in part this grant (contract, loan, insurance, guarantee); refrain from extending any further assistance to the SPECIAL DISTRICT under the program with respect to which the failure or refund occurred until satisfactory assurance of future compliance has been received from such SPECIAL DISTRICT; and refer the case to the Department of Justice for appropriate legal proceedings.

(g) Anti-Kickback Act Compliance (applicable to all contracts and subgrants for construction or repair; 44 CFR §13.36 (i)(4))

SPECIAL DISTRICT agrees to comply with the Copeland "Anti-Kickback" Act 18 U.S.C. § 874, 40 U.S.C. § 3145, and the requirements of 29 C.F.R. pt. 3 as may be applicable, which are incorporated by reference into this Agreement.

Subcontracts. The SPECIAL DISTRICT or subcontractor shall insert in any subcontracts the clause above and such other clauses as the Government may by appropriate instructions require, and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The SPECIAL DISTRICT shall be responsible for the compliance by any subcontractor or lower tier subcontractor with all of these contract clauses.

Breach. A breach of the Agreement clauses above may be grounds for termination of the Agreement, and for debarment as a contractor and subcontractor as provided in 29 C.F.R. § 5.12."

(h) Davis-Bacon Act Compliance (applicable to construction contracts in excess of \$2,000 awarded by grantees and subgrantees when required by Federal grant program legislation;)

To the extent required by any Federal grant programs applicable to expected funding or reimbursement of County's expenses incurred in connection with the services provided under this Agreement, SPECIAL DISTRICT agrees, and all transactions regarding this Agreement will, comply with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) and the requirements by Department of Labor regulations (29 CFR Part 5) as set forth below.

1. The SPECIAL DISTRICT shall be bound to the provisions of the Davis-Bacon Act and agrees to be bound by all the provisions of Labor Code section 1771 regarding prevailing wages. All labor on this project shall be paid neither less than the greater of the minimum wage rates established by the U.S. Secretary of Labor (Federal Wage Rates), or by the State of California Director of Department of Industrial Relations (State Wage Rates). Current DIR requirements may be found at <http://www.dir.ca.gov/lcp.asp>. SPECIAL DISTRICT shall pay wages not less than once a week.

2. The general prevailing wage rates may be accessed at the Department of Labor Home Page at [www.wdol.gov](http://www.wdol.gov). Under the Davis Bacon heading, click on "Selecting DBA WDs." In the drop down menu for State, select, "California." In the drop down menu for County, select "Kern." In the drop down menu for Construction Type, make the appropriate selection. Then, click Search.

(i) Contract Work Hours and Safety Standards (applicable to all contracts in excess of \$100,000 that involve the employment of mechanics or laborers, but not to



purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence)

1. Compliance. SPECIAL DISTRICT agrees that it shall comply with Sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327–330) as supplemented by Department of Labor regulations (29 CFR Part 5), which are incorporated herein.

2. Overtime. No contractor or subcontractor contracting for any part of the work under this Agreement which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which he or she is employed on such work to work in excess of forty hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of forty hours in such workweek.

3. Violation; liability for unpaid wages; liquidated damages. In the event of any violation of the provisions of Paragraph 2, the SPECIAL DISTRICT and any subcontractor responsible therefore shall be liable to any affected employee for his unpaid wages. In additions, such SPECIAL DISTRICT and subcontractor shall be liable to the United States for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic employed in violation of the provisions of paragraph 2 in the sum of \$10 for each calendar day on which such employee was required or permitted to be employed on such work in excess of eight hours or in excess of his standard workweek of forty hours without payment of the overtime wages required by paragraph 2.

4. Withholding for unpaid wages and liquidated damages. The County shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld, from any moneys payable on account of work performed by the SPECIAL DISTRICT or subcontractor under any such contract or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to the Contract Work Hours and Safety Standards Act, which is held by the same prime contractor, such sums as may be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for unpaid wages and liquidated damages as provided in the clause set for in paragraph 3 of this section.

5. Subcontracts. The SPECIAL DISTRICT or subcontractor shall insert in any subcontracts the clauses set forth in paragraphs 1 through 4 of this section and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for compliance by any subcontractor or lower tier subcontractor with the clauses set forth in paragraphs 1 through 4 of this section.

(j) Notice of Reporting Requirements

1. SPECIAL DISTRICT acknowledges that it has read and understands the reporting requirements of Part III of Chapter 11 of the United States

Department of Justice's Office of Justice Programs Financial Guide, and agrees to comply with any such applicable requirements.

2. The SPECIAL DISTRICT agrees to include the above clause in each third party subcontract financed in whole or in part with Federal assistance provided by CRF Program funds. It is further agreed that the clause shall not be modified, except to identify the subcontractor who will be subject to its provisions.

(k) Notice of Requirements Pertaining to Copyrights

1. SPECIAL DISTRICT agrees that Government shall have a royalty-free, nonexclusive, and irrevocable license to reproduce, publish or otherwise use, and to authorize others to use, for government purposes:

- (i) The copyright in any work developed with the assistance of funds provided under this Agreement;
- (ii) Any rights of copyright to which SPECIAL DISTRICT purchases ownership with the assistance of funds provided under this Agreement.

2. The SPECIAL DISTRICT agrees to include paragraph 1 above in each third party subcontract financed in whole or in part with Federal assistance provided by CRF Program funds. It is further agreed that the clause shall not be modified, except to identify the subcontractor who will be subject to its provisions.

(l) Patent Rights (applicable to contracts for experimental, research, or development projects financed by CRF Program funds; 44 CFR §13.36(i)(8))

1. General. If any invention, improvement, or discovery is conceived or first actually reduced to practice in the course of or under this Agreement, and that invention, improvement, or discovery is patentable under the laws of the United States of America or any foreign country, the County and SPECIAL DISTRICT agree to take actions necessary to provide immediate notice and a detailed report to Government.

2. Unless the Government later makes a contrary determination in writing, irrespective of SPECIAL DISTRICT's status (a large business, small business, state government or state instrumentality, local government, nonprofit organization, institution of higher education, individual), the County and SPECIAL DISTRICT agree to take the necessary actions to provide, those rights in that invention due the Federal Government as described in U.S. Department of Commerce regulations, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements," 37 CFR, Part 401.

3. The SPECIAL DISTRICT agrees to include paragraphs 1 and 2 above in each third-party subcontract for experimental, developmental, or research work financed in whole or in part with Federal assistance provided by CRF Program funds.

(m) Energy Conservation Requirements

1. The SPECIAL DISTRICT agrees to comply with mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act (42 USC 6201).

2. The SPECIAL DISTRICT agrees to include paragraph 1 above in each third-party subcontract financed in whole or in part with Federal assistance provided by CRF Program funds. It is further agreed that the clause shall not be modified, except to identify the subcontractor who will be subject to its provisions.

(n) Clean Air and Water Requirements (applicable to all contracts and subcontracts in excess \$150,000, including indefinite quantities where the amount is expected to exceed \$150,000 in any year)

1. SPECIAL DISTRICT agrees to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401-7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251-1387), and will report violations to Government and the Regional Office of the Environmental Protection Agency (EPA).

2. SPECIAL DISTRICT agrees to report each violation of these requirements to the County and understands and agrees that the County will, in turn, report each violation as required to assure notification to Government and the appropriate EPA regional office.

3. The SPECIAL DISTRICT agrees to include paragraph 1 and 2 above in each third party subcontract exceeding \$150,000 financed in whole or in part with Federal assistance provided by CRF Program funds.

(o) **Termination for Convenience of County** (applicable to all contracts in excess of \$10,000)

See Section 19 of the Agreement.

(p) **Termination for Default** (applicable to all contracts in excess of \$10,000)

See Section 19 of the Agreement.

(q) **Changes**

See Section 16 of the Agreement.

(r) Lobbying (Byrd Anti-Lobbying Amendment, 31 U.S.C. § 1352 (as amended)).

1. SPECIAL DISTRICT shall not use or pay any funds received under this

Agreement to influence or attempt to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

2. SPECIAL DISTRICT agrees to the provisions of the below, Certification Regarding Lobbying, (applicable for contracts or subcontracts in excess of \$100,000).

3. SPECIAL DISTRICT agrees to include paragraphs 1 and 2 above in each third-party subcontract financed in whole or in part with Federal assistance provided by CRF Program funds. It is further agreed that the clause shall not be modified, except to identify the subcontractor who will be subject to its provisions.

(s) MBE/WBE Requirements

SPECIAL DISTRICT shall make every effort to procure Minority and Women's Business Enterprises ("DBEs") through the "Good Faith Effort" process as required in 2 CFR 200.321. Failure to perform the "Good Faith Effort" process and submit the forms listed below with the bid shall be cause for a bid to be rejected as non-responsive and/or be considered as a material breach of the Agreement.

PRIME CONTRACTOR RESPONSIBILITIES

All recipients of this grant funding, as well as their prime contractors and subcontractors, must take all affirmative steps to assure that minority firms, women's business enterprises, and labor surplus area firms are used when possible make every effort to solicit bids from eligible DBEs. This information must be documented and reported.

"GOOD FAITH" EFFORT PROCESS

Any public or private entity receiving federal funds must demonstrate that efforts were made to attract MBE/WBEs. The process to attract MBE/WBEs is referred to as the "Good Faith" effort. This effort requires the recipient, prime contractor and any subcontractors to take the steps listed below to assure that MBE/WBEs are used whenever possible as sources of supplies, construction, equipment, or services. If SPECIAL DISTRICT fails to take the steps outlined below, it shall cause the bid to be rejected as non-responsive and/or be deemed a material breach of the Agreement.

1. Place qualified small and minority businesses and women's business enterprises on solicitation lists;

2. Assure that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;

3. Divide total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority business, and

women's business enterprises;

4. Establish delivery schedules, where the requirement permits, which encourage participation by small and minority business, and women's business enterprises; and

5. Use the services and assistance of the Small Business Administration, and the Minority Business Development Agency of the Department of Commerce.

6. If subcontracts are to be let, SPECIAL DISTRICT shall take the affirmative steps listed in 2 CFR 200.321.

(t) Procurement of Recovered Materials (2 CFR 200.322)

SPECIAL DISTRICT shall comply with Section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines. In the performance of this Agreement, the SPECIAL DISTRICT shall make maximum use of products containing recovered materials that are EPA-designated items unless the product cannot be acquired: (1) competitively within a timeframe providing for compliance with the contract performance schedule; (2) meeting contract performance requirements; or (3) at a reasonable price.

Information about this requirement, along with the list of EPA- designated items, is available at EPA's Comprehensive Procurement Guidelines web site, <https://www.epa.gov/smm/comprehensive-procurement-guideline-cpg-program>.

(u) Incorporation of Uniform Administrative Requirements

The preceding provisions include, in part, certain standard terms and conditions required by Government, whether or not expressly set forth in the preceding Agreement provisions. All contractual provisions required by Government are hereby incorporated by reference. Anything to the contrary herein notwithstanding, all Government mandated terms shall be deemed to control in the event of a conflict with other provisions contained in this Agreement. SPECIAL DISTRICT shall not perform any act, fail to perform any act, or refuse to comply with any County requests that would cause County to be in violation of the Government terms and conditions.

(v) Program Fraud and False or Fraudulent Statements or Related Acts

The SPECIAL DISTRICT acknowledges that 31 U.S.C. Chap. 38 (Administrative Remedies for False Claims and Statements) applies to the SPECIAL DISTRICT's actions pertaining to this Agreement.

(w) Drug-Free Workplace Act of 1988

SPECIAL DISTRICT, in executing this Agreement certifies that it and any of its agents or subcontractors will maintain a drug-free workplace in accordance with the requirements of 2 CFR 182.

[[The remainder of this page intentionally left blank.]]

## **CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY AND VOLUNTARY EXCLUSION – LOWER TIER COVERED TRANSACTIONS**

(Lower Tier refers to the agency or contractor receiving Federal funds, as well as any subcontractors that the agency or contractor enters into contract with using those funds)

As required by Executive Order 12549, Debarment and Suspension, as defined at 44 CFR Part 17, County may not enter into contract with any entity that is debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by the Federal Government from participating in transactions involving Federal funds.

SPECIAL DISTRICT is required to sign the certification below which specifies that neither SPECIAL DISTRICT nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by the Federal agency. It also certifies that SPECIAL DISTRICT will not use, directly or indirectly, any of these funds to employ, award contracts to, engage the services of, or fund any contractor that is debarred, suspended, or ineligible under 44 CFR Part 17.

### **Instruction for Certification**

1. By signing and submitting this proposal, the prospective lower tier participant is providing the certification set out below.
2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.
3. The prospective lower tier participant shall provide immediate written notice to the person to whom this proposal is submitted if at any time the prospective lower tier participant learns that its certification was erroneous when submitted or had become erroneous by reason of changed circumstances.
4. The terms covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded, as used in this clause, have the meaning set out in the Definition and Coverage sections of rules implementing Executive Order 12549. You may contact the person to which this proposal is submitted for assistance in obtaining a copy of those regulations.
5. The prospective lower tier participant agrees by submitting this agreement that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR Part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.
6. The prospective lower tier participant further agrees by submitting this proposal that it will include this clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transaction," without

modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from covered transactions, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Federal Procurement and Non-procurement Programs.
8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
9. Except for transactions authorized under paragraph 5 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction originated may pursue available remedies, including suspension and/or debarment.

***Certification Regarding Debarment, Suspension, Ineligibility an Voluntary Exclusion – Lower Tier Covered Transactions***

1. The prospective lower tier participant certifies, by submission of its proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.
2. Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

---

SPECIAL DISTRICT's Signature

---

Date

[[The remainder of this page intentionally left blank.]]



## **CERTIFICATION REGARDING LOBBYING**

### *Certification for Contracts, Grants, Loans, and Cooperative Agreements*

The undersigned certifies, to the best of his or her knowledge and belief, that:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
3. The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loan, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

\_\_\_\_\_  
SPECIAL DISTRICT's Signature

\_\_\_\_\_  
Date

[[Signature page follows.]]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers and agents hereunto duly authorized as of the day and year first above written.

APPROVED AS TO CONTENT:

COUNTY OF KERN

BY \_\_\_\_\_

James Zervis, Chief Operating Officer

BY \_\_\_\_\_

Ryan J. Alsop, Chief Administrative Officer

\_\_\_\_\_  
Date

"COUNTY"

APPROVED AS TO FORM:  
Office of County Counsel

\_\_\_\_\_"SPECIAL  
DISTRICT"  
Corporation Number \_\_\_\_\_  
Employer's Identification Number \_\_\_\_\_

BY \_\_\_\_\_  
Ann S. Garza, Deputy

BY \_\_\_\_\_

"SPECIAL DISTRICT"

## COVID-19 Special District Reimbursement

Fill out the form below to submit for reimbursement. All records shall be maintained by the responsible City for no less than five (5) years. This form must be accompanied by a signed certification to be considered for reimbursement from the County of Kern.

Date: Click or tap to enter a date

City: Choose an item.

Submitted by:

Phone:

Email:

Payable to:

Address:

City/State/Zip:

Description of COVID-19 Expenditures

Amount

Choose an item.

Choose an item.

Choose an item.

Choose an item.

Choose an item.

Choose an item.

---

TOTAL

If you selected "other" above, please provide a description of the expenditures you wish to be reimbursed here:

# COVID-19 City Reimbursement Form

## CERTIFICATION

I, \_\_\_\_\_, am the \_\_\_\_\_ of the City of \_\_\_\_\_, and I certify that:

1. I have the authority on behalf of the City of \_\_\_\_\_ to request reimbursement from the County of Kern pursuant to section 601(b) of the Social Security Act, as added by section 5001 of the Coronavirus Aid, Relief, and Economic Security Act, Pub. L. No. 116-136, div. A, Title V (Mar. 27, 2020).
2. I understand that the County of Kern will rely on this certification as a material representation in making a direct payment to the City of \_\_\_\_\_.
3. The City of \_\_\_\_\_'s uses of the funds provided as direct payment under section 601(b) of the Social Security Act have been used only to cover those costs that-
  - a. are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19);
  - b. were not accounted for in the budget most recently approved as of March 27, 2020, for the City of \_\_\_\_\_; and
  - c. were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020.

By:

Signature: \_\_\_\_\_

Title:

Date: Click or tap to enter a date

### FOR USE BY COUNTY OF KERN

Received by: \_\_\_\_\_

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Coronavirus Relief Fund**  
**Guidance for State, Territorial, Local, and Tribal Governments**  
**Updated September 2, 2020<sup>1</sup>**

The purpose of this document is to provide guidance to recipients of the funding available under section 601(a) of the Social Security Act, as added by section 5001 of the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). The CARES Act established the Coronavirus Relief Fund (the “Fund”) and appropriated \$150 billion to the Fund. Under the CARES Act, the Fund is to be used to make payments for specified uses to States and certain local governments; the District of Columbia and U.S. Territories (consisting of the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands); and Tribal governments.

The CARES Act provides that payments from the Fund may only be used to cover costs that—

1. are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19);
2. were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government; and
3. were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020.<sup>2</sup>

The guidance that follows sets forth the Department of the Treasury’s interpretation of these limitations on the permissible use of Fund payments.

*Necessary expenditures incurred due to the public health emergency*

The requirement that expenditures be incurred “due to” the public health emergency means that expenditures must be used for actions taken to respond to the public health emergency. These may include expenditures incurred to allow the State, territorial, local, or Tribal government to respond directly to the emergency, such as by addressing medical or public health needs, as well as expenditures incurred to respond to second-order effects of the emergency, such as by providing economic support to those suffering from employment or business interruptions due to COVID-19-related business closures.

Funds may not be used to fill shortfalls in government revenue to cover expenditures that would not otherwise qualify under the statute. Although a broad range of uses is allowed, revenue replacement is not a permissible use of Fund payments.

The statute also specifies that expenditures using Fund payments must be “necessary.” The Department of the Treasury understands this term broadly to mean that the expenditure is reasonably necessary for its intended use in the reasonable judgment of the government officials responsible for spending Fund payments.

---

<sup>1</sup> On June 30, 2020, the guidance provided under “Costs incurred during the period that begins on March 1, 2020, and ends on December 30, 2020” was updated. On September 2, 2020, the “Supplemental Guidance on Use of Funds to Cover Payroll and Benefits of Public Employees” and “Supplemental Guidance on Use of Funds to Cover Administrative Costs” sections were added.

<sup>2</sup> See Section 601(d) of the Social Security Act, as added by section 5001 of the CARES Act.

*Costs not accounted for in the budget most recently approved as of March 27, 2020*

The CARES Act also requires that payments be used only to cover costs that were not accounted for in the budget most recently approved as of March 27, 2020. A cost meets this requirement if either (a) the cost cannot lawfully be funded using a line item, allotment, or allocation within that budget *or* (b) the cost is for a substantially different use from any expected use of funds in such a line item, allotment, or allocation.

The “most recently approved” budget refers to the enacted budget for the relevant fiscal period for the particular government, without taking into account subsequent supplemental appropriations enacted or other budgetary adjustments made by that government in response to the COVID-19 public health emergency. A cost is not considered to have been accounted for in a budget merely because it could be met using a budgetary stabilization fund, rainy day fund, or similar reserve account.

*Costs incurred during the period that begins on March 1, 2020, and ends on December 30, 2020*

Finally, the CARES Act provides that payments from the Fund may only be used to cover costs that were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020 (the “covered period”). Putting this requirement together with the other provisions discussed above, section 601(d) may be summarized as providing that a State, local, or tribal government may use payments from the Fund only to cover previously unbudgeted costs of necessary expenditures incurred due to the COVID-19 public health emergency during the covered period.

Initial guidance released on April 22, 2020, provided that the cost of an expenditure is incurred when the recipient has expended funds to cover the cost. Upon further consideration and informed by an understanding of State, local, and tribal government practices, Treasury is clarifying that for a cost to be considered to have been incurred, performance or delivery must occur during the covered period but payment of funds need not be made during that time (though it is generally expected that this will take place within 90 days of a cost being incurred). For instance, in the case of a lease of equipment or other property, irrespective of when payment occurs, the cost of a lease payment shall be considered to have been incurred for the period of the lease that is within the covered period but not otherwise. Furthermore, in all cases it must be necessary that performance or delivery take place during the covered period. Thus the cost of a good or service received during the covered period will not be considered eligible under section 601(d) if there is no need for receipt until after the covered period has expired.

Goods delivered in the covered period need not be used during the covered period in all cases. For example, the cost of a good that must be delivered in December in order to be available for use in January could be covered using payments from the Fund. Additionally, the cost of goods purchased in bulk and delivered during the covered period may be covered using payments from the Fund if a portion of the goods is ordered for use in the covered period, the bulk purchase is consistent with the recipient’s usual procurement policies and practices, and it is impractical to track and record when the items were used. A recipient may use payments from the Fund to purchase a durable good that is to be used during the current period and in subsequent periods if the acquisition in the covered period was necessary due to the public health emergency.

Given that it is not always possible to estimate with precision when a good or service will be needed, the touchstone in assessing the determination of need for a good or service during the covered period will be reasonableness at the time delivery or performance was sought, *e.g.*, the time of entry into a procurement contract specifying a time for delivery. Similarly, in recognition of the likelihood of supply chain disruptions and increased demand for certain goods and services during the COVID-19 public health emergency, if a recipient enters into a contract requiring the delivery of goods or performance of services by December 30, 2020, the failure of a vendor to complete delivery or services by December 30, 2020,

will not affect the ability of the recipient to use payments from the Fund to cover the cost of such goods or services if the delay is due to circumstances beyond the recipient's control.

This guidance applies in a like manner to costs of subrecipients. Thus, a grant or loan, for example, provided by a recipient using payments from the Fund must be used by the subrecipient only to purchase (or reimburse a purchase of) goods or services for which receipt both is needed within the covered period and occurs within the covered period. The direct recipient of payments from the Fund is ultimately responsible for compliance with this limitation on use of payments from the Fund.

#### *Nonexclusive examples of eligible expenditures*

Eligible expenditures include, but are not limited to, payment for:

1. Medical expenses such as:
  - COVID-19-related expenses of public hospitals, clinics, and similar facilities.
  - Expenses of establishing temporary public medical facilities and other measures to increase COVID-19 treatment capacity, including related construction costs.
  - Costs of providing COVID-19 testing, including serological testing.
  - Emergency medical response expenses, including emergency medical transportation, related to COVID-19.
  - Expenses for establishing and operating public telemedicine capabilities for COVID-19-related treatment.
2. Public health expenses such as:
  - Expenses for communication and enforcement by State, territorial, local, and Tribal governments of public health orders related to COVID-19.
  - Expenses for acquisition and distribution of medical and protective supplies, including sanitizing products and personal protective equipment, for medical personnel, police officers, social workers, child protection services, and child welfare officers, direct service providers for older adults and individuals with disabilities in community settings, and other public health or safety workers in connection with the COVID-19 public health emergency.
  - Expenses for disinfection of public areas and other facilities, *e.g.*, nursing homes, in response to the COVID-19 public health emergency.
  - Expenses for technical assistance to local authorities or other entities on mitigation of COVID-19-related threats to public health and safety.
  - Expenses for public safety measures undertaken in response to COVID-19.
  - Expenses for quarantining individuals.
3. Payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency.

4. Expenses of actions to facilitate compliance with COVID-19-related public health measures, such as:
  - Expenses for food delivery to residents, including, for example, senior citizens and other vulnerable populations, to enable compliance with COVID-19 public health precautions.
  - Expenses to facilitate distance learning, including technological improvements, in connection with school closings to enable compliance with COVID-19 precautions.
  - Expenses to improve telework capabilities for public employees to enable compliance with COVID-19 public health precautions.
  - Expenses of providing paid sick and paid family and medical leave to public employees to enable compliance with COVID-19 public health precautions.
  - COVID-19-related expenses of maintaining state prisons and county jails, including as relates to sanitation and improvement of social distancing measures, to enable compliance with COVID-19 public health precautions.
  - Expenses for care for homeless populations provided to mitigate COVID-19 effects and enable compliance with COVID-19 public health precautions.
5. Expenses associated with the provision of economic support in connection with the COVID-19 public health emergency, such as:
  - Expenditures related to the provision of grants to small businesses to reimburse the costs of business interruption caused by required closures.
  - Expenditures related to a State, territorial, local, or Tribal government payroll support program.
  - Unemployment insurance costs related to the COVID-19 public health emergency if such costs will not be reimbursed by the federal government pursuant to the CARES Act or otherwise.
6. Any other COVID-19-related expenses reasonably necessary to the function of government that satisfy the Fund's eligibility criteria.

*Nonexclusive examples of ineligible expenditures<sup>3</sup>*

The following is a list of examples of costs that would not be eligible expenditures of payments from the Fund.

1. Expenses for the State share of Medicaid.<sup>4</sup>
2. Damages covered by insurance.
3. Payroll or benefits expenses for employees whose work duties are not substantially dedicated to mitigating or responding to the COVID-19 public health emergency.

<sup>3</sup> In addition, pursuant to section 5001(b) of the CARES Act, payments from the Fund may not be expended for an elective abortion or on research in which a human embryo is destroyed, discarded, or knowingly subjected to risk of injury or death. The prohibition on payment for abortions does not apply to an abortion if the pregnancy is the result of an act of rape or incest; or in the case where a woman suffers from a physical disorder, physical injury, or physical illness, including a life-endangering physical condition caused by or arising from the pregnancy itself, that would, as certified by a physician, place the woman in danger of death unless an abortion is performed. Furthermore, no government which receives payments from the Fund may discriminate against a health care entity on the basis that the entity does not provide, pay for, provide coverage of, or refer for abortions.

<sup>4</sup> See 42 C.F.R. § 433.51 and 45 C.F.R. § 75.306.



4. Expenses that have been or will be reimbursed under any federal program, such as the reimbursement by the federal government pursuant to the CARES Act of contributions by States to State unemployment funds.
5. Reimbursement to donors for donated items or services.
6. Workforce bonuses other than hazard pay or overtime.
7. Severance pay.
8. Legal settlements.

### **Supplemental Guidance on Use of Funds to Cover Payroll and Benefits of Public Employees**

As discussed in the Guidance above, the CARES Act provides that payments from the Fund must be used only to cover costs that were not accounted for in the budget most recently approved as of March 27, 2020. As reflected in the Guidance and FAQs, Treasury has not interpreted this provision to limit eligible costs to those that are incremental increases above amounts previously budgeted. Rather, Treasury has interpreted this provision to exclude items that were already covered for their original use (or a substantially similar use). This guidance reflects the intent behind the Fund, which was not to provide general fiscal assistance to state governments but rather to assist them with COVID-19-related necessary expenditures. With respect to personnel expenses, though the Fund was not intended to be used to cover government payroll expenses generally, the Fund was intended to provide assistance to address increased expenses, such as the expense of hiring new personnel as needed to assist with the government's response to the public health emergency and to allow recipients facing budget pressures not to have to lay off or furlough employees who would be needed to assist with that purpose.

#### ***Substantially different use***

As stated in the Guidance above, Treasury considers the requirement that payments from the Fund be used only to cover costs that were not accounted for in the budget most recently approved as of March 27, 2020, to be met if either (a) the cost cannot lawfully be funded using a line item, allotment, or allocation within that budget *or* (b) the cost is for a *substantially different use* from any expected use of funds in such a line item, allotment, or allocation.

Treasury has provided examples as to what would constitute a substantially different use. Treasury provided (in FAQ A.3) that costs incurred for a substantially different use would include, for example, the costs of redeploying educational support staff or faculty to develop online learning capabilities, such as through providing information technology support that is not part of the staff or faculty's ordinary responsibilities.

#### ***Substantially dedicated***

Within this category of substantially different uses, as stated in the Guidance above, Treasury has included payroll and benefits expenses for public safety, public health, health care, human services, and similar employees whose services are *substantially dedicated* to mitigating or responding to the COVID-19 public health emergency. The *full amount* of payroll and benefits expenses of substantially dedicated employees may be covered using payments from the Fund. Treasury has not developed a precise definition of what "substantially dedicated" means given that there is not a precise way to define this term

across different employment types. The relevant unit of government should maintain documentation of the “substantially dedicated” conclusion with respect to its employees.

If an employee is not substantially dedicated to mitigating or responding to the COVID-19 public health emergency, his or her payroll and benefits expenses may not be covered *in full* with payments from the Fund. A *portion* of such expenses may be able to be covered, however, as discussed below.

### ***Public health and public safety***

In recognition of the particular importance of public health and public safety workers to State, local, and tribal government responses to the public health emergency, Treasury has provided, as an administrative accommodation, that a State, local, or tribal government may presume that public health and public safety employees meet the substantially dedicated test, unless the chief executive (or equivalent) of the relevant government determines that specific circumstances indicate otherwise. This means that, if this presumption applies, work performed by such employees is considered to be a substantially different use than accounted for in the most recently approved budget as of March 27, 2020. All costs of such employees may be covered using payments from the Fund for services provided during the period that begins on March 1, 2020, and ends on December 30, 2020.

In response to questions regarding which employees are within the scope of this accommodation, Treasury is supplementing this guidance to clarify that public safety employees would include police officers (including state police officers), sheriffs and deputy sheriffs, firefighters, emergency medical responders, correctional and detention officers, and those who directly support such employees such as dispatchers and supervisory personnel. Public health employees would include employees involved in providing medical and other health services to patients and supervisory personnel, including medical staff assigned to schools, prisons, and other such institutions, and other support services essential for patient care (e.g., laboratory technicians) as well as employees of public health departments directly engaged in matters related to public health and related supervisory personnel.

### ***Not substantially dedicated***

As provided in FAQ A.47, a State, local, or tribal government may also track time spent by employees related to COVID-19 and apply Fund payments on that basis but would need to do so consistently within the relevant agency or department. This means, for example, that a government could cover payroll expenses allocated on an hourly basis to employees’ time dedicated to mitigating or responding to the COVID-19 public health emergency. This result provides equitable treatment to governments that, for example, instead of having a few employees who are substantially dedicated to the public health emergency, have many employees who have a minority of their time dedicated to the public health emergency.

### ***Covered benefits***

Payroll and benefits of a substantially dedicated employee may be covered using payments from the Fund to the extent incurred between March 1 and December 30, 2020.

Payroll includes certain hazard pay and overtime, but not workforce bonuses. As discussed in FAQ A.29, hazard pay may be covered using payments from the Fund if it is provided for performing hazardous duty or work involving physical hardship that in each case is related to COVID-19. This means that, whereas payroll and benefits of an employee who is substantially dedicated to mitigating or responding to the COVID-19 public health emergency may generally be covered in full using payments from the Fund, hazard pay specifically may only be covered to the extent it is related to COVID-19. For example, a recipient may use payments from the Fund to cover hazard pay for a police officer coming in close

contact with members of the public to enforce public health or public safety orders, but across-the-board hazard pay for all members of a police department regardless of their duties would not be able to be covered with payments from the Fund. This position reflects the statutory intent discussed above: the Fund was intended to be used to help governments address the public health emergency both by providing funds for incremental expenses (such as hazard pay related to COVID-19) and to allow governments not to have to furlough or lay off employees needed to address the public health emergency but was not intended to provide across-the-board budget support (as would be the case if hazard pay regardless of its relation to COVID-19 or workforce bonuses were permitted to be covered using payments from the Fund).

Relatedly, both hazard pay and overtime pay for employees that are not substantially dedicated may only be covered using the Fund if the hazard pay and overtime pay is for COVID-19-related duties. As discussed above, governments may allocate payroll and benefits of such employees with respect to time worked on COVID-19-related matters.

Covered benefits include, but are not limited to, the costs of all types of leave (vacation, family-related, sick, military, bereavement, sabbatical, jury duty), employee insurance (health, life, dental, vision), retirement (pensions, 401(k)), unemployment benefit plans (federal and state), workers compensation insurance, and Federal Insurance Contributions Act (FICA) taxes (which includes Social Security and Medicare taxes).

## **Supplemental Guidance on Use of Funds to Cover Administrative Costs**

### ***General***

Payments from the Fund are not administered as part of a traditional grant program and the provisions of the Uniform Guidance, 2 C.F.R. Part 200, that are applicable to indirect costs do not apply. Recipients may not apply their indirect costs rates to payments received from the Fund.

Recipients may, if they meet the conditions specified in the guidance for tracking time consistently across a department, use payments from the Fund to cover the portion of payroll and benefits of employees corresponding to time spent on administrative work necessary due to the COVID-19 public health emergency. (In other words, such costs would be eligible direct costs of the recipient). This includes, but is not limited to, costs related to disbursing payments from the Fund and managing new grant programs established using payments from the Fund.

As with any other costs to be covered using payments from the Fund, any such administrative costs must be incurred by December 30, 2020, with an exception for certain compliance costs as discussed below. Furthermore, as discussed in the Guidance above, as with any other cost, an administrative cost that has been or will be reimbursed under any federal program may not be covered with the Fund. For example, if an administrative cost is already being covered as a direct or indirect cost pursuant to another federal grant, the Fund may not be used to cover that cost.

### ***Compliance costs related to the Fund***

As previously stated in FAQ B.11, recipients are permitted to use payments from the Fund to cover the expenses of an audit conducted under the Single Audit Act, subject to the limitations set forth in 2 C.F.R. § 200.425. Pursuant to that provision of the Uniform Guidance, recipients and subrecipients subject to the Single Audit Act may use payments from the Fund to cover a reasonably proportionate share of the costs of audits attributable to the Fund.

To the extent a cost is incurred by December 30, 2020, for an eligible use consistent with section 601 of the Social Security Act and Treasury's guidance, a necessary administrative compliance expense that relates to such underlying cost may be incurred after December 30, 2020. Such an expense would include, for example, expenses incurred to comply with the Single Audit Act and reporting and recordkeeping requirements imposed by the Office of Inspector General. A recipient with such necessary administrative expenses, such as an ongoing audit continuing past December 30, 2020, that relates to Fund expenditures incurred during the covered period, must report to the Treasury Office of Inspector General by the quarter ending September 2021 an estimate of the amount of such necessary administrative expenses.

**Coronavirus Relief Fund  
Frequently Asked Questions  
Updated as of October 19, 2020<sup>1</sup>**

The following answers to frequently asked questions supplement Treasury’s Coronavirus Relief Fund (“Fund”) Guidance for State, Territorial, Local, and Tribal Governments, updated as of September 2, 2020 (“Guidance”).<sup>2</sup> Amounts paid from the Fund are subject to the restrictions outlined in the Guidance and set forth in section 601(d) of the Social Security Act, as added by section 5001 of the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”).

**A. Eligible Expenditures**

**1. *Are governments required to submit proposed expenditures to Treasury for approval?***

No. Governments are responsible for making determinations as to what expenditures are necessary due to the public health emergency with respect to COVID-19 and do not need to submit any proposed expenditures to Treasury.

**2. *The Guidance says that funding can be used to meet payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency. How does a government determine whether payroll expenses for a given employee satisfy the “substantially dedicated” condition?***

The Fund is designed to provide ready funding to address unforeseen financial needs and risks created by the COVID-19 public health emergency. For this reason, and as a matter of administrative convenience in light of the emergency nature of this program, a State, territorial, local, or Tribal government may presume that payroll costs for public health and public safety employees are payments for services substantially dedicated to mitigating or responding to the COVID-19 public health emergency, unless the chief executive (or equivalent) of the relevant government determines that specific circumstances indicate otherwise.

**3. *The Guidance says that a cost was not accounted for in the most recently approved budget if the cost is for a substantially different use from any expected use of funds in such a line item, allotment, or allocation. What would qualify as a “substantially different use” for purposes of the Fund eligibility?***

Costs incurred for a “substantially different use” include, but are not necessarily limited to, costs of personnel and services that were budgeted for in the most recently approved budget but which, due entirely to the COVID-19 public health emergency, have been diverted to substantially different functions. This would include, for example, the costs of redeploying corrections facility staff to enable compliance with COVID-19 public health precautions through work such as enhanced sanitation or enforcing social distancing measures; the costs of redeploying police to support management and enforcement of stay-at-home orders; or the costs of diverting educational support staff or faculty to develop online learning capabilities, such as through providing information technology support that is not part of the staff or faculty’s ordinary responsibilities.

---

<sup>1</sup> On August 10, 2020, these Frequently Asked Questions were revised to add Questions A.49–52. On September 2, 2020, Questions A.53–56 were added and Questions A.34 and A.38 were revised. On October 19, 2020, Questions A.57–59 and B.13 were added and Questions A.42, 49, and 53 were revised.

<sup>2</sup> The Guidance is available at <https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Guidance-for-State-Territorial-Local-and-Tribal-Governments.pdf>.

Note that a public function does not become a “substantially different use” merely because it is provided from a different location or through a different manner. For example, although developing online instruction capabilities may be a substantially different use of funds, online instruction itself is not a substantially different use of public funds than classroom instruction.

**4. *May a State receiving a payment transfer funds to a local government?***

Yes, provided that the transfer qualifies as a necessary expenditure incurred due to the public health emergency and meets the other criteria of section 601(d) of the Social Security Act. Such funds would be subject to recoupment by the Treasury Department if they have not been used in a manner consistent with section 601(d) of the Social Security Act.

**5. *May a unit of local government receiving a Fund payment transfer funds to another unit of government?***

Yes. For example, a county may transfer funds to a city, town, or school district within the county and a county or city may transfer funds to its State, provided that the transfer qualifies as a necessary expenditure incurred due to the public health emergency and meets the other criteria of section 601(d) of the Social Security Act outlined in the Guidance. For example, a transfer from a county to a constituent city would not be permissible if the funds were intended to be used simply to fill shortfalls in government revenue to cover expenditures that would not otherwise qualify as an eligible expenditure.

**6. *Is a Fund payment recipient required to transfer funds to a smaller, constituent unit of government within its borders?***

No. For example, a county recipient is not required to transfer funds to smaller cities within the county's borders.

**7. *Are recipients required to use other federal funds or seek reimbursement under other federal programs before using Fund payments to satisfy eligible expenses?***

No. Recipients may use Fund payments for any expenses eligible under section 601(d) of the Social Security Act outlined in the Guidance. Fund payments are not required to be used as the source of funding of last resort. However, as noted below, recipients may not use payments from the Fund to cover expenditures for which they will receive reimbursement.

**8. *Are there prohibitions on combining a transaction supported with Fund payments with other CARES Act funding or COVID-19 relief Federal funding?***

Recipients will need to consider the applicable restrictions and limitations of such other sources of funding. In addition, expenses that have been or will be reimbursed under any federal program, such as the reimbursement by the federal government pursuant to the CARES Act of contributions by States to State unemployment funds, are not eligible uses of Fund payments.

**9. *Are States permitted to use Fund payments to support state unemployment insurance funds generally?***

To the extent that the costs incurred by a state unemployment insurance fund are incurred due to the COVID-19 public health emergency, a State may use Fund payments to make payments to its respective state unemployment insurance fund, separate and apart from such State's obligation to the unemployment insurance fund as an employer. This will permit States to use Fund payments to prevent expenses related to the public health emergency from causing their state unemployment insurance funds to become insolvent.

**10. *Are recipients permitted to use Fund payments to pay for unemployment insurance costs incurred by the recipient as an employer?***

Yes, Fund payments may be used for unemployment insurance costs incurred by the recipient as an employer (for example, as a reimbursing employer) related to the COVID-19 public health emergency if such costs will not be reimbursed by the federal government pursuant to the CARES Act or otherwise.

**11. *The Guidance states that the Fund may support a "broad range of uses" including payroll expenses for several classes of employees whose services are "substantially dedicated to mitigating or responding to the COVID-19 public health emergency." What are some examples of types of covered employees?***

The Guidance provides examples of broad classes of employees whose payroll expenses would be eligible expenses under the Fund. These classes of employees include public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency. Payroll and benefit costs associated with public employees who could have been furloughed or otherwise laid off but who were instead repurposed to perform previously unbudgeted functions substantially dedicated to mitigating or responding to the COVID-19 public health emergency are also covered. Other eligible expenditures include payroll and benefit costs of educational support staff or faculty responsible for developing online learning capabilities necessary to continue educational instruction in response to COVID-19-related school closures. Please see the Guidance for a discussion of what is meant by an expense that was not accounted for in the budget most recently approved as of March 27, 2020.

**12. *In some cases, first responders and critical health care workers that contract COVID-19 are eligible for workers' compensation coverage. Is the cost of this expanded workers compensation coverage eligible?***

Increased workers compensation cost to the government due to the COVID-19 public health emergency incurred during the period beginning March 1, 2020, and ending December 30, 2020, is an eligible expense.

**13. *If a recipient would have decommissioned equipment or not renewed a lease on particular office space or equipment but decides to continue to use the equipment or to renew the lease in order to respond to the public health emergency, are the costs associated with continuing to operate the equipment or the ongoing lease payments eligible expenses?***

Yes. To the extent the expenses were previously unbudgeted and are otherwise consistent with section 601(d) of the Social Security Act outlined in the Guidance, such expenses would be eligible.

- 14. *May recipients provide stipends to employees for eligible expenses (for example, a stipend to employees to improve telework capabilities) rather than require employees to incur the eligible cost and submit for reimbursement?***

Expenditures paid for with payments from the Fund must be limited to those that are necessary due to the public health emergency. As such, unless the government were to determine that providing assistance in the form of a stipend is an administrative necessity, the government should provide such assistance on a reimbursement basis to ensure as much as possible that funds are used to cover only eligible expenses.

- 15. *May Fund payments be used for COVID-19 public health emergency recovery planning?***

Yes. Expenses associated with conducting a recovery planning project or operating a recovery coordination office would be eligible, if the expenses otherwise meet the criteria set forth in section 601(d) of the Social Security Act outlined in the Guidance.

- 16. *Are expenses associated with contact tracing eligible?***

Yes, expenses associated with contact tracing are eligible.

- 17. *To what extent may a government use Fund payments to support the operations of private hospitals?***

Governments may use Fund payments to support public or private hospitals to the extent that the costs are necessary expenditures incurred due to the COVID-19 public health emergency, but the form such assistance would take may differ. In particular, financial assistance to private hospitals could take the form of a grant or a short-term loan.

- 18. *May payments from the Fund be used to assist individuals with enrolling in a government benefit program for those who have been laid off due to COVID-19 and thereby lost health insurance?***

Yes. To the extent that the relevant government official determines that these expenses are necessary and they meet the other requirements set forth in section 601(d) of the Social Security Act outlined in the Guidance, these expenses are eligible.

- 19. *May recipients use Fund payments to facilitate livestock depopulation incurred by producers due to supply chain disruptions?***

Yes, to the extent these efforts are deemed necessary for public health reasons or as a form of economic support as a result of the COVID-19 health emergency.

- 20. *Would providing a consumer grant program to prevent eviction and assist in preventing homelessness be considered an eligible expense?***

Yes, assuming that the recipient considers the grants to be a necessary expense incurred due to the COVID-19 public health emergency and the grants meet the other requirements for the use of Fund payments under section 601(d) of the Social Security Act outlined in the Guidance. As a general matter, providing assistance to recipients to enable them to meet property tax requirements would not be an eligible use of funds, but exceptions may be made in the case of assistance designed to prevent foreclosures.



**21. *May recipients create a “payroll support program” for public employees?***

Use of payments from the Fund to cover payroll or benefits expenses of public employees are limited to those employees whose work duties are substantially dedicated to mitigating or responding to the COVID-19 public health emergency.

**22. *May recipients use Fund payments to cover employment and training programs for employees that have been furloughed due to the public health emergency?***

Yes, this would be an eligible expense if the government determined that the costs of such employment and training programs would be necessary due to the public health emergency.

**23. *May recipients use Fund payments to provide emergency financial assistance to individuals and families directly impacted by a loss of income due to the COVID-19 public health emergency?***

Yes, if a government determines such assistance to be a necessary expenditure. Such assistance could include, for example, a program to assist individuals with payment of overdue rent or mortgage payments to avoid eviction or foreclosure or unforeseen financial costs for funerals and other emergency individual needs. Such assistance should be structured in a manner to ensure as much as possible, within the realm of what is administratively feasible, that such assistance is necessary.

**24. *The Guidance provides that eligible expenditures may include expenditures related to the provision of grants to small businesses to reimburse the costs of business interruption caused by required closures. What is meant by a “small business,” and is the Guidance intended to refer only to expenditures to cover administrative expenses of such a grant program?***

Governments have discretion to determine what payments are necessary. A program that is aimed at assisting small businesses with the costs of business interruption caused by required closures should be tailored to assist those businesses in need of such assistance. The amount of a grant to a small business to reimburse the costs of business interruption caused by required closures would also be an eligible expenditure under section 601(d) of the Social Security Act, as outlined in the Guidance.

**25. *The Guidance provides that expenses associated with the provision of economic support in connection with the public health emergency, such as expenditures related to the provision of grants to small businesses to reimburse the costs of business interruption caused by required closures, would constitute eligible expenditures of Fund payments. Would such expenditures be eligible in the absence of a stay-at-home order?***

Fund payments may be used for economic support in the absence of a stay-at-home order if such expenditures are determined by the government to be necessary. This may include, for example, a grant program to benefit small businesses that close voluntarily to promote social distancing measures or that are affected by decreased customer demand as a result of the COVID-19 public health emergency.

**26. *May Fund payments be used to assist impacted property owners with the payment of their property taxes?***

Fund payments may not be used for government revenue replacement, including the provision of assistance to meet tax obligations.

**27. *May Fund payments be used to replace foregone utility fees? If not, can Fund payments be used as a direct subsidy payment to all utility account holders?***

Fund payments may not be used for government revenue replacement, including the replacement of unpaid utility fees. Fund payments may be used for subsidy payments to electricity account holders to the extent that the subsidy payments are deemed by the recipient to be necessary expenditures incurred due to the COVID-19 public health emergency and meet the other criteria of section 601(d) of the Social Security Act outlined in the Guidance. For example, if determined to be a necessary expenditure, a government could provide grants to individuals facing economic hardship to allow them to pay their utility fees and thereby continue to receive essential services.

**28. *Could Fund payments be used for capital improvement projects that broadly provide potential economic development in a community?***

In general, no. If capital improvement projects are not necessary expenditures incurred due to the COVID-19 public health emergency, then Fund payments may not be used for such projects.

However, Fund payments may be used for the expenses of, for example, establishing temporary public medical facilities and other measures to increase COVID-19 treatment capacity or improve mitigation measures, including related construction costs.

**29. *The Guidance includes workforce bonuses as an example of ineligible expenses but provides that hazard pay would be eligible if otherwise determined to be a necessary expense. Is there a specific definition of “hazard pay”?***

Hazard pay means additional pay for performing hazardous duty or work involving physical hardship, in each case that is related to COVID-19.

**30. *The Guidance provides that ineligible expenditures include “[p]ayroll or benefits expenses for employees whose work duties are not substantially dedicated to mitigating or responding to the COVID-19 public health emergency.” Is this intended to relate only to public employees?***

Yes. This particular nonexclusive example of an ineligible expenditure relates to public employees. A recipient would not be permitted to pay for payroll or benefit expenses of private employees and any financial assistance (such as grants or short-term loans) to private employers are not subject to the restriction that the private employers' employees must be substantially dedicated to mitigating or responding to the COVID-19 public health emergency.

**31. *May counties pre-pay with CARES Act funds for expenses such as a one or two-year facility lease, such as to house staff hired in response to COVID-19?***

A government should not make prepayments on contracts using payments from the Fund to the extent that doing so would not be consistent with its ordinary course policies and procedures.

**32. *Must a stay-at-home order or other public health mandate be in effect in order for a government to provide assistance to small businesses using payments from the Fund?***

No. The Guidance provides, as an example of an eligible use of payments from the Fund, expenditures related to the provision of grants to small businesses to reimburse the costs of business interruption caused by required closures. Such assistance may be provided using amounts received from the Fund in the absence of a requirement to close businesses if the relevant government determines that such expenditures are necessary in response to the public health emergency.

**33. *Should States receiving a payment transfer funds to local governments that did not receive payments directly from Treasury?***

Yes, provided that the transferred funds are used by the local government for eligible expenditures under the statute. To facilitate prompt distribution of Title V funds, the CARES Act authorized Treasury to make direct payments to local governments with populations in excess of 500,000, in amounts equal to 45% of the local government's per capita share of the statewide allocation. This statutory structure was based on a recognition that it is more administratively feasible to rely on States, rather than the federal government, to manage the transfer of funds to smaller local governments. Consistent with the needs of all local governments for funding to address the public health emergency, States should transfer funds to local governments with populations of 500,000 or less, using as a benchmark the per capita allocation formula that governs payments to larger local governments. This approach will ensure equitable treatment among local governments of all sizes.

For example, a State received the minimum \$1.25 billion allocation and had one county with a population over 500,000 that received \$250 million directly. The State should distribute 45 percent of the \$1 billion it received, or \$450 million, to local governments within the State with a population of 500,000 or less.

**34. *May a State impose restrictions on transfers of funds to local governments?***

Yes, to the extent that the restrictions facilitate the State's compliance with the requirements set forth in section 601(d) of the Social Security Act outlined in the Guidance and other applicable requirements such as the Single Audit Act, discussed below. Other restrictions, such as restrictions on reopening that do not directly concern the use of funds, are not permissible.

**35. *If a recipient must issue tax anticipation notes (TANs) to make up for tax due date deferrals or revenue shortfalls, are the expenses associated with the issuance eligible uses of Fund payments?***

If a government determines that the issuance of TANs is necessary due to the COVID-19 public health emergency, the government may expend payments from the Fund on the interest expense payable on TANs by the borrower and unbudgeted administrative and transactional costs, such as necessary payments to advisors and underwriters, associated with the issuance of the TANs.

**36. *May recipients use Fund payments to expand rural broadband capacity to assist with distance learning and telework?***

Such expenditures would only be permissible if they are necessary for the public health emergency. The cost of projects that would not be expected to increase capacity to a significant extent until the need for distance learning and telework have passed due to this public health emergency would not be necessary due to the public health emergency and thus would not be eligible uses of Fund payments.

**37. *Are costs associated with increased solid waste capacity an eligible use of payments from the Fund?***

Yes, costs to address increase in solid waste as a result of the public health emergency, such as relates to the disposal of used personal protective equipment, would be an eligible expenditure.

**38. *May payments from the Fund be used to cover across-the-board hazard pay for employees working during a state of emergency?***

No. Hazard pay means additional pay for performing hazardous duty or work involving physical hardship, in each case that is related to COVID-19. Payments from the fund may only be used to cover such hazard pay.

**39. *May Fund payments be used for expenditures related to the administration of Fund payments by a State, territorial, local, or Tribal government?***

Yes, if the administrative expenses represent an increase over previously budgeted amounts and are limited to what is necessary. For example, a State may expend Fund payments on necessary administrative expenses incurred with respect to a new grant program established to disburse amounts received from the Fund.

**40. *May recipients use Fund payments to provide loans?***

Yes, if the loans otherwise qualify as eligible expenditures under section 601(d) of the Social Security Act as implemented by the Guidance. Any amounts repaid by the borrower before December 30, 2020, must be either returned to Treasury upon receipt by the unit of government providing the loan or used for another expense that qualifies as an eligible expenditure under section 601(d) of the Social Security Act. Any amounts not repaid by the borrower until after December 30, 2020, must be returned to Treasury upon receipt by the unit of government lending the funds.

**41. *May Fund payments be used for expenditures necessary to prepare for a future COVID-19 outbreak?***

Fund payments may be used only for expenditures necessary to address the current COVID-19 public health emergency. For example, a State may spend Fund payments to create a reserve of personal protective equipment or develop increased intensive care unit capacity to support regions in its jurisdiction not yet affected, but likely to be impacted by the current COVID-19 pandemic.

**42. *May funds be used to satisfy non-federal matching requirements under the Stafford Act?***

Yes, payments from the Fund may be used to meet the non-federal matching requirements for Stafford Act assistance, including FEMA's Emergency Management Performance Grant (EMPG) and EMPG Supplemental programs, to the extent such matching requirements entail COVID-19-related costs that otherwise satisfy the Fund's eligibility criteria and the Stafford Act. Regardless of the use of Fund payments for such purposes, FEMA funding is still dependent on FEMA's determination of eligibility under the Stafford Act.

**43. *Must a State, local, or tribal government require applications to be submitted by businesses or individuals before providing assistance using payments from the Fund?***

Governments have discretion to determine how to tailor assistance programs they establish in response to the COVID-19 public health emergency. However, such a program should be structured in such a manner as will ensure that such assistance is determined to be necessary in response to the COVID-19 public health emergency and otherwise satisfies the requirements of the CARES Act and other applicable law. For example, a per capita payment to residents of a particular jurisdiction without an assessment of individual need would not be an appropriate use of payments from the Fund.

**44. *May Fund payments be provided to non-profits for distribution to individuals in need of financial assistance, such as rent relief?***

Yes, non-profits may be used to distribute assistance. Regardless of how the assistance is structured, the financial assistance provided would have to be related to COVID-19.

**45. *May recipients use Fund payments to remarket the recipient's convention facilities and tourism industry?***

Yes, if the costs of such remarketing satisfy the requirements of the CARES Act. Expenses incurred to publicize the resumption of activities and steps taken to ensure a safe experience may be needed due to the public health emergency. Expenses related to developing a long-term plan to reposition a recipient's convention and tourism industry and infrastructure would not be incurred due to the public health emergency and therefore may not be covered using payments from the Fund.

**46. *May a State provide assistance to farmers and meat processors to expand capacity, such to cover overtime for USDA meat inspectors?***

If a State determines that expanding meat processing capacity, including by paying overtime to USDA meat inspectors, is a necessary expense incurred due to the public health emergency, such as if increased capacity is necessary to allow farmers and processors to donate meat to food banks, then such expenses are eligible expenses, provided that the expenses satisfy the other requirements set forth in section 601(d) of the Social Security Act outlined in the Guidance.

**47. *The guidance provides that funding may be used to meet payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency. May Fund payments be used to cover such an employee's entire payroll cost or just the portion of time spent on mitigating or responding to the COVID-19 public health emergency?***

As a matter of administrative convenience, the entire payroll cost of an employee whose time is substantially dedicated to mitigating or responding to the COVID-19 public health emergency is eligible, provided that such payroll costs are incurred by December 30, 2020. An employer may also track time spent by employees related to COVID-19 and apply Fund payments on that basis but would need to do so consistently within the relevant agency or department.

**48. *May Fund payments be used to cover increased administrative leave costs of public employees who could not telework in the event of a stay at home order or a case of COVID-19 in the workplace?***

The statute requires that payments be used only to cover costs that were not accounted for in the budget most recently approved as of March 27, 2020. As stated in the Guidance, a cost meets this requirement if either (a) the cost cannot lawfully be funded using a line item, allotment, or allocation within that budget or (b) the cost is for a substantially different use from any expected use of funds in such a line item, allotment, or allocation. If the cost of an employee was allocated to administrative leave to a greater extent than was expected, the cost of such administrative leave may be covered using payments from the Fund.

**49. *Are States permitted to use Coronavirus Relief Fund payments to satisfy non-federal matching requirements under the Stafford Act, including “lost wages assistance” authorized by the Presidential Memorandum on Authorizing the Other Needs Assistance Program for Major Disaster Declarations Related to Coronavirus Disease 2019 (August 8, 2020)?***

Yes. As previous guidance has stated, payments from the Fund may be used to meet the non-federal matching requirements for Stafford Act assistance to the extent such matching requirements entail COVID-19-related costs that otherwise satisfy the Fund’s eligibility criteria and the Stafford Act. States are fully permitted to use payments from the Fund to satisfy 100% of their cost share for lost wages assistance recently made available under the Stafford Act. If a State makes a payment to an individual under the “lost wages assistance” program and later determines that such individual was ineligible for the program, the ineligibility determination has the following consequences:

- The State incurs an obligation to FEMA in the amount of the payment to the ineligible individual. A State’s obligation to FEMA for making an improper payment to an individual under the “lost wages assistance” program is not incurred due to the public health emergency and, therefore, payments made pursuant to this obligation would not be an eligible use of the Fund.
- The “lost wages assistance” payment to the ineligible individual would be deemed to be an ineligible expense for purposes of the Fund, and any amount charged to the Fund (e.g., to satisfy the initial non-federal matching requirement) would be subject to recoupment.

**50. *At what point would costs be considered to be incurred in the case of a grant made by a State, local, or tribal government to cover interest and principal amounts of a loan, such as might be provided as part of a small business assistance program in which the loan is made by a private institution?***

A grant made to cover interest and principal costs of a loan, including interest and principal due after the period that begins on March 1, 2020, and ends on December 30, 2020 (the “covered period”), will be considered to be incurred during the covered period if (i) the full amount of the loan is advanced to the borrower within the covered period and (ii) the proceeds of the loan are used by the borrower to cover expenses incurred during the covered period. In addition, if these conditions are met, the amount of the grant will be considered to have been used during the covered period for purposes of the requirement that expenses be incurred within the covered period. Such a grant would be analogous to a loan provided by the Fund recipient itself that incorporates similar loan forgiveness provisions. As with any other assistance provided by a Fund recipient, such a grant would need to be determined by the recipient to be necessary due to the public health emergency.

**51. *If governments use Fund payments as described in the Guidance to establish a grant program to support businesses, would those funds be considered gross income taxable to a business receiving the grant under the Internal Revenue Code (Code)?***

Please see the answer provided by the Internal Revenue Service (IRS) available at <https://www.irs.gov/newsroom/cares-act-coronavirus-relief-fund-frequently-asked-questions>.

**52. *If governments use Fund payments as described in the Guidance to establish a loan program to support businesses, would those funds be considered gross income taxable to a business receiving the loan under the Code?***

Please see the answer provided by the IRS available at <https://www.irs.gov/newsroom/cares-act-coronavirus-relief-fund-frequently-asked-questions>.

**53. May Fund recipients incur expenses associated with the safe reopening of schools?**

Yes, payments from the Fund may be used to cover costs associated with providing distance learning (e.g., the cost of laptops to provide to students) or for in-person learning (e.g., the cost of acquiring personal protective equipment for students attending schools in-person or other costs associated with meeting Centers for Disease Control guidelines).

Treasury recognizes that schools are generally incurring an array of COVID-19-related expenses to either provide distance learning or to re-open. To this end, as an administrative convenience, Treasury will presume that expenses of up to \$500 per elementary and secondary school student are eligible expenditures, such that schools do not need to document the specific use of funds up to that amount.

If a Fund recipient avails itself of the presumption in accordance with the previous paragraph with respect to a school, the recipient may not also cover the costs of additional re-opening aid to that school other than those associated with the following, in each case for the purpose of addressing COVID-19:

- expanding broadband capacity;
- hiring new teachers;
- developing an online curriculum;
- acquiring computers and similar digital devices;
- acquiring and installing additional ventilation or other air filtering equipment;
- incurring additional transportation costs; or
- incurring additional costs of providing meals.

Across all levels of government, the presumption is limited to \$500 per student, e.g., if a school is funded by a state and a local government, the presumption claimed by each recipient must add up to no more than \$500. Furthermore, if a Fund recipient uses the presumption with respect to a school, any other Fund recipients providing aid to that school may not use the Fund to cover the costs of additional aid to schools other than with respect to the specific costs listed above.

*The following examples help illustrate how the presumption may or may not be used:*

*Example 1:* State A may transfer Fund payments to each school district in the State totaling \$500 per student. State A does not need to document the specific use of the Fund payments by the school districts within the State.

*Example 2:* Suppose State A from example 1 transferred Fund payments to the school districts in the State in the amount of \$500 per elementary and secondary school student. In addition, because State A is availing itself of the \$500 per elementary and secondary school student presumption, State A also may use Fund payments to expand broadband capacity and to hire new teachers, but it may not use Fund payments to acquire additional furniture.

**54. May Fund recipients upgrade critical public health infrastructure, such as providing access to running water for individuals and families in rural and tribal areas to allow them to maintain proper hygiene and defend themselves against the virus?**

Yes, fund recipients may use payments from the Fund to upgrade public health infrastructure, such as providing individuals and families access to running water to help reduce the further spread of the virus. As required by the CARES Act, expenses associated with such upgrades must be incurred by

December 30, 2020. Please see Treasury's Guidance as updated on June 30 regarding when a cost is considered to be incurred for purposes of the requirement that expenses be incurred within the covered period.

**55. *How does a government address the requirement that the allowable expenditures are not accounted for in the budget most recently approved as of March 27, 2020, once the government enters its new budget year on July 1, 2020 (for governments with June 30 fiscal year ends) or October 1, 2020 (for governments with September 30 year ends)?***

As provided in the Guidance, the "most recently approved" budget refers to the enacted budget for the relevant fiscal period for the particular government, without taking into account subsequent supplemental appropriations enacted or other budgetary adjustments made by that government in response to the COVID-19 public health emergency. A cost is not considered to have been accounted for in a budget merely because it could be met using a budgetary stabilization fund, rainy day fund, or similar reserve account.

Furthermore, the budget most recently approved as of March 27, 2020, provides the spending baseline against which expenditures should be compared for purposes of determining whether they may be covered using payments from the Fund. This spending baseline will carry forward to a subsequent budget year if a Fund recipient enters a different budget year between March 27, 2020 and December 30, 2020. The spending baseline may be carried forward without adjustment for inflation.

**56. *Does the National Environmental Policy Act, 42 U.S.C. § 4321 et seq, (NEPA) apply to projects supported by payments from the Fund?***

NEPA does not apply to Treasury's administration of the Fund. Projects supported with payments from the Fund may still be subject to NEPA review if they are also funded by other federal financial assistance programs

**57. *Public universities have incurred expenses associated with providing refunds to students for education-related expenses, including tuition, room and board, meal plans, and other fees (such as activities fees). Are these types of public university student refunds eligible uses of Fund payments?***

If the responsible government official determines that expenses incurred to refund eligible higher education expenses are necessary and would be incurred due to the public health emergency, then such expenses would be eligible as long as the expenses satisfy the other criteria set forth in section 601(d) of the Social Security Act. Eligible higher education expenses may include, in the reasonable judgment of the responsible government official, refunds to students for tuition, room and board, meal plan, and other fees (such as activities fees). Fund payments may not be used for expenses that have been or will be reimbursed by another federal program (including, for example, the Higher Education Emergency Relief Fund administered by the Department of Education).

**58. *May payments from the Fund be used for real property acquisition and improvements and to purchase equipment to address the COVID-19 public health emergency?***

The expenses of acquiring or improving real property and of acquiring equipment (e.g., vehicles) may be covered with payments from the Fund in certain cases. For example, Treasury's initial guidance referenced coverage of the costs of establishing temporary public medical facilities and other measures to increase COVID-19 treatment capacity, including related construction costs, as an eligible use of funds. Any such use must be consistent with the requirements of section 601(d) of the Social Security Act as added by the CARES Act.



As with all uses of payments from the Fund, the use of payments to acquire or improve property is limited to that which is necessary due to the COVID-19 public health emergency. In the context of acquisitions of real estate and acquisitions of equipment, this means that the acquisition itself must be necessary. In particular, a government must (i) determine that it is not able to meet the need arising from the public health emergency in a cost-effective manner by leasing property or equipment or by improving property already owned and (ii) maintain documentation to support this determination. Likewise, an improvement, such as the installation of modifications to permit social distancing, would need to be determined to be necessary to address the COVID-19 public health emergency.

Previous guidance regarding the requirement that payments from the Fund may only be used to cover costs that were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020 focused on the acquisition of goods and services and leases of real property and equipment, but the same principles apply to acquisitions and improvements of real property and acquisitions of equipment. Such acquisitions and improvements must be completed and the acquired or improved property or acquisition of equipment be put to use in service of the COVID-19-related use for which it was acquired or improved by December 30. Finally, as with all costs covered with payments from the Fund, such costs must not have been previously accounted for in the budget most recently approved as of March 27, 2020.

**59. *If a small business received a Small Business Administration (SBA) Payment Protection Program (PPP) or Economic Injury Disaster Loan (EIDL) grant or loan due to COVID-19, may the small business also receive a grant from a unit of government using payments from the Fund?***

Receiving a PPP or EIDL grant or loan for COVID-19 would not necessarily make a small business ineligible to receive a grant from Fund payments made to a recipient. As discussed in previous Treasury guidance on use of the Fund, a recipient's small business assistance program should be tailored to assist those businesses in need of such assistance. In assessing the business' need for assistance, the recipient would need to take into account the business' receipt of the PPP or EIDL loan or grant. If the business has received a loan from the SBA that may be forgiven, the recipient should assume for purposes of determining the business' need that the loan will be forgiven. In determining the business' eligibility for the grant, the recipient should not rely on self-certifications provided to the SBA.

If the grant is being provided to the small business to assist with particular expenditures, the business must not have already used the PPP or EIDL loan or grant for those expenditures. The assistance provided from the Fund would need to satisfy all of the other requirements set forth in section 601(d) of the Social Security Act as discussed in Treasury's guidance and FAQs, and the business would need to comply with all applicable requirements of the PPP or EIDL program.

Treasury's Office of Inspector General has provided the following guidance in its FAQ no. 65 on reporting and recordkeeping that would apply to the recipient:

The prime recipient is responsible for determining the level and detail of documentation needed from the sub-recipient of small business assistance to satisfy [the requirements of section 601(d) of the Social Security Act], however, there would need to be some proof that the small business was impacted by the public health emergency and was thus eligible for the CRF funds.

In the above OIG FAQ, "sub-recipient" refers to the beneficiary of the assistance, *i.e.*, the small business.

## **B. Questions Related to Administration of Fund Payments**

### **1. *Do governments have to return unspent funds to Treasury?***

Yes. Section 601(f)(2) of the Social Security Act, as added by section 5001(a) of the CARES Act, provides for recoupment by the Department of the Treasury of amounts received from the Fund that have not been used in a manner consistent with section 601(d) of the Social Security Act. If a government has not used funds it has received to cover costs that were incurred by December 30, 2020, as required by the statute, those funds must be returned to the Department of the Treasury.

### **2. *What records must be kept by governments receiving payment?***

A government should keep records sufficient to demonstrate that the amount of Fund payments to the government has been used in accordance with section 601(d) of the Social Security Act.

### **3. *May recipients deposit Fund payments into interest bearing accounts?***

Yes, provided that if recipients separately invest amounts received from the Fund, they must use the interest earned or other proceeds of these investments only to cover expenditures incurred in accordance with section 601(d) of the Social Security Act and the Guidance on eligible expenses. If a government deposits Fund payments in a government's general account, it may use those funds to meet immediate cash management needs provided that the full amount of the payment is used to cover necessary expenditures. Fund payments are not subject to the Cash Management Improvement Act of 1990, as amended.

### **4. *May governments retain assets purchased with payments from the Fund?***

Yes, if the purchase of the asset was consistent with the limitations on the eligible use of funds provided by section 601(d) of the Social Security Act.

### **5. *What rules apply to the proceeds of disposition or sale of assets acquired using payments from the Fund?***

If such assets are disposed of prior to December 30, 2020, the proceeds would be subject to the restrictions on the eligible use of payments from the Fund provided by section 601(d) of the Social Security Act.

### **6. *Are Fund payments to State, territorial, local, and tribal governments considered grants?***

No. Fund payments made by Treasury to State, territorial, local, and Tribal governments are not considered to be grants but are "other financial assistance" under 2 C.F.R. § 200.40.

### **7. *Are Fund payments considered federal financial assistance for purposes of the Single Audit Act?***

Yes, Fund payments are considered to be federal financial assistance subject to the Single Audit Act (31 U.S.C. §§ 7501-7507) and the related provisions of the Uniform Guidance, 2 C.F.R. § 200.303 regarding internal controls, §§ 200.330 through 200.332 regarding subrecipient monitoring and management, and subpart F regarding audit requirements.

**8. *Are Fund payments subject to other requirements of the Uniform Guidance?***

Fund payments are subject to the following requirements in the Uniform Guidance (2 C.F.R. Part 200): 2 C.F.R. § 200.303 regarding internal controls, 2 C.F.R. §§ 200.330 through 200.332 regarding subrecipient monitoring and management, and subpart F regarding audit requirements.

**9. *Is there a Catalog of Federal Domestic Assistance (CFDA) number assigned to the Fund?***

Yes. The CFDA number assigned to the Fund is 21.019.

**10. *If a State transfers Fund payments to its political subdivisions, would the transferred funds count toward the subrecipients' total funding received from the federal government for purposes of the Single Audit Act?***

Yes. The Fund payments to subrecipients would count toward the threshold of the Single Audit Act and 2 C.F.R. part 200, subpart F re: audit requirements. Subrecipients are subject to a single audit or program-specific audit pursuant to 2 C.F.R. § 200.501(a) when the subrecipients spend \$750,000 or more in federal awards during their fiscal year.

**11. *Are recipients permitted to use payments from the Fund to cover the expenses of an audit conducted under the Single Audit Act?***

Yes, such expenses would be eligible expenditures, subject to the limitations set forth in 2 C.F.R. § 200.425.

**12. *If a government has transferred funds to another entity, from which entity would the Treasury Department seek to recoup the funds if they have not been used in a manner consistent with section 601(d) of the Social Security Act?***

The Treasury Department would seek to recoup the funds from the government that received the payment directly from the Treasury Department. State, territorial, local, and Tribal governments receiving funds from Treasury should ensure that funds transferred to other entities, whether pursuant to a grant program or otherwise, are used in accordance with section 601(d) of the Social Security Act as implemented in the Guidance.

**13. *What are the differences between a subrecipient and a beneficiary under the Fund for purposes of the Single Audit Act and 2 C.F.R. Part 200, Subpart F regarding audit requirements?***

The Single Audit Act and 2 C.F.R. Part 200, Subpart F regarding audit requirements apply to any non-federal entity, as defined in 2 C.F.R. 200.69, that receives payments from the Fund in the amount of \$750,000 or more. Non-federal entities include subrecipients of payments from the Fund, including recipients of transfers from a State, territory, local government, or tribal government that received a payment directly from Treasury. However, subrecipients would not include individuals and organizations (e.g., businesses, non-profits, or educational institutions) that are beneficiaries of an assistance program established using payments from the Fund. The Single Audit Act and 2 C.F.R. Part 200, Subpart F regarding audit requirements do not apply to beneficiaries.

Please see Treasury Office of Inspector General FAQs at <https://www.treasury.gov/about/organizational-structure/ig/Audit%20Reports%20and%20Testimonies/OIG-CA-20-028.pdf> regarding reporting in the GrantSolutions portal.