

**DEL REY OAKS CITY COUNCIL
AND REDEVELOPMENT AGENCY
TUESDAY, JUNE 23, 2009 at 7:00 P.M.
CHARLIE BENSON MEMORIAL HALL, CITY HALL**

**AGENDA
REGULAR MEETING**

1. **7:00 P.M. - ROLL CALL** – *City Council and Redevelopment Agency*

2. **PUBLIC COMMENTS:**
Anyone wishing to address the City Council or Agency on matters not appearing on the Agenda may do so now. The public may comment on any other matter listed on the Agenda at the time the matter is being considered. *There will be a time limit of not more than three minutes for each speaker. No action will be taken on matters brought up under this item and all comments will be referred to staff.*

3. **CONSENT AGENDA:** *Action Items*
 - A. **MINUTES:**
 1. May 26, 2009, Regular City Council Meeting
 2. June 11, 2009, Special City Council Meeting
 3. June 10, 2009, Regular Planning Commission Meeting-Cancelled
 - B. **MONTHLY REPORTS:**
 1. Claims, May 2009
 2. Financials, May 2009
 3. Fire Department Response Report, May 2009
 4. Police Activity Report, May 2009
 - C. Consider SPCA of the Monterey Peninsula Contract

4. **PRESENTATION:**
 - A. Federal Development Presentation on The Resort at Del Rey Oaks;
Presenter: John Infantino, Federal Development, LLC

5. **OLD BUSINESS:** *Action Items*
 - A. An Ordinance Adding Chapter 1.20 to the Municipal Code to Create a Procedure for Imposing and Collecting Administrative Fines for Violations of the Del Rey Oaks Municipal Code (*second reading*)

6. **NEW BUSINESS:** *Action Items*
 - A. **Redevelopment Agency**
 1. Consider RDA Resolution 2009-01, a Resolution Authorizing Continuing Appropriations for Fiscal Year 2009-2010
 2. Consider Acceptance of the RDA Audit Report
 - B. **City Council**
 1. Consider Acceptance of the City Audit Report
 2. Consider Resolution No. 2009-05, Resolution Authorizing Continuing Appropriations for Fiscal Year 2009-2010
 3. Consider Capital Assets Policy Manual
 4. Consider Accounting Policies and Procedure Manual
 5. Consider Lettering Monument Approval
 6. Consider Authorizing Use of a Police K-9
 7. Consider Resolution 2009-06, Resolution Unconstitutional Diversion of Local Share of Motor Fuel (Gas) Tax and Redevelopment Tax Increment

7. **STAFF REPORTS:**
 - A. City Manager Report
 - B. Chief of Police Report:
 1. Update on Red Bull Races

8. **MAYOR AND COUNCIL REPORTS**

9. **CORRESPONDENCE:**
 - A. Highlights of the Monterey Regional Waste Management District Board Meeting
 - B. Highlights of the Community Human Services Board Meeting
 - C. Letter from Monterey Police Department

10. **CLOSED SESSION:** As permitted by Government Code Section 54956 et. seq. the Council may adjourn to a Closed Session to consider specific matters dealing with certain litigation, personnel, or labor/real property negotiations
 - A. Public Employee Appointment: City Manager

B. Conference with Legal Counsel - Anticipated Litigation

1. Significant exposure to litigation pursuant to subdivision (b) of Section 54965.9: one case

11. **SET NEXT MEETING DATE:** Establish **Tuesday, July 28, 2009**, at 7:00 P.M. as the date and time of the Council's next regular meeting.

12. **ADJOURNMENT**

Information distributed to the Council at the meeting becomes part of the public record. A copy of written material, pictures, etc. must be provided to the secretary for this purpose.

All enclosures and materials regarding these agenda items are available for public review at the Del Rey Oaks City Hall, 650 Canyon Del Rey Road, Del Rey Oaks.

**THE REGULAR MEETING OF THE CITY COUNCIL OF THE
CITY OF DEL REY OAKS CONVENED AT 7:00 P.M. ON
TUESDAY, MAY 26, 2009 IN THE CHARLES BENSON
MEMORIAL HALL, CITY HALL**

Present: Council Members Clark, Edelen, Cecilio, Allion and Mayor Russell

Absent: None

Also present: City Attorney Wellington, City Manager Evans and Deputy City Clerk Carvalho

Meeting came to order at 7:00 p.m. and roll call was taken.

PUBLIC COMMENT: None

CONSENT AGENDA:

Council Member Allion: Pulled Item 3.B.2.

Motion by Council Member Clark to approve,

A. MINUTES:

1. April 28, 2009, City Council Meeting
2. May 13, 2009, Regular Planning Commission Meeting-Cancellation

B. MONTHLY REPORT:

1. Claims, April 2009
3. Fire Department Response Report, April 2009
4. Police Activity Report, April 2009

Seconded by Council Member Allion

There were no public comments received.

Motion passed 5-1

The Council took up Item 3.B.2.:

Council Member Allion: Are the numbers on the cash balances accurate?

Total operating revenue: 1.5 million, operating expenditure: 1.465 million?

City Manager Evans: Yes, those are correct. Just received our property tax and we don't have a lot of revenue coming in between now and July 1. Going to make changes to the financial reports to show operating revenue and operating expenditure and remove capital expenditures.

Council Member Allion: PERS seems to be very expensive. Is there any alternative to PERS?

City Manager Evans: Example: Pacific Grove is looking into getting out of PERS and they have found out that it will cost more to get out than to stay in. PERS has assured that these amounts should level out. He stated that the plan in Del

Rey Oaks is considerably less expensive than most of the rest of the cities in the area.

Mayor Russell: Stated that other revenue will also be changed around to show better detail.

Council Member Allion: Noted that the sales tax is lower than budgeted.

City Manager Evans: One of the sales tax receipts was held up and not deposited within the time period to show on this report so it will be on next month's report.

Council Member Allion: Wants to see more projections 3-4 months ahead.

City Manager Evans: Stated this is doable.

Motion by Council Member Allion to approve Item 3.B.2., seconded by Council Member Edelen

There were no public comments received.

Motion passed 5-1

OLD BUSINESS:

The Council considered **ITEM 4.A.**, Consider Adopting Ordinance No. 265 Amending Title 17 (Zoning Ordinance) of the Municipal Code Relating to Lot Coverage and Site Assessment Requirements (*second reading*)

Council Member Allion: Made a comparison to our lot coverage's to Pacific Grove and we are more conservative and is very pleased with what the Planning Commission came up with.

Motion by Council Member Allion, seconded by Council Member Cecilio.

Council Member Clark: Aye

Council Member Edelen: Aye

Council Member Cecilio: Aye

Council Member Allion: Aye

Mayor Russell: Aye

There was no public comment received

Motion passed 5-0

NEW BUSINESS:

The Council considers **ITEM 5A.** Request for Proposals; Auditing Services.

City Manager Evans: Stated that periodically a city should go out for bid on a new auditing firm. He stated it's a prudent thing to do. He also stated that he has a list of approximately eight firms interested in putting in proposals.

Council Member Allion: He stated competition will be a good thing.

PUBLIC COMMENT:

Bob Oliver: He knows the firm that's done our audits

*Motion by Council Member Clark, seconded by Council Member Edelen
There was no further public comment received.
Motion passed 5-0*

The Council considered **ITEM 5.B. Records Retention Policy**

City Manager Evans: Stated that this is something the City hasn't really had before and has been requested by the auditors to have this policy in place. This policy causes all the records to be gone through and some kept forever and others for limited time. This policy sets these guidelines.

Council Member Clark: Feels this is a great thing to have and with turn over of staff this is important to have.

Mayor Russell: This ties into an indexing process also.

PUBLIC COMMENT:

Bob Oliver: Currently attempting to get records from Mr. Wellington and the City Clerk's office and he has been given a list of citations and this list is not complete. He stated that this could get very expensive here and wants to know about his citation being refunded...

Mayor Russell: Directed Mr. Oliver to stick to the subject at hand

Eric Dittmer: Is there consideration in construction documents?

*Motion by Council Member Edelen, seconded by Council Member Allion
There was no further public comment received.
Motion passed 5-0*

The Council considered **ITEM 5.C. Ordinance 266; An Ordinance Adding Chapter 1.20 to the Municipal Code to Create a Procedure for Imposing and Collecting Administrative Fines for Violations of the Del Rey Oaks Municipal Code (first reading)**

City Attorney Wellington: Stated that as discussed with the Council before, this ordinance provides for an alternate role for the enforcement of the municipal code to the Police Department rather than the courts in some instances. This gives a more cost effective and efficient way of handling municipal code violations. He stated that Marina has had this in effect for several years and it works very well.

Council Member Clark: Feels it will save on attorney fees also.

Council Member Edelen: Feels it's a great idea.

Council Member Allion: Has concerns and wants clarification of definitions such as who can enforce these codes.

City Attorney Wellington: If had known about this ahead of time he could have answered it better.

Council member Allion: Feels our PD are generally good with people but had a resident state that an officer was offensive. He is concerned about our officers

offending residents. He wants to see something that says that there has to be respect from our PD and from our residents.

City Attorney Wellington: Feels this is not the document to address these problems and that this document doesn't change their authority. It only gives them a different avenue. Feels that these complaints should be addressed to the City Manager so the Chief can be informed.

Council Member Allion: Feels it is very important that our citizens know what the code is. Feels there should be a courtesy citation.

City Attorney Wellington: The code is many sections and is available and indexing is a good idea.

Council Member Clark: Has had residents come to her and she has talked to Chief Langford and found that that resident had been talked to multiple times and is simply disgruntled.

PUBLIC COMMENT:

Bob Oliver: Agrees with Council Member Clark that the police are good to work with. He feels that a committee should be formed and by going around the courts you are giving the city a new revenue source and warns against this.

Motion by Council Member Allion to accept the first reading, seconded by Council Member Edelen.

Council Member Clark: *Aye*

Council Member Edelen: *Aye*

Council Member Cecilio: *Aye*

Council Member Allion: *Aye*

Mayor Russell: *Aye*

There was no further public comment received

Motion passed 5-0

STAFF REPORT:

City Manager Evans: Yesterday was a holiday so the weekly report came out today. He announced the city monument signs are ready to be put in. Construction should begin in the next two weeks. Stated the budget preparation is coming along and is working on two alternatives for our budget based on the State's financial status. State he will be asking for a special meeting/workshop for the budget. The Acorn is in the works and the deadline is June 15 – July 1st to get this out. Stated we did receive the Proposition 1B funds very unexpectedly because we were told those funds were frozen. These funds are being held for road projects.

Council Member Allion: Stated this is NOT the work avenue money?

City Manager Evans: Not that money was from TAMC so this is completely separate. He stated that we have 47 applications for the City Manager position. We have applications from all over the country. Stated that the Planning

commission is scheduled to meet in June and the next City Council meeting will be June 23, 2009.

COUNCIL REPORTS:

Council Member Clark: Reported on MST and some changes due to changes in DLI parking and MST also got some Prop 1B funds.

Council Member Edelen: Reported on TAMC and the Hatton Canyon Road project from along time ago wants to do a bike/walking path. Stated that the City is financially sound and the State can't do their jobs so they will be taking it from us, the Cities.

Council Member Allion: Reported on AMBAG and encouraged people to attend the 2nd Wednesday of each month. Feels the new manager of AMBAG is doing an excellent job.

Mayor Russell: Reported on FORA, attended MRWPCA workshop at Embassy Suites, attended MPWMD workshop and Monterey County Mayor's Association and he is now the chairman of the organization. He stated he attended the Watermaster meeting and attended the CSUMB graduation.

8:04 p.m.: Adjourned to closed session

TIME p.m. – Meeting adjourned.

Next Regular Meeting Date: Tuesday, June 23, 2009, 7:00 p.m.

Approved:

THE SPECIAL MEETING OF THE CITY COUNCIL OF THE CITY OF DEL REY OAKS CONVENED AT 9:00 A.M. ON THURSDAY, JUNE 11TH, 2009 IN THE CHARLES BENSON MEMORIAL HALL, CITY HALL

Present: Council Members Clark, Edelen, Cecilio, Allion and Mayor Russell

Absent:None

Also present: City Attorney Buchert, City Manager Evans and Deputy City Clerk Carvalho

9:03 a.m.- Meeting came to order and roll call was taken.

9:04 a.m.: Adjourned to closed session

CLOSED SESSION:

As permitted by Government Code Section 54956 et. seq. the Council may adjourned to a Closed Session to consider specific matters dealing with certain litigation, personnel, or labor/real property negotiations.

A. Public Employee Appointment: City Manager

12:00 p.m. – Recessed for one hour

1:21 p.m. – Reconvened into closed session

5:10 p.m. – Recessed until Friday, June 12, 2009, 9:00 a.m.

FRIDAY, JUNE 12, 2009

9:00 a.m. – Reconvened into closed session

12:30 p.m. – Adjourned from closed session

Mayor Russell: The item under closed session was taken up, information was given and direction was given to staff, no other action was taken.

12:32 p.m. – Adjourned to next regular meeting.

Next Regular Meeting Date: Tuesday June 23, 2009, 7:00 p.m.

Approved:

June 5, 2009

-NOTICE-

NOTICE IS HEREBY GIVEN THAT THE REGULAR
DEL REY OAKS PLANNING COMMISSION
MEETING:

WEDNESDAY, JUNE 10, 2009 AT 7:00 P.M.

**HAS BEEN CANCELLED DUE TO A LACK OF
ITEMS TO BE HEARD**

THE NEXT REGULAR SCHEDULED PLANNING
COMMISSION MEETING WILL BE HELD ON:

WEDNESDAY, JULY 8, 2009 AT 7:00 P.M.
CHARLIE BENSON MEMORIAL HALL, 650 CANYON
DEL REY ROAD, DEL REY OAKS

KAREN MINAMI
Assistant Deputy City Clerk

12:09 PM

06/18/09

CITY OF DEL REY OAKS
Check Detail
 May 2009

<u>Num</u>	<u>Date</u>	<u>Name</u>	<u>Memo</u>	<u>Account</u>	<u>Class</u>	<u>Paid Amount</u>
ACH	5/4/2009	FIRST NATIONAL BANK	Bank Fee	1000 · GEN...		
			Bank Fee	20119 · BA...	GF:090 AD...	(0.16)
TOTAL						(0.16)
ACH	5/4/2009	FIRST NATIONAL BANK...	Bank Fee	1000 · GEN...		
			Bank Fee	30129 · FE...	GF:090 AD...	(8.91)
TOTAL						(8.91)
ACH	5/4/2009	FIRST NATIONAL BANK...	Bank Fee	1000 · GEN...		
			Bank Fee	30129 · FE...	GF:090 AD...	(15.93)
TOTAL						(15.93)
ACH	5/11/2009	PAYCHEX		1000 · GEN...		
			PAYPERIOD 05/15/09 PROCESSING FEE	20100 · PA...	GF:090 AD...	(266.28)
TOTAL						(266.28)
ACH	5/27/2009	PINNACLE		1000 · GEN...		
			PAYROLL 05/29/09 PROCESSING FEE	20100 · PA...	GF:090 AD...	(100.00)
TOTAL						(100.00)
1000	5/15/2009	Kimberly Carvalho - DCC	Carvalho	1000 · GEN...		
			Carvalho DD	10010 · SA...	GF:090 AD...	(2,107.57)
			Carvalho DD	10010 · SA...	GF:090 AD...	(371.93)
			Carvalho ss/med er	10012 · ME...	GF:090 AD...	(37.41)
			Carvalho FWT	2290 · PAY...		361.17
			Carvalho SWT	2225 · STA...		114.98
			Carvalho SUI	2225 · STA...		28.38
			Carvalho AFLAC	2275 · AFL...		9.00
			Carvalho	2235 · PER...		49.59
			Carvalho AFLAC Pretax	2275 · AFL...		23.50
			Carvalho	2235 · PER...		123.98
			Carvalho	10011 · PERS	GF:090 AD...	(123.98)
			Carvalho ss/medicare ee	2290 · PAY...		37.41
			Carvalho ss/medicare er	2290 · PAY...	GF:090 AD...	37.41
TOTAL						(1,855.47)

12:09 PM

06/18/09

CITY OF DEL REY OAKS
Check Detail
May 2009

<u>Num</u>	<u>Date</u>	<u>Name</u>	<u>Memo</u>	<u>Account</u>	<u>Class</u>	<u>Paid Amount</u>
1001	5/15/2009	Karen L. Minami - ADCC	Minami	1000 · GEN...		
			Minami DD	10010 · SA...	GF:090 AD...	(1,734.00)
			Minami DD	10010 · SA...	GF:090 AD...	(306.00)
			Minami ss/med er	10012 · ME...	GF:090 AD...	(30.81)
			Minami FWT	2290 · PAY...		158.19
			Minami SWT	2225 · STA...		39.35
			Minami SUI	2225 · STA...		23.41
			Minami AFLAC Pretax	2275 · AFL...		15.40
			Minami	2235 · PER...		40.80
			Minami 85% ERMTC	10011 · PERS	GF:090 AD...	(102.00)
			Minami ERMTC	2235 · PER...		102.00
			Minami ss/med er	2290 · PAY...		30.81
			Minami ss/med ee	2290 · PAY...	GF:090 AD...	30.81
TOTAL						(1,732.04)
1002	5/15/2009	Christopher L. Bourquin - ...	Borquin	1000 · GEN...		
			Bourquin DD	10010 · SA...	GF:172 PO...	(2,425.50)
			Borquin OT	10009 · OV...	GF:172 PO...	(188.93)
			Borquin FWT	2290 · PAY...	GF:172 PO...	448.44
			Borquin SWT	2225 · STA...	GF:172 PO...	137.92
			Borquin er	10012 · ME...	GF:172 PO...	(40.22)
			Borquin ss/med er	2290 · PAY...	GF:172 PO...	40.22
			Borquin ee	2290 · PAY...		40.22
			Borquin SUI	2225 · STA...	GF:172 PO...	30.50
			Borquin	10130 · ED...	GF:172 PO...	(37.50)
			Borquin	2235 · PER...	GF:172 PO...	48.51
			Borquin ERMTC	10011 · PERS	GF:172 PO...	(121.28)
			Borquin ERMTC	2235 · PER...	GF:172 PO...	121.28
TOTAL						(1,946.34)
1003	5/15/2009	Ronald Langford - Police ...	Langford	1000 · GEN...		
			Langford DD	10010 · SA...	GF:172 PO...	(4,600.00)
			Langford	2290 · PAY...	GF:172 PO...	479.60
			Langford	2225 · STA...	GF:172 PO...	189.13
			Langford SUI	2225 · STA...	GF:172 PO...	53.68
			Langford	10130 · ED...	GF:172 PO...	(50.00)
			Langford PERS	2235 · PER...	GF:172 PO...	92.00
			Langford ERMTC	10011 · PERS	GF:172 PO...	(230.00)
			Langford ERMTC	2235 · PER...	GF:172 PO...	230.00
TOTAL						(3,835.59)

CITY OF DEL REY OAKS
Check Detail
 May 2009

<u>Num</u>	<u>Date</u>	<u>Name</u>	<u>Memo</u>	<u>Account</u>	<u>Class</u>	<u>Paid Amount</u>
1004	5/15/2009	David M Olmos - Officer (...)	Olmos	1000 · GEN...		
			Olmos DD	10010 · SA...	GF:172 PO...	(2,425.50)
			Olmos OT	10009 · OV...	GF:172 PO...	(251.94)
			Olmos FWT	2290 · PAY...	GF:172 PO...	378.77
			Olmos SWT	2225 · STA...	GF:172 PO...	132.11
			Olmos ss/med er	10012 · ME...	GF:172 PO...	(40.57)
			Olmos ss/med er	2290 · PAY...	GF:172 PO...	40.57
			Olmos ss/med ee	2290 · PAY...	GF:172 PO...	40.57
			Olmos SUI	2225 · STA...	GF:172 PO...	30.80
			Olmos	2235 · PER...	GF:172 PO...	48.51
			Olmos ERMTC	10011 · PERS	GF:172 PO...	(121.28)
			Olmos ERMTC	2235 · PER...	GF:172 PO...	121.28
		TOTAL				(2,046.68)
1005	5/15/2009	Ralph E Topps - Officer	Topps	1000 · GEN...		
			Topps DD	10010 · SA...	GF:172 PO...	(2,425.50)
			Topps FWT	2290 · PAY...	GF:172 PO...	103.11
			Topps SWT	2225 · STA...	GF:172 PO...	28.90
			Topps ss/med er	10012 · ME...	GF:172 PO...	(36.93)
			Topps ss/med er	2290 · PAY...	GF:172 PO...	36.93
			Topps ss/med ee	2290 · PAY...	GF:172 PO...	36.93
			Topps SUI	2225 · STA...	GF:172 PO...	28.03
			Topps	2235 · PER...	GF:172 PO...	48.51
			Topps ERMTC	10011 · PERS	GF:172 PO...	(121.28)
			Topps ERMTC	2235 · PER...	GF:172 PO...	121.28
		TOTAL				(2,180.02)
1006	5/15/2009	Russell V Van Zanten - Off...	Van Zanten	1000 · GEN...		
			Van Zanten DD	10010 · SA...	GF:172 PO...	(2,425.50)
			Van Zanten FWT	2290 · PAY...	GF:172 PO...	315.79
			Van Zanten SWT	2225 · STA...	GF:172 PO...	108.05
			Van Zanten er	10012 · ME...	GF:172 PO...	(36.92)
			Van Zanten ss/med er	2290 · PAY...	GF:172 PO...	36.92
			Van Zanten ss/med ee	2290 · PAY...	GF:172 PO...	36.92
			Van Zanten SUI	2225 · STA...	GF:172 PO...	28.03
			Van Zanten	2235 · PER...	GF:172 PO...	48.51
			Van Zanten ERMTC	10011 · PERS	GF:172 PO...	(121.28)
			Van Zanten ERMTC	2235 · PER...	GF:172 PO...	121.28
		TOTAL				(1,888.20)

CITY OF DEL REY OAKS
Check Detail
 May 2009

<u>Num</u>	<u>Date</u>	<u>Name</u>	<u>Memo</u>	<u>Account</u>	<u>Class</u>	<u>Paid Amount</u>
1007	5/15/2009	Mario A Villarreal - Serge...	Villarreal	1000 · GEN...		
			Villarreal DD	10010 · SA...	GF:172 PO...	(3,095.50)
			Villarreal OT	10009 · OV...	GF:172 PO...	(964.44)
			Villarreal	2290 · PAY...	GF:172 PO...	459.92
			Villarreal	2225 · STA...	GF:172 PO...	153.09
			Villarreal er	10012 · ME...	GF:172 PO...	(61.47)
			Villarreal ss/med er	2290 · PAY...	GF:172 PO...	61.47
			Villarreal ss/med ee	2290 · PAY...	GF:172 PO...	61.47
			Villarreal SUI	2225 · STA...	GF:172 PO...	46.65
			Villarreal	10130 · ED...	GF:172 PO...	(25.00)
			Villareal	2235 · PER...	GF:172 PO...	61.91
			Villareal ERMTC	10011 · PERS	GF:172 PO...	(154.78)
			Villareal ERMTC	2235 · PER...	GF:172 PO...	154.78
TOTAL						(3,301.90)
1008	5/15/2009	Joseph nmn Johnson - PW	Johnson	1000 · GEN...		
			Johnson DD 60%	10010 · SA...	GF:311 PU...	(1,224.00)
			Johnson 40%	10010 · SA...	GF:411 PA...	(816.00)
			Johnson	2290 · PAY...		136.38
			Johnson	2225 · STA...		28.97
			Johnson 60% er	10012 · ME...	GF:311 PU...	(18.58)
			Johnson 40% er	10012 · ME...	GF:411 PA...	(12.37)
			Johnson ss/med er	2290 · PAY...		30.95
			Johnson ss/med ee	2290 · PAY...		30.95
			Johnson SUI	2225 · STA...		23.44
			Johnson	2235 · PER...		40.80
			Johnson ERMTC 60%	10011 · PERS	GF:311 PU...	(61.20)
			Johnson ERMTC 40%	10011 · PERS	GF:411 PA...	(40.80)
			Johnson ERMTC	2235 · PER...		102.00
			Johnson	2275 · AFL...		26.00
			Johnson Pretax	2275 · AFL...		8.75
TOTAL						(1,744.71)
1009	5/15/2009	Terry L. Serrano - PW	Serrano	1000 · GEN...		
			Serrano DD 60%	10010 · SA...	GF:311 PU...	(1,224.00)
			Serrano 40%	10010 · SA...	GF:411 PA...	(816.00)
			Serrano FWT	2290 · PAY...		180.90
			Serrano	2225 · STA...		43.45
			Serrano 60% er	10012 · ME...	GF:311 PU...	(18.49)
			Serrano 40% er	10012 · ME...	GF:411 PA...	(12.37)
			Serrano med/ss er	2290 · PAY...		30.86
			Serrano med/ss ee	2290 · PAY...		30.86
			Serrano SUI	2225 · STA...		23.42

CITY OF DEL REY OAKS
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May 2009

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			Serrano	2235 · PER...		40.80
			Serrano ERMTC 60%	10011 · PERS	GF:311 PU...	(61.20)
			Serrano ERMTC 40%	10011 · PERS	GF:411 PA...	(40.80)
			Serrano ERMTC	2235 · PER...		102.00
			Serrano RV fee	3802 · RV ...	GF:411 PA...	50.00
			Serrano Pretax	2275 · AFL...		16.15
		TOTAL				(1,654.42)
1010	5/15/2009	Henry J. Muse - Reserve O...		1000 · GEN...		
			Reserve Muse DD @ 15.33	100103 · R...	GF:172 PO...	(99.65)
			Reserve Muse DD @ 22.33	100103 · R...	GF:172 PO...	(89.32)
			Reserve Muse DD ss med ee	2290 · PAY...	GF:172 PO...	2.73
			Reserve Muse DD ss med er	2290 · PAY...	GF:172 PO...	2.73
			Reserve Muse DD ss med er	10012 · ME...	GF:172 PO...	(2.73)
			Reserve Muse DD SUI	2225 · STA...	GF:172 PO...	2.07
		TOTAL				(184.17)
1011	5/15/2009	Matthew Young - Reserve ...	Young	1000 · GEN...		
			Reserve Young DD @ 15.33	100103 · R...	GF:172 PO...	(291.27)
			Reserve Young @ 22.33	100103 · R...	GF:172 PO...	(312.62)
			Young er	10012 · ME...	GF:172 PO...	(8.75)
			Young ss/med er	2290 · PAY...	GF:172 PO...	8.75
			Young ss/med ee	2290 · PAY...	GF:172 PO...	8.75
			Young SUI	2225 · STA...	GF:172 PO...	6.64
		TOTAL				(588.50)
1012	5/15/2009	Dennis G. Allion - Council ...	Allion	1000 · GEN...		
			City Council Pay	100101 · C...	GF:090 AD...	(100.00)
			Allion	10012 · ME...	GF:090 AD...	(1.45)
			Allion ss/med er	2290 · PAY...	GF:090 AD...	1.45
			Allion ss/med ee	2290 · PAY...	GF:090 AD...	1.45
		TOTAL				(98.55)
1013	5/15/2009	Kristin Clark - City Council		1000 · GEN...		
			Clark FWT	2290 · PAY...		100.00
				100101 · C...	GF:090 AD...	(100.00)
		TOTAL				

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1014	5/15/2009	Jerry B. Edelen - Council ...		1000 · GEN...		
			Edelen FWT	100101 · C... 2290 · PAY...	GF:090 AD...	(100.00) 100.00
TOTAL						
1018	5/29/2009	Kimberly Carvalho - DCC	Carvahlo	1000 · GEN...		
			Carvalho DD	10010 · SA...	GF:090 AD...	(2,107.57)
			Carvalho DD	10010 · SA...	GF:090 AD...	(371.93)
			Carvalho Ed Inct	10130 · ED...	GF:090 AD...	(31.87)
			Carvalho Ed Inc	10130 · ED...	GF:090 AD...	(5.63)
			Carvalho ss/med er	10012 · ME...	GF:090 AD...	(37.95)
			Carvalho FWT	2290 · PAY...		370.54
			Carvalho SWT	2225 · STA...		118.56
			Carvalho SUI	2225 · STA...		28.79
			Carvalho AFLAC	2275 · AFL...		9.00
			Carvalho	2235 · PER...		49.59
			Carvalho AFLAC Pretax	2275 · AFL...		23.50
			Carvalho	2235 · PER...		105.38
			Carvalho	10011 · PERS	GF:090 AD...	(105.38)
			Carvalho ss/medicare ee	2290 · PAY...		37.95
			Carvalho ss/medicare er	2290 · PAY...	GF:090 AD...	37.95
			Carvalho Pers ER Match	10011 · PERS	GF:090 AD...	(18.60)
			Carvalho Pers ER Match	2235 · PER...	GF:090 AD...	18.60
TOTAL						(1,879.07)
1019	5/29/2009	Karen L. Minami - ADCC	Minami	1000 · GEN...		
			Minami DD	10010 · SA...	GF:090 AD...	(1,734.00)
			Minami DD	10010 · SA...	GF:090 AD...	(306.00)
			Minami ss/med er	10012 · ME...	GF:090 AD...	(30.83)
			Minami FWT	2290 · PAY...		158.19
			Minami SWT	2225 · STA...		39.35
			Minami SUI	2225 · STA...		23.40
			Minami AFLAC Pretax	2275 · AFL...		15.40
			Minami	2235 · PER...		40.80
			Minami 85% ERMTc	10011 · PERS	GF:090 AD...	(102.00)
			Minami ERMTc	2235 · PER...		102.00
			Minami ss/med er	2290 · PAY...		30.83
			Minami ss/med ee	2290 · PAY...	GF:090 AD...	30.83
TOTAL						(1,732.03)

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1020	5/29/2009	Christopher L. Bourquin - ...	Borquin	1000 · GEN...		
			Borquin DD	10010 · SA...	GF:172 PO...	(2,425.50)
			Borquin OT	10009 · OV...	GF:172 PO...	(209.93)
			Borquin FWT	2290 · PAY...	GF:172 PO...	511.96
			Borquin SWT	2225 · STA...	GF:172 PO...	161.31
			Borquin er	10012 · ME...	GF:172 PO...	(43.76)
			Borquin ss/med er	2290 · PAY...	GF:172 PO...	43.76
			Borquin ee	2290 · PAY...		43.76
			Borquin SUI	2225 · STA...	GF:172 PO...	33.20
			Borquin	10130 · ED...	GF:172 PO...	(37.50)
			Borquin	2235 · PER...	GF:172 PO...	48.51
			Borquin ERMTC	10011 · PERS	GF:172 PO...	(121.28)
			Borquin ERMTC	2235 · PER...	GF:172 PO...	121.28
			Borquin Holiday Pay	10008 · GF ...	GF:172 PO...	(223.92)
		TOTAL				(2,098.11)
1021	5/29/2009	Ronald Langford - Police ...	Langford	1000 · GEN...		
			Langford DD	10010 · SA...	GF:172 PO...	(4,600.00)
			Langford	2290 · PAY...	GF:172 PO...	479.60
			Langford	2225 · STA...	GF:172 PO...	189.13
			Langford SUI	2225 · STA...	GF:172 PO...	53.68
			Langford	10130 · ED...	GF:172 PO...	(50.00)
			Langford PERS	2235 · PER...	GF:172 PO...	92.00
			Langford ERMTC	10011 · PERS	GF:172 PO...	(230.00)
			Langford ERMTC	2235 · PER...	GF:172 PO...	230.00
		TOTAL				(3,835.59)
1022	5/29/2009	Ronald Langford - Police ...	Langford	1000 · GEN...		
			Langford DD Race @53.08	10010 · SA...	GF:172 PO...	(318.48)
			Langford SUI	2225 · STA...	GF:172 PO...	3.50
		TOTAL				(314.98)
1023	5/29/2009	Ralph E Topps - Officer	Topps	1000 · GEN...		
			Topps DD	10010 · SA...	GF:172 PO...	(2,425.50)
			Topps OT	10009 · OV...	GF:172 PO...	(419.85)
			Topps FWT	2290 · PAY...	GF:172 PO...	199.68
			Topps SWT	2225 · STA...	GF:172 PO...	65.82
			Topps ss/med er	10012 · ME...	GF:172 PO...	(46.26)
			Topps ss/med er	2290 · PAY...	GF:172 PO...	46.26
			Topps ss/med ee	2290 · PAY...	GF:172 PO...	46.26
			Topps SUI	2225 · STA...	GF:172 PO...	35.10

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			Topps	2235 · PER...	GF:172 PO...	48.51
			Topps ERMTC	10011 · PERS	GF:172 PO...	(121.28)
			Topps ERMTC	2235 · PER...	GF:172 PO...	121.28
			Topps Holiday Pay	10008 · GF ...	GF:172 PO...	(223.92)
TOTAL						(2,673.90)
1024	5/29/2009	Russell V Van Zanten - Off...	Van Zanten	1000 · GEN...		
			Van Zanten DD	10010 · SA...	GF:172 PO...	(2,425.50)
			Van Zanten FWT	2290 · PAY...	GF:172 PO...	399.76
			Van Zanten SWT	2225 · STA...	GF:172 PO...	140.12
			Van Zanten er	10012 · ME...	GF:172 PO...	(41.80)
			Van Zanten ss/med er	2290 · PAY...	GF:172 PO...	41.80
			Van Zanten ss/med ee	2290 · PAY...	GF:172 PO...	41.80
			Van Zanten SUI	2225 · STA...	GF:172 PO...	31.71
			Van Zanten	2235 · PER...	GF:172 PO...	48.51
			Van Zanten ERMTC	10011 · PERS	GF:172 PO...	(121.28)
			Van Zanten ERMTC	2235 · PER...	GF:172 PO...	121.28
			Van Zanten Holiday Pay	10008 · GF ...	GF:172 PO...	(335.88)
TOTAL						(2,099.48)
1025	5/29/2009	Mario A Villarreal - Serge...	Villarreal	1000 · GEN...		
			Villarreal DD	10010 · SA...	GF:172 PO...	(3,095.50)
			Villarreal OT	10009 · OV...	GF:172 PO...	(830.49)
			Villarreal	2290 · PAY...	GF:172 PO...	497.88
			Villarreal	2225 · STA...	GF:172 PO...	165.61
			Villarreal er	10012 · ME...	GF:172 PO...	(63.68)
			Villarreal ss/med er	2290 · PAY...	GF:172 PO...	63.68
			Villarreal ss/med ee	2290 · PAY...	GF:172 PO...	63.68
			Villarreal SUI	2225 · STA...	GF:172 PO...	48.30
			Villarreal	10130 · ED...	GF:172 PO...	(25.00)
			Villareal	2235 · PER...	GF:172 PO...	61.91
			Villareal ERMTC	10011 · PERS	GF:172 PO...	(154.78)
			Villareal ERMTC	2235 · PER...	GF:172 PO...	154.78
			Villarreal Holiday pay	10008 · GF ...	GF:172 PO...	(285.76)
TOTAL						(3,399.37)

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1026	5/29/2009	David M Olmos - Officer (...)	Olmos	1000 · GEN...		
			Olmos DD	10010 · SA...	GF:172 PO...	(2,425.50)
			Olmos OT	10009 · OV...	GF:172 PO...	(335.88)
			Olmos FWT	2290 · PAY...	GF:172 PO...	455.74
			Olmos SWT	2225 · STA...	GF:172 PO...	161.51
			Olmos ss/med er	10012 · ME...	GF:172 PO...	(45.05)
			Olmos ss/med er	2290 · PAY...	GF:172 PO...	45.05
			Olmos ss/med ee	2290 · PAY...	GF:172 PO...	45.05
			Olmos SUI	2225 · STA...	GF:172 PO...	34.17
			Olmos	2235 · PER...	GF:172 PO...	48.51
			Olmos ERMTC	10011 · PERS	GF:172 PO...	(121.28)
			Olmos ERMTC	2235 · PER...	GF:172 PO...	121.28
			Olmos Holiday Pay	10008 · GF ...	GF:172 PO...	(223.92)
TOTAL						(2,240.32)
1027	5/29/2009	Joseph nm Johnson - PW	Johnson	1000 · GEN...		
			Johnson DD 60%	10010 · SA...	GF:311 PU...	(1,224.00)
			Johnson 40%	10010 · SA...	GF:411 PA...	(816.00)
			Johnson	2290 · PAY...		136.38
			Johnson	2225 · STA...		28.97
			Johnson 60% er	10012 · ME...	GF:311 PU...	(18.56)
			Johnson 40% er	10012 · ME...	GF:411 PA...	(12.37)
			Johnson ss/med er	2290 · PAY...		30.93
			Johnson ss/med ee	2290 · PAY...		30.93
			Johnson SUI	2225 · STA...		23.47
			Johnson	2235 · PER...		40.80
			Johnson ERMTC 60%	10011 · PERS	GF:311 PU...	(61.20)
			Johnson ERMTC 40%	10011 · PERS	GF:411 PA...	(40.80)
			Johnson ERMTC	2235 · PER...		102.00
			Johnson	2275 · AFL...		26.00
			Johnson Pretax	2275 · AFL...		8.75
TOTAL						(1,744.70)
1028	5/29/2009	Terry L. Serrano - PW	Serrano	1000 · GEN...		
			Serrano DD 60%	10010 · SA...	GF:311 PU...	(1,224.00)
			Serrano 40%	10010 · SA...	GF:411 PA...	(816.00)
			Serrano FWT	2290 · PAY...		180.90
			Serrano	2225 · STA...		43.45
			Serrano 60% er	10012 · ME...	GF:311 PU...	(18.46)
			Serrano 40% er	10012 · ME...	GF:411 PA...	(12.37)
			Serrano med/ss er	2290 · PAY...		30.83
			Serrano med/ss ee	2290 · PAY...		30.83
			Serrano SUI	2225 · STA...		23.38

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			Serrano	2235 · PER...		40.80
			Serrano ERMTC 60%	10011 · PERS	GF:311 PU...	(61.20)
			Serrano ERMTC 40%	10011 · PERS	GF:411 PA...	(40.80)
			Serrano ERMTC	2235 · PER...		102.00
			Serrano RV fee	3802 · RV ...	GF:411 PA...	50.00
			Serrano Pretax	2275 · AFL...		16.15
TOTAL						(1,654.49)
1029	5/29/2009	Henry J. Muse - Reserve O...		1000 · GEN...		
			Reserve Muse DD @ 22.33	100103 · R...	GF:172 PO...	(1,194.66)
			Reserve Muse DD ss med ee	2290 · PAY...	GF:172 PO...	17.33
			Reserve Muse DD ss med er	2290 · PAY...	GF:172 PO...	17.33
			Reserve Muse DD ss med er	10012 · ME...	GF:172 PO...	(17.33)
			Reserve Muse DD SUI	2225 · STA...	GF:172 PO...	13.15
TOTAL						(1,164.18)
10000	5/15/2009	Dewey Evans - Interim CM		1000 · GEN...		
			Evans	100102 · CI...	GF:090 AD...	(8,000.00)
			Evans FWT	2290 · PAY...	GF:090 AD...	600.00
TOTAL						(7,400.00)
10001	5/15/2009	Jaime C Del Valle		1000 · GEN...		
			Reserve Del Valle	100103 · R...	GF:172 PO...	(133.98)
			Reserve Del Valle ss med ee	2290 · PAY...	GF:172 PO...	1.95
			Reserve Del Valle ss med er	2290 · PAY...	GF:172 PO...	1.95
			Reserve Del Valle ss med er	10012 · ME...	GF:172 PO...	(1.95)
			Reserve Del Valle SUI	2225 · STA...	GF:172 PO...	1.48
TOTAL						(130.55)
10002	5/15/2009	Jeff Cecilio - City Council	Cecilio	1000 · GEN...		
			City Council Cecilio	100101 · C...	GF:090 AD...	(100.00)
TOTAL						(100.00)
10003	5/15/2009	Joseph P. Russell - Mayor	Russell	1000 · GEN...		
			Russell	100101 · C...	GF:090 AD...	(100.00)
			Russell	20172 · AD...	GF:090 AD...	(125.00)
TOTAL						(225.00)

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10004	5/29/2009	David V. Nguyen - Reserve...	Nguyen	1000 · GEN...		
			Nguyen @22.33	100103 · R...	GF:172 PO...	(44.66)
			Nguyen @15.33	100103 · R...	GF:172 PO...	(61.32)
			Nguyen	2225 · STA...	GF:172 PO...	1.17
			Nguyen	10012 · ME...	GF:172 PO...	(1.54)
			Nguyen ss/med ee	2290 · PAY...	GF:172 PO...	1.54
			Nguyen ss/med er	2290 · PAY...	GF:172 PO...	1.54
TOTAL						(103.27)
10005	5/29/2009	Chris Salopek - Reserve Of...	Salopek	1000 · GEN...		
			Reserve Salopek @ 15.33	100103 · R...	GF:172 PO...	(76.65)
			Salopek er	10012 · ME...	GF:172 PO...	(1.10)
			Salopek ss/med er	2290 · PAY...	GF:172 PO...	1.10
			Salopek ss/med ee	2290 · PAY...	GF:172 PO...	1.10
			Salopek SUI	2225 · STA...	GF:172 PO...	0.85
TOTAL						(74.70)
10665	5/5/2009	AFLAC	Premiums-employee paid	1000 · GEN...		
	4/11/2009		CARVALHO (100% EMPLOYEE PAID)	2275 · AFL...	GF:900 RE...	(65.00)
			MINAMI "	2275 · AFL...	GF:900 RE...	(30.80)
			JOHNSON "	2275 · AFL...	GF:900 RE...	(69.50)
			SERRANO "	2275 · AFL...	GF:900 RE...	(32.30)
TOTAL						(197.60)
10666	5/5/2009	AT&T	PHONE (LONG DISTANCE) 4/25/09-5/20/09	1000 · GEN...		
	4/30/2009		PHONE	20140 · TE...	GF:172 PO...	(138.58)
			PHONE	20140 · TE...	GF:090 AD...	(36.96)
			PHONE	20140 · TE...	GF:150 GO...	(9.24)
TOTAL						(184.78)
10667	5/5/2009	BOUND TREE	DEFIBRILLATOR FOR CITY HALL	1000 · GEN...		
	4/14/2009		DEFIBRILLATOR FOR CITY HALL	20161 · SP...	GF:172 PO...	(377.21)
TOTAL						(377.21)

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10668	5/5/2009	BYTE TECHNOLOGY	INV 4727/WEBSITE MAIN. and INFO. UPDATE	1000 · GEN...		
INV. ...	4/26/2009		INV 4661/WEBSITE MAIN. and INFO. UPDATE	20145 · WE...	GF:090 AD...	(125.00)
TOTAL						(125.00)
10669	5/5/2009	CENTRAL COAST P & S		1000 · GEN...		
	4/22/2009		cleaning supplies/P.D. UNITS	20122 · RE...	GF:172 PO...	(17.43)
TOTAL						(17.43)
10670	5/5/2009	CERTIFION CORPORAT...	INVOICE #18931/POLICE ONLINE SERVICE-MARCH 09	1000 · GEN...		
	3/31/2009		POLICE ONLINE SERVICE-MARCH 09	20161 · SP...	GF:172 PO...	(79.00)
TOTAL						(79.00)
10671	5/5/2009	CITY OF MONTEREY	FUEL P.D. & P.W., BOOKINGS, BUILDING INSPECTIONS, PLAN CH...	1000 · GEN...		
	4/15/2009		MARCH PLAN CHECK AND INSPECTION FEES	30116 · CO...	GF:190 BL...	(1,355.84)
	4/21/2009		MARCH FUEL-#65	30182 · AU...	GF:172 PO...	(33.51)
TOTAL						(1,389.35)
10672	5/5/2009	CITY OF SEASIDE	STREET SWEEPING, AND FIRE CONTRACT	1000 · GEN...		
	4/22/2009		FIRE CONTRACT 1/1/09-3/31/09	301861 · FI...	GF:180 FIR...	(28,132.35)
	4/22/2009		STREET SWEEPING APR 09	20126 · ST...	GF:311 PU...	(1,105.28)
TOTAL						(29,237.63)
10673	5/5/2009	CO-POWER	MAY 09, DELTA DENTAL PREMIUM	1000 · GEN...		
	4/21/2009		BOURQUIN MAY 09	10013 · DE...	GF:172 PO...	(109.28)
			CARVALHO (85%)	10013 · DE...	GF:090 AD...	(92.88)
			CARVALHO (15%)	10013 · DE...	GF:090 AD...	(16.40)
			JOHNSON (60%)	10013 · DE...	GF:411 PA...	(65.56)
			JOHNSON (40%)	10013 · DE...	GF:311 PU...	(43.72)
			LANGFORD	10013 · DE...	GF:172 PO...	(169.13)
			MINAMI (85%)	10013 · DE...	GF:090 AD...	(143.76)
			MINAMI (15%)	10013 · DE...	GF:090 AD...	(25.37)
			OLMOS	10013 · DE...	GF:172 PO...	(54.66)
			SERRANO (60%)	10013 · DE...	GF:311 PU...	(65.56)
			SERRANO (40%)	10013 · DE...	GF:411 PA...	(43.72)
			TOPPS	10013 · DE...	GF:172 PO...	(169.13)
			VAN ZANTEN	10013 · DE...	GF:172 PO...	(169.13)
			VILLARREAL	10013 · DE...	GF:172 PO...	(169.13)

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			EDELEN	10013 · DE...	GF:090 AD...	(169.13)
			RUSSELL	10013 · DE...	GF:090 AD...	(109.28)
			CECILIO	10013 · DE...	GF:090 AD...	(169.13)
			ALLION	10013 · DE...	GF:090 AD...	(109.28)
			CLARK	10013 · DE...	GF:090 AD...	(109.28)
			SERVICE FEE	10013 · DE...	GF:090 AD...	(20.00)
TOTAL						(2,023.53)
10674	5/5/2009	COMCAST HIGH SPEED...	INTERNET 4/10/09-5/2/09	1000 · GEN...		
	4/10/2009		INTERNET 4/10/09-5/2/09	20140 · TE...	GF:090 AD...	(32.45)
			INTERNET 4/10/09-5/2/09	20140 · TE...	GF:172 PO...	(32.45)
TOTAL						(64.90)
10675	5/5/2009	CONSOLIDATED ELEC...	CHAMBER UTILITY ROOM REPAIR	1000 · GEN...		
	3/25/2009		CHAMBER UTILITY ROOM REPAIR	20121 · MA...	GF:150 GO...	(39.09)
TOTAL						(39.09)
10676	5/5/2009	COUNTY OF MONTEREY	3 mobile computer system/network access to County Information	1000 · GEN...		
	4/6/2009		3 mobile computer system/network access to County Information	30181 · AU...	GF:172 PO...	(66.00)
TOTAL						(66.00)
10677	5/5/2009	CRAZY DRAINS INC.	WATER LEAK REPAIR, DUE TO AUTO ACCIDENT OF 4/08/09-REIM...	1000 · GEN...		
	4/9/2009		WATER LEAK REPAIR, DUE TO AUTO ACCIDENT OF 4/08/09-REIMBU...	20122 · RE...	GF:411 PA...	(438.96)
TOTAL						(438.96)
10678	5/5/2009	CYPRESS COAST FORD	VEHICLE REPAIR AND MAINTENANCE	1000 · GEN...		
	3/31/2009		OIL CHANGE, AND TIRE AND BRAKE INSPECTION (NO CHARGE) UNI...	30190 · AU...	GF:172 PO...	(86.83)
			REPAIR BATTERY TERMINAL WIRING #65	30190 · AU...	GF:172 PO...	(22.16)
TOTAL						(108.99)
10679	5/5/2009	FIRST AMERICAN REA...	METRO SCAN- ADDRESS SERVICE-MAR 09	1000 · GEN...		
	3/31/2009		METRO SCAN- ADDRESS SERVICE-MAR 09	20160 · OF...	GF:172 PO...	(52.08)
			METRO SCAN- ADDRESS SERVICE-MAR 09	20160 · OF...	GF:090 AD...	(52.09)
TOTAL						(104.17)

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10680	5/5/2009	GALL'S INC.	POLICE SUPPLIES	1000 · GEN...		
	4/4/2009		POLICE SUPPLIES	20161 · SP...	GF:172 PO...	(684.91)
TOTAL						(684.91)
10681	5/5/2009	GLOBALSTAR USA	SATELITE PHONE	1000 · GEN...		
	4/30/2009		SATELITE PHONE	20140 · TE...	GF:172 PO...	(53.43)
TOTAL						(53.43)
10682	5/5/2009	HAYASHI & WAYLAND, ...	INTERIM BILLING FOR PROFESSIONAL ACCOUNTING SERVICES ...	1000 · GEN...		
	4/12/2009		INTERIM BILLING FOR PROFESSIONAL ACCOUNTING SERVICES FOR...	30113 · CO...	GF:090 AD...	(3,587.25)
TOTAL						(3,587.25)
10683	5/5/2009	HOME DEPOT CRC	ACCT. # 6035 3220 0248 6219	1000 · GEN...		
	3/27/2009		CITY HALL ROOF/CHAMBER UTILITY ROOM	20122 · RE...	GF:150 GO...	(113.64)
			SUPPLIES FOR #80	20121 · MA...	GF:172 PO...	(20.34)
			SUPPLIES FOR PARK RESTROOM	20121 · MA...	GF:311 PU...	(13.29)
			TENNIS COURT/NET REPAIR	20122 · RE...	GF:311 PU...	(81.69)
TOTAL						(228.96)
10684	5/5/2009	JAMES DE CHALK	APRIL BILLING	1000 · GEN...		
	4/29/2009		APRIL BILLING	30126 · JA...	GF:150 GO...	(300.00)
TOTAL						(300.00)
10685	5/5/2009	KELLY-MOORE PAINT ...	SUPPLIES FOR CITY COUNCIL UTILITY ROOM REPAIR	1000 · GEN...		
	4/15/2009		SUPPLIES FOR CITY COUNCIL UTILITY ROOM REPAIR	20121 · MA...	GF:150 GO...	(74.21)
TOTAL						(74.21)
10686	5/5/2009	MONTEREY AUTO SUP...	SUPPLIES UTILITY ROOM REPAIR	1000 · GEN...		
	3/31/2009		SUPPLIES FOR UTILITY ROOM REPAIR	20122 · RE...	GF:150 GO...	(22.71)
TOTAL						(22.71)

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10687	5/5/2009	MONTEREY COUNTY O...	FEB 09	1000 · GEN...		
	4/20/2009		TAPING AND PLAYBACK FOR FEB 09	20175 · ME...	GF:090 AD...	(808.50)
TOTAL						(808.50)
10688	5/5/2009	MONTEREY COUNTY S...	QUARTERLY ACJIS BILLING 3RD QUARTER 1/1/09-3/31/09	1000 · GEN...		
	4/10/2009		QUARTERLY ACJIS BILLING 3RD QUARTER 1/1/09-3/31/09	30184 · AC...	GF:172 PO...	(196.69)
	4/17/2009		BILLABLE BILLING MAR 09	30184 · AC...	GF:172 PO...	(13.79)
TOTAL						(210.48)
10689	5/5/2009	MRWPCA	CITY COLLECTION MAR&APRIL.-ACCT. 09-000306 CITY COLLE...	1000 · GEN...		
	3/31/2009		CITY COLLECTION MAR&APRIL.-ACCT. 09-000306	20132 · UTI...	GF:301 PU...	(24.64)
	4/14/2009		CITY COLLECTION 3/1/09-4/30/09-ACCT. 09-000306	20132 · UTI...	GF:301 PU...	(24.64)
TOTAL						(49.28)
10690	5/5/2009	MTRY BAY OFFICE PR...	CONTRACT OVERAGE CHARGE FOR 12/30/08-3/29/09	1000 · GEN...		
	4/17/2009		CONTRACT OVERAGE CHARGE FOR 12/30/08-3/29/09	20160 · OF...	GF:090 AD...	(135.93)
TOTAL						(135.93)
10691	5/5/2009	NEXTEL COMMUNICA...	NEXTEL RADIO- CLK/PW/PD/MAYOR/FEB AND MARCH 09	1000 · GEN...		
	4/15/2009		NEXTEL RADIO- CLK/FEB AND MARCH 09	20140 · TE...	GF:090 AD...	(54.78)
			NEXTEL RADIO PW/FEB AND MARCH 09	20140 · TE...	GF:301 PU...	(125.30)
			NEXTEL RADIO PD/FEB AND MARCH 09	20140 · TE...	GF:172 PO...	(265.87)
			NEXTEL RADIO MAYOR/FEB AND MARCH 09	20170 · TR...	GF:090 AD...	(48.79)
TOTAL						(494.74)
10692	5/5/2009	OFFICE DEPOT	PLASTIC GLOVES AND TOILET SEAT COVERS, SANITIZING SUPP...	1000 · GEN...		
	3/31/2009		ENVELOPES	20160 · OF...	GF:090 AD...	(37.04)
	4/7/2009		CLEANING SUPPLIES FOR CITY HALL	20160 · OF...	GF:150 GO...	(27.68)
	4/7/2009		PARK SUPPLIES (GARBAGE BAGS, ETC.)	20121 · MA...	GF:411 PA...	(136.84)
	4/7/2009		COMPUTER SCREEN/WORK COMP REIMBURSABLE	20160 · OF...	GF:172 PO...	(619.44)
	4/14/2009		MAIL STAMP	20121 · MA...	GF:090 AD...	(39.87)
	4/14/2009		FILE FOLDERS, LABELS	20160 · OF...	GF:172 PO...	(48.34)
			TONER	1600 · DUE...	GF:090 AD...	(52.77)
	4/21/2009		TONER, PAPER CLIPS, HIGHLIGHTERS	20160 · OF...	GF:172 PO...	(31.30)
			TONER, PAPER CLIPS, HIGHLIGHTERS	20160 · OF...	GF:090 AD...	(31.31)
	4/21/2009		LABEL TAPE	20160 · OF...	GF:172 PO...	(17.99)
			AUDIO TAPES	20160 · OF...	GF:090 AD...	(2.39)

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			GARBAGE LINERS, T.P., AND PAPER TOWELS	20121 · MA...	GF:150 GO...	(132.58)
			GARBAGE LINERS, T.P., AND PAPER TOWELS	20121 · MA...	GF:411 PA...	(132.58)
TOTAL						(1,310.13)
10693	5/5/2009	PERS	04 2009 2 - RETIREMENT PMT	1000 · GEN...		
	5/5/2009		70002 4/16/09-4/30/09	2235 · PER...		(337.36)
			75001 4/16/09-4/30/09	2235 · PER...		(1,448.38)
			85% Kim Carvalho	10011 · PERS	GF:090 AD...	(158.69)
			15% Kim Carvalho	10011 · PERS	GF:090 AD...	(28.00)
			85% Karen Minami	10011 · PERS	GF:090 AD...	(130.55)
			15% Karen Minami	10011 · PERS	GF:090 AD...	(23.04)
			60% PW	10011 · PERS	GF:311 PU...	(261.10)
			40% PW	10011 · PERS	GF:411 PA...	(46.08)
			PD	10011 · PERS	GF:172 PO...	(4,363.52)
TOTAL						(6,796.72)
10694	5/5/2009	PG&E	GAS 3/14/09-4/15/09 ELEC.3/14/09-4/24/09	1000 · GEN...		
	4/30/2009		equipment building	20131 · UTL...	GF:150 GO...	(40.45)
			city hall	20131 · UTL...	GF:150 GO...	(69.82)
			city hall	20131 · UTL...	GF:150 GO...	(345.35)
			street lighting	30230 · ST...	GF:301 PU...	(1,284.35)
			street lighting	30230 · ST...	GF:301 PU...	(88.83)
			city hall	20131 · UTL...	GF:150 GO...	(8.66)
			city hall	20131 · UTL...	GF:150 GO...	(34.28)
TOTAL						(1,871.74)
10695	5/5/2009	RED SHIFT INTERNET S...	INTERNET APRIL 09	1000 · GEN...		
	4/14/2009		INTERNET	20140 · TE...	GF:090 AD...	(69.88)
			INTERNET	20140 · TE...	GF:172 PO...	(69.88)
TOTAL						(139.76)
10696	5/5/2009	SAFEGWAY STORE	SUPPLIES FOR GAB CREW - MARCH	1000 · GEN...		
	4/4/2009		SUPPLIES FOR GAB CREW-MARCH	20127 · GA...	GF:411 PA...	(29.27)
TOTAL						(29.27)
10697	5/5/2009	SAN JOSE BLUE	COPIES OF CITY LIMIT MAP FOR CITY COUNCIL ITEM	1000 · GEN...		
	4/20/2009		COPIES OF CITY LIMIT MAP FOR CITY COUNCIL ITEM	20176 · PRI...	GF:150 GO...	(26.55)
TOTAL						(26.55)

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10698	5/5/2009	SANDY CASTALDO	REFUND OF PARK RENTAL FEE-NOT AS MANY PEOPLE AS PLAN...	1000 · GEN...		
	5/9/2009		REFUND OF PARK RENTAL FEE-NOT AS MANY PEOPLE AS PLANNED...	3801 · PAR...	GF:411 PA...	(50.00)
TOTAL						(50.00)
10699	5/5/2009	SBC	PHONE-LOCAL USEAGE, APRIL 09	1000 · GEN...		
	4/5/2009		PHONE PD-APR 09	20140 · TE...	GF:172 PO...	(709.03)
			PHONE CLK-APR 09	20140 · TE...	GF:090 AD...	(33.18)
TOTAL						(742.21)
10700	5/5/2009	SEARS HOME IMPROV...	REFUND OF ARC PAYMENT, NOT NEEDED 8 MALCOLM PLACE	1000 · GEN...		
	4/14/2009		REFUND OF ARC PAYMENT, NOT NEEDED 8 MALCOLM PLACE	3305 · BUL...	GF:190 BL...	(100.00)
TOTAL						(100.00)
10701	5/5/2009	SHRED-IT	INV 7677018929/SHREDDING SERVICE	1000 · GEN...		
	3/30/2009		SHREDDING SERVICE	20160 · OF...	GF:090 AD...	(50.00)
TOTAL						(50.00)
10702	5/5/2009	SPRINT	INV 634248818-017/PD SERVICE-MARCH AND APRIL 09	1000 · GEN...		
	4/29/2009		INV 634248818-017/PD SERVICE-MARCH AND APRIL 09/LAST BILLING	20140 · TE...	GF:172 PO...	(119.98)
TOTAL						(119.98)
10703	5/5/2009	STAPLES	MAGNETIC PUSH PINS FOR KIOSKS	1000 · GEN...		
	3/27/2009		MAGNETIC PUSH PINS FOR KIOSKS	20160 · OF...	GF:311 PU...	(58.53)
TOTAL						(58.53)
10704	5/5/2009	TERMINIX	PEST CONTROL AND MAINTENANCE-APRIL	1000 · GEN...		
INV. ...	4/6/2009		PEST CONTROL AND MAINTENANCE-APRIL	20122 · RE...	GF:311 PU...	(27.50)
			PEST CONTROL AND MAINTENANCE-APRIL	20122 · RE...	GF:411 PA...	(27.50)
TOTAL						(55.00)

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10705	5/5/2009	THE GARDENER'S FRI...	GOPHER CONTROL PARK, TENNIS COURT, AND CITY HALL LAW...	1000 · GEN...		
	4/9/2009		GOPHER CONTROL PARK, TENNIS COURT, AND CITY HALL LAWNS	20122 · RE...	GF:411 PA...	(165.00)
TOTAL						(165.00)
10706	5/5/2009	UNITED RENTALS	HITCH ON DUMP TRUCK	1000 · GEN...		
	4/20/2009		HITCH ON DUMP TRUCK	20122 · RE...	GF:411 PA...	(41.11)
TOTAL						(41.11)
10707	5/5/2009	VSP	VISION PLAN MAY 09	1000 · GEN...		
	4/21/2009		Chris Bourquin MAY 09	10015 · VIS...	GF:172 PO...	(13.23)
			Kim Carvalho 85%	10015 · VIS...	GF:090 AD...	(11.24)
			Kim Carvalho 15%	10015 · VIS...	GF:090 AD...	(1.99)
			Joe Johnson 60%	10015 · VIS...	GF:311 PU...	(7.93)
			Joe Johnson 40%	10015 · VIS...	GF:411 PA...	(5.30)
			Ron Langford	10015 · VIS...	GF:172 PO...	(23.72)
			Karen Minami 85%	10015 · VIS...	GF:090 AD...	(20.16)
			Karen Minami 15%	10015 · VIS...	GF:090 AD...	(3.56)
			Ralph Topps	10015 · VIS...	GF:172 PO...	(23.72)
			Russ Vanzanten	10015 · VIS...	GF:172 PO...	(23.72)
			Mario Villareal	10015 · VIS...	GF:172 PO...	(23.72)
			Dave Olmos	10015 · VIS...	GF:172 PO...	(9.12)
			Terry Serrano 60%	10015 · VIS...	GF:411 PA...	(7.93)
			Terry Serrano 40%	10015 · VIS...	GF:311 PU...	(5.30)
TOTAL						(180.64)
10708	5/5/2009	WELLINGTON, ROBER...		1000 · GEN...		
INV 1...	4/6/2009		INV 19792-TAX AND FINANCE MATTERS FEB 09	30119 · CO...	GF:120 LE...	(63.00)
INV 1...	4/6/2009		INV 19791-TAX AND FINANCE MATTERS FEB 09	30119 · CO...	GF:120 LE...	(558.00)
INV 1...	4/6/2009		INV 19788 MISC LAND USE MATTERS FEB 09	30119 · CO...	GF:120 LE...	(2,277.00)
INV 1...	4/6/2009		INV 19787 RETAINER FEE MARCH 09	30120 · CO...	GF:120 LE...	(910.00)
INV	4/6/2009		INV 19786-AIRPORT ROAD FEB 09	30119 · CO...	GF:120 LE...	(153.00)
INV	4/6/2009		NV 19789 MISC LITIGATION FEB 09	30119 · CO...	GF:120 LE...	(2,898.00)
TOTAL						(6,859.00)
10709	5/5/2009	DEWEY D. EVANS		1000 · GEN...		
	5/5/2009		REIMBURSEMENT: RECRUITMENT JOB POSTINGS	20180 · RE...	GF:090 AD...	(643.00)
TOTAL						(643.00)

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10710	5/19/2009	AMERICAN LOCK & KEY	EXTRA RV KEYS COPIED	1000 · GEN...		
	4/30/2009		EXTRA RV KEYS COPIED	20161 · SP...	GF:411 PA...	(13.11)
TOTAL						(13.11)
10711	5/19/2009	AMERICAN SUPPLY CO...	INVOICE 0045666, VANDALISM MARK REMOVER AND CLEANING ...	1000 · GEN...		
	4/30/2009		INVOICE 0045666, VANDALISM MARK REMOVER AND CLEANING SU...	20121 · MA...	GF:411 PA...	(52.57)
TOTAL						(52.57)
10712	5/19/2009	BAYVIEW BUSINESS SO...	COPY AND FOLDING OF CITY MANAGER BROCHURES	1000 · GEN...		
	4/22/2009		COPY AND FOLDING OF CITY MANAGER BROCHURES	20180 · RE...	GF:090 AD...	(100.00)
TOTAL						(100.00)
10713	5/19/2009	BOUND TREE	BATTERY PACK FOR AUTOMATED DEFIBRILLATOR FOR CITY H...	1000 · GEN...		
INV. ...	4/20/2009		BATTERY PACK FOR AUTOMATED DEFIBRILLATOR FOR CITY HALL	20161 · SP...	GF:172 PO...	(156.97)
TOTAL						(156.97)
10714	5/19/2009	BYTE TECHNOLOGY	WEBSITE MAINT. AND CITY COUNCIL MEETINGS ONLINE	1000 · GEN...		
Bal. ...	4/8/2009		bal due on inv's # 4560,4580,4603,4627,4644,4661 website maint. and updating	20145 · WE...	GF:090 AD...	(456.00)
INV 4...	5/10/2009		INV 4775/WEBSITE MAIN. and INFO. UPDATE	20145 · WE...	GF:090 AD...	(56.25)
			INV 4775/VIDEO DOWNLOAD, CONVERSION TO mpeg, COMPRESSION...	20175 · ME...	GF:090 AD...	(156.25)
TOTAL						(668.50)
10715	5/19/2009	CALIFORNIA-AMERICA...	VOID: will reissue, with new amount.we are getting a credit for leak at city ...	1000 · GEN...		
TOTAL						
10716	5/19/2009	CITY OF MONTEREY		1000 · GEN...		
	4/28/2009		TWO BOOKINGS FOR 1ST QTR 2009 @130.00 EACH	30183 · FU...	GF:172 PO...	(260.00)
	5/13/2009		#68 FUEL	30182 · AU...	GF:172 PO...	(33.51)
	5/13/2009		APRIL 09 PLAN CHECKS AND BUILDING INSPECTIONS	30116 · CO...	GF:190 BL...	(535.50)
	5/15/2009		JAN 09 PARTS AND LABOR	30190 · AU...	GF:311 PU...	(195.40)
TOTAL						(1,024.41)

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10717	5/19/2009	CO-POWER	JUNE 09, DELTA DENTAL PREMIUM	1000 · GEN...		
	5/11/2009		BOURQUIN JUNE 09	10013 · DE...	GF:172 PO...	(109.28)
			CARVALHO (85%)	10013 · DE...	GF:090 AD...	(92.88)
			CARVALHO (15%)	10013 · DE...	GF:090 AD...	(16.40)
			JOHNSON (60%)	10013 · DE...	GF:411 PA...	(65.56)
			JOHNSON (40%)	10013 · DE...	GF:311 PU...	(43.72)
			LANGFORD	10013 · DE...	GF:172 PO...	(169.13)
			MINAMI (85%)	10013 · DE...	GF:090 AD...	(143.76)
			MINAMI (15%)	10013 · DE...	GF:090 AD...	(25.37)
			OLMOS	10013 · DE...	GF:172 PO...	(54.66)
			SERRANO (60%)	10013 · DE...	GF:311 PU...	(65.56)
			SERRANO (40%)	10013 · DE...	GF:411 PA...	(43.72)
			TOPPS	10013 · DE...	GF:172 PO...	(169.13)
			VAN ZANTEN	10013 · DE...	GF:172 PO...	(169.13)
			VILLARREAL	10013 · DE...	GF:172 PO...	(169.13)
			EDELEN	10013 · DE...	GF:090 AD...	(169.13)
			RUSSELL	10013 · DE...	GF:090 AD...	(109.28)
			CECILIO	10013 · DE...	GF:090 AD...	(169.13)
			ALLION	10013 · DE...	GF:090 AD...	(109.28)
			CLARK	10013 · DE...	GF:090 AD...	(109.28)
TOTAL						(2,003.53)
10718	5/19/2009	COUNTY OF MONTEREY	3 mobile computer system/network access to County Information	1000 · GEN...		
	4/29/2009		3 mobile computer system/network access to County Information	30181 · AU...	GF:172 PO...	(66.00)
TOTAL						(66.00)
10719	5/19/2009	CRYSTAL SPRINGS WA...	ACCT 56258/WATER	1000 · GEN...		
	4/30/2009		WATER	20160 · OF...	GF:090 AD...	(6.17)
			WATER	20160 · OF...	GF:301 PU...	(6.17)
			WATER	20160 · OF...	GF:172 PO...	(6.16)
TOTAL						(18.50)
10720	5/19/2009	DENISE DUFFY & ASSO...	CONTRACT PLANNING: Responding to requests from City and City Att...	1000 · GEN...		
INV. ...	5/7/2009		CONTRACT PLANNING: Responding to requests from City and City Attorney ...	30116 · CO...	GF:130 PL...	(1,875.00)
TOTAL						(1,875.00)

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10721	5/19/2009	ENTERSECT CORPORA...	INVOICE #19350/POLICE ONLINE SERVICE-MAR 2009	1000 · GEN...		
	4/30/2009		INVOICE #19350/POLICE ONLINE SERVICE-MAR 2009	20161 · SP...	GF:172 PO...	(79.00)
TOTAL						(79.00)
10722	5/19/2009	FIRST AMERICAN REA...	METRO SCAN- ADDRESS SERVICE-APR 09	1000 · GEN...		
	4/30/2009		METRO SCAN- ADDRESS SERVICE-APR 09	20160 · OF...	GF:172 PO...	(52.08)
			METRO SCAN- ADDRESS SERVICE-APR 09	20160 · OF...	GF:090 AD...	(52.09)
TOTAL						(104.17)
10723	5/19/2009	FIRST CHOICE SERVIC...	SUPPLIES	1000 · GEN...		
	4/30/2009		SUPPLIES	20160 · OF...	GF:090 AD...	(5.05)
			SUPPLIES	20160 · OF...	GF:172 PO...	(5.05)
			SUPPLIES	20160 · OF...	GF:311 PU...	(5.06)
TOTAL						(15.16)
10724	5/19/2009	I.M.P.A.C.GOVERNM'T S...	SCANNER/PRINTER FOR CITY CLERK OFFICEDESK MOUNT FOR ...	1000 · GEN...		
	3/23/2009		BATTERIES	20161 · SP...	GF:172 PO...	(47.85)
			CLIP BOARDS	20160 · OF...	GF:172 PO...	(26.88)
	4/22/2009		SCANNER/PRINTER FOR CITY CLERK OFFICE	20160 · OF...	GF:090 AD...	(343.63)
			ELECTRONIC SUPPLIES FOR CITY CLERKS OFFICE	20121 · MA...	GF:090 AD...	(39.80)
			SUPPLIES FOR GAB CREW	20127 · GA...	GF:411 PA...	(101.65)
			PLUMBING SUPPLIES FOR PARK RESTROOMS	20121 · MA...	GF:411 PA...	(51.37)
			DESK MOUNT FOR COMPUTER MONITER-JT2 WORK COMP REIMBU...	20160 · OF...	GF:172 PO...	(101.76)
			BATTERY FOR SATELITE PHONE	20161 · SP...	GF:172 PO...	(120.88)
			P.D. PHOTO I.D.'S	20160 · OF...	GF:172 PO...	(94.44)
			GOPHER REPELLENT	20121 · MA...	GF:411 PA...	(63.81)
			CAMERA FOR TAPING OF CITY COUNCIL MEETINGS	20175 · ME...	GF:090 AD...	(671.87)
			MEMORY CARDS FOR P.D. CAMERA	20121 · MA...	GF:172 PO...	(18.08)
TOTAL						(1,682.02)
10725	5/19/2009	IDEARC MEDIA LLC	CROSS REFERENCE DIRECTORY-PD	1000 · GEN...		
	4/28/2009		CROSS REFERENCE DIRECTORY-PD	20174 · BO...	GF:172 PO...	(334.37)
TOTAL						(334.37)

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10726	5/19/2009	IE SOLUTIONS	INV. 209049-QUICKBOOKS CONSULTING FOR CITY CLERKS	1000 · GEN...		
	4/30/2009		QUICK BOOKS CONSULTING-REVIEW CHART OF ACCTS, DISCUSS V...	20177 · PR...	GF:090 AD...	(262.50)
TOTAL						(262.50)
10727	5/19/2009	KELLY-MOORE PAINT ...	SUPPLIES	1000 · GEN...		
	4/30/2009		GRAFFETI PAINT PARK RESTROOM CHAMBER UTILITY ROOM REPAIR SUPPLIES	20121 · MA... 20121 · MA...	GF:411 PA... GF:150 GO...	(40.40) (109.61)
TOTAL						(150.01)
10728	5/19/2009	LINDA A. TRIPOLI, ATT...	INV. 1836 \$352.50, INV. 1813 \$376.00 BAL DUE OF 47.50 FROM PAST I...	1000 · GEN...		
	3/30/2009		INV. #1836 \$352.50, INV. #1813 \$376.00 BAL DUE OF \$47.50 FROM PAST... INV. 1836 \$352.50, INV. 1813 \$376.00 BAL DUE OF 47.50 FROM PAST IN... INV. 1836 \$352.50, INV. 1813 \$376.00 BAL DUE OF 47.50 FROM PAST IN...	30119 · CO... 30119 · CO... 30119 · CO...	GF:120 LE... GF:120 LE... GF:120 LE...	(352.50) (376.00) (47.50)
TOTAL						(776.00)
10729	5/19/2009	M&S BUILDING SUPPL...	SUPPLIES AND MATERIALS	1000 · GEN...		
	4/27/2009		STOP SIGNS CITY HALL CHAMBER UTILITY ROOM REPAIR TENNIS NET REPAIR	20124 · ST... 20124 · ST... 20122 · RE...	GF:311 PU... GF:150 GO... GF:411 PA...	(85.25) (186.23) (8.09)
TOTAL						(279.57)
10730	5/19/2009	MONTEREY AUTO SUP...	REPAIR PARTS FOR SUBURBAN AND PUBLIC WORKS HAULING T...	1000 · GEN...		
	4/30/2009		REPAIR PARTS FOR SUBURBAN AND PUBLIC WORKS HAULING TRU... REPAIR PARTS FOR SUBURBAN AND PUBLIC WORKS HAULING TRU...	30181 · AU... 30181 · AU...	GF:172 PO... GF:311 PU...	(76.45) (117.24)
TOTAL						(193.69)
10731	5/19/2009	MONTEREY BAY TECH...	COMPUTER SERVICE, CHANGE NETWORK, CONFIGURE SERVER...	1000 · GEN...		
INV. ...	4/30/2009		COMPUTER SERVICE, CHANGE NETWORK, CONFIGURE SERVER, AD... COMPUTER SERVICE, CHANGE NETWORK, CONFIGURE SERVER, AD...	20191 · EQ... 20191 · EQ...	GF:172 PO... GF:090 AD...	(300.00) (1,080.00)
TOTAL						(1,380.00)
10732	5/19/2009	MTRY BAY OFFICE PR...	INV. 21908 CONTRACT BASE RATE 9/30/08-12/29/08	1000 · GEN...		
inv. 2...	5/13/2009		INV. 21908 CONTRACT BASE RATE 9/30/08-12/29/08	20160 · OF...	GF:090 AD...	(361.60)
TOTAL						(361.60)

CITY OF DEL REY OAKS
Check Detail
May 2009

Num	Date	Name	Memo	Account	Class	Paid Amount
10733	5/19/2009	NEXTEL COMMUNICA...	NEXTEL RADIO- CLK/PW/PD/MAYOR 4/12/09-5/11/09	1000 · GEN...		
	5/15/2009		NEXTEL RADIO- CLK 4/12/09-5/11/09	20140 · TE...	GF:090 AD...	(27.39)
			NEXTEL RADIO PW 4/12/09-5/11/09	20140 · TE...	GF:301 PU...	(45.44)
			NEXTEL RADIO PD 4/12/09-5/11/09	20140 · TE...	GF:172 PO...	(220.60)
			NEXTEL RADIO MAYOR 4/12/09-5/11/09	20170 · TR...	GF:090 AD...	(24.39)
			REPLACEMENT CHARGER FOR MAYORS PHONE	20170 · TR...	GF:090 AD...	(46.73)
TOTAL						(364.55)
10734	5/19/2009	OFFICE DEPOT	FILE FOLDERS AND PEN REFILLS - MAY 09 CLEANING SUPPLIES ...	1000 · GEN...		
	4/28/2009		SANITIZING SUPPLIES	20121 · MA...	GF:172 PO...	(41.44)
			SANITIZING SUPPLIES	20121 · MA...	GF:090 AD...	(41.44)
			SANITIZING SUPPLIES	20121 · MA...	GF:311 PU...	(41.45)
	5/5/2009		PLASTIC GLOVES AND TOILET SEAT COVERS	20121 · MA...	GF:150 GO...	(38.50)
TOTAL						(162.83)
10735	5/19/2009	P.E.R.S.-HEALTH	HEALTH PREMIUM JUNE 2009	1000 · GEN...		
	5/15/2009		BOURQUIN JUNE 09	10014 · HE...	GF:172 PO...	(1,003.18)
			CARVALHO 85%	10014 · HE...	GF:090 AD...	(426.35)
			CARVALHO 15%	10014 · HE...	GF:090 AD...	(75.24)
			JOHNSON 40%	10014 · HE...	GF:411 PA...	(401.27)
			JOHNSON 60%	10014 · HE...	GF:311 PU...	(601.91)
			LANGFORD	10014 · HE...	GF:172 PO...	(1,304.13)
			MINAMI 85%	10014 · HE...	GF:090 AD...	(1,108.51)
			MINAMI 15%	10014 · HE...	GF:090 AD...	(195.62)
			OLMOS	10014 · HE...	GF:172 PO...	(501.59)
			SERRANO 60%	10014 · HE...	GF:411 PA...	(601.91)
			SERRANO 40%	10014 · HE...	GF:311 PU...	(401.27)
			TOPPS	10014 · HE...	GF:172 PO...	(1,304.13)
			VAN ZANTEN	10014 · HE...	GF:172 PO...	(1,254.45)
			VILLARREAL	10014 · HE...	GF:172 PO...	(1,304.13)
			FEE	10014 · HE...	GF:172 PO...	(15.73)
			FEE	10014 · HE...	GF:090 AD...	(15.72)
			FEE	10014 · HE...	GF:311 PU...	(15.73)
TOTAL						(10,530.87)
10736	5/19/2009	RED SHIFT INTERNET S...	INTERNET MAY 09	1000 · GEN...		
	5/4/2009		INTERNET	20140 · TE...	GF:090 AD...	(71.90)
			INTERNET	20140 · TE...	GF:172 PO...	(71.90)
TOTAL						(143.80)

CITY OF DEL REY OAKS
Check Detail
May 2009

<u>Num</u>	<u>Date</u>	<u>Name</u>	<u>Memo</u>	<u>Account</u>	<u>Class</u>	<u>Paid Amount</u>
10737	5/19/2009	SBC	VOID:paid april twice, will reprint to pay may only	1000 · GEN...		
TOTAL						
10738	5/19/2009	SHELL OIL COMPANY	ACCT 079-056-693-FUEL FOR APRIL 09	1000 · GEN...		
	4/24/2009		P/W #60 FUEL	30182 · AU...	GF:172 PO...	(28.16)
			P/D #61 FUEL	30182 · AU...	GF:172 PO...	(135.41)
			P/D #62 FUEL	30182 · AU...	GF:172 PO...	(246.08)
			P/D #63 FUEL	30182 · AU...	GF:172 PO...	(215.09)
			MISC FUEL (GREY CROWN VIC-STAFF CAR)	30182 · AU...	GF:090 AD...	(29.74)
			P/D #65 FUEL	30182 · AU...	GF:172 PO...	(89.25)
			P/D #68 FUEL	30182 · AU...	GF:172 PO...	(143.51)
			P/D #80 FUEL	30182 · AU...	GF:172 PO...	(250.10)
			P/D #32 FUEL	30182 · AU...	GF:311 PU...	(82.38)
			P/W #33 FUEL	30182 · AU...	GF:311 PU...	(190.62)
TOTAL						
						(1,410.34)
10739	5/19/2009	SPCA OF MONTEREY C...	APRIL 09 ANIMALS PROCESSED	1000 · GEN...		
	5/7/2009		APRIL 09 ANIMALS PROCESSED	30187 · AN...	GF:180 FIR...	(242.00)
TOTAL						
						(242.00)
10740	5/19/2009	STAPLES	CORD COVER FOR CLERKS OFFICE	1000 · GEN...		
	4/30/2009		CORD COVER FOR CLERKS OFFICE	20160 · OF...	GF:090 AD...	(14.05)
TOTAL						
						(14.05)
10741	5/19/2009	THE CALIFORNIAN	AD FOR CITY MANAGER POSITION	1000 · GEN...		
	5/1/2009		AD FOR CITY MANAGER POSITION	20180 · RE...	GF:090 AD...	(600.00)
TOTAL						
						(600.00)
10742	5/19/2009	UNITED SITE SERVICES	PORTABLE TOILET GABILAN CREW	1000 · GEN...		
	4/22/2009		PORTABLE TOILET GABILAN CREW-PRO RATED FOR THE MONTH O...	20127 · GA...	GF:411 PA...	(109.83)
TOTAL						
						(109.83)

CITY OF DEL REY OAKS
Check Detail
May 2009

Num	Date	Name	Memo	Account	Class	Paid Amount
10743	5/19/2009	M3 ENVIRONMENTAL ...	MOLD SAMPLING AND LIMITED ASBESTOS TEST DEC. 08	1000 · GEN...		
INV 0...	5/19/2009		MOLD SAMPLING AND LIMITED ASBESTOS TEST DEC. 08	20122 · RE...	GF:150 GO...	(950.00)
TOTAL						(950.00)
10744	5/20/2009	PERS	05 2009 1- RETIREMENT PMT	1000 · GEN...		
	5/20/2009		70002 5/1/09-5/15/09	2235 · PER...		(347.95)
			75001 5/1/09-5/15/09	2235 · PER...		(1,471.87)
			85% Kim Carvalho	10011 · PERS	GF:090 AD...	(158.68)
			15% Kim Carvalho	10011 · PERS	GF:090 AD...	(28.00)
			85% Karen Minami	10011 · PERS	GF:090 AD...	(130.56)
			15% Karen Minami	10011 · PERS	GF:090 AD...	(23.04)
			60% PW	10011 · PERS	GF:311 PU...	(184.31)
			40% PW	10011 · PERS	GF:411 PA...	(122.87)
			PD	10011 · PERS	GF:172 PO...	(4,293.01)
TOTAL						(6,760.29)
10745	5/21/2009	SBC	PHONE-LOCAL USEAGE, MAY 09	1000 · GEN...		
	5/15/2009		PHONE PD-MAY 09	20140 · TE...	GF:172 PO...	(397.35)
			PHONE CLK-MAY 09	20140 · TE...	GF:090 AD...	(155.60)
			PHONE PW-MAY 09	20140 · TE...	GF:311 PU...	(16.84)
TOTAL						(569.79)
10746	5/21/2009	CALIFORNIA-AMERICA...	MAR 20-APR 22 WATER	1000 · GEN...		
	5/21/2009		69 Carlton Dr	20132 · UTI...	GF:411 PA...	(66.89)
			Quendale Dr/Loch	20132 · UTI...	GF:411 PA...	(19.88)
			Portola Dr/Setter	20132 · UTI...	GF:411 PA...	(23.91)
			Del Rey Garden Dr.	20132 · UTI...	GF:411 PA...	(19.88)
			Hydrants 25	20132 · UTI...	GF:160 NO...	(66.03)
			Angelus Way	20132 · UTI...	GF:411 PA...	(67.15)
			Los Encinos Dr	20132 · UTI...	GF:411 PA...	(15.58)
			Via Verde/Los Encinos	20132 · UTI...	GF:411 PA...	(49.72)
TOTAL						(329.04)

CITY OF DEL REY OAKS
BUDGET VS. ACTUAL
JULY 1, 2008 THROUGH MAY 31, 2009

ITEM 3B2

	Jul '08 - May 09	YTD Budget	\$ Over YTD Budget	Annual Budget	YTD Actual % of Annual Budget
300 · Operating Revenues					
3100 · PROPERTY TAXES					
3105 · P/T-SECURED	372,097.01	373,580.00	(1,482.99)	378,500.00	98.31%
3107 · P/T-UNITARY TAX	5,330.00	5,300.00	30.00	5,300.00	100.57%
3108 · PRIOR UNITARY TAX	24.92	55.00	(30.08)	55.00	45.31%
3110 · P/T-UNSECURED	16,039.34	14,400.00	1,639.34	17,100.00	93.80%
3120 · P/T-SB813	7,142.08	12,200.00	(5,057.92)	14,140.00	50.51%
3130 · P/T-PRIOR SECURED	22,692.89	19,081.00	3,611.89	20,440.00	111.02%
3132 · PRIOR UNSECURED	34.19	50.00	(15.81)	50.00	68.38%
3135 · PROPERTY TAX - VLF	128,961.00	129,500.00	(539.00)	129,500.00	99.58%
3140 · P/T-INT/PENAL	1,485.88	1,333.00	152.88	1,500.00	99.06%
3145 · P/T - ADMINISTRATIVE FEE	(6,317.00)		(6,317.00)		
Total 3100 · PROPERTY TAXES	547,490.31	555,499.00	(8,008.69)	566,585.00	96.63%
3200 · OTHER TAXES					
3202 · MANDATED COSTS	5,000.00	5,000.00		5,000.00	100.00%
3205 · SALES TAX	211,113.03	245,000.00	(33,886.97)	268,000.00	78.77%
3206 · SALES TAX IN LIEU - 3-FLIP	78,457.17	83,500.00	(5,042.83)	83,500.00	93.96%
3208 · Sales Tax - Add On	342,973.21	367,833.33	(24,860.12)	400,000.00	85.74%
3209 · COP MONIES	55,225.44	50,000.00	5,225.44	88,000.00	62.76%
3210 · PROPERTY TRANSFER TAX	4,413.85	6,000.00	(1,586.15)	6,700.00	65.88%
3220 · GAS FRANCHISES	6,647.67	5,500.00	1,147.67	5,500.00	120.87%
3225 · ELECTRIC FRANCHISES	14,091.72	13,500.00	591.72	13,500.00	104.38%
3235 · GARBAGE FRANCHISES	39,450.73	37,000.00	2,450.73	37,000.00	106.62%
3240 · CABLE TV FRANCHISES	23,754.11	17,250.00	6,504.11	23,000.00	103.28%
3851 · SEWER IMPACT	8,265.88	8,400.00	(134.12)	8,400.00	98.40%
Total 3200 · OTHER TAXES	789,392.81	838,983.33	(49,590.52)	938,600.00	84.10%
3300 · LICENSES & PERMITS					
3301 · BUSINESS LICENSES	103,800.54	107,500.00	(3,699.46)	108,500.00	95.67%
3305 · BUILDING PERMITS	13,617.10	13,936.00	(318.90)	14,500.00	93.91%
3310 · PLAN CHECK FEES	5,824.88	6,584.38	(759.50)	6,800.00	85.66%
3315 · STREET OPENING PERMITS FEES	400.00	550.00	(150.00)	550.00	72.73%
3325 · PLUMBING PERMITS	720.00	876.05	(156.05)	960.00	75.00%
3330 · ELECTRICAL PERMITS	640.00	570.00	70.00	570.00	112.28%
3340 · ENVIRON ASSESS FEES/PERMIT		100.00	(100.00)	100.00	0.00%
3342 · DEVELOPER PYMT FEES/PERMITS		100.00	(100.00)	100.00	0.00%
3345 · OTHER LICENSES/PERMITS	785.36	228.90	556.46	230.00	341.46%
Total 3300 · LICENSES & PERMITS	125,787.88	130,445.33	(4,657.45)	132,310.00	95.07%
3400 · FINES & FORFEITURES					
3401 · VEHICLE CODE FINES	7,906.78	15,491.67	(7,584.89)	16,900.00	46.79%
3415 · OTHER COURT FINES	660.54	975.52	(314.98)	1,000.00	66.05%
Total 3400 · FINES & FORFEITURES	8,567.32	16,467.19	(7,899.87)	17,900.00	47.86%

**CITY OF DEL REY OAKS
BUDGET VS. ACTUAL
JULY 1, 2008 THROUGH MAY 31, 2009**

	Jul '08 - May 09	YTD Budget	\$ Over YTD Budget	Annual Budget	YTD Actual % of Annual Budget
3501 · INTEREST EARNED		17,500.00	(17,500.00)	17,500.00	0.00%
3600 · OTHER AGENCY REVENUE					
3602 · MOTOR VEHICLE LICENSE FEE(MVLF)	3,283.70	2,750.00	533.70	3,000.00	109.46%
3603 · OFF HIGHWAY		91.67	(91.67)	100.00	0.00%
3604 · HOPTR	1,170.23	750.00	420.23	750.00	156.03%
3605 · VEHICLE LICENSE COLLECTION	982.95	1,100.00	(117.05)	1,100.00	89.36%
3620 · PROP 172	8,877.43	10,600.00	(1,722.57)	10,600.00	83.75%
3624 · POST REIMBURSE		100.00	(100.00)	100.00	0.00%
3648 · GRANTS		100.00	(100.00)	100.00	0.00%
3649 · TRAFFIC CONGESTION RELIEF-AB438	10,487.68	6,000.00	4,487.68	7,000.00	149.82%
3655 · POLICE GRANTS OTHER AGENCIES	1,000.00	1,100.00	(100.00)	1,100.00	90.91%
Total 3600 · OTHER AGENCY REVENUE	25,801.99	22,591.67	3,210.32	23,850.00	108.18%
3700 · CURRENT SERVICES					
3703 · USE PERMITS	2,340.00	3,529.17	(1,189.17)	3,850.00	60.78%
3704 · MAPS/PUBLICATIONS	55.00	100.00	(45.00)	100.00	55.00%
3705 · SALE-PROPERTY CUR SVC	300.00				
3706 · RENTAL INCOME	8,800.00	8,800.00		9,600.00	91.67%
3707 · POLICE REPORTS	593.00	1,015.00	(422.00)	1,025.00	57.85%
3709 · PROPERTY INSPECTIONS	1,534.73	1,590.00	(55.27)	1,800.00	85.26%
3710 · POLICE SERVICES	6,586.00	7,333.33	(747.33)	8,000.00	82.33%
3711 · PUBLIC EVENTS	51,125.55	56,000.00	(4,874.45)	56,000.00	91.30%
3712 · MISCELLANEOUS SERVICES		2,000.00	(2,000.00)	2,000.00	0.00%
3715 · PD DONATIONS		100.00	(100.00)	100.00	0.00%
3716 · ELECTIONS	25.00	25.00		25.00	100.00%
3717 · SCRIP TAXI SVC FOR SENIORS	100.00	30.00	70.00	40.00	250.00%
Total 3700 · CURRENT SERVICES	71,459.28	80,522.50	(9,063.22)	82,540.00	86.58%
3800 · PARKS/RECREATION					
3801 · PARK RENTAL	3,379.44	1,650.00	1,729.44	3,600.00	93.87%
3802 · RV RENTAL PARKS	22,795.00	17,427.50	5,367.50	20,500.00	111.20%
Total 3800 · PARKS/RECREATION	26,174.44	19,077.50	7,096.94	24,100.00	108.61%
3900 · OTHER					
3708 · CDBG LOAN REPAYMENTS	52,653.04	52,653.00	0.04	52,653.00	100.00%
3610 · GAS TAX 2107	10,128.65	17,500.00	(7,371.35)	17,500.00	57.88%
3612 · GAS TAX 2106	7,200.68	9,700.00	(2,499.32)	11,500.00	62.61%
3614 · GAS TAX 2107.5	1,000.00	916.67	83.33	1,000.00	100.00%
3616 · GAS TAX 2105	7,638.62	8,500.00	(861.38)	11,000.00	69.44%
Total 3900 · OTHER	78,620.99	89,269.67	(10,648.68)	93,653.00	83.95%
Total 300 · Operating Revenues	1,673,295.02	1,770,356.19	(97,061.17)	1,897,038.00	88.21%

**CITY OF DEL REY OAKS
BUDGET VS. ACTUAL
JULY 1, 2008 THROUGH MAY 31, 2009**

	Jul '08 - May 09	YTD Budget	\$ Over YTD Budget	Annual Budget	YTD Actual % of Annual Budget
10 · Operating Expenses					
10000 · S/B					
10008 · GF SALARIES/COPS GRANT	1,293.40				
10009 · OVERTIME	42,040.28	55,126.30	(13,086.02)	58,000.00	72.48%
10010 · SALARIES	594,006.62	601,333.33	(7,326.71)	656,000.00	90.55%
100101 · COUNCIL MEMBER STIPEND	5,500.00	5,500.00		6,000.00	91.67%
100102 · CITY MANAGER SALARY	79,872.98	80,666.67	(793.69)	88,000.00	90.76%
100103 · RESERVES SALARY	44,646.37	45,833.33	(1,186.96)	50,000.00	89.29%
10011 · PERS	131,801.25	112,843.74	18,957.51	144,000.00	91.53%
10012 · MEDICARE	8,808.02	9,166.67	(358.65)	10,000.00	88.08%
10013 · DENTAL EXPENSE	22,316.48	22,550.00	(233.52)	24,600.00	90.72%
10014 · HEALTH INS	116,004.72	116,783.33	(778.61)	127,400.00	91.06%
10015 · VISION INS	2,167.68	2,208.65	(40.97)	2,600.00	83.37%
10016 · WORKERS COMP	66,935.61	67,000.00	(64.39)	67,000.00	99.90%
10018 · WELLNESS PROGRAM	5,000.00	5,000.00		5,000.00	100.00%
10120 · UNIFORM ALLOWANCE	3,750.00	4,750.00	(1,000.00)	7,000.00	53.57%
10125 · EMPLOYEE SERVICE AWARD				50.00	0.00%
10130 · EDUCATIONAL INCENTIVE	2,512.50	2,612.50	(100.00)	2,850.00	88.16%
Total 10000 · S/B	1,126,655.91	1,131,374.52	(4,718.61)	1,248,500.00	90.24%
20100 · PAYROLL EXPENSE	3,444.80	3,850.00	(405.20)	4,200.00	82.02%
20119 · BANK SERVICE CHARGES	755.61	916.67	(161.06)	1,000.00	75.56%
20120 · -SUPPLIES					
50410 · ADMINISTRATION COMPUTERS	9,987.49	10,000.00	(12.51)	10,000.00	99.87%
20121 · MATERIALS/SUPPLY	10,256.98	13,637.91	(3,380.93)	14,100.00	72.74%
20123 · AMMUNITION	9,772.30	6,766.88	3,005.42	8,000.00	122.15%
20124 · STREET MATERIAL PW/STR	753.09				
20125 · WALKWAY MATERL PW/STRT	546.10				
20160 · OFFICE SUPPLIES	14,810.11	15,583.33	(773.22)	17,000.00	87.12%
20161 · SPECIAL SUPPLY POLICE	8,860.25	8,433.33	426.92	9,200.00	96.31%
Total 20120 · -SUPPLIES	54,986.32	54,421.45	564.87	58,300.00	94.32%
20122 · REPAIR/MAINTENANCE	13,684.39	19,708.33	(6,023.94)	21,500.00	63.65%
20126 · STREET SWEEPING	12,131.88	12,100.00	31.88	13,200.00	91.91%
20127 · GABILAN CREW	1,339.91	2,291.67	(951.76)	2,500.00	53.60%
20131 · UTILITIES/PGE	6,713.92	6,852.36	(138.44)	7,500.00	89.52%
20132 · UTILITIES/WATER	3,932.40	9,625.00	(5,692.60)	10,500.00	37.45%
20140 · TELEPHONE / INTERNET	16,830.40	14,483.33	2,347.07	15,800.00	106.52%
20145 · WEBSITE DESIGN & MAINTENANCE	2,024.75	1,237.50	787.25	1,350.00	149.98%
20163 · BACKGROUND-TESTING	191.53	550.00	(358.47)	550.00	34.82%
20168 · POSTAGE / SHIPPING	3,499.19	3,850.00	(350.81)	4,200.00	83.31%
20170 · TRAVEL/CONFERENCE	581.16	1,375.00	(793.84)	1,500.00	38.74%
20171 · MEMBER/DUES/CONTRIBUTIONS	20,367.70	28,500.00	(8,132.30)	28,500.00	71.47%
20172 · AD/PROMOTION CITY CNCL	1,375.00	1,375.00		1,500.00	91.67%
20173 · LEGAL ADVERT NON-DEPT	906.39	1,500.00	(593.61)	1,500.00	60.43%

**CITY OF DEL REY OAKS
BUDGET VS. ACTUAL
JULY 1, 2008 THROUGH MAY 31, 2009**

	Jul '08 - May 09	YTD Budget	\$ Over YTD Budget	Annual Budget	YTD Actual % of Annual Budget
20174 · BOOK/PERIODICAL	360.35	75.00	285.35	75.00	480.47%
20175 · MEETING CITY CNCL	7,315.09	6,050.00	1,265.09	6,600.00	110.83%
20176 · PRINTING / PUBLICATIONS					
201761 · PERSONNEL MANUAL	3,825.00	3,506.25	318.75	3,825.00	100.00%
20176 · PRINTING / PUBLICATIONS - Other	3,648.28	5,591.67	(1,943.39)	6,100.00	59.81%
Total 20176 · PRINTING / PUBLICATIONS	7,473.28	9,097.92	(1,624.64)	9,925.00	75.30%
20177 · PROF DEVELOP CITY CLRK	1,662.50	1,100.00	562.50	1,200.00	138.54%
20178 · TRAINING POLICE	1,446.43			3,000.00	48.21%
20180 · RECRUITMENT EXPENSE	2,427.61			2,000.00	121.38%
20181 · OTHER PERMITS PW/ENG	3,600.00	4,900.00		4,900.00	73.47%
20191 · EQUIPMENT MAINT	2,400.00				
30044 · LIABILITY/PROP NON-DPT	17,961.25	21,600.00	(3,638.75)	21,600.00	83.15%
30113 · CONTRACTUAL AUDIT	21,787.63	27,400.00	(5,612.37)	27,400.00	79.52%
30114 · CONTRACTUAL - ACCOUNTING	347.83	500.00	(152.17)	500.00	69.57%
30115 · DATA PROCESSING	1,012.50	3,100.00	(2,087.50)	3,100.00	32.66%
30116 · CONTRACTUAL SVCS PLANNING / ENG	16,342.04	31,000.00	(14,657.96)	32,000.00	51.07%
30119 · CONTRACTUAL SVCS - LEGAL	44,132.00	30,250.00	13,882.00	33,000.00	133.73%
30120 · CONTRL RETAINER LEGAL	9,100.00	10,083.33	(983.33)	11,000.00	82.73%
30126 · JANITORIAL FUND	3,600.00	3,758.33	(158.33)	4,100.00	87.80%
30127 · RADIO DISPATCH POLICE				18,937.00	0.00%
30129 · FEES NON-DT	24.84	1,000.00	(975.16)	2,250.00	1.10%
30164 · ELECTIONS					
30165 · COMM HUM SERV NON-DEPT	3,057.00	3,057.00		3,057.00	100.00%
30170 · AUTO OPERATION					
30181 · AUTO OPS - SUPPLIES / EQUIP	8,106.09	8,066.67	39.42	8,800.00	92.11%
30182 · AUTO OPS - FUEL	19,263.31	21,083.33	(1,820.02)	23,000.00	83.75%
30190 · AUTO REPAIR/MAINTENANCE	22,188.53	27,500.00	(5,311.47)	30,000.00	73.96%
Total 30170 · AUTO OPERATION	49,557.93	56,650.00	(7,092.07)	61,800.00	80.19%
30183 · FUND JAIL & PRISONER	1,300.00	1,100.00	200.00	1,100.00	118.18%
30184 · ACJIS SYSTEM POLICE	1,074.06	1,183.33	(109.27)	1,400.00	76.72%
30186 · FIRE CONTRACT					
301861 · FIRE SEASIDE	75,438.55	131,193.19	(55,754.64)	132,196.19	57.07%
301862 · FIRE MONTEREY	34,806.81	34,806.81		34,806.81	100.00%
60000 · INTEREST EXPENSE - ND		240.00	(240.00)	240.00	0.00%
Total 30186 · FIRE CONTRACT	110,245.36	166,240.00	(55,994.64)	167,243.00	65.92%
30187 · ANIMAL REGULATION FIRE	2,288.00	2,291.67	(3.67)	2,500.00	91.52%
30219 · S.M.I.P.	145.47	450.00	(304.53)	450.00	32.33%
30220 · SB 1473	(18.00)				
30230 · STREET LIGHTING	14,896.17	15,696.15	(799.98)	17,200.00	86.61%
30231 · STORM WATER PROJECT - PHASE1&2	4,836.00	1,400.00	3,436.00	1,400.00	345.43%
Total 10 · Operating Expenses	1,597,796.60	1,691,993.56	(94,196.96)	1,859,837.00	85.91%
General Fund Revenue Transferred Out for Capital Outlay Expense		(36,874.00)		(36,874.00)	
Excess / (Deficit) Revenues Over Expenditures	75,498.42	41,488.63	34,009.79	327.00	

CITY OF DEL REY OAKS
CAPITAL OUTLAY FUND BUDGET VS. ACTUAL
JULY 1, 2008 THROUGH MAY 31, 2009

	Jul '08 - May 09	Budget	\$ Over Budget	Annual Budget	YTD Actual % of Annual Budget
Revenues					
4900 · CAPITAL OUTLAY FUND					
3625 · 2000 PARK BOND GRANT		4,979.00	(4,979.00)	4,979.00	
3720 · Portola/Carlton (Prop 1B) CIP	400,000.00	400,000.00		400,000.00	100.00%
3730 · Portola/Work Walkway (MPRPD)		12,500.00	(12,500.00)	12,500.00	
3740 · Stream Blockage (State)		100,000.00	(100,000.00)	100,000.00	
3750 · Portola/Work Street (TAMC)		220,000.00	(220,000.00)	220,000.00	
3760 · City Monument Sign Proceeds	2,000.00	2,000.00		2,000.00	100.00%
Total 4900 · CAPITAL OUTLAY FUND	402,000.00	739,479.00	(337,479.00)	739,479.00	54.36%
Total Revenues	402,000.00	739,479.00	(337,479.00)	739,479.00	54.36%
Expenditures					
50400 · CAPITAL OUTLAY					
50450 · 2000 PARKS BOND ACT		7,353.00	(7,353.00)	7,353.00	
50430 · PORTOLA / CARLTON (PROP 1B)		400,000.00	(400,000.00)	400,000.00	
50440 · PORTOLA / WORK WALKWAY (MPRPD)		25,000.00	(25,000.00)	25,000.00	
50470 · STREAM BLOCKAGE (STATE GRANT)		100,000.00	(100,000.00)	100,000.00	
50480 · PORTOLA / WORK STREET (TAMC)	197,171.66	220,000.00	(22,828.34)	220,000.00	89.62%
50420 · MONUMENT SIGN	1,132.94	24,000.00	(22,867.06)	24,000.00	4.72%
Total 50400 · CAPITAL OUTLAY	198,304.60	776,353.00	(579,348.40)	776,353.00	25.54%
Total Expenditures	198,304.60	776,353.00	(579,348.40)	776,353.00	25.54%
General Funds Transferred In		36,874.00		36,874.00	
Excess / (Deficit) Revenues Over Expenditures	203,695.40	0.00	203,695.40	0.00	



FIRE DEPARTMENT

1635 Broadway Avenue
Seaside, CA 93955

Telephone (831) 899-6790
FAX (831) 899-6261
TDD (831) 899-6207

June 1, 2009

Chief Langford
Del Rey Oaks City Hall
650 Canyon Del Rey
Del Rey Oaks, CA 93940

RECEIVED

JUN 04 2009

DEL REY OAKS
CITY CLERK

Dear Chief Langford:

Enclosed is a copy of the response reports for the Seaside Fire Department response to Del Rey Oaks for the period of May 1, 2009 thru May 31, 2009.

The City of Del Rey Oaks is being billed for the following incident numbers:

Incident #

There are zero calls for the month of May. If you have any questions, please contact me.

Sincerely,

A handwritten signature in black ink that reads "Kathryn Pernet". The signature is written in a cursive style.

Kathryn Pernet
Sr. Administrative Assistant

CC: File

Seaside Fire

Incident List by Alarm Date/Time

Alarm Date Between {05/01/2009} And {05/31/2009}
and District = "029"

Incident-Exp#	Alm Date	Alm Time	Location	Incident Type
09-0000830-000	05/14/2009	06:58:00	1072 PALOMA RD /Del Rey O	6111 Cancelled upon arrival, no
09-0000847-000	05/17/2009	11:30:00	815 CANYON DEL REY BLVD /	6111 Cancelled upon arrival, no
09-0000888-000	05/24/2009	18:49:00	1025 PORTOLA DR /Del Rey	611 Dispatched & cancelled en ro

Total Incident Count 3

DEL REY OAKS POLICE DEPARTMENT
 REPORT TO CITY COUNCIL
 June 23,2009

STATISTICAL INFORMATION:			
	MAY 09	YEAR END 09	YTD 08
Arrests: (Felony / Misd)	03	17	44
Crime Reports Filed	17	94	238
Traffic Citations Issued	17	117	357
Parking Citations Issued	02	03	08
Burglaries (Residential, Commercial, Veh.)	00	05	10
Grand & Petty Thefts	03	19	15
Fire & Medical Emergencies	SEE SFD REPORT		
Assaults / Disturbances / DV	00	01	06
Towed & Stored Vehicles	07	23	73
Alarms	00	00	00
DUI Enforcement	01	02	10
Traffic Accidents	03	18	31
Municipal Code Citations Issued	00	02	01
Warrants Served	00	02	10



R.J. Langford
 Chief of Police

ITEM 3B4

CITY OF DEL REY
OAKS

Memo

To: City Council
From: Kim Carvalho, DCC
Date: June 18, 2009
Re: RENEW OF SPCA CONTRACT

The SPCA has indicated in the attached letter that they would like to extend our current contract with them for sheltering services for another year. The contract would be pursuant to the terms and conditions contained in the current contract, and at the same rate.

Recommendation:

Approve the extension of the SPCA contract for one year.

SHELTERING SERVICES AGREEMENT

THIS AGREEMENT is made and entered into by and between the City of Del Rey Oaks hereinafter referred to as "City", which has duly executed, pursuant to resolution or ordinance, a counterpart hereof and the Society for the Prevention of Cruelty to Animals for Monterey County, hereinafter referred to as "Society".

WHEREAS, City is required by state law to provide for the capture, impoundment, sheltering and disposition of certain non-human vertebrates within the corporate limits of the City and City has qualified personnel to perform field services but does not own a shelter, City desires to contract for the humane sheltering, impoundment and disposition of said non-human vertebrates, including stray and unwanted animals, pursuant to the provisions of applicable California State Statutes, Agency Rules, County Ordinances, Judicial Orders and City Codes; and

WHEREAS, Society owns and operates an animal shelter and represents itself as being willing and able to provide the services required by City and to carry out the provisions of the aforesaid statutes and City Codes pertaining to the shelter, impoundment, humane care, and disposition of stray and unwanted animals covered by said statutes, rules, ordinances, judicial orders and codes; and

NOW, THEREFORE, for and in consideration of the mutual covenants, conditions and provisions herein contained, the parties hereto agree as follows:

1. DEFINITIONS. The following definitions shall apply to this Agreement:

a. Terms defined in the City's codes shall have the meanings described in said Codes except for the following:

- i. "Animal" means all non-human vertebrates;
 - a) "Domestic Animal" means animals that are habituated to live in or about the habitations of humans and includes livestock.
 - b) "Exotic Animal" means animals not native to California and not commonly habituated to live in or about the habitations of humans.
 - c) "Wild Animal" means animals native to California, which retain their wild nature and which have not been held in captivity.
- ii. "Billable sheltering period" means that period of time which statute, ordinance, code, judicial order or governmental agency rule mandates for the sheltering of an animal, or one day, whichever time period is greater;
- iii. "Animal Control Business Hours" means those hours enumerated in section 3 (c) during which Society staff members will assist City's Animal Control Officers in the intake to Society of impounded animals without City incurring additional fees for before or after hours services.
- iv. "Proactive services" means those services provided by Society for the purpose of reducing the City's need for sheltering services by keeping animals in homes and out of shelters. Such services include, but shall not be limited to, humane education, micro chipping, behavioral counseling, collaborative ordinance promulgation, and vaccination;
- v. "Reactive services" means the sheltering of animals in need of sheltering

services;

vi. "A nuisance animal control operator" means a private individual or other non-governmental entity that removes animals from structures or other areas for a fee;

vii. "Field services" means stray animal pickup, owned animal pickup, injured animal pickup, animal nuisance and animal complaint investigations and similar services. The term field services do not include cruelty investigation or any of the activities included in paragraph 11 herein entitled, Rabies Investigation.

2. TERM AND TERMINATION. This Agreement shall take effect on July 1, 2009 and shall remain in full force and effect for twelve (12) months, ending on June 30, 2010. The parties believe that the best interests of the animals would be served if this Agreement for sheltering services were renewable annually for a period of ten (10) years as of fiscal year 2009-2010. Therefore, this Agreement shall be renewable annually for a period of ten (10) years so long as City and Society agree upon fees and terms within sixty (60) days of the expiration of each annual agreement and so long as measurable progress is being made in reducing the need for reactive animal control and sheltering services within City's jurisdiction.

In addition, either party may terminate this Agreement by presentation to the other party hereto a written notice of said termination thirty (30) days prior to the effective date of said termination.

Notwithstanding any other provision to the contrary, failure to provide humane care, handling, or treatment of animals shall constitute a material breach of this Agreement that must be remedied within 24 hours of written notice delivered to the authorized representative of the breaching party. Failure to remedy such a breach of contract within the 24 hours shall terminate this Agreement.

In the event of termination, regardless of the type of termination, the parties shall fulfill their obligations to the other party up to and including the day of termination.

3. SERVICES TO BE PERFORMED BY SOCIETY.

a. Society shall operate and maintain at 1002 Monterey-Salinas Highway, Monterey, California, an animal shelter in a secure and sanitary manner adequate for the confinement, treatment, and disposal of all animals which may be delivered to it from the City, and, except as otherwise agreed, shall furnish at its sole expense all supervision, labor, animal food, tools, supplies and other things necessary for satisfactory performance of the services herein agreed to be provided. Society shall maintain on its property all animal food, tools, supplies, etc. and said items may not be removed from Society's property without authorization of the Society's Executive Director or his/her designee.

b. Society shall provide the means to accept during Animal Control Business Hours, and without charge to the person delivering the animal, all stray, abandoned and surrendered dogs, cats, and other domestic and exotic animals delivered to the animal shelter by City's Animal Control or Police Department personnel. Society shall also provide the means to accept during its public business hours, and without charge to the person delivering the same, all live, stray or abandoned dogs, cats, and other domestic or exotic animals delivered to the animal shelter from

within the corporate limits of City by the City's residents or others.

c. Animal Control Business Hours for receiving animals from Animal Control or Police Department personnel shall be 8:00 a.m. until 4:30 p.m. Monday through Friday, and 8:00 a.m. until 4:30 p.m. each Saturday and Sunday, but need not otherwise include holidays observed by the City (listing of City's observed holidays to be provided to Society). The Society shall also have the option to close for business up to an additional four (4) days per year to facilitate staff training needs and shall notify City in writing two weeks prior to any such closure. City will incur additional charges for assistance provided by SPCA staff outside of the above Animal Control Business hours.

d. Society shall require all such persons who deliver domestic and exotic animals to give their names and present home and post office address and, if they deliver a stray, abandoned, or injured animal, to identify the place where the animal involved was found.

e. Any animal taken into custody by an employee of City shall be delivered to the Society at its shelter in a humane manner or held in a humane way at City's designated holding area until it is delivered to the Society or returned to its owner. The holding period which Society will charge City is the full billable sheltering period without regard or credit for time that the animal has been held in City's designated holding area. Society shall maintain a listing for the public of all stray dog/cat-holding facilities in the County, including location, telephone number and hours of operation, in accordance with state and local laws.

f. Society shall maintain a quarantine section within the animal shelter facility for the confinement, observation and care of any animals suspected of rabies, or any animal which has bitten or otherwise exposed any person to rabies, and shall accept, care for and dispose of any such animal delivered to the facility in accordance with instructions of the Monterey County Health Officer (MCHO) as listed in the Health Department's Rabies Protocols (updated copies to be provided to Society by City). If kennel or cage space is not available in the isolation/quarantine sections of the shelter facility, Society will consult with the County Health Officer who shall determine how said animal(s) shall be housed and isolated. If directed by the City or the Monterey County Health Officer that the brain of an animal must be tested for rabies, Society shall euthanize the animal and turn over the carcass to County and/or City personnel who will remove the brain and deliver it to the County Health Department Laboratory for testing. Regardless of the test results, City shall be responsible for the disposal of the remains.

g. With respect to domestic livestock animals and exotic animals, Society shall use its best efforts to provide these animals with shelter and care, however, the parties acknowledge that Society is not equipped to handle significant numbers of such animals and may decline to provide services if Society in its sole discretion believes that it is unable to provide for the humane sheltering and care for such animals in a cost effective manner. In the event that Society must decline such animals, Society shall cooperate with City to assist City in locating other sheltering and care options for those animals.

h. When an impounded domestic or exotic animal bears a license tag from any jurisdiction or other identification tag or can otherwise be identified as to its ownership, Society shall, notify the owner in the manner provided by law and, include in such notice information

regarding the procedure whereby the owner can recover the animal; provided, however, that any animal suspected of rabies or which has bitten or otherwise exposed any person, shall not be released to its owner prior to the end of the quarantine period without express approval of City and MCHO.

i. For purpose of this Agreement, "working day" shall be understood to mean any weekday, from Monday through Friday, inclusive, except holidays observed by City.

j. Before releasing an impounded animal to its owner, Society shall (1) satisfy itself as to the owner's identity, (2) collect the redemption and maintenance fees prescribed by City's Fee Schedule and any other fees set by the Society, (3) provide owner with a receipt for fee payment and (4) obtain a receipt for the animal involved.

k. Society shall assist City to the extent provided herein in the enforcement of the licensing and anti-rabies vaccination provisions of the City's code. Except when a veterinarian is not present, Society shall not release any impounded dog to its owner unless it is licensed and vaccinated as required by law and Society shall not release any impounded cat to its owner unless it is vaccinated as required by City's code. It is understood that anti-rabies vaccinations must be given by or under the direct supervision of a licensed veterinarian. When a veterinarian is not available for direct supervision, the owner redeeming a dog or cat will still be required to pay for an initial license and anti-rabies vaccination. The license tag will not be issued and information will be forwarded to City's Animal Control for follow-up to assure compliance. This will also apply to animals released that are under the age to be vaccinated. The Society will not be responsible for enforcement on failure to vaccinate or license once the animal leaves the property. The Society will not issue license renewals or assess late fees.

l. Any animal may be redeemed by the owner or owners thereof or adopted in accordance with applicable law, ordinances, and Society policies. Domestic animals not redeemed by their owner shall become the property of Society at the end of any legally mandated holding period and may be disposed of at the Society's discretion. No animal taken into custody within City's jurisdiction and delivered to Society shall be sold, loaned or given to any person, firm, group, society, hospital, corporation, institution, or university, for research purposes.

m. Subject to the provisions of Subparagraph (h.) above, Society may dispose of currently licensed dogs and identified cats and otherwise identified animals which are not redeemed by their owners only after legally mandated notice has been given. The holding period for such animals shall be that period mandated by law. Animals, which are not reclaimed, are relinquished by their owner, or cannot be identified as to ownership, may be disposed of by whichever of the following methods Society may elect:

1. Adoption at such price as Society may determine, subject to licensing requirements and subject also to laws pertaining to the sale and transfer of animals.
2. Euthanasia at a time and in a manner that is in accordance with applicable laws pertaining to impounding, housing, and disposition of animals.

n. City shall be responsible for emergency treatment services of unidentified ownership animals in accordance with Sections 597f and 597.1 of the California Penal Code for the statutorily mandated holding period. City personnel shall only transport injured or sick domestic

or exotic animals to the shelter after they have been seen by a veterinarian. City personnel shall transport injured or sick stray animals from the City's jurisdiction that are brought the shelter by the public to a veterinarian as soon as possible. In what in its sole discretion Society considers to be extreme emergencies, Society may transport domestic or exotic animals to a veterinarian designated by City or its designee. City shall provide Society with a list of the approved veterinarians. If an animal becomes sick or injured at the shelter during the legally mandated holding period, Society shall arrange for the treatment of the animal by Society's veterinarian staff or by one of City's approved veterinary providers at City's expense. If City does not designate approved veterinarians or if those veterinarians are unavailable, Society will transport the animal to a veterinarian of its choosing on behalf of City at City's expense. After the mandated holding period, Society shall be responsible for the cost of any veterinary treatment it chooses to provide to the animal. If the owner of an injured or sick stray animal redeems said animal, the owner shall be responsible for reimbursing City and Society for their costs incurred although Society shall not be required to collect City's reimbursement from the owner. Society shall notify City's Animal Control if the animal is redeemed.

o. To facilitate redemption and adoption of impounded animals, Society shall provide a section of the shelter facility for viewing (observing) animals by prospective adopters and a section of the shelter office for redemption and adoption administration. The shelter office and viewing area hours of operation shall coincide with the hours the kennels are open to the public.

p. Society shall collect and remit to City not later than the fifteenth (15th) working day of each month following the end of a quarter those fees enumerated in City Code and collected by Society on behalf of City pursuant to this Agreement during the prior month. The nomenclature of these fees may vary from jurisdiction to jurisdiction but in general they include impound fees, license fees, quarantine fees and maintenance or board fees. . Society shall be entitled to retain a five dollar (\$5.00) processing fee for each license sold for City and any other fees not mandated by City Code that it may collect.

q. Society shall keep complete and accurate records on the receipt, source, holding time and disposition of all dogs, cats, and other domestic and exotic animals delivered into its custody at the Animal Shelter. Said record shall be delivered to the City each month by the twentieth (20) working day of the month for the prior month's activity. All relevant records and accounts shall be made available at the animal shelter on Society's premises for examination at all reasonable times by authorized representative of the City with 24 hours notice.

r. Society shall use reasonable efforts to offer responsible pet ownership programs to schools within City's jurisdiction. Such programs will include material on the importance of licensing pets, keeping pet dogs on leashes when walking them, the health and societal benefits of sterilizing pets, and the importance of developing a relationship with a veterinarian to assure a healthy pet that is less likely to run at large because of counseling by the veterinarian. City shall assist Society in gaining access to the schools within City's jurisdiction to enable Society to present these programs.

s. Society shall use its best efforts to provide opportunities for City's residents to adopt, vaccinate, and microchip dogs and cats and to license dogs at locations within City and on dates and times that are mutually agreed between City and Society. Society shall retain all fees for

services and adoptions other than licensing which shall be handled as stated in Paragraph 3(p) above. Society shall not be required to pay any fee or rental for locations selected within City for providing the services described above. City shall reasonably cooperate with these efforts.

t. Society and City believe that neither party has an obligation to subsidize fee based nuisance animal control operators. Consequently, Society shall not charge City for wild animals brought to it by nuisance animal control operators and City shall support Society's protocols requiring nuisance animal control operators to pay a fee to Society for wild animals they bring to Society.

u. Society shall provide and City shall facilitate the publication and dissemination of mutually agreed animal protection and responsible animal ownership materials in City publications and mailings. City shall reasonably cooperate with Society's efforts.

v. Society shall not be responsible for any animal control field services.

4. PAYMENT. Except as otherwise noted, the financial obligation of City under this Agreement shall be to pay an agreed upon daily fee to Society for each domestic and exotic animal brought from within the corporate limits of City and accepted by Society irrespective of who or what agency brings the animal to Society. The agreed upon fee for the period of July 1, 2009 through June 30, 2010 is \$24.50 per animal per day. A surcharge of \$10.00 per animal will be assessed if SPCA staff members assist City's employee or representative in receiving impounded animals at the SPCA shelter outside of the Animal Control Business Hours set forth in Section 3 (c) above.

On a limited basis and for a fee Society will accept from City's Animal Control, Police, or Public Works Departments, animal carcasses for disposal. The agreed upon fee for the period of July 1, 2009 through June 30, 2010 is \$23.00 for mammal and wildfowl carcasses weighing from five pounds to two hundred pounds and \$6.00 for mammal or wildfowl carcasses weighing less than five pounds. Society will not accept livestock carcasses or carcasses weighing in excess of two hundred pounds.

Society shall invoice City monthly for the number of animals sheltered for city under this Agreement in the previous month. The invoice shall be accompanied by an activity report listing individual animals by a control number, their origin, and the holding period being billed for each animal. City shall pay said invoice within 30 days of the invoice date.

The fee and terms are subject to renegotiation annually. Failure of the parties to negotiate fees and terms within sixty (60) days of the expiration of the existing annual agreement, may result in Society's election, at its sole discretion, to continue services after the end of the annual term at the then rate charged City per animal per day plus four (4%) percent.

5. CONTRACT SUPERVISION. City shall designate an official authorized and assigned to represent the interest of the City and to ensure that the terms and conditions of this Agreement are carried out. That official will be identified to the Executive Director of Society upon execution of this Agreement. Society's Executive Director or his/her designee shall administer this Agreement on behalf of Society. Both the Society and City will continuously

monitor services and operations under contract in an effort to implement increased cost effectiveness and efficiency.

6. INDEPENDENT SOCIETY STATUS. Society understands and agrees that the services performed hereunder by its and its directors, officers, agents, employees or contracting persons or entities are performed in an independent capacity and not in the capacity of officers, agents or employees of the City. All personnel, supplies, equipment, furniture, quarters, and operating expenses of any kind required for on premise performance of this Agreement shall be provided by Society in performance of the contracted services. It is also understood that Society shall have control of its work and the manner in which it is performed, provided Society meets all legal requirements. While under contract with City, the Society shall be free to contract for similar shelter services to be performed for other agencies and/or jurisdictions.

Society employs Level 2 Humane Officers who are empowered under California Corporations Code Section 14502 to investigate and prepare for prosecution cases involving animal neglect and cruelty within Monterey County and its other incorporated areas. Investigations initiated and independently pursued to completion by Society will be at the sole expense of Society. City agrees to cooperate fully with SPCA Humane Officers during the performance of their duties in City. If requested by City, Society may, at its sole discretion, take financial responsibility for the continued pursuit an investigation previously initiated by City. If requested by City, Society's Humane Officers will provide technical assistance and mutual aid to City at no charge, up to, but not including, sheltering of animals. Society will assist City in investigations City undertakes that relate to cruelty to animals and will shelter animals seized by or relinquished to City during the course of an investigation under the terms and conditions set forth in Section 3 of this agreement. Where City and Society have each incurred costs in the successful prosecution of a case, each will request and make a good faith effort to secure restitution for both City and Society and will ask that any order of restitution require that funds be allocated proportionally to City and Society based on actual costs incurred by each. If restitution is not ordered or if the prosecution is not successful, neither City nor Society will have a claim against the other for costs incurred in the investigation and prosecution of the case.

7. INDEMNIFICATION AND INSURANCE. Each party agrees to indemnify, defend and save harmless the other party, their directors, officers, agents, and employees, from and against any and all claims and losses whatsoever accruing or resulting to any and all persons, firms or corporations furnishing or supplying work, services, materials, or supplies in connection with the performance of this Agreement and from any and all claims and losses accruing or resulting to any person, firm, or corporation for damage, injury or death arising out of or connected with the indemnifying party's performance of this Agreement.

To this end, Society shall maintain in force at all times during the performance of this Agreement a policy of insurance covering all of its operations (including public liability and property damage coverage but not including contingent malpractice) with not less than \$1,000,000.00 single limit liability and motor vehicle insurance, covering all motor vehicles (whether or not owned) used in providing services under the Agreement with a combined single limit of not less than \$1,000,000.00. A certificate evidencing the maintenance of such insurance shall be filed with the City. City shall be given notice in writing at least thirty (30) days in advance of cancellation or any modification thereof. Insurance shall be in a company authorized

by law to transact insurance business in the State of California. All policies shall provide an endorsement naming City, its officers, agents, and employees as Additional Insured, and shall further provide thirty (30) days written notice to the City in advance of cancellation or non-renewal of said policies.

Policies shall also be endorsed to provide such insurance as Primary Insurance and that no insurance of the additional insured shall be called on to contribute to a loss covered by Society's insurance.

City shall maintain in force at all times a Comprehensive Liability Insurance including automobile liability in the amount of \$1,000,000. Proof of such coverage will be a Certificate of Insurance with written notice to the Society of not less than 30 days prior to cancellation. The Society shall be named as an additional insured for acts or failure to act, arising out of the performance of this Agreement. Any required insurance may be provided by a plan of self-insurance at the option of the City.

8. WORKERS' COMPENSATION. Society shall, throughout the period of this Agreement, maintain in full force and effect a policy of Workers' Compensation insurance, with employers' liability limits of not less than \$100,000.00, covering all of its employees and shall furnish to City evidence of said insurance.

9. INSURANCE COVERAGE CHANGE. If City requires the Society to increase its insurance coverage within a contract year, the City agrees to pay any additional premium cost resulting from that change.

10. SECTION 504 COMPLIANCE. Section 504 of the Federal Rehabilitation Act of 1973, as amended, requires that all benefits, aids and services are made available to handicapped persons on an equivalent basis with those received by non-handicapped persons. The Society shall agree to be in compliance with Section 504 requirements by: (1) signing a Letter of Assurance, or (2) by developing a plan for compliance to be submitted to the City.

11. COOPERATION. City and Society shall cooperate with each other in carrying out the terms of this Agreement and in order to be in compliance with state law and local ordinances or regulations. City and Society shall each make available to the other all knowledge and information each has that may be of benefit to the other party. City's Animal Control or Police Department personnel shall be subject to the rules, regulations and requirements of Society while at the Shelter. City and Society agree that results of their joint proactive programs will not be immediately evident and that each will make a good faith effort to eliminate the euthanasia of adoptable animals from within City's jurisdiction.

12. ENABLING ACTS. City shall enact all necessary and reasonable Codes, resolutions and/or regulations to the extent permitted by applicable law, to enable Society to carry out all of its performances and functions under the terms and conditions of this Agreement and incidental thereto.

13. NOTICE. In addition to all other notices provided for herein, City shall give Society notice of any Code, resolution, or regulation changes contemplated by it relating to any matters

affecting Society's performance or the well-being or humane treatment of animals in the community and/or functions under the terms and conditions of the Agreement. All notices herein provided to be given, or which may be given, by either party to the other, shall be in writing and be given by personal service or by United States mail postage prepaid, certified mail return receipt requested, and addressed.

14. NONDISCRIMINATION CLAUSE. During the performance of this Agreement, Society and its subcontractors shall not unlawfully discriminate against any employee or applicant for employment because of race, religion, color, national origin, ancestry, physical handicap, medical condition, marital status, age or sex. Society and subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free of such discrimination. Society and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code Section 12900 et seq.). The applicable regulations of the Fair Employment Housing Commission implementing Government Code Section 12900, set forth in Chapter 5 of Division 4 of Title 2 of the California Administrative Code are incorporated into this Agreement by reference and made a part of as if set forth in full. Society shall also abide by the Federal Civil Right Act of 1964 (42 U.S.C. Section 1981 et seq.) and all amendments thereto, and all administrative rules and regulations issued pursuant to said Act. Society and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement. Society shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under this Agreement.

15. SOLICITATION BY SOCIETY. Throughout the term of this Agreement, Society shall be free to solicit and accept donations from any person or organization to defray the cost of any of Society's programs, including sheltering services for government organizations and general education.

16. ASSIGNMENT AND SUBCONTRACTING. This Agreement shall not be assigned or subcontracted by Society, either in whole or in part, without the prior written consent of the City, and any assignment without such consent shall automatically terminate this Agreement.

17. TIMELINESS: Time is of the essence in this Agreement.

18. AGREEMENT PREPARATION: It is agreed and understood by the parties hereto that this Agreement has been arrived at through thorough negotiation and that neither party is to be deemed that party which prepared this Agreement within the meaning of Civil Code Section 1654.

19. ATTORNEYS' FEES AND COSTS: The prevailing party in any action brought to enforce the terms of this Agreement or arising out of this Agreement may recover from the other party its reasonable costs and attorneys' fees expended in connection with such an action.

20. AMENDMENT: This Agreement may only be modified or amended by the written agreement of the parties.

IN WITNESS WHEREOF, the parties hereto, by and through their respective duly authorized representatives, have executed this Agreement on the date(s) so indicated.

SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS, a California nonprofit public benefits corporation

By: _____

Gary W. Tiscornia
Executive Director

Date: _____

CITY OF Del Rey Oaks

Date: _____

By: _____

Joseph P. Russell

Its: _____

Mayor

Attest: _____

Dewey D. Evans

By: _____

City Clerk

City of Del Rey Oaks Staff Report

To: Mayor Russell & City Council Members

CC:

From: Ron Langford, Chief of Police 

Date: 5/21/2009

Re: Proposed Del Rey Oaks Ordinance – Administrative Fines

Since this item was brought to the City Council in April of this year, the City Attorney's Office, the City Manager, and I have been working to produce the proposed Administrative Fines Ordinance for your review.

As I indicated to the City Council in April, this ordinance provides the "Del Rey Oaks Enforcement Officials" with another enforcement tool to enforce the Del Rey Oaks Municipal Code. This template keeps the enforcement process, including the fine structure, and hearings as an internal City matter, rather than processing a violation through the Court system and incurring the costs associated with that process. However, it does not preclude the City's ability to take an action through the criminal court process, or any other civil action currently available to the City.

I will be available at the City Council meeting to answer any questions that you may have on the enforcement process that would be considered when and if the Ordinance is passed.

Recommendation:

Pass the 1st reading of the Administrative Fines Ordinance.

ORDINANCE NO. 266

AN ORDINANCE ADDING CHAPTER 1.20 TO THE MUNICIPAL CODE
TO CREATE A PROCEDURE FOR IMPOSING AND COLLECTING
ADMINISTRATIVE FINES FOR VIOLATIONS OF
THE DEL REY OAKS MUNICIPAL CODE

-o0o-

WHEREAS, the City desires to enforce the Del Rey Oaks Municipal Code and the City's ordinances in the most efficient manner possible, and this Ordinance sets forth an administrative procedure for the enforcement of the Del Rey Oaks Municipal Code and the City's ordinances, and the imposition and collection of fines for violations pursuant to California Code of Civil Procedure Section 1094.6 and Government Code Section 53069.4; and

WHEREAS, in adopting this Ordinance, the City Council desires to reduce, to the greatest extent possible, the costs expended by all parties during enforcement prosecutions, thereby reducing the burden on the City, the accused offender, and the already taxed judicial system. The City Council further desires to provide those accused of violating the Del Rey Oaks Municipal Code or the City's ordinances with the due process rights of a fair hearing before an impartial decision maker.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF DEL REY OAKS DOES ORDAIN AS FOLLOWS:

1. Chapter 1.20 added. Chapter 1.20, entitled "Administrative Fines" is hereby added to the Del Rey Oaks Municipal Code to read in its entirety as set forth on the attached six (6) pages, marked Exhibit A and incorporated herein by this reference thereto.

2. Effective Date. This ordinance shall take effect and be in force thirty (30) days from and after its final passage.

3. Posting of Ordinance. Within fifteen (15) days after the passage of this ordinance, the City Clerk shall cause it to be posted in the three (3) public places designated by resolution of the City Council.

4. Severability. If any provision, clause, sentence, or paragraph of this Article or the application thereof to any person, establishment, or circumstance shall be held invalid, such invalidity shall not affect the other provisions or applicable of this Article which can be given effect without the invalid provision or application, and to this end, the provisions of this Article are hereby declared to be severable

The foregoing ordinance was introduced at a regular meeting of the City Council of the City of Del Rey Oaks duly held on May 26, 2009, and was passed and adopted at a regular meeting duly held on June 23, 2009, by the following vote:

AYES:

NOES:

ABSENT:

Joseph P. Russell, Mayor

ATTEST:

Dewey Evans, City Clerk

EXHIBIT "A"

CHAPTER 1.20

ADMINISTRATIVE FINES

Sections:

1.20.010	Purpose.
1.20.020	Definitions.
1.20.030	Enforcement authority.
1.20.040	Scope.
1.20.050	Administrative citation.
1.20.060	Correction notice.
1.20.070	Offender's obligations.
1.20.080	Administrative fine.
1.20.090	Administrative hearing.
1.20.100	Judicial review.
1.12.110	Failure to comply.

1.20.010 Purpose.

It is the purpose and intent of this chapter to provide an alternative method of enforcement for violations of the Del Rey Oaks Municipal Code. Use of this chapter shall be at the sole discretion of the City.

1.20.020 Definitions.

For the purposes of this chapter:

"Enforcement official" means any officer or agent or employee with the authority to enforce the Del Rey Oaks Municipal Code.

"Offender" means any individual, any individual who is the owner or occupant of real property, or any individual who is the owner or authorized agent of any business, company, entity, who causes or maintains a violation of the Del Rey Oaks Municipal Code.

1.12.030 Enforcement authority.

Any person violating any provision of the Del Rey Oaks Municipal Code may be issued an administrative citation as provided in this chapter. A violation of this code includes, but is not limited to, all violations of the Municipal Code, the uniform codes adopted by the City Council, and the failing to comply with any condition imposed by any entitlement, agreement, or environmental document issued or approved under the provisions of this code.

1.20.040 Scope.

The procedures established in this chapter shall supplement and be in addition to any

criminal, civil or other remedy established by law or under the provisions of this code which may be pursued to address Municipal Code violations.

1.12.050 Administrative citation.

A. Issuance of Administrative Citation. An enforcement official may, upon discovering that a person has committed a violation of the Municipal Code ("Municipal Code violation"), issue an administrative citation on a form approved by the City Manager to the offender for violations of the Municipal Code in the following manner:

1. Personal Service. In any case where an administrative citation is issued:

a. The enforcement official shall attempt to locate and personally serve the offender and obtain the signature of the offender on the administrative citation.

b. If the person served with the administrative citation refuses or fails to sign the administrative claim, the failure or refusal shall not affect the validity of the administrative citation or of subsequent proceedings.

2. Service of Citation by Mail. If the enforcement official is unable to personally serve the offender, the administrative citation shall be mailed to the responsible person by certified mail, postage prepaid with a requested return receipt. Simultaneously, the citation may be sent by first class mail. If the citation is sent by certified mail and returned unsigned, then service shall be deemed effective pursuant to first class mail, provided the citation sent by first class mail is not returned.

3. Service of Citation by Posting Notice. If the enforcement official does not succeed in personally serving the offender, or fails to send the administrative citation by certified or regular mail, the enforcement official shall post the administrative citation on any real property within the City in which the City has knowledge that the offender has a legal interest, and such posting shall be deemed effective service.

B. Administrative Citation Contents. To the extent the following information is reasonably available to the enforcement official, the administrative citation shall:

1. State the date the administrative citation is issued and the date of the violation or, if that date is unknown, the date the violation is identified;

2. State the offender's name, current residential address, and mailing address;

3. Refer to code section(s) violated and describe how the offender violated the code section(s);

4. State the date, approximate time, and address or definite description of the location where the violation(s) was discovered by the enforcement official;

5. State the amount of fine imposed for the violation ("administrative fine");

6. Explain how the offender may pay the fine, including the location and manner, as well as the time period by which the fine must be paid and the consequences of failure to pay the fine;

7. Explain the procedure for obtaining an administrative hearing, specifically, notice that the offender must make a written request within fifteen working days from the date the administrative citation is issued and that the offender will be notified by mail of the date of the hearing;

8. Include a warning that a failure to pay the fine or a failure to request and appear at an administrative hearing may result in the penalties described in Section 1.20.110(B);

9. Include the name and signature of the enforcement official.

1.20.060 Correction notice.

A. Applicability of this Section. This Section 1.20.060 shall only apply when the Municipal Code violation pertains to building, plumbing, electrical, or other similar structural or zoning issues that do not create an immediate danger to health or safety (hereinafter "correction condition").

B. Correction Period. An offender shall have at least ten calendar days to correct or otherwise remedy a correction condition prior to the issuance of an administrative citation and the imposition of a fine. A correction period longer than ten calendar days may be granted if deemed necessary by the enforcement official.

C. Correction Notice. Upon discovery of a correction condition, the enforcement official shall issue a written correction notice to the offender by personal service or by registered or certified mail to the offender's last known address. Such notice shall refer to the code section(s) violated and describe how the offender violated the code section(s). The correction notice shall also describe the action necessary to correct the violation and state the final date by which the correction must be completed, which shall not be less than ten calendar days from the date the correction notice is issued. In addition, the correction notice shall include a warning that failure to correct the violation may result in the imposition of an administrative fine and shall state the amount of the fine imposed for the violation.

D. Procedure Upon Expiration of Correction Period. If the offender remedies the correction condition within the period set forth in the correction notice, the enforcement official may issue the offender a notice of compliance. If the offender does not remedy the correction condition within the period set forth in the correction notice, the enforcement official may issue the offender an administrative citation pursuant to Section 1.20.050.

1.20.070 Offender's obligations.

Within fifteen working days from the date the administrative citation is issued, an offender shall pay the fine amount designated on the administrative citation. The issuance date shall mean the date the administrative citation is released from the City's possession by any of the methods specified in Section 1.20.050(A).

1.20.080 Administrative fine.

A. The amounts of the fines for code violations imposed pursuant to this chapter shall be set forth in the schedule of fines established by resolution of the City Council.

B. The schedule of fines shall specify any increased fines for repeat violations of the same code provision by the same person within thirty-six months from the date of an administrative citation.

C. The schedule of fines shall specify the amount of any late payment charges imposed for the payment of a fine after its due date.

D. Payments. The administrative fine must be paid directly to the City of Del Rey Oaks within fifteen working days from the date the administrative citation is issued even though the offender requests a hearing pursuant to Section 1.20.090. Payment of a fine shall not excuse or discharge the failure to correct the violation(s) nor shall it bar further enforcement action by the City.

E. No Waiver. Under no circumstances shall the payment of the administrative fine constitute a waiver of the offender's right to a hearing. Therefore, even though an offender pays the administrative fine as required by subsection C of this section, the offender may also obtain a hearing to protest the imposition of the administrative fine, provided that the offender makes a timely request for a hearing, pursuant to Section 1.20.090.

F. Obligation to Correct Violation. Nothing in this chapter shall be interpreted to mean that because an offender has paid the administrative fine that he or she is not required to correct the Municipal Code violation. If the offender fails to correct the violation(s), subsequent administrative citations may be issued for the same violation(s). The amount of the fine for failure to correct the violation shall increase at a rate specified pursuant to this section.

1.20.090 Administrative hearing.

A. Purpose. It is the purpose and intent of the City to afford due process of law to any person who is issued an administrative citation. Due process of law includes adequate notice, an opportunity to participate in a hearing, and an adequate explanation of the reasons justifying the administrative fine.

B. Request for Hearing. In order to request a hearing, the offender shall, within fifteen working days from the date the administrative citation is issued, submit a written request, together with payment of the fine. Any administrative fine which has been paid shall be refunded if it is determined, after a hearing, that the person charged in the administrative citation is not responsible for the violation(s) or that there was no violation(s) as charged in the administrative citation.

C. Notification of Hearing. At least fifteen working days prior to the date of the hearing, the City shall, by certified mail or personal service, give notice to the offender of the time, date and location of the hearing.

D. Hearing Officer.

1. The City Manager shall appoint a hearing officer to hear all facts and testimony presented and deemed appropriate ("hearing officer").

2. The employment, performance, evaluation, compensation and benefits of the hearing officer, if any, shall not be directly or indirectly conditioned upon the amount of the administrative citation fines upheld by the hearing officer.

3. Any person designated to serve as a hearing officer is subject to disqualification for bias, prejudice, interest, or for any other reason, as determined by the City Manager. Any offender challenging the hearing officer's impartiality shall file a statement with the City Manager setting forth the grounds for disqualification. The question of disqualification shall be determined in writing by the City Manager within ten days following the date on which the disqualification statement is filed.

E. Administrative Hearing Procedures.

1. No hearing to contest an administrative citation before a hearing officer shall be held unless and until a request for hearing form has been completed and submitted, and, the fine has been paid in advance.

2. The City Manager shall establish a schedule for all hearings. A hearing before the hearing officer shall be set for a date that is not less than fifteen days from the date that the request for hearing is filed in accordance with the provisions of this chapter. The person requesting the hearing shall be notified of the time and place set for the hearing at least ten days

prior to the date of the hearing.

3. The hearing officer shall only consider evidence that is relevant to whether the violation(s) occurred and whether the recipient of the administrative citation caused or maintained the violation(s) specified in the administrative citation.

4. The recipient of an administrative citation contesting the administrative citation shall be given the opportunity to testify, cross-examine witnesses, and present witnesses and evidence concerning the administrative citation.

5. The administrative citation and any additional documents submitted by the enforcement official shall constitute prima facie evidence of the respective facts contained in those documents.

6. Not less than five days prior to the hearing, the recipient of an administrative citation shall be provided with copies of the citation(s), reports and other documents submitted or relied upon by the enforcement official. No other discovery is permitted. Formal rules of the California Evidence Code and discovery shall not apply, except that irrelevant and unduly repetitious evidence may be excluded at the hearing officer's discretion.

7. The hearing officer may continue the hearing and request additional information from the enforcement official or the recipient of the administrative citation prior to issuing a written decision.

8. The offender, at the individual's expense, and the enforcement officer may be represented by legal counsel at the hearing.

F. Administrative Order.

1. Within ten working days of the hearing's conclusion, the hearing officer shall provide the offender with its decision in writing ("administrative order"). The hearing officer shall provide the offender with the administrative order by personal service or by registered or certified mail to the offender's last known address.

2. The administrative order shall contain the hearing officer's findings of fact and conclusions and the procedure described in Section 1.120.050 for seeking judicial review. The decision of the hearing officer shall be final.

3. A decision in favor of the offender shall constitute a dismissal of the Municipal Code violation. The City shall return any moneys paid by the offender towards the dismissed Municipal Code violation fine.

4. If the hearing officer renders a decision in favor of the City, the offender must comply with the administrative order, or seek judicial review of the administrative order pursuant to Section 1.20.100.

G. Failure to Attend Administrative Hearing.

1. Waiver of Right to Hearing. The offender's failure to appear at a hearing shall constitute a waiver of the right to a hearing. An offender's failure to appear at the hearing shall be presumed an admission of guilt to the Municipal Code violation charges as indicated on the administrative citation.

2. Good Cause. Upon a showing of good cause by the offender, as determined by the hearing officer, the hearing officer may excuse the offender's failure to appear at the hearing and reschedule the hearing. Under no circumstances shall the hearing be rescheduled more than one time. Nothing in this subsection shall be interpreted to mean the offender is excused from the requirement of paying the administrative fine or appearing at a hearing.

3. Penalty. If the offender fails to appear at the hearing, the offender may be subject to the penalty set forth in Section 1.20.110.

1.20.100 Judicial review.

If an administrative order is rendered in favor of the City, the offender may seek judicial review of the administrative order in the Monterey County superior court, by doing one of the following:

A. Appeal the administrative order pursuant to California Government Code Section 53069.4 within twenty calendar days after service of the administrative order. Pursuant to Section 53069.4, the appealing party shall serve a copy of the appeal notice in person or by first class mail upon the City. Appeal notices shall be sent to the City clerk. If no appeal is filed within the twenty calendar day period, the decision shall be deemed confirmed; or

B. File a petition for a writ of mandate pursuant to California Code of Civil Procedure Section 1094.5 et seq. within ninety calendar days after service of the administrative order.

1.20.110 Failure to comply.

A. Event Defined. As used in this Section 1.20.110, the term "event" means any of the following occurrences:

1. The offender fails to pay the administrative fine within fifteen working days from the date the administrative citation is issued;
2. The offender requests a hearing and fails to appear;
3. The offender fails to either comply with the administrative order or seek judicial review of the administrative order.

B. Penalty Fine. The occurrence of an event may result in the City increasing the administrative fine, not to exceed the maximum amounts established pursuant to Section 1.20.080 ("penalty fine").

C. Account Receivable. Upon the occurrence of an event, the City may treat the administrative fine or penalty fine, whichever is applicable, as an account receivable, subject to the City's established policy for delinquent accounts receivable.

D. Violation. An event as described in subsection (A)(1) of this section shall constitute a separate violation of the Municipal Code which may be redressed through criminal, civil or other remedy established by law or under the provisions of this code.

E. Collection. The City may use all appropriate legal means to collect the fines imposed pursuant to this chapter. The City may also recover its collection costs, including reasonable attorneys' fees according to proof.

**REDEVELOPMENT AGENCY
OF THE
CITY OF DEL REY OAKS**

TO: Agency Members
FROM: Dewey D Evans
DATE: June 23, 2009
SUBJECT: Resolution Authorizing Continuing Appropriations for Fiscal Year 2009-2010

RECOMMENDATION:

That the Agency Members adopt the attached resolution authorizing the continuation of Agency services and the payment of Agency obligations at a level not to exceed the level authorized for fiscal year 2008-2009.

DISCUSSION:

The law in the State of California requires that all agencies adopt a budget by June 30th. If the budget is not adopted by that date the agency must adopt a resolution continuing the previous year's budget into the new fiscal year.

ATTACHMENTS:

1) Resolution Authorizing Continuing Appropriations for Fiscal Year 2009-2010.

REDEVELOPMENT AGENCY OF THE CITY OF DEL REY OAKS

RESOLUTION NO. 2009-01

RESOLUTION AUTHORIZING CONTINUING APPROPRIATIONS
FOR FISCAL YEAR 2009-2010

-o0o-

WHEREAS, the Redevelopment Agency of the City of Del Rey Oaks fiscal year ends on June 30, 2009;

WHEREAS, the Redevelopment Agency of the City of Del Rey Oaks Proposed Annual Budget for Fiscal Year 2009-10 is not yet ready for public hearing and adoption;

NOW, THEREFORE BE IT RESOLVED, by the Redevelopment Agency of the Del Rey Oaks, as follows:

1. That in order to continue to provide agency services and pay Agency obligations, the Agency hereby authorizes the expenditure of funds at a maximum of existing expenditure levels.
2. That expenditures shall not exceed the level established for the fiscal year 2008-09 amended Annual Budget.
3. That this resolution shall remain in effect until adoption of fiscal year 2009-10 Annual Budget.

PASSED AND ADOPTED at a regular meeting of the Redevelopment Agency of the City of Del Rey Oaks duly held on June 23, 2009 by the following vote:

AYES: AGENCY MEMBERS:

NOES: AGENCY MEMBERS:

ABSENT: AGENCY MEMBERS:

Joseph P. Russell, Agency Chair

ATTEST: _____
Dewey D Evans, Agency Secretary

**REDEVELOPMENT AGENCY
OF THE
CITY OF DEL REY OAKS**

To: Board of Directors
From: Dewey D Evans
Date: June 23, 2009
Subject: Audit Report for Fiscal Year 2007-2008

Recommendation:

That the Redevelopment Agency's Board of Directors accept the Independent Auditing firm of Hayashi & Wayland audit report for fiscal year 2007-2008.

Discussion:

The Certified Public Accounting firm of Hayashi & Wayland was retained by the Board of Directors of the Redevelopment Agency of the City of Del Rey Oaks to conduct a thorough and complete audit of the financial records of the agency. That audit work was completed on May 8, 2009 and the accompanying audit report was issued and is now being officially presented for your review and acceptance. Ms Sunny Wong, CPA and a partner in the firm of Hayashi & Wayland is in the audience and is available to answer any questions that the Board may have with regard to the audit.

It is important to point out that the auditors have issued an unqualified opinion on the agency's financial records as a whole, or sometimes referred to as a "clean opinion". The auditors did issue some findings on pages 21 through 24 which are being addressed and will be corrected for future audits.

Attachments:

1) Audited Financial Statements of the Redevelopment Agency of the City of Del Rey Oaks for the year ended June 30, 2008.

**REDEVELOPMENT AGENCY
OF THE CITY OF DEL REY OAKS**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2008

AND INDEPENDENT AUDITORS' REPORT

**REDEVELOPMENT AGENCY
OF THE CITY OF DEL REY OAKS**

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**REDEVELOPMENT AGENCY
OF THE CITY OF DEL REY OAKS**

June 30, 2008

Members of the Agency

Joseph P. Russell	Chairman
Jerry Edelen	Vice Chair
Dennis Allion	Member
Kristin Clark	Member
Jeffrey Cecilio	Member

INDEPENDENT AUDITORS' REPORT

**Members of the Redevelopment Agency
of the City of Del Rey Oaks
Del Rey Oaks, California**

We have audited the accompanying financial statements of the governmental activities and major fund of the *Redevelopment Agency of the City of Del Rey Oaks (a component unit of the City of Del Rey Oaks)* as of and for the year ended June 30, 2008 which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Guidelines for Compliance Audits of California Redevelopment Agencies*, issued by the State Controller. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the *Redevelopment Agency of the City of Del Rey Oaks* as of June 30, 2008, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards* we have also issued our report dated May 8, 2009 on our consideration of the *Redevelopment Agency of the City of Del Rey Oaks'* internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

8/2/09



The Management's Discussion and Analysis on pages 4 through 8 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The Redevelopment Agency of the City of Del Rey Oaks, has not presented the budgetary comparison schedule that accounting principles generally accepted in the United States of America have determined is necessary to supplement, although not required to be part of, the basic financial statements.

May 8, 2009

Hayashi + Wayland

REDEVELOPMENT AGENCY OF THE CITY OF DEL REY OAKS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2008

The discussion and analysis of the Redevelopment Agency of the City of Del Rey Oaks' (Agency) financial performance provides an overview and analysis of the Agency's financial activities for the fiscal year ended June 30, 2008. It should be read in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the Agency exceeded its liabilities at the close of the fiscal year ending June 30, 2008 by \$23,746,669.
- The Agency's net assets increased by \$26,322 for the year ended June 30, 2008.
- As of June 30, 2008, the Agency's governmental fund reported an ending fund balance of \$622,169, a decrease of \$106,839 in comparison with the prior fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis serves as an introduction to the Agency's financial statements. The Agency's financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business

The *Statement of Net Assets* presents information on all of the Agency's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating. The Statement of Net Assets combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations. Other nonfinancial factors should also be taken into consideration, such as changes in the Agency's property tax base and redevelopment projects, to assess the overall health or financial condition of the Agency.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The *Statement of Activities* presents information showing how the Agency's net assets changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected revenues)

The government-wide financial statements include all the governmental activities of the Agency. The Agency does not operate any business-type activities.

The government-wide financial statements can be found on pages 9 and 10 of this report.

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide detail information about the most significant funds, not the Agency as a whole. The Agency, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Agency's only fund is a governmental fund type. Fund financial statements report essentially the same functions as those reported in the government-wide financial statements. However, unlike the government-wide financial statements, fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year.

Because the focus of the governmental fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental fund with similar information presented in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate the comparison between the governmental fund and government-wide statements.

The Agency maintains one individual governmental fund, the capital projects fund, which is considered its major fund.

The fund financial statements can be found on pages 11 through 13 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14 through 19 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets exceed liabilities by \$23,746,669 at the close of the most recent fiscal year. However, \$24,331,500 of that total represents capital assets, net of related debt. The Agency has an unrestricted deficit of \$584,831

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

**Summary of Net Assets
As of June 30**

	<u>2008</u>	<u>2007</u>	<u>Increase (Decrease)</u>
Current and other assets	\$ 1,031,261	\$ 1,134,546	\$ (103,285)
Capital assets	<u>24,331,500</u>	<u>24,335,250</u>	<u>(3,750)</u>
Total assets	<u>25,362,761</u>	<u>25,469,796</u>	<u>(107,035)</u>
Current and other liabilities	281,156	417,064	(135,908)
Long-term liabilities	<u>1,334,936</u>	<u>1,332,385</u>	<u>2,551</u>
Total liabilities	<u>1,616,092</u>	<u>1,749,449</u>	<u>(133,357)</u>
Invested in capital assets, net of related debt	24,331,500	24,323,724	7,776
Unrestricted (deficit)	<u>(584,831)</u>	<u>(603,377)</u>	<u>18,546</u>
Total net assets	<u>\$ 23,746,669</u>	<u>\$ 23,720,347</u>	<u>\$ 26,322</u>

The current and other assets decreased due to a decrease in accounts receivable. Current liabilities decreased due to a decrease in payables. The increase in net assets is due to revenues exceeding expenses.

**Change in Net Assets
For the Year Ended June 30**

	<u>2008</u>	<u>2007</u>	<u>Increase (Decrease)</u>
Revenue:			
Program revenue –			
Charges for services	\$ 683,402	\$ 441,806	\$ 241,596
General revenue:			
Investment earnings	9,558	11,186	(1,628)
Forgiveness of long-term debt	<u>61,652</u>	<u>–</u>	<u>61,652</u>
Total revenue	<u>754,612</u>	<u>452,992</u>	<u>301,620</u>
Expenses:			
Community development	675,757	512,267	163,490
Interest on long-term debt	<u>52,533</u>	<u>33,992</u>	<u>18,541</u>
Total expenses	<u>728,290</u>	<u>546,259</u>	<u>182,031</u>
Increase (decrease) in net assets	26,322	(93,267)	119,589
Net assets, beginning of year	<u>23,720,347</u>	<u>23,813,614</u>	<u>(93,267)</u>
Net assets, end of year	<u>\$ 23,746,669</u>	<u>\$ 23,720,347</u>	<u>\$ 26,322</u>

Revenue increased due to developer fees. Expenses increased due to increased activity on the redevelopment project.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – The Agency’s investment in capital assets as of June 30, 2008, amounted to \$24,331,500 (net of accumulated depreciation), a decrease of \$3,750 over the prior fiscal year due to depreciation.

Debt Administration – At fiscal year end, the Agency had \$1,334,936 in general obligation debt, \$505,124 of which was due to the City of Del Rey Oaks. The net decrease in debt over the prior fiscal year was \$8,975.

Redevelopment law provides a means for financing redevelopment projects based upon an allocation of taxes collected within a project area. The taxable valuation of a project area last equalized prior to adoption of the redevelopment plan, or base roll, is established and, except for a period during which the taxable valuation drops below the base year level, the taxing agencies within the project area thereafter receive the taxes produced by the levy of the then current tax rate upon the base roll. These allocated taxes are used to repay indebtedness of the Agency.

The Agency is not currently receiving an allocation of taxes due to no development having taken place within the project area as of June 30, 2008.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

The focus of the Agency’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Agency’s financing requirements.

At the end of the current fiscal year, the Agency’s governmental fund reported a fund balance of \$622,169.

During the current fiscal year, the Agency’s fund balance decreased \$106,839. The decrease is due to recognized revenues being lower than expenditures.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

Due to the current economic situation and lack of funding source for the project developer, there is no significant movement anticipated on the redevelopment project. All aspects of the project, including economic planning and environmental and entitlement related consultant work, tapered off in fiscal year 2007/2008 and is currently very minimal. The budget for the 2008/2009 fiscal year accounts for this significant decrease in project work. The 2009/2010 budget will take into consideration any change in circumstance of the developer’s funding source and improvement in the economy.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Agency's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Redevelopment Agency of the City of Del Rey Oaks, 650 Canyon Del Rey Road, Del Rey Oaks, California 93940.

BASIC FINANCIAL STATEMENTS

REDEVELOPMENT AGENCY OF THE CITY OF DEL REY OAKS
STATEMENT OF NET ASSETS
JUNE 30, 2008

ASSETS:	
Cash and equivalents	\$ 130,770
Investments	20,584
Receivable, net	179,907
Due from the City	700,000
Capital assets, net:	
Nondepreciable	24,279,000
Depreciable	<u>52,500</u>
Total assets	<u>25,362,761</u>
LIABILITIES:	
Accounts payable	270,137
Due to City	11,019
Noncurrent liabilities:	
Due within more than one year	<u>1,334,936</u>
Total liabilities	<u>1,616,092</u>
NET ASSETS:	
Invested in capital assets, net of related debt	24,331,500
Unrestricted (deficit)	<u>(584,831)</u>
Total net assets	<u>\$ 23,746,669</u>

See Notes to Basic Financial Statements.

REDEVELOPMENT AGENCY OF THE CITY OF DEL REY OAKS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

	Expenses	Program Revenues	Net (Expenses) Revenues and Changes in Net Assets
		Charges for Services	
<u>FUNCTIONS/PROGRAMS</u>			
Governmental activities:			
Community development	\$ 675,757	\$ 683,402	\$ 7,645
Interest on long-term debt	52,533	—	(52,533)
Total governmental activities	\$ 728,290	\$ 683,402	(44,888)
<u>GENERAL REVENUES:</u>			
Investment earnings			9,558
Forgiveness of long-term payables			61,652
Total general revenues			71,210
CHANGE IN NET ASSETS			26,322
NET ASSETS,			
BEGINNING OF YEAR			23,720,347
NET ASSETS, END OF YEAR			\$ 23,746,669

See Notes to Basic Financial Statements.

REDEVELOPMENT AGENCY OF THE CITY OF DEL REY OAKS
BALANCE SHEET – GOVERNMENTAL FUND
JUNE 30, 2008

		<u>Capital Projects</u>
<u>ASSETS</u>		
Cash and equivalents	\$	130,770
Investments		20,584
Receivable, net		179,907
Due from City		<u>700,000</u>
Total assets		<u>1,031,261</u>
<u>LIABILITIES AND FUND BALANCE</u>		
LIABILITIES:		
Accounts payable		270,137
Due to City		11,019
Deferred revenue		<u>127,936</u>
Total liabilities		<u>409,092</u>
FUND BALANCE –		
Unreserved, reported in –		
Capital Projects Fund		<u>622,169</u>
Total fund balance		<u>622,169</u>
Total liabilities and fund balance	\$	<u>1,031,261</u>
RECONCILIATION OF THE BALANCE SHEET –		
GOVERNMENTAL FUND TO THE STATEMENT		
OF NET ASSETS:		
Fund balance from above	\$	622,169
Amounts reported in the Statement of Net Assets are		
different because:		
Capital assets used in governmental activities are		
not financial resources and therefore are not		
reported in the governmental fund		24,331,500
Other assets are not available to pay for current		
period expenditures and therefore are not reported		
in the funds		127,936
Long-term liabilities are not due and payable in		
the current period and therefore are not reported in		
the governmental fund		<u>(1,334,936)</u>
NET ASSETS	\$	<u>23,746,669</u>

See Notes to Basic Financial Statements.

REDEVELOPMENT AGENCY OF THE CITY OF DEL REY OAKS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2008

	Capital Projects
REVENUES:	
Developer fees	\$ 555,466
Investment earnings	9,558
Total revenues	565,024
EXPENDITURES:	
Current –	
Community development	672,007
Debt service:	
Principal	13,305
Interest and other charges	52,533
Total expenditures	737,845
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(172,821)
OTHER FINANCING SOURCES:	
Loans from City	29,293
Proceeds from long-term debt	36,689
Total other financing sources	65,982
NET CHANGE IN FUND BALANCE	(106,839)
FUND BALANCE, BEGINNING OF YEAR	729,008
FUND BALANCE, END OF YEAR	\$ 622,169

See Notes to Basic Financial Statements.

REDEVELOPMENT AGENCY OF THE CITY OF DEL REY OAKS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUND TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

NET CHANGE IN FUND BALANCE	\$ (106,839)
<p>Amounts reported in the Statement of Activities are different because:</p>	
<p>Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period this amount is:</p>	
Current year depreciation	(3,750)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds. In the current period this amount is:</p>	
Deferred revenue	127,936
Forgiveness of debt	61,652
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, neither transaction has any effect on net assets. In the current period this amount is:</p>	
Loans from City	(29,293)
Proceeds of long-term debt	(36,689)
Principal payments on long-term debt	<u>13,305</u>
CHANGE IN NET ASSETS	<u>\$ 26,322</u>

See Notes to Basic Financial Statements.

REDEVELOPMENT AGENCY OF THE CITY OF DEL REY OAKS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – The Redevelopment Agency of the City of Del Rey Oaks (the Agency) was established on January 26, 1999 by the City of Del Rey Oaks (the City) pursuant to the California Community Redevelopment Law (California Health and Safety Code, Section 33000 et. seq.). The Agency, which is a component unit of the City, was established to carry out various redevelopment projects within the City.

The Agency is an integral part of the City and, accordingly, the accompanying financial statements are a component unit of the basic financial statements of the City. A component unit is a separate governmental unit, agency or nonprofit corporation which, when combined with all other component units, constitutes the reporting entity as defined in the City's basic financial statements. The Agency is governed by a board consisting of the City's Council members, and although it is legally separate from the City, it is considered to be a component unit because of the significance of its operational and financial relationship with the City.

Basis of Presentation and Accounting –

Government-Wide and Fund Financial Statements – The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the Agency.

The Statement of Net Assets present the agency's assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

- *Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction, or improvement of those assets.
- *Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted net assets* consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

Separate fund based financial statements are provided for governmental funds. The Agency has no proprietary or fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Any nonmajor funds are combined in a column in the fund financial statements. The Agency has no nonmajor funds.

The government-wide focus is more on the sustainability of the Agency as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual fund. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Agency considers revenue to be available if they are collected within 60 days of the end of the current fiscal period. Grant revenues availability period is generally considered to be one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service, expenditures, and claims and judgments, are recognized only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Charges for services, contributions and miscellaneous revenues are recorded as revenues when received in cash as the resulting receivable is immaterial.

The Agency reports the following major governmental fund:

- a. *Capital Projects Fund*, accounts for financial resources to be used for administrative expenditures related to redevelopment projects and for the acquisition or construction of major capital facilities and infrastructure improvements.

Cash, Cash Equivalents and Investments – The Agency considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Investments consist of deposits with the Local Agency Investment Fund and are accounted for at fair market value.

Receivables – The Agency utilizes the allowance method with respect to doubtful accounts. The allowance at June 30, 2008 was zero.

Capital Assets – Property, facilities, equipment and infrastructure purchased or acquired is carried at historical cost or estimated historical cost. Contributed fixed assets are recorded at estimated fair market value at the time received. Capital assets are defined by the Agency as assets with an initial, individual cost of more than \$5,000 for equipment, \$25,000 for facilities and improvements, \$150,000 for infrastructure and all land and an estimated useful life in excess of one year.

Property, facilities, equipment and infrastructure of the Agency are depreciated using the straight-line method over the following estimated useful lives:

Well

20 Years

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences – The Agency does not record a liability for accrued compensated absences, since this is a liability of the City.

Long-Term Obligations – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

In the fund financial statements, the face amount of debt issued is reported as other financial sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity – In the governmental fund financial statements, reservations of fund balance represent amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. In the government-wide financial statements, restrictions of net assets are limited to outside third-party restrictions.

Use of Restricted Resources – When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources, as they are needed.

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

NOTE 2. DEPOSITS AND INVESTMENTS

Custodial Credit Risk-Deposits – Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. The Agency has a deposit policy that complies with California Government Code Section 53638 (Public Deposit Act). As of June 30, 2008, \$30,770 of the Agency's bank balance of \$130,770 was exposed to custodial credit risk as uninsured and collateralized by the pledging bank's trust department not in the Agency's name.

Investments – The Agency's investments consist of the State Treasurer's Local Agency Investment Fund. All investments are recorded at fair market value. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal 110% of the total amount deposited by the public agencies. The investment of state pooled funds is governed by state law, by policies adopted by the Pooled Money Investment Board (PMIB) and by accepted norms for prudent fiduciary management of investments. PMIB funds may be invested in a wide range of interest bearing securities, such as Treasury notes, prime commercial paper, certain California municipal and agency obligations, highly rated corporate bonds, obligations of such agencies as Fannie Mae, and negotiable certificates of deposit. Also allowed are time deposits in California banks, savings, and loans, and credit unions that have not less than a "satisfactory" CRA rating. The value of each participating dollar equals the fair value divided by the amortized cost. The Agency's fair value of the position in the pool is the same as the value of the pool shares. Investments at June 30, 2008 consisted of funds held in the Local Agency Investment Fund in the amount of \$20,584.

NOTE 3. RECEIVABLE, NET

Receivable, net as of June 30, 2008 consisted of the following:

Developer Interest	\$ 179,748
	<u>159</u>
Total	<u>\$ 179,907</u>

NOTE 4. CAPITAL ASSETS, NET

Capital asset activity for the year ended June 30, 2008 was as follows:

	Balance June 30, 2007	Additions and Transfers	Deletions and Transfers	Balance June 30, 2008
Capital assets not being depreciated – Land	<u>\$ 24,279,000</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 24,279,000</u>
Capital assets being depreciated				
Well	75,000	–	–	75,000
Less accumulated depreciation	<u>(18,750)</u>	<u>(3,750)</u>	<u>–</u>	<u>(22,500)</u>
Total capital assets being depreciated, net	<u>56,250</u>	<u>(3,750)</u>	<u>–</u>	<u>52,500</u>
Capital assets, net	<u>\$ 24,335,250</u>	<u>\$ (3,750)</u>	<u>\$ –</u>	<u>\$ 24,331,500</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Community development	<u>\$ 3,750</u>
-----------------------	-----------------

On December 9, 2005, the Agency received approximately 324 acres of land on what was the former Fort Ord military base from the Department of Defense under the Donations of Obsolete DOD Property Program. The value of the land has been estimated to be \$24,279,000.

NOTE 5. LONG-TERM DEBT

Note Payable – Federal/JER Associates I, LLC – The Agency and Federal/JER Associates I, LLC entered into a promissory note on March 3, 2006 in the amount of \$350,000. The note bears interest at the rate of 5%, per annum, compounded annually, until the entire outstanding amount is repaid in full or forgiven in accordance with the terms of the note. The note is to be paid back in future years with available tax increment revenue

Note Payable – Federal/JER Associates I, LLC – The Agency and Federal/JER Associates I, LLC entered into a promissory note on May 31, 2007 in the amount of \$358,669. The note bears interest at the rate of 5% per annum, compounded annually, until the entire outstanding amount is repaid in full or forgiven in accordance with the terms of the note. The note is to be paid back in future years with available tax increment revenue.

Loans from City – The Agency received loans from the City to pay expenditures in furtherance of the redevelopment program. The advances accrue interest based on the Local Agency Investment Fund rate at June 30 of the applicable fiscal year the funds were advanced, ranging from 1.44% to 6.18%. The Agency intends to repay the City in future years with tax increment revenue, once it extinguishes other long-term debt.

Long-Term Payables – The Agency has accrued certain costs associated with the furtherance of the redevelopment program with various vendors. The Agency intends to repay the vendors in future years with tax increment revenue. The vendors are not charging interest on the outstanding amounts.

General long-term debt balances and transactions for the fiscal year ended June 30, 2008 are as follows:

	<u>Balance</u> <u>June 30, 2007</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2008</u>	<u>Due Within</u> <u>One Year</u>
Notes payable					
TMG Partners	\$ 11,526	\$ –	\$ 11,526	\$ –	\$ –
Federal/JER	733,789	36,689	–	770,478	–
Loans from City	475,831	29,293	–	505,124	–
Total notes payable	1,221,146	65,982	11,526	1,275,602	–
Other liabilities –					
Long-term payables	122,765	–	63,431	59,334	–
Total	<u>\$ 1,343,911</u>	<u>\$ 65,982</u>	<u>\$ 74,957</u>	<u>\$ 1,334,936</u>	<u>\$ –</u>

NOTE 5. LONG-TERM DEBT (Continued)

Annual debt service requirements to maturity are as follows:

Fiscal Year Ended June 30	Federal/JER		Loans from City		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
2010	—	—	—	—	—	—
2011	—	—	—	—	—	—
2012	—	—	—	—	—	—
2013	—	—	—	—	—	—
2014 – 2018	<u>770,478</u>	<u>486,595</u>	<u>505,124</u>	<u>169,999</u>	<u>1,275,602</u>	<u>656,594</u>
Total	<u>\$ 770,478</u>	<u>\$ 486,595</u>	<u>\$ 505,124</u>	<u>\$ 169,999</u>	<u>\$1,275,602</u>	<u>\$ 656,594</u>

NOTE 6. RISK FINANCING

The Agency is exposed to a variety of risks that may result in losses such as acts of God, breach of contract, and employee theft. The Agency is covered under the insurance policies purchased by the City.

NOTE 7. AGREEMENTS

The Agency entered into an amended Agreement to Negotiate Exclusively (ANE) with Federal Del Rey Associates, LLC, now doing business as Federal/JER Associates I, LLC (developer), which has been extended until October 15, 2009. The purpose of the ANE is to establish procedures and standards for the negotiation of a Disposition and Development Agreement (DDA) between the Agency and the Developer for the property formerly known as Fort Ord (the site).

As an interim step towards negotiating the DDA, the Agency and the developer entered into an Option Agreement on October 17, 2005, which grants the developer options to purchase and/or lease, in phases, upon the occurrence of certain conditions described in the Agreement, portions of the site. As consideration for the grant of this Option, the developer shall provide to the Agency annual loans in the principal amount of \$350,000 each year beginning no later than December 1, 2005 and continuing each year for five years (see Note 5). The developer did not provide the loan for the 2008 fiscal year.

NOTE 8. COMMITMENTS

The Agency has entered into various agreements for consulting services in the amount of \$377,701. As of June 30, 2008, there was \$143,802 remaining on these agreements.

NOTE 9. CONTINGENT LIABILITY

The Agency is obligated to reimburse the Fort Ord Reuse Authority (FORA) for the annual Pollution Legal Liability insurance premiums paid on their behalf by FORA. The Developer of the Ford Ord Project, Federal Development, has agreed to take on this obligation on behalf of the Agency. However, they have not paid the obligation for the fiscal year ending June 30, 2008 in the amount of \$256,023. Federal Development has entered into a payment agreement with FORA for the past due amount but if they should default, the Agency will be obligated to make this payment.

**REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the *Redevelopment Agency of the City of Del Rey Oaks*' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2008-2 through 2008-5.

This report is intended solely for the information and use of the members, management and the State Controller and is not intended to be and should not be used by anyone other than these specified parties.

May 8, 2009

Hayashi + Wargland

CITY OF DEL REY OAKS

TO: Mayor and City Council
FROM: Dewey D Evans, City Manager
DATE: June 23, 2009
SUBJECT: Audit Report for Fiscal Year 2007-2008

RECOMMENDATION:

That the Mayor and City Council accept the Independent Auditing Firm of Hayashi & Wayland audit report for fiscal year 2007-2008

DISCUSSION:

The Certified Public Accounting firm of Hayashi & Wayland was retained by the City of Del Rey Oaks to conduct a thorough and complete audit of the financial records of the City. That audit work was completed on May 8, 2009 and the accompanying report was issued and is now being officially presented for your review and acceptance. Ms Sunny Wong, CPA and a partner in the firm of Hayashi & Wayland is in the audience and is available to answer any questions that the City Council may have with regard to the audit.

It is important to point out that the auditors have issued an unqualified opinion on the City's financial records as a whole, or sometimes referred to as a "clean opinion". The auditors did issue some findings on pages 36 through 39 which are being addressed and will be corrected for future audits.

ATTACHMENTS:

1) Audited Financial Statements of the City of Del Rey Oaks for the fiscal year ended June 30, 2008.

CITY OF DEL REY OAKS

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2008

AND INDEPENDENT AUDITORS' REPORT

CITY OF DEL REY OAKS

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CITY OF DEL REY OAKS

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CITY OF DEL REY OAKS

Members of the City Council

June 30, 2008

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Joseph P. Russell	Mayor	November 2008
Jerry Edelen	Vice Mayor	November 2008
Kristin Clark	Council Member	November 2008
Jeffrey Cecilio	Council Member	November 2010
Dennis Allion	Council Member	November 2010

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and City Council City of Del Rey Oaks Del Rey Oaks, California

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the **City of Del Rey Oaks** as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the **City of Del Rey Oaks** as of June 30, 2008, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards* we have also issued our report dated May 25, 2009 on our consideration of the **City of Del Rey Oaks'** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 4 through 9 and Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual-General and Notes to Required Supplementary Information on pages 28 and 29 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our Audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the ***City of Del Rey Oaks***' basic financial statements. The Statements and Schedules listed as supplementary information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

May 25, 2009

Hayashi + Wayland

CITY OF DEL REY OAKS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2008

The discussion and analysis of the City of Del Rey Oaks' (the City) financial performance provides an overview and analysis of the City's financial activities for the fiscal year ended June 30, 2008. It should be read in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the fiscal year ending June 30, 2008 by \$27.1 million (net assets), of that amount, \$26.9 million is invested in capital assets, net of related debt, and \$236,000 is unrestricted.
- The City's net assets decreased by \$17,000 for the year ended June 30, 2008.
- As of June 30, 2008, the City's governmental funds reported a combined ending fund balance of \$829,000, a decrease of \$223,000 in comparison with the prior fiscal year. Of the \$829,000, \$505,000 is reserved for a non-current receivable due from the Redevelopment Agency of the City of Del Rey Oaks.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis serves as an introduction to the City's financial statements. The City's financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The Statement of Net Assets combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations. Other nonfinancial factors should also be taken into consideration, such as changes in the City's property tax base, the condition of the City's infrastructure (i.e. roads, drainage improvements, storm and sewer lines, etc.) and redevelopment projects, to assess the overall health or financial condition of the City.

The *Statement of Activities* presents information showing how the City's net assets changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The government-wide financial statements include all the governmental activities of the City. The governmental activities of the City include public safety, streets, parks, planning, community development and general administration. The City does not operate any business-type activities.

Component units are included in the basic financial statements and consist of legally separate entities for which the City is financially accountable and that have the same governing board as the City. The Redevelopment Agency of the City of Del Rey Oaks is included as a blended component unit in these financial statements and has separately issued financial statements.

The government-wide financial statements can be found on pages 10 and 11 of this report.

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide detail information about the most significant funds, not the City as a whole. The City, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds are governmental fund types. Fund financial statements report essentially the same functions as those reported in the government-wide financial statements. However, unlike the government-wide financial statements, fund financial statements focus on *near-term inflows* and *outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year.

Because the focus of the governmental fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented in the government-wide financial statements. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate the comparison between the governmental fund and government-wide statements.

The City maintains five individual governmental funds. Information is presented separately in the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, and Capital Projects Fund both of which are considered to be major funds. Data from the other three governmental funds is combined into a single, aggregated nonmajor fund presentation.

The fund financial statements can be found on pages 12 through 14 of this report.

Notes to Basic Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 15 through 27 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. In the case of the City, assets exceed liabilities by \$27.1 million overall at the close of the most recent fiscal year. However, \$26.9 million of assets is invested in capital assets, net of related debt. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary of Net Assets As of June 30

	2008	2007	Increase (Decrease)
Current and other assets	\$ 1,591,860	\$ 1,841,547	\$ (249,687)
Capital assets	<u>26,950,365</u>	<u>26,906,052</u>	<u>45,313</u>
Total assets	<u>28,542,225</u>	<u>28,747,599</u>	<u>(205,374)</u>
Current and other liabilities	501,913	601,391	(99,478)
Long-term liabilities	<u>898,454</u>	<u>987,619</u>	<u>(89,165)</u>
Total liabilities	<u>1,400,367</u>	<u>1,589,010</u>	<u>(188,643)</u>
Invested in capital assets, net of related debt	26,905,186	26,858,959	46,227
Restricted for –			
Other purposes	–	1,694	(1,694)
Unrestricted	<u>236,672</u>	<u>297,936</u>	<u>(61,264)</u>
Total net assets	<u>\$ 27,141,858</u>	<u>\$ 27,158,589</u>	<u>\$ (16,731)</u>

Following is a more detailed review of the year's operations.

The decrease in current and other assets is due to a decrease in cash and receivables. Total liabilities decreased due to a decrease in accounts payable and notes payable. Total net assets decreased due to expenses over revenues.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

**Change in Net Assets
For the Year Ended June 30**

	<u>2008</u>	<u>2007</u>	<u>Increase (Decrease)</u>
Revenue:			
Program revenue:			
Charges for services	\$ 961,961	\$ 780,241	\$ 181,720
Operating grants and contributions	101,042	100,000	1,042
Capital grants and contributions	35,000	7,000	28,000
General revenues:			
Property taxes	634,844	876,111	(241,267)
Sales tax	236,108	249,040	(12,932)
Transaction tax	368,480	72,705	295,775
Other taxes	110,475	103,123	7,352
Investment earnings	33,772	15,716	18,056
Donated capital asset	25,000	-	25,000
Gain on sale of asset	4,146	-	4,146
Forgiveness of long-term debt	61,652	-	61,652
Total revenue	<u>2,572,480</u>	<u>2,203,936</u>	<u>368,544</u>
Expenses:			
General government	472,559	352,853	119,706
Public safety	1,125,802	1,021,804	103,998
Public works	160,570	145,888	14,682
Parks	99,268	94,765	4,503
Community development	681,845	564,185	117,660
Interest on long-term debt	49,167	35,428	13,739
Total expenses	<u>2,589,211</u>	<u>2,214,923</u>	<u>374,288</u>
Change in net assets	(16,731)	(10,987)	(5,744)
Net assets, beginning of year	<u>27,158,589</u>	<u>27,169,576</u>	<u>(10,987)</u>
Net assets, end of year	<u>\$ 27,141,858</u>	<u>\$ 27,158,589</u>	<u>\$ (16,731)</u>

The City's revenues increased approximately \$369,000 or 16% compared to the prior year.

- Charges for current services
 The increase is due to an increase in developer fees.
- Property taxes
 The decrease is due to the expiration of the Public Safety Tax.
- Transaction tax
 The increase is due to receiving the tax for an entire fiscal year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The City's expenditures increased approximately \$374,000 or 16% compared to the prior year.

- **General Government**
The increase is due to an increase in salaries and benefits and legal costs.
- **Public Safety**
The increase is due to an increase in salaries and benefits and the fire contract.
- **Community Development**
The increase is due to expenses for the Fort Ord project.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – The City's investment in capital assets as of June 30, 2008, amounted to \$26,950,365 (net of accumulated depreciation). This amount included land, buildings, improvements, furniture, equipment, and vehicles. This amount represents a net increase of \$44,313 over the prior fiscal year due to new purchases less current year depreciation.

Debt Administration – At fiscal year end, the City had \$998,884 in general obligation debt. New debt for the year was \$68,680 and retirements were made in the amount of \$153,501, for a net decrease of \$84,821.

Redevelopment law provides a means for financing redevelopment projects based upon an allocation of taxes collected within a project area. The taxable valuation of a project area last equalized prior to adoption of the redevelopment plan, or base roll, is established and, except for a period during which the taxable valuation drops below the base year level, the taxing agencies within the project area thereafter receive the taxes produced by the levy of the then current tax rate upon the base roll. These allocated taxes are used to repay indebtedness of the Agency.

The Redevelopment Agency of the City of Del Rey Oaks is not currently receiving an allocation of taxes due to no development having taken place within the proposed project area as of June 30, 2008.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements.

At the end of the current fiscal year, the City's governmental funds reported a total fund balance of \$828,785. This fund balance includes a receivable from the Redevelopment Agency of the City of Del Rey Oaks to the City of \$505,124. The General Fund has an unreserved fund balance of \$205,404, the Capital Projects Fund has an unreserved fund balance of \$117,045, and the Other Governmental Funds have a fund balance of \$1,212.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS (Continued)

During the current fiscal year, the fund balance of the City's General Fund decreased \$79,847, the Capital Projects Fund decreased \$136,132, and the Other Governmental Funds decreased \$6,940.

FUND BUDGETARY HIGHLIGHTS

General Fund – The original budget was not amended. The budget provided for a positive net change in fund balance of \$51,904, the actual change was a negative \$79,847. Actual revenues were less than budgeted by \$85,663 primarily due to decrease in revenue from other agencies. Actual expenditures were more than budgeted by \$115,473 due to all expenditures going over budget.

Other Governmental Funds – The original budget was not amended. The budget provided for a positive net change in fund balance of \$27,000, the actual change was a negative \$6,940. Actual revenues were more than budgeted by \$6,928. Actual other financing uses were not budgeted for.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Due to a general depressed economic climate permitting the country and for that matter the entire world, there has been some effect on the City's financial well being. The downward pressure on property tax revenue due to county wide foreclosures on residential property will amount to an estimated three (3) per cent reduction in the estimated City's property tax revenue. Additionally, with the pending State budget crisis looming the expectation is that the State will be "borrowing" approximately another eight (8) per cent of the property tax related revenue from most of the cities, counties and special districts in the State of California. These two items alone will require some creative budgeting in preparing a balanced City budget for the next few years.

On a lighter and brighter note; the opening of the Super Safeway store on Fremont Street in the west end of the City has been a real economic plus for the City as well as the success of the Stone Creek Shopping Center on the east end of the City. Also, since the City does not have any hotel/motel tax or auto/truck sales tax to be concerned about the City is in better shape financially than many other cities in the State.

The development of the former Fort Ord property has come to a virtual standstill due to the overall economic climate and the annual \$350,000 payment to the Agency and agreed to by developer has not been forth coming for the last couple of years.

All the more reason, as was mentioned in last year's audit that the City should dedicate itself to create a general fund balance reserve of at least 9 months of projected operational funds at all times, which is approximately \$1,400,000.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Del Rey Oaks, 650 Canyon Del Rey Road, Del Rey Oaks, California 93940.

BASIC FINANCIAL STATEMENTS

CITY OF DEL REY OAKS
STATEMENT OF NET ASSETS
JUNE 30, 2008

ASSETS

Cash and equivalents	\$ 342,980
Investments	758,339
Receivables, net	199,338
Receivables from other governments	172,578
Prepaid expenses	14,125
Loans receivable	104,500
Capital assets, net:	
Nondepreciable	26,578,746
Depreciable	<u>371,619</u>
Total assets	<u>28,542,225</u>

LIABILITIES

Accounts payable	375,143
Deferred revenue	26,340
Noncurrent liabilities:	
Due within one year	100,430
Due in more than one year	<u>898,454</u>
Total liabilities	<u>1,400,367</u>

NET ASSETS

Invested in capital assets, net of related debt	26,905,186
Unrestricted	<u>236,672</u>
Total net assets	<u>\$ 27,141,858</u>

See Notes to Basic Financial Statements.

CITY OF DEL REY OAKS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets
<u>FUNCTIONS/PROGRAMS</u>				
Governmental activities:				
General government	\$ 472,559	\$ 124,559	\$ —	\$ —
Public safety	1,125,802	115,733	101,042	—
Public works	160,570	—	—	—
Parks	99,268	4,550	—	35,000
Community development	681,845	717,119	—	—
Interest on long-term debt	49,167	—	—	—
	<u>\$ 2,589,211</u>	<u>\$ 961,961</u>	<u>\$ 101,042</u>	<u>\$ 35,000</u>
Total governmental activities				(1,491,208)
<u>GENERAL REVENUES</u>				
Taxes:				
Property taxes, levied for general purposes				634,844
Sales tax				236,108
Transaction tax				368,480
Franchise taxes				77,747
Gas taxes				32,728
Investment earnings				33,772
Donated capital asset				25,000
Gain on sale of assets				4,146
Forgiveness of long-term debt				61,652
				<u>1,474,477</u>
Total general revenues				(16,731)
CHANGE IN NET ASSETS				27,158,589
NET ASSETS, BEGINNING OF YEAR				<u>27,158,589</u>
NET ASSETS, END OF YEAR				<u>\$ 27,141,858</u>

See Notes to Basic Financial Statements.

CITY OF DEL REY OAKS
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2008

	General	Capital Projects	Other Governmental Funds	Total
ASSETS				
Cash and equivalents	\$ 212,210	\$ 130,770	\$ –	\$ 342,980
Investments	737,755	20,584	–	758,339
Receivables, net	19,431	179,907	–	199,338
Receivables from other governments	159,951	–	12,627	172,578
Prepaid expenses	14,125	–	–	14,125
Due to other funds	11,019	700,000	–	711,019
Advances receivables	505,124	–	–	505,124
Loans receivable	–	–	104,500	104,500
Total assets	<u>1,659,615</u>	<u>1,031,261</u>	<u>117,127</u>	<u>2,808,003</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	105,006	270,137	–	375,143
Due to other funds	700,000	11,019	–	711,019
Deferred revenue	144,081	127,936	115,915	387,932
Advances payable	–	505,124	–	505,124
Total liabilities	<u>949,087</u>	<u>914,216</u>	<u>115,915</u>	<u>1,979,218</u>
Fund balances:				
Reserved for –				
Noncurrent receivable	505,124	–	–	505,124
Unreserved	205,404	–	–	205,404
Unreserved, reported in:				
Capital projects fund	–	117,045	–	117,045
Special revenue funds	–	–	1,212	1,212
Total fund balances	<u>710,528</u>	<u>117,045</u>	<u>1,212</u>	<u>828,785</u>
Total liabilities and fund balances	<u>\$ 1,659,615</u>	<u>\$ 1,031,261</u>	<u>\$ 117,127</u>	
Amounts reported in the Statement of Net Assets are different because:				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds				26,950,365
Other assets are not available to pay for current period expenditures and therefore are deferred in the funds				361,592
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds				(998,884)
The noncurrent receivable represents advances from the City to the Redevelopment Agency and is eliminated on the Statements of Net Assets				(505,124)
Advances payable represent advances due to the City from the Redevelopment Agency and are eliminated on the Statement of Net Assets				<u>505,124</u>
NET ASSETS				<u>\$ 27,141,858</u>

See Notes to Basic Financial Statements.

CITY OF DEL REY OAKS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	General	Capital Projects	Other Governmental Funds	Total
REVENUES:				
Property taxes	\$ 634,814	\$ –	\$ –	\$ 634,814
Sales tax	213,129	–	–	213,129
Transaction tax	373,126	–	–	373,126
Franchise taxes	77,747	–	–	77,747
Business licenses	178,209	–	–	178,209
Licenses and permits	26,472	–	–	26,472
Fines, forfeits and penalties	1,279	–	12,614	13,893
Charges for current services	138,108	–	–	138,108
Revenue from other agencies	154,694	–	21,314	176,008
Developer fees	–	555,466	–	555,466
Investment earnings	24,214	9,558	–	33,772
Other revenue	30,395	–	–	30,395
Total revenues	<u>1,852,187</u>	<u>565,024</u>	<u>33,928</u>	<u>2,451,139</u>
EXPENDITURES:				
Current:				
General government	470,910	–	–	470,910
Public safety	1,090,880	–	–	1,090,880
Public works	151,134	–	–	151,134
Parks	91,507	–	–	91,507
Community development	32,259	672,007	–	704,266
Debt service:				
Principal	78,544	13,305	–	91,849
Interest and other charges	12,074	52,533	–	64,607
Capital outlay	74,111	–	–	74,111
Total expenditures	<u>2,001,419</u>	<u>737,845</u>	<u>–</u>	<u>2,739,264</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(149,232)</u>	<u>(172,821)</u>	<u>33,928</u>	<u>(288,125)</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from long term debt	28,517	36,689	–	65,206
Transfers in	40,868	–	–	40,868
Transfers out	–	–	(40,868)	(40,868)
Total other financing sources (uses)	<u>69,385</u>	<u>36,689</u>	<u>(40,868)</u>	<u>65,206</u>
NET CHANGE IN FUND BALANCES	<u>(79,847)</u>	<u>(136,132)</u>	<u>(6,940)</u>	<u>(222,919)</u>
FUND BALANCES, BEGINNING OF YEAR	<u>790,375</u>	<u>253,177</u>	<u>8,152</u>	<u>1,051,704</u>
FUND BALANCES, END OF YEAR	<u>\$ 710,528</u>	<u>\$ 117,045</u>	<u>\$ 1,212</u>	<u>\$ 828,785</u>

See Notes to Basic Financial Statements.

CITY OF DEL REY OAKS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

NET CHANGE IN FUND BALANCES	\$ (222,919)
Amounts reported in the Statement of Activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period this amount is:	
Capital Outlay	74,111
Current year depreciation	(54,044)
In the Statement of Activities, only the gain on the sale of assets is reported, whereas in the government funds, the proceeds from the sale increase financial resources. Therefore, the change in net assets differs from the change in fund balance by the net book value of the assets sold.	
	(754)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds. In the current period this amount is:	
Deferred revenue	77,054
Donated capital asset	25,000
Forgiveness of long-term debt	61,652
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, neither transaction has any effect on net assets. In the current period this amount is:	
Proceeds for long term debt	(65,206)
Principal payments on long-term debt	91,849
Compensated absences reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
	<u>(3,474)</u>
CHANGE IN NET ASSETS	<u>\$ (16,731)</u>

See Notes to Basic Financial Statements.

CITY OF DEL REY OAKS

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2008

AND INDEPENDENT AUDITORS' REPORT

CITY OF DEL REY OAKS

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CITY OF DEL REY OAKS

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CITY OF DEL REY OAKS

Members of the City Council

June 30, 2008

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Joseph P. Russell	Mayor	November 2008
Jerry Edelen	Vice Mayor	November 2008
Kristin Clark	Council Member	November 2008
Jeffrey Cecilio	Council Member	November 2010
Dennis Allion	Council Member	November 2010

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and City Council City of Del Rey Oaks Del Rey Oaks, California

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the **City of Del Rey Oaks** as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the **City of Del Rey Oaks** as of June 30, 2008, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards* we have also issued our report dated May 25, 2009 on our consideration of the **City of Del Rey Oaks'** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 4 through 9 and Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual-General and Notes to Required Supplementary Information on pages 28 and 29 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our Audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the ***City of Del Rey Oaks***' basic financial statements. The Statements and Schedules listed as supplementary information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

May 25, 2009

Hayashi + Wayland

CITY OF DEL REY OAKS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2008

The discussion and analysis of the City of Del Rey Oaks' (the City) financial performance provides an overview and analysis of the City's financial activities for the fiscal year ended June 30, 2008. It should be read in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the fiscal year ending June 30, 2008 by \$27.1 million (net assets), of that amount, \$26.9 million is invested in capital assets, net of related debt, and \$236,000 is unrestricted.
- The City's net assets decreased by \$17,000 for the year ended June 30, 2008.
- As of June 30, 2008, the City's governmental funds reported a combined ending fund balance of \$829,000, a decrease of \$223,000 in comparison with the prior fiscal year. Of the \$829,000, \$505,000 is reserved for a non-current receivable due from the Redevelopment Agency of the City of Del Rey Oaks.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis serves as an introduction to the City's financial statements. The City's financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The Statement of Net Assets combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations. Other nonfinancial factors should also be taken into consideration, such as changes in the City's property tax base, the condition of the City's infrastructure (i.e. roads, drainage improvements, storm and sewer lines, etc.) and redevelopment projects, to assess the overall health or financial condition of the City.

The *Statement of Activities* presents information showing how the City's net assets changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The government-wide financial statements include all the governmental activities of the City. The governmental activities of the City include public safety, streets, parks, planning, community development and general administration. The City does not operate any business-type activities.

Component units are included in the basic financial statements and consist of legally separate entities for which the City is financially accountable and that have the same governing board as the City. The Redevelopment Agency of the City of Del Rey Oaks is included as a blended component unit in these financial statements and has separately issued financial statements.

The government-wide financial statements can be found on pages 10 and 11 of this report.

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide detail information about the most significant funds, not the City as a whole. The City, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds are governmental fund types. Fund financial statements report essentially the same functions as those reported in the government-wide financial statements. However, unlike the government-wide financial statements, fund financial statements focus on *near-term inflows* and *outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year.

Because the focus of the governmental fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented in the government-wide financial statements. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate the comparison between the governmental fund and government-wide statements.

The City maintains five individual governmental funds. Information is presented separately in the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, and Capital Projects Fund both of which are considered to be major funds. Data from the other three governmental funds is combined into a single, aggregated nonmajor fund presentation.

The fund financial statements can be found on pages 12 through 14 of this report.

Notes to Basic Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 15 through 27 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. In the case of the City, assets exceed liabilities by \$27.1 million overall at the close of the most recent fiscal year. However, \$26.9 million of assets is invested in capital assets, net of related debt. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary of Net Assets As of June 30

	2008	2007	Increase (Decrease)
Current and other assets	\$ 1,591,860	\$ 1,841,547	\$ (249,687)
Capital assets	<u>26,950,365</u>	<u>26,906,052</u>	<u>45,313</u>
Total assets	<u>28,542,225</u>	<u>28,747,599</u>	<u>(205,374)</u>
Current and other liabilities	501,913	601,391	(99,478)
Long-term liabilities	<u>898,454</u>	<u>987,619</u>	<u>(89,165)</u>
Total liabilities	<u>1,400,367</u>	<u>1,589,010</u>	<u>(188,643)</u>
Invested in capital assets, net of related debt	26,905,186	26,858,959	46,227
Restricted for –			
Other purposes	–	1,694	(1,694)
Unrestricted	<u>236,672</u>	<u>297,936</u>	<u>(61,264)</u>
Total net assets	<u>\$ 27,141,858</u>	<u>\$ 27,158,589</u>	<u>\$ (16,731)</u>

Following is a more detailed review of the year's operations.

The decrease in current and other assets is due to a decrease in cash and receivables. Total liabilities decreased due to a decrease in accounts payable and notes payable. Total net assets decreased due to expenses over revenues.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

**Change in Net Assets
For the Year Ended June 30**

	<u>2008</u>	<u>2007</u>	<u>Increase (Decrease)</u>
Revenue:			
Program revenue:			
Charges for services	\$ 961,961	\$ 780,241	\$ 181,720
Operating grants and contributions	101,042	100,000	1,042
Capital grants and contributions	35,000	7,000	28,000
General revenues:			
Property taxes	634,844	876,111	(241,267)
Sales tax	236,108	249,040	(12,932)
Transaction tax	368,480	72,705	295,775
Other taxes	110,475	103,123	7,352
Investment earnings	33,772	15,716	18,056
Donated capital asset	25,000	-	25,000
Gain on sale of asset	4,146	-	4,146
Forgiveness of long-term debt	61,652	-	61,652
Total revenue	<u>2,572,480</u>	<u>2,203,936</u>	<u>368,544</u>
Expenses:			
General government	472,559	352,853	119,706
Public safety	1,125,802	1,021,804	103,998
Public works	160,570	145,888	14,682
Parks	99,268	94,765	4,503
Community development	681,845	564,185	117,660
Interest on long-term debt	49,167	35,428	13,739
Total expenses	<u>2,589,211</u>	<u>2,214,923</u>	<u>374,288</u>
Change in net assets	(16,731)	(10,987)	(5,744)
Net assets, beginning of year	<u>27,158,589</u>	<u>27,169,576</u>	<u>(10,987)</u>
Net assets, end of year	<u>\$ 27,141,858</u>	<u>\$ 27,158,589</u>	<u>\$ (16,731)</u>

The City's revenues increased approximately \$369,000 or 16% compared to the prior year.

- Charges for current services
The increase is due to an increase in developer fees.
- Property taxes
The decrease is due to the expiration of the Public Safety Tax.
- Transaction tax
The increase is due to receiving the tax for an entire fiscal year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The City's expenditures increased approximately \$374,000 or 16% compared to the prior year.

- **General Government**
The increase is due to an increase in salaries and benefits and legal costs.
- **Public Safety**
The increase is due to an increase in salaries and benefits and the fire contract.
- **Community Development**
The increase is due to expenses for the Fort Ord project.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – The City's investment in capital assets as of June 30, 2008, amounted to \$26,950,365 (net of accumulated depreciation). This amount included land, buildings, improvements, furniture, equipment, and vehicles. This amount represents a net increase of \$44,313 over the prior fiscal year due to new purchases less current year depreciation.

Debt Administration – At fiscal year end, the City had \$998,884 in general obligation debt. New debt for the year was \$68,680 and retirements were made in the amount of \$153,501, for a net decrease of \$84,821.

Redevelopment law provides a means for financing redevelopment projects based upon an allocation of taxes collected within a project area. The taxable valuation of a project area last equalized prior to adoption of the redevelopment plan, or base roll, is established and, except for a period during which the taxable valuation drops below the base year level, the taxing agencies within the project area thereafter receive the taxes produced by the levy of the then current tax rate upon the base roll. These allocated taxes are used to repay indebtedness of the Agency.

The Redevelopment Agency of the City of Del Rey Oaks is not currently receiving an allocation of taxes due to no development having taken place within the proposed project area as of June 30, 2008.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements.

At the end of the current fiscal year, the City's governmental funds reported a total fund balance of \$828,785. This fund balance includes a receivable from the Redevelopment Agency of the City of Del Rey Oaks to the City of \$505,124. The General Fund has an unreserved fund balance of \$205,404, the Capital Projects Fund has an unreserved fund balance of \$117,045, and the Other Governmental Funds have a fund balance of \$1,212.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS (Continued)

During the current fiscal year, the fund balance of the City's General Fund decreased \$79,847, the Capital Projects Fund decreased \$136,132, and the Other Governmental Funds decreased \$6,940.

FUND BUDGETARY HIGHLIGHTS

General Fund – The original budget was not amended. The budget provided for a positive net change in fund balance of \$51,904, the actual change was a negative \$79,847. Actual revenues were less than budgeted by \$85,663 primarily due to decrease in revenue from other agencies. Actual expenditures were more than budgeted by \$115,473 due to all expenditures going over budget.

Other Governmental Funds – The original budget was not amended. The budget provided for a positive net change in fund balance of \$27,000, the actual change was a negative \$6,940. Actual revenues were more than budgeted by \$6,928. Actual other financing uses were not budgeted for.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Due to a general depressed economic climate permitting the country and for that matter the entire world, there has been some effect on the City's financial well being. The downward pressure on property tax revenue due to county wide foreclosures on residential property will amount to an estimated three (3) per cent reduction in the estimated City's property tax revenue. Additionally, with the pending State budget crisis looming the expectation is that the State will be "borrowing" approximately another eight (8) per cent of the property tax related revenue from most of the cities, counties and special districts in the State of California. These two items alone will require some creative budgeting in preparing a balanced City budget for the next few years.

On a lighter and brighter note; the opening of the Super Safeway store on Fremont Street in the west end of the City has been a real economic plus for the City as well as the success of the Stone Creek Shopping Center on the east end of the City. Also, since the City does not have any hotel/motel tax or auto/truck sales tax to be concerned about the City is in better shape financially than many other cities in the State.

The development of the former Fort Ord property has come to a virtual standstill due to the overall economic climate and the annual \$350,000 payment to the Agency and agreed to by developer has not been forth coming for the last couple of years.

All the more reason, as was mentioned in last year's audit that the City should dedicate itself to create a general fund balance reserve of at least 9 months of projected operational funds at all times, which is approximately \$1,400,000.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Del Rey Oaks, 650 Canyon Del Rey Road, Del Rey Oaks, California 93940.

BASIC FINANCIAL STATEMENTS

CITY OF DEL REY OAKS
STATEMENT OF NET ASSETS
JUNE 30, 2008

ASSETS

Cash and equivalents	\$ 342,980
Investments	758,339
Receivables, net	199,338
Receivables from other governments	172,578
Prepaid expenses	14,125
Loans receivable	104,500
Capital assets, net:	
Nondepreciable	26,578,746
Depreciable	<u>371,619</u>
Total assets	<u>28,542,225</u>

LIABILITIES

Accounts payable	375,143
Deferred revenue	26,340
Noncurrent liabilities:	
Due within one year	100,430
Due in more than one year	<u>898,454</u>
Total liabilities	<u>1,400,367</u>

NET ASSETS

Invested in capital assets, net of related debt	26,905,186
Unrestricted	<u>236,672</u>
Total net assets	<u>\$ 27,141,858</u>

See Notes to Basic Financial Statements.

CITY OF DEL REY OAKS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets
<u>FUNCTIONS/PROGRAMS</u>				
Governmental activities:				
General government	\$ 472,559	\$ 124,559	\$ -	\$ -
Public safety	1,125,802	115,733	101,042	-
Public works	160,570	-	-	-
Parks	99,268	4,550	-	35,000
Community development	681,845	717,119	-	-
Interest on long-term debt	49,167	-	-	-
	<u>\$ 2,589,211</u>	<u>\$ 961,961</u>	<u>\$ 101,042</u>	<u>\$ 35,000</u>
Total governmental activities				(1,491,208)
<u>GENERAL REVENUES</u>				
Taxes:				
Property taxes, levied for general purposes				634,844
Sales tax				236,108
Transaction tax				368,480
Franchise taxes				77,747
Gas taxes				32,728
Investment earnings				33,772
Donated capital asset				25,000
Gain on sale of assets				4,146
Forgiveness of long-term debt				61,652
				<u>1,474,477</u>
Total general revenues				1,474,477
CHANGE IN NET ASSETS				(16,731)
NET ASSETS, BEGINNING OF YEAR				<u>27,158,589</u>
NET ASSETS, END OF YEAR				<u>\$ 27,141,858</u>

See Notes to Basic Financial Statements.

CITY OF DEL REY OAKS
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2008

	General	Capital Projects	Other Governmental Funds	Total
ASSETS				
Cash and equivalents	\$ 212,210	\$ 130,770	\$ –	\$ 342,980
Investments	737,755	20,584	–	758,339
Receivables, net	19,431	179,907	–	199,338
Receivables from other governments	159,951	–	12,627	172,578
Prepaid expenses	14,125	–	–	14,125
Due to other funds	11,019	700,000	–	711,019
Advances receivables	505,124	–	–	505,124
Loans receivable	–	–	104,500	104,500
Total assets	<u>1,659,615</u>	<u>1,031,261</u>	<u>117,127</u>	<u>2,808,003</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	105,006	270,137	–	375,143
Due to other funds	700,000	11,019	–	711,019
Deferred revenue	144,081	127,936	115,915	387,932
Advances payable	–	505,124	–	505,124
Total liabilities	<u>949,087</u>	<u>914,216</u>	<u>115,915</u>	<u>1,979,218</u>
Fund balances:				
Reserved for –				
Noncurrent receivable	505,124	–	–	505,124
Unreserved	205,404	–	–	205,404
Unreserved, reported in:				
Capital projects fund	–	117,045	–	117,045
Special revenue funds	–	–	1,212	1,212
Total fund balances	<u>710,528</u>	<u>117,045</u>	<u>1,212</u>	<u>828,785</u>
Total liabilities and fund balances	<u>\$ 1,659,615</u>	<u>\$ 1,031,261</u>	<u>\$ 117,127</u>	
Amounts reported in the Statement of Net Assets are different because:				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds				26,950,365
Other assets are not available to pay for current period expenditures and therefore are deferred in the funds				361,592
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds				(998,884)
The noncurrent receivable represents advances from the City to the Redevelopment Agency and is eliminated on the Statements of Net Assets				(505,124)
Advances payable represent advances due to the City from the Redevelopment Agency and are eliminated on the Statement of Net Assets				<u>505,124</u>
NET ASSETS				<u>\$ 27,141,858</u>

See Notes to Basic Financial Statements.

CITY OF DEL REY OAKS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	General	Capital Projects	Other Governmental Funds	Total
REVENUES:				
Property taxes	\$ 634,814	\$ –	\$ –	\$ 634,814
Sales tax	213,129	–	–	213,129
Transaction tax	373,126	–	–	373,126
Franchise taxes	77,747	–	–	77,747
Business licenses	178,209	–	–	178,209
Licenses and permits	26,472	–	–	26,472
Fines, forfeits and penalties	1,279	–	12,614	13,893
Charges for current services	138,108	–	–	138,108
Revenue from other agencies	154,694	–	21,314	176,008
Developer fees	–	555,466	–	555,466
Investment earnings	24,214	9,558	–	33,772
Other revenue	30,395	–	–	30,395
Total revenues	<u>1,852,187</u>	<u>565,024</u>	<u>33,928</u>	<u>2,451,139</u>
EXPENDITURES:				
Current:				
General government	470,910	–	–	470,910
Public safety	1,090,880	–	–	1,090,880
Public works	151,134	–	–	151,134
Parks	91,507	–	–	91,507
Community development	32,259	672,007	–	704,266
Debt service:				
Principal	78,544	13,305	–	91,849
Interest and other charges	12,074	52,533	–	64,607
Capital outlay	74,111	–	–	74,111
Total expenditures	<u>2,001,419</u>	<u>737,845</u>	<u>–</u>	<u>2,739,264</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(149,232)</u>	<u>(172,821)</u>	<u>33,928</u>	<u>(288,125)</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from long term debt	28,517	36,689	–	65,206
Transfers in	40,868	–	–	40,868
Transfers out	–	–	(40,868)	(40,868)
Total other financing sources (uses)	<u>69,385</u>	<u>36,689</u>	<u>(40,868)</u>	<u>65,206</u>
NET CHANGE IN FUND BALANCES	<u>(79,847)</u>	<u>(136,132)</u>	<u>(6,940)</u>	<u>(222,919)</u>
FUND BALANCES, BEGINNING OF YEAR	<u>790,375</u>	<u>253,177</u>	<u>8,152</u>	<u>1,051,704</u>
FUND BALANCES, END OF YEAR	<u>\$ 710,528</u>	<u>\$ 117,045</u>	<u>\$ 1,212</u>	<u>\$ 828,785</u>

See Notes to Basic Financial Statements.

CITY OF DEL REY OAKS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

NET CHANGE IN FUND BALANCES	\$ (222,919)
Amounts reported in the Statement of Activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period this amount is:	
Capital Outlay	74,111
Current year depreciation	(54,044)
In the Statement of Activities, only the gain on the sale of assets is reported, whereas in the government funds, the proceeds from the sale increase financial resources. Therefore, the change in net assets differs from the change in fund balance by the net book value of the assets sold.	
	(754)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds. In the current period this amount is:	
Deferred revenue	77,054
Donated capital asset	25,000
Forgiveness of long-term debt	61,652
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, neither transaction has any effect on net assets. In the current period this amount is:	
Proceeds for long term debt	(65,206)
Principal payments on long-term debt	91,849
Compensated absences reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
	<u>(3,474)</u>
CHANGE IN NET ASSETS	<u>\$ (16,731)</u>

See Notes to Basic Financial Statements.

CITY OF DEL REY OAKS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – The City of Del Rey Oaks (the City), California, was incorporated as a general law city on September 3, 1953. The City operates under a city council – manager form of government and provides a wide range of municipal services. As required by generally accepted accounting principles these financial statements present the City (the primary government) and its component units, entities for which the City is considered to be financially accountable.

Component units are organizations for which the City is financially accountable and for all other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability exists if the City appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. The City may be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the City. The financial statements of the component units may be discretely presented in a separate column from the primary government or blended with the financial statements of the primary government.

The financial statements of the following component unit have been blended with those of the City because (i) its governing board is substantially the same as the governing body of the City, or (ii) the component unit provides services entirely to the City.

Redevelopment Agency of the City of Del Rey Oaks (the Agency) – A separate governmental entity established for the purpose of redeveloping certain areas of the City. Currently, funds are provided from developer fees and advances from the City. Separate financial statements for the Agency are available from the Offices of the City of Del Rey Oaks.

Basis of Presentation and Accounting –

Government-Wide and Fund Financial Statements – The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Statement of Net Assets presents the City's assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

- *Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.
- *Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted net assets* consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

Separate fund based financial statements are provided for governmental funds. The City has no proprietary or fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The nonmajor funds are combined in a column in the fund financial statements.

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

Measurement Focus and Basis of Accounting – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if they are collected within 60 days of the end of the current fiscal period with the following exceptions: 1) Revenue received as part of the *Accounting for Local Revenue Realignments Adopted in the 2004–2005 State of California Budget*. These revenues are considered available if collected within seven months of the end of the current fiscal period; and 2) Grant revenues availability period is generally considered to be one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Ad valorem, franchise and sales tax revenues are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, contributions, and miscellaneous revenues are recorded as revenues when received in cash as the resulting receivable is immaterial. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

The City reports the following major governmental funds:

- a. *General Fund*, accounts for the City's primary services (Public Safety, Public Works, Parks, etc.) and is the primary operating unit of the City.
- b. *Capital Projects Fund*, accounts for financial resources to be used for administrative expenditures related to redevelopment projects and for the acquisition or construction of major capital facilities and infrastructure improvements.

Budgeting – The City legally adopts an annual budget for the Capital Projects Fund, in conformance with Health and Safety Code Section 33606 and for the General Fund and Other Governmental Funds. The City adopts the budget before June 30 for each ensuing fiscal year.

Budgets submitted to the Council include both proposed appropriations and the means of financing them. A mid-year budget review is performed and the budget is amended by passage of a resolution. Additional appropriations or interfund transfers not included in the amended budget resolution must be approved by the City Council.

All budgets have been prepared on a basis consistent with generally accepted accounting principles, which is the same basis of accounting as used to reflect actual revenues and expenditures.

Appropriations lapse at fiscal year end and then are rebudgeted for the coming fiscal year. Encumbrance accounting is not used.

Cash, Cash Equivalents and Investments – The City follows the practice of pooling cash and investments of all funds. Investments of the pooled cash consist of deposits with the Local Agency Investment Fund and are accounted for at fair market value. Interest earned as a result of pooling is distributed to the appropriate funds utilizing a formula based on the average daily balance of cash of each fund. The City considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Receivables – The City utilizes the allowance method with respect to doubtful accounts. The allowance at June 30, 2008 was \$20,592.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets – Property, facilities, equipment, and infrastructure purchased or acquired is carried at historical cost or estimated historical cost. Contributed fixed assets are recorded at estimated fair market value at the time received. Infrastructure fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems have been capitalized on a prospective basis, from July 1, 2003. Prior to July 1, 2003, infrastructure assets were not capitalized. Upon implementing GASB 34 governmental units were required to account for all capital assets in the government-wide statements, including infrastructure prospectively from the date of implementation. Retroactive reporting of all major general infrastructure assets for Phase 3 governments, of which the City is, is encouraged but not required. The city has opted not to report infrastructure assets retroactively. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 for equipment, \$25,000 for facilities and improvements, \$150,000 for infrastructure, all land, and an estimated useful life in excess of one year.

Property, facilities, equipment, and infrastructure of the primary government, as well as the component unit, is depreciated using the straight-line method over the following estimated useful lives:

Assets:

Buildings	40 Years
Improvements	5 – 20 Years
Equipment	5 – 10 Years
Vehicles	8 Years
Furniture and Fixtures	10 Years
Infrastructure	20 – 50 Years

Compensated Absences – Unused vacation may be accumulated up to 160 hours and is paid at the time of termination from City employment. Vacation is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Deferred Revenue – In governmental funds deferred revenue arises when revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise, in governmental funds, when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures (unearned). In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, revenue is recognized. Deferred revenues in the governmental funds amounted to \$387,932 at June 30, 2008. Of this amount \$60,086 represents interest receivable from the Redevelopment Agency to the City. The \$26,340 in deferred revenue on the Statement of Net Assets represents charges for services not earned as of June 30, 2008.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Obligations – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

Fund Equity – In the governmental fund financial statements, reservations of fund balance represent amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. In the government-wide financial statements, restrictions of net assets are limited to outside third-party restrictions.

Use of Restricted Resources – When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources, as they are needed.

Property Tax Levy, Collection and Maximum Rates – State of California (State) Constitution Article 13 provides for a maximum general property tax rate statewide of \$1 per \$100 of assessed value. Assessed value is calculated at 100% of market value as defined by the above referenced Article 13. The State Legislature has determined the method of distribution of receipts from \$1 tax levy among counties, cities, schools and other districts. Counties, cities and school districts may levy such additional tax rate as is necessary to provide for voter approved debt service.

The County of Monterey assesses properties, bills for and collects property taxes, as follows:

	<u>Secured</u>	<u>Unsecured</u>
Valuation dates	January 1	January 1
Lien/levy dates	July 1	July 1
Due dates	50% on November 1 50% on February 1	July 1
Delinquent as of	December 10 (for November) April 10 (for February)	August 31

The term “Unsecured” refers to taxes on personal property other than land and buildings. These taxes are secured by liens on the property being taxed.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property tax revenues are recorded in governmental funds as receivables and deferred revenues at the time the tax levy is billed. Current year revenues are those collected within the current period or soon enough thereafter to pay current liabilities, generally within sixty days of year-end. An allowance is provided for delinquent taxes not expected to be collected in the future, which was \$20,592 at June 30, 2008.

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

Accounting Pronouncements – The City adopted the following pronouncements during the year ending June 30, 2008. The City adopted GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, required for periods beginning after December 15, 2006. Governments sometimes exchange an interest in their expected cash flows from collecting specific receivables or specific future revenues for immediate cash payments—generally, a single lump sum. This Statement establishes criteria that governments will use to ascertain whether that transaction should be regarded as a sale, or as a collateralized borrowing resulting in a liability. This Statement also includes a provision that stipulates that governments should not revalue assets that are transferred between financial reporting entity components. This Statement excludes the common situation in which governments pledge their “full faith and credit” as security for their own debt, such as bonds. The City adopted GASB Statement No. 50, *Pension Disclosures an Amendment of GASB Statements No. 25 and 27*, required for periods beginning after June 15, 2007. This Statement more closely aligns the financial reporting requirements for pensions with those for other post employment benefits (OPEB).

NOTE 2. DEPOSITS AND INVESTMENTS

Custodial Credit Risk—Deposits – Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City has a deposit policy that complies with California Government Code Section 53638 (Public Deposit Act). As of June 30, 2008, \$171,110 of the City’s bank balances of \$371,110 was exposed to custodial credit risk as uninsured and collateralized by the pledging bank’s trust department not in the City’s name.

Investments – The City’s investments consist of deposits in the State Treasurer’s Local Agency Investment Fund. All investments are recorded at fair market value. The California Government Code requires that a financial institution secure deposits made by the state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal 110% of the total amount deposited by the public agencies. The investment of state pooled funds is governed by state law, by policies adopted by the Pooled Money Investment Board (PMIB) and by accepted norms for prudent fiduciary management of investments. PMIB funds may be invested in a wide range of interest bearing securities, such as Treasury notes, prime commercial paper, certain California municipal and agency obligations, highly rated corporate bonds, obligations of such

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

agencies as FannieMae, and negotiable certificates of deposit. Also allowed are time deposits in California banks, savings and loans, and credit unions that have not less than a “satisfactory” CRA rating. The value of each participating dollar equals the fair value divided by the amortized cost. The City’s fair value of the position in the pool is the same as the value of the pool shares. Investments at June 30, 2008 consisted of funds held in the Local Agency Investment Fund in the amount of \$758,339.

NOTE 3. RECEIVABLES

Receivables at June 30, 2008 for the government’s individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, consist of the following:

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Receivables, net:				
Franchise taxes	\$ 13,745	\$ —	\$ —	\$ 13,745
Developer fees	—	179,907	—	179,907
Interest	<u>5,686</u>	<u>—</u>	<u>—</u>	<u>5,686</u>
Total receivables, net	<u>\$ 19,431</u>	<u>\$ 179,907</u>	<u>\$ —</u>	<u>\$ 199,338</u>
Receivables from other governments:				
Property taxes	\$ 24,609	\$ —	\$ —	\$ 24,609
Gas tax	—	—	11,415	11,415
Fines	—	—	1,212	1,212
Sales taxes	78,774	—	—	78,774
Transaction tax	<u>77,160</u>	<u>—</u>	<u>—</u>	<u>77,160</u>
Gross receivables	180,543	—	12,627	193,170
Less: allowance for uncollectibles	<u>20,592</u>	<u>—</u>	<u>—</u>	<u>20,592</u>
Net total receivables from other governments	<u>\$ 159,951</u>	<u>\$ —</u>	<u>\$ 12,627</u>	<u>\$ 172,578</u>

NOTE 4. LOANS RECEIVABLE

The City has outstanding loan balances from interest free loans, which were given for rehabilitation and emergency repairs of older housing located within the City. These loans were provided by a grant from the State of California, Department of Housing and Community Development. The loans are deferred until the homeowners sell their property. The balance of the loans at June 30, 2008 was \$104,500.

NOTE 5. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2008, was as follows:

	Balance 6/30/07	Additions Transfers	Deletions Transfers	Balance 6/30/08
Capital assets not being depreciated –				
Land	\$ 26,578,746	\$ —	\$ —	\$ 26,578,746
Total capital assets not being depreciated	<u>26,578,746</u>	<u>—</u>	<u>—</u>	<u>26,578,746</u>
Capital assets being depreciated				
Buildings and improvements	471,353	—	—	471,353
Furniture and equipment	125,842	35,000	(12,617)	148,225
Vehicles	344,241	64,111	(77,207)	331,145
Total capital assets being depreciated	<u>941,436</u>	<u>99,111</u>	<u>(89,824)</u>	<u>950,723</u>
Less accumulated depreciation for:				
Buildings and improvements	260,394	13,949	—	274,343
Furniture and equipment	106,200	7,565	(12,617)	101,148
Vehicles	247,536	32,530	(76,453)	203,613
Total accumulated depreciation	<u>614,130</u>	<u>54,044</u>	<u>(89,070)</u>	<u>579,104</u>
Total capital assets being depreciated – net	<u>327,306</u>	<u>45,067</u>	<u>(754)</u>	<u>371,619</u>
Capital assets – net	<u>\$ 26,906,052</u>	<u>\$ 45,067</u>	<u>\$ (754)</u>	<u>\$ 26,950,365</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

General government	\$ 1,446
Public safety	29,618
Public works	10,656
Parks	8,574
Community development	<u>3,750</u>
Total depreciation expense	<u>\$ 54,044</u>

On December 9, 2005, the Agency received approximately 324 acres of land on what was the former Fort Ord Military Base from the Department of Defense under the donations of Obsolete Property Program. The value of the land has been estimated to be \$24,279,000.

NOTE 6. LONG-TERM DEBT

Loan Payable – City of Monterey – The City of Monterey provided fire protection services to the City of Del Rey Oaks from the period of July 1, 2002 through December 31, 2003. A promissory note in the amount of \$289,474 was entered into to provide the financing for those services. Principal and interest payments of \$34,807 with interest at 7% are to be made semi-annually beginning January 15, 2005 and continuing until July 15, 2009.

Note Payable – Federal/JER Associates I, LLC – The Agency and Federal/JER Associates I, LLC entered into a promissory note on March 3, 2006 in the amount of \$350,000. The note bears interest at the rate of 5%, per annum, compoundable annually, with the entire outstanding amount is repaid in full or forgiven in accordance with the terms of the Note. The Note is to be paid back in future year with available tax increment revenue.

Note Payable – Federal/JER Associates I, LLC – The Agency and Federal/JER Associates I, LLC entered into a promissory note on May 31, 2007 in the amount of \$358,669. The note bears interest at the rate of 5% per annum, compounded annually, until the entire outstanding amount is repaid in full or forgiven in accordance with the terms of the note. The note is to be paid back in future years with available tax increment revenue.

Capital Leases – The City has noncancelable capital lease agreements with Ford Motor Credit Company to finance the acquisition of vehicles. The leases qualify as capital leases for accounting purposes as defined under the Financial Accounting Standards Board Statement No. 13, *Accounting for Leases*, and therefore have been recorded at the present value of future minimum lease payments at the date of the inception of the lease. Assets under the leases total \$77,127 with accumulated depreciation of \$10,225 at June 30, 2008. The terms of the leases are as follows:

- 1) **Two Ford Crown Victoria's** – Principal and interest payments of \$13,282 with interest at 5.9% are to be made annually beginning April 13, 2007 and continuing until April 13, 2010.
- 2) **Ford F150** – Principal and interest payments of \$7,722 with interest at 5.6% are to be made annually beginning October 23, 2007 and continuing until October 23, 2010.

Long-Term Payables – The Agency has accrued certain costs associated with the furtherance of the redevelopment program with various vendors. The Agency intends to repay the vendors in future years with tax increment revenue. The vendors are not charging interest on the outstanding amounts.

NOTE 6. LONG-TERM DEBT (Continued)

General long-term debt balances and transactions for the fiscal year ended June 30, 2008 are as follows:

	Balance June 30, 2007	Additions	Retirements	Balance June 30, 2008	Due Within One Year
Notes and capital leases:					
TMG Partners	\$ 11,526	\$ -	\$ 11,526	\$ -	\$ -
City of Monterey	157,155	-	59,639	97,516	63,886
Federal/JER Associates	733,789	36,689	-	770,478	18,401
Capital leases	<u>35,568</u>	<u>28,517</u>	<u>18,905</u>	<u>45,180</u>	<u>-</u>
Total bonds, notes and capital leases	<u>938,038</u>	<u>65,206</u>	<u>90,070</u>	<u>913,174</u>	<u>82,287</u>
Other liabilities:					
Compensated absences	22,902	3,474	-	26,376	18,143
Long-term payables	<u>122,765</u>	<u>-</u>	<u>63,431</u>	<u>59,334</u>	<u>-</u>
Total other liabilities	<u>145,667</u>	<u>3,474</u>	<u>63,431</u>	<u>85,710</u>	<u>18,143</u>
Total	<u>\$ 1,083,705</u>	<u>\$ 68,680</u>	<u>\$ 153,501</u>	<u>\$ 998,884</u>	<u>\$ 100,430</u>

In prior years, the General Fund has been used to liquidate compensated absences.

Annual debt service requirements to maturity are as follows:

Fiscal Year Ended June 30	City of Monterey		Federal/JER		Capital Lease		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 63,886	\$ 5,727	\$ -	\$ -	\$ 18,401	\$ 2,604	\$ 82,287	\$ 8,331
2010	33,630	1,177	-	-	19,467	1,537	53,097	2,714
2011	-	-	-	-	7,312	410	7,312	410
2012	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-
2014-2018	<u>-</u>	<u>-</u>	<u>770,478</u>	<u>486,595</u>	<u>-</u>	<u>-</u>	<u>770,478</u>	<u>486,595</u>
Total	<u>\$ 97,516</u>	<u>\$ 6,904</u>	<u>\$ 770,478</u>	<u>\$ 486,595</u>	<u>\$ 45,180</u>	<u>\$ 4,551</u>	<u>\$ 913,174</u>	<u>\$ 498,050</u>

NOTE 7. OPERATING LEASE

The City is the lessor under a noncancelable operating lease which expires November 18, 2023. Future minimum rental payments due to the City under the lease at June 30, 2008 are as follows:

2009	\$	9,600
2010		9,600
2011		9,600
2012		9,600
2013		9,600
Thereafter		<u>90,400</u>
Total	\$	<u>138,400</u>

NOTE 8. INTERFUND TRANSACTIONS

At June 30, 2008 interfund receivables and payables consist of:

<u>Fund:</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 11,019	\$ 700,000
Capital projects	<u>700,000</u>	<u>11,019</u>
Total	<u>\$ 711,019</u>	<u>\$ 711,019</u>

The interfund receivable and payable represent expenditures paid from one fund on behalf of another fund and funds transferred from the Agency to the City. These amounts will be reimbursed in fiscal year ending June 30, 2009.

Advances receivable/payable in the amount of \$505,124 at June 30, 2008, represents advances from the City to the Agency to pay various consultants and to cover the Agency's share of administrative expenses. The Agency pays various rates of interest on these advances based on the LAIF interest rate at the time of the advance. A reservation has been made in the General Fund balance to indicate that they are not an expendable available financial resource.

Transfers between funds during the year were as follows:

<u>Fund:</u>	<u>Transfers Out</u>	<u>Transfers In</u>
General	\$ -	\$ 40,868
Other Governmental Funds:		
Traffic Safety	12,712	-
Gas Tax	<u>28,156</u>	<u>-</u>
Total	<u>\$ 40,868</u>	<u>\$ 40,868</u>

Transfers are made from Other Governmental Funds to cover expenditures for traffic safety and street purposes.

NOTE 9. PENSION PLAN

Plan Description – The City contributes to the California Public Employees Retirement System (CalPERS), a cost sharing multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute. CalPERS issues a publicly available annual financial report that includes financial statements and required supplementary information of the City. That report may be obtained from their Executive office, 400 P Street, Sacramento, California 95814.

Funding Policy – Participants are required to contribute 7% of their annual covered salary, of this 7%, the City has agreed to pay 5%. The City is required to contribute at an actuarial determined rate recommended by CalPERS actuaries and actuarial consultants and adopted by the CalPERS' Board of Administration. For the fiscal year ended June 30, 2008 the employer contribution rate was 23.772% for public safety personnel and 7.783% for other covered employees. The City's contributions to CalPERS for the years ending June 30, 2008, 2007 and 2006 were \$147,925, \$129,815, and \$125,014, respectively, equal to the required contributions for each year.

NOTE 10. JOINTLY GOVERNED ORGANIZATIONS

The City participates on the Boards of Community Human Services, a joint powers agency, Monterey Regional Waste Management District, the Monterey Peninsula Water Management District, Monterey Regional Water Pollution Control Agency, Association of Monterey Bay Area Governments, Transportation Agency for Monterey County, Fort Ord Reuse Authority, the Northern Salinas Valley Mosquito Abatement District, Monterey-Salinas Transit, and Seaside County Sanitation District. The Boards of these entities are comprised of representatives from local municipalities, districts, and unincorporated areas. The City made various disbursements to the organizations in the amount of \$16,450 for the fiscal year ended June 30, 2008.

NOTE 11. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to workers; and natural disasters. These risks are covered by a combination of commercial insurance purchased from independent third parties and participation in the Monterey Bay Area Self Insurance Authority (MBASIA), which is a public entity risk pool. There have not been any significant reductions in insurance coverage as compared to the previous year. Settled claims from these risks have not exceeded commercial coverage for the past three fiscal years.

MBASIA was formed under a joint powers agreement (JPA) pursuant to California Government Code Section 6500 et seq. effective July 1, 1982. MBASIA is administered by a Board of Directors consisting of thirteen members appointed by the cities participating. The Board controls the operations of the JPA, including selection of management and approval of operating budgets, independent of any influence by member cities beyond their representation on the Board. Each member city pays a premium commensurate with the amount of predicted losses and shares surpluses and deficits proportionate to their participation in the JPA.

NOTE 12. TRANSACTION TAX

The citizens of Del Rey Oaks passed a 1.0% transaction and use tax measure, which became operative on April 1, 2007. The tax, which is administered by the State Board of Equalization, expires April 1, 2012 or at any sooner date as determined by subsequent ordinance of the City. The City received \$368,480 in fiscal year ending June 30, 2008.

NOTE 13. AGREEMENTS

The Agency entered into an amended Agreement to Negotiate Exclusively (ANE) with Federal Del Rey Associates, LLC, now doing business as Federal/JER Associates I, LLC (developer) which has been extended until October 15, 2009. The purpose of the ANE is to establish procedures and standards for the negotiation of a Disposition and Development Agreement (DDA) between the Agency and the Developer for the property formerly known as Fort Ord (the site).

As an interim step towards negotiating the DDA, the Agency and the developer entered into an Option Agreement on October 17, 2005, which grants the developer options to purchase and/or lease, in phases, upon the occurrence of certain conditions described in the Agreement, portions of the site. As consideration for the grant of this Option, the developer shall provide to the Agency annual loans in the principal amount of \$350,000 each year beginning no later than December 1, 2005 and continuing each year for five years (see Note 6). The Developer did not provide the loan for the 2008 fiscal year.

NOTE 14. COMMITMENTS

The Agency has entered into various agreements for consulting services in the amount of \$377,701. As of June 30, 2008, there was \$143,802 remaining on these agreements.

NOTE 15. CONTINGENT LIABILITY

The Agency is obligated to reimburse the Fort Ord Reuse Authority (FORA) for the annual Pollution Legal Liability insurance premiums paid on their behalf by FORA. The Developer of the Ford Ord Project, Federal Development, has agreed to take on this obligation on behalf of the Agency. However, they have not paid the obligation for the fiscal year ending June 30, 2008 in the amount of \$256,023. Federal Development has entered into a payment agreement with FORA for the past due amount but if they should default, the Agency will be obligated to make this payment.

**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF DEL REY OAKS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL – GENERAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Property taxes	\$ 486,000	\$ 486,000	\$ 634,814	\$ 148,814
Sales tax	617,200	617,200	213,129	(404,071)
Transaction tax	—	—	373,126	373,126
Franchise taxes	56,800	56,800	77,747	20,947
Business licenses	170,000	170,000	178,209	8,209
Licenses and permits	71,300	71,300	26,472	(44,828)
Fines, forfeits and penalties	11,700	11,700	1,279	(10,421)
Charges for current services	155,350	155,350	138,108	(17,242)
Revenue from other agencies	314,800	314,800	154,694	(160,106)
Investment earnings	10,000	10,000	24,214	14,214
Other revenue	44,700	44,700	30,395	(14,305)
Total revenues	<u>1,937,850</u>	<u>1,937,850</u>	<u>1,852,187</u>	<u>(85,663)</u>
EXPENDITURES:				
Current:				
General government	381,222	381,222	470,910	(89,688)
Public safety	1,019,362	1,019,362	1,090,880	(71,518)
Public works	275,886	275,886	151,134	124,752
Parks	74,976	74,976	91,507	(16,531)
Community development	20,300	20,300	32,259	(11,959)
Debt service:				
Principal	70,000	70,000	78,544	(8,544)
Interest and other charges	—	—	12,074	(12,074)
Capital outlay	44,200	44,200	74,111	(29,911)
Total expenditures	<u>1,885,946</u>	<u>1,885,946</u>	<u>2,001,419</u>	<u>(115,473)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>51,904</u>	<u>51,904</u>	<u>(149,232)</u>	<u>(201,136)</u>
OTHER FINANCING SOURCES:				
Proceeds from loan	—	—	28,517	28,517
Transfers in	—	—	40,868	40,868
Total other financing sources	<u>—</u>	<u>—</u>	<u>69,385</u>	<u>69,385</u>
NET CHANGE IN FUND BALANCE	<u>\$ 51,904</u>	<u>\$ 51,904</u>	<u>\$ (79,847)</u>	<u>\$ (131,751)</u>

See Accompanying Notes to Required Supplementary Information.

CITY OF DEL REY OAKS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1. BUDGETARY DATA

The City Council adopts an annual legal budget, which covers the General Fund, Capital Projects Fund, and Other Governmental Funds. All appropriations lapse at fiscal year end and then are rebudgeted for the coming fiscal year. Encumbrance accounting is not used. The budgets are prepared on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.

A mid-year budget review is performed and the budget is amended by passage of a resolution. Additional appropriations or interfund transfers not included in the amended budget resolution must be approved by the City Council.

Per *GASB Statement No. 34*, only the general fund and major special revenue fund budgets are to be presented in required supplementary information.

**SUPPLEMENTARY
INFORMATION**

CITY OF DEL REY OAKS
STATEMENT OF NET ASSETS – CITY ONLY
JUNE 30, 2008

ASSETS

Cash and equivalents	\$ 212,210
Investments	737,755
Receivables, net	19,431
Receivables from other governments	172,578
Prepaid expenses	14,125
Advances receivable	516,143
Loans receivable	104,500
Capital assets, net:	
Nondepreciable	2,299,746
Depreciable	<u>319,119</u>
Total assets	<u>4,395,607</u>

LIABILITIES

Accounts payable	105,006
Deferred revenue	26,340
Due to Redevelopment Agency	700,000
Noncurrent liabilities:	
Due within one year	100,430
Due in more than one year	<u>68,642</u>
Total liabilities	<u>1,000,418</u>

NET ASSETS

Invested in capital assets, net of related debt	2,573,686
Unrestricted	<u>821,503</u>
Total net assets	<u>\$ 3,395,189</u>

CITY OF DEL REY OAKS
STATEMENT OF ACTIVITIES – CITY ONLY
FOR THE YEAR ENDED JUNE 30, 2008

	Program Revenues				
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets	
<u>FUNCTIONS/PROGRAMS</u>					
Governmental activities:					
General government	\$ 472,559	\$ 150,730	\$ -	\$ -	\$ (321,829)
Public safety	1,125,802	115,733	101,042	-	(909,027)
Public works	160,570	-	-	-	(160,570)
Parks	99,268	4,550	-	35,000	(59,718)
Community development	32,259	33,717	-	-	1,458
Interest on long-term debt	12,074	-	-	-	(12,074)
	<u>\$ 1,902,532</u>	<u>\$ 304,730</u>	<u>\$ 101,042</u>	<u>\$ 35,000</u>	<u>(1,461,760)</u>
<u>GENERAL REVENUES</u>					
Taxes:					
Property taxes, levied for general purposes					634,844
Sales tax					236,108
Transaction tax					368,480
Franchise taxes					77,747
Gas taxes					32,728
Investment earnings					39,654
Donated capital asset					25,000
Gain on sale of assets					4,146
					<u>1,418,707</u>
Total general revenues					<u>1,418,707</u>
CHANGE IN NET ASSETS					(43,053)
NET ASSETS, BEGINNING OF YEAR					<u>3,438,242</u>
NET ASSETS, END OF YEAR					<u>\$ 3,395,189</u>

CITY OF DEL REY OAKS
BALANCE SHEET – GOVERNMENTAL FUNDS – CITY ONLY
JUNE 30, 2008

	General	Other Governmental Funds	Total
<u>ASSETS</u>			
Cash and equivalents	\$ 212,210	\$ –	\$ 212,210
Investments	737,755	–	737,755
Receivables, net	19,431	–	19,431
Receivables from other governments	159,951	12,627	172,578
Prepaid expenses	14,125	–	14,125
Advances receivable	516,143	–	516,143
Loans receivable	–	104,500	104,500
	<u>1,659,615</u>	<u>117,127</u>	<u>1,776,742</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	105,006	–	105,006
Due to Redevelopment Agency	700,000	–	700,000
Deferred revenue	144,081	115,915	259,996
	<u>949,087</u>	<u>115,915</u>	<u>1,065,002</u>
Fund balances:			
Reserved for –			
Noncurrent receivable	505,124	–	505,124
Unreserved	205,404	–	205,404
Unreserved, reported in special revenue funds	–	1,212	1,212
	<u>710,528</u>	<u>1,212</u>	<u>711,740</u>
Total fund balances	<u>710,528</u>	<u>1,212</u>	<u>711,740</u>
Total liabilities and fund balances	<u>\$ 1,659,615</u>	<u>\$ 117,127</u>	
Amounts reported in the Statement of Net Assets are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds			2,618,865
Other assets are not available to pay for current period expenditures and therefore are deferred in the funds			233,656
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds			<u>(169,072)</u>
NET ASSETS			<u>\$ 3,395,189</u>

CITY OF DEL REY OAKS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS – CITY ONLY
FOR THE YEAR ENDED JUNE 30, 2008

	General	Other Governmental Funds	Total
REVENUES:			
Property taxes	\$ 634,814	\$ –	\$ 634,814
Sales tax	213,129	–	213,129
Transaction tax	373,126	–	373,126
Franchise taxes	77,747	–	77,747
Business licenses	178,209	–	178,209
Licenses and permits	26,472	–	26,472
Fines, forfeits and penalties	1,279	12,614	13,893
Charges for current services	138,108	–	138,108
Revenue from other agencies	154,694	21,314	176,008
Investment earnings	24,214	–	24,214
Other revenue	30,395	–	30,395
Total revenues	<u>1,852,187</u>	<u>33,928</u>	<u>1,886,115</u>
EXPENDITURES:			
Current:			
General government	470,910	–	470,910
Public safety	1,090,880	–	1,090,880
Public works	151,134	–	151,134
Parks	91,507	–	91,507
Community development	32,259	–	32,259
Debt service:			
Principal	78,544	–	78,544
Interest and other charges	12,074	–	12,074
Capital outlay	74,111	–	74,111
Total expenditures	<u>2,001,419</u>	<u>–</u>	<u>2,001,419</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(149,232)</u>	<u>33,928</u>	<u>(115,304)</u>
OTHER FINANCING SOURCES (USES):			
Proceeds from loan	28,517	–	28,517
Transfers in	40,868	–	40,868
Transfers out	–	(40,868)	(40,868)
Total other financing sources (uses)	<u>69,385</u>	<u>(40,868)</u>	<u>28,517</u>
NET CHANGE IN FUND BALANCES	<u>(79,847)</u>	<u>(6,940)</u>	<u>(86,787)</u>
FUND BALANCES, BEGINNING OF YEAR	<u>790,375</u>	<u>8,152</u>	<u>798,527</u>
FUND BALANCES, END OF YEAR	<u>\$ 710,528</u>	<u>\$ 1,212</u>	<u>\$ 711,740</u>

CITY OF DEL REY OAKS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES – CITY ONLY
FOR THE YEAR ENDED JUNE 30, 2008

NET CHANGE IN FUND BALANCES	\$ (86,787)
Amounts reported in the Statement of Activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, this amount is:	
Capital outlay	74,111
Current year depreciation	(50,294)
In the Statement of Activities, only the gain on the sale of assets is reported, whereas in the government funds, the proceeds from the sale increase financial resources. Therefore, the change in net assets differs from the change in fund balance by the net book value of the assets sold.	
	(754)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds. In the current period this amount is:	
Deferred revenue	(50,882)
Donated capital asset	25,000
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, neither transaction has an effect on net assets. In the current period this amount is:	
Proceeds from long-term debt	(28,517)
Principal payments on long-term debt	78,544
Compensated absences reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
	<u>(3,474)</u>
CHANGE IN NET ASSETS	<u>\$ (43,053)</u>

CITY OF DEL REY OAKS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Fines, forfeits and penalties	\$ -	\$ -	\$ 12,614	\$ 12,614
Revenue from other Agencies	<u>27,000</u>	<u>27,000</u>	<u>21,314</u>	<u>(5,686)</u>
Total revenues	<u>27,000</u>	<u>27,000</u>	<u>33,928</u>	<u>6,928</u>
EXPENDITURES –				
Current	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>27,000</u>	<u>27,000</u>	<u>33,928</u>	<u>6,928</u>
OTHER FINANCING SOURCES (USES) –				
Transfer out	<u>-</u>	<u>-</u>	<u>(40,868)</u>	<u>(40,868)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(40,868)</u>	<u>(40,868)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 27,000</u>	<u>\$ 27,000</u>	<u>\$ (6,940)</u>	<u>\$ (33,940)</u>

REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS

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

**The Honorable Mayor and City Council
City of Del Rey Oaks
Del Rey Oaks, California**

We have audited the financial statements of the *City of Del Rey Oaks* as of and for the year ended June 30, 2008, and have issued our report thereon dated May 25, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the *City of Del Rey Oaks'* internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the *City of Del Rey Oaks'* internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the *City of Del Rey Oaks'* internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential, will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting. These findings are referenced as 2008-1 and 2008-2.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the *City of Del Rey Oaks*' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2008-3 through 2008-6. The City of Del Rey Oaks' response to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the City of Del Rey Oaks' responses and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Mayor, City Council and management and is not intended to be and should not be used by anyone other than these specified parties.

May 25, 2009

Hargashi + Wayland

CITY OF DEL REY OAKS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2008

Finding 2008-1:

The City does not have an accounting procedures manual. Written procedures, instructions, and assignment of duties will prevent or reduce misunderstandings, errors, inefficient or wasted effort, duplicated or omitted procedures, and other situations that can result in inaccurate or untimely accounting records. A well devised accounting manual can also help to ensure that all similar transactions are treated consistently, that accounting principles used are proper, and that records are produced in the form desired by management. A good accounting manual should aid in the training of new employees and possibly allow for delegation to other employees of some accounting functions management performs.

Recommendation – We recommend that the City prepare a comprehensive accounting procedures manual. The manual should include a chart of accounts, adequate explanations of account content, month-end and year-end closing procedures, appropriate descriptions of all accounting procedures and routines and all matters that bear directly or indirectly on the functioning of the system of internal accounting control.

Response – The Procedural Manual is in process and will be completed by the end of fiscal year June 2009.

Finding 2008-2:

City personnel lack the training needed to process and record financial information and prepare the financial statements in accordance with generally accepted accounting principles, as evidenced by the amount of audit adjustments necessary.

Recommendation – We recommend that personnel obtain the training needed to be able to process and record financial information and prepare the financial statements in accordance with generally accepted accounting principles.

Response – City personnel are currently under going training and will continue to obtain the training needed.

Finding 2008-3:

In accordance with the California Health and Safety Code, Section 33606, redevelopment agencies are to adopt an annual budget (Capital Projects Fund). The Agency did not adopt a budget for fiscal year ending June 30, 2008.

Recommendation – We recommend that a procedure be put into place to insure that a budget is adopted each year in accordance with the requirements of California Health and Safety Code section 33606.

Response – The Agency’s budget is scheduled to be developed on the same schedule as the City of Del Rey Oak’s budget to be presented for adoption by at least the June council meeting prior to the new fiscal year.

CITY OF DEL REY OAKS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2008
(Continued)

Finding 2008-4:

In accordance with Health and Safety Code Section 33080.1, every redevelopment agency shall file with the State Controller within six months of the end of the agency's fiscal year a copy of an independent financial audit report for the previous fiscal year. The audit report was not filed timely for fiscal year ending June 30, 2007 nor will it be filed timely for June 30, 2008.

Recommendation – We recommend that the Agency make every effort, in the future to have their audit report filed in a timely manner in order to meet the required deadline.

Response – The Agency will make every effort in the future to file with the State Controller the independent auditor report within six months of the end of the fiscal year.

Finding 2008-5:

Redevelopment agencies must produce Implementation Plans, in accordance with Health & Safety Code Section 33490 and 33413 (b), for each project area every five years. The Agency adopted the initial Implementation Plan on March 25, 2003. A new Plan should have been adopted by March 5, 2008. This was not done.

Recommendation – We recommend that a new Implementation Plan be adopted as soon as possible.

Response – The Agency will be preparing and taking a new five year implementation plan to the Agency members during the next couple of months.

Finding 2008-6:

The Agency has received two loans from the Developer as consideration for the Agency granting the Developer an option to purchase certain real property located in the Del Rey Oaks Redevelopment Project Area. In the event the Agency has not repaid the loans at the time the Developer is prepared to purchase the property, the Developer may offset the loans against the purchase price of the land. \$700,000 of these loan proceeds were transferred to the City of Del Rey Oaks. As these loan proceeds are clearly an Agency transaction, there was no basis for the transfer of funds to the City.

Recommendation – We recommend that these funds be transferred back to the Agency as soon as possible.

Response – The City of Del Rey Oaks will transfer the \$700,000 loan proceeds back to the Agency.

CITY OF DEL REY OAKS

TO: Mayor and City Council
FROM: Dewey D Evans, City Manager
DATE: June 23, 2009
SUBJECT: Resolution Authorizing Continuing Appropriations for Fiscal Year 2009-2010

RECOMMENDATION:

That the City Council adopt the attached resolution authorizing the continuation of City services and the payment of City obligations at a level not to exceed the level authorized for fiscal year 2008-2009.

DISCUSSION:

The law in the State of California requires that all cities adopt a budget by June 30th. If the budget is not adopted by that date the city must adopt a resolution continuing the previous year's budget into the new fiscal year.

ATTACHMENTS:

- 1) Resolution Authorizing Continuing Appropriations for Fiscal Year 2009-2010.

RESOLUTION NO. 2009-05

RESOLUTION AUTHORIZING CONTINUING APPROPRIATIONS
FOR FISCAL YEAR 2009-2010

-o0o-

WHEREAS, the City of Del Rey Oaks fiscal year ends on June 30, 2009;

WHEREAS, the City of Del Rey Oaks Proposed Annual Budget for Fiscal Year 2009-10 is not yet ready for public hearing and adoption;

NOW, THEREFORE BE IT RESOLVED, by the City Council of the Del Rey Oaks, as follows:

1. That in order to continue to provide city services and pay City obligations, the City Council hereby authorizes the expenditure of funds at a maximum of existing expenditure levels.

2. That expenditures shall not exceed the level established for the fiscal year 2008-09 amended Annual Budget.

3. That this resolution shall remain in effect until adoption of fiscal year 2009-10 Annual Budget.

PASSED AND ADOPTED AT a regular meeting of the City Council of the City of Del Rey Oaks duly held on June 23, 2009 by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

Joseph P. Russell, Mayor

ATTEST:

Dewey D. Evans, City Clerk

CITY OF DEL REY OAKS

TO: City Council Members

FROM: Dewey D Evans, City Manager

DATE: June 23, 2009

SUBJECT: City of Del Rey Oaks Capital Assets Policy Manual

RECOMMENDATION:

It is recommended that the Council consider approval of the City of Del Rey Oaks Capital Assets Manual.

BACKGROUND:

During previous audits of the City of Del Rey Oaks financial records, the auditor, Hayashi and Wayland, has indicated that the City was in need of capital assets policy manual to provide control and accountability over capital assets, and to gather and maintain information needed for the preparation of financial statements.

DISCUSSION:

A draft Capital Assets Manual was developed using a sample manual obtained from Hayashi and Wayland prepared by the City of Sand City. Modifications were made to tailor the manual to specifications of the City of Del Rey Oaks. Subsequent revisions were made based on review by staff, and the proposed Capital Assets Manual is submitted for Council consideration of input and approval.

FISCAL IMPACT:

Minor fiscal impact: Written procedures for management enhances fiduciary oversight producing more exacting amounts of City assets for greater financial integrity.

CITY OF DEL REY OAKS

Capital Assets Policy Manual

March 30, 2009
Rev. June 16, 2009

Capital Assets

10 About the Capital Asset Policies

- 10.10 Policies in this chapter are minimum standards
- 10.20 Authority for these policies
- 10.30 Applicability
- 10.40 Department responsibilities
- 10.50 Policies differ in cases of absolute title and residual title

20 Valuing, Capitalizing and Depreciating Capital Assets

- 20.10 How to value capital assets
- 20.20 Capitalizing assets
- 20.22 Assets not capitalized
- 20.30 Capital leases - definition
- 20.40 Accounting for capital leases
- 20.60 Accounting for infrastructure
- 20.70 Depreciation policy

30 Capitalized Assets Inventory Policy

- 30.10 Which capital assets need to be inventoried or cataloged?
- 30.20 Capitalized asset audit frequency
- 30.30 Who should conduct and verify the assets?
- 30.40 Asset audit instructions
- 30.50 Physical inventory reconciliations

40 Capital Asset Class and Useful life Table

- 40.10 Schedule A - Capital asset class and useful life table

10

About the Capital Asset Policies

OVERVIEW Fixed assets are specific items of property that: (1) are tangible in nature; (2) have a life longer than one year; and (3) have a significant value. The significant value test is important because the City of Del Rey Oaks has individual assets that are tangible and long-lived, but whose value is so small that the time and expense incurred in maintaining detailed accounting and inventory records for them are not justified.

The value of fixed assets for the City, including the very smallest ones, is substantial. Maintaining a complete and accurate accounting for fixed assets with significant value is important for several reasons. Adequate accounting procedures and records for fixed assets are essential to effective property management and control. The stewardship responsibility involved in safeguarding such a large public investment is of the utmost importance to sound financial administration.

BENEFITS A good system of fixed assets accounting facilitates overall control and custody of the City's property; permits the assignment of direct responsibility for custody and proper use of specific fixed assets to individual public officials; and provides data essential to the proper management of fixed assets, including repairs/maintenance management and acquisition of adequate insurance coverage. An accounting of fixed assets is required for preparation of a satisfactory and complete financial report.

RECORD KEEPING Failure to install and maintain a fixed asset management system will result in a qualification in the independent auditor's report on the city. This occurs when the auditor is unable to establish that the city's accounting records properly summarize fixed asset expenditure transactions, that physical safe guards over assets are absent or fall short of controlling such assets, or that records are absent to substantiate that assets used by the City are actually owned.

10.10

Policies in this chapter are minimum standards

The purpose of a capital asset inventory system is: 1) to provide control and accountability over capital assets, and 2) to gather and maintain information needed for the preparation of financial statements. The policies and procedures in this chapter are the minimum requirements for capital assets that the departments of the City of Del Rey Oaks and/or its Component Units (CU's) must meet. A department may maintain its capital asset inventory system in greater detail, or use additional supporting documentation, as long as the department meets the required minimum standards.

10.20 Authority for these policies

10.20. a Generally Accepted Accounting Principles (GAAP) based accounting system and procedures ensure the City's assets, including capital assets, are properly accounted for.

10.30 Applicability

10.30. a All departments & CU's of the City of Del Rey Oaks must comply with this policy, unless otherwise exempted by official, written communication from the City Manager and/or Council direction.

10.40 Department responsibilities

Departments are responsible for developing internal policies and procedures to protect and control the use of all capital assets.

10.50 Policies differ in cases of absolute title and residual title

When the City has **absolute title** of a capital asset:

- Include the value of the capital asset in the annual financial statements, and
- Include the capital asset in the capital asset inventory system, if inventoried

When an external entity, such as the federal government, retains residual title to a capital asset:

- Include the capital asset in the capital asset inventory system, if inventoried.
- This includes capital assets on lease or long-term loan.

Temporary custodial responsibility or title shall not be considered absolute for the purposes of this chapter.

20.10 How to value capital assets

Capital assets should be valued at cost including all ancillary charges necessary to place the asset in its intended location and condition for use. Determine the value of capital assets in the following manner:

- 20.10. a **Purchased Assets** - Use historical costs including all nonrefundable purchase taxes (e.g., sales taxes), and all appropriate ancillary costs less any trade discounts or rebates. If the historical cost is not practicably determinable, use the estimated cost.

If land is purchased, the capitalized value is to include the purchase price plus costs such as legal fees, filling, and excavation costs incurred to put the land in condition for its intended use.

Building costs include both acquisition and capital improvement costs, including, in proprietary and trust funds, net construction period interest. Capital improvements include structures (e.g., office buildings, storage quarters, and other facilities) and all other property permanently attached to, or an integral part of, the structure (e.g., loading docks, heating and air-conditioning equipment, and refrigeration equipment). The City Manager has the option of capitalizing buildings by components when the useful lives of the components vary.

Furniture, fixtures, software, or other equipment not an integral part of a building are not considered capital improvements and should be classified as equipment. The cost for this asset type reflects the actual or estimated cost of the asset.

Include the cost of extended maintenance/warranty contracts in the asset valuation if the contract is purchased at the same time (or soon thereafter) as the capital asset.

Depreciate these contracts over the useful life of the asset. Do not capitalize payments for contracts not purchased at the same time as the capital asset.

- 20.10. b **Self-Constructed Assets**

Capitalize all direct costs associated with the construction and department management costs associated with a construction project.

Department project management costs may be capitalized in one of two ways:

- 1) Use actual project management costs when they are practicably discernible and directly associated with the project
- 2) Apply a percentage of total budgeted project costs. The application rate may or may not be designed to recover total department project management costs. Exclude indirect costs unless they are increased by the construction.

In proprietary funds, include net interest costs incurred during the period of construction in the capitalized cost of the asset, if material. Capitalized interest on assets constructed with tax-exempt borrowing should be netted against any interest earned on the investment of the proceeds of the related tax-exempt borrowings. Interest costs are not capitalized in governmental funds.

20.10.c **Infrastructure** — Defined as assets that are long-lived capital assets (ex., greater than or equal to 5 years) that normally are stationary in nature and can be preserved for a significantly greater number of years than most capital assets.

Preservation costs are those outlays that extend the useful life of an asset beyond its original estimated useful life, but do not increase the capacity or efficiency of the asset. Preservation costs are capitalized and increase the value of the infrastructure.

Infrastructure paid for jointly by the City and another agency should be capitalized by the entity responsible for future maintenance.

Examples of infrastructure to capitalize are:

- Roads, streets, curbs & gutters, sidewalks, fire hydrants, under-ground utilities and sub-systems, median strips
 - Median strips (including vegetation) for roadways and sidewalks added subsequent to the construction or reconstruction of a roadway are classified as a separate asset, subject to Section 20.20 below.
- Lighting systems (traffic, street, outdoor)
- Do not capitalize individual lighting systems as "other assets". They are to be treated as infrastructure, subject to Cap Threshold.
 - The original installation of all lighting systems will be picked up by retro-active infrastructure reporting

NOT INFRASTRUCTURE. Examples of what is not infrastructure are:

- Regular road maintenance with an expected life of less than 5 years (slurry seals)
 - Maintenance costs allow an asset to continue to be used during its originally established useful life. Maintenance costs are expensed in the period incurred.

20.10. d **Facilities & Other improvements** —Facilities are assets (other than general use buildings) built, installed or established to enhance the quality or facilitate the use of land for a particular purpose.

Other improvements are capitalized as betterment if the improvement meets the criteria in Sub-section 20.20.f.

Examples include such items as:

- Fencing & gates
- Hardscaping, outside sprinkler systems, retaining walls
- Parking lots, driveways, parking barriers
- Recreation areas, athletic fields (including bleachers), stadiums, pools, tennis courts, basketball courts

- Paths & trails
- Plazas & pavilions
- Septic systems

20.10. e **Ancillary Costs** -Normally, ancillary costs should be included in the cost of a capital asset. However, minor ancillary costs, not measurable at the time a capital asset is recorded in an authorized property inventory system, are not required to be capitalized but may be capitalized if the information becomes readily available. Ancillary costs include such items as:

Land:

- Legal and title fees;
- Professional fees of engineers, attorneys, appraisers, financial advisors, etc.;
- Surveying fees;
- Appraisal and negotiation fees;
- Damage payments;
- Site preparation costs; and
- Costs related to demolition of unwanted structures.

Infrastructure:

- Professional fees of engineers, attorneys, appraisers, financial advisors, etc.;
- Surveying fees;
- Appraisal and negotiation fees;
- Damage payments;
- Site preparation costs; and
- Costs related to demolition of unwanted structures.

Buildings and improvements other than buildings:

- Professional fees of architects, attorneys, appraisers, financial advisors, etc.;
- Damage payments;
- Costs of fixtures permanently attached to a building or structure;
- Insurance premiums, interest (refer to Subsection 20.10.a), and related costs incurred during construction; and
- Any other costs necessary to place a building or structure into its intended location and condition for use.

Furnishings, equipment, software, collections, and other capital assets:

- Transportation charges;
- Sales tax;
- Installation costs;
- Extended maintenance/warranty contracts (refer to Subsection 20.10.a); and
- Any other normal or necessary costs required to place the asset in its intended location and condition for use.

20.10. f **Donated Assets** - Use the fair market value at the time of acquisition plus all appropriate ancillary costs. If the fair market value is not practicably determinable due to lack of sufficient records, use the estimated cost. If land is acquired by gift, the capitalized value is to reflect its appraised or fair market value at the time of acquisition.

20.20 Capitalizing assets

20.20. a **Thresholds.** The City's capitalization thresholds are as follows:

All land (including ancillary costs);

Infrastructure with a cost of **\$50,000** or greater;

Facilities and Other Improvements with a cost of **\$10,000** or greater.

All other capital assets with a unit cost (including ancillary costs) of \$1,000 or greater, or collections with a total cost of \$1,000 or greater, unless otherwise noted.

20.20. b **Recording Assets.**

Close out Construction in Progress and capitalize the costs into the appropriate asset classification when a project is substantially complete, accepted, and placed into service.

For capital assets acquired by and used in the operations of governmental fund type accounts, the value of the assets will be recorded in the fund's General Capital Assets Subsidiary Account.

For capital assets acquired by and used in proprietary and trust fund type accounts, the value of the assets will be recorded in the account itself.

20.20. c Although some small and at risk assets may not meet the city's capitalization policy above, they are considered capital assets for purposes of marking and identifying capital assets, inventory records requirements (refer to Section 40), and physical inventory counts.

20.20. d **New acquisitions** — Capitalize new assets that meet the city's capitalization policy as stated above. Additions, improvements, repairs, or replacements to existing capital assets are not considered new acquisitions and are discussed below.

20.20. e **Additions** — Capitalize expansions of or extensions to an existing capital asset that meet the city's capitalization policy above.

20.20.f **Extraordinary repairs, betterments, or improvements** — Capitalize outlays that increase future benefits from an existing capital asset beyond its previously assessed standard of performance if they meet the city's capitalization policy as stated above.

Improvements to infrastructure are capital events that materially extend the useful life or increase their value. They are capitalized as betterments and recorded as an addition of value to the infrastructure when the betterment meets the capitalization threshold (Section 20.20.a. above) or if it increases by 25% the infrastructures life or value.

Increased future benefits typically include:

- An extension in the estimated useful life of the asset.
- An increase in the capacity or efficiency of an existing capital asset.

- A substantial improvement in the quality of output or a reduction in previously assessed operating costs.

20.20. g **Replacements** — For buildings, improvements other than buildings, and equipment, capitalize the cost of outlays that replace a part of another capital asset when the cost of the replacement is \$50,000 or more.

For items whose replacement cost is under \$50,000, the cost should be capitalized if the replacement cost is

- at least **\$10,000**.

Removing the original asset. Remove the capitalized value and the associated accumulated depreciation of the replaced capital asset or original building component from the accounting records if the amounts are determinable, and capitalize the cost of the replacement.

EXCEPTIONS to this policy are:

- Replacement roof coverings are not capitalized (whether or not the replacement is with superior materials) unless the replacement extends the useful life of the building.
- Replacement floor coverings and window coverings are not capitalized.
- Costs to remodel (convert) a building to a different use, where the remodeling does not extend the useful life of the structure itself, are not capitalized.

20.20. h **Bulk Purchase** — For proprietary fund type accounts, bulk purchases of like capital assets with unit costs of less than \$1,000 may be capitalized as a group where the allocation of costs for the bulk assets over time is matched to the corresponding revenue generated by the bulk assets:

20.22 Assets not capitalized

20.22.a Departments must be able to provide descriptions of the collections and the reasons the collections are not capitalized.

20.30 Capital leases — definition

A capital lease is a lease that transfers substantially all the benefits and risks inherent in the ownership of property to the city. A lease must meet one or more of the following four criteria to qualify as a capital lease:

- 1) Ownership of the leased property is transferred to the city by the end of the lease term; or
- 2) The lease contains a bargain purchase option; or
- 3) The lease term is equal to 75 percent or more of the estimated useful life of

the leased property; or

- 4) If, at the inception of the lease, the present value of the future minimum lease payments, excluding executory costs (usually insurance, maintenance, and taxes paid in connection with the leased property, including any profit thereof) is 90 percent or more of the fair value of the leased property. The interest rate to be used in the computation of the present value is the rate in effect at the execution date of the lease.

Additionally, the net present value of the future minimum lease payments or fair value, whichever is less, must be \$5,000 or more for the lease to be accounted for as a capital lease.

20.40 Accounting for capital leases

- 20.40. a Account for a capital lease as an acquisition of a capital asset and the incurrence of a liability. If the lease involves the acquisition of more than one asset, each asset is to be capitalized if its fair value is \$1,000 or more.

Account for a lease where the net present value of the future minimum lease payments or fair value, whichever is less, is less than \$5,000 as an operating lease. If title to the leased asset transfers to the city at the conclusion of the operating lease, capitalize the fair market value of the asset upon receiving title pursuant to Subsection 20.20.

- 20.40. b Capital leases are to be used only to acquire capital assets. (Refer to Subsection 20.20.)

20.60 Accounting for infrastructure

- 20.60. a In accordance with the Governmental Accounting Standards Board Statement Number 34, acquisitions of capital assets defined as infrastructure, which meet the city's capitalization policy, are to be capitalized.

- 20.60. b All transportation-related infrastructure and all non-transportation infrastructure assets are required to be depreciated. Refer to Subsection 20.70.

20.70 Depreciation policy

- 20.70. a Calculate and record depreciation for all depreciable capital assets.

Mid-Year convention: For depreciation purposes, all items capitalized are assumed to have been acquired, and subsequently disposed/retired at mid-year.

- 20.70. b **EXCEPTIONS**: Do NOT depreciate the following capital assets:

- Land;
- Art collections, library reserve collections, and museum and historical collections that are inexhaustible (refer to Subsection 20.22); and
- Construction in progress.

20.70. c Depreciation normally begins when an asset is purchased or completed, and accepted. However, if it is not placed into service immediately, depreciation should begin when the asset begins to lose value. Either option should be applied consistently and should be reasonable in the circumstance. Depreciation will be calculated using the straight-line method. It is the City's policy to not take depreciation in the year of purchase and/or when the asset is placed into service.

- Straight-line method for calculating depreciation:

$$\text{Annual Depreciation} = \frac{\$ \text{ Cost/Value (sec 20.10)}}{\text{Asset Useful Life}}$$

20.70. d City Manager will establish and utilize an appropriate useful life for assets acquired in less than new condition.

20.70. e For leasehold improvements, the useful life is the estimated service life of the leasehold improvements, or the remaining term of the lease, whichever is shorter.

SUMMARY OF USEFUL LIFE SCHEDULE (SEE APPENDIX FOR DETAILED SCHEDULE)	
CAPITAL ASSET TYPE	USEFUL LIFE
LAND	N/A
BUILDING	40
IMPROVEMENTS: BUILDING & OTHER	20
MACHINERY / EQUIPMENT	
EQUIPMENT	10
VEHICLES	8
COMPUTER	5

30 Capitalized Assets Inventory Policy

30.10 Departments reporting surplus property to City Manager

Departments must report all capital assets classified as surplus (excluding information technology related equipment and proprietary software) to the Del Rey Oaks City Manager.

30.20 Capitalized asset audit frequency

The inventory program is documented and active.

30.30 Who should conduct and verify the assets?

If the audit is not conducted by the City Manager, in order to ensure objective reporting of inventory items, the audit/count should be performed by personnel having no direct responsibility (custody and receipt/issue authority) for assets subject to the inventory count.

If it is not feasible to use such personnel for any part of the inventory, then those portions are, at least, to be tested and verified by a person with neither direct responsibility for that portion of the inventory nor supervised by the person directly responsible.

30.40 Asset audit instructions

Written asset audit instructions will be documented and distributed to each person participating in the process.

30.50 Physical inventory reconciliations

After the capitalized asset audit is completed, the reconciliation process begins. When all differences have been identified and explained the inventory is considered reconciled.

The following steps should be conducted during the reconciliation process:

- Search the inventory lists to determine whether inventory noted during the count as unrecorded is, in fact, listed on another portion of the inventory.
- If a significant number of unrecorded assets are located, indicating a major problem with the asset recording procedures, it must be determined why the problem is occurring and correct it.

40 Capital Asset Class and Useful life Table

40.10 Schedule A - Capital asset class code list and useful life schedule		
<u>Major Group</u>	<u>Descriptive Title</u>	<u>Useful Life</u>
01	Land	Not Calculated
02	Construction in Progress	Not Calculated
03	Art Collections, Library Reserve Collections, and Museum and Historical Collections (Inexhaustible)	Not Calculated
04	Infrastructure (Depreciable) Sub-systems (lights, pipes) Bridges, Roadways, Railroads	20 Years 50 Years
05	Buildings Office, Industrial, Residential, Public & Storage facilities Prefabricated, Portable Structures and Buildings Storage Tanks Scaffolding Equipment and Ladders Prefabricated Tower Structures Miscellaneous Prefabricated Structures	40 Years
06	Building Improvements	20 Years
07	Facilities & Other Improvements Parking lots & driveways Attached Landscaping (Retaining Walls, sprinkler systems, fencing Recreation Fields (including fixed bleachers), pools & courts Paths & trails Plazas & pavilions Septic systems	15 Years 20 Years
24	Exhaustible Art Collections, Library Reserve Collections, and Museum and Historical Collections	10 Years
25	Weapons, Firearms, Signal Guns, and Accessories Firearms and Accessories Chemical Weapons and Equipment Weapons, Miscellaneous (Signal Guns, Line-Throwing Equipment, Animal Control Devices, etc)	5 Years

	Ammunition Reloading and Gunsmithing Equipment Bomb Handling and Cryogenic Equipment Detonating Equipment	
28	Services and Trade Equipment Printing Equipment Duplicating Equipment/Copy Equipment Vending Machines Clean Work Station, Controlled Environment Equipment	5 Years
30	Motor Vehicles, Trailers, and Cycles (rolling stock) Vehicles (Autos, Vans, and Light Trucks) Up To 10,000 lbs. GVW Vehicles, Medium and Heavy Duty (Trucks, Buses, and Special Purpose Vehicles) 10,000 lbs. GVW and Over Trailers, Cargo and Utility Including Semi trailers Trailers, Boat	8 Years
31	Vehicular Equipment and Components Cab, Body, and Frame Components Brake, Steering, Axle, and Wheel Assemblies Accessories (Canopies, Tool Boxes, Light Bars, etc.) Modifications (Cranes, Lifts, etc.)	8 Years
32	Engines, Turbines, and Components Engines, Gas, Automotive Engines, Gas, Small Implement Engines, Diesel, Automotive Engines, Diesel, Industrial Water Turbines/Water Wheels and Components Turbines, Jet Engines, Nonaircraft Engines, Rotary, Gas and Components Engines, Miscellaneous and Components	8 Years
33	Engine Components and Accessories Fuel System Components, Gas Cleaners, Filters, and Strainers Engine Accessories, Diesel Heavy Equipment Engine Accessories, Nonaircraft Miscellaneous	8 Years
34	Mechanically Powered Transmission Equipment Torque Converters Gears, Pulleys, and Sprockets Power Transmission Equipment Hydraulic System Components	8 Years
40	Tractors: Crawler, Wheeled, and Track-Laying Tractors, Crawler Tractors, Wheeled, Industrial Tractors, Wheeled, Farm-Type	10 Years

41	Construction and Road Maintenance Equipment Earth Moving and Excavating Equipment Cranes and Crane Shovels and Attachments Rock Crushing Equipment Road Clearing and Cleaning Equipment Traffic Safety Devices Pavement Marking Equipment and Accessories Weed Burners and Brush Control Equipment Construction and Maintenance Equipment Attachments Miscellaneous Construction Equipment	10 Years
42	Alarm and Signal Systems Traffic and Transit Signal Systems Alarm and Signal Systems, Commercial	10 Years
46	Electric Welding Equipment and Accessories Welding Equipment, Engine Driven Gas Welding, Heat Cutting, and Metalizing Equipment Miscellaneous Welding Equipment and Accessories Miscellaneous Welding, Soldering, and Brazing Equipment Machine Tool Accessories Machine Shop Sets, Kits and Outfits	10 Years
47	Gardening Machinery and Equipment Pest, Disease, and Frost Control Equipment Garden Implements (Mowers, Hedgers, etc.) Gardening Tools Irrigation Equipment - Sprinklers, Pipe, and Accessories Forestry Planting Tools	10 Years
51	Cleaning Equipment Sets, Kits, and Outfits of Hand Tools	5 Years
55	Hand Tools, Powered and Nonpowered Hand Tools, Edged, Nonpowered Hand Tools, Nonedged, Nonpowered Hand Tools, Power Driven, Attachments Taps, Dies, and Collets - Hand and Machine Tool and Hardware Boxes Sets, Kits, and Outfits of Hand Tools	5 Years
56	Measuring Tools and Gauges Measuring Tools, Craftsmen's Electrical Measuring and Testing Instruments (Ammeters, Voltmeters, etc.) Electronic Measuring and Testing Instruments Scales and Balances, Commercial and Household Measuring Instruments Speedometers and Tachometers Pressure, Temperature, and Humidity Measuring and Controlling Instruments Combination and Miscellaneous Instruments	5 Years

61	<p>Lighting Fixtures and Lamps Lighting Fixtures, Indoor Lighting Fixtures, Outdoor Portable Electric Lighting Equipment Flying Insect Control</p>	5 years
70	<p>Information Technology (IT) Equipment and Software Main Frame Computer Systems Minicomputer Systems and Servers Nonportable Microcomputer Systems, including desktop personal computers (PC's) Portable Microcomputer Systems, Laptop and Notebook Computers Front End Communications Processors Data Processing Terminals Data Communications Equipment (Multiplexors, Modems, Routers, Hubs, and Switches) Input/Output and Storage Devices - Tape Input/Output and Storage Devices - Disk (Laser and Magnetic) Input/Output and Storage Devices - Other Software, Main Frame and Minicomputer Software, Microcomputer Plotters Other IT Accessorial Equipment and Components (Scanners, Data Displays, etc.) Monitors Laser Printers Impact and Other Printers Mini/Microcomputer Systems (Used primarily to control larger systems such as heating, A/C, etc.) Test and Monitor Equipment</p>	5 Years
71	<p>Communication, Recording, Reproducing, and Detection Equipment Telephone and Telegraph Equipment, and Cell Phones Communications Security Equipment and Components Teletype and Facsimile Equipment Communications Equipment, Industrial and Commercial Communications Equipment, Public Safety: Audio and Video Radio Navigation Equipment Intercommunications and Public Address Systems Sound Recording and Reproduction Equipment, Industrial and Professional (includes BETA and VHS Recorders; Video Cameras) Radar Equipment Underwater Sound Equipment and Accessories Audio Tape, Industrial and Professional Video Tape, Industrial and Professional Night Vision Equipment Stimulated Coherent Radiation Devices (Laser and Taser) Headsets, Handsets, Microphones, Speakers, etc.</p>	5 Years
72	<p>Photographic, Projecting, and Microfilm Equipment</p>	5 Years

73	Training Aids and Devices Multimedia Systems Training Aids, Medical Audiotape, Training Slides, Training Overhead Transparencies, Training Videotapes, Training Targets Vehicle Training Aids and Devices Robots for Training Communications Training Devices, For The Handicapped Miscellaneous Training Aids and Devices	5 Years
74	Radios, Televisions Radios, Television Sets, Tape Recorders, VCRs, and Video Cameras, Home Type	5 Years
80	Furniture, Fixtures, and Accessories Household Furniture Office Furniture, Desk, Chairs, etc. Cabinets, Lockers, Bins, and Shelving Council Room Furniture Miscellaneous Furniture and Fixtures	10 Years
81	Office, Visible Record, and Word Processing Equipment Accounting and Calculating Machines Office Type Sound Recording and Reproducing Machines Visible Records Equipment Miscellaneous Office Machines (Coin Counters, Collators, Cash Registers, etc.)	5 Years
85	Recreational and Athletic Equipment and Toys Athletic and Sporting Equipment Playground Equipment	5 Years
99	Advertising Signs and Identification Plates Roadway Signs Sign Making Machines and Accessories	5 Years

CITY OF DEL REY OAKS

TO: City Council Members

FROM: Dewey D Evans, City Manager

DATE: June 23, 2009

SUBJECT: City of Del Rey Oaks Accounting Policies and Procedures Manual

RECOMMENDATION:

It is recommended that the Council consider approval of the City of Del Rey Oaks Accounting Policy and Procedures Manual.

BACKGROUND:

During previous audits of the City of Del Rey Oaks financial records, the auditor, Hayashi and Wayland, noted in the Schedule of Findings and Responses in the City's audit performed for the years ended June 30, 2008, 2007, and 2006: The City is in need of an accounting policy and procedures manual to prevent or reduce misunderstandings, errors, inefficient or wasted effort, duplicated or omitted procedures, and other situations that can result in inaccurate or untimely accounting records, and to ensure that all similar transactions are treated consistently, that accounting principles used are proper, and that records are produced in the form desired by management. Also noted was: The need for an accounting manual to address training needs for City personnel that lack the training needed to process and record financial information and prepare the financial statement in accordance with generally accepted accounting principles, as evidenced by the amount of audit adjustments necessary at fiscal year-end.

DISCUSSION:

A draft Accounting Policies and Procedures Manual was developed using a core manual obtained through the California Society of Municipal Finance Officers web site. Modifications were made to tailor the manual to specifications of the City of Del Rey Oaks and the audit findings. Subsequent revisions were made based on review by staff and the proposed policies and procedures manual is submitted for Council consideration of input and approval.

FISCAL IMPACT:

Minor to major fiscal impact: Written procedures for staff may reduce accounting errors and enhance internal controls to improve fiduciary oversight and enhanced revenues and reduced expenses for the City, and could aid in expediting the annual auditing process, reducing the City audit expense.

CITY OF DEL REY OAKS

DRAFT

Accounting Policies and Procedures Manual

March 31, 2009

Revised June 11, 2009

Accounting Policies and Procedures Manual

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Introduction

This manual has been prepared to document the internal accounting procedures for the City of Del Rey Oaks ("City"). Its purpose is to ensure that assets are safeguarded, that financial statements are in conformity with generally accepted accounting principles, and that finances are managed with responsible stewardship.

All personnel with a role in the management of the City's fiscal operations are expected to uphold the policies in this manual. It is the intention of the City that this accounting manual serves as our commitment to proper, accurate financial management and reporting.

Revised 3/31/09
Revised 6/11/09

Division of Duties

The following is a list of personnel who have responsibilities within the accounting department:

City Manager / City Clerk

1. Working with the Budget and Finance Committee, develops the annual budget.
2. Reviews and approves lists of pending check disbursements.
3. Reviews and approves all vouchers and invoices for those checks which require his or her signature.
4. Reviews and approves all contracts for goods and services exceeding \$10,000 per year.
5. Reviews and approves all financial reports.
6. Authorizes and performs all inter-fund transfers.
7. Receives unopened bank statements.
8. Reviews all bank reconciliations.
9. Receives unopened credit card statements.
10. Reviews all credit card statement reconciliations.
11. Reviews the payroll summary for the correct payee, hours worked, benefits balance, and check amount.
12. Submits final payroll reporting to payroll processing service after review.
13. Approves all reimbursements.
14. Approves all ammunition purchases.
15. Manages asset accounts.

Deputy City Clerk (DCC)

1. Knows and continues training in general accepted accounting practices.
2. Knows and continues training in Quickbooks accounting software.
3. Processes all receipts.
4. Prepares cash receipts and maintains accounts receivable ledger.
5. Compiles completed timecards each pay period and prepares the preprocess payroll register.
6. Maintains and reconciles the general ledger monthly for the City.
7. Reconciles investment bank accounts for the City.
8. Reconciles the statement of credit card receipt deposits and service charges.
9. Reconciles the statement of credit card charges.
10. Double checks all reimbursement requests against receipts provided.
11. Prepares all monthly financial reports for Council meetings.
12. With the City Manager, helps to develop the annual budget.
13. Completes year-end closing of the City's books.
14. Assists the auditor in completing annual reports to government agencies according to the schedule in provided later in this manual.

Deputy City Clerk (DCC) / Assistant Deputy City Clerk(ADCC)

1. Knows and continues training in general accepted accounting practices.
2. Knows and continues training in Quickbooks accounting software.
3. Processes all disbursements.
4. Prepares cash disbursement and maintains accounts payable ledger.
5. Receives and opens all incoming mail, *except* for bank statements.
6. Mails all checks for payments.

Mayor:

1. Acts as second signatory on checks.
2. Reviews all vouchers and invoices for those checks which require his or her signature.

Training in Accounting Software and Generally Accepted Accounting Principles

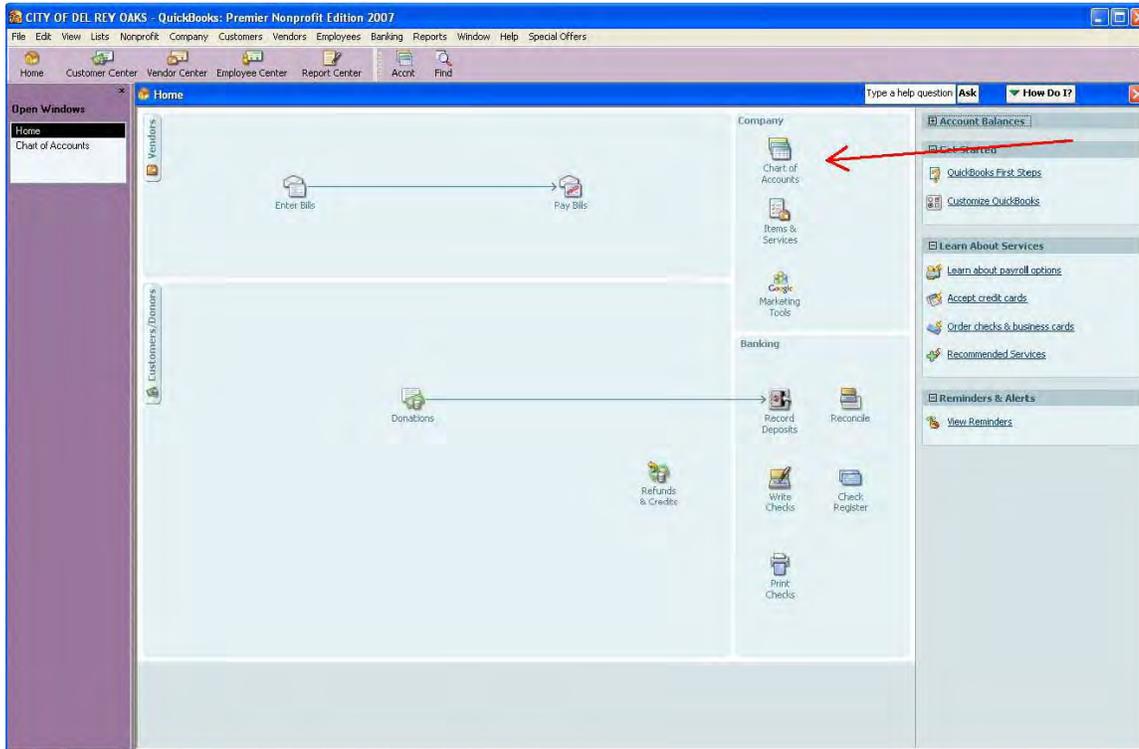
The Deputy City Clerk and Assistant Deputy City Clerk shall receive on-going training in Generally Accepted Accounting Principles (GAAP). The California Society of Municipal Finance Officers (CSMFO) offers this training and has schedules listed at <http://www.csmfo.org>.

The Deputy City Clerk and Assistant Deputy City Clerk shall also read thoroughly the Quickbooks User's Manual and routinely review it, and shall receive periodic training also offered to the City Manager, to fully grasp new and standard features of the accounting software, and to obtain updated versions to remain current with auditor standards. If the City changes its type of accounting software in the future, the same manual review and training would be recommended as appropriate for the new type of software.

Auditor journal and reclassifying entries are a good source of improving accounting skills; as the DCC makes the entries, they should be studied by both the DCC and ADCC and understood to avoid future posting issues and errors, and to anticipate entries that can be made prior to audit.

Descriptions of Chart of Accounts And Class Designations for Transactions

The Quickbooks Home icon at the left of the menu bar in the Quickbooks program displays a navigation window that contains a chart of accounts icon.



Attachment A shows the City of Del Rey Oaks chart of accounts that is found in Quickbooks. The Description of each account in Attachment A can be found in the Quickbooks chart of accounts for the City as well. The chart of accounts generally lists asset and liability accounts first – accounts list in Balance Sheet reports – such as bank accounts, accounts receivable and accounts payable, fixed assets (buildings, land and large equipment), loans, prepaid expenses, deferred revenue, clearing accounts, and fund equity accounts. The chart of accounts continues with income and expense accounts – the operational accounts that listed in Profit and Loss reports (in City government nomenclature, “Revenues and Expenditures”).

Income and expense account transactions involve balance sheet accounts to some degree, such as the general checking account where income is deposited and checks are written to make payments, and the accounts payable account where bills are entered prior to checks being issued, however the balance sheet accounts are primarily used as a pass through area, and are used most extensively at year end when audit entries are made. However, the DCC and ADCC should ensure that the Payroll Clearing and PERS Payable accounts maintain a zero balance throughout the year after each payroll is processed and information is entered and deductions or payments of benefits are made. Reconciliation of the Warrant Account statement (First National Bank monthly statement for the City’s general checking account) should be completed promptly each month by the DCC immediately after the City Manager has received, opened and reviewed the bank statement. Investment accounts and credit card charge accounts should also be reconciled promptly after City Manager receipt and review.

The City’s transactions are designated by department, called a Class, in Quickbooks. Below is a listing of class designations:

City of Del Rey Oaks	
Class List	
090	ADMIN
091	COUNCIL
092	CITY CLERK
095	CITY MANAGER
111	AUDIT/TREASURER
120	LEGAL
130	PLANNING/COM DEV
150	GOVT BLDGS
160	NON-DEPARTMENTAL
172	POLICE
173	COPS
180	FIRE/ANIMAL CONT
190	BLDG REGULATION
301	PUB WKS/ENGINEER
311	PUB WKS/STREETS
411	PARKS/RECREATION
900	REVENUES

Attachments A and B are provided as a reference for applicable class designations for listed revenue and expenditure accounts. If a transaction is routinely split between several class designations, the term “split” is listed under the Class column. If an account transaction can vary each time by class, then the term “various” is listed under the Class column.

Some routine revenue receipt and expenditure transactions are “memorized” within Quickbooks for ease of processing and are noted under the Description column. Memorized transactions can be added or removed as appropriate.

Most accounts are grouped under account headings to aid in locating while processing transactions. Account numbers are not necessarily sequential since renumbering accounts when grouping may confuse the independent auditing process from year to year.

New accounts may need to be added from time to time in Quickbooks. New accounts should not be added to the chart of accounts without direction from the City Manager. No miscellaneous titled accounts should be used or established. Inactive accounts should be reviewed for applicability before creating a new account. An account can be edited, created, inactivated or deleted by right-clicking on the account and choosing a selection from the drop down window.

Accounts can be inactivated when deemed no longer useful or appropriate and the transaction data is no longer subject to audit. Inactivating an account leaves all the data intact but removes it from sight from the chart of accounts. Transaction data in inactivated accounts continues to be listed in generated reports. If an account is established and no transactions have occurred, the account may be deleted if not anticipated to be needed further. Accounts with transaction data cannot be deleted.

For review of account activity and for reference when determining what items to post to an account or to identify class designations used in the past for a particular account, double-click on a selected account

name in the chart of accounts to generate a quick report. Reports can be modified and filtered to display all information needed; see the Quickbooks manual for instructions on how to modify and filter generated reports.

The above guidelines, and those that follow, are by no means regarded as all-inclusive instruction in the City's accounting processes. Proper maintenance of the chart of accounts is just one vital function in efficient, comprehensive financial management of data for the City to continue funding its operations. The Quickbooks manual should be referenced, and on-going GAAP training obtained, to become familiar with every aspect of all crucial elements of accounting.

Purchases

Credit Card Purchases

1. Only the Mayor and the City Clerks office have a corporate credit card in the City's name. Authorized business expenditures may be made by City employees authorized by the City Manager using the corporate credit card. In every case of credit card usage, the individual charging the City's account will be held personally responsible in the event that the charge is deemed personal or unauthorized.
2. Authorized uses of the credit card include:
 - a. Properly authorized expenditures for which a credit card is the only allowed method of payment (where City does not have an open charge account, i.e. Home Depot, Office Depot, Orchard Supply Hardware, etc.)
3. Receipts should be compiled and promptly submitted, with an expense report if appropriate, with the City credit card.
4. Unauthorized use of the credit card includes:
 - a. Personal or non-business expenditures of any kind.
 - b. Expenditures which have not been properly authorized.
 - c. Meals, entertainment, or gifts.
 - d. Weapons, firearms, ammunition or related.

Proper Documentation for all Purchases, including Credit Card Purchases

Every instance of credit card or other purchase use must be documented with receipts, individuals paid for, and the nature of the business, etc. before the expense will be considered authorized and will be approved for reimbursement. See details below.

1. Reserve Officer Ammunition – No reserve officer ammunition purchases will go through the City's accounting records. The Police Chief shall collect money for the purchase from the reserve officers who order ammunition and then send the vendor(s) a cashier's check obtained outside of the City. Ammunition purchases will be strictly controlled with a record maintained of what was ordered and by whom. The Police Chief acting on behalf of the City shall authorize the purchase and receive the shipment at City Hall where it will be distributed to the purchasing reserve officers.
2. Reserve officer training, telephone service, and supply purchases reimbursed by reserve officers or other individuals shall be **clearly labeled** when entered as a deposit into Quickbooks with the name of the individual reimbursing, a full description of the item or service being reimbursed for, the date of the original purchase, total cost, amount reimbursed for the particular transaction, and the total amount expected to be reimbursed. City expenses to be reimbursed by reserve officers shall require a purchase request from the Police Chief, and shall be tracked monthly to ensure that all expenditures due for reimbursement are paid by the reserve officers to the City. Recurring expenses in this regard such as monthly phone service shall require an agreement be let between the reserve officer and the City via the Police Chief.

3. Other Expenditures - A receipt from the vendor detailing every individual good or service purchased accompanied by an explanation of the specific business purpose is required for expenditures.

The City Manager will double check all reimbursement requests against receipts provided and run a calculator tape which will be attached to the reimbursement form.

Capital Expenditures:

For all major expenditures over \$1,000 such as computers, furniture, and vehicles, etc., three quotes must be obtained before a purchasing decision is made. If the annual amount will exceed \$5,000, a bidding process and review will be conducted. All bids, including phone quotes, must be recorded and kept on file.

Consultants

Contracts with consultants will include rate and schedule of pay, deliverables, time frame, and other information such as work scope, etc. Justification for payment should be submitted to file. For example, if the City hired a writer to create a publication, a copy of the final version should be included in the file.

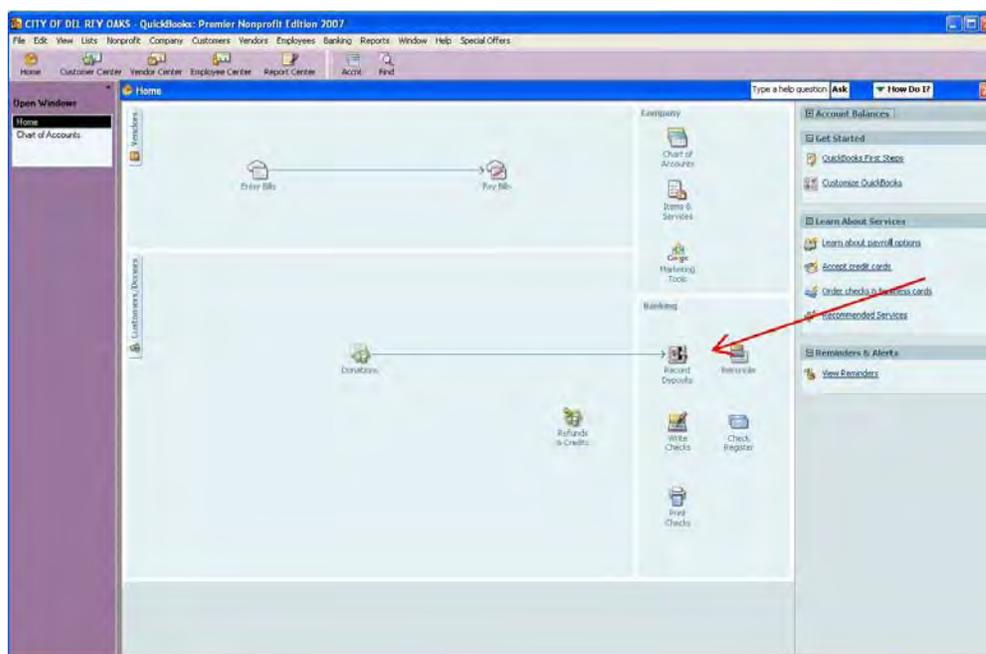
Contracts

Contracts for purchasing products or services, similar to a purchase order, should be created and maintained for the file whenever appropriate. All contracts that exceed \$10,000 over the course of the year should be approved by the Council.

Accounts Receivable Procedures

The Deputy City Clerk and Assistant Deputy City Clerk receive all incoming mail. Revenues shall be entered into Quickbooks promptly upon receipt and deposited as soon as possible after City Manager approval. Do not guess as to where revenue should be posted – research it as fully as possible, then consult with the City Manager to designate the funds into the proper account(s). Do not post unknown revenues into any type of “miscellaneous” accounts.

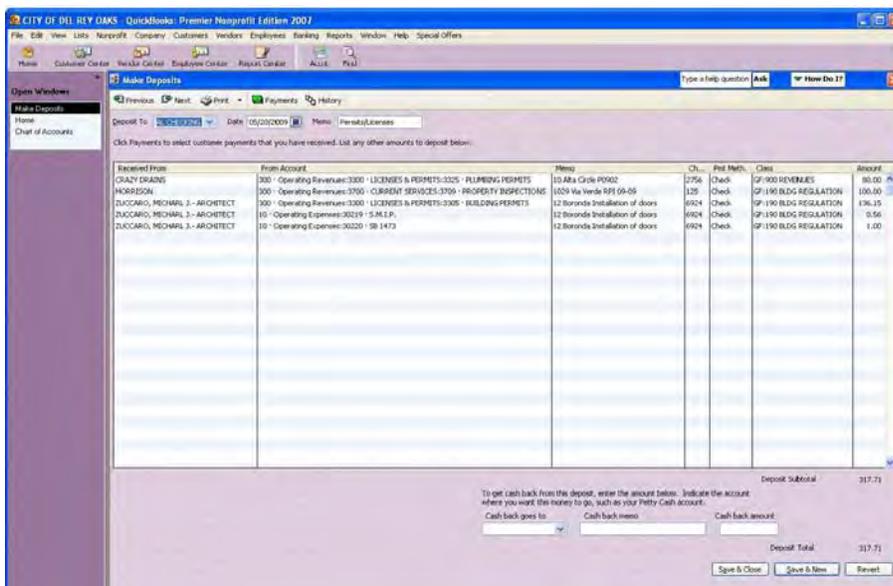
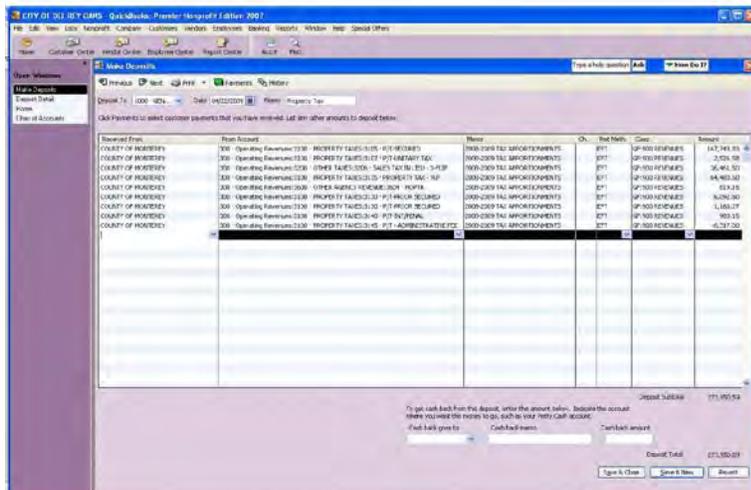
- 1) All checks received and remittance receipts collected will be recorded by the DCC in the “deposit” module of Quickbooks (see *Funds received by Credit Card Transactions* below for that process):
 - a). REVENUES ARE **NOT** TO BE ENTERED AS SALES RECEIPTS.
 - b). Select Record Deposits icon from the Home, or navigation, page of Quickbooks.



- c). At the top, confirm that the correct bank account is selected. Most deposits will be made into the General Checking (General Operations Fund,) bank account. Enter the date of the deposit, (not the date the deposit is being entered into Quickbooks unless it happens to be the same date). The date for direct deposits received by the City such as property tax revenues or State revenues is the date indicated on the remittance advice; direct deposits are entered as individual deposit transactions in order to coincide with how the deposits are listed on the monthly bank statement.
- d). In column 1: Enter the new individual or business that funds are received from in the left hand column by selecting “add new” from the drop down list. Follow the prompts to set up the payer as a Customer, or;
- e). Enter the repeat individual or business in the left hand column by typing the first few letters of the name and Quickbooks will auto-fill. Be sure the name is set listed as a Customer to the right of the name in the drop down list (with one exception of a refund from a vendor, then the vendor is entered in the left hand column.).
- f). In column 2: Enter the CORRECT account for the funds received (see Attachment A account descriptions). The master processing form for each receipt transaction should also have the correct account preprinted.

- g). In column 3: The DCC shall enter comprehensive information into the “description” portion of the deposit module in Quickbooks for each revenue item received including date range of funds, business license number, or other indicators that make the reason for and date of the revenue clearly understandable.
- h). In column 4: Enter the check number or receipt number of the transaction.
- i). In column 5: Enter the type of transaction (EFT, Check, CC for credit card).
- j). In column 6: Enter the department to which the income is attributed in the “category” column (see attachment A for reference).
- k). In column 7: Enter the amount of the receipt.

Repeat this process for each receipt, then save the deposit.



A report is to be generated from Quickbooks Memorized Reports entitled *Deposit Detail Report Official DRO* that lists deposit line items, accounts, check numbers, categories and amounts. The report is to be reviewed to ensure that there are no errors in the payee, check number, account, or amount of any of the deposit entries.

3:31 PM		CITY OF DEL REY OAKS				
06/15/09		Deposit Detail				
		April 22, 2009				
Type	Date	Name	Account	Class	Pay Meth	Amount
Deposit	4/22/2009		1000 - GENERAL CHECKING			273,950.59
		COUNTY OF MONTEREY	3105 - P/T-SECURED	GF:900 REVENUES	EFT	(167,743.83)
		COUNTY OF MONTEREY	3107 - P/T-UNITARY TAX	GF:900 REVENUES	EFT	(2,526.58)
		COUNTY OF MONTEREY	3206 - SALES TAX IN LIEU - 3-FLIP	GF:900 REVENUES	EFT	(36,461.50)
		COUNTY OF MONTEREY	3135 - PROPERTY TAX - VLF	GF:900 REVENUES	EFT	(64,480.50)
		COUNTY OF MONTEREY	3604 - HOPTR	GF:900 REVENUES	EFT	(819.16)
		COUNTY OF MONTEREY	3130 - P/T-PRIOR SECURED	GF:900 REVENUES	EFT	(6,092.60)
		COUNTY OF MONTEREY	3130 - P/T-PRIOR SECURED	GF:900 REVENUES	EFT	(1,160.27)
		COUNTY OF MONTEREY	3140 - P/T-INT/PENAL	GF:900 REVENUES	EFT	(983.15)
		COUNTY OF MONTEREY	3145 - P/T - ADMINISTRATIVE FEE	GF:900 REVENUES	EFT	6,317.00
TOTAL						(273,950.59)

3:24 PM		CITY OF DEL REY OAKS				
06/15/09		Deposit Detail				
		May 20, 2009				
Type	Date	Name	Account	Class	Pay Meth	Amount
Deposit	5/20/2009		1000 - GENERAL CHECKING			317.71
		CRAZY DRAINS	3325 - PLUMBING PERMITS	GF:900 REVENUES	Check	(80.00)
		MORRISON	3709 - PROPERTY INSPECTIONS	GF:190 BLDG REGULATION	Check	(100.00)
		ZUCCARO, MICHAEL J.- ARCHITECT	3305 - BUILDING PERMITS	GF:190 BLDG REGULATION	Check	(136.13)
		ZUCCARO, MICHAEL J.- ARCHITECT	30219 - S.M.I.P.	GF:190 BLDG REGULATION	Check	(0.56)
		ZUCCARO, MICHAEL J.- ARCHITECT	30220 - SB 1473	GF:190 BLDG REGULATION	Check	(1.00)
TOTAL						(317.71)

Checks are to be stamped “for deposit only” and arranged in the order listed on the bank deposit slip, each check being reconciled against the deposit slip twice to ensure check number and amount are correct. The total deposit amount shall be reconciled against the deposit amount entered into Quickbooks.

The DCC will then make two copies of the deposit packets and forward one to the City Manager promptly with the associated deposit report generated from Quickbooks. The remaining copy of the deposit packet and report shall be filed in chronological order, keeping bank deposits together with the deposit slip, in the monthly receipts and bank statement reconciliation file labeled “Reconciliation [Month] [Year].”

A deposit not forwarded or mailed to the bank should be locked in the vault. No deposit should be locked in the vault for more than 24 hours. If the funds are sent via courier to the bank, the City Manager shall indicate the date sent on the deposit report and the date the deposit confirmation was received.

The operations account should not contain more than the amount over which the FDIC will not insure.

Funds Received by Wire Transfer

The City Manager will monitor the electronic transfer of funds and maintain the appropriate records of these types of transactions.

Remittance advice slips are received for funds credited to the City’s account(s) (such as Property Tax Revenue); the City Manager shall receive immediately from the DCC upon receipt any copies of remittance advices to compare against the City’s monthly bank statements.

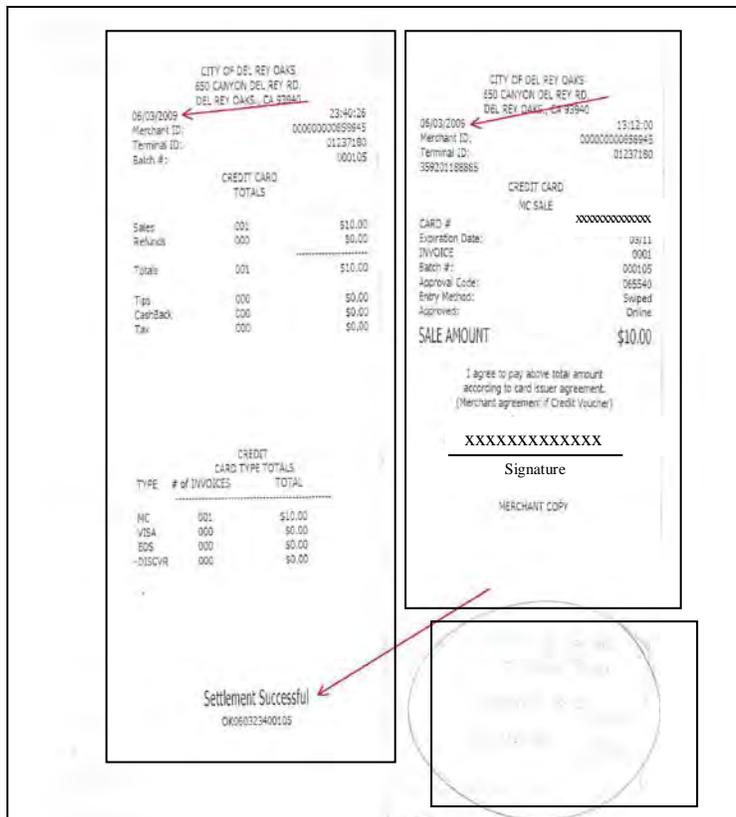
Fund Transfers

The City Manager should monitor the balance in the checking account, and determine if there are adequate funds to pay the daily expenses. If warranted, the City Manager shall prepare a transfer of funds for the necessary amounts to the operations, or general checking, account from an alternate account determined by the City Manager. Transfers will occur concurrently with associated disbursements.

Conversely, if the operations account balance exceeds \$250,000 (the cap subject to change due to the current economy), the City Manager shall transfer funds from the operations account to the City’s LAIF or an alternate account until the \$250,000 balance is achieved.

Funds received by Credit Card Transaction:

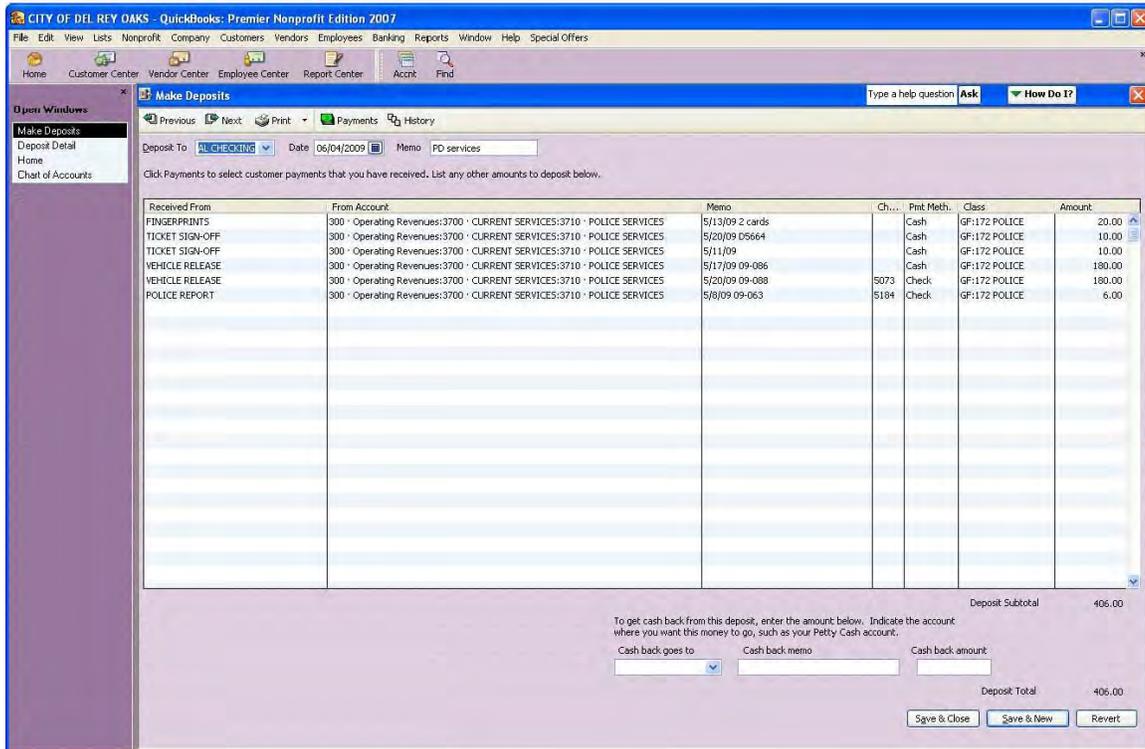
The DCC is responsible for processing the receipt of funds through credit card transactions that are processed directly into the operations, or general checking, account.



Both tapes are for one transaction – one receipt for the customer to sign and the other generated when settlement is made with merchant services. These are accompanied by a tape from the City’s cash register for the transaction (although it is difficult to read, it is circled in this example).

Transactions should be processed into Quickbooks **upon receipt** using steps 1) a) through j) above **using the date of the transaction as the deposit date**; all credit card charges transacted on the same day shall be entered as one deposit; credit card charges transacted on different days shall be entered as separate deposits. This is *extremely important* to insure that credit card deposits in Quickbooks coincide with how

the deposits are listed on the monthly bank statement so that the City's operating account can be accurately reconciled each month. Credit card transactions oftentimes involve fees for police services so payee information is set up under these customer types instead of having to enter a specific customer name:



A report is to be generated from Quickbooks Memorized Reports entitled *Deposit Detail Report Official DRO* that lists payee or type, account, category and amount of each transaction in the deposit. The report is to be reviewed to ensure that there are no errors in the payee, account, category or amount of any of the deposit entries, and a copy delivered to the City Manager for verification against the bank statement.

CITY OF DEL REY OAKS						
Deposit Detail						
June 4, 2009						
Type	Date	Name	Account	Class	Pay Meth	Amount
Deposit	6/4/2009		1000 · GENERAL CHECKING			406.00
		FINGERPRINTS	3710 · POLICE SERVICES	GF:172 POLICE	Cash	(20.00)
		TICKET SIGN-OFF	3710 · POLICE SERVICES	GF:172 POLICE	Cash	(10.00)
		TICKET SIGN-OFF	3710 · POLICE SERVICES	GF:172 POLICE	Cash	(10.00)
		VEHICLE RELEASE	3710 · POLICE SERVICES	GF:172 POLICE	Cash	(180.00)
		VEHICLE RELEASE	3710 · POLICE SERVICES	GF:172 POLICE	Check	(180.00)
		POLICE REPORT	3710 · POLICE SERVICES	GF:172 POLICE	Check	(6.00)
TOTAL						(406.00)

A monthly credit card processing statement with funds credited and service charges assessed shall be provided to the City Manager promptly upon receipt by the DCC.

MERCHANT CARD PROCESSING STATEMENT LOCATION RECAP

06/27 14:11:05
 31262420611800900126334690302327000001172727 146.01 00000
 CITY OF DEL REY OAKS
 ATTN: CITY OF DEL REY OAKS
 150 CANTON DEL REY BLVD
 DEL REY OAKS CA 93840 5581

Page 1 of 8
THIS IS NOT A BILL
 Statement Period: 05/01/09 - 05/31/09
 Merchant Agreement:
 Customer Service: 1-800-888-8888
 Find answers to your questions and save time! Visit us at
 www.visa.com/merchantinfo.com



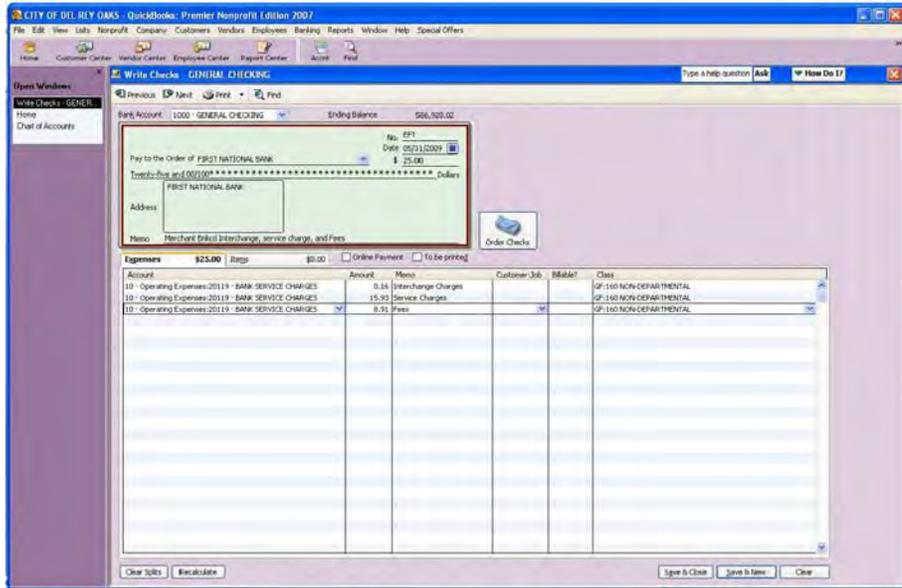
Page 1	Total Amount Submitted	\$662.75
Page 2	Third Party Transactions	0.00
Page 3	Adjustments	0.00
Page 3	Interchange Charges	-\$0.16
Page 3	Service Charges	-\$15.93
Page 4	Fees	-\$8.91
Page 4	Chargebacks/Reversals	0.00
Total Amount Funded		\$637.75

IMPORTANT INFORMATION ABOUT YOUR ACCOUNT

Please note that important messages may continue to appear on the last page of this merchant statement. Review the last page of this statement for any continued or additional messages.

On July 1, 2009, Visa USA will implement the following fees: 1. A Zero Floor Limit Fee will be assessed at \$0.10 per item. This fee will be applied to any transaction that is cleared (settled) without the required authorization. All transactions above zero dollars require an authorization is obtained, you must request another form of payment, or an Account Number verification fee approved. If an authorization is obtained, you must request another form of payment, or an Account Number verification fee. This fee will be assessed at \$0.025. This fee will be applied to card verification requests without an actual order authorization. This fee can be avoided by obtaining an authorization request for the amount of the sale. If the authorization is not received, the authorization request must be electronically requested within 24 hours for face to face authorizations and reversed within 72 hours for Card absent authorizations (to avoid the Visa Measure of Authorization System fee).

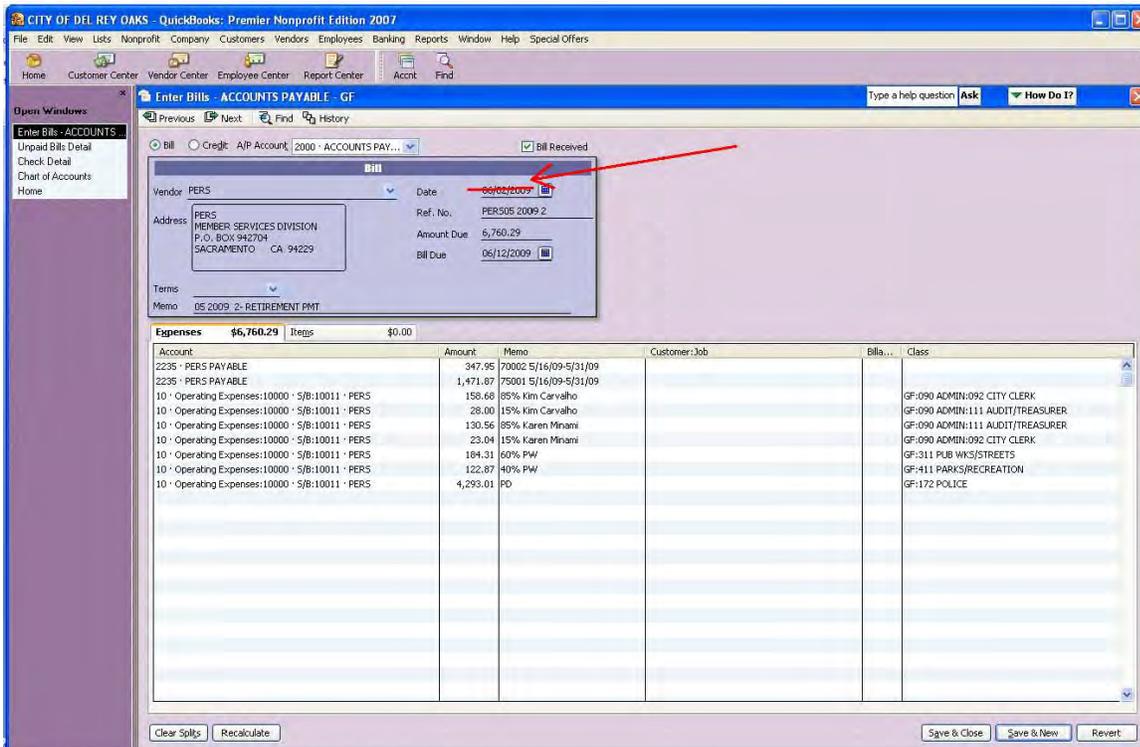
Enter the monthly Interchange Charges, Service Charges, and Fees into Quickbooks.



Although many credit card transactions are related to police services, the transactions should not be grouped with deposits of cash and checks made from the DROPD Revenue Log. A copy of the associated DROPD Revenue Log shall be made however and attached to credit card transactions. **Each receipt with settlement voucher and cash register tape is to be placed chronologically with other bank deposits in the bank statement reconciliation file labeled "Reconciliation [Month] [Year].** The Merchant Card Processing Statement is filed with the monthly bank statement in the same folder for reference during monthly reconciliation.

Accounts Payable Procedures

1. The City Manager shall approve all purchases and requisitions and is responsible for the review and approval of disbursements. All disbursements are to be made by check.
2. Payable invoices shall be accumulated during disbursement periods in a Claims folder labeled for that period.
3. Invoices are entered into the “Enter Bills” feature of Quickbooks. Reference numbers are to include an invoice number whenever possible. Classes are to be assigned to all expense accounts (see attachment A). The date of the bill is to be the date that the services were provided (for example, the bill below should be dated 05/31/2009 since the PERS payment is for May 2009 services. This is called an accrual basis of accounting and is required for compliance with independent auditing standards. Bills that overlap months shall be placed into the month in which the service period ends. Bills for service at some point during the month can be entered with the date of the service.



4. Twice monthly near the 1st and 16th days (or the next business day if the date falls on a weekend or holiday), cash disbursements shall be prepared by the Assistant Deputy City Clerk for signature by the Mayor and City Manager for expenses, debts and liabilities.
5. A report entitled “Unpaid Bills Detail” shall be generated out of Quickbooks to determine the total of disbursements to be paid and shall be sent to the City Manager for approval, along with the current balance in any and all cash accounts.

5:42 PM
06/15/09

CITY OF DEL REY OAKS
Unpaid Bills Detail
As of June 30, 2009

Type	Date	Num	Due Date	Aging	Open Balance
ATLAC					197.60
Total ATLAC					197.60
BYTE TECHNOLOGY					
Bill	3/12/2009	4797	5/27/2009	34	31.25
Bill	5/28/2009	INV 4825	6/27/2009	23	31.25
Total BYTE TECHNOLOGY					62.50
CENTRAL COAST P & S					
Bill	5/15/2009	7193	5/25/2009	32	46.82
Total CENTRAL COAST P & S					46.82
COMCAST HIGH SPEED INTERNET					
Bill	5/12/2009	INTERNET 531649	5/29/2009	32	64.00
Total COMCAST HIGH SPEED INTERNET					64.00
CYRESS COAST FORD					
Bill	4/30/2009	ACCT 134662	3/10/2009	31	1,687.89
Total CYRESS COAST FORD					1,687.89
ENTENMANN-ROVIN CO.					
Bill	4/17/2009	INV 105140-15	4/27/2009	44	588.51
Total ENTENMANN-ROVIN CO.					588.51
HAYASHI & WAYLAND, INC					
Bill	5/12/2009	INV 3AL386209	5/22/2009	39	9,333.05
Total HAYASHI & WAYLAND, INC					9,333.05
HOME DEPOT CRC					
Bill	5/12/2009		6/6/2009	24	193.92
Total HOME DEPOT CRC					193.92
LALPA GOVERNMENT SER					
Bill	5/25/2009		6/1/2009	38	1,104.93
Total LALPA GOVERNMENT SER					1,104.93
IE SOLUTIONS					
Bill	5/12/2009	INV 200849	5/22/2009	39	125.00
Total IE SOLUTIONS					125.00
JAMES DE CHALK					
Bill	3/27/2009	MAY BILLING	6/6/2009	24	309.00
Total JAMES DE CHALK					309.00
NEILL ENGINEERS CORP					
Bill	5/20/2009	W.O. 8227	3/09/2009	11	3,282.00
Total NEILL ENGINEERS CORP					3,282.00
OFFICE DEPOT					
Bill	5/13/2009		5/27/2009	39	36.43
Bill	5/12/2009		5/22/2009	39	40.74
Total OFFICE DEPOT					77.17
PAYCHEX					
Bill	3/12/2008		4/19/2008	445	328.84
Bill	3/12/2008		4/19/2008	446	6,192.86
Total PAYCHEX					6,521.70
PERS					
Bill	6/30/09		6/30/2009	18	6,760.29
Total PERS					6,760.29
PITNEY BOWES PURCHASE POWER					
Bill	5/12/2009	800090008463050	5/22/2009	39	418.99
Total PITNEY BOWES PURCHASE POWER					418.99

Page 1

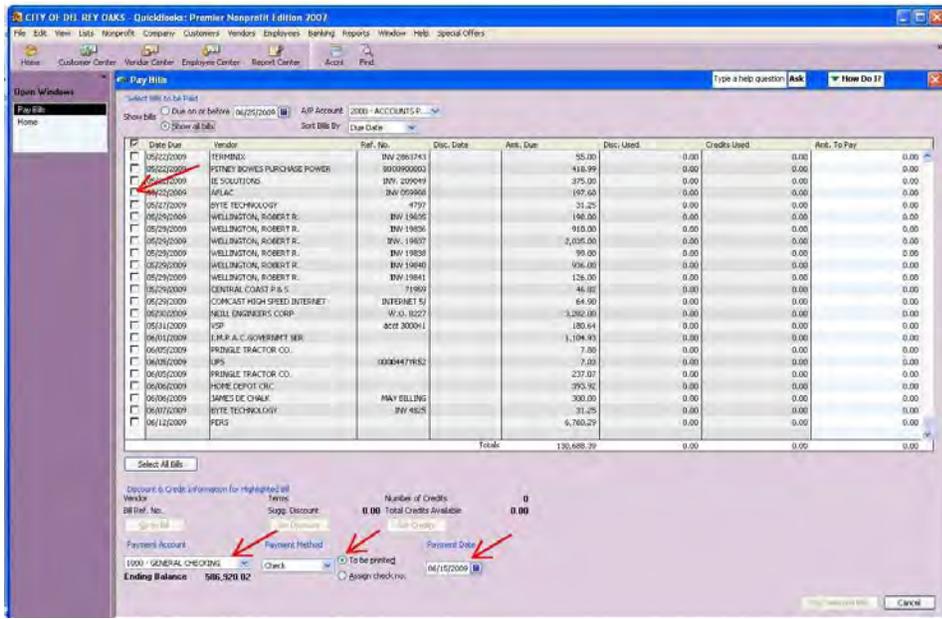
5:42 PM
06/15/09

CITY OF DEL REY OAKS
Unpaid Bills Detail
As of June 30, 2009

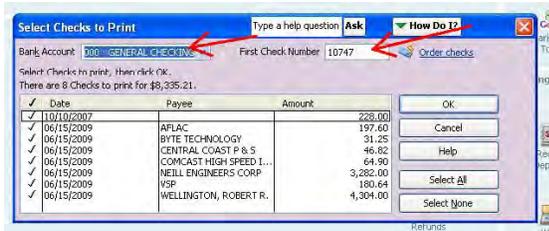
Type	Date	Num	Due Date	Aging	Open Balance
PRINGLE TRACTOR CO.					
Bill	5/26/2009		6/3/2009	23	7.88
Bill	1/26/2009		4/5/2009	35	2,117.07
Total PRINGLE TRACTOR CO.					2,124.95
TERMINIX					
Bill	5/12/2009	INV 28637855	5/23/2009	39	23.64
Total TERMINIX					23.64
UPS					
Bill	5/29/2009	000047385219	6/5/2009	23	7.91
Total UPS					7.91
VSP					
Bill	5/21/2009	66136041690001	5/31/2009	30	180.64
Total VSP					180.64
WELLINGTON, ROBERT R.					
Bill	5/19/2009	INV 19833	5/29/2009	32	198.00
Bill	5/19/2009	INV 19836	5/29/2009	32	910.80
Bill	5/19/2009	INV 19837	5/29/2009	32	1,635.00
Bill	5/19/2009	INV 19838	5/29/2009	32	80.00
Bill	5/19/2009	INV 19840	5/29/2009	32	406.80
Bill	5/19/2009	INV 19841	5/29/2009	32	126.30
Total WELLINGTON, ROBERT R.					4,306.90
TOTAL					36,216.09

These reports are provided for layout reference. The Unpaid Bills in this report do not coincide with the check register on the following page.

- Once the amount to be disbursed has been approved by the City Manager, the ADCC shall print the checks from Quickbooks using the Pay Bills feature. Checks are selected for printing by clicking the box to the far left. Note: Bills that have the same vendor will be consolidated into one check. Separate checks can be printed if the "Pay Selected Bills" is chosen after each bill for that particular vendor. Check the accuracy of the information indicated by arrows at the bottom of the screen before paying.



- The “Select Checks to Print” window will appear after the “Pay Selected Bills” above has been entered. Check the accuracy of the first check number and the bank account the checks are being printed from. Also confirm that the amounts for each check are accurate. If there is a discrepancy, this window can be cancelled and the check, now residing in the operational, or general checking, account register with the designation “To Print,” can be cancelled from the register by selecting Edit>Delete Bill Payment – Check and the corresponding bill will return to the Pay Bills list where it can be edited and selected for payment again. Place the check stock in the printer according to the requirements for that printer (i.e., face down or face up, top of the check toward the printer or away, with the numbers sequenced with the first check number on the top or bottom. Quickbooks support or Quickbooks.com can be referenced to find out the requirements for the printer when using the City’s check stock.)



- Voided checks are to be marked as such on the check itself, and voided in Quickbooks by selecting Edit>Void Bill Pmt – Check. Voided checks are to be placed in the monthly reconciliation folder to accompany the bank statement to comply with internal control measures.
- After printing, each check shall be attached to the corresponding invoice along with other supporting documentation, and submitted for signatures. A check register generated from Check Detail in Quickbooks listing vendor, check number, date, name, account, amount paid and class shall be filed together with the Unpaid Bills Detail report.

CITY OF DEL REY OAKS							
Check Detail							
July 2008							
Type	Sum	Date	Name	Account	Paid Amount	Class	
Bill Pmt - Check	10124	7/3/2008	TAHPY'S ROADHOUSE	1000 - GENERAL CHECKING			
Bill		7/3/2008		2070 TRAVEL/CONFERENCE	(413.94)	00090 ADMIN/000 COUNCIL	
TOTAL					(413.94)		
Bill Pmt - Check	10135	7/7/2008	IMPL.C.A. GOVERNMT SER	1000 - GENERAL CHECKING			
Bill		6/30/2008		20169 OFFICE SUPPLIES	(172.10)	00090 ADMIN/005 CITY CLERK	
				20168 POSTAGE / SHIPPING	(80.20)	00012 POLICE	
				20160 OFFICE SUPPLIES	(18.44)	00090 ADMIN/002 CITY CLERK	
				20160 OFFICE SUPPLIES	(112.50)	00012 POLICE	
				20161 SPECIAL SUPPLY POLICE	(184.50)	00012 POLICE	
				20121 MATERIAL SUPPLY	(100.00)	00012 POLICE	
				20160 OFFICE SUPPLIES	(202.82)	00012 POLICE	
				20121 MATERIAL SUPPLY	(16.17)	00012 POLICE	
				20169 OFFICE SUPPLIES	(109.88)	00011 PUB WKS/STREETS	
				20160 OFFICE SUPPLIES	(39.44)	00090 ADMIN/002 CITY CLERK	
				20185 WEBSITE DESIGN & MA...	(92.05)	00090 ADMIN/002 CITY CLERK	
				20168 POSTAGE / SHIPPING	(19.14)	00012 POLICE	
				20160 OFFICE SUPPLIES	(37.89)	00013 CONV BLDGS	
				20168 POSTAGE / SHIPPING	(210.35)	00090 ADMIN/002 CITY CLERK	
				20188 POSTAGE / SHIPPING	(21.64)	00012 POLICE	
				20188 POSTAGE / SHIPPING	(30.28)	00012 POLICE	
				20161 SPECIAL SUPPLY POLICE	(515.50)	00012 POLICE	
				20161 SPECIAL SUPPLY POLICE	(94.86)	00012 POLICE	
TOTAL					(1,789.16)		
Bill Pmt - Check	10126	7/15/2008	IMPACT RESOURCE GROUP	1000 - GENERAL CHECKING			
Bill		7/15/2008		20160 OFFICE SUPPLIES	(280.00)	00090 ADMIN/007 CITY CLERK	
TOTAL					(280.00)		
Bill Pmt - Check	10137	7/15/2008	CITY OF MONTEREY	1000 - GENERAL CHECKING			
Bill		6/30/2008		60162 FIRE MONTEREY	(51,507.75)	00180 FIRE/ANIMAL CONT	
				60000 INTEREST EXPENSE - SI	(3,411.00)	00180 FIRE/ANIMAL CONT	
TOTAL					(54,918.75)		

- While the City Manager and Mayor sign each check, he/she should double check the backup documentation and Check Detail report. This approval is to ensure the account is charged to the correct expense and line item.

11. After the checks have been signed, the second signatory will double check the work and return the disbursements to the ADCC.
12. All checks including stubs are to be copied and the copy affixed to the back up documentation – the copies of signatures on each check serve as internal control of the approval of the disbursement.
13. All original checks are to be mailed as soon as the approval and signature process is completed.
10. The ADCC shall file copies of checks and supporting documentation chronologically by check number in the labeled Claims folder.
11. The check register, or Check Detail report, shall be placed in the front of the Claims file and the ADCC shall be certain that each check on the register is within the file and in chronological order with supporting documents neatly attached.
12. The Claims files shall be used by the ADCC to respond to any from vendors or other payees.

Payroll

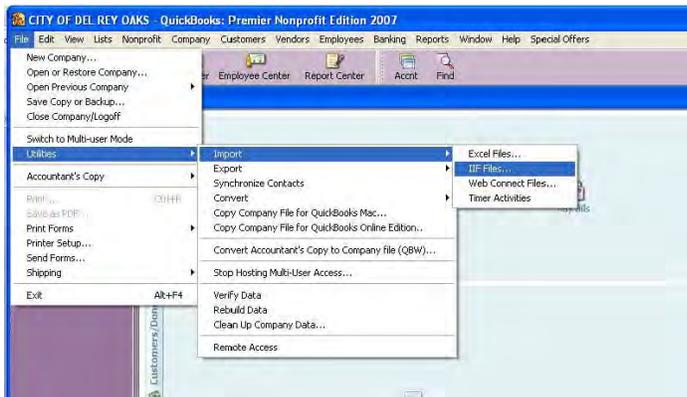
Personnel:

1. The City Manager is charged with the responsibility of maintaining personnel files on staff persons.
2. Each personnel file should contain the following information, at a minimum.
 - a. Employment application or resume
 - b. A record of background investigation
 - c. Date of employment
 - d. Position, pay rates and changes therein
 - e. Copies of personnel evaluations
 - f. Authorization of payroll deductions
 - g. Earnings records for non-active employees
 - h. W-4 Form, withholding authorization
 - i. I-9 Immigration Form
 - I. Termination data, when applicable
3. All personnel records are to be kept locked in a locking file cabinet in the City vault. Access to these files other than by the City Manager or the auditor should be requested in writing to the City Manager.

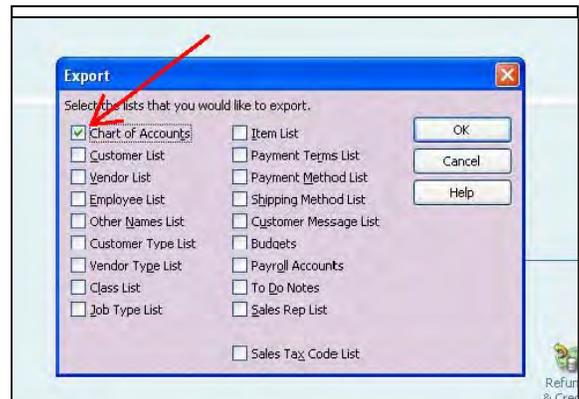
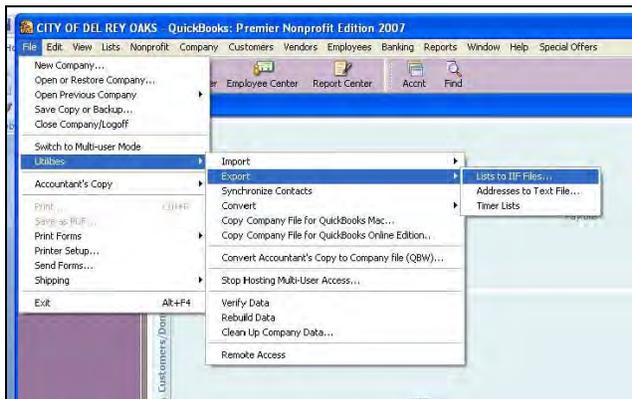
Payroll Preparation and Timekeeping:

1. Timesheets are to be prepared by all staff persons and submitted three business days prior to the 15th and last day of each month. Time should be input on a daily basis and, if in writing, completed in ink. Correction fluid should never be used in preparing timesheets. If an error needs to be corrected, a line should be drawn through the item and the corrected information recorded, and initialed by the person who made the correction.
2. Timesheets are to include specific time spent on each assignment when applicable.
3. Timesheets are to be signed by the staff person and his/her supervisor.
4. All approved timesheets should be submitted to the City Manager, who will verify the hours worked.
5. The City Manager shall authorize and perform any retro pay calculations or any adjustments to employee salaries, tax filing status, or benefits, and will authorize any award or use of sick bank hours.
6. The DCC shall then process the time and enter the preliminary information into the payroll service web based reporting site. The information reported should include:

- a. Hours worked, by cost center rate (such as race pay vs. regular pay)
 - b. Holiday and overtime hours worked
 - c. Changes in pay rates or employment status
 - d. Sick, Vacation, or Compensated Time Off used or earned
7. The City Manager shall review the pre-process register generated by the DCC from the web-based payroll service against time sheets and time off request slips, and, upon approval of the preliminary payroll report, the City Manager shall close and submit final payroll via the web site.
 8. Manual paychecks shall be distributed by the City Manager on the designated day and hour, one week after the end of the pay period according to a prearranged schedule. In the event that a paycheck is picked up by a designated person other than the staff person, a memo should be received in writing from the staff person and proper identification should be requested from the party picking up the pay check.
 9. As an employee benefit, the City offers direct deposit through the employee's own financial institution. Through direct deposit, payroll is deposited as cash into the employee's account on payday.
 10. The DCC shall receive the Quickbooks data file via email from the payroll service provider and shall immediately upload the payroll information for the pay period into Quickbooks using the File>Utilities>Import>IFF files... feature.



11. Any changes made to the chart of accounts by the City that affects any of the payroll posting accounts requires that a new chart of accounts be exported in IFF format and sent to the payroll service for a new upload to be formatted for the City.



12. The DCC shall maintain payroll reports and quarterly reports in an organized manner, and shall copy the paycheck portion of each report and place the copy promptly after each pay period into the Reconciliation [Month] [Year] folder for monthly bank reconciliation.
13. The DCC shall maintain updated vendor social security or federal tax identification numbers in Quickbooks for non-employee compensation (10-99 Misc) and complete 10-99 and 10-96 filing using Quickbooks well before January 31st of each year. When generating the 10-99 forms, each vendor shall be properly identified as a 10-99 recipient, the proper accounts are to be mapped, and all necessary information is to be included in the reporting by following the on-screen and help function instructions in the 10-99/10-96 form generating component of Quickbooks. See the Quickbooks accounting manual for further guidance.
14. The current payroll service bureau is:

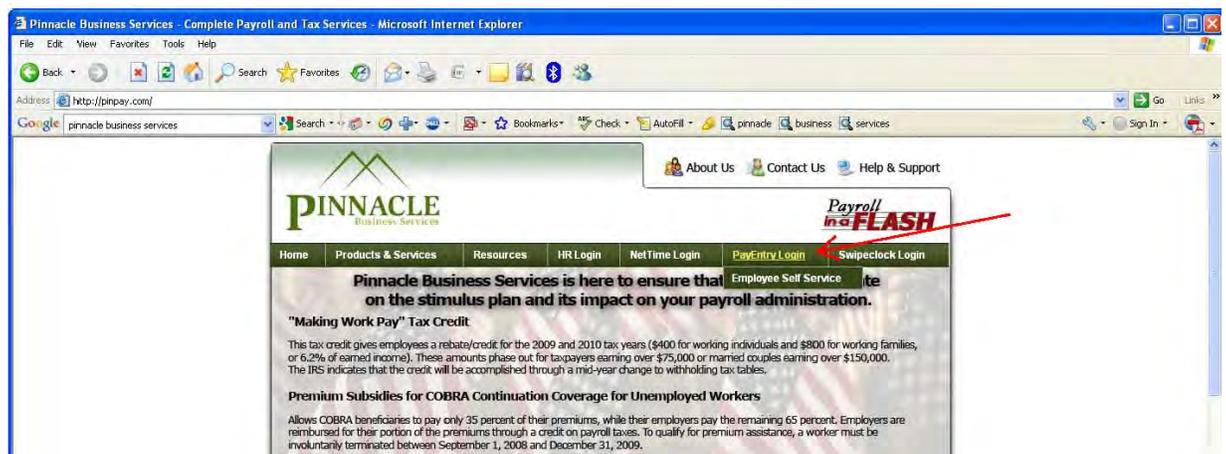
Pinnacle Business Services
 2801 Salinas Hwy #D
 Monterey, CA 93940
 (831) 372-7000

www.pinpay.com (username, password and Company ID# on file with the DCC)

Richard Miranda [RMiranda@pinpay.com] for upload assistance

Doty, Marie [Marie@pinpay.com] for payroll input assistance

Camicha Simon [CSimon@pinpay.com] for client services



CalPERS Payroll Reporting:

The DCC is responsible for reporting each payroll to CalPERS.

IMPORTANT DEADLINE: Reporting is due to CalPERS within 15 days of the pay date of each payroll to avoid a \$200 penalty. Payment to CalPERS must be made within 30 days of the pay date of each payroll to avoid interest and penalties.

1. Click the icon on the DCC computer screen desktop
2. Click the payroll tab, Begin new payroll
3. Range of dates will always be the 1st through the 15th OR 16th through the last day of the month. Tab to each space!
4. Begin payroll data entry (say "yes")
5. Double click on each person to access their information. Check to be sure nothing has changed then click the "Save" icon at the top and then select the next person. All information is on the payroll service provider reports sent after each payroll and if you have a question about a field, pull the PERS manual and it will explain what that field does.
6. The only time anything usually changes is if there is an increase in salary (which changes PERS deductions) or any hourly employees change every time.
7. Once each employees' payroll information has been saved click on the Reports tab.
8. Print Payroll Listing and Payroll Summary reports
9. Go back to the reports tab and click CaIPERS Diskette
10. Insert a blank diskette in the "a" drive and click on the "a" drive to select it.
11. Click on the button "Create CaIPERS Diskette", remove the disk and set aside.
12. Click on the Utilities tab and select "backup"
13. Insert the disk that's in the front of the tan disk storage box under the desk. It has a label with a list of numbers that look like this: NRML2004021.
14. Select the "a" drive and press "backup files".
15. Remove the disk and write the number shown on the screen in the box marked "Payroll Dataset Name". You will notice that the number tells you what you just backed up. Example: NRML20040301 (NRML = normal payroll, 2004 = year, 03 = month, and 01 or 02 = first half of the month or second half of the month pay period)
16. You are now done entering all payroll information and are ready to transmit it to PERS.

CalPERS Payroll Reporting Transmission – CalPERS ACES:

IMPORTANT REQUIREMENT: *The DCC must maintain an ACES security agreement signed by a manager for each active ACES user, the agreement to be retained in a secure location for the life of the agreement and made available to CalPERS upon request.*

1. Click "Log in to ACES"
2. Mark "ACES - Registered Users Only"
Username is: (on file with DCC and ADCC) (case sensitive)
Password is: (on file with DCC and ADCC) (case sensitive)
3. Click continue
Note: you will be prompted to change the password every 6 weeks or so, I've found it easiest to just go up by one number at the end of droclerk , until you hit 9 and then start over with number 1.
4. Click "File Transfer" from the left column
5. Click "Transmit File" (green)
6. Under Type of file, select "Payroll Transaction" Insert first disk you made (no label)
7. Under File to Transmit, click Browse
8. Select "PERSFILE" and open
9. Click "Transmit File to CaIPERS"
10. Don't close the next screen!
11. Remove the disk and put a label on it. Fill in with: Example: CaIPERS Payperiod 03/01/04 - 03/15/04 Date: 03826/04 Time: 14:56 Tracking # 8918173
12. All this information is on the screen. Once you have it on the disk, you can close all ACES screens.

CalPERS Summary Report: Member and Employer Contributions

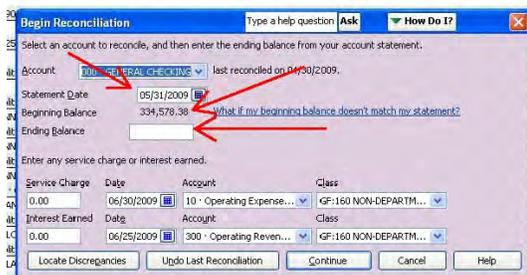
1. Get a CalPERS carbon form out of the payroll book.
2. Follow Example: All amounts are taken directly off of the reports you printed earlier, almost in the same order as printed. Example is color coded.
3. Run tape per example using numbers from reports.
4. Attach reports and tape to pink copy of hand written form.
5. White and green forms go with your payment to CaIPERS when you pay your regular bills.

IMPORTANT DEADLINE: CalPERS bill payment for each payroll period is due within 30 days of the pay date of each payroll period to avoid additional fines.

Reconciliations

Bank Reconciliations

1. Bank statements for the general checking (operations fund) are to be received unopened by the City Manager each month who shall review the contents for inconsistent check numbers, signatures, cash balances and payees and endorsements at a minimum. After this cursory review is conducted, the City Manager shall initial and date the bottom, right hand corner of the first page of each bank statement reviewed and forward to the DCC for reconciliation.
2. Bank statements for each of the City's two Local Agency Investment Fund (LAIF) accounts are to be generated by the DCC quarterly via internet at www.treasurer.ca.gov/pmia-laif. The LAIF account numbers and pin numbers are on file with the DCC. The LAIF statements are to be provided to the City Manager for review.
3. The DCC shall reconcile each account promptly upon receipt of the bank statements and review by the City Manager. All accounts will be reconciled no later than 7 days after receipt of the monthly bank statements. In the event it is not possible to reconcile the bank statements in this period of time, the City Manager shall be notified by a written memo from the DCC.
4. Use the Quickbooks Reconciliation component when reconciling the bank accounts.
 - a. Choose the correct bank account for the reconciliation being done.
 - b. Enter the end date of the current bank statement.
 - c. Check for accuracy the beginning balance of the reconciliation period against the bank statement. If there is a discrepancy, past reconciliations shall be investigated one by one beginning with the most recent reconciliation and proceeding back.
 - d. Enter the correct ending balance from the current bank statement.
 - e. For the LAIF accounts, enter the Interest Earned for the quarter in the bottom box, along with the date of the interest earned (the ending bank statement date), and the correct account and class for the interest – 3501 Interest Earned and 160 Non-Departmental.



Date	CH.#	Payee	Amount	Date	CH.#	Memo	Amount
05/11/2009			4,544.21	06/01/2009		Deposit	145.00
05/12/2009			1,262.46	06/01/2009		Deposit	820.00
05/20/2009			4,172.75	06/22/2009		WFT Release Photo	160.00
05/20/2009			1,961.70	06/22/2009	3179		0.00
06/11/2009		APLAC	197.60	06/22/2009	3180		0.00
06/11/2009		WHITE TECHNOLOGY	38.25	06/22/2009		Bank Payment	493.58
06/11/2009		CENTRAL COAST P BLS	46.02	06/22/2009		Prop 13	400,000.00
06/11/2009		CONCAST HIGH SPEED L...	64.90	06/22/2009		WFLP	264.98
06/11/2009		WELL ENGINEERS CORP	3,225.00	06/22/2009		Musicians	10.00
06/11/2009		VSP	180.64	06/22/2009		Gasoline	10.00
06/11/2009	1000	Randy Cavalero - DCC	1,025.47	06/22/2009		Age & Rev Reversals	57,328.25
06/11/2009	1001	Karen L. Weems - ACCC	1,732.04	06/22/2009	1013		0.00
06/11/2009	1002	Christopher L. Bourain...	1,986.34	06/22/2009	1014		0.00
06/11/2009	1003	Ronald Langford - Polke...	3,025.59	06/22/2009	1015	PO Services	896.00
06/11/2009	1004	David H. Davis - Officer	2,246.68	06/22/2009	1017	WCD - cell rental, cell...	0.00
06/11/2009	1005	Paul E. Topp - Officer	2,180.02	06/22/2009	10172	WCD paid April truck, cell...	0.00
06/11/2009	1006	Russell Van Zanten - O...	1,880.20	06/22/2009	10173	Permits/Licenses	317.71
06/11/2009	1006	Francis A. Williams - Serge...	3,301.60	06/22/2009	10174	Census, Calcomp	46.00
06/11/2009	1009	Joseph W. Johnson - PW	1,794.71	06/22/2009	10175	Maconomy	50.00
06/11/2009	1010	Terry L. Swanson - PW	1,654.42	06/22/2009		Bus - Other	1,020.00
06/11/2009	1010	Henry J. Ryan - Reversal...	184.17	06/22/2009		Bank Tr	1,528.74
06/11/2009	1011	Matthew Young - Reversal...	589.56	06/22/2009		PO Services	668.00
06/11/2009	1012	Steven G. Allan - Council...	98.85				
06/11/2009	1013	Richard Corraldo - ACCC	1,829.07				
06/11/2009	1013	Laurel M. Bost - ACCC	732.00				
06/22/2009	1020	Christopher L. Bourain...	2,096.11				
06/22/2009	1021	Ronald Langford - Polke...	3,025.59				
06/22/2009	1022	Ronald Langford - Polke...	314.90				
06/22/2009	1023	Paul E. Topp - Officer	3,823.60				
06/22/2009	1024	Russell Van Zanten - O...	2,099.48				
06/22/2009	1025	Francis A. Williams - Serge...	3,299.07				
06/22/2009	1026	David H. Davis - Officer	2,246.32				
06/22/2009	1027	Joseph W. Johnson - PW	1,794.70				
06/22/2009	1028	Terry L. Swanson - PW	1,654.40				
06/22/2009	1029	Henry J. Ryan - Reversal...	1,654.18				
06/11/2009	1044	PROMAJE BUSINESS SE...	20,650.48				
06/11/2009	1055	PROMAJE BUSINESS SE...	6,350.95				
06/11/2009	1056	PROMAJE BUSINESS SE...	90.00				

Reconciling Balance	234,578.96
State you have bank cleared	461,220.92
Deposits and Other Credits	1,828.87
Checks and Payments	1,828.87
Difference	234,578.96

- f. Compare and check off by date the amounts of deposits as shown on the bank statements with the deposits listed in Quickbooks.
 - g. Compare and check off by date the amounts of cancelled checks as shown on the bank statements with those generated in Quickbooks by check number, payee and amount.
 - h. Compare inter-organization bank transfers to be certain that both sides of the transactions have been recorded on the books.
 - i. Investigate items rejected by the bank, i.e., returned checks or deposits.
 - j. Compare EFT transfers dates received with dates sent.
 - k. Account for the sequence of checks both from month to month and within a month.
 - l. Compare and check off each individual paycheck as reported in the two monthly payroll reports to arrive at the total payroll amount recorded on the bank statement.
 - m. Compare and check off payroll tax payments as reported in the two monthly payroll reports against what is shown on the bank statement.
 - n. Account for payroll service invoicing EFT.
 - o. Account for credit card processing fees EFTs.
 - p. Account for any other credits or debits on the bank statement against entries in Quickbooks.
 - q. The amount of the Difference in the lower right hand corner of the reconciliation screen should be zero once all of the above is accounted for.
 - r. Run a detailed reconciliation report for the month, entering the ending date of the current bank statement in the reconciliation report generation window.
 - s. Examine canceled checks for authorized signatures, irregular endorsements, and alterations.
 - t. Review and file voided checks with the bank statement.
 - u. Investigation and write off of checks that have been outstanding for more than six months.
5. The bank reconciliation report shall be reviewed, initialed and dated by the City Manager.

6. The reconciled bank statement shall be placed in the front of the monthly Reconciliation [Month] [Year] folder followed by the reconciliation report; payroll reports and payroll service invoicing; credit card transaction processing statement; and deposit packets, credit card transaction receipts, and remittance advices in chronological order that coincides with the bank statement.

Reconciliations of Other General Ledger Accounts

1. Each month the Council shall receive a report of the balances of the cash accounts, and shall receive a listing of the check register. The City Manager shall review the bank reconciliations and check register to support the balances shown on the balance sheet.
2. Assets - These accounts will include cash, accounts receivable, prepaids, property, equipment and fixtures, loans receivable (CDBG), and intangible assets.
 - a. Cash - The balances in cash accounts should agree with the balances shown on the bank reconciliations for each month.
 - b. Accounts Receivable – Amounts for RV rental storage space, general reimbursements, and accrual amounts outstanding from government agencies at the end of each fiscal year.
 - c. Prepaids - The amounts in these accounts should equal advance payments, such as insurance premiums.
 - d. Property, Equipment & Fixtures - The amounts in this account should equal the totals generated from the audited depreciation schedules. When additional purchases are made during the year, the balances in the accounts may be updated accordingly.
3. Liabilities - These accounts are described as accounts payable, payroll tax liabilities, loans and mortgages payable, and amounts due to others.
 - a. Accounts Payable - The balance in this account should equal amounts owed to vendors at the end of the accounting period.
 - b. Payroll Tax Liabilities - The amounts in these accounts should equal amounts withheld from employee paychecks as well as the employer's portion of the expense for the period that has not been remitted to the government authorities.
 - c. Loans & Agreements – Fire protection, vehicle lease, and other loans or credit cards that carry a balance should be accounted for on the balance sheet.
4. Revenues / Expenses - These accounts are described as income from taxes and services, and other expense line items such as salaries, consulting fees, etc.
 - a. Revenues - The amounts charged to the various cash accounts should be reconciled with remittance advices, check stubs, funding reports, etc.
 - b. Salary/Benefit Accounts - The balances in the salary/benefit accounts should be added together and reconciled with the amounts reported on quarterly payroll returns.
 - c. Consulting - The amounts charged should be reconciled to the contracts.

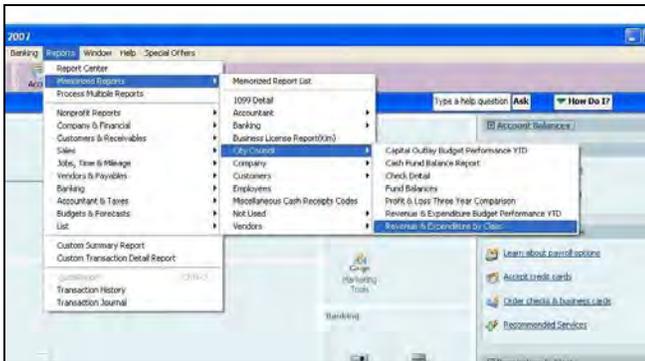
Financial Reporting

Monthly Reports:

The City Manager, with the assistance of the DCC, shall prepare a set of monthly financial reports for distribution to the City Council and, when requested, the Budget and Finance Committee. The monthly financial reports will cover the month previous to the Council meeting where presented. (See Attachments C, D and E):

1. A monthly year-to-date (YTD) budget vs. actual revenue and expenditure report listing all accounts included in the annual operating budget.
2. A monthly year-to-date (YTD) budget vs. actual revenue and expenditure report listing all accounts included in the annual capital outlay budget.
3. A monthly cash fund balance report.

At month end, and prior to preparing Council reports, a pre-report is run to verify the accuracy of entries to-date. The pre-report displays all accounts having transactions, listed in columns by Class and in rows by total amount for account transactions for the specified date range. The report is generated from the Report selection in Quickbooks by choosing Memorized Reports>City Council>Revenue & Expenditure by Class. Enter the fiscal YTD range with the appropriate month end date.



Report below displayed in Excel format using the export feature in Quickbooks available when the report is generated.

CITY OF DEL REY OAKS Profit & Loss by Class May 2009																					
	001 COUNCIL	002 CLERK	003 CITY MANAGER	111 ADMTS TELESERVICE	004 ADMN Othw	200 ADMN	120 LEGAL	005 PLAN/ENGRG CUM DEV	006 GOVT BLDG	007 WORK DEPART	125 CONVS (12 POLICE)	010 POLICE Othw	008 FIRE POLICE	009 PUBLIC WORKS	010 PUBLIC ENGINEER	011 PUBLIC WORKSTREETS	012 PARKS RECREATION	009 REVENUES	Totals	TOTAL	
	(001 ADMN)	(002 ADMN)	(003 ADMN)	(004 ADMN)	(005 ADMN)	(006)	(007)	(008)	(009)	(010)	(125 POLICE)	(010 POLICE)	(008)	(009)	(010)	(011)	(012)	(009)	Totals	TOTAL	
00 - Operating Expense																					
0000 - 000																					
0000 - OF SALARIES/GRANT												1,293.40	1,293.40							1,293.40	1,293.40
0000 - OVERTIME												2,208.46	2,208.46							2,208.46	2,208.46
0000 - SALARIES		7,602.14		1,203.90		9,209.00						4,051.00	35,330.40			4,056.00	1,364.00			50,310.40	50,310.40
0001 - COUNCIL MEMBER STIPEND	500.00					500.00														500.00	500.00
0002 - CITY MANAGER SALARY			8,000.00			8,000.00														8,000.00	8,000.00
0003 - RESERVE SALARY												2,304.00	2,304.00							2,304.00	2,304.00
0003 - PERKS		706.00		375.00		1,121.00						342.00	381.00							723.00	723.00
0003 - MEDICAL	1.40	507.00				508.40						33.60	400.00							538.00	538.00
0003 - DENTAL EXPENSE	666.00	110.00		160.00		936.00						136.40	340.00							1,212.40	1,212.40
0004 - HEALTHCARE		1,094.47		621.97		1,716.44						6,497.54	6,497.54							13,995.01	13,995.01
0004 - VENDOR		321.00		1,400.00		1,721.00						113.20	113.20							2,237.20	2,237.20
0004 - EDUCATIONAL INCENTIVE		31.00		3.00		34.00						230.00	230.00							264.00	264.00
Total 0000 - 00	1,167.50	8,383.61	8,000.00	2,684.13		21,200.37					5,933.00	54,002.60	61,462.80		4,056.00	1,364.00			93,803.20	93,803.20	
2010 - SUPPLIES																					
2010 - MATERIAL SUPPLY		110.00				110.00			270.40			370.00	370.00							850.40	850.40
2010 - STREET MATERIAL PURCHASE																				0.00	0.00
2010 - WALKWAY MATERIAL PURCHASE																				237.00	237.00
2010 - OFFICE SUPPLIES		353.61				353.61						(354.00)	(354.00)							38.61	38.61
2010 - SPECIAL SUPPLY POLICE												193.00	193.00							193.00	193.00
Total 2010 - SUPPLIES	466.56	466.56				466.56			270.40			130.00	130.00							1,024.56	1,024.56
2012 - REPAIR/MAINTENANCE																					
2012 - UTILITIES WATER									9,500.00												9,500.00
2010 - TELEPHONE DIRECT		207.54				207.54														207.54	207.54
2010 - WEBSITE DESIGN & MAINTENANCE		115.00				115.00														115.00	115.00
2010 - POSTAGE / SHIPPING		52.40				52.40														52.40	52.40
2010 - TRAVEL/CONFERENCE		24.00			6.77	30.77														30.77	30.77
2012 - ADVERTISEMENT CITY ENCL		123.00				123.00														123.00	123.00
2012 - MEETING CITY ENCL		73.97				73.97														73.97	73.97
2017 - PROOF DEVELOP CITY CLERK		30.00				30.00														30.00	30.00
2010 - COMMITMENT EXPENSE			1,340.00			1,340.00														1,340.00	1,340.00
2012 - CONTRACTUAL LAURET				8,530.00		8,530.00														8,530.00	8,530.00
2010 - CONTRACTUAL W/CLAS/ENGRG/ENG								1,270.00							531.00		1,801.00			1,801.00	1,801.00
2010 - ENGRW/C ENGR/ENGR								95.00												95.00	95.00
2010 - CONTRACTUAL SVCS-LEGAL								1,090.00												1,090.00	1,090.00
2010 - CONSOLE RETAINER LEGAL								900.00												900.00	900.00

Review the report displayed:

- To determine if there are any transactions in an Unclassified column just before the totals column. If there are, click on each amount in the column and assign a class to the transaction. When all unclassified transactions have been classified, the Unclassified column will be eliminated from the report.
- To determine if transactions have been misclassified (Examples: Ammunition account transactions being posted to 311 PW/Streets class, or 172 Police class salaries being posted to Council Stipend account).
- To ensure that large revenue receipts such as Property Tax and Sales/Add-On Tax have been properly posted to each respective account listed on the remittance receipt.
- Additional reports can be generated out of the main Quickbooks report by double-clicking on any amount in any column to verify accurate posting and classification.

Generation of monthly year-to-date (YTD) Operating Fund budget vs. actual revenue and expenditure report (Attachment C): This report is generated no later than the third Wednesday of each month in preparation for the monthly Council meeting held the 4th Tuesday of each month. It is generated from the Report selection in Quickbooks by choosing Memorized Reports>City Council>Revenue & Expenditure Budget Performance YTD. Enter the fiscal YTD range with the appropriate month end date. The report displays the operating accounts with a column for actual YTD Revenue/Expenditures, another for YTD Budget, another for Difference of Actual from Budget, and another for Total Annual Budget. Review the annual budget column for accuracy against what was adopted / amended by the Council. Compare the columns of actual amounts and budget amounts for any noticeable anomalies. Double-click on any of the Actual YTD amounts to verify accuracy of posting.

Once the report amounts are reviewed and acceptable choose the Export option to export the report to Excel format. Once in Excel format, “hide” columns K through R by left-clicking on the N at the top of the column and holding down the left mouse button while highlighting additionally columns O,P,Q,R,S,T and U, then right-clicking anywhere on the highlighted columns and choosing “hide” from the selection window. Next, add a far right column and entitle it *% of Annual Budget*. (Quickbooks does not provide the option to add this column of calculations to this particular report.) In the row 4 cell of the column, add the formula =G6/X6 and enter. Copy this formula to all of the cells in the column.

Change the title of the report in the View Header Footer tab of the Page Setup selection to reflect the current reporting period, and under the “Sheet” tab in Page Setup check the box next to Gridlines. Change all instances in the report of “Income” to “Revenues” and all instances of “Expense” to “Expenditures”; hide the “Gross Profit” row below the row of Total Revenue, and change the title of the final row “Net Income” to “Total Revenue Less Expenditures.”

Generation of monthly year-to-date (YTD) Capital Outlay budget vs. actual revenue and expenditure report (Attachment D): Follow the same steps as Generation of Report 1, only use the memorized report from Quickbooks Memorized Reports>City Council>Capital Outlay Budget Performance YTD. Again, change the title of the report in the View Header Footer selection to reflect the current reporting period. Change all instances in the report of “Income” to “Revenues” and all instances of “Expense” to “Expenditures”; hide the “Gross Profit” row below the row of Total Revenue, and change the title of the final row “Net Income” to “Total Revenue Less Expenditures.”

Generation of the monthly cash fund balance report (Attachment E): The cash fund balance report is a combination of the City of Del Rey Oaks cash balances and the City of Del Rey Oaks Redevelopment Agency (RDA) cash balances. Choose in Quickbooks Memorized Reports>City Council>Cash Fund Balance Report. Export the report to Excel and obtain and enter data from the RDA accountant and delete and / or change titles until the report is in the format of Attachment E.

Review each of the three reports for layout and content accuracy and submit the draft reports to the City Manager for approval. Include the approved printed reports in the monthly agenda packet, and file the digital copies of the reports on the administrative computer network.

Audit:

Bids for an independent auditor to conduct an audit review, when necessary, will be accepted between May 1 and August 15. In accordance with City policy, at least three proposals will be considered. The auditing process will begin on or about September 1 with audit report and financials to be complete and final and approved by the City Council no later than November 30th of each year.

Annual Checklist

Annually at the end of the Calendar Year, the following procedures will be performed.

1. The financial records of the City are to be closed by September 30th each year with journal entries made for outstanding Accounts Receivable, Accounts Payable, Prepaid Expenses, Depreciation Expense, Loans Payable, Compensated Absences, Deferred Revenue, Payroll Clearing, Deferred Interest, Due from RDA, Allowance for Doubtful Accounts, as well as verification of correct posting to accounts and categories throughout the year, and organization and filing of all financial documents and backup documentation.
2. At the end of the Fiscal year, the following reports are to be generated and approved by the City Manager, and submitted by the various due dates, generally within 3-6 months after fiscal year-end:

<i>Report</i>	<i>Due</i>
a. The State Controller’s Office Street Report	Annually October 1 st
b. The State Controller’s Office Cities Financial Transactions Report	Annually October 18th
c. The State Controller’s Office Redevelopment Agencies Financial Transactions Report Reports	Annually December 31st Requires Audit & Component Unit
d. Audit of the City Redevelopment Financial Statements	Annually December 31 st
e. Audit of the City Financial Statements	Annually December 31 st
f. California Dept. of Housing & Community Development Redevelopment Agency Annual Housing Activity Report	Annually December 31st to be submitted with c. above

- | | | |
|----|--|-------------------------------|
| g. | Statement of Pass-through Obligations for
Redevelopment Project Areas | Annually October 1st |
| h. | AB 2788 Public Safety Sales Tax Maintenance
of Effort Report | Annually January 30th |
| i. | Monterey County Possessory Interests
Annual Report | Annually February 15th |
| j. | IRS 10-99 MISC Forms to Vendors | Annually January 31st |
| k. | IRS 10-96 (10-99 filing) Forms | Annually last day of February |
3. If appropriate, the Council shall approve new signers to each bank account. As required, new signers shall complete the appropriate signature card and City resolutions. All financial institutions should be notified of any changes to the authorized signers of the accounts within three (3) business days following end of the calendar year.
 4. The Council shall approve any new and necessary bank accounts.
 5. The DCC shall provide the City Manager an updated address and telephone directory of Council Members and officer appointments by January 31st.
 6. A review of the current City financial procedures (Accounting, Capitalization, Records Retention policies) should be made with the Mayor and City Manager and reaffirmed or revised.

Fixed Asset Management

1. A permanent property log or database is to be maintained by the City Manager for all fixed assets purchased by the City.
2. The log should contain the following information:
 - a. Date of purchase
 - b. Description of item purchased
 - c. Received by donation or purchased
 - d. Cost or fair market value on the date receipt, plus freight charges, taxes and other individual expenses should be part of capitalization cost.
 - e. Donor or funding source, if applicable
 - f. Funding source restrictions on use or disposition
 - g. Identification/serial number (if appropriate)
 - h. Depreciation period using the straight line method of depreciation
 - i. Vendor name and address
 - j. Warranty period
 - k. Inventory tag number (all fixed assets should be tagged with a unique identifying number)
 - l. Number of the City check used to pay for the equipment
3. At least annually, a physical inspection and inventory should be taken of all the City's fixed assets and reconciled to the general ledger balances. Adjustments for dispositions should be made.
4. The City Manager should be informed, in writing, via an interoffice memorandum of any material changes in the status of property and equipment. This should include changes in location, sale of, obsolescence of items and any purchase or sale of real estate.
5. All items that have a replacement value of at least \$10,000.00 will be capitalized and depreciated.
6. See the City Capital Assets Policy for further guidance.

Fiscal Policy Statements

1. All cash accounts owned by the City will be held in federally insured financial institutions.
2. It is the goal of the City to strive to maintain a minimum of ten percent (10%) of the operating budget as reserve funds.
3. All capital expenditures which exceed \$10,000.00 will be capitalized on the books and records of the City.
4. Employee paychecks and/or personal checks will not be cashed at the City.
5. No salary advances will be made under any circumstances.
6. Any item whose value exceeds \$50.00, received via donation, will be recorded in the books and records of the City.
7. Fiscal Management personnel will not take time off that could interfere with fiscal procedures. Variances to this policy shall be made in special circumstances.
8. All volunteer time which exceeds \$500.00 shall be recorded in the books and records of the City.
9. Expense reports will be maintained which will disclose the nature of expenses and the dates incurred.
10. It is the policy of the City to reimburse out of pocket expenses only when supporting documentation has been presented for approved costs incurred.
11. It is the policy of the City to establish pay rates which equal or surpass the federal minimum wage.
12. All funds received by the City for each project will be clearly identified in the general ledger to avoid any possibility of commingling project monies with general operating funds.
13. The Mayor and City Manager are signatories of all City bank accounts. Two signatures are required for all disbursements and any disbursements exceeding \$10,000 must be authorized by the City Council.
14. Bank statements will be reconciled monthly; any outstanding or lost checks shall be accounted for.
15. Separate files will be maintained for each monthly bank statement and supporting documentation, and for each batch of claims. Files will be kept separately for each fiscal year.
16. Separate files will be maintained for each investment account, and reconciliations shall be performed quarterly.
17. The services of a Certified Public Accountant authorized to perform governmental audits will be engaged to prepare a formal financial audit of the City at fiscal year-end.
18. Correction fluid should never be used in preparing timesheets or any accounting documents.
19. Blue ink should be used when signing documents to identify the original.
20. All financial documents shall be filed promptly in an orderly, chronological fashion.

Grant Compliance

1. When a new grant is received or renewed, a copy of the executed grant must be forwarded to the City Manager.
2. The City Manager shall set up a permanent file for the grant and maintain the contract along with any other financial correspondence regarding the grant.
3. It is the responsibility of the City Manager to review the grant contract and extract any fiscal items which must be complied with by the City. Typically, for government grants, reference will be made to various publications put out by the corresponding agency.

Governmental Generally Accepted Accounting Principles

1. It is a policy of the City to adhere to any restrictions imposed by its funders, both governmental and private.
2. When the City is expending federal funds, prior written approval from the funder agency is required for the purchase of:
 - a. Capital expenditures for land or buildings
 - b. Insurance and indemnification expenses
 - c. Pre-award costs
 - d. Public information service costs
 - e. Publication and printing costs
 - f. Rearrangement and alteration costs
3. The City will never request federal funds to pay for the following costs:
 - a. Bad debt expense
 - b. Contingencies
 - c. Contributions or donations to others
 - d. Entertainment expenses
 - e. Fines and penalties
 - f. Interest, fundraising and other financial costs
4. Federal funds received in advance will be deposited into a separate federally insured bank account. Any interest earned from those monies will be submitted to the funder agency. [It is the City's current policy to receive federal funds only on a reimbursement basis.]

Computer System Backup Procedures

1. The City uses a “ghost” back up drive for its computer network including accounting systems, data and documents that is changed out each week and placed in the City vault by the DCC.
2. An IT specialist has been retained to evaluate the City’s computer system each month and ensure that back ups are being completed correctly and consistently.

The City’s Municipal Code has been scanned into the City computer server and is available on the City web site.

The City shall strive to scan in all resolutions, ordinances, and other vital City documents each month for recovery of data in the event of a disaster.

ATTACHMENT A

Description of Chart of Accounts and General Transaction Class Designations

Revenues

Revenue	Description of Item to Post	Class
3100 · PROPERTY TAXES		
3105 · P/T-SECURED	County of Monterey Property Tax Revenue line item received December/April (Memorized)	900 Revenues
3107 · P/T-UNITARY TAX	County of Monterey Property Tax Revenue line item received December/April (Memorized)	900 Revenues
3108 · PRIOR UNITARY TAX	County of Monterey Property Tax Revenue line item received December/April (Memorized)	900 Revenues
3110 · P/T-UNSECURED	County of Monterey Property Tax Revenue line item received December/April (Memorized)	900 Revenues
3120 · P/T-SB813	County of Monterey Property Tax Revenue line item received December/April (Memorized)	900 Revenues
3130 · P/T-PRIOR SECURED	County of Monterey Property Tax Revenue line item received December/April (Memorized)	900 Revenues
3132 · PRIOR UNSECURED	County of Monterey Property Tax Revenue line item received December/April (Memorized)	900 Revenues
3135 · PROPERTY TAX - VLF	County of Monterey Property Tax Revenue line item received December/April (Memorized)	900 Revenues
3140 · P/T-INT/PENAL	County of Monterey Property Tax Revenue line item received December/April (Memorized)	900 Revenues
3145 · P/T - ADMINISTRATIVE FEE	County of Monterey Property Tax Revenue line item received December/April (Memorized)	900 Revenues
3200 · OTHER TAXES		
3202 · MANDATED COSTS	Costs incurred by the City for services mandated by law that it provide or obtain	Various
3205 · SALES TAX	State of California monthly allocation (Memorized)	900 Revenues
3206 · SALES TAX IN LIEU - 3-FLIP	County of Monterey Property Tax Revenue line item received December/April (Memorized)	900 Revenues
3208 · SALES TAX - ADD-ON	State of California monthly allocation (Memorized)	900 Revenues
3209 · COP MONIES	Grant received annually, allocated irregularly	172 Police
3210 · PROPERTY TRANSFER TAX	County of Monterey Monthly Vehicle Code Fine/Prop 172/Rev & Recovery/Prop Transfer Tax Revenue line item (Memorized)	900 Revenues
3220 · GAS FRANCHISES	Received from PGE semiannually	900 Revenues
3225 · ELECTRIC FRANCHISES	Received from PGE semiannually	900 Revenues
3235 · GARBAGE FRANCHISES	Received from Waste Management Inc. semiannually	900 Revenues
3240 · CABLE TV FRANCHISES	Received from Comcast semiannually	900 Revenues
3245 · WATER FRANCHISE	Last received from CalAm in 2005	900 Revenues
3851 · SEWER IMPACT	Received from City of Seaside annually	900 Revenues
3300 · LICENSES & PERMITS		
3703 · USE PERMITS	Home Occupancy Use Permit, CUP	900 Revenues
3301 · BUSINESS LICENSES		900 Revenues
3305 · BUILDING PERMITS		190 Bldg Reg
3315 · STREET OPENING / ENCROACHMENT	To encroach, and to physically open the street	900 Revenues
3325 · PLUMBING PERMITS		900 Revenues
3330 · ELECTRICAL PERMITS		900 Revenues
3340 · ENVIRON ASSESS FEES/PERMIT	Creek, bridge restoration last received 5/2008	900 Revenues
3342 · DEVELOPER PYMT FEES/PERMITS	Pass through developer payments for RDA economic consultant services	900 Revenues
3345 · OTHER LICENSES/PERMITS	Mechanical	900 Revenues
3400 · FINES & FORFEITURES		
3401 · VEHICLE CODE FINES	County of Monterey Monthly Vehicle Code Fine/Prop 172/Rev & Recovery/Prop Transfer Tax Revenue line item (Memorized)	900 Revenue
3415 · OTHER COURT FINES	County of Monterey Monthly Vehicle Code Fine/Prop 172/Rev & Recovery/Prop Transfer Tax Revenue line item (Memorized)	900 Revenue

Revenue	Description of Item to Post	Class
3501 · INTEREST EARNED	Local Agency Investment Fund and other fund interest	160 Non-Dept
3600 · OTHER AGENCY REVENUE		-
3715 · PD DONATIONS	Random	172 Police
3602 · MOTOR VEHICLE IN LIEU (MVLF)	State of California monthly allocation	900 Revenue
3603 · OFF HIGHWAY	State of California, last received in 2007	900 Revenue
3604 · HOPTR	County of Monterey Property Tax Revenue line item for Home Owner Property Tax Reduction received December/April (Memorized)	900 Revenue
3605 · VEHICLE LICENSE COLLECTION	Post to 3602 MVLF above	900 Revenue
3620 · PROP 172	County of Monterey Monthly Vehicle Code Fine/Prop 172/Rev & Recovery Revenue line item (Memorized)	900 Revenue
3624 · POST REIMBURSE	Police Officer Standards and Training reimbursement revenue - random	172 Police
3649 · TRAFFIC CONGESTION RELIEF FUNDS	State of California monthly allocation	900 Revenue
3655 · POLICE GRANTS OTHER AGENCIES	Technology, equipment Grant Revenue - random	172 Police
3700 · CURRENT SERVICES		
3310 · PLAN CHECK FEES	Engineering Plan Check Revenue, Architectural Review Revenue	190 Building
3704 · MAPS/PUBLICATIONS	Sale of zoning, city, planning, building maps	900 Revenue
3705 · SALE OF PROPERTY	Post to 3709 Property Inspections with Sale of Property note in memo field	-
3706 · RENTAL INCOME	Golf Course lease rental income	411 Parks/Rec
3707 · POLICE REPORTS	Post to 3710 Police Services with Police Report note and number in memo field	-
3709 · PROPERTY INSPECTIONS	Property inspections and Sale of Property inspection fees	190 Building
3710 · POLICE SERVICES	Fingerprinting, ticket sign-off, vehicle releases, police report copies	172 Police
3711 · PUBLIC EVENTS	Red Bull Races, Sea Otter Classics, other Laguna Seca events	172 Police
3716 · ELECTIONS	Council elections and polling place revenues	091 Council
3717 · SCRIP TAXI SVC FOR SENIORS	Packets of tickets sold to seniors for cab fare	900 Revenue
3800 · PARKS/RECREATION		
3801 · PARK RENTAL	Day use permits and baseball team payments	411 Parks/Rec
3802 · RV RENTAL PARKS	Monthly RV space rental including employee rental fees	411 Parks/Rec
3900 · OTHER		
3610 · GAS TAX 2107	State of California monthly allocation on one invoice with other gas tax categories, post each category to proper account number	SFR: Gas Tax
3612 · GAS TAX 2106	State of California monthly allocation on one invoice with other gas tax categories, post each category to proper account number	SFR: Gas Tax
3614 · GAS TAX 2107.5	State of California monthly allocation on one invoice with other gas tax categories, post each category to proper account number	SFR: Gas Tax
3616 · GAS TAX 2105	State of California monthly allocation on one invoice with other gas tax categories, post each category to proper account number	SFR: Gas Tax
3708 · CDBG LOAN REPAYMENTS	City provided funding to homeowners for remodels; payment due from participants when remodeled home is sold. Auditors will provide journal entry to post to the Balance Sheet CDBG loan account at year end	130 Plan/Com Dev
4900 · CAPITAL OUTLAY FUND		
3625 · 2000 PARK BOND GRANT	Dog fence \$4,979 City-match grant	411 Parks/Rec
3627 · 2002 Parks Resources Bond Act	\$99,655 for Park Project yet to be identified	411 Parks/Rec
3720 · Portola/Carlton (Prop 1B) CIP	\$400,000 grant received	311 PW/Streets
3730 · Portola/Work Walkway (MPRPD)	\$12,500 City-match grant	411 Parks/Rec
3740 · Stream Blockage (State)	\$100,000 possible grant available, not confirmed yet	301 PW/Eng
3750 · Portola/Work Street (TAMC)	\$219,263 comprised of \$205,358 for 2008 Street Resurfacing Project and \$13,905 Fair Share requested by DRO for 2008 Resurfacing Project	311 PW/Streets
3760 · City Monument Sign Proceeds	\$2,000 raised by Citizen's Action Committee for \$24,000 City entry signs project at each end of Canyon Del Rey Road (2008/09)	301 PW/Eng
39200 · TRANSFER FUNDS IN	For auditor use	
4000 · PROCEEDS FROM LOAN	For auditor use	

ATTACHMENT B

Description of Chart of Accounts and General Transaction Class Designations

Expenditures

	Expense	Description of Item to Post	Class
	10000 · S/B		
	10008 · COPS GRANT SALARY	Regular salary for one officer funded through COPS grant (Entered during Pinnacle upload)	172 Police
	10009 · OVERTIME	Overtime for all departments/employees (Entered during Pinnacle upload)	Various
	10010 · SALARIES	Clerks/Police/Public Works & Parks by class (Entered during Pinnacle upload)	Various
	100101 · COUNCIL MEMBER STIPEND	(Entered during Pinnacle upload)	091 Council
	100102 · CITY MANAGER SALARY	(Entered during Pinnacle upload)	095 City Manager
	100103 · RESERVES SALARY	(Entered during Pinnacle upload)	172 Police
	10011 · PERS	All PERS expenses to the City by class (PERS payable entered during Pinnacle upload)	Split
	10012 · MEDICARE	All medicare expenses to the City by class (Medicare payable entered during Pinnacle upload)	Split
	10013 · DENTAL EXPENSE	All dental expenses to the City by class	Split
	10014 · HEALTH INS	All health expenses to the City by class	Split
	10015 · VISION INS	All vision expenses to the City by class	Split
	10016 · WORKERS COMP	Auditors will provide journal entry to post to the Balance Sheet Prepaid Expenses at year end	160 Non-Dept
	10018 · WELLNESS PROGRAM	All by class	Split
	10120 · UNIFORM ALLOWANCE	(Entered during Pinnacle upload)	172 Police
	10125 · EMPLOYEE SERVICE AWARD	All by class	Various
	10130 · EDUCATIONAL INCENTIVE	All by class (Entered during Pinnacle upload)	Various
	20100 · PAYROLL EXPENSE	Paychex/Pinnacle invoice amounts	160 Non-Dept
	20119 · BANK SERVICE CHARGES	Service charges, NSF, Credit card fees	160 Non-Dept
	20120 · -SUPPLIES		-
	20121 · MATERIALS/SUPPLY	Any materials/supplies that are used in operations such as parks (restrooms, garbage cans), streets, for repairs, for construction	Various
	20123 · AMMUNITION	Police purchases to be approved by City Manager	172 Police
	20160 · OFFICE SUPPLIES	Any supplies used by any Department that are of an office nature including water, software or webware, bathroom & kitchen supplies, furniture, mats, lightbulbs. Computers are expensed here instead of Capital Outlay.	Various
	20161 · SPECIAL SUPPLY POLICE	Any non-office supplies that are for the Police Department	172 Police
	20122 · REPAIR/MAINTENANCE	Labor cost of repair and, in some instances, cost of materials if the repair is large and bid as Time and Materials, maintenance such as pest control, printer maintenance or repair, weed eater repairs. Do not include vehicle repairs here	Various
	20126 · STREET SWEEPING	Contract with City of Seaside	311 PW/Streets
	20127 · GABILAN CREW	Crew work and supplies	Split
	20131 · UTILITIES/PGE	City utility costs	Split
	20132 · UTILITIES/WATER	City water costs. Storm water expenses are posted at account 30231 below	Split
	20140 · TELEPHONE / INTERNET	All phone, cell phone, DSL expenses except for Reserve Reimbursed expenses (post to 391)	Split
	20145 · WEBSITE DESIGN & MAINTENANCE	All web site hosting, maintenance, design changes	092 City Clerk
	20163 · BACKGROUND-TESTING	Employment background expenses, various testing expenses for employment requirements	Various
	20168 · POSTAGE / SHIPPING	Postage meter, FedEx, UPS, Acorn mailing costs	Various
	20170 · TRAVEL/CONFERENCE	Lunch, conference fees, materials	Various
	20171 · MEMBER/DUES/CONTRIBUTIONS	FORA, Ambag, Donations for youth or athletic structures or events, Police Chiefs Assoc, Subscriptions	Various

Expense	Description of Item to Post	Class
20172 · AD/PROMOTION CITY CNCL	Mayor promotional stipend	091 Council
20173 · LEGAL ADVERT NON-DEPT	Public notices for City actions	160 Non-Dept
20174 · BOOK/PERIODICAL	Any subscriptions can be posted to 20171 above	-
20175 · MEETING CITY CNCL	Filming, snacks, other needs	091 Council
20176 · PRINTING / PUBLICATIONS	ACORN, business cards, letterhead, envelopes	Various
201761 · PERSONNEL MANUAL	Contained within City Manager compensation	-
20177 · PROF DEVELOP CITY CLRK	Training	092 City Clerk
20178 · TRAINING POLICE	Post the balance of what will not be reimbursed by Reserves	172 Police
20180 · RECRUITMENT	Employment recruitment	Various
20181 · OTHER PERMITS PW/ENGR	CEQA, encroachment	301 PW/Eng
30044 · LIABILITY/PROP NON-DPT	Auto, commercial, criminal	160 Non-Dept
30113 · CONTRACTUAL AUDIT	Annual audit of the City	111 Audit/Trea
30114 · CONTRACTUAL - ACCOUNTING	Expenses for outside accounting services	192 City Clerk
30115 · DATA PROCESSING	Expenses for outside data/records processing	192 City Clerk
30116 · CONTRACTUAL SVCS PLANNING / ENG	Neill Engineers, Duffy	301 PW/Eng
30119 · CONTRACTUAL SVCS - LEGAL	Wellington, Tripoli	120 Legal
30120 · CONTRL RETAINER LEGAL	Wellington retainer	120 Legal
30126 · JANITORIAL FUND	Monthly expenditures	150 Govt Bldgs
30127 · RADIO DISPATCH POLICE	Annual County Comm dispatch expenditure	172 Police
30129 · FEES NON-DT	Post to 20119 above	-
30164 · ELECTIONS	Polling place expenditures, City election expenditures	092 City Clerk
30165 · COMM HUM SERV NON-DEPT	Auditors will provide journal entry to post to the Balance Sheet Prepaid Expenses at year end	160 Non-Dept
30170 · AUTO OPERATION		-
30181 · AUTO OPS - SUPPLIES / EQUIP	New additions and upgrades to police and City vehicles such as antennas, radios, bumpers and other amenities	Various
30182 · AUTO OPS - FUEL	All fuel expenditures by class	Various
30190 · AUTO REPAIR/MAINTENANCE	Repair of vehicle operationally and if in a collision, maintenance of vehicles and equipment such as calibration or testing	Various
30183 · FUND JAIL & PRISONER	Expenses for police detention and arrest of subjects	172 Police
30184 · ACJIS SYSTEM POLICE	Expenses for police access of the Criminal Justice Information System	172 Police
30186 · FIRE CONTRACT		-
301861 · SEASIDE	City contract for fire fighting services	180 Fire/AC
301862 · MONTEREY	Past City contract balance due for fire fighting services	180 Fire/AC
60000 · INTEREST EXPENSE	Interest on balance due for past City contract services for fire fighting	Various
30187 · ANIMAL REGULATION FIRE	SPCA expenses for services in the City	180 Fire/AC
30219 · S.M.I.P.	Government tax on certain construction - payment should equal SMIP revenue received (which can be posted to this expense account)	190 Bldg Reg
30230 · STREET LIGHTING	Public Works	311 PW/Streets
30231 · STORM WATER PROJECT - PHASE 1	Annual consultant expenses, MRWPCA expense for City portion of Storm Water Program permit	301 PW/Eng
30611 · FT ORD RELATED EXPENSE	Fort Ord Property Taxes and other expenses are to be paid out of RDA books, not here	-
50400 · CAPITAL OUTLAY		-
50410 · ADMINISTRATION COMPUTERS	Expensed in account 20160 Office Supplies. Most hardware purchases are to be expensed instead of capitalized.	-
50420 · MONUMENT SIGN	Design, fabrication and installation of the signs	411 Parks/Rec
50430 · PORTOLA / CARLTON (PROP 1B)	Any repair or work to this particular project is to be posted here (see Grant Compliance in Accounting Manual)	311 PW/Streets
50440 · PORTOLA / WORK WALKWAY (MPRPD)	Any repair or work to this particular project is to be posted here (see Grant Compliance in Accounting Manual)	411 Parks/Rec

Expense	Description of Item to Post	Class
50450 · 2000 PARKS BOND ACT	Any repair or work to this particular project is to be posted here (see Grant Compliance in Accounting Manual)	411 Parks/Rec
50460 · 2002 PARKS RESOURCES BOND ACT	Any repair or work to this particular project is to be posted here (see Grant Compliance in Accounting Manual)	411 Parks/Rec
50470 · STREAM BLOCKAGE (STATE GRANT)	Any repair or work to this particular project is to be posted here (see Grant Compliance in Accounting Manual)	301 PW/Eng
50480 · PORTOLA / WORK STREET (TAMC)	Any repair or work to this particular project is to be posted here (see Grant Compliance in Accounting Manual)	311 PW/Streets
50490 · BUILDING REPAIR · CITY HALL	Repairs to the server room/closet due to mold posted to 20122 Repair & Maintenance, not capitalized	-
60001 · AUTO LEASE PAYMENTS	Police, public works, and other City vehicle payments (Auditors to post to the loans on the Balance Sheet and Interest Payments 60000)	Various

ATTACHMENT C

Report 1: Operations Revenues and Expenditures Budget Performance YTD

CITY OF DEL REY OAKS						
REVENUES AND EXPENDITURES BUDGET PERFORMANCE						
YEAR TO DATE JULY 1, 2008 – APRIL 30, 2009						
		Fiscal YTD Actuals Jul '08 - Apr 09	Fiscal YTD Budget	\$ Over/(Under) YTD Budget	Annual Budget	% of Annual Budget
Revenue						
	3100 · PROPERTY TAXES					
	3105 · P/T-SECURED	374,623.59	373,580.00	1,043.59	378,500.00	98.98%
	3107 · P/T-UNITARY TAX	2,803.42	5,300.00	(2,496.58)	5,300.00	52.90%
	3108 · PRIOR UNITARY TAX	24.92	55.00	(30.08)	55.00	45.31%
	3110 · P/T-UNSECURED	16,858.50	14,400.00	2,458.50	17,100.00	98.59%
	3120 · P/T-SB813	13,234.68	12,200.00	1,034.68	14,140.00	93.60%
	3130 · P/T-PRIOR SECURED	17,583.44	19,081.00	(1,497.56)	20,440.00	86.03%
	3132 · PRIOR UNSECURED	34.19	50.00	(15.81)	50.00	68.38%
	3135 · PROPERTY TAX - VLF	128,961.00	129,500.00	(539.00)	129,500.00	99.58%
	3140 · P/T-INT/PENAL	(5,814.27)	1,333.00	(7,147.27)	1,500.00	-387.62%
	Total 3100 · PROPERTY TAXES	548,309.47	555,499.00	(7,189.53)	566,585.00	96.77%
	3200 · OTHER TAXES					
	3202 · MANDATED COSTS	5,000.00	5,000.00		5,000.00	100.00%
	3205 · SALES TAX	211,113.03	222,000.00	(10,886.97)	268,000.00	78.77%
	3206 · SALES TAX IN LIEU - 3-FLIP	78,457.17	83,500.00	(5,042.83)	83,500.00	93.96%
	3208 · Sales Tax - Add On	320,173.21	335,666.66	(15,493.45)	400,000.00	80.04%
	3209 · COP MONIES	50,000.00	50,000.00		88,000.00	56.82%
	3210 · PROPERTY TRANSFER TAX	3,935.80	5,750.00	(1,814.20)	6,700.00	58.74%
	3220 · GAS FRANCHISES	6,647.67	5,500.00	1,147.67	5,500.00	120.87%
	3225 · ELECTRIC FRANCHISES	14,091.72	13,500.00	591.72	13,500.00	104.38%
	3235 · GARBAGE FRANCHISES	39,450.73	37,000.00	2,450.73	37,000.00	106.62%
	3240 · CABLE TV FRANCHISES	23,754.11	17,250.00	6,504.11	23,000.00	103.28%
	3851 · SEWER IMPACT	8,265.88	8,400.00	(134.12)	8,400.00	98.40%
	Total 3200 · OTHER TAXES	760,889.32	783,566.66	(22,677.34)	938,600.00	81.07%
	3300 · LICENSES & PERMITS					
	3301 · BUSINESS LICENSES	103,650.54	106,500.00	(2,849.46)	108,500.00	95.53%
	3305 · BUILDING PERMITS	12,401.45	13,128.00	(726.55)	14,500.00	85.53%
	3310 · PLAN CHECK FEES	5,604.88	6,332.20	(727.32)	6,800.00	82.43%
	3315 · STREET OPENING PERMITS FEES	400.00	500.00	(100.00)	550.00	72.73%
	3325 · PLUMBING PERMITS	560.00	876.05	(316.05)	960.00	58.33%
	3330 · ELECTRICAL PERMITS	560.00	570.00	(10.00)	570.00	98.25%
	3340 · ENVIRON ASSESS FEES/PERMIT				100.00	
	3342 · DEVELOPER PYMT FEES/PERMITS				100.00	
	3345 · OTHER LICENSES/PERMITS	426.40	222.36	204.04	230.00	185.39%
	Total 3300 · LICENSES & PERMITS	123,603.27	128,128.61	(4,525.34)	132,310.00	93.42%
	3400 · FINES & FORFEITURES					
	3401 · VEHICLE CODE FINES	6,525.65	14,083.34	(7,557.69)	16,900.00	38.61%
	3415 · OTHER COURT FINES	524.56	917.16	(392.60)	1,000.00	52.46%

	Revenues	Fiscal YTD Actuals Jul '08 - Apr 09	Fiscal YTD Budget	\$ Over/(Under) YTD Budget	Annual Budget	% of Annual Budget
	Total 3400 · FINES & FORFEITURES	7,050.21	15,000.50	(7,950.29)	17,900.00	39.39%
	3501 · INTEREST EARNED		17,500.00	(17,500.00)	17,500.00	
	3600 · OTHER AGENCY REVENUE					
	3602 · MOTOR VEHICLE IN LIEU	3,018.72	2,500.00	518.72	3,000.00	100.62%
	3603 · OFF HIGHWAY		83.34	(83.34)	100.00	
	3604 · HOPTR	351.07	750.00	(398.93)	750.00	46.81%
	3605 · VEHICLE LICENSE COLLECTION	982.95	1,100.00	(117.05)	1,100.00	89.36%
	3620 · PROP 172	7,144.86	9,747.17	(2,602.31)	10,600.00	67.40%
	3624 · POST REIMBURSE		100.00	(100.00)	100.00	
	3648 · GRANTS		100.00	(100.00)	100.00	
	3649 · TRAFFIC CONGESTION RELIEF-AB438	10,487.68	5,000.00	5,487.68	7,000.00	149.82%
	3655 · POLICE GRANTS OTHER AGENCIES	1,000.00	1,100.00	(100.00)	1,100.00	90.91%
	Total 3600 · OTHER AGENCY REVENUE	22,985.28	20,480.51	2,504.77	23,850.00	96.37%
	3700 · CURRENT SERVICES					
	3703 · USE PERMITS	2,290.00	3,208.34	(918.34)	3,850.00	59.48%
	3704 · MAPS/PUBLICATIONS	55.00	100.00	(45.00)	100.00	55.00%
	3705 · SALE-PROPERTY CUR SVC	300.00				100.00%
	3706 · RENTAL INCOME	8,000.00	8,000.00	0.00	9,600.00	83.33%
	3707 · POLICE REPORTS	587.00	980.00	(393.00)	1,025.00	57.27%
	3709 · PROPERTY INSPECTIONS	1,234.73	1,340.00	(105.27)	1,800.00	68.60%
	3710 · POLICE SERVICES	5,626.00	6,666.66	(1,040.66)	8,000.00	70.33%
	3711 · PUBLIC EVENTS	45,642.15	56,000.00	(10,357.85)	56,000.00	81.50%
	3712 · MISCELLANEOUS SERVICES	990.86	1,666.66	(675.80)	2,000.00	49.54%
	3715 · PD DONATIONS		100.00	(100.00)	100.00	0.00%
	3716 · ELECTIONS	25.00	25.00		25.00	100.00%
	3717 · SCRIP TAXI SVC FOR SENIORS	(60.00)	30.00	(90.00)	40.00	-150.00%
	Total 3700 · CURRENT SERVICES	64,690.74	78,116.66	(13,425.92)	82,540.00	78.38%
	3800 · PARKS/RECREATION					
	3801 · PARK RENTAL	1,800.00	1,500.00	300.00	1,800.00	100.00%
	3802 · RV RENTAL PARKS	18,010.00	16,637.50	1,372.50	20,500.00	87.85%
	3800 · PARKS/RECREATION - Other		1,500.00	(1,500.00)	1,800.00	
	Total 3800 · PARKS/RECREATION	19,810.00	19,637.50	172.50	24,100.00	82.20%
	3900 · OTHER					
	3610 · GAS TAX 2107	10,128.65	15,206.11	(5,077.46)	17,500.00	57.88%
	3612 · GAS TAX 2106	7,200.68	8,204.09	(1,003.41)	11,500.00	62.62%
	3614 · GAS TAX 2107.5	1,000.00	833.34	166.66	1,000.00	100.00%
	3616 · GAS TAX 2105	7,638.62	6,848.91	789.71	11,000.00	220.50%
	3708 · CDBG LOAN REPAYMENTS	52,653.04	52,653.00	0.04	52,653.00	100.00%
	Total 3900 · OTHER	78,620.99	83,745.45	-5,124.50	93,653.00	83.95%
	Total Operating Revenues	1,547,338.29	1,600,429.44	(53,091.15)	1,785,885.00	86.64%

	Expenditures	Fiscal YTD Actuals Jul '08 - Apr 09	Fiscal YTD Budget	\$ Over/(Under) YTD Budget	Annual Budget	% of Annual Budget
	10000 · S/B					
	10009 · OVERTIME	38,838.82	52,680.83	(13,842.01)	58,000.00	66.96%
	10010 · SALARIES	541,694.14	546,666.66	(4,972.52)	656,000.00	82.58%
	100101 · COUNCIL MEMBER STIPEND	5,125.00	5,000.00	125.00	6,000.00	85.42%
	100102 · CITY MANAGER SALARY	72,000.00	73,333.34	(1,333.34)	88,000.00	81.82%
	100103 · RESERVES SALARY	42,342.24	41,666.66	675.58	50,000.00	84.68%
	10011 · PERS	117,861.00	108,375.61	9,485.39	144,000.00	81.85%
	10012 · MEDICARE	8,171.94	8,333.34	(161.40)	10,000.00	81.72%
	10013 · DENTAL EXPENSE	20,312.95	20,500.00	(187.05)	24,600.00	82.57%
	10014 · HEALTH INS	105,473.85	106,166.66	(692.81)	127,400.00	82.79%
	10015 · VISION INS	1,987.04	1,997.94	(10.90)	2,600.00	76.43%
	10016 · WORKERS COMP	67,037.37	65,998.00	1,039.37	67,000.00	100.06%
	10018 · WELLNESS PROGRAM	5,000.00	5,000.00		5,000.00	100.00%
	10120 · UNIFORM ALLOWANCE	3,750.00	4,750.00	(1,000.00)	7,000.00	53.57%
	10125 · EMPLOYEE SERVICE AWARD				50.00	
	10130 · EDUCATIONAL INCENTIVE	2,250.00	2,375.00	(125.00)	2,850.00	78.95%
	Total 10000 · S/B	1,031,844.35	1,042,844.04	(10,999.69)	1,248,500.00	82.65%
	20100 · PAYROLL EXPENSE	3,078.52	3,500.00	(421.48)	4,200.00	73.30%
	20119 · BANK SERVICE CHARGES	755.45	833.34	(77.89)	1,000.00	75.55%
	20120 · -SUPPLIES					
	20121 · MATERIALS/SUPPLY	8,000.97	13,280.70	(5,279.73)	14,100.00	56.74%
	20123 · AMMUNITION	7,681.65	5,852.96	1,828.69	8,000.00	96.02%
	20124 · STREET MATERIAL PW/STR	472.96				
	20125 · WALKWAY MATERL PW/STRT	309.03				
	20159 · Office Supplies - RDA	53.96				
	20160 · OFFICE SUPPLIES	14,498.49	14,166.66	331.83	17,000.00	85.29%
	20161 · SPECIAL SUPPLY POLICE	8,153.83	7,666.66	487.17	9,200.00	88.63%
	Total 20120 · -SUPPLIES	39,170.89	40,966.98	(1,796.09)	48,300.00	81.10%
	20122 · REPAIR/MAINTENANCE	11,438.06	17,916.66	(6,478.60)	21,500.00	53.20%
	20126 · STREET SWEEPING	12,131.88	11,000.00	1,131.88	13,200.00	91.91%
	20127 · GABILAN CREW	1,230.08	2,083.34	(853.26)	2,500.00	49.20%
	20131 · UTILITIES/PGE	6,143.49	5,994.20	149.29	7,500.00	81.91%
	20132 · UTILITIES/WATER	3,276.50	8,750.00	(5,473.50)	10,500.00	31.21%
	20140 · TELEPHONE / INTERNET	15,513.33	13,166.66	2,346.67	15,800.00	98.19%
	20145 · WEBSITE DESIGN & MAINTENANCE	1,906.00	1,125.00	781.00	1,350.00	141.19%
	20163 · BACKGROUND-TESTING	191.53	550.00	(358.47)	550.00	34.82%
	20168 · POSTAGE / SHIPPING	3,146.67	3,500.00	(353.33)	4,200.00	74.92%
	20170 · TRAVEL/CONFERENCE	510.04	1,250.00	(739.96)	1,500.00	34.00%
	20171 · MEMBER/DUES/CONTRIBUTIONS	20,367.70	25,000.00	(4,632.30)	28,500.00	71.47%
	20172 · AD/PROMOTION CITY CNCL	1,250.00	1,250.00		1,500.00	83.33%
	20173 · LEGAL ADVERT NON-DEPT	906.39			1,500.00	
	20174 · BOOK/PERIODICAL	360.35	75.00	285.35	75.00	480.47%
	20175 · MEETING CITY CNCL	6,959.87	5,500.00	1,459.87	6,600.00	105.45%

	Expenditures	Fiscal YTD Actuals Jul '08 - Apr 09	Fiscal YTD Budget	\$ Over/(Under) YTD Budget	Annual Budget	% of Annual Budget
	20176 · PRINTING / PUBLICATIONS	3,648.28	5,083.34	(1,435.06)	6,100.00	59.81%
	201761 · PERSONNEL MANUAL	3,825.00	3,187.50	637.50	3,825.00	100.00%
	Total 20176 · PRINTING / PUBLICATIONS	7,473.28	8,270.84	(797.56)	9,925.00	75.30%
	20177 · PROF DEVELOP CITY CLRK	1,287.50	1,000.00	287.50	1,200.00	107.29%
	20178 · TRAINING POLICE	1,446.43			3,000.00	
	20180 · RECRUITMENT EXPENSE	100.00			2,000.00	
	20181 · OTHER PERMITS PW/ENGR	3,600.00	4,900.00	(1,300.00)	4,900.00	73.47%
	20191 · EQUIPMENT MAINT	1,020.00				
	30044 · LIABILITY/PROP NON-DPT	17,961.25	21,600.00	(3,638.75)	21,600.00	83.15%
	30113 · CONTRACTUAL AUDIT	12,254.58	5,000.00	7,254.58	27,400.00	44.73%
	30114 · CONTRACTUAL - ACCOUNTING	347.83	500.00	(152.17)	500.00	69.57%
	30115 · DATA PROCESSING	1,012.50	3,100.00	(2,087.50)	3,100.00	32.66%
	30116 · CONTRACTUAL SVCS PLANNING / ENG	25,081.04	30,000.00	(4,918.96)	32,000.00	78.38%
	30119 · CONTRACTUAL SVCS - LEGAL	40,912.50	27,500.00	13,412.50	33,000.00	123.98%
	30120 · CONTRL RETAINER LEGAL	8,190.00	9,166.66	(976.66)	11,000.00	74.46%
	30125 · ERAF					
	30126 · JANITORIAL FUND	3,300.00	3,416.66	(116.66)	4,100.00	80.49%
	30127 · RADIO DISPATCH POLICE				18,937.00	
	30129 · FEES NON-DT		1,000.00	(1,000.00)	2,250.00	
	30164 · ELECTIONS					
	30165 · COMM HUM SERV NON-DEPT	3,057.00	3,057.00		3,057.00	100.00%
	30170 · AUTO OPERATION					
	30181 · AUTO OPS - SUPPLIES / EQUIP	7,901.76	7,333.34	568.42	8,800.00	89.79%
	30182 · AUTO OPS - FUEL	16,488.33	19,166.66	(2,678.33)	23,000.00	71.69%
	30190 · AUTO REPAIR/MAINTENANCE	19,969.69	25,000.00	(5,030.31)	30,000.00	66.57%
	Total 30170 · AUTO OPERATION	44,359.78	51,500.00	(7,140.22)	61,800.00	71.78%
	30183 · FUND JAIL & PRISONER	1,300.00	1,100.00	200.00	1,100.00	118.18%
	30184 · ACJIS SYSTEM POLICE	1,074.06	866.66	207.40	1,400.00	76.72%
	30186 · FIRE CONTRACT					
	301861 · FIRE SEASIDE	75,438.55	131,193.19	(55,754.64)	131,193.19	57.50%
	301862 · FIRE MONTEREY	34,806.81	34,806.81		34,806.81	100.00%
	60000 · INTEREST EXPENSE - ND		240.00	(240.00)	240.00	0.00%
	Total 30186 · FIRE CONTRACT	110,245.36	166,240.00	(55,994.64)	166,240.00	66.32%
	30187 · ANIMAL REGULATION FIRE	2,046.00	2,083.34	(37.34)	2,500.00	81.84%
	30219 · S.M.I.P.	150.03	450.00	(299.97)	450.00	33.34%
	30220 · SB 1473	(15.00)				
	30230 · STREET LIGHTING	13,522.92	14,192.20	(669.28)	17,200.00	78.62%
	30231 · STORM WATER PROJECT - PHASE1&2	4,836.00	1,400.00	3,436.00	1,400.00	345.43%
	30611 · FT ORD RELATED EXPENSE	947.38				
	Total Operating Expenditures	1,465,691.54	1,541,648.58	(80,362.24)	1,785,558.00	79.28%
	Operating Funds Transferred Out for Capital Outlay Funding	(36,874.00)			(36,874.00)	
	Total Operating Revenues Less Expenditures	44,772.75	163,259.65	(118,486.90)	327.00	

ATTACHMENT D

Report 2: Capital Outlay Fund

			Fiscal YTD Actuals Jul '08 - May 09	Fiscal YTD Budget	\$ Over Budget YTD	Annual Budget	% of Annual Budget	
Revenue								
	4900 · CAPITAL OUTLAY FUND							
	3625 · 2000 PARK BOND GRANT							
			4,979.00	(4,979.00)	4,979.00	0.00%		
	3720 · Portola/Carlton (Prop 1B) CIP							
		400,000.00	400,000.00		400,000.00	100.00%		
	3730 · Portola/Work Walkway (MPRPD)							
			12,500.00	(12,500.00)	12,500.00	0.00%		
	3740 · Stream Blockage (State)							
			100,000.00	(100,000.00)	100,000.00	0.00%		
	3750 · Portola/Work Street (TAMC)							
			220,000.00	(220,000.00)	220,000.00	0.00%		
	3760 · City Monument Sign Proceeds							
		2,000.00	2,000.00		2,000.00	100.00%		
	Total 4900 · CAPITAL OUTLAY FUND							
		402,000.00	739,479.00	(337,479.00)	739,479.00	54.36%		
	Total Revenue							
		402,000.00	739,479.00	(337,479.00)	739,479.00	54.36%		
Expenditures								
	50400 · CAPITAL OUTLAY							
	50450 · 2000 PARKS BOND ACT							
			7,353.00	(7,353.00)	7,353.00	0.00%		
	50430 · PORTOLA / CARLTON (PROP 1B)							
			400,000.00	(400,000.00)	400,000.00	0.00%		
	50440 · PORTOLA / WORK WALKWAY (MPRPD)							
			25,000.00	(25,000.00)	25,000.00	0.00%		
	50470 · STREAM BLOCKAGE (STATE GRANT)							
			100,000.00	(100,000.00)	100,000.00	0.00%		
	50480 · PORTOLA / WORK STREET (TAMC)							
			220,000.00	(220,000.00)	220,000.00	0.00%		
	50420 · MONUMENT SIGN							
		197.94	24,000.00	(23,802.06)	24,000.00	0.82%		
	Total 50400 · CAPITAL OUTLAY							
		197.94	776,353.00	(776,155.06)	776,353.00	0.03%		
	Total Expenditures							
		197.94	776,353.00	(776,155.06)	776,353.00	0.03%		
	Operating Funds Transferred In							
		36,874.00	36,874.00		36,874.00			
	Total Revenue Less Expenditures							
		438,676.06	0.00	438,676.06	0.00			

ATTACHMENT E

Report 3: Cash Balances

CITY OF DEL REY OAKS AND RDA			
CASH BALANCES			
AS OF APRIL 30, 2009			
CITY OF DEL REY OAKS CASH BALANCES AS OF APRIL 30, 2009			
		1000 · GENERAL CHECKING	\$ 373,894.53
		1008 · LAIF CITY ACCOUNT	\$ 624,619.50
		10080 · LAIF ANTICIPATION BOND ACT	\$ 1,038.00
		Total City Checking/Savings	\$ 999,552.03
REDEVELOPMENT AGENCY CASH BALANCES AS OF APRIL 30, 2009			
		10-1001 · GENERAL CHECKING	\$ 51,705.49
		10-1003 · DUFFY EIR/CEQA CHECKING	\$ 16,677.62
		10-1002 · LAIF RDA ACCOUNT	\$ 21,119.66
		Total RDA Checking/Savings	\$ 89,502.77
		GRAND TOTAL CASH BALANCES	\$ 1,089,054.80

City of Del Rey Oaks Staff Report

To: Mayor Russell & City Council Members

CC: City Manager & City Clerk

From: Ron Langford, Chief of Police 

Date: 6/16/2009

Re: Monument Sign - Completion of Signage

With the help of the City of Monterey Sign Shop, I have been able to identify a source to produce the Signs that will be secured to the City Monuments. Sign Works, a company in the City of Monterey is producing foam core signs for the City of Monterey for their Monument Signs. These are computer generated signs that are impervious to weather, and should remain in good shape for a period of years.

At the City Council meeting, I will present some examples of the work produced by this company, along with cost, color schemes etc, and would like to receive input and direction from the City Council, so that the signs can be produced and the Monument Sign Project completed.

City of Del Rey Oaks Staff Report

To: Mayor Russell & City Council Members
CC: City Manager & City Clerk
From: Ron Langford, Chief of Police 
Date: 6/17/2009
Re: City Council Authorization to Use Police K9

At a recent City Council meeting, I introduced Reserve Officer David Laurits to the City Council. During my introduction, I indicated that Off. Laurits is a trained and certified K-9 Officer who has his own K9 partner Ares.

Officer Laurits and Ares have successfully completed the California Department of Justice Commission of Peace Officer Standards of Training (POST) certified K9 course. Ares is now certified for patrol, narcotics searches and missing person searches (tracking). Officer Laurits and Ares also attend on-going training with other K9 units that are with other departments throughout the County.

Off. Laurits has indicated to me that he would like to volunteer the services of Ares to DROPD and the citizens of Del Rey Oaks. There are no fiscal implications for the City. The entire cost associated with Ares functioning as a patrol K9 is the responsibility of Officer Laurits.

In order to place Ares on patrol, a K9 policy had to be developed. I have prepared a *draft* K9 policy that is included with this staff report for your review. The policy is mirrored after the Marina Department of Public Safety K9 policy, and modified to fit the parameters of the Del Rey Oaks Police Department Chain of Command. I used the Marina Policy as a model, as The City of Marina is a member of our liability insurance JPA, and therefore our Risk Manager Kent Rice has reviewed the Marina DPS policy. I have also sent a copy of our *draft policy* to the City Attorney's Office for review.

The addition of a K9 unit in Del Rey Oaks is very exciting. The police K9 is invaluable for searching for missing persons, and suspects. The ability to search for narcotics when necessary saves valuable time, is less intrusive to officer searches, and is much more efficient. The Public Relations component of a police K9 probably has the most value to the Police Department. Children and Adults love

police K9 units. They actually draw crowds when they are in public and are commonly used for public relations.

Recently, there have been several occasions in Del Rey Oaks, when the availability of a K9 unit would have been very useful. The Wells Fargo Bank Robbery was a case where a K9 unit could have been used to search for the second suspect. On that particular case, K9 units were called, and eventually arrived after a considerable delay in locating one. In the past several weeks, DROPD has participated in searches for at risk adults that have walked away from homes in Monterey. Again the use of a K9 to search large greenbelt areas would have been invaluable.

Recommendation:

Authorize the City Manager, Chief of Police, and City Attorney to finalize the Del Rey Oaks Police Department K9 Policy, and complete any other documents the City Attorney and Insurance Risk Manager require to implement the Del Rey Oaks Police Department K9 policy.

Del Rey Oaks Police Department Canine Program

1. PURPOSE AND SCOPE

The Canine Program was established to augment police services to the community. A highly skilled and trained team of handler and canine can be used to supplement police operations to locate individuals, contraband and to apprehend criminal offenders.

2. GUIDELINES FOR THE USE OF CANINES

A canine may be used to locate and apprehend a suspect if the canine handler reasonably believes that the individual has either committed or threatened to commit any serious offense and if any of the following conditions exist:

- (a) There is a reasonable belief the individual poses an imminent threat of violence or serious harm to the public, any officer, or the handler.
- (b) The individual is physically resisting or threatening to resist arrest and the use of a canine reasonably appears to be necessary to overcome such resistance.
- (c) The individual(s) is/are believed to be concealed in an area where entry by other than the canine would pose a threat to the safety of officers or the public.
- (d) It is recognized that situations may arise that do not fall within the provisions set forth in this policy. In any such case, a standard of objective reasonableness shall be used to review the decision to use a canine in view of the totality of the circumstances.
reasonable belief that an individual has committed or threatened to commit a serious offense, mere flight from pursuing officer(s) shall not serve as good cause for the use of a to apprehend an individual.

3. PREPARATIONS FOR UTILIZING A CANINE

Prior to the use of a canine to search for or apprehend any individual, the canine handler and/or the supervisor on scene shall carefully consider all pertinent information reasonably available at the time. The information should include, but is not limited to the following:

- (a) The individual's age or estimate thereof.
- (b) The nature of the suspected offense.
- (c) Any potential danger to the public and/or other officers at the scene if the canine is released.
- (d) The degree of resistance or threatened resistance, if any, the subject has shown.
- (e) The potential for escape or flight if the police dog is not utilized.
- (f) The potential for injury to officers or the public caused by the suspect if the police dog is not utilized.

A canine handler shall have the ultimate authority not to deploy the dog. The handler will evaluate each situation and determine if the use of a canine is technically feasible. Generally, the decision to deploy the dog shall remain with the handler; however, a supervisor sufficiently apprised of the situation may decide not to deploy the dog.

4. WARNINGS GIVEN TO ANNOUNCE THE USE OF A CANINE

Unless it would otherwise increase the risk of injury or escape, a clearly audible warning to announce that a canine will be released if the person does not come forth, shall be made prior to releasing a canine. The canine handler, when practical, shall first advise the supervisor of his/her decision if a verbal warning is not given prior to releasing the canine. In the event of an apprehension, the handler shall document in any related report whether or not a verbal warning was given and, if none was given, the reasons why.

5. USE OF NARCOTIC DETECTION & CANINES

A narcotic detection trained canine may be used in accordance with current law under the following circumstances:

- (a) To assist in the search for narcotics during a search warrant service.
- (b) To obtain a search warrant by using the detection canine in support of probable cause.
- (c) To search vehicles, buildings, bags, and any other articles deemed necessary.
- (d) A narcotic detection canine will not be used to search a person for narcotics.

6. GUIDELINES FOR NONAPPREHENSION USE

Because canines have senses far superior to those of humans, they may often be effectively utilized to track or search for non criminals (e.g. lost children, individuals who may be disoriented or in need of medical attention) or even suspects wanted for minor criminal offenses. In such circumstances, it will be necessary for the handler to evaluate the conditions and ability of the canine to determine the feasibility of such an application.

- (a) Absent a change in circumstances which presents an immediate threat to officers, the canine or the public, such applications should be conducted on leash or under such conditions that the canine will not bite or otherwise injure the individual, if located.
- (b) Throughout the deployment of the canine in such circumstances, the handler should give periodic verbal assurances that the canine will not bite or hurt the person.
- (c) Unless otherwise directed by a supervisor, assisting personnel should take direction from the handler in order to minimize interference with the canine.
- (d) Once the individual has been located, the canine should be placed in a down stay or otherwise secured as soon as it becomes reasonably practical.

7. REPORTING CANINE USE, BITES AND INJURIES

Whenever the police service dog is deployed, a Canine Use Report shall be completed by the handler and turned in to the Unit Coordinator before going off duty.

Whenever the use of the canine results in a bite or any injury a Canine Use Report form shall be completed and included with any related incident report.

Photographs shall be taken of the bite or injury as soon as practicable after tending to the immediate needs of the injured party. Photographs shall be retained as evidence in accordance with current department evidence procedures. The injured party should be transported to an appropriate medical facility if the injury requires medical attention beyond first aid. If the injured party is in custody An officer should remain with the suspect until treatment has been rendered.

If a subject alleges an injury that is not visible, a supervisor shall be notified and the location of the alleged injury should be photographed as described above.

The Unit Coordinator will maintain liaison with the Animal Control Department to ensure that information regarding canine bites is not retained by their office. Canines used by law enforcement agencies are exempt from impoundment and reporting requirements to the Animal Control Department (Food and Agriculture Code § 31609(b).)

8. REPORTING CANINE INJURIES

In the event that a canine is injured, the injury will be immediately reported to the Chief of Police.

Depending on the severity of the injury, the canine shall either be treated by the designated veterinarian or transported to a designated emergency medical facility for treatment. If the handler and dog are out of the area, the handler may use the nearest available veterinarian. The injury will be documented on a Canine Use Report Form.

9. ASSIGNMENT OF CANINES

Canine teams should function primarily as cover units however; they may be assigned by the Watch Commander to other functions based on the needs of the watch at the time.

Canine teams should not be assigned to handle matters that will take them out of service for extended periods of time unless absolutely necessary and only with the approval of the Watch Commander.

10. REQUEST FOR USE OF CANINE TEAMS

Personnel within the Department are encouraged to freely solicit the use of the canines. In the event that the canine handler is off-duty, then the Chief of Police will have the final authority to call the canine handler into service.

11. REQUEST FOR ASSISTANCE FROM OTHER AGENCIES

The Chief of Police must approve all requests for canine assistance from outside agencies subject to the following provisions:

- (a) Canine teams shall not be used beyond the boundaries of the City of Del Rey Oaks to perform any assignment which is not consistent with this policy.
- (b) Upon arrival at the scene, the handler has the ultimate decision as to whether or not the canine is to be used for a specific assignment.
- (c) Canine teams shall not be called out while off duty or used outside the boundaries of the City of Del Rey Oaks unless authorized by the Chief of Police.

12. REQUEST FOR PUBLIC DEMONSTRATIONS

All public requests for a canine team shall be approved by the Chief of Police prior to making any commitment.

Handlers shall not demonstrate any apprehension work to the public unless authorized to do so by the Chief of Police.

13. SELECTION OF CANINE HANDLER

The following are the minimum qualifications for the assignment of canine handler:

- (a) The canine handler must be a fulltime officer, or a Level-1 reserve officer.
- (b) Reside in an adequately fenced, single family residence, that is fenced.
- (c) Off street parking to accommodate a canine vehicle.
- (d) Live within reasonable travel time from the City of Del Rey Oaks.
- (e) Agree to participate in the Canine Program at no cost to the City of Del Rey Oaks.

14. AVAILABILITY

The handler shall be available for callout under conditions specified by the Chief of Police.

15. CARE FOR THE CANINE AND EQUIPMENT

The handler shall ultimately be responsible for the health and welfare of the canine and shall ensure that the canine receives proper nutrition, grooming, training, medical care, affection, and living conditions. The handler will be responsible for the following:

- (a) Unless required by a particular application, the handler shall not expose the canine to any foreseeable and unreasonable risk of harm.
- (b) The handler shall maintain all department equipment under his/her control in a clean and serviceable condition and when not on duty shall maintain the canine unit in a garage, secured from public view.
- (c) When a handler takes a vacation or extended number of days off, the assigned canine vehicle shall be maintained at the Police Department facility.

- (d) Handler shall permit the Chief of Police to conduct spontaneous onsite inspections of affected areas of their residence as well as the canine unit, to verify that conditions and equipment conform to this policy.
- (e) Any changes in the living status of the handler which may affect the lodging or environment of the canine shall be reported to the Unit Coordinator as soon as possible.
- (f) When off duty, canines shall be maintained in kennels, at the home of the handler. When a canine is kenneled at the handler's home, the gate shall be secured with a lock. When off duty, canines may be let out of their kennels while under the direct control of their handlers.
- (g) The canine should be permitted to socialize in the home with the handler's family for short periods of time and under the direct supervision of the handler.
- (h) Under no circumstances will the canine be lodged at another location unless approved by the Chief of Police.
- (i) When off duty, the handler shall not involve their canines in any activity or conduct unless approved in advance by the Chief of Police.
- (j) Whenever a canine handler anticipates taking a vacation or an extended number of days off, it may be necessary to temporarily relocate the canine. In those situations, the handler shall give reasonable notice to the Chief of Police.

16. CANINE IN PUBLIC AREAS

All canines shall be kept on a leash when in areas that allow access to the public. Exceptions would include specific police operations for which the canines are trained.

- (a) Canines shall not be left unattended in any area to which the public may have access.
- (b) When the canine unit is left unattended all windows and doors shall be secured in such a manner as to prevent unauthorized access to the dog. The handler shall also insure that the unattended unit remains inhabitable for the canine.

17. HANDLER COMPENSATION

The handler is a volunteer Reserve Peace Officer and is not compensated. The canine is owned exclusively by the handler. The participation in the Del Rey Oaks Canine Program is strictly voluntary. The handler is responsible for all costs associated with the participation in the Del Rey Oaks Police Canine Program, including veterinary care, feed, housing, training costs, and associated equipment. The Handler is required to acknowledge this provision of the policy.

18. MEDICAL CARE OF THE CANINE

All medical attention shall be rendered by the veterinarian of choice by the canine handler, and is the sole responsibility of the handler. The cost of all said care is the responsibility of the handler.

19. NONEMERGENCY MEDICAL CARE

Non emergency medical care is the sole responsibility of the handler / owner of the canine. All records of medical treatment shall be maintained in the canine handler's personnel file.

20. EMERGENCY MEDICAL CARE

The designated emergency medical treatment center or canine veterinarian shall render emergency medical treatment. Emergency medical care is the sole responsibility of the owner / handler.

21. TRAINING

Before assignment in the field, each canine team shall be trained and certified to meet current POST standards. Cross trained dog teams or those dog teams trained exclusively for the detection of narcotics and/or explosives shall be trained and certified to meet the standards established for such detection dogs.

22. CONTINUED TRAINING

Each canine team shall thereafter be recertified to current POST standards and the appropriate recertification process for which the dog is cross trained. Additional training considerations are as follows:

- (a) Canine teams shall receive training as defined in current contract with the Department's canine training provider.
- (b) Canine handlers are encouraged to engage in additional training with approval of the Chief of Police.
- (c) In order to ensure that all training is consistent, no handler, trainer, or outside vendor is authorized to train to a standard that is contrary to the policies of the Del Rey Oaks Police Department.

23. FAILURE TO SUCCESSFULLY COMPLETE POST TRAINING

Any dog team failing POST canine certification or the California Narcotic Canine Association shall not be deployed in the field until certification is achieved. When practical, pending successful certification, the canine handler shall be temporarily reassigned to regular patrol duties.

24. TRAINING RECORDS

All canine training records shall be maintained in the canine handler's training file.



1400 K Street, Suite 400 • Sacramento, California 95814
 Phone: 916.658.8200 Fax: 916.658.8240
www.cacities.org

TO: City Officials
FROM: Chris McKenzie, Executive Director
RE: Sample Resolutions RE: Unconstitutional Diversion of Local Share of Motor Fuel (Gas) Tax **and** Redevelopment Tax Increment
DATE: Tuesday, June 16, 2009 **(UPDATED SINCE LAST FRIDAY)**

Background. Recently the Legislative Budget Conference Committee has approved two unconstitutional seizures of local revenues to fund the state budget. We wrote you last Friday about the first--the Governor's proposal to take almost \$1 billion in city and county shares of revenues in the Highway Users Tax Account (HUTA) from the motor fuel tax (or gas tax) next year (\$700 million the following year) to fund past and future highway bond debt service payments out of the general fund. The second, approved yesterday, is to seize \$350 million in redevelopment tax increment from local RDAs over the current and the next two fiscal years.

It is clear to attorneys retained by the League and CRA that these actions, if enacted into law, would be unconstitutional. The attached legal opinion from the Sacramento law firm of Nielsen, Merksamer, Parrinello, Mueller & Naylor, LLP, sets forth the legal analysis and conclusion concerning the invalidity of the gas tax raid. In addition, a recent Sacramento Superior Court decision, now on appeal, found that last year's attempted diversion of the redevelopment tax increment violated Article XVI, Section 16 of the California Constitution. The same result is expected in any future lawsuit to challenge the recently-approved raid.

Sample Resolutions. The League has developed two sample resolutions (attached) for cities that wish to cooperate with the League, California Redevelopment Association, other cities, counties and redevelopment agencies in planning litigation challenging the constitutionality of the proposed theft of local gas tax funds (**Sample 1**, sent last Friday) and the theft of both the gas tax and the redevelopment tax increment (**Sample 2**). Neither commits the city nor agency to filing litigation, but the resolutions direct the city attorney (and agency general counsel) to cooperate and work with the League (and CRA) and other local governments to advance the litigation.

If litigation proves necessary in the next month or so, we anticipate there will be some lead cities and counties, along with the League (and CRA). It may eventually prove desirable to have every interested city (and agency) named in the litigation. As a result, asking your city attorney (and agency general counsel) to get engaged and cooperate in the planning of this possible next step is appropriate and to send the message you will not take this lying down.

Your City's Gas Tax and Redevelopment Loss. For your city's 2009-10 gas tax loss see <http://www.californiacityfinance.com/HUTAprjFY10.pdf> . Under the Governor's proposal, approved by the Budget Conference committee, your city would lose this entire amount. In the next year, the loss would be about 75% of this amount. For your redevelopment agency's estimated annual loss see <http://www.calredevelop.org/AM/Template.cfm?Section=Home&TEMPLATE=/CM/ContentDisplay.cfm&CONTENTID=4665>.

Where to Send Copies. The draft resolution directs that copies of the resolution be sent to your legislators, the Governor, the League, CRA, and various community groups that care about traffic safety and redevelopment in your city. We would appreciate you faxing copies to both your League Regional Public Affairs Manager, the League's Sacramento Office (Fax 916-658-8240) and the California Redevelopment Association's office. (Fax 916-448-9397).

News Release. Your League regional public affairs manager will be sending you a draft news release for the city to issue after the adoption of one of the resolution. It is important that the news media know your city and redevelopment agency will fight these unconstitutional proposals.

Questions. If you have any questions or need any information, please contact your League Regional Public Affairs Manager. City attorneys should contact Patrick Whitnell, League General Counsel, at pwhitnell@cacities.org. Redevelopment agency staff should contact the CRA at 916-448-8760.



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June 12, 2009

Contact: Eva Spiegel, (916) 658-8228
Cell, (530) 400-9068

FOR IMMEDIATE RELEASE

State Proposed Diversion of Gas Tax is Illegal According to League of California Cities Legal Analysis

SACRAMENTO — The League of California Cities released a legal opinion today by a prominent Sacramento law firm that concludes that the proposed seizure of almost \$1 billion in city and county motor vehicle, or gas, tax funds to help close the state's budget deficit is unconstitutional. Prepared by the law firm of Nielsen, Merksamer, Parrinello, Mueller & Naylor, LLP, the opinion points out that in both 1974 and 1998, voters imposed restrictions on the state's ability to use gas taxes for debt service on bonds and to divert local gas taxes for the state general fund—precisely what has been proposed by state leaders.

First proposed by Gov. Arnold Schwarzenegger in the May Budget Revise, the raid was approved yesterday by the Joint Budget Conference Committee on a party-line vote. Not only is the proposed action unconstitutional, but it will put at risk the safety of all Californians who use the local streets and roads that make up the more than 80 percent of the state's road system. The League has shared the legal opinion with the legislative leadership, the Budget Conference Committee, and the Governor. A copy of this opinion has been posted online at www.cacities.org/HUTAopinion.

Loss of the gas tax funds will seriously compromise cities' ability to perform critical safety related street maintenance such as drastically curtailing street patching and resurfacing, street sweeping, street light and traffic signal maintenance, bridge maintenance and repair, snow removal, sidewalk and curb ramp maintenance and repair, and much more.

Without these funds some cities will have no choice but to eliminate part or all of their street maintenance operations. Other cities will cut back in other areas including police and fire services to pay for basic street repair and maintenance. Poorly maintained streets will mean delays in emergency response times and increased costs for drivers whose vehicle repairs will rise because of worsening street and road conditions. As street conditions consequently worsen, injuries and traffic accidents will rise, leading to greater injuries and loss of life in some cases.

Beyond the immediate public safety concerns that would result from loss of street maintenance funds are the environmental impacts of this proposal. Reductions in street sweeping and worsening road conditions will mean increased water pollution runoff to nearby streams and the ocean, longer car idling times, higher greenhouse gas emissions and more respiratory problems for vulnerable populations.

Established in 1898, the League of California Cities is a nonprofit statewide association that advocates for cities with the state and federal governments and provides education and training services to elected and appointed city officials.

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A JOINT RESOLUTION OF THE CITY AND REDEVELOPMENT AGENCY OF CITY OF DEL REY OAKS AUTHORIZING THE CITY ATTORNEY/REDEVELOPMENT AGENCY GENERAL COUNSEL TO COOPERATE WITH THE LEAGUE OF CALIFORNIA CITIES, THE CALIFORNIA REDEVELOPMENT ASSOCIATION, OTHER CITIES AND COUNTIES IN LITIGATION CHALLENGING THE CONSTITUTIONALITY OF ANY SEIZURE BY STATE GOVERNMENT OF THE CITY'S STREET MAINTENANCE AND REDEVELOPMENT FUNDS

WHEREAS, the current economic crisis has placed cities under incredible financial pressure and caused them to make painful budget cuts, including layoffs and furloughs of city workers, decreasing maintenance and operations of public facilities, and reductions in direct services to keep spending in line with declining revenues; and

WHEREAS, since the early 1990s the state government of California has seized over **\$10 billion** of city property tax revenues statewide, now amounting to over \$900 million each year to fund the state budget even after deducting public safety program payments to cities by the state; and

WHEREAS, since the early 1990s the state government also has seized \$ 1.04 billion of redevelopment tax increment statewide, and the Governor and Legislature are now considering seizing \$350 million each year for three years, beginning in the current fiscal year; and

WHEREAS, on April 30, 2009, in the case of *CRA v. Genest*, the Sacramento Superior Court found similar efforts by the State to seize redevelopment tax increment for the state general fund to be in direct violation of Article XVI, Section 16 of the State Constitution, added by the voters in 1952 as Proposition 18, which requires that tax increment be used exclusively for the benefit of redevelopment project areas; and

WHEREAS, in his proposed FY 2009-10 budget the Governor has proposed transferring \$1 billion of local gas taxes and weight fees to the state general fund to balance the state budget, and over \$700 million in local gas taxes permanently in future years, immediately jeopardizing the ability of the City to maintain the City's streets, bridges, traffic signals, streetlights, sidewalks and related traffic safety facilities for the use of the motoring public; and

WHEREAS, the loss of almost all of cities' gas tax funds will seriously compromise cities' ability to perform critical traffic safety related street maintenance, possibly including, but not limited to, drastically curtailing patching, resurfacing, street lighting/traffic signal maintenance, payment of electricity costs for street lights and signals, bridge maintenance and repair, sidewalk and curb ramp maintenance and repair, and more; and

WHEREAS, cities and counties maintain 81% of the state road network while the state directly maintains just 8%, and according to a recent statewide needs assessment¹ on a scale of zero (failed) to 100 (excellent), the statewide average pavement condition index (PCI) is 68, or "at risk."

WHEREAS, in both Proposition 5 in 1974 and Proposition 2 in 1998 the voters of our state overwhelmingly imposed restrictions on the state's ability to do what the Governor has

¹ *California Statewide Local Streets and Roads Needs Assessment*, Nichols Consulting Engineers, Chtd. (2008), sponsored by the League of California Cities, California State Association of Counties and County Engineers Association of California.

proposed and the Legislature is considering, and any effort to permanently divert the local share of the gas tax would violate the state constitution and the will of the voters.

NOW, THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL AND THE REDEVELOPMENT AGENCY BOARD OF THE CITY OF DEL REY OAKS hereby directs the City Attorney/Redevelopment Agency General Counsel to take all necessary steps to cooperate with the League of California Cities, California Redevelopment Association, other cities, counties and redevelopment agencies in supporting litigation against the state of California if the legislature enacts and the governor signs into law legislation that unconstitutionally diverts the redevelopment tax increment and the City's share of funding from the Highway Users Tax Account (HUTA), also known as the "gas tax," to fund the state general fund; and

RESOLVED FURTHER, that the city manager/agency executive director or clerk shall send this resolution with an accompanying letter from the mayor/agency chair to the Governor and each of the city's state legislators, informing them in the clearest of terms of the City's adamant resolve to oppose any effort to frustrate the will of the electorate as expressed in Proposition 18 (1952), Proposition 5 (1974) and Proposition 2 (1998) concerning the proper use and allocation of the redevelopment tax increment and the gas tax; and

RESOLVED FURTHER, that a copy of this Resolution shall be sent by the city manager/agency executive director or clerk to the League of California Cities, the California Redevelopment Association, the local chamber of commerce, and other community groups whose members are affected by this proposal to divert funds from vital local services and projects.

PASSED AND ADOPTED AT a regular meeting of the City Council of the City of Del Rey Oaks duly held on June 23, 2009 by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

Joseph P. Russell, Mayor

ATTEST:

Dewey D. Evans, City Clerk

City of Del Rey Oaks Staff Report

To: Mayor Russell & City Council Members

CC: City Manager & City Clerk

From: Ron Langford, Chief of Police 

Date: 6/16/2009

Re: 2009 Red Bull US Grand Prix - Briefing

The 2009 Red Bull US Grand Prix will be held on July 3, 4, 5th, 2009. This event coupled with the 4th of July weekend should prove to be a very busy weekend for the public safety community. DROPD has been working with SCRAMP, Monterey County Parks Department, and other Public Safety Agencies to refine the traffic and public safety plan for this event. In order to keep the City Council informed, I would like to spend a few minutes briefing the City Council on the key components of the plan, including:

- Status of contract with SCRAMP.
- DROPD staffing & staffing hours.
- Fire Service component.
- Traffic circulation plan & temporary traffic delays.
- Long term weather forecast.
- Crowd estimates.



BOARD OF DIRECTORS

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ROBERT WELLINGTON
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MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

Home of the Last Chance Mercantile

MEMORANDUM

DATE: May 18, 2009
TO: Del Rey Oaks City Council
FROM: Joseph Russell
SUBJECT: Highlights of the May 15, 2009 Board Meeting

The highlights of the meeting are as follows:

- 1) Chair Laska provided a summary of the April 20th Finance Committee meeting. Discussion was on preparation of the 2009/10 Preliminary Budget, which anticipates no reduction in program hours, continuation of a hiring freeze for non-essential positions, and no increase to the landfill tipping fees.
- 2) The Board adopted the Preliminary Budget for Fiscal Year 2009/10. The Preliminary Budget includes \$17,540,000 in revenues, a \$655,000 (3.6%) decrease compared to last year's budget, due to a 12.5% decrease in tonnages. It also includes operating expenses of \$16,740,000 and non-operating expenses of \$79,000 resulting in net income of \$721,000. Capital project expenditures total \$2,203,500 and principal payments on bond and debt obligations are \$1,815,000. Unrestricted cash will decrease by \$817,500 for fiscal year. The budget includes no new staff positions, continued reductions across the board in expenses, and continued delays in capital spending.
- 3) The matter of applying for Federal Stimulus Package Funding was discussed. The Board directed the General Manager to request the consulting firm of Troutman Sanders Strategies to revise a proposal to include how the firm could assist the District with a specific project and within a defined time frame in an effort to secure Federal Stimulus Package Funds, and report back to the Board.
- 4) General Manager provided an update to the Board on proposed legislation related to recycling and solid waste. The Board requested the General Manager provide further information at the June Board meeting regarding the reasons to support or oppose AB 479 or SB 25, both of which call for increasing statewide diversion levels from 50% to as much as 75% by 2015 or 2020. SB 25 also calls for a \$2.13 per ton increase to the landfill tipping fee.

If you have any questions or would like more information, please contact General Manager William Merry at 384-5313, or me.

Joseph Russell, Director
Monterey Regional Waste Management District

www.chservices.org
831.658.3811 phone
831.658.3815 fax

Administration Office
P.O. Box 3076
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**HIGHLIGHTS OF
REGULAR BOARD MEETING
May 21, 2009**

- Packet*
1. *Resource Development Coordinator Jenelle Montoya reported that board member donations remain low for FY 08/09. It is extremely important that the agency have fully vested support of its leaders when seeking funds from grantors.*
 2. *Genesis House Program Director Craig Paoli gave his quarterly report on behalf of the Community Advisory Board. Mr. Paoli noted that the California Department of Alcohol and Drug Programs conducted a site visit at the facility on February 3. The program itself received great reviews; however, as expected there were deficiencies with the physical plant, which are currently being addressed. He was also happy to report that the program is fully staffed for the first time in months. Many thanks to the staff who helped carry the load and continue to provide excellent service to the program clients. Students from the Maurine Coburn School of Nursing at Monterey Peninsula College began their annual rotations at the program. One to two students per week spend about a day and a half learning about the disease of addiction and how we treat it.*
 3. *Harvey Kuffner reported that the Finance Committee met earlier in the day to discuss March 09 Financials, as well as the status of county contracts for FY 08/09 and an update on the preliminary budget for 09/10. The agency is pursuing cost reimbursement for its Out-patient Mental Health Contract FY 08/09 as specified in the Health and Welfare Code. We are awaiting an answer from Behavioral Health and County Counsel.*
 4. *Highlights from the Executive Director's report include:*
 - *The Safe Passage Program is in the process of hiring relief staff and selecting tenants. HUD representative Gail Goldman visited the new program, which HUD will provide operating support for, and was extremely pleased. She will be back in August for a monitoring visit, at which time we will host the grand opening*
 - *Staff and clients did an excellent job presenting to the United Way allocations committee. Our staff's dedication and knowledge were apparent; the client's stories profound and touching. Some of the panel members had teary eyes and all expressed gratitude for our programs.*
 5. *The board approved the fundraising and development plan for FY 09/10.*
 6. *Ralph Bailey, representative from the City of Monterey announced his retirement.*
 7. *Board and Staff helped celebrate recovery with the Genesis House clients at the Annual Graduation Ceremony immediately following the board meeting.*

The next board meeting is scheduled for June 18, 2009 and will be held at Sand City City Hall from 11:00am to 1:00 at One Sylvan Park, Sand City, CA 93955.

Police Department

From: Randy Taylor [Taylor@ci.monterey.ca.us]
Sent: Monday, June 15, 2009 3:54 PM
To: Police Department
Cc: Tim Shelby
Subject: Atta-person

Chief Langford - last weekend, my wife and I were on our patio when the crash on Broadway at Fremont occurred. We walked down and through the parking lot behind the FedEx and to the driveway past Erik's Deli at Broadway.

From there, we observed the accident response and activities for about 20 minutes. Your officer Young (please check but, I think that was his name) provided an excellent example of scene control by a law enforcement professional. Onlookers were asked to stay out of the roadway on the sidewalk probably 6 or 7 times while we were there. Officer Young was very clear in his directions but went a step further to explain why and to thank the crowd when they complied. His demeanor remained calm and professional recognizing that new on-lookers were coming and going regularly and treated each instruction as if it were the first.

Good job -

Randy Taylor | Police Services Manager | **Monterey Police Department**

Office: 831.646.3827 | Cell: 831.901.8073 | taylor@ci.monterey.ca.us



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