



# CITY OF DEL REY OAKS

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## AGENDA

### MEETING OF THE CITY OF DEL REY OAKS CITY COUNCIL TUESDAY, FEBRUARY 28, 2012 AT 6:00 P.M. CHARLIE BENSON MEMORIAL HALL, CITY HALL

1. 6:00 P.M. - ROLL CALL – *Council Members*
2. PLEDGE OF ALLEGIANCE
3. PROCLAMATION: Fix A Leak Week, March 12-18, 2012
4. PUBLIC COMMENTS:  
Anyone wishing to address the City Council 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.*
5. CONSENT AGENDA: *Action Items*
  - A. MINUTES:
    1. January 24, 2012, Regular RDA and City Council Meeting
    2. January 11, 2012 Regular Planning Commission Meeting
  - B. MONTHLY REPORTS:
    1. Claims, January 2012
    2. Financial, January 2012
    3. Fire Department Response Report, January 2012
    4. Police Activity Report, January 2012
6. OLD BUSINESS: None

- 7. NEW BUSINESS:** *Action Items*
- A. Consider Resolution 2012-02, Accept Audit Report presented by Lavorato and Darling, CPAs
  - B. Consider Resolution 2012-03, Support of the proposed legislation action for the extension of the Fort Ord Reuse Authority Until 2024
  - C. Consider Resolution 2012-04, Authorizing Investment of Monies in the Local Agency Investment Fund from the former Redevelopment Agency by the Successor Trustee
- 8. STAFF REPORTS:**
- A. City Manager Report
- 9. MAYOR AND COUNCIL REPORTS**
- 10. CORRESPONDENCE:**
- A. Monterey Regional Waste Management District, Highlights of the Board Meeting
- 11. 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.

**PUBLIC COMMENTS:**

Anyone wishing to address the City Council on matters to be heard under closed session may do so now.

- A. Existing litigation pursuant to Government Code Section 54956.9(a), City of Del Rey Oaks v. Federal/JER Associates, LLC et al., Monterey County Superior Court Case No. M107509.
- B. Performance Evaluation and Labor Relations – Government Code Section 54957 and 54957.6, public employee performance evaluation and labor relations with unrepresented employee (City Manager).

12. **SET NEXT MEETING DATE:** Establish **Tuesday, March 27, 2012**, at **6:00 P.M.** as the date and time of the Council's next regular meeting.

13. **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.

**JOINT MEETING OF THE CITY OF DEL REY OAKS REDEVELOPMENT AGENCY AND CITY COUNCIL CONVENED AT 6:00 P.M. ON TUESDAY, JANUARY 24, 2012 IN THE CHARLES BENSON MEMORIAL HALL, CITY HALL**

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**Present:** Agency/Council Members Zuccaro, Clark, Cecilio, Allion, Agency Chair/Mayor Edelen

**Absent:** None

**Also present:** RDA/City Attorney Callihan, Executive Director/City Manager Dawson and Agency Secretary/Deputy City Clerk Carvalho

Meeting came to order at 6:00 p.m. and roll call was taken.

**PLEDGE OF ALLEGIANCE:** Led by Agency/Council Member Allion

**PUBLIC COMMENT:** None

**CONSENT AGENDA:**

**A. Minutes**

1. December 27, 2011, Regular RDA and City Council Meeting
2. December 14, 2011, Regular Planning Commission Meeting

**B. Monthly Reports:**

1. Claims, December 2011
2. Financials, December 2011
3. Fire Department Response Report, December 2011
4. Police Activity Report, December 2011

*Public Comment:* None

*Motion:* Agency/Council Member Clark

*Second:* Agency/Council Member Zuccaro

*Motion passed:* 5-0

**OLD BUSINESS:**

**NEW BUSINESS:**

The Council considered **ITEM 6.A**, Joint Powers Authority Agreement between the six (6) Peninsula cities to form Water Joint Powers Authority

**Executive Director/City Manager Dawson:** He stated we are the last of the six peninsula cities to discuss this item. The Mayor's formed this agreement to set the framework. All the business would be conducted under the Brown Act. Some issues have been sharing an equal amount of the cost. The City's portion would be about \$1,000 a year. Questions arose about the unincorporated areas representation. Seaside City Council approved at last meeting 4-1. Action is that the Mayor be the representative of the city to work out the details of this agreement and the Vice Mayor to be the alternate. You would be approving a framework of the JPA.

**Chairman/Mayor Edelen:** History; the Monterey Peninsula Water Management District has done nothing over the years to improve the water situation. Cal-Am walked away from the regional water project. Cal-Am is looking at their own plan of desal, wells, etc. In the last agreement the rate payers didn't have a say, so the Mayors and City Managers came together to form this agreement so the rate payers have a say. City Manager Dawson took the lead and worked out our portion based on use so we are paying based on water use and paying much less than the larger cities. The County members are not represented at this time. This is currently being looked at. The bottom line is it's not going to cost us hardly anything to be a team player. Even though he (Mayor Edelen) will be the representative nothing can be decided without the entire Council vote. He will have no power to make decision for the Council.

**Agency/Council Member Allion:** Thought the Monterey Peninsula Water Management District was elected by the public. Feels it's slightly erroneous to say we don't have representation. He would like to discuss this. Concerned that the JPA will not have any expertise on water and feels the Mayors have a lot on their plates already. Didn't hear any mentions of the MPWMD plan to put in a smaller desal plant at the Naval Postgraduate School.

**Chairman/Mayor Edelen:** Correct the MPWMD has been tasked with bringing water to the peninsula but up until the last election the members were anti-growth. Feels with the Mayors will be able to identify a project and go to the PUC to present it. He reminded everyone that this is just a framework which is the first step.

**Agency/Council Member Allion:** The most compelling thing about the JPA is that it could provide focus and support the efforts of these water groups. He is concerned that this could be a collection of well meaning people taking our money and developing nothing.

**Chairman/Mayor Edelen:** Point well taken. What expertise do we have? Green certification? We haven't gotten this far yet. We don't need the organization up front; the question is what do we want to do? First the Regional Water Project is dead. Cal-Am is starting from scratch. Feels the JPA will be a political voice that will be behind the best idea.

**Agency/Council Member Allion:** Under Article 4.1 it states that the JPA shall have the authority to study, plan, finance, acquire, construct, maintain, repair, manage, operate, control, or govern Water Projects. That is overwhelming.

**Chairman/Mayor Edelen:** That was meant to be all encompassing.

**Agency/Council Member Allion:** He doesn't see the JPA doing all these studies again. It's already been done. The Water Management District has decided to go ahead with recycled water. Just as Orange County did, it's proven, it works, and it's doable. Feels forming this JPA will be a disaster.

**Chairman/Mayor Edelen:** There are a lot of alternatives out there. At this point it's 6 mayor and 6 city managers sitting around a table throwing out ideas.

**Agency/Council Member Allion:** He is skeptical that the Mayor's with their unique personalities being able to collectively control themselves. There is no constraint on this.

**Chairman/Mayor Edelen:** If nothing else comes to pass and a project comes to pass, what they can do as a group, they can come forward and say it's a good idea and go before the CPUC supporting it.

**Agency/Council Member Zuccaro:** Seems farfetched and now you are talking staff members and feels there is a lot more in there than what is being said. Likes the checks and balances.

**Chairman/Mayor Edelen:** If an item distinctly affects one city a weighted vote would be done. In 14 years on TAMC there has only been 3 weighted votes.

**Agency/Council Zuccaro:** What would be the first yardstick of success?

**Chairman/Mayor Edelen:** Feedback to the Council. It's not costing hardly anything. First year budget would be \$30,000. DRO would be \$600 for the first year. If it looks like we don't want to be part of the JPA then we leave the JPA. Monterey did not pass this because they wanted to have some say in the formation. The Mayor's said no way you can affect the JPA after it's formed but not the formation itself.

**Agency/Council Member Zuccaro:** Why aren't the far reaching goals included?

**Chairman/Mayor Edelen:** The attorney felt it was good to cover all the bases so they wouldn't have to go back and rewrite the agreement.

**Agency/Council Member Cecilio:** What would DRO's place be if we don't participate?

**Chairman/Mayor Edelen:** We would not have any say and would be seen as not a team player. FORA considers us team players and would not jeopardize us being team players.

**Agency/Council Member Clark:** She is in favor of moving this forward. Is there any end to this JPA?

**Agency/Council Member Allion:** Under article 15 the JPA can be dissolved with a unanimous vote of the members and under 15.3 it's not so easy to withdraw from this JPA. The member shall be responsible for all debt incurred, obligated or committed. If there are bonds we would be responsible for 2% of that debt.

**Chairman/Mayor Edelen:** The discussion with the city Attorney is that we will not be responsible if we leave prior to the debt being incurred.

**Agency/Council Member Cecilio:** Edelen would report each month giving us time to decide.

**Agency/Council Member Zuccaro:** In a year let's see how we are doing and then decide. Feels for \$600 it's worth it to see what happens the first year.

Public comment:

**Irene Barlich:** Everybody knows we need water. Looking back to the 70's and 80's we had no water and the city neglected to pay the fees because we weren't on the board. Whatever it takes to work for water feels we should do.

**Agency/Council Member Allion:** Feels like if Mayor Edelen needs this he's reluctant to support it but will.

**Chairman/Mayor Edelen:** It would be good to go back with a unanimous decision.

**Public Comment:** *No further public comment was received*

**Motion:** *Agency/Council Member Clark*

**Second:** *Agency/Council Member Cecilio*

**Motion passed:** *5-0*

The Council considered **ITEM 6.B.**, Consider Resolution 2012-01, Appointing Del Rey Oaks as the Successor Agency to the Redevelopment Agency Affordable Housing Agency.

**Executive Director/City Manager Dawson:** As many know the state Supreme Court has ruled that the dissolution of the RDA's was constitutional. This dissolution takes place on February 1<sup>st</sup>. One of the actions that needed to be done was to appoint a successor. The second action was the housing agency also needs a successor. The city can take action or the state can tell us what to do. Recommends us being the successor agency. This will be the last action the RDA will take.

**Public Comment:** *There was no public comment received*

**Motion:** *Agency/Council Member Cecilio*

**Second:** *Agency/Council Member Allion*

**Motion passed:** *5-0*

#### **STAFF REPORTS:**

**City Manager/Executive Director Dawson:**

##### **Mid-Year Budget Review**

**Executive Director/City Manager Dawson:** Wants to thank the unpaid finance director for his help (Allion). In the packet are slides of where our revenue comes from and when we get it, and did the same for expenses. Nothing has changed on those since the last time you saw them. The last slide is the mid-year revenue versus expenses it shows that we are 5% over in revenues and in expenses we are over by 3% so we are 2% under budget. Thanked Council Member Allion again.

**Agency/Council Member Allion:** Thanked Daniel and the City staff for controlling costs.

**Executive Director/City Manager Dawson:** Wants to talk about communication with the council and the community. He talks to the Mayor every day and Agency/Council Member Allion quite frequently, and Agency/Council Members Clark, Zuccaro, Cecilio occasionally. He originally sent out weekly reports and then slowed down to see if these reports were still needed. He wants an idea if there is anything the council would like to see specifically.

**Agency/Council Member Zuccaro:** Feels Dan is very accessible. Feels too much information can be overwhelming. Appreciates the access.

**Agency/Council Member Clark:** Likes the emails and can be brief. Would like to have a report of any projects going on so she can keep the residents informed.

**Executive Director/City Manager Dawson:** Would the police report be helpful?

**Agency/Council Members Clark/Zuccaro/Allion:** Yes that would be helpful.

**Agency/Council Member Cecilio:** Feels what we get is enough.

**Executive Director/City Manager Dawson:** On that note he wanted to go over the projects we have going on. The Ft. Ord property and the demise of the RDA has thrown a hitch into the property. Being active with FORA he has been fully involved in the discussions and has been in and out of court for the past year but can't say much other than there is another court date this Friday. He is working with the Monterey Peninsula Parks District to work on a lease or sale of the 17 acre site. The property has been appraised and we have a tentative agreement to go to their board in February.

**Chairman/Mayor Edelen:** For years all we had was 17 acres for negotiations. Now we have the 360 acres to work with. We tasked the City Manager to go to the Parks District to bring in some needed revenue and we'd like to name it Barlich Park after one of our key Mayors.

**Executive Director/City Manager Dawson:** The third thing he's been working on is the driving range. There has been a lot of deferred maintenance needed. We talked to the First Tee program and they are looking for a location for a 9 hole golf course and that location just won't work. He went over the committees he is on and stated that the Manager's meeting had Michael Miller the County Auditor-Controller to talk about what the county will be doing. Will be working with them directly. Appreciates the support of the council.

**Chairman/Mayor Edelen:** Announced that Daniel Dawson's contract is up next month and will be discussed at the next meeting.

#### **COUNCIL REPORTS:**

**Agency/Council Member Allion:** Attended recycled water committee meeting with a Cal-Am representative in attendance. Those meetings are monthly the water pollution control agency agenda's are on their website. Waste Management was attended and there was a slight increase in tipping fees. It was not forwarded to the residents but if it were passed on to them it amounted to twenty cents per customer. Also on the finance committee on that board and will be meeting tomorrow. Went to the League of California Cities and is on the taxation committee and their group is responsible for making suggestions to the League of Cities of which we are a member of. California Forward is trying to say there are shared purposes. There was a lot of argument about how much regional control there should be. The cities should control as much of the resources as possible and no more unfunded mandates from the state.

**Agency/Council Member Cecilio:** Attended Mosquito Abatement and Seaside Sanitation meetings.

**Agency/Council Member Clark:** MST will be cutting routes and the little bus will be coming to DRO in the morning and evenings only. There will be more meetings. Regarding the Whispering Oaks Project there was a great deal of talk during the closed session. The DROCAG has been moved to the 3<sup>rd</sup> Wednesday of the month.

**Agency/Council Member Zuccaro:** Attended Community Human Services and their budget is being cut. AMBAG was attended stating that Diane Eidam is the current Interim Executive Director, will be talking about a permanent Executive Director.

**Agency Chair/Mayor Edelen:** Airport meeting announced direct flights from Monterey to San Diego. The new board is doing a great job. Mike Ventimiglia, our planning commissioner has written a book about the history of the Monterey Fire Department and staff can give you all the information about the book and how to buy one. Tomorrow is the FORA meeting. All of us on the council are all members of many committees. We spend many hours on these committees.

Announced Correspondence and closed session opening up public comment:

Existing litigation pursuant to Government Code Section 54956.9(a),  
City of Del Rey Oaks v. Federal/JER Associates, LLC et al., Monterey  
County Superior Cour Case No. M107509.

No public comment received

7:10 p.m.: Adjourned the meeting for a brief recess prior to closed session

7:15 p.m.: Convened into closed session

7:52 p.m.: Adjourned from closed session into open session and reported the following:

**Executive Director/City Manager Dawson:** Information given no action taken.

7:53 p.m.: Adjourned the meeting

Next meeting: Tuesday, February 28, 2012 at 6:00 p.m.

Approved:

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Signature

Date

**REGULAR MONTHLY MEETING DEL REY OAKS PLANNING  
COMMISSION WEDNESDAY, JANUARY 11, 2012 AT 6:00 P.M.  
CHARLIE BENSON MEMORIAL HALL**

**Present:** Commissioner Larson, Thayer, Lucido, Hayworth, Weir, Ventimiglia,  
and Chairman Jaksha

**Absent:** None

**Also Present:** City Manager Dawson and Deputy City Clerk Minami

**PLEDGE OF ALLEGIANCE:** Lead by Chairman Jaksha

**CONSENT AGENDA:**

The Commission considered **ITEM 4.A.**, Planning Commission Meeting Minutes,  
December, 2011.

*Motion by Commissioner Hayworth to approve, seconded by Commissioner  
Ventimiglia.*

*There were no comments received*

*Motion passed 7-0*

**PUBLIC COMMENT:**

None

**REPORTS:**

The Commission considered **ITEM 5.A.** Building Activity Report,  
December 2011

*Report was accepted.*

**Commissioner Lucido:** Asked for follow up on the Liberty Tax Service signs  
that are not permitted.

**Deputy City Clerk Minami:** Spoke with the owners and they are to come in to  
City Hall with a plan of what they want to have approved as a temporary sign  
permit.

**Commissioner Ventimiglia:** It all seems very vague.

**City Manager Dawson:** Staff will follow up. A discussion item will be put on  
the next Planning Commission meeting about the possibility of revising the  
City's Sign Ordinance.

**NEW BUSINESS:**

The Commission considered **ITEM 6.A.**,

**Project Name:** Gisela Moreno (Owner: Lazaro Espinola)  
**File Number:** ARC #11-13  
**Site Location:** 826 Portola Drive  
**Planning Area:** APN #012-471-005  
**Environmental Status:** Categorically Exempt  
**Project Description:** Requesting Architectural Review to construct new one story 2,173 sq. ft. single family dwelling and to add 97 sq. ft. to existing 608 sq. ft. garage.  
The existing single family dwelling is not habitable and must be demolished.  
Materials and colors to coincide with the Del Rey Oaks Municipal Code.  
This item was on the December agenda and could not be heard, it wasn't flagged.

**Patricia Coyt, Designer:** Presents the design board for the project, with materials and colors.

**Commissioner Ventimiglia:** Will the driveway be concrete or pavers?

**Lazaro Espinola, Owner:** Keeping the driveway concrete.

**Commissioner Weir:** Why does the house have to be torn down?

**City Manager Dawson:** Past owners actions made the house a safety hazard. It was red tagged and the City is making it mandatory that it is torn down, mostly due to the under cutting of the foundation.

**Commissioner Weir:** There is a storm water plan on the plans and wonders what all of that entails.

**Commissioner Thayer:** Has to be on all new residential plans.

**Commissioner Ventimiglia:** Nothing in the plans about water usage?

**Deputy City Clerk Minami:** All of this will be discovered during the plan check phase.

**Commissioner Hayworth:** Still considered a one story, if it is on top of the garage?

**City Manager Dawson:** Yes.

**Commissioner Hayworth:** Will the concrete wall stay the same; there is dirt between the house and the wall?

**Lazaro Espinola, Owner:** Yes.

**Public Comment:**

**Mary Trucksis, 833 & 843 Portola Drive:** Asking these questions for herself and several neighbors. Not another house on Portola Drive with such a high roof line. Doesn't like it, it's too high.

The garage is huge and doesn't think it should have a bathroom in it. If there is a limit to how many vehicles can be at a single family dwelling? Doesn't want to see the vehicles and issues from the past.

*Public Comment Closed.*

**Commissioner Larson:** Agrees with Mary's comments. Wonders how will a big garage with a half bath will be used in the future.

**Commissioner Thayer:** The roof line for the tile roof has to have a high pitch. A twenty nine foot garage isn't huge, with the size of trucks and SUV's today. Can't do anything about the half bath, is was already there and approved.

**Commissioner Lucido:** Should they have applied for a variance because of the roof line? Height requirement, from ground level or street level?

**City Manager Dawson:** Its twenty six feet.

**Commissioner Ventimiglia:** Seems to remember its twenty five feet from street level. Reads from zoning code regarding height requirement.

**Deputy City Clerk Minami:** The Building Requirement hand out is an approve addendum to the zoning code. The height limit is thirty feet in the Building Requirement hand out.

**City Manager Dawson:** Lack of consistency and specifics is a problem. Thirty feet from street level, ground level or what?

**Commissioner Hayworth:** You can drive down any street and see the parking problems in the city. Is the height of the netting accurate?

**Lazaro Espinola, Owner:** Yes.

**Commissioner Weir:** Project is within our guidelines. Can't monitor what the garage will be used for, could be an illegal rental. Will be very nice to see a new home built.

**Commissioner Ventimiglia:** As long as it meets the building requirements.

*Public Comment Re-Opened:*

**Mary Trucksis, Resident:** Represents a number of her neighbors and all are in agreement that they want a nice home in the neighborhood, for a lot of reasons but mostly property values. But everyone is concerned about the massive garage and what it will be used for. Why is this home allowed to have a garage under the home and the other homes along Portola have the garages next to the dwelling?

*Public Comment Closed.*

**Chairman Jaksha:** That's the way the original house was designed. Each house that comes to the commission is judged individually. One stake is at the property line and wonders what the other stake five feet away is for?

**Lazaro Espinola, Owner:** Doesn't know.

**Commissioner Lucido:** It is most likely a control point, part of the process during the site survey.

**Chairman Jaksha:** Wants to put a condition on this project, that no commercial vehicles can be parked on the property. Lots of problems with tractors and back hoes being parked there for years. Doesn't want that to happen again.

**City Manager Dawson:** Must be very careful with that kind of condition. Outside the scope of the Commissions responsibilities.

**Commissioner Thayer:** Can't dictate what is parked on private property. It's a municipal code issue.

**Commissioner Weir:** Isn't it the same as R.V.'s?

**Commissioner Ventimiglia:** An R.V. is a licensed vehicle, so the City treats it differently.

**Chairman Jaksha:** Withdraws the condition, just worried about what it will look like in the future.

**Commissioner Ventimiglia:** The height is listed as twenty five feet in the zoning code, under 17.08.031, R-1.

**City Manager Dawson:** Needs to be clarified, if it from street level or not. We will put it on next month's Planning Commission Agenda. For the purpose of this application, it is well within the height requirements.

*Motion by Commissioner Thayer to approve item #6.A:* Lazaro Espinola, ARC #11-13, 826 Portola Drive, APN #012-471-005, Environmental Status is Categorically Exempt, to construct new one story 2,173 sq. ft. single family dwelling and to add 97 sq. ft. to existing 608 sq. ft. garage. , *seconded by Commissioner Weir.*

*Motion passed 6-1 (Commissioner Lucido)*

The Commission considered **ITEM 6.B.**,

**Project Name:** Tom and Sean Hillesheim

**File Number:** ARC #12-01& CUP #12-01

**Site Location:** 100 Calle Del Oaks

**Planning Area:** APN #012-601-002

**Environmental Status:** Categorically Exempt

**Project Description:** Requesting Architectural Review, Conditional Use Permit and Signage Permit for tenant improvements to include the addition of an 8' high retaining wall to the rear of business, relocation of a portion of existing 7' high fence and placement of new signs on the northwest and southwest corners of the building which will be in accordance with the City's Sign Ordinance. New fence materials to be consistent with existing fence. Retaining wall to be block.

*Commissioner Hayworth steps down from dais; he has sold auto parts to the applicant in the past.*

**Sean Hillesheim, Applicant:** The signs will be on the north east corner of the building. Shows an example of what the signage they presently use at the location in Monterey. Lights will be added to the sign and the sign will be bigger.

**Commissioner Ventimiglia:** The signage wasn't flagged.

**Sean Hillesheim:** Didn't get up on a ladder to flag the area, but brought picture of what where it will be.

**Peter Baird, Real Estate Representative for applicant:** Gives picture of building that has the old CED business signs blanked out, to Commission.

**Tom Hillesheim, Applicant:** Good lighting is necessary, 24 hour business and there will be a number of people coming and going. The office is there and we want it to be secure.

**Commissioner Weir:** Will the lights be on all the time, or are they motion sensitive?

**Sean Hillesheim:** The lighted sign will be on at night.

**Commissioner Thayer:** The proposed fencing and wall is taking over 3 parking spaces, how will that be dealt with?

**Tom Hillesheim:** Only 2 or 3 people in the office at one time, so the parking spaces won't be missed. There are 6 or 7 other spots available.

*(Deputy City Clerk Minami hands City Manager Dawson the Municipal Code regarding commercial parking requirements)*

**City Manager Dawson:** The code requires 1 parking space per ever 500 sq. ft. of commercial building. How big is the building and that is how many spaces that should have in the parking lot.

**Tom Hillesheim:** 1480 square feet.

**City Manager Dawson:** That would be 9 spaces.

**Commissioner Thayer:** If the gate is open there are more spaces.

**Tom Hillesheim:** The gate won't be open because of the contracts in place with several police departments.

**Commissioner Larson:** They aren't in compliance if they only have 7 and need 10 spaces. Not making the rules, just trying to follow them. Rounding up, and it would be 10 spaces.

**City Manager Dawson:** Right, its 10 spaces.

**Commissioner Ventimiglia:** Needs clarification on the drawing from applicant: arrow is pointing to fence and wall, but it's not clear about if the materials will change.

Current material on Del Rey Gardens is cyclone fencing. But the drawing isn't clear.

**Sean Hillesheim:** It's going to be the same. Doesn't understand the question.

**Commissioner Ventimiglia:** Is it going to be block or cyclone fencing? The applicants' drawing is hard to figure out.

*(Tom Hillesheim, must go up to the dais and point out to Commissioner Ventimiglia the block wall and the cyclone fencing.)*

**Tom Hillesheim:** It will be an addition to the already cyclone fencing, with barbed wire on top. It will be a 6' fence, with 1' of barbed wire on top.

**Commissioner Ventimiglia:** Safety issue with barbed wire. With kids.

**City Manager Dawson:** Not that high and in a commercial area.

**Commissioner Ventimiglia:** Will the motion lighting interfere with other businesses.

**Sean Hillesheim:** The lighting is going to shine on the vehicles.

**Public Comment:**

**Peter Baird, Mahoney and Associates:** Will need to get clarification if it is 10 spaces behind the fence or in front of the fence. Can the roll up door count as 2 spaces? The parking space needs to be re-stripped any way and sure that there will be a way to have the required 10 spaces.

We are in a really bad market. Not that this is part of the commission decision, but believes that the City will be well served with this owner occupied business. The building wasn't for sell originally, it was for lease. Because of the Hillsheim's needs it was a good match, Mr. Adams (the owner) decided to take their offer and sell it to them.

**Commissioner Larson:** Have to meet our requirements, with the signage and restriping the parking lot plan. In favor of owner occupy businesses but need to consider if the building is used for something else, someday.

**Commissioner Thayer:** Thanks Peter. Owner occupy is great, the parking shouldn't be an issue. Too bad it's not a better drawing to show the commission and the signage wasn't flagged.

**Commissioner Lucido:** Good plan, just needs some fine tuning. Likes the idea of owner occupy.

**Commissioner Weir:** Can this be approved conditional so they don't have to come back?

**Commissioner Ventimiglia:** Supports the project, it will be a good improvement.

**Chairman Jaksha:** When the business is open, there are plenty of spaces. The other businesses in the area don't have parking areas. If the project is approved tonight, can they put up a temporary sign until the commission sees it next month. Will the lighting be a concern with aircraft. Question to staff, do they have to flag and come back?

**Commissioner Thayer:** Peter just showed us a picture of where the signs will be and an example of what they will look, isn't that enough?

**Tom Hillesheim:** No the signage is facing the street; they are required to do a specific sign because AAA pays a portion of it. The lighting won't be facing the sky.

**Deputy City Clerk Minami:** They will have to flag it, so the neighboring businesses can have the opportunity to see it as well as the commission.

**City Manager Dawson:** For all practical purposes, the temporary banner could be used as the "flagging", for 30 days.

**Deputy City Clerk Minami:** While the other work is being completed, applicant can come back for signage approval. Well provide the applicant with a copy of the sign ordinance.

**Public Comment:**

**Peter Baird:** The time frame for the escrow is about the same time frame as the next planning commission meeting.

**Motion by Commissioner Weir to approve item #6.B:** Tom and Sean Hillesheim, ARC #12-01 and CUP #12-01, 100 Calle Del Oaks, APN #012-601-002, Environmental Status is Categorically Exempt, to add an 8' high retaining wall to the rear of the business, to relocated and extend the 7' high cyclone fence, with the condition that the signage is flagged and parking reconfigured and must be heard at next months meeting, *seconded by Commissioner Ventimiglia.*

*Motion passed 6-0*

*Commissioner Hayworth returns to the dais.*

OLD BUSINESS: None

ANNOUNCEMENTS/COMMENTS:

**Chairman Jaksha:** Thanked the staff for all of the work during the meeting.

**Commissioner Lucido:** Wants consistency when it comes to the roof line question, is it from roof line?

**Commissioner Ventimiglia:** Needs to be clarified.

NEXT MEETING: Wednesday, February 8, 2012 at 6:00 p.m.

7:20 p.m. Meeting Adjourned

Approved: \_\_\_\_\_

CITY OF DEL REY OAKS

Claims Report

January 2012

Name	Date	Num	Name	Memo	Amount
AFLAC					
	01/05/2012	12614	AFLAC	Premiums-employee paid-INV. 285 / 14 (Jan PREMIUM)	281.80
Total AFLAC					<u>281.80</u>
AMERICAN LOCK & KEY					
	01/05/2012	12615	AMERICAN LOCK & KEY	PADLOCKS FOR GOLF DRIVING RANGE	246.04
Total AMERICAN LOCK & KEY					<u>246.04</u>
AMERICAN SUPPLY COMPANY					
	01/05/2012	12616	AMERICAN SUPPLY COMPANY	INV.0068551-PARK BATHROOM SUPPLIES	121.24
Total AMERICAN SUPPLY COMPANY					<u>121.24</u>
AT&T CAL NET 2					
	01/26/2012	12692	AT&T CAL NET 2	PHONE NOV 2011	220.12
Total AT&T CAL NET 2					<u>220.12</u>
BAY SERVICE AUTOMOTIVE					
	01/05/2012	12617	BAY SERVICE AUTOMOTIVE		1,991.55
Total BAY SERVICE AUTOMOTIVE					<u>1,991.55</u>
BAYVIEW BUSINESS SOLUTIONS, INC.					
	01/05/2012	12618	BAYVIEW BUSINESS SOLUTIONS, INC.	BAYVIEW BUSINESS SOLUTIONS, INC.	33.83
Total BAYVIEW BUSINESS SOLUTIONS, INC.					<u>33.83</u>
BOUND TREE					
	01/05/2012	12619	BOUND TREE	BATTERY PACK FOR DEFIBRILLATOR	326.49

CITY OF DEL REY OAKS

Claims Report

January 2012

Name	Date	Num	Name	Memo	Amount
Total BOUND TREE			BOUND TREE	MEDICAL SUPPLIES	331.68
					658.17
<b>BROWN&amp;BROWN INSURANCE</b>					
	01/05/2012	12620	BROWN&BROWN INSURANCE	Instalment payment on Crime Policy inv. 14267412/1/11-12	500.00
Total BROWN&BROWN INSURANCE					500.00
<b>BROWNELLS, INC.</b>					
	01/05/2012	12621	BROWNELLS, INC.	MISC. POLICE EQUIP. INV. 06797252.00	254.04
	01/26/2012	12694	BROWNELLS, INC.		689.88
Total BROWNELLS, INC.					943.92
<b>CALIFORNIA-AMERICAN WATER</b>					
	01/05/2012	12622	CALIFORNIA-AMERICAN WATER	10/20-11/18/11 WATER	274.13
	01/27/2012	12717	CALIFORNIA-AMERICAN WATER	11/18/11-12/20/11 WATER	376.71
Total CALIFORNIA-AMERICAN WATER					650.84
<b>CALIFORNIA BUILDING STANDARDS COMMISSION</b>					
	01/05/2012	12623	CALIFORNIA BUILDING STANDARDS COMMISSION		18.90
Total CALIFORNIA BUILDING STANDARDS COMMISSION					18.90
<b>CENTRAL COAST P &amp; S</b>					
	01/05/2012	12624	CENTRAL COAST P & S	PD UNITS POLISHING SUPPLIES	143.54
Total CENTRAL COAST P & S					143.54

CITY OF DEL REY OAKS

Claims Report

January 2012

Name	Date	Num	Name	Memo	Amount
<b>CITY CLERKS ASSOCIATION</b>					
	01/05/2012	12625	CITY CLERKS ASSOCIATION	Annual Membership Dues 2011-12	150.00
Total CITY CLERKS ASSOCIATION					<u>150.00</u>
<b>CITY OF MONTEREY</b>					
	01/05/2012	12626	CITY OF MONTEREY		17,444.66
Total CITY OF MONTEREY					<u>17,444.66</u>
<b>CITY OF SALINAS, ATTORNEY SERVICES</b>					
	01/05/2012	12627	CITY OF SALINAS, ATTORNEY SERVICES	NOV 2011 CITY ATTORNEY SERVICES-REF. #235905	1,034.46
	01/26/2012	12695	CITY OF SALINAS, ATTORNEY SERVICES	DEC 2011 CITY ATTORNEY SERVICES-INV. 236342	1,017.23
Total CITY OF SALINAS, ATTORNEY SERVICES					<u>2,051.69</u>
<b>CITY OF SEASIDE</b>					
	01/05/2012	12628	CITY OF SEASIDE		45,683.76
Total CITY OF SEASIDE					<u>45,683.76</u>
<b>CO-POWER</b>					
	01/27/2012	12720	CO-POWER	FEB . 12 DELTA DENTAL PREMIUM	2,012.82
Total CO-POWER					<u>2,012.82</u>
<b>COMMUNITY HOSPITAL OF MTY</b>					
	01/05/2012	12629	COMMUNITY HOSPITAL OF MTY	BLOOD ALCOHOL DRAW FEB-11/10,11/17,11/19/11	60.00
Total COMMUNITY HOSPITAL OF MTY					<u>60.00</u>

**CITY OF DEL REY OAKS**  
**Claims Report**  
 January 2012

<b>Name</b>	<b>Date</b>	<b>Num</b>	<b>Name</b>	<b>Memo</b>	<b>Amount</b>
<b>COMMUNITY HUMAN SERVICES</b>					
	01/05/2012	12630	COMMUNITY HUMAN SERVICES	JPA 2011-12	3,100.00
<b>Total COMMUNITY HUMAN SERVICES</b>					<u>3,100.00</u>
<b>CRYSTAL SPRINGS WATER CO.</b>					
	01/05/2012	12631	CRYSTAL SPRINGS WATER CO.	ACCT 056258/WATER/NOV 2011	30.75
<b>Total CRYSTAL SPRINGS WATER CO.</b>					<u>30.75</u>
<b>David Nguyen, Officer</b>					
	01/26/2012	12696	David Nguyen, Officer	REIMBURSE FOR HEADLIGHT REPLACEMENT FOR PD UNIT	11.90
<b>Total David Nguyen, Officer</b>					<u>11.90</u>
<b>DENISE DUFFY &amp; ASSOCIATES</b>					
	01/05/2012	12632	DENISE DUFFY & ASSOCIATES	HOUSING ELEMENT	1,426.25
	01/26/2012	12697	DENISE DUFFY & ASSOCIATES	HOUSING ELEMENT SERVICES THROUGH 7/31/11	3,002.50
<b>Total DENISE DUFFY &amp; ASSOCIATES</b>					<u>4,428.75</u>
<b>DENNIS G. ALLION</b>					
	01/26/2012	12698	DENNIS G. ALLION	REIMBURSE FOR TRAVEL AND LODGING JAN. 2012	371.85
<b>Total DENNIS G. ALLION</b>					<u>371.85</u>
<b>DEPT OF CONSERVATION</b>					
	01/05/2012	12633	DEPT OF CONSERVATION	smip fees for 7/1/11-9/30/11	33.05
<b>Total DEPT OF CONSERVATION</b>					<u>33.05</u>

# CITY OF DEL REY OAKS

## Claims Report

### January 2012

Name	Date	Num	Name	Memo	Amount
<b>EL CAMINO MACHINE &amp; WELDING, LLC</b>					
	01/26/2012	12699	EL CAMINO MACHINE & WELDING, LLC	INV. #C11269 - FABRICATION LABOK AND MATERIAL/TARGETS FOR RANGE TRAINING 2011	2,317.94
Total EL CAMINO MACHINE & WELDING, LLC					<u>2,317.94</u>
<b>ENTENMANN-ROVIN CO.</b>					
	01/05/2012	12634	ENTENMANN-ROVIN CO.	INV. 0075621-IN :	144.47
Total ENTENMANN-ROVIN CO.					<u>144.47</u>
<b>ENTERSECT CORPORATION</b>					
	01/05/2012	12635	ENTERSECT CORPORATION	2011	79.00
Total ENTERSECT CORPORATION					<u>79.00</u>
<b>FASTENAL COMPANY</b>					
	01/05/2012	12636	FASTENAL COMPANY	CASEA43371	4.87
Total FASTENAL COMPANY					<u>4.87</u>
<b>FIRST CHOICE SERVICES</b>					
	01/05/2012	12637	FIRST CHOICE SERVICES	Coffee and condiments	75.80
Total FIRST CHOICE SERVICES					<u>75.80</u>
<b>FORD MOTOR CREDIT COMPANY</b>					
	01/05/2012	12638	FORD MOTOR CREDIT COMPANY	COP F150 SCHEDULE #7687903	12,249.59
Total FORD MOTOR CREDIT COMPANY					<u>12,249.59</u>

**CITY OF DEL REY OAKS**

**Claims Report**

January 2012

Name	Date	Num	Name	Memo	Amount
<b>FORT ORD REUSE AUTHORITY</b>					
	01/05/2012	12639	FORT ORD REUSE AUTHORITY	FY 09-10 interest for Sept & Oct (\$1,828,747) FY 10-11 interest for Sept & Oct (\$5,120.46)	6,949.19
Total FORT ORD REUSE AUTHORITY					<u>6,949.19</u>
<b>GLOBALSTAR USA</b>					
	01/05/2012	12640	GLOBALSTAR USA	SATELITE PHONE NOV AND DEC 2011	54.24
	01/26/2012	12700	GLOBALSTAR USA	SATELITE PHONE	26.00
Total GLOBALSTAR USA					<u>80.24</u>
<b>GOLDFARB &amp; LIPMAN</b>					
	01/05/2012	12641	GOLDFARB & LIPMAN	INV -JAN 2012, MONTHLY INSTALLMENI	11,454.00
	01/26/2012	12701	GOLDFARB & LIPMAN	AGAINST BALANCE	5,727.00
Total GOLDFARB & LIPMAN					<u>17,181.00</u>
<b>HOME DEPOT CRC</b>					
	01/05/2012	12642	HOME DEPOT CRC	ACCT. # 6035 3220 0248 6219	732.23
Total HOME DEPOT CRC					<u>732.23</u>
<b>HYDRO TURF</b>					
	01/05/2012	12643	HYDRO TURF		2,281.71
Total HYDRO TURF					<u>2,281.71</u>
<b>I.M.P.A.C.GOVERNMT SER</b>					
	01/26/2012	12702	I.M.P.A.C.GOVERNMT SER	ACCT. 424604455649924 DEC 2011	4,311.25
Total I.M.P.A.C.GOVERNMT SER					<u>4,311.25</u>

**CITY OF DEL REY OAKS**

**Claims Report**

January 2012

<b>Name</b>	<b>Date</b>	<b>Num</b>	<b>Name</b>	<b>Memo</b>	<b>Amount</b>
<b>IE SOLUTIONS</b>					
	01/05/2012	12644	IE SOLUTIONS	INV. 11-1112 QUICKBOOKS CONSULTING- WORKED WITH KIM AND AUDIT TO DISCUSS ADJUSTMENTS	300.00
Total IE SOLUTIONS					<u>300.00</u>
<b>JAMES DE CHALK</b>					
	01/05/2012	12645	JAMES DE CHALK		600.00
Total JAMES DE CHALK					<u>600.00</u>
<b>KELLY-MOORE PAINT CO.INC</b>					
	01/05/2012	12646	KELLY-MOORE PAINT CO.INC	CITY HALL PAINT SUPPPPLIES	1,119.38
Total KELLY-MOORE PAINT CO.INC					<u>1,119.38</u>
<b>MCCLOOA</b>					
	01/05/2012	12647	MCCLOOA	MEMBERSHIP DUES 2011-12	100.00
Total MCCLOOA					<u>100.00</u>
<b>MONTEREY AUTO SUPPLY INC.</b>					
	01/05/2012	12648	MONTEREY AUTO SUPPLY INC.	PD SUPPLIES	13.79
	01/27/2012	12718	MONTEREY AUTO SUPPLY INC.	SUPPLIES DEC 2011	234.00
Total MONTEREY AUTO SUPPLY INC.					<u>247.79</u>
<b>MONTEREY BAY AREA INSURANCE FUND</b>					
	01/05/2012	12649	MONTEKEY BAY AKA INSURANCE FUND		57,751.08
Total MONTEREY BAY AREA INSURANCE FUND					<u>57,751.08</u>

**CITY OF DEL REY OAKS**

**Claims Report**

January 2012

<b>Name</b>	<b>Date</b>	<b>Num</b>	<b>Name</b>	<b>Memo</b>	<b>Amount</b>
<b>MONTEREY BAY TECHNOLOGIES</b>					
01/05/2012	12650	TECHNOLOGIES			622.15
Total MONTEREY BAY TECHNOLOGIES					622.15
<b>MONTEREY COUNTY CONVENTION &amp; VISITORS BUR</b>					
			MONTEKEY COUNTY CONVENTION & VISITORS BUR	INV 7808 MEMBERSHIP 2011-12	750.00
Total MONTEREY COUNTY CONVENTION & VISITORS BUR					750.00
<b>MONTEREY COUNTY PARKS</b>					
01/05/2012	12652	MONTEREY COUNTY PARKS			825.00
Total MONTEREY COUNTY PARKS					825.00
<b>MONTEREY COUNTY SHERIFF</b>					
01/26/2012	12703	MONTEREY COUNTY SHERIFF		QUARTERLY ACJIS (AUTOMATED CRIMINAL JUSTICE INFO SYSTEM) 1ST QTR.	969.41
Total MONTEREY COUNTY SHERIFF					969.41
<b>MRWPCA</b>					
01/05/2012	12653	MRWPCA		City Collection 9/1/1-10/31/11	32.35
Total MRWPCA					32.35
<b>MTRY BAY OFFICE PRODUCTS</b>					
01/05/2012	12654	MTRY BAY OFFICE PRODUCTS			1,138.06
Total MTRY BAY OFFICE PRODUCTS					1,138.06
<b>MTRY COUNTY PEACE ASSOC,</b>					

**CITY OF DEL REY OAKS**

**Claims Report**

January 2012

<u>Name</u>	<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Memo</u>	<u>Amount</u>
	01/26/2012	12704	MTRY COUNTY PEACE ASSOC,	SHOOTING RANGE USE 9/17/11-12/17/11 17 HOURS @\$25.00	425.00
Total MTRY COUNTY PEACE ASSOC,					425.00
<b>MTRY CTY EMERGENCY SERV</b>					
	01/04/2012	12613	MTRY CTY EMERGENCY SERV	Share of Cost for FY 10-11 Dispatch Service	30,059.00
Total MTRY CTY EMERGENCY SERV					30,059.00
<b>MUNISERVICES</b>					
	01/05/2012	12655	MUNISERVICES	INV. 25406 SALES TAX REPOULING SYSTEMS 1ST QUARTER 2011	750.00
Total MUNISERVICES					750.00
<b>NEILL ENGINEERS CORP</b>					
	01/05/2012	12656	NEILL ENGINEERS CORP	RETAINER FOR 4/4/11-6/30/11	300.00
Total NEILL ENGINEERS CORP					300.00
<b>NEXTEL COMMUNICATION</b>					
	01/05/2012	12657	NEXTEL COMMUNICATION	NEXTEL RADIO- CLK/PW/PD/CM	577.28
	01/26/2012	12705	NEXTEL COMMUNICATION	NEXTEL RADIO- CLK/PW/PD/CM	445.83
Total NEXTEL COMMUNICATION					1,023.11
<b>OFFICE DEPOT</b>					
	01/05/2012	12658	OFFICE DEPOT		672.11
	01/26/2012	12706	OFFICE DEPOT		399.07
Total OFFICE DEPOT					1,071.18
<b>ORCHARD SUPPLY</b>					

CITY OF DEL REY OAKS

Claims Report

January 2012

Name	Date	Num	Name	Memo	Amount
Total ORCHARD SUPPLY	01/27/2012	12719	ORCHARD SUPPLY	SUPPLIES 2011	94.24
					94.24
<b>P.E.R.S.-HEALTH</b>					
	01/05/2012	12659	P.E.R.S.-HEALTH	HEALTH PREMIUM JAN 2012	12,635.27
	01/26/2012	12707	P.E.R.S.-HEALTH	HEALTH PREMIUM FEB 2012	12,635.27
Total P.E.R.S.-HEALTH					25,270.54
<b>PENINSULA WELDING SUPPLY</b>					
	01/26/2012	12708	PENINSULA WELDING SUPPLY	OXYGEN AND SUPPLIES	21.62
Total PENINSULA WELDING SUPPLY					21.62
<b>PERS</b>					
	01/26/2012	12709	PERS		17,777.52
Total PERS					17,777.52
<b>PG&amp;E</b>					
	01/05/2012	12660	PG&E	GAS 10/13/11-11/14/11 ELEC 10/13/11-11/22/11	2,422.37
	01/26/2012	12710	PG&E	GAS 11/11/11-12/13/11 ELEC 11/11/11-12/22/11	2,313.90
Total PG&E					4,736.27
<b>PG&amp;E-GJM&amp;218</b>					
	01/05/2012	12661	PG&E-GJM&218	6817283169-2	39.87
	01/26/2012	12711	PG&E-GJM&218	6817283169-2	37.06
Total PG&E-GJM&218					76.93
<b>PITNEY BOWES-QTLY INV</b>					

**CITY OF DEL REY OAKS**

**Claims Report**

January 2012

<u>Name</u>	<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Memo</u>	<u>Amount</u>
Total PITNEY BOWES-QTLY INV	01/26/2012	12712	PITNEY BOWES-QTLY INV	postage	192.69
					192.69
<b>PITNEY BOWES PURCHASE POWER</b>					
	01/05/2012	12662	PITNEY BOWES PURCHASE POWER	POSTAGE ACCT. 8000900003463050	243.87
	01/26/2012	12713	PITNEY BOWES PURCHASE POWER	POSTAGE ACCT. 8000900003463050	249.26
Total PITNEY BOWES PURCHASE POWER					493.13
<b>PRO-BUILD</b>					
	01/05/2012	12663	PRO-BUILD	SUPPLIES FOR TARGETS @ RANGE 2011	96.01
Total PRO-BUILD					96.01
<b>QuickBooks Payroll Service</b>					
	01/12/2012		QuickBooks Payroll Service	Monthly processing fee for January 2012	69.00
	01/12/2012		QuickBooks Payroll Service	No state fee for CA for January 2012	
	01/12/2012		QuickBooks Payroll Service	Fee for 13 employee(s) paid	19.50
	01/12/2012		QuickBooks Payroll Service	Created by Payroll Service on 01/11/2012	4,488.00
	01/12/2012		QuickBooks Payroll Service	Created by Payroll Service on 01/11/2012	516.61
	01/12/2012		QuickBooks Payroll Service	Created by Payroll Service on 01/11/2012	516.61
	01/12/2012		QuickBooks Payroll Service	Created by Payroll Service on 01/11/2012	1,448.26
	01/12/2012		QuickBooks Payroll Service	Created by Payroll Service on 01/11/2012	356.28
	01/12/2012		QuickBooks Payroll Service	Fee for 1 employee(s) paid	1.50
	01/13/2012		QuickBooks Payroll Service	Created by Payroll Service on 01/11/2012	757.00
	01/13/2012		QuickBooks Payroll Service	Created by Payroll Service on 01/11/2012	74.86
	01/13/2012		QuickBooks Payroll Service	Created by Payroll Service on 01/11/2012	74.86
	01/13/2012		QuickBooks Payroll Service	Created by Payroll Service on 01/11/2012	266.43

# CITY OF DEL REY OAKS

## Claims Report

### January 2012

Name	Date	Num	Name	Memo	Amount
QuickBooks Payroll Service	01/13/2012		QuickBooks Payroll Service	Created by Payroll Service on 01/11/2012	51.63
QuickBooks Payroll Service	01/18/2012		QuickBooks Payroll Service	Fee for 1 employee(s) paid	1.50
QuickBooks Payroll Service	01/18/2012		QuickBooks Payroll Service	Fee for 1 direct deposit(s) at \$1.25 each	1.25
QuickBooks Payroll Service	01/18/2012		QuickBooks Payroll Service	Created by Payroll Service on 01/17/2012	452.60
QuickBooks Payroll Service	01/26/2012		QuickBooks Payroll Service	FUTA CREDIT REDUCTION 20114	2.14
QuickBooks Payroll Service	01/30/2012		QuickBooks Payroll Service	Fee for 5 employee(s) paid	7.50
QuickBooks Payroll Service	01/30/2012		QuickBooks Payroll Service	Fee for 2 direct deposit(s) at \$1.25 each	2.50
QuickBooks Payroll Service	01/30/2012		QuickBooks Payroll Service	Created by Payroll Service on 01/26/2012	303.39
QuickBooks Payroll Service	01/30/2012		QuickBooks Payroll Service	Created by Payroll Service on 01/26/2012	0.60
QuickBooks Payroll Service	01/30/2012		QuickBooks Payroll Service	Created by Payroll Service on 01/26/2012	93.35
QuickBooks Payroll Service	01/30/2012		QuickBooks Payroll Service	Created by Payroll Service on 01/26/2012	9.07
QuickBooks Payroll Service	01/30/2012		QuickBooks Payroll Service	Created by Payroll Service on 01/26/2012	9.07
QuickBooks Payroll Service	01/30/2012		QuickBooks Payroll Service	Created by Payroll Service on 01/26/2012	38.75
QuickBooks Payroll Service	01/30/2012		QuickBooks Payroll Service	Created by Payroll Service on 01/26/2012	26.25
QuickBooks Payroll Service	01/30/2012		QuickBooks Payroll Service	Created by Payroll Service on 01/26/2012	6.25
QuickBooks Payroll Service	01/30/2012		QuickBooks Payroll Service	Fee for 13 employee(s) paid	19.50
QuickBooks Payroll Service	01/30/2012		QuickBooks Payroll Service	Fee for 11 direct deposit(s) at \$1.25 each	13.75
QuickBooks Payroll Service	01/30/2012		QuickBooks Payroll Service	Created by Payroll Service on 01/26/2012	27,374.31
QuickBooks Payroll Service	01/30/2012		QuickBooks Payroll Service	Created by Payroll Service on 01/26/2012	4,638.00
QuickBooks Payroll Service	01/30/2012		QuickBooks Payroll Service	Created by Payroll Service on 01/26/2012	527.92
QuickBooks Payroll Service	01/30/2012		QuickBooks Payroll Service	Created by Payroll Service on 01/26/2012	527.92
QuickBooks Payroll Service	01/30/2012		QuickBooks Payroll Service	Created by Payroll Service on 01/26/2012	22.15
QuickBooks Payroll Service	01/30/2012		QuickBooks Payroll Service	Created by Payroll Service on 01/26/2012	15.01
QuickBooks Payroll Service	01/30/2012		QuickBooks Payroll Service	Created by Payroll Service on 01/26/2012	1,523.66
QuickBooks Payroll Service	01/30/2012		QuickBooks Payroll Service	Created by Payroll Service on 01/26/2012	364.09
Total QuickBooks Payroll Service					44,621.07

**CITY OF DEL REY OAKS**

**Claims Report**

January 2012

<b>Name</b>	<b>Date</b>	<b>Num</b>	<b>Name</b>	<b>Memo</b>	<b>Amount</b>
<b>ROOTER KING</b>					
	01/05/2012	12664	ROOTER KING	REPLACE FUEL VALVE IN TOILET AT CITY HALL AND UNPLUGGED SINKS	193.15
Total ROOTER KING					<u>193.15</u>
<b>RYAN RANCH PRINTERS</b>					
	01/05/2012	12665	RYAN RANCH PRINTERS	BUSINESS CARDS - C.M.	70.36
Total RYAN RANCH PRINTERS					<u>70.36</u>
<b>SAFEWAY STORE</b>					
	01/05/2012	12666	SAFEWAY STORE	SUPPLIES	93.19
Total SAFEWAY STORE					<u>93.19</u>
<b>SHELL OIL COMPANY</b>					
	01/26/2012	12714	SHELL OIL COMPANY	ACCT 079-056-693-FUEL FOR DEC 2011	44.14
Total SHELL OIL COMPANY					<u>44.14</u>
<b>SHRED-IT</b>					
	01/05/2012	12667	SHRED-IT	SHREDDING SERVICE-OCJ. 2011/INV.7677159703	52.50
Total SHRED-IT					<u>52.50</u>
<b>SPCA OF MONTEREY COUNTY</b>					
	01/05/2012	12668	SPCA OF MONTEREY COUNTY	OCT 11 ANIMAL SERVICES	341.12
	01/26/2012	12715	SPCA OF MONTEREY COUNTY	NOV 11 ANIMAL SERVICES	26.24
Total SPCA OF MONTEREY COUNTY					<u>367.36</u>

CITY OF DEL REY OAKS

Claims Report

January 2012

Name	Date	Num	Name	Memo	Amount
<b>STATE WATER RESOURCE CONTROL BOARD</b>					
	01/05/2012	12669	STATE WATER RESOURCE CONTROL BOARD	Annual fee //1/11-6/30/12-waste discharge requirements-invoice wd0062936	4,852.00
Total STATE WATER RESOURCE CONTROL BOARD					<u>4,852.00</u>
<b>TERMINIX</b>					
	01/05/2012	12670	TERMINIX		177.00
Total TERMINIX					<u>177.00</u>
<b>THE HERALD</b>					
	01/05/2012	12671	THE HERALD	PC VACANCY (TWO MONTHS)	754.62
Total THE HERALD					<u>754.62</u>
<b>UPS</b>					
	01/05/2012	12672	UPS		18.92
Total UPS					<u>18.92</u>
<b>VSP</b>					
	01/05/2012	12673	VSP	VISION PLAN JAN 2012	160.64
Total VSP					<u>160.64</u>
<b>YOUNG, MATT</b>					
	01/26/2012	12716	YOUNG, MATT	REIM. COST OF WIPER BLADE FOR PD UNIT	21.63
Total YOUNG, MATT					<u>21.63</u>
					<u>325,865.51</u>

**CITY OF DEL REY OAKS**  
**FISCAL YEAR 2011/2012 BUDGET VS ACTUAL**  
7 Months Ended Jan 31, 2012

	Actual Total FY 2011-2012	Budget FY2011-2012	% of Amount Budget
<b>Revenue</b>			
<b>PROPERTY TAXES</b>			
P/T-SECURED	\$ 185,015.32	\$ 341,618.00	54%
P/T-UNITARY TAX	\$ 3,151.00	\$ 5,666.00	56%
P/T-UNSECURED	\$ 13,486.13	\$ 13,736.00	98%
P/T-SB813	\$ 2,736.62	\$ 2,850.00	96%
P/T-PRIOR SECURED	\$ 9,554.52	\$ 16,652.00	57%
PROPERTY TAX - VLF	\$ 55,461.00	\$ 115,208.00	48%
P/T-INT/PENAL	\$ 191.52	\$ 176.00	109%
P/T - ADMINISTRATIVE FEE	\$ -	\$ (7,946.00)	0%
<b>TOTAL PROPERTY TAXES</b>	<b>269,596.11</b>	<b>487,960.00</b>	<b>55.25 %</b>
<b>OTHER TAXES</b>			
SALES TAX	\$ 141,556.00	\$ 275,468.00	51%
SALES TAX IN LIEU - 3-FLIP	\$ 44,669.44	\$ 80,969.00	55%
Sales Tax - Add On	\$ 226,703.18	\$ 446,166.00	51%
COP MONIES	\$ 50,000.00	\$ 100,000.00	50%
PROPERTY TRANSFER TAX	\$ -	\$ 3,360.00	0%
GAS FRANCHISES	\$ 211.62	\$ 4,944.00	4%
ELECTRIC FRANCHISES	\$ 434.54	\$ 16,497.00	3%
GARBAGE FRANCHISES	\$ 30,962.37	\$ 40,467.00	77%
CABLE TV FRANCHISES	\$ 11,888.18	\$ 24,212.00	49%
WATER FRANCHISES	\$ -	\$ 7,873.00	0%
SEWER IMPACT	\$ -	\$ 8,615.00	0%
<b>TOTAL OTHER TAXES</b>	<b>506,425.33</b>	<b>1,008,571.00</b>	<b>50.21 %</b>
<b>LICENSES &amp; PERMITS</b>			
BUSINESS LICENSES	\$ 169,282.48	\$ 174,397.00	97%
BUILDING PERMITS	\$ 11,140.41	\$ 8,288.00	134%
PLAN CHECK FEES	\$ 2,646.78	\$ 3,715.00	71%
STREET OPENING PERMITS FEES	\$ 400.00	\$ 630.00	63%
PLUMBING PERMITS	\$ 300.00	\$ 1,764.00	17%
ELECTRICAL PERMITS	\$ 400.00	\$ 735.00	54%
SB 1473 STATE SURCHG ON PERMITS	\$ 42.00	\$ -	
OTHER LICENSES/PERMITS	\$ 101.33	\$ 500.00	20%
<b>TOTAL LICENSES &amp; PERMITS</b>	<b>184,313.00</b>	<b>190,029.00</b>	<b>96.99 %</b>
<b>FINES &amp; FORFEITURES</b>			
VEHICLE CODE FINES	\$ 8,619.16	\$ 17,073.00	50%
<b>TOTAL FINES &amp; FOREITURES</b>	<b>8,619.16</b>	<b>17,073.00</b>	<b>50.48 %</b>
<b>INTEREST EARNED</b>			
INTEREST EARNED	\$ 508.37	\$ 2,755.00	18%
<b>TOTAL INTEREST EARNED</b>	<b>508.37</b>	<b>2,755.00</b>	<b>18.45 %</b>

**CITY OF DEL REY OAKS**  
**FISCAL YEAR 2011/2012 BUDGET VS ACTUAL**  
7 Months Ended Jan 31, 2012

<b>OTHER AGENCY REVENUE</b>			
MOTOR VEHICLE LICENSE FEE(MVLF)	\$ 3,487.71	\$ 5,106.00	68%
HOPTR	\$ 353.30	\$ 1,276.00	28%
PROP 172	\$ 5,169.34	\$ 6,410.00	81%
GRANTS	\$ -	\$ 8,000.00	0%
TRAFFIC CONGESTION RELIEF-AB438	\$ -	\$ 4,337.00	0%
POLICE GRANTS OTHER AGENCIES	\$ -	\$ 8,400.00	0%
<b>TOTAL OTHER AGENCY REVENUE</b>	<b>9,010.35</b>	<b>33,529.00</b>	<b>26.87 %</b>
<b>CURRENT SERVICES</b>			
USE PERMITS	\$ 3,140.00	\$ 4,436.00	71%
MAPS/PUBLICATIONS	\$ 260.00	\$ 163.00	160%
RENTAL INCOME	\$ 1,701.00	\$ 9,824.00	17%
POLICE REPORTS	\$ 851.00	\$ 854.00	100%
PROPERTY INSPECTIONS	\$ 500.00	\$ 1,995.00	25%
POLICE SERVICES	\$ 14,232.70	\$ 15,398.00	92%
PUBLIC EVENTS	\$ 57,250.00	\$ 47,544.00	120%
MISCELLANEOUS SERVICES	\$ 12,337.31	\$ 7,545.00	164%
PD DONATIONS	\$ 3,587.45	\$ 5,250.00	68%
<b>TOTAL CURRENT SERVICES</b>	<b>93,859.46</b>	<b>93,009.00</b>	<b>100.91 %</b>
<b>PARKS/RECREATION</b>			
PARK RENTAL	\$ 1,670.00	\$ 5,460.00	31%
RV RENTAL PARKS	\$ 17,470.00	\$ 25,846.00	68%
<b>TOTAL PARKS &amp; RECREATION</b>	<b>19,140.00</b>	<b>31,306.00</b>	<b>61.14 %</b>
<b>OTHER</b>			
GAS TAX 2107	\$ 5,022.54	\$ 18,864.00	27%
GAS TAX 2106	\$ 4,167.25	\$ 7,618.00	55%
GAS TAX 2107.5	\$ 2,001.86	\$ 1,050.00	191%
GAS TAX 2105	\$ 4,009.76	\$ 7,960.00	50%
<b>TOTAL OTHER</b>	<b>15,201.41</b>	<b>35,492.00</b>	<b>42.83 %</b>
<b>Total Revenue</b>	<b>\$ 1,106,673.19</b>	<b>1,899,724.00</b>	<b>58%</b>

**CITY OF DEL REY OAKS**  
**FISCAL YEAR 2011/2012 BUDGET VS ACTUAL**  
7 Months Ended Jan 31, 2012

<b>Expenditures</b>			
<b>Payroll &amp; Benefits</b>			
OVERTIME	\$ 7,056.73	\$ 20,000.00	35%
PAYROLL	\$ 517,836.70	\$ 843,528.00	61%
COUNCIL MEMBER STIPEND	\$ 3,500.00	\$ 6,000.00	58%
RESERVES PAYROLL	\$ 14,972.28	\$ 30,000.00	50%
PERS	\$ 37,715.17	\$ 157,260.00	24%
MEDICARE	\$ 7,955.55	\$ 12,000.00	66%
DENTAL EXPENSE	\$ 14,321.05	\$ 29,019.00	49%
HEALTH INS	\$ 91,196.60	\$ 165,864.00	55%
VISION INS	\$ 1,296.60	\$ 1,581.00	82%
WORKERS COMP	\$ 113,909.39	\$ 175,000.00	65%
WELLNESS PROGRAM	\$ 2,639.21	\$ 8,000.00	33%
UNIFORM ALLOWANCE	\$ 4,500.00	\$ 5,500.00	82%
<b>TOTAL PAYROLL &amp; BENEFITS</b>	<b>\$ 816,899.28</b>	<b>\$ 1,453,752.00</b>	<b>56%</b>
<b>Payroll Expenses</b>			
Payroll Expenses	\$ 1,152.69	\$ 1,951.00	59%
<b>TOTAL PAYROLL EXPENSES</b>	<b>\$ 1,152.69</b>	<b>\$ 1,951.00</b>	<b>59%</b>
<b>Bank Service Charges</b>			
Bank Service Charges	\$ 1,591.75	\$ 1,583.00	101%
<b>TOTAL BANK SERVICE CHARGES</b>	<b>\$ 1,591.75</b>	<b>\$ 1,583.00</b>	<b>101%</b>
<b>SUPPLIES</b>			
MATERIALS/SUPPLY	\$ 12,754.91	\$ 21,500.00	59%
AMMUNITION	\$ 6,516.86	\$ 5,000.00	130%
OFFICE SUPPLIES	\$ 6,657.74	\$ 12,000.00	55%
SPECIAL SUPPLY POLICE	\$ 6,161.11	\$ 5,000.00	123%
<b>TOTAL SUPPLIES</b>	<b>\$ 32,090.62</b>	<b>\$ 43,500.00</b>	<b>74%</b>
<b>UTILITIES &amp; SERVICES</b>			
REPAIR/MAINTENANCE	\$ 13,572.03	\$ 24,315.00	56%
STREET SWEEPING	\$ 5,013.38	\$ -	
GABILAN CREW	\$ 3,367.05	\$ 2,052.00	164%
UTILITIES/PGE	\$ 6,173.09	\$ 7,252.00	85%
UTILITIES/WATER	\$ 2,180.02	\$ 2,470.00	88%
TELEPHONE / INTERNET	\$ 6,241.49	\$ 13,791.00	45%
WEBSITE DESIGN & MAINTENANCE	\$ 760.00	\$ 4,500.00	17%
POSTAGE / SHIPPING	\$ 2,332.42	\$ 1,837.00	127%
TRAVEL/CONFERENCE	\$ 6,128.30	\$ 11,298.00	54%
MEMBER/DUES/CONTRIBUTIONS	\$ 5,653.08	\$ 9,573.00	59%
AD/PROMOTION CITY CNCL	\$ 2,594.30	\$ 2,111.00	123%
LEGAL ADVERT NON-DEPT	\$ 119.00	\$ 215.00	55%
MEETING CITY CNCL	\$ 334.32	\$ 952.00	35%
BOOK/PERIODICAL	\$ -	\$ 140.00	0%
<b>TOTAL UTILITIES &amp; SERVICES</b>	<b>\$ 54,468.48</b>	<b>\$ 80,506.00</b>	<b>68%</b>

**CITY OF DEL REY OAKS**  
**FISCAL YEAR 2011/2012 BUDGET VS ACTUAL**  
7 Months Ended Jan 31, 2012

<b>OUTSIDE SERVICES</b>			
TRAINING POLICE	\$	7,375.00	\$ 8,632.00 85%
OTHER PERMITS PW/ENGR	\$	6,460.75	\$ 3,735.00 173%
LIABILITY/PROP NON-DPT	\$	6,004.40	\$ 25,000.00 24%
CONTRACTUAL AUDIT	\$	28,684.86	\$ 25,000.00 115%
DATA PROCESSING	\$	3,447.15	\$ 3,850.00 90%
CONTRACTUAL SVCS PLANNING	\$	5,800.66	\$ 2,500.00 232%
CONTRACTUAL SVCS - LEGAL	\$	4,510.75	\$ 9,992.00 45%
CONTRL RETAINER LEGAL	\$	7,564.32	\$ 10,360.00 73%
JANITORIAL FUND	\$	2,250.00	\$ 3,250.00 69%
RADIO DISPATCH POLICE	\$	40,106.00	\$ 38,260.00 105%
COMM HUM SERV NON-DEPT	\$	3,100.00	\$ 3,057.00 101%
<b>TOTAL OUTSIDE SERVICES</b>	<b>\$</b>	<b>115,303.89</b>	<b>\$ 133,636.00 86%</b>
<b>AUTO OPERATION</b>			
AUTO OPS - SUPPLIES / EQUIP	\$	415.16	\$ 1,160.00 36%
AUTO OPS - FUEL	\$	18,232.00	\$ 18,393.00 99%
AUTO REPAIR/MAINTENANCE	\$	12,004.55	\$ 9,357.00 128%
AUTO LEASE PAYMENTS	\$	12,249.59	\$ 12,250.00 100%
<b>TOTAL AUTO OPERATION</b>	<b>\$</b>	<b>42,901.30</b>	<b>\$ 41,160.00 104%</b>
<b>POLICE AND FIRE</b>			
FUND JAIL & PRISONER	\$	1,011.34	\$ 1,238.00 82%
ACJIS SYSTEM POLICE	\$	2,814.95	\$ 5,405.00 52%
ANIMAL REGULATION FIRE	\$	1,940.24	\$ 2,724.00 71%
FIRE SEASIDE	\$	85,501.70	\$ 116,000.00 74%
<b>TOTAL POLICE &amp; FIRE</b>	<b>\$</b>	<b>91,268.23</b>	<b>\$ 125,367.00 73%</b>
<b>STREETS &amp; STORM WATER</b>			
S.M.I.P.	\$	64.86	\$ 51.00 127%
SB 1473	\$	27.90	\$ -
STREET LIGHTING	\$	8,566.05	\$ 14,163.00 60%
STORM WATER PROJECT - PHASE 4	\$	-	\$ 5,480.00 0%
<b>TOTAL STREETS &amp; STORM WATER</b>	<b>\$</b>	<b>8,658.81</b>	<b>\$ 19,694.00 44%</b>
<b>TOTAL EXPENDITURES</b>	<b>\$</b>	<b>1,164,335.05</b>	<b>\$ 1,901,149.00 61%</b>
<b>Total Revenue</b>	<b>\$</b>	<b>1,106,673.19</b>	
<b>Total Expenditures</b>	<b>\$</b>	<b>1,164,335.05</b>	
<b>Total Operating Revenue Less Expenditures this fiscal year to date</b>	<b>\$</b>	<b>(57,661.86)</b>	

**CITY OF DEL REY OAKS**  
**FISCAL YEAR 2011/2012 BUDGET VS ACTUAL**  
7 Months Ended Jan 31, 2012

<b>CAPITAL OUTLAY FOR FISCAL YEAR 2011-2012</b>				
<b>Other Income</b>				
Portola/Carlton (Prop 1B) CIP	\$	-	\$ 400,000.00	0%
<b>Total Other Income</b>	<b>\$</b>	<b>-</b>	<b>\$ 400,000.00</b>	<b>0%</b>
<b>Other Expenses</b>				
CAPITAL OUTLAY	\$	-	\$ -	
PORTOLA / CARLTON (PROP 1B)	\$	-	\$ 400,000.00	0%
<b>Total Other Expenses</b>	<b>\$</b>	<b>-</b>	<b>\$ 400,000.00</b>	<b>0%</b>

**CITY OF DEL REY OAKS  
CASH FUNDS BALANCE REPORT  
AS OF JANUARY 31, 2012**

<b>CITY OF DEL REY OAKS</b>		
<b>CASH BALANCES AS OF JANUARY 31, 2012</b>		
	1000 · GENERAL CHECKING	\$129,635.97
	1008 · LAIF CITY - 246	\$134,655.38
	<b>Total City Checking/Savings</b>	<b>\$264,291.35</b>
<b>REDEVELOPMENT AGENCY</b>		
<b>CASH BALANCES AS OF JANUARY 31, 2012</b>		
	10-1001 · GENERAL CHECKING	\$0.00
	10-1003 · DUFFY EIR/CEQA CHECKING	\$0.00
	10-1002 · LAIF RDA ACCOUNT	\$413.61
	<b>Total RDA Checking/Savings</b>	<b>\$413.61</b>
<b>GRAND TOTAL CASH BALANCES</b>		<b>\$264,704.96</b>



**FIRE DEPARTMENT**  
1635 Broadway Avenue  
Seaside, CA 93955

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

February 1, 2012

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

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 January 1, 2012 through January 31, 2012.

The City of Del Rey Oaks will be billed for the following incident numbers:

Incident #  
12-0000010  
12-0000022  
12-0000047  
12-0000080

There are a total of four fire calls for the month of January. If you have any questions, please contact me.

Sincerely,

A handwritten signature in cursive script that reads "Melissa Failauga".

Melissa Failauga  
Facility Receptionist  
CC: File

Seaside Fire Department

Incident List by Alarm Date/Time

Alarm Date Between {01/01/2012} And {01/31/2012}  
and District = "029 "

Incident-Exp#	Alm Date	Alm Time	Location	Incident Type
12-0000010-000	01/02/2012	06:45:00	441 CANYON DEL REY BLVD	131 Passenger vehicle fire
12-0000022-000	01/03/2012	17:21:00	ROSITA RD & PALOMA RD /De	5312 Smoke/Odor Investigation
12-0000047-000	01/07/2012	20:36:00	908 VIA VERDE RD	542 Animal rescue
12-0000048-000	01/07/2012	22:50:00	969 VIA VERDE RD /Del Rey	<del>611 Dispatched &amp; cancelled en-ro</del>
12-0000052-000	01/09/2012	04:34:00	425 CANYON DEL REY BLVD	<del>611 Dispatched &amp; cancelled en-ro</del>
12-0000055-000	01/09/2012	13:23:00	827 PORTOLA DR /Del Rey O	<del>6111 Cancelled upon arrival, no</del>
12-0000080-000	01/12/2012	19:59:00	1055 ROSITA RD /Del Rey O	311 Medical assist, assist EMS c
12-0000156-000	01/23/2012	23:43:00	815 CANYON DEL REY BLVD /	<del>611 Dispatched &amp; cancelled en-ro</del>

Total Incident Count

4 calls total



Del Rey Oaks Police Department  
 Monthly Report of Activity  
 January - 2012  
 Completed By: Ron Langford, COP

**ARRESTS:**

PRIOR YEAR

<i>Felony Arrests</i>		
<i>Misdemeanor Arrests</i>	02	
<i>Warrant Arrests (OJ)</i>		
<b>TOTAL ARRESTS</b>	<b>02</b>	<b>03</b>

**ASSAULTS:**

PRIOR YEAR

<i>Simple Assault</i>		
<i>Domestic Violence</i>		
<i>Weapon Involved</i>		
<b>TOTAL ASSAULTS</b>	<b>00</b>	<b>00</b>

**REPORTS FILED:**

<b>11</b>	<b>19</b>
-----------	-----------

**TRAFFIC ACCIDENTS:**

<i>Non-Injury Accidents</i>	01	
<i>Injury Accidents</i>		
<b>TOTAL ACCIDENTS</b>	<b>01</b>	<b>00</b>

**BURGLARIES:**

<i>Residential</i>		
<i>Commercial</i>		
<i>From Locked Vehicle</i>		
<i>Other</i>		
<b>TOTAL BURGLARIES</b>	<b>00</b>	<b>03</b>

**TOWED & STORED VEHICLES:**

<b>03</b>	<b>00</b>
-----------	-----------

**GRAND & PETTY THEFTS:**

<i>Residential</i>		
<i>Commercial</i>		
<i>Shoplifting</i>		
<i>From Motor Vehicle</i>		
<i>Other</i>		
<b>TOTAL THEFTS</b>	<b>00</b>	<b>05</b>

**ALARMS:**

<i>Residential</i>		
<i>Commercial</i>		
<b>TOTAL ALARMS</b>	<b>00</b>	<b>00</b>

**DUI ENFORCEMENT:**

<b>02</b>	<b>01</b>

**CITATIONS ISSUED:**

<i>Traffic Citations Issued</i>	44	
<i>Parking Citations Issued</i>	01	
<i>Admin Citations Issued</i>		
<b>TOTAL CITATION ISSUED</b>	<b>45</b>	<b>30</b>

RESOLUTION NO. 2012-02

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DEL REY OAKS  
ACCEPTING THE FISCAL YEAR 2010-2011 AUDITS

-oOo-

WHEREAS, all municipalities are required to be audited by an independent auditing firm each fiscal year; and

WHEREAS, the City of Del Rey Oaks and the former Redevelopment Agency (the City of Del Rey Oaks now being the Successor Trustee of the Redevelopment Agency) were audited by Lavorato and Darling, CPAs;

NOW, THEREFORE BE IT RESOLVED that the City Council of the City of Del Rey Oaks does hereby accept the fiscal year 2010-2011 Audits.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Del Rey Oaks this 28th day of February, 2012, by the following vote:

AYES: COUNCIL MEMBERS:  
NOES: COUNCIL MEMBERS:  
ABSENT: COUNCIL MEMBERS:  
ABSTAIN: COUNCIL MEMBERS:

\_\_\_\_\_  
Jerry B. Edelen, Mayor

ATTEST: \_\_\_\_\_  
Daniel Dawson, City Clerk



CITY OF DEL REY OAKS, CALIFORNIA

FINANCIAL STATEMENTS

with

INDEPENDENT AUDITOR'S REPORT

YEAR ENDED JUNE 30, 2011

# CITY OF DEL REY OAKS

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## INDEPENDENT AUDITORS' REPORT

Honorable Mayor  
and Members of the City Council  
City of 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, California as of and for the year ending June 30, 2011, 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 of Del Rey Oak'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. Those standards require that we plan and preform 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 amount 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 statements 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 government activities, each major fund and the aggregate remaining fund information of the City of Del Rey Oaks, as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flow thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The City of Del Rey Oaks has not presented management's discussion and analysis that the 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 statement s.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 25 through 26, the CALPERS schedule of funding progress on page 27 and the schedule of funding for post employment benefits other than pensions on page 28, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing

information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance .

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Del Rey Oaks, California's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Lavorato & Darling, Inc.*  
Lavorato & Darling, Inc.

Salinas, CA 93901

Date: FEBRUARY 17, 2012

CITY OF DEL REY OAKS  
 GOVERNMENT-WIDE FINANCIAL STATEMENTS  
 STATEMENT OF NET ASSETS  
 JUNE 30, 2011

See Independent Auditors' Report

	Governmental Activities
<b>ASSETS</b>	
Current assets:	
Cash and equivalents	\$ 254,582
Investments	294,505
Accounts receivable	45,767
Accounts receivable from other governments	175,229
Notes receivable	71,500
Total Current Assets:	841,583
Noncurrent assets:	
Receivable from developer	1,077,742
Capital assets not being depreciated	11,879,700
Capital assets, net of depreciation	363,109
	13,320,551
	\$ 14,162,134
<b>LIABILITIES AND NET ASSETS</b>	
Current Liabilities:	
Accounts payable	\$ 515,549
Accrued Interest	461
Deposit	50,000
Deferred revenue	1,285,799
Current portion of long-term debt	11,458
Total Current Liabilities:	1,863,267
Noncurrent liabilities:	
Long-term due in more than one year	1,079,307
NET ASSETS	
Restricted for:	
Invested in capital assets, net of related debt	12,176,446
Housing program	25,000
Unrestricted	(981,886)
	11,219,560
	\$ 14,162,134

The accompanying notes are an integral part of these financial statements.

CITY OF DEL REY OAKS  
 GOVERNMENT-WIDE FINANCIAL STATEMENTS  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2011

See Independent Auditors' Report

	Program Revenues			Net (Expenses) Revenue
	Expenses	Charges for Services	Operating Grants & Contributions	
Functions/Programs				
General government	\$ 730,837	\$ 287,940	\$ 101,680	\$ (341,217)
Public safety	1,175,235	50,142	100,000	(1,025,094)
Public works	99,681	-	-	(99,681)
Parks	114,292	30,435	-	(83,857)
Community development	132,806	-	-	(132,806)
Interest on long term debt	316,617	-	-	(316,617)
Total governmental activities	\$ 2,569,468	\$ 368,517	\$ 201,680	(1,999,271)
General Revenues				
Taxes:				
Property taxes				491,543
Sales tax				628,132
Franchise taxes				106,138
Gas taxes				47,564
Investment earnings				2,299
Other revenue				46,417
Total general revenues				1,322,093
Change in net assets				(677,178)
Net assets, beginning of year				11,894,504
Prior period adjustment				2,234
Net assets, end of year				\$ 11,219,560

The accompanying notes are an integral part of these financial statements.

## GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

*General Fund* - The General Fund is used to account for the City's primary services (public safety, public works, parks, etc.) and is the primary operating unit of the City.

*Capital Projects Fund* - The Capital Projects Fund is used to account 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.

*Other Governmental Funds* - Other governmental funds are non-major funds and are used to account for the revenues from traffic safety, gas tax, and economic and community development loans.

The accompanying notes are an integral part of these financial statements.

CITY OF DEL REY OAKS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011

See Independent Auditors' Report

	General	Capital Projects	Governmental Funds	Total
<b>ASSETS</b>				
Cash and equivalents	\$ 229,582	\$ -	\$ 25,000	\$ 254,582
Investments	294,093	412	-	294,505
Receivables	29,908	-	14,954	44,862
Receivables from other governments	176,133	-	-	176,133
Due from other fund	539,683	-	-	539,683
Note receivable	-	-	71,500	71,500
Total assets	<u>\$1,269,399</u>	<u>\$ 412</u>	<u>\$ 111,454</u>	<u>\$1,381,265</u>
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities:				
Accounts payable	\$ 413,499	\$ 102,049	\$ -	\$ 515,548
Due to other funds	-	539,683	-	539,683
Deferred revenue	130,067	-	71,500	201,567
Total liabilities	<u>543,566</u>	<u>641,732</u>	<u>71,500</u>	<u>1,256,798</u>
Fund balances:				
Reserved for:				
Long term receivables	71,500	-	-	71,500
Housing program	-	-	25,000	25,000
General fund	654,333	-	-	654,333
Capital projects fund	-	(641,320)	-	(641,320)
Special revenue funds	-	-	14,954	14,954
Total fund balances	<u>725,833</u>	<u>(641,320)</u>	<u>39,954</u>	<u>124,467</u>
Total liabilities and fund balances	<u>\$1,269,399</u>	<u>\$ 412</u>	<u>\$ 111,454</u>	<u>\$1,381,265</u>

The accompanying notes are an integral part of these financial statements.

CITY OF DEL REY OAKS  
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
 TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

See Independent Auditors' Report

Total Fund Balance - Total Governmental Funds (page 6) \$ 124,467

Reconciliation from governmental activities:

**Capital Assets** 12,242,809

Capital assets used in governmental funds are not current financial resources and therefore are not reported in the Balance Sheet of Governmental Fund.

**Deferred Revenue** 10,819

Certain revenues in the governmental funds are deferred because the revenues are not collected within the prescribed time period after fiscal year-end. However, the revenues are included on the accrual basis used in the government-wide statements.

**Developer Transactions**

The City, the Redevelopment Agency, and a developer entered into an option agreement for the sales of City owned real estate that included several borrowing and lending agreements between the parties. Since these transactions do not include repayment in the current period, they are not reported in the governmental funds balance sheet, but are included in the statement of net assets as follows:

Loan receivable from developer	1,077,742
Loan payable to developer	(891,925)
Deferred revenue on developer advance	(1,155,732)
Deposit received from developer	(50,000)

**Long Term Obligations**

Long term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet. These are the obligations at year end.

Capital leases	(11,458)
Compensated absences	(29,628)
Other post employment benefits	(38,200)
Long-term payables	(59,334)
	(138,620)

Net Assets of Governmental Activities (page 4) \$ 11,219,560

The accompanying notes are an integral part of these financial statements.

CITY OF DEL REY OAKS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR FISCAL YEAR ENDED JUNE 30, 2011

See Independent Auditors' Report

	Major Funds		Non-major	Total
	General	Capital Projects	Governmental Funds	
Property taxes	\$ 491,543	\$ -	\$ -	\$ 491,543
Sales tax	628,132	-	-	628,132
Franchise tax	106,138	-	-	106,138
Other taxes	15,888	-	-	15,888
Licenses and permits	183,059	-	-	183,059
Fines and forfeitures	-	-	20,490	20,490
Investment earnings	2,299	-	-	2,299
Revenue from other agencies	188,491	-	72,101	260,592
Use of property - parks	30,435	-	-	30,435
Other revenue	152,893	-	-	152,893
Total revenues	<u>1,798,878</u>	<u>-</u>	<u>92,591</u>	<u>1,891,469</u>
<b>EXPENDITURES</b>				
Current:				
General government	711,290	-	-	711,290
Public safety	1,196,984	-	-	1,196,984
Public works	103,520	-	-	103,520
Parks	127,533	-	-	127,533
Community Development	-	148,167	-	148,167
Debt service	2,760	-	-	2,760
Total expenditures	<u>2,142,087</u>	<u>148,167</u>	<u>-</u>	<u>2,290,254</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(343,209)</u>	<u>(148,167)</u>	<u>92,591</u>	<u>(398,785)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from long term debt	18,031	-	-	18,031
Transfers in	87,223	-	-	87,223
Transfers out	-	-	(87,223)	(87,223)
Total other financing sources (uses)	<u>105,254</u>	<u>-</u>	<u>(87,223)</u>	<u>18,031</u>
NET CHANGE IN FUND BALANCE	<u>(237,955)</u>	<u>(148,167)</u>	<u>5,368</u>	<u>(380,754)</u>
<b>FUND BALANCE,</b>				
Beginning of year	963,788	(483,261)	34,586	515,113
Prior period adjustment	-	(9,892)	-	(9,892)
	<u>963,788</u>	<u>(493,153)</u>	<u>34,586</u>	<u>505,221</u>
End of fiscal year	<u>\$ 725,833</u>	<u>\$(641,320)</u>	<u>\$ 39,954</u>	<u>\$ 124,467</u>

The accompanying notes are an integral part of these financial statements.

CITY OF DEL REY OAKS  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCES OF GOVERNMENT FUNDS TO THE  
 GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

See Independent Auditors' Report

Change in Fund Balances (page 8) \$ (380,754)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Capital Assets

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	87,223	
Current year depreciation	<u>(43,858)</u>	(45,004)

Deferred Revenue (4,084)

This is expenses from the Redevelopment Agencies loan to the City.

Long Term Obligations (247,336)

Payment of long term obligations are an expenditure in the governmental funds financial statement, but the payment reduces long term liabilities in the Statement of Net Assets. This is the net effect of these differences in the treatment of long-term debt.

Change in Net Assets of Governmental Activities (page 4) \$ (677,178)

The accompanying notes are an integral part of these financial statements.

CITY OF DEL REY OAKS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

**Note 1 Summary of Significant Accounting Policies**

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**Reporting Entity**

The City of Del Rey Oaks (the City), California, was incorporated as a general law city on September 3, 1953, under the laws of the State of California. 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 in the United States of America these financial statements present the City (the primary government) and its component units, entities for which the City is considered to be financially accountable.

Blended component units, although legally separate entities are in substance, part of the government's operations, so data from these units are combined with data of the primary government. The following entity is a blended component unit:

**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**

The accompanying financial statements have been prepared assuming the City will continue as a going concern. For the last several years, the City's Capital Project Fund has struggled to balance its revenues and expenditures. The deficit is expected to be eliminated from future tax increment revenues. Additionally, the economic downturn has had a dramatic negative impact on the City's revenues. For the long term, the City believes additional revenues will be generated by new development; however, during this year, the City will address the growing structural deficit by prioritizing service levels, optimizing cost recovery and reviewing all opportunities to increase revenues. The City believes that success in increasing revenues and controlling cost is achievable, and that available cash and cash equivalents will provide adequate liquidity to fund the City's operations through at least June 30, 2012. The financial statements do not include any adjustments to reflect the future effects of the recoverability and classification of assets or the amounts and classification of liabilities that might result from the possible inability of the City to continue as a going concern.

**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. The effect of interfund activity has been removed from these statements.

CITY OF DEL REY OAKS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

**Note 1 Summary of Significant Accounting Policies - Continued**

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The Statement of Net Assets presents the City's assets and liabilities, with the difference reported as net assets. Net assets are reported in these 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 fund balances* result when constraints placed on net assets use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The City has no restrictions imposed by enabling legislation.
- \* *Unrestricted fund balance* consists 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 separately 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 aggregated 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 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 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 Realignment 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.

CITY OF DEL REY OAKS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

**Note 1 Summary of Significant Accounting Policies - Continued**

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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. 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 also recorded under the susceptible to accrual concept. 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 essentially two types of revenues. Type 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 recorded expenditures.

Type two - 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.

- \* *General Fund* accounts for the City's primary services (public safety, public works, parks, etc.) and is the primary operating unit of the City.
- \* *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 Funds, in conformity 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.

CITY OF DEL REY OAKS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

**Note 1 Summary of Significant Accounting Policies - Continued**

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**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 and Payables**

Property, sales, use, and utility users taxes related to the current fiscal year are accrued as revenue and accounts receivable and considered available if received within 60 days of year end. Federal and State grants are considered receivable and accrued as revenue when reimbursable costs are incurred under the accrual basis of accounting in the governmental-wide statement of net assets.

The amount recognized as revenue under the modified accrual basis of accounting is limited to the amount that is deemed measurable and available. The City considers these taxes available if they are received during the period when settlement of prior fiscal year accounts payable and payroll charges normally occur.

**Allowance for Uncollectible Accounts Receivables**

Management has elected to record bad debts using the direct write-off method. Accounting principles generally accepted in the United States of America require that the allowance method be used to reflect bad debts. However, the effect of using the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed.

**Economic and Community Development Loans**

These receivables are deferred repayment loans under the City's housing and economic development programs. The programs consist of long term deferred payment loans of grant funds from the State which were reported as grant revenues in the year received, and expenditures in the year the loans were made. A deferred loan is required to be repaid in full only if the secured property is sold or transferred. Prior to the sale or transfer, no payment is required. Principal and interest payments which are receivable at year end are offset by an equal amount of deferred revenue. Such payments will be recognized as revenue when received.

**Capital Assets**

Capital assets are defined as property, facilities, equipment, and infrastructure (roads, sidewalks, drainage systems, lighting systems, etc.). Capital assets are reported in the government-wide financial statements. These assets are valued at historical cost if purchased or constructed. Donated assets are valued at their estimated fair value on the date received.

CITY OF DEL REY OAKS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2011

**Note 1 Summary of Significant Accounting Policies - Continued**

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The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of assets are not capitalized. Major outlays of capital assets and improvements are capitalized.

It is the policy of the City to capitalize assets with costs in excess of a threshold as follows:

Equipment	\$	5,000
Facilities and improvements	\$	25,000

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

<u>Assets</u>	
Buildings	40 Years
Improvements	5-20 Years
Equipment	5-10 Years
Vehicles	8 Years
Furniture and Fixtures	10 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.

**Post-Employment Benefits**

In addition to pension benefits described in Note 9, the City provides post-employment medical benefits, pursuant to the California Public Employee's Medical and Hospital Care Act (PEMHCA), paying the PEMHCA minimum but on a 20 year phase-in basis for employees retiring directly from the City.

**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 \$201,567 at June 30, 2011. Of this amount, \$71,500 represents the City's housing and economic development programs deferred loans, and \$130,067 represents charges for 2011 prepaid licenses as of June 30, 2011.

CITY OF DEL REY OAKS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2011

**Note 1 Summary of Significant Accounting Policies - Continued**

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**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. Compensated absences are considered due after one year.

**Fund Equity**

In the governmental fund financial statements, reservations of fund balance represents 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:

	Secured	Unsecured
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.

CITY OF DEL REY OAKS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2011

**Note 1 Summary of Significant Accounting Policies - Continued**

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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.

**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**

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**Investments**

The City's investments consist of deposits in the State Treasurer's Local Agency Investment Fund (LAIF). LAIF is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on an amortized cost basis. Investments at June 30, 2011 consisted of funds held in the Local Agency Investment Fund in the amount of \$294,505.

**Investment Policy**

Cash balances from all funds are combined and invested to the extent possible, pursuant to the City Council approved Statement of Investment Policy. The following represents types of investments authorized by the City Council:

Types of investments	Maximum Amount	Maximum
Local Agency Investment Fund	no limit set	n/a

**Disclosures relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that show the maturity date of each investment

Investment Type	Fair Value	Investment
Local Agency Investment Fund	294,505	6-12 months

CITY OF DEL REY OAKS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

**Note 2 Deposits and Investments - Continued**

**Concentration of Credit Risk**

The investment policy of the City contains no limitation on the amount that can be investment in any one issuer beyond that stipulated by the California Government Code. 100% of the City's investments at year end are in LAIF.

**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. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Local Agency Investment Fund managed by the State Treasurer, reporting 100% of the City's investment portfolio, is not rated.

The City maintains their cash in various bank accounts. The balance, at times, may exceed federally insured limits. As of June 30, 2011, the balance in their general checkbook exceeded the federal insured limit by \$988. The \$988 was collateralized in accordance with the California Government Code requirements by securities held by the pledging financial institution in the City's name. The fair value of the pledged securities must equal 110% of the City's demand deposits.

**Note 3 Receivables**

Receivables at June 30, 2011 for the the governments individual major funds in the aggregate, reported on the government-wide statements, consists of the following:

	General	Capital Projects	Other Governmental Funds	Total
Receivables:				
Franchise taxes	\$ 15,467	\$ -	\$ -	\$ 15,467
Developer fees	-	1,077,742	-	1,077,742
Grants	25,000	-	-	25,000
Interest	392	-	-	392
Other	4,908	-	-	4,908
	<u>\$ 45,767</u>	<u>\$ 1,077,742</u>	<u>\$ -</u>	<u>\$ 1,123,510</u>
Receivable from other governments:				
Gas tax	-	-	9,744	9,744
Fines	-	-	5,209	5,209
Sales taxes	67,373	-	-	67,373
Transaction tax	92,900	-	-	92,900
	<u>\$ 160,273</u>	<u>\$ -</u>	<u>\$ 14,954</u>	<u>\$ 175,227</u>

CITY OF DEL REY OAKS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

**Note 4** Notes Receivable

The City has outstanding loan balances from interest free loans, which are 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, 2011 was \$71,500.

**Note 5** Receivable from Developer

In July 2003, the City's Redevelopment Agency entered into an Agreement to Negotiate Exclusively (ANE) with a Federal/JER Associates I, LLC (developer) for the development of the Agency's owned land. As part of that agreement, the developer agreed to deposit funds to reimburse the City's Redevelopment Agency for all legal and consulting fees, and staff overhead costs incurred as part of the negotiation process. In February 2007, the City's Redevelopment Agency entered into agreements with the developer to deposit funds for the Agency for the costs of environmental and permit approval consulting services. The agreements were amended to revise time schedules, repayment and loan provisions. In February 2009, the City's Redevelopment Agency notified the developer of default. Due to the default and economic conditions, the City's Redevelopment Agency may not be able to collect the loan receivable of \$1,077,742 due from the developer, of which a portion is included as deferred revenue as stated in the government-wide statement of net assets.

**Note 6** Capital Assets

Capital assets activity for the year ended June 30, 2011, was as follows:

	Balance June 30, 2010	Additions	Adjustments/ Retirements	Balance June 30, 2011
Capital assets not being depreciated				
Land	\$ 11,879,700	\$ -	\$ -	\$ 11,879,700
Capital assets being depreciated				
Building and improvement	471,353	104,671		576,025
Furniture and equipment	160,302			160,302
Vehicles	271,654			271,654
Total capital assets being depreciated - net	903,309	104,671	-	1,007,981
Less accumulated depreciation	(597,264)	(47,608)		(644,872)
Total capital assets being depreciated - net	\$ 306,045	\$ 57,063	\$	\$ 363,109

CITY OF DEL REY OAKS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

**Note 6 Capital Assets - Continued**

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

General government	\$	4,262
Public safety		22,516
Public works		3,840
Parks		<u>13,241</u>
Total depreciation expense	\$	<u><u>43,859</u></u>

**Note 7 Long Term Debt**

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**Federal/JER Associates I, LLC**

The Redevelopment Agency and Federal/JER Associates I, LLC entered into a promissory note on March 3, 2006 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.

The Redevelopment 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.

The loans were part of an option agreement to sell the land the Redevelopment Agency received on the former Ford Ord Army Base to Federal/JER Associates I, LLC (the developer). The balance of the notes payable to Federal/JER Associates I as of June 30, 2011 is \$891,925 and includes \$42,473 in current year accrued interest. In February 2009, the developer defaulted on the option agreement terms. The agreement calls for several provisions of loans and repayment of loans between the parties. Due to the option agreement default, the Agency may not be liable to repay the developer. Consequently a future debt repayment schedule cannot be determined.

* Note payable - Ford F150, dated November 30, 2009, annual total payments of \$12,249 including interest at 6.9%. The capital lease is due and payable November 30, 2011. The balance at June 30, 2010 was \$29,488.84	11,458
---	--------

Other long-term notes payable:

Compensated absences		29,628
Post employment healthcare		38,200
Long-term payables		<u>119,554</u>
		1,079,307
Less Current portion of notes payable		<u>(11,458)</u>
		<u><u>\$ 1,067,849</u></u>

CITY OF DEL REY OAKS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2011

**Note 7 Long Term Debt - Continued**

Annual capital lease debt is as follows:

2012	<u>\$ 11,458</u>
------	------------------

**Note 8 Operating Lease**

The City was the lessor under a noncancelable operating lease which was set to expire November 23, 2023. However, the lessee went out of business. There are not any future payments that will be made on this lease.

The City was the lessee with U.S. Bank entered into September 10, 2009 for a Digital Color Imaging System. The City promised to pay \$216.98 once a month for 60 months and does not intend to purchase the System at the end of the lease. The future minimum payments under the lease are as follows:

2012	\$ 2,604
2013	2,604
2014	2,604
2015	868
Total	<u>\$ 8,680</u>

**Note 9 Interfund Transactions**

At June 30, 2011 interfund receivables and payables consist of:

	Interfund	
	Receivable	Payable
General Fund	\$ 539,683	\$ -
Capital Projects Fund	-	539,683
	<u>\$ 539,683</u>	<u>\$ 539,683</u>

The City of Del Reys Oaks has advances to the City of Del Rey Oaks Redevelopment Agency (Agency) as of June 30, 2011 in the amount of \$539,683. These advances have been made to pay various consultants and administrative expenses on behalf of the Agency. The Agency pays various rates of interest on these advances based on the LAIF interest rate at the time of the advance. Repayment of the advance is expected to be made. A future debt repayment schedule cannot be determined.

Transfers between funds during the year were as follows:

Fund	Transfers In	Transfers Out
General	\$ 87,223	\$ -
Other Governmental Funds:	-	87,223

Transfers are made from Other Government Funds to cover expenditures projects.

CITY OF DEL REY OAKS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

**Note 10 Fund Balance Deficit**

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The Capital Projects Fund had a fund balance deficit of \$586,048 at June 30, 2011. These deficits are expected to be eliminated from future tax increment revenues. The City believes that success in increasing revenue and controlling cost is achievable, and that available cash and cash equivalents will provide adequate liquidity to fund the City's operations.

**Note 11 Pension Plan**

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**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 benefits, annual cost-of-living adjustment, 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 to the City. The report may be obtained from CalPERS executive office, 400 P Street, Sacramento, California 95814.

**Funding Policy and Pension Costs**

Participants are required to contribute 7% of their annual covered salary. 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, 2011 the employer contribution rate was 24.387% for public safety personnel and 7.153% for other covered employees. The City's contributions to CalPERS for the years ending June 30, 2011, 2010, 2009 were \$905,751, \$ 686,266, and \$167,768 respectively, equal to the required contributions for each year.

The City has less than 100 active members, therefore, it is required to participate in a risk pool. The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents the risk pool multiyear trend information about whether the actuarial values of the plan assets are increasing and decreasing over time relative to the actuarial accrued liability for benefits.

**Note 12 Post Employment Benefits Other than Pensions (OPEB)**

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**Plan Description**

The CalPERS PEMHCA Plan is a defined contribution, multiple employer, healthcare plan. It provides benefits to active and retired employees. The City of Del Rey Oaks does not have an PEMHCA at this point. The healthcare plan would be administered by the CalPERS.

CITY OF DEL REY OAKS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

**Note 12 Post Employment Benefits Other than Pensions (OPEB) - Continued**

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**Funding Policy**

PEMHCA would determine that amount of contribution the City would make towards retiree health insurance. The mandatory employer contribution for active and retiree health insurance is increased annually in accordance with PEMHCA regulations. Beginning in 2011, the contribution amount will increase by the annual consumer price index increase. During fiscal year 2009-10, expenditures of \$38,200 were recognized for post-employment health insurance contributions on a pay-as-you-go basis assuming the City participates in this policy.

The City records contributions of the employer (ARC), and amounts actuarially determined in accordance with the parameters of GASB Statement 45 once every two years. The ARC represents a level of funding that, if paid on an on-going basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

**Annual OPEB Costs and Net OPEB Obligation**

For the fiscal year ended June 30, 2011, the City contributed \$38,200 for pay-as-you-go premiums to the Plan.

The components of the City's annual OPEB costs for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for the year ended June 30, 2011 is as follows:

Annual Required Contribution (ARC)	\$ (38,200)
------------------------------------	-------------

**Funding Status and Funding Process**

As of June 30, 2011, which was the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits as well as the unfunded actuarial accrued liability (UAAL) was \$238,600. The covered payroll (annual payroll of active employees covered by the plan) was \$846,300 and ratio of the UAAL to the covered payroll was 28.2%. The plan has no segregated assets.

If the City elected to fully fund the annual required contribution through an irrevocable trust (at an average investment return of 7.75%), the decrease in the annual contribution would be \$18,300.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates about the future. The Schedule of Funding Progress, presented as Required Supplementary Information following the notes to the financial statements, present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

CITY OF DEL REY OAKS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

**Note 12 Post Employment Benefits Other than Pensions (OPEB) - Continued**

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**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types or benefits provided at the time of each valuation and historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In June 30, 2011 actuarial valuation, the actuarial costs method used the Entry Age Normal (EAN) cost method. Under the EAN cost method the plan's Normal Cost is developed as a level percent of payroll throughout the participants' working lifetime. Entry age is based on current age minus years of service. The Actuarial Accrued Liability (AAL) is the cumulative value on the valuation date of prior Normal Cost. For the retirees, the AAL is the present value of all projected benefits. The unfunded AAL is being amortized at a level dollar closed 30 year basis, and as a level of payroll with a remaining amortization period at June 30, 2011 for 30 years. GASB 34 requires the interest rate to represent the underlying expected return for the source of funds used to pay benefits. The actuarial methods and assumptions included 4.25% interest rate representing the long term expected rate of return on the City's pooled investments. Annual inflation assumed to increase at 3% per annum and the aggregate payroll assumed to increase at 3.25% per annum. The study also used assumptions for the salary merit and longevity increases, and demographic assumptions such as mortality withdrawal, and disability based on CalPERS 1997-2002 Experience Study.

**Note 13 Risk Management**

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The City is exposed to various risks of loss related to torts, thefts, damage 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.

CITY OF DEL REY OAKS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2011

**Note 14 Transaction Tax**

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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, was set to expire on April 1, 2012, however, it has been extended until March 31, 2017. The City received \$315,780 in fiscal year ending June 30, 2011.

**Note 15 Commitments**

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In 2005, the Fort Ord Reuse Authority (FORA) financed the purchase of Pollution Legal Liability insurance at a cost \$6 million on behalf of local jurisdictions who will receive a portion of the former Fort Ord Army Base property. The City of Del Rey Oaks' and the Redevelopment Agency's share of the annual loan repayments are \$256,023 (interest) commencing on July 15, 2005 and ending July 1, 2011. This payment was not made for 2011. No payments were made in 2011.

Federal/JER Associates I, LLC agreed to take over the repayment obligation of the Redevelopment Agency to FORA beginning July 15, 2008. The developer did not make the July 15, 2008 and July 15, 2009 payments and is in default of the agreement.

The Redevelopment Agency entered into an agreement with FORA to make monthly payment of \$6,949 (interest) for the repayment of the Pollution Legal Liability insurance.

**Note 16 Contingent Liabilities**

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The City is subject to litigation arising from the normal course of business. Federal Del Rey Associates and Federal/JER Associates have filed a cross-complaint against the City and the Redevelopment Agency, as described in Note 5 - Receivable from Developer. The City will continue to incur legal expenses. Future legal costs at this point cannot be determined.

**Note 17 Prior Period Adjustment**

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In prior years the City and Agency reported receivables and payables on the governmental funds balance sheet which do not meet the measurement focus and basis of accounting requirements under the modified accrual basis of accounting. These items have been removed from the governmental funds balance sheet.

Government Statement:

Beginning balance:	\$ 11,894,504
Prior period adjustment	<u>2,234</u>
Ending balance	<u>\$ 11,896,738</u>

Government Funds

Beginning balance:	(483,261)
Prior period adjustment	<u>(9,891)</u>
Ending balance	<u>\$ (493,152)</u>

REQUIRED  
SUPPLEMENTARY INFORMATION

CITY OF DEL REY OAKS  
SCHEDULE OF REVENUES, EXPENDITURE AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL - GENERAL  
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b>Resources (Inflows)</b>				
Property taxes	511,689	511,689	491,543	(20,146)
Sales tax	720,000	720,000	628,132	(91,868)
Franchise taxes	101,500	101,500	106,138	4,638
Other taxes	12,500	12,500	8,205	(4,295)
Licenses and permits	219,000	219,000	183,030	(35,970)
Fines, forfeits and penalties	16,000	16,000	20,490	4,490
Investment earnings	12,000	12,000	2,299	(9,701)
Revenue from other agencies	181,700	181,700	271,800	90,100
Use of property - parks	36,000	36,000	30,435	(5,565)
Other revenue	<u>107,900</u>	<u>107,900</u>	<u>124,475</u>	<u>16,575</u>
Total revenues	<u>1,918,289</u>	<u>1,918,289</u>	<u>1,866,548</u>	<u>(51,741)</u>
<b>Charges in Appropriations (Outflows)</b>				
Current:				
Salaries and benefits	1,381,860	1,381,860	1,540,580	158,720
Supplies	46,589	46,589	51,449	4,860
Utilities and services	84,413	84,413	99,050	14,637
Outside services	192,200	192,200	148,631	(43,569)
Vehicle operations	49,000	49,000	39,386	(9,614)
Fire protections contract	121,027	121,027	151,021	29,994
Streets	22,700	22,700	22,540	(160)
Debt service	<u>20,000</u>	<u>20,000</u>	<u>2,299</u>	<u>(17,701)</u>
Total expenditures	<u>1,917,789</u>	<u>1,917,789</u>	<u>2,054,957</u>	<u>137,168</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>500</u>	<u>500</u>	<u>(188,409)</u>	<u>(188,909)</u>
<b>OTHER FINANCING SOURCES</b>				
Proceeds from long term debt	-	-	18,031	18,031
Transfers in	511,755	511,755	87,223	598,978
Transfers out	<u>(511,755)</u>	<u>(511,755)</u>	<u>(87,223)</u>	<u>(598,978)</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>18,031</u>	<u>18,031</u>
<b>Net Change in Fund Balance</b>	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ (170,378)</u>	<u>\$ (170,878)</u>

CITY OF DEL REY OAKS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2011

Budgetary Data

The City Council adopts an annual legal budget, which covers the General Fund and RDA Fund. 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.

CITY OF DEL REY OAKS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE YEAR ENDED JUNE 30, 2011

California Public Employee's Retirement System  
 Schedule of Funding Process

Since the City has less than 100 active members in each plan, it is required by CalPERS to participate in a risk pool. Therefore, no required supplementary information is required to be reported in this report regarding the funded status of the plans, however the City believes this information is particularly useful to users of this financial statement report because it displays the unfunded status of the plans. The following actuarial valuation reports the activity of the risk pool as a whole, and not the specific activity of individual members such as the City of del Rey Oaks.

Miscellaneous 2% at 55 Risk Pool

Actuarial Valuation Date	(a) Actuarial Accrued Liability (AAL) Entry Age	(b) Actuarial Value of Assets	(a-b) Unfunded AAL (UAAL)	(b/a) Funded Ratio	(c) Covered Payroll	[(a-b)/c] UAAL as a Percentage of Covered Payroll
6/30/08	\$ 532,483,463	\$ 513,147,099	\$ 19,336,364	96.4%	\$ 183,387,608	10.5%
6/30/09	\$ 582,841,869	\$ 553,953,526	\$ 28,888,343	95.0%	\$ 184,319,666	15.7%
6/30/10	\$ 624,423,437	\$ 594,492,164	\$ 29,931,273	95.2%	\$ 186,777,830	16.0%

Safety Plan 2% at 55 Risk Pool

Actuarial Valuation Date	(a) Actuarial Accrued Liability (AAL) Entry Age	(b) Actuarial Value of Assets	(a-b) Unfunded AAL (UAAL)	(b/a) Funded Ratio	(c) Covered Payroll	[(a-b)/c] UAAL as a Percentage of Covered Payroll
6/30/08	\$ 69,011,153	\$ 62,163,959	\$ 6,847,194	90.10	\$ 21,538,000	31.8%
6/30/09	\$ 73,625,106	\$ 63,095,026	\$ 10,530,080	85.70	\$ 21,879,598	48.1%
6/30/10	\$ 80,550,533	\$ 69,069,025	\$ 11,481,508	85.80	\$ 21,754,150	52.8%

Postemployment Health Insurance Benefits Plan  
 Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Accrued Liability (AAL) Entry Age	(b) Actuarial Value of Assets	(a-b) Unfunded AAL (UAAL)	(b/a) Funded Ratio	(c) Covered Payroll	[(a-b)/c] UAAL as a Percentage of Covered Payroll
6/30/10	\$ 238,600	\$ -	\$ 238,600	0.0%	\$ 846,300	28.2%

Note: Fiscal year 2010 was the year of implementation of GASB No. 45 and the City elected to implement prospectively, therefore, prior year comparative data is not available.



CITY OF DEL REY OAKS, CALIFORNIA

REDEVELOPMENT AGENCY OF THE CITY OF DEL REY OAKS

FINANCIAL STATEMENTS

with

INDEPENDENT AUDITOR'S REPORT

YEAR ENDED JUNE 30, 2011

REDEVELOPMENT AGENCY OF THE CITY OF DEL REY OAKS

(A Component Unit of the City of Del Rey Oaks, California)

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor  
and Members of the City Council  
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, the aggregate discretely presented component units and major fund of the Redevelopment Agency of the City of Del Rey Oaks, (the Agency), a component unit of the City of Del Rey Oaks, California as of and for the year ended June 30, 2011, 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 the standards applicable to financial audits contained in Government Auditing Standards, 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, California, as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

*Lavorato & Darling, Inc.*  
Lavorato & Darling, Inc.  
Certified Public Accountants  
Salinas, California 93901

Date: FEBRUARY 17, 2012

REDEVELOPMENT AGENCY OF THE CITY OF DEL REY OAKS  
(A Component Unit of the City of Del Rey Oaks, California)  
GOVERNMENT-WIDE FINANCIAL STATEMENTS  
STATEMENT OF NET ASSETS  
JUNE 30, 2011

See Independent Auditors' Report

	Governmental Activities
<b>ASSETS</b>	
Current assets:	
Cash and investments	\$ 412
Total Current Assets:	412
Noncurrent assets:	
Receivable from developer	1,077,742
Capital assets not being depreciated	11,330,200
Capital assets, net of depreciation	41,250
	12,449,192
	\$ 12,449,604
<b>LIABILITIES &amp; NET ASSETS</b>	
Current liabilities:	
Accounts payable	\$ 102,049
Deposit	539,683
Total Current Liabilities:	641,732
Noncurrent liabilities:	
Deposits from developer	50,000
Due from Developer	60,220
Deferred revenue, developer	1,155,732
Long-term liabilities	951,259
	2,217,211
<b>NET ASSETS</b>	
Invested in capital assets	11,378,950
Unreserved (deficit)	(1,788,289)
Total Net Assets	9,590,661
	\$ 12,449,604

The accompanying notes are an integral part of these financial statements.

REDEVELOPMENT AGENCY OF THE CITY OF DEL REY OAKS  
(A Component Unit of the City of Del Rey Oaks, California)  
GOVERNMENT-WIDE FINANCIAL STATEMENTS  
STATEMENT OF NET ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

See Independent Auditors' Report

	Operating Expense	Program Revenue	Net (Expenses) Revenues
FUNCTIONS/PROGRAMS			
Governmental activities:			
Community Development	\$ 118,989	\$ -	\$ (118,989)
Interest on long-term liabilities	313,857	-	(313,857)
Pollution and liability insurance	13,817	-	(13,817)
Total governmental activities	\$ 446,663	\$ -	\$ (446,663)
CHANGE IN NET ASSETS			(446,663)
NET ASSETS, BEGINNING OF YEAR			10,035,090
Prior period adjustments			2,234
NET ASSETS END OF YEAR			\$ 9,590,661

The accompanying notes are an integral part of these financial statements.

REDEVELOPMENT AGENCY OF THE CITY OF DEL REY OAKS  
 (A Component Unit of the City of Del Rey Oaks, California)  
 GOVERNMENTAL FUND  
 BALANCE SHEET  
 JUNE 30, 2011

See Independent Auditors' Report

	Capital Projects Fund
<u>ASSETS</u>	
Cash and investments	412
Total assets	\$ 412
<u>LIABILITIES AND FUND BALANCE (DEFICIT)</u>	
LIABILITIES	
Accounts payable	102,049
Due to City	539,683
Total liabilities	641,732
FUND BALANCE (DEFICIT)	
Unreserved	(641,320)
Total fund balance (deficit)	(641,320)
Total liabilities and fund balance (deficit)	\$ 412

The accompanying notes are an integral part of these financial statements.

REDEVELOPMENT AGENCY OF THE CITY OF DEL REY OAKS  
 (A Component Unit of the City of Del Rey Oaks, California)  
 RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
 TO THE GOVERNMENT - WIDE STATEMENT OF NET ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2011

See Independent Auditors' Report

Total Fund Balances - Total Governmental Funds (page 4) \$ (641,320)

Reconciliation from Statement of Net Assets:

RECEIVABLES

Amounts due from developer are not available to pay for current period expenditure and, therefore, are not reported in the Governmental Funds fund balance

Receivable from developer 1,077,742

CAPITAL ASSETS

Capital assets used in governmental funds are not current financial resources and, therefore, are not reported in the Governmental Funds

Capital assets not being depreciated 11,330,200  
 Capital assets, net of depreciation 41,250

LONG-TERM LIABILITIES

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet

Deposits from developer (50,000)  
 Due from developer (60,220)  
 Deferred revenue, developer (1,155,732)  
 Long-term liabilities (951,259)

NET ASSETS \$ 9,590,661

The accompanying notes are an integral part of these financial statements.

REDEVELOPMENT AGENCY OF THE CITY OF DEL REY OAKS  
 (A Component Unit of the City of Del Rey Oaks, California)  
 STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE (DEFICIT) - GOVERNMENTAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2011

See Independent Auditors' Report

	Capital Projects
EXPENDITURES:	
Current:	
Community development	118,989
Interest and fiscal charges	15,361
Pollution & liability insurance	13,817
	148,167
Total expenditures	148,167
NET CHANGE IN FUND BALANCE (DEFICIT)	(148,167)
Prior Period Adjustment	(9,892)
FUND BALANCE, BEGINNING OF YEAR	(483,261)
	(641,320)
FUND BALANCE (DEFICIT), END OF YEAR	\$ (641,320)

The accompanying notes are an integral part of these financial statements.

REDEVELOPMENT AGENCY OF THE CITY OF DEL REY OAKS  
 (A Component Unit of the City of Del Rey Oaks, California)  
 RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT) TO THE  
 GOVERNMENT-WIDE STATEMENTS OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2011

See Independent Auditors' Report

NET CHANGE IN FUND BALANCE (page 6) \$ (148,167)

Reconciliation from the Statement of Activities are different because:

Interest expense on long-term debt is reported in the Government-Wide Statement of Activities but does not require the use of current financial resources. Therefore, this interest expense is not recorded as an expenditure in Governmental Funds. The following amount represents net (increase)/decrease in accrued interest payable.

Accrued interest on Federal/JER Associates I	(42,473)
Accrued interest on Pollution Insurance	<u>(256,023)</u>
CHANGE IN NET ASSETS (page 3)	<u>\$ (446,663)</u>

The accompanying notes are an integral part of these financial statements.

REDEVELOPMENT AGENCY OF THE CITY OF DEL REY OAKS  
(A Component Unit of the City of Del Rey Oaks, California)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

**NOTE 1 Financial Reporting Entity and Summary of Significant Accounting Policies**

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The basic financial statements of the Redevelopment Agency of the City of Del Rey Oaks (Agency) are in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the Agency are described below.

**Reporting Entity**

The Redevelopment Agency of the City of Del Rey Oaks was established on January 26, 1999 by the City of Del Rey Oaks pursuant to the Community Redevelopment Law of 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, 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**

The basic financial statements include both government-wide and fund financial statements.

**Government-Wide Statements**

The government - wide financial statements include the statement of net assets and the statement of net activities and report information on all of the activities of the Agency.

The Statement of Net Assets presents 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 fund balances* result when constraints placed on net assets use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The Agency has no restricted net assets.
- \* *Unrestricted fund balance* consist of net assets that are not subject to donor imposed stipulations. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

REDEVELOPMENT AGENCY OF THE CITY OF DEL REY OAKS  
(A Component Unit of the City of Del Rey Oaks, California)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

**NOTE 1 Financial Reporting Entity and Summary of Significant Accounting Policies - Continued**

**Fund Financial Statements**

In the governmental fund financial statements, reserves and designations segregate portions of fund balances. Restrictions of fund balances are for amounts that are not available or are legally restricted by outside parties for use for a specific purpose.

As a result, the Agency has no restricted assets at June 30, 2011.

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

**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 revenue 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. However, debt service, expenditures, and claims and judgments, are recognized 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:

*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.

REDEVELOPMENT AGENCY OF THE CITY OF DEL REY OAKS  
(A Component Unit of the City of Del Rey Oaks, California)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

**NOTE 1 Financial Reporting Entity and Summary of Significant Accounting Policies - Continued**

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**Receivables**

The Agency utilizes the allowance method with respect to doubtful accounts. The allowance at June 30, 2011 was zero.

**Capital Assets**

Property, facilities, equipment and infrastructure purchased or acquired is carried at 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 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 a useful life of 20 years.

**Deferred Revenue - Developer**

Deferred revenue is recorded for assets recognized in connection with a transaction before the earnings process is completed. Due to the option agreement default, the deferred revenue is a contra account to the receivable from the developer.

**Long-Term Liabilities**

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

**Personnel**

The Agency has no employees. All personnel services are provided by the City of Del Rey Oaks and reimbursed by the Agency.

**Compensated Absences**

The Agency does not record a liability for accrued annual leave, vacation and sick leave benefits for personnel services, since this is a liability of the City of Del Rey Oaks.

**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.

**Taxes and Assessments**

The Agency has the authority to levy tax, but receives tax increment directly from the County of Monterey. Tax increment is the additional property tax created in a redevelopment project area, which exceeds the base year (year of plan adoption) value due to improvements and reassessments. Property tax revenue is recognized when measurable and collectible. The Agency has not realized taxable improvements or reassessments within the project area and therefore, has not generated any tax increment from its activities.

REDEVELOPMENT AGENCY OF THE CITY OF DEL REY OAKS  
(A Component Unit of the City of Del Rey Oaks, California)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

**NOTE 1 Financial Reporting Entity and Summary of Significant Accounting Policies - Continued**

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**Inter-fund Transactions**

Interfund loans on the Governmental Funds Balance Sheet include loans from the City to finance projects whose related revenues occur subsequent to the expenditures. Interfund loans will be repaid as cash flow permits.

**Use of Estimates**

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

**Note 2 Cash and Investments**

---

Cash and investments as of June 30, 2011 are comprised of the following:

Investment in Local Agency Investment Fund	\$	412
Total cash and investments	\$	<u>412</u>

**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 of the pledged securities in the collateral pool must equal 100% 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 and by accepted ranges of interest bearing securities, such as Treasury Notes, prime commercial paper, certain California municipal and agency obligations, highly rated corporate bonds, obligations or 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 Community Reinvestment Act rating. The value of each participating dollar equals the fair value divided by the amortization costs. The Agency's fair value of the position in the pool is the same as the value of the pool shares.

**Interest Rate and Credit Risk**

Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the Agency's investments to market interest rate fluctuations is provided by the following table that reflects the maturity date of each investment:

REDEVELOPMENT AGENCY OF THE CITY OF DEL REY OAKS  
(A Component Unit of the City of Del Rey Oaks, California)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

**Note 2 Cash and Investments - Continued**

Investment Type	Fair Value	Investment Maturities		
		0-6 months	6-12 months	1-5 years
State of California				
Local Agency				
Investment Fund	\$ 412	\$ 412	\$ 0	\$ 0

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the Agency's policy to purchase investments with the minimum ratings required by the California Government Code. The Local Agency Investment Fund is not rated.

**Concentration of Credit Risk**

The Agency's investment policy does not include limitations on amounts that can be invested in any one issuer. A majority of the Agency's funds are invested in LAIF.

**Custodial Credit Risk**

Custodial credit risk generally applies only to direct investments in marketable securities and not to indirect investments in securities through the use of mutual funds or governmental investment pools, such as LAIF.

**Note 3 Restricted Cash**

As of June 30, 2011, there was no restricted cash held by the Agency.

**Note 4 Receivable from Developer**

In July 2003, the City/Agency entered into an Agreement to Negotiate Exclusively with Federal/JER Associates I, LLC for the development of the Agency's owned land. As part of that agreement, the developer agreed to deposit funds to reimburse the City/Agency for all legal and consulting fees, and staff overhead costs incurred as part of the negotiation process. In February 2007, the Agency entered into agreements with the developer to deposit funds for the Agency for the costs of environmental and permit approval consulting services. The agreements were amended to revise time schedules, repayment and loan provisions. In February 2009, the Agency notified the developer of default. Due to the default and economic conditions, the Agency may not be able to collect the loan receivable of \$1,077,742 due from the developer, of which \$1,077,742 is included as deferred revenue as stated in the government-wide statement of net assets. The Agency is currently in a lawsuit with Federal/JER Associates I, LLC.

REDEVELOPMENT AGENCY OF THE CITY OF DEL REY OAKS  
(A Component Unit of the City of Del Rey Oaks, California)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

**Note 5 Capital Assets**

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Capital assets activity for the year ended June 30, 2011 is as follows:

	Beginning	Additions	Ending Balance
Non-depreciable assets			
Land	\$ 11,330,200	-	\$ 11,330,200
Depreciable assets			
Well	75,000	-	\$ 75,000
Less accumulated depreciatio	(30,000)	(3,750)	\$ (33,750)
Depreciable assets, net	45,000	(3,750)	\$ 41,250
Total capital assets, net	\$ 11,375,200	\$ (3,750)	\$ 11,371,450

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

The non-depreciable asset consists of one donated parcel of raw land consisting of approximately 324 acres within the former Fort Ord Army Base. Valuation used when received in 2005 was \$75,000/acre based upon an informal estimate of comparable values of raw land. Since that time, land values of similar parcels declined to an estimated value between \$25,000 - \$50,000/acre based upon a professional opinion of a California licensed real estate broker. As a result, the Agency board approved to mark down to market value the per acre value of the land to \$35,000/acre as of June 30, 2009.

**Note 6 Due to City**

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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, when the land within the Redevelopment Agency project area is developed. At June 30, 2011, the combined principal and interest balance due to the City was \$539,683.

**Note 7 Long-term Liabilities**

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**Long-term Payables**

Long-term payable include \$539,683 advanced by creditor consultants to finance planning costs incurred with the formation of the Agency. The consultants agree to defer payment for their fees until such time as the Agency received payment for sale of Agency-owned property or receipt of tax increment revenue.

**Long-term Payables - Developer Agreement**

The Agency has incurred expenses for the fiscal year ended June 30, 2011. They have incurred them under the assumption that a new developer will pay those bills once they receive the contract to proceed with the Ford Ord project. The current balance is \$60,220.

REDEVELOPMENT AGENCY OF THE CITY OF DEL REY OAKS  
(A Component Unit of the City of Del Rey Oaks, California)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

**Note 7 Long-term Liabilities - Continued**

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**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.

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.

The loans were part of an option agreement to sell the land the Agency received on the former Ford Ord Army Base to Federal/JER Associates I, LLC.

The balance of the notes payable to Federal/JER Associates I as of June 30, 2011 is \$891,925 and includes \$42,473 in current year accrued interest. In February 2009, the developer defaulted on the option agreement terms. Due to the option agreement default, the Agency may not be liable to repay the developer. Consequently a future debt repayment schedule cannot be determined.

Long-term liabilities balance and transactions for the year ended June 30, 2011 are as follows:

	Balance June 30, 2010	Additions	Balance June 30, 2011
Long-term liabilities			
Long-term payables	\$ 59,334	\$ -	\$ 59,334
L/T-Developer Agreement	60,220	-	60,220
Federal/JER Associates	849,452	42,473	891,925
Total	\$ 969,006	\$ 42,473	\$ 1,011,479

**Note 8 Fund Balance Deficit**

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The Capital Projects fund had a fund balance deficit of \$586,049 at June 30, 2011. The deficit is expected to be eliminated from future tax increment revenues.

**Note 9 Commitments**

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**Plan Implementation**

The Agency is committed to implementation of the Redevelopment Plan. On March 23, 2010, the Agency reviewed the Plan and approved a Five Year Implementation Plan for the fiscal years 2009/10 through 2011/12.

REDEVELOPMENT AGENCY OF THE CITY OF DEL REY OAKS  
(A Component Unit of the City of Del Rey Oaks, California)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

**Note 9** Commitments - Continued

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**Commitment to Other Agencies**

In 2005, the Fort Ord Reuse Authority financed the purchase of Pollution Legal Liability insurance at a cost of \$6 million on behalf of local jurisdictions who will receive a portion of the former Fort Ord Army Base property. The City of Del Rey Oaks' and the Agency's share of the annual loan repayments are \$256,023 commencing on July 15, 2005 and ending July 1, 2011.

Federal/JER Associates I, LLC agreed to take over the repayment obligation of the Agency to FORA beginning July 15, 2008. The developer did not make the July 15, 2008 and July 15, 2009 payments and is in default of the agreement. The Agency made both payments.

The Agency entered into an agreement with FORA to make monthly payment of \$21,858 for the repayment of the Pollution Legal Liability insurance. However, no payments were made for fiscal year ended June 30, 2011.

**Note 10** Related Party Disclosures

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The City of Del Rey Oaks provided personnel, administrative and financial services for the Agency. The Agency incurred \$5,187 in service costs for the year ended June 30, 2011.

**Note 11** Contingent Liabilities

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The Agency is subject to litigation arising from the normal course of business. Federal Del Rey Associates and Federal/JER Associates have filed a cross-complaint against the Agency, as described in Note 4 - Receivable from Developer. The Agency will continue to incur legal expenses. Future legal costs at this point cannot be determined. According to the Agency's attorneys, discovery in the case has not been completed and it is currently not possible to estimate a potential loss.

**Note 12** Subsequent Events

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Effective January 2012 the State of California dissolved all Redevelopment agencies. The City of Del Rey Oaks passed a resolution March 22, 2011 allowing the Agency to transfer title of the property held to the City. On January 24, 2012, the City was appointed the successor trustee of the Agency and all assets were transferred. As of January 31, 2012, the deeds were notarized.

OTHER REPORTS AND SCHEDULE OF FINDINGS

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

To the City Council  
Redevelopment Agency of the City of Del Rey Oaks (the Agency)  
Del Rey Oaks, California

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Redevelopment Agency of the City of Del Rey Oaks, California as of and for the year ended June 30, 2011, have issued our report thereon dated February 20, 2012. 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*,<sup>f</sup> issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Agency's. In a separate letter dated February 17, 2012.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Lavorato & Darling, Inc.*

Lavorato & Darling, Inc.  
Certified Public Accountants  
Salinas, California 93901

REDEVELOPMENT AGENCY OF THE CITY OF DEL REY OAKS  
(A Component Unit of the City of Del Rey Oaks, California)  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2011

Current Year

**Repeat finding number 10-01 - Annual Reports Submission**

Prior Year

**Finding 10-01 - Annual Reports Submission**

The Agency did not file Annual Reports timely leading them to be out of compliance with California Health & Safety Code Section 33080.1

Status of prior year finding: see below

- a. Independent auditor's report on financial statements - repeat finding
- b. Independent auditor's report on compliance - repeat finding
- c. Annual Report of Financial Transactions of Community Redevelopment Agencies, Health & Safety Code Section 33080.5 - implemented

**Finding 10-02 - Annual Report Preparation and Submission**

The Redevelopment Agency did not file Annual Reports timely leading them to be out of compliance with the California Health and Safety Code Section 33080.1

Status of prior year finding: implemented

- a. Housing activities report, Health & Safety Code Section 33080.4 and Section 33080.7
- b. Blight progress report, Health & Safety Code Section 33080.4
- c. Property Report, Health & Safety Code Section 33080.4

**Finding 10-03 & 10-04 - Five-Year Implementation Plan Preparation**

Status of prior year finding: implemented

REDEVELOPMENT AGENCY OF THE CITY OF DEL REY OAKS  
(A Component Unit of the City of Del Rey Oaks, California)  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2011

- a. The Agency had not prepared a new five-year Implementation Plan for the period March 26, 2008 through March 25, 2013.

**Finding 10-05 - Adoption of Annual Budget Preparation**

Status of prior year findings: implemented

- a. The Agency did not adopt a budget for fiscal years ending 2008-09 and 2009-10.

## RESOLUTION NO 2012-03

### IN SUPPORT OF THE PROPOSED LEGISLATION ACTION FOR THE EXTENSION OF THE FORT ORD REUSE AUTHORITY UNTIL 2024

WHEREAS, the Fort Ord US Army Military Installation was an integral part of the Monterey Bay Region since its' establishment in 1917 and during its service to the nation throughout the 20<sup>th</sup> Century, and

WHEREAS, the 1991 closure of Fort Ord resulted in significant negative economic, political, and cultural impacts to Monterey Bay Coastal Communities, and

WHEREAS, the Ford Ord Reuse Authority ("FORA") was created by the State of California in 1994 for the express purpose of redeveloping the former military base for civilian reuse, and

WHEREAS, it was determined by legislation that FORA would be governed by a 24-member Board of Directors, comprised of representatives from every Monterey Bay regional governmental entity affected by the reuse efforts and granted broad powers to plan, oversee, finance, and implement base reuse programs, and

WHEREAS, the enabling legislation anticipated 80% completion of these tasks by June 30, 2014 and therefore adopted a June 30, 2014 FORA sunset date, and

WHEREAS, FORA has maintained broad local community participation and has held ongoing meetings to discuss, plan, and implement the region's vision for economic recovery, and

WHEREAS, FORA has undertaken crucial munitions and explosives removal obligations, funded the crucial Fort Ord Habitat Conservation Plan (HCP) program process, constructed regional roadways and made transit improvements, and financed the deconstruction of contaminated buildings in its efforts to complete reuse, and

WHEREAS, numerous FORA obligations extend beyond the June 30, 2014 sunset date, and

WHEREAS, if FORA is not extended, its work must be performed by other local agencies who are not equipped to fulfill ongoing and fixed term obligations on Fort Ord such as munitions and explosives removal, HCP implementation, financing contaminated building deconstruction, and coordinate planning and construction of the Central Coast Veteran's Cemetery, and

WHEREAS, entities that may be able to undertake a portion of FORA's work lack the regional authority that prompted the Legislature to create FORA, and would most likely result in work being either delayed or not being performed, and

WHEREAS, there remains a need for a broad regional authority to oversee the reuse of the former Fort Ord. Extending FORA's sunset date allows local collaboration to continue to implement the FORA recovery program, and to enhance the economy and quality of life in the Monterey Bay community and the California Central Coast.

NOW, THEREFORE BE IT RESOLVED, by the City Council of the City of Del Rey Oaks does register its enthusiastic support for the extension of the Fort Ord Reuse Authority as proposed by Assembly Bill 1614 as submitted by Assembly Member William Monning.

Signed this 28<sup>th</sup> day of February, 2012 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

---

Jerry B. Edelen, Mayor

Attest:

---

Daniel Dawson, City Manager



# CITY OF DEL REY OAKS

---

650 CANYON DEL REY RD. • DEL REY OAKS, CALIFORNIA 93940  
PHONE (831) 394-8511 • FAX (831) 394-6421

February 29, 2012

The Honorable Assemblymember Bill Monning  
27<sup>th</sup> District Assembly  
State Capitol  
P.O. Box 942849

Re: Support for Assembly Bill 1614-Extending the Fort Ord Reuse Authority

Dear Assemblymember Monning,

The City Council of the City of Del Rey Oaks supports the extension of the sunset date for the Fort Ord Reuse Authority (FORA) from June 30, 2014 to June 30, 2024. Extension would permit the Santa Cruz, Monterey, and San Benito region to continue the important work of recovery and reuse of the former military base. We concur in your assessment that the continuation of FORA's current regional collaboration would enhance the economic recovery options and quality of life in the Monterey Bay Community and the California Central Coast.

The City Council of the City of Del Rey Oaks is concerned that if FORA were to sunset on June 30, 2014, this important work would be transferred to a yet to be determined local agency or agencies, unprepared to fulfill the ongoing and fixed term obligations on Fort Ord. These obligations include crucial tasks such as implementation of the Habitat Conservation Plan, coordination of contaminated building removal, and planning and construction of the Central Coast Veteran's Cemetery.

Thank you for undertaking a leadership role on this issue by providing a common sense solution to this potential problem. We in the City of Del Rey Oaks look forward to the successful passage of the Fort Ord Reuse Authority Extension.

Sincerely,

Jerry B. Edelen  
Mayor

CC: Senator Sam Blakeslee, Co-Sponsor  
Assemblymember Luis Alejo, Co-Sponsor  
Senator Anthony Cannella, Co-Sponsor

RESOLUTION NO. 2012-04

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DEL REY OAKS  
AUTHORIZING INVESTMENT OF MONIES IN THE  
LOCAL AGENCY INVESTMENT FUND

WHEREAS, Pursuant to Chapter 730 of the statutes of 1976 Section 16429.1 was added to the California Government Code to create a Local Agency Investment Fund in the State Treasury for the deposit of money of a local agency for purposes of investment by the State Treasurer; and

WHEREAS, the City Council does hereby find the deposit and withdrawal of money in the Local Agency Investment Fund in accordance with the provisions of Section 16429.1 of the Government Code for the purpose of investment as stated therein as in the best interests of the City of Del Rey Oaks; and

NOW, THEREFORE BE IT RESOLVED, by the City Council of the City of Del Rey Oaks does hereby authorize the deposit and withdrawal of City of Del Rey Oaks monies in the Local Agency Investment Fund in the State Treasury in accordance with the provisions of Section 16429.1 of the Government Code for the purpose of investment as stated therein, and verification by the State Treasurer's Office of all banking information provided in that regard.

BE IT FURTHER RESOLVED, that the following City of Del Rey Oaks officers or their successors in office shall be authorized to order the deposit or withdrawal of monies in the Local Agency Investment Fund:

Jerry B. Edelen  
Mayor

Kristin A. Clark  
Vice Mayor

Daniel J. Dawson  
City Manager

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

PASSED AND ADOPTED, by the City Council of the City of Del Rey Oaks in Monterey County, California on February 28, 2012 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

\_\_\_\_\_  
Jerry B. Edelen, Mayor

Attest:

\_\_\_\_\_  
Daniel Dawson, City Manager

BOARD OF DIRECTORS

LEO LASKA  
CHAIR

SUE McCLOUD  
VICE CHAIR

GARY BALES  
DAVID PENDERGRASS  
LIBBY DOWNEY  
JANE PARKER  
IAN OGLESBY  
BRUCE DELGADO  
DENNIS ALLION



WILLIAM MERRY, P.E., BCEE  
GENERAL MANAGER/  
DISTRICT ENGINEER

TIMOTHY S. FLANAGAN  
ASST. GENERAL MANAGER

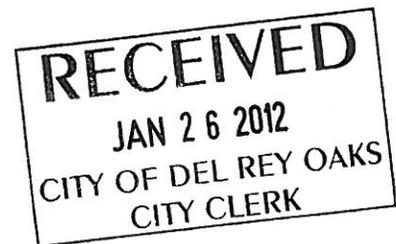
RICHARD SHEDDEN, P.E.  
SENIOR ENGINEER

ROBERT WELLINGTON  
COUNSEL

# MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

*Home of the First Cleanest Household*

## MEMORANDUM



DATE January 20, 2012  
TO: Del Rey Oaks City Council  
FROM: Dennis Allion  
SUBJECT: Highlights of the January 20, 2012 Board Meeting

The highlights of the meeting are as follows:

- 1) The Final Draft Model Franchise Agreement (MFA) was reviewed and discussed by the Board. The MFA is intended to act as a model template for use by member agencies to obtain the best services at the best cost from their franchised haulers. Several suggestions were made by Board members on wording and content of the MFA. Following expressions of concern on language content, the Board requested that District staff distribute the MFA to city managers and solicit their final comments on the MFA. A revised final MFA will be brought back to the Board, reflecting comments. District Legal Counsel was also asked to prepare a letter to accompany the Final MFA upon distribution, on how the MFA can be utilized to suit the needs of each individual member agency. The draft MFA may be viewed at the Districts website: [www.mrwmd.org](http://www.mrwmd.org).
- 2) A Pilot Demonstration Anaerobic Digestion (AD) Project with Zero Waste Energy, LLC, was authorized by the Board. The proposed three to five year AD pilot project would process 4,500 tons per year of organic material, such as food scraps, yard waste and biosolids, extract the energy in the form of methane, and produce renewable power. The Project allows the District to evaluate the future of AD on a commercial scale.
- 3) The Board authorized the purchase of three 12,000-gallon Mega MPT12 Portable Water Storage Tanks, from Quinn Company of Salinas, CA, in the total amount of \$159,159.00. The tanks will be used to store water in advance of construction of the Module 5 landfill liner, planned for the summer of 2012.
- 4) The Board approved holding extended Board meetings on February 17, June 15, and October 19, 2012; with a meeting time of 9:00 a.m. to 12:30 p.m.; for discussion of strategic plan items. The Board also approved a revised 2012 Calendar of Board Meetings and Other Events.
- 5) A report was provided to the Board, summarizing the 2011 District accomplishments.

If you have any questions or need more information, please contact General Manager William Merry at 384-5313, or me.

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Dennis Allion, Director  
Monterey Regional Waste Management District

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