

**RESOLUTION 2010-05**

**A RESOLUTION  
OF THE CITY OF DEL REY OAKS CITY COUNCIL  
DECLARING MAY 2010 AS CLEAN AIR MONTH  
IN THE MONTEREY BAY REGION**

**WHEREAS**, the month of May is designated as Clean Air Month, designed to raise public awareness about the need for every Californian to work to reduce air pollution; and

**WHEREAS**, the City of Del Rey Oaks supports the promotion of cleaner air through the use of sustainable transportation during Clean Air Month, May 2010; and

**WHEREAS**, the benefits of cleaner air, which enhance the quality of a healthy life, will be promoted during Clean Air Month, May 2010; and

**WHEREAS**, due to longer days and warmer temperatures, the month of May is typically the start of the area's ozone season; and

**WHEREAS**, exposure to diesel exhaust from vehicles and equipment can cause adverse health effects ranging from respiratory irritation to cancer; and

**WHEREAS**, small changes in our daily lives can have a big impact on our environment. We can walk, bike, use public transportation; buy products with less packaging; recycle, reuse paper, plastic, glass, and aluminum. We can choose energy efficient products, turning lights off, unplugging appliances and cutting back on heating and air conditioning; and

**WHEREAS**, along with the Monterey Bay Unified Clean Air Pollution Control District, the City of Del Rey Oaks' commitment to environmental protection and public health results in some of the cleanest air in the nation; and

**WHEREAS**, increased public awareness efforts during May and throughout the year will promote actions by Del Rey Oaks citizens and businesses that will help keep the air clean.

**NOW, THEREFORE, BE IT RESOLVED** that the Mayor and City Council of the City of Del Rey Oaks do hereby proclaims May 2010 as Clean Air Month and encourages all citizens to join in the effort to live and work in ways that will insure cleaner air and better health for our community.

**PASSED AND ADOPTED** this 27th day of April 2010.

---

Jerry B. Edelen, Mayor

Recording requested by, and )  
when recorded mail to: )  
City Manager )  
City of Del Rey Oaks )  
650 Canyon Del Rey )  
Del Rey Oaks, California 93940 )

\_\_\_\_\_  
(Space above this line for Recorder's use)

COVENANT AND AGREEMENT WITH  
CITY OF DEL REY OAKS  
REGARDING RETAINING WALL

The undersigned hereby certify that I (we) am (are) the owner(s) or authorized representative(s) of the hereinafter legally described real property located in Monterey County, State of California, generally described as APN #012-543-005-000, Sub-division; Del Rey Terrace, Lot 5, Block 4, commonly known as 931 Paloma Road, Del Rey Oaks, California.

Recitals

1. Richard and Karen Johnson, hereinafter "Owner," is building a retaining wall at the front of his/her property and a portion of the wall will be on property belonging to the City of Del Rey Oaks, hereinafter "City".
2. In order for City to allow such construction on its property, an agreement which runs with the land is necessary.

Terms and Conditions

In consideration of the mutual promises contained herein, City and Owner agree to the following conditions:

1. City shall allow Owner to construct a retaining wall, as shown on the attached photos, on City property.
2. Owner shall be responsible for all construction and maintenance of the retaining wall and shall not allow the retaining wall to become dangerous, unsightly or otherwise detrimental to the neighborhood.
3. If at any time, City desires to construct a sidewalk that would interfere with the retaining wall, Owner, at Owner's sole expense, shall remove the retaining wall upon thirty (30) days written notice.
4. Owner hereby agrees to indemnify and hold City, its officers, agents and employees, harmless from any claim, liability, suit, cause of action or other legal proceedings which may be brought or claimed against City as a result of the operation of this Agreement or the construction or maintenance of the retaining wall.
5. Owner shall, at Owner's cost and expense, at all times during which the retaining wall described herein is in place, maintain in force, for the benefit of City as well as Owner, liability insurance, satisfactory to the City's Risk Manager.

6. This Covenant and Agreement shall run with the land and be binding upon any future owners, heirs, personal representatives, successors and assigns of the parties hereto.

5. Upon execution of this Covenant and Agreement, the City shall cause recordation thereof with the County Recorder's office and shall provide a copy of said recorded document to Owner.

Dated this 27<sup>th</sup> day of April, 2003.

CITY OF DEL REY OAKS

OWNER(S)

By \_\_\_\_\_  
Daniel Dawson  
City Manager

By: \_\_\_\_\_  
Name \_\_\_\_\_

By: \_\_\_\_\_  
Name \_\_\_\_\_

STATE OF CALIFORNIA )

) ss

COUNTY OF MONTEREY )

On \_\_\_\_\_, 2010 before me, a Notary Public, personally appeared, \_\_\_\_\_ personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

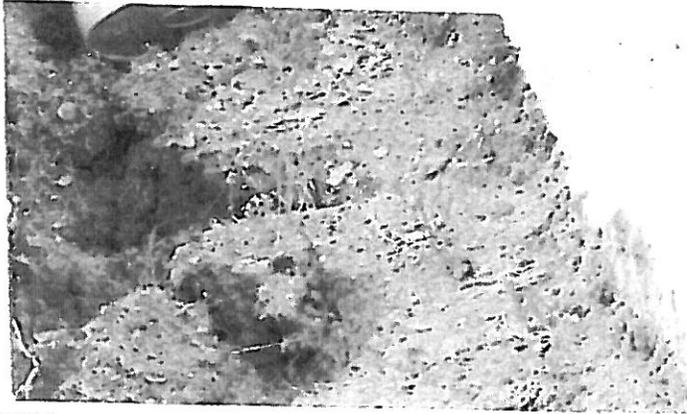
Witness my hand and official seal.

\_\_\_\_\_  
Notary Public in and for  
said County and State

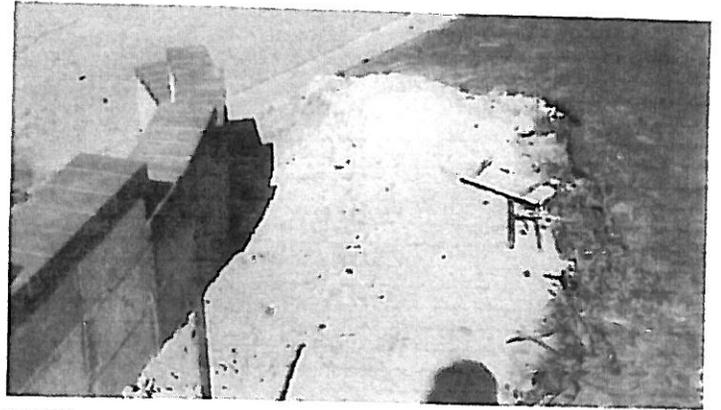
\_\_\_\_\_

931 PALOMA Rd  
Del Rey OAKS

UNDER MINING OF DRIVE WAY



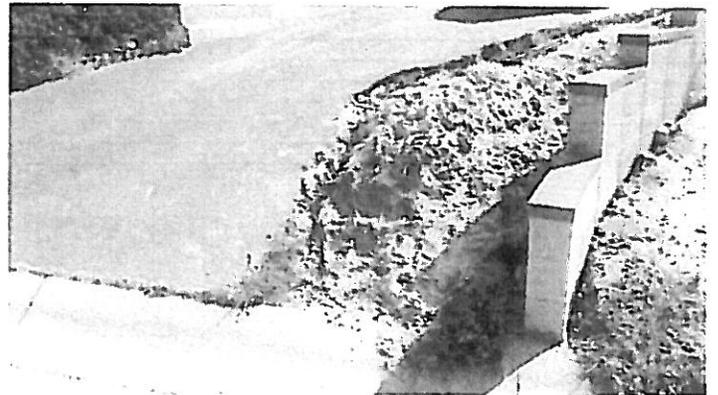
3/18/2010



3/18/2010

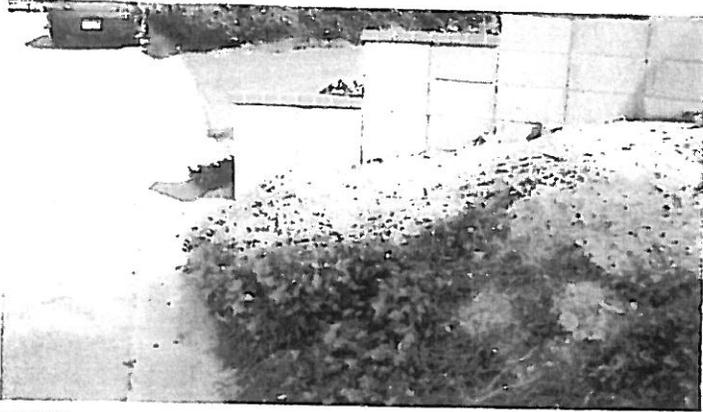


3/18/2010

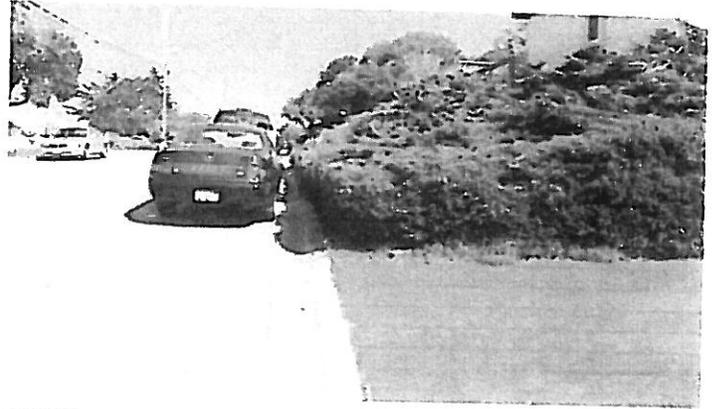


3/18/2010

WALL WAS BUILT TO  
THE STREET DUE TO SLOP  
TO STOP EROSION



3/18/2010



3/18/2010



3/18/2010

SLOP OF LAND DOWN  
PALOMA Rd

ORDINANCE NO. 270

AN ORDINANCE ADDING MUNICIPAL CODE  
CHAPTER 5.44 ENTITLED TAXICABS

-oOo-

THE CITY COUNCIL OF THE CITY OF DEL REY OAKS DOES HEREBY ORDAIN AS  
FOLLOWS:

1. Findings. The City Council hereby makes the following findings:

A. Government Code § 53075.5 requires each city to adopt an ordinance or resolution in regard to taxicab transportation service within the city, including the regulation of employment of taxicab drivers, establishment or registration of rates for taxicab transportation service, and a drug and alcohol testing program; and

B. The Council has authorized the execution and delivery of a Joint Powers Agreement (“JPA”) establishing the Monterey County Regional Taxi Authority (“RTA”), to coordinate taxicab service permitting and other administrative functions within the jurisdictions of the member entities in order to increase public safety, to reduce administrative costs for the public and the private section, and to expand the provision of private transportation service in Monterey County; and

C. The RTA has established regulations designed to comply with Government Code § 53075.5 and to protect the health, safety, and welfare of persons utilizing taxicab services in member agencies (“Regulations”).

D. The Council desires to adopt the regulations in the form of an Addition to the Municipal Code.

2. Chapter 5.44 Added. Municipal Code Chapter 5.44 entitled “Taxicabs,” is hereby added to read as set forth on the attached sixteen (16) pages, marked Exhibit “A,” and incorporated herein by this reference thereto.

3. Effective Date. This ordinance shall become effective on the later of 30 days after its final passage and adoption or receipt of notification, in writing, that at least three other cities located on the Monterey Peninsula have executed the JPA. If the written notification described above is not received by June 30, 2010, this ordinance shall be void and have no force or effect.

4. Publication of Ordinance. [Insert Appropriate Language per Municipal Code]

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

The foregoing ordinance was introduced at a regular meeting of the City Council of the City of Del Rey Oaks duly held on April 27, 2010, and was passed and adopted at a regular meeting duly held on May 25, 2010, by the following vote:

AYES:            COUNCIL MEMBERS:

NOES:            COUNCIL MEMBERS:

ABSENT:        COUNCIL MEMBERS:

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

ATTEST:

\_\_\_\_\_  
Daniel Dawson, City Clerk

EXHIBIT A

**Chapter 5.44**

TAXICABS

Sections:

- 5.44.010 General Provision.
- 5.44.020 Definitions.
- 5.44.030 Determination of number of taxicabs to be operated in the City.
- 5.44.040 Continued operation of authorized business required.
- 5.44.050 Compliance with state and local laws and regulations.
- 5.44.060 Insurance requirements and hold harmless
- 5.44.070 Rates and fares - generally
- 5.44.080 Condition of vehicles generally.
- 5.44.090 Exterior signage required
- 5.44.100 "For Hire" lights required
- 5.44.110 Illumination of passenger compartment required at certain times.
- 5.44.120 Inspection of vehicles; inspection fee.
- 5.44.130 Establishment and use of taxicab stands.
- 5.44.140 Solicitation of passengers prohibited; exception.
- 5.44.150 Vehicles standing in streets or public place prohibited; exception.
- 5.44.160 Prohibited conduct by drivers.
- 5.44.170 Authorization to pick-up passengers by permitted drivers.
- 5.44.180 Keeping of tripsheets required.
- 5.44.190 Keeping of records by owners required.
- 5.44.200 Reports of found property.
- 5.44.210 Service to general public.
- 5.44.220 Owner's permit required.
- 5.44.230 Taxicab Driver's Permit required.
- 5.44.240 Mandatory controlled substance and alcohol testing program.
- 5.44.250 Taximeters.

5.44.010 General Provision.

It shall be unlawful for any person, firm, or corporation to operate any taxicab business, or for any owner or driver to operate or drive any taxicab except in compliance with the provisions of this Chapter.

5.44.020 Definitions.

For purposes of this Chapter, the following words and phrases shall have the meanings respectively ascribed to them by this Section:

A. Certificate. "Certificate" means a certificate of public convenience and necessity issued by the Regional Taxi Authority.

B. Driver. Every person in charge of operating any taxicab, either as owner, agent, employee, or otherwise, or under the direction of an owner.

C. Owner. Every person, firm, or corporation that owns or has contracted for the use or control of any taxicab, whether as owner, lessee, or otherwise.

D. Regional Taxi Authority. "Regional Taxi Authority" or "Authority" means the Monterey County Regional Taxi Authority.

E. Regional Taxi Authority Area. "Regional Taxi Authority Area" means the land areas under the jurisdiction of the member entities of the Regional Taxi Authority.

F. Taxicab. A passenger automobile equipped with a taximeter and used for transportation of passengers over public streets and highways but not over a defined route and irrespective of whether the travel extends beyond the City limits, and operated at rates per mile or waiting time or both.

G. Taximeter. A mechanical or electronic instrument or device by which the charge for hire of a taxicab is mechanically or electronically calculated based on rates established by the Regional Taxi Authority, either for distance traveled, for waiting time, or both, and upon which the charges are plainly registered by means of figures indicating dollars and cents.

H. Taxistand. A place on public property or streets approved by the City as a place where taxicabs may park and wait for hire.

#### 5.44.030 Determination of number of taxicab businesses in the City.

No person shall engage in the business of operating any taxicab business within the City without first having obtained a certificate of public convenience and necessity ("Certificate") from the Regional Taxi Authority and an owner's permit. The Regional Taxi Authority shall determine whether the number of taxicabs operating in the Regional Taxi Authority Area meets the needs of the general public, and shall issue a Certificate to any taxicab business only if it finds the public convenience and necessity support the addition of more taxicabs operating within the Authority Area.

#### 5.44.040 Continued operation of authorized business required.

Every person holding an owner's permit under the provisions of this Chapter shall regularly and daily operate the taxicab business from taxistands within the City to the extent reasonably necessary to meet public demand for such service on a 24 hour a day basis. Failure to comply with this provision shall constitute abandonment of service and the Regional Taxi Authority, after a noticed public hearing, may revoke the owner's permit if a violation of this section is demonstrated.

#### 5.44.050 Compliance with state and local laws and regulations.

All taxicabs authorized to operate with the City shall be properly licensed with the California Department of Motor Vehicles, and shall further comply with all state and local laws and regulations relating to the licensing and commercial operation of taxicabs. All taxicabs shall be registered under the firm name or the name of the individual holding the owner's permit.

No vehicle used or intended to be used in taxicab service in the City shall be rented to any owner or driver unless such owner or driver has obtained the appropriate permit(s) pursuant to this Chapter.

5.44.060 Insurance requirements and hold harmless.

All taxicabs authorized to operate within the City shall, and by acceptance of the Regional Taxi Authority taxicab permit, do agree to hereby indemnify, defend and hold the Regional Taxi Authority, its member jurisdictions, their officers, employees and agents harmless from any and all damages, claims, liabilities, costs, suits, or other expense resulting from and arising out of their taxicab operations.

It shall be unlawful to drive or operate any taxicab in the City unless the vehicle owner possesses current, valid commercial general liability and vehicle liability in amounts and with conditions acceptable to the Regional Taxi Authority and evidenced through certificates of insurance filed with the Authority.

The owner's insurance shall remain in full force, at a level at least equal to the minimum requirements of the Regional Taxi Authority, or the owner's permit shall automatically be suspended until such time as full compliance with the requirements of this section are demonstrated to the Authority's satisfaction.

5.44.070 Rates and fares - generally.

The Board of the Regional Taxi Authority, upon its own motion or upon application of an owner's permit holder, may set, establish, change, modify or amend the schedule of rates to be charged by all vehicles operated by each holder of an owner's permit under the provisions of this Chapter. No rates shall be set, established, changed, modified or amended without a public hearing before the Board. Notice of such hearing shall be given to each owner's permit holder, in writing, by the Board at least five (5) days before such hearing, and the Board may give such other notice as it shall deem necessary.

Fares shall be conspicuously displayed in the passenger compartment of each taxicab where it is readily visible and readable by passengers in front and rear seats.

The taxicab rate or fare shall be determined by a taximeter in accordance with the schedule established by the Regional Taxi Authority. Following public hearing as required herein, the Authority shall establish the rate or fare by resolution.

It shall be unlawful to fix, charge, or collect a rate in excess of the rate schedule approved by the Regional Taxi Authority.

5.44.080 Condition of vehicles - generally.

No owner or driver shall operate, permit to be operated, or cause to be operated any motor vehicle for hire while the same or any of the equipment used thereon or therewith is in a defective, unsafe or unsanitary condition.

5.44.090 Exterior signage required.

Every taxicab operated in the City shall have displayed on each side and the rear of the vehicle the taxicab business name as it appears on the owner's permit, together with the owner's identification number and the telephone number of the taxicab business. The lettering of the signs and all signs to be displayed on any taxicab shall be approved by the Regional Taxi Authority.

5.44.100 "For Hire" lights required.

Every taxicab shall be equipped with a "For Hire" light attached to the top of the roof or to the top of the dome light. The light of the "For Hire" light unit shall be connected to a contact switch attached to the taximeter, and such contact switch shall operate automatically to illuminate the "For Hire" light when the taximeter is not in operation, indicating the cab is vacant and for hire, and to extinguish such light when the taximeter is in operation. No person shall drive or operate any taxicab with such a light illuminated while carrying passengers for compensation; or drive or operate any taxicab unless such a light is illuminated when such taxicab is for hire.

5.44.110 Illumination of passenger compartment required at certain times.

Every motor vehicle for hire shall at all times be equipped with a light of not less than two candlepower within such vehicle, so arranged as to illuminate the entire passenger compartment, which light shall be kept constantly lighted at all times while any passengers are being loaded into or unloaded from any such vehicle from one-half hour after sunset of any day until one-half hour before sunrise of the next day, and no shades or blinds shall be drawn over the windows of any such vehicle while the same is occupied.

5.44.120 Inspection of vehicles; inspection fee.

A. All taxicabs shall submit to an annual inspection as required by the Regional Taxi Authority. All taxicabs shall possess all of the equipment listed on the Regional Taxi Authority Taxicab Safety Inspection Checklist, and all such equipment shall be in good working order and repair. The Authority shall establish the standard for good working order.

B. Upon satisfactory completion of such inspection, the Regional Taxi Authority shall issue and affix an approval decal or sticker to the taxicab that authorizes the operation of the vehicle for a one-year period. All decals issued by the Authority shall be displayed at the rear of the vehicle on the driver's side rear window. It shall be unlawful to transfer the decal or sticker to any other vehicle, and no taxicab shall be operated without a valid decal or sticker properly displayed.

C. Any law enforcement officer shall have the right and shall be permitted at any time to inspect any taxicab to ascertain whether the provisions of this Chapter are being met. During an inspection, the driver of the taxicab shall produce for inspection the following documents: (1) valid California vehicle registration, (2) valid proof of insurance document and (3) a valid California driver's license.

D. The Regional Taxi Authority shall establish a taxicab safety inspection fee that shall be due annually upon inspection.

E. Any taxicab that fails any safety inspection shall be given an opportunity to make repairs or correct defects and be re-inspected. Any such cab failing an inspection shall be removed from service until such time as compliance is met. A safety inspection is "failed" if any law enforcement officer or Regional Taxi Authority or City designated mechanic determines the

vehicle is not in compliance with the provisions of this Chapter or any required inspection program established by the Authority, or if the taxicab is unsafe, unsanitary, or unsightly. Any such taxicab shall be removed from service until such conditions are corrected. Such vehicle shall be re-inspected prior to being returned to service.

E. Should a law enforcement officer or a Regional Taxi Authority employee determine that a taxi should be removed from service, such person is authorized to remove the decal or sticker designating that the taxi is authorized to operate. When the taxi has satisfactorily passed an inspection, a new decal or sticker will be issued by the Regional Taxi Authority and a nominal fee will be charged for the new decal or sticker.

5.44.130. Establishment and use of taxicab stands.

A. The City Council may, by resolution, locate and designate taxicab stands or designated curb space on any public street in the City, which stands, when so established, shall be appropriately designated, "Taxis Only." Taxicab stands so established shall be in operation during the hours designated by the City Council.

B. If designated taxicab stands are so established, no owner, driver or operator of any taxicab shall allow such taxicab to remain parked, while awaiting employment, except in a regularly established taxicab stand. Taxicabs may park in any available parking space when actually engaged in loading or unloading passengers if permitted by ordinance.

5.44.140 Solicitation of passengers prohibited; exception.

No taxicab driver, or person acting on behalf of any such driver, shall solicit passengers except from an approved taxicab stand.

5.44.150 Taxicabs standing in streets or public place prohibited; exception.

No taxicab shall be allowed to remain standing on a public street or in a public place unless it is attended by a driver, except when the driver is assisting passengers to load or unload, is answering his telephone or displays a sign reading "Not for Hire."

5.44.160 Prohibited conduct by drivers.

A. No driver, or any person acting on behalf of any such driver, shall engage in any disorderly or inappropriate conduct while in the performance of his or her duties as a taxicab operator, including, but not limited to, obstruction of any street or sidewalk, making of loud or unusual noises to attract the attention of potential customers, use of indecent, profane, or obscene language, boisterous or loud talking that might disturb the peace and quiet of others in the area, harassment of passersby, interference with, obstruction of, or impeding of the free passage of potential passengers, or seizing or grabbing any baggage carried by or belonging to potential passengers prior to being hired to provide transportation.

B. No taxicab driver shall smoke or permit any smoking to occur within any taxicab at any time. No smoking signs shall be prominently displayed in every taxicab.

5.44.170 Authorization to pick-up passengers by permitted drivers. Taxis that have been permitted by the Regional Taxi Authority can pick-up passengers within and between the Authority Area. Taxis authorized to operate in other jurisdictions not participating in the Regional Taxi Authority may drop-off but not pick-up passengers within the Authority area.

5.44.180 Keeping of tripsheets required.

The driver of each taxicab shall keep a separate tripsheet of every service rendered by the driver, and shall include the following information: (1) the location where the passenger(s) entered the taxicab, (2) the number of passengers, (3) the time the passengers entered the taxicab, (4) the location where the passengers were discharged, and (5) the amount of fare collected.

The owner of every taxicab shall keep such tripsheets in the business office for a period of one (1) year after the date service is rendered, and they shall be open and available for inspection by any representative of the Regional Taxi Authority at all times during business hours. The falsification of any tripsheet by any owner or driver shall be grounds for revocation of his or her permit.

5.44.190 Keeping of records by owners required.

A. The owner of every taxicab business shall keep a dispatch sheet which shows the time of dispatch of every taxicab.

B. Every owner and every employer of taxicab drivers, including self-employed drivers, shall keep and maintain a complete and accurate record of all drivers, which record shall show for each employee his or her name, address, date of hire, date of termination, the number of the taxicab operated by the driver, the hours of employment for each driver, a list of absences from employment, and all motor vehicle violations, all traffic accidents, all complaints received from passengers or others, and the test results from controlled substance and alcohol testing. These records shall be subject to inspection by the Regional Taxi Authority at any time upon demand, and shall not be destroyed without the written permission of the Authority.

C. Every taxicab owner and employer of taxicab drivers shall notify the Regional Taxi Authority in writing within five (5) working days upon termination of employment of any taxicab driver.

5.44.200 Reports of found property.

A. All property found in taxicabs not belonging to the driver or the taxicab owner shall be delivered to Monterey-Salinas Transit within 24 hours of discovery unless otherwise returned to the rightful owner. Every owner shall keep a log of all found property.

B. Every owner and driver shall attempt to return found property to any person claiming to have lost or left property in a taxicab. If the lost property is not found, the owner and driver shall advise the passenger to file a lost property report with the Police Department within the jurisdiction of the drop-off point.

5.44.210 Service to general public.

A. No driver of any taxicab shall refuse to carry any person seeking transportation and tendering the fare for the service within the City unless the vehicle is already in service, the person seeking transportation is unruly, boisterous, or intoxicated, or where the person seeking transportation is known to the driver to have been unruly, created problems of a confrontational nature or refused full payment in the past.

B. The Regional Taxi Authority shall be responsible for maintaining files of and investigating complaints regarding taxicab service and shall initiate appropriate action against taxicab drivers and owners when a complaint or complaints warrant such action.

5.44.220 Owner's permit.

A. No person shall engage in the business of operating any taxicab within the City without first having obtained an owner's permit from the Regional Taxi Authority, except as otherwise provided in this Chapter.

B. An owner's permit shall be required for each additional or different taxicab.

C. If a permittee wishes to substitute one vehicle for another, he or she shall file an application with the Regional Taxi Authority who shall cause the taxicab to be submitted to a normal safety inspection, and if the vehicle passes, an approval decal or sticker will be affixed to the substitute taxicab and the decal or sticker will be removed from the original vehicle.

D. Owner's permit application; application fee.

All persons or businesses applying for an owner's permit under this Chapter shall file with the Regional Taxi Authority an application, under penalty of perjury, including the following information:

- (1) The name, residence and business address(es) of the applicant.
- (2) Social security numbers, driver's license numbers, and dates of birth for all persons named in the application. If the applicant is a partnership or corporation, then the information shall be provided for each partner or corporate officer.
- (3) Fictitious name under which the business is proposed to operate.
- (4) Whether any license, permit, or certificate sought by the applicant has been denied, revoked, or suspended by any public agency, explaining in full the circumstances of any denial, revocation, or suspension.
- (5) The number and type of vehicles proposed to be operated in the business, including year, make, model, license number, VIN, and company-assigned taxicab number.
- (6) The color, name, monogram of insignia to appear on the vehicles.
- (7) A complete schedule of fares or rates to be charged and services to be operated, demonstrating compliance with existing fares and rates as established by the Regional Taxi Authority.
- (8) The location where the business will be operated, including dispatch facilities, storage facilities, repair and maintenance facilities, and fuel dispensing operations.
- (9) Copies of required insurance policies or if not yet issued, a written statement from an insurer that such policies will be issued if the application is granted.

(10) A statement as to whether any applicant, partner, or corporate officer, has been convicted of any misdemeanor or crime, or violation of any municipal ordinance other than minor parking and traffic offenses, the nature of the offense and the punishment or penalty assessed.

(11) The facts upon which the applicant believes tends to prove that public convenience and necessity require the granting of a permit.

(12) Such other information as the Regional Taxi Authority may deem necessary for promotion of the public health, safety, and welfare.

The Regional Taxi Authority shall establish an owner's permit application fee that shall accompany any such application.

E. Owner's permit application process.

Upon receipt of an application for an owner's permit under this Chapter, the Regional Taxi Authority staff shall undertake a preliminary investigation to verify the criminal history information submitted by the applicant and shall submit the applicant's fingerprints to the State of California for criminal history review.

The Regional Taxi Authority shall review the application and the recommendation from the Authority staff to determine if it appears there is a need and necessity for the taxicab services proposed, and whether the applicant is of suitable character to provide such services. The Regional Taxi Authority may require the applicant to provide financial information and other documentation to demonstrate the ability to appropriately and lawfully operate the taxicab business proposed. The application shall be reviewed by the Regional Taxi Authority at a noticed public hearing. The Regional Taxi Authority shall approve any such application only if the following findings are first made:

- (1) The applicant is financially responsible as determined by the Regional Taxi Authority.
- (2) The applicant is of good moral character consistent with federal, state, and local laws for the public services that will be provided by the owner.
- (3) Existing taxicab businesses are not adequately serving the public with respect to taxicab services.
- (4) Such additional taxicab service will not result in a greater hazard to the public or create substantial traffic or parking problems.

The application shall be denied if any of the following findings are first made:

- (1) The public convenience and necessity do not require the proposed service.
- (2) The application fails to contain any of the required information as set forth above.

F. Suspension or revocation of Owner's Permit.

The Regional Taxi Authority shall have the power to suspend or revoke any owner's permit to operate a taxicab for a violation of any of the provisions of this Chapter or any ordinance relating to traffic or use of streets; for a failure to pay any judgment for damages arising from the

unlawful or negligent operation of the public motor vehicle for which any owner's permit was issued; for conduct on the part of any owner which is not conducive to proper service to the public, or to proper relationships with any competitive owner; or for, but not limited to any of the following reasons:

- (1) Providing late, false, or inaccurate information in the owner's permit application; or
- (2) Allowing operation of a taxicab by a driver not possessing a valid Regional Taxi Authority Driver permit stating that the driver is affiliated with the permittee; or
- (3) Failure to comply with the Authority's regulations; or
- (4) Failure of authorized drivers to comply with the Authority's regulations; or
- (5) Operation of any taxicab at a rate higher than the authorized fares; or
- (6) Failure to comply with the participating jurisdictions' law enforcement officers, code enforcement officers, Authority staff, and/or California Highway Patrol; or
- (7) Operating its business without the insurance required in these regulations; or
- (8) Failure to comply with the drug and alcohol policy requirements in these regulations; or
- (9) Failure to fully satisfy any court judgment entered against the company arising from liability for operating cabs, including but not limited to, judgments related to collisions or operating without the requisite insurance, within 15 years after the judgment was originally entered; or
- (10) Being held liable under any judgment, decision or determination by any public or regulatory agency for operating cabs without the requisite insurance after the adoption of these regulations.

G. Transferability.

No owner's permit issued under this Chapter shall be assignable or transferable without the prior approval of the Regional Taxi Authority. Prior to presenting the proposed assignment or transfer to the Authority, the transferee shall first submit a statement with the Authority staff setting forth the information required to be furnished on an original application as set forth in section 5.44.220 D, above. The Authority shall investigate the transferee in the same manner as a new applicant and make a recommendation to approve or disapprove the transfer to the Regional Taxi Authority Board of Directors within forty-five (45) days after the statement is received.

5.44.230 Taxicab Driver's Permit required.

A. It shall be unlawful for any person to operate any taxicab in the City unless he or she has a valid taxicab driver's permit issued by the Regional Taxi Authority.

The Regional Taxi Authority staff shall administer and maintain taxicab driver's permits and records for taxicabs operating in the City.

B. Taxicab Driver's Permit application; process.

Application for a taxicab driver's permit shall be filed with the Authority, along with any fee(s) as established by the Regional Taxi Authority for the issuance of such permit. The application shall be in writing and made under penalty of perjury. The Authority shall undertake a preliminary investigation to verify the criminal history information submitted by the applicant and shall submit the applicant's fingerprints to the State of California for criminal history review. Any information submitted in the application that is false, or any required information that is omitted, shall result in denial of the permit. The application shall include but not be limited to the following information:

- (1) The name, age, and address of the applicant.
- (2) Past experience operating motor vehicles generally and taxicabs specifically.
- (3) The names and addresses of former employers during the preceding three (3) year period.
- (4) The places of residence during the preceding three (3) year period.
- (5) Whether or not a driver's license issued to the applicant has ever been revoked or suspended.
- (6) A copy of the applicant's current driver's license and a DMV H-6 Driving Record and Vehicle Registration Report.
- (7) An endorsement of the owner of the taxicab business for whom the applicant seeks to drive a taxicab.
- (8) Proof of the applicant's negative test results for controlled substances and alcohol.

Upon the request of an applicant, the Regional Taxi Authority shall provide a list of the consortia certified pursuant to part 382 (commencing with § 382.101) of Title 49 of the Code of Federal Regulations that the Authority knows offers controlled substance and alcohol tests in Monterey County.

C. Taxicab Driver's Permit application fee.

An application for a taxicab driver's permit shall be made to the Regional Taxi Authority, and at the time of filing such application, a fee in an amount to be set by resolution shall be paid to the Regional Taxi Authority; provided that such fee shall include the amount set by the state to cover the cost of processing such applications.

D. Taxicab Driver's Permit requirements and prohibitions.

No taxicab driver's permit shall be issued to any person who:

- (1) Is under age 21 at the time of application.
- (2) Fails to provide documentation of either citizenship or employment authorization as required by the Immigration and Reform Control Act of 1986 (8 USC § 1324a).
- (3) Has been convicted of a felony.
- (4) Has been convicted of any offense specified in the CA Vehicle Code involving reckless driving or alcohol or drug offenses except convictions more than seven (7) years old or whose

convictions have been expunged or set aside pursuant to satisfactory completion of a Court approved diversion program.

(5) Has been convicted of two or more violations of the offenses set forth in Sections 22349 through 22352 of the California Vehicle Code, and amendments thereto, or any combination of either or any of such offenses within one year immediately preceding submittal of an application for or renewal of a driver's permit;

(6) Fails to possess a valid driver's license suitable for operation of a taxicab.

(7) Has received a positive test result in any random test for controlled substances or alcohol within the past twelve (12) months.

(8) Provides false or materially incomplete information required for issuance of the permit.

(9) Has been convicted of an offense which requires registration pursuant to CA Penal Code § 290.

(10) Has been convicted within five (5) years of an offense involving the sale of a controlled substance even if expunged pursuant to CA Penal Code § 1203.4.

(11) Has been convicted within five (5) years of any offense involving the use of force or violence upon another person.

(12) Has been convicted of more than one violation of driving while under the influence of any drug or alcohol within the past seven (7) years prior to application.

(13) Is on parole or probation for a crime, and the crime is substantially related to the qualifications, functions, or duties of a taxicab driver in a potentially negative manner.

(14) Has had a taxicab driver's permit issued by any jurisdiction revoked within the past three (3) years.

(15) Fails to provide a medical clearance that meets the standard set forth by the California Department of Motor Vehicles, Motor Carrier Safety Regulations (49 CFR 391.41 - 391.49). This is satisfied by providing a completed Medical Examination Report for Commercial Driver Fitness Determination form or a Medical Examiner's Certificate issued by the California Department of Motor Vehicles.

Every taxicab driver's permit issued pursuant to this Chapter shall set forth the name of the owner for whom such driver is authorized to operate a taxicab, and shall be valid only so long as the driver continues to drive for such owner.

All drivers of taxicabs shall display their taxicab driver's permit in a conspicuous place in the passenger compartment of the taxicab whenever the taxicab is being used to transport passengers.

E. Issuance of permits.

The Regional Taxi Authority shall investigate the applicant for a taxicab driver's permit under this Chapter and after such investigation shall either grant or deny the permit. Any person whose application has been denied may within ten (10) days after such denial request that the denial of his application be reviewed by the Regional Taxi Authority Board of Directors. The Authority Board of Directors shall, after a hearing, either grant or deny such permit.

F. Renewal of permit; termination.

(1) All taxicab driver's permits issued pursuant to this Chapter expire annually on their anniversary date unless earlier terminated, suspended, or revoked pursuant to the provisions set forth herein.

(2) Drivers may renew their permit if still qualified to operate a taxicab by meeting all the permit requirements set forth in this Chapter for new taxicab driver's permits, including, but not limited to, passing the test for controlled substances and alcohol.

(3) Taxicab driver's permits are void upon termination of taxicab driver's employment with the owner listed on their permit. Each driver shall return the permit to the Regional Taxi Authority upon such termination.

(4) It shall be unlawful to transfer any taxicab driver's permit to any other person.

G. Suspension or revocation of permit.

Either the Regional Taxi Authority or the Chief of Police shall have the authority to immediately suspend any taxicab driver's permit in the event the holder is arrested, charged, or cited for any violation of the CA Vehicle Code. The Regional Taxi Authority may suspend or refuse to renew any taxicab driver's permit if the driver is:

(1) Convicted of, or has plead guilty or *nolo contendere* to, the violation of any law within the past five (5) years involving the commission of a misdemeanor, including, but not limited to, any sexual offense; the illegal use, possession, or distribution of drugs or other controlled substances; any charge involving robbery, theft, stolen property, assault, battery; or any crime involving moral turpitude that occurred within the past five (5) years.

(2) Convicted of driving recklessly or while under the influence of alcohol or controlled substances;

(3) Has his or her driver's license suspended or revoked;

(4) Found to test positive for any controlled substance or alcohol during any test;

(5) Found to have violated any provision of this Chapter; or

(6) Found to have provided false information or omitted information required on a taxicab driver's permit application.

Any driver whose permit has been suspended may, within ten (10) days, file an appeal with the Regional Taxi Authority Board of Directors. If no appeal is received within 10 days, the taxicab

permit shall be considered revoked and there will be no further right to an appeal, unless the Regional Taxi Authority finds that there are reasonable grounds for failing to appeal within the 10 day period. The Board of Directors shall hold a duly noticed public hearing within [60] days from receiving the appeal, unless the taxicab driver agrees to an extension or requests an expedited hearing. If an expedited hearing is requested the Regional Taxi Authority shall endeavor to set an earlier date for the hearing but is not required to set an earlier date.

The hearing shall comply with the applicable provisions for the protection of the due process rights of the taxicab driver and the taxicab driver will be given the opportunity to be heard. The Regional Taxi Authority Board of Directors shall adopt Rules for conducting the hearing in compliance with applicable due process procedures. The Board shall either grant or deny the appeal, based on substantial evidence and shall support its decision with factual findings, in writing. The decision of the Board will issue within ten days of the conclusion of the hearing and will be final. If the Board upholds the appeal, the taxicab driver's permit shall be reinstated. If the Board denies the appeal, the taxicab driver's permit shall be revoked and may only be reinstated as set forth in this Chapter.

A taxicab driver shall not operate a taxicab during the time period in which the driver's permit is suspended. The Regional Taxi Authority may, but is not required to, issue a Temporary Permit, as set forth below, which will allow the taxicab driver to temporarily operate until such time as the Regional Taxi Authority Board of Directors has issued a final decision. In order to issue such a permit, the Regional Taxi Authority must, in addition to the requirements set forth below, make findings that the public safety and health will not be harmed by the issuance of a temporary driver's permit and unusual circumstances exist which require the issuance of a temporary driver's permit.

#### H. Temporary permits.

The Regional Taxi Authority, in its sole discretion, may grant a temporary permit to drive or operate any taxicab, pending final action on any application for a permanent taxicab driver's permit as provided in this Chapter, but no such temporary permit may be issued to any person who does not have a valid driver's license issued by the state, who is not employed or possessing a written offer of employment as a taxicab driver in the City, or who has not provided evidence of negative controlled substance and alcohol testing as required by Section 5.44.240 herein.

#### I. Records to be kept by the Regional Taxi Authority.

The Regional Taxi Authority shall keep a record of each driver granted a taxicab driver's permit under the provisions of this Chapter, which record shall contain the full name, age, residence, places of residence for two (2) years preceding the date of application, race, weight, height, color of eyes and hair, fingerprints, place of birth, places of previous employment covering three (3) years preceding the date of application, whether the driver has ever been convicted of a felony or of a misdemeanor, and whether he or she has ever been previously licensed as a driver, and if so, whether his or her license has ever been revoked and for what cause.

#### 5.44.240 Mandatory Controlled substance and Alcohol Testing Program.

(1) Each taxicab driver shall test negative for each of the controlled substances specified in Part 40 (commencing with Section 40.1) of Title 49 of the Code of Federal Regulations, before employment. Each driver shall test negative for these controlled substances and for alcohol as a condition of the driver's annual permit renewal. As used in this section, a negative test for alcohol means an alcohol screening test showing a breath alcohol concentration of less than 0.02 percent.

(2) Testing procedures shall be substantially as set forth in Part 40 (commencing with Section 40.1) of Title 49 of the Code of Federal Regulations, except that each driver shall show a valid California driver's license at the time and place of testing, and except as provided otherwise in this section. Requirements for rehabilitation and return-to-duty and follow-up testing and other requirements, except as provided otherwise in this section, shall be substantially as set forth in Part 382 (commencing with Section 382.101) of Title 49 of the Code of Federal Regulations.

(3) A test in one jurisdiction shall be accepted as meeting the same requirement in the City or in any other jurisdiction. Any negative test result shall be accepted for one (1) year as meeting a requirement for periodic permit renewal testing or any other periodic testing in the City or any other jurisdiction, if the driver has not tested positive subsequent to a negative result. However, an earlier negative result shall not be accepted as meeting the pre-employment testing requirement for any subsequent employment, or any testing requirements under the program other than periodic testing.

(4) In the case of a self-employed independent driver, the test results shall be reported directly to the Regional Taxi Authority, and the Authority shall notify the taxicab leasing company of record, if any, of positive results. In all other cases, the results shall be reported directly to the driver's employer, who shall immediately notify the Authority of the results.

(5) All tests are confidential and shall not be released without the consent of the driver, except as authorized or required by law.

(6) Self-employed independent drivers shall be responsible for compliance with, and shall pay all costs of, this program with regard to themselves. In all other cases, taxicab owners and employers of drivers shall be responsible for compliance with, and shall pay all costs of, this program with respect to their employees and potential employees, except that an employer may require employees who test positive to pay the costs of rehabilitation and of return-to-duty and follow-up testing.

(7) Taxicab owners, employers of drivers, and self-employed independent drivers shall pay all service charges, fees, or assessments established by the Regional Taxi Authority with respect to the owner's employees and potential employees in an amount sufficient to pay for the Authority's costs of carrying out the mandates of this section.

(8) No evidence derived from a positive test result pursuant to the program shall be admissible in a criminal prosecution concerning unlawful possession, sale or distribution of controlled substances.

(9) For purposes of this Section, "employment" includes self-employment as an independent driver or owner/operator of a taxicab.

5.44.250 Taximeters.

A. Required in taxicabs.

No person shall operate any taxicab in the City until such taxicab is equipped with a taximeter of a type and design which has been approved by the Regional Taxi Authority.

All taxicabs operated under the authority of this Chapter shall be equipped with taximeters which conform to all applicable State of California laws and regulations and shall be inspected, sealed, and certified by the County Department of Weights and Measures.

B. Inspection required; removal of vehicle with inaccurate meter.

(1) Every taximeter shall be inspected and tested for accuracy by the owner at least annually. Taximeters shall be subject to inspection at any time by the Regional Taxi Authority or any other authorized persons. Upon discovery of any inaccuracy of such taximeter, the operator thereof shall remove, or cause to be removed, from service any vehicle equipped with such taximeter until such taximeter has been repaired and accurately adjusted.

(2) Records and evidence of inspection by the County Department of Weights and Measures shall be submitted for verification at the time of each taxicab's annual vehicle inspection.

C. Manner of placement in taxicabs.

The taximeter required by this Chapter shall be placed in each taxicab so that the reading dial showing the amount to be charged is well lighted and readily discernible to a passenger riding in any such taxicab.

D. Accurate operation required.

It shall be the duty of each person operating a taxicab, and the driver thereof, to keep the taximeter therein operating at all times within the accuracy and requirements of this Chapter and such additional requirements as may be prescribed from time to time by the Regional Taxi Authority.

E. Use required for all passenger services.

No passenger shall be carried in any taxicab for hire unless the taximeter in such taxicab is in operation. This Section shall apply regardless of whether the taxicab is engaged for a trip entirely within the Regional Taxi Authority Area or partially outside thereof, and such meter shall be kept operating continuously during the entire time that it is engaged in the transportation of passengers for compensation, regardless of the point of destination; except, that when the trip is in excess of fifteen (15) miles a flat rate may be used for any part of the trip over the first fifteen (15) miles.

F. All charges to be in accordance with meters.

All charges for taxicab service shall be calculated and indicated by a taximeter, except as described in this Chapter, and at all times while the taxicab is engaged the “flag” of the taximeter shall be thrown into a position to register charges for mileage and time. No taximeter shall be so operated as to cause any charge to be registered thereon, except during the time while the taxicab is engaged by a passenger.

G. Splitting of fares by two or more passengers.

If two or more persons going in the same direction share a taxicab the first party that is discharged from the taxicab shall pay the charge on the meter, and the meter shall then be “flagged” and a new fare started; except and unless, if the driver agrees at the inception of the hire to drop the first fare without “re-flagging” and starting a new fare.

H. Proper use of “flag” required.

No driver of any taxicab, while carrying passengers, shall display the “flag” attached to the taximeter in such a position as to denote that such vehicle is not employed, or fail to throw the “flag” of the taximeter to a position indicating such vehicle is unemployed at the termination of each service.”

5.44.260. Severability.

If any provision, clause, sentence or paragraph of this article is for any reason held to be invalid or unconstitutional by a decision of any court of any competent jurisdiction, such decision shall not affect the validity of the remaining portions of this article. The City of Del Rey Oaks hereby declares that it would have passed this article, and each and every section, subsection, clause and phrase thereof not declared invalid or unconstitutional without regard to whether any portion of this article would be subsequently declared invalid or unconstitutional.

RESOLUTION NO. 2010-06

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DEL REY OAKS  
ACCEPTING THE FISCAL YEAR 2008-2009 AUDIT

-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 was audited by Marcello and Company; and

WHEREAS, the audit was made available to the City Council and the public

NOW, THEREFORE BE IT RESOLVED that the City Council of the City of Del Rey Oaks does hereby accept the fiscal year 2008-2009 Audit.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Del Rey Oaks this 27<sup>th</sup> day of April, 2010, 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*

---

**Annual Financial Report**

**June 30, 2009**

CITY OF DEL REY OAKS

Table of Contents

**INDEPENDENT AUDITOR'S REPORT** ..... 2

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

Statement of Net Assets ..... 3

Statement of Activities ..... 4

**FUND FINANCIAL STATEMENTS**

Balance Sheet - Governmental Funds ..... 5

Reconciliation of the Government Funds Balance Sheet to the  
Statement of Net Assets ..... 6

Statement of Revenue, Expenditures, and Change  
in Fund Balances - Governmental Funds ..... 7

Reconciliation of the Statement of Revenue, Expenditures, and Change in  
Fund Balances of Government Funds to the Statement of Activities ..... 8

**NOTES TO FINANCIAL STATEMENTS** ..... 9-26

**REQUIRED SUPPLEMENTARY INFORMATION**

Schedule of Funding Progress ..... 27

Budgetary Comparison Information..... 28

# MARCELLO & COMPANY

## CERTIFIED PUBLIC ACCOUNTANTS

---

2701 Cottage Way, Suite 30 / Sacramento, California 95825 / 916.979.9079

### INDEPENDENT AUDITOR'S REPORT

Honorable Mayor  
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 ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express 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 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 financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Del Rey Oaks, as of June 30, 2009, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The City of Del Rey Oaks has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The schedule of funding progress and budgetary comparison information on pages 27 through 28, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Marcello & Company*

Certified Public Accountants  
Sacramento, California  
October 30, 2009

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**CITY OF DEL REY OAKS**  
**Government-wide Financial Statements**  
**Statement of Net Assets**  
**June 30, 2009**

<b>ASSETS</b>	<b>Governmental Activities</b>
Cash and investments	\$ 1,320,980
Receivables	230,409
Notes receivable	79,500
Loan due from developer	389,064
Capital assets not being depreciated	11,879,700
Capital assets being depreciated, net	317,575
Total assets	14,217,228
<b>LIABILITIES</b>	
Accounts payable	178,163
Deposit	50,000
Deferred revenue	287,128
Noncurrent liabilities:	
Due within one year	53,097
Due in more than one year	863,500
Total liabilities	1,431,888
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	12,224,054
Unrestricted	561,286
Total net assets	\$ 12,785,340

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

**CITY OF DEL REY OAKS**  
**Government-wide Financial Statements**  
**Statement of Activities**  
**Year Ended June 30, 2009**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Capital Grants</u>	
<b>Governmental Activities</b>					
General government	\$ 428,076	\$ -	\$ -	\$ -	\$ (428,076)
Public safety	830,321	-	100,000	-	(730,321)
Public works & streets	136,984	-	-	-	(136,984)
Parks	85,615	-	-	-	(85,615)
Community development	330,794	57,991	-	400,000	127,197
Interest on long term debt	8,708	-	-	-	(8,708)
Depreciation	59,193	-	-	-	(59,193)
Total primary government	<u>\$ 1,879,691</u>	<u>\$ 57,991</u>	<u>\$ 100,000</u>	<u>\$ 400,000</u>	<u>\$ (1,321,700)</u>

**General Revenue:**

Property taxes	556,619
Sales tax	234,725
Measure A sales tax	372,934
Sales tax - state triple flip	78,458
Franchise fees	71,912
Gasoline taxes	33,849
Other taxes	13,266
Business licenses	108,758
Fines and forfeitures	7,948
Investment earnings	13,655
Intergovernmental	30,364
Use of property	27,814
Other revenue	113,926
Total general revenue	<u>1,664,228</u>
Change in net assets before adjustment	342,528
Land value adjustment (see Note 15)	<u>(14,699,046)</u>
<b>Change in Net Assets</b>	<b>(14,356,518)</b>
Net Assets - beginning	<u>27,141,858</u>
Net Assets - end of year	<u>\$ 12,785,340</u>

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

***FUND FINANCIAL STATEMENTS***

**CITY OF DEL REY OAKS**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2009**

	<b>General</b>	<b>RDA</b>	<b>Total</b>
<b>Assets</b>	<b>Fund</b>	<b>Fund</b>	<b>Governmental</b>
	<u>          </u>	<u>          </u>	<u>          </u>
Cash and investments	\$ 1,235,458	\$ 85,522	\$ 1,320,980
Receivables	230,250	159	230,409
Due from other fund	521,194	-	521,194
Interfund loan receivable	-	620,000	620,000
Notes receivable	79,500	-	79,500
<b>Total assets</b>	<u><u>\$ 2,066,402</u></u>	<u><u>\$ 705,681</u></u>	<u><u>\$ 2,772,083</u></u>
<b>Liabilities</b>			
Accounts payable	\$ 66,206	\$ 111,957	\$ 178,163
Due to other fund	-	521,194	521,194
Interfund loan payable	620,000	-	620,000
Deferred revenue	79,500	-	79,500
<b>Total liabilities</b>	<u><u>765,706</u></u>	<u><u>633,151</u></u>	<u><u>1,398,857</u></u>
<b>Fund Balances</b>			
Reserved for:			
Long term receivables	79,500	-	79,500
Unreserved, reported in:			
General fund	1,221,196	-	1,221,196
Special revenue funds	-	-	-
Capital projects funds	-	72,530	72,530
<b>Total fund balances</b>	<u><u>1,300,696</u></u>	<u><u>72,530</u></u>	<u><u>1,373,226</u></u>
<b>Total liabilities and fund balances</b>	<u><u>\$ 2,066,402</u></u>	<u><u>\$ 705,681</u></u>	<u><u>\$ 2,772,083</u></u>

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

**CITY OF DEL REY OAKS**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Assets**  
**June 30, 2009**

**Total Fund Balances - Total Governmental Funds (page 5)** \$ 1,373,226

**Amounts reported in the governmental activities column in the statement of net assets are different because of the following:**

**Capital Assets**

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives. This is the amount of total capital assets net of accumulated depreciation. 12,354,275

**Deferred Revenue**

Notes receivable from grant programs related to housing are recorded on the governmental funds balance sheet and offset with a deferred revenue liability account. However on the statement of net assets, grant revenue is recognized when received. This is the amount of cumulative grant revenue used for the housing program notes receivable. 79,500

**Developer Transactions**

The City, the agency, and a developer entered into an option agreement for the sale 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	389,064
Loan payable to developer	(770,478)
Deferred revenue on developer advance	(287,128)
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. (146,119)

**Net Assets of Governmental Activities (page 3)** \$ 12,942,340

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

**CITY OF DEL REY OAKS**  
**Statement of Revenue, Expenditures, and Change in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2009**

<b>Revenue</b>	<b>General Fund</b>	<b>RDA Fund</b>	<b>Total Governmental Funds</b>
Property taxes	\$ 556,619	\$ -	\$ 556,619
Sales tax	686,117	-	686,117
Franchise fees	71,912	-	71,912
Gasoline tax	33,849	-	33,849
Other taxes	13,266	-	13,266
Licenses and permits	166,749	-	166,749
Fines and forfeitures	7,948	-	7,948
Investment earnings	13,040	615	13,655
Intergovernmental	530,364	-	530,364
Use of property - parks	27,814	-	27,814
Loan repayments	64,068	-	64,068
Other revenue	74,858	-	74,858
Total revenue	<u>2,246,604</u>	<u>615</u>	<u>2,247,219</u>
<b>Expenditures</b>			
Current expenditures:			
Salaries and benefits	1,244,229	-	1,244,229
Supplies	59,883	-	59,883
Utilities and services	97,731	-	97,731
Printing and publications	8,464	-	8,464
Outside services	137,046	103,143	240,189
Vehicle operations	47,460	-	47,460
Fire protection contract	69,693	-	69,693
Streets	16,429	-	16,429
Other expenditures	6,699	-	6,699
Debt service	90,995	5,051	96,046
Capital improvement projects	15,962	-	15,962
Total expenditures	<u>1,794,591</u>	<u>108,194</u>	<u>1,902,785</u>
Excess (deficiency) of revenue over (under) expenditures	<u>452,013</u>	<u>(107,579)</u>	<u>344,434</u>
<b>Change in Fund Balances</b>	<b>452,013</b>	<b>(107,579)</b>	<b>344,434</b>
Fund Balances - beginning	711,740	117,045	828,785
Prior period adjustment	136,943	63,064	200,007
Fund Balances - restated	<u>848,683</u>	<u>180,109</u>	<u>1,028,792</u>
Fund Balances - end of year	<u>\$ 1,300,696</u>	<u>\$ 72,530</u>	<u>\$ 1,373,226</u>

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

**CITY OF DEL REY OAKS**  
**Reconciliation of the Statement of Revenue, Expenditures, and Change in**  
**Fund Balances of Governmental Funds to the Statement of Activities**  
**Year Ended June 30, 2009**

**Change in Fund Balances - Governmental Funds (page 7)** \$ 344,434

**Amounts reported for governmental activities in the statement of activities are different because of the following:**

**Capital Assets**

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense for the year	(59,193)
Land value adjustment ( see Note 15)	(14,699,046)

**Notes Receivable**

Governmental funds do not report long term notes receivable without an offset for deferred revenue, but in the statement of net assets, such deferred revenue is recognized in the year received. The payments against the notes include both the principal and interest portions in the governmental funds financial statements but only the interest portion on the government-wide financial statements. This is the amount of decrease in the principal portion of the notes receivable not reported as revenue in the statement of activities.

(25,000)

**Long Term Obligations**

Payment of long term obligations are an expenditure in the governmental funds financial statements, but the payment reduces long term liabilities in the statement of net assets. This is the amount of decrease in loan and debt obligations.

82,287

**Change in Net Assets of Governmental Activities (page 4)** \$ (14,356,518)

**CITY OF DEL REY OAKS**  
**Notes to Financial Statements**  
**June 30, 2009**

The notes to the financial statements include a summary of significant accounting policies and other notes considered essential to fully disclose and fairly present the transactions and financial position of the City as follows:

- Note 1 - Defining the Financial Reporting Entity
- Note 2 - Significant Accounting Policies
- Note 3 - Cash and Investments
- Note 4 - Receivables
- Note 5 - Capital Assets
- Note 6 - Payables
- Note 7 - Long Term Obligations
- Note 8 - Interfund Transactions
- Note 9 - Designations of Fund Balances
- Note 10 - Defined Benefit Pension Plan
- Note 11 - Risk Management
- Note 12 - Contingent Liabilities and Commitments
- Note 13 - New Pronouncements
- Note 14 - Prior Period Adjustment
- Note 15 - Land Value Adjustment

**CITY OF DEL REY OAKS**  
**Notes to Financial Statements**  
**June 30, 2009**

**Note 1 - Defining the Financial Reporting Entity**

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

The Redevelopment Agency of the City of Del Rey Oaks (the Agency) was established in January 1999 under the provisions of the California Community Redevelopment Law (Health and Safety Code, Section 33000, et seq.) primarily to eliminate and reduce many aspects of economic, physical, visual and social blight then existing within the City including real estate received from the former Fort Ord Army Base.

The Agency is authorized to finance its Redevelopment Plan with financial assistance from the City, County of Monterey, State of California, United States Government, private developers, or any other public or private source including property tax increments, interest income, and Agency notes and bonds or other indebtedness.

Although the component unit is legally separate from the City, the Agency is reported on a blended basis as part of the primary government because their board consists of members of the City Council. The component unit financial statement of the Agency may be obtained from the City.

**Note 2 - Significant Accounting Policies**

Basis of Presentation

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below.

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. GASB Statement No. 34 is effective in three phases based on the public institution's total annual revenues in the fiscal year ending after June 15, 1999. The City adopted the provisions of this statement along with GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus (an amendment to GASB Statements No. 21 and No. 34)*, as of July 1, 2003. In June 2001, GASB issued Statement No. 38, *Certain Financial Statement Note Disclosures*, to reevaluate certain existing disclosure requirements in the context of reporting model statement No. 34. The City adopted the provisions of Statement No. 38 as of July 1, 2003.

The Financial Statement presentation, required by GASB Statements No. 34, 37, and 38 provides a comprehensive, entity-wide perspective of the City's assets, liabilities, and replaces the fund-group perspective previously required. The City now follows the "primary government's governmental activities" reporting requirements of GASB Statement No. 34 that provides a comprehensive one-line look at the City's financial activities.

Government-wide 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 non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

**CITY OF DEL REY OAKS**  
**Notes to Financial Statements**  
**June 30, 2009**

**Note 2 - Significant Accounting Policies**

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

*Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributors that are restricted to meeting the operational or capital requirements of a particular function or program. Other revenue sources not properly included among program revenues are reported instead as *general revenues* such as intergovernmental sales and property taxes. Expenses reported for functional activities include allocated indirect expenses.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The City currently does not have proprietary funds.

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.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the later are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund Financial Statements

The accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operation fund of the City or meets the following criteria:

- Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund or enterprise fund are at least 10% of the corresponding total for all funds of that category or type.
- Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.
- The government has determined that a fund is important to the financial statement user.

The funds of the financial reporting entity are described below:

**CITY OF DEL REY OAKS**  
**Notes to Financial Statements**  
**June 30, 2009**

**Note 2 - Significant Accounting Policies**

Governmental Fund Types - Governmental funds are the funds through which most general government functions typically are financed, as follows:

*General Fund* - the general fund accounts for all unrestricted resources except those required to be accounted for in another fund.

*Special Revenue Funds* - these funds are used to account for the proceeds of specific revenue resources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

*Capital Projects Funds* - these funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

*Debt Service Funds* - these funds are used to account for the accumulation of resources for, and the repayment of, general long term debt obligation payments for principal, interest and related costs.

Proprietary Fund Types - Proprietary funds are used to account for activities that are similar to those found in the private sector. The measurement focus is based upon determination of net income and capital maintenance.

Fiduciary Fund Types - Fiduciary funds account for assets held by the City as a trustee or agent for individuals, private organizations, and other units of governments. Funds included in this category are as follows:

*Expendable Trust Funds* - these funds are accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable trust funds account for assets where both the principal and interest may be spent.

*Agency Funds* - these funds account for assets held by the City as trustee or agent for individuals, private organizations, assessment districts, or other governmental units and/or other funds.

The Major Funds are as follows:

*General Fund* - this fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

*CDBG Fund* - this fund is used to account for a community development block grant received from the State, whose funds were used to provide loans to citizens within the City limits for home rehabilitation.

*RDA Fund* - this fund is used to account for activities of the City's component unit, the redevelopment agency.

In accordance with GASB Stmt. No. 34, paragraph 72, the City has elected to report all its funds as major funds because they believe these funds are particularly important to financial statement users.

**CITY OF DEL REY OAKS**  
**Notes to Financial Statements**  
**June 30, 2009**

**Note 2 - Significant Accounting Policies**

Basis of Accounting and Measurement Focus

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the *timing of measurement* made, regardless of the measurement focus applied.

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

In the fund financial statements, all Governmental Funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available to finance the expenditures of the current period (susceptible to accrual).

Major revenue sources susceptible to accrual include substantially all property taxes, taxpayer-assessed taxes (such as sales, use, utility users, business license, transient occupancy, franchise fees, and gas taxes), interest, special assessments levied, state and federal grants, and charges for current services. Revenues from licenses, permits, fines and forfeits are recorded as received. Expenditures are recorded when the related fund liability is incurred.

All Governmental Funds are accounted for using a current financial resources *measurement focus*. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental Fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of "available spendable resources" during a period.

The government-wide financial statements are accounted for on a flow of economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The City has elected not to follow subsequent private-sector guidance.

Use of Estimates

Financial statement preparation in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**CITY OF DEL REY OAKS**  
**Notes to Financial Statements**  
**June 30, 2009**

**Note 2 - Significant Accounting Policies**

Cash and Investments

The City follows the practice of pooling cash and investments of all funds. Interest income earned on pooled cash and investments is allocated quarterly to the various funds based on average balances maintained. The *fair value* of investments is not materially different from its reported value.

Receivables and Payables

Property, sales, use, and utility user 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 government-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. Grants, entitlements or shared revenues are recorded as receivables and revenues in the General, and Special Revenue and Capital Projects Funds when they are received or susceptible to accrual.

Economic and Community Development Loans

These receivables are deferred repayment loans under the City's housing and economic development programs. The program consists 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.

Allowance for Uncollectible Accounts

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 the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed.

Capital Assets

Capital assets used in governmental fund type operations are accounted for on the statement of net assets. Public domain (infrastructure) general capital assets consisting of certain improvements other than buildings, such as roads, sidewalks and bridges are capitalized prospectively starting July 1, 2003 in accordance with GASB Statement No. 34. City policy has set the capitalization threshold for reporting capital assets at \$10,000. Capital outlay is recorded as *expenditures* of the general and special revenue funds and as *assets* in the government-wide financial statements to the extent the City's capitalization threshold is met. Donated assets are recorded at estimated fair value at the date of donation.

Buildings, improvements, equipment and vehicles are capitalized in the respective fund to which it applies and are stated at their cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the capital assets which range from 5 to 10 years for equipment and vehicles, and 10 to 40 years for buildings and improvements. Land, art and treasures are not considered exhaustible, therefore are not being depreciated.

**CITY OF DEL REY OAKS**  
**Notes to Financial Statements**  
**June 30, 2009**

**Note 2 - Significant Accounting Policies**

Compensated Absences

Compensated absences represent the vested portion of accumulated vacation and sick leave. The City's method of calculating the liability is in accordance with GASB Statement No. 16, except that additional accruals for salary-related payments associated with the payment of compensated absences, for example, the employer's share of pension contributions, social security and medicare taxes, have not been accrued as that amount is not considered significant or material to the government-wide financial statements taken as a whole. Eligible employees, depending upon their position and length of service, can accumulate between two to four weeks vacation. The City accrues a liability for compensated absences which meet the following criteria:

- The City's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
- The obligation relates to rights that vest or accumulate.
- Payment of the compensation is probable.
- The amount can be reasonably estimated.

Long Term Obligations

In the government-wide financial statements, long term debt and such obligations are reported as liabilities in the applicable column on the statement of net assets. Compensated absences are considered due after one year.

Net Assets

The City's net assets are classified as follows:

- Invested in capital assets, net of related debt - this represents the City's total investment in capital assets reduced by any outstanding debt related to the acquisition of these assets.
- Restricted net assets - these include resources that the City is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.
- Unrestricted net assets - these represent resources derived from sources without spending restrictions. These resources are used for transactions relating the general operations of the City, and may be used at the discretion of the governing board to meet current expenses for any purpose

Property Taxes

Article XIII of the California Constitution (Proposition 13) limits ad valorem taxes on real property to one percent of value plus taxes necessary to pay indebtedness approved by voters prior to July 1, 1978. The Article also established the 1975/76 assessed valuation as the base and limits annual increases to the cost of living, not to exceed two percent, for each year thereafter. Property may also be reassessed to full market value after a sale, transfer of ownership, or completion of new construction. The State is prohibited under the Article from imposing new ad valorem, sales, or transaction taxes on real property. Local governments may impose special taxes (except on real property) with the approval of 66.67% of the qualified electors.

**CITY OF DEL REY OAKS**  
**Notes to Financial Statements**  
**June 30, 2009**

**Note 2 - Significant Accounting Policies**

All property taxes are collected and allocated by the Monterey County to the various taxing entities. Property taxes are determined annually as of January 1 and attach as an enforceable lien on real property as of July 1. Taxes are due November 1 and February 1 and are delinquent if not paid by December 10 and April 10, respectively.

The City participates in an alternative method of distribution of property tax levies and assessments known as the "Teeter Plan." The State Revenue and Taxation Code allow counties to distribute secured real property, assessment and supplemental property taxes on an accrual basis resulting in full payment to cities each fiscal year. Any subsequent delinquent payments and related penalties and interest during a fiscal year will revert to Monterey County. The Teeter Plan payment, which includes 95% of the outstanding accumulated delinquency, is included in property tax revenue. Under the Teeter Plan agreement, 5% of the delinquency must remain with the County as a reserve for Teeter Plan funding.

Deferred Revenue

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period.

Deferred revenues also arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet, and revenue is recognized.

Interfund Loans

Balances representing lending/borrowing transactions between funds outstanding at the end of the fiscal year are reported as either (1) "due to/due from other funds" (amounts due within one year), (2) "advances to/from other funds" (non-current portions of interfund lending/borrowing transactions), or (3) "loans to/from other funds" (long term lending/borrowing transactions as evidenced by loan agreements). Advances and loans receivable from other funds are offset by a fund balance reserve in applicable governmental funds financial statements to indicate they are not available for appropriation, and are not expendable available financial resources.

Interfund Transactions

The following is a description of the basic types of interfund transactions made during the year and the related accounting policies:

- Reimbursements (expenditures/expenses transfers) - transactions to reimburse a fund for specific expenditures/expenses incurred for the benefit of another fund. These transactions are recorded as expenditures/expenses in the disbursing fund and as a reduction of expenditures/expenses in the receiving fund.
- Operating transfers - transactions to allocate resources from one fund to another fund not contingent on the incurrence of specific expenditures/expenses in the receiving fund. These transactions are recorded as transfers in and out in the same accounting period.
- Due from/to other funds - during the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

**CITY OF DEL REY OAKS**  
**Notes to Financial Statements**  
**June 30, 2009**

**Note 2 - Significant Accounting Policies (concluded)**

Budgetary Information

The City follows these procedures annually in establishing the budgetary data reflected in the financial statements:

- The City Manager submits to the City Council a proposed draft budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
- The City Council reviews the proposed budget at special scheduled sessions which are open to the public. The Council also conducts a public hearing on the proposed budget to obtain comments from interested persons.
- Prior to July 1, the budget is adopted through the passage of a resolution.
- From the effective date of the budget, which is adopted and controlled at the department level, the amounts stated therein as proposed expenditures become appropriations to the various City departments. The City Council may amend the budget by resolution during the fiscal year. The City Manager may authorize transfers from one object or purpose to another within the same department, and between departments within the General Fund. All appropriations lapse at year end.

Revenue Limitations Imposed By California Proposition 218

Proposition 218, which was approved by the voters in November 1996, regulates the City's ability to impose, increase, and extend taxes, assessments, and fees. Any new, increased, or extended taxes, assessments, and fees subject to the provisions of Proposition 218, require voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes, assessments, and fees are subject to the voter initiative process and may be rescinded in the future years by the voters.

**Note 3 - Cash and Investments**

Cash and investments as of June 30, 2009 are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and investments	<u>\$ 1,330,780</u>

Cash and investments consist of the following:

Deposits with financial institutions in checking accounts	234,003
Investment in Local Agency Investment Fund (LAIF)	<u>1,096,777</u>
	<u>\$ 1,330,780</u>

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:

<u>Types of Investments</u>	<u>Maximum Percentage or Amount</u>	<u>Maximum Maturity</u>
Local agency investment fund	no limit set	n/a

**CITY OF DEL REY OAKS**  
**Notes to Financial Statements**  
**June 30, 2009**

**Note 3 - Cash and Investments (continued)**

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 shows the maturity date and yield of each investment:

			<u>Maturity Date / Yield</u>	
Local Agency Investment Fund	\$	1,096,777	7.8 months	1.51%

Disclosures Relating to Credit Risk

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. LAIF does not have a rating provided by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested 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

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits:

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 (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF). LAIF, established in 1977, is regulated by California Government Code Section 16429 and under the day to day administration of the State Treasurer. There is a five member Local Investment Advisory Board that is chaired by the State Treasurer.

**CITY OF DEL REY OAKS**  
**Notes to Financial Statements**  
**June 30, 2009**

**Note 3 - Cash and Investments (concluded)**

LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available, and on amortized cost or best estimate for those securities where market value is not readily available. As of June 30, 2009, LAIF had more than 2,770 participants and approximately \$22 billion in investments. Annual reports of the Pooled Money Investment Account (PMIA) may be obtained from the California Treasurer's web site at [www.treasurer.ca.gov](http://www.treasurer.ca.gov).

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 entire 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 are recorded on an amortized cost basis.

Collateral and Categorization Requirements

At year end, the City's carrying amount of demand deposits (checking accounts) had a balance of \$234,003, while the bank account balances were \$376,610. The difference of \$142,607 represented outstanding checks and deposits in transit. Of the total deposit balance, \$250,000 was insured by federal depository insurance and \$126,610 was collateralized in accordance with 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 at least 110% of the City's deposits. California law also allows financial institutions to secure the City's deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total deposits.

**Note 4 - Receivables**

At June 30, 2009, receivables on the statement of net assets consist of the following:

Sales tax	\$	78,774
Transaction tax		77,160
COPS grant		44,775
Interest earnings from LAIF		5,841
State traffic safety		12,280
Gasoline tax		3,250
other		8,329
		<hr/>
		\$ 230,409
		<hr/>

Notes receivable in the amount of \$79,500 consist of deferred repayment loans made to citizens within the City for home rehabilitation under the City's housing and economic development program. The loans are collateralized by deeds of trust on the real estate, and are offset by an equal amount of deferred revenue on the government funds balance sheet.

**CITY OF DEL REY OAKS**  
**Notes to Financial Statements**  
**June 30, 2009**

**Note 5 - Capital Assets**

Governmental-type capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions/ Completions</u>	<u>Retirements/ Adjustments</u>	<u>Ending Balance</u>
<i>Non-depreciable assets:</i>				
Land - 17.7 acres	\$ 2,299,746	\$ -	\$ (1,750,246)	\$ 549,500
Land - 323.72 acres (RDA)	24,279,000	-	(12,948,800)	11,330,200
subtotal	<u>26,578,746</u>	<u>-</u>	<u>(14,699,046)</u>	<u>11,879,700</u>
<i>Assets being depreciated:</i>				
Buildings and improvements	396,353	-	-	396,353
Improvement - well (RDA)	75,000	-	-	75,000
Equipment and furniture	148,225	-	(57,551)	90,674
Vehicles	331,145	-	(77,207)	253,938
subtotal	<u>950,723</u>	<u>-</u>	<u>(134,758)</u>	<u>815,965</u>
<i>Accumulated depreciation</i>	<u>(579,104)</u>	<u>(54,044)</u>	<u>134,758</u>	<u>(498,390)</u>
Total capital assets, net	<u>\$ 26,950,365</u>	<u>\$ (54,044)</u>	<u>\$ (14,699,046)</u>	<u>\$ 12,197,275</u>

See Note 15 in regards to the land value adjustment.

**Note 6 - Payables**

At June 30, 2009, accounts payable and accrued liabilities as reported in the statement of net assets consist of the following:

Consultants and professionals	\$ 121,954
Contractor	15,697
Employee benefits	6,720
Utilities	3,365
Vehicle gasoline	1,484
Insurance	4,503
Office supplies	1,637
Maintenance supplies	12,350
Other vendors	10,453
	<u>\$ 178,163</u>

**CITY OF DEL REY OAKS**  
**Notes to Financial Statements**  
**June 30, 2009**

**Note 7 - Long Term Obligations**

The following summarizes the changes in long term obligations for the year:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
City of Monterey note	\$ 97,516	\$ -	\$ (63,886)	\$ 33,630	\$ 33,630
Capital leases	45,180	-	(18,401)	26,779	19,467
Long term payables	59,334	-	-	59,334	-
Developer payables	770,478	-	-	770,478	-
Compensated absences	26,376	-	-	26,376	-
	<u>\$ 998,884</u>	<u>\$ -</u>	<u>\$ (82,287)</u>	<u>\$ 916,597</u>	<u>\$ 53,097</u>

City of Monterey Note

Promissory note due to the City of Monterey for fire protection services from July 2002 to December 2003, due in semi-annual payment of \$34,807, interest at 7% per annum, final maturity in 2009. Future debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2010	<u>\$ 33,630</u>	<u>\$ 1,177</u>	<u>\$ 34,807</u>

Capital Leases

Two capital lease agreements in 2007, due in annual payments of \$21,004, interest at 6% per annum, final maturity in 2011, secured by two vehicles. Future debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2010	\$ 19,467	\$ 1,537	\$ 21,004
2011	7,312	410	7,722
	<u>\$ 26,779</u>	<u>\$ 1,947</u>	<u>\$ 28,726</u>

Long Term Payables

Noncurrent accounts payable in the amount of \$59,334 represent start up costs incurred in the formation of the City's redevelopment agency. The creditor consultants have agreed to accept payment of their fees when incremental property tax revenues are received or revenue is received from the sale of agency owned real estate.

Developer Payables and Receivables

The City's redevelopment agency entered into an option agreement to sell its land situated on the former Fort Ord Army Base to a developer. The agreement has had several date extensions, and as of November 20, 2009, the developer had defaulted on the option agreement terms. The agreement calls for several provisions of loans, and repayment of loans, between the parties.

The \$770,478 loan to the agency from the developer as part of the option agreement, along with a \$50,000 advance from the developer to the agency to pay for developer consultant fees, may not require repayment by the agency due to the option agreement default by the developer. Consequently a future debt repayment schedule cannot be determined. Additionally, due to the option agreement default, and current economic climate, the agency may not be able to collect the \$389,064 it is due from the developer. The \$287,128 in deferred revenue is a contra account to the developer receivable. The City should know the status of the option agreement by June 30, 2010.

**CITY OF DEL REY OAKS**  
**Notes to Financial Statements**  
**June 30, 2009**

**Note 8 - Interfund Transactions**

Due to/from other funds

The City loaned the agency start up money in 1999 with continuing advances over the years. Terms of the loan agreement call for interest accruals at a rate equal to the investment rate of return that LAIF pays to its participants. Repayment of the loan is expected to be made from future incremental property tax revenues as land within the RDA project area is developed. Consequently a future debt repayment schedule cannot be determined. At June 30, 2009 the combined principal and accrued interest balance was \$521,194.

Interfund loans

In fiscal year 2007-2008 the agency loaned the City \$700,000 with proceeds received, "developer loan considerations," as part of an option agreement to sell its land situated on the former Fort Ord Army Base. No provision for terms of repayment or accrued interest has been agreed upon. During the 2008-2009 fiscal year, the City paid down the outstanding loan balance to \$620,000 as of June 30, 2009.

**Note 9 - Designations of Fund Balances**

The difference between assets and liabilities of governmental funds is reported as fund balance, which is divided into *reserved* and *unreserved* components, with *unreserved* representing amounts considered available for new spending. *Unreserved fund balance* may be further divided into *designated* and *undesignated* portions. Designations represent management's *self imposed* intended future use of available resources (i.e., contingencies, equipment replacement) and generally reflect actual plans approved by the City Council or senior management. Reservations of fund balance are intended to reflect *demands or limitations* on net current financial resources.

**Note 10 - Defined Benefit Pension Plan**

Plan Description

All eligible full-time employees participate in the City's defined benefit pension plan, administered through the California Public Employee's Retirement System, which provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The California Public Employees' Retirement System (CalPERS) is an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provision as well as other requirements is established by State statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefits menu by contract with CalPERS and adopts those benefits through local resolution (other local methods). CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California, 95814.

Funding Status and Progress

Non-public safety participants are required to contribute 7% of their annual covered salary, while public safety employees are required to contribute 7% of their annual covered salary. The City contributes 5% of the employee's 7% share of the contributions required of City employees on their behalf and for their account. The City's required contribution is based upon an actuarially determined rate. The current 2008-2009 fiscal year rate was 7.529% for non-public safety employees (miscellaneous plan) and 24.676% for public safety employees (safety plan), of annual covered payroll. The contribution requirements of plan members, and the City, are established annually and may be amended by CalPERS.

**CITY OF DEL REY OAKS**  
**Notes to Financial Statements**  
**June 30, 2009**

**Note 10 - Defined Benefit Pension Plan (continued)**

Annual Pension Cost

The City's annual pension cost of \$167,768 for CalPERS was equal to the City's required and actual employer contributions of \$117,119, and the employee share of \$50,649. The required contribution was determined as part of the June 30, 2006 actuarial valuation using the entry age normal actuarial cost method.

The actuarial assumptions included:

- a 7.75% investment rate of return (net of administrative expenses).
- projected salary increases of 3.25% to 14.45% depending on age, service, and type of employment.
- an inflation rate of 3.0%.
- a payroll growth rate of 3.25%.
- individual salary growth - a merit scale varying by duration of employment coupled with an assumed annual inflation growth rate of 3.00% and an annual production growth of 0.25%.

The actuarial value of CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period (smoothed market value). The 'Schedule of Funding Progress' shows that both plans were underfunded as of June 30, 2008. Information for the year ending June 30, 2009 has not been released by the Plan Actuary.

The contribution rate for normal cost is determined using the entry-age normal actuarial cost method, a projected benefit cost method. It takes into account those benefits that are expected to be earned in the future as well as those already accrued. Significant actuarial assumptions used in the 2007 and 2008 valuations to compute the actuarially determined contribution requirement are the same as those used to compute the pension benefit obligation as described above.

Historical Trend Information

Three-year trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due.

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2007	\$ 129,815	100%	\$-0-
6/30/2008	\$ 147,925	100%	\$-0-
6/30/2009	\$ 167,768	100%	\$-0-

**Note 11 - Risk Management**

The City is exposed to various risks of loss related to torts, thefts, damage and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City is a member of Monterey Bay Area Self Insurance Authority (MBASIA, the Authority), a public entity risk pool currently operating as a common risk management and insurance program for ten member cities. The relationship between the City and MBASIA is such that the Authority is not a component unit of the City for financial reporting purposes.

**CITY OF DEL REY OAKS**  
**Notes to Financial Statements**  
**June 30, 2009**

**Note 11 - Risk Management (continued)**

MBASIA is governed by a board or directors consisting of representatives from member cities. The board controls the operations of the Authority, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the board. Each member pays a premium based on factors determined by the board. Below is condensed financial information of the MBASIA for the fiscal year ended June 30, 2008, the most recent information available at the time of printing of this report:

Total Assets	\$14,373,266	Total Operating Revenues	\$ 3,940,726
Total Liabilities	<u>21,203,633</u>	Total Operating Expenditures	(5,917,389)
Net Assets (Deficit)	<u><u>\$ (6,830,367)</u></u>	Other Revenues (Expenses)	449,865
		Change in Net Assets	<u><u>\$ (1,526,798)</u></u>

**Note 12 - Contingent Liabilities and Commitments**

The City participates in a number of State and federally assisted grant programs. These programs are subject to program compliance audits by the grantors and/or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

In 2005 the Fort Ord Reuse Authority (FORA) financed the purchase of Pollution Legal Liability insurance at a cost of \$6,000,000 on behalf of local jurisdictions who will receive a portion of the former Fort Ord Army Base property. The City and agency's share of annual loan repayments are \$256,023 (principal and interest) commencing on July 15, 2005 and ending July 15, 2011. As part of the land sale/purchase option agreement between a developer and the agency, the developer agreed to take over the repayment obligation of the agency to FORA. The developer defaulted on its July 15, 2009 payment, consequently the City and agency made the payment.

**Note 13 - New Pronouncements**

The GASB issued Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions," which provides guidance on all aspects of "OPEB" reporting by employers. The City's required implementation of this new reporting requirement is for the fiscal year 2009-2010.

The GASB issued Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," issued in March 2009, initially distinguishes fund balance between amounts that are considered nonspendable, such as fund balance associated with long-term notes receivable or inventory, and other amounts that are classified as spendable based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts will be reported in the following classifications:

- Restricted - amounts that can be spent only for the *specific purposes* stipulated by constitution, external resource providers, or through enabling legislation.
- Committed - amounts that can be used only for the *specific purposes* determined by a formal action of the government's highest level of decision-making authority.
- Assigned - amounts intended to be used by the government for *specific purposes* but do not meet the criteria to be classified as restricted or committed.

**CITY OF DEL REY OAKS**  
**Notes to Financial Statements**  
**June 30, 2009**

**Note 13 - New Pronouncements (continued)**

- Unassigned - the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

The new standard also clarifies the definitions of individual governmental fund types. It also specifies how economic stabilization or "rainy day" amounts should be reported. Because of the specific nature of these accounts, the statement considers stabilization amount as *specific purposes*.

Stabilization amounts should be reported in the general fund as restricted or committed if they meet the appropriate criteria. Only if the resources in the stabilization arrangement derive from a restricted or committed revenue source could a stabilization fund be reported as a special revenue fund.

The definitions of the general fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type are clarified by this statement. The capital projects fund type was clarified for better alignment with the needs of financial statement users and prepares. Definitions are as follows:

- General fund - account for and report all financial resources and uses not accounted for and reported in another fund.
- Special revenue funds - account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.
- Capital projects funds - account for and report financial resources that are restricted, committed, or assigned to the expenditure for capital outlays, including the acquisition of construction of capital facilities and other capital assets.
- Debt service funds - account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.
- Permanent funds - account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs, that is, for the benefit of the government or its citizenry.

The requirements of this statement are effective for fiscal periods beginning after June 15, 2010 with earlier implementation encouraged.

**Note 14 - Prior Period Adjustment**

In prior years the City and agency reported noncurrent receivables and payables on the governmental funds balance sheet which does not meet the *measurement focus* and *basis of accounting* requirements under the *modified accrual basis of accounting*. These accounts have been removed from the governmental funds balance sheet with an adjustment to the statement of net assets.

**CITY OF DEL REY OAKS**  
**Notes to Financial Statements**  
**June 30, 2009**

**Note 15 - Land Value Adjustment**

The capital assets not being depreciated consist of two donated parcels of undeveloped land.

Parcel 1 consists of approximately 17.7 acres of undeveloped land located on Canyon Del Rey Road. Valuation used when received in 2000 was \$145,860 per acre, of the useable 15.7 acres, based upon a formal appraisal.

Parcel 2 consists of approximately 324 acres on what was the former Fort Ord Army Base. Valuation used when received in 2005 was \$75,000 per acre based upon an informal estimate of comparable values of undeveloped land nearer to the ocean.

Since that time, land values of similar undeveloped land parcels in the Monterey area have substantially declined to an estimated value of between \$25,000 and \$50,000 per acre based upon the professional opinion of a California licensed real estate broker. As a result, the City Council has approved a *mark down to market value*, to \$35,000 per acre for the 15.7 useable acre land parcel, and \$35,000 per acre for the former Fort Ord Army Base land parcel, resulting in a total mark down adjustment of \$14,699,046, which is recognized in the current year's statement of activities on page 4.

	<u>Donated Value</u>	<u>Mark Down</u>	<u>Market Value</u>
Land - 17.7 acres	\$ 2,299,746	\$ (1,750,246)	\$ 549,500
Land - 323.72 acres	24,279,000	(12,948,800)	11,330,200
	<u>\$ 26,578,746</u>	<u>\$ (14,699,046)</u>	<u>\$ 11,879,700</u>

***REQUIRED SUPPLEMENTARY INFORMATION***

**CITY OF DEL REY OAKS**  
**Schedule of Funding Progress**  
**Defined Benefit Pension Plan**  
**Year Ended June 30, 2009**

**Pooled Report Format**

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.

<b>Miscellaneous Plan - 2% at 60 Risk Pool</b>	<b>Actuarial Valuation Date - Year Ended</b>		
	<b>June 30, 2006</b>	<b>June 30, 2007</b>	<b>June 30, 2008</b>
Accrued Liabilities (AL)	\$ 478,122,215	\$ 498,934,859	\$ 532,483,463
Actuarial Value of Assets (AVA)	\$ 454,602,459	\$ 479,520,670	\$ 513,147,099
Unfunded Liabilities (UL)	\$ 23,519,756	\$ 19,414,189	\$ 19,336,364
Funded Ratio (AVA/AL)	95.1%	96.1%	96.4%
Annual Covered Payroll	\$ 170,458,082	\$ 171,052,819	\$ 183,387,608
UL As a % of Payroll	13.8%	11.3%	10.5%
<b><u>Safety Plan - 2% at 55 Risk Pool</u></b>			
Accrued Liabilities (AL)	\$ 80,120,356	\$ 77,117,539	\$ 69,011,153
Actuarial Value of Assets (AVA)	\$ 73,620,920	\$ 69,523,793	\$ 62,163,959
Unfunded Liabilities (UL)	\$ 6,499,436	\$ 7,593,746	\$ 6,847,194
Funded Ratio (AVA/AL)	91.9%	90.2%	90.1%
Annual Covered Payroll	\$ 25,907,168	\$ 22,403,563	\$ 21,538,000
UL As a % of Payroll	25.1%	33.9%	31.8%

*Note - Details of the defined benefit pension plan can be found in Note 10 of the financial statements. Information for the year ending June 30, 2009 has not been released by the Plan Actuary.*

**CITY OF DEL REY OAKS**  
**Budgetary Comparison Information**  
**General Fund**  
**Year Ended June 30, 2009**

Resources (Inflows)	Budget Amounts		Actual Amounts	Favorable (Unfavorable) Variance with Budget
	Original	Final		
Property taxes	\$ 569,500	\$ 566,585	\$ 556,619	\$ (9,966)
Sales tax	742,700	751,500	686,117	(65,383)
Franchise fees	75,000	85,700	71,912	(13,788)
Gasoline tax	31,000	41,000	33,849	(7,151)
Other taxes	2,000	13,400	13,266	(134)
Licenses and permits	142,600	132,310	166,749	34,439
Fines and forfeitures	14,000	17,900	7,948	(9,952)
Investment earnings	12,000	17,500	13,040	(4,460)
Intergovernmental	958,434	111,850	530,364	418,514
Use of property - parks	28,000	24,100	27,814	3,714
Loan repayments (CDBG notes)	-	52,653	64,068	11,415
Other revenue	125,700	82,540	74,858	(7,682)
Transfers in	-	-	-	-
Amounts available for appropriation	<u>2,700,934</u>	<u>1,897,038</u>	<u>2,246,604</u>	<u>349,566</u>
<b>Charges to Appropriations (Outflows)</b>				
Salaries and benefits	1,255,601	1,253,700	1,244,229	9,471
Supplies	58,000	58,300	59,883	(1,583)
Utilities and services	89,351	116,775	97,731	19,044
Printing and publications	7,000	9,925	8,464	1,461
Outside services	119,940	168,044	137,046	30,998
Vehicle operations	50,000	61,800	47,460	14,340
Fire protection contract	100,000	83,000	69,693	13,307
Streets	19,900	19,050	16,429	2,621
Other expenditures	3,693	5,000	6,699	(1,699)
Debt service (fire note & leases)	113,282	84,243	90,995	(6,752)
Capital improvement projects	883,634	-	15,962	(15,962)
Transfers out	-	-	-	-
Total charges to appropriations	<u>2,700,401</u>	<u>1,859,837</u>	<u>1,794,591</u>	<u>65,246</u>
<b>Surplus (Deficit)</b>	<u>\$ 533</u>	<u>\$ 37,201</u>	<u>\$ 452,013</u>	<u>\$ 414,812</u>