



# CITY OF DEL REY OAKS

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

**REGULAR MEETING AGENDA OF THE CITY OF DEL REY OAKS  
FINANCE COMMITTEE  
FRIDAY JANUARY 12, 2024, AT 12:00 PM**

**MEETING IS HELD IN PERSON AT  
650 CANYON DEL REY RD.  
DEL REY OAKS**

- 1. CALL TO ORDER**
- 2. PUBLIC COMMENTS:** General Public Comment must deal with matters subject to the jurisdiction of the City and the Committee that are not on the Agenda. Anyone wishing to address the Finance Committee on matters not appearing on the Agenda may do so now. The public may comment on any other matter listed on the Agenda at the time the matter is being considered. *There will be a time limit of not more than three minutes for each speaker. No action will be taken on matters brought up under this item and all comments will be referred to staff.*
- 3. Receive December 2023 Preliminary Financial Reports**
- 4. Consider FY 2022-23 Audit Report**
- 5. ADJOURNMENT**



# CITY OF DEL REY OAKS

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

## Staff Report

### General Fund

**DATE:** January 12, 2023

**TO:** Honorable Mayor and Members of the Budget and Finance Committee

**FROM:** John Guertin, City Manager

**SUBJECT:** Receive December 2023 Financial Reports

**CEQA:** This action does not constitute a “project” as defined by the California Environmental Quality Act (CEQA) guidelines section 15378 as it is an administrative activity of the City that will not result in direct or indirect physical changes in the environment.

### Consideration

Receive financial reports for the month of December 2023.

### Background

The Budget and Finance Committee routinely receives financial reports for the previous month.

### Summary & Discussion

Attached are the December 2023 financial reports.

- December 2023 Cash Balances – The report shows where the City’s funds are invested. The City continue to have a healthy cash balance \$13,458,163 of which \$4,799,220 are unrestricted.
- December 2023 Checks Issued Register –This is a listing of all the payments issued during the month. The total checks issued of \$67,867.
- December 2023 General Fund Summary – This is a one-page summary of the General Fund, the City’s main operating fund. For the month of December, the General Fund shows revenue of \$734,450. As of 12/31/2023 the General Fund shows an operating surplus of \$482,962. At 50% of the year (6 months) the revenues are slightly higher at 53.28% due to the receipt of Property Taxes and the expenditures are at 43.01% of the budget.
- December 2023 YTD Budget v. Actual Detail – This report shows the line-item detail for all revenues and expenditures by fund and department.

**Fiscal Impacts**

None. This is informational only.

**Recommendation**

Staff recommends receiving the reports.

**ATTACHMENTS:**

- December 2023 Cash and Investment
- December 2023 Checks Register
- December 2023 General Fund Summary
- December 2023 YTD Budget v. Actual Detail

Respectfully Submitted,

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John Guertin  
City Manager

**City of Del Rey Oaks**  
**Summary of Cash & Investments**  
**As of 12/31/2023**

Accounts

Unrestricted

General Checking	\$ 916,027.36	
Local Agency Investment Fund		
Reserve for Economic Uncertainties	1,652,182.00	3.843%
Unappropriated Funds	2,231,010.49	3.843%
Total Unrestricted	<u>4,799,219.85</u>	

Restricted

PARS	324,899.52	
Dev - Monterey Peninsula Partner	9,062.62	
Fidelity Title Escrow Acct - GJM/SBR Intersection	1,056,168.00	
Fidelity Title Escrow Acct - SBR Construction	7,268,813.00	
Total Restricted	<u>8,658,943.14</u>	

<b>Total Cash and Investments</b>	<b><u><u>\$ 13,458,162.99</u></u></b>	
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**City of Del Rey Oaks**  
**Check/Voucher Register**  
**From 12/01/2023 Through 12/31/2023**

Check Number	Payee	Transaction Description	Check Amount
21769	A.F. Electric	#14954 Park restrooms lighting	235.00
21770	AFLAC	Acct #QAE62 November 2023 Monthly Premium	381.70
21771	AMERICAN LOCK & KEY	Inv #1-2353 Supplies	117.99
21772	AT&T MOBILITY	Acct #287290891231 - Mobile Service Period 12-03-23 to 01-02-24	613.80
21773	CALIFORNIA BUILDING STANDARDS COMMISSION	California Building Standards Commission - Fee 063023	29.27
21774	California Peace Officers Association	Inv #423540 Webinar	175.00
21775	CoPower	ID #145153 - January 2024 Dental Coverage	2,177.32
21776	COMCAST BUSINESS	Acct #8155100280008479 Internet Service Period 12-10-23 to 01-09-24	378.31
21777	CORELOGIC SOLUTIONS, LLC.	Acct #2010705640RR681524- November 2023 Data Search Service	154.50
21778	CRITICAL REACH INC	Inv #3164 - 2024 APBnet Annual Support Fee	325.00
21779	DENISE DUFFY & ASSOCIATES	#8898 DRO - Housing Element, Reimbursable Direct Cost.	3,889.25
21780	Dooley Enterprises, Inc.	Inv #66914 - PD Supplies	3,905.89
21781	Express Services, Inc	Acct #20340225 - Admin Assistant - 11-26-23	165.00
21782	Government Forms & Supplies	Inv #0344499 - Office Supplies	131.12
21783	G.P.S. SOLUTIONS	#75 November 2023 - Building, Plumbing Permits, Plan Check Fees	7,969.45
21784	HOME DEPOT CRC	1270645 - Supplies	163.16
	HOME DEPOT CRC	9271160 - Supplies	124.87
21785	Leigh Fitz	L. Fitz ER - Wellness Program	222.00
21786	Monterey County Peace Officers	2023058R - August 2023 - Shooting Range Use	280.00
	Monterey County Peace Officers	202308iR - November 2023 - Shooting Range Use	280.00
21787	MONTEREY BAY TECHNOLOGIES	#236120 - December 2023 IT Services	1,800.00
21788	MONTEREY COUNTY WEEKLY CLASSIFIEDS	105-060200-00001 Notice Sealed Bids for Fire Prevention Program	519.75
	MONTEREY COUNTY WEEKLY CLASSIFIEDS	106-060200-00001 Notice of Public Hearing	173.25
21789	MONTEREY ONE WATER	Acct #09-000306 Sewer Service Period 11-01-23 to 12-31-23	81.02
21790	MONTEREY PENINSULA AIRPORT DISTRICT	0147404-IN Diesel Usage 05/31/23	197.39
21791	ODP Business Solutions, LLC	275041604001 - Office Supplies	53.58
	ODP Business Solutions, LLC	286244035001 - Office Supplies	56.34
	ODP Business Solutions, LLC	322589108001 - Office Supplies	21.99
	ODP Business Solutions, LLC	342392586001 - Supplies	119.69
	ODP Business Solutions, LLC	342765126001 Supplies	8.27
	ODP Business Solutions, LLC	342765146001 - Supplies	4.16
	ODP Business Solutions, LLC	343530670001 - Supplies	72.03
	ODP Business Solutions, LLC	343567226001 - Office Supplies	61.16
21792	PG&E	Acct #4283033409-2 PGE Service Period 10-23-23 to 11-20-23	2,036.07
21793	Pitney Bowes Global Financial Services LLC	Acct #3106401733 - Meter Lease Quarterly	169.79
21794	PROAC LEGAL DEFENSE FUND	Acct #3162 Legal Defense Fund Dues Sept 2023-January 2024	2,039.40
21795	Peace Officers Research Association of California	425218 - Acct #3162 Quarterly Member Dues	767.00
	Peace Officers Research Association of California	Acct #3163- Quarterly Membership Dues for Reserve POA	72.00
21796	PURE WATER	Inv #425570 - Supplies	34.75
21797	ROGER GUZMAN	R. Guzman ER 12112023 - Travel Expenses	734.00
21798	TERMINIX	Acct #6099531 - November 2023 - Pest Control	102.00
21799	THE MAYNARD GROUP	#IN2041156 - November 2023 Telecommunication Service	67.00
21800	UNITED SITE SERVICES	INV-02148362 - November 2023 Service	81.76
	UNITED SITE SERVICES	INV-4006024 -November 2023 DRO Park Service Supplies	682.52
21801	US Bank Equipment Finance	Acct #500-0673430 December 2023 Konica Minolta Copier	428.84
21802	Verizon	Acct #342533778-00001 - Mobile Service Period 10-24-23 to 11-23-23	80.02
121223	PERS	CalPERS 1900 457 (12/08) Contribution 12/15/23	2,300.00
pers 121223-:	PERS	PERS 3100 Contribution Retirements 11/18-12/01/23 -Plan 1365	4,713.68
pers 121223-:	PERS	PERS 3100 Contribution Retirement 11/18-12/01/23 -Plan 25623	3,857.70
pers 121223-:	PERS	PERS 3100 Contribution Retirement 11/18-12/01/23 -Plan 1364	549.68
pers 121223-:	PERS	PERS 3100 Contribution Retirement 11/18-12/01/23 -Plan 26934	781.45
pers-111723	PERS	PERS 3100 Contribution Retirement 11/04-11/17/23 --Plan 1364	542.46
	PERS	PERS 3100 Contribution Retirement 11/04-11/17/23 -Plan 25623	3,816.05
	PERS	PERS 3100 Contribution Retirement 11/04-11/17/23 -Plan 26934	815.88
	PERS	PERS 3100 Contribution Retirements 11/4-11/17823 -Plan 1365	4,387.29
pers-111723-:	PERS	CalPERS 1900 457 (11/17) Contribution 11/30/2023	2,300.00
PERS122223	PERS	PERS 3100 Contribution Retirement 12/02-12/15/23 -Plan 1364	556.90
	PERS	PERS 3100 Contribution Retirement 12/02-12/15/23 -Plan 26934	781.45
	PERS	PERS 3100 Contribution Retirement 12/2-12/15/23 -Plan 25623	3,799.26
	PERS	PERS 3100 Contribution Retirements 12/2-12/15/23 -Plan 1365	4,182.89
PERS122223-:	PERS	CalPERS 1900 457 (12/22) Contribution 12/31/23	2,300.00

**Total**

**67,867.10**

City of Del Rey Oaks  
**Statement of Revenues and Expenditures-General Fund Summary**  
**100 - General Fund**

From 12/1/2023 Through 12/31/2023

	FY 2024 Budget - Revised	December 2023 Actual	FY 2024 YTD Actual	Percent Collected/Spent
<b>Revenue</b>				
Property Taxes	767,700.00	455,472.24	455,472.24	59.32%
Sales Tax	1,313,000.00	101,025.44	719,650.87	54.80%
Other Taxes	487,500.00	19,258.12	257,188.01	52.75%
Licenses and Permits	286,300.00	7,519.94	93,922.63	32.80%
Fines and Forfeitures	10,200.00	875.90	6,364.90	62.40%
Other Revenue	12,200.00	325.19	67,993.91	557.32%
Grants	264,520.00	15,016.74	208,616.53	78.86%
Airport Police Services	1,376,500.00	110,457.00	552,285.00	40.12%
Current Services	186,700.00	24,499.58	145,009.40	77.66%
<b>Total Revenue</b>	<u>4,704,620.00</u>	<u>734,450.15</u>	<u>2,506,503.49</u>	<u>53.28%</u>
<b>Expenditures</b>				
Council	32,200.00	1,058.08	9,047.73	28.09%
City Clerk	443,900.00	15,699.02	195,325.26	44.00%
City Manager	318,300.00	16,382.95	146,235.02	45.94%
Audit/Treasurer	288,100.00	218.46	133,831.33	46.45%
Legal	201,500.00	693.00	41,374.88	20.53%
Planning & Building Regulation	105,400.00	7,969.45	50,279.25	47.70%
Government Buildings	19,100.00	102.00	1,010.00	5.28%
Non-Departmental	42,700.00	29.27	22,210.76	52.01%
Police	2,668,790.00	126,480.64	1,225,317.42	45.91%
Fire/Animal Control	227,600.00	0.00	56,878.75	24.99%
Public Works/Streets	313,530.00	9,994.48	126,140.02	40.23%
Parks/Recreation	43,500.00	917.52	15,891.39	36.53%
<b>Total Expenditures</b>	<u>4,704,620.00</u>	<u>179,544.87</u>	<u>2,023,541.81</u>	<u>43.01%</u>
Net Revenues	0.00	554,905.28	482,961.68	0.00%
<b>Other Financing Sources and Uses</b>				
<b>Uses</b>				
Transfers Out to CIP	(193,900.00)	0.00	0.00	0.00%
<b>Total Uses</b>	<u>(193,900.00)</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00%</u>
<b>Total Other Financing Sources and Uses</b>	<u>(193,900.00)</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00%</u>
<b>Net Revenues After Other Financing Sources and Uses</b>	<u>(193,900.00)</u>	<u>554,905.28</u>	<u>482,961.68</u>	<u>(249.07)%</u>

**City of Del Rey Oaks**  
**Statement of Revenues and Expenditures-YTD Budget v. Actual Detail**

**100 - General Fund**  
From 12/1/2023 Through 12/31/2023

		FY 2024 Budget - Revised	December 2023 Actual	FY 2024 YTD Actual	Percent Collected/Used
Revenue					
Non Department Specific	000				
P/T-Secured	41110	531,000.00	313,327.40	313,327.40	59.00%
P/T-Unsecured	41120	24,500.00	26,962.16	26,962.16	110.04%
P/T-Prior Secured	41130	6,100.00	6,028.38	6,028.38	98.82%
Prior Unsecured	41140	100.00	0.00	0.00	0.00%
P/T-Unitary Tax	41150	10,000.00	5,981.99	5,981.99	59.81%
P/T-Supplemental Roll (SB813)	41160	12,200.00	7,379.20	7,379.20	60.48%
Property Tax - VLF	41170	183,000.00	95,158.50	95,158.50	51.99%
Prop Tax-Interest/Penalty	41180	800.00	634.61	634.61	79.32%
Sales Tax	42210	470,000.00	34,532.86	244,939.95	52.11%
Sales Tax - 145 (Measure S-1%)	42220	562,000.00	43,456.99	316,060.92	56.23%
Sales Tax -409 (Measure R 1/2%)	42221	281,000.00	23,035.59	158,650.00	56.45%
Cannabis Tax	42222	99,000.00	15,088.84	68,448.44	69.13%
Transient Occupancy Tax	42230	190,000.00	349.25	116,675.04	61.40%
Property Transfer Tax	42250	5,000.00	3,820.03	8,124.33	162.48%
Sewer Impact	42290	15,000.00	0.00	0.00	0.00%
Business Licenses	42310	210,000.00	304.00	54,729.47	26.06%
Gas Franchises	42761	8,000.00	0.00	0.00	0.00%
Electric Franchises	42762	21,500.00	0.00	0.00	0.00%
Garbage Franchises	42763	100,000.00	0.00	51,487.18	51.48%
Cable Tv Franchises	42764	26,000.00	0.00	12,453.02	47.89%
Water Franchises	42765	23,000.00	0.00	0.00	0.00%
SB1186 Disability Access Fund	43311	1,000.00	16.00	410.00	41.00%
SB1473 Environmental Assessment Fee	43312	100.00	32.50	55.80	55.80%
Building Permits	43320	40,000.00	5,255.26	17,997.32	44.99%
Cannabis Business Permit	43325	10,000.00	0.00	4,000.00	40.00%
Plan Check Fees	43330	17,000.00	1,303.18	12,690.04	74.64%
Street Opening Permits Fees	43340	5,000.00	500.00	2,950.00	59.00%
Plumbing Permits	43350	1,600.00	125.00	1,125.00	70.31%
Electrical Permits	43360	1,600.00	0.00	375.00	23.43%
Other Licenses/Permits	43390	1,000.00	0.00	0.00	0.00%
Fines & Forfeitures	45000	200.00	294.90	1,289.90	644.95%
Vehicle Code Fines	45510	5,000.00	250.00	1,164.00	23.28%
Parking and Admin Fines	45512	5,000.00	331.00	3,911.00	78.22%
Interest Earned	46100	10,000.00	0.00	64,684.76	646.84%
Interest Earned-PARS	46101	0.00	0.00	1,971.49	0.00%
Rental Income - Garden Center	46815	36,000.00	3,000.00	20,000.00	55.55%
Rental Income - Airport RV	46816	35,000.00	4,377.08	23,317.47	66.62%
Rental Income - PW Bldg (CHC Enterprise)	46817	24,000.00	2,000.00	8,000.00	33.33%
HOPTR	47130	1,200.00	309.19	309.19	25.76%
COPS	47240	165,200.00	8,333.33	136,158.98	82.42%
AMBAG REAP Grant - Housing Element	47241	0.00	0.00	20,980.25	0.00%
HCD LEAP Grant - Housing Element	47242	0.00	0.00	18,226.50	0.00%
SB1383 Organics Recycling	47243	9,000.00	4,957.78	4,957.78	55.08%
Prop 172	47750	25,000.00	1,725.63	9,276.37	37.10%
Wellness Program	47760	7,500.00	0.00	7,500.00	100.00%

**City of Del Rey Oaks**  
**Statement of Revenues and Expenditures-YTD Budget v. Actual Detail**

**100 - General Fund**  
From 12/1/2023 Through 12/31/2023

		FY 2024 Budget - Revised	December 2023 Actual	FY 2024 YTD Actual	Percent Collected/Used
Police Grants & Other Reimbursements	47780	5,000.00	0.00	5,982.87	119.65%
POST Reimbursements	47781	3,000.00	0.00	5,533.78	184.45%
DEA Reimbursements	47782	44,000.00	0.00	0.00	0.00%
Grant Other Agencies	47783	5,820.00	0.00	0.00	0.00%
Police Service Fees	48210	1,000.00	0.00	607.00	60.70%
Police Services-Special Events	48211	48,000.00	11,312.50	17,687.50	36.84%
Public Events	48212	5,000.00	0.00	7,500.00	150.00%
Use Permits	48805	20,000.00	710.00	15,085.89	75.42%
Maps/Publications	48810	100.00	0.00	0.00	0.00%
Property Inspections	48825	4,500.00	250.00	1,000.00	22.22%
Miscellaneous Revenue	48840	10,000.00	2,750.00	49,462.32	494.62%
Rental - Park	48910	3,100.00	100.00	2,349.22	75.78%
Miscellaneous Refunds	48930	0.00	0.00	618.47	0.00%
<b>Total Non Department Specific</b>		<u>3,328,120.00</u>	<u>623,993.15</u>	<u>1,954,218.49</u>	<u>58.72%</u>
Police	210				
Airport Police Services	48220	<u>1,376,500.00</u>	<u>110,457.00</u>	<u>552,285.00</u>	<u>40.12%</u>
<b>Total Police</b>		<u>1,376,500.00</u>	<u>110,457.00</u>	<u>552,285.00</u>	<u>40.12%</u>
<b>Total Revenue</b>		<u><u>4,704,620.00</u></u>	<u><u>734,450.15</u></u>	<u><u>2,506,503.49</u></u>	<u><u>53.28%</u></u>

Expense

Council	110				
Council Member Stipend	61115	7,500.00	625.00	2,022.31	26.96%
Medicare-ER	61130	200.00	9.06	54.36	27.18%
Social Security-ER	61131	500.00	38.75	232.50	46.50%
Unemployment Ins-Fed & State	61132	100.00	3.75	22.50	22.50%
Dental Expense	61135	11,400.00	381.52	2,418.63	21.21%
Materials/Supply	62410	0.00	0.00	100.00	0.00%
Membership Dues-Professional Org	64550	4,000.00	0.00	340.35	8.50%
Strategic Planning	64570	5,000.00	0.00	0.00	0.00%
Travel Expenses	64610	<u>3,500.00</u>	<u>0.00</u>	<u>3,857.08</u>	<u>110.20%</u>
<b>Total Council</b>		<u>32,200.00</u>	<u>1,058.08</u>	<u>9,047.73</u>	<u>28.10%</u>
City Clerk	111				
Payroll	61105	149,600.00	11,171.22	69,222.14	46.27%
Temp Payroll	61107	10,000.00	0.00	0.00	0.00%
Overtime	61110	20,000.00	380.25	2,765.72	13.82%
PERS UAL	61124	36,900.00	0.00	36,879.00	99.94%
PERS Retirement	61125	13,800.00	1,417.37	5,874.82	42.57%
Medicare-ER	61130	2,200.00	167.50	1,038.35	47.19%
Unemployment Ins-Fed & State	61132	200.00	0.00	0.00	0.00%
Dental Expense	61135	3,200.00	190.76	1,144.56	35.76%
Health Insurance	61140	60,500.00	(36.42)	18,284.05	30.22%
Health Insurance -Retiree	61141	1,800.00	0.00	0.00	0.00%
Vision Ins	61145	500.00	0.00	155.96	31.19%
Workers Comp and EAP	61150	9,100.00	0.00	4,844.48	53.23%
Wellness Program	61155	1,000.00	222.00	971.20	97.12%
Materials/Supply	62410	16,300.00	119.43	1,933.30	11.86%
Office Supplies	62430	11,200.00	215.28	2,438.09	21.76%
Repair/Maintenance	63505	3,000.00	0.00	597.23	19.90%
Other Outside Services	63508	0.00	598.63	2,341.41	0.00%
Shredding Services	63509	1,000.00	0.00	355.72	35.57%
Telephone	63530	7,700.00	33.50	3,843.14	49.91%
Website Design & Maintenance	63535	3,800.00	0.00	0.00	0.00%



**City of Del Rey Oaks**  
**Statement of Revenues and Expenditures-YTD Budget v. Actual Detail**

**100 - General Fund**  
From 12/1/2023 Through 12/31/2023

		FY 2024 Budget - Revised	December 2023 Actual	FY 2024 YTD Actual	Percent Collected/Used
Postage / Shipping	63540	4,000.00	0.00	1,126.20	28.15%
Training	63605	5,000.00	0.00	1,324.59	26.49%
Insurance-Liability	63620	17,370.00	0.00	8,684.57	49.99%
Insurance-Property	63621	230.00	0.00	1,264.14	549.62%
Contract Services - IT	63635	6,000.00	900.00	7,793.75	129.89%
HR Services-RGS	63652	31,500.00	0.00	0.00	0.00%
Temporary Assistance	63657	0.00	165.00	5,671.05	0.00%
Janitorial Services	63660	0.00	0.00	750.00	0.00%
Software/Server Subscription	64310	2,000.00	154.50	6,621.52	331.07%
Agenda Management System	64315	5,000.00	0.00	4,920.00	98.40%
Document Management System	64316	1,500.00	0.00	437.50	29.16%
Municipal Code Service	64320	10,000.00	0.00	1,097.25	10.97%
Membership Dues-Professional Org	64550	3,200.00	0.00	285.00	8.90%
Membership Dues-Government Agency	64552	1,300.00	0.00	650.00	50.00%
Printing / Publications	64575	2,000.00	0.00	1,233.38	61.66%
Travel Expenses	64610	0.00	0.00	602.35	0.00%
Furniture & Equipment	66300	3,000.00	0.00	174.79	5.82%
<b>Total City Clerk</b>		<b>443,900.00</b>	<b>15,699.02</b>	<b>195,325.26</b>	<b>44.00%</b>
<b>City Manager</b>	<b>120</b>				
Payroll	61105	192,500.00	15,548.80	99,288.73	51.57%
PERS UAL	61124	1,000.00	0.00	0.00	0.00%
PERS Retirement	61125	14,800.00	0.00	4,951.01	33.45%
Medicare-ER	61130	2,800.00	225.46	1,438.64	51.38%
Unemployment Ins-Fed & State	61132	100.00	0.00	0.00	0.00%
Dental Expense	61135	1,600.00	193.29	1,159.74	72.48%
Health Insurance	61140	30,200.00	0.00	15,601.55	51.66%
Vision Ins	61145	200.00	0.00	118.40	59.20%
Workers Comp and EAP	61150	11,700.00	0.00	6,025.74	51.50%
Wellness Program	61155	500.00	0.00	0.00	0.00%
Auto Allowance	61180	5,400.00	415.40	2,492.36	46.15%
Materials/Supply	62410	0.00	0.00	35.83	0.00%
Office Supplies	62430	1,500.00	0.00	605.48	40.36%
Insurance-Liability	63620	22,405.00	0.00	11,201.12	49.99%
Insurance-Property	63621	295.00	0.00	1,629.24	552.28%
Membership Dues-Professional Org	64550	0.00	0.00	300.00	0.00%
Books and Periodicals	64565	300.00	0.00	0.00	0.00%
Travel Expenses	64610	8,000.00	0.00	1,387.18	17.33%
Contingency	66905	25,000.00	0.00	0.00	0.00%
<b>Total City Manager</b>		<b>318,300.00</b>	<b>16,382.95</b>	<b>146,235.02</b>	<b>45.94%</b>
<b>Audit/Treasurer</b>	<b>130</b>				
ADP Payroll Fees	62310	3,500.00	0.00	2,882.15	82.34%
Bank Service Charges	62320	4,600.00	218.46	2,910.33	63.26%
Grant Writing Services	62327	30,000.00	0.00	0.00	0.00%
Accounting Software	62431	3,600.00	0.00	8,493.75	235.93%
Audit-Finance	63625	29,000.00	0.00	16,950.00	58.44%
Audit -Sales Tax	63626	5,000.00	0.00	0.00	0.00%
Actuarial Services	63627	4,500.00	0.00	0.00	0.00%
Accounting Services-RGS	63645	207,900.00	0.00	102,595.10	49.34%
<b>Total Audit/Treasurer</b>		<b>288,100.00</b>	<b>218.46</b>	<b>133,831.33</b>	<b>46.45%</b>
<b>Legal</b>	<b>150</b>				
Legal Services	63650	200,000.00	0.00	39,080.83	19.54%

**City of Del Rey Oaks**  
**Statement of Revenues and Expenditures-YTD Budget v. Actual Detail**

**100 - General Fund**  
From 12/1/2023 Through 12/31/2023

		FY 2024 Budget - Revised	December 2023 Actual	FY 2024 YTD Actual	Percent Collected/Used
Legal Advert	64560	1,500.00	693.00	1,834.11	122.27%
Misc Expenses	64580	0.00	0.00	459.94	0.00%
<b>Total Legal</b>		<b>201,500.00</b>	<b>693.00</b>	<b>41,374.88</b>	<b>20.53%</b>
<b>Planning &amp; Building Regulation</b>	<b>160</b>				
Economic Development Services	63639	20,000.00	0.00	0.00	0.00%
Planning Services	63640	40,000.00	0.00	9,800.00	24.50%
Contract Services - Housing Element	63642	0.00	0.00	12,845.90	0.00%
Building Inspections Services	63648	32,400.00	7,637.45	20,129.68	62.12%
Engineering Services	63649	5,000.00	0.00	3,629.25	72.58%
Code Enforcement Services	63656	5,000.00	332.00	954.50	19.09%
Travel Expenses	64610	3,000.00	0.00	2,919.92	97.33%
<b>Total Planning &amp; Building Regulation</b>		<b>105,400.00</b>	<b>7,969.45</b>	<b>50,279.25</b>	<b>47.70%</b>
<b>Government Buildings</b>	<b>180</b>				
Repair/Maintenance	63505	16,100.00	0.00	204.00	1.26%
Other Outside Services	63508	0.00	102.00	306.00	0.00%
Janitorial Services	63660	3,000.00	0.00	500.00	16.66%
<b>Total Government Buildings</b>		<b>19,100.00</b>	<b>102.00</b>	<b>1,010.00</b>	<b>5.29%</b>
<b>Non-Departmental</b>	<b>190</b>				
Materials/Supply	62410	6,200.00	0.00	65.24	1.05%
Telephone	63530	1,000.00	0.00	123.32	12.33%
Insurance-Liability	63620	12,830.00	0.00	6,414.74	49.99%
Insurance-Property	63621	170.00	0.00	1,875.35	1,103.14%
Membership Dues-Professional Org	64550	4,300.00	0.00	0.00	0.00%
Membership Dues-Non Profit Agency Contrib	64551	11,800.00	0.00	8,279.00	70.16%
Membership Dues-Government Agency	64552	5,100.00	0.00	5,131.68	100.62%
Misc Expenses	64580	1,000.00	0.00	273.17	27.31%
S.M.I.P.	64930	200.00	0.00	18.99	9.49%
SB 1473	64940	100.00	29.27	29.27	29.27%
<b>Total Non-Departmental</b>		<b>42,700.00</b>	<b>29.27</b>	<b>22,210.76</b>	<b>52.02%</b>
<b>Police</b>	<b>210</b>				
Payroll	61105	1,081,000.00	78,330.64	449,015.83	41.53%
Overtime	61110	110,000.00	10,377.62	77,155.51	70.14%
Overtime-DEA	61111	44,000.00	0.00	11,545.18	26.23%
Reserves Payroll	61120	80,000.00	5,830.41	45,789.29	57.23%
PERS UAL - After 06/30/18	61123	1,000.00	0.00	1,020.00	102.00%
PERS UAL	61124	102,000.00	0.00	101,918.00	99.91%
PERS Retirement	61125	136,500.00	15,015.64	64,493.54	47.24%
PERS 457 Expense	61126	32,400.00	3,600.00	14,700.00	45.37%
Medicare-ER	61130	15,700.00	1,368.92	8,466.45	53.92%
Social Security-ER	61131	1,600.00	6.63	700.42	43.77%
Unemployment Ins-Fed & State	61132	10,500.00	1.60	107.55	1.02%
Dental Expense	61135	17,900.00	1,284.77	7,599.11	42.45%
Health Insurance	61140	296,400.00	(345.28)	92,785.38	31.30%
Health Insurance -Retiree	61141	2,000.00	0.00	755.00	37.75%
Vision Ins	61145	2,900.00	0.00	1,194.20	41.17%
Workers Comp and EAP	61150	172,400.00	0.00	88,182.44	51.14%
Wellness Program	61155	5,300.00	0.00	0.00	0.00%
Uniform Allowance	61160	10,000.00	0.00	2,250.00	22.50%

City of Del Rey Oaks  
Statement of Revenues and Expenditures-YTD Budget v. Actual Detail

100 - General Fund  
From 12/1/2023 Through 12/31/2023

		FY 2024 Budget - Revised	December 2023 Actual	FY 2024 YTD Actual	Percent Collected/Used
Materials/Supply	62410	28,670.00	119.47	5,569.29	19.42%
Ammunition	62420	5,000.00	3,905.89	3,905.89	78.11%
Body Armor Vests	62422	12,150.00	0.00	0.00	0.00%
Office Supplies	62430	3,000.00	108.91	1,360.48	45.34%
PD Safety Equip Lease - Principal	62460	24,300.00	0.00	0.00	0.00%
PD Safety Equip Lease - Interest	62461	1,000.00	0.00	0.00	0.00%
Auto Operations - Supplies / Equip	62710	2,500.00	0.00	0.00	0.00%
Auto Operations - Fuel	62720	30,000.00	197.39	15,445.80	51.48%
Repair/Maintenance	63505	14,000.00	0.00	480.00	3.42%
Other Outside Services	63508	0.00	0.00	2,501.16	0.00%
Shredding Services	63509	1,000.00	0.00	355.73	35.57%
Telephone	63530	14,000.00	727.32	6,868.34	49.05%
Internet	63531	2,500.00	378.31	3,645.02	145.80%
Annual Maintenance-Records Management Software	63537	6,020.00	0.00	2,902.79	48.21%
Annual Maintenance	63538	3,400.00	0.00	0.00	0.00%
Annual Maintenance-MDT	63539	3,300.00	0.00	0.00	0.00%
Postage / Shipping	63540	500.00	0.00	68.43	13.68%
Training	63605	15,000.00	735.00	2,968.65	19.79%
Insurance-Liability	63620	125,435.00	0.00	80,673.30	64.31%
Insurance-Property	63621	1,665.00	0.00	10,065.45	604.53%
Audit-Finance	63625	4,500.00	0.00	0.00	0.00%
Contract Services - IT	63635	6,000.00	900.00	7,481.25	124.68%
Contract Services-Others	63637	4,200.00	0.00	2,791.05	66.45%
HR Services-RGS	63652	3,000.00	0.00	0.00	0.00%
Janitorial Services	63660	3,000.00	0.00	1,250.00	41.66%
911-Radio Dispatch	63665	58,500.00	0.00	41,280.13	70.56%
911-Inform MDT Terminal Service	63666	1,500.00	0.00	0.00	0.00%
911-Notification System	63667	400.00	0.00	0.00	0.00%
911-NGEN O&M	63668	8,000.00	0.00	5,976.16	74.70%
911-NGEN Debt	63669	5,200.00	0.00	5,128.32	98.62%
Auto Repair/Maintenance	63730	14,000.00	0.00	8,605.90	61.47%
Parking & Admin Citations Services	63812	5,000.00	0.00	1,725.55	34.51%
Animal Regulation Fire	63820	500.00	0.00	239.00	47.80%
Fund Jail & Prisoner	63830	200.00	0.00	0.00	0.00%
ACJIS System	63840	9,000.00	0.00	0.00	0.00%
Software/Server Subscription	64310	12,000.00	325.00	12,840.05	107.00%
Computer Server	64318	3,500.00	0.00	0.00	0.00%
Personnel Recruit & Pre-Employment	64545	3,000.00	0.00	957.26	31.90%
Membership Dues-Professional Org	64550	4,000.00	2,878.40	4,701.20	117.53%
Books and Periodicals	64565	900.00	0.00	0.00	0.00%
Printing / Publications	64575	3,000.00	0.00	1,079.21	35.97%
Travel Expenses	64610	13,000.00	734.00	5,454.79	41.95%
Principal-Motorola Lease-Cameras	65104	21,350.00	0.00	21,319.32	99.85%
Vehicle Replacement	66735	70,000.00	0.00	0.00	0.00%
<b>Total Police</b>		<u>2,668,790.00</u>	<u>126,480.64</u>	<u>1,225,317.42</u>	<u>45.91%</u>

City of Del Rey Oaks  
Statement of Revenues and Expenditures-YTD Budget v. Actual Detail

100 - General Fund  
From 12/1/2023 Through 12/31/2023

		FY 2024 Budget - Revised	December 2023 Actual	FY 2024 YTD Actual	Percent Collected/Used
Fire/Animal Control	220				
Fire Seaside	63810	227,600.00	0.00	56,878.75	24.99%
Total Fire/Animal Control		227,600.00	0.00	56,878.75	24.99%
Public Works/Streets	311				
Payroll	61105	83,600.00	6,428.80	38,646.33	46.22%
Overtime	61110	3,000.00	0.00	0.00	0.00%
PERS UAL	61124	1,000.00	0.00	0.00	0.00%
PERS Retirement	61125	6,500.00	740.61	3,191.14	49.09%
Medicare-ER	61130	1,300.00	93.22	559.32	43.02%
Unemployment Ins-Fed & State	61132	100.00	0.00	0.00	0.00%
Dental Expense	61135	1,600.00	126.98	761.88	47.61%
Health Insurance	61140	30,300.00	0.00	12,001.20	39.60%
Vision Ins	61145	300.00	0.00	99.06	33.02%
Workers Comp and EAP	61150	5,200.00	0.00	2,749.74	52.87%
Wellness Program	61155	500.00	0.00	576.93	115.38%
Materials/Supply	62410	16,500.00	406.02	2,972.83	18.01%
Office Supplies	62430	1,500.00	0.00	400.96	26.73%
Auto Operations - Supplies / Equip	62710	2,500.00	0.00	645.97	25.83%
Auto Operations - Fuel	62720	5,000.00	0.00	2,281.62	45.63%
Repair/Maintenance	63505	41,000.00	0.00	5,849.40	14.26%
Other Outside Services	63508	0.00	0.00	440.00	0.00%
Gabilan Crew	63515	5,000.00	81.76	566.60	11.33%
Utilities - PG&E	63520	15,000.00	2,036.07	10,666.25	71.10%
Utilities - Water	63525	4,000.00	81.02	2,814.02	70.35%
Telephone	63530	0.00	0.00	206.11	0.00%
Training	63605	5,000.00	0.00	675.00	13.50%
Insurance-Liability	63620	10,660.00	0.00	5,329.17	49.99%
Insurance-Property	63621	140.00	0.00	775.50	553.92%
Insurance-Vehicles	63622	4,500.00	0.00	4,267.00	94.82%
Organic Waste Regs Services	63654	9,000.00	0.00	0.00	0.00%
Auto Repair/Maintenance	63730	8,300.00	0.00	1,724.14	20.77%
Printing / Publications	64575	1,250.00	0.00	770.86	61.66%
Storm Water Project - Phase 4	64920	23,000.00	0.00	7,067.00	30.72%
Equipment	66302	0.00	0.00	20,101.99	0.00%
Contingency	66905	27,780.00	0.00	0.00	0.00%
Total Public Works/Streets		313,530.00	9,994.48	126,140.02	40.23%
Parks/Recreation	411				
Materials/Supply	62410	15,500.00	682.52	7,535.04	48.61%
Office Supplies	62430	0.00	0.00	68.19	0.00%
Repair/Maintenance	63505	25,000.00	235.00	6,682.00	26.72%
Utilities - Water	63525	3,000.00	0.00	1,536.31	51.21%
Travel Expenses	64610	0.00	0.00	69.85	0.00%
Total Parks/Recreation		43,500.00	917.52	15,891.39	36.53%
Total Expense		4,704,620.00	179,544.87	2,023,541.81	43.01%
Other Financing Sources and Uses					
Non Department Specific	000				
Transfers Out to CIP	81001	(193,900.00)	0.00	0.00	0.00%
Total Non Department Specific		(193,900.00)	0.00	0.00	0.00%
Total Other Financing Sources and Uses		(193,900.00)	0.00	0.00	0.00%
Excess(Deficit) of Revenue Over Expenditures		(193,900.00)	554,905.28	482,961.68	(249.07)%

City of Del Rey Oaks  
**Statement of Revenues and Expenditures-YTD Budget v. Actual Detail**

**210 - Gas Tax Fund**  
 From 12/1/2023 Through 12/31/2023

		FY 2024 Budget - Revised	December 2023 Actual	FY 2024 YTD Actual	Percent Collected/Used
Revenue					
Non Department Specific	000				
Gas Tax 2103	47010	14,600.00	1,417.02	8,041.78	55.08%
Gas Tax 2105	47020	10,000.00	798.63	4,850.82	48.50%
Gas Tax 2106	47030	9,000.00	746.08	4,513.27	50.14%
Gas Tax 2107	47040	11,900.00	1,143.48	6,724.97	56.51%
Gas Tax 2107.5	47050	<u>1,000.00</u>	<u>0.00</u>	<u>1,000.00</u>	<u>100.00%</u>
Total Non Department Specific		<u>46,500.00</u>	<u>4,105.21</u>	<u>25,130.84</u>	<u>54.04%</u>
Total Revenue		<u><u>46,500.00</u></u>	<u><u>4,105.21</u></u>	<u><u>25,130.84</u></u>	<u><u>54.04%</u></u>
Expense					
Public Works/Streets	311				
Street Sweeping	63510	10,000.00	0.00	0.00	0.00%
Street Lighting	63910	<u>15,000.00</u>	<u>0.00</u>	<u>1,951.39</u>	<u>13.00%</u>
Total Public Works/Streets		<u>25,000.00</u>	<u>0.00</u>	<u>1,951.39</u>	<u>7.81%</u>
Total Expense		<u><u>25,000.00</u></u>	<u><u>0.00</u></u>	<u><u>1,951.39</u></u>	<u><u>7.81%</u></u>
Excess(Deficit) of Revenue Over Expenditures		21,500.00	4,105.21	23,179.45	107.81%

City of Del Rey Oaks  
Statement of Revenues and Expenditures-YTD Budget v. Actual Detail

211 - SB1 Fund-RMRA  
From 12/1/2023 Through 12/31/2023

		FY 2024 Budget - Revised	December 2023 Actual	FY 2024 YTD Actual	Percent Collected/Used
Revenue					
Non Department Specific	000				
SB 1 Funds	47777	38,900.00	2,843.76	15,670.05	40.28%
Total Non Department Specific		38,900.00	2,843.76	15,670.05	40.28%
General Government (Header)					
SB 1 Funds	47777	0.00	0.00	3,593.82	0.00%
Total General Government (Header)		0.00	0.00	3,593.82	0.00%
Total Revenue		<u>38,900.00</u>	<u>2,843.76</u>	<u>19,263.87</u>	<u>49.52%</u>
Expense					
Curb Repair	536				
Curb and Gutter Repair	66327	20,000.00	0.00	0.00	0.00%
Total Curb Repair		20,000.00	0.00	0.00	0.00%
Saucito/Work Gutter & Curb	537				
Curb and Gutter Repair	66327	40,000.00	0.00	0.00	0.00%
Total Saucito/Work Gutter & Curb		40,000.00	0.00	0.00	0.00%
Via Verde Curb & Gutter Repair	538				
Curb and Gutter Repair	66327	90,000.00	0.00	13,195.00	14.66%
Total Via Verde Curb & Gutter Repair		90,000.00	0.00	13,195.00	14.66%
Total Expense		<u>150,000.00</u>	<u>0.00</u>	<u>13,195.00</u>	<u>8.80%</u>
Excess(Deficit) of Revenue Over Expenditures		(111,100.00)	2,843.76	6,068.87	(5.46)%

City of Del Rey Oaks  
Statement of Revenues and Expenditures-YTD Budget v. Actual Detail

212 - Measure X Fund  
From 12/1/2023 Through 12/31/2023

		FY 2024 Budget - Revised	December 2023 Actual	FY 2024 YTD Actual	Percent Collected/Used
Revenue					
Non Department Specific	000				
Measure X	47775	94,400.00	0.00	0.00	0.00%
Total Non Department Specific		94,400.00	0.00	0.00	0.00%
Total Revenue		<u>94,400.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00%</u>
Expense					
Via Verde/Los Encinos Street Repair	524				
Street Improvements	66410	30,000.00	0.00	39,480.00	131.60%
Total Via Verde/Los Encinos Street Repair		30,000.00	0.00	39,480.00	131.60%
Angelus/Rosita Storm Drain Repair (Engineering)	525				
Street Improvements	66410	10,000.00	0.00	0.00	0.00%
Total Angelus/Rosita Storm Drain Repair (Engineering)		10,000.00	0.00	0.00	0.00%
Angelus/Rosita Storm Drain Repair (Construction)	526				
Street Improvements	66410	60,000.00	0.00	0.00	0.00%
Total Angelus/Rosita Storm Drain Repair (Construction)		60,000.00	0.00	0.00	0.00%
Debt Service - Measure X	610				
Principal - Measure X Loan	65103	80,400.00	0.00	0.00	0.00%
Interest - Measure X	65203	14,000.00	0.00	0.00	0.00%
Total Debt Service - Measure X		94,400.00	0.00	0.00	0.00%
Total Expense		<u>194,400.00</u>	<u>0.00</u>	<u>39,480.00</u>	<u>20.31%</u>
Excess(Deficit) of Revenue Over Expenditures		(100,000.00)	0.00	(39,480.00)	39.48%

City of Del Rey Oaks  
**Statement of Revenues and Expenditures-YTD Budget v. Actual Detail**

**221 - FORA Habitat Management Fund**

From 12/1/2023 Through 12/31/2023

		<u>FY 2024 Budget - Revised</u>	<u>December 2023 Actual</u>	<u>FY 2024 YTD Actual</u>	<u>Percent Collected/Used</u>
Expense					
Planning & Building Regulation	160				
Contract Services - Habitat Management Plan	63646	34,536.50	0.00	0.00	0.00%
Total Planning & Building Regulation		<u>34,536.50</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00%</u>
Total Expense		<u>34,536.50</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00%</u>
Excess(Deficit) of Revenue Over Expenditures		(34,536.50)	0.00	0.00	0.00%



City of Del Rey Oaks  
**Statement of Revenues and Expenditures-YTD Budget v. Actual Detail**

223 - ARPA Fund  
 From 12/1/2023 Through 12/31/2023

		FY 2024 Budget - Revised	December 2023 Actual	FY 2024 YTD Actual	Percent Collected/Used
Expense					
Police	210				
Mobile Data Terminals	66305	5,998.17	0.00	465.55	7.76%
Portable Radios	66306	<u>2,589.89</u>	<u>0.00</u>	<u>2,548.26</u>	<u>98.39%</u>
Total Police		8,588.06	0.00	3,013.81	35.09%
City Hall Parking Lot Imp	527				
Parking Lot Improvements & Repairs	66425	100,000.00	0.00	0.00	0.00%
Total City Hall Parking Lot Imp		<u>100,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00%</u>
Total Expense		<u>108,588.06</u>	<u>0.00</u>	<u>3,013.81</u>	<u>2.78%</u>
Excess(Deficit) of Revenue Over Expenditures		(108,588.06)	0.00	(3,013.81)	2.77%

City of Del Rey Oaks  
**Statement of Revenues and Expenditures-YTD Budget v. Actual Detail**

**231 - BSCC-Officer Wellness & Mental Health Grant**

From 12/1/2023 Through 12/31/2023

		<u>FY 2024 Budget - Revised</u>	<u>December 2023 Actual</u>	<u>FY 2024 YTD Actual</u>	<u>Percent Collected/Used</u>
Expense					
Police	210				
Law Enforcement Wellness App	64314	<u>2,000.00</u>	<u>0.00</u>	<u>1,999.00</u>	<u>99.95%</u>
Total Police		<u>2,000.00</u>	<u>0.00</u>	<u>1,999.00</u>	<u>99.95%</u>
Total Expense		<u>2,000.00</u>	<u>0.00</u>	<u>1,999.00</u>	<u>99.95%</u>
Excess(Deficit) of Revenue Over Expenditures		(2,000.00)	0.00	(1,999.00)	99.95%

City of Del Rey Oaks  
**Statement of Revenues and Expenditures-YTD Budget v. Actual Detail**

235 - Asset Forfeitures  
 From 12/1/2023 Through 12/31/2023

		<u>FY 2024 Budget - Revised</u>	<u>December 2023 Actual</u>	<u>FY 2024 YTD Actual</u>	<u>Percent Collected/Used</u>
Revenue					
Police	210				
Police Grants & Other Reimbursements	47780	5,000.00	0.00	0.00	0.00%
Total Police		<u>5,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00%</u>
Total Revenue		<u><u>5,000.00</u></u>	<u><u>0.00</u></u>	<u><u>0.00</u></u>	<u><u>0.00%</u></u>
Excess(Deficit) of Revenue Over Expenditures		5,000.00	0.00	0.00	0.00%

City of Del Rey Oaks  
Statement of Revenues and Expenditures-YTD Budget v. Actual Detail

301 - Capital Projects  
From 12/1/2023 Through 12/31/2023

		FY 2024 Budget - Revised	December 2023 Actual	FY 2024 YTD Actual	Percent Collected/Used
Expense					
Housing Element 6th Cycle	532				
Housing Element Cost - 6th Cycle	63638	138,900.00	3,889.25	3,889.25	2.80%
		<u>138,900.00</u>	<u>3,889.25</u>	<u>3,889.25</u>	<u>2.80%</u>
Total Housing Element 6th Cycle					
Vehicle Replacement	533				
Vehicle Replacement	66735	35,000.00	0.00	0.00	0.00%
Total Vehicle Replacement		<u>35,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00%</u>
City Hall Facility Repairs & Upgrades	541				
Repairs and Improvements	66322	10,000.00	0.00	0.00	0.00%
Total City Hall Facility Repairs & Upgrades		<u>10,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00%</u>
Council Chamber Technology Project	542				
Technology Upgrades	66323	10,000.00	0.00	0.00	0.00%
Total Council Chamber Technology Project		<u>10,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00%</u>
Total Expense		<u>193,900.00</u>	<u>3,889.25</u>	<u>3,889.25</u>	<u>2.01%</u>
Other Financing Sources and Uses					
Housing Element 6th Cycle	532				
Transfers In from GF	82001	138,900.00	0.00	0.00	0.00%
Total Housing Element 6th Cycle		<u>138,900.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00%</u>
Vehicle Replacement	533				
Transfers In from GF	82001	35,000.00	0.00	0.00	0.00%
Total Vehicle Replacement		<u>35,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00%</u>
City Hall Facility Repairs & Upgrades	541				
Transfers In from GF	82001	10,000.00	0.00	0.00	0.00%
Total City Hall Facility Repairs & Upgrades		<u>10,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00%</u>
Council Chamber Technology Project	542				
Transfers In from GF	82001	10,000.00	0.00	0.00	0.00%
Total Council Chamber Technology Project		<u>10,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00%</u>
Total Other Financing Sources and Uses		<u>193,900.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00%</u>
Excess(Deficit) of Revenue Over Expenditures		0.00	(3,889.25)	(3,889.25)	0.00%

City of Del Rey Oaks  
**Statement of Revenues and Expenditures-YTD Budget v. Actual Detail**

**321 - SBR Engineering Fund**  
 From 12/1/2023 Through 12/31/2023

		<u>FY 2024 Budget - Revised</u>	<u>December 2023 Actual</u>	<u>FY 2024 YTD Actual</u>	<u>Percent Collected/Used</u>
Expense					
SBR Engineering	518				
Contract Services - Engineering	63611	<u>505,830.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00%</u>
Total SBR Engineering		<u>505,830.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00%</u>
Total Expense		<u>505,830.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00%</u>
Excess(Deficit) of Revenue Over Expenditures		(505,830.00)	0.00	0.00	0.00%



## Staff Report

**DATE:** January 12, 2023

**TO:** Honorable Mayor and Members of the Budget and Finance Committee

**FROM:** John Guertin, City Manager

**SUBJECT:** Audited Financial Statements for fiscal year ended June 30, 2023

**CEQA:** This action does not constitute a “project” as defined by the California Environmental Quality Act (CEQA) guidelines section 15378 as it is an organizational activity of the City that will not result in direct or indirect physical changes in the environment.

### **Recommendation**

Staff recommends that the Budget and Finance Committee receive the audited financial statements for the fiscal year ended June 30, 2023.

### **Background**

The City’s financial statements were audited by Chavan & Associates, LLP. The audit of the financial statements is an annual requirement.

### **Summary & Discussion**

#### Auditor’s Opinion

The auditors, Chavan & Associates, state on page 1 of the Annual Financial Report (“Report”) (Attachment 1), that the financial statements in the Report “present fairly, in all material respects” the City’s financial position and results of operations for the fiscal year ended June 30, 2023. This is an unqualified opinion, meaning that the financial statements can be relied upon.

A summary of the City’s finances can be found in the section titled “Management Discussion and Analysis” beginning at page 5 of the Report. Staff will highlight some of the most important numbers in the financial statements in this Staff Report.

#### Statement of Net Position of \$20,848,643, page 11

The Statement of Net Position shows a total Net Position of \$20,848,643. Readers of the financial statements should keep in mind that the Statement of Net Position treats the City as if it was a business using full accrual accounting. This statement therefore takes into account all assets, including those that cannot be sold or used by anyone else, and all the liabilities, including those that will be paid in the distant future. It then divides the Net Position (assets and deferred outflows, minus liabilities and deferred inflows) into seven major categories. “Net invested in capital assets” is the total of all fixed assets less any debt on those assets. Restricted for land held for resale represents funds that cannot be used for budget purposes. The Net Position of \$20,848,643 shows that the City’s finances are in a positive position.

#### Positive Change in Net Position of \$392,499 page 12

The Statement of Activities, like the Statement of Net Position, is prepared on a full accrual basis, like a business. It includes depreciation, interest expense accruals, and net gains on sale of property which are not typically reported in Government Funds Statements.

Balance Sheet – Unassigned unappropriated fund balance of \$1,242,852 in the General Fund, page 13

The Balance Sheet is prepared on a modified accrual basis, which is how the City budgets. It considers only current assets (assets that can be readily converted to cash) and current liabilities (liabilities that will be paid within the next year). It shows the General Fund with an “Unassigned Unappropriated” fund balance of \$1,242,852. This represents funds available to spend at June 30, 2023 that have not been appropriated for a specific purpose. In addition to this amount the City has \$1,637,349 in monies set-aside for economic uncertainties.

All other funds reported have restrictions as to what the monies can be spent on as shown on the Balance Sheet.

Statement of Revenues, Expenditures, and Changes in General Fund Fund Balances of \$98,794, page 15

The Statement of Revenues, Expenditures and Changes in Fund Balance is prepared on the same basis as the budget. It shows excess revenues over expenditures in the General Fund of \$98,794.

Note 6 – Long-Term Debt \$2,134,433 page 32

Page 32 shows the long-term debt of the City as of June 30, 2023, which is an important number. The Federal Group debt totals \$1,590,454 which is not due and payable until sales or development takes place on the former Fort Ord land. It is expected that any development or sales should cover this debt.

Auditor’s Report on Internal Controls

As part of the audit, the auditor issued an Independent Auditor’s Report on Internal Control over Financial Reporting, which states on page 55 of the Report that there are no findings. The report noted “no instances of noncompliance

**Fiscal Impacts**

This item has no fiscal impact. It reports the results of the 2022-23 fiscal year’s operations.

**Recommended Action**

Receive the audited financial statements for the fiscal year ended June 30, 2023.

**ATTACHMENTS:**

1. Annual Financial Report for the fiscal year ended June 30, 2023

Respectfully Submitted,

---

John Guertin  
City Manager

# City of Del Rey Oaks

Annual Financial Report

June 30, 2023



**Chavan & Associates, LLP**

Certified Public Accountants

15105 Concord Circle, Ste. 130

Morgan Hill, CA 95037



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**City of Del Rey Oaks**  
**Annual Financial Report**  
**For the year ended June 30, 2023**

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## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the  
City Council of the City of Del Rey Oaks  
Del Rey Oaks, California

### Report on the Financial Statements

#### *Opinion*

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 (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Del Rey Oaks, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

City management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAGAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAGAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



### Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining individual non-major fund schedules, statistical data, and other information as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory, budgetary and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

C & A LLP

Chavan & Associates, LLP  
Certified Public Accountants  
December 6, 2023  
Morgan Hill, California



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



## INTRODUCTION

The discussion and analysis of the City of Del Rey Oaks' (the City) financial performance provides an overview and analysis of the City's financial activities for the fiscal year ended June 30, 2023. It should be read in conjunction with the accompanying basic financial statements.

## FINANCIAL HIGHLIGHTS

- On a government-wide basis the assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the year ended June 30, 2023 by \$20.85 million. However, \$1.90 million is a net investment in capital assets, restricted net position of \$19.10 million, leaving an unrestricted deficit net position of \$186 thousand.
- The City's total net position increased by \$392,499 from current year operations.
- The City's governmental funds reported combined ending fund balance of \$22.20 million. The net change in fund balances was an increase of \$324 thousand.
- The General Fund reported a fund balance of \$12.13 million. The net change was an increase of \$99 thousand.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

**Fund Financial Statements** - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide detail information about the most significant funds, not the City as a whole. The City, like other local

governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds are governmental fund types. Fund financial statements report essentially the same functions as those reported in the government-wide financial statements. However, unlike the government-wide financial statements, fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

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

The City maintains eleven individual governmental funds. Information is presented in the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund and the nonmajor governmental funds.

**Notes to Basic Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. The City's net position increased by \$392 thousand in fiscal year 2023 from fiscal year 2022. The City's net investment in assets of \$1.90 million is used to provide services to citizens; consequently, these assets are not available for future spending, leaving the City with a deficit for operating purposes.

**Summary of Net Position  
As of June 30**

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>
<b>Assets</b>			
Current and other assets	\$ 22,795,137	\$ 22,498,949	\$ 296,188
Capital assets	2,543,861	2,396,689	147,172
<b>Total Assets</b>	<u>\$ 25,338,998</u>	<u>\$ 24,895,638</u>	<u>\$ 443,360</u>
<b>Deferred Outflows of Resources</b>			
	<u>\$ 981,977</u>	<u>\$ 554,039</u>	<u>\$ 427,938</u>
<b>Liabilities</b>			
Current and other liabilities	\$ 498,342	\$ 549,172	\$ (50,830)
Noncurrent liabilities	4,549,689	3,572,766	976,923
<b>Total Liabilities</b>	<u>\$ 5,048,031</u>	<u>\$ 4,121,938</u>	<u>\$ 926,093</u>
<b>Deferred Inflows of Resources</b>			
	<u>\$ 424,301</u>	<u>\$ 871,595</u>	<u>\$ (447,294)</u>
<b>Net Position</b>			
Net investment in capital assets	\$ 1,904,136	\$ 1,739,312	\$ 164,824
Restricted	19,130,819	19,114,340	16,479
Unrestricted	(186,312)	(397,508)	211,196
<b>Total Net Position</b>	<u>\$ 20,848,643</u>	<u>\$ 20,456,144</u>	<u>\$ 392,499</u>

- Current assets and capital assets increased by \$443 thousand, while current and noncurrent liabilities also increased by \$926 thousand.
- Increases in capital assets were mainly due to vehicle and equipment purchases, as well as a park improvement project.
- Increases in noncurrent liabilities were mainly the result of GASB 68 and GASB 75 adjustments to the City's pension and OPEB plans.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Statement of Activities  
As of June 30

Functions/Programs	2023	2022	Increase (Decrease)
<b>Revenue:</b>			
Program Revenues:			
Charges for services	\$ 1,360,110	\$ 1,397,489	\$ (37,379)
Operating grants and contributions	227,079	248,668	(21,589)
Capital grants and contributions	460,361	272,685	187,676
General Revenues:			
Property tax	774,673	740,530	34,143
Sales tax	554,986	675,929	(120,943)
Transaction tax	677,824	1,092,247	(414,423)
Franchise tax	178,351	175,643	2,708
Business license tax	205,750	161,659	44,091
Other taxes	512,556	227,207	285,349
Investment earnings	65,141	12,073	53,068
Other revenue	16,346	102,860	(86,514)
<b>Total Revenue</b>	<u>5,033,177</u>	<u>5,106,990</u>	<u>(73,813)</u>
<b>Expenses:</b>			
General government	1,241,170	1,000,427	240,743
Public safety	2,766,643	2,221,215	545,428
Public works	369,259	297,202	72,057
Community development	130,071	106,733	23,338
Parks	59,868	37,032	22,836
Interest on long-term debt	64,667	105,442	(40,775)
<b>Total Expenses</b>	<u>4,631,678</u>	<u>3,768,051</u>	<u>863,627</u>
<b>Special and Extraordinary Items:</b>			
Special item - gain/loss on disposal of capital assets	(9,000)	2,720	(11,720)
<b>Total Special and Extraordinary Items</b>	<u>(9,000)</u>	<u>2,720</u>	<u>(11,720)</u>
Change in Net Position	392,499	1,341,659	(949,160)
Prior Period Adjustments	-	24,167	(24,167)
<b>Net Position, Beginning of Year</b>	<u>20,456,144</u>	<u>19,090,318</u>	<u>1,365,826</u>
<b>Net Position, End of Year</b>	<u>\$ 20,848,643</u>	<u>\$ 20,456,144</u>	<u>\$ 392,499</u>

- The increase in capital grants and contributions is mainly due to contributions received from federal and state assistance in 2023.
- The decrease in transaction tax is due to less consumer spending as a result of ongoing inflation pressures.
- The decrease in sales tax is due to less consumer spending as a result of ongoing inflation pressures.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets** - The City's investment in capital assets as of June 30, 2023, amounted to \$2.5 million (net of accumulated depreciation). This amount included land, buildings, improvements, furniture, equipment, and vehicles.

**Debt Administration** - At fiscal year end, the City had \$2.23 million in debt. Additions to debt were due to compounding interest from the Federal Group International loan, while deletions were due to principal payments on the TAMC Measure X loan and lease purchase agreement.

**FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS**

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

At the end of the current fiscal year, the City's governmental funds reported a total fund balance of \$22.22 million. During the current fiscal year, the fund balance of the City's total governmental funds increased \$324,277 thousand.

**FUND BUDGETARY HIGHLIGHTS**

**General Fund** - The original budgeted general fund revenues decreased by \$125 thousand. General Fund estimated budgeted revenues exceeded the actuals by \$109 thousand. The original budgeted general fund expenditures increased by \$530 thousand. Actual expenditures were \$340 thousand less than final budgeted expenditures.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The fiscal year 2023-24 budget is expecting a 5.9% increase in General Fund revenues as the City returns to a more normal economy. The budget is balanced.

**REQUESTS FOR INFORMATION**

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



## **BASIC FINANCIAL STATEMENTS**

**City of Del Rey Oaks**  
**Statement of Net Position**  
**June 30, 2023**

<b>ASSETS</b>	
Current Assets:	
Cash and investments	\$ 4,634,121
Restricted cash and investments	8,656,972
Receivables:	
Taxes	386,352
Accounts	30,033
Due from other governments	32,342
Other receivables	29,981
Land held for resale	8,904,673
Total Current Assets	22,674,474
Noncurrent Assets:	
Leases receivable	120,663
Capital Assets:	
Nondepreciable	549,500
Depreciable, net of accumulated depreciation	1,994,361
Total Capital Assets - Net	2,543,861
Total Noncurrent Assets	2,664,524
<b>Total Assets</b>	<b>\$ 25,338,998</b>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
OPEB Adjustments	\$ 65,712
Pension Adjustments	916,265
<b>Total Deferred Outflows of Resources</b>	<b>\$ 981,977</b>
 <b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	\$ 234,434
Payroll related liabilities	69,903
Prepaid business licenses	156,932
Prepaid developer deposits	9,063
Long-term debt - due within one year	28,010
Total Current Liabilities	498,342
Noncurrent Liabilities:	
Long-term debt - due in more than one year	2,202,166
Compensated absences	106,060
Net pension liability	1,919,495
Total OPEB liability	321,968
Total Noncurrent Liabilities	4,549,689
<b>Total Liabilities</b>	<b>\$ 5,048,031</b>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Leases	\$ 98,342
OPEB Adjustments	92,585
Pension Adjustments	233,374
<b>Total Deferred Inflows of Resources</b>	<b>\$ 424,301</b>
 <b>NET POSITION</b>	
Net investment in capital assets	\$ 1,904,136
Restricted for land held for resale	8,904,673
Restricted for pension	322,928
Restricted for streets and roads	7,603,829
Restricted for habitat management	736,441
Restricted for capital projects	1,562,948
Unrestricted	(186,312)
<b>Total Net Position</b>	<b>\$ 20,848,643</b>

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

**City of Del Rey Oaks**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2023**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Total</b>	<b>Net (Expense) Revenue and Change in Net Position</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>		
General government	\$ 1,241,170	\$ 369,635	\$ -	\$ 460,361	\$ 829,996	\$ (411,174)
Public safety	2,766,643	823,939	183,323	-	1,007,262	(1,759,381)
Public works	369,259	109,970	43,756	-	153,726	(215,533)
Community development	130,071	38,737	-	-	38,737	(91,334)
Parks	59,868	17,829	-	-	17,829	(42,039)
Interest and fiscal charges	64,667	-	-	-	-	(64,667)
<b>Total</b>	<b>\$ 4,631,678</b>	<b>\$ 1,360,110</b>	<b>\$ 227,079</b>	<b>\$ 460,361</b>	<b>\$ 2,047,550</b>	<b>\$ (2,584,128)</b>

**General Revenues and Special Item:**

Taxes:

Property taxes	774,673
Sales tax	554,986
Transaction tax	677,824
Franchise tax	178,351
Business license tax	205,750
Other taxes	512,556
Investment earnings	65,141
Other revenues	16,346

Special item:

Gain (loss) on disposal of capital assets	(9,000)
<b>Total General Revenues and Special Items</b>	<b>2,976,627</b>

Change in Net Position 392,499

Net Position - Beginning of Year 20,456,144

Net Position - End of Year \$ 20,848,643

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



**City of Del Rey Oaks**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2023**

	General Fund	SBR Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 2,891,099	\$ -	\$ 2,799,190	\$ 5,690,289
Restricted cash and investments	331,991	7,268,813	-	7,600,804
Receivables:				
Taxes	364,043	-	22,309	386,352
Accounts	26,874	-	3,159	30,033
Due from other governments	32,342	-	-	32,342
Other receivables	29,981	-	-	29,981
Leases receivable	120,663	-	-	120,663
Land held for resale	8,904,673	-	-	8,904,673
<b>Total assets</b>	<u>\$ 12,701,666</u>	<u>\$ 7,268,813</u>	<u>\$ 2,824,658</u>	<u>\$ 22,795,137</u>
<b>LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 229,474	\$ -	\$ 4,960	\$ 234,434
Payroll related liabilities	69,903	-	-	69,903
Prepaid business licenses	156,932	-	-	156,932
Prepaid developer deposits	9,063	-	-	9,063
<b>Total liabilities</b>	<u>465,372</u>	<u>-</u>	<u>4,960</u>	<u>470,332</u>
<b>Deferred Inflows of Resources:</b>				
Leases	98,342	-	-	98,342
Unavailable revenue	5,983	-	-	5,983
<b>Total Deferred Inflows of Resources</b>	<u>104,325</u>	<u>-</u>	<u>-</u>	<u>104,325</u>
<b>Fund Balances:</b>				
Nonspendable				
Leases	24,167	-	-	24,167
Restricted:				
Land held for resale	8,904,673	-	-	8,904,673
Pension	322,928	-	-	322,928
Streets and roads	-	7,268,813	335,016	7,603,829
Habitat management	-	-	736,441	736,441
Capital projects	-	-	1,562,948	1,562,948
Wellness programs	-	-	14,833	14,833
Unassigned:				
Economic uncertainties	1,637,349	-	-	1,637,349
Unappropriated	1,242,852	-	-	1,242,852
<b>Total fund balances</b>	<u>12,131,969</u>	<u>7,268,813</u>	<u>2,819,698</u>	<u>22,220,480</u>
<b>Total Liabilities, Deferred Inflows     of Resources and Fund Balances</b>	<u>\$ 12,701,666</u>	<u>\$ 7,268,813</u>	<u>\$ 2,824,658</u>	<u>\$ 22,795,137</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 Government-Wide Statement of Net Position**  
**June 30, 2023**

**Total Fund Balances - Total Governmental Funds** \$ 22,220,480

Amounts reported for governmental activities in the statement of net position were different because:

Capital assets used in governmental activities were not current financial resources.

Therefore, they were not reported in the governmental funds balance sheet. The capital assets were adjusted as follows:

Capital assets	\$ 3,763,128	
Less: accumulated depreciation	(1,219,267)	
<b>Total Capital Assets</b>	<b>2,543,861</b>	<b>2,543,861</b>

Contributions made to pension plans will not be included in the calculation of the City's net pension liability of the plan year included in this report and have been deferred and reported as deferred outflows of resources.

OPEB adjustments:

Difference between actual and expected experience	63,974	
Change in assumptions	(92,585)	
Contribution subsequent to measurement date	1,738	

Pension adjustments:

Net change in assumptions	194,448	
Net difference between expected and actual experience	45,416	
Net difference between projected and actual investment earnings	317,049	
Net differences between employer's contributions and proportionate share of contributions	(178,409)	
Net change in employer's proportion	157,521	
Contribution subsequent to measurement date	146,866	

Amounts due from others will not be collected soon enough to pay current period expenditures and are reported as deferred inflows of resources in governmental funds. 5,983

Long-term obligations were not due and payable in the current period. Therefore, they were not reported in the governmental funds balance sheet. The long-term liabilities were adjusted as follows:

Long-term debt	\$ (2,230,176)	
Compensated absences	(106,060)	
Net pension liability	(1,919,495)	
Total OPEB liability	(321,968)	
<b>Total Long-Term Obligations</b>	<b>(4,577,699)</b>	<b>(4,577,699)</b>

**Net Position of Governmental Activities** **\$ 20,848,643**

**City of Del Rey Oaks**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2023**

	General Fund	SBR Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes:				
Property taxes	\$ 774,673	\$ -	\$ -	\$ 774,673
Sales tax	455,955	-	99,031	554,986
Transaction tax	508,336	-	-	508,336
Franchise tax	178,351	-	-	178,351
Business license tax	205,750	-	-	205,750
Other taxes	643,875	-	32,187	676,062
Licenses and permits	105,560	-	-	105,560
Fines, forfeits and penalties	7,248	-	-	7,248
Charges for current services	1,159,455	-	-	1,159,455
Intergovernmental revenues	252,895	-	434,544	687,439
Interest, rents and concessions	152,988	-	-	152,988
Other revenues	16,342	-	-	16,342
<b>Total Revenues</b>	<b>4,461,428</b>	<b>-</b>	<b>565,762</b>	<b>5,027,190</b>
<b>EXPENDITURES</b>				
Current:				
General government	1,122,628	-	18,685	1,141,313
Public safety	2,650,134	-	70,316	2,720,450
Public works	252,868	-	24,460	277,328
Community development	122,940	-	7,131	130,071
Parks	47,719	-	-	47,719
Capital outlay	199,983	-	155,656	355,639
Debt service				
Principal	27,791	-	88,621	116,412
Interest and fiscal charges	2,331	-	10,410	12,741
<b>Total Expenditures</b>	<b>4,426,394</b>	<b>-</b>	<b>375,279</b>	<b>4,801,673</b>
Excess (Deficiency) of Revenues over Expenditures	35,034	-	190,483	225,517
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from finance purchase agreement	98,760	-	-	98,760
Transfers in	-	-	65,000	65,000
Transfers out	(35,000)	-	(30,000)	(65,000)
<b>Total Other Financing Sources (Uses)</b>	<b>63,760</b>	<b>-</b>	<b>35,000</b>	<b>98,760</b>
Net Change in Fund Balances	98,794	-	225,483	324,277
Fund Balances Beginning	12,033,175	7,268,813	2,594,215	21,896,203
Fund Balances Ending	<b>\$ 12,131,969</b>	<b>\$ 7,268,813</b>	<b>\$ 2,819,698</b>	<b>\$ 22,220,480</b>

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

**City of Del Rey Oaks**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures**  
**and Changes in Fund Balances to the Government-Wide Statement of Activities**  
**For the Fiscal Year Ended June 30, 2023**

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ 324,277
Amounts reported for governmental activities in the statement of activities and changes in net position were different because:	
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets was allocated over their estimated useful lives as depreciation expense.	
Capital outlay	343,632
Depreciation expense	(187,460)
Gain (loss) on disposal of capital assets	(9,000)
Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	5,983
Long-term compensated absences and claims payables were reported in the government-wide statement of activities, but they did not require the use of current financial resources and were not reported as expenditures in governmental funds.	(1,430)
In governmental funds, actual contributions to pension plans are reported as expenditures in the year incurred. However, in the government-wide statement of activities, only the current year pension expense as noted in the plans' valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.	14,625
In governmental funds, actual contributions to the OPEB plan is reported as expenditures in the year incurred. However, in the government-wide statement of activities, only the current year OPEB expense as noted in the plan's valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.	(63,854)
The governmental funds report debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. The net effect of these differences in the treatment of long-term debt and related items is as follows:	
Repayment of debt principal	116,412
Proceeds from capital lease	(98,760)
Interest expense on long-term debt was reported in the government-wide statement of activities and changes in net position, but it did not require the use of current financial resources. Therefore, interest expense was not reported as expenditures in governmental funds. The following amount represented the net change in compound interest from current year to prior year.	(51,926)
<b>Change in Net Position of Governmental Activities</b>	<u>\$ 392,499</u>

**City of Del Rey Oaks**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the City of Del Rey Oaks, California, (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Boards (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

**A. Financial Reporting Entity**

The City of Del Rey Oaks, California was incorporated as a general law city on September 3, 1953. The City operates under a city council-manager form of government and provides a wide range of municipal services.

As required by GAAP, these basic financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City Council acts as the governing board. In addition, the City staff performs all administrative and accounting functions for these entities and these entities provide their services entirely to the City. Blended component units, although legally separate entities are, in substance, part of the City's operations and data from these units are combined with data of the City. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize their legal separateness from the City. The City had no component units as of June 30, 2023.

The City applies all applicable GASB pronouncements for certain accounting and financial reporting guidance. In December of 2010, GASB issued *GASBS No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement incorporates pronouncements issued on or before November 30, 1989 into GASB authoritative literature. This includes pronouncements by the Financial Accounting Standards Board (FASB), Accounting Principles Board Opinions (APB), and the Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure, unless those pronouncements conflict with or contradict with GASB pronouncements.

**B. Basis of Accounting and Measurement Focus**

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**Government-Wide Financial Statements**

The City's government-wide financial statements include a *Statement of Net Position* and a *Statement of Activities and Changes in Net Position*. These statements present a summary of the governmental activities for the City. Fiduciary activities of the City are not included in these statements. *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 City did not have any business-type activities during the year. These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets, deferred outflows of resources, liabilities, deferred inflows of resources (including capital assets, as well as infrastructure assets, and long-term liabilities), are included in the accompanying *Statement of Net Position*.

**City of Del Rey Oaks**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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The *Statement of Activities* presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. 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 clearly identifiable with a specific function or segment. In conformity with the City's indirect cost allocation plan, certain indirect costs are included in the program expense reported for individual functions and activities.

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated. The following interfund activities have been eliminated:

- Transfers in/Transfers out

### **Governmental Fund Financial Statements**

Governmental fund financial statements include a *Balance Sheet* and a *Statement of Revenues, Expenditures and Changes in Fund Balances* for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the government-wide financial statements. The City has presented all major funds that met the applicable criteria.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The *Statement of Revenues, Expenditures and Changes in Fund Balances* present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (up to 90 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenues, other taxes, interest revenue, rental revenue and certain charges for services. Fines, forfeitures, and licenses and permits are not susceptible to accrual because they are usually not measurable until received in cash. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Unearned revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the unearned revenue is removed from the combined balance sheet and revenue is recognized.

**City of Del Rey Oaks**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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Major individual governmental funds are reported as separate columns in the fund financial statements.

The following funds are major funds:

*General Fund* - The General Fund is the general operating fund of the City. It accounts for the City's primary services (Public Safety, Public Works, Park, etc.) and is the primary operating unit of the City.

*SBR Construction Fund* - This capital project fund was established to account for the financial resources received as a result of the dissolution of FORA to be used for the completion of construction services for the South Boundary Roadway project that were initiated by FORA.

The following funds are nonmajor funds:

*Gas Tax Fund* - This special revenue fund was established to account for the financial resources required to be used on street/road projects.

*SB 1 Fund* - This special revenue fund was established to account for the financial resources received for transportation purposes.

*Measure X Fund* - This special revenue fund was established to account for the financial resources received as part of the Measure X retail transactions and use tax. The funds are to be used to fund transportation safety and mobility projects in Monterey County.

*BSCC Officer Wellness & Mental Health Fund* – This special revenue fund was established to account for the financial resources received in grants to be used for the officer wellness and mental health.

*Fora Habitat Management Fund* – This special revenue fund was established to account for the financial resources received as a result of the dissolution of FORA to be used maintenance and management of properties that were previously under the purview of FORA.

*American Rescue Plan Act (ARPA) Fund* – This special revenue fund was established to account for the financial resources received in federal grants as part of the Covid-19 recovery.

*Capital Projects Fund* – This capital project fund accounts for the resources accumulated for the acquisition of fixed assets or construction of major capital projects. Significant maintenance projects and major purchases of equipment are also accounted for in the capital projects fund.

*Prop 68 Parks Grant Fund* - This capital project fund was established to account for the financial resources received from the state to be used for park improvements.

*SBR Engineering Fund* - This capital project fund was established to account for the financial resources received as a result of the dissolution of FORA to be used for the completion of engineering services for the South Boundary Roadway that were initiated by FORA.

*SBR/GJM Intersection Fund* - This capital project fund was established to account for the financial resources received as a result of the dissolution of FORA to be used for the completion of an intersection construction project that was initiated by FORA.

**City of Del Rey Oaks**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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***C. Cash, Cash Equivalents and Investments***

The City pools its cash and investments of all funds. Interest earned as a result of pooling is distributed to the appropriate funds utilizing a formula based on the average daily balance of cash of each fund. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as Cash and Investments.

Deposit and Investment Risk Disclosures - In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures* (Amendment of GASB Statement No. 3), certain disclosure requirements, if applicable, for Deposits and Investment Risks in the following areas:

- Interest Rate Risk
- Credit Risk
  - Overall
  - Custodial Credit Risk
  - Concentrations of Credit Risk
- Foreign Currency Risk

Other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF). Under Federal Law, the State of California cannot declare bankruptcy; therefore, deposits in the LAIF shall not be subject to either of the following: (a) transfer or loan pursuant to Government Code Section 16310, 16312, or 16313, or (b) impoundment or seizure by any state official or state agency.

Investments are recorded at fair value in accordance with GASB Statement No. 72, Fair Value Measurement and Application. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

The following is a summary of the definition of fair value:

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

- Market approach - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.
- Cost approach - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.
- Income approach - This approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs have been maximized in fair value measures, and unobservable inputs have been minimized.



**City of Del Rey Oaks**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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***D. Interfund Receivables and Payables***

Items classified as interfund receivables/payables are referred to as “advances to/advances from other funds” or as “due to/from other funds”. Due to/from other funds include short-term lending/borrowing transactions between funds. This classification also includes the current portion of an advance to or from another fund. Advances to/advances from other funds represents non-current portions of any long-term lending/borrowing transactions between funds. This amount will be equally offset by a reserve of fund balance which indicates that it does not represent available financial resources and therefore, is not available for appropriation.

***E. Receivables***

Billed, but unpaid, services provided to individuals or non-governmental entities are recorded as accounts receivable. Revenues earned but not collected by year-end are accrued. No allowance for uncollectible accounts receivable has been provided as management has determined that uncollectible accounts have historically been immaterial and the direct write-off method does not result in a material difference from the allowance method.

***F. Assets Held for Sale***

Property that has been classified as held for sale have met the following criteria:

- Management has committed to a plan to sell the asset;
- An active program to locate a buyer and other actions required to complete the plan of sale have been initiated;
- The sale of the property or asset within one year is probable and will qualify for accounting purposes as a sale;
- The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- Actions required to complete the plan of sale indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

***G. Leases Receivable***

The City’s lease receivable is measured at the present value of lease payments expected to be received during the lease term. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable plus incentive payments received. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease. If there is no stated rate in the lease contract (or if the stated rate is not the rate the City charges the lessee) and the implicit rate cannot be determined, the City uses its own estimated incremental borrowing rate as the discount rate to measure lease receivables. The City’s estimated incremental borrowing rate is based on its actual incremental borrowing rate for the most recent debt issuance.

***H. Capital Assets***

Capital outlays are recorded as expenditures of the General, Special Revenue, and Capital Projects Funds and as assets in the Government-Wide Financial Statements to the extent the City's capitalization threshold is met.

**City of Del Rey Oaks**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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Capital assets, which include property, facilities, equipment, and infrastructure purchased or acquired are carried at historical cost or estimated historical cost. Contributed fixed assets are recorded at estimated fair market value at the time received. Infrastructure fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems have been capitalized on a prospective basis, from July 1, 2003. Prior to July 1, 2003, infrastructure assets were not capitalized. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 for equipment, \$25,000 for facilities and improvements, \$150,000 for infrastructure, all land, and an estimated useful life in excess of one year.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Interest is capitalized on the construction or acquisition of major assets using debt proceeds. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. No interest was capitalized during the year ended June 30, 2023.

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

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

***I. Deferred Outflows/Deferred Inflows***

In addition to assets, the Statement of Net Position includes a separate section for deferred outflow of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expenses/expenditure) until then. The City has recognized deferred outflows of resources related to the recognition of the net pension liability and OPEB liability reported in the Statement of Net Position.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The City has recognized deferred inflows of resources related to the recognition of the lease revenue, pension liability and OPEB liability reported in the Statement of Net Position.

***J. Interest Payable***

In the government-wide financial statements, interest payable of long-term debt is recognized as an incurred liability for governmental fund types. The City has not allocated the interest on long-term debt to departments.

In the fund financial statements, governmental fund types do not recognize the interest payable when the liability is incurred. Interest on long-term debt is recorded in the fund statements when payment is made.

**City of Del Rey Oaks**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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***K. Deferred Compensation Plan***

City employees may defer a portion of their compensation under a City sponsored deferred compensation plan created in accordance with Internal Revenue Code Section 457. Under this plan, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, and death or in an emergency as defined by the Plan. Member contributions for the fiscal year ending June 30, 2023 totaled \$30,600.

The laws governing deferred compensation plan assets require plan assets to be held by a Trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not the City's property and are not subject to City control, they have been excluded from these financial statements.

***L. Compensated Absences***

Compensated absences comprise of unpaid vacation, which are accrued as earned. Unused vacation may be accumulated up to 160 hours and is paid at the time of termination from City employment. The liability for compensated absence is determined annually. The long-term portion is recorded in the Statement of Net Position and represents a reconciling item between the fund and government-wide presentations. The following is a summary of the changes in compensated absences for the fiscal year ended June 30, 2023:

Description	June 30, 2022	Earned	Taken	June 30, 2023	Due Within One Year
Government Activities	\$ 104,629	\$ 9,152	\$ 7,721	\$ 106,060	\$ 44,219

***M. Long-Term Liabilities***

In the government-wide financial statements, long-term liabilities are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Debt issuance costs are expensed in year incurred.

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

***N. Fund Balances***

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the City classifies governmental fund balances as follows:

**Nonspendable**

Nonspendable fund balance are amounts that cannot be spent because they are either (a) not in spendable form, such as long term receivables or (b) legally or contractually required to be maintained intact, such as a trust that must be retained in perpetuity.

**City of Del Rey Oaks**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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**Restricted**

Restricted fund balance are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

**Committed**

Committed fund balance are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end. Committed fund balances are imposed by the City Council.

**Assigned**

Assigned fund balance are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the City Manager.

**Unassigned**

The Unassigned Fund Balance category represents fund balance which may be held for specific types of uses or stabilization purposes, but is not yet directed to be used for a specific purpose.

The detail of amounts reported for each of the above defined fund balance categories is reported in the governmental funds balance sheet.

**Flow Assumption /Spending Order Policy**

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to be spent first. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to be spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has directed otherwise.

***N. Net Position***

In the government-wide financial statements, net position is classified in the following categories:

**Net Investment in Capital Assets**

This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets. In addition, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also are included in the net investment in capital assets component of net position.

**Restricted Net Position**

This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

**Unrestricted Net Position**

This amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

The detail of amounts reported for each of the above defined net position categories is reported in the government-wide Statement of Net Position.

**City of Del Rey Oaks**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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**Use of Restricted/Unrestricted Net Position**

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to apply restricted net position first.

***O. Property Taxes***

County tax assessments include secured and unsecured property taxes. "Unsecured" refers to taxes on personal property. These tax assessments are secured by liens on the property being taxed.

Monterey County is responsible for the assessment, collection and apportionment of property taxes for all taxing jurisdictions. Property taxes are levied in equal installments on November 1 and February 1. They become delinquent on December 10 and April 10, respectively. The lien date is January 1 of each year.

Property taxes are accounted for in the General Fund. Property tax revenues are recognized when they become measurable and available to finance current liabilities. The City considers property taxes as available if they are collected within 90 days after year end. Property tax on the unsecured roll are due on the January 1 lien date and become delinquent if unpaid on August 31. However, unsecured property taxes are not susceptible to year end accrual.

The City is permitted by Article XIII A of the State of California Constitution (known as Proposition 13) to levy a maximum tax of \$1.00 per \$100 of full cash value.

***P. Unearned Revenue***

Unearned revenue arises when assets (such as cash) are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements (such as qualified expenditures) are met are recorded as liabilities from unearned revenue.

***Q. Unavailable Revenue***

In the governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have been recorded as deferred inflows as unavailable revenue.

***S. Use of Estimates***

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

***T. Benefit Plans***

**Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**City of Del Rey Oaks**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* (GASB Statement No. 68) requires that the reported results pertain to liability and asset information within certain defined timeframes.

For this report, the following timeframes were used:

Valuation Date (VD) ..... June 30, 2021  
Measurement Date (MD) ..... June 30, 2022  
Measurement Period (MP) ..... July 1, 2021 to June 30, 2022

**Other Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources, and OPEB expense, information about the City’s Retiree Benefits Plan (the Plan) and additions to/deductions are based on when they are due and payable in accordance with the benefit terms for the measurement period included in the OPEB plan’s actuarial reports.

Valuation Date (VD) ..... June 30, 2021  
Measurement Date (MD) ..... June 30, 2022  
Measurement Period (MP) ..... June 30, 2021 to June 30, 2022

***O. Implementation of New Accounting Pronouncements***

During the year, the City implemented GASB Statement No. 96, *Subscription-based Information Technology Arrangements*. GASB Statement No. 96 is an accounting pronouncement issued by the Governmental Accounting Standards Board (GASB) that provides guidance on how the costs and investments for subscription-based information technology arrangements (SBITAs) are accounted for and disclosed by governmental entities. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. As of June 30, 2023, the City did not identify any material SBITAs that were required to be reported under GASB 96.

***U. Upcoming New Accounting Pronouncements***

The City is currently analyzing its accounting practices to determine the potential impact on the financial statements of the following recent GASB Statements:

***GASB Statement No. 100, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62, effective fiscal 2024.***

This statement enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. GASB 100 also requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. And, GASB 100 addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI).

**City of Del Rey Oaks**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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**GASB Statement No. 101, *Compensated Absences*, effective fiscal 2025.**

Updates the recognition and measurement guidance for compensated absences by:

1. Aligning the recognition and measurement guidance under a unified model
2. Amending certain previously required disclosures
3. Amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability
4. Supersedes GASB 16

**NOTE 2 - CASH AND INVESTMENTS**

As of June 30, 2023, cash and investments were reported in the financial statements as follows:

	Statement of Net Position		Total Cash and Investments
	Unrestricted	Restricted	
Cash in bank	\$ 815,613	\$ -	\$ 815,613
Cash with fiscal agent	-	8,656,972	8,656,972
Local Agency Investment Fund	3,818,508	-	3,818,508
Total cash and investments	\$ 4,634,121	\$ 8,656,972	\$ 13,291,093

**A. *Cash Deposits***

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest, and places the City ahead of general creditors of the institution.

The market value of pledged securities must equal at least 110 percent of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes that have a value of 150 percent of the City's total cash deposits. The City has waived the collateral requirements for cash deposits which are fully insured to \$250,000 by the Federal Deposits Insurance Corporation (FDIC).

The bank balances before reconciling items totaled \$874,271 at June 30, 2023 and were different from carrying amounts due to deposits in transit and outstanding checks. As of June 30, 2023, the City's cash balances exceeded insurance by \$624,271 but were collateralized as discussed above.

**B. *Restricted Cash with Fiscal Agent***

For the year ended June 30, 2023, the City had a balance of \$322,928 in a Public Agency Retirement Services (PARS) Pension Rate Stabilization Program (PRSP) 115 irrevocable trust for pensions. Participating agencies maintain oversight of investment management and control over the risk tolerance level. Assets in the plan can be accessed to offset unexpected rate increases or be used as a rainy-day fund related to their pension plan (CalPERS). These assets are not dedicated to providing plan benefits to plan participants and are not directly used to pay benefits until such time as the City transfers the funds from the PARS trust to the pension plan (CalPERS). The trust restricts the use of the assets to be used solely for pension related expenses. Amounts held in Trust for FORA Dissolution Administration and Successor Agency obligations are also reported as restricted cash and investments.

**City of Del Rey Oaks**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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**C. Fair Value Measurements**

GASB 72 established a hierarchy of inputs to the valuation techniques. This hierarchy has three levels.

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable.
- Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

The City has the following recurring fair value measurements as of June 30, 2023:

- California Local Agency Investment Fund (LAIF) of \$3,818,508; valued using Level 2 inputs.

**D. Investment Policies**

**City Investment Policy**

The City has an investment policy, which is in accordance with the California Government Code, the following investments are authorized:

Authorized Investment Type	Maximum Maturity (1)	Maximum Total of Portfolio	Maximum Investment in Anyone Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	20%	None
Reverse Repurchase Agreements	92 days	20%	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	2 years	20%	None
County Pooled Investment Funds	1 year	20%	None
Local Agency Investment Fund (LAIF)	N/A	None	None
JPA Pools (other investment pools)	N/A	None	None



**City of Del Rey Oaks**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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***E. External Investment Pool***

The City's investments with LAIF at June 30, 2023, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

**Structured Notes**

These are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

**Asset-Backed Securities**

The bulk of asset-backed securities are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMO's) or credit card receivables.

LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The approved investments policy is listed on the LAIF website, located at <http://www.treasurer.ca.gov/pmia-laif/laif/index.asp>.

***F. Risk Disclosures***

**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 term of an investment's maturity, the greater the sensitivity to changes in market interest rates. It is the City's practice to manage its exposure to interest rate risk is by purchasing a combination of shorter and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for City's operations.

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of June 30, 2023, the City's investments were in compliance with the ratings required by the City's investment policy, indenture agreements and Government Code.

**Concentrations 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. As of June 30, 2023, the City had no investments in any one issuer (other than U.S. Treasury securities, mutual funds and external investment pools) that represented 5% or more of the total City investments.

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The California Government Code does 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).

**City of Del Rey Oaks**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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**NOTE 3 - INTERFUND TRANSACTIONS**

***A. Transfers In/Out***

With Council approval resources may be transferred from one fund to another. Transfers routinely reimburse funds that have made an expenditure on behalf of another fund. Transfers may also be made to pay for capital projects or capital outlays, lease or debt service payments, and operating expenses. The City transferred \$35,000 from the General Fund to the Capital Projects Fund and \$30,000 from the ARPA Fund to the Proposition 68 Grant Fund during the fiscal year ended June 30, 2023.

***B. Interfund Receivables and Payables***

The timing of when cash is received and paid can result in a negative cash balance in a fund as of fiscal year end. At year-end, a liability, “Due To Other Funds” is created to eliminate any negative cash balances along with a corresponding asset, “Due From Other Funds.” In the following fiscal year, the liabilities are settled and the assets are liquidated. The City did not have any interfund receivables and payables as of June 30, 2023.

**NOTE 4 - LEASES RECEIVABLE**

As of June 30, 2023, the City recognized two contract as a lease and implemented the applicable accounting and reporting requirements of a lessor under GASB 87. The following schedule summarizes the lease balances and the impact on beginning net position and fund balance:

Description	Lease Receivable	Deferred Inflows of Resources	Prior Period Adjustment
Initial Net Present Value	\$ 307,003	\$ 307,003	\$ -
Accumulated Amortization	-	(214,902)	-
Other adjustments	-	-	-
Principal Payments	(223,440)	(30,700)	-
Beginning Balances 7/1/2022	83,563	61,401	-
Current Amortization	-	(48,247)	-
Issuance	85,188	85,188	-
Current Principal Payments	(48,087)	-	-
Ending Balances 6/30/2023	\$ 120,664	\$ 98,342	\$ -

**City of Del Rey Oaks**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

**NOTE 5 - CAPITAL ASSETS**

Capital assets consisted of the following as of June 30, 2023:

	<u>Balance</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Deletions/ Adjustments</u>	<u>Balance</u> <u>June 30, 2023</u>
<b>Non-depreciable:</b>				
Land	\$ 549,500	\$ -	\$ -	\$ 549,500
Total Non-Depreciable	<u>549,500</u>	<u>-</u>	<u>-</u>	<u>549,500</u>
<b>Depreciable:</b>				
Buildings and Improvements	691,438	-	-	691,438
Furniture, Equipment, and Vehicles	752,487	123,266	(9,905)	865,848
Structure and Improvements	1,435,976	121,606	-	1,557,582
Finance purchase assets	-	98,760	-	98,760
Total Depreciable	<u>2,879,901</u>	<u>343,632</u>	<u>(9,905)</u>	<u>3,213,628</u>
<b>Less Accumulated Depreciation for:</b>				
Buildings and Improvements	(436,594)	(15,828)	-	(452,422)
Furniture, Equipment, and Vehicles	(413,268)	(83,831)	905	(496,194)
Structure and Improvements	(182,850)	(68,049)	-	(250,899)
Finance purchase assets	-	(19,752)	-	(19,752)
Total Accumulated Depreciation	<u>(1,032,712)</u>	<u>(187,460)</u>	<u>905</u>	<u>(1,219,267)</u>
Total Depreciable Capital Asset - Net	<u>1,847,189</u>	<u>156,172</u>	<u>(9,000)</u>	<u>1,994,361</u>
Total Capital Assets - Net	<u>\$ 2,396,689</u>	<u>\$ 156,172</u>	<u>\$ (9,000)</u>	<u>\$ 2,543,861</u>

During fiscal year ended June 30, 2019, the City reclassified \$8,904,673 in land to “held for resale” as the City is in the process of selling the land, which the City originally received as part of an Economic Development Conveyance through the Fort Ord Reuse Authority (FORA). The land remained classified as held for sale as of June 30, 2023.

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

General Government	\$ 15,159
Police Department	70,126
Parks	12,147
Public Works	90,028
Total depreciation expense	<u>\$ 187,460</u>

**City of Del Rey Oaks**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

**NOTE 6 - LONG-TERM LIABILITIES**

The City's long-term liabilities consisted of the following as of June 30, 2023:

Description	Balance			Balance June 30, 2023	Due Within One Year
	June 30, 2022	Additions	Retirements		
Finance purchase agreements:					
Police department - body cameras	\$ -	\$ 98,760	\$ 19,752	\$ 79,008	\$ 19,752
Software	24,777	-	8,039	16,738	8,258
Subtotal finance purchase agreements	24,777	98,760	27,791	95,746	28,010
Loans payable:					
Federal Group International, LLC	1,200,000	-	-	1,200,000	-
Federal Group International, LLC					
Compound Interest	338,528	51,926	-	390,454	-
TAMC Measure X Loan	632,600	-	88,621	543,979	-
Subtotal loans payable	2,171,128	51,926	88,621	2,134,433	-
Total	\$ 2,195,905	\$ 150,686	\$ 116,412	\$ 2,230,179	\$ 28,010

**Records Management Software Lease Purchase Agreement**

The City entered into a software and service agreement with Sun Ridge System, Inc. to receive computer software and services from Sun Ridge System, Inc. The lease qualifies as a leases purchase agreement for accounting purposes and therefore have been recorded at the present value of future minimum lease payments at the date of the inception of the lease. The principal and interest payments on the lease are \$8,713 with the interest rate of 2.721%.

As of June 30, 2023, the annual debt service requirements on the Records Management Software Lease Purchase Agreement are as follows:

Year Ending June 30	Principal	Interest	Total
2024	\$ 8,258	\$ 455	\$ 8,713
2025	8,480	233	8,713
Total	\$ 16,738	\$ 688	\$ 17,426

**Body Worn Cameras, Data Storage and Software Finance Purchase Agreement**

The City entered into a software, hardware, and services finance purchase agreement with Motorola Solutions to receive body worn cameras, data storage, and software from Motorola Solutions. The agreement qualifies as a finance purchase agreement for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments at the date of the inception of the agreement. The principal payments on the agreement are \$19,752.

As of June 30, 2023, the annual debt service requirements on the Body Worn Cameras, Data Storage and Software Finance Purchase Agreement are as follows:

Year Ending June 30	Principal	Interest	Total
2024	\$ 19,752	\$ -	\$ 19,752
2025	19,752	-	19,752
2026	19,752	-	19,752
2027	19,752	-	19,752
Total	\$ 79,008	\$ -	\$ 79,008

**City of Del Rey Oaks**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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**Federal Group International, LLC Loan Payable**

The City has a promissory note with Federal Group International, LLC in the amount of \$1,200,000, \$700,000 of the note is the City's obligation to pay for funds loaned by Federal/JER Associates I, LLC to the former Redevelopment Agency of the City of Del Rey Oaks, the remaining \$500,000 of the note evidences the City's obligation to pay the holder as settlement of claims between the City and Bellmont Rock Holdings, LLC. Interest is accrued at 5% per annum on the \$700,000 beginning June 1, 2014, until the entire outstanding loan amount, plus interest, is paid in full. Payments on the note, once they commence, shall be for a five-year period, however if the note is not paid in full at the end of the five-year term it shall automatically renew, once, for an additional five-year term. No payment shall be due under this loan until commencement of construction on the Fort Ord property and are based on an increase of 50% of City revenue associated with the development of the entire property.

**TAMC Measure X Loan Payable**

In December 2018, the City entered into an agreement with the Transportation Agency for Monterey County (TAMC) for the purpose of receiving advance funding for the Del Rey Oaks Slurry Seal (the project). As of June 30, 2021, the TAMC had advanced \$817,659 to the City. The loan is payable from Measure X revenue, which can only be estimated year to year, so no amortization schedule has been established at this time. An interest rate of 2.5% is fixed until such time as the Monterey County Pool Quarterly Rate rises above 2.0%, at which point the interest rate will be variable, tied to the Monterey County Pool Quarterly Rate plus 50 basis points, only becoming fixed again at 2.5% when the Monterey County Pool Quarterly Rate drops below 2.0%. The outstanding balance on the loan at June 30, 2023, was \$543,979.

**NOTE 7 - RISK MANAGEMENT**

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

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

Financial statements for the Authority may be obtained from [www.mbasia.org](http://www.mbasia.org).

**NOTE 8 - CALPERS PENSION PLAN**

***General Information about the Pension Plans***

**Plan Description** - All qualified permanent and probationary employees are eligible to participate in the City's Miscellaneous and Safety Employee Pension Plans (the Plans); cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**City of Del Rey Oaks**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

**Benefits Provided** - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 55 with statutorily reduced benefits. All members are eligible for non-industrial disability benefits after 10 years of service. The death benefit is the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for the Plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2023, are summarized as follows:

	<u>Miscellaneous</u>		<u>Safety</u>	
	Tier 1	PEPRA	Police	Police - PEPRA
Benefit formula	2% @ 55	2% @ 62	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 Years	5 Years	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life	Monthly for Life	Monthly for Life
Retirement age	55	62	50	57
Monthly benefits as a				
% of eligible compensation	2.00%	2%	3.00%	2-2.70%
Required employee contribution rates	7.00%	6.75%	9.000%	12.000%
Required employer contribution rates	10.87%	7.47%	21.927%	13.034%

**Employees Covered** - At June 30, 2023 (fiscal year), June 30, 2021 (the valuation date), the following employees were covered by the benefit terms for the Plans:

	<u>Miscellaneous</u>	<u>Safety</u>
Active	3	11
Transferred	2	3
Separated	3	2
Retired	7	14
Total	<u>15</u>	<u>30</u>

**Contributions** - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rates are the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2023, the City's contributions were as follows:

	<u>Employer</u> <u>Contributions</u>
Miscellaneous	\$ 39,951
Safety	106,914
Total Employer Contributions	<u>\$ 146,865</u>

**City of Del Rey Oaks**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

***Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions***

As of June 30, 2023, the City reported net pension liabilities for its proportionate shares of the net pension liability as follows:

	<b>Proportionate Share of Net Pension Liability/(Asset)</b>
Miscellaneous	\$ 551,615
Safety	1,367,880
<b>Total</b>	<b>\$ 1,919,495</b>

The City's net pension liability for the Plans is measured as the proportionate share of the net pension liability. The net pension liability of the Plans are measured as of June 30, 2022, and the total pension liability for the Plans used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plans as of June 30, 2022 and 2023 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Combined Plans</u>
Proportion - June 30, 2022	0.01115%	0.01824%	0.01575%
Proportion - June 30, 2023	0.01179%	0.01991%	0.01662%
Change - Increase/(Decrease)	<u>0.00064%</u>	<u>0.00167%</u>	<u>0.00087%</u>

For the year ended June 30, 2023, the City recognized pension expense of \$132,241 for the plans.

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Miscellaneous and Safety</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 194,448	\$ -
Differences between Expected and Actual Experience	67,689	22,273
Differences between Projected and Actual Investment Earnings	317,049	-
Differences between Employer's Contributions and Proportionate Share of Contributions	26,280	204,689
Change in Employer's Proportion	163,933	6,412
Pension Contributions Made Subsequent to Measurement Date	146,865	-
<b>Total</b>	<u>\$ 916,264</u>	<u>\$ 233,374</u>

The City reported \$146,865 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

**City of Del Rey Oaks**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<b>Fiscal Year</b> <b>Ending June 30:</b>	<b>Deferred Outflows/(Inflows) of Resources</b>		
	<b>Miscellaneous</b>	<b>Safety</b>	<b>Total</b>
2024	\$ 50,358	\$ 67,944	\$ 118,302
2025	54,236	77,791	132,027
2026	38,628	53,500	92,128
2027	61,800	131,767	193,567
2028	-	-	-
Thereafter	-	-	-
<b>Total</b>	<b>\$ 205,022</b>	<b>\$ 331,002</b>	<b>\$ 536,024</b>

**Actuarial Assumptions** - The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.80%
Inflation	2.30%
Payroll Growth	2.80%
Projected Salary Increase	(1)
Investment Rate of Return	6.8% (2)
Mortality	(3)

- (1) Varies by entry age and service
- (2) Net of pension plan investment expenses, including inflation
- (3) Derived using CalPERS' membership data for all funds

**Discount Rate** - The discount rate used to measure the total pension liability was 6.80 percent for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 6.80 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 6.80 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS' website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns



**City of Del Rey Oaks**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

These rates of return are net of administrative expenses.

<u>Asset Class (a)</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Return (1)(2)</u>
Global Equity Cap Weighted	30.00%	4.54%
Global Equity NonCap Weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	<u>100.00%</u>	

(1) An expected inflation of 2.3% used for this period.

(2) Figures are based on the 2021-22 Asset Liability Study.

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate -**

The following presents the City's proportionate share of the net pension liability for the Plans, calculated using the discount rate for the Plans, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	5.90%	5.90%
Net Pension Liability \$	860,682	2,075,093
Current	6.90%	6.90%
Net Pension Liability \$	551,615	1,367,880
1% Increase	7.90%	7.90%
Net Pension Liability \$	297,329	789,894

**City of Del Rey Oaks**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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**Pension Plan Fiduciary Net Position** - Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

**NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS PLAN**

**Plan Description** - The City of Del Rey Oaks has contracted with the Public Employees Retirement System (PERS) under the PERS Care Health Plan to provide benefits of the Meyers-Geddes State Employees' Medical and Hospital Care Act per Government Code Section 22850.

The Plan provides for continuation of medical insurance benefits for certain retirees or annuitants and their dependents. The Plan can be amended by action of the City Council on passing a resolution.

**Benefits Provided** - The City contributes toward post-retirement benefits for employees who retire after age 50 with at least 5 years of service. The City will pay the minimum CalPERS PEMHCA contribution. The monthly payment is \$143 in 2021 and \$149 in 2022 and is expected to increase further in future years. Payments are made for as long as the retired employee or dependent spouse is living.

**Employees Covered by Benefit Terms –**

At June 30, 2022 (the measurement date), the benefit terms covered the following employees:

Active employees	11
Inactive employees	2
<b>Total employees</b>	<b>13</b>

**Contributions** - The City makes contributions based on an actuarially determined rate and are approved by the authority of the City’s Council. Total contributions to the OPEB plan during the year were \$1,738. Total benefit payments included in the measurement period were \$1,480. The actuarially determined contribution for the measurement period was \$74,782. The City’s contributions were 0.21% of covered employee payroll during the measurement period June 30, 2022 (reporting period June 30, 2023). Employees are not required to contribute to the plan. There have been no assets accumulated in a trust to provide for the benefits of this plan.

**Actuarial Assumptions**

<b>Valuation Date:</b>	June 30, 2021
<b>Measurement Date:</b>	June 30, 2022
<b>Actuarial Cost Method:</b>	Entry-Age Normal Cost Method
<b>Amortization Period:</b>	8.8 years
<b>Actuarial Assumptions:</b>	
<b>Discount Rate</b>	4.09%
<b>Inflation</b>	2.75%
<b>Salary Increases</b>	3.25%
<b>Healthcare Trend Rate</b>	4.00%
<b>Mortality</b>	2017 CalPERS OPEB Assumptions Model for miscellaneous
<b>Retirement</b>	2017 CalPERS OPEB Assumptions Model for miscellaneous public employees with 2.0% at 55 retirement.

**City of Del Rey Oaks**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

**Discount Rate** - The discount rate was taken from the S&P Municipal Bond 20 Year High Grade Rate Index, which was 4.09% as of June 30, 2022 ( the measurement date).

**Changes in the Total OPEB Liability** - The following summarizes the changes in the total OPEB liability during the year ended June 30, 2023, for the measurement date of June 30, 2022:

<b>Fiscal Year Ended June 30, 2023 (Measurement Date June 30, 2022)</b>	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability (Asset)</b>
<b>Balance at June 30,2022</b>	\$ 428,334	\$ -	\$ 428,334
Service cost	58,684	-	58,684
Interest in Total OPEB Liability	9,219	-	9,219
Balance of changes in assumptions	(171,212)	-	(171,212)
Benefit payments	(3,057)	-	(3,057)
<b>Net changes</b>	<b>(106,366)</b>	<b>-</b>	<b>(106,366)</b>
<b>Balance at June 30, 2023</b>	<b>\$ 321,968</b>	<b>\$ -</b>	<b>\$ 321,968</b>

Covered Employee Payroll	\$ 1,466,891
Total OPEB Liability as a % of Covered Employee Payroll	21.95%
Plan Fid. Net Position as a % of Total OPEB Liability	0.00%
Service Cost as a % of Covered Employee Payroll	4.00%
Net OPEB Liability as a % of Covered Employee Payroll	21.95%

The City's plan is nonfunded, meaning there have not been assets placed into an irrevocable trust, therefore the plan fiduciary net position is zero.

**Deferred Inflows and Outflows of Resources** - At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between actual and expected experience	\$ 63,974	\$ -
Change in assumptions	-	92,585
OPEB contribution subsequent to measurement date	1,738	-
<b>Totals</b>	<b>\$ 65,712</b>	<b>\$ 92,585</b>

Of the total amount reported as deferred outflows of resources related to OPEB, \$1,738 resulting from City contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability in the year ended June 30, 2024.

**City of Del Rey Oaks**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,		
2024	\$	(733)
2025		(733)
2026		(733)
2027		(392)
2028		470
Thereafter		(26,490)
<b>Total</b>	<u>\$</u>	<u>(28,611)</u>

**OPEB Expense** - The following summarizes the OPEB expense by source during the year ended June 30, 2023, for the measurement date of June 30, 2022:

Service cost	\$	58,684
Interest in TOL		9,219
Difference between actual and expected experience		11,667
Change in assumptions		(12,401)
<b>OPEB Expense</b>	<u>\$</u>	<u>67,169</u>

The following summarizes changes in the total OPEB liability as reconciled to OPEB expense during the year ended June 30, 2023, for the measurement date of June 30, 2022:

Total OPEB liability ending	\$	321,968
Total OPEB liability beginning		(428,334)
Change in total OPEB liability		(106,366)
Changes in deferred outflows		77,635
Changes in deferred inflows		92,585
Employer contributions and implicit subsidy		3,315
<b>OPEB Expense</b>	<u>\$</u>	<u>67,169</u>

**Sensitivity to Changes in the Municipal Bond Rate** - The total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a municipal bond rate (used to determine the discount rate) that is one percentage point lower or one percentage point higher, is as follows:

	<b>Municipal Bond Rate</b>		
	(1% Decrease )	4.09%	(1% Increase )
Total OPEB Liability	\$ 398,789	\$ 321,968	\$ 263,691

**City of Del Rey Oaks**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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**Sensitivity to Changes in the Healthcare Cost Trend Rates** - The total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates, is as follows:

	Trend Rate		
	(1% Decrease )	4.00%	(1% Increase )
Total OPEB Liability	\$ 264,301	\$ 321,968	\$ 396,789

**NOTE 10 - COMMITMENTS AND CONTINGENCIES**

**A. Lawsuits**

The City is presently involved in certain matters of litigation that have arisen in the normal course of conducting City business. City management believes, based upon consultation with the City Attorney, that these cases, in the aggregate, are not expected to result in a material adverse financial impact on the City. Additionally, City management believes that the City's insurance programs are sufficient to cover any potential losses should an unfavorable outcome materialize.

**B. Federal and State Grant Programs**

The City participates in Federal and State grant programs. These programs are audited by the City's independent accountants if required by and in accordance with the provisions of the Federal Single Audit Act Amendments of 1996 and applicable State requirements. For Federal programs, the City did not reach the level of qualifying expenditures during the current fiscal year that would require a single audit. Expenditures which may be disallowed, if any, by the granting agencies, cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

**NOTE 11 - INTERGOVERNMENTAL AGREEMENTS**

The City has an agreement with the City of Seaside for fire protection and related services to be provided by Seaside pursuant to Government Code Section 55632. The annual fee for these services for fiscal year ending June 30, 2023 was \$219,102. Either party may cancel the agreement with at least 90 days written notice.

The City has an agreement, effective as of October 2018, with the Monterey Peninsula Airport District (Airport), a Special District, for the City to provide law enforcement services to the Airport pursuant to Government Code Sections 54981 and 55632. The City received \$774,306, a portion of the annual fee of \$1,097,408, from the Airport for the initial year, then each subsequent year the fee will be increased by 2.5% per year or 50% of known cost increases, subject to the annual true up of costs to account for actual costs incurred by the City. The annual fee for these services for fiscal year ending June 30, 2023 was \$1,083,650.



## **REQUIRED SUPPLEMENTARY INFORMATION**

**City of Del Rey Oaks**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual (GAAP Basis)**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property taxes	\$ 737,700	\$ 738,700	\$ 774,673	\$ 35,973
Other taxes	2,078,000	1,870,000	1,992,267	122,267
Licenses and permits	96,300	96,300	105,560	9,260
Reimbursements	1,000	1,000	-	(1,000)
Fines, forfeits and penalties	5,200	5,200	7,248	2,048
Grants	175,600	257,500	252,895	(4,605)
Current services	1,299,850	1,299,850	1,159,455	(140,395)
Parks and recreation	74,100	74,100	65,141	(8,959)
Other	10,000	10,000	104,189	94,189
<b>Total Revenues</b>	<u>4,477,750</u>	<u>4,352,650</u>	<u>4,461,428</u>	<u>108,778</u>
<b>EXPENDITURES</b>				
Payroll and benefits	2,711,300	2,711,600	2,870,001	(158,401)
Office and Supplies	126,280	127,280	96,308	30,972
Utility and services	166,600	166,600	174,493	(7,893)
Other services	50,300	49,300	28,790	20,510
Outside services	747,800	1,298,897	824,976	473,921
Auto ops	62,300	62,300	61,057	1,243
Police and fire	228,800	228,800	230,136	(1,336)
Streets and storm water	23,300	23,300	33,563	(10,263)
Capital improvement	3,000	3,000	-	3,000
Debt service				
Principal	114,300	92,980	90,730	2,250
Interest and fiscal charges	2,000	2,000	16,340	(14,340)
<b>Total Expenditures</b>	<u>4,235,980</u>	<u>4,766,057</u>	<u>4,426,394</u>	<u>339,663</u>
Excess (Deficiency) of Revenues over Expenditures	<u>241,770</u>	<u>(413,407)</u>	<u>35,034</u>	<u>448,441</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from finance purchase agreement	-	-	98,760	
Transfers in	-	-	-	-
Transfers out	-	-	(35,000)	35,000
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>63,760</u>	<u>35,000</u>
Net Change in Fund Balances	<u>\$ 241,770</u>	<u>\$ (413,407)</u>	<u>98,794</u>	<u>\$ 483,441</u>
Fund Balances - Beginning of Year			12,033,175	
Fund Balances Ending			<u>\$ 12,131,969</u>	

The City employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the City Council to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP. The expenditures noted above in excess of appropriations were covered by fund balance, appropriations available in other categories, or revenues in excess of budget.

**City of Del Rey Oaks  
Schedule of Pension Plan Contributions  
For the Fiscal Year Ended 2023**

<b>Miscellaneous and Safety Plan</b>									
Fiscal Year Ended	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually Required Contributions	\$ 33,822	\$ 44,939	\$ 37,901	\$ 34,721	\$ 23,757	\$ 25,884	\$ 16,607	\$ 125,005	\$ 39,951
Contributions in Relation to Contractually Required Contributions	33,822	44,939	37,901	34,721	23,757	25,884	16,607	125,005	39,951
<b>Contribution Deficiency (Excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Covered Payroll</b>	<b>\$ 368,033</b>	<b>\$ 374,374</b>	<b>\$ 296,535</b>	<b>\$ 297,685</b>	<b>\$ 434,368</b>	<b>\$ 322,853</b>	<b>\$ 385,980</b>	<b>\$ 401,325</b>	<b>\$ 397,546</b>
<b>Contributions as a % of Covered Payroll</b>	<b>9.19%</b>	<b>12.00%</b>	<b>12.78%</b>	<b>11.66%</b>	<b>5.47%</b>	<b>8.02%</b>	<b>4.30%</b>	<b>31.15%</b>	<b>10.05%</b>
<b>Safety Plan</b>									
Plan Measurement Date	2014	2015	2016	2017	2018	2019	2020	2021	2022
Fiscal Year Ended	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually Required Contributions	\$ 185,949	\$ 185,949	\$ 162,246	\$ 149,453	\$ 79,875	\$ 75,687	\$ 110,590	\$ 125,293	\$ 106,914
Contributions in Relation to Contractually Required Contributions	185,949	185,949	162,246	149,453	79,875	75,687	110,590	125,293	106,914
<b>Contribution Deficiency (Excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Covered Payroll</b>	<b>\$ 483,025</b>	<b>\$ 500,535</b>	<b>\$ 426,293</b>	<b>\$ 301,916</b>	<b>\$ 803,799</b>	<b>\$ 464,427</b>	<b>\$ 964,824</b>	<b>\$ 1,105,926</b>	<b>\$ 1,237,658</b>
<b>Contributions as a % of Covered Payroll</b>	<b>38.50%</b>	<b>37.15%</b>	<b>38.06%</b>	<b>49.50%</b>	<b>9.94%</b>	<b>16.31%</b>	<b>11.46%</b>	<b>11.33%</b>	<b>8.64%</b>

Notes to Schedule:

Valuation Date: June 30, 2021

Assumptions Used: Entry Age Method used for Actuarial Cost Method  
Level Percentage of Payroll and Direct Rate Smoothing  
Remaining Amortization Period no more than 29 years  
Inflation Assumed at 2.30%  
Investment Rate of Returns set at 6.8%

The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

Fiscal year 2015 was the first year of implementation, therefore only nine years are shown.

The CalPERS discount rate was increased from 7.50% to 7.65% in FY2016, to 7.15% in FY2018, and then decreased to 6.80% in FY2023.

The CalPERS mortality assumptions was adjusted in fiscal year 2023.



**City of Del Rey Oaks**  
**Schedule of Proportionate Share of Net Pension Liabilities**  
**For the Fiscal Year Ended June 30, 2023**

<b>Miscellaneous and Safety Plan</b> Fiscal Year Ended	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Proportion of Net Pension Liability (Safety and Misc)	0.02058%	0.01585%	0.01592%	0.01564%	0.01561%	0.01546%	0.01548%	0.01575%	0.01662%
Proportionate Share of Net Pension Liability	\$ 1,280,369	\$ 1,088,059	\$ 1,377,408	\$ 1,551,296	\$ 1,504,158	\$ 1,584,252	\$ 1,683,831	\$ 851,727	\$ 1,919,495
Covered Payroll	\$ 853,661	\$ 851,058	\$ 874,909	\$ 722,828	\$ 599,601	\$ 1,238,167	\$ 786,980	\$ 1,350,804	\$ 1,507,251
<b>Proportionate Share of NPL as a % of Covered Payroll</b>	<b>149.99%</b>	<b>127.85%</b>	<b>157.43%</b>	<b>214.61%</b>	<b>250.86%</b>	<b>127.95%</b>	<b>213.96%</b>	<b>63.05%</b>	<b>127.35%</b>
<b>Plan's Fiduciary Net Position as a % of the TPL</b>	<b>79.31%</b>	<b>76.30%</b>	<b>75.12%</b>	<b>75.25%</b>	<b>75.63%</b>	<b>75.80%</b>	<b>75.17%</b>	<b>87.99%</b>	<b>74.02%</b>

Fiscal year 2015 was the first year of implementation, therefore only nine years are shown.  
The CalPERS discount rate was increased from 7.50% to 7.65% in FY2016, to 7.15% in FY2018, and then decreased to 6.80% in FY2023.  
The CalPERS mortality assumptions was adjusted in fiscal year 2023.

**City of Del Rey Oaks**  
**Schedule of Changes in Total OPEB Liability**  
**For the Fiscal Year Ended June 30, 2023**

Fiscal Year Ended	2018	2019	2020	2021	2022	2023
<b>Total OPEB liability</b>						
Service cost	\$ 9,840	\$ 8,537	\$ 8,242	\$ 49,908	\$ 70,745	\$ 58,684
Interest	7,961	9,288	9,987	11,770	10,865	9,219
Changes of benefit terms	-	-	-	-	(183,330)	-
Differences between expected and actual experience	-	-	63,643	-	38,296	-
Changes of assumptions	(33,928)	(12,049)	4,378	103,454	5,630	(171,212)
Benefit payments	(770)	(6,774)	(7,542)	(8,523)	(11,016)	(3,057)
Implicit subsidy fulfilled	-	-	-	-	-	-
Net change in Total OPEB Liability	(16,897)	(998)	78,708	156,609	(68,810)	(106,366)
Total OPEB Liability - beginning	279,722	262,825	261,827	340,535	497,144	428,334
Total OPEB Liability - ending	<u>\$ 262,825</u>	<u>\$ 261,827</u>	<u>\$ 340,535</u>	<u>\$ 497,144</u>	<u>\$ 428,334</u>	<u>\$ 321,968</u>
<b>Plan fiduciary net position</b>						
Net change in plan fiduciary net position	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - beginning	-	-	-	-	-	-
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability (asset)	\$ 262,825	261,827	340,535	497,144	428,334	321,968
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Employee Payroll	\$ 977,093	\$ 953,262	\$ 1,080,538	\$ 1,308,070	\$ 1,313,110	\$ 1,466,891
Net OPEB liability as a percentage of covered employee payroll	26.90%	27.47%	31.52%	38.01%	32.62%	21.95%
Total OPEB liability as a percentage of covered employee payroll	26.90%	27.47%	31.52%	38.01%	32.62%	21.95%

*Other Notes*

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available. GASB 75 was adopted as of June 30, 2018.

There were not changes in benefit terms.

The discount rate increased from 2.16% to 4.09% in fiscal year 2023.

There were no changes in trends or inflation rates.

The mortality rates were updated to the 2017 CalPERS OPEB Assumptions model.

**City of Del Rey Oaks**  
**Notes to the Required Supplementary Information**  
**For the Fiscal Year Ended June 30, 2023**

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**NOTE 1 - BUDGETARY DATA**

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

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



## **SUPPLEMENTARY INFORMATION**

**City of Del Rey Oaks**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2023**

	Special Revenue Funds					
	Gas Tax Fund	SB 1 Fund	Measure X Fund	BSCC Officer Wellness & Mental Health	FORA Habitat Management Fund	ARPA Fund
<b>ASSETS</b>						
Cash and investments	\$ 82,759	\$ 131,872	\$ 95,971	\$ 15,000	\$ 740,180	\$ 170,460
Receivables:						
Taxes	3,741	-	18,568	-	-	-
Accounts	-	3,159	-	-	-	-
<b>Total assets</b>	<u>\$ 86,500</u>	<u>\$ 135,031</u>	<u>\$ 114,539</u>	<u>\$ 15,000</u>	<u>\$ 740,180</u>	<u>\$ 170,460</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 1,054	\$ -	\$ -	\$ 167	\$ 3,739	\$ -
<b>Total liabilities</b>	<u>1,054</u>	<u>-</u>	<u>-</u>	<u>167</u>	<u>3,739</u>	<u>-</u>
<b>FUND BALANCES</b>						
Restricted:						
Streets and roads	\$ 85,446	\$ 135,031	\$ 114,539	\$ -	\$ -	\$ -
Habitat management	-	-	-	-	736,441	-
Capital projects	-	-	-	-	-	-
Wellness programs	-	-	-	\$ 14,833	-	-
Covid-19 recovery	-	-	-	-	-	170,460
<b>Total fund balances</b>	<u>\$ 85,446</u>	<u>\$ 135,031</u>	<u>\$ 114,539</u>	<u>\$ 14,833</u>	<u>\$ 736,441</u>	<u>\$ 170,460</u>

**City of Del Rey Oaks  
Combining Balance Sheet  
Nonmajor Governmental Funds  
For the Fiscal Year Ended June 30, 2023**

	Capital Project Funds				Total Nonmajor Governmental Funds
	Capital Projects	Prop 68 Grant Fund	SBR Engineering Fund	SBR/GJM Intersection Fund	
<b>ASSETS</b>					
Cash and investments	\$ 950	\$ -	\$ 505,830	\$ 1,056,168	\$ 2,799,190
Receivables:					
Taxes	-	-	-	-	22,309
Accounts	-	-	-	-	3,159
<b>Total assets</b>	<u>\$ 950</u>	<u>\$ -</u>	<u>\$ 505,830</u>	<u>\$ 1,056,168</u>	<u>\$ 2,824,658</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 4,960
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,960</u>
<b>FUND BALANCES</b>					
Restricted:					
Streets and roads	\$ -	\$ -	\$ -	\$ -	\$ 335,016
Habitat management	-	-	-	-	736,441
Capital projects	950	-	505,830	1,056,168	1,562,948
Wellness programs	-	-	-	-	14,833
Covid-19 recovery	-	-	-	-	170,460
<b>Total fund balances</b>	<u>\$ 950</u>	<u>\$ -</u>	<u>\$ 505,830</u>	<u>\$ 1,056,168</u>	<u>\$ 2,819,698</u>

**City of Del Rey Oaks**  
**Combining Schedule of Revenues,**  
**Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2023**

	Special Revenue Funds					
	Gas Tax Fund	SB 1 Fund	Measure X Fund	BSCC Officer Wellness & Mental Health	FORA Habitat Management Fund	ARPA Fund
<b>REVENUES</b>						
Taxes:						
Sales tax	\$ -	\$ -	\$ 99,031	\$ -	\$ -	\$ -
Other taxes	-	32,187	-	-	-	-
Intergovernmental revenues	43,756	-	-	15,000	-	197,836
<b>Total Revenues</b>	<u>43,756</u>	<u>32,187</u>	<u>99,031</u>	<u>15,000</u>	<u>-</u>	<u>197,836</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	18,685
Public safety	-	-	-	167	-	70,149
Public works	24,460	-	-	-	-	-
Community development	-	-	-	-	7,131	-
Capital outlay	-	-	-	-	-	97,556
Debt service						
Principal	-	-	88,621	-	-	-
Interest and fiscal charges	-	-	10,410	-	-	-
<b>Total Expenditures</b>	<u>24,460</u>	<u>-</u>	<u>99,031</u>	<u>167</u>	<u>7,131</u>	<u>186,390</u>
Excess (Deficiency) of Revenues over Expenditures	<u>19,296</u>	<u>32,187</u>	<u>-</u>	<u>14,833</u>	<u>(7,131)</u>	<u>11,446</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(30,000)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,000)</u>
Net Change in Fund Balances	19,296	32,187	-	14,833	(7,131)	(18,554)
Fund Balances Beginning	66,150	102,844	114,539	-	743,572	189,014
Fund Balances Ending	<u>\$ 85,446</u>	<u>\$ 135,031</u>	<u>\$ 114,539</u>	<u>\$ 14,833</u>	<u>\$ 736,441</u>	<u>\$ 170,460</u>

**City of Del Rey Oaks**  
**Combining Schedule of Revenues,**  
**Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2023**

	Capital Projects Funds				Total Nonmajor Governmental Funds
	Capital Projects	Prop 68 Grant Fund	SBR Engineering Fund	SBR/GJM Intersection Fund	
<b>REVENUES</b>					
Taxes:					
Sales tax	\$ -	\$ -	\$ -	\$ -	\$ 99,031
Other taxes	-	-	-	-	32,187
Intergovernmental revenues	-	177,952	-	-	434,544
<b>Total Revenues</b>	<u>-</u>	<u>177,952</u>	<u>-</u>	<u>-</u>	<u>565,762</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	18,685
Public safety	-	-	-	-	70,316
Public works	-	-	-	-	24,460
Community development	-	-	-	-	7,131
Capital outlay	34,050	24,050	-	-	155,656
Debt service					
Principal	-	-	-	-	88,621
Interest and fiscal charges	-	-	-	-	10,410
<b>Total Expenditures</b>	<u>34,050</u>	<u>24,050</u>	<u>-</u>	<u>-</u>	<u>375,279</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(34,050)</u>	<u>153,902</u>	<u>-</u>	<u>-</u>	<u>190,483</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	35,000	30,000	-	-	65,000
Transfers out	-	-	-	-	(30,000)
<b>Total Other Financing Sources (Uses)</b>	<u>35,000</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>35,000</u>
Net Change in Fund Balances	950	183,902	-	-	225,483
Fund Balances Beginning	-	(183,902)	505,830	1,056,168	2,594,215
Fund Balances Ending	<u>\$ 950</u>	<u>\$ -</u>	<u>\$ 505,830</u>	<u>\$ 1,056,168</u>	<u>\$ 2,819,698</u>





**OTHER INDEPENDENT  
AUDITOR'S REPORT**



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

*Independent Auditor’s Report*

To the Honorable Mayor and Members of the  
City Council of the City of Del Rey Oaks  
Del Rey Oaks, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Del Rey Oaks (the “City”) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City’s basic financial statements, and have issued our report thereon dated December 6, 2023.

**Report on Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

C & A LLP

Chavan & Associates, LLP  
Certified Public Accountants  
December 6, 2023  
Morgan Hill, California

**City of Del Rey Oaks  
Schedule of Findings and Responses  
For the Fiscal Year Ended June 30, 2023**

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**Current Year Findings:**

None Noted

**Status of Prior Year Findings:**

None Noted