THE CITY OF SAN DIEGO

September 9, 2005

Chris Ward, Treasurer
Kathryn Burton for City Council (ID#1261236)
c/o Kathryn Burton
4106 Via Mar de Delfinas
San Diego, CA 92130

Re: Ethics Commission Audit

Dear Mr. Ward:

The Ethics Commission audit of the above-referenced committee is now concluded, and the Final Audit Report is enclosed. This report was delivered to the Ethics Commission at its regularly-scheduled meeting on September 8, 2005. Although the report reflects one finding that is material as defined in the Ethics Commission Audit Manual, the Commission does not believe that the finding warrants additional administrative remedies. In fact, the Commission observed that the findings reflected in the Audit Report indicate that the committee did an admirable job of substantially complying with local campaign laws. As a result, the Commission voted to accept the report and take no further action.

If you have any questions concerning the foregoing, please contact me at your convenience. Thank you for your assistance and cooperation during the course of the audit.

Sincerely,

Stacey Fulhorst
Executive Director

SF/s

Enclosure

Ethics Commission
1010 Second Avenue, Suite 1530 • San Diego, CA 92101
Tel (619) 533-3476 Fax (619) 533-3448

THE CITY OF SAN DIEGO

FINAL AUDIT REPORT

September 8, 2005

Kathryn Burton
Kathryn Burton for City Council
4106 Via Mar de Delfinas
San Diego, CA 92130

Chris Ward, Treasurer
Kathryn Burton for City Council
4106 Via Mar de Delfinas
San Diego, CA 92130

SAN DIEGO ETHICS COMMISSION
AUDIT REPORT:
Kathryn Burton for City Council

I. Introduction

This Audit Report contains information pertaining to the audit of the committee Kathryn Burton for City Council, Identification Number 1261236 (the "Committee") for the period from December 2, 2003, through May 31, 2004. The audit was conducted to determine whether the Committee materially complied with the requirements and prohibitions imposed by the Political Reform Act ("the Act") (Government Code Section 81000, *et seq.*) and San Diego's Election Campaign Control Ordinance (San Diego Municipal Code Chapter 2, Article 7, Division 29). The Election Campaign Control Ordinance (ECCO) was amended on January 5, 2005. This Committee operated under the previous ECCO, therefore all Code references in this report relate to the provisions of ECCO effective prior to January 5, 2005.

During the period covered by the audit, the Committee reported total contributions of $14,424.05 and total expenditures of $14,424.05. **The audit revealed one material finding: (1) the Committee violated San Diego Municipal Code section 27.2940 and Government Code section 85201 by failing to deposit all personal funds into the Committee bank account prior to expenditure.**

II. Committee Information

The Committee was formed to support the election of Kathryn Burton for Council District 1 in the March 2, 2004 election. On December 2, 2003, Ms. Burton filed a Candidate Intention Statement with the San Diego City Clerk. On December 11, 2003, the Committee filed a Statement of Organization with the San Diego City Clerk. On June 8, 2004, the Committee filed a Statement of Termination indicating that its filing obligations were completed on May 31, 2004. The Committee's treasurer was Chris Ward.

III. Audit Authority

The San Diego Ethics Commission (the "Commission") is mandated by San Diego Municipal Code section 26.0414 to audit campaign statements and other relevant documents to determine whether campaign committees comply with applicable requirements and prohibitions imposed by State and local law.

IV. Audit Scope and Procedures

This audit was performed in accordance with generally accepted auditing standards. The audit involved a thorough review of the Committee's records for the time period covered by the audit. This review was conducted to determine:

1. Compliance with all disclosure requirements, pertaining to contributions, expenditures, accrued expenditures, and loans, including itemization when required;
2. Compliance with applicable filing deadlines;
3. Compliance with restrictions on contributions, loans and expenditures;
4. Accuracy of total reported receipts, disbursements and cash balances as compared to bank records; and
5. Compliance with all record-keeping requirements.

V. Summary of Applicable Law

San Diego Municipal Code section 27.2940– Lawful Use of Campaign Funds by a Committee

Uses of campaign funds held by any committee formed in accordance with this division shall be governed by California Government Code sections 81000 et seq.

Government Code section 85201(d) and (e) – Campaign Bank Account

(d) Any personal funds which will be utilized to promote the election of the candidate shall be deposited in the account prior to expenditure.

(e) All campaign expenditures shall be made from the account.

VI. Material Findings

Violation of San Diego Municipal Code section 27.2940 – Lawful Use of Campaign Funds by a Committee and Government Code section 85201 – Campaign Bank Account

The Committee failed to deposit all personal funds into the bank account prior to expenditure. Specifically, the candidate used personal funds totaling $773.44 to make campaign related purchases as follows:

Payee	Amount
Office Depot	$389.28
San Diego County Registrar of Voters	150.54
Target	119.29
Whole Foods	55.80
Postmaster	44.40
Sav-On	14.13
Total	$773.44

The Committee reported these purchases as expenditures and as non-monetary loans received from the candidate. The candidate was partially reimbursed ($423.39) for these expenditures through loan repayment and the balance remaining ($350.05) was converted to a contribution upon termination.

At the post-audit conference, held on August 24, 2005, the Committee stated its objective was to maintain complete records and fully disclose all Committee activity. The Committee was a small, grass-roots campaign, consisting of the candidate and her treasurer. Neither was aware of the prohibition on reimbursing a candidate for campaign expenses. Both expressed their desire to learn and follow all local and State laws, and both contend the campaign statements filed support their intent to fully disclose all Committee activity.

VII. Conclusion

Through the examination of the Committee's records and campaign disclosure statements, the Auditor verified that the Committee timely disclosed all contributions received and all expenditures made, and that the Committee maintained all necessary documentation regarding contributions and expenditures. **However, the audit revealed one material finding: (1) the Committee violated San Diego Municipal Code section 27.2940 and Government Code section 85201 by failing to deposit all personal funds into the Committee bank account prior to expenditure.**

_____ _____

DeeDee Alari, CPA
Financial Investigator

Date

_____ _____

Lauri Davis
Senior Investigator

Date