THE CITY OF SAN DIEGO

October 9, 2009

Pat Zaharopoulos
Zaharopoulos for City Council
4328 Valle Vista
San Diego, CA 92103

Re: Ethics Commission Audit of Zaharopoulos for City Council (ID # 1279818)

Dear Ms. Zaharopoulos:

The Ethics Commission audit of the above-referenced committee is now concluded, and the Final Audit Report is enclosed. This report was presented to and accepted by the Ethics Commission at its meeting held on October 8, 2009.

Sincerely,

Rosalba Gomez
Ethics Commission Auditor

Enclosure

cc: Pamela Beard, Treasurer

THE CITY OF SAN DIEGO

FINAL AUDIT REPORT

October 6, 2009

Pat Zaharopoulos
Zaharopoulos for City Council
4328 Valle Vista
San Diego, CA 92103

Treasurer: Pamela Beard
5665 Churchward Street
San Diego, CA 92114

SAN DIEGO ETHICS COMMISSION
AUDIT REPORT:
Zaharopulos for City Council

I. Introduction

This Audit Report contains information pertaining to the audit of the committee, Zaharopoulos for City Council, Identification Number 1279818 ("the Committee") for the period from August 3, 2005, through January 26, 2006. The Committee was selected for audit by a designee of the City Clerk in a random drawing conducted at a public meeting of the Ethics Commission held on September 19, 2007. The audit was conducted to determine whether the Committee materially complied with the requirements and prohibitions imposed by the City of 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 1, 2009. This Committee operated under the previous ECCO, and therefore all Code references in this report relate to the provisions of ECCO that were in effect prior to January 1, 2009.

During the period covered by the audit, the Committee reported total contributions of $13,723.48 (inclusive of $2,736.98 in forgiven candidate loans and $112.50 in non-monetary contributions) and total expenditures of $13,610.98. The difference $112.50, represents a non-monetary adjustment to contributions. **The audit revealed two material findings:**

- **the Committee failed to report one accrued expense in violation of San Diego Municipal Code section 27.2930; and**

- **the Committee failed to pay one invoice within 180 calendar days after services were rendered in violation of San Diego Municipal Code section 27.2960.**

II. Committee Information

On September 29, 2005, the Committee filed a Statement of Organization with the San Diego City Clerk indicating that it qualified as a committee. The Committee was formed to support the election of Pat Zaharopoulos for Council District 2 in the November 8, 2005, special election. On January 26, 2006, the Committee filed a Statement of Termination indicating that its filing obligations were completed. The Committee treasurer was Pamela Beard.

III. Audit Authority

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 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 27.2930 – Base Level of Campaign Statements and Disclosures

Each candidate and committee shall file campaign statements in the time and manner required by California Government Code sections 81000 et seq. and title 2 of the California Code of Regulations....

Government Code section 84211 – Contents of Campaign Statements

Each campaign statement required by this article shall contain all of the following:

. . . .

(i) The total amount of expenditures made during the period covered by the campaign statement to persons who have received one hundred dollars ($100) or more.

. . . .

(k) For each person to whom an expenditure of one hundred dollars ($100) or more has been made during the period covered by the campaign statement, all of the following:
   (1) His or her full name.
   (2) His or her street address.
   (3) The amount of each expenditure
   (4) A brief description of the consideration for which each expenditure was made.

. . . .

For purposes of subdivisions (i), (j), and (k) only, the terms "expenditure" or "expenditures" mean any individual payment or accrued expense, unless it is clear from surrounding circumstances that a series of payments or accrued expenses are for a single service or product.

. . . .

San Diego Municipal Code section 27.2960 – Extension of Vendor Credit

(a) Vendors may extend credit to candidates or committees in the ordinary course of business in the same manner they extend it to persons for other than political purposes.

(b) A candidate or committee that accepts goods or service for political purposes on credit under subsection (a), shall pay for those goods or services in full no later than 180 calendar days after receipt of a bill or invoice and in no event later than 180 calendar days after the last calendar day of the month in which the goods were delivered or the services were rendered, unless it is clear from the circumstances that the failure to pay is reasonably based on a good faith dispute. For purposes of this subsection, a good faith dispute shall be presumed if the candidate or committee produces the following:

   1) evidence that the candidate or committee protested the payment of a bill no later than 30 calendar days after the last calendar day of the month in which the goods were delivered or the services were rendered; and

   2) evidence that the protest was based on the quality or quantity of goods delivered or services rendered.

(c) The provisions of subsection (b) do not apply to debt owed to a financial institution for an outstanding credit card balance.

VI. Material Findings

Section 27.2930: Failure to Accurately Disclose Accrued Expense

The Committee failed to report the following accrued expense:

Vendor	Amount	Inv. No.
Publica Press Ltd.	$ 215.50	2005-889

The invoice reflects that the Committee received the printing services for remittance envelopes from Publica Press Ltd. on September 4, 2005; however, the expenditure was not reported as accrued on any campaign statement filed by the Committee.

Section 27.2960: Extension of Vendor Credit

The Committee's supporting documentation for expenditures included a copy of the aforementioned Invoice No. 2005-889 from Publica Press Ltd.; however, the Committee's bank records do not reflect payment for this invoice. During the audit the Committee and vendor maintained that the invoice had been paid, but neither was able to produce any record evidencing payment. SDMC section 27.2960 states that fees for goods delivered must be paid no later than 180 calendar days after the last calendar day of the month in which the goods were delivered.

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 in accordance with disclosure and record-keeping provisions of ECCO, with the following exceptions: **the Committee failed to report one accrued expense in violation of San Diego Municipal Code section 27.2930; and the Committee failed to pay one invoice within 180 calendar days after services were rendered in violation of San Diego Municipal Code section 27.2960.**

_____ _____

Rosalba Gomez — Date
Ethics Commission Auditor

_____ _____

Lauri Davis — Date
Ethics Commission Senior Investigator