

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To: Matthew Fertal
Dept.: City Manager
Subject: AGREEMENT WITH ONE MORE PRODUCTIONS FOR MANAGEMENT OF THE GEM THEATER AND NEW FACILITY RENTAL RATES.

From: Kimberly Huy
Dept.: Community Services
Date: March 8, 2011

OBJECTIVE

To request City Council approval for the Amendment to the Facility Agreement with One More Productions (OMP) for the management of the Gem Theater and approval of new facility rental rates; and to transmit the findings of OMP's 2010 Financial Summary and 2009 financial report audit.

BACKGROUND/ANALYSIS

In 2008, City Council approved OMP for a ten-year Agreement to manage the Gem Theater. The current Agreement includes the following:

- a) OMP shall produce a minimum of five (5) full theatrical productions per year. Performances must consist of an average of at least nine (9) public shows each.
- b) Programming shall include annually at least twenty (20) other performances, including live music, comedy, children's theater, interactive theater and dance.
- c) OMP shall develop a rental fee structure to be approved by City, and shall provide the Gem Theater for public rentals.

OMP agreed to establish and maintain an accounting system adhering to generally accepted accounting practices, and shall provide an annual financial statement to City.

DISCUSSION

Amendment of OMP Agreement

Since 2008, OMP has exceeded expectations by completing 17 full theatrical performances. In 2010, One More Productions was named one of the top five theater companies in Southern California.

Entering into the fourth year of the Agreement, staff is proposing the following amendments that reflect the current economic state (Attachment 1). Amended changes:

- Amend the number of seats in the theater to current seating of 158, based upon a new seat count following the 2008 rehabilitation of theater seating.
- Based on the recommendation of the 2009 audit report, amend the number of "other" performances, including but not limited to live music, comedy, children's theater, interactive theater and dance, as required in the Agreement. OMP shall include:
 - In 2011, at least five (5) other performances
 - In 2012, at least ten (10) other performances
 - In 2013, at least fifteen (15) other performances
 - In 2014, at least fifteen (15) other performances
 - In 2015, at least twenty (20) other performances
 - In 2016, at least twenty (20) other performances
 - In 2017, at least twenty (20) other performances

Theater Rental Rates

Staff received the attached proposed Rental Rates from OMP. All rental agreements will be between prospective client and One More Productions. The proposed Rental Rates are consistent with other Orange County theater houses of comparable size and seating. (Attachment 2)

OMP Financial Summary

Staff received the Financial Summary from One More Productions for the 2010 season. According to the report, One More Productions generated a total revenue of \$124,096, with total expenditures of \$107,178, and an ending balance of \$16,918. Additionally, OMP donated a total of \$65,000 in the form of charitable events for community organizations in Garden Grove (Attachment 3).

2009 Audit

Staff received the Independent Accountant's Report of One More Productions' financial report for 2009. Staff made the following recommendations to One More Productions.

- Include a third person to make deposits and record receipts.
- Re-evaluate the 20 "other" performances as listed in the Agreement.
- Prepare the Rental Rates schedule for approval by City Council.

- Submit an annual report for 2009.
- Utilize accounting software (i.e. Peachtree, Quickbooks, Quicken) to assist in recording accounting transactions.
- Clarify attendance records between ticket sales and "Show Book".
- Verify if there were any rentals between December 31, 2009-June 30, 2010 and note if any were rented to non-profits.

FINANCIAL IMPACT

The approval of said Amendment and Rental Rates have no financial impact on the City's current fiscal budget. As outlined in the Agreement, the City will continue to maintain the building, costs for repairs and utilities each month in exchange for the capital improvements made to the theater by OMP.

RECOMMENDATION

It is recommended that the City Council:

- Approve Amendment No. 1 to the Facilities Usage Agreement with One More Productions for management of the Gem Theater;
- Approve the new facility rental rates for the Gem Theater; and
- Authorize the City Manager to execute the agreement on behalf of the City.



KIMBERLY HUY
Director

Recommended for Approval



Matthew Fertal
City Manager

By: Elaine Ma'ae *em*
Administrative Analyst

- Attachment 1: Amendment No. 1 regarding Facility Usage
- Attachment 2: Rental Rates sheet for GEM Theater
- Attachment 3: Copy OMP's 2010 Financial Statement
- Attachment 4: Independent Accountant's 2009 Report on Applying Agreed-Upon Procedures (One More Productions)

ATTACHMENT 1

CITY OF GARDEN GROVE

AMENDMENT NO. 1

To: One More Productions for Facility Usage (Gem Theater)

This Amendment No. 1 for usage of the Gem Theater is made and entered into this _____ day of _____ 2011, by and between the **CITY OF GARDEN GROVE**, hereinafter referred to as "CITY", and **ONE MORE PRODUCTIONS**, hereinafter referred to as "OMP".

WHEREAS, OMP and CITY entered into the Facilities Usage Agreement (the "Existing Agreement"), effective February 12, 2008.

WHEREAS, OMP and CITY desire to amend the Existing Agreement as provided herein.

Now, therefore, it is mutually agreed, by and between the parties as follows:

Section 1:

Recital 1 shall be amended in its entirety to read as follows:

- 1) City owns a 158-seat theater, known as the "Gem Theater", located at 12852 Main Street, Garden Grove (the "Theater").

Section 2:

Each reference in the Existing Agreement to the Gem Theater as a "172-seat" theater shall be amended to read "158-seat" theater.

Section 3:

Section 4(e) of the Existing Agreement shall be amended in its entirety to read as follows:

For the calendar year 2011, OMP programming shall include at least five (5) other performances, including but not limited to live music, comedy, children's theater, interactive theater and dance. For calendar year 2012, OMP programming shall include at least ten (10) such other performances. For calendar years 2013 and 2014, OMP programming shall include at least fifteen (15) such other performances. Commencing with calendar year 2015 through the end of the contract, OMP programming shall annually include at least twenty (20) such other performances.

Section 4:

The persons executing this Amendment No. 1 represent and warrant that they are duly authorized to execute this Amendment No. 1 on behalf of the entity for which they are signing and that such entity is bound to the terms of this Amendment No. 1 by such signature.

Except as expressly amended hereby, the Existing Contract remains in full force and effect as originally executed.

IN WITNESS WHEREOF, the parties have caused this Amendment No. 1 to the Existing Contract to be executed by their respective officers duly authorized, to be effective on the date first written above.

Date: _____

"CITY"
CITY OF GARDEN GROVE

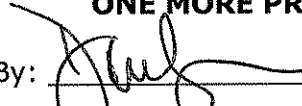
By: _____
City Manager

ATTESTED:

City Clerk


Date: _____

"OMP"
ONE MORE PRODUCTIONS

By: 
Name: Damia Laster
Title: Artistic Director
Date: 1/30/11

If OMP is a corporation, a Corporate Resolution and/or Corporate Seal is required. If a partnership, Statement of Partnership must be submitted to CITY.

APPROVED AS TO FORM:


Garden Grove City Attorney
1/28/11
Date



12852 Main Street
Garden Grove, CA 92840
714-741-9550 ext. 225

Rental Rates

Type of Use	Garden Grove Resident or Garden Grove Non-Profit*	Non- Garden Grove Non-Profit*	Non- Resident or Commercial	Garden Grove Unified School District
Performance: <i>Includes stage lights and sound, make up room, downstairs lobby, and 2 dressing rooms.</i>	\$125 per hour	\$150 per hour	\$175 per hour	\$100 per hour
	\$500.00 per day	\$500.00 per day	\$500.00 per day	\$500.00 per day

Dark Days: Theater is dark and cannot be rented by others due to sets, props, light design, etc.

Note:

- A refundable \$500 deposit is required for all rentals. Deposits are due 60 days before requested event date. Deposits may be made by check or credit card. The deposit is refunded after the completion of the rental within 3-4 weeks. Any additional staff or rental fees incurred will be deducted from this deposit.
- Minimum of four (4) hours per rental day.
- When two performances are held in one day, a minimum of one (1) hour must be scheduled in between performances.

***Proof of non-profit status must be filed prior to User receiving non-profit rate. Approved proof of status is a copy of User's 501c3 filed with the State of California. Garden Grove based organizations are defined by having a Garden Grove address or those demonstrating 80% membership of Garden Grove residents.**



12852 Main Street
Garden Grove, CA 92840
714-741-9550 ext. 225

Insurance Requirements

All Theater Users shall be required to obtain insurance coverage for the mutual benefit of both the User and the City of Garden Grove. Any party renting or using the theatre as a public rental shall provide insurance information as follows:

1. If the party has employees that will be working under the contract, an insurance certificate evidencing workers compensation coverage, as per California law, shall be provided.
2. The renting party shall provide Commercial general liability in an amount not less than \$1,000,000 per occurrence; (**claims made and modified occurrence policies are not acceptable**); Insurance companies must be acceptable to CITY and have an AM Best's Guide Rating of A-, Class VII or better, as approved by the CITY.

The commercial general liability coverage shall include An Additional Insured Endorsement for **ongoing and completed operations**, under the commercial general liability policy. The endorsement shall designate CITY, its officers, officials, employees, agents, and volunteers as additional insureds for liability arising out of work or operations performed by or on behalf of the party renting the theatre. One More Productions shall be responsible for collecting and maintaining insurance from parties renting the theatre. Proof of insurance and endorsement forms must be acceptable to City.

All Theater Users may obtain required insurance coverage through these two options:

1. User obtains own insurance with coverage limits described above, names the City of Garden Grove and One More Productions as additionally insured and submits an insurance certificate to the City containing all information described in this section.

2. User elects to purchase insurance from the City, through its Risk Management Department, which covers the User, City and One More Productions with limits described below. Cost is based on a per-day rate and type of event. Current rates are \$145 per day, and are subject to change.

User may obtain own insurance with cover limits described above. All insurance required by this Agreement shall be carried only by responsive insurance companies licensed to do business in the State of California. Policies required by this Agreement shall add as insured, by endorsement, City, One More Productions, and Agency and their respective elected and appointed official, officers, employees, agents, and representatives. All such policies shall contain language to the effect that: 1) the insurer waves the right to subrogation against the City, One More Productions and the elected and appointed officials, officers, employees, agents, and its representatives; 2) the policies are primary and non-contributing with any insurance that may be carried by the City or One More Productions; and 3) they cannot be cancelled or material changed except after thirty (30) days notice by the insurer to City and to One More Productions by certified mail. User shall furnish City and One more Productions with copies of all such policies promptly upon receipt of them, or certificate evidence in the insurance. Agreement between One More Productions, the City and User shall terminate and be no further force and effect when there is a cancellation of, or any material change in coverage.

User shall furnish One More Productions and the City with a certificate evidencing such insurance and naming One More Productions, the City, its elected officials, officers, agents, and employees as additional insured at least ten (10) working days prior to user's use of the facility.

Certificate of Insurance issued to the City shall contain the following language:

One More Productions and the City of Garden Grove, Agency, its elected and appointed officials, employees and volunteers are included as insured. This coverage shall be primary and City and One More Productions insurance shall not be contributory. There shall be no subrogation against the City of Garden Grove or One More Productions. No cancellation or material change shall be made without thirty (30) days written notice to both One More Productions and The City.

Certificates are subject to review and approval by City Risk Management. If certificate does not meet City requirements, User shall be required to purchase insurance from the City.

ATTACHMENT 3



Year End Report 6/01/09 - 5/31/10

Received
10/14/10

128252 Main Street
Garden Grove, CA 92840
714.741.9550 x. 225
www.onemoreproductions.com

Yearly Totals of Bills

Misc. 6/30/09- 12/31/09	\$1,860.21
Misc. 1/01/10 - 6/30/10	\$903.03
Total Misc.	\$2,763.24
Office Supplies 6/30/09 - 12/31/09	\$2156.80
Office Supplies 1/01/10 - 6/30/10	\$691.07
Total Office Supply	\$2156.80
AT&T 6/30/09 - 12/31/09	\$1,527.91
AT&T 1/01/10 - 6/30/10	\$699.49
Total AT&T	\$2,227.40
Home Depot Rewards 6/30/09 - 12/31/09	\$645.00
Home Depot Rewards 1/01/10 - 6/30/10	\$607.00
Total Home Depot Rewards	\$1,252.00
HD Commercial Revolving 6/30/09 - 12/31/09	\$7,650.73
HD Commercial Revolving 1/01/10 - 6/30/10	\$0
Total HD Commercial Revolving	\$7,650.73
WF Credit Line 6/30/09 - 12/31/09	\$853.55
WF Credit Line 1/01/10 - 6/30/10	\$826.88
Total WF Credit Line	\$1,680.43
Chase CC 6/30/09 - 12/31/09	\$2,385.00
Chase CC 1/01/10 - 6/30/10	\$1,970.00
Total Chase CC	\$4,355.00
Living Spaces 6/30/09 - 12/31/09	\$794.00
Living Spaces 1/01/10 - 6/30/10	\$780.45
Total Living Spaces	\$1,574.45
Staples 6/30/09 - 12/31/09	\$411.00
Staples 1/01/10 - 6/30/10	\$180.00
Total Staples	\$591.00



Tygris 6/30/09 - 12/31/09	\$1,488.42
Tygris 1/01/10 - 6/30/10	\$541.10
Total Tygris	\$2,029.52
PCE Lights 6/30/09 - 12/31/09	\$2,572.51
PCE LIGHTS 1/01/10 - 6/30/10	\$8,207.35
Total PCE Lights	\$10,779.86
WF CC 6/30/09 - 12/31/09	\$1,603.00
WF CC 1/01/10 - 6/30/10	\$1,253.00
Total WFCC	\$2,856.00
Allegro Piano 6/30/09 - 12/31/09	\$727.98
Allegro Piano 1/01/10 - 6/30/10	\$727.98
Total Allegro Piano	\$1,455.96
TOTAL IN BILLS PAID	\$41,372.39

Yearly Total Donations

Donation from 6/30/09 to 12/31/09	\$11,685.00
Donation from 1/01/10 to 6/29/10	\$29,692.00
Total Yearly Donation	\$41,377.00



Production Costs

(COST includes all payments, purchases, Rights & Royalties, Invoices, Costumes, Props, Sets, Press, Mailing, Postage, Gala; any expense to with the production.)

(CREDIT includes all monies received for this productions through ticket sales, Advertising space, Intermission sales, and/or Opportunity Drawings)

(TOTAL is profit gain or monies lost on said productions)

Event	Date	Cost	Credit	Total	Attendance
June 10 th Anniversary Dinner	June 10, 2009	\$3,084.24	\$1,045.00	-\$2,039.24	54
YGMCB (Charlie Brown)	8/13/09 - 9/6/09	\$10,877.41	\$10,937.00	+\$59.59	1,085
Best Little Whorehouse	10/01/09 - 10/25/09	\$35,941.75	\$24,650.25	-\$11,291.50	1,108
Funny Thing Happened Forum	11/19/09 - 12/13/09	\$16,550.07	\$12,255.07	-\$4,295.00	698
Hearts for the Arts	2/12/10 - 2/14/10	\$5,333.21	\$14,456.00	\$9,122.79	486
Joseph/Dreamcoat	3/25/10 - 4/18/10	\$21,077.38	\$23,504.00	\$2,426.62	1,250
Fiddler on the Roof	6/3/10 - 6/27/10	\$14,313.67	\$37,248.26	\$22,934.59	1,986

TOTAL

\$107,177.73

\$124,095.58

\$16,917.85

Attendance 6667 persons
 Additional audience numbers grow when you account for private showings, fundraisers, open houses and field trips. The total number being well over 7,500 persons.

One More Productions also assisted in raising over Sixty Five Thousand dollars (\$64,000.00) for local Non-profit organizations such as Garden Grove Rotary (over \$10,000.00) Soroptimist International of Garden Grove (over \$4,000.00) and SLDC Speech and Language Development Center (over \$40,000.00), to name a few. One More Productions was also awarded with two local grants; one from The Strawberry Festival and the other from The Garden Grove Foundation.

During the past year One More Productions was honored by being named one of the top five theater companies in Southern California, awarded the St. James Family Honors Award, and both Founders were named the recipients of the Paul Harris Lifetime Achievement Award by Rotary International for their philanthropic work throughout Orange County and Southern California. More than 500 Garden Grove Students ranging from Kindergarten to fourth grade were given tours of THE GEM THEATER and watched a live performance, some for the first time in their lives. One More Productions was heralded time and again for their continued excellence in the arts and received many accolades through the press, community, and theater world.

One More Productions has continued to grow and become more active in its local community and has been unrelenting in opening a home for the arts in Garden Grove and spreading throughout all of Orange County.



12852 Main Street
Garden Grove, CA 92840
714-741-9550 ext. 225

Year End Report
June 1, 2009-May 31, 2010

- During the 2009-2010 season, One More Productions held six (6) full-theater productions. Each production runs 16-20 performances with an average of 80 audience members each night.
 1. Total profit for all six (6) productions was \$16,917.85
- One More Productions received donations totaling \$41,377.
- One More Productions helped to raise over \$65,000 for local non-profit organizations including Garden Grove Rotary and Soroptimist International of Garden Grove.
- One More Productions received two grants, one from the Strawberry Festival Association and the other from the Garden Grove Community Foundation.
- The GEM Theater was opened for tours and performances were held for 500 Garden Grove Unified School District students.
- This past year, One More Productions was named one of the top five theater companies in Southern California; named recipients of the St. James Family Honors Award; and both founders, Damien Lorton and Nicole Casseso, were named recipients of the Paul Harris Lifetime Achievement Award by Rotary International for their philanthropic work throughout Orange County.

- Over the years, they estimate over 20,000 audience members have come through the GEM Theater.
- In addition to their full-theater performances, they've participated in the City's Tree Lighting Celebration, Winterfest, Halloween Haunt, and Evening with the Chamber of Commerce, an Evening of Ideas with the Community Development Department, and summer workshop theater camps.
- The best selling shows thus far have been:
 1. Fiddler on the Roof
 2. Grease
 3. A Chorus Line
 4. Joseph and the Amazing Technicolor Dreamcoat AND the Holiday Gem
- For the duration of the 2011 season, the following performances are scheduled:
 - The 25th Annual Putnam County Spelling Bee (March 24-April 17)
 - Chicago (June 2 – June 26)
 - Assassins (July 28 – August 21)

ATTACHMENT 4

The Honorable City Council
City of Garden Grove, California

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

One More Productions

We have performed the procedures enumerated below, which were agreed to by management of the City of Garden Grove ("City") solely to assist the City in evaluating adherence with the provisions of the Facilities Usage Agreement (the Agreement) between the City and One More Productions ("OMP") dated February 12, 2008 for the period of July 1, 2009 to June 30, 2010. OMP's management is responsible for their accounting and programming records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

- 1) We obtained the Facilities Usage Agreement dated February 12, 2008 between the City of Garden Grove and One More Productions.

Results: We identified the following requirements per the agreement of OMP:

Programming Requirements:

- Commencing January 1, 2010, OMP shall produce a minimum of five (5) full theatrical productions per year.
- Commencing January 1, 2010, OMP programming shall include annually at least twenty (20) other performances, including but not limited to live music, comedy, children's theater, interactive theater and dance.
- By December 31, 2008, OMP shall develop a rental fee structure to be reasonably approved by City, and shall make the Theater available for public rentals, the income from which may be retained by OMP.

Reporting Requirements:

During years one (1) and two (2) of this Agreement, OMP shall provide a semi-annual report by July 31, and January 31, covering the previous six-month period. Said report shall include such items as revenues and expenditures, performance recap with attendance figures, rental summary, and any other information reasonably requested by City.

- Beginning in year three (3), OMP shall provide an annual report by January 31 of the following year.
- OMP shall submit financial statements by May 1 of each year, covering the prior calendar year.

Financial Obligations

- OMP agrees to establish and maintain an accounting system adhering to generally accepted accounting practices, and shall provide an annual financial statement to City.

Insurance Requirements:

- Workers' Compensation insurance - must maintain the amount and type required by law for all contractors and subcontractors.
- Commercial general liability - \$1,000,000 per occurrence with an insurance company acceptable to the City and have a Best's Guide Rating of A- Class VII or better, as approved by City.
- Automobile liability in the amount of \$15,000.00 combined single limit; Insurance companies must be acceptable to City and have a Best's Guide Rating of A-Class VII or better, as approved by City.

- 2) We interviewed the Artistic Director of the Theatre to gain an understanding of procedures in place to process cash receipts and disbursements.

Results: The procedures performed to process cash receipts and cash disbursements are conducted by two individuals, the Creative Director and the Programming Director. These individuals collect receipts, make deposits, record the receipts on ledger sheets and perform review of the bank statements. Additionally, the same two individuals open mail, process invoices and sign checks. Currently, there are no written policies or procedures for the processing of cash receipts and disbursements.

- 3) We verified through the review of the 2009/2010 Production Brochure that OMP complied with their programming requirements to hold at least 5 full theatrical productions with an average of 9 performances each during the fiscal year ended June 30, 2010.

Results: OMP conducted 6 full theatrical productions during the period of July 1, 2009 and June 30, 2010. Each performance had 16 performances scheduled except the Heart for the Arts performance that had 3 performances.

- 4) We inquired with the Artistic Director regarding their requirement to conduct at least twenty (20) "other" performances, including but not limited to live music, comedy, children's theater, interactive theater and dance commencing on January 1, 2010.

Results: OMP provided us flyers for the following "other" events they believe met this requirement: Christmas Show with Mike Henebry Orchestra on December 5, 2009, One Hot Summer Night Charity Event on August 8, 2009 and Junior and Junior Musical Theatre Workshop June 22, 2009 - July 19, 2009. This workshop was 4 weeks of camp, 5 days a week. We noted that there were no "other" events schedule from January 1, 2010 to June 30, 2010.

- 5) We obtained OMP's rental fee structure to verify that it was approved by the City by December 31, 2008.

Results: OMP was unable to provide us with documentation that these fees had been approved previously by the City. OMP's management represented to us that these fees had been approved with the City via e-mail in 2008 when the City and OMP signed their agreement. These e-mails were not able to be found.

- 6) We obtained the December 31, 2009 and June 30, 2010 semi-annual reports required to be sent to the City within 10 days of the end of the period and determined that they were completed and sent to the City as required. We obtained the annual financial statement for the year that is required to be sent to the City.

Results: The December 31, 2009 and June 30, 2010 semi-annual reports were completed; however, we were not able to obtain evidence from OMP that they had sent them to the City within 10 days of each period as required by their Facilities Usage Agreement. An annual financial statement was not done for the period of July 1, 2009-June 30, 2010 or for the calendar year ending December 31, 2009 as required per the Facilities Usage Agreement.

- 7) We agreed the amounts reported to the City in the December 31, 2009 and June 30, 2010 semi-annual reports to OMP's general ledger for revenue and expenses.

Results: We observed that OMP accounts for their revenues and expenses for manually in paper form and does not maintain a general ledger as required by Section 6a of the Facilities Usage Agreement. We were able to agree selected revenues and expenditures on the semi-annual reports to manual paper records maintained without exception.

- 8) We agreed the attendance figures for 2 theatrical productions as reported on the December 31, 2009 and June 30, 2010 semi-annual reports to attendance records maintained in each "Show Book."

Results: We noted that for *Fiddler on the Roof*, the semi-annual report recorded 1,986 people attended and seating charts in the "Show Book" reported 1,814 people attended, a variance of 172 people. We noted that for *The Best Little Whorehouse in Texas*, the semi-annual report recorded 1,108 people attended, and the seating charts in the "Show Book" reported 1,126 people attended a variance of 18 people. We noted that the seating charts in the "Show Books" are maintained manually and this could have been the reason for some of the variances noted.

- 9) We agreed the rental summary in the December 31, 2009 and June 30, 2010 semi-annual reports to supporting documentation.

Results: We noted that no rental income was recorded on either of the December 31, 2009 or June 30, 2010 annual reports.

- 10) We selected a sample of 15 cash receipts for ticket sales reported on the December 31, 2009 and June 30, 2010 semi-annual reports and traced them back to supporting documentation (i.e. credit card receipt).

Results: No exceptions noted as a result of this procedure.

- 11) We selected a sample of 15 cash disbursements on the December 31, 2009 and June 30, 2010 semi-annual reports and traced them back to a supporting documentation (i.e.- receipt or invoice). We determined if the expenses sampled were for activities consistent with the Theatre's purposes.

Results: We noted that in one instance, a travel expense was recorded twice, once in miscellaneous expenses with the original receipt and again as a credit card expense. We noted that items paid for on a credit card were not being itemized into the proper expense category but being categorized as "credit card" expenses on the semi-annual reports.

12) We obtained documentation that OMP required all contractors and subcontractors to maintain workers' compensation insurance.

Results: No exceptions noted as a result of our procedure.

13) We obtained documentation that OMP had a current commercial general liability insurance policy in the amount of \$1,000,000 per occurrence and automobile liability insurance in the amount of \$15,000.

Results: No exceptions noted as a result of our procedure.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the City Council, management of the City, and management of One More Productions and is not intended to be and should not be used by anyone other than those specified parties.

Irvine, California
August 10, 2010