

**COUNTY OF SAN DIEGO
COUNTY OVERSIGHT BOARD**

REGULAR MEETING

OCTOBER 5, 2012, 9:30 A.M.

County Administration Center, Room 302
1600 Pacific Highway, San Diego, California 92101

- A. Call to Order
- B. Roll Call
- C. Approval of Statement of Proceedings/Minutes of August 23, 2012.
- D. Public Communication Speakers: Members of the public may address the Oversight Board on subject matters within the Board's jurisdiction, but not an item on this agenda. Each speaker is limited to two minutes.
- E. Discussion Items
 - 1. Noticed Public Hearing - Transfer of Housing Assets to Housing Successor
 - 2. Receive Low- and Moderate-Income Housing Funds Due Diligence Review
 - 3. Receive Agreed-Upon Procedures Review
 - 4. Receive Administrative Budget for January-June 2013
- F. Communications Received
- G. Set Future Meeting Date(s)
- H. Adjournment

Supporting documentation and attachments for items listed on this agenda can be viewed online at www.sdcountry.ca.gov or in the Office of the Clerk of the Board of Supervisors at the County Administration Center, 1600 Pacific Highway, Room 402, San Diego, CA 92101.

ASSISTANCE FOR THE DISABLED:

Agendas and records are available in alternative formats upon request. Contact the Clerk of the Board at (619) 531-5434 with questions or to request a disability-related accommodation. Individuals requiring sign language interpreters should contact the Americans with Disabilities Coordinator at (858) 505-6521. To the extent reasonably possible, requests for accommodation or assistance should be submitted at least 24 hours in advance of the meeting so that arrangements may be made. An area in the front of the room is designated for individuals requiring the use of wheelchair or other accessible devices.

**MINUTES
COUNTY OF SAN DIEGO
COUNTY OVERSIGHT BOARD**

**REGULAR MEETING
AUGUST 23, 2012, 9:00 A.M.**

County Administration Center, Room 302
1600 Pacific Highway, San Diego, California 92101

A. Call to Order at 9:06 a.m.

B. Roll Call

PRESENT: Chairman Matt Schneider; Vice-Chairman Scott Patterson; Secretary Robert Schiwitz; Board Member Jo Marie Diamond; Board Member Kathy Kassel; and Board Member Mario Sanchez; also Chief Deputy Clerk Andrew Potter; Community Services Group Finance Director Kaye Hobson; Senior Deputy County Counsel Mark Mead; and Attorney At Law Valerie Tehan.

ABSENT: Board Member Bonnie Ann Dowd

C. Approval of Statement of Proceedings/Minutes of April 23, 2012.

ACTION:

ON MOTION of Vice-Chairman Patterson, seconded by Member Diamond, the Oversight Board approved the Statement of Proceedings/Minutes of April 23, 2012.

AYES: Diamond, Kassel, Patterson, Sanchez, Schiwitz, Schneider

ABSENT: Dowd

D. Public Communication Speakers: Members of the public may address the Oversight Board on subject matters within the Board's jurisdiction, but not an item on this agenda. Each speaker is limited to two minutes.

There were no public communication speakers.

E. AB 1484 Overview

ACTION:

The Oversight Board received and discussed the staff presentation on an overview of AB 1484 by Community Services Group Finance Director Kaye Hobson.

DOCUMENTS:

Exhibit 1: Presentation of AB 1484

The Board recessed at 9:17 a.m.

The Board reconvened at 9:24 a.m.

- F. Approval of Third Recognized Obligation Payment Schedule (ROPS) (January-July 2013) and Adoption of a Resolution Related to the Third Recognized Obligation Payment Schedule

F.1. ACTION:

ON MOTION of Chairman Schneider, seconded by Vice-Chairman Patterson, the Oversight Board directed staff to provide a report on the cash flow reserve during the transition period when reviewing the Recognized Obligation Payment Schedule.

AYES: Diamond, Kassel, Patterson, Sanchez, Schiwitz, Schneider

ABSENT: Dowd

F.2. ACTION:

ON MOTION of Secretary Schiwitz, seconded by Member Sanchez, the Oversight Board approved the Third Recognized Obligation Payment Schedule (ROPS) (January-July 2013) and Adopted Resolution OB2012-01, entitled, "A RESOLUTION OF THE COUNTY OF SAN DIEGO OVERSIGHT BOARD RELATED TO THE THIRD RECOGNIZED OBLIGATION PAYMENT SCHEDULE."

AYES: Diamond, Kassel, Patterson, Sanchez, Schiwitz, Schneider

ABSENT: Dowd

DOCUMENTS:

Exhibit 1: Recognized Obligation Payment Schedule

Exhibit 2: Cash Flow Analysis

The Board recessed at 9:53 a.m.

The Board reconvened at 10:15 a.m.

- G. Approval of Administrative Budget for Successor Agency

ACTION:

ON MOTION of Vice-Chairman Patterson, seconded by Secretary Schiwitz, the Oversight Board approved the Administrative Budget for the Successor Agency and Adopted Resolution OB2012-02, entitled, "A RESOLUTION OF THE COUNTY OF SAN DIEGO OVERSIGHT BOARD RELATED TO THE ADMINISTRATIVE BUDGET FOR THE COUNTY OF SAN DIEGO SUCCESSOR AGENCY."

AYES: Diamond, Kassel, Patterson, Sanchez, Schiwitz, Schneider

ABSENT: Dowd

DOCUMENTS:
Exhibit 1: Resolution

H. Communications Received

There were no communications submitted to the Oversight Board.

I. Set Future Meeting Date(s)

The Oversight Board set the next regular meetings to occur on Friday, October 5, 2012 at 9:30 a.m. and Friday, October 12, 2012 at 9:30 a.m.

J. Adjournment

There being no further business, the Board adjourned at 10:54 a.m.

THOMAS J. PASTUSZKA
Clerk of the Board of Supervisors
County of San Diego, State of California

BY: ANDREW J. POTTER
Chief Deputy Clerk of the Board of Supervisors
County of San Diego, State of California

Discussion: Potter

NOTE: These Minutes set forth all actions taken by the County of San Diego Oversight Board on the matters stated, but not necessarily the chronological sequence in which the matters were taken up.

Supporting documentation and attachments for items listed on this agenda can be viewed online at www.sdcounty.ca.gov or in the Office of the Clerk of the Board of Supervisors at the County Administration Center, 1600 Pacific Highway, Room 402, San Diego, CA 92101.



COUNTY OF SAN DIEGO

AGENDA ITEM

COUNTY OVERSIGHT BOARD

COUNTY OVERSIGHT BOARD

JO MARIE DIAMOND
DR. BONNIE DOWD
KATHY KASSEL
SCOTT PATTERSON
MARIO SANCHEZ
ROBERT SCHIWITZ
MATT SCHNEIDER

DATE: October 5, 2012

TO: County of San Diego Oversight Board .

SUBJECT: NOTICED PUBLIC HEARING - TRANSFER OF FORMER REDEVELOPMENT AGENCY HOUSING ASSETS TO COUNTY OF SAN DIEGO

1

SUMMARY:

Overview

The Redevelopment Agency of the County of San Diego was dissolved on February 1, 2012. On January 24, 2012 (14), the County of San Diego was designated as the Successor Agency to oversee the wind-down of the former redevelopment agency's operations following the steps established by AB 1X26, the Dissolution Act, to preserve assets, fulfill legally binding commitments, oversee the termination of activities, and return resources expeditiously to the affected taxing entities. At that meeting, the Board also selected the County of San Diego to retain the housing functions and housing assets. Since that time, and as required by the Dissolution Act, the Oversight Board has been selected and met to take actions to remain in compliance with legislation and State Department of Finance and State Controller procedures.

AB 1484, effective June 27, 2012 as a trailer bill to the Fiscal Year 2012-13 State budget, set forth new and accelerated deadlines for actions to be taken by the Oversight Board, cash payments to be made to the affected taxing entities, and also made changes to other elements of the dissolution process, such as the definition of housing assets. The County Successor Agency is scheduled to hear this agenda item at its meeting on October 9, 2012. The Oversight Board is requested to direct the Successor Agency to transfer of housing assets to the County of San Diego, as required by AB 1484. If approved, the Board of Supervisors will be asked to accept these assets at a subsequent meeting.

Recommendation(s)

COUNTY SUCCESSOR AGENCY

Adopt the resolution titled, A RESOLUTION OF THE COUNTY OF SAN DIEGO OVERSIGHT BOARD RELATED TO THE TRANSFER OF HOUSING ASSETS (Attachment A) .

SUBJECT: TRANSFER OF FORMER REDEVELOPMENT AGENCY HOUSING ASSETS TO COUNTY OF SAN DIEGO

Fiscal Impact

Approval of this request will confirm the transfer of \$3.9 million in housing assets from the Successor Agency to the County of San Diego.

BACKGROUND:

Among other things, AB 1484 requires the Oversight Board to direct the County Successor Agency (SA) to transfer the housing assets of the former Redevelopment Agency to the entity selected by the Board of Supervisors to retain the housing assets and functions of the former Redevelopment Agency. The Board of Supervisors selected the County of San Diego to retain the housing assets and functions. AB 1484 also requires the SA to “effectuate transfer of housing functions and assets to the appropriate entity.” The SA is scheduled to take its required action on this matter on October 9, 2012.

Therefore, approval is requested to direct the Successor Agency to the transfer housing assets (as set forth in Attachment A) to the County of San Diego, to be managed by the County Department of Housing and Community Development. As defined in AB 1484, these assets consist of two fully-funded residual receipts loans for affordable housing in the amount of \$3.9 million. The Low- and Moderate-Income Housing Fund (LMIHF) unencumbered cash remains with the SA and is the subject of the LMIHF due diligence review, also on today’s agenda. The Housing Asset List was submitted to the Department of Finance (DOF) on July 31, 2012. The DOF confirmed the assets to be transferred by its communication on August 29, 2012 (Attachment B).

AB 1484 also requires a public notice to be given 10 days prior to the Oversight Board’s action. The required public notice was published on September 21, 2012.

Respectfully submitted,

WALTER F. EKARD



By
DAVID ESTRELLA
Deputy Chief Administrative Officer

ATTACHMENT(S)

Attachment A – Resolution

Attachment B - Housing Asset List

Attachment C - Department of Finance Housing Asset Communication

**SUBJECT: TRANSFER OF FORMER REDEVELOPMENT AGENCY HOUSING
ASSETS TO COUNTY OF SAN DIEGO**

CONTACT PERSON(S):

Kaye Hobson

Name

619-531-5274

Phone

619-531-6439

Fax

A-6

Mail Station

Kaye.Hobson@sdcounty.ca.gov

E-mail

Resolution No. _____
Meeting Date: _____

A RESOLUTION OF THE COUNTY
OF SAN DIEGO OVERSIGHT BOARD
RELATED TO THE TRANSFER
OF HOUSING ASSETS

WHEREAS, pursuant to Health and Safety Code section 34176(a)(1), on January 24, 2012 (14), the County of San Diego elected to retain the housing assets and functions previously performed by the County of San Diego Redevelopment Agency; and

WHEREAS, pursuant to Health and Safety Code section 34181(c), the Oversight Board is required to direct the County of San Diego Successor Agency to transfer the housing assets of the former County of San Diego Redevelopment Agency to the County of San Diego; and

WHEREAS, the 10-day public notice of the proposed action to direct the County of San Diego Successor Agency to transfer the housing assets to the County of San Diego was provided as required by Health and Safety Code section 34181(f).

NOW, THEREFORE, IT IS HEREBY RESOLVED that the County of San Diego Successor Agency is directed to transfer the housing assets previously held by the County of San Diego Redevelopment Agency as shown on Attachment A to the County of San Diego.

Approved as to Form and Legality
By Valerie Tehan, Oversight Board Counsel

**DEPARTMENT OF FINANCE
HOUSING ASSETS LIST
ASSEMBLY BILL X1 26 AND ASSEMBLY BILL 1484
(Health and Safety Code Section 34176)**

Former Redevelopment Agency: County of San Diego Redevelopment Agency

Successor Agency to the Former Redevelopment Agency: County of San Diego

Entity Assuming the Housing Functions of the former Redevelopment Agency: County of San Diego, Department of Housing and Community Development

Entity Assuming the Housing Functions Contact Name: Todd Henderson Title Director Phone 858-694-8750 E-Mail Address Todd.Henderson@sdcounty.ca.gov

Entity Assuming the Housing Functions Contact Name: _____ Title _____ Phone _____ E-Mail Address _____

All assets transferred to the entity assuming the housing functions between February 1, 2012 and the date the exhibits were created are included in this housing assets list. The following Exhibits noted with an X in the box are included as part of this inventory of housing assets:

Exhibit A - Real Property	
Exhibit B- Personal Property	
Exhibit C - Low-Mod Encumbrances	
Exhibit D - Loans/Grants Receivables	X
Exhibit E - Rents/Operations	
Exhibit F- Rents	
Exhibit G - Deferrals	

Prepared By: Babette Baltazar

Date Prepared: 07/27/12

Exhibit A - Real Property

City or County of xxxx
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

Item #	Type of Asset a/	Legal Title and Description	Carrying Value of Asset	Total square footage	Square footage reserved for low-mod housing	Is the property encumbered by a low-mod housing covenant?	Source of low-mod housing covenant b/	Date of transfer to Housing Successor Agency	Construction or acquisition cost funded with Low-Mod Housing Fund monies	Construction or acquisition costs funded with other RDA funds	Construction or acquisition costs funded with non-RDA funds	Date of construction or acquisition by the former RDA	Interest in real property (option to purchase, easement, etc.)
1													
2													
3													
4													
5													
6													
7													
8													
9													
10													
11													
12													
13													
14													
15													
16													
17													
18													
19													
20													

a/ Asset types may include low-mod housing, mixed-income housing, low-mod housing with commercial space, mixed-income housing with commercial space.

b/ May include California Redevelopment Law, tax credits, state bond indentures, and federal funds requirements

Exhibit B - Personal Property

City or County of xxxx
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

Item #	Type of Asset a/	Description	Carrying Value of Asset	Date of transfer to Housing Successor Agency	Acquisition cost funded with Low-Mod Housing Fund monies	Acquisition costs funded with other RDA funds	Acquisition costs funded with non-RDA funds	Date of acquisition by the former RDA
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								

a/ Asset types any personal property provided in residences, including furniture and appliances, all housing-related files and loan documents, office supplies, software licenses, and mapping programs, that were acquired for low and moderate income housing purposes, either by purchase or through a loan, in whole or in part, with any source of funds.

Exhibit C - Low-Mod Encumbrances

City or County of xxxxx
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

Item #	Type of housing built or acquired with enforceably obligated funds a/	Date contract for Enforceable Obligation was executed	Contractual counterparty	Total amount currently owed for the Enforceable Obligation	Is the property encumbered by a low-mod housing covenant?	Source of low-mod housing covenant b/	Current owner of the property	Construction or acquisition cost funded with Low-Mod Housing Fund monies	Construction or acquisition costs funded with other RDA funds	Construction or acquisition costs funded with non-RDA funds	Date of construction or acquisition of the property
1											
2											
3											
4											
5											
6											
7											
8											
9											
10											
11											
12											
13											
14											
15											
16											
17											
18											
19											
20											

a/ May include low-mod housing, mixed-income housing, low-mod housing with commercial space, mixed-income housing with commercial space.

b/ May include California Redevelopment Law, tax credits, state bond indentures, and federal funds requirements.

Exhibit E - Rents/Operations

City or County of xxxx
 Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

Item #	Type of payment a/	Type of property with which they payments are associated b/	Property owner	Entity that collects the payments	Entity to which the collected payments are ultimately remitted	Purpose for which the payments are used	Is the property encumbered by a low-mod housing covenant?	Source of low-mod housing covenant c/	Item # from Exhibit A the rent/operation is associated with (if applicable)
1									
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									
17									
18									
19									
20									

a/ May include revenues from rents, operation of properties, residual receipt payments from developers, conditional grant repayments, costs savings and proceeds from refinancing, and principal and interest payments from homebuyers subject to enforceable income limits.

b/ May include low-mod housing, mixed-income housing, low-mod housing with commercial space, mixed-income housing with commercial space.

c/ May include California Redevelopment Law, tax credits, state bond indentures, and federal funds requirements.

Exhibit F - Rents

City or County of xxxx
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

Item #	Type of payment a/	Type of property with which the payments are associated b/	Property owner	Entity that collects the payments	Entity to which the collected payments are ultimately remitted	Purpose for which the payments are used	Is the property encumbered by a low-mod housing covenant?	Source of low-mod housing covenant c/	Item # from Exhibit A the rent is associated with (if applicable)
1									
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									
17									
18									
19									
20									

a/ May include rents or home loan payments.

b/ May include low-mod housing, mixed-income housing, low-mod housing with commercial space, mixed-income housing with commercial space.

c/ May include California Redevelopment Law, tax credits, state bond indentures, and federal funds requirements.

Exhibit G - Deferrals

City or County of xxxxx

Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

Item #	Purpose for which funds were deferred	Fiscal year in which funds were deferred	Amount deferred	Interest rate at which funds were to be repaid	Current amount owed	Date upon which funds were to be repaid
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						



EDMUND G. BROWN JR. • GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

August 29, 2012

Mr. Todd Henderson, Director
County of San Diego
Department of Housing and Community Development
3989 Ruffin Road, MS 0-231
San Diego, CA 92123

Dear Mr. Henderson:

Subject: Housing Assets Transfer Form

Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the County of San Diego submitted a Housing Assets Transfer Form (Form) to the California Department of Finance (Finance) on July 31, 2012 for the period February 1, 2012, through July 31, 2012.

Finance has completed its review of your Form, which may have included obtaining clarification for various items. Based on a sample of line items reviewed and the application of law, Finance is not objecting to any assets or transfers of assets identified on your Form.

Please direct inquiries to Robert Scott, Supervisor or Jenny DeAngelis, Lead Analyst at (916) 445-1546.

Sincerely,

STEVE SZALAY
Local Government Consultant

cc: Ms. Tracy Sandoval, Assistant Chief, San Diego County
Mr. Juan Perez, Senior Auditor and Controller Manager, San Diego County
Ms. Nenita DeJesus, Senior Auditor and Controller Accountant, San Diego County
California State Controller's Office

SAN DIEGO COMMERCE

This space for filing stamp only

2652 4TH AVE 2ND FL, SAN DIEGO, CA 92103
Telephone (619) 232-3486 / Fax (619) 232-1159

Andrew Potter
SD CO CLERK OF THE BOARD
1600 PACIFIC HWY., RM. 402
SAN DIEGO, CA - 92101

SD #: 2381425

**NOTICE OF TRANSFER
OF HOUSING ASSETS**
Notice is hereby given that on October 5, 2012 at 9:30 a.m. in Room 302, 1600 Pacific Highway, San Diego, California, the County of San Diego Successor Agency Oversight Board will meet to consider directing the County of San Diego Successor Agency to transfer all housing assets of the former County Redevelopment Agency to the County of San Diego pursuant to Health and Safety Code sections 34181(c) and 34176(a). A list of the housing assets to be transferred is available at <http://www.sdcountry.ca.gov/dplu/usdrip.html>.
9/21/12

SD-2381425#

PROOF OF PUBLICATION

(2015.5 C.C.P.)

State of California)
County of SAN DIEGO) ss

Notice Type: GOV - GOVERNMENT LEGAL NOTICE

Ad Description:

Notice of Transfer of Housing Assets

I am a citizen of the United States and a resident of the State of California; I am over the age of eighteen years, and not a party to or interested in the above entitled matter. I am the principal clerk of the printer and publisher of the SAN DIEGO COMMERCE, a newspaper published in the English language in the city of SAN DIEGO, county of SAN DIEGO, and adjudged a newspaper of general circulation as defined by the laws of the State of California by the Superior Court of the County of SAN DIEGO, State of California, under date 12/13/1991, Case No. 631749. That the notice, of which the annexed is a printed copy, has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to-wit:

09/21/2012

Executed on: 09/21/2012
At Los Angeles, California

I certify (or declare) under penalty of perjury that the foregoing is true and correct.



Signature





COUNTY OF SAN DIEGO

AGENDA ITEM

COUNTY OVERSIGHT BOARD

COUNTY OVERSIGHT BOARD

JO MARIE DIAMOND

DR. BONNIE DOWD

KATHY KASSEL

SCOTT PATTERSON

MARIO SANCHEZ

ROBERT SCHIWITZ

MATT SCHNEIDER

DATE: October 5, 2012

2

TO: County of San Diego Oversight Board

SUBJECT: RECEIVE LOW- AND MODERATE-INCOME HOUSING FUNDS DUE DILIGENCE REVIEW

SUMMARY:

Overview

The Redevelopment Agency of the County of San Diego was dissolved on January 31, 2012. On January 24, 2012 (14), the County of San Diego was established as the Successor Agency to oversee the wind-down of the former redevelopment agency's operations following the steps established by AB 1X26, the Dissolution Act, to preserve assets, fulfill legally binding commitments, oversee the termination of activities, and return resources expeditiously to the affected taxing entities. At that meeting, the Board also selected the County of San Diego to retain the housing functions and housing assets. Since that time, and as required by the Dissolution Act, the Oversight Board has been selected and met to take actions to remain in compliance with legislation and State Department of Finance and State Controller procedures.

AB 1484, effective June 27, 2012 as a trailer bill to the Fiscal Year 2012-13 State budget, set forth new and accelerated deadlines for actions to be taken by the Oversight Board, and cash payments to be made to the affected taxing entities, and also made changes to other elements of the dissolution process, such as the definition of housing assets. Other requirements of the dissolution process include agreed-upon procedures for "due diligence" reviews of the assets and obligations of the former redevelopment agency, preparatory to the transfer of excess cash to the affected taxing entities, and the transfer of housing assets. The first of these reviews, which was to be completed by October 1, 2012, concerns the Low- and Moderate-Income Housing Fund (LMIHF) and identifies \$1,441,974 to be transferred to the County Auditor and Controller. The Oversight Board is required by legislation to "convene a public comment session" on the LMIHF review.

SUBJECT: RECEIVE LOW AND MODERATE INCOME HOUSING FUNDS DUE DILIGENCE REVIEW

Recommendation(s)

COUNTY SUCCESSOR AGENCY

Receive the Low- and Moderate-Income Housing Funds Agreed-Upon Procedures Due Diligence Review.

Fiscal Impact

If approved by the Oversight Board on October 12, 2012, funds of \$1,441,974 will be transferred from the Low- and Moderate-Income Housing Funds to the County Auditor and Controller for distribution to affected taxing entities.

BACKGROUND:

AB 1484 made both technical and substantive changes to the original dissolution process. Significant changes that affect the County Successor Agency (SA) include accelerated deadlines, substantial monetary penalties for non-compliance, cash payments of former redevelopment agency tax increment, requirements for new agreed-upon procedures "due diligence" reviews by certified accountants, and public notice period for asset transfers.

AB 1484 requires the "due diligence review" by a "licensed accountant" approved by the County Auditor and Controller (A&C) of all SA funds. The purpose of the reviews, whose agreed-upon procedures have been issued by the State Department of Finance (DOF), is to determine the amount of money available for transfer to A&C for eventual distribution to affected taxing entities. The first of the AB 1484 reviews was due to be completed by October 1, 2012, for the Low-and Moderate-Income Housing Funds (LMIHF). The Oversight Board is required to "convene a public comment session" on the LMIHF review and then to approve the review on October 12. Both the Oversight Board and the DOF (after considering the opinions of the A&C and the State Controller) may make changes to the amount to be transferred, and a meet-and-confer process may occur to resolve disputes between the SA and the DOF. LMIHF funds are anticipated to be transmitted to A&C no later than November 15, 2012.

The remaining non-housing funds will be reviewed and reported over the period of December 15, 2012 to January 15, 2013.

Respectfully submitted,

WALTER F. EKARD



By
DAVID ESTRELLA
Deputy Chief Administrative Officer

ATTACHMENT(S)

A - Low- and Moderate-Income Housing Fund Due Diligence Review

**SUBJECT: RECEIVE LOW AND MODERATE INCOME HOUSING FUNDS DUE
DILIGENCE REVIEW**

CONTACT PERSON(S):

Kaye Hobson

Name

619-531-5274

Phone

619-531-6439

Fax

A-6

Mail Station

Kaye.Hobson@sdcounty.ca.gov

E-mail

**SUCCESSOR AGENCY OF
THE REDEVELOPMENT AGENCY OF THE
COUNTY OF SAN DIEGO**

**AGREED UPON PROCEDURES – AB1484
LOW & MODERATE HOUSING FUND**

June 30, 2012

**SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE COUNTY OF SAN DIEGO
AGREED UPON PROCEDURES – AB1484
LOW & MODERATE HOUSING FUND**

TABLE OF CONTENTS
June 30, 2012

Independent Accountants’ Report on Applying Agreed Upon Procedures	1
Attachment A – Agreed Upon Procedures Results	2
Attachment B – Asset Transfer Listing	8
Attachment C – Asset Listing as of June 30, 2012.....	9
Attachment D – Non-Liquid Assets as of June 30, 2012	10
Attachment E – ATE Balances.....	11



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA

COMMERCIAL ACCOUNTING & TAX SERVICES

9107 WILSHIRE BLVD. SUITE 500
BEVERLY HILLS, CA 90210
TEL: 310.273.2745
FAX: 310.670.1689
www.mlhcpas.com

GOVERNMENTAL AUDIT SERVICES

5800 E. HANNUM, SUITE E
CULVER CITY, CA 90230
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED UPON PROCEDURES ON
THE LOW AND MODERATE INCOME HOUSING FUND**

Oversight Board of the Successor Agency
County of San Diego
San Diego, California 92101

We have performed the procedures enumerated below solely to assist in ensuring that the Successor Agency of the Redevelopment Agency of the County of San Diego is complying with its statutory requirements with respect to AB1484. Management of the Successor Agency is responsible for the accounting records pertaining to statutory compliance pursuant to Health and Safety Code Section 34179.5.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of 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.

The scope of this engagement was limited to performing the agreed-upon procedures with respect to AB1484.

Attachment A of this report identifies the results of the procedures performed.

Attachment B is an asset transfer listing.

Attachment C is an asset listing as of June 30, 2012.

Attachment D is non-liquid asset listing as of June 30, 2012.

Attachment E is an ATE balance schedule.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion as to the appropriateness of the results summarized in Attachment A through Attachment E. 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 of the Oversight Committee, Management, California State Controller's Office, Department of Finance, and San Diego County Auditor-Controller, and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Levy & Hartzheim

MOSS, LEVY & HARTZHEIM, LLP
Culver City, California
September 27, 2012

COUNTY OF SAN DIEGO
AGREED-UPON PROCEDURES OF AB1484
ATTACHMENT A – AGREED UPON PROCEDURE RESULTS

Procedures Applied

1. Obtain from the Successor Agency a listing of all assets that were transferred from the former redevelopment agency to the Successor Agency on February 1, 2012. Agree the amounts on this listing to account balances established in the accounting records of the Successor Agency. Identify in the Agreed-Upon Procedures (AUP) report the amount of the assets transferred to the Successor Agency as of that date.

Result:

The former Redevelopment Agency transferred the total asset amount of \$7,064,701 from LMIFH to the Successor Agency on February 1, 2012. This includes housing function assets of \$4,082,403 on February 1, 2012. See Attachment B for the listing of all assets that were transferred.

2. If the State Controller's Office has completed its review of transfers required under both Sections 34167.5 and 34178.8 and issued its report regarding such review, attach a copy of that report as an exhibit to the AUP report. If this has not yet occurred, performed the following procedures:
 - A. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the former redevelopment agency to the city, county, or city and county that formed the redevelopment agency for the period from January 1, 2011 through January 31, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

Result:

No Low and Moderate Income Housing Fund (LMIHF) assets (excluding payments for goods and services) were transferred from the former Redevelopment Agency to the City, County, or City and County that formed the Redevelopment Agency for the period from January 1, 2011 through January 31, 2012.

- B. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Successor Agency to the city, county, or city and county that formed the redevelopment agency for the period from February 1, 2012 through June 30, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

Result:

No LMIHF assets were transferred from the Successor Agency to the City, County, or City and County that formed the Redevelopment Agency for the period from February 1, 2012 through June 30, 2012.

- C. For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required any transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.

Result:

Not applicable. No LMIHF assets were transferred to the City, County, or City and County that formed the Redevelopment Agency for the period.

3. If the State Controller's Office has completed its review of transfers required under both Sections 34167.5 and 34178.8 and issued its report regarding such review, attach a copy of that report as an exhibit to the AUP report. If this has not yet occurred, perform the following procedures:
 - A. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the former redevelopment agency to any other public agency or to private parties for the period from January 1, 2011 through January 31, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

COUNTY OF SAN DIEGO
AGREED-UPON PROCEDURES OF AB1484
ATTACHMENT A – AGREED UPON PROCEDURE RESULTS

Result:

No LMIHF assets were transferred from the former Redevelopment Agency to any other public agency or to private parties for the period from January 1, 2011 through January 31, 2012.

- B. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) [from the Successor Agency to any other public agency or private parties for the period from February 1, 2012 through June 30, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report

Result:

No LMIHF assets were transferred from the Successor Agency to any other public agency or to private parties for the period from February 1, 2012 through June 30, 2012.

- C. For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required any transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.

Result:

Not applicable. No LMIHF assets were transferred to any other public agency or to private parties for the period.

4. Procedure Perform the following procedures:

- A. Obtain from the Successor Agency a summary of the financial transactions of the Redevelopment Agency and the Successor Agency in the format set forth in the attached schedule for the fiscal periods indicated in the schedule. For purposes of this summary, the financial transactions should be presented using the modified accrual basis of accounting. End of year balances for capital assets (in total) and long-term liabilities (in total) should be presented at the bottom of this summary schedule for information purposes.

Result:

This procedure is required as to the Successor Agency as a whole, it will be addressed in the report associated with all other funds of the Successor Agency that is due on December 15, 2012.

- B. Ascertain that for each period presented, the total of revenues, expenditures, and transfers accounts fully for the changes in equity from the previous fiscal period.

Result:

This procedure is required as to the Successor Agency as a whole, it will be addressed in the report associated with all other funds of the Successor Agency that is due on December 15, 2012.

- C. Compare amounts in the schedule relevant to the fiscal year ended June 30, 2010 to the state controller's report filed for the Redevelopment Agency for that period.

Result:

This procedure is required as to the Successor Agency as a whole, it will be addressed in the report associated with all other funds of the Successor Agency that is due on December 15, 2012.

- D. Compare amounts in the schedule for the other fiscal periods presented to account balances in the accounting records or other supporting schedules. Describe in the report the type of support provided for each fiscal period.

Result:

This procedure is required as to the Successor Agency as a whole, it will be addressed in the report associated with all other funds of the Successor Agency that is due on December 15, 2012.

COUNTY OF SAN DIEGO
AGREED-UPON PROCEDURES OF AB1484
ATTACHMENT A – AGREED UPON PROCEDURE RESULTS

5. Obtain from the Successor Agency a listing of all assets of the Low and Moderate Income Housing Fund as of June 30, 2012 for the report that is due October 1, 2012 and a listing of all assets of all other funds of the Successor Agency as of June 30, 2012 (excluding the previously reported assets of the Low and Moderate Income Housing Fund) for the report that is due December 15, 2012. When this procedure is applied to the Low and Moderate Income Housing Fund, the schedule attached as an exhibit will include only those assets of the Low and Moderate Income Housing Fund that were held by the Successor Agency as of June 30, 2012 and will exclude all assets held by the entity that assumed the housing function previously performed by the former redevelopment agency. Agree the assets so listed to recorded balances reflected in the accounting records of the Successor Agency. The listings should be attached as an exhibit to the appropriate AUP report.

Result:

We found no exceptions as a result of the procedures performed. See Attachment C.

6. Obtain from the Successor Agency a listing of asset balances held on June 30, 2012 that are restricted for the following purposes:
 - A. Unspent bond proceeds:
 - i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures, amounts set aside for debt service payments, etc.)
 - ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
 - iii. Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.

Result:

The successor agency did not have unspent bond proceeds.

- B. Grant proceeds and program income that are restricted by third parties:
 - i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).
 - ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
 - iii. Obtain from the Successor Agency a copy of the grant agreement that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.

Result:

The successor agency did not have grant proceeds and program income restricted by third parties.

- C. Other assets considered to be legally restricted:
 - i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).
 - ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
 - iii. Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by Successor the Agency as restricted.

Result:

The successor agency did not have other assets restricted by third parties.

- D. Attach the above mentioned Successor Agency prepared schedule(s) as an exhibit to the AUP report. For each restriction identified on these schedules, indicate in the report the period of time for which the restrictions are in effect. If the restrictions are in effect until the related assets are expended for their intended purpose, this should be indicated in the report.

COUNTY OF SAN DIEGO
AGREED-UPON PROCEDURES OF AB1484
ATTACHMENT A – AGREED UPON PROCEDURE RESULTS

Result:

Procedures 6A, 6B, and 6C did not apply.

7. Perform the following procedures:

- A. Obtain from the Successor Agency a listing of assets as of June 30, 2012 that are **not** liquid or otherwise available for distribution (such as capital assets, land held for resale, long-term receivables, etc.) and ascertain if the values are listed at either purchase cost (based on book value reflected in the accounting records of the Successor Agency) or market value as recently estimated by the Successor Agency.

Result:

The values of non-liquid assets are based on the book value reflected in the accounting records of the Successor Agency. See Attachment D.

- B. If the assets listed at 7(A) are listed at purchase cost, trace the amounts to a previously audited financial statement (or to the accounting records of the Successor Agency) and note any differences.

Result:

We found no exceptions as a result of the procedures performed.

- C. For any differences noted in 7(B), inspect evidence of disposal of the asset and ascertain that the proceeds were deposited into the Successor Agency trust fund. If the differences are due to additions (this generally is not expected to occur), inspect the supporting documentation and note the circumstances.

Result:

We found no exceptions as a result of the procedures performed.

- D. If the assets listed at 7(A) are listed at recently estimated market value, inspect the evidence (if any) supporting the value and note the methodology used. If no evidence is available to support the value and/or methodology, note the lack of evidence.

Result:

We found no exceptions as a result of the procedures performed.

8. Perform the following procedures:

- A. If the Successor Agency believes that asset balances need to be retained to satisfy enforceable obligations, obtain from the Successor Agency an itemized schedule of asset balances (resources) as of June 30, 2012 that are dedicated or restricted for the funding of enforceable obligations and perform the following procedures. The schedule should identify the amount dedicated or restricted, the nature of the dedication or restriction, the specific enforceable obligation to which the dedication or restriction relates, and the language in the legal document that is associated with the enforceable obligation that specifies the dedication of existing asset balances toward payment of that obligation.
- i. Compare all information on the schedule to the legal documents that form the basis for the dedication or restriction of the resource balance in question.
 - ii. Compare all current balances to the amounts reported in the accounting records of the Successor Agency or to an alternative computation.
 - iii. Compare the specified enforceable obligations to those that were included in the final Recognized Obligation Payment Schedule approved by the California Department of Finance.
 - iv. Attach as an exhibit to the report the listing obtained from the Successor Agency. Identify in the report any listed balances for which the Successor Agency was unable to provide appropriate restricting language in the legal document associated with the enforceable obligation.

Result:

No asset balances were retained to satisfy enforceable obligations.

COUNTY OF SAN DIEGO
AGREED-UPON PROCEDURES OF AB1484
ATTACHMENT A – AGREED UPON PROCEDURE RESULTS

- B. If the Successor Agency believes that future revenues together with balances dedicated or restricted to an enforceable obligation are insufficient to fund future obligation payments and thus retention of current balances is required, obtain from the Successor Agency a schedule of approved enforceable obligations that includes a projection of the annual spending requirements to satisfy each obligation and a projection of the annual revenues available to fund those requirements and perform the following procedures:
- i. Compare the enforceable obligations to those that were approved by the California Department of Finance. Procedures to accomplish this may include reviewing the letter from the California Department of Finance approving the Recognized Enforceable Obligation Payment Schedules for the six month period from January 1, 2012 through June 30, 2012 and for the six month period July 1, 2012 through December 31, 2012.
 - ii. Compare the forecasted annual spending requirements to the legal document supporting each enforceable obligation.
 - a. Obtain from the Successor Agency its assumptions relating to the forecasted annual spending requirements and disclose in the report major assumptions associated with the projections.
 - iii. For the forecasted annual revenues:
 - a. Obtain from the Successor Agency its assumptions for the forecasted annual revenues and disclose in the report major assumptions associated with the projections.

Result:

The procedure was not considered required as the successor agency believes future tax revenue and cash balances in the non-Low and Moderate Housing Income Fund will be sufficient to fund future obligations.

- C. If the Successor Agency believes that projected property tax revenues and other general purpose revenues to be received by the Successor Agency are insufficient to pay bond debt service payments (considering both the timing and amount of the related cash flows), obtain from the Successor Agency a schedule demonstrating this insufficiency and apply the following procedures to the information reflected in that schedule.
- i. Compare the timing and amounts of bond debt service payments to the related bond debt service schedules in the bond agreement.
 - ii. Obtain the assumptions for the forecasted property tax revenues and disclose major assumptions associated with the projections.
 - iii. Obtain the assumptions for the forecasted other general purpose revenues and disclose major assumptions associated with the projections.

Result:

The procedure was not considered required as the successor agency believes future tax revenues and cash balances in the non-Low and Moderate Housing Income Fund will be sufficient to fund future obligations.

- D. If procedures A, B, or C were performed, calculate the amount of current unrestricted balances necessary for retention in order to meet the enforceable obligations by performing the following procedures:
- i. Combine the amount of identified current dedicated or restricted balances and the amount of forecasted annual revenues to arrive at the amount of total resources available to fund enforceable obligations.
 - ii. Reduce the amount of total resources available by the amount forecasted for the annual spending requirements. A negative result indicates the amount of current unrestricted balances that needs to be retained.
 - iii. Include the calculation in the AUP report.

Result:

Procedures 8A, 8B, and 8C did not apply.

COUNTY OF SAN DIEGO
AGREED-UPON PROCEDURES OF AB1484
ATTACHMENT A – AGREED UPON PROCEDURE RESULTS

9. If the Successor Agency believes that cash balances as of June 30, 2012 need to be retained to satisfy obligations on the Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2012 through June 30, 2013, obtain a copy of the final ROPS for the period of July 1, 2012 through December 31, 2012 and a copy of the final ROPS for the period January 1, 2013 through June 30, 2013. For each obligation listed on the ROPS, the Successor Agency should add columns identifying (1) any dollar amounts of existing cash that are needed to satisfy that obligation and (2) the Successor Agency's explanation as to why the Successor Agency believes that such balances are needed to satisfy the obligation. Include this schedule as an attachment to the AUP report.

Result:

Successor agency does not need to retain cash balances in the Low and Moderate Income Housing Fund to satisfy obligations on the Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2012 through June 30, 2013.

10. Include (or present) a schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Entities. Amounts included in the calculation should agree to the results of the procedures performed in each section above. The schedule should also include a deduction to recognize amounts already paid to the County Auditor-Controller on July 12, 2012 as directed by the California Department of Finance. The amount of this deduction presented should be agreed to evidence of payment. The attached example summary schedule may be considered for this purpose. Separate schedules should be completed for the Low and Moderate Income Housing Fund and for all other funds combined (excluding the Low and Moderate Income Housing Fund).

Result:

We found no exceptions as a result of the procedures performed. See Attachment E.

11. Obtain a representation letter from Successor Agency management acknowledging their responsibility for the data provided to the practitioner and the data presented in the report or in any attachments to the report. Included in the representations should be an acknowledgment that management is not aware of any transfers (as defined by Section 34179.5) from either the former redevelopment agency or the Successor Agency to other parties for the period from January 1, 2011 through June 30, 2012 that have not been properly identified in the AUP report and its related exhibits. Management's refusal to sign the representation letter should be noted in the AUP report as required by attestation standards.

Result:

We found no exceptions as a result of the procedures performed.

COUNTY OF SAN DIEGO
AGREED-UPON PROCEDURES OF AB1484
ATTACHMENT B – ASSET TRANSFER LIST

County of San Diego Successor Agency
Asset Transfer List - Low & Moderate Income Housing Fund
February 1, 2012

Cash	\$	2,982,298
Accrued Interest Receivable		370,820
Loans Receivable		3,417,073
Prepaid items		294,510
	\$	<u>7,064,701</u>

COUNTY OF SAN DIEGO
AGREED-UPON PROCEDURES OF AB1484
ATTACHMENT C– ASSET LISTING AS OF JUNE 30, 2012

County of San Diego Successor Agency
Asset Listing - Low & Moderate Income Housing Fund
June 30, 2012

Cash	\$	2,985,135
Accrued Interest Receivable		373,526
Loans Receivable		3,417,073
Prepaid Items		294,510
	\$	<u>7,070,244</u>

COUNTY OF SAN DIEGO
AGREED-UPON PROCEDURES OF AB1484
ATTACHMENT D- NON-LIQUID ASSETS AS OF JUNE 30, 2012

County of San Diego Successor Agency
Non-Liquid Asset Listing - Low & Moderate Income Housing
Fund
June 30, 2012

Accrued Interest Receivable*	\$	370,820
Loans Receivable**		3,417,073
Prepaid Items**		294,510
	\$	<u>4,082,403</u>

* Accrued Interest Receivable of \$370,820 is interest accrued for Housing's loans receivable.

** Housing assets.

COUNTY OF SAN DIEGO
 AGREED-UPON PROCEDURES OF AB1484
 ATTACHMENT E- ATE BALANCES

V. 8-27-12

<u>SUMMARY OF BALANCES AVAILABLE FOR ALLOCATION TO AFFECTED TAXING ENTITIES</u>	<u>LMHF</u>
Total amount of assets held by the successor agency as of June 30, 2012 (procedure 5)	\$ 7,070,244
Add the amount of any assets transferred to the city or other parties for which an enforceable obligation with a third party requiring such transfer and obligating the use of the transferred assets did not exist (procedures 2 and 3)	-
Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments (procedure 6)	-
Less assets that are not cash or cash equivalents (e.g., physical assets) - (procedure 7)	(4,082,403) *
Less balances that are legally restricted for the funding of an enforceable obligation (net of projected annual revenues available to fund those obligations) - (procedure 8)	-
Less balances needed to satisfy ROPS for the 2012-13 fiscal year (procedure 9)	-
Less the amount of payments made on July 12, 2012 to the County Auditor-Controller as directed by the California Department of Finance	<u>(1,545,867)</u>
Amount to be remitted to county for disbursement to taxing entities	<u>\$ 1,441,974</u>

Note that separate computations are required for the Low and Moderate Income Housing Fund held by the Successor Agency and for all other funds held by the Successor Agency.

NOTES: For each line shown above, an exhibit should be attached showing the composition of the summarized amount.

If the review finds that there are insufficient funds available to provide the full amount due, the cause of the insufficiency should be demonstrated in a separate schedule.

* Total Assets of \$4,082,403 transferred to the entity that assumed the housing function previously performed by the former redevelopment agency subsequent to June 30, 2012.



COUNTY OF SAN DIEGO

AGENDA ITEM

COUNTY OVERSIGHT BOARD

COUNTY OVERSIGHT BOARD

JO MARIE DIAMOND
DR. BONNIE DOWD
KATHY KASSEL
SCOTT PATTERSON
MARIO SANCHEZ
ROBERT SCHIWITZ
MATT SCHNEIDER

DATE: October 5, 2012
TO: County of San Diego Oversight Board
SUBJECT: RECEIVE AGREED-UPON PROCEDURES REVIEW
SUMMARY:

3

Overview

The Redevelopment Agency of the County of San Diego was dissolved on February 1, 2012. On January 24, 2012 (14), the County of San Diego was designated as the Successor Agency to oversee the wind-down of the former redevelopment agency's operations following the steps established by AB1X 26, the Dissolution Act, to preserve assets, fulfill legally binding commitments, oversee the termination of activities, and return resources expeditiously to the affected taxing entities. The Dissolution Act required "an agreed-upon procedures audit of each redevelopment agency" (AUP Review) originally to be due by July 1, 2012. Since that time, and as required by the Dissolution Act, the Oversight Board has been selected and met to take actions to remain in compliance with legislation and State Department of Finance and State Controller procedures.

AB 1484, effective June 27, 2012 as a trailer bill to the Fiscal Year 2012-13 State budget, made a number of changes to the Dissolution Act. The due date for the AUP Review was extended to October 1, 2012. Neither Successor Agency nor Oversight Board approval of the AUP Review is required.

Recommendation(s)

COUNTY SUCCESSOR AGENCY

Receive the AB1X 26 Agreed-Upon Procedures Review.

Fiscal Impact

N/A

SUBJECT: RECEIVE AGREED-UPON PROCEDURES REVIEW

BACKGROUND:

With the passage of AB1X 26 (the Dissolution Act) and subsequent court action, all redevelopment agencies were dissolved on February 1, 2012. AB 1484, effective June 27, 2012, made both technical and substantive changes to the original dissolution process.

The Dissolution Act required that the County Auditor and Controller (A&C) conduct "an agreed-upon procedures audit" (AUP Review) of each redevelopment agency to establish assets and liabilities, to document and determine obligations for pass-through payment to other taxing entities, and to document and determine the amount and terms of indebtedness as presented on the initial Recognized Obligation Payment Schedule (ROPS), for the period August-December 2011. The ROPS is prepared semi-annually by the successor agency and shows amount due and periodic payments thereon for enforceable obligations, as defined by legislation.

The firm of Macias, Gini & O'Connell, LLC, was retained by A&C to perform the County Successor Agency AUP Review. A copy of the report is attached (Attachment A) and will be transmitted by A&C to the State Department of Finance. No Oversight Board nor Successor Agency action is required.

Respectfully submitted,

WALTER F. EKARD



By
DAVID ESTRELLA
Deputy Chief Administrative Officer

ATTACHMENT(S)

A - Independent Accountant's Report on Applying Agreed-Upon Procedures on the Former Redevelopment Agency of the County of San Diego, California

SUBJECT: RECEIVE AGREED-UPON PROCEDURES REVIEW

CONTACT PERSON(S):

Kaye Hobson

Name

619-531-5274

Phone

619-531-6439

Fax

A-6

Mail Station

Kaye.Hobson@sdcounty.ca.gov

E-mail

**COUNTY OF SAN DIEGO,
CALIFORNIA**

Independent Accountant's Report on
Applying Agreed-Upon Procedures on the
Former Redevelopment Agency of the
County of San Diego, California

Pursuant to AB x1 26
Community Redevelopment Dissolution



Certified Public Accountants.

Certified Public Accountants.

San Diego
225 Broadway, Suite 1750
San Diego, CA 92101
619.573.1112

Sacramento

Walnut Creek

Oakland

LA/Century City

Newport Beach

Seattle

Ms. Tracy Sandoval
Auditor and Controller
County of San Diego
San Diego, California

Independent Accountant's Report on Applying Agreed-Upon Procedures

We have performed the agreed-upon procedures (AUP) enumerated in Attachment A which were agreed to by the California State Controller's Office, California Department of Finance, and County of San Diego (County) Auditor and Controller, solely to assist you in ensuring that the dissolved redevelopment agency of the County of San Diego, California (County) is complying with its statutory requirements with respect to Assembly Bill (AB) x1 26. Management of the County is responsible for the accounting records pertaining to statutory compliance pursuant to Health and Safety Code section 34182(a)(1). 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.

The scope of this engagement was limited to performing the agreed-upon procedures as set forth in Attachment A. Attachment A also identifies the results of the procedures performed.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the Enforceable Obligation Payment Schedule, Recognized Obligation Payment Schedule or as to the appropriateness of the other financial information summarized in Attachment A. 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 County Auditor and Controller, California State Controller's Office and the California State Department of Finance, and is not intended to be, and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Macias Fini & O'Connell LLP

San Diego, California
April 27, 2012

Attachment A - Agreed-Upon Procedures

A. RDA Dissolution and Restrictions

For the Redevelopment Agency of the County of San Diego (Agency), we performed the following:

1. Obtain a copy of the Enforceable Obligation Payment Schedule (EOPS) dated August 2, 2011, for the period August 1, 2011, through December 31, 2011.

For each obligation on the EOPS, trace the following and compare it to the legal document(s) that forms the basis for the obligations.

- a. The redevelopment project name or area (whichever applies) associated with the obligations,
- b. The payee,
- c. A brief description of the nature of the work/service agreed to,
- d. The amount of total outstanding obligations,
- e. The amount of payments made by month through December 31, 2011, and
- f. For estimated amounts, verify whether the obligation was identified on the EOPS as an estimate and that legal documentation supported the estimate.

Results:

We traced the elements described above for each obligation to the legal documents that forms the basis for the obligation, with the following exceptions:

Project/Obligation Name	Payee	Description	Exception
Staff Costs	County DPW Airports	Reimbursement for Staff Costs	Amounts due are based on an estimate by management. The basis of the estimate is input from County departments that are involved with providing services to the Agency. Documentation was not provided to support the basis used by the County.
Staff Costs	County HCD	Reimbursement for Staff Costs	Amounts due are based on an estimate by management. The basis of the estimate is input from County departments that are involved with providing services to the Agency. Documentation was not provided to support the basis used by the County.

Attachment A - Agreed-Upon Procedures

Project/Obligation Name	Payee	Description	Exception
Staff Costs	County HCD	Reimbursement for Staff Costs	Amounts due are based on an estimate by management. The basis of the estimate is input from County departments that are involved with providing services to the Agency. Documentation was not provided to support the basis used by the County.
Staff Costs	County DPLU	Reimbursement for Staff Costs	Amounts due are based on an estimate by management. The basis of the estimate is input from County departments that are involved with providing services to the Agency. Documentation was not provided to support the basis used by the County.

We noted that the Agency's initial EOPS covered the period July 1, 2011 through December 31, 2011, as opposed to August 1, 2011 through December 31, 2011. We also noted that the initial EOPS did not separately identify the total obligation amount for each respective obligation, nor did the EOPS specifically identify obligations which were based upon estimates.

2. Obtain a copy of the amended EOPS filed during the period January 1, 2012 through June 30, 2012. For each obligation on the amended EOPS, trace the following and compare it to the legal document(s) that forms the basis for the obligations.
 - a. The redevelopment project name or area (whichever applies) associated with the obligations,
 - b. The payee,
 - c. A brief description of the nature of the work/service agreed to,
 - d. The amount of total outstanding obligations,
 - e. The amount of payments made by month through June 30, 2012, and
 - f. For estimated amounts, verify whether the obligation was identified on the EOPS as an estimate and that legal documentation supported the estimate.

Attachment A - Agreed-Upon Procedures

Results:

We traced the elements described above for each obligation to legal documents and identified the exceptions on the following page. We also noted that the amended EOPS did not separately identify the total obligation amount for each respective obligation, nor did the amended EOPS specifically identify obligations which were based upon estimates.

Project/Obligation Name	Payee	Description	Exception
Pass-Through Agreements, Gillespie Field Project Area	Santee Union School District, Grossmont Union High School District, Cajon Valley Union School District, County Office of Education	Pass-Through Agreements	Estimated amounts due, originally based on projection from consultant, were revised by the County. Documentation was not provided to support the County's revised amount.
Costs of Administration	County of San Diego, as Successor Agency, DPW Airports	Reimbursement for Staff Costs	Amounts due are based on an estimate by management. The basis of the estimate is input from County departments that are involved with providing services to the Agency. Documentation was not provided to support the basis used by the County.

3. Identify any obligation listed on the initial and amended EOPS that were entered into after June 28, 2011, by inspecting the date of incurrence specified on Form A of the Statement of Indebtedness filed with the County Auditor and Controller, which was filed on or before October 1, 2011.

Results:

We reviewed Form A of the Statement of Indebtedness filed with the County Auditor and Controller and did not identify any obligations listed on the initial or amended EOPS that were entered into after June 28, 2011.

4. Inquire and specifically state in the report the manner in which the Agency did or did not execute a transfer of the Low and Moderate Income Housing Fund to the redevelopment successor agency by February 1, 2012.

Results:

All former Agency funds were closed on January 31, 2012. The County, as the Successor Agency, established new funds in the name of the Successor Agency (with an abbreviated prefix of "CSA" to each new fund name) to coincide with the former redevelopment agency's fund structure. We verified the stated manner of transfer by reviewing the Agency's trial balance as of January 31, 2012

Attachment A - Agreed-Upon Procedures

and the Successor Agency's trial balance as of February 1, 2012, noting the changes in the accounting system's fund structure.

5. Inquire and specifically state in the report how the housing activities (assets and functions, rights, powers, duties, and obligations) were transferred and the manner in which the Agency did or did not execute a transfer.

Results:

All former Agency funds were closed on January 31, 2012. The County, as the Housing Successor Agency, established new funds in the name of the Successor Agency (with an abbreviated prefix of "CSA" to each new fund name) to coincide with the former redevelopment agency's fund structure. We verified the stated manner of transfer by reviewing the Agency's trial balance as of January 31, 2012 and the Housing Successor Agency's trial balance as of February 1, 2012, noting the changes in the accounting system's fund structure.

B. Successor Agency

For the Agency, we performed the following:

1. Inspect evidence that a successor agency:
 - a. Was established by February 1, 2012, and
 - b. The successor agency oversight board was appointed and the names of the successor agency oversight board members were submitted to the California Department of Finance by May 1, 2012.

Results:

We reviewed minutes of the County Board of Supervisors meeting held on January 24, 2012, and noted that the County was designated as the Successor Agency for the Agency.

We also vouched to an email submission to the California Department of Finance on April 27, 2012, the names of the Successor Agency oversight board.

2. Inquire regarding the procedures accomplished and specifically state in the report the manner in which the Agency did or did not execute a transfer of operations to the successor agency by February 1, 2012.

Results:

All former Agency funds were closed on January 31, 2012. The County, as the Successor Agency, established new funds in the name of the Successor Agency (with an abbreviated prefix of "CSA" to each new fund name) to coincide with the former redevelopment agency's fund structure. We verified the stated manner of transfer by reviewing the Agency's trial balance as of January 31, 2012, and the Successor Agency's trial balance as of February 1, 2012, noting the changes in the accounting system's fund structure.

Attachment A - Agreed-Upon Procedures

- Ascertain that the successor agency has established the Redevelopment Obligation Retirement Fund(s) in its accounting system.

Results:

We verified, per review of the Successor Agency's accounting system, the existence of the newly established Redevelopment Obligation Retirement Funds for the Gillespie Field project area (Fund 17052) and Upper San Diego River project area (Fund 17054).

- Inspect the initial EOPS, the amended EOPS and draft Recognized Obligation Payment Schedule (ROPS) and identify the payments that were due to be paid through April 27, 2012. Compare each payment that was due to be paid through April 27, 2012, to a copy of the cancelled check or other documentation supporting the payment.

Results:

We compared each payment that was due to be paid through April 27, 2012, to documentation supporting the payments with the following exceptions noted below:

Obligation as Reported on Initial EOPS	Payment Amount Reported on the Initial EOPS	Actual Payments	Difference
Staff Costs	\$ 40,000	\$ -	\$ (40,000)
Staff Costs	4,167	-	(4,167)
Staff Costs	4,167	-	(4,167)
Staff Costs	10,000	-	(4,167)

Obligation as Reported on Amended EOPS	Payment Amount Reported on the Amended EOPS	Actual Payments	Difference
San Diego River Conservancy (SDRC) Loan Agreement	\$ 100,000	\$ -	\$ (100,000)
Costs of Administration	66,668	-	(66,668)

Obligation as Reported on Draft ROPS	Payment Amount Reported on the Draft ROPS	Actual Payments	Difference
Gillespie Field EO Service Costs	\$ 56,000	\$ -	\$ (56,000)
San Diego River Conservancy (SDRC) Loan Agreement	300,000	-	(300,000)
SDRC Loan Agreement EO Costs to Service	56,000	-	(56,000)

Attachment A - Agreed-Upon Procedures

- Obtain the listing that supports the asset figures (cash, investments, accounts receivable, notes, receivables, capital assets, etc.) in the Statement of Net Assets in the audited financial statements as of June 30, 2010 and June 30, 2011, and as of January 31, 2012, as determined by the Successor Agency.

Results:

We obtained the trial balances for the Agency as of June 30, 2010, June 30, 2011, and January 31, 2012. We also obtained the audited financial statements as of June 30, 2010, and June 30, 2011. We agreed the Agency's asset values reported in the audited financial statements as of June 30, 2010 and June 30, 2011, to the balances of the Agency's assets, except for deferred charges, in the trial balances as of June 30, 2010, and June 30, 2011. We agreed the Agency's asset values as reported by management as of January 31, 2012 to the trial balance, except for deferred charges, as of January 31, 2012. Deferred charges represent unamortized costs of issuance and are not recorded in the Agency's trial balances, but are tracked via excel spreadsheet.

Financial Statement Line Item	General Ledger Account	As of June 30, 2010	As of June 30, 2011	As of January 31, 2012
Equity in Pooled Cash and Investments	10100 – Cash in Treasury	\$ 5,909,284	\$ 6,241,383	\$ 6,266,133
Cash and Investments with Fiscal Agents	10400 – Cash with Fiscal Agents	1,154,993	1,154,993	1,154,993
Accounts Receivable	11000 – Non General Fund Due From Other Government	100,000	37,245	130,534
Tax Increment Receivable	10500 – Taxes Receivable	224,841	171,533	10,500
Interest Receivable	11039 – Interest Receivable	224,293	317,987	381,859
Loans Receivable	12310	3,175,364	3,417,074	3,429,383
Prepaid Item	14200 – Prepaid Expense	390,141	330,303	308,709
Deferred Charges	N/A – balance not in General Ledger	345,203	329,803	320,820
Total Assets		\$ 11,524,119	\$ 12,000,321	\$ 12,002,931

C. Draft Recognized Obligation Payment Schedule (Draft ROPS)

We obtained a copy of the initial draft of the ROPS from the Successor Agency which covered the period January 1, 2012, through June 30, 2012, to perform the following procedures:

- Verify that the initial draft of the ROPS was prepared by March 1, 2012.

Attachment A - Agreed-Upon Procedures

Results:

We reviewed an email submission dated February 29, 2012, of the draft ROPS submitted to the County Auditor and Controller, California Department of Finance and the State Controller's Office. We noted that the draft ROPS covered the period October 1, 2011, through June 30, 2012.

2. Review the minutes of the Oversight Board and note whether the draft ROPS was approved by the Oversight Board.

Results:

We determined that the Oversight Board was established subsequent to the draft ROPS being submitted on February 29, 2012, thus the draft ROPS was not approved by the Oversight Board. However, per review of the minutes of the Oversight Board meeting held on April 23, 2012, the Oversight Board approved the final ROPS for the period January 1, 2012, through June 30, 2012.

3. Inspect evidence that a copy of the draft ROPS was submitted to the County Auditor and Controller, California State Controller's Office, and California Department of Finance.

Results:

We reviewed an email correspondence dated February 29, 2012, whereby the Successor Agency submitted the draft ROPS, which covered the period October 1, 2011, through June 30, 2012, to the County Auditor and Controller, California State Controller's Office, and Controller and California Department of Finance.

4. Inspect evidence that the draft ROPS disclosed the monthly scheduled payments for each enforceable obligation for the current six-month reporting time period.

Results:

We reviewed Form B of the draft ROPS and noted that it disclosed the monthly scheduled payments for each enforceable obligation for the period of October 1, 2011, through June 30, 2012.

5. Trace each enforceable obligation listed on the draft ROPS to the legal document that forms the basis for the obligation.

Results:

We traced each enforceable obligation listed on the draft ROPS to the legal document that forms the basis for the obligations and had the following exception:

- Line 6, Gillespie Field EO Service Costs: amounts due are based on an estimate by management. The basis of the estimate is input from County departments that are involved with providing services to the Agency. Documentation was not provided to support the basis used by the County.
6. Trace the obligations enumerated on the draft ROPS to the obligations enumerated on the initial EOPS and the amended EOPS, and report all differences as agreed to by the County Auditor and Controller.

Attachment A - Agreed-Upon Procedures

Results:

Since both the initial and amended EOPS did not separately identify the total obligation amount for each obligation, and because the time periods covered by the initial EOPS (August 2011 through December 2011) and the amended EOPS (January 2012 through June 2012) are different, a comparison of the differences between the total obligation amounts enumerated on the draft ROPS to the initial and amended EOPS was not feasible.

We noted that the following obligations reported on the draft ROPS were not separately reported on the initial EOPS or the amended EOPS:

Obligation	Description	Total Amount Due During FY 2011/12
Gillespie Field Bond Costs	Annual Trustee, Arbitrage Agent Costs	\$ 10,000
Gillespie Field EO Service Costs	Annual Staff Costs to Service Gillespie Field EO's	96,000
SDRC Loan Agreement EO Costs to Service	Annual Staff Costs to Service LFPD and SDRC EO's	96,000

D. Final Recognized Obligation Payment Schedule (Final ROPS)

We obtained a copy of the final ROPS from the Successor Agency which covered the period January 1, 2012 through June 30, 2012, to perform the following procedures:

1. Inspect evidence that the final ROPS was submitted to the County Auditor and Controller, the California State Controller's Office, and the California Department of Finance by April 15, 2012, and that the final ROPS was posted on the website of the County, as the successor agency, as required by Health and Safety Code Section 34177(2)(C).

Results:

We reviewed email correspondence dated April 16, 2012, whereby the Successor Agency submitted the final ROPS for the period January 1, 2012 through June 30, 2012 to the County Auditor and Controller and to the California Department of Finance. We also reviewed email correspondence dated April 20, 2012, whereby the Successor Agency submitted the final ROPS for the period January 1, 2012, through June 30, 2012, to the California State Controller's Office. We verified that the final ROPS was posted on the website of the County, as Successor Agency, at <http://www.sdcounty.ca.gov/dplu/docs/usdrip/ROPSjanuaryjune2012.pdf>.

2. Inspect the final ROPS and identify payments that were due to be paid through April 27, 2012. For payments on the ROPS that were identified as being due through April 27, 2012, inspect evidence of payment and determine that the amounts agree to the purpose of the obligation as amounts could be estimated.

Attachment A - Agreed-Upon Procedures

Results:

We inspected the final ROPS and identified the payments that were due to be paid by reviewing Form B of the final ROPS. We compared the payments due to be paid through April 27, 2012. The following obligations did not have any payments through April 27, 2012:

- Line 6, San Diego River Conservancy (SDRC) Loan Agreement
 - Line 8, Administration Costs
3. Trace each enforceable obligation listed on the final ROPS to the legal document that forms the basis for the obligation.

Results:

We traced each obligation listed on the final ROPS to the legal document that formed the basis for the obligation and noted the following exception:

- Line 8, Administrative Costs: amounts due are based on an estimate by management. The basis of the estimate is input from County departments that are involved with providing services to the Agency. Documentation was not provided to support the basis used by the County.

E. Other Procedures

1. We obtained a listing of all pass-through obligations and payments made by the Agency from July 1, 2011 through January 31, 2012, and inspected evidence of payment, noting any differences from the listing of the pass-through obligations and payments made.

Results:

We obtained a listing of all pass-through obligations for the period July 1, 2011 through January 31, 2012 and noted that there were no differences between the listing of the pass-through obligations and the payments made.

2. Issue the AUP report and distribute to the California State Controller's Office by July 15, 2012.

Results:

On June 27, 2012, the California State Legislature passed Assembly Bill No. 1484, which extended the due date for the AUP reports to October 5, 2012. We plan to issue this report on September 17, 2012, and the County of San Diego Auditor and Controller plans to distribute the AUP report to the California State Controller by October 5, 2012.



COUNTY OF SAN DIEGO

AGENDA ITEM

COUNTY OVERSIGHT BOARD

COUNTY OVERSIGHT BOARD

JO MARIE DIAMOND
DR BONNIE DOWD
KATHY KASSEL
SCOTT PATTERSON
MARIO SANCHEZ
ROBERT SCHWITZ
MATT SCHNEIDER

DATE: October 5, 2012

TO: County of San Diego Oversight Board

SUBJECT: RECEIVE ADMINISTRATIVE BUDGET FOR JANUARY-JUNE 2013

SUMMARY:

4

Overview

The Administrative Budget for January-June 2013 was approved as part of the 3rd Recognized Obligation Payment Schedule for the same period on August 23, 2012. At that meeting, the Board requested detail for the budget of \$106,000.

Recommendation(s)

COUNTY SUCCESSOR AGENCY

Receive Administrative Budget for January-June 2013.

Fiscal Impact

N/A

BACKGROUND:

The detail of the January-June 2013 Administrative Budget is show in Attachment A.

Respectfully submitted,

WALTER F. EKARD

By
DAVID ESTRELLA
Deputy Chief Administrative Officer

ATTACHMENT(S)

Attachment A - Administrative Budget Detail

SUBJECT: RECEIVE ADMINISTRATIVE BUDGET FOR JANUARY-JUNE 2013

CONTACT PERSON(S):

Kaye Hobson

Name

619-531-5274

Phone

619-531-6439

Fax

Kaye.hobson@sdcountry.ca.gov

Mail Station

A-6

E-mail

County of San Diego Successor Agency
 Administrative Budget
 Third ROPS January-June 2013

Attachment A

6-month Total

Oversight Board and Successor Agency Staff Support

Finance Director	\$	2,500 per month	\$	15,000
Support Staff	\$	500 per month	\$	3,000
Conferences & Webinars			\$	1,000

Legal Services

Successor Agency Counsel			\$	4,000
Oversight Board Counsel			\$	4,000

Accounting Services

County Staff			\$	4,700
Due Diligence Review			\$	8,000

Administration of Enforceable Obligations

Bonds	Staff Costs		\$	5,000
	3rd party-Continuing disclosure & arbitrage analysis		\$	5,000
LFPD	Staff Costs		\$	5,000
SDRC	Staff Costs		\$	5,000

Contingency

\$ 46,300

Total To be Paid from Administrative Allowance

\$ 106,000

