



REDEVELOPMENT AGENCY AGENDA REPORT



DEPARTMENT Administration

MEETING DATE December 21, 2010

PREPARED BY Darlene Sanchez, Sr Project Manager

AGENDA LOCATION MRA CC -2

TITLE Annual Report of Financial Transactions to the State Controller, Fiscal Year 2009-2010

OBJECTIVE To approve filing of the State Controllers Financial Transactions report

BACKGROUND The California State Controller's Office requires redevelopment agencies to submit an annual report of financial transactions and an audit report each year. The annual report includes information regarding agency activities and financial transactions during the previous fiscal year. The financial information included in the report is taken from the Agency's audit report.

ANALYSIS The Agency's Annual Financial Transaction Report is a joint effort between the Redevelopment Agency and the Administrative Services Department. The report is divided into three sections: The Financial Transaction Report, the Statement of Indebtedness, and the Report on the Status and Use of the Low and Moderate Income Housing Fund.

- The Financial Transaction Report provides an overview of the Agency's financial status on all Agency projects and programs in progress during the 2009-2010 fiscal year.
- The Statement of Indebtedness lists the Agency's long and short-term financial commitments.
- The Annual Report on the Status and Use of the Low and Moderate Income Housing Fund (LMI) is divided into four sections, each providing information regarding Agency housing programs inside and outside of the Redevelopment Project Area:
 - 1 **HCD-A** provides a general overview of the LMI Fund, its revenues, and inclusionary and replacement housing requirements for the Agency activities that occurred within the boundaries of the Redevelopment Project Area.
 - 2 **HCD-B** includes information on housing activities and the number of units developed, rehabilitated, restricted, etc. outside the Project Area.
 - 3 **HCD-C** focuses on the status of the LMI Fund, including detailed information on expenditures, encumbrances and fund assets.
 - 4 **HCD-D** provides information on individual redevelopment programs and projects.

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The Audit Report

The accounting firm of Lance, Soll and Lunghard has issued an opinion on the Agency's financial statements. The opinion states that the financial information in the Agency's accounting records is accurate and free from material misstatement. As part of the audit, Lance, Soll and Lunghard has reviewed of the Agency's internal controls over financial reporting to ensure the fair presentation of the Agency's financial data.

On file with the City Clerk's Office is a copy of the Annual Report of Financial Transactions and the audit report that will be forwarded to the State Controller's Office by December 31, 2010.

ENVIRONMENTAL IMPACT There are no significant environmental impacts.

FISCAL IMPACT The State Controller Report describes the actual expenditures for the previous fiscal year. No additional costs are incurred as a result of approving the State Controller Report.

OPTIONS

1 **Approve the proposed State Controller Report** Staff from the Administrative Services Department and the Agency collaborated to complete the financial and statistical information required in the State Controller Report. The report is the most important statement on all Agency financial transactions required by the State.

2 **Reject the State Controller Report as submitted and direct staff to edit and amend the report** The purpose of this report is to show the Agency's financial transactions for economic development and housing funds. The approval of a State Controller report is mandated by California Redevelopment Law, Section 33080.1. Non-compliance with this law could result in a \$10,000 fine to the Agency.

RECOMMENDATION Approve the State Controller Report and direct the Executive Director to execute the appropriate documents.

BOARD ACTION REQUIRED If the Agency Board concurs, the appropriate action would be a motion to approve the State Controller Report and direct the Executive Director to execute the appropriate documents.

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