

**City of Culver City, California
Agenda Item Report**

Meeting Date: 12/14/2009		Item Number: J-2	
JOINT CITY COUNCIL/REDEVELOPMENT AGENCY BOARD AGENDA ITEM: Review, Approve, Receive and File the Culver City Redevelopment Agency's State Controller's Report and Related Documents for Fiscal Year 2008-09.			
Contact Person/Dept.: John Fisanotti		Phone Number: (310) 253-5767	
Fiscal Impact: Yes ☐ No ☒		General Fund: Yes ☐ No ☒	
Public Hearing: ☐		Action Item: ☒ Attachments: ☒	
Commission Action Required: Yes ☐ No ☐ Date: _____			
Public Notification: Meetings and Agendas-Redevelopment Agency (12/10/09).			
Department Approval: Sol Blumenfeld(12/08/09)		City Attorney Approval: Carol Schwab (by H. Baker) (12/10/09) Agency General Counsel Approval: Murray Kane (12/08/09)	
Chief Financial Officer Approval: Mark Scott (by N. Kimball) (12/10/09)		City Manager/Executive Director Approval: Mark Scott (12/10/09)	
<u>RECOMMENDATION:</u> Staff recommends that the Redevelopment Agency Board review and approve the Annual State Controller's Report for Fiscal Year 2008-09 (the "Annual Report"), submit the Annual Report to the City Council, and authorize its transmittal to the State Controller's Office; AND Staff recommends that the City Council receive and file the Annual Report. <u>BACKGROUND:</u> California Community Redevelopment Law (i.e. Health and Safety Code § 33000 et. seq.) requires the Culver City Redevelopment Agency (Agency) to file a report that includes an independent audit, financial statements and housing information with the State Controller's Office annually within six months of the end of the Agency's fiscal year. In Culver City that submission deadline is December 31 of each year. The financial audit determines whether the Agency's financial statements have fairly presented, in all material respects, its financial position and that the Agency has complied with applicable laws, regulations and administrative requirements. The annual audit is conducted by a licensed independent Certified Public Accountant and is performed in accordance with Government Auditing Standards. This year the audit was performed by the firm of Mayer Hoffman McCann, PC.			

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The financial statements identify the Agency's indebtedness, the amount of tax revenue received, the amount of tax increment paid to taxing entities and other information required by Section 33080.5 of Redevelopment Law. The financial statements are prepared by the City's Finance Department.

The housing information reports on data specified by the State such as: the number of elderly and non-elderly households, the number of lower income households, the number of Agency assisted households, the number of rehabilitated units, the status of the Low- and Moderate-Income Housing Fund, and other information that explains the Agency's housing activities.

The audit report identified three control deficiencies. A control deficiency is defined by the auditors as an item in which management may not be able to prevent or detect misstatements on a timely basis. The three items are:

- Write off of Stale Receivable Balances
- Adjustments Detected During the Audit
- Lack of a Comprehensive Antifraud/Ethics Policy

As noted by the auditors, the Redevelopment Agency has approximately \$2.7 million recorded as an Allowance for Uncollectible Notes Receivable. The \$2.7 million are in the Low to Moderate Housing Fund. The amount consists of executed Financing Assistance Agreements for several properties, including two loans granted to Culver Terrace Mobile Home Park. The first was a gap loan done in 1990 for \$880,500.00 followed by a \$1,084,746.00 loan in 2004 for infrastructure improvements. \$390,000.00 were granted to the Westside Opportunity Workshop (now transferred to the Exceptional Children's Foundation) for the Barman House in 2003 and the remainder is for loans to Kayne Eras for the Fairbanks House, and to Homeownership Made Easy. The Agency Board approved deferral of these loans in order to provide affordability. It is anticipated that these will eventually be forgiven pursuant to the agreements. At that point, they will be written off but they are currently treated as uncollectible until the Agency takes action on these agreements. If they were to be repaid, that money would be returned to the Low to Moderate Housing Fund. Staff will report back to the City Council/Agency Board at a later meeting with a further response to the above items.

The Independent auditor found the Agency to be in compliance with the Health and Safety Code provisions relating to the Annual State Controller's Report forms.

In addition to the financial and housing data, and pursuant to Sections 33080.1 (d), (e) and (f) of the Redevelopment Law, Attachments 4, 5 and 6 to this report are also transmitted to the City Council to receive and file.

The report must be submitted to the State Controller's Office prior to December 31, 2009, and Section 33080.2 of the Health and Safety Code reserves to the City Council the right to take any action it deems appropriate on these materials up to

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and including the first meeting of the City Council which occurs more than 21 days from the receipt of these materials.

FISCAL ANALYSIS:

There are no additional costs associated with the discussion of this agenda item. This is an annual requirement that is included in each fiscal year's work program.

ATTACHMENTS:

1. Housing and Community Development Department Annual Report Forms (HCD Schedules) for Fiscal Year 2008-09
2. Financial Transactions Report for Fiscal Year 2008-09
3. Financial Audit for Fiscal Year 2008-09 (Includes Audit Compliance Letter from Mayer Hoffman McCann, PC)
4. Blight Progress Report
5. Loan Report
6. Property Report

MOTION:

That the Redevelopment Agency Board:

1. Receive and file the Culver City Redevelopment Agency Annual State Controller's Report for Fiscal Year 2008-09, in accordance with Health and Safety Code Section 33080; and,
2. Direct staff to submit to the City Council the Annual State Controller's Report, pursuant to Section 33080.1 of the Health and Safety Code; and,
3. Direct staff to transmit the Annual Report to the State Controller before December 31, 2009.

That the City Council:

1. Receive the Culver City Redevelopment Agency Annual Report for Fiscal Year 2008-09 (including the Blight Progress Report, Loan Report and Property Report pursuant to Health and Safety Code Section 33080; and
2. File the Annual Report with the City Clerk.