

**SPECIAL AUDIT COMMITTEE MEETING  
OF THE CITY OF SAN DIEGO**

**Council President Pro Tem Kevin Faulconer, Chair  
Councilmember Carl DeMaio, Vice Chair  
Committeemember Wade McKnight  
Committeemember Charles Sellers  
Committeemember Steve Grant**

**ACTIONS FOR  
MONDAY, JANUARY 25, 2010, AT 9:00 A.M.**

**COUNCIL COMMITTEE ROOM (12TH FLOOR),  
CITY ADMINISTRATION BUILDING  
202 C STREET, SAN DIEGO, CALIFORNIA**

For information, contact Chris Cate, Committee Consultant  
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(619) 235-5281

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Committee members present: Faulconer, DeMaio, Sellers, McKnight

Committee members not present: Grant

NON-AGENDA PUBLIC COMMENT: Katheryn Rhodes commented on ballot proposals for the November election.

Mel Shapiro commented regarding financials of Southeastern Economic Development Corporation. Councilmember Frye requested a written explanation from the City Attorney's office regarding councilmember attendance at DPWG meetings.

COMMITTEE COMMENT: Chair Faulconer indicated Item 2 will be tabled until further notice.

CITY ATTORNEY, IBA, AND MAYORAL STAFF COMMENT: None.

ADOPTION AGENDA

Approval of the Record of Action Items for January 11, 2010

ACTION: Motion by Councilmember DeMaio, second by Chair Faulconer, to approve.

VOTE: 4-0; Faulconer-yea, DeMaio-yea, Grant-not present, McKnight-yea, Sellers-yea

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ACTION ITEMS

ITEM-1:       Review of the 2009 FINANCIAL STATEMENT AUDIT, REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING (YELLOW BOOK REPORT) AND THE SAS 61 LETTER

(See Fiscal Year 2009 Comprehensive Annual Financial Report; Chief Financial Officer's January 7, 2010, memorandum; Certification of Disclosure Practices; Macias Gini & O'Connell's December 21, 2009, letter; CAFR Review Questions (June 23, 2009); Macias Gini & O'Connell's December 21, 2009, independent audit report; a letter from the City of San Diego to Macias, Gini & O'Connell, dated December 21, 2009; City Attorney's January 8, 2010, responses; Macias Gini & O'Connell's December 21, 2009, reports on internal controls and their financial statement audit; City Auditor's January 20, 2010, responses; and Macias Gini & O'Connell's January 25, 2010 responses)

ACTION:       Motion by Councilmember DeMaio, second by Chair Faulconer, to:

1. Direct staff to make the following changes to the Letter of Transmittal:
  - a. Substitute "most City employees" for "all City employees" on page 17;
  - b. Amend the second sentence of the last paragraph on page 17 to read as follows: "This figure is the most recent estimate and includes streets, public facilities, and storm drains, but does not include sidewalks and soft costs. The City is in the process of assessing and updating its cost estimate for its capital improvements backlog."; and
  - c. Add "In some revenue categories" on page 22.
2. Direct staff to compose a memorandum to City Council regarding City practices of un-booked entries concurrently with Council review of FY2009 CAFR.
3. Forward City of San Diego FY2009 CAFR to City Council to receive and file.

VOTE:           4-0;       Faulconer-yea, DeMaio-yea, Grant-not present, McKnight-yea, Sellers-yea

ITEM-2:       Review of SOUTHEASTERN ECONOMIC DEVELOPMENT CORPORATION FISCAL YEAR 2009 FINANCIAL STATEMENT AUDIT

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(See Southeastern Economic Development Corporation's January 18, 2010, report; Southeastern Economic Development Corporation's January 25, 2010, PowerPoint)

ACTION: No action taken. This item has been tabled until further notice.

ITEM-3: Selection of AUDIT COMMITTEE VICE CHAIR

ACTION: Motion by Committee member Sellers, second by Chair Faulconer, to appoint Councilmember DeMaio as Audit Committee Vice Chair for 2010.

VOTE: 4-0; Faulconer-yea, DeMaio-yea, Grant-not present, McKnight-yea, Sellers-yea

Kevin Faulconer  
Council President Pro Tem