

## THE CITY OF SAN DIEGO

DATE ISSUED: June 10, 2009 REPORT NO: RA-09-21

ATTENTION: Honorable Chair and Members of the Redevelopment Agency,  
Docket of June 16, 2009

SUBJECT: Redevelopment Agency Annual Financial Report and Yellow Book  
Report- Fiscal Year 2008

### REQUESTED ACTION:

Should the Redevelopment Agency receive and file the Redevelopment Agency Annual Financial Report (AFR) and the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters (Yellow Book Report) for Fiscal Year 2008?

### STAFF RECOMMENDATION:

It is recommended that the Redevelopment Agency adopt the resolution to receive and file the AFR and Yellow Book Report for Fiscal Year 2008.

### SUMMARY:

The AFR for Fiscal Year 2008 was completed upon receipt of an unqualified Audit Opinion and the Yellow Book Report from Independent Auditor Macias Gini & O'Connell LLP on May 26, 2009 and as of the date of preparation of this report (June 1, 2009) is scheduled for presentation and review by the Audit Committee on June 1, 2009 and June 15, 2009. As of the date of preparation of this report, it is anticipated the Audit Committee review will be completed on June 15, 2009, enabling the Redevelopment Agency to receive and file the AFR on June 16, 2009.

Staff acknowledges that the timing of these actions are in close succession and do not enable this report to include the results of the Audit Committee review. (The results of the Audit Committee review will be presented to the Agency at the Agency hearing scheduled for June 16, 2009.) The close succession of actions by the Audit Committee and Agency are necessary for the Agency to include the Fiscal Year 2008 AFR with the Official Statement and related materials (bond documents) presently under preparation in association with a bond issuance planned by the Agency in July. The timing of the bond issuance is directly related to the upcoming expiration of an \$8.5 Million credit agreement (loan) with Bank of America. The loan must be refinanced and the present bank loan paid in full by July 31, 2009, hence the close succession of actions by the Audit Committee and Agency is important.

The delivery of the Fiscal Year 2008 AFR to the Agency at this time is a significant milestone in the efforts of the Agency to produce timely financial statements and improve credit ratings of the Agency that were affected by the delays associated with the City's financial statements for fiscal years 2003 through 2007. The Fiscal Year 2008 AFR represents the first AFR reviewed by the



### **Redevelopment Agency**

1200 Third Avenue, Suite 1400, MS 56D • San Diego, CA 92101-4110

Tel (619) 236-6700 Fax (619) 533-3219

City Planning & Community Investment



City's Disclosure Practices Working Group (DPWG) under the January 26, 2009 request of the Audit Committee for the DPWG to expand their role to include review of Redevelopment Agency (RDA) financial statements.

It is anticipated the timely completion of the FY 2008 AFR and the timely review by DPWG, Audit Committee, and the Agency will have a favorable impact on the Agency's bond ratings, including the aforementioned bond issuance currently under development.

FISCAL CONSIDERATIONS: None with this action.

PREVIOUS AGENCY and/or COMMITTEE ACTION

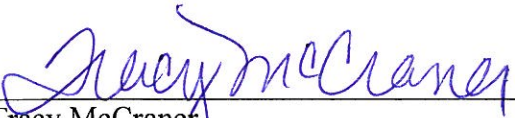
As of the date of preparation of this report (June 1, 2009) the Audit Committee is scheduled to review the Fiscal Year 2008 AFR and Yellow Book Report on June 1 and again on June 15. The results of the Audit Committee review will be communicated to the Agency on June 16.

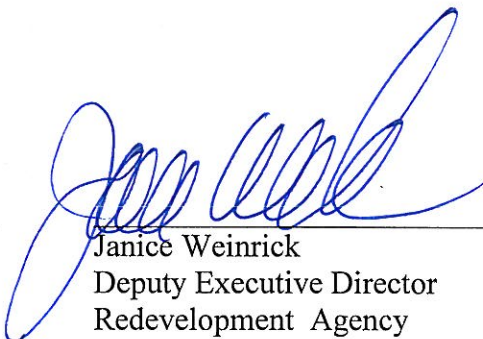
COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS: None

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

This action represents a milestone in the fiscal reform of the City and Agency and reinforces to the residents and the investment community alike that the City and Agency are working diligently to stabilize its finances, achieve optimal credit ratings, and recover from past delays in financial reporting.

Respectfully submitted,

  
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Tracy McCraner  
Interim Comptroller  
City of San Diego

  
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Janice Weinrick  
Deputy Executive Director  
Redevelopment Agency

Attachment: Redevelopment Agency Fiscal Year 2008 Annual Financial Report