

Attachment E

RDA Dissolution Auditor – Controller Roles

Background

AB x 1 26 (The Dissolution Act) lays out a set of complex policies and procedures for the dissolution of seven redevelopment agencies in the County of Santa Barbara. These agencies are currently funded with \$36 million of property tax increment or approximately 6% of the \$620 million distributed annually to local taxing agencies. Tax increment will be used to continue tax agency pass through payments, pay existing enforceable obligations and pay administrative costs with the remainder distributed to existing taxing agencies.

The Auditor-Controller Office is required by the Act to audit the payment obligation schedules of the seven RDA's, set-up trust funds for the benefit of holders of RDA debt and distribute property tax to the taxing agencies.

In addition the Auditor –Controller is tasked with its normal statutory roles concerning the financial reporting, accounting structure, budget, cost reporting, revenue recording and disbursements related to the RDA, the successor agency and the taxing agencies.

Operational and Policy Considerations for Auditor-Controller

Statutory and Operational considerations for Auditor-Controller

1. Property Tax: Provide Tax Administration Services
 - a. Create trust funds
 - b. Allocate monies in the trust funds for each former RDA:
 - i. Calculate and pay pass through payments to affected taxing agencies.
 - ii. Enable the Successor Agency to pay Enforceable Obligations.
 - iii. Pay for administrative costs.
 - iv. Pay remaining balances in the Trust fund to affected taxing entities.
 - c. Reporting of activities identified above to state and local agencies
2. Internal Audit: Agreed upon procedures engagement
 - a. to establish the Assets and Liabilities,
 - b. determine pass through payment obligations to other taxing agencies,
 - c. determine amount and terms of any indebtedness incurred, and
 - d. certify the initial Recognized Obligation Payment Schedule (ROPS)

Controller Responsibilities of IV Redevelopment Agency and Successor Agency

1. Advanced Accounting: Provide Accounting and Advisory services
 - a. Complete close out activities for the Redevelopment Agency and final RDA financial statements

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- b. Create new funds for Successor Agency and effectuate transfer of Assets and Liabilities to Successor Agency
 - c. Prepare Budgets for the Successor Agency Funds
 - d. Accounting Support for Successor Agency
 - e. Interpret and implement legislation with regard to complex financial issues and the impacts on dissolution (tracking implementing new bill revisions)
2. Financial Reporting and Budget
- a. Implement Dissolution in the County CAFR (as opposed to RDA statements) and County Budget
 - b. Analyze and ensure proper cost recovery for dissolution act implementation and property tax administration

Advisory Services to the County Executive Officer

- 1. Advanced Accounting: Ad hoc Analysis and Support for County Executive Officer for County interest in other Redevelopment Agency Dissolutions (ie the other 6 agencies in the county)

KEY NEAR TERM MILESTONES

February 1, 2012	Appropriations for Successor Agency establishment
April 1, 2012	DRAFT ROPS and Successor Agencies Report to Auditor Controller regarding the sufficiency of cash flow to fund next 6 months of successor agency ops
May 16, 2012	Distributions to Successor Agencies to fund operations
July 1, 2012	Audit Completed of each RDA
July 15, 2012	Audits submitted to State Controller