



**ORANGE COUNTY
AUDITOR-CONTROLLER**

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October 19, 2012

The Honorable Thomas J. Borris
Presiding Judge of the Superior Court of California
700 Civic Center Drive West
Santa Ana, California 92701

The Honorable Thomas J. Borris:

In accordance with the Grand Jury's request dated June 22, 2012, attached is my response to the 2011-2012 Orange County Grand Jury report, "The Dissolution of Redevelopment: Where have we Been? What Lies Ahead?" The Report is addressed to cities in Orange County as well as the County of Orange Auditor-Controller.

Responses to Findings 4, 7, 8 and 9 and Recommendation 4 are contained in the attachment Pursuant to Penal Code sections 933 and 933.05. If you have any questions, please contact me.

Jan Grimes
Chief Deputy Auditor-Controller

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Attachment

cc: Members, Board of Supervisors
Susan Novak, Clerk of the Board of Supervisors
Robert Franz, Interim County Executive Officer

Auditor-Controller Response
2011-2012 Grand Jury Report dated June 22, 2012
The Dissolution of Redevelopment: Where have we Been? What Lies Ahead?

Finding No. 4

The Orange County Auditor Controller has an expanded role in managing the tax-increment revenue. The implementation of ABX1 26 includes a requirement that all former redevelopment agencies in the county be audited to determine the accuracy of the information supporting agency claimed enforceable obligations. It has been determined that the County will contract with external auditors to accomplish this task under the direction of the Auditor-Controller.

Response

The Auditor-Controller's office has the stated additional responsibilities under the law and has completed the Agreed Upon Procedures Audit and filed the results with the California State Department of Finance and State Controller's Office.

Finding No. 7

Ending redevelopment changes the distribution of property tax revenues among local agencies, but not the amount of tax revenues raised.

Response

The finding is accurate as stated. As redevelopment enforceable obligations are paid off, the net amount flowing to all other tax receiving entities is increased.

Finding No. 8

Prior to the dissolution of redevelopment, some agencies encumbered debt to their cities, thereby creating questionable enforceable obligations.

Response

The Agreed Upon Procedures Audit required of all former Redevelopment Agencies captures data which identify traits of various enforceable obligations and should be sufficient for the State to evaluate the validity of all obligations.

Finding No. 9

Some former RDAs (such as Brea and Buena Park) have incentive payments to commercial entities as enforceable obligations.

Response

The finding is accurately stated.

Recommendation No. 4

Successor agencies and oversight boards should critically review the Recognized Obligations Payment Schedule (ROPS) to evaluate the need for debt owed to the city.

Response

The oversight boards were created to provide this type of critical review as Redevelopment Agencies obligations are retired.