

942



**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

FROM: County Auditor-Controller

SUBMITTAL DATE:
February 15, 2012

SUBJECT: Approval of Amendment no.4 to the Brown Armstrong Accountancy Corporation,
Public Auditor Agreement ACARC-94620-001-06/10.

RECOMMENDED MOTION: Move that the Board of Supervisors:

1. Approve and execute Amendment no.4 on the professional service agreement with Brown Armstrong Accountancy Corporation and increase the agreement from \$220,000 to \$295,000 in accordance with ordinance 459.4; and
2. Direct the Clerk of the Board to return 3 original signed Amendments to the Auditor Controller; and
3. Approve and direct the Auditor-Controller to make the budget adjustments shown on Schedule A, attached.

Background commences on page 2.

Paul Angulo

Paul Angulo, CPA, MA
County Auditor-Controller

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 75,000	In Current Year Budget:	NO
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	YES
	Annual Net County Cost:	\$ 0	For Fiscal Year:	11/12

SOURCE OF FUNDS: Department Budget - Auditing Fees	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input checked="" type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE

BY: *Karen L. Johnson*
Karen L. Johnson

County Executive Office Signature

Consent
 Policy

 Consent
 Policy

 Dept't Recomm.:
 Per Exec. Ofc.:

Prev. Agn. Ref.: 6-30-2009 3.9	District: ALL	Agenda Number:
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ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

3.8

FORM APPROVED COUNTY COUNSEL
 BY: *Neal R. Kipnis*
 DATE: 3/1/12
 Departmental Concurrence
 Purchasing: *Mary Seiler, Assistant Director*

BOARD OF SUPERVISORS

FORM 11: Approval of Amendment no.4 to the Brown Armstrong Accountancy Corporation Public Auditor agreement number: ACARC-94620-001-06/10.

Page 2

BACKGROUND: On June 30, 2009, the Board of Supervisors approved the professional services agreement with Brown Armstrong Accountancy Corporation for countywide financial audit services for a five year period. The services were competitively bid on RFP ACARC-006 and the County received four bid responses to the RFP submitted by the vendors. Brown Armstrong Accountancy Corporation was the lowest responsive/responsible vendor for these services. Brown Armstrong Accountancy Corporation will hold the contract pricing for these additional services. Brown Armstrong Accountancy Corporation will audit 150 projects with-in the twenty-five redevelopment agencies in the County. The current agreement will expire on June 30, 2014.

State law ABX 1 26 requires all County Auditor-Controllers to incorporate significant new responsibilities related to the dissolution of redevelopment agencies in their respective County. These responsibilities include auditing each former redevelopment agency, by July 1, 2012, to verify the obligations listed in the Recognized Obligation Payment Schedule, catalogue the former agencies' assets, and determine liabilities. At the completion of the audits, the County Auditor-Controllers are required to provide certification to the Oversight Board and the State Department of Finance (DOF). To comply with the new mandates, the existing services agreement requires this written amendment.

A budget adjustment is required to cover the cost of the amendment and to account for the cost recovery through auditing fees.

REVIEW/APPROVAL: Purchasing and County Counsel concurs with this request.

BOARD OF SUPERVISORS

FORM 11: Approval of Amendment no.4 to the Brown Armstrong
Accountancy Corporation Public Auditor agreement number:
ACARC-94620-001-06/10.

**County Auditor-Controller
FY11-12
Schedule A**

Increase Appropriations:

10000-1300100000-524560	Auditing and Accounting	\$75,000
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Increase Estimated Revenue:

10000-1300100000-770500	Auditor-Accounting Fees	\$75,000
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**COUNTY OF RIVERSIDE
AMENDMENT NO.4 TO THE AGREEMENT
WITH
BROWN ARMSTRONG ACCOUNTANCY CORPORATION**

CONTRACTOR: Brown Armstrong Accountancy Corporation
Contract Term: July 1, 2009 through June 30, 2014
Effective Date of Amendment: March 1, 2012
Contract Amount: \$295,000.00.
Contract ID: ACARC-94620-001-06/10

The Agreement between Riverside County, herein referred to as COUNTY and Brown Armstrong Accountancy Corporation, herein referred to as CONTRACTOR, is amended as follows:

1. On page 3 of the Agreement, amend Section 3 the "Compensation": The COUNTY agrees to pay CONTRACTOR for services performed at a rate not to exceed two hundred ninety five thousand dollars (\$295,000.00.) annually including all expenses, based on the availability of fiscal funding. Compensation will increase from \$220,000 to \$295,000.
2. On Page 17 of the Agreement, amend Exhibit A, Scope of Services and add Section 1.8 COMMUNITY REDEVELOPMENT DISSOLUTION, See Attachment A and B in this Amendment. CONTRACTOR shall perform services for the COUNTY from March 1, 2012 to June 30, 2012.
3. All other terms and conditions of the Agreement are to remain unchanged.

IN WITNESS WHEREOF, the Parties hereto have caused their duly authorized representatives to execute this Amendment.

County
County of Riverside
Board of Supervisors
4080 Lemon Street, 4th Floor
Riverside, CA 92501

Contractor
Brown Armstrong Accountancy Corporation
4200 Truxtun Avenue, Suite 300
Bakersfield, CA 93309

By: _____
Name: _____
Title: Chairman of the Board of Supervisors
Date: _____

By: Eric Xian
Name: ERIC XIAN
Title: PRINCIPAL
Date: 2-22-2012

FOR APPROVED COUNTY COUNSEL
BY: Neal R. Kipnis DATE: 3/1/12
NEAL R. KIPNIS

RFP# ACARC-006
BOS agenda # & Date JUNE 30, 2009 AGENDA NO: 3.9
Form #116-311 Revision Date: 04/21/09

**ATTACHMENT A
CONTRACTOR SCOPE OF SERVICE
PROCEDURES
PURSUANT TO ABX1 26, COMMUNITY REDEVELOPMENT DISSOLUTION**

Item 1.8: COMMUNITY REDEVELOPMENT DISSOLUTION

Purpose: To establish each redevelopment agency's assets and liabilities, to document and determine each redevelopment agency's pass-through payment obligations to other taxing agencies, and to document and determine both the amount and the terms of any indebtedness incurred by the redevelopment agency and certification, the initial recognized obligation payment schedule. [Health and Safety Code section 34182 (a)(2)]

A. RDA Dissolution and Restrictions

For each redevelopment agency dissolved, perform the following:

1. Obtain a copy of the enforceable obligation payment schedule (EOPS). Verify that this schedule includes the project name associated with the obligation, the payee, a description of the nature of the work/service agreed to, and the amount of payments made by month through December 31, 2011.
2. Obtain a copy of the EOPS for the period of January 1, 2012, through June 30, 2012. Verify this schedule includes the project name associated with the obligation, the payee, a description of the nature of the work/service agreed to, and the amount of payments to be made by month through June 30, 2012.
3. As of June 29, 2011, verify the agency did not incur new indebtedness or expand existing monetary or legal obligations, amended agreements, enter into contracts, etc., as described in Health and Safety Code Sections 34161 through 34165.
4. Determine whether the State Controller has reviewed any redevelopment agency asset transfers to the sponsoring community (city or county).
5. Verify the transfer of the Low and Moderate Income Housing Fund to the Redevelopment Agency successor agency by February 1, 2012.

6. Verify the transfer of the Low and Moderate Income Housing Fund assets and related activities to the successor "housing" agency (if applicable).

B. RDA Financial and Compliance Audit

Pursuant to Health and Safety Code Section 33080.1, obtain a copy of the financial and compliance audit for the fiscal year ended June 30, 2011.

1. Verify audit meets the audit guidelines issued by the California State Controller, including a report on the agency's compliance with laws, regulations, and administrative requirements.

2. Verify audit was conducted in accordance with *Government Auditing Standards*.
3. Verify the agency received an unqualified opinion on the financial statements; if other than unqualified, document the reasons for the qualification and determine whether additional procedures should be conducted.
4. Auditor must first contact the State Controller if determined that additional procedures should be conducted.
5. Obtain a copy of the management letter, if applicable.

C. Successor Agency

1. Verify that a successor agency has been appointed, with names of the successor agency oversight board submitted to the State Department of Finance by May 1, 2012.
2. Determine and verify that all of the former redevelopment agency assets and liabilities, properties, contracts, leases, books and records, buildings, and equipment that were properly closed out by the former redevelopment agency and transferred to the successor agency.
3. Pursuant to Health and Safety Code Section 34178 (b), determine which written agreements are valid and bind the successor agency.
4. Verify that the successor agency has established the Redevelopment Obligation Retirement Fund in its treasury.
5. Verify that payments were made by the successor agency in accordance with the EOPS and ROPS.

D. Recognized Obligation Payment Schedule (ROPS)

D.1 Obtain a copy of the initial draft of the ROPS from the successor agency.

1. Verify that the initial draft of the ROPS was prepared by March 1, 2012.
2. Verify that the certified ROPS has been approved by the Oversight Board.
3. Verify that a copy of the ROPS was submitted to the County Auditor-Controller, State Controller, and Department of Finance.
4. Verify that the draft ROPS includes dates and amounts of scheduled payments for each enforceable obligation for the remainder of the time period during which the agency would have been authorized to obligate property tax increment had the redevelopment agency not been dissolved.
5. Sample and test enforceable obligations listed on the draft ROPS to ensure that they have been properly authorized and comply with laws and regulations.
6. Reconcile the draft ROPS to the EOPS and note any differences.

D.2 Obtain a copy of the final ROPS from the successor agency.

1. Verify that the final ROPS was submitted to the County Auditor-Controller, the State Controller, and the Department of Finance by April 15, 2012, and is posted on the website of the successor agency. (Health and Safety Code Section 34177(2)(C))
2. Determine the priority and source of payments to be made from the Redevelopment Property Tax Trust Fund pursuant to Health and Safety Code Section 34183(a)(2).
3. Obtain a copy of the final statement of indebtedness and note any differences between the Statement of Indebtedness and the final ROPS.
4. Verify that payments were made in accordance with the final ROPS.

5. Review and test all enforceable obligations on the final ROPS to ensure they have been properly authorized and comply with laws and regulations.
6. Issue Agreed-Upon Procedures Report and distribute to the California State Controller by July 15, 2012.

E. Other Procedures

Obtain a copy of pass-through payment agreements.

1. Verify that the pass-through payment calculated amounts were processed appropriately, both negotiated and statutory.
2. Determine which pass-through payments were made by February 1, 2012.

ATTACHMENT B

	<u>Name of Redevelopment Agency</u>	<u>Number of Projects</u>
1	Redevelopment Agency of the City of Banning	5
2	Beaumont Redevelopment Agency	1
3	Blythe Redevelopment Agency	5
4	City of Calimesa Redevelopment Agency	2
5	City of Cathedral City Redevelopment Agency	4
6	Redevelopment Agency of the City of Coachella	5
7	Redevelopment Agency of the City of Corona	9
8	Redevelopment Agency for the County of Riverside	50
9	City of Desert Hot Springs Redevelopment Agency	3
10	Hemet Redevelopment Agency	5
11	Redevelopment Agency of the City of Indian Wells	1
12	Redevelopment Agency of the City of Indio	4
13	La Quinta Redevelopment Agency	2
14	Lake Elsinore Redevelopment Agency	3
15	March Joint Powers Redevelopment Agency	1
16	Moreno Valley Redevelopment Agency	1
17	Murrieta Redevelopment Agency	2
18	Norco Community Redevelopment Agency	3
19	City of Palm Desert Redevelopment Agency	5
20	Redevelopment Agency of the City of Palm Springs	10
21	Redevelopment Agency of the City of Perris	3
22	Redevelopment Agency of the City of Rancho Mirage	2
23	Redevelopment Agency of the City of Riverside	20
24	Redevelopment Agency of the City of San Jacinto	3
25	Redevelopment Agency of Temecula	1
Total Projects		150