AGENDA

SPECIAL MEETING OF THE OVERSIGHT BOARD OF THE EL CERRITO REDEVELOPMENT SUCCESSOR AGENCY

Thursday, November 15, 2012, 7:00 p.m.

El Cerrito City Council Chambers 10890 San Pablo Avenue El Cerrito CA, 94530

- 1. Call to Order
- 2. Roll Call
- 3. Board/Staff Communications
- 4. Public Comment

Comments are limited to 3 minutes per speaker.

5. New Business Items

A. Approval of Minutes

Approve the November 7, 2012 Oversight Board of the El Cerrito Redevelopment Successor Agency special meeting minutes.

B. Consideration of Independent Accountant's Report

Adopt a resolution approving the Independent Accountant's Report on applying agreed upon procedures on the low and moderate income housing funds of the former El Cerrito Redevelopment Agency, prepared pursuant to California Health and Safety Code Section 34179.5.

Adjournment

- Oversight Board meetings are not televised.
- In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Board Clerk, (510) 215-4305. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. (28 CFR 35.102-35.104 ADA Title I).

MINUTES

SPECIAL MEETING OF THE OVERSIGHT BOARD OF THE EL CERRITO REDEVELOPMENT SUCCESSOR AGENCY

Wednesday, November 7, 2012, 7:00 p.m.

El Cerrito City Council Chambers 10890 San Pablo Avenue El Cerrito CA, 94530

1. Call to Order

Chairperson Jones called the Special Meeting of the Oversight Board to the Successor Agency of the Former El Cerrito Redevelopment Agency meeting to order at 7:02 p.m.

2. Roll Call

Directors Dotson, Friedman, Kronenberg, Myall, Potter, Solseng and Chairperson Jones all present.

3. Board/Staff Communications

LT Litigation not settled yet.

4. Public Comment

5. New Business Items

Approval of Minutes

Approve the August 27, 2012 Oversight Board of the El Cerrito Redevelopment Successor Agency meeting minutes.

Action: Moved, seconded (Friedman/Potter; Ayes – Directors Dotson, Friedman, Myall, Potter, Solseng and Chair Jones; Noes – None; Abstain - Kronenberg) and carried to approve minutes as submitted.

6. Public Hearing

Independent Accountant's Report on Applying Agreed-Upon Procedures on the Low and Moderate Income Housing Funds of the former El Cerrito Redevelopment Agency, prepared pursuant to California Health & Safety Code Section 34179.5

Conduct a public hearing on the Independent Accountant's Report, which will be considered for approval at a special meeting of the Oversight Board on November 15, 2012 at 7:00 p.m.

<u>Chairperson Jones</u> opened the public hearing. No speakers.

<u>Presenter</u>: <u>Lori Trevino</u>, Economic Development Manager.

Action: The Oversight Board received the presentation and discussed the report. Chair Jones clarified for the record that the Auditors were provided all information required. The Independent Accountant's Report will be considered for approval at a special meeting on November 15, 2012 at 7:00 p.m.

7. Adjourned at 7:11 p.m.



AGENDA BILL

Agenda Item No. 5B

Date:

September 15, 2012

To:

Oversight Board of the El Cerrito Redevelopment Successor Agency

From:

Lori Treviño, Economic Development Manager

Subject:

Approval of Independent Accountant's Report on Applying Agreed-

Upon Procedures on the Low and Moderate Income Housing Funds

ACTION REQUESTED

Adopt an Oversight Board resolution approving the Independent Accountant's Report on Applying Agreed-Upon Procedures on the Low and Moderate Income Housing Funds.

BACKGROUND

Pursuant to California Health & Safety Code Section 34179.5, the El Cerrito Redevelopment Successor Agency ("Successor Agency") selected MGO Certified Public Accountants to perform the Agreed-Upon Procedures ("Due Diligence Review") and received approval by the County Auditor-Controller on September 20, 2012.

The Due Diligence Review of the Low and Moderate Income Housing Fund ("LMIHF") was submitted to the Oversight Board, the County Auditor-Controller, the State Controller's Office and the Department of Finance ("DOF") on October 25, 2012.

The Oversight Board is required under Section 34179.6(c) to review, approve, and transmit the results of the Due Diligence Review of the LMIHF to the DOF and County Auditor-Controller, with a determination of the amount of cash and cash equivalents that are available for disbursement to taxing entities. As required, the Oversight Board held a public session to receive public comment at least five business days in advance of the meeting to consider the approval. The public comment session was held on November 7, 2012 at 7:00 pm.

The DOF will review the determination provided by the Oversight Board. Any decision to overturn an Oversight Board determination will be conveyed to the Oversight Board and Successor Agency. Successor Agencies have five days from receipt of the decisions to request "meet and confer."

DUE DILIGENCE REVIEW

Attachment 1 to this report is the Report prepared by MGO, as prescribed in California Health & Safety Code Section 34179.5, for the Oversight Board's consideration. The resolution will be provided to the Oversight Board and available the public by the end of the day on Tuesday, November 13, 2012.

Reviewed by:

Scott Hanin City Manager

Attachments:

1. Independent Accountant's Report on Applying Agreed-Upon Procedures on the Low and Moderate Income Housing Funds of the Former El Cerrito Redevelopment Agency

RESOLUTION NO.	
RESOLUTION NO.	

RESOLUTION OF THE OVERSIGHT BOARD OF THE EL CERRITO REDEVELOPMENT SUCCESSOR AGENCY, TAKING SPECIFIED ACTIONS WITH RESPECT TO THE HOUSING FUND DUE DILIGENCE REVIEW PURSUANT TO HEALTH AND SAFETY CODE SECTIONS 34179.5 AND 34179.6

WHEREAS, the California state legislature enacted Assembly Bill x1 26 (the "Dissolution Act") to dissolve redevelopment agencies formed under the Community Redevelopment Law (Health and Safety Code Section 33000 et seq.); and

WHEREAS, pursuant to Health and Safety Code Section 34173, the El Cerrito City Council determined that the City of El Cerrito, a California municipal corporation (the "City") would act as successor agency (the "Successor Agency") for the dissolved El Cerrito Redevelopment Agency effective February 1, 2012; and

WHEREAS, pursuant to AB 1484, enacted June 27, 2012 to amend various provisions of the Dissolution Act, the Successor Agency is now declared to be a separate legal entity from the City; and

WHEREAS, pursuant to Health and Safety Code Section 34179.5 (as added by AB 1484), the Successor Agency is required to employ a licensed accountant, approved by the Contra Costa County Auditor-Controller (the "Auditor-Controller"), to conduct a due diligence review to determine the unobligated balances of the low and moderate income housing fund (the "Housing Fund") available for transfer to taxing entities; and

WHEREAS, the Successor Agency hired an accountant, approved by the Auditor-Controller, to prepare the due diligence review for the Housing Fund (the "Housing Fund Due Diligence Review") in conformance with Health and Safety Code Section 34179.5; and

WHEREAS, the Dissolution Act provides for the appointment of an oversight board (the "Oversight Board") with specific duties to approve certain Successor Agency actions and to direct the Successor Agency in certain other actions; and

WHEREAS, pursuant to the Dissolution Act, the Housing Fund Due Diligence Review has been submitted by the Successor Agency to the Oversight Board for the Oversight Board's approval and, in accordance with Health and Safety Code Section 34179.6, the Successor Agency also submitted the Housing Fund Due Diligence Review to the Contra Costa County Administrative Officer (the "County Administrator"), the Auditor-Controller, the State Controller (the "Controller") and the State Department of Finance ("DOF"), along with copies of the Successor Agency's recognized obligation payment schedule for the Fiscal Year 2012-13, as approved by DOF; and

WHEREAS, in accordance with Health and Safety Code Section 34179.6, the Oversight Board held a public comment session on November 7, 2012; and

WHEREAS, the Housing Fund Due Diligence Review, attached hereto as <u>Exhibit A</u>, provides supporting information upon which the actions set forth in this Resolution are based.

NOW, THEREFORE, BE IT RESOLVED that the Oversight Board hereby finds and determines that the foregoing recitals are true and correct, and together with the following documents and information form the basis for the approvals, authorizations, findings, and determinations set forth in this Resolution: (1) the Housing Fund Due Diligence Review; (2) information provided by the Successor Agency staff; and (3) any information provided by the public at the public comment session held by the Oversight Board on November 7, 2012.

BE IT FURTHER RESOLVED that in accordance with the Dissolution Act and AB 1484, the Oversight Board hereby approves the Housing Fund Due Diligence Review in the form submitted to the Oversight Board.

BE IT FURTHER RESOLVED that, pursuant to Health and Safety Code Section 34179.5(c)(5)(D), the Oversight Board hereby authorizes the Successor Agency and the City to retain current balances that are legally or contractually dedicated or restricted for the funding of an enforceable obligation, in the amount of One Hundred Seventy Six Thousand, One Hundred Sixty One Dollars (\$176,161), as demonstrated by Procedure 8a of the Housing Fund Due Diligence Review.

BE IT FURTHER RESOLVED that, as determined according to the method provided in Section 34179.5, the Housing Fund Due Diligence Review determined that no cash and cash equivalents are available for disbursement to taxing entities.

BE IT FURTHER RESOLVED, that the Oversight Board hereby authorizes and directs the Successor Agency staff to take all actions necessary under the Dissolution Act and AB 1484 to file, post, mail or otherwise deliver via electronic mail, internet posting, and/or hardcopy, all notices and transmittals necessary or convenient in connection with the approval of the Housing Fund Due Diligence Review and to take any other actions necessary to ensure the validity of the Housing Fund Due Diligence Review and the validity of the retention of the funds specified to be retained by this Resolution. The Oversight Board acknowledges and agrees that the Successor Agency may invoke the meet and confer process identified in Health and Safety Code Section 34179.6(e) to resolve any disputes regarding the amounts or sources of funds identified by DOF as eligible to be retained and may take any other actions required as a result of DOF review of the Housing Fund Due Diligence Review.

BE IT FURTHER RESOLVED that this Resolution shall take effect at the time and in the manner prescribed in Health and Safety Code Sections 34179(h) and 34179.6.

CITY OF EL CERRITO, CALIFORNIA

Independent Accountant's Report on Applying Agreed-Upon Procedures on the Low and Moderate Income Housing Funds of the Former El Cerrito Redevelopment Agency

> As Prescribed in Section 34179.5 of the California Health and Safety Code



Certified Public Accountants.

City of El Cerrito, Successor Agency to the

El Cerrito, California

Walnut Creek 2121 N. California Blvd., Suite 750 Welnut Creek, CA 94596 925.274.0190

Sacramento

Oakland

LA/Century City

Newport Beach

San Diego

Seattle

El Cerrito Redevelopment Agency

Independent Accountant's Report on **Applying Agreed-Upon Procedures**

We have performed the procedures applied to the Low and Moderate Income Housing Funds of the former El Cerrito Redevelopment Agency (Agency) enumerated in Attachment A, which were agreed to by the City of El Cerrito (City), as Successor Agency to the Agency (Successor Agency), the California State Controller's Office, and the California State Department of Finance (DOF) (collectively referred to as the Specified Parties), solely to assist the Specified Parties in determining the balances available for transfer to taxing entities from assets transferred to the Successor Agency from the Low and Moderate Income Housing Funds of the former Agency, as prescribed in Section 34179.5 of the California Health and Safety Code (HSC). Management of the former Agency and the Successor Agency are responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose.

The scope of this engagement was limited to performing the agreed-upon procedures applied to the Low and Moderate Income Housing Funds of the Agency as set forth in Attachment A. Attachment A also identifies the findings noted as a result of the procedures performed.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the balances available for transfer to taxing entities from assets transferred to the Successor Agency from the Low and Moderate Income Housing Funds of the former Agency or as to the appropriateness of the other financial information summarized in Attachments A, B, C, D and E. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Successor Agency, the California State Controller's Office, and the California State Department of Finance, and is not intended to be, and should not be, used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Walnut Creek, California

Macias Gini & C Comel LLP

October 24, 2012

Attachment A – Agreed-Upon Procedures and Findings Low and Moderate Income Housing Funds

The agreed-upon procedures, as it relates to the Low and Moderate Income Housing Funds of the former Agency and the Successor Agency, and findings are as follows:

1. Obtain from the Successor Agency a listing of all assets that were transferred from the former redevelopment agency to the Successor Agency on or about February 1, 2012. Agree the amounts on this listing to account balances established in the accounting records of the Successor Agency. Identify in the Agreed-Upon Procedures (AUP) report the amount of the assets transferred to the Successor Agency as of that date.

Finding: We obtained from the Successor Agency a listing of all assets that were transferred from the former redevelopment agency to the Successor Agency on or about February 1, 2012 and agreed the amounts which totaled \$5,293,019 as of February 1, 2012 to the account balances established in the accounting records of the Successor Agency.

2. If the State Controller's Office has completed its review of transfers required under both Sections 34167.5 and 34178.8 and issued its report regarding such review, attach a copy of that report as an exhibit to the AUP report.

Finding: The State Controller's Office has not completed its review of transfers required under both Sections 34167.5 and 34178.8 nor issued its report regarding such review.

If this has not yet occurred, perform the following procedures:

A. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the former redevelopment agency to the city, county, or city and county that formed the redevelopment agency for the period from January 1, 2011 through January 31, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

Finding: We noted that the former redevelopment agency transferred assets for the period from January 1, 2011 through January 31, 2012 to the City. The former Agency transferred cash in the amount of \$201,161 and land held for redevelopment in the amount of \$2,130,000 to the City. The City subsequently transferred cash in the amount of \$176,161 back to the Successor Agency. See Attachment C for the listing of transfers with the description of the purpose and in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements.

B. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Successor Agency to the city, county, or city and county that formed the redevelopment agency for the period from February 1, 2012 through June 30, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

Finding: Upon the Agency's dissolution and pursuant to the City Council Resolution No. 2012-04 approved on January 17, 2012, the City, as Housing Successor, assumed the former Agency's housing assets. We obtained a listing prepared by the Successor Agency of transfers from the Successor Agency to the City for the period from February 1, 2012 through June 30, 2012.

Attachment A – Agreed-Upon Procedures and Findings Low and Moderate Income Housing Funds

See Attachment D for the listing of transfers with the description of the purpose and in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements.

C. For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required any transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.

Finding: As noted in Procedure 2A above, the former Agency transferred cash in the amount of \$201,161 to the City and the City subsequently transferred cash in the amount of \$176,161 back to the Successor Agency. We obtained the legal document that formed the basis for the enforceable obligation that required the cash transfer of \$25,000.

For the remaining transfers noted in Procedure 2A and 2B above, asset transfers were permitted by the HSC, and not an enforceable obligation. Therefore, this procedure is not applicable. We obtained documentation indicating that the California State Department of Finance completed its review of the Housing Asset Transfer Form (Form) submitted pursuant to HSC Section 34176(a)(2) for the period February 1, 2012 through August 1, 2012 and did not object to any assets or transfers of assets identified on the Form, as described in Attachments C and D.

3. If the State Controller's Office has completed its review of transfers required under both Sections 34167.5 and 34178.8 and issued its report regarding such review, attach a copy of that report as an exhibit to the AUP report.

Finding: The State Controller's Office has not completed its review of transfers required under both Sections 34167.5 and 34178.8 nor issued its report regarding such review.

If this has not yet occurred, perform the following procedures:

A. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the former redevelopment agency to any other public agency or to private parties for the period from January 1, 2011 through January 31, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

Finding: We obtained a listing prepared by the Successor Agency of transfers from the former redevelopment agency to any other public agency or to private parties and noted that the Successor Agency did not list any transfer during the period from January 1, 2011 through January 31, 2012.

B. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Successor Agency to any other public agency or private parties for the period from February 1, 2012 through June 30, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

Finding: We obtained a listing prepared by the Successor Agency of transfers from the Successor Agency to any other public agency or to private parties and noted that the Successor Agency did not list any transfers during the period from February 1, 2012 through June 30, 2012.

Attachment A – Agreed-Upon Procedures and Findings Low and Moderate Income Housing Funds

C. For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required any transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.

Finding: The procedure is not applicable. The Successor Agency did not list any transfers of assets to any other public agency or to private parties during the period January 1, 2011 through June 30, 2012.

4. Perform the following procedures:

- A. Obtain from the Successor Agency a summary of the financial transactions of the Redevelopment Agency and the Successor Agency in the format set forth in the attached schedule for the fiscal periods indicated in the schedule. For purposes of this summary, the financial transactions should be presented using the modified accrual basis of accounting. End of year balances for capital assets (in total) and long-term liabilities (in total) should be presented at the bottom of this summary schedule for information purposes.
- B. Ascertain that for each period presented, the total of revenues, expenditures, and transfers accounts fully for the changes in equity from the previous fiscal period.
- C. Compare amounts in the schedule relevant to the fiscal year ended June 30, 2010, to the state controller's report filed for the Redevelopment Agency for that period.
- D. Compare amounts in the schedule for the other fiscal periods presented to account balances in the accounting records or other supporting schedules. Describe in the report the type of support provided for each fiscal period.

Finding: This procedure pertains to the Successor Agency as a whole as such this procedure will be addressed in the agreed-upon procedures report that is due on December 15, 2012 pursuant to guidance provided by the DOF.

5. Obtain from the Successor Agency a listing of all assets of the Low and Moderate Income Housing Fund as of June 30, 2012 for the report that is due October 1, 2012 and a listing of all assets of all other funds of the Successor Agency as of June 30, 2012 (excluding the previously reported assets of the Low and Moderate Income Housing Fund) for the report that is due December 15, 2012. When this procedure is applied to the Low and Moderate Income Housing Fund, the schedule attached as an exhibit will include only those assets of the Low and Moderate Income Housing Fund that were held by the Successor Agency as of June 30, 2012 and will exclude all assets held by the entity that assumed the housing function previously performed by the former redevelopment agency. Agree the assets so listed to recorded balances reflected in the accounting records of the Successor Agency. The listings should be attached as an exhibit to the appropriate AUP report.

Finding: We obtained from the Successor Agency a listing of all assets of the Low and Moderate Income Housing Fund as of June 30, 2012 and agreed the assets listed to the recorded balances reflected in the accounting records of the Successor Agency. The Successor Agency reported cash in the amount of \$176,161 at June 30, 2012, representing the cash amount noted in Procedure 2A that was transferred back from the City to the Successor Agency as of June 30, 2012.

Attachment A – Agreed-Upon Procedures and Findings Low and Moderate Income Housing Funds

6. Obtain from the Successor Agency a listing of asset balances held on June 30, 2012 that are restricted for the following purposes:

A. Unspent bond proceeds:

- i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures, amounts set aside for debt service payments, etc.)
- ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
- iii. Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.
- B. Grant proceeds and program income that are restricted by third parties:
 - i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).
 - ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
 - iii. Obtain from the Successor Agency a copy of the grant agreement that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.
- C. Other assets considered to be legally restricted:
 - i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).
 - ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
- iii. Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by Successor the Agency as restricted.
- D. Attach the above mentioned Successor Agency prepared schedule(s) as an exhibit to the AUP report. For each restriction identified on these schedules, indicate in the report the period of time for which the restrictions are in effect. If the restrictions are in effect until the related assets are expended for their intended purpose, this should be indicated in the report.

Finding: We noted the Successor Agency did not have asset balances held on June 30, 2012 that are restricted.

7. Perform the following procedures:

A. Obtain from the Successor Agency a listing of assets as of June 30, 2012 that are **not** liquid or otherwise available for distribution (such as capital assets, land held for resale, long-term receivables, etc.) and ascertain if the values are listed at either purchase cost (based on book value reflected in the accounting records of the Successor Agency) or market value as recently estimated by the Successor Agency.

Attachment A – Agreed-Upon Procedures and Findings Low and Moderate Income Housing Funds

- B. If the assets listed at 7.A. are listed at purchase cost, trace the amounts to a previously audited financial statement (or to the accounting records of the Successor Agency) and note any differences.
- C. For any differences noted in 7.B., inspect evidence of disposal of the asset and ascertain that the proceeds were deposited into the Successor Agency trust fund. If the differences are due to additions (this generally is not expected to occur), inspect the supporting documentation and note the circumstances.
- D. If the assets listed at 7.A. are listed at recently estimated market value, inspect the evidence (if any) supporting the value and note the methodology used. If no evidence is available to support the value and\or methodology, note the lack of evidence.

Finding: We noted the Successor Agency did not have asset balances held on June 30, 2012 that are not liquid or otherwise available for distribution.

8. Perform the following procedures:

- A. If the Successor Agency believes that asset balances need to be retained to satisfy enforceable obligations, obtain from the Successor Agency an itemized schedule of asset balances (resources) as of June 30, 2012 that are dedicated or restricted for the funding of enforceable obligations and perform the following procedures. The schedule should identify the amount dedicated or restricted, the nature of the dedication or restriction, the specific enforceable obligation to which the dedication or restriction relates, and the language in the legal document that is associated with the enforceable obligation that specifies the dedication of existing asset balances toward payment of that obligation.
 - i. Compare all information on the schedule to the legal documents that form the basis for the dedication or restriction of the resource balance in question.
 - ii. Compare all current balances to the amounts reported in the accounting records of the Successor Agency or to an alternative computation.
- iii. Compare the specified enforceable obligations to those that were included in the final Recognized Obligation Payment Schedule approved by the California Department of Finance.
- iv. Attach as an exhibit to the report the listing obtained from the Successor Agency. Identify in the report any listed balances for which the Successor Agency was unable to provide appropriate restricting language in the legal document associated with the enforceable obligation.
- B. If the Successor Agency believes that future revenues together with balances dedicated or restricted to an enforceable obligation are insufficient to fund future obligation payments and thus retention of current balances is required, obtain from the Successor Agency a schedule of approved enforceable obligations that includes a projection of the annual spending requirements to satisfy each obligation and a projection of the annual revenues available to fund those requirements and perform the following procedures:
 - i. Compare the enforceable obligations to those that were approved by the California Department of Finance. Procedures to accomplish this may include reviewing the letter from the California Department of Finance approving the Recognized Enforceable Obligation Payment Schedules for the six month period from January 1, 2012 through June 30, 2012 and for the six month period July 1, 2012 through December 31, 2012.
 - ii. Compare the forecasted annual spending requirements to the legal document supporting each enforceable obligation.

Attachment A – Agreed-Upon Procedures and Findings Low and Moderate Income Housing Funds

- a. Obtain from the Successor Agency its assumptions relating to the forecasted annual spending requirements and disclose in the report major assumptions associated with the projections.
- iii. For the forecasted annual revenues:
 - a. Obtain from the Successor Agency its assumptions for the forecasted annual revenues and disclose in the report major assumptions associated with the projections.
- C. If the Successor Agency believes that projected property tax revenues and other general purpose revenues to be received by the Successor Agency are insufficient to pay bond debt service payments (considering both the timing and amount of the related cash flows), obtain from the Successor Agency a schedule demonstrating this insufficiency and apply the following procedures to the information reflected in that schedule.
 - i. Compare the timing and amounts of bond debt service payments to the related bond debt service schedules in the bond agreement.
 - ii. Obtain the assumptions for the forecasted property tax revenues and disclose major assumptions associated with the projections.
- iii. Obtain the assumptions for the forecasted other general purpose revenues and disclose major assumptions associated with the projections.
- D. If procedures A, B, or C were performed, calculate the amount of current unrestricted balances necessary for retention in order to meet the enforceable obligations by performing the following procedures.
 - i. Combine the amount of identified current dedicated or restricted balances and the amount of forecasted annual revenues to arrive at the amount of total resources available to fund enforceable obligations.
 - ii. Reduce the amount of total resources available by the amount forecasted for the annual spending requirements. A negative result indicates the amount of current unrestricted balances that needs to be retained.
 - iii. Include the calculation in the AUP report.

Finding: The Successor Agency believes that asset balances are needed to be retained to satisfy enforceable obligations. As such, pursuant to Procedure 8A, we obtained from the Successor Agency an itemized schedule of asset balances at June 30, 2012 that are dedicated or restricted for the funding of enforceable obligations, as attached in Attachment E.

We also performed the following:

- Compared all information on the schedule to the legal documents that form the basis for the dedication or restriction of the resource balance in question.
- Compared all current balances to the amounts reported in the accounting records of the Successor Agency or to an alternative computation.
- Compared the specified enforceable obligations to those that were included in the final Recognized Obligation Payment Schedule approved by the California Department of Finance.
- We did not identify any listed balances on Attachment E for which the Successor Agency was unable to provide appropriate restricting language in the legal document associated with the enforceable obligation.

Attachment A – Agreed-Upon Procedures and Findings Low and Moderate Income Housing Funds

We noted that the Successor Agency did not report any cash balances that needed to be retained as of June 30, 2012 under Procedures 8B or 8C.

See Attachment E for a schedule that identifies the amount dedicated or restricted, the nature of the dedication or restriction, the specific enforceable obligation to which the dedication or restriction relates, and the language in the legal document that is associated with the enforceable obligation that specifies the dedication of existing asset balances toward payment of that obligation.

9. If the Successor Agency believes that cash balances as of June 30, 2012 need to be retained to satisfy obligations on the Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2012 through June 30, 2013, obtain a copy of the final ROPS for the period of July 1, 2012 through December 31, 2012 and a copy of the final ROPS for the period January 1, 2013 through June 30, 2013. For each obligation listed on the ROPS, the Successor Agency should add columns identifying (1) any dollar amounts of existing cash that are needed to satisfy that obligation and (2) the Successor Agency's explanation as to why the Successor Agency believes that such balances are needed to satisfy the obligation. Include this schedule as an attachment to the AUP report.

Finding: We noted the Successor Agency does not have cash balances as of June 30, 2012 that need to be retained to satisfy obligations on the Recognized Obligation Payment Schedule for the period of July 1, 2012 through June 30, 2013.

10. Include (or present) a schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Entities. Amounts included in the calculation should agree to the results of the procedures performed in each section above. The schedule should also include a deduction to recognize amounts already paid to the County Auditor-Controller on July 12, 2012 as directed by the California Department of Finance. The amount of this deduction presented should be agreed to evidence of payment. The attached example summary schedule may be considered for this purpose. Separate schedules should be completed for the Low and Moderate Income Housing Fund and for all other funds combined (excluding the Low and Moderate Income Housing Fund).

Finding: See Attachment B for the results of this procedure for the Low and Moderate Income Housing Fund.

11. Obtain a representation letter from Successor Agency management acknowledging their responsibility for the data provided to the practitioner and the data presented in the report or in any attachments to the report. Included in the representations should be an acknowledgment that management is not aware of any transfers (as defined by Section 34179.5) from either the former redevelopment agency or the Successor Agency to other parties for the period from January 1, 2011 through June 30, 2012 that have not been properly identified in the AUP report and its related exhibits. Management's refusal to sign the representation letter should be noted in the AUP report as required by attestation standards.

Finding: No exceptions noted as a result of this procedure.

El Cerrito Redevelopment Agency

Attachment B - Low and Moderate Income Housing Funds

Assets Transferred to the Successor Agency That Are Available to Distribute to Affected Taxing Entities

SUMMARY OF BALANCES AVAILABLE FOR ALLOCATION TO AFFECTED TAXING ENTITIES

Total amount of assets held by the successor agency as of June 30, 2012 (procedure 5)	\$ 176,161
Add the amount of any assets transferred to the city or other parties for which an enforceable obligation with a third party requiring such transfer and obligating the use of the transferred assets did not exist (procedures 2 and 3)	-
Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments (procedure 6)	-
Less assets that are not cash or cash equivalents (e.g., physical assets) - (procedure 7)	-
Less balances that are legally restricted for the funding of an enforceable obligation (net of projected annual revenues available to fund those obligations) - (procedure 8)	(176,161)
Less balances needed to satisfy ROPS for the 2012-13 fiscal year (procedure 9)	
Less the amount of payments made on July 12, 2012 to the County Auditor-Controller as directed by the California Department of Finance	 -
Amount to be remitted to county for disbursement to taxing entities	\$

El Cerrito Redevelopment Agency Attachment C - Low and Moderate Income Housing Funds Asset Transfers to the City of El Cerrito for the Period January 1, 2011 Through January 31, 2012

			Date of	Book value of asset	Describe the purpose of the transfer and specify the enforceable obligation or other	
	Asset Description	Name of the recipient	Transfer	at date of transfer	legal requirement requiring such transfer and the date of such requirement.	Finding
Cash						
					Funding of affordable housing projects and programs pursuant to Amended and	,
					Restated Public Improvements and Cooperation Agreement between the City and	
.					the Agency dated February 22, 2011. The City subsequently transferred cash in the	
1	Cash	City of El Cerrito Housing Fund	1/31/2012	\$ 176,161	amount of \$176,161 back to the Successor Agency.	No exceptions were noted as a result of this procedure.
					Dee APIX 26 and City Councille Persolution No. 2012 04 the City should be	
1	i				Per AB1X 26 and City Council's Resolution No. 2012-04, the City elected to become the Housing Successor of the former redevelopment agency. Transfer of	
					housing assets held as refundable deposits under terms of the Predevelopment	
1	i				Loan Agreement by and between the El Cerrito Redevelopment Agency and Eden	
				i	Housing, Inc. (10860 and 10848 San Pablo Avenue) dated May 17, 2011 for the	
2	Cash - refundable deposits	City of El Cerrito Housing Fund	1/31/2012	1	, , ,	No exceptions were noted as a result of this procedure.
	<u> </u>			· · · · · · · · · · · · · · · · · · ·	· · · · · · · · · · · · · · · · · · ·	
		Total Cash		\$ 201,161	•	
Land	held for redevelopment:					
Land	neid for redevelopment:			,		<u> </u>
1			•		On March 22, 2011, under the provisions of Health and Safety Code Section	
1					33433, the Agency entered into a property conveyance agreement with the City to	
					transfer one property in exchange for an agreement to cause its development with	
					an affordable housing project consistent with the Redevelopment Plan and pay the	
					Agency any value received. The value of the land held for redevelopment	
					transferred was \$3,950,000, of which \$1,820,000 bond proceeds was funded by	
	Real property for low-mod housing w/				2004 Bond Series A and \$2,130,000 was funded by the Low and Moderate Income	
1	commercial space at 10848 and 10860 San				Housing Fund. Per AB1X 26 and City Council's Resolution No. 2012-03, the City	
1	Pablo Avenue, El Cerrito. Assessor Parcel				elected to become the Housing Successor of the former redevelopment agency.	The asset balance should be transferred to the City's
1	Numbers: 503-010-003, 503-101-014	City of El Cerrito General Fund	3/22/2011	\$ 2,130,000	Transfer of housing assets as approved by the State Department of Finance.	Housing Fund instead of the City's General Fund.

El Cerrito Redevelopment Agency Attachment D - Low and Moderate Income Housing Funds Asset Transfers to the City of El Cerrito for the Period February 1, 2012 Through June 30, 2012

		Date of	Book value of asset	Describe the purpose of the transfer and specify the enforceable obligation or	
Asset Description	Name of the recipient	Transfer	at date of transfer	other legal requirement requiring such transfer and the date of such requirement.	Finding
Loans receivable:					
				Per AB1X 26 and City Council's Resolution No. 2012-04, the City elected to	
				become the Housing Successor of the former redevelopment agency. Transfer of	
Ohlone Gardens, L.P.	City of El Cerrito Housing Fund	2/1/2012	\$ 3,210,178	housing assets as approved by the State Department of Finance.	No exceptions were noted as a result of this procedure.
				Per AB1X 26 and City Council's Resolution No. 2012-04, the City elected to	
				become the Housing Successor of the former redevelopment agency. Transfer of	
Idaho Apartments	City of El Cerrito Housing Fund	2/1/2012	379,750	housing assets as approved by the State Department of Finance.	No exceptions were noted as a result of this procedure.
İ] !			Per AB1X 26 and City Council's Resolution No. 2012-04, the City elected to	
1	1			become the Housing Successor of the former redevelopment agency. Transfer of	
Eden Housing, Inc.	City of El Cerrito Housing Fund	2/1/2012	40,000	housing assets as approved by the State Department of Finance.	No exceptions were noted as a result of this procedure.
	Subtotal		3,629,928		
SERAF/ERAF Receivable:					
				Per AB1X 26 and City Council's Resolution No. 2012-04, the City elected to	
				become the Housing Successor of the former redevelopment agency. Transfer of	
SERAF 2011	City of El Cerrito Housing Fund	2/1/2012	1,327,655	housing assets as approved by the State Department of Finance.	No exceptions were noted as a result of this procedure.
				Per AB1X 26 and City Council's Resolution No. 2012-04, the City elected to	
				become the Housing Successor of the former redevelopment agency. Transfer of	
ERAF 2005 and 2006	City of El Cerrito Housing Fund	2/1/2012	335,436	housing assets as approved by the State Department of Finance.	No exceptions were noted as a result of this procedure.
	Subtotal		1,663,091		
Total asset transfers to the City of	of El Cerrito	:	\$ 5,293,019		

El Cerrito Redevelopment Agency Attachment E - Low and Moderate Income Housing Funds Assets Held by the Successor Agency that are Required to Pay Enforceable Obligations

Nature of the Dedication or Restriction	06/30/2012 Amount Dedicated or Restricted	ROPS III Reference	Specific Enforceable Obligation to which the Dedication or Restriction Relates and the Language in the Legal Document That is Associated with the Enforceable Obligation	Finding
Undisbursed loan commitment Undisbursed loan commitment	•	-	Ohlone Gardens, L.P. Loan Agreement Eden Housing, Inc. Loan Agreement	No exceptions were noted as a result of the procedure. No exceptions were noted as a result of the procedure.
Total outstanding obligation at June 30, 2012 Less: obligation in excess of cash held by the Successor Agency	781,152 (604,991)	<u>.</u>		
Assets held by the successor agency that are required to pay enforceable obligations	\$ 176,161	=		