



## SPECIAL MEETING AGENDA

# SUCCESSOR AGENCY OVERSIGHT BOARD

## CITY OF CLAYTON, CA

**Thursday, October 9, 2014**

**3:00 p.m.**

*First Floor Conference Room, Clayton City Hall  
6000 Heritage Trail, Clayton, CA 94517*

### **OVERSIGHT BOARD MEMBERS**

Howard Geller, Clayton Councilmember	John Nicholas, Contra Costa Community College District
Vito Impastato, CCC Fire Protection District	Dan Richardson, Clayton resident
Charlie Mullen, former RDA Com. Dev. Director	Jane Shamieh, County Office of Education
Karen Mitchoff, Contra Costa County Supervisor	

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- A complete packet of information containing staff reports and exhibits related to each public item is available for public review in City Hall located at 6000 Heritage Trail on Monday prior to the Board meeting.
- Agendas are posted at: 1) City Hall, 6000 Heritage Trail; 2) Library, 6125 Clayton Road; 3) Ohm's Bulletin Board, 1028 Diablo Street, Clayton; and 4) City Website at [www.ci.clayton.ca.us](http://www.ci.clayton.ca.us)
- Any writings or documents provided to a majority of the Oversight Board after distribution of the Agenda Packet and regarding any public item on this Agenda will be made available for public inspection in the City Clerk's office located at 6000 Heritage Trail during normal business hours.
- If you have a physical impairment that requires special accommodations to participate, please call the City Clerk's office at least 72 hours in advance of the meeting at (925) 673-7304.

**SPECIAL MEETING AGENDA**  
OVERSIGHT BOARD  
SUCCESSOR AGENCY, CITY OF CLAYTON

Friday, October 9, 2014 3:00 pm

1. **CALL TO ORDER AND ROLL CALL** – Board Chairman Dan Richardson

2. **CONSENT CALENDAR**

None.

3. **OVERSIGHT BOARD HEARING/ACTION ITEMS**

(a) Approval of the Clayton Successor Agency Low-Moderate Income Housing Funds Due Diligence Report to be submitted to the CA Department of Finance pursuant to AB 1484 and HSC Section 34179.5 and 34719.6.

- Take any comments from the Public.
- Questions/Comments from the Oversight Board members.
- Adopt Resolution approving the Successor Agency Low-Moderate Income Housing Funds Due Diligence Report.

(b) Approval of the Clayton Successor Agency Non-Housing Funds (All other Funds) Due Diligence Report to be submitted to the CA Department of Finance pursuant to AB 1484 and HSC Section 34179.5 and 34719.6.

- Take any comments from the Public.
- Questions/Comments from the Oversight Board members.
- Adopt Resolution approving Clayton Successor Agency Non-Housing Funds (All other Funds) Due Diligence Report.

4. **PUBLIC COMMENT ON NON-AGENDA ITEMS**

*Members of the public may address the Oversight Board on items within the Board's jurisdiction, (which are not on the agenda) at this time. To facilitate the recordation of comments, it is requested each speaker complete a speaker card available on the Meeting table and submit it in advance to the Clerk. To assure an orderly meeting and an equal opportunity for everyone, each speaker is limited to 3 minutes, enforced at the Chairperson's discretion. When one's name is called or you are recognized by the Chairperson as wishing to speak, the speaker shall approach the Board and adhere to the time limit. In accordance with State Law, no action may take place on any item not appearing on the posted agenda. The Board may respond to statements made or questions asked, or may at its discretion request Successor Agency Staff to report back at a future meeting concerning the matter.*

*Public comment and input on Public Hearing, Action Items and other Agenda Items will be allowed when each item is considered by the Oversight Board.*

5. **ADJOURNMENT** – the meeting is adjourned on call by the Chairperson.

The Oversight Board's next meeting will be scheduled as necessary.

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Agenda Date: 10-9-2014

Agenda Item: 3a

# STAFF REPORT

**TO:** HONORABLE CHAIRMAN AND BOARD MEMBERS  
**FROM:** Kevin Mizuno, Finance Manager  
**MEETING DATE:** October 9, 2014  
**SUBJECT:** Consideration of Resolution 04-2014 Approving Report on the Due Diligence Review of the Low-Moderate Income Housing Fund Due Diligence Review Report pursuant to AB 1484 (HSC 34179.5)

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## RECOMMENDATION

It is recommended the Oversight Board:

- Take any comments from the Public.
- Share Questions/Comments on the Due Diligence Review report
- Adopt Resolution 04-2014 approving the Due Diligence Review of the former Redevelopment Agency's Low-Moderate Income Housing Fund presented for public comment at the September 26, 2014 meeting of the Oversight Board.

## BACKGROUND

On January 17, 2012, the Clayton City Council selected through adoption of Resolution 03-2012 to retain the affordable housing assets and functions performed by the former Redevelopment Agency in accordance with Section with Section 34176 of the Health and Safety Code (Redevelopment Law). The duties and functions transferred by operation of State law on February 1, 2012.

The City, acting in its general municipal capacity and separately from the City as Successor Agency, has also elected to retain and accept specified affordable housing assets, obligations, and housing functions (collectively, the "Housing Functions") of the Redevelopment Agency pursuant to Section 34176, commencing on the Dissolution Date (February 1, 2012). In this capacity, the City is referred to as the "Successor Housing Agency".

All monies in the Redevelopment Agency's Low and Moderate Income (LMI) Housing Fund were transferred on the Dissolution Date to the City as Successor Housing Agency. The Redevelopment Agency understands that the City as Successor Housing Agency will establish a comparable fund, separate and distinct from all other funds and accounts of the City, to hold, administer and spend the monies in the transferred Housing Fund to perform Housing Functions consistent with the Dissolution Act.

On June 27, 2012, the Governor signed into law AB 1484 which modified the dissolution law affecting the winding down of redevelopment agencies throughout the State. As part of this new law, Due Diligence Reviews (DDR) of the LMI Housing Fund were required to be submitted to the Oversight Board, the county auditor-controller, the State Controller's Office and the Department of Finance by October 1, 2012. The Oversight Board had until October 15, 2012 to review, approve, and transmit to the Department of Finance and County Auditor-Controller the determination of the amount of cash and cash equivalents that are available for disbursement to taxing entities.

The DOF reviews of the determinations provided by the Oversight Boards and any decision to overturn determinations made by the Oversight Board to authorize a Successor Agency to retain assets or funds will be conveyed to the Oversight Board and Successor Agency via a letter. Successor Agencies have five (5) days from receipt of the decisions to request a "meet and confer" meeting.

Due to staff health matters resulting in delays in preparation for and completing the City and Successor Agency's audited financial statements for fiscal years 2011-12 and 2012-13, the DDR was unable to be completed in a timely manner, and drafts were delayed until the September 26, 2014 Oversight Board meeting. Fortunately, submittal of the DDRs after the October 15, 2012 deadline does not carry any penalties or other sanctions by the State DOF only that the Successor Agency/Oversight Board cannot issue new debt. The City has not and does not have any new debt that it would issue, and the 2014 refunding Tax Allocation Bonds issued by the Successor Agency on June 25, 2014 is not an issuance of new debt but rather a refunding (i.e. refinancing) of old debt to take advantage of more favorable interest rates.

At the February 13, 2013 Oversight Board meeting a draft of the LMI Funds DDR was presented. Subsequently however, the independent auditors determined additional work was necessary in light of the City's delayed financial statement audits.

On September 26, 2014, the Oversight Board for the Successor Agency of the Redevelopment Agency of the City of Clayton held a public comment session on the DDR as prescribed by AB 1484. There was no public comment on the DDR provided and there were no comments received by staff from County or State agencies.

## **DISCUSSION**

AB 1484 (HSC Section 34179.5) requires each Successor Agency to employ a licensed accountant, approved by the County Auditor-Controller and with experience and expertise in local government accounting, to conduct a DDR to determine the unobligated balances available for transfer to taxing entities. As an alternative, an audit provided by the County Auditor-Controller that provides the information required by this section may be used to comply with this section with the concurrence of the oversight board. Contra Costa County notified jurisdictions that it does not have the staffing to undertake such efforts and thus the local agencies were required to engage their own outside auditor.

The City of Clayton Successor Agency contracted the City's independent auditors (Cropper Accountancy Corp.) to perform the LMI Housing Fund DDR. Once the fiscal year 2011-12 and

2012-13 financial statement audits were submitted to the City Council for acceptance on November 19, 2013 and February, 4, 2014 respectively, the auditors were able to focus their efforts on completing drafts of the LMI Housing Fund DDR. The Oversight Board is now required to review, approve, and transmit to the DOF and County Auditor-Controller the determination of the amount of cash and cash equivalents that are available for disbursement to taxing entities based on the results of the independently prepared DDRs.

While HSC Section 34179.6 allows the DOF to specify the form and manner in which information about the review shall be provided, no specific form will be required. However, every DDR submitted, at a minimum, must contain the following:

A cover page delineating whether the DDR was conducted by a licensed accountant or the County Auditor-Controller along with verification of approval or concurrence of the DDR by the appropriate entity. A summary addressing each of the six deliverables required, pursuant to HSC Section 34179.5 (c) (1) – (6). The document must include the following items:

- Independent Accountants Report on Applying Agreed Upon Procedures
- Procedures and Findings
- Condensed Financial Statement Comparison
- Summary of Available Balances
- Recognized Obligation Payment Schedule (ROPS 1)
- Recognized Obligation Payment Schedule (ROPS 2)
- Recognized Obligation Payment Schedule (ROPS 3)
- Inventory of Assets Received- Loans/Grants Receivable

In summary, the LMI Housing Fund DDR reports the following:

- Total LMI Housing Fund assets transferred from the Redevelopment Agency to the Successor Housing Agency on February 1, 2012 totaled **\$10,709,236**.
- The LMI Housing Fund transferred a total of **\$125,000** to the City of Clayton for budgeted administrative services from the period January 1, 2011 through January 31, 2012.
- The Successor Housing Agency erroneously transferred a total of **\$50,000** to the City of Clayton from the period February 1, 2012 through June 30, 2012. This transfer pertained to its share of the \$250,000 statutory Successor Agency administrative allowance pursuant to Health and Safety Code Section 34171(b). The entire \$250,000 allowance should have been paid from the Successor Agency to the City, rather than being split between the Successor Agency and Successor Housing Agency.
- The Successor Housing Agency did not make any transfers to any other public agency or to private parties for the period from January 1, 2011 through January 31, 2012.
- The Successor Housing Agency did not make any transfers to any other public agency or to private parties for the period from February 1, 2012 through June 30, 2012.
- The amount to be remitted to the County Auditor-Controller for transfer to other taxing agencies is **\$3,791,725**.

## **FISCAL IMPACT**

Local revenues resulted in cash funds set aside over the life of the former Redevelopment Agency of the City of Clayton for the purpose of providing housing for low and moderate income families. Based on AB 1x26 and AB 1484, these funds will be remitted to the County for distribution and reduce the State's payments to the local school district. As a result, \$3.79 million in affordable housing projects will not be completed in the City of Clayton.

## **CONCLUSION**

Staff recommends that the Oversight Board:

- Take any comments from the Public.
- Share Questions/Comments on the Due Diligence Review report
- Adopt Resolution 04-2014 approving the Due Diligence Review of the former Redevelopment Agency's Low-Moderate Income Housing Fund presented for public comment at the September 26, 2014 meeting of the Oversight Board.

Attachments:                      Resolution 04-2014  
   Attachment A: Due Diligence Review Report – Low-Moderate Income Housing Fund

**RESOLUTION NO. 04 - 2014**

**A RESOLUTION APPROVING AND ADOPTING THE  
REPORT ON THE DUE DILIGENCE REVIEW OF THE  
FORMER REDEVELOPMENT AGENCY'S LOW AND  
MODERATE INCOME HOUSING FUND PURSUANT  
TO CALIFORNIA HEALTH AND SAFETY CODE  
SECTION 34179.5**

**THE OVERSIGHT BOARD  
Successor Agency for the City of Clayton, California**

**WHEREAS**, Section 34179.5 of the Health and Safety Code requires the Successor Agency to the former Redevelopment Agency of the City of Clayton (Successor Agency), to employ a licensed accountant, approved by the County Auditor-Controller and with experience and expertise in local government accounting, to conduct a due diligence review of the former Redevelopment Agency's Low and Moderate Income Housing Fund; and

**WHEREAS**, the due diligence review shall identify unobligated balances available for transfer to the other taxing agencies that share the ad valorem property taxes collected within the former Redevelopment Agency's Redevelopment project area, and shall identify those Low and Moderate Income housing Fund assets that may be retained by the City as the Housing Successor; and

**WHEREAS**, the Successor Agency employed Cropper Accountancy Corporation to conduct the due diligence review, whose Report is attached hereto as Attachment A; and

**WHEREAS**, Section 34179.6 of the Health and Safety Code requires the Oversight Board to convene a public comment session at least five business days prior to voting on the Report, which public comment session was held at an Oversight Board meeting on September 26, 2014.

**NOW, THEREFORE, BE IT RESOLVED** that the Report on the Due Diligence Review of the former Redevelopment Agency's Low and Moderate Income Housing Fund, attached hereto as Attachment A and incorporated herein by reference is hereby approved in compliance with Section 34179.6 of the Health and Safety Code.

**BE IT FURTHER RESOLVED** that the unobligated balance of \$3,791,725 identified in Attachment A shall be subject to transfer to the County Auditor-Controller and distribution to the other taxing agencies.

**BE IT FURTHER RESOLVED** that the City of Clayton Housing Successor Agency shall retain those Low and Moderate Income Housing Fund Assets of \$4,753,062 outlined in Attachment A.

**AND BE IT FURTHER RESOLVED** that this Resolution shall and does take immediate effect upon its adoption.

**PASSED, APPROVED AND ADOPTED** by the Oversight Board for the Successor Agency of the City of Clayton, California at a regular public meeting thereof held on the 9<sup>th</sup> day of October 2014 by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

THE OVERSIGHT BOARD FOR THE  
SUCCESSOR AGENCY FOR THE  
CITY OF CLAYTON, CA

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Dan Richardson, Chair

ATTEST:

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Laura Hoffmeister, Clerk of the Board

Attachment A: Report on the Due Diligence Review



Final Draft  
8/26/2014

ATTACHMENT A

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# **Department of Finance of the State of California**

**Due Diligence Review of the  
Redevelopment Agency of the City of Clayton  
(Dissolved Agency)  
Low to Moderate Income Housing Fund**

***Independent Accountants' Report on Applying Agreed-Upon  
Procedures with respect to HSC Section 34179.5(c)(1)-(6)***

Final Draft  
8/26/2014

Final Draft  
8/26/2014

**REDEVELOPMENT AGENCY  
OF THE CITY OF CLAYTON (DISSOLVED AGENCY)  
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Final Draft  
8/26/2014

INDEPENDENT ACCOUNTANTS' REPORT ON  
APPLYING AGREED-UPON PROCEDURES

Oversight Board of the Successor Agency  
for the Redevelopment Agency of the City of Clayton  
(Dissolved Agency)  
Clayton, California

We have performed the agreed-upon procedures enumerated in Attachment A, which were agreed to by the California State Controller's Office and the Department of Finance to assist you in ensuring that the dissolved redevelopment agency is complying with its statutory requirements with respect to ABX1 26. Management of the successor agency and the county are responsible for the accounting records pertaining to statutory compliance pursuant to Health and Safety Code Sections 34179.5(c)(1) through 34179.5 (c )(3) and Sections 34179.5(c )(5) through 34179.5(c )(6) as it relates to the Low and Moderate Income Housing Fund of the Successor Agency. 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 identified 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 as set forth in Attachment A, B and C. 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 as to the appropriateness of the results summarized in Attachment A. 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, and applicable State agencies, 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.

CROPPER ACCOUNTANCY CORPORATION  
*Certified Public Accountants*

Walnut Creek, California  
July 17, 2014

PROCEDURE REQUESTED	RESULTS/FINDING BASED ON PERFORMANCE OF THE PROCEDURE REQUESTED	ATTACHMENT /EXHIBIT
<p><i>CITATION</i></p> <p><i>34179.5(c)(1) The dollar value of assets transferred from the former redevelopment agency to the successor agency on or about February 1, 2012</i></p>		
<p>1. Obtain from the Successor Agency a listing of all assets that were transferred from the former redevelopment agency to the Successor Agency on 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.</p>	<p>Reviewed the Low to Moderate Income Housing Fund (LMI) only.</p> <p>The City of Clayton transferred assets of \$10,709,236 at February 1, 2012. The fund equity totaled \$7,503,036, while liabilities were \$3,206,200. As part of the agreed upon procedures, these amounts were agreed to the City and Successor Agency records.</p> <p>Exhibit 1 – client listing of the outstanding balances was reconciled to the accounting records.</p>	<p>Attachment B</p> <p>Exhibit 1</p> <p>See short period financials from February 1 to June 30, 2012 for Successor Agency to the Clayton RDA (p. 7)</p>
<p><i>CITATION</i></p> <p><i>34179.5(c)(2) The dollar value of assets and cash and cash equivalents transferred after January 1, 2011, through June 30, 2012 by the redevelopment agency or the successor agency to the city, county, or city and county that formed the redevelopment agency and the purpose of each transfer. The review shall provide documentation of any enforceable obligation that required the transfer.</i></p>		

<p>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. If this has not yet occurred, perform the following procedures:</p>	<p>No report was known to be performed.</p>	
<p>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</p>	<p>Within this specified timeframe, the City's Redevelopment Agency transferred approximately \$150,095 to the City of Clayton General Fund. The detail of these transfers is outlined in "Exhibit 5" prepared by the Successor Agency. Of this total, \$25,095 pertained to a legally executed agreement with the City of Clayton dated February 16, 2010 to repay 2% County Election funds that were erroneously paid from Contra Costa County to the former RDA rather than directly to the City of Clayton. The remaining amount, totaling \$125,000, pertained to administrative costs in accordance with the City Council adopted budgets for fiscal years 2010-11 and 2011-12, as the specified timeframe covers these two fiscal years.</p>	<p>Exhibit 5</p>

<p>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.</p>	<p>Within this specified timeframe the City of Clayton Successor Housing Agency only made one transfer to the City of Clayton. A transfer by the amount of \$50,000 was made on June 30, 2012 to the City General Fund as an administrative cost allowance. It was noted however that administrative payment was erroneously made out of the Housing Successor Fund rather than the [non-housing] Successor Agency. Per City Management, it was the intent to split the \$250,000 administrative cost allowance pursuant to California Health and Safety Code Section 34171(b) between the Successor Agency (fund 615) and the Housing Successor Agency (fund 616) by amounts of \$200,000 and \$50,000 respectively. As such, this payment should not have been made from the Housing Successor Fund and is not a legally enforceable obligation.</p>	
<p>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.</p>	<p>The transfers listed in "Exhibit 5" pertaining to the 2% County Election error repayments were supported both by the terms of a legally executed agreement dated February 16, 2010 between the Redevelopment Agency and the City of Clayton, as well as the amounts adopted in the FY 2010-11 and FY 2011-12 City Council Adopted budgets. The total pertaining to this repayment agreement was \$25,095. All other transfers in "Exhibit 5" pertained to administrative allowances that were not supported by a legally enforceable obligation.</p> <p>Therefore, a total of \$175,000 in transfers during the specified timeframe is deemed unallowable. This is composed of \$125,000 for administrative services per the adopted RDA Budgets and \$50,000 in transfers made erroneously by the Housing Successor (fund 616) rather than the Successor Agency (fund 615) pursuant to Health and Safety Code Section 34171(b).</p>	<p>Exhibit 5</p>

<p><i>CITATION</i></p> <p><i>34179.5(c)(3) The dollar value of assets and cash and cash equivalents transferred after January 1, 2011, through June 30, 2012 by the redevelopment agency or the successor agency to any other public agency or private party and the purpose of each transfer. The review shall provide documentation of any enforceable obligation that required the transfer.</i></p>		
<p>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. If this has not yet occurred, perform the following procedures:</p>	<p>No report was known to be performed.</p>	
<p>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.</p>	<p>Reviewed the Low to Moderate Income Housing Fund (LMI) only.</p> <p>Not applicable. No transfers to private parties or other public agencies were made.</p>	



<p>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.</p>	<p>Reviewed the Low to Moderate Income Housing Fund (LMI) only.</p>	
<p>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.</p>	<p>Reviewed the Low to Moderate Income Housing Fund (LMI) only.</p>	
<p><i>CITATION</i></p> <p><i>34179.5(c)(4) The review shall provide expenditure and revenue accounting information and identify transfers and funding sources for the 2010-11 and 2011-12 fiscal years that reconciles balances, assets, and liabilities of the successor agency on June 30, 2012 to those reported to the Controller for the 2009-10 fiscal year.</i></p>	<p>Not applicable. No enforceable obligations were noted.</p>	
<p>4. Perform the following procedures:</p>		

<p>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.</p>	<p>Reviewed the Low to Moderate Income Housing Fund (LMI) only.</p> <p>Obtained trial balances and detailed general ledgers for the applicable periods. Agreed accounting records to financial statements as applicable.</p> <p>See attachment B for fiscal periods requested.</p> <p>There are no capital assets or long-term liabilities in the LMI fund.</p>	<p>Attachment B</p> <p>See short period financials from February 1 to June 30, 2012 for Successor Agency to the Clayton RDA (p. 7)</p>
<p>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.</p>	<p>Reviewed the Low to Moderate Income Housing Fund (LMI) only.</p> <p>Equity roll forwards were performed.</p>	<p>Attachment B</p>
<p>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.</p>	<p>Reviewed the Low to Moderate Income Housing Fund (LMI) only.</p> <p>Agreed some state controllers report numbers on a test basis. SERAF number of \$592,412 ties.</p>	<p>Attachment B</p>
<p>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.</p>	<p>Reviewed the Low to Moderate Income Housing Fund (LMI) only.</p> <p>Agreed comparative totals to general ledger detail and other documentation as appropriate.</p>	

<p><i>CITATION</i></p> <p><i>34179.5(c)(5) A separate accounting for the balance for the Low and Moderate Income Housing Fund for all other funds and accounts combined shall be made as follows:</i></p> <p><i>(A) A statement of the total value of each fund as of June 30, 2012.</i></p>		
<p>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.</p>	<p>Reviewed the Low to Moderate Income Housing Fund (LMI) only.</p> <p>Exhibit 1 as submitted to the Department of Finance differs from the accounting record's notes receivable of \$4,160,650 is as follows:</p> <p>1-Diamond Terrace is \$3,406,200 on the Exhibit 1, the Attachment B, and general ledger at June 30, 2012.</p> <p>2-Eden Housing's \$567,000 agrees to the both Exhibit 1, Attachment B and the general ledger.</p> <p>3- Stranahan Circle (13 properties on Exhibit 1) differ on the current outstanding loan balances. Exhibit 1 lists \$2,177,806 in loan balances while the accounting records reflect \$187,450. The large difference is due to a shared equity agreement where the LMI fund would have the first option to purchase properties at market and sell to buyers below market. The auditors wrote this down to a net realizable value in 2010.</p>	<p>Attachment B</p> <p>Exhibit 1</p>

<p><i>CITATION</i></p> <p><i>34179.5(c)(5)(B) An itemized statement listing any amounts that are legally restricted as to purpose and cannot be provided to taxing entities. This could include the proceeds of any bonds, grant funds, or funds provided by other governmental entities that place conditions on their use.</i></p>		
<p>6. Obtain from the Successor Agency a listing of asset balances held on June 30, 2012 that are restricted for the following purposes:</p>		
<p>A. Unspent bond proceeds:</p> <ul style="list-style-type: none"> <li>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.)</li> <li>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).</li> <li>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.</li> </ul>	<p>Reviewed the Low to Moderate Income Housing Fund (LMI) only.</p> <p>Not applicable – no unspent bond proceeds.</p>	

<p>B. Grant proceeds and program income that are restricted by third parties:</p> <ul style="list-style-type: none"><li>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.)</li><li>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).</li><li>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.</li></ul>	<p>Reviewed the Low to Moderate Income Housing Fund (LMI) only.</p> <p>Not applicable – no grant proceeds or program income</p>	
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<p>C. Other assets considered to be legally restricted:</p> <ul style="list-style-type: none"> <li>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.)</li> <li>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).</li> <li>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.</li> </ul>	<p>Reviewed the Low to Moderate Income Housing Fund (LMI) only.</p> <p>Not applicable – no other assets that are legally restricted</p>	
<p>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.</p>	<p>Reviewed the Low to Moderate Income Housing Fund (LMI) only.</p> <p>Not applicable</p>	

<p><b>CITATION</b></p> <p><i>34179.5(c)(5)(C) An itemized statement of the values of any assets that are not cash or cash equivalents. This may include physical assets, land, records, and equipment. For the purpose of this accounting, physical assets may be valued at purchase cost or at any recently estimated market value. The statement shall list separately housing-related assets.</i></p>		
<p>7. Perform the following procedures:</p>	<p>Reviewed the Low to Moderate Income Housing Fund (LMI) only.</p>	

<p>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.</p>	<p>The following are based on various agreements totaling \$4,753,062 (592,412+4,160,650) in non-liquid assets:</p> <p>1-Stranahan Circle-The booked \$187,450 is dependent on a number of factors including how long the owner keeps the property. These housing loan balances are presented at book value and have equity sharing formulas dependent upon the length of housing ownership as outlined in the underlying loan agreements. The received portion will not be restricted after it settles which could be up to 45 years.</p> <p>In addition, the City has invested \$1,823,000 in the Stranahan Circle Properties. The financials offset this amount with an allowance for doubtful accounts. With the dissolution of the RDA this investment may now be deemed recoverable from the State since the City program may no longer be buying the properties back at market and selling at undermarket.</p> <p>2-Diamond Terrace- There is a \$500,000 forgiveness of debt attached to the note receivable of \$3,406,200. In addition, the note is subject to annual \$200,000 subsidy payment with the last \$200,000 payment made in August 2013.</p> <p>3- Eden Housing - \$567,000 loan to Eden.</p> <p>4-SERAF- This is a state borrowing of \$592,412. No known restrictions. This amount should be eliminated against the All Other Funds on consolidation.</p>	<p>Exhibit 1</p>
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	<p>5 – GASB 31 Allowance – Upon inspection of the general ledger records, it was noted that \$58,017 of the \$5,422,247 in cash and investments reported by the successor housing agency as of June 30, 2012 pertained to non-liquid GASB 31 (cost to market) value adjustments. These adjustments are required for financial reporting purposes only and are not considered readily available for distribution to taxing entities. This balance is subject to estimates and is adjusted either up or down annually as necessary. The accuracy of the GASB 31 calculations was considered as part of the City’s FY 2011-12 financial statement audit procedures noting no material exceptions</p>	
<p>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.</p>	<p>Reviewed the Low to Moderate Income Housing Fund (LMI) only.</p> <p>Amounts were tied to the 2010 and 2011 audited financial statements with any differences being attributed to principal reductions.</p>	
<p>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.</p>	<p>Reviewed the Low to Moderate Income Housing Fund (LMI) only.</p> <p>Not applicable – no disposals in fiscal 2012</p> <p>Increases since 2003 were based on drawing on a \$2,000,000 loan from the former RDA in the amount of \$200,000 annually. An equal amount for Diamond Terrance (PAM) is offset in deferred revenues as \$3,406,200 at year end. This number combined with the Peace Grove loan of \$567,000 and Stranahan Development balance of \$187,450 total the notes receivable of \$4,160,650.</p>	

<p>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.</p>	<p>Reviewed the Low to Moderate Income Housing Fund (LMI) only.</p> <p>No evidence available to estimate market value other than the original notes.</p>	
<p><i>CITATION</i></p> <p><i>34179.5(c)(5)(D) An itemized listing of any current balances that are legally or contractually dedicated or restricted for the funding of an enforceable obligation that identifies the nature of the dedication or restriction and the specific enforceable obligation. In addition, the successor agency shall provide a listing of all approved enforceable obligations that includes a projection of annual spending requirements to satisfy each obligation and a projection of annual revenues available to fund those requirements. If a review finds that future revenues together with dedicated or restricted balances are insufficient to fund future obligations and thus retention of current balances is required, it shall identify the amount of current balances necessary for retention. The review shall also detail the projected property tax revenues and other general purpose revenues to be received by the successor agency, together with both the amount and timing of the bond debt service payments of the successor agency, for the period in which the oversight board anticipates the successor agency will have insufficient property tax revenue to pay the specified obligations.</i></p>		

<p>8. Perform the following procedures:</p>		
<p>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.</p> <ul style="list-style-type: none"> <li>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.</li> <li>ii. Compare all current balances to the amounts reported in the accounting records of the Successor Agency or to an alternative computation</li> <li>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.</li> </ul>	<p>Reviewed the Low to Moderate Income Housing Fund (LMI) only</p> <p>Asset restrictions apply to Diamond Terraces' \$200,000 for the annual subsidy ending in 2012.</p> <p>Diamond Terrace - Exhibit 1 has an outstanding asset balance of \$3,406,200 at June 30, 2012. This note receivable is related to the deferred revenue account.</p> <p>Compared the ROPS II schedule for the 6 month period ending December 2012. Noted the Diamond Terrace investors were due \$200,000.</p> <p>Compared the information on the schedule to legal documents. Noted no legal restrictions other than the \$200,000.</p> <p>Compared the current balances to the amounts on the accounting records. The only deviation was the net realizable value on the Stranahan Circle properties. Eden and Diamond Terrace can be reconciled to books.</p> <p>Compared the ROPS III schedule for the 6 month period ending December 2012. Noted the SERAF payment of \$592,412 which will be received by LMI.</p> <p>Noted no enforceable obligations where there was not a legal document as back up.</p>	<p>Exhibit 1 Exhibits 1, 2, 3</p>

<p>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:</p> <ul style="list-style-type: none"> <li>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.</li> <li>ii. Compare the forecasted annual spending requirements to the legal document supporting each enforceable obligation.             <ul style="list-style-type: none"> <li>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.</li> </ul> </li> <li>iii. For the forecasted annual revenues:             <ul style="list-style-type: none"> <li>a. Obtain from the Successor Agency its assumptions for the forecasted annual revenues and disclose in the report major assumptions associated with the projections.</li> </ul> </li> </ul>	<p>Reviewed the Low to Moderate Income Housing Fund (LMI) only.</p> <p>Compared enforceable obligations to ROPS II on Exhibit 4.</p> <p>Future revenues combined with dedicated balances appear to be sufficient to cover future obligations with the exception of the \$200,000 ROPS payment to Diamond Terrace Investors estimated distributed in December of 2012.</p> <p>Compared DOF letter to ROPS schedule for June 30, 2012 and December 31, 2012</p> <p>Compared the annual spending on the ROPS. No key assumptions are needed to forecast.</p>	<p style="text-align: center;">Exhibit 1</p>
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<p>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.</p> <ul style="list-style-type: none"><li>i. Compare the timing and amounts of bond debt service payments to the related bond debt service schedules in the bond agreement.</li><li>ii. Obtain the assumptions for the forecasted property tax revenues and disclose major assumptions associated with the projections.</li><li>iii. Obtain the assumptions for the forecasted other general purpose revenues and disclose major assumptions associated with the projections.</li></ul>	<p>Reviewed the Low to Moderate Income Housing Fund (LMI) only.</p> <p>Not applicable-no bond payments are noted in the LMI fund.</p>	
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<p>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.</p> <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>iii. Include the calculation in the AUP report.</li> </ul>	<p>Reviewed the Low to Moderate Income Housing Fund (LMI) only.</p> <p>Dedicated or restricted balances of \$200,000 are needed for December 2012.</p>	
<p><i>CITATION</i></p> <p><i>34179.5(c)(5)(E) An itemized list and analysis of any amounts of current balances that are needed to satisfy obligations that will be placed on the Recognized Obligation Payment Schedules for the current fiscal year.</i></p>		

<p>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.</p>	<p>Reviewed the Low to Moderate Income Housing Fund (LMI) only.</p>	<p>Exhibit 3</p>
<p>Not applicable.</p>		

*CITATION*

*34179.5(c)(6) The review shall total the net balances available after deducting the total amounts described in subparagraphs (B) to (E), inclusive, of paragraph (5). The review shall add any amounts that were transferred as identified in paragraphs (2) and (3) of subdivision (c) if an enforceable obligation to make that transfer did not exist. The resulting sum shall be available for allocation to affected taxing entities pursuant to Section 34179.6. It shall be a rebuttable presumption that cash and cash equivalent balances available to the successor agency are available and sufficient to disburse the amount determined in this paragraph to taxing entities. If the review finds that there are insufficient cash balances to transfer or that cash or cash equivalents are specifically obligated to the purposes described in subparagraphs (B), (D), and (E) of paragraph (5) in such amounts that there is insufficient cash to provide the full amount determined pursuant to this paragraph, that amount shall be demonstrated in an additional itemized schedule.*



<p>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).</p>	<p>Reviewed the Low to Moderate Income Housing Fund (LMI) only.</p> <p>See Attachment C for Low to Moderate Income Housing Fund.</p> <p>Evidence of payment was noted.</p>	<p>Attachment C</p>
<p>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.</p>	<p>Reviewed the Low to Moderate Income Housing Fund (LMI) only.</p>	

Oversight Board of the Successor Agency  
for the Redevelopment Agency of the City of Clayton  
Low to Moderate Income Housing Fund (LMI)  
Condensed Financial Statement Comparison

	Low to Moderate Income Housing Fund 12 Months Ended 6/30/2010	Low to Moderate Income Housing Fund 12 Months Ended 6/30/2011	Low to Moderate Income Housing Fund 7 Months Ended 1/31/2012	Fiduciary Successor Agency 5 Months Ended 6/30/2012
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
SERAF receivable	592,412	592,412	592,412	592,412
Notes receivable	3,883,450	4,022,050	3,960,650	4,160,650
<b>Restricted Assets</b>				
Low/Moderate Income Housing cash and investments	4,740,529	4,839,611	5,557,818	5,422,247
<b>Total Assets</b>	<b>\$ 9,216,391</b>	<b>\$ 9,454,073</b>	<b>\$ 10,110,880</b>	<b>\$ 10,175,309</b>
<b>Liabilities</b>				
Accounts payable	\$ 74	\$ 2,633	\$ -	\$ 560
Deferred revenue	3,622,418	3,267,600	3,206,200	3,406,200
<b>Total Liabilities</b>	<b>\$ 3,622,492</b>	<b>\$ 3,270,233</b>	<b>\$ 3,206,200</b>	<b>\$ 3,406,760</b>
<b>Equity</b>				
Restricted for Low/moderate income housing	\$ 4,593,899	\$ 5,087,318	\$ 5,183,840	\$ -
Designated for contingencies	1,000,000	1,000,000	1,000,000	-
Current period net income	-	96,522	720,840	6,768,549
<b>Total Liabilities and Equity</b>	<b>\$ 5,593,899</b>	<b>\$ 6,183,840</b>	<b>\$ 6,904,680</b>	<b>\$ 6,768,549</b>
<b>Total Revenues:</b>	<b>\$ 1,271,322</b>	<b>\$ 1,321,861</b>	<b>\$ 669,521</b>	<b>\$ 38,273</b>
<b>Total Expenditures:</b>	<b>\$ 439,435</b>	<b>\$ 1,075,244</b>	<b>\$ 9,394</b>	<b>\$ 213,264</b>
<b>Extraordinary gain (loss)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,904,680</b>
<b>Total Transfers</b>	<b>\$ (125,000)</b>	<b>\$ (150,095)</b>	<b>\$ 60,713</b>	<b>\$ 38,860</b>
<b>Net change in equity</b>	<b>\$ 706,887</b>	<b>\$ 96,522</b>	<b>\$ 720,840</b>	<b>\$ 6,768,549</b>
<b>Beginning Equity:</b>	<b>\$ 4,887,012</b>	<b>\$ 6,087,318</b>	<b>\$ 6,183,840</b>	<b>\$ -</b>
<b>Ending Equity:</b>	<b>\$ 5,593,899</b>	<b>\$ 6,183,840</b>	<b>\$ 6,904,680</b>	<b>\$ 6,768,549</b>

\* The fund balance rollforward contains an audit adjustment of 493,418 in 2011

**Other Information (show year end balances for all three years presented):**

Capital assets as of end of year	n/a	n/a	n/a	n/a
Long-term debt as of end of year	n/a	n/a	n/a	n/a

**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)	\$ 10,175,309	Attachment B
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)	175,000	See 2A/2B
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)	(4,753,062) (58,017)	See 7A GASB 31
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)	(200,000)	See 8A
Less balances needed to satisfy ROPS for the 2012-13 fiscal year (procedure 9)	-	LMI only
Less the amount of payments made on July 12, 2012 to the County Auditor-Controller as directed by the California Department of Finance	<u>(1,547,505)</u>	LMI only
Amount to be remitted to county for disbursement to taxing entities	<u>\$ 3,791,725</u>	

*Note that separate computations are required for the Low and Moderate Income Housing Fund held by the Successor Agency and for all other funds held by the Successor Agency.*

NOTES: For each line shown above, an exhibit should be attached showing the composition of the summarized amount.

If the review finds that there are insufficient funds available to provide the full amount due, the cause of the insufficiency should be demonstrated in a separate schedule.

Final Draft  
8/26/2014

Name of Redevelopment Agency:

Clayton Redevelopment Agency

Page 1 of 1 Page

EXHIBIT 1

RECOGNIZED OBLIGATION PAYMENT SCHEDULE  
Par AB 26 - Section 34167 and 34169

Project Name / Debt Obligation	Payee	Description	Funding Source	Total Outstanding Debt or Obligation	Total Due During Fiscal Year	PAYMENTS BY MONTH						PAYMENTS BY YEAR				
						Jan	Feb	Mar	Apr	May	June	2013/13	2013/14	2014/15	Total	
1) RDA contractual subsidy entered on 10/1/01	Diamond Terrace Investors	Str. Housing Facility Loan - St. Ann's, part	Low and Moderate Income Housing Fund	400,000	200,000		200,000					200,000				400,000
2) 1998 Tax Allocation Bonds Series A	US Bank	Bonds issued to fund non-housing projects	Redevelopment Property Tax Trust Fund	1,852,220	724,994		724,994					877,228	278,988			1,662,220
3) 1998 Tax Allocation Bonds	US Bank	Bonds issued to fund non-housing projects	Redevelopment Property Tax Trust Fund	6,675,000	121,360		121,360					1,278,787	2,637,426			6,675,000
4) City Loan entered into on 9/17/1999	City of Clayton	Loan interest on Co Co Fire Station land	Redevelopment Property Tax Trust Fund	475,000	30,875	2,573	2,573	2,573	2,573	2,573	2,573	30,875	30,875	387,813		475,000
5) City Loan entered into on 2/16/2010	City of Clayton	2% Election payments per Section 33676	Redevelopment Property Tax Trust Fund	301,139	190,980	16,730	16,730	16,730	16,730	16,730	16,730	100,380	100,379	0		301,139
6) City Loan entered into on 2/16/2010	City of Clayton	2% Election payments per Section 33676	Low and Moderate Income Housing Fund	75,285	25,092	4,183	4,183	4,183	4,183	4,183	4,183	25,095	25,095	0		75,285
7) City Loan entered into on 2/16/2010	Clayton RDA LMI Housing	Inter-Loan for S.E.R.A.F. payment	Redevelopment Property Tax Trust Fund	592,412	148,103	14,810	14,810	14,810	14,810	14,810	14,810	177,724	177,724	148,103		692,412
8) Contract for Consulting Services	RDA Consulting	RDA State Controller's Report 2010-11	Redevelopment Property Tax Trust Fund	4,320	1,440		1,440					1,440	1,440			4,320
9) Contract for Consulting Services	Thales Consulting	RDA State Controller's Report 2010-11	Low and Moderate Income Housing Fund	1,080	360		360					360	360			1,080
10) Contract for Consulting Services	Cropper Accountancy	RDA Audit 2010-11	Redevelopment Property Tax Trust Fund	8,898	3,299		3,299					3,299	3,299			8,898
11) Contract for Consulting Services	Cropper Accountancy	RDA Audit 2010-11	Low and Moderate Income Housing Fund	2,474	825		825					825	825			2,474
12) Contract for Consulting Services	NBB Local Gov't Solution	Arbitrage Reporting	Redevelopment Property Tax Trust Fund	6,700	2,900				2,900			2,900	2,900			6,700
13) Contract for Consulting Services	US Bank	Paying Agent Fee	Redevelopment Property Tax Trust Fund	18,095	5,365							5,365	5,365			18,095
14) Contract for Consulting Services	Ransay Planning	Housing Element higher density codes (EIR)	Low and Moderate Income Housing Fund	154,744	35,284	6,733						15,000	74,295	58,725		154,744
15) Contract for Consulting Services	Guldenhausen/Turner/BB&K	Legal advice	Redevelopment Property Tax Trust Fund	36,000	12,000	2,000	2,000	2,000	2,000	2,000	2,000	13,000	13,000			36,000
16) Contract for Consulting Services	Guldenhausen/Turner/BB&K	Legal advice	Low and Moderate Income Housing Fund	9,000	3,000	500	500	500	500	500	500	3,250	3,250			9,000
17) Successor Agency Functions	City of Clayton	Expenses for Successor Agency operation	Redevelopment Property Tax Trust Fund	750,000	250,000	41,667	41,667	41,667	41,667	41,667	41,667	41,667	250,000	250,000		750,000
19) Section 33676 Payments	Comm College	Payments per former CRL 33676	Redevelopment Property Tax Trust Fund	132,789	44,263							44,263	44,263	44,263		132,789
20) Section 33676 Payments	Comm College	Payments per former CRL 33676	Low and Moderate Income Housing Fund	33,197	11,065							11,066	11,066	11,065		33,197
21) Section 33676 Payments	County Supd Schools	Payments per former CRL 33676	Redevelopment Property Tax Trust Fund	27,671	9,224							9,224	9,224	9,224		27,671
22) Section 33676 Payments	County Supd Schools	Payments per former CRL 33676	Low and Moderate Income Housing Fund	6,918	2,306							2,306	2,306	2,306		6,918
23) Section 33676 Payments	County Res Care	Payments per former CRL 33676	Redevelopment Property Tax Trust Fund	488	155							155	155	155		488
24) Section 33676 Payments	County Res Care	Payments per former CRL 33676	Low and Moderate Income Housing Fund	117	39							39	39	39		117
25) Section 33676 Payments	City of Clayton	Payments per former CRL 33676	Redevelopment Property Tax Trust Fund	174,250	58,083							58,083	58,083	58,083		174,250
26) Section 33676 Payments	City of Clayton	Payments per former CRL 33676	Low and Moderate Income Housing Fund	45,583	14,521							14,521	14,521	14,521		45,583
27) Section 33676 Payments	County	Payments per former CRL 33676	Redevelopment Property Tax Trust Fund	2,620,989	873,654							873,654	873,654	873,654		2,620,989
28) Pass Through Agreement	County	Payments per former CRL 33401	Low and Moderate Income Housing Fund	655,241	218,414							218,414	218,414	218,414		655,241
29) Pass Through Agreement	Flood Control Dist	Payments per former CRL 33401	Redevelopment Property Tax Trust Fund	5,283	1,754							1,754	1,754	1,754		5,283
30) Pass Through Agreement	Flood Control Dist	Payments per former CRL 33401	Low and Moderate Income Housing Fund	1,316	439							439	439	439		1,316
31) Pass Through Agreement	Library	Payments per former CRL 33401	Redevelopment Property Tax Trust Fund	209,530	69,843							69,843	69,843	69,843		209,530
32) Pass Through Agreement	Library	Payments per former CRL 33401	Low and Moderate Income Housing Fund	52,382	17,461							17,461	17,461	17,460		52,382
33) Pass Through Agreement	County Fire	Payments per former CRL 33401	Redevelopment Property Tax Trust Fund	375,260	126,087							126,087	126,087	126,086		375,260
34) Pass Through Agreement	County Fire	Payments per former CRL 33401	Low and Moderate Income Housing Fund	94,565	31,522							31,522	31,522	31,522		94,565
35) Pass Through Agreement	County	Payments per former CRL 33401/AB890	Redevelopment Property Tax Trust Fund	401,112	133,704							133,704	133,704	133,704		401,112
36) Pass Through Agreement	County	Payments per former CRL 33401/AB890	Low and Moderate Income Housing Fund	100,278	33,428							33,428	33,428	33,428		100,278
37) Statutory Payments	County	Property Tax Administration Fees	Redevelopment Property Tax Trust Fund	127,600	42,400							42,400	42,400	42,400		127,600
38) Statutory Payments	County	Property Tax Administration Fees	Low and Moderate Income Housing Fund	31,600	10,600							10,600	10,600	10,600		31,600
10688 - This Page				16,280,248	3,384,251	78,982	1,134,848	88,386	85,362	82,482	1,801,789	4,543,785	5,280,609	3,183,343		16,280,248

Final Draft  
8/26/2014

2nd RECOGNIZED OBLIGATION PAYMENT SCHEDULE  
Per ABX126 - Section 34167 and 34169

Project Name / Debt Obligation	Payee	Description	Funding Source	Total Outstanding Debt or Obligation	Total Due During Fiscal Year	7/1/2012						Total
						12/31/12						
						Payments by month						
						July	August	September	October	November	December	
1) RDA contractual subsidy entered on 10/1/2001	Diamond Terrace Investors	Loan - Final Anniversary disbursement	RDA Retirement Trust	200,000.00	200,000.00						200,000.00	\$ 200,000.00
2) 1996 Tax Allocation Bonds Series A	US Bank	Bonds issued to fund non-housing projects	RDA Retirement Trust	254,994.00	8,181.25		6,181.25					\$ 6,181.25
3) 1999 Tax Allocation Bonds	US Bank	Bonds issued to fund non-housing projects	RDA Retirement Trust	6,655,863.00	516,140.00		401,860.00					\$ 401,860.00
4) City Loan entered into on 8/17/1999	City of Clayton	Loan P & T on CCC's Fire Station Land	RDA Retirement Trust	475,000.00	78,375.00	78,375.00						\$ 78,375.00
5) City Loan entered into on 8/18/10	Clayton RDA LMI Housing	Loan for S.E.R.A.F. payment	RDA Retirement Trust	592,412.00	148,103.00	12,342.00	12,342.00	12,342.00				\$ 78,375.00
6) Contract for Consulting Services	Thales Consulting	RDA State Controller's Report 2010/11-2011/12	RDA Retirement Trust	5,400.00	1,800.00							\$ 74,052.00
7) Contract for Consulting Services	Cropper Accountancy	RDA Audit 2010-11-2011/12	RDA Retirement Trust	12,372.00	4,124.00							\$ 1,800.00
8) Contract for Consulting Services	NBS Local Gov't Solution	Arbitrage Reporting	RDA Retirement Trust	8,700.00	2,400.00							\$ 4,124.00
9) Contract for Consulting Services	US Bank	Paying Agent Fee	RDA Retirement Trust	16,885.00	5,385.00		1,200.00					\$ 1,800.00
10) Contract for Consulting Services	Ranney Planning	Housing Element Implementation	RDA Retirement Trust	154,744.00	147,360.00	37,350.00	10,000.00					\$ 4,124.00
11) Successor Agency Functions	City of Clayton	Legal advice	RDA Retirement Trust	45,000.00	15,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	10,000.00	\$ 2,400.00
12) Section 33676 Payments	Comm College	Expenses for Successor Agency operations	RDA Retirement Trust	750,000.00	250,000.00	20,833.00	20,833.00	20,833.00	20,833.00	20,833.00	16,000.00	\$ 87,350.00
13) Section 33676 Payments	County Supt Schools	Payments per former CRL 33676	RDA Retirement Trust	129,754.00	36,235.00	(19,094.00)						\$ 12,000.00
14) Section 33676 Payments	County Res Conty	Payments per former CRL 33676	RDA Retirement Trust	27,033.00	7,556.00	(3,974.00)						\$ 124,996.00
15) Section 33676 Payments	City of Clayton	Payments per former CRL 33676	RDA Retirement Trust	455.62	194.00							\$ (19,094.00)
16) Section 33676 Payments	County	Payments per former CRL 33676	RDA Retirement Trust	189,287.00	72,604.00							\$ (3,974.00)
17) Section 33676 Payments	Flood Control Dist	Payments per former CRL 33676	RDA Retirement Trust	2,416,572.00	1,092,068.00	(232,236.00)						\$ -
18) Pass Through Agreement	Library	Payments per former CRL 33401	RDA Retirement Trust	5,200.00	2,193.00							\$ -
19) Pass Through Agreement	County Fire	Payments per former CRL 33401	RDA Retirement Trust	244,284.00	87,304.00							\$ (232,236.00)
20) Pass Through Agreement	County	Payments per former CRL 33401/AB990	RDA Retirement Trust	373,707.00	187,609.00							\$ -
21) City Loan entered into on 2/18/2010	City of Clayton	2% Election payments per Section 33676	RDA Retirement Trust	498,184.00	(181,924.00)	(181,924.00)						\$ -
22) Statutory Payments	County	Property Tax Administrative Cost	RDA Retirement Trust	378,423.98	128,475.00	10,456.00	10,456.00	10,456.00	10,456.00	10,456.00	10,456.00	\$ (181,924.00)
23) Statutory Payments	County	Property Tax Administrative Cost	RDA Retirement Trust	108,000.00	0.00							\$ 62,738.00
<b>Totals</b>				\$ 13,515,301	\$ 2,794,152	\$ (249,948)	\$ 464,372	\$ 55,631	\$ 55,631	\$ 55,631	\$ 255,834	\$ 638,151.25

\* P & I Debt Retirement Schedule

RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS III)  
 January 1, 2013 through June 30, 2013

8/26/2014

Item #	Project Name / Debt Obligation	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2012-13	Funding Source					Six-Month Total	
									LMHF	Bond Proceeds	Reserve Balance	Admin Allowance	RPTIF		Other
	<b>Grand Total</b>						\$ 7,966,337.25	\$ 414,362.35	\$ 22,982.10	\$ -	\$ -	\$ 125,002.00	\$ 295,378.25	\$ -	\$ 414,362.35
1	1990 Tax Allocation Bonds Series A	11/01/1998	8/31/2020	US Bank	Bonds issued to fund non-housing projects	All	\$ 310,889.75	\$ 6,181.25					\$ 6,181.25		\$ 6,181.25
2	1990 Tax Allocation Bonds	01/15/1999	8/31/2024	US Bank	Bonds issued to fund non-housing projects	All	\$ 6,254,452.50	\$ 114,780.00					\$ 114,780.00		\$ 114,780.00
3	City Loan entered into on 5/18/90	5/18/2010	none	Successor Agency LHM Fund	Inter-loan for SERAF payment to State of CA	All	\$ 592,412.00	\$ 74,052.00					\$ 74,052.00		\$ 74,052.00
4	Contract for Consulting Services	11/1/1998	03/1/2024	US Bank	Paying Agent Fees	All	\$ 16,085.00	\$ 5,395.00					\$ 5,395.00		\$ 5,395.00
5	Contract for Consulting Services	2/1/2011/3/1/1984	none	Goldfarb & Lipman/BBPwiger	Legal Advice	All	\$ 30,500.00	\$ 3,000.00					\$ 3,000.00		\$ 3,000.00
6	Successor Agency Functions	none	none	City of Clayton	Expenses for Successor Agency Operation	All	\$ 825,002.00	\$ 125,002.00			\$ 125,002.00				\$ 125,002.00
7	Contract for Consulting Services	2/22/2011	none	Ranney Planning	Housing Element Implementation	All	\$ 22,982.10	\$ 22,982.10	\$ 22,982.10						\$ 22,982.10
8	Statutory Payments	none	none	Contra Costa County	Property Tax Administration Fees	All	\$ 106,000.00	\$ 93,000.00					\$ 93,000.00		\$ 93,000.00
9	Contract for Consulting Services	3/22/2010	none	Cropper Accountancy	Required Due Diligence Review	All	\$ 10,000.00	\$ 10,000.00					\$ 10,000.00		\$ 10,000.00
10															\$ -
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8/26/2014

City of Clayton  
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

Exhibit 4

Item #	Type of Asset	Legal Title and Description	Carrying Value of Asset	Total square footage	Square footage reserved for low-mod housing	Is the property encumbered by a low-mod housing covenant?	Source of low-mod housing covenant	Date of transfer to Housing Successor Agency	Construction or acquisition cost funded with Low-Mod Housing Fund monies	Construction or acquisition costs funded with other RDA funds	Construction or acquisition costs funded with non-RDA funds	Date of construction or acquisition by the former owner	Interest in real property (options to purchase, easement, etc.)
1	LMI Senior Rental Housing	APN 118-560-020 6401 Center Street	n/a	74,716	74,716	yes	CA Redev Law	1-Feb-12	\$4,036,000	n/a	n/a	2001-2002	subordinated deed of trust
2	LMI Disabled Persons Rental Housing	APN 118-031-055 1732 Kirker Pass Road	n/a	12,641	12,641	yes	CA Redev Law	1-Feb-12	\$567,000	n/a	n/a	1993	subordinated deed of trust
3	LMI Affordable Ownership Housing	APN 119-620-049 245 Stranahan Circle	n/a	1,663	1,663	yes	CA Redev Law	1-Feb-12	\$35,000	n/a	n/a	1995	repurchase option
4	LMI Affordable Ownership Housing	APN 119-620-036 274 Stranahan Circle	n/a	1,663	1,663	yes	CA Redev Law	1-Feb-12	\$257,000	n/a	n/a	1996/2006	repurchase option
5	LMI Affordable Ownership Housing	APN 119-620-007 212 Stranahan Circle	n/a	1,339	1,339	yes	CA Redev Law	1-Feb-12	\$35,000	n/a	n/a	1996	repurchase option
6	LMI Affordable Ownership Housing	APN 119-620-040 278 Stranahan Circle	n/a	1,663	1,663	yes	CA Redev Law	1-Feb-12	\$306,500	n/a	n/a	1996/2010	repurchase option
7	LMI Affordable Ownership Housing	APN 119-620-002 202 Stranahan Circle	n/a	1,650	1,650	yes	CA Redev Law	1-Feb-12	\$26,900	n/a	n/a	1996	repurchase option
8	LMI Affordable Ownership Housing	APN 119-620-008 214 Stranahan Circle	n/a	1,650	1,650	yes	CA Redev Law	1-Feb-12	\$23,350	n/a	n/a	1996	repurchase option
9	LMI Affordable Ownership Housing	APN 119-620-012 222 Stranahan Circle	n/a	1,650	1,650	yes	CA Redev Law	1-Feb-12	\$32,855	n/a	n/a	1996	repurchase option
10	LMI Affordable Ownership Housing	APN 119-620-033 264 Stranahan Circle	n/a	1,339	1,339	yes	CA Redev Law	1-Feb-12	\$35,000	n/a	n/a	1996	repurchase option
11	LMI Affordable Ownership Housing	APN 119-620-008 210 Stranahan Circle	n/a	1,663	1,663	yes	CA Redev Law	1-Feb-12	\$28,460	n/a	n/a	1996	repurchase option
12	LMI Affordable Ownership Housing	APN 119-620-041 280 Stranahan Circle	n/a	1,650	1,650	yes	CA Redev Law	1-Feb-12	\$202,000	n/a	n/a	1996/2009	repurchase option
13	LMI Affordable Ownership Housing	APN 119-620-001 206 Stranahan Circle	n/a	1,339	1,339	yes	CA Redev Law	1-Feb-12	\$35,000	n/a	n/a	1996	repurchase option
14	LMI Affordable Ownership Housing	APN 119-620-003 204 Stranahan Circle	n/a	1,663	1,663	yes	CA Redev Law	1-Feb-12	\$30,650	n/a	n/a	1996	repurchase option
15	LMI Affordable Ownership Housing	APN 119-620-042 282 Stranahan Circle	n/a	1,339	1,339	yes	CA Redev Law	1-Feb-12	\$18,300	n/a	n/a	1996	repurchase option
16	LMI Affordable Ownership Housing	APN 119-620-039 276 Stranahan Circle	n/a	1,650	1,650	yes	CA Redev Law	1-Feb-12	\$177,700	n/a	n/a	1996/2007	repurchase option
17	LMI Affordable Ownership Housing	APN 119-620-035 268 Stranahan Circle	n/a	1,361	1,361	yes	CA Redev Law	1-Feb-12	\$352,000	n/a	n/a	1996/2011	repurchase option
18	LMI Affordable Ownership Housing	APN 119-620-005 208 Stranahan Circle	n/a	1,650	1,650	yes	CA Redev Law	1-Feb-12	\$274,400	n/a	n/a	1996/2010	repurchase option
19	LMI Affordable Ownership Housing	APN 119-620-037 272 Stranahan Circle	n/a	1,650	1,650	yes	CA Redev Law	1-Feb-12	\$250,000	n/a	n/a	1996/2010	repurchase option
20	LMI Affordable Ownership Housing	APN 119-620-034 266 Stranahan Circle	n/a	1,663	1,663	yes	CA Redev Law	1-Feb-12	\$20,480	n/a	n/a	1996	repurchase option
21	LMI Affordable Ownership Housing	APN 118-410-046 1177 Shell Lane	n/a	1,355	1,355	yes	CA Redev Law	1-Feb-12	\$0	n/a	n/a	1984/2003	repurchase option
22	LMI Affordable Ownership Housing	APN 119-242-009 18 Clark Creek Circle	n/a	1,457	1,457	yes	CA Redev Law	1-Feb-12	\$0	n/a	n/a	1977/2003	repurchase option
23	LMI Affordable Ownership Housing	APN 118-232-031 21 Long Creek Circle	n/a	1,378	1,378	yes	CA Redev Law	1-Feb-12	\$0	n/a	n/a	1973/2006	repurchase option
24	LMI Affordable Ownership Housing	APN 119-242-016 9 Clark Creek Circle	n/a	1,050	1,050	yes	CA Redev Law	1-Feb-12	\$0	n/a	n/a	1977/2012	repurchase option

a) The City does not own any of the Real Property shown in Exhibit A; the City interest is related to the covenant terms. The City of Clayton notes that because of the somewhat redundant definitions of "Housing Assets" in Health and Safety Code Section 34176 et. seq., all assets and any relevant information included in Exhibit D "Loans/Grants" that also meet the definition of "Real Property" are hereby also includable in Exhibit A.

Note 1: For the ownership housing, the City has the first right of refusal to buy at Fair Market or equity sharing price per the covenant at time of sale; when sold the borrower will receive only the percentage of the appreciation as defined by the promissory noteowner; there is a restricted future maximum sales price;

Note 2: All properties allow the Clayton Redevelopment Agency - (the City of Clayton Successor Housing Agency) the right but not the obligation to consider purchase of the unit under the same terms.

Note 3: For 25 year foregivable has interest rate at 5% for first 10 years then -10% for next 15 years - therefore loan zeros out /no balance due /ie: forgiven after 25 years; the loans are also subordinate to the primary loan on the property

Note 4: For 45 year equity sharing - equity appreciation/resale price to the homebuyer, equity sharing with the Clayton Redevelopment Agency - ( Successor Housing Agency), requires any resale to be to an affordable income qualified homebuyer, and allows the Clayton Redevelopment Agency-(Successor Housing Agency) the right but not the obligation to consider purchase of the unit under the same terms.

Note 5: Even if loan prepaid, the restricted covenant for affordable ownership continues for any future resale continues forward for the term of the restricted covenant.

a/ Asset types may include low-mod housing, mixed-income housing, low-mod housing with commercial space, mixed-income housing with commercial space.

b/ May include California Redevelopment Law, tax credits, state bond indentures, and federal funds requirements.

Oversight Board of the Successor Agency for the Redevelopment Agency of the City of Clayton  
Low to Moderate Income Housing Fund  
Summary of Transfers from the RDA to the City of Clayton  
January 1, 2011 through January 31, 2012

Date	Description	Amount
2/28/2011	Administration allowance per adopted FY 2010-11 Budget (6 months ending 6/30/11)	\$ 62,500
2/28/2011	2% Election Payback from Project Fund #302 to City of Clayton (6 months ending 6/30/11)	12,548 *
11/30/2011	Administration allowance per adopted FY 2011-12 Budget (5 months ending 11/30/11)	52,083
11/30/2011	2% Election Payback from Project Fund #302 to City of Clayton (5 months ending 11/30/11)	10,456 *
12/31/2011	Administration allowance per adopted FY 2011-12 Budget (1 month ending 12/31/11)	10,417
12/31/2011	2% Election Payback from Project Fund #302 to City of Clayton (1 month ending 12/31/11)	2,091 *
<b>Total Transfers</b>		<b>\$ 150,095</b>

\*Repayment Agreement 25,095





Agenda Date: 10-9-2014

Agenda Item: 3b

# STAFF REPORT

**TO:** HONORABLE CHAIRMAN AND BOARD MEMBERS  
**FROM:** Kevin Mizuno, Finance Manager  
**MEETING DATE:** October 9, 2014  
**SUBJECT:** Consideration of Resolution 05-2014 Approving Report on the Due Diligence Review of the All Other Funds Due Diligence Review Report pursuant to AB 1484 (HSC 34179.5)

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## RECOMMENDATION

It is recommended the Oversight Board:

- Take any comments from the Public.
- Share Questions/Comments on the Due Diligence Review report
- Adopt Resolution 05-2014 approving the Due Diligence Review of the former Redevelopment Agency's Non Affordable Housing Funds presented for public comment at the September 26, 2014 meeting of the Oversight Board.

## BACKGROUND

On June 27, 2012, the Governor signed into law AB 1484 which modified the dissolution law affecting the winding down of redevelopment agencies throughout the State. As part of this new law, Due Diligence Reviews (DDRs) of the All Other (non-housing) Funds of the former Redevelopment Agency were required to be submitted to the Oversight Board, the County Auditor-Controller, the State Controller's Office and the Department of Finance (DOF) by October 1, 2012. The Oversight Board had until October 15, 2012 to review, approve, and transmit to the Department of Finance and County Auditor-Controller the determination of the amount of cash and cash equivalents that are available for disbursement to taxing entities.

The DOF reviews of the determinations provided by the Oversight Boards and any decision to overturn determinations made by the Oversight Board to authorize a Successor Agency to retain assets or funds will be conveyed to the Oversight Board and Successor Agency via a letter. Successor Agencies have five (5) days from receipt of the decisions to request a "meet and confer" meeting.

Due to staff health matters resulting in delays in preparation for and completing the City and Successor Agency's audited financial statements for fiscal years 2011-12 and 2012-13, the DDR was unable to be completed in a timely manner, and its completion was delayed until the

September 26, 2014 Oversight Board meeting. Fortunately, submittal of the DDR after the October 15, 2012 deadline does not carry any penalties or other sanctions by the State DOF beyond that the Successor Agency/Oversight Board cannot issue new debt. The City has not and does not have any new debt that it would issue and the 2014 refunding Tax Allocation Bonds issued by the Successor Agency on June 25, 2014 is not an issuance of new debt but rather a refunding (i.e. refinancing) of old debt to take advantage of more favorable interest rates.

On September 26, 2014, the Oversight Board for the Successor Agency of the Redevelopment Agency of the City of Clayton held a public comment session on the DDR as prescribed by AB 1484. There was no public comment on the DDR provided and there were no comments received by staff from County or State agencies.

## **DISCUSSION**

AB 1484 (HSC Section 34179.5) requires each Successor Agency to employ a licensed accountant, approved by the County Auditor-Controller and with experience and expertise in local government accounting, to conduct a DDR to determine the unobligated balances available for transfer to taxing entities. As an alternative, an audit provided by the County Auditor-Controller that provides the information required by this section may be used to comply with this section with the concurrence of the oversight board. Contra Costa County notified jurisdictions that it does not have the staffing to undertake such efforts and thus the local agencies were required to engage their own outside auditor.

The City of Clayton Successor Agency contracted the City's independent auditors (Cropper Accountancy Corp.) to perform the All Other Funds DDR. Once the fiscal year 2011-12 and 2012-13 financial statement audits were submitted to the City Council for acceptance on November 19, 2013 and February, 4, 2014 respectively, the auditors were able to focus their efforts on completing a draft of the All Other Funds DDR. The Oversight Board is now required to review, approve, and transmit to the DOF and County Auditor-Controller the determination of the amount of cash and cash equivalents that are available for disbursement to taxing entities based on the results of the independently prepared DDR.

While HSC Section 34179.6 allows the DOF to specify the form and manner in which information about the review shall be provided, no specific form will be required. However, every DDR submitted, at a minimum, must contain the following:

A cover page delineating whether the DDR was conducted by a licensed accountant or the County Auditor-Controller along with verification of approval or concurrence of the DDR by the appropriate entity. A summary addressing each of the six deliverables required, pursuant to HSC Section 34179.5 (c) (1) – (6). The document must include the following items:

- Independent Accountants Report on Applying Agreed Upon Procedures
- Procedures and Findings
- Condensed Financial Statement Comparison
- Summary of Available Balances

- Inventory of Assets Received- Loans/Grants Receivable

In summary, the All Other Funds DDR reports the following:

- Total all other (non-housing) assets transferred from the Redevelopment Agency to the Successor Agency on February 1, 2012 totaled **\$8,299,982**.
- The All Other Assets funds transferred a total of **\$275,000** to the City of Clayton for budgeted administrative services from the period January 1, 2011 through January 31, 2012.
- The Successor Agency transferred a total of **\$200,000** to the City of Clayton from the period February 1, 2012 through June 30, 2012. This transfer pertained to the Successor Agency's share of the \$250,000 in allowable administrative allowances pursuant to Health and Safety Code Section 34171(b). The remaining balance of \$50,000 was erroneously paid by the Successor Housing Agency to split the statutory limit of \$250,000. It was noted in the LMI DDR that the entire \$250,000 allowance should have been paid from the Successor Agency to the City, rather than being split between the Successor Agency and Successor Housing Agency.
- The All Other Assets Funds did not make any transfers to any other public agency or to private parties for the period from January 1, 2011 through January 31, 2012.
- The Successor Agency did not make any transfers to any other public agency or to private parties for the period from February 1, 2012 through June 30, 2012.
- The amount to be remitted to the County Auditor-Controller for transfer to other taxing agencies is **\$887,404**.

### FISCAL IMPACT

Local revenues resulted in cash funds set aside over the life of the former Redevelopment Agency of the City of Clayton for the purpose of providing financing for redevelopment projects to stimulate the local economy and eliminate blight. Based on AB 1x26 and AB 1484, these funds will be remitted to the County for distribution and reduce the State's payments to the local school district. As a result, \$887,404 in redevelopment projects will not be completed in the City of Clayton.

### CONCLUSION

Staff recommends that the Oversight Board:

- Take any comments from the Public.
- Share Questions/Comments on the attached Due Diligence Review report
- Adopt Resolution 05-2014 approving the Due Diligence Review of the former Redevelopment Agency's Non Affordable Housing Funds presented for public comment at the September 26, 2014 meeting of the Oversight Board.

Attachments:

Resolution 05-2014

Attachment A: Due Diligence Review Report – All Other Funds

**RESOLUTION NO. 05 - 2014**

**A RESOLUTION APPROVING AND ADOPTING THE  
REPORT ON THE DUE DILIGENCE REVIEW OF THE  
FORMER REDEVELOPMENT AGENCY'S NON  
AFFORDABLE HOUSING FUNDS PURSUANT TO  
CALIFORNIA HEALTH AND SAFETY CODE  
SECTION 34179.5**

**THE OVERSIGHT BOARD  
Successor Agency for the City of Clayton, California**

**WHEREAS**, Section 34179.5 of the Health and Safety Code requires the Successor Agency to the former Redevelopment Agency of the City of Clayton (Successor Agency), to employ a licensed accountant, approved by the County Auditor-Controller and with experience and expertise in local government accounting, to conduct a due diligence review of the former Redevelopment Agency's Non Affordable Housing Funds; and

**WHEREAS**, the due diligence review shall identify unobligated balances available for transfer to the other taxing agencies that share the ad valorem property taxes collected within the former Redevelopment Agency's Redevelopment project area; and

**WHEREAS**, the Successor Agency employed Cropper Accountancy Corporation to conduct the due diligence review, whose Report is attached hereto as Attachment A; and

**WHEREAS**, Section 34179.6 of the Health and Safety Code requires the Oversight Board to convene a public comment session at least five business days prior to voting on the Report, which public comment session was held at an Oversight Board meeting on September 26, 2014.

**NOW, THEREFORE, BE IT RESOLVED** that the Report on the Due Diligence Review of the former Redevelopment Agency's Non Affordable Housing Funds, attached hereto as Attachment A and incorporated herein by reference is hereby approved in compliance with Section 34179.6 of the Health and Safety Code.

**BE IT FURTHER RESOLVED** that the unobligated balance of \$887,404 identified in Attachment A shall be subject to transfer to the County Auditor-Controller and distribution to the other taxing agencies.

**AND BE IT FURTHER RESOLVED** that this Resolution shall and does take immediate effect upon its adoption.

**PASSED, APPROVED AND ADOPTED** by the Oversight Board for the Successor Agency of the City of Clayton, California at a regular public meeting thereof held on the 9<sup>th</sup> day of October 2014 by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

**THE OVERSIGHT BOARD FOR THE  
SUCCESSOR AGENCY FOR THE  
CITY OF CLAYTON, CA**

**ATTEST:**

\_\_\_\_\_  
Dan Richardson, Chair

\_\_\_\_\_  
Laura Hoffmeister, Clerk of the Board

**Attachment A:      Report on the Due Diligence Review**

Final Draft  
8/26/2014

ATTACHMENT A

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# **Department of Finance of the State of California**

**Due Diligence Review of the  
Redevelopment Agency of the City of Clayton  
(Dissolved Agency)  
All Other Funds Report**

***Independent Accountants' Report on Applying Agreed-Upon  
Procedures with respect to HSC Section 34179.5(c)(1)-(6)***

Final Draft  
8/26/2014

**REDEVELOPMENT AGENCY  
OF THE CITY OF CLAYTON (DISSOLVED AGENCY)  
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**INDEPENDENT ACCOUNTANTS' REPORT ON  
APPLYING AGREED-UPON PROCEDURES**

Oversight Board of the Successor Agency  
for the Redevelopment Agency of the City of Clayton  
(Dissolved Agency)  
Clayton, California

We have performed the agreed-upon procedures enumerated in Attachment A, which were agreed to by the California State Controller's Office and the Department of Finance to assist you in ensuring that the dissolved redevelopment agency is complying with its statutory requirements with respect to ABX1 26. Management of the successor agency and the county are responsible for the accounting records pertaining to statutory compliance pursuant to Health and Safety Code Sections 34179.5(c)(1) through 34179.5 (c )(3) and Sections 34179.5(c )(5) through 34179.5(c)(6) as it relates to the Housing Funds of the Successor Agency. 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 identified 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 as set forth in Attachments A, B, and C. 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 as to the appropriateness of the results summarized in Attachment A. 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, and applicable State agencies, 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.

**CROPPER ACCOUNTANCY CORPORATION**  
*Certified Public Accountants*

Walnut Creek, California  
July 23, 2014



PROCEDURE REQUESTED	RESULTS/FINDING BASED ON PERFORMANCE OF THE PROCEDURE REQUESTED	ATTACHMENT/ EXHIBIT
<p><i>CITATION</i></p> <p><i>34179.5(c)(1) The dollar value of assets transferred from the former redevelopment agency to the successor agency on or about February 1, 2012</i></p>		
<p>1. Obtain from the Successor Agency a listing of all assets that were transferred from the former redevelopment agency to the Successor Agency on 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.</p>	<p>All Other Funds Report - Per Attachment B the total assets at January 31, 2012 were \$0 after the extraordinary transfer of \$8,299,982 to the new Fiduciary Successor Agency Fund. The City of Clayton financial statements pages 22 and 23 show the 3 Redevelopment funds which also total this same amount. This transfer amount is also mentioned in the notes on page 57 of the City Financial Statements.</p> <p>As part of the Agreed Upon Procedures (AUP), the amounts are tied to the City and Successor Agency records.</p>	<p>Attachment B</p>
<p><i>CITATION</i></p> <p><i>34179.5(c)(2) The dollar value of assets and cash and cash equivalents transferred after January 1, 2011, through June 30, 2012 by the redevelopment agency or the successor agency to the city, county, or city and county that formed the redevelopment agency and the purpose of each transfer. The review shall provide documentation of any enforceable obligation that required the transfer.</i></p>		

<p>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. If this has not yet occurred, perform the following procedures:</p>	<p>No report was known to be performed.</p>	
<p>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.</p>	<p>Within this specified timeframe, the City's Redevelopment Agency transferred approximately \$375,380 to the City of Clayton General Fund. The detail of these transfers is outlined in Exhibit 2 prepared by the Successor Agency. Of this total, \$100,380 pertained to a legally executed agreement with the City of Clayton dated February 16, 2010 to repay 2% County Election funds that were erroneously paid from Contra Costa County to the former RDA rather than directly to the City of Clayton. The remaining amount, totaling \$275,000, pertained to administrative costs in accordance with the City Council adopted budgets for fiscal years 2010-11 and 2011-12, as the specified timeframe covers these two fiscal years.</p>	<p>Attachment C 2011 and 2012 Financial Statements  Exhibit 2</p>

<p>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.</p>	<p>Within this specified timeframe the City of Clayton Successor Agency only made one transfer to the City of Clayton. A transfer by the amount of \$200,000 was made on June 30, 2012 to the City General Fund as an administrative cost allowance pursuant to California Health and Safety Code Section 34171(b) as the City of Clayton employees perform all of the administrative functions of the Successor agency.</p>	
<p>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.</p>	<p>The transfers listed in Exhibit 2 pertaining to the 2% County Election error repayments were supported both by the terms of a legally executed agreement dated February 16, 2010 between the Redevelopment Agency and the City of Clayton, as well as the amounts adopted in the FY 2010-11 and FY 2011-12 City Council Adopted budgets. The total pertaining to this repayment agreement was \$100,380. All other transfers in Exhibit 2 pertained to administrative allowances that were not supported by a legally enforceable obligation.</p>	<p>Exhibit 2</p>

<p><b>CITATION</b></p> <p><i>34179.5(c)(3) The dollar value of assets and cash and cash equivalents transferred after January 1, 2011, through June 30, 2012 by the redevelopment agency or the successor agency to any other public agency or private party and the purpose of each transfer. The review shall provide documentation of any enforceable obligation that required the transfer.</i></p>		
<p>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. If this has not yet occurred, perform the following procedures:</p>	<p>No report was known to be performed.</p>	
<p>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.</p>	<p>All Other Funds Report - Reviewed the transfers for the period. Orally reviewed with client.</p> <p><u>For the period January 1, 2011 to January 31, 2012:</u> No transfers noted to other public agencies or private parties. There were transfers to RDA debt service for the purpose of paying the bond debt of the City.</p>	<p>Attachment B</p>

<p>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.</p>	<p>All Other Funds Report - Reviewed the transfers for the period. Orally reviewed with client.</p> <p><u>For the period February 1, 2012 to June 30, 2012:</u> No transfers noted to other public agencies or private parties. There were transfers to RDA debt service for the purpose of paying the bond debt of the City.</p>	<p>Attachment B</p>
<p>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.</p>	<p>Not applicable.</p>	
<p><i>CITATION</i></p> <p><i>34179.5(c)(4) The review shall provide expenditure and revenue accounting information and identify transfers and funding sources for the 2010–11 and 2011–12 fiscal years that reconciles balances, assets, and liabilities of the successor agency on June 30, 2012 to those reported to the Controller for the 2009–10 fiscal year.</i></p>		
<p>4. Perform the following procedures:</p>		

<p>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.</p>	<p>Obtained the Successor Agency general ledger for All Funds. See the Condensed Financial Statement. Comparison for fiscal 2010, 2011 and 2012 at Attachment B which were derived from audited data on a modified accrual basis.</p> <p>The long-term portion (not shown on the modified accrual basis) is \$6,811,899 at 1/31/12.</p> <p>Capital assets had a zero balance at 1/31/12.</p>	<p>Attachment B</p>
<p>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.</p>	<p>Reviewed the All Other Funds revenues, expenditures and transfers.</p> <p>Equity roll forwards were performed.</p>	<p>Attachment B</p>
<p>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.</p>	<p>Agreed state controllers reports to fiscal 2010 on a test basis.</p>	
<p>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.</p>	<p>Reviewed the All Other Funds trial balances by account number. Condensed each fund's trial balance and reconciled the roll forwards to audited numbers.</p> <p>Each balance sheet line item was traced to general ledger detail and other documentation as appropriate.</p>	

<p><b>CITATION</b></p> <p><i>34179.5(c)(5) A separate accounting for the balance for the Low and Moderate Income Housing Fund for all other funds and accounts combined shall be made as follows:</i></p> <p><i>(A) A statement of the total value of each fund as of June 30, 2012.</i></p>		
<p>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.</p>	<p>Reviewed the Low to Moderate Income Housing Fund (LMI) Report.</p> <p>LMI cash is \$5,422,247 and notes receivable is \$4,160,650 (see LMI report for detail), the only other asset is an interfund loan balance of \$592,412 related to the Supplemental Educational Education Revenue Augmentation Fund (SERAF) which is eliminated at June 30, 2012.</p>	<p>Exhibit 1</p>

<p><i>CITATION</i></p> <p><i>34179.5(c)(5)(B) An itemized statement listing any amounts that are legally restricted as to purpose and cannot be provided to taxing entities. This could include the proceeds of any bonds, grant funds, or funds provided by other governmental entities that place conditions on their use.</i></p>		
<p>6. Obtain from the Successor Agency a listing of asset balances held on June 30, 2012 that are restricted for the following purposes:</p>		



<p><b>A. Unspent bond proceeds:</b></p> <ul style="list-style-type: none"> <li><b>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.)</b></li> <li><b>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).</b></li> <li><b>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></li> </ul>	<p><b>Reviewed All Other Funds.</b></p> <p><b>Noted the All Other Funds on Exhibit 1 held \$925,006 which is set aside for debt service payments.</b></p> <p><b>There are no required computations. The cash is set aside for debt service.</b></p> <p><b>Completed.</b></p>	<p><b>Exhibit 1</b></p>
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<p><b>B. Grant proceeds and program income that are restricted by third parties:</b></p> <ul style="list-style-type: none"><li><b>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.)</b></li><li><b>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).</b></li><li><b>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></li></ul>	<p><b>Reviewed All Other Funds.</b></p> <p><b>Not applicable – there are no grant proceeds or program income restricted by third parties</b></p>	
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<p>C. Other assets considered to be legally restricted:</p> <ul style="list-style-type: none"> <li>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.)</li> <li>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).</li> <li>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.</li> </ul>	<p>Reviewed All Other Funds.</p> <p>Not applicable – there are no other assets considered to be legally restricted.</p>	
<p>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.</p>	<p>For All Other Funds:</p> <p>\$925,006 – This pertains to cash held with bond trustee in reserve fund in accordance with bond covenants and other cash held with trustee for debt service.</p>	<p>Exhibit 1</p>

<p><b>CITATION</b></p> <p><i>34179.5(c)(5)(C) An itemized statement of the values of any assets that are not cash or cash equivalents. This may include physical assets, land, records, and equipment. For the purpose of this accounting, physical assets may be valued at purchase cost or at any recently estimated market value. The statement shall list separately housing-related assets.</i></p>		
<p>7. Perform the following procedures:</p>		

<p>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.</p>	<p>Reviewed All Other Funds.</p> <p>\$196,073 – Loans to other funds. This amount is not cash but an adjustment by the City for reconciliation between the City Assessment Districts and the RDA.</p> <p>These assessment districts (AD) are used for the fiduciary funds – Oak Street AD and High Street AD.</p> <p>GASB 31 Allowance – Upon inspection of the general ledger records, it was noted that \$20,457 of the \$1,913,695 in cash and investments reported by the successor agency as of June 30, 2012 pertained to non-liquid GASB 31 (cost to market) value adjustments. These adjustments are required for financial reporting purposes only and are not considered readily available for distribution to taxing entities. This balance is subject to estimates and is adjusted either up or down annually as necessary. The accuracy of the GASB 31 calculations was considered as part of the City’s FY 2011-12 financial statement audit procedures noting no material exceptions.</p>	<p>Attachment B</p> <p>Exhibit 1</p>
<p>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.</p>	<p>Reviewed All Other Funds.</p> <p>This step not applicable.</p>	

<p>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.</p>	<p>Reviewed All Other Funds. Not applicable – no disposals in fiscal 2012</p>	
<p>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.</p>	<p>Reviewed All Other Funds. Not applicable.</p>	

<p><b>CITATION</b></p> <p><i>34179.5(c)(5)(D) An itemized listing of any current balances that are legally or contractually dedicated or restricted for the funding of an enforceable obligation that identifies the nature of the dedication or restriction and the specific enforceable obligation. In addition, the successor agency shall provide a listing of all approved enforceable obligations that includes a projection of annual spending requirements to satisfy each obligation and a projection of annual revenues available to fund those requirements. If a review finds that future revenues together with dedicated or restricted balances are insufficient to fund future obligations and thus retention of current balances is required, it shall identify the amount of current balances necessary for retention. The review shall also detail the projected property tax revenues and other general purpose revenues to be received by the successor agency, together with both the amount and timing of the bond debt service payments of the successor agency, for the period in which the oversight board anticipates the successor agency will have insufficient property tax revenue to pay the specified obligations.</i></p>		
<p>8. Perform the following procedures:</p>		

<p>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. <b>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.</b></p> <ol style="list-style-type: none"> <li>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.</li> <li>ii. Compare all current balances to the amounts reported in the accounting records of the Successor Agency or to an alternative computation</li> <li>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.</li> </ol>	<p>Reviewed All Other Funds.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Fire Station</td> <td style="text-align: right;">\$ 475,000</td> </tr> <tr> <td>2% Reelection</td> <td style="text-align: right;">501,899</td> </tr> <tr> <td>    Payback 7/1/2010 - 6/30/2011</td> <td style="text-align: right;">(125,475)</td> </tr> <tr> <td>    Payback 7/1/2011 -1/31/2012</td> <td style="text-align: right;"><u>(62,737)</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>\$ 788,687</u></td> </tr> </table> <p>In June 2013, the Successor Agency received \$828,915 in RPTTF payments for the period January 1, 2012 through December 31, 2012. Upon inspection of the ROPS I (January 1, 2012 through June 30, 2012) and the letter from the California Department of Finance to the Successor Agency dated May 31, 2012, we noted expenditures requested on the ROPS that were disallowed. Based upon inspection of the Successor Agency (fund 615) general ledger expenditure detail for the period February 1, 2012 through June 30, 2012 it was noted that a total of \$399,508 in expenditures were incurred for allowable purposes (pursuant to the ROPS I and May 31, 2012 DOF letter). As such, there was a remainder of \$429,407 from the June 2013 RPTTF distribution restricted for payments not yet incurred for the 5 month period ending June 30, 2012 and future ROPS II enforceable obligations.</p>	Fire Station	\$ 475,000	2% Reelection	501,899	Payback 7/1/2010 - 6/30/2011	(125,475)	Payback 7/1/2011 -1/31/2012	<u>(62,737)</u>		<u>\$ 788,687</u>	<p style="text-align: center;">Attachment C</p>
Fire Station	\$ 475,000											
2% Reelection	501,899											
Payback 7/1/2010 - 6/30/2011	(125,475)											
Payback 7/1/2011 -1/31/2012	<u>(62,737)</u>											
	<u>\$ 788,687</u>											



<p><b>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:</b></p> <ul style="list-style-type: none"> <li><b>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.</b></li> <li><b>ii. Compare the forecasted annual spending requirements to the legal document supporting each enforceable obligation.</b></li> </ul> <p><b>C. 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.</b></p>	<p><b>Reviewed All Funds.</b></p> <p><b>Management of the Successor Agency asserts that the 2% election repayment agreement (\$501,899) and the Firestation loan agreement (\$475,000) between the City of Clayton and the former RDA are legally enforceable obligations. Management further asserts that future ROPS funding will be insufficient to repay the balances of these agreements based on historical DOF rejections of amounts requested through the ROPS process. As noted in sections 2A of both the All Other Funds and LMI DDR reports, a total of \$125,475 (\$100,380 Non-housing and \$25,095 LMI) has been repaid from the former RDA pursuant to the FY 2011 and FY 2012 RDA adopted City budgets in the period January 1, 2011 through January 31, 2012. No payments have been made subsequent to this. After reducing the original 2% election agreement by repaid balances in the aforementioned "lookback period", the net unpaid balance of the 2% election agreement is reduced to \$376,424. As such, management asserts that a total of \$851,424 (\$475,000 plus \$376,424) is necessary to repay the balance of legally executed enforceable obligations between the former RDA and the City of Clayton. We agreed the terms of the 2% election repayment agreement and the Firestation note to legally executed documents between the City and Redevelopment Agency without exception.</b></p> <p><b>Compared forecast of payments to client documents within an immaterial amount.</b></p>	<p><b>Attachment B</b></p>
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<p>C.</p> <p>i. For the forecasted annual revenues:</p> <p>a. Obtain from the Successor Agency its assumptions for the forecasted annual revenues and disclose in the report major assumptions associated with the projections.</p>	<p>Client based revenue assumptions on previous years.</p>	
<p>D. 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.</p> <p>i. Compare the timing and amounts of bond debt service payments to the related bond debt service schedules in the bond agreement.</p> <p>ii. Obtain the assumptions for the forecasted property tax revenues and disclose major assumptions associated with the projections.</p> <p>iii. Obtain the assumptions for the forecasted other general purpose revenues and disclose major assumptions associated with the projections.</p>	<p>Reviewed All Funds.</p> <p>Not applicable.</p>	

<p>E. 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.</p> <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>iii. Include the calculation in the AUP report.</li> </ul>	<p>Reviewed All Other Funds.</p> <p>\$788,687</p>	
<p><b>CITATION</b></p> <p><i>34179.5(c)(5)(E) An itemized list and analysis of any amounts of current balances that are needed to satisfy obligations that will be placed on the Recognized Obligation Payment Schedules for the current fiscal year.</i></p>		

<p>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.</p>	<p>Reviewed All Other Funds.</p> <p>Not applicable.</p>	
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CITATION		
<p><i>34179.5(c)(6) The review shall total the net balances available after deducting the total amounts described in subparagraphs (B) to (E), inclusive, of paragraph (5). The review shall add any amounts that were transferred as identified in paragraphs (2) and (3) of subdivision (c) if an enforceable obligation to make that transfer did not exist. The resulting sum shall be available for allocation to affected taxing entities pursuant to Section 34179.6. It shall be a rebuttable presumption that cash and cash equivalent balances available to the successor agency are available and sufficient to disburse the amount determined in this paragraph to taxing entities. If the review finds that there are insufficient cash balances to transfer or that cash or cash equivalents are specifically obligated to the purposes described in subparagraphs (B), (D), and (E) of paragraph (5) in such amounts that there is insufficient cash to provide the full amount determined pursuant to this paragraph, that amount shall be demonstrated in an additional itemized schedule.</i></p>		

<p>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).</p>	<p>Reviewed All Other Funds.  See Attachment C for the All Other Funds.  Also see separate LMI DDR report for corresponding LMI Fund information.</p>	<p>Attachment C</p>
<p>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.</p>	<p>Reviewed All Other Funds.</p>	

Oversight Board of the Successor Agency  
for the Redevelopment Agency of the City of Clayton  
All Funds-LMI and All Other Funds  
Condensed Financial Statement Comparison

	Modified Accrual Basis			Fiduciary Successor Agency 5 Months Ended 6/30/2012
	All Funds	All Funds	All Funds	
	12 Months Ended 6/30/2010	12 Months Ended 6/30/2011	7 Months Ended 1/31/2012	
<b>Assets</b>				
Cash and cash equivalents	\$ 5,375,302	\$ 6,220,832	\$ 6,896,266	\$ 7,335,942
Accounts receivable	2,500	-	-	-
Interfund balance (loan)	-	-	-	196,073
Interest receivable	592,412	-	-	-
SERAF receivable	-	-	-	-
Notes receivable	4,190,728	4,266,430	4,205,030	4,160,650
Investment in bonds	151,000	138,000	-	-
<b>Restricted Assets</b>				
Debt service cash and cash with fiscal agent	1,109,988	1,076,021	1,771,200	925,006
Low/Moderate Income Housing cash and investments	-	-	-	-
Accrued interest receivable	-	-	-	-
<b>Total Assets</b>	<b>\$ 11,421,930</b>	<b>\$ 11,701,283</b>	<b>\$ 12,872,496</b>	<b>\$ 12,617,671</b>
<b>Liabilities</b>				
Accounts payable	\$ 5,249	\$ 4,231	\$ -	\$ 1,677
Accrued interest	-	-	146,353	106,284
Deposits payable	(584)	-	-	-
Due to the City of Clayton	-	442,769	-	-
Long term debt - current portion	-	-	-	280,000
Advance from the City of Clayton	592,412	976,899	976,899	976,899
<b>Noncurrent Liabilities</b>				
Deferred revenue	3,929,696	3,510,330	3,448,930	3,602,273
Long term debt, net of current portion	-	-	-	4,855,000
<b>Total Liabilities</b>	<b>\$ 4,526,773</b>	<b>\$ 4,934,229</b>	<b>\$ 4,572,182</b>	<b>\$ 9,822,133</b>
<b>Equity</b>				
Restricted	\$ 5,755,024	\$ 633,252	\$ 700,038	\$ -
Assigned	1,140,133	6,133,802	7,600,276	-
Held in trust for other governments	-	-	-	2,795,538
<b>Total Liabilities and Equity</b>	<b>\$ 6,895,157</b>	<b>\$ 6,767,054</b>	<b>\$ 8,300,314</b>	<b>\$ 2,795,538</b>
<b>Total Revenues:</b>	<b>\$ 5,435,966</b>	<b>\$ 5,420,911</b>	<b>\$ 2,892,660</b>	<b>\$ 906,117</b>
<b>Total Expenditures:</b>	<b>\$ 5,949,407</b>	<b>\$ 5,041,958</b>	<b>\$ 964,983</b>	<b>\$ 325,561</b>
<b>Extraordinary gain (loss)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,464,982</b>
<b>Total Transfers</b>	<b>\$ 283,523</b>	<b>\$ (525,475)</b>	<b>\$ (262,406)</b>	<b>\$ (250,000)</b>
<b>Net change in equity</b>	<b>\$ (229,918)</b>	<b>\$ (146,522)</b>	<b>\$ 1,665,271</b>	<b>\$ 2,795,538</b>
<b>Beginning Equity:</b>	<b>\$ 7,125,075</b>	<b>\$ 6,913,576 *</b>	<b>\$ 6,635,043 x</b>	<b>\$ -</b>
<b>Ending Equity:</b>	<b>\$ 6,895,157</b>	<b>\$ 6,767,054</b>	<b>\$ 8,300,314</b>	<b>\$ 2,795,538</b>

\* Prior period restatement to correct an error of \$18,419

x Prior period adjustment to correct an error of \$132,011

**Other Information (show year end balances for all three years presented):**

Capital assets as of end of year	-	-	-	n/a
Long-term debt as of end of year	9,115,000	7,421,899	6,811,899	5,135,000

**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)	\$ 3,034,774	EXHIBIT 1
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)	275,000	See 2A/2B-2011 See 2A/2B-2012
Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments (procedure 6) (cash with fiscal agent)	(925,006)	See 6C
Less assets that are not cash or cash equivalents (e.g., physical assets) - (procedure 7)	(196,076) (20,457)	See 7A GASB 31
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)	(429,407) (851,424)	See 8A See 8A/FS
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	<u>\$ 887,404</u>	

*Note that separate computations are required for the Low and Moderate Income Housing Fund held by the Successor Agency and for all other funds held by the Successor Agency.*

NOTES: For each line shown above, an exhibit should be attached showing the composition of the summarized amount.

If the review finds that there are insufficient funds available to provide the full amount due, the cause of the insufficiency should be demonstrated in a separate schedule.



Oversight Board of the Successor Agency  
for the Redevelopment Agency of the City of Clayton  
All Funds-LMI and All Other Funds  
June 30, 2012

	<u>LMI FUNDS</u>		<u>OTHER FUNDS</u>		<u>TOTAL LMI AND ALL OTHER FUNDS</u>
	<u>Low &amp; Moderate Income Housing</u>		<u>Other Funds</u>	<u>Eliminations</u>	
<b><u>ASSETS</u></b>					
Current assets:					
Cash and cash equivalents	\$ -		\$ 1,913,695	\$ -	\$ 1,913,695
LMI cash and investments	5,422,247		-	-	5,422,247
SERAF receivable (advance to of	592,412		-	(592,412)	-
Due from other funds	-		-	-	-
Total current assets	<u>6,014,659</u>		<u>1,913,695</u>	<u>(592,412)</u>	<u>7,335,942</u>
Noncurrent assets:					
Cash held with fiscal agents	-		925,006	-	925,006
Notes receivable	4,160,650		-	-	4,160,650
Loans to other funds	-		196,073	-	196,073
Total noncurrent assets	<u>4,160,650</u>		<u>1,121,079</u>	<u>-</u>	<u>5,281,729</u>
Total assets	<u>\$ 10,175,309</u>		<u>\$ 3,034,774</u>	<u>\$ (592,412)</u>	<u>\$ 12,617,671</u>
<b><u>LIABILITIES AND NET POSITION</u></b>					
<b><u>LIABILITIES</u></b>					
Current liabilities:					
Accounts payable	\$ 560		\$ 1,117	\$ -	\$ 1,677
Accrued interest payable	-		106,284	-	106,284
Due to the City of Clayton	-		976,899	-	976,899
Total current liabilities	<u>560</u>		<u>1,084,300</u>	<u>-</u>	<u>1,084,860</u>
Noncurrent liabilities:					
Deferred revenue	3,406,200		196,073	-	3,602,273
Long term debt	-		5,135,000	-	5,135,000
Advance from LMI fund	-		592,412	(592,412)	-
Total noncurrent liabilities	<u>3,406,200</u>		<u>5,923,485</u>	<u>(592,412)</u>	<u>8,737,273</u>
Total liabilities	<u>3,406,760</u>		<u>7,007,785</u>	<u>(592,412)</u>	<u>9,822,133</u>
<b><u>NET POSITION</u></b>					
Held in trust for other governmen	<u>6,768,549</u>		<u>(3,973,011)</u>	<u>-</u>	<u>2,795,538</u>
Total liabilities and net asset	<u>\$ 10,175,309</u>		<u>\$ 3,034,774</u>	<u>\$ (592,412)</u>	<u>\$ 12,617,671</u>

Oversight Board of the Successor Agency for the Redevelopment Agency of the City of Clayton  
All Other Funds  
Summary of Transfers from the RDA to the City of Clayton  
January 1, 2011 through January 31, 2012

<u>Date</u>	<u>Description</u>	<u>Amount</u>
2/28/2011	Administration allowance per adopted FY 2010-11 Budget (6 months ending 6/30/11)	\$ 137,500
2/28/2011	2% Election Payback from Project Fund #301 to City of Clayton (6 months ending 6/30/11)	50,190 *
11/30/2011	Administration allowance per adopted FY 2011-12 Budget (5 months ending 11/30/11)	114,583
11/30/2011	2% Election Payback from Project Fund #301 to City of Clayton (5 months ending 11/30/11)	41,825 *
12/31/2011	Administration allowance per adopted FY 2011-12 Budget (1 month ending 12/31/11)	22,917
12/31/2011	2% Election Payback from Project Fund #301 to City of Clayton (1 month ending 12/31/11)	8,365 *
<b>Total Transfers</b>		<b>\$ 375,380</b>

\* Repayment Agreement \$ 100,380