

RESOLUTION NO. OB-003 (2012)

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE DISSOLVED REDEVELOPMENT AGENCY OF THE CITY OF LAKEPORT, APPROVING THE REPORT ON THE DUE DILIGENCE REVIEW FOR THE NON-HOUSING FUNDS AND DETERMINING THE AMOUNT OF CASH AND CASH EQUIVALENTS THAT ARE AVAILABLE FOR DISBURSEMENT TO THE TAXING ENTITIES**

**WHEREAS**, Health and Safety Code Section 34179.5 requires the Successor Agency to the Dissolved Redevelopment Agency of the City of Lakeport (“Successor Agency”) to hire a licensed accountant, approved by the County Auditor-Controller, to conduct a Due Diligence Review to determine the unobligated balances available for transfer to taxing entities; and

**WHEREAS**, JJACPA, a California licensed public accounting firm, conducted a review of the non-housing funds of the former redevelopment agency to meet the requirements of Section 34179.5, and prepared a Report on that review; and

**WHEREAS**, pursuant to Health and Safety Code Section 34179.6(a), by December 15, 2012, the Successor Agency provided the Oversight Board, County Auditor-Controller, State Controller, and the Department of Finance, the results of the Due Diligence Review of the non-housing funds; and

**WHEREAS**, by January 15, 2013, for the non-housing funds, the Oversight Board reviewed, approved, and transmitted to the Department of Finance and the County Auditor-Controller the determination of the amount of cash and cash equivalents that are available for disbursement to taxing entities; and

**NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE DISSOLVED REDEVELOPMENT AGENCY OF THE CITY OF LAKEPORT DOES HEREBY RESOLVE AS FOLLOWS:**

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. CEQA Compliance. The action of the Oversight Board to approve the Report on the Due Diligence Review, authorize the Successor Agency to retain certain assets and funds, and determine the cash and cash equivalents that are available for disbursement to the taxing entities does not commit the Oversight Board to any action that may have a significant effect on the environment. As a result, such action does not constitute a project subject to the requirements of the California Environmental Quality Act.

Section 3. Approval of Retention of Assets and Funds. Following its review of the Report on the Due Diligence Review, and the public comments received during the public comment session held on the Due Diligence Review, and pursuant to Health and Safety Code

Section 34179.6(c), the Oversight Board hereby approves and authorizes the Successor Agency to retain those assets and funds identified in Exhibit A, attached hereto and incorporated herein by reference. The Oversight Board further approves the purposes for which those funds are being retained, as set forth in the attached Exhibit A.

Section 4. Determination of Cash and Cash Equivalents Available for Disbursement to Taxing Entities. The Oversight Board hereby approves the Report on the Due Diligence Review of the Successor Agency's non-housing funds, in substantially the form on file with the Secretary of the Oversight Board. Based on the information contained in the Report, and those assets and funds to be retained by the Successor Agency as set forth in Exhibit A, the Oversight Board hereby determines that the amount of cash and cash equivalents available for disbursement to the taxing entities is as set forth in the calculation attached hereto as Exhibit B and incorporated herein by reference.

Section 5. Submittal to Department of Finance. The Oversight Board hereby directs staff to submit to the Department of Finance and the County Auditor Controller a copy of the Report and the information on the cash and assets the Oversight Board has determined should be retained by the Successor Agency and the determination of the amount of cash and cash equivalents that are available for disbursement to taxing entities, as set forth in Exhibits A and B, attached hereto.

Section 6. Severability. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Oversight Board declares that the Oversight Board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

Section 7. Certification. The Deputy City Clerk of the City of Lakeport acting on behalf of the Oversight Board as its Secretary, shall certify to the adoption of this Resolution.

Section 8. Effective Date. Pursuant to Health and Safety Code Section 34179(h), all actions taken by the Oversight Board may be reviewed by the State of California Department of Finance, and, therefore, this Resolution shall not be effective for five (5) business days, pending a request for review by the State of California Department of Finance.

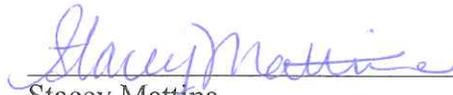
**PASSED, APPROVED AND ADOPTED** this 14<sup>th</sup> day of December, 2012 by the following vote:

AYES: Anthony Farrington, Brock Falkenberg, James Knox, Richard Knoll, Ken Wells,  
and Stacey Mattina

NOES: None

ABSENT: Mike Adams

ABSTAIN: None

  
Stacey Mattina  
Oversight Board Chairperson

ATTEST:

  
Kelly Buendia  
Deputy Oversight Board Secretary

**EXHIBIT A**

**LISTING OF ASSETS AND FUNDS TO BE RETAINED  
BY THE SUCCESSOR AGENCY**

**Assets:**

Cash and cash equivalents available - Schedule 3	\$ 728,498
Accounts receivable	389

**Liabilities:**

Accounts payable	\$ (2,283)	
Enforceable obligations as approved by DOF - current	(277,022)	
Debt service reserve as approved by Oversight Board and DOF	(165,000)	
Total balances needed for enforceable obligations	(444,305)	
July payment to Auditor-Controller	-	
Total restricted balances	(444,305)	
<b>Total cash required (deficit)</b>		<b>\$ 284,582</b>

<b>Per Approved ROPS:</b>	<b>Payee</b>	<b>Total Due 2012-13</b>
<b>ROPS Enforceable Obligations:</b>		
RPTTF #1	Various	27,563
RPTTF #2	Various	65,215
RPTTF #3	Various	97,714
RPTTF #4	Various	18,000
RPTTF #7	Various	10,000
RPTTF #8	Various	58,531
Debt service reserve established and approved by Oversight Board		165,000
	<b>Total</b>	<b>\$ 442,022</b>

**Monthly Amount needed to satisfy obligations:** 23,085

**Explanation for retention:**

In order to pay the enforceable obligations and the outstanding payable balances, the cash needs to be retained.

## EXHIBIT B

### 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 - Schedule 1)	\$ 1,053,598
Add the amount of any assets transferred to the City or other parties for which an enforceable obligation with a third party requiring such transfer and obligating the use of the transferred assets did not exist (Procedures 2 and 3)	-
Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments (Procedure 6 - Schedule 3)	(300,859)
Less assets that are not cash or cash equivalents (e.g., physical assets) (Procedure 7 - Schedule 1)	(23,852)
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)	-
Less balances needed to satisfy ROPS for the 2012-13 fiscal year (Procedure 9 - Schedule 4)	(444,305)
Less the amount of payments made on July 12, 2012, to the County Auditor-Controller as directed by the California Department of Finance (Procedure 10)	-
Amount to be remitted to County for disbursement to taxing entities	<u>\$ 284,582</u>

# CITY OF LAKEPORT

*Over 100 years of community  
pride, progress and service*



December 14, 2012

California Department of Finance  
Redevelopment Administration

Re: Redevelopment Non-Housing Asset Due Diligence Report

To whom it may concern:

Pursuant to AB 1484, please find attached the Due Diligence Report for the former Lakeport Redevelopment Agency non-housing assets. This due diligence was conducted by JJACPA, a licensed certified public accounting firm. The approval by the Lake County Auditor-Controller for use of JJACPA is attached also.

Each of the six deliverables identified in HSC Section 34179.5 (c) (1) – (6) have been considered and addressed in this report, if applicable.

Sincerely,

A handwritten signature in blue ink, appearing to read "D. Buffalo", is written over a faint circular stamp.

Daniel Buffalo  
Finance Director

Cc: Cathy Saderlund, Lake County Auditor-Controller  
California State Controller  
Stacey Mattina, Chair, Lakeport Redevelopment Agency Oversight Board

**From:** [Richard Ford](#)  
**To:** [Dan Buffalo](#)  
**Subject:** FW: JJACPA, Inc. - Auditor Review  
**Date:** Monday, August 13, 2012 8:29:48 AM

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Dan,

We have reviewed your request and the Auditor-Controller approves your selection of JJACPA, Inc. for the RDA successor agency.

Let me know if you have any questions.

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**From:** Cathy Saderlund  
**Sent:** Sunday, August 12, 2012 2:25 PM  
**To:** Richard Ford  
**Subject:** RE: JJACPA, Inc. - Auditor Review

Rich,  
Please notify the City of Lakeport know that you have reviewed their request and that the Auditor-Controller approves their selection of JJACPA for their RDA Successor Agency review due October 2, 2012.

*Thanks!*

*~Cathy*

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**From:** Richard Ford  
**Sent:** Friday, August 03, 2012 8:16 AM  
**To:** Cathy Saderlund  
**Subject:** JJACPA, Inc. - Auditor Review

Cathy,

Please find enclosed my research and opinion for JJACPA, Inc.:

**Background:**

JJACPA, Inc. is an accounting firm with experience working with numerous municipalities. JJACPA incorporated in December, 2008. The municipalities where JJACPA, Inc. has completed assignments are list as follows:

City of Citrus Heights  
City of Rocklin  
Rocklin Public Financing Authority  
Coastside County Water District  
Fair Oaks Water District  
City of Arcata  
City of Ceres  
City of Lakeport  
City of Lakeport Sanitation Authority  
San Benito County Council of Governments  
San Mateo County Library JPA  
Town of Corte Madera  
Sanitary District No. 2 of Marin County

JJACPA, Inc. experience with redevelopment agencies is as follows:

Citrus Heights Redevelopment Agency  
Rocklin Redevelopment Agency  
Arcata Community Development Agency  
Ceres Redevelopment Agency  
Stanislaus-Ceres Redevelopment Commission  
Lakeport Redevelopment Agency

**CPA License Status or Adverse actions:**

The CPA Licenses are clear for both the firm and partner for Joseph James Arch, CPA and JJACPA, INC.

**Negatives:**

No settlements or negative actions found

**Opinion:**

JJACPA, Inc. appears to have extensive experience working with municipalities with similarities to the City of Lakeport. No negative actions were found against the JJACPA, Inc. I could recommend this firm based on their prior experience with the City of Lakeport, as well as their municipal experience.

*Richard Ford, MBA*  
*Assistant Auditor/Controller*  
*County of Lake, CA*  
*(707)263-2313*

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY**  
**OF THE CITY OF LAKEPORT**  
**NON-HOUSING DUE DILIGENCE REPORT**

APPROVED BY OVERSIGHT BOARD ON

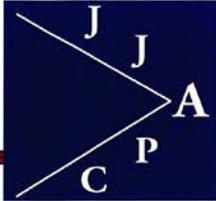
**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY  
OF THE CITY OF LAKEPORT  
Non-Housing Due Diligence Report**

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**JJACPA, Inc.**

A Professional Accounting Services Corp.

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County Auditor-Controller/Oversight Board of the Successor Agency  
Lake County/City of Lakeport, California

INDEPENDENT ACCOUNTANTS' REPORT ON  
APPLYING AGREED-UPON PROCEDURES

We have performed the minimum required agreed-upon procedures enumerated in Attachment A, which were agreed to by the California State Controller's Office, Department of Finance, the Lake County Auditor-Controller, and the California Society of CPAs, solely to assist you in ensuring that the dissolved redevelopment agency is complying with its statutory requirements with respect to AB1484. Management of the Successor Agency and the County are responsible for the accounting records pertaining to statutory compliance pursuant to Health and Safety Code Section 34179.5. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The scope of this engagement was limited to performing the minimum required agreed-upon procedures as set forth in Attachment A. Attachment A also identifies the findings noted as a result of the procedures performed.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion 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 Lake County Auditor-Controller, 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.

*JJACPA, Inc.*

Pleasanton, California

December 6, 2012

**Attachment A – Agreed Upon Procedures Engagement  
Pursuant to ABX1484, Community Redevelopment Dissolution**

**Due Diligence Review – Non-Housing**

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*Purpose: To establish each successor agency's assets available for distribution to affected agencies, amounts to be withheld by the successor agency for current recognized obligations, and to document and determine transfers from the former redevelopment agency and successor agency that met the criteria of recognized obligations. [Health and Safety Code section 34179.5]*

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.

**Results:** Net book value of assets transferred was \$964,730. See also Schedule 2, no exceptions noted.

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.

**Results:** No report has been completed by the State Controller's Office.

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

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

**Results:** Not applicable, no transfers for the period.

- 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.

**Results:** Not applicable, no transfers for the period.

- 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.

**Results:** Not applicable, no transfers for the period.

## Attachment A – Agreed Upon Procedures Engagement Pursuant to ABX1484, Community Redevelopment Dissolution

### Due Diligence Review – Non-Housing, Continued

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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.

**Results:** No report has been completed by the State Controller’s Office.

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

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

**Results:** Not applicable, no transfers for the period.

- 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.

**Results:** Not applicable, no transfers for the period.

- 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.

**Results:** Not applicable, no transfers for the period.

4. Perform the following procedures:

- A. Obtain from the Successor Agency a summary of the financial transactions of the Redevelopment Agency and the Successor Agency in the format set forth in the attached schedule for the fiscal periods indicated in the schedule. For the 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.

**Results:** See Schedule 2.

**Attachment A – Agreed Upon Procedures Engagement  
Pursuant to ABX1484, Community Redevelopment Dissolution**

**Due Diligence Review – Non-Housing, Continued**

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- 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.

**Results:** No discrepancies identified.

- C. Compare amounts in the schedule relevant to the fiscal year ending June 30, 2010, to the State Controller’s report filed for the Redevelopment Agency for that period.

**Results:** No discrepancies identified.

- 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.

**Results:** No discrepancies identified.

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.

**Results :** See Schedule 1, no discrepancies identified.

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

- A. Unspent bond proceeds:

- i. Obtain the Successor Agency’s computation of the restricted balances (e.g., total proceeds less eligible project expenditures, amounts set aside for debt service payments, etc.).
- ii. Trace individual components of this computation to related account balances in the accounting records or to other supporting documentation (specify in the AUP report a description of such documentation).

## **Attachment A – Agreed Upon Procedures Engagement Pursuant to ABX1484, Community Redevelopment Dissolution**

### **Due Diligence Review – Non-Housing, Continued**

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

**Results:** See Schedule 3

# Attachment A – Agreed Upon Procedures Engagement Pursuant to ABX1484, Community Redevelopment Dissolution

## Due Diligence Review – Non-Housing, Continued

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7. Perform the following procedures:

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

Method used (Purchase cost or Market value): Purchase cost

**Results:** See Schedule 1

- 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.

**Results:** No differences were noted

- 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.

**Results:** Not applicable, no differences were noted in 7(B).

- 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.

**Results:** Not applicable – purchase cost was used.

8. Perform the following procedures:

- A. If the Successor Agency believes that asset balances need to be retained to satisfy enforceable obligations, obtain from the Successor Agency an itemized schedule of asset balances (resources) as of June 30, 2012, that are dedicated or restricted for the funding of enforceable obligations and perform the following procedures. The schedule should identify the amount dedicated or restricted, the nature of the dedication or restriction, the specific enforceable obligation to which the dedication or restriction relates, and the language in the legal document that is associated with the enforceable obligation that specifies the dedication of existing asset balances toward payment of that obligation.

- i. Compare all information on the schedule to the legal documents that form the basis for the dedication or restriction of the resource balance in question.

## Attachment A – Agreed Upon Procedures Engagement Pursuant to ABX1484, Community Redevelopment Dissolution

### Due Diligence Review – Non-Housing, Continued

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- ii. Compare all current balances to the amounts reported in the accounting records of the Successor Agency or to an alternative computation.
- iii. Compare the specified enforceable obligations to those that were included in the final Recognized Obligation Payment Schedule approved by the California Department of Finance.
- iv. Attach as an exhibit to the report the listing obtained from the Successor Agency. Identify in the report any listed balances for which the Successor Agency was unable to provide appropriate restricting language in the legal document associated with the enforceable obligation.

**Results:** Not Applicable, Successor Agency does not believe that asset balances need to be retained to satisfy enforceable obligations.

- B. If the Successor Agency believes that future revenues together with balances dedicated or restricted to an enforceable obligation are insufficient to fund future obligation payments and thus retention of current balances is required, obtain from the Successor Agency a schedule of approved enforceable obligations that includes a projection of the annual spending requirements to satisfy each obligation and a projection of the annual revenues available to fund those requirements and perform the following procedures:
- i. Compare the enforceable obligations to those that were approved by the California Department of Finance. Procedures to accomplish this may include reviewing the letter from the California Department of Finance approving the Recognized Enforceable Obligation Payment Schedules for the six month period from January 1, 2012, through June 30, 2012, and for the six month period July 1, 2012, through December 31, 2012.
  - ii. Compare the forecasted annual spending requirements to the legal document supporting each enforceable obligation.
    - a. Obtain from the Successor Agency its assumptions relating to the forecasted annual spending requirements and disclose in the report major assumptions associated with the projections.
  - iii. For the forecasted annual revenues:
    - a. Obtain from the Successor Agency its assumptions for the forecasted annual revenues and disclose in the report major assumptions associated with the projections.

**Results:** Not Applicable, Successor Agency does not believe 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.

## Attachment A – Agreed Upon Procedures Engagement Pursuant to ABX1484, Community Redevelopment Dissolution

### Due Diligence Review – Non-Housing, Continued

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- C. If the Successor Agency believes that projected property tax revenues and other general purpose revenues to be received by the Successor Agency are insufficient to pay bond debt service payments (considering both the timing and amount of the related cash flows), obtain from the Successor Agency a schedule demonstrating this insufficiency and apply the following procedures to the information reflected in that schedule.
- i. Compare the timing and amounts of bond debt service payments to the related bond debt service schedules in the bond agreement.
  - ii. Obtain the assumptions for the forecasted property tax revenues and disclose major assumptions associated with the projections.
  - iii. Obtain the assumptions for the forecasted other general purpose revenues and disclose major assumptions associated with the projections.

**Results:** Not Applicable, Successor Agency does not believe 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).

- D. If procedures, A, B, or C were performed, calculate the amount of current unrestricted balances necessary for retention in order to meet the enforceable obligations by performing the following procedures:
- i. Combine the amount of identified current dedicated or restricted balances and the amount of forecasted annual revenues to arrive at the amount of total resources available to fund enforceable obligations.
  - ii. Reduce the amount of total resources available by the amount forecasted for the annual spending requirements. A negative result indicates the amount of current unrestricted balances that needs to be retained.
  - iii. Include the calculation in the AUP report.

**Results:** Not applicable, procedures A, B, or C did not need to be performed.

## **Attachment A – Agreed Upon Procedures Engagement Pursuant to ABX1484, Community Redevelopment Dissolution**

### **Due Diligence Review – Non-Housing, Continued**

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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.

**Results:** See Schedule 4.

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).

**Results:** See Schedule 5.

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.

**Results:** Obtained signed representation letter without exception taken.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY  
OF THE CITY OF LAKEPORT  
Non-Housing Asset Listing as of June 30, 2012**

**Schedule 1**

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**Assets:**

Cash and cash equivalents		\$ 1,029,357
Receivables:		
Interest receivable	\$ -	
Loans receivable	23,852	
Accounts receivable	389	
Total receivables		<u>24,241</u>
<b>Total assets</b>		<u><u>\$ 1,053,598</u></u>

Non-liquid assets:

Loans receivable:		
Mulhauser Façade Improvement	\$ 23,852	
	<u>\$ 23,852</u>	

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY  
OF THE CITY OF LAKEPORT**

**Schedule 2**

**Summary of Financial Transactions**

Non-Housing Funds

	Redevelopment Agency 12 Months Ended 6/30/2010	Redevelopment Agency 12 Months Ended 6/30/2011	Redevelopment Agency 7 Months Ended 1/31/2012	Successor Agency 5 Months Ended 6/30/2012
<b>Assets:</b>				
Cash and investments	\$ 3,537,488	\$ 745,478	\$ 314,821	\$ 728,498
Cash with fiscal agents - restricted	-	2,875,304	300,859	300,859
Accounts receivable	-	-	-	389
Interest receivable	-	189	189	-
Loans receivable	30,400	25,983	25,277	23,852
Taxes receivable	15,776	2,367	344,898	
Investment in land held for resale	407,964		-	
<b>Total assets</b>	<b>\$ 3,991,628</b>	<b>\$ 3,649,321</b>	<b>\$ 986,044</b>	<b>\$ 1,053,598</b>
<b>Liabilities:</b>				
Accounts payable	\$ 128,198	\$ 15,962	\$ 19,815	\$ 2,283
Accrued payroll liabilities	-	-	1,499	-
Due to Low/Moderate Housing	-	553,140	-	-
Deferred revenue	30,400	-		-
<b>Total liabilities</b>	<b>158,598</b>	<b>569,102</b>	<b>21,314</b>	<b>2,283</b>
<b>Equity</b>	<b>3,833,030</b>	<b>3,080,219</b>	<b>964,730</b>	<b>1,051,315</b>
<b>Total liabilities and equity</b>	<b>\$ 3,991,628</b>	<b>\$ 3,649,321</b>	<b>\$ 986,044</b>	<b>\$ 1,053,598</b>
<b>Total revenues</b>	<b>\$ 796,991</b>	<b>\$ 894,267</b>	<b>\$ 360,439</b>	<b>\$ 334,179</b>
<b>Total expenditures/expenses</b>	<b>(1,709,311)</b>	<b>(2,204,406)</b>	<b>(471,793)</b>	<b>(247,594)</b>
<b>Total transfers</b>	<b>-</b>	<b>-</b>	<b>(2,004,135)</b>	<b>964,730<sup>b</sup></b>
<b>Net change in equity</b>	<b>(912,320)</b>	<b>(1,310,139)</b>	<b>(2,115,489)</b>	<b>1,051,315</b>
<b>Beginning equity</b>	<b>4,745,350</b>	<b>4,390,358<sup>a</sup></b>	<b>3,080,219</b>	<b>-</b>
<b>Ending equity</b>	<b>\$ 3,833,030<sup>a</sup></b>	<b>\$ 3,080,219</b>	<b>\$ 964,730</b>	<b>\$ 1,051,315</b>

**Notes:**

a) Beginning equity was adjusted by a liability payable to the Low/Mod Housing Fund not reported in the 6/30/10 State Controller's Annual Report of Financial Transactions in the amount of \$557,328 and adjusted in the 6/30/10 audited financials for a similar amount in a consolidated total of \$579,149 as a prior period adjustment, the remaining variance of \$21,821 is the result of the change in the Low/Mod Housing Fund portion of the prior period adjustment.

b) Represents amount transferred from the former agency to the successor agency.

**Other Information:**

Capital assets as of end of year	\$ -	\$ -	\$ -	\$ -
Long-term debt as of end of year	5,460,000	5,410,000	5,360,000	5,360,000

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY  
OF THE CITY OF LAKEPORT  
Non-Housing Restricted Asset Listing as of June 30, 2012**

**Schedule 3**

**Assets:**

Cash and cash equivalents		\$ 1,029,357
Cash restricted for repayment of debt - bond proceeds	\$ (300,859)	
Taxes receivable		
Total restricted balances		(300,859)
<b>Total cash available</b>		<b>\$ 728,498</b>

**Nature of restriction:** Bond covenant  
**Specific enforceable obligation:** 2008 Tax Allocation Bonds  
**Language enforcing restriction:**

**Optional Redemption.** The 2008 Bonds maturing on or before September 1, 2017, are not subject to redemption prior to their respective stated maturities. The 2008 Bonds maturing on or after September 1, 2018, are subject to redemption prior to maturity, at the option of the Authority, in whole or in part among maturities on such basis as designated by the Authority and by lot within a maturity, from any available source of funds, on September 1, 2017, and on any date thereafter, at a redemption price (expressed as a percentage of the principal amount of Bonds to be redeemed) of par, together with accrued interest thereon to the date fixed for redemption.

**2008 Bonds Mandatory Sinking Fund Redemption.** The 2008 Bonds maturing on September 1, 2033 and on September 1, 2038 (the "Term 2008 Bonds") are subject to mandatory redemption in part by lot, at a redemption price equal to 100% of the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on September 1 in the respective years as set forth in the following table; provided, however, that if some but not all of the Term 2008 Bonds have been redeemed under the optional redemption provisions, the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of the Term 2008 Bonds so redeemed, to be allocated among such sinking fund payments on a pro rata basis in integral multiples of \$5,000 (as set forth in a schedule provided by the Agency to the Trustee).

**Term 2008 Bonds Maturing September 1, 2033**

1-Sep	Principal Amount
2029	160,000
2030	170,000
2031	175,000
2032	185,000
2033 (Maturity)	195,000

**Term 2008 Bonds Maturing September 1, 2038**

1-Sep	Principal Amount
2034	205,000
2035	215,000
2036	300,000
2037	320,000
2038 (Maturity)	335,000

**Period of time restriction remains in effect:** On or after September 1, 2018 when funds are available for redemption or until all funds are exhausted.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY  
OF THE CITY OF LAKEPORT**  
SCHEDULE OF CASH BALANCE RETENTION  
NON-HOUSING FUNDS

**Schedule 4**

<b>Assets:</b>			
Cash and cash equivalents available - Schedule 3		\$	728,498
Accounts receivable			389
<b>Liabilities:</b>			
Accounts payable		\$	(2,283)
Enforceable obligations as approved by DOF - current			(277,022)
Debt service reserve as approved by Oversight Board and DOF			(165,000)
Total balances needed for enforceable obligations			<u>(444,305)</u>
July payment to Auditor-Controller			-
Total restricted balances			<u>(444,305)</u>
<b>Total cash required (deficit)</b>		<b>\$</b>	<b><u>284,582</u></b>

<b>Per Approved ROPS:</b>	<b>Payee</b>	<b>Total Due 2012-13</b>
ROPS Enforceable Obligations:		
RPTTF #1	Various	27,563
RPTTF #2	Various	65,215
RPTTF #3	Various	97,714
RPTTF #4	Various	18,000
RPTTF #7	Various	10,000
RPTTF #8	Various	58,531
Debt service reserve established and approved by Oversight Board		<u>165,000</u>
	<b>Total</b>	<b>\$ 442,022</b>

**Monthly Amount needed to satisfy obligations:** 23,085

**Explanation for retention:**

In order to pay the enforceable obligations and the outstanding payable balances, the cash needs to be retained.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY  
OF THE CITY OF LAKEPORT**

**Schedule 5**

**SUMMARY OF BALANCES AVAILABLE FOR ALLOCATION TO AFFECTED TAXING ENTITIES**

Non-Housing Funds

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Total amount of assets held by the successor agency as of June 30, 2012 (Procedure 5 - Schedule 1)	\$ 1,053,598
Add the amount of any assets transferred to the City or other parties for which an enforceable obligation with a third party requiring such transfer and obligating the use of the transferred assets did not exist (Procedures 2 and 3)	-
Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments (Procedure 6 - Schedule 3)	(300,859)
Less assets that are not cash or cash equivalents (e.g., physical assets) (Procedure 7 - Schedule 1)	(23,852)
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)	-
Less balances needed to satisfy ROPS for the 2012-13 fiscal year (Procedure 9 - Schedule 4)	(444,305)
Less the amount of payments made on July 12, 2012, to the County Auditor-Controller as directed by the California Department of Finance (Procedure 10)	-
Amount to be remitted to County for disbursement to taxing entities	<u>\$ 284,582</u>