

**CLOVERDALE COMMUNITY DEVELOPMENT SUCCESSOR AGENCY  
RESOLUTION NO. SA 005 -2012**

**A RESOLUTION OF THE CLOVERDALE COMMUNITY DEVELOPMENT SUCCESSOR AGENCY ACCEPTING  
THE DUE DILIGENCE REVIEW OF THE NON-HOUSING FUNDS AND ACCOUNTS PURSUANT TO HEALTH  
AND SAFETY CODE SECTION 34179.5**

**WHEREAS**, Assembly Bill ABx1 26 (ABx1 26) was enacted by the State Legislature and signed by the Governor as of June 29, 2011; and

**WHEREAS**, ABx1 26 dissolved redevelopment agencies, including the former Cloverdale Community Development Agency (CCDA), effective February 1, 2012; and

**WHEREAS**, pursuant to California Health and Safety Code § 34173(d), the City of Cloverdale elected to serve as the successor agency to the CCDA by City Council Resolution No. 003-2012 adopted on January 11, 2012, and has been serving in this capacity following CCDA dissolution on February 1, 2012; and

**WHEREAS**, on June 27, 2012, the governor signed AB 1484, a budget trailer bill that made substantial amendments and additions to ABx1 26, the redevelopment dissolution bill. Among other things, AB 1484 added Health and Safety Code Section 34173(g), which provides that a successor agency to a redevelopment agency is a separate public entity from the sponsoring jurisdiction; and

**WHEREAS**, on July 11, 2012, Resolution No. SA 001-2012 was approved, establishing the Cloverdale Community Development Successor Agency (Successor Agency), designating officers, and adopting administrative, governance and operating rules for the Successor Agency; and

**WHEREAS**, California Health and Safety Code § 34179.5 requires each successor agency to employ a licensed accountant, approved by the county auditor-controller, to conduct a due diligence review to determine the unobligated balances in the non- Low and Moderate Income Housing funds and accounts of its former redevelopment agency that are available for transfer to taxing entities; and

**WHEREAS**, the Successor Agency has contracted with Pun & McGeady, LLP, Certified Public Accountants, to complete such due diligence review; and

**WHEREAS**, the Sonoma County Auditor-Controller has approved Pun & McGeady, LLP for the purpose of undertaking such due diligence review; and

**WHEREAS**, the Successor Agency has reviewed the results of the due diligence review.

**NOW, THEREFORE, BE IT RESOLVED** by the Cloverdale Community Development Successor Agency that it hereby:

1. Finds that the Recitals set forth above are true and correct, and are incorporated herein by reference.
2. Accepts the due diligence review of the former CCDA non-Low and Moderate Income Housing funds and accounts attached to and made a part of this Resolution as performed by Pun & McGeady, LLP
3. Directs the Executive Director of the Successor Agency, or her designee, to transmit a copy of the due diligence review to the Oversight Board, the County Auditor-Controller, the State Controller and the Department of Finance pursuant to Section 34179.6.

It is hereby certified that the foregoing Resolution No. SA005 -2012 was duly introduced and adopted by the Cloverdale Community Development Successor Agency at a regular meeting held on the 12<sup>th</sup> day of December, 2012, by the following voice vote: (4-ayes, 0-noes, 1-abstain)

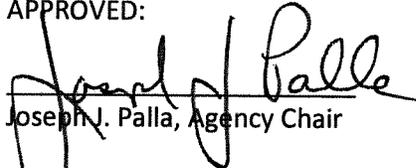
AYES in favor: Mayor Palla, Vice Mayor Russell, Councilmember Cox, Councilmember Maacks

NOES:

ABSENT:

ABSTAIN: Councilmember Brigham

APPROVED:

  
\_\_\_\_\_  
Joseph J. Palla, Agency Chair

ATTESTED:

  
\_\_\_\_\_  
Roberto J. Bartoli, Jr., Acting Secretary

2013288.1

**Cloverdale  
Community Development  
Successor Agency**  
Cloverdale, California

*Independent Accountant's Report on  
Applying Agreed-Upon Procedures relating to  
the Due Diligence Review in accordance with AB 1484  
applied to the Successor Agency*

*For the year ended June 30, 2012*



**PUN & McGEADY** LLP  
Certified Public Accountants and Business Advisors



**Cloverdale  
Community Development  
Successor Agency**

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Oversight Board of the  
Cloverdale Community Development Successor Agency  
Cloverdale, California

We have performed the required agreed-upon procedures ("AUP") enumerated in Attachment A, which were agreed to by the California State Controller's Office and the California State Department of Finance, solely to assist the Oversight Board of the Cloverdale Community Development Successor Agency ("Successor Agency") that the dissolved Cloverdale Community Development Agency ("Agency") of the City of Cloverdale, California ("City") is complying with its statutory requirements with respect to Assembly Bill ("AB") 1484. Management of the City is responsible for the accounting records pertaining to statutory compliance pursuant to California Health and Safety Code section 34179.5(c)(1) through 34179.5(c)(6).

These procedures applied to all other remaining funds of the Successor Agency and not to the Successor Agency as a whole. The procedures applied to the Low and Moderate Income Housing Fund were completed and have issued our report thereon dated November 13, 2012.

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.

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 financial information summarized in Exhibits, as listed in the table of contents. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Successor Agency, the City of Cloverdale, the Sonoma County Auditor-Controller, the California State Department of Finance, and the California State Controller's Office, 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.

*Pun & McGeady LLP*

Irvine, California  
January 10, 2013

**ATTACHMENT A - AGREED-UPON PROCEDURES AND RESULTS**

**Citation:**

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.*

**Procedures Performed:**

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:**

Reviewed trial balance reports and journal entries and noted all assets were transferred from the former redevelopment agency to the Successor Agency effective February 1, 2012 as journal entries were posted after February 1, 2012 therefore made retroactive to February 1, 2012. Also noted new funds were created to account for assets and liabilities of the Successor Agency upon RDA dissolution.

See below for the listing obtained from the Successor Agency of all assets that were transferred from the former redevelopment agency to the Successor Agency on February 1, 2012.

<b>ASSETS</b>	
Cash and investments	\$ 53,160
Receivables:	
Notes	30,176
Loans	64,595
<b>Total Assets</b>	<b>\$ 147,931</b>
Receivables:	
Notes	
Theatre rehabilitation	\$ 30,176
Loans	
Performing art	40,000
Construction projects	24,595
<b>Total loans receivable</b>	<b>64,595</b>
<b>Total receivables</b>	<b>\$ 94,771</b>

**Citation:**

*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.*

**Procedures Performed:**

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:
  - 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.
  - 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.
  - 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:**

The State Controller's Office has not completed its review of transfers required under California Health and Safety Code Sections 34167.5 and 34178.8. However, there were no transfers 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 June 30, 2012. Therefore, these procedures are not applicable.

**Citation:**

*34179.5(c)(3) The dollar value of any cash or 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.*

**Procedures Performed:**

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:
  - 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.
  - 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.
  - 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:**

The State Controller's Office has not completed its review of transfers required under California Health and Safety Code Sections 34167.5 and 34178.8. However, there were no transfers from the former redevelopment agency to any other public agency or to private parties for the period from January 1, 2011 through June 30, 2012. Therefore, these procedures are not applicable.

**Citation:**

*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.*

**Procedures Performed:**

4. Perform the following procedures:

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

**Results:**

See Exhibit A for the summary obtained from the Successor Agency 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.

**Citation:**

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:*

(A) *A statement of the total value of each fund as of June 30, 2012*

**Procedures Performed:**

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 below for the listing obtained from the Successor Agency 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.

<b>ASSETS</b>		
Cash and investments		\$ 667,453
Receivables:		
Notes		30,176
Loans		67,530
<b>Total Assets</b>		<u><u>\$ 765,159</u></u>
<b>Receivables:</b>		
<b>Notes</b>		
Theatre rehabilitation		<u>\$ 30,176</u>
<b>Loans</b>		
Performing art		40,000
Construction projects		27,530
<b>Total loans receivable</b>		<u>67,530</u>
<b>Total receivables</b>		<u><u>\$ 97,706</u></u>

**Citation:**

*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.*

**Procedures Performed:**

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:
    1. 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.)
    2. 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).
    3. 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.

**Results:**

There were no unspent bond proceeds at June 30, 2012. Therefore, these procedures are not applicable.

- B. Grant proceeds and program income that are restricted by third parties:
  - i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).
  - ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
  - iii. Obtain from the Successor Agency a copy of the grant agreement that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.

**Results:**

There were no grant proceeds or program income that is restricted by third parties at June 30, 2012. Therefore, these procedures are not applicable.

C. Other assets considered to be legally restricted:

- i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).
- ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
- iii. Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by Successor the Agency as restricted.

**Results:**

There are no other assets considered to be legally restricted at June 30, 2012. Therefore, these procedures are not applicable.

- 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:**

There are no restricted assets held on June 30, 2012. Therefore, these procedures are not applicable.

**Citation:**

*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.*

**Procedures Performed:**

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.

**Results:**

The listing included the following:

- Notes receivable of \$30,176 for rehabilitation of a community theatre to provide benefits.
- Loans receivable of \$40,000 from the Cloverdale Performing Arts Center to support purchase and development of a performing arts center at 209 N. Cloverdale Boulevard.
- Loans receivable of \$27,530 for costs associated with construction of improvements associated with the Sandholm Road Project and accepting right-of-way for the project.
- Capital assets of \$39,438, which consisted of the Agency's share of a computer and software purchased in 2001 (\$21,333) and a security camera system purchased in 2006 (\$18,105). They both had a useful life of five years and were fully depreciated as of June 30, 2012.

Reviewed supporting documentation and noted they are not available for distribution as they are not due within a reasonable period of time therefore not deemed liquid within the meaning of California Health and Safety Code section 34179.5(c)(5)(C).

See below for the listing obtained from the Successor Agency of assets as of June 30, 2012 that are not liquid or otherwise available for distribution.

Receivables:

Notes		
Theatre rehabilitation	\$	30,176
Loans		
Performing art		40,000
Construction projects		27,530
Total receivables		<u>97,706</u>
<b>Assets that are not cash or cash equivalents</b>	<b>\$</b>	<b><u>97,706</u></b>

- 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:**

Noted no differences.

- C. For any differences noted in 7(B), inspect evidence of disposal of the asset and ascertain that the proceeds were deposited into the Successor Agency trust fund. If the differences are due to additions (this generally is not expected to occur), inspect the supporting documentation and note the circumstances.

**Results:**

Noted no differences.

- 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:**

The assets listed at 7(A) are listed at actual cost.

**Citation:**

*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.*

**Procedures Performed:**

8. Perform the following procedures:

- A. If the Successor Agency believes that asset balances need to be retained to satisfy enforceable obligations, obtain from the Successor Agency an itemized schedule of asset balances (resources) as of June 30, 2012 that are dedicated or restricted for the funding of enforceable obligations and perform the following procedures. The schedule should identify the amount dedicated or restricted, the nature of the dedication or restriction, the specific enforceable obligation to which the dedication or restriction relates, and the language in the legal document that is associated with the enforceable obligation that specifies the dedication of existing asset balances toward payment of that obligation.
  - i. Compare all information on the schedule to the legal documents that form the basis for the dedication or restriction of the resource balance in question.
  - ii. Compare all current balances to the amounts reported in the accounting records of the Successor Agency or to an alternative computation.
  - iii. Compare the specified enforceable obligations to those that were included in the final Recognized Obligation Payment Schedule approved by the California Department of Finance.
  - iv. Attached 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:**

The 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:**

The Successor Agency believes that future revenues together with balances dedicated or restricted to an enforceable obligation are sufficient to fund future obligation payments and thus retention of current balances is not required.

- 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:**

The 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.

- 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:**

Since procedures A, B, or C were not performed, this procedure is not applicable.

**Citation:**

*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.*

**Procedures Performed:**

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:**

The Successor Agency does not believe that cash balances as of June 30, 2012 need to be retained to satisfy obligations on the Recognized Obligation Payment Schedules (ROPS) for the period of July 1, 2012 through June 30, 2013. However, the Successor Agency received a payment of \$885,462 on June 1, 2012 from the Sonoma County Auditor-Controller's Office for ROPS for the period of July 1, 2012 to December 31, 2012, of which \$651,631 was part of the cash balance as of June 30, 2012.

Payment received for ROPS II on June 1	\$	885,462
Less: transferred out to the Low and Moderate Income Housing Fund		<u>(233,831)</u>
<b>Balances needed to satisfy ROPS for the 2012-13 fiscal year</b>	<b>\$</b>	<b><u>651,631</u></b>

**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.*

**Procedures Performed:**

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 Exhibit B for schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Entities.

**Management Representation Letter**

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:**

See Exhibit C for Management Representation Letter.

## **EXHIBITS**

### **Exhibit A**

Summary of Financial Transactions

### **Exhibit B**

Summary of Balances Available for Allocation

### **Exhibit C**

Management Representation Letter

**Cloverdale Community Development Successor Agency  
All Other Funds of the Successor Agency  
Agreed Upon Procedures – AB 1484  
For the year ended June 30, 2012**

**EXHIBIT A  
Summary of Financial Transactions**

	Redevelopment Agency			Successor Agency
	12 Months Ended	12 Months Ended	7 Months Ended	5 Months Ended
	6/30/2010	6/30/2011	1/31/2012	6/30/2012
<b>ASSETS</b>				
Cash and investments	\$ 8,226,373	\$ 1,127,345	\$ 571,905	\$ 667,453
Receivables:				
Accounts	13,132	40,815	24,595	27,530
Notes	30,176	30,176	30,176	30,176
Loans	250,000	290,000	290,000	40,000
<b>Total Assets</b>	<b>\$ 8,519,681</b>	<b>\$ 1,488,336</b>	<b>\$ 916,676</b>	<b>\$ 765,159</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 135,106	\$ 42,255	\$ 3,008	\$ 41,654
Accrued expenses	18,450	25,946	-	5,086
Deferred revenue	250,000	250,000	250,051	-
<b>Total Liabilities</b>	<b>403,556</b>	<b>318,201</b>	<b>253,059</b>	<b>46,740</b>
<b>Total Fund Balances</b>	<b>8,116,125</b>	<b>1,170,135</b>	<b>663,617</b>	<b>718,419</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 8,519,681</b>	<b>\$ 1,488,336</b>	<b>\$ 916,676</b>	<b>\$ 765,159</b>
Total Revenues	\$ 2,818,182	\$ 2,221,315	\$ 1,068,834	\$ 896,741
Total Expenditures	(7,496,383)	(2,986,990)	(1,447,007)	(610,789)
OTHER FINANCING SOURCES (USES)	33,134	(6,180,315)	(128,345)	188,525
NET CHANGE IN FUND BALANCES	(4,645,067)	(6,945,990)	(506,518)	54,802
BEGINNING FUND BALANCES (DEFICIT)	12,761,192	8,116,125	1,170,135	663,617
ENDING FUND BALANCES (DEFICIT)	<b>\$ 8,116,125</b>	<b>\$ 1,170,135</b>	<b>\$ 663,617</b>	<b>\$ 718,419</b>

Other Information (show year end balances for all four periods presented):

Capital assets as of end of year	\$ 5,706,410	\$ -	\$ -	\$ -
Long-term debt as of end of year	\$ 30,177,835	\$ 29,849,407	\$ 24,302,131	\$ 24,302,131

Notes:

- Financial statements of the Cloverdale Community Development Agency for the years ended June 30, 2010, 2011, and 2012 have not been audited.
- The state controller's reports for the years ended June 30, 2010 and 2011 were not filed for the Cloverdale Community Development Agency.

**Cloverdale Community Development Successor Agency  
All Other Funds of the Successor Agency  
Agreed Upon Procedures - AB 1484  
For the year ended June 30, 2012**

**EXHIBIT B  
Summary of Balances Available for Allocation**

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

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Total amount of assets held by the successor agency as of June 30, 2012 (procedure 5)	\$	765,159
Add the amount of any assets transferred to the city or other parties for which an enforceable obligation with a third party requiring such transfer and obligating the use of the transferred assets did not exist (procedures 2 and 3)		-
Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments (procedure 6)		-
Less assets that are not cash or cash equivalents (e.g., physical assets) - (procedure 7)		(97,706)
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)		<u>(651,631)</u>
Amount to be remitted to county for disbursement to taxing entities	\$	<u>15,822</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.

**Cloverdale Community Development Successor Agency  
All Other Funds of the Successor Agency  
Agreed Upon Procedures - AB 1484  
For the year ended June 30, 2012**

**EXHIBIT C  
Management Representation Letter**



Pun & McGeedy LLP  
9 Corporate Park, Suite 130  
Irvine, California 92606

In connection with your engagement to apply agreed-upon procedures relating to the Successor Agency Due Diligence Review as of June 30, 2012, which were agreed to by the California State Controller's Office and the California State Department of Finance, solely to assist us in ensuring that our dissolved redevelopment agency is complying with its statutory requirements with respect to Assembly Bill ("AB") 1484 and we confirm to the best of our knowledge and belief, the following representations made to you during your engagement.

1. The Successor Agency to the Cloverdale Community Development Agency ("Successor Agency") is responsible for compliance with California Health and Safety Code (HSC) Section 34179.5.
2. We are responsible for adherence to the requirements of AB 1484 as applicable to the successor agency for the dissolved redevelopment agency.
3. We are responsible for the presentation of the exhibits in the Successor Agency Due Diligence agreed-upon procedures report in accordance with the California Health and Safety Code (HSC) Section 34179.5
4. As of June 30, 2012, we are not aware of any modifications that need to be made to the Successor Agency Due Diligence Review exhibits for them to be presented in accordance with California 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).
5. The Successor Agency acknowledges that procedures that have been developed by the California Department of Finance in accordance with California Health and Safety Code (HSC) Section 34179.5 and that we will follow these procedures unless we conclude that they are inconsistent with law.
6. We have disclosed to you any known matters contradicting the information contained in the Successor Agency Due Diligence Review AUP report.
7. There have been no communications from regulatory agencies, internal auditors, and other independent practitioners or consultants relating to the Successor Agency Due Diligence Review, including communications received between June 30, 2012 and January 10, 2013.
8. We have made available to you all information that we believe is relevant to the Successor Agency Due Diligence Review.
9. We have responded fully to all inquiries made to us by you during the engagement.



CITY OF  
CLOVERDALE

10. No events have occurred subsequent to June 30, 2012 that would require adjustment to or modification of the information contained in the Successor Agency Due Diligence Review AUP report and its related exhibits.
11. 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.
12. Your report is intended solely for the information and use of the Successor Agency, the California Department of Finance, the California State Controller's Office, and the Sonoma County Auditor-Controller and is not intended to be and should not be used by anyone other than those specified parties.

To the best of our knowledge and belief, no events have occurred subsequent to the date of your report that would have a significant impact upon the agreed upon procedures that you performed.

**Successor Agency to the Cloverdale Community Development Agency:**

  
\_\_\_\_\_  
Diana G. Edwards

1/10/13  
\_\_\_\_\_  
Date