

City of Rio Vista Redevelopment Agency's Successor Agency

Rio Vista, California

*Independent Accountants' Report on
Applying Agreed-Upon Procedures on the
Low and Moderate Income Housing Fund of
the RDA Successor Agency in Accordance with
California Assembly Bill No. 1484*



**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES ON THE
LOW AND MODERATE INCOME HOUSING FUND OF THE RDA SUCCESSOR AGENCY IN
ACCORDANCE WITH CALIFORNIA ASSEMBLY BILL NO. 1484**

To the Oversight Board of
the City of Rio Vista Redevelopment Agency's Successor Agency
Rio Vista, California

We have performed the procedures enumerated below, which were agreed to by the City of Rio Vista Redevelopment Agency's Successor Agency (Successor Agency), solely to assist you in meeting the requirement of the due diligence review of the Low and Moderate Income Housing Fund of the Successor Agency, as required by the California Assembly Bill No. 1484. The Successor Agency's management is responsible for all schedules and exhibits prepared for this due diligence review. 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 procedures performed and our results are described below:

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 in Exhibit 1.

Results: No exceptions were noted as a result of our procedures.

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. The State Controller's Office review has not occurred; therefore, we will 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.

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.

C. For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required any transfer.

Results: Procedures not applicable to the Successor Agency. There were no transfers to the city, county, or city and county.

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. The State Controller's Office review has not occurred; therefore, we will 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.

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.

C. For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required any transfer.

Results: Procedures not applicable. There were no transfers made to public agencies or private parties.

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 for the following periods: June 30, 2010; June 30, 2011; January 31, 2012 and June 30, 2012.

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 by comparing these balances to the Successor Agency's accounting records.

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 which includes Financial Statements and General Ledger Reports.

Results: No exceptions were noted as a result of our procedures. See Exhibit 2.

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. For 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. See Exhibit 3 for the listing.

Results: No exceptions were noted as a result of our procedures.

6. Obtain from the Successor Agency a listing of asset balances held on June 30, 2012 that are restricted for the following purposes because there were no applicable account balances:

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.
- iii. Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances.

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.
- iii. Obtain from the Successor Agency a copy of the grant agreement that sets forth the restriction pertaining to these balances, and verified the existence of language restricting the use of the balances.

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
- iii. Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances, and verified the existence of language restricting the use of the balances.

Results: Procedures not applicable. There were no applicable asset balances that were restricted.

7. Perform the following procedures:

A. Obtain from the Successor Agency a listing of assets as of June 30, 2012 that are not liquid or otherwise available for distribution (such as capital assets, land held for resale, long-term receivables, etc.) and ascertain 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. See Exhibit 4 for the listing.

B. If the assets listed at 7(A) are listed at purchase cost, trace the amounts to a previously audited financial statement (or to the accounting records of the Successor Agency) and note any differences.

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

D. If the assets listed at 7(A) are listed at recently estimated market value, inspect the evidence (if any) supporting the value and note the methodology used. If no evidence is available to support the value and / or methodology, note the lack of evidence.

Results: No exceptions were noted as a result of our procedure.

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 specifics the dedication of existing asset balances toward payment of that obligation.

- i. Compare all information on the schedule to the legal documents that form the basis for the dedication or restriction of the resource balance in question.
- ii. Compare all current balances to the amounts reported in the accounting records of the Successor Agency or to an alternative computation.

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

Results: Management has represented to us that they do not believe assets balances need to be retained to satisfy enforceable obligations. No procedures performed.

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 from 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 disclosed in the report major assumptions associated with the projections.
- iii. For the forecasted annual revenue:
 - 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: Management has represented to us that they believe future revenues will be sufficient to fund future obligations. No procedures performed.

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 applied 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 disclosed major assumptions associated with the projections.
- iii. Obtain the assumptions for the forecasted other general purpose revenues and disclosed major assumptions associated with the projections.

Results: Management has represented to us that they do not have any outstanding bond issues. No procedures performed.

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: Procedures were not performed because procedures A, B, or C were not required to be 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, verify the Successor Agency added 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.

Results: Management has represented to us that they believe cash balance as of June 30, 2012 do not 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. No procedures performed.

10. Obtain a schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Entities. Amounts included in the calculation have been agreed to the results of the procedures performed in each section above. The schedule included 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 has been agreed to evidence of payment. Schedule was attached as Exhibit 5.

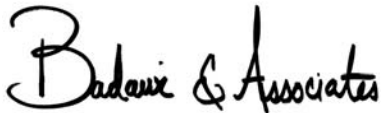
Results: No exceptions were noted as a result of our procedures

11. Obtain a representation letter from Successor Agency management acknowledging their responsibility for the data provided to us and the data presented in the report or in any attachments to the report. Determine that management representations included 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.

Results: Management provided a representation letter on October 1, 2012.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the accompanying schedules attached to this report. 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 State of California Department of Finance, the Successor Agency Oversight Board and management of the Successor Agency and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Badawi and Associates
Certified Public Accountants
Oakland, CA
October 1, 2012

Exhibit 1

City of Rio Vista Redevelopment Agency's Successor Agency
Exhibit 1- Listing of All Assets Transferred from the Former Redevelopment Agency (LMIHF) to the Successor Agency
On February 1, 2012

<u>Description</u>	<u>Balance</u>
Cash	\$ 287,464
LAIIF	486,386
Advances to other funds (L/T)	164,011
Total Successor Agency Assets	\$ 937,861

Exhibit 2

City of Rio Vista Redevelopment Agency's Successor Agency

Exhibit 2- Summary of the Financial Transaction of the Redevelopment Agency and the Successor Agency

	LMIHF Redevelopment Agency 12 Months Ended 6/30/2010	LMIHF Redevelopment Agency 12 Months Ended 6/30/2011	LMIHF Redevelopment Agency 7 Months Ended 1/31/2012	LMIHF Successor Agency 5 Months Ended 6/30/2012
Assets (modified accrual basis)				
Cash	\$ 156,375	\$ 216,428	\$ 287,464	\$ 269,546
LAIF	484,908	484,908	486,386	486,386
Accounts receivables	1,248	-	-	-
Advances to other funds (L/T)	164,011	164,011	164,011	164,011
Interest receivables	671	480	-	-
Total Assets	\$ 807,213	\$ 865,827	\$ 937,861	\$ 919,943
Liabilities (modified accrual basis)				
Accounts payable	\$ 1,172	\$ 923	\$ 20,726	\$ 2,808
SS/Medicare payable	80	70	-	-
Wages payable	891	948	-	-
Total Liabilities	\$ 2,143	\$ 1,940	\$ 20,726	\$ 2,808
Equity				
Unassigned fund balance	\$ 805,070	\$ 863,887	\$ 917,135	\$ 917,135
Total Liabilities + Equity	\$ 807,213	\$ 865,827	\$ 937,861	\$ 919,943
Total Revenues:	\$ 165,893	\$ 152,005	\$ 83,727	\$ 917,135
Total Expenditures:	\$ 120,273	\$ 93,188	\$ 30,480	\$ -
Total Transfers:	\$ -	\$ -	\$ -	\$ -
Net change in equity	\$ 45,620	\$ 58,817	\$ 53,248	\$ 917,135
Beginning Equity:	\$ 759,450	\$ 805,070	\$ 863,887	\$ -
Ending Equity:	\$ 805,070	\$ 863,887	\$ 917,135	\$ 917,135
Other Information:				
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

Exhibit 3

City of Rio Vista Redevelopment Agency's Successor Agency

Exhibit 3- Listing of all Assets of the Low and Moderate Income Housing Fund as of June 30, 2012

<u>Assets</u>	<u>Amount</u>
Cash	\$ 269,546
Investment (LAIF)	486,386
Advances to City	164,011
Total Assets	\$ 919,943

Exhibit 4

City of Rio Vista Redevelopment Agency's Successor Agency

Exhibit 4- Listing of All Assets as of June 30, 2012 that are not Liquid or Otherwise Available for Distribution

<u>Description</u>	<u>Amount</u>
Advances to City (L/T)	\$ 164,011
Total	\$ 164,011

Exhibit 5

City of Rio Vista Redevelopment Agency's Successor Agency
Exhibit 5- Summary of Balances Available for Allocation to Affected Taxing Entities

SUMMARY OF BALANCES AVAILABLE FOR ALLOCATION TO AFFECTED TAXING ENTITIES

Total amount of assets held by the successor agency as of June 30, 2012 (procedure 5)	\$	919,943
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)		(164,011)
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)		-
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	\$	755,932
