

**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED UPON PROCEDURES ON
ALL FUNDS OTHER THAN THE LOW
AND MODERATE INCOME HOUSING FUND
ASSOCIATED WITH CALIFORNIA HEALTH AND SAFETY
CODE SECTIONS 34179.5(c)(1) THROUGH 34179.5(c)(6)
FOR THE SUCCESSOR AGENCY OF THE
BRENTWOOD REDEVELOPMENT AGENCY**

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To the Oversight Board of the Successor Agency of
the Brentwood Redevelopment Agency
Brentwood, California

We have applied the procedures below, which were agreed to by the Successor Agency of the Brentwood Redevelopment Agency, solely to assist you with respect to the procedures required under California Health and Safety Code Sections 34179.5(c)(1) through 34179.5(c)(6) for all funds other than the Low and Moderate Income Housing Fund of the Successor Agency of the Brentwood Redevelopment Agency for the year ended June 30, 2012, also referred to as the Due Diligence Review by the Code. These procedures were suggested by the Governmental Auditing and Accounting Committee, as agreed to by the California State Department of Finance and State Controller's Office. Management of the Successor Agency is responsible for the accounting records, the Attachments and information provided pertaining to the 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 the procedures is solely the responsibility of the specified users of this 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 you requested us to perform and our findings were as follows:

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.

Suggested Procedure(s):

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:

We obtained the following listing from the staff of the City of Brentwood and agreed the amounts transferred to the Successor Agency on February 1, 2012 to the accounting records without exception.

	Redevelopment Agency Non-Housing Fund Balances January 31, 2012 (Prior to transfer)	Balances transferred to Housing Successor on February 1, 2012	Balances transferred to the Successor Agency on February 1, 2012
ASSETS			
Cash and investments	\$1,936,292		\$1,936,292
Prepays	87		87
Bond issuance costs	238,260		238,260
Total Assets	<u>\$2,174,639</u>	<u>\$0</u>	<u>\$2,174,639</u>

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.

Suggested Procedure(s):

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.

Results:

The State Controller's Office has not yet completed its review of transfers. We obtained the listing of transfers from the former Redevelopment Agency to the City, excluding payments for goods and services, from the staff of the City of Brentwood and agreed the amounts transferred to the accounting records without exception. The transfers during the period January 1, 2011 through January 31, 2012, including the purpose of each transfer, were as follows:

Type of Transfer / Purpose	Transfer Dates	Amount	
Transfer Cash (City Park CIP No. 352-52406)	3/8/11, 6/30/11, 1/30/12, 1/31/12	\$424,966.35	(A)
Transfer Cash (Community Center CIP No. 337-37195)	3/8/11, 6/30/11, 8/24/11, 1/31/12	421,284.58	(A)
Transfer Cash (Downtown Infrastructure CIP No. 562-56382)	3/8/11, 1/31/12	1,061,640.35	(A)
Transfer Cash (Downtown Streetscape Ph I & II CIP No. 337-37203)	3/8/11, 1/31/12	5,570,898.03	(A)
Transfer Cash (Civic Center Parking CIP No. 337-37211)	3/8/11, 6/20/11, 8/24/11	7,500,000.00	(A)
Transfer Bond Proceeds (Community Center CIP No. 337-37195)	3/8/11	4,153,422.48	(A)
Transfer Cash at trustee (City Park CIP No. 352-52406)	3/8/11	424,088.00	(A)
Transfer Cash at trustee (Community Center CIP No. 337-37195)	1/20/12	63,051.04	(A)
Transfer Cash (OPEB Liability Payoff)	2/15/11	144,688.00	(B)
Transfers of Land:			
013-232-006 Southeast Corner of Oak & Walnut (Future Right of Way)	3/4/11	219,947.81	(C)
No APN 10' Wide Parcel to South of Oak & Walnut (Future Right of Way)	3/4/11	0.00	(C)
016-010-016 7030 Brentwood Blvd. (Future Right of Way)	3/4/11	1,107,181.45	(C)
No APN NEC of Second St. & Central Blvd. (Future Right of Way)	3/4/11	0.00	(C)
013-110-010 604 First Street (Public Parking Lot - Govt. Purpose)	3/4/11	0.00	(C)
013-100-009 8436 Brentwood Blvd. (Public Parking Lot - Govt. Purpose)	3/4/11	0.00	(C)
017-160-004 1000 Central (not acquired with tax increment funds)	3/4/11	0.00	(C)
No APN County Road #8 (not acquired with tax increment funds)	3/4/11	0.00	(C)
010-160-033 400 Guthrie Lane (not acquired with tax increment funds)	3/4/11	0.00	(C)

(A) City staff indicated that the transfers were for enforceable obligations related to capital projects funded by the Redevelopment Agency. We traced to the reimbursement agreements between the City and Redevelopment Agency for these projects and traced to the contract agreements between the City and vendors for these projects. All reimbursement agreements and contracts appear to be enforceable obligations that were established in February and March 2011. In addition, per review of the project detail for each of the projects, the project expenditures plus outstanding encumbrances appear to exceed the Redevelopment Agency funding as of October 12, 2012, therefore it does not appear that the City is holding Redevelopment Agency project funding that has not been expended or encumbered for these projects as of that date.

(B) We noted that the transfer consisted of a transfer on February 15, 2011 in the amount of \$144,688 to pay the Non Housing Fund's share of the former Redevelopment Agency's Other Post Employment Health Care Benefits (OPEB) Net Obligation as of that date, which appears to be an allowable enforceable obligation under Health and Safety Code Section 34171(d)(1)(A). The City subsequently paid the funds to the CalPERS OPEB Trust on February 16, 2011.

(C) Per documentation provided by the City, these land parcels were each sold to the City for \$10. Per City staff, the City intends to retain the parcels because they are to be used for public purposes. Retention by the City of the last five parcels was approved by Resolution of the Oversight Board in May 2012. However, the transfer of these parcels does not appear to be required by an enforceable obligation

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 this Agreed Upon Procedures report.

Results:

We obtained the following listing of transfers from the Successor Agency to the City, excluding payments for goods and services, from the staff of the City of Brentwood and agreed the amount transferred to the accounting records without exception.

<u>Source of Transfer</u>	<u>Date</u>	<u>Purpose of Transfer</u>	<u>Amount Transferred</u>
First ROPS (Jan - June 2012) Line 2	4/1/2012	2009 Civic Center Bond Debt Service Payment	\$444,040
First ROPS (Jan - June 2012) Line 1	4/12/2012	CIP 2012 Bond Debt Service Payment	425,119
First ROPS (Jan - June 2012) Line 23	5/31/2012	Administrative Cost Allowance	250,000

- 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:

We obtained documentation for all transfers above and noted that the transfers appear to be enforceable obligations, with the exception of the land parcel transfers noted in Note (C) in Procedure 2A above.

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.

Suggested Procedure(s):

- 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 this Agreed Upon Procedures 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 this Agreed Upon Procedures report.

Results:

The State Controller’s Office has not completed its review of transfers. Per City staff, there were no transfers to private parties, other than for goods or services. We obtained the following list of transfers from the former Redevelopment Agency to other public agencies, other than for goods and services, from City staff and agreed the amounts transferred to the accounting records without exception.

Date	Amount	Payee	Purpose
1/26/2011	\$6,625	Knightsen School District	2010-2011 Pass Thru Payment
1/26/2011	69,673	Liberty Union High School District	Pass-Through Agreement Payment
1/26/2011	18,667	Oakley School District	Pass-Through Agreement Payment
1/26/2011	58,622	Brentwood Union School District	Pass-Through Agreement Payment
1/26/2011	2,197	Byron School District	Pass-Through Agreement Payment
6/30/2011	47,903	Brentwood Union School District	2010-2011 Pass Thru Payment
6/30/2011	5,243	Byron, Brentwood & Knightsen	2010-2011 Pass Thru Payment
6/30/2011	1,774	Byron School District	2010-2011 Pass Thru Payment
6/30/2011	15,254	Oakley School District	2010-2011 Pass Thru Payment
6/30/2011	58,317	Contra Costa County Community College	2010-2011 Pass Thru Payment
6/30/2011	5,623	Contra Costa County Flood Control	2010-2011 Pass Thru Payment
6/30/2011	47,919	Contra Costa County Library	2010-2011 Pass Thru Payment
6/30/2011	22,939	Contra Costa County Office Of Education	2010-2011 Pass Thru Payment
6/30/2011	267,430	Contra Costa County	2010-2011 Pass Thru Payment
6/30/2011	44,844	Contra Costa Mosquito Abatement	2010-2011 Pass Thru Payment
6/30/2011	25,077	East Bay Regional Park District	2010-2011 Pass Thru Payment
6/30/2011	208,268	East Contra Costa Fire Protection District	2010-2011 Pass Thru Payment
6/30/2011	5,341	Knightsen School District	2010-2011 Pass Thru Payment
6/30/2011	56,284	Liberty Union High School District	2010-2011 Pass Thru Payment
5/13/2011	540,915	Contra Costa County Auditor Controller	2011 State-required Supplemental Education Revenue Augmentation Fund Payment

- 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 this Agreed Upon Procedures report.

Results:

Per inquiry of City staff, the Successor Agency did not make any transfers to any other public agency or to private parties, other than for payments of goods and services, for the period from February 1, 2012 through June 30, 2012.

- 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:

We obtained documentation for the transfers in 3A without exception and noted that all transfers appear to be enforceable obligations.

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.

Suggested Procedure(s):

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 Attachment A 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:

We obtained the summary of financial transactions of the Redevelopment Agency and the Successor Agency, including both the Low and Moderate Income Housing Funds and Non-Housing Funds, and agreed amounts in the schedule relevant to June 30, 2010 to the state controller's report for that period. We traced amounts in the schedule for other fiscal periods presented to the City's account balances. Total revenues, expenditures, and transfers appear to account for the changes in equity for each period. See table below:

	(A) Redevelopment Agency 12 Months Ended 6/30/2010	(B) Redevelopment Agency 12 Months Ended 6/30/2011	(C) Redevelopment Agency 7 Months Ended 1/31/2012	(C) Successor Agency 5 Months Ended 6/30/2012
Assets (modified accrual basis)				
Cash and Investments	\$ 20,349,491	\$ 6,407,066	\$ 6,447,623	\$ 2,499,243
Receivables	2,034,844	3,853,459	4,637,475	77
Prepays	2,159	1,416	538	88
Land Held for Resale	2,367,488	1,040,359	1,040,359	-
Total Assets	\$ 24,753,982	\$ 11,302,300	\$ 12,125,995	\$ 2,499,408
Liabilities (modified accrual basis)				
Accounts Payable and Accrued Liabilities	\$ 1,019,653	\$ 829,515	\$ 49,921	\$ 549,159
Deposits Held	5,850	5,850	-	-
Deferred Revenue	2,030,722	3,850,938	4,637,475	-
Total Liabilities	\$ 3,056,225	\$ 4,686,303	\$ 4,687,396	\$ 549,159
Equity	21,697,757	6,615,997	7,438,599	1,950,249
Total Liabilities + Equity	\$ 24,753,982	\$ 11,302,300	\$ 12,125,995	\$ 2,499,408
Total Revenues:	\$ 19,546,867	\$ 6,189,688	\$ 3,183,046	\$ 1,026,327
Total Expenditures:	\$ 7,959,922	\$ 6,946,264	\$ 2,804,484	\$ 1,206,495
Total Transfers:	\$ (14,900,145)	\$ (14,325,184)	\$ 444,040	\$ 227,193 (D)
Net change in equity	\$ (3,313,200)	\$ (15,081,760)	\$ 822,602	\$ 47,025
Beginning Equity:	\$ 25,010,957	\$ 21,697,757	\$ 6,615,997	\$ 1,903,224 (E)
Ending Equity:	\$ 21,697,757	\$ 6,615,997	\$ 7,438,599	\$ 1,950,249
Other Information (show year end balances for all three years presented):				
Capital assets as of end of year	\$ -	\$ -	\$ -	\$ -
Long-term debt as of end of year	30,776,579	30,291,579	36,326,296	36,335,438
Deferred charges	252,020	243,329	238,260	238,260
Net OPEB Obligation	105,941	4,029	4,501	5,857
Accumulated compensated absences	43,344	47,632	3,600	3,285

(A) We agreed amounts in this column to the Redevelopment Agency's June 30, 2010 State Controller's Report and to the June 30, 2010 audited financial statements with only two exceptions. The State Controller's Report did not include the deferred charges or net OPEB obligation

(B) We agreed the amounts in this column to the Redevelopment Agency's June 30, 2011 audited financial statements without exception.

(C) We agreed balances to the City's accounting records without exception.

(D) Includes transfer of \$227,193 from the former Redevelopment Agency Low and Moderate income Housing Fund, as noted in the Low and Moderate Income Housing Due Diligence Review Agreed Upon Procedures Report dated October 12, 2012.

(E) Beginning equity at February 1, 2012 does not agree with the ending equity as of January 31, 2012 due to the transfer of net housing assets of \$5,535,375 to the Housing Successor on January 31, 2012.

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.

Suggested Procedure(s):

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:

We obtained the listing of assets provided by City staff and noted that the Successor Agency's assets as of June 30, 2012, excluding the assets of the Low and Moderate Income Housing Fund previously reported in that Due Diligence Review Agreed Upon Procedures Report dated October 12, 2012, and noted that the Successor Agency's assets are comprised of the following:

Cash and Investments	\$2,272,050
Receivables	77
Prepays	88
Bond issuance costs (deferred charges)	<u>238,260</u>
Total Assets	<u><u>\$2,510,475</u></u>

We agreed the balances to the accounting records without exception.

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.

Suggested Procedure(s):

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

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

Results:

Per inquiry of City staff, there were no such assets as of June 30, 2012.

- 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:

Per inquiry of City staff, there were no grant proceeds or program income held by the Successor Agency at June 30, 2012.

- 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:

Per inquiry of City staff, there were no other assets considered to be legally restricted held by the Successor Agency at June 30, 2012.

- 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:
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.

Suggested Procedure(s):

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

Results:

We obtained the listing of non liquid assets provided by City staff and agreed to accounting records of the Successor Agency without exception.

Prepays	\$88
Bond issuance costs (deferred charges)	<u>238,260</u>
Total Assets	<u><u>\$238,348</u></u>

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.

Suggested Procedure(s):

8. Perform the following procedures:

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

Results:

Per City staff, the Successor Agency believes asset balances at June 30, 2012 need to be retained to satisfy enforceable obligations. We obtained the schedule of assets and obligations from City Staff. We agreed the asset balances to the accounting records without exception. For each obligation, we traced to legal documentation without exception. For obligations listed on the Recognized Obligation Payment Schedules (ROPS), we traced to the ROPS approved by the California Department of Finance. See the table below:

		<u>Total Assets to be Retained</u>
Cash and investments		\$2,272,050
Accounts receivable		<u>77</u>
Total assets to be retained		<u><u>\$2,272,127</u></u>
		<u>Total Obligations to be Fulfilled</u>
AB 1484 Payment	(A)	\$509,997
Enforceable Obligations:		
Potential Additional AB 1484 Payment	(A)	1,546,045
July - Dec 2012 (See ROPS 2 - Attachment A)	(B)	<u>1,596,088</u>
Total obligations to be fulfilled		<u><u>\$3,652,130</u></u>

- (A) The County calculated an AB1484 True-up Payment of \$2,056,042, while City staff calculated (and remitted to the County in July 2012) a revised amount of \$509,997. Per City staff, the implementation of AB1484 has been subject to multiple interpretations and while the involved parties have attempted to carry out their responsibilities under the statute as they understand them, differing interpretations of the requirements of the statute have resulted in disparate conclusions regarding the determination of the amount of the AB1484 True-Up Payment. Litigation is currently pending between the City and Successor Agency on one side, and the State and Auditor-Controller on the other, about the correct amount of the AB 1484 True-Up Payment. Until the settlement is final and a judgment has been entered, the unpaid balance of the AB1484 True-Up Payment is still a contingent liability of the Successor Agency that appears to be an enforceable obligation because it is an obligation imposed by State law (Health and Safety Code Section 34171(d)(a)(C)).
- (B) City staff has indicated that revenues are not available to pay enforceable obligations under the ROPS for the period July 2012 to December 2012. See Attachment A for the specific enforceable obligations included in the \$1,596,088.

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.
 1. 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:
 - 1. Obtain from the Successor Agency its assumptions for the forecasted annual revenues and disclose in the report major assumptions associated with the projections.

Results:

Per inquiry of City staff, the Successor Agency did not have any available assets as of June 30, 2012 to be retained for this purpose. At June 30, 2012, all assets of the Successor Agency were restricted as identified on Procedures 7 and 8A. However, if the Successor Agency is not required to make the additional AB1484 Payment, the Successor Agency does 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 would be required. We obtained the schedule of projected annual revenues and projected spending requirements for January 2013 to June 2013 as follows:

January 2013 RPTTF Allocation for the January to June ROPs	\$2,277,416
Enforceable Obligations:	
January - June 2013 (See ROPS 3 - Attachment B)	(2,480,949)
Shortfall (assets to be retained)	(\$203,533)

We agreed the revenue projection to the County’s original estimate of property tax revenues for distribution January 2, 2013 and the County’s amendment to that projection on November 30, 2012. For obligations listed on the ROPS, we traced to the ROPS approved by the California Department of Finance and the schedule of additional adjustments made by the County Auditor-Controller. We also traced to the legal documents supporting each enforceable obligation.

- 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:

Per City staff, the Successor Agency believes that projected property tax revenues and other general purpose revenues are sufficient 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:

See calculation below:

Cash and investments	\$2,272,050
Accounts receivable	77
January 2013 RPTTF Allocation for the January to June ROPs	<u>2,277,416</u>
Total resources available to fund enforceable obligations	4,549,543
Less forecasted annual spending requirements:	
AB 1484 Payment	(509,997)
Enforceable Obligations:	
Potential Additional AB 1484 Payment	(1,546,045)
July - Dec 2012 (See ROPS 2 - Attachment A)	(1,596,088)
January - June 2013 (See ROPS 3 - Attachment B)	<u>(2,480,949)</u>
Negative amount indicates current unrestricted balances need to be retained	<u>(\$1,583,536)</u>

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.

Suggested Procedure(s):

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:

We obtained the copy of the ROPS for the period July 1, 2012 through December 31, 2012 (Attachment A). See column "Dollar amounts of existing cash needed to satisfy obligations" on Attachment A for the amounts proposed to be retained by the Successor Agency totaling \$1,596,088. We also obtained the copy of the final ROPS for the period of January 1, 2013 through June 30, 2013 (Attachment B). See column "Dollar amounts of existing cash needed to satisfy obligations" on Attachment B for the amounts proposed to be retained by the Successor Agency totaling \$203,533. Per inquiry of City staff, the Successor Agency has no other revenue sources and as such has no other means by which to pay the enforceable obligations.

The amount proposed to be retained by the Successor Agency for the ROPS July 1, 2012 through December 31, 2012 is included in Procedure 8A above. The amount proposed to be retained for the January 1, 2013 through June 30, 2013 ROPS is contingent upon the resolution of the AB 1484 Payment discussed in Procedure 8A above. Therefore, the Successor Agency does not propose to retain the existing cash of \$203,533 for the January 1, 2013 through June 30, 2013 ROPS, because there are no additional funds available for retention. However, if the Successor Agency is not required to make the additional AB 1484 Payment, then the Successor Agency does propose to retain the cash.

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.

Suggested Procedure(s):

10. Include (or present) a schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Entities (Attachment C). 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 Attachment C.

Suggested Procedure(s):

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:

Management signed and provided the representation letter dated December 10, 2012 without exception.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the information provided for the purposes of the agreed-upon procedures and the Attachment. Accordingly, we do not express such an opinion. Had we performed additional procedures or had we performed an audit of the information provided for the purposes of the agreed-upon procedures and the Attachment, matters might have come to our attention which would have been reported to you.

This report is intended solely for the information and use of management and the Oversight Board, the State Department of Finance and the State Controller's Office; however, this restriction is not intended to limit the distribution of this report, which is a matter of public record.

Mane & Associates

December 10, 2012

ATTACHMENT A

Name of Redevelopment Agency: Brentwood Redevelopment Agency
 Project Area(s): Brentwood Merged Redevelopment Project Area
 Pamela Ehler, Agency Treasurer
 925-516-5109

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

Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation	Source of Payment	Total Due During Fiscal Year	Payments by month		Dollar amounts of existing cash needed to satisfy obligations	Successor Agency's explanation as to why it believes that balances are needed to satisfy obligations.
						July	Dec		
1) 2001 Tax Allocation Bonds***	U.S. Bank	Refund 1990 TAB and Fund Reserve	27,127,150.00	5	1,364,082.00		\$ 800,119.00	Resources other than cash on hand are not available for payment of the obligation.	
2) 2001 Tax Allocation Bonds***	U.S. Bank	Refund 1990 TAB and Fund Reserve		3			\$ 150,000.00	Resources other than cash on hand are not available for payment of the obligation.	
3) 2009 Revenue Bonds	U.S. Bank	2009 Bonds Debt Service	28,778,123.52	5	1,050,087.00		\$ 608,514.00	Resources other than cash on hand are not available for payment of the obligation.	
4) Bond Debt Admin	City of Brentwood	Debt Service Expense	81,480.00	5	2,910.00		\$ 1,455.00	Resources other than cash on hand are not available for payment of the obligation.	
5) Administrative Allowance	City of Brentwood	Administrative Cost Allowance	7,000,000.00	5	250,000.00		\$ 142,217.36	Resources other than cash on hand are not available for payment of the obligation.	
6) Professional/Special/Legal Services	Various	Legal/Audit/ER/Prop Tax/Admin/Proj Serv	2,016,000.00	5	72,000.00		\$ 36,000.00	Resources other than cash on hand are not available for payment of the obligation.	
7) City Park CIP Project	Various	Projects per Agmnts/Proj Mgmt	1,299,825.65	5	1,299,825.65		\$ -		
8) Community Center	Various	Projects per Agmnts/Proj Mgmt	2,162,929.90	5	0.00		\$ -		
9) Downtown Infrastructure	Various	Projects per Agmnts/Proj Mgmt	2,216,385.65	5	0.00		\$ -		
10) Downtown Streetscapes	Various	Projects per Agmnts/Proj Mgmt	860,995.97	5	0.00		\$ -		
11) Housing Monitoring & Compliance	Various	Professional/Legal/Office expenses	2,406,376.00	1	85,942.00		\$ 42,984.00	Resources other than cash on hand are not available for payment of the obligation.	
12) Pension Obligations	City of Brentwood	Unfunded pension obligations	598,850.00	5	0.00		\$ -		
13) Pension Obligations	City of Brentwood	Unfunded pension obligations	128,901.00	1	0.00		\$ -		
14) Bond Reserve Funds *	U.S. Bank	2001 CIP Bond Reserve Funds	1,392,000.00	6	0.00		\$ -		
15) The Grove at Sunset Court **	Grove Sunset, L.P. (Metz)	Low/Med Agrmt/Land/Proj Mgmt	3,989,500.00	1	3,989,500.00		\$ 3,989,500.00	Resources other than cash on hand are not available for payment of the obligation.	
16) Personnel Services	City of Brentwood	Low Mod Compliance/Monitoring Staff	5,993,756.00	1	214,062.00		\$ 107,031.00	Resources other than cash on hand are not available for payment of the obligation.	
17)							\$ -		
18)							\$ -		
19)							\$ -		
20)							\$ -		
21)							\$ -		
22)							\$ -		
23)							\$ -		
24)							\$ -		
25)							\$ -		
26)							\$ -		
27)							\$ -		
28)							\$ -		
29)							\$ -		
Totals - This Page			\$ 66,041,533.69		\$ 8,328,406.65		\$ 5,977,820.36		
Totals - Other Obligations Page 1			\$ 83,660,200.00		\$ 1,063,045.00		\$ 1,093,045.00		
Totals - Other Obligations Page 2			\$ 39,194,000.00		\$ 453,000.00		\$ 453,000.00		
Grand total - All Pages			\$ 188,895,733.69		\$ 9,874,453.65		\$ 7,423,865.36		

Exhibit B
 NOTE - Detail of payments by Month has been omitted from this Attachment

* Required by the bond covenants but not required to receive payment from Trust Fund at this time.
 ** Timing of payment is uncertain - payment may be made in June 2012 and is on the June 2012 ROPS
 *** The debt payment due in October is expected to be split between reserves and the Property Tax Trust Fund.

Total amount of existing cash needed to satisfy obligations:
\$1,596,088.00

ATTACHMENT B

Name of Successor Agency: City of Brentwood
 County: Contra Costa County

NOTE: Columns that did not contain data were removed for this Attachment

Oversight Board Approval Date: 08/15/12

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

Item #	Project Name / Debt Obligation	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2012-13	Funding Source			Explanation as to why the Successor Agency balances that are needed to satisfy obligations	
									LMIHF	Reserve Balance	Admin Allowance		RPTTF
Grand Total							\$ 777,869,792	\$ 8,379,414	\$ 4,094,140	\$ 250,000	\$ 2,105,937	\$ 6,092,718	
1	Bonds - Debt Service	9/27/2001	Completion of Debt Service	U.S. Bank	2001 CIP Bond Reserve Funds	Mixed	1,382,301.00	0.00					
2	Bonds - Debt Service	9/27/2001	Completion of Debt Service	U.S. Bank	2001/2012 Tax Allocation Bond Debt Service	Mixed	27,124,500.00	1,384,081.25				425,119	
3	Bonds - Debt Service (See Note RE: payment source)	10/1/2009	Completion of Debt Service	U.S. Bank	2009 Lease Revenue Bond Debt Service	Mixed	28,176,123.92	1,650,086.65				444,040	
4	Enforceable Agreements - Debt Service Processing	8/27/1981	Completion of Debt Service	City of Brentwood	Bond Debt Service Administration	Mixed	81,480.00	210.00				1,455	
5	Legally Binding - Administrative Cost Allowance	See Notes	N/A - Allowed by law	City of Brentwood	2012/13 Administrative Cost Allowance	Mixed	225,417.00	225,417.00				225,417	
6	Contracts for Administration of Agency - General Need	Ongoing	Completion of Winddown	Various	General Office/Insurance/Outsourcing	Mixed	98,000.00	35,000.00				10,000	
7	Enforceable Contracts - Prof Serv for Housing/Projects/Gen	7/19/2012	6/30/2014	Safe Consulting	Prof Assistance with Housing/Projects/General	Mixed	50,000.00	50,000.00				5,000	
8	Enforceable Contracts - Legal Serv for Housing/Projects/Gen	7/19/2012	6/30/2013	Burke, Williams & Somers	Legal Assistance with Housing/Projects/General	Mixed	50,000.00	16,667.00				10,000	
9	Enforceable Contracts - Legal Serv for Housing/Projects/Gen	7/19/2012	6/30/2015	Best, Best and Kleger	Legal Assistance - Construction / PM Law	Mixed	50,000.00	25,000.00				3,333	
10	Enforceable Contracts - Legal Serv for Public Works Law	7/19/2012	6/30/2014	Best, Best and Kleger	Legal Assistance - Construction / PM Law	Mixed	50,000.00	25,000.00				6,250	
11	Payments - Rec'd by State (annual audit)	2/8/2010	Completion of Services	Merrill Lynch & Associates	Annual Independent Audit	Mixed	7,615.00	761.50				3,046	
12	Payments - Rec'd by State (quarterly audits)	7/10 (See Note)	Completion of Services	Various	Special Audits BC&SA required by AS 1484	Mixed	50,000.00	50,000.00				50,000	
13	Enforceable Contracts - Community Center CIP	Completion of Project	US Bank/City of Brentwood	Various	City Park Project per Admin/Proj Mgmt	Mixed	1,289,825.65	515,000.00				515,000	
14	Enforceable Contracts - Community Center CIP	Completion of Project	Completion of Project	Various	Community Center Project per Admin/Proj Mgmt	Mixed	2,162,259.99	685,456.00				685,455	
15	Enforceable Contracts - Downtown Infrastructure CIP	See Notes	Completion of Project	Various	Downtown Infrastructure Project per Admin/Proj Mgmt	Mixed	2,162,259.99	685,456.00					
16	Enforceable Contracts - Downtown Infrastructure CIP	See Notes	Completion of Project	Various	Downtown Infrastructure Project per Admin/Proj Mgmt	Mixed	89,069.97	6,000.00				6,000	
17	Enforceable Agreements - Press Throughs Owed	9/14/1991	NA (See Notes)	B&K Urban Community	PY 2012/13 Press Throughs Owed	Mixed	70,000.00	70,000.00				70,000	
18	Enforceable Agreements - Press Throughs Owed	9/22/1991	NA (See Notes)	City of Brentwood	Confident loan agreement to meet enforce obligations	Mixed	1,546,045.00	0.00					
19	Loans or Money Borrowed by Agency (Confident Loan)	TD	NA (See Notes)	CHPERS / City of Brentwood	Unfunded pension obligations	Mixed	727,467.00	0.00					
20	Payments - Pension Obligations	NA (See Note)	Completion of Benefits	EDD	Unemployment for staff layoffs	Mixed	5,992,756.00	214,065.00				16,380	
21	Payments - Staff for sovereign compliance and monitoring	NA (See Note)	Completion of Winddown	City of Brentwood / Meta	Low/Med Compliance/Monitoring Staff	Mixed	3,950,000.00	3,950,000.00				3,950,000	
22	Enforceable Contracts - Meth Housing Funding	Ongoing	6/30/2013	City of Brentwood / Meta	Legal Counsel requested by Oversight Board	Mixed	48,000.00	48,000.00				22,500	
23	Enforceable Contracts - Legal Serv for Oversight Board	TD	Completion of Winddown	TBD - Legal Counsel	Compensated Absences and OPEB Liability	Mixed	37,656.48						
24	Payments - Accrued Employee Benefits	Ongoing	Completion of Winddown	City of Brentwood	Compensated Absences and OPEB Liability	Mixed	37,656.48						
25	Payments - Accrued Employee Benefits	Ongoing	Completion of Winddown	City of Brentwood	Compensated Absences and OPEB Liability	Mixed	37,656.48						

Total Enforceable Obligations for the Period: **\$6,602,716.00**
 Less LMIHF Funded: **(4,094,140.00)**
Enforceable Obligations to be Funded by RPTTF: \$2,480,949.00

Total amount of existing cash needed to satisfy obligations: **\$203,533.00**

ATTACHMENT C

SUCCESSOR AGENCY TO THE BRENTWOOD REDEVELOPMENT AGENCY

SUMMARY OF BALANCES AVAILABLE FOR ALLOCATION TO AFFECTED TAXING ENTITIES (Excluding Low and Moderate Income Housing Fund)

Total amount of assets held by the successor agency as of June 30, 2012 (procedure 5)	\$	2,510,475
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)		1,327,129
Less assets that are not cash or cash equivalents (e.g., physical assets) - (procedure 2A)		(1,327,129)
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)		(238,348)
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)		(1,762,130) (A)
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		<u>(509,997)</u>
Amount to be remitted to county for disbursement to taxing entities	\$	<u><u>-</u></u>

(A) Amount reported in Procedure 8A is \$2,272,127, but amount reported here is net of the \$509,997 payment made on July 12, 2012 to the County Auditor-Controller noted below.

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