

**Oversight Board Meeting
of the Successor Agency City of Foster City**

REGULAR MEETING

January 9, 2013; 8:00 a.m.

Location:
Council Chambers – Conference Room
City of Foster City
620 Foster City Blvd
Foster City, CA

1. Call to Order
2. Public Comment
 - a. *This is an opportunity for the public to address the Oversight Board on any item that is not on the agenda. Time for public comment may be limited at the discretion of the Chair.*
3. Communications
4. Minute Approval
 - a. October 10, 2012 (Regular Meeting)
 - b. January 2, 2013 and January 4, 2013 (Special Meeting)
5. Reports
 - a. Oral Update on DOF Review and Approval of the Previous Due Diligence Review – the Independent Accountants' Report on Applying Agreed-Upon Procedures pursuant to AB 1484 (Low and Moderate Income Housing Fund) as of June 30, 2012
6. Resolutions for Adoption
 - a. A Resolution Approving the Independent Accountants' Report on Applying Agreed-Upon Procedures pursuant to AB 1484 (All Other Funds) as of June 30, 2012
7. Old Business
8. New Business
9. Future Agenda Items
 - a. Approval of an Administrative Budget for the Period July to December 2013 (February 2013 – due March 1)

- b. Approval of Recognized Obligation Payment Schedule for the Period July to December 2013 (February 2013 – due March 1)
- c. Approval of an Administrative Budget for the Period January to June 2014 (September 2013 – due October 1)
- d. Approval of Recognized Obligation Payment Schedule for the Period January to June 2014 (September 2013 – due October 1)

10. Member Statements and Requests

11. Adjournment

Any attendee requiring special accommodations should contact Steve Toler, Assistant City Manager, at 650-286-3214 or SToler@fostercity.org at least 24 hours in advance of the meeting.

Note: Any writings or documents provided to a majority of the Oversight Board regarding any item on this agenda after the agenda packet was distributed will be made available for public inspection at the office of the Assistant City Manager located at Foster City City Hall, 610 Foster City Blvd., Foster City, during normal business hours and also made available in a marked binder at current and future meetings.

**Oversight Board
Successor Agency City of Foster City**

Minutes

October 10, 2012; 8:00 a.m.

Location:
Council Chambers – Conference Room
City of Foster City
620 Foster City Blvd
Foster City, CA

Members Present: **Chair Dick W. Bennett, Members Tina Acree, Jim Keller, Linda Koelling, Elizabeth McManus, Rick Wykoff**

Members Absent: **Vice-Chair Mary McMillan**

Staff Present: **Steve Toler (Assistant City Manager / Secretary), Jim Hardy (City Manager), Curtis Banks (Community Development Director), Lin-Lin Cheng (Finance Director), Craig Labadie (Legal Counsel to Oversight Board), AJ Major (Partner with Vavrinek, Trine, Day & Company, LLP)**

Public Present: **Jan Lindenthal and Nevada Merriman representing Mid-Pen Housing Corporation**

1. Call to Order – **Meeting was called to order by Chair Bennett at 8:02 a.m.**
2. Public Comment - **None**
3. Communications - **None**
4. Minute Approval
 - a. August 8, 2012 (Regular Meeting)
 - i. **Motion by Member Koelling, Seconded by Member Wykoff, to approve the minutes. Motion passed 6-0-1-0**
 - b. October 3, 2012 (Special Meeting)
 - i. **Motion by Member Wykoff, Seconded by Member McManus, to approve the minutes. Motion passed 5-0-1-1 (Chair Bennett abstained)**
5. Reports
 - a. Oral Update on DOF Review of the Recognized Obligation Payment Schedule for the January to June 2013 period

- i. **Secretary Toler indicated that the DOF approved the ROPS as submitted.**

6. Resolutions for Adoption

- a. A Resolution Approving the Independent Accountants' Report on Applying Agreed-Upon Procedures pursuant to AB 1484 (Low and Moderate Income Housing Fund) as of June 30, 2012
 - i. **Secretary Toler provided the staff report. AJ Major, Partner with Vavrinek, Trine, Day & Company, LLP that conducted the due diligence review and submitted the report, provided information in regards to the procedures performed and findings. Public testimony was invited. Nevada Merriman representing Mid-Pen Housing Corporation indicated their support of the findings in the report. Discussion ensued. Motion by Member Wykoff, Seconded by Member Koelling, to approve the resolution as submitted. Motion passed 6-0-1-0**

7. Old Business - **None**

8. New Business - **None**

9. Future Agenda Items

- a. **Quarterly Financial Update (November 2012) – It was determined that the Quarterly Financial Update would not be necessary and, rather, that it should be incorporated into a mid-year review in conjunction with the subsequent ROPS administrative budget review and approval.**
- b. **Approval of Report from Independent Certified Public Accountant of Agreed-Upon Procedures on All Other Fund and Account Balances (January 2013 – due January 15) – Public Hearing set for January 2, 2013, with consideration of resolution approving report on January 9, 2013.**
- c. Approval of an Administrative Budget for the Period July to December 2013 (February 2013 – due March 1)
- d. Approval of Recognized Obligation Payment Schedule for the Period July to December 2013 (February 2013 – due March 1)

10. Member Statements and Requests

- a. **Chair Bennett expressed his appreciation to Finance Director Lin-Lin Cheng and her staff for the quality of the work performed in preparing the financial records and report included in the Report that was approved by the Board at this meeting.**

11. Adjournment – **Meeting was adjourned at 8:30 a.m.**

Any attendee requiring special accommodations should contact Steve Toler, Assistant City Manager, at 650-286-3214 or SToler@fostercity.org at least 24 hours in advance of the meeting.

Note: Any writings or documents provided to a majority of the Oversight Board regarding any item on this agenda after the agenda packet was distributed will be made available for public inspection at the office of the Assistant City Manager located at Foster City City Hall, 610 Foster City Blvd., Foster City, during normal business hours and also made available in a marked binder at current and future meetings.

**Oversight Board
Successor Agency City of Foster City**

Minutes

**Special Meeting Date:
January 2, 2013, 8:00 a.m.**

***Due to lack of quorum, meeting was continued to
January 4, 2013, 8:00 a.m.***

Foster City Council Chambers Conference Room
620 Foster City Blvd., Foster City, CA 94404

January 2, 2013

Members Present: **Vice-Chair Mary McMillan, Members Tina Acree, Rick Wykoff**

Members Absent: **Chair Dick W. Bennett, Members Jim Keller, Linda Koelling, Elizabeth McManus**

Staff Present: **Steve Toler (Assistant City Manager)**

Public Present: **None**

1. Call to Order – **Meeting was called to order by Vice-Chair McMillan at 8:20 a.m. Due to lack of quorum, the meeting was continued to Friday, January 4, 2013, at 8:00 a.m.**

January 4, 2013

Members Present: **Chair Dick W. Bennett, Members Tina Acree, Jim Keller, Linda Koelling, Elizabeth McManus Rick Wykoff**

Members Absent: **Vice-Chair Mary McMillan**

Staff Present: **Steve Toler (Assistant City Manager)**

Public Present: **None**

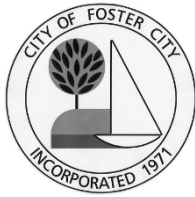
1. Call to Order – **Meeting was called to order by Chair Bennett at 8:04 a.m.**
2. Public Comment – **None**
3. Public Hearing
 - a. A Public Hearing to Consider Public Comment on the Independent Accountants' Report on Applying Agreed-Upon Procedures pursuant to AB 1484 (All Other Funds) as of June 30, 2012

- i. Public hearing was opened by Vice-Chair McMillan. Assistant City Manager Steve Toler provided a brief staff report. No members of the public were present. No public testimony received. Public hearing was closed.**

4. Member Statements and Requests

- a. Mr. Toler indicated that the Successor Agency remitted \$12.7 million of Low- and Moderate-Income Housing Funds to the County Controller per the results of the due diligence review completed in October, and that the taxing entities received their redistributed funds before December 31, 2012. Discussion ensued in regards to actions being taken by various taxing entities in the County in terms of the use of those redistributed funds.**

5. Adjournment – Meeting was adjourned at 8:15 a.m.



Oversight Board of the Successor Agency City of Foster City

Date: January 9, 2013
To: Chair and Members of the Oversight Board
Via: James C. Hardy, City Manager
From: Steve Toler, Assistant City Manager
Lin-Lin Cheng, Finance Director
Subject: A Resolution Approving the Independent Accountants' Report on Applying Agreed-Upon Procedures pursuant to AB 1484 (All Other Funds) as of June 30, 2012

RECOMMENDATION

It is recommended that the Oversight Board adopt the attached resolution approving the Independent Accountants' Report on Applying Agreed-Upon Procedures pursuant to AB 1484 (All Other Funds) as of June 30, 2012 submitted by Vavrinek, Trine, Day and Company, LLP.

EXECUTIVE SUMMARY

The enactment of AB 1484, the Redevelopment Dissolution Bill, created *California Health & Safety Code* §34179.5, which requires the Successor Agency to hire an independent certified public accountant to perform agreed-upon procedures relative to a report on unencumbered balances of all funds other than the Low and Moderate Income Housing Funds ("LMIHF") of the Successor Agency as of June 30, 2012. Those LMIHF funds were the subject of a prior report which was approved by the Oversight Board in October 2012. The Oversight Board authorized staff to engage the services of Vavrinek, Trine, Day & Company, LLP ("VTD") to conduct the Due Diligence Review and issue a report thereon. Their report, attached, was received by the Successor Agency on December 12, 2012. A duly notice public hearing was held on January 2, 2013, but due to lack of a quorum was continued to January 4, 2013. No public testimony was received by the Oversight Board as no members of the public appeared at the public hearing on either day.

The report indicates, in essence, that the Successor Agency has complied with and provided all necessary information to VTD in terms of the requirements in AB 1484 in preparing this report. Specifically, the report indicates that a total of \$4.39 million in assets were transferred to the City of Foster City, of which the entire amount was transferred to satisfy enforceable obligations (Exhibit C).

Total assets remaining on the books of the Successor Agency at June 30, 2012 totaled \$2.8 million (Exhibit C-1), of which \$2 million is legally restricted for the funding of enforceable obligations approved by the Oversight Board and the California Department of Finance in prior Recognized Obligation Payment Schedules (Exhibit C-2). The report concludes that a balance of approximately \$809,000 will be remitted to the San Mateo County Controller's Office for redistribution to taxing entities (Exhibit C-3).

BACKGROUND and ANALYSIS

AB 1484 placed requirements upon the Successor Agency to hire an independent accountant to conduct agreed-upon procedures established by the State Department of Finance and the State Controller's Office on balances of All Other Funds (funds other than LMIHF funds) on the books of the Successor Agency as of June 30, 2012. This report was required to be completed and submitted to the Oversight Board, the County Controller, and State Department of Finance, and the State Controller's Office by December 15, 2012.

The Successor Agency, with Oversight Board approval, hired VTD to conduct the agreed-upon procedures and issue the required report. VTD conducted their work in November and December 2012. VTD concluded their work and issued their final report on December 12, 2012, which was immediately forwarded to the required parties on December 14, 2012.

The report contains the following reports and/or analyses:

- Exhibit A – Agreed Upon Procedures Pursuant to AB 1484 All Other Funds (including 11 procedures that were required to be completed)
- Exhibit B – Summary of Financial Transactions – 12 Months Ended 6/30/2010, 12 Months Ended 6/30/2011, 7 Months Ended 1/31/2012, and 5 Months Ended 6/30/2012.
- Exhibit C – All Other Funds Schedule of Asset Transfers to the City, County, or City and County, and Other Public Agencies or Private Parties – January 1, 2011 to January 31, 2012, and February 1, 2012 to June 30, 2012
- Exhibit C-1 – All Other Funds Listing of Assets – as of June 30, 2012
- Exhibit C-2 – All Other Funds Schedule of Balances for Funding Enforceable Obligations as of June 30, 2012
- Exhibit C-3 – All Other Funds Summary of Balances Available for Allocation to Affected Taxing Entities as of June 30, 2012

The report identifies the assets that were transferred to the City as of February 1, 2012 for purposes of administering the enforceable obligations of the former redevelopment agency. The report identifies that there remains a balance of \$2,829,346 in cash and investments on the Successor Agency's books. Of these amounts, \$1,992,000 is payable under an enforceable obligation to the San Mateo Union High School District under a Stipulated Judgment and Settlement Agreement, \$22,053 payable under an enforceable obligation to Verde Design, Inc. for the final

payment under a design contract funded by the former Agency, and \$6,000 payable under an enforceable obligation to Vavrinek, Trine, Day & Co, LLP to conduct the close-out audits of the former redevelopment agency. The result is that an amount totaling \$809,293 will be subject to remittance to the County Controller's Office for disbursement to taxing entities. Upon DOF review and issuance of its final audit determination letter to the Successor Agency, the Successor Agency will then have 5 days in which to remit the funds to the County Controller. Assuming that the DOF concurs with the Successor Agency's report, and they issue their final report on or before April 1, 2013 as required by the statute, the Successor Agency will be remitting those funds to the County Controller on or before April 5, 2013.

The Oversight Board held a public hearing at a Special Meeting on January 2, 2013, for the purposes of receiving public testimony in regards to the report. The meeting was continued to January 4, 2013 for lack of quorum. It should be noted that no members of the public appeared at the January 2, 2013 meeting. At the continued January 4, 2013 meeting, the public hearing was held. No members of the public appeared to address the Oversight Board.

Lin-Lin Cheng, Finance Director, compiled the financial information for the final report and can address any questions the Oversight Board may have in terms of the financial information provided. In addition, AJ Major, Partner with VTD, is scheduled to attend the Oversight Board meeting and can address any questions of the Oversight Board in its review of the attached final report.

Subject to any further public testimony and the Oversight Board's deliberations, it is recommended that the Oversight Board adopt the attached resolution that approves the attached Independent Accountants' report. Upon approval, Successor Agency Staff will submit the resolution and the report to the County Controller, State Department of Finance, and State Controller's Office as required under AB 1484 prior to January 15, 2013.

Attachments:

- Resolution
- Successor Agency City of Foster City – Independent Accountants' Report on Applying Agreed-Upon Procedures pursuant to AB 1484 (All Other Funds).

RESOLUTION NO. _____

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY CITY OF FOSTER CITY APPROVING THE INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES PURSUANT TO AB 1484 (ALL OTHER FUNDS) AS OF JUNE 30, 2012

SUCCESSOR AGENCY CITY OF FOSTER CITY

WHEREAS, *California Health & Safety Code* §34179.5 requires the Successor Agency to hire the services of a licensed accountant, approved by the county auditor-controller and with experience and expertise in local government accounting, to conduct a due diligence review to determine the unobligated balances available for transfer to taxing entities; and,

WHEREAS, on August 8, 2012 the Oversight Board approved a contract with the accounting firm of Vavrinek, Trine, Day and Company, LLP ("VTD") to conduct the agreed-upon procedures as required by law; and,

WHEREAS, the San Mateo County Controller's Office approved the Successor Agency's selection of VTD on August 8, 2012; and,

WHEREAS, VTD has conducted the agreed-upon procedures as developed and issued by the State Department of Finance and the State Controller's Office on the Successor Agency's books and records of all funds other than those held in Low and Moderate Income Housing Funds ("All Other Funds") as of June 30, 2012 and issued its report on December 12, 2012; and,

WHEREAS, VTD's report was submitted to the County Controller, State Department of Finance, and State Controller's Office on December 14, 2012 as required by law; and,

WHEREAS, a public hearing was properly noticed on December 19, 2012 and was held at a Special Meeting on January 2, 2013 and January 4, 2013 wherein no public testimony was received by the Oversight Board; and,

WHEREAS, the Oversight Board reviewed the report at its Regular Meeting on January 9, 2013.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board of the Successor Agency City of Foster City that the Independent Accountants' Report on Applying Agreed-Upon Procedures Pursuant to AB 1484 (All Other Funds) as of June 30, 2012, attached hereto and incorporated herein, is approved.

BE IT FURTHER RESOLVED that the Secretary is ordered to transmit a copy of this resolution and the attached report to the San Mateo County Controller's Office, the State Department of Finance, and the State Controller's Office subsequent to this date but not later than January 15, 2013.

PASSED AND ADOPTED as a resolution of the Oversight Board of the Successor Agency City of Foster City at the Regular Meeting held on the 9th day of January, 2013, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

DICK W. BENNETT, CHAIRPERSON

ATTEST:

STEVE TOLER, SECRETARY

**Successor Agency City of Foster City
Independent Accountants' Report on Applying
Agreed-Upon Procedures pursuant to
AB 1484 (All Other Funds)**

June 30, 2012



VAVRINEK, TRINE, DAY
& COMPANY, LLP
Certified Public Accountants

VALUE THE DIFFERENCE

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Oversight Board of the
Successor Agency City of Foster City
City of Foster City, California

We have performed the Agreed-Upon Procedures enumerated in Exhibit A, which were agreed to by the California State Controller's Office, the California Department of Finance, the County Auditor-Controller, and the Successor Agency City of Foster City to determine the Successor Agency All Other Fund's unobligated balances that are available for transfer to taxing entities, solely to assist you in ensuring that the Successor Agency is complying with its statutory requirements with respect to *Health and Safety Code* Section 34179.5. Management of the Successor Agency is responsible for the accounting records pertaining to statutory compliance pursuant to *Health and Safety Code* Section 34179.5. This Agreed-Upon Procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Exhibit A, B, and Exhibits C through C-3 identify the procedures and findings.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion as to the appropriateness of the results summarized in Exhibit A, B and Exhibits C through C-3. 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 Oversight Board, the Successor Agency, the California State Controller's Office, the California Department of Finance, the County Auditor-Controller, 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.

Vavrinek, Trine, Day & Co., LLP.

Pleasanton, California
December 12, 2012

SUCCESSOR AGENCY CITY OF FOSTER CITY

EXHIBIT A AGREED UPON PROCEDURES PURSUANT TO AB 1484 ALL OTHER FUNDS

Our procedures and findings are as follows:

A. All Other Funds of the Successor Agency

For each Successor Agency Fund, (excluding the Low and Moderate income Housing Fund) the following procedures were performed:

1. Obtain from the Successor Agency a listing of all assets that were transferred from the former redevelopment agency (RDA) 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.

Findings – We obtained 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. We agreed the amounts on this listing to account balances established in the accounting records of the Successor Agency noting the total balance of all assets that were transferred to the Successor Agency on February 1, 2012, was \$3,636,927, and consisted of cash and cash equivalents.

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.

SUCCESSOR AGENCY CITY OF FOSTER CITY

EXHIBIT A AGREED UPON PROCEDURES PURSUANT TO AB 1484 ALL OTHER FUNDS

- 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.

Findings – The Successor Agency asserted the State Controller's Office has not indicated to the Successor Agency that they have completed a review of transfers required under both Sections 34167.5 and 34178.8.

A listing of the transfers for the period January 1, 2011 through June 30, 2012 is included as Exhibit C of the AUP report. We noted the assets transferred to the City included cash for funding of cooperative and reimbursement agreements.

The Successor Agency asserted that the former redevelopment agency's "Project Area One" project area reached its tax increment cap and dissolved in April 2011. The former redevelopment agency board executed three agreements prior to and in anticipation of that project area's dissolution, authorizing the City to 1) continue the affordable housing program, 2) manage the remaining capital improvements scheduled in the project area, and 3) monitor the outstanding obligation of the stipulated judgment with the San Mateo Union High School District by transferring the funds to the City. Those assets were maintained in three separate funds so as to not commingle them amongst one another nor commingle them with any other City assets. As a result of the enactment of ABx1 26 and the subsequent ruling by the California Supreme Court upholding the constitutionality of ABx1 26, these funds were transferred back to the Successor Agency as of February 1, 2012, net of any enforceable obligations that were legally obligated as of January 31, 2012 and paid prior to February 1, 2012. Any subsequent payments from those funds were subject to the Recognize Obligation Payment Schedules subsequently filed with and approved by the California Department of Finance.

Management asserted that the operating loan repayments of \$1,272,115 were legal obligations owed to the City. Such amounts have not been added to the Summary of Balances Available for Allocation to Affected Taxing Entities.

For each transfer listed on Exhibit C of the AUP report, we obtained the legal document that formed the basis for the obligation that required any transfer.

The Successor Agency asserted no transfers were made from the Successor Agency to the City for the period from February 1, 2012 through June 30, 2012.

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.

SUCCESSOR AGENCY CITY OF FOSTER CITY

EXHIBIT A AGREED UPON PROCEDURES PURSUANT TO AB 1484 ALL OTHER FUNDS

- 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.

Findings – The Successor Agency asserted the State Controller's Office has not indicated to the Successor Agency that they have completed a review of transfers required under both Sections 34167.5 and 34178.8. The Successor Agency also asserted no transfers were made from the former redevelopment agency or the Successor Agency to any other public agency or to private parties for the period from January 1, 2011 through January 31, 2012, and the period February 1, 2012 through June 30, 2012, respectively.

- 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.

Findings – We obtained from the Successor Agency a summary of the financial transactions. We determined through recalculation that the total revenues, expenditures, and transfers fully accounts for the changes in equity from the previous fiscal periods. The amounts in the schedule for June 30, 2010 were agreed to the State Controllers Annual Financial Transactions filed by the Redevelopment Agency noting no exceptions. We agreed the fiscal year ended June 30, 2011 balances per the schedule to the Redevelopment Agency's audited financial statements and agreed the periods ended January 31, 2012 and June 30, 2012 balances to the accounting records of the former Redevelopment Agency and the Successor Agency, respectively, noting no exceptions. The summary of financial transactions is included in Exhibit B of the AUP report.

SUCCESSOR AGENCY CITY OF FOSTER CITY

EXHIBIT A AGREED UPON PROCEDURES PURSUANT TO AB 1484 ALL OTHER FUNDS

5. Obtain from the Successor Agency a listing of all assets of other funds 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 All Other Successor Agency Funds, the schedule attached as an exhibit will include only those assets of the All Other Assets Funds 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 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.

Findings – For the Successor Agency All Other Funds, we agreed the assets listed to the recorded balances reflected in the Successor Agency's accounting records. We noted the asset balance of the Successor Agency All Other Funds as of June 30, 2012 was \$2,829,346. See Exhibit C-1 for the listing of these assets.

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.
 - 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.
 - C. Other assets considered to be legally restricted:
 - i. 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 Obtain 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.

SUCCESSOR AGENCY CITY OF FOSTER CITY

EXHIBIT A AGREED UPON PROCEDURES PURSUANT TO AB 1484 ALL OTHER FUNDS

- 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.

Findings - The Successor Agency asserted that the Successor Agency All Other Funds does not have any restricted balances for unspent bond proceeds, grant proceed or program income, or any other assets restricted by third parties. As such, the procedures in step 6 were not 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.
- 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.

Findings – The Successor Agency asserted that the Successor Agency All Other Funds does not have assets that are not liquid or otherwise available for distribution (such as capital assets, land held for resale, long-term receivables, etc.) as of June 30, 2012. As such, the procedures in step 7 were not 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.

SUCCESSOR AGENCY CITY OF FOSTER CITY

EXHIBIT A AGREED UPON PROCEDURES PURSUANT TO AB 1484 ALL OTHER FUNDS

- iii. Compare the specified enforceable obligations to those that were included in the final Recognized Obligation Payment Schedule (ROPS) 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.
- 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.
- 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.

SUCCESSOR AGENCY CITY OF FOSTER CITY

EXHIBIT A AGREED UPON PROCEDURES PURSUANT TO AB 1484 ALL OTHER FUNDS

- 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.

Findings – The Successor Agency asserted that \$2,020,053 of cash balances as of June 30, 2012, need to be retained to satisfy enforceable obligations of the Successor Agency All Other Funds. See Exhibit C-2 for additional details.

9. If the Successor Agency believes that cash balances as of June 30, 2012, need to be retained to satisfy obligations on the 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.

Findings – The Successor Agency asserted that the Successor Agency All Other Funds does not need to retain any additional funds to satisfy obligation on the ROPS for the period of July 1, 2012 through December 31, 2012 as of June 30, 2012. As such, the procedures in step 9 were not 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).

Findings – The Successor Agency prepared a schedule detailing the computation of the Summary of Balances Available for Allocation to Affected Taxing Entities. (See Exhibit C-3.)

SUCCESSOR AGENCY CITY OF FOSTER CITY

**EXHIBIT A
AGREED UPON PROCEDURES
PURSUANT TO AB 1484 ALL OTHER FUNDS**

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 341795) 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.

Findings - We have obtained management's written representations acknowledging their responsibility as outlined in procedure #11.

Successor Agency City of Foster City
Pursuant To AB 1484 - All Other Funds
Summary of Financial Transactions

Exhibit B

	Redevelopment Agency 12 Months Ended 6/30/2010	Redevelopment Agency 12 Months Ended 6/30/2011	Unaudited Redevelopment Agency 7 Months Ended 1/31/2012	Unaudited Successor Agency 5 Months Ended 6/30/2012
Assets (modified accrual basis)				
Cash and investments	\$ 18,760,211	\$ 1,021,838	\$ 989,152	\$ 15,756,228
Due from other funds	5,639,604	-	-	-
Loans receivables, net of allowance	1,128,351	-	-	-
Total Assets	\$ 25,528,166	\$ 1,021,838	\$ 989,152	\$ 15,756,228
Liabilities (modified accrual basis)				
Accounts payable	\$ 960,929	\$ 504,092	\$ 71,323	\$ 190,565
Due to other funds	5,639,604	-	-	-
Refundable deposits	7,147	-	-	-
Refundable property tax revenue	-	-	50,568	-
Deferred revenue	1,128,351	-	-	-
Total Liabilities	\$ 7,736,031	\$ 504,092	\$ 121,891	\$ 190,565
Equity	17,792,135	517,746	867,261	15,565,663
Total Liabilities + Equity	\$ 25,528,166	\$ 1,021,838	\$ 989,152	\$ 15,756,228
Total Revenues:	\$ 15,804,302	\$ 10,740,112	\$ 440,937	\$ 5,539
Total Expenditures:	\$ 21,454,910	\$ 5,828,554	\$ 91,422	\$ 789,929
Total Transfers:	\$ -	\$ (22,185,947)	\$ (867,261)	\$ -
Extraordinary Gain:	\$ -	\$ -	\$ -	\$ 16,350,053
Net change in equity:	\$ (5,650,608)	\$ (17,274,389)	\$ (517,746)	\$ 15,565,663
Beginning Equity:	\$ 23,442,743	\$ 17,792,135	\$ 517,746	\$ -
Ending Equity:	\$ 17,792,135	\$ 517,746	\$ -	\$ 15,565,663
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	\$ 1,115,697	\$ -	\$ -	\$ -
1991 stipulated judgment-San Mateo Union High School District	\$ 2,934,000	\$ 2,467,000	\$ 2,229,500	\$ 1,992,000
1999 Disposition & Development Agreement-Marlin Cove Project	\$ 5,207,000	\$ 4,893,000	\$ 4,893,000	\$ 4,578,000
2000 Disposition & Development Agreement-Hillsdale/Gull Project	\$ 1,562,000	\$ 1,385,000	\$ 1,385,000	\$ 1,201,000

Successor Agency City of Foster City
Pursuant To AB 1484 - All Other Funds

Exhibit C

Schedule of Asset Transfers to the City, County, or City and County, and Other Public Agencies or Private Parties

DATE OF TRANSFER	DESCRIPTION OF ASSETS	RECIPIENT	\$ VALUE OF ASSETS TRANSFERRED	\$ VALUE OF ASSETS NOT SUPPORTED	PURPOSE OF TRANSFER	SOURCE DOC BASIS FOR TRANSFER
<i>Period of Jan 1, 2011 through Jan 31, 2012</i>						
2/27/2011	Cash and investments (b)	City of Foster City Public Improvements Reimbursement Agreement Fund	\$ 612,242.00		Project One area reached its tax increments cap in April 2011 and entered into a Public Improvements Reimbursement Agreement with the City to aid the Agency in monitoring capital improvement projects for the Benefit of the Agency's Project One area.	Adopted Budget
4/18/2011	Cash and investments (b)	City of Foster City Cooperative Service Agreement Fund	2,501,692.00		Project One area reached its tax increments cap in April 2011 and entered into a Cooperative Service Agreement with the City to aid the Agency in administering the Stipulated Judgment and making the required payments to the San Mateo Union High School District.	Stipulated Judgment with San Mateo Union High School District
6/29/2011	Cash and investments (b)	City of Foster City Loan Payment-Principal Loan Payment-Interest	1,115,697.00 156,418.00		Project One area reached its tax increments cap in April 2011 and paid off the outstanding loans from the City, which were borrowed in FY 1990/1991, FY 1991/1992, and FY 1996/1997	Loan Agreements (a)
<i>Period of Feb 1, 2012 through June 30, 2012</i>						
TOTAL			<u>\$ 4,386,049.00</u>	<u>\$ -</u>		

(a) Management asserted that the operating loans between the former RDA and City were legal obligations owed to the City and the amount has not been added to the Summary of Balances Available for Allocation to Affected Taxing Entities.

(b) Investments include a \$34,692 unrealized gain.

Successor Agency City of Foster City
 All Other Funds - Listing of Assets
 As of June 30, 2012 - Unaudited

Exhibit C-1

Note: Excludes all assets held by the entity that assumed the housing function of the former RDA

Assets

Cash and investments

<i>CFC/EMID</i>	Project One-SMUHSD (stipulated judgment)	\$	1,992,000
<i>CFC/EMID</i>	Project One-Capital Improvement		22,886
<i>CFC/EMID</i>	Marlin Cove		4,000
<i>CFC/EMID</i>	Hillsdale/Gull		2,000
<i>CFC/EMID</i>	Other Trust		808,460

Total		\$	2,829,346
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Interest receivable

<i>Acct</i>	<i>Acct name</i>	\$	-
			-
			-

Total		\$	-
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Cash/investments w/ Fiscal Agent

<i>Acct</i>	<i>Acct name</i>	\$	-
			-
			-

Total		\$	-
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Other (break-out / delineate as appropriate)

<i>Acct</i>	<i>Acct name</i>	\$	-
			-
			-

Total		\$	-
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TOTAL ASSETS AT 6/30/2012:		\$	2,829,346
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Successor Agency City of Foster City
Pursuant To AB 1484 - All Other Funds
Schedule of Balances for Funding Enforceable Obligations

ITEM	PROJECT NAME/DEBT OBLIGATION	ROPS LINE NO.	OBLIGATION AMOUNT AS APPROVED BY DOF	AMOUNT PAID IN PERIOD ENDING JUNE 30, 2012	AMOUNT FROM JUNE 30, 2012 BALANCE DEDICATED / RESTRICTED FOR FUNDING THE OBLIGATION	NATURE OF DEDICATION / RESTRICTION	LANGUAGE IN THE LEGAL DOC
<i>Note: Schedule should list only those assets that are dedicated or restricted for the funding of an enforceable obligation (example - funds have been received but enforceable obligation has not been paid)</i>							
1	San Mateo Union High School District	1	\$ 2,467,000	\$ 475,000	\$ 1,992,000	Redevelopment law	Stipulated judgement Enforceable obligation H&S
2	Verde Design Inc.	13	33,400	11,347	22,053	Redevelopment law	34171(d)(1)E Enforceable obligation H&S
3	Vavrinek, Trine, Day & Co., LLP	6	6,000	-	6,000	Professional Services	34171(d)(1)E
			<u>\$ 2,506,400</u>	<u>\$ 486,347</u>	<u>\$ 2,020,053</u>		

**Successor Agency City of Foster City
Pursuant To AB 1484 - All Other Funds
Summary of Balances Available for Allocation to Affected Taxing Entities**

Exhibit C-3

		<u>Reference:</u>
Total amount of assets held by the successor agency as of June 30, 2012 (procedure 5)	\$ 2,829,346	Exhibit C-1
Add the amount of any assets transferred to the city or other parties for which an enforceable obligation with a third party requiring such transfer and obligating the use of the transferred assets did not exist (procedures 2 and 3)	-	(a)
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)	-	
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)	(2,020,053)	Exhibit C-2
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	-	
	<hr/>	
Amount to be remitted to county for disbursement to taxing entities	<u>\$ 809,293</u>	

(a) As noted in procedure no. 2 and Exhibit C, Management asserted that the operating loans between the former RDA and City were legal obligations owed to the City and were not included on the Summary of Balance Available for Allocation to Affected Taxing Entities.