

RESOLUTION NO. OB 2012- 20

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF GRAND TERRACE APPROVING THE DUE DILIGENCE REVIEW OF THE SUCCESSOR AGENCY COMMUNITY REDEVELOPMENT AGENCY NON-HOUSING FUNDS, AUTHORIZING THE SUCCESSOR AGENCY TO RETAIN THOSE OBLIGATED FUND ASSETS IDENTIFIED IN THE DUE DILIGENCE REVIEW, AND AUTHORIZING SUCCESSOR AGENCY STAFF TO TRANSMIT THE DUE DILIGENCE REVIEW TO THE CALIFORNIA DEPARTMENT OF FINANCE, SAN BERNARDINO COUNTY AUDITOR-CONTROLLER AND TO OTHER STATE AND LOCAL AGENCIES PURSUANT TO THE HEALTH AND SAFETY CODE

WHEREAS, the Successor Agency and Oversight Board authorized Successor Agency staff to enter into a contract with the firm Rogers, Anderson, Malody & Scott, LLP ("Auditor") to conduct the required Due Diligence Review under AB 1484; and

WHEREAS, Auditor is an independent Certified Public Accounting firm on the approved list of providers to conduct required Due Diligence Review under AB 1484 by the San Bernardino Auditor-Controller's Office; and

WHEREAS, Auditor reviewed the information of the Successor Agency and the requirements under California Health and Safety Code Section 34179.5, performed all required procedures and field work and prepared an agreed upon procedures report in accordance with the standards established by the American Institute of Certified Public Accountants in order to comply with the Due Diligence Review under AB 1484; and

WHEREAS, the Oversight Board to the Successor Agency of the Grand Terrace Community Redevelopment Agency ("Successor Agency") received a copy of the completed Due Diligence Review at its regular meeting on December 5, 2012 and convened a public comment session at that same meeting to receive any comments from the general public and the San Bernardino County Auditor-Controller's Office; and

WHEREAS, the Oversight Board to the Successor Agency has considered any and all comments from members of the public and the San Bernardino County Auditor-Controller's Office regarding the Due Diligence Review; and

WHEREAS, the Oversight Board to the Successor Agency has reviewed the Due Diligence Review and has made inquiries of Successor Agency staff; and

NOW THEREFORE, BE IT RESOLVED by the Oversight Board to the Successor Agency of the Grand Terrace Community Redevelopment Agency, as follows:

SECTION 1. The Oversight Board finds and determines that the foregoing recitals are true and correct.

SECTION 2. The Oversight Board has reviewed the Due Diligence Review of the Non-Housing Funds, attached hereto as Attachment 1 is the Due Diligence Review described, and has determined that it truthfully and accurately reflects the unencumbered cash in the possession of the Successor Agency pursuant to the Health and Safety Code.

SECTION 3. The Oversight Board hereby approves the attached Due Diligence Review.


SECTION 4. For the purposes retaining those non-LMIHF funds which are encumbered, as described in the attached Due Diligence Review, the Oversight Board hereby authorizes the Successor Agency to retain the assets and funds as documented in the Due Diligence Review, which provides the amount of funds authorized for retention, the source of those funds, and the purposes for which those funds are being retained.

SECTION 5. Successor Agency staff is hereby directed to transmit the Due Diligence Review for Non-Housing Funds to the California Department of Finance, the San Bernardino County Auditor-Controller, and any other relevant State or local agency pursuant to the Health and Safety Code by January 15, 2013.

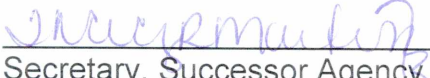
SECTION 6. Successor Agency staff is hereby authorized to take all other actions necessary and required to carry out this Resolution to ensure the Successor Agency complies with the Due Diligence Review process pursuant to the Health and Safety Code or any other relevant law.

PASSED, APPROVED, AND ADOPTED at a regular meeting of the Oversight Board to the Successor Agency of the Community Redevelopment Agency of the City of Grand Terrace, held on this the 19th day of December, 2012, by the following vote:

AYES:	Board Members Mitchell, Shields and Morgia, Vice-Chairman Sacks and Chairman Stanckiewicz
NOES:	None
ABSENT:	Board Member Miranda
ABSTAIN:	None



Chair, Successor Agency to the Community
Redevelopment Agency of the City of Grand Terrace



Secretary, Successor Agency to the Community
Redevelopment Agency of the City of Grand Terrace

Attachment 1
Non-Low- and Moderate-Income Housing Fund Due Diligence Review

PURSUANT TO THE STATE OF CALIFORNIA
HEALTH AND SAFETY CODE SECTION 34179.5

CITY OF GRAND TERRACE AS THE SUCCESSOR AGENCY OF THE
COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF GRAND TERRACE

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF GRAND TERRACE
DUE DILIGENCE REVIEW PURSUANT H&S CODE SECTION 34179.5
ALL OTHER FUNDS AGREED-UPON PROCEDURES

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the minimum required agreed-upon procedures enumerated in Attachment "A", which were agreed to by the Oversight Board of the Successor Agency for the Community Redevelopment Agency of the City of Grand Terrace, the California State Controller's Office and the State of California Department of Finance (Agencies) solely to assist you in determining All Other Funds unobligated balances available for transfer to taxing entities complying with statutory requirements pursuant to the California 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 34182(a)(1).

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion as to the appropriateness of the results summarized after each procedure in Attachment "A". Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the applicable Agencies, and is not intended to be, and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

MEMBERS

American Institute of
Certified Public Accountants

PCPS The AICPA Alliance
for CPA Firms

Governmental Audit
Quality Center

California Society of
Certified Public Accountants

Rogers Anderson Malody & Scott, LLP

November 27, 2012

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF GRAND TERRACE
DUE DILIGENCE REVIEW PURSUANT H&S CODE SECTION 34179.5
ALL OTHER FUNDS AGREED-UPON PROCEDURES**

Attachment A

Purpose: To determine the unobligated balances available for transfer to taxing entities of the Low and Moderate Income Housing Fund. [Health and Safety Code section 34179.5]

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.

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 from the Successor Agency a listing of all assets that were transferred from the former redevelopment agency (excluding Low and Moderate Income Housing Fund) 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.

We noted that \$35,373,736 in assets were transferred from the former redevelopment agency to the Successor Agency as of February 1, 2012.

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF GRAND TERRACE
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Attachment A

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.

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:

We obtained 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 described the purpose of the transfer and described in what sense the transfer was required by one of the Successor Agency's enforceable obligations or other legal requirements. The State Controller's Office has not completed its review of transfers required under both Sections 34176.5 and 34178.8. Based on the listing of transfers from the former redevelopment agency to the City of Grand Terrace for the period January 1, 2011 through January 31, 2012, we noted three transfers totaling \$867,806.

See Attachment 2 for listing of transfers.

- B. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Successor Agency to the city, county, or city and county that formed the redevelopment agency for the period from February 1, 2012 through June 30, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

Results:

According to Successor Agency, there were no transfers from the former redevelopment agency to the City or County 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, from the Successor Agency, copies of the Agency resolutions related to the "Improvements to Mount Vernon Avenue" and the "Grand Terrace Road Project."

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF GRAND TERRACE
DUE DILIGENCE REVIEW PURSUANT H&S CODE SECTION 34179.5
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Attachment A

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.

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.

Results:

According to Successor Agency, there were no transfers from the former redevelopment agency to any other public agency or private party for the period from January 1, 2011 through January 31, 2012.

- B. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Successor Agency to any other public agency or private parties for the period from February 1, 2012 through June 30, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

Results:

According to Successor Agency, there were no transfers from the former redevelopment agency to any other public agency or private party 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:

The Successor Agency did not prepare schedules related to procedures 3.A and 3.B, as there are no transfers that met the criteria stated in these procedures, therefore no legal documents were obtained.

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF GRAND TERRACE
DUE DILIGENCE REVIEW PURSUANT H&S CODE SECTION 34179.5
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Attachment A

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.

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.

Results:

We obtained from the Successor Agency a summary of the financial transactions of the Redevelopment Agency and the Successor Agency for the fiscal periods requested using the modified accrual basis of accounting. The summary includes the requested long-term liabilities and capital asset information.

- B. Ascertain that for each period presented the total of revenues, expenditures, and transfers accounts fully for the changes in equity from the previous fiscal period.

Results:

We agreed the changes in equity to the requisite accounting data. Prior period adjustments account for any variances in the changes in equity between the periods disclosed.

- 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.

Results:

We agreed the stated amounts to the June 30, 2010 State Controller's Report and noted no variances.

- 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 agreed the stated amounts for the year ended June 30, 2011 to the State Controller's Report for the same period and noted no variances.

We agreed the stated amounts for the seven months ended January 31, 2012 and the five months ended June 30, 2012 to the Successor Agency's trial balances and noted no variances.

See Attachment 4 for the summary of financial transactions of the Redevelopment Agency and the Successor Agency.

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Attachment A

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.

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 from the Successor Agency a listing of all assets of the "Other" Funds as of June 30, 2012 for the report that is due December 15, 2012. The listing excludes those assets of the Low and Moderate Income Housing Fund that were held by the Successor Agency as of June 30, 2012. We agreed the assets so listed to recorded balances reflected in the accounting records of the Successor Agency.

See Attachment 5 for the listing, obtained from the Successor Agency, of assets that were held by the Successor Agency as of June 30, 2012.

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF GRAND TERRACE
DUE DILIGENCE REVIEW PURSUANT H&S CODE SECTION 34179.5
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Attachment A

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.

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.)

Results:

We obtained a computation of the unspent bond proceeds at June 30, 2012.

- 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).

Results:

We agreed the computation to the related client prepared spreadsheets and the bank account balance.

- 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:

We obtained a copy of the official statement and noted on page three the purposes for which these bonds were issued.

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:

According to Successor Agency, 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).

Results:

We obtained a computation of the restricted balances at June 30, 2012.

- 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).

Results:

We agreed the computation to the related account balances and fiscal agent bank statements at June 30, 2012.

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF GRAND TERRACE
DUE DILIGENCE REVIEW PURSUANT H&S CODE SECTION 34179.5
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Attachment A

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:

We obtained a copy of the official statements for each bond issue and agreed the required reserve amount to the amount held by the fiscal agents at June 30, 2012 and noted no variances. The bond reserve amounts are a required part of the bond issue.

D. Attach the above mentioned Successor Agency prepared schedule(s) as an exhibit to the AUP report. For each restriction identified on these schedules, indicate in the report the period of time for which the restrictions are in effect. If the restrictions are in effect until the related assets are expended for their intended purpose, this should be indicated in the report.

Results:

See Attachment 6 for the listing restricted assets at June 30, 2012. The intended purpose language is included on the listing.

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DUE DILIGENCE REVIEW PURSUANT H&S CODE SECTION 34179.5
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Attachment A

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.

7. Perform the following procedures:

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

Results:

We obtained from the Successor Agency a listing of assets as of June 30, 2012 that are not liquid or otherwise available for distribution. We noted that \$8,073,295 of assets at June 30, 2012 were not liquid or otherwise available for distribution. The assets as stated are based on book value as reflected in the accounting records of the Successor Agency.

See Attachment 7 for listing of assets obtained from 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.

Results:

We traced the amount to the Successor Agency's accounting records noting no differences.

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

Results:

We noted a piece of land was purchased using bond proceeds. The Agency Board approved the purchase of the land on June 14, 2011. We obtained a copy of the Agency minutes for June 14, 2011 and a copy of the purchase agreement.

- 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:

Procedure 7(D) is not applicable since the assets identified in procedure 7(A) are not listed at estimated market value.

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF GRAND TERRACE
DUE DILIGENCE REVIEW PURSUANT H&S CODE SECTION 34179.5
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Attachment A

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.

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.

Results:

The Successor Agency could not provide legal documents with regard to the amounts due to:

*Rock Bottom for the maintenance of the baseball park in the amount of \$10,600
Urban Futures, Inc. for bond compliance in the amount of \$3,000
Rosenow Spevacek Group in the amount of \$3,133 and
The accrued project expenses amounting to \$488.*

- ii. Compare all current balances to the amounts reported in the accounting records of the Successor Agency or to an alternative computation.

Results:

The balances as stated agree to the Successor Agency's accounting records.

- 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.

Results:

The amounts, as stated, were included on the final Recognized Obligation Payment Schedule approved by the California Department of Finance, except for the accrued project expenses of \$488 and the remaining balance on the Stater Brothers' contract of \$1,044,375.

- 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:

See Attachment 8.A for itemized schedule obtained from the Successor Agency.

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF GRAND TERRACE
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Attachment A

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

Results:

The Successor Agency believes that future revenues together with balances dedicated or restricted to an enforceable obligation are sufficient to fund approved enforceable obligations.

- 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.

Results:

The Successor Agency is retaining amounts sufficient to make the debt service payments required on September 1, 2013.

See Attachment 8.C for itemized schedule obtained from the Successor Agency.

- ii. Obtain the assumptions for the forecasted property tax revenues and disclose major assumptions associated with the projections.

Results:

The Successor Agency is expecting only to receive tax increment payments twice a year. The timing of these two tax payments does not agree with the debt service requirements. These amounts were approved on ROPS 3.

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

Results

The Successor Agency does not anticipate receiving any other general purpose revenues.

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF GRAND TERRACE
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Attachment A

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.

Results

\$2,374,856 of the Successor Agency's Pooled Cash Balance will need to be retained in order to meet the obligations on Schedule 8.A and 8.C. The Successor Agency estimated future annual revenues to be \$0.

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.

Results

As stated above in 8.D.i, \$2,374,856 of the Successor Agency's Pooled Cash Balance will need to be retained in order to meet the obligations on Schedule 8.A and 8.C.

iii. Include the calculation in the AUP report.

Results

According to the Successor Agency, estimated future annual revenue to be received is \$0, thus \$2,374,856 of the Agency's Pooled Cash balance at June 30, 2012 will need to be retained to meet the obligations listed on Attachment 8.A and 8.C.

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF GRAND TERRACE
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Attachment A

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.

9. If the Successor Agency believes that cash balances as of June 30, 2012 need to be retained to satisfy obligations on the Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2012 through June 30, 2013, obtain a copy of the final ROPS for the period of July 1, 2012 through December 31, 2012 and a copy of the final ROPS for the period January 1, 2013 through June 30, 2013. For each obligation listed on the ROPS, the Successor Agency should add columns identifying (1) any dollar amounts of existing cash that are needed to satisfy that obligation and (2) the Successor Agency's explanation as to why the Successor Agency believes that such balances are needed to satisfy the obligation. Include this schedule as an attachment to the AUP report.

Results:

See Attachment 9 for the listing and explanations from the Successor Agency of the Pooled Cash balances that need to be retained and its corresponding enforceable obligation in the ROPS 2 (July 1, 2012 to December 31, 2012) and in the ROPS 3 (January 1, 2013 to June 30, 2013).

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF GRAND TERRACE
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Attachment A

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.

10. Include (or present) a schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Entities. Amounts included in the calculation should agree to the results of the procedures performed in each section above. The schedule should also include a deduction to recognize amounts already paid to the County Auditor-Controller on July 12, 2012 as directed by the California Department of Finance. The amount of this deduction presented should be agreed to evidence of payment. The attached example summary schedule may be considered for this purpose. Separate schedules should be completed for the Low and Moderate Income Housing Fund and for all other funds combined (excluding the Low and Moderate Income Housing Fund).

Results:

We have included (prepared by the Successor Agency) a schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Entities. We agreed amounts included in the calculation to the results of the procedures performed in each section of the report referenced in the calculation. The payments made as directed by the California Department of Finance were agreed to check payments.

See Attachment 10 for the complete calculation obtained from Management of the Successor Agency.

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF GRAND TERRACE
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Attachment A

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.

Results:

We obtained a representation letter dated November 27, 2012 from the Successor Agency's management acknowledging their responsibility for the data provided to us and the data presented in the report and in all attachments to the report. Included in the representations there is 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 Agreed-upon procedures report and its related exhibits.

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF GRAND TERRACE
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Attachment 2

2A. Transfers from former RDA to City/County January 1, 2011 through January 31, 2012

Transfer Description	Transfer Amount	Transfer Date	City/County	Enforceable Obligation	
				Required By	If Yes, Date
Correct Project Funding from City to RDA Findings made by Resolution 2011-01 by the City Council and CRA Board	\$ 819,235	02/08/2011	City of Grand Terrace	Resolution 2011-01	02/08/2011
TSF to Street Capital Project Fund Progress payment - Grand Terrace Road -Proj	21,915	03/31/2011	City of Grand Terrace	Resolution 2010-07	07/13/2010
TSF to Street Capital Project Fund Progress payment - Grand Terrace Road -Proj	26,656	06/30/2011	City of Grand Terrace	Resolution 2010-07	07/13/2010
	<u>\$ 867,806</u>				

2B. Transfers from former RDA to City/County February 1, 2012 through June 30, 2012

Transfer Description	Transfer Amount	Transfer Date	City/County	Enforceable Obligation	
				Required By	If Yes, Date
None	\$ -				
	<u>\$ -</u>				

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF GRAND TERRACE
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Attachment 4

	Redevelopment Agency 12 Months Ended 6/30/2010	Redevelopment Agency 12 Months Ended 6/30/2011	Redevelopment Agency 7 Months Ended 1/31/2012	Successor Agency 5 Months Ended 6/30/2012
Assets (modified accrual basis)				
Cash and Investments	\$ 10,514,562	\$ 27,797,818	\$ 24,491,884	\$ 24,344,057
Cash with Fiscal Agents	1,300,000	3,068,450	3,057,813	3,057,813
Accounts Receivable	414	423,974	-	-
Accrued Interest Receivable	10,878	11,443	11,316	11,316
Loans Receivable	90,630	84,087	63,184	63,184
Notes Receivable	5,295,550	4,076,694	3,219,889	3,219,889
Due from Other Funds	37,798	448,636	-	-
Land Held for Investment	4,087,317	4,087,316	4,842,472	4,842,472
Total Assets	\$ 21,337,149	\$ 39,998,418	\$ 35,686,558	\$ 35,538,731
Liabilities (modified accrual basis)				
Accounts Payable	\$ 61,341	\$ 257,615	\$ 10,488	\$ 368,540
Accrued Liabilities	-	-	-	7,520
Other Liabilities	1,363,165	3,676,186	2,206,067	2,206,067
Deferred Revenue	90,630	84,087	63,184	63,184
Due to Other Funds	37,798	448,636	448,636	-
Due to GT Housing Authority	-	-	-	448,636
Total Liabilities	\$ 1,552,934	\$ 4,466,524	\$ 2,728,375	\$ 3,093,947

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF GRAND TERRACE
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Attachment 4 (continued)

	Redevelopment Agency 12 Months Ended 6/30/2010	Redevelopment Agency 12 Months Ended 6/30/2011	Redevelopment Agency 7 Months Ended 1/31/2012	Successor Agency 5 Months Ended 6/30/2012
Equity	<u>\$ 19,784,215</u>	<u>\$ 35,531,894</u>	<u>\$ 32,958,183</u>	<u>\$ 32,444,784</u>
Total Liabilities + Equity	<u>\$ 21,337,149</u>	<u>\$ 39,998,418</u>	<u>\$ 35,686,558</u>	<u>\$ 35,538,731</u>
Total Revenues:	<u>\$ 9,968,700</u>	<u>\$ 27,096,660</u>	<u>\$ 2,488,434</u>	<u>\$ 2,744,083</u>
Total Expenditures:	<u>\$ 11,065,467</u>	<u>\$ 8,740,389</u>	<u>\$ 3,141,298</u>	<u>\$ 3,068,977</u>
Total Transfers:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,926,006)</u>	<u>\$ (188,505)</u>
Net change in equity	<u>\$ (1,096,767)</u>	<u>\$ 18,356,271</u>	<u>\$ (2,578,870)</u>	<u>\$ (513,399)</u>
Beginning Equity:	\$ 20,880,982	\$ 19,784,215	\$ 35,531,894	\$ 32,958,183
Prior Period Adjustment:	-	(2,608,592)	5,159	-
Ending Equity:	<u><u>\$ 19,784,215</u></u>	<u><u>\$ 35,531,894</u></u>	<u><u>\$ 32,958,183</u></u>	<u><u>\$ 32,444,784</u></u>
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	7,674,511	26,672,149	26,672,149	26,672,149

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF GRAND TERRACE
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Attachment 5

5. Listing of Asset Detail of CRA Other Funds as of June 30, 2012

Asset Information				
ID#	Account Name	Description	GL	Total
	CASH- Pooled	Bank of America, Pooled Cash	XX-010-00-00	\$ 1,018,463
	CASH - Due from Non-Pooled Cash	Bank of America, Pooled Cash	XX-010-00-00	188,504
	CASH - Non- Pooled	Bank of America #200, Non-Pooled Cash	XX-010-00-00	4,133,255
	CASH - Due to Pooled Cash	Bank of America #200, Non-Pooled Cash	XX-010-00-00	(188,504)
	CASH WITH FISCAL AGENT	US Bank Trustee Accounts	XX-010-05-00	3,057,813
	INVESTMENTS- Bond Proceeds	BOFA-Bond Proceeds -Certificate of Deposits	xx-010-10-00	13,000,000
	INVESTMENTS	LAIF, Other Pooled Investment Accounts	xx-010-10-00	5,943,068
	INTEREST RECEIVABLE	Interest Receivable	xx-016-00-00	10,934
	Due from City of Grand Terrace-	Settlement City of Grand Terrace- Incorrect PT	33-015-25-00	3,219,889
0275-242-11	Land Held for Resale - Reuse	22100 Barton Road -0.40 Ac.- 4/28/09	32-016-55-00	204,915
0275-242-10	Land Held for Resale - Reuse	22100 Barton Road -0.44 Ac.- 10/30/09	32-016-55-00	200,926
0276-202-54	Land Held for Resale - Reuse	22747 Barton Road- .33 Ac.- 1/13/09	32-016-55-00	363,133
0276-462-10	Land Held for Resale - Governmental	22720 Vista Grande - .66 Ac.- 6/09/09	32-016-55-00	62,485
1167-141-08	Land Held for Resale - Reuse	W. Commerce Dr and Michigan - 0.93 Ac-10/3/05.	32-016-55-00	245,280
1167-151-61	Land Held for Resale - Reuse	6.74 Ac.- 11/22/00	32-016-55-00	226,355
1167-151-61SE	Land Held for Resale - Governmental	Baseball field - Pico 2.5 Ac. 11/22/00	32-016-55-00	83,976
1167-151-62	Land Held for Resale - Reuse	8.92 Ac. 11/22/00	32-016-55-00	296,540
1167-151-68	Land Held for Resale - Reuse	14.94 Ac. - Van Buren -11/22/00	32-016-55-00	263,607
1167-151-71	Land Held for Resale - Reuse	4.97 Ac. -11/22/00	32-016-55-00	175,373
1167-151-73	Land Held for Resale - Reuse	.44 Ac - 11/22/00	32-016-55-00	14,907
1167-161-03	Land Held for Resale - Reuse	21992 De Berry St. 8/19/05	32-016-55-00	899,953
1167-161-04	Land Held for Resale - Reuse	21974 De Berry St. 7/21/05	32-016-55-00	409,701
1167-151-22	Land Held for Resale - Reuse	14.2 Acr. - 7/29/11	32-016-55-00	1,395,321
				<u>\$ 35,225,894</u>

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF GRAND TERRACE
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Attachment 6

6A. Listing of Unspent Bond Proceeds as of June 30, 2012

Asset Description		GL	Total
2011A & B - Tax Allocation Bond - Proceeds	Cash - Bank of America #200	32-010-00-00	\$ 4,133,255
Proceeds due to Capital Project Bond Proceeds Fund (50)-Michigan/Storm Prj		32-010-00-00	(188,504)
2011A & B - Tax Allocation Bond - Proceeds	Investmt.-BOF CD #6924	32-010-10-00	1,000,000
2011A & B - Tax Allocation Bond - Proceeds	Investmt.-BOF CD #6925	32-010-10-00	2,000,000
2011A & B - Tax Allocation Bond - Proceeds	Investmt.-BOF CD #6926	32-010-10-00	2,000,000
2011A & B - Tax Allocation Bond - Proceeds	Investmt.-BOF CD #6927	32-010-10-00	2,000,000
2011A & B - Tax Allocation Bond - Proceeds	Investmt.-BOF CD #6928	32-010-10-00	2,000,000
2011A & B - Tax Allocation Bond - Proceeds	Investmt.-BOF CD #6929	32-010-10-00	2,000,000
2011A & B - Tax Allocation Bond - Proceeds	Investmt.-BOF CD #6930	32-010-10-00	2,000,000
			<u>\$ 16,944,751</u>

The restrictions on the usage of these bond proceeds are in effect until the related assets are expended for their intended purpose.

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF GRAND TERRACE
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Attachment 6 (continued)

6B. Listing of Grant Proceeds and Program Income Restricted by Third Parties as of June 30, 2012

Asset Description	GL	Total
None		\$ -

6C. Listing of Other Assets Considered to be Legally Restricted as of June 30, 2012

Asset Description	GL	Total
Cash With Fiscal Agent -2004 TABS Reserve Account held by Trustee	33-010-05-00	\$ 1,300,000
Cash With Fiscal Agent -2011 A & B TABS Reserve Account held by Trustee	33-010-05-00	1,757,813
		<u>\$ 3,057,813</u>

The restrictions on the usage of these bond proceeds are in effect until the related assets are expended for their intended purpose.

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF GRAND TERRACE
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Attachment 7

7. Listing of Assets of CRA Other Funds that are not Cash or Cash Equivalents at June 30, 2012

Asset Information			GL	Total
ID#	Account Name	Description		
	Accrued Investment Earnings	Accrued Investment Earnings	32-016-00-00	\$ 7,278
	Accrued Investment Earnings	Accrued Investment Earnings	33-016-50-00	3,656
	Due from City of Grand Terrace	Settlement City of Grand Terrace- Incorrect PT	33-015-25-00	3,219,889
0275-242-11	Land Held for Resale - Reuse	22100 Barton Road -0.40 Ac.- 4/28/09	32-016-55-00	204,915
0275-242-10	Land Held for Resale - Reuse	22100 Barton Road -0.44 Ac.- 10/30/09	32-016-55-00	200,926
0276-202-54	Land Held for Resale - Reuse	22747 Barton Road- .33 Ac.- 1/13/09	32-016-55-00	363,133
0276-462-10	Land Held for Resale - Governmental	22720 Vista Grande - .66 Ac.- 6/09/09	32-016-55-00	62,485
1167-141-08	Land Held for Resale - Reuse	W. Commerce Dr and Michigan - 0.93 Ac-10/3/05	32-016-55-00	245,280
1167-151-61	Land Held for Resale - Reuse	6.74 Ac.- 11/22/00	32-016-55-00	226,355
1167-151-61SE	Land Held for Resale - Governmental	Baseball field - Pico 2.5 Ac. 11/22/00	32-016-55-00	83,976
1167-151-62	Land Held for Resale - Reuse	8.92 Ac. 11/22/00	32-016-55-00	296,540
1167-151-68	Land Held for Resale - Reuse	14.94 Ac. - Van Buren -11/22/00	32-016-55-00	263,607
1167-151-71	Land Held for Resale - Reuse	4.97 Ac. -11/22/00	32-016-55-00	175,373
1167-151-73	Land Held for Resale - Reuse	.44 Ac - 11/22/00	32-016-55-00	14,907
1167-161-03	Land Held for Resale - Reuse	21992 De Berry St. 8/19/05	32-016-55-00	899,953
1167-161-04	Land Held for Resale - Reuse	21974 De Berry St. 7/21/05	32-016-55-00	409,701
1167-151-22	Land Held for Resale - Reuse	14.2 Acr. - 7/29/11	32-016-55-00	1,395,321
				<u>\$ 8,073,295</u>

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF GRAND TERRACE
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Attachment 8**

8A. Listing of Asset Balances Needed to be Retained to Satisfy Enforceable Obligations of June 30, 2012

Justification	Enforceable Obligation	Assets to be retained in order to fund obligations	Cash GL	Total
Projects and Wind Down Costs				
Approved Obligation under ROPS 1,2,3 Balance due under contract subject to participant meeting benchmark goals	Stater Bros. OPA ; Contract Balance Due	Cash - Bank of America- Pooled Cash	37-010-00-00	\$ 1,044,375
Accounts payable- installment due payable after June 30, 2012, as Approved under ROPS 1,2,3	A/P- Stater Bros. OPA - Invoice 07032012 due and payable after 6/30/12	Cash - Bank of America- Pooled Cash	37-010-10-00	163,125
Accounts payable- installment due payable after June 30, 2012, as Approved under ROPS 1,2,3	Jones & Mayer -legal services contract for wind down -Invoice 59724 & 59726-Legal	Cash - Bank of America- Pooled Cash	32-010-00-00	8,070
A/P - Project Payment due and payable after June 30, 2012	Rock Bottom- Ball Park-Contract Approved on ROPS 1,2 Invoice # PW-06-10-7	Cash - Bank of America- Pooled Cash	32-010-00-00	10,600
A/P - Project Payment due and payable after June 30, 2012	Accrued Expend-32-021-30-00	Cash - Bank of America- Pooled Cash	32-010-00-00	488
A/P - Project Payment due and payable after June 30, 2012	S.E.C. Rule 15-c2-12 Bond Compliance Requirement Invoice 210416 due June 30, 2012	Cash - Bank of America- Pooled Cash	33-010-00-00	3,000
Administrative Costs				
Administrative Employee costs through 6/30/2012, payable after June 30, 2012	Accrued Employee Payroll and Payroll expenses at 6-30-2012 in Acct# -32-022-30-00 Approved under ROPS Administrative Costs	Cash - Bank of America- Pooled Cash	32-010-00-00	7,032
A/P - Project Payment due and payable after June 30, 2012	RSG-Tax Increment Administration 6-30-12; Invoice 0028339 Approved under ROPS Administrative Costs	Cash - Bank of America- Pooled Cash	33-010-00-00	3,133
			Subtotal	<u>\$ 1,239,823</u>

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF GRAND TERRACE
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Attachment 8 (continued)

8B. Listing of Future Revenues together with Dedicated or Restricted to Enforceable Obligation Insufficient as of June 30, 2012

<u>Asset Description</u>	<u>GL</u>	<u>Total</u>
None		
	Subtotal	\$ -

8C. Listing of Future Revenues Insufficient to Pay for Bond Debt Service as of June 30, 2012

<u>Asset Description</u>		<u>GL</u>	<u>Total</u>
2011 A - TABS Reserve (ROPS-3. LN.26)	Reserve as per H&S 34171(d)(1)(A)	33-010-00-00	\$ 698,298
2012 B - TABS Reserve (ROPS-3, LN.27)	Reserve as per H&S 34171(d)(1)(A)	33-010-00-00	436,735
		Subtotal	\$ 1,135,033

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Attachment 9**

9. Cash Balances Needed to be Retained as of June 30, 2012: for ROPS 2 - July 1, 2012 to December 31, 2012 and ROPS 3- Jan. 1, 2013 to June 30, 2013.

#	Approved Under ROPS	Debt Obligation	Obligation Date	Payee	Description	ROPS Funding Source	G/L Acct		Cash Needed to be Retained to Satisfy Obligations	Reason Cash Needs to be Retained by Successor Agency
1)	2	2004 Tax Allocation Bonds	2004	US Bank	Debt Service on 2004 CRA Tax Alloc Bonds Due 8/1/12	RPTTF	33-010-10-00	Pooled Investments	\$ 666,188	Because this analysis is cash as of 6/30/12 and due to distribution of tax allocation only twice a year, agency needs to retain sufficient cash necessary to pay bond debt service due, as allowed by H & S 34171(d)(1)(A).
2)	2	2011 A Tax Allocation Bond	2011	US Bank	Debt Service on 2011 CRA Tax Alloc Bonds Due 8/1/12	RPTTF	33-010-10-00	Pooled Investments	680,898	
3)	2	2011 B Tax Allocation Bond	2011	US Bank	Debt Service on 2011 CRA Tax Alloc Bonds Due 8/1/12	RPTTF	33-010-10-00	Pooled Investments	429,545	
4)	2	Trustee Fees	2004/2011 Indenture	US Bank	Trustee Services for 2004 & 2011 TABS Required under bond indenture	RPTTF	33-010-10-00	Pooled Investments	12,115	
5)	2	Zion Loan	2009	Zion First National Bank	Private Refunding of CRA Debt	RPTTF	33-010-10-00	Pooled Investments	127,424	Due to distribution of tax allocation only twice a year, early tax collection period cut-off by SB A-C and unpredictable costs such as pass-through and county admin costs, Agency needs to retain sufficient cash necessary to pay obligations becoming due, through ROPS 2 period ending 12/31/12. June 1, 2012 distribution resulted in a \$2,620,371 DEFICIT in available RPTTF.
8)	2	Agency Attorney	9/27/2011	Jones and Mayer	Successor Agency Legal consulting	RPTTF	33-010-10-00	Pooled Investments	30,000	
11)	2	Consulting Services	Ongoing	RSG	Annual reporting requirements/administration	RPTTF	33-010-10-00	Pooled Investments	25,000	
12)	2	Consulting Services	Ongoing	City News Group	Advertising/Noticing	RPTTF	33-010-10-00	Pooled Investments	11,565	
13)	2	Consulting Services	Purchase Order	Smothers Appraisers	Property Appraisals	RPTTF	33-010-10-00	Pooled Investments	13,400	
14)	2	Consulting Services	4/12/2011	ACE Weed Abatement	Weed abatement for Agency property	RPTTF	33-010-10-00	Pooled Investments	20,000	
15)	2	Consulting Services	7/13/2010	Chamber of Commerce	Business development services	RPTTF	33-010-10-00	Pooled Investments	5,160	
16)	2	Consulting Services	2004/2011 Indenture	Urban Futures	Continuing Disclosure Reporting- bond issues	RPTTF	33-010-10-00	Pooled Investments	3,500	
17)	2	Agency Owned Property	Various	Various contractors	Property Maintenance and Insurance	RPTTF	33-010-10-00	Pooled Investments	3,000	
18)	2	Annual Audit and Reporting	Ongoing	Rogers Anderson Malody	Required annual auditing services	RPTTF	33-010-10-00	Pooled Investments	7,500	
19)	2	Professional Services	Ongoing	Contractors	Prof Svcs-Agency Dissolution-Oversight	RPTTF	33-010-10-00	Pooled Investments	50,000	Agency needs to retain sufficient cash necessary to pay obligations becoming due, through ROPS 2 period ending 12/31/12. June 1, 2012 distribution resulted in a \$2,620,371 DEFICIT in available RPTTF.
20)	2	Professional Services	Ongoing	Special Counsel	Oversight Board Legal Consulting	RPTTF	33-010-10-00	Pooled Investments	17,500	
21)	2	Professional Services	2/23/10 ongoing	HDL	Property tax allocation reconciliation	RPTTF	33-010-10-00	Pooled Investments	8,000	
C-24	2	Administrative Expenses claimed for ROPS -2 period	Various and ongoing	Agency - Employee Costs	Administrative costs 7/1/12 to 12/31/12	RPTTF	33-010-10-00	Pooled Investments	107,500	
C-25	2	Administrative Expenses claimed for ROPS -2 period	Various and ongoing	Agency - Employee Costs - PERS	Administrative costs 7/1/12 to 12/31/13	RPTTF	33-010-10-00	Pooled Investments	19,536	Cash must be retained by Agency because Prior Period Adjustment on ROPS 3 will reduce the funds distributed to Agency to pay for ROPS 3 listed obligations.
C-26	2	Administrative Expenses claimed for ROPS -2 period	Various and ongoing	Agency - Costs Overhead Alloc.	Administrative costs 7/1/12 to 12/31/14	RPTTF	33-010-10-00	Pooled Investments	160,650	
C-27	2	Administrative Expenses claimed for ROPS -2 period	Various and ongoing	Agency - Costs Insurance Alloc.	Administrative costs 7/1/12 to 12/31/15	RPTTF	33-010-10-00	Pooled Investments	9,360	
		Recognized Obligation Payment Schedule -3 "Line J" Prior Period (1/1/12 through 6/30/12) Estimated vs. Actual Payments								
	3			Successor Agency	ROPS 3 - Distribution Due on 1/2/13 will be reduced by "Line J on ROPS -3	Reserve	33-010-10-00	Pooled Investments	496,012	
Total									<u>\$ 2,903,853</u>	
A.	Sufficient cash Needs to be retained to pay ROPS -2 period (7/1/12 to 12/31/12) obligations because the June 1st 2012 distribution from RPTTF was less than the Agency's ROPS -2 period obligations and therefore the deficit would need to be funded by available cash									
B.	ROPS -3 period (1/1/2013 to 6/30/13) with RPTTF to be distributed on approximately January 2, 2013 is required under AB 1484 to be adjusted by an amount resulting from the comparison of the Successor Agency actual payments to the estimated payments listed on ROPS -1 period (1/1/2012 to 6/30/2012). Successor Agency has listed \$496,012 as the potential decrease to eligible ROPS -3 obligations and therefore the RPTTF distribution on approximately January 2, 2013 however this amount must be retained in Successor Agency cash to offset the anticipated RPTTF distribution reduction on January 2, 2013. Note: ROPS -2 Obligations have been reduced if the Agency is aware of updated costs that are now lower.									

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF GRAND TERRACE
DUE DILIGENCE REVIEW PURSUANT H&S CODE SECTION 34179.5
ALL OTHER FUNDS AGREED-UPON PROCEDURES
Attachment 10**

Grand Terrace Other Successor Agency Funds (Non-Housing)

SUMMARY OF BALANCES AVAILABLE FOR ALLOCATION TO AFFECTED TAXING ENTITIES	Total	Ref
Total amount of assets held by the successor agency as of June 30, 2012 (procedure 5)	\$ 35,225,894	Att 5
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)	-	Att 2 - 3
Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments (procedure 6)	(20,002,564)	Att 6A, B & C
Less assets that are not cash or cash equivalents (e.g., physical assets) (procedure 7)	(8,073,295)	Att 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)	(2,374,856)	Att 8A, B & C
Less balances needed to satisfy ROPS for the 2012-13 fiscal year (procedure 9)	(2,903,853)	Att 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>(220,024)</u>	
Amount to be remitted to county for disbursement to taxing entities	<u>\$ 1,651,302</u>	

Note that separate computations are required for the Low and Moderate Income Housing Fund held by the Successor Agency and for all other funds held by the Successor Agency.

NOTES: For each line shown above, an exhibit should be attached showing the composition of the summarized amount.

If the review finds that there are insufficient funds available to provide the full amount due, the cause of the insufficiency should be demonstrated in a separate schedule.