

**Successor Agency to the
Cerritos Redevelopment Agency**
Cerritos, California

*Independent Accountant's Report on
Applying Agreed-Upon Procedures relating to
the Due Diligence Review "for all other funds" of the
Successor Agency in accordance with AB 1484*

For the year ended June 30, 2012

**Successor Agency to the
Cerritos Redevelopment Agency**

Agreed Upon Procedures

Table of Contents

	<u>Page</u>
INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED-UPON PROCEDURES	1
ATTACHMENT A - AGREED-UPON PROCEDURES AND RESULTS.....	2-17
<u>EXHIBITS</u>	
Exhibit A All assets transferred from the former redevelopment agency to the Successor Agency on February 1, 2012	
Exhibit B Summary of Financial Transactions	
Exhibit C Assets of all other funds of the Successor Agency as of June 30, 2012	
Exhibit D Asset balances held on June 30, 2012 restricted for various purposes	
Exhibit E Assets as of June 30, 2012 not liquid or otherwise available for distribution	
Exhibit F Summary of Balances Not Available for Allocation	
Exhibit F -1 County of Los Angeles RPTTF ROPS II Allocation	
Exhibit F-2 County of Los Angeles, RPTTF Distribution ROPS II	
Exhibit G Summary of Balances Available for Allocation to affected Taxing Entities	
Exhibit H Management Representation Letter	



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

To the Oversight Board of the
Successor Agency to the Cerritos Redevelopment Agency
Cerritos, California

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

These procedures applied to the non-housing activities of the Successor Agency and not to the Successor Agency as a whole. The procedures applied to the Low and Moderate Income Housing Fund were completed and we have issued our report thereon dated October 1, 2012.

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

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion as to the appropriateness of the financial information summarized in the Exhibits, as listed in the table of contents. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Successor Agency, the Agency, the City, California State Controller's Office and the California State Department of Finance, and is not intended to be, and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

PUN & McGEADY LLP

Irvine, California
December 14, 2012

ATTACHMENT A - AGREED-UPON PROCEDURES AND RESULTS

Citation:

34179.5(c)(1) The dollar value of assets transferred from the former redevelopment agency to the successor agency on or about February 1, 2012.

Procedures Performed:

1. Obtain from the Successor Agency a listing of all assets that were transferred from the former redevelopment agency to the Successor Agency on February 1, 2012. Agree the amounts on this listing to account balances established in the accounting records of the Successor Agency. Identify in the Agreed-Upon Procedures (AUP) report the amount of the assets transferred to the Successor Agency as of that date.

Results:

Balance sheet reports, general ledger trial balance reports, audited financial statements and journal vouchers were reviewed and it was noted that assets in the amount of \$18,701,951 were transferred from the former Redevelopment Agency to the Successor Agency effective February 1, 2012. The SERAF Receivables in the amount of \$10,457,099 were transferred to the City of Cerritos Housing Asset Fund.

It was also noted new funds were created to account for the assets and liabilities of the Successor Agency upon the Redevelopment Agency dissolution.

See Exhibit A for the listing obtained from the Successor Agency of all assets that were transferred from the former Redevelopment Agency to the Successor Agency on February 1, 2012.

Citation:

34179.5(c)(2) The dollar value of assets and cash and cash equivalents transferred after January 1, 2011, through June 30, 2012, by the redevelopment agency or the successor agency to the city, county, or city and county that formed the redevelopment agency and the purpose of each transfer. The review shall provide documentation of any enforceable obligation that required the transfer.

Procedures Performed:

2. If the State Controller's Office has completed its review of transfers required under both Sections 34167.5 and 34178.8 and issued its report regarding such review, attach a copy of that report as an exhibit to the AUP report. If this has not yet occurred, perform the following procedures:
 - A. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the former redevelopment agency to the city, county, or city and county that formed the redevelopment agency for the period from January 1, 2011 through January 31, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.
 - B. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Successor Agency to the city, county, or city and county that formed the redevelopment agency for the period from February 1, 2012 through June 30, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.
 - C. For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required any transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.

Results:

The State Controller's Office has completed their review of transfers required under Sections 34167.5 and 34178.8. It is our understanding that we will receive the State Controller's report by January 15, 2013. Upon receipt of the report, we will forward a copy to be attached to this report.

Citation:

34179.5(c)(3) The dollar value of any cash or cash equivalents transferred after January 1, 2011, through June 30, 2012, by the redevelopment agency or the successor agency to any other public agency or private party and the purpose of each transfer. The review shall provide documentation of any enforceable obligation that required the transfer.

Procedures Performed:

3. If the State Controller's Office has completed its review of transfers required under both Sections 34167.5 and 34178.8 and issued its report regarding such review, attach a copy of that report as an exhibit to the AUP report. If this has not yet occurred, perform the following procedures:
 - A. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the former redevelopment agency to any other public agency or to private parties for the period from January 1, 2011 through January 31, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report. 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.
 - B. 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.
 - 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:

There were no transfers from the former redevelopment agency to any other public agency or to private parties for the period from January 1, 2011 through January 31, 2012, nor were there any asset transfers from the Successor Agency to any other public agency or private parties for the period February 1, 2012 through June 30, 2012. Therefore, these procedures are not applicable.

Citation:

34179.5(c)(4) The review shall provide expenditure and revenue accounting information and identify transfers and funding sources for the 2010-11 and 2011-12 fiscal years that reconciles balances, assets, and liabilities of the successor agency on June 30, 2012 to those reported to the Controller for the 2009-10 fiscal year.

Procedures Performed:

4. Perform the following procedures:

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

Results:

See Exhibit B for the summary obtained from the Successor Agency of the financial transactions of the Redevelopment Agency and the Successor Agency in the format set forth in the attached schedule for the fiscal periods indicated in the schedule.

Citation:

34179.5(c)(5) A separate accounting for the balance for the Low and Moderate Income Housing Fund for all other funds and accounts combined shall be made as follows:

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

Procedures Performed:

5. Obtain from the Successor Agency a listing of all assets of the Low and Moderate Income Housing Fund as of June 30, 2012 for the report that is due October 1, 2012 and a listing of all assets of all other funds of the Successor Agency as of June 30, 2012 (excluding the previously reported assets of the Low and Moderate Income Housing Fund) for the report that is due December 15, 2012. When this procedure is applied to the Low and Moderate Income Housing Fund, the schedule attached as an exhibit will include only those assets of the Low and Moderate Income Housing Fund that were held by the Successor Agency as of June 30, 2012 and will exclude all assets held by the entity that assumed the housing function previously performed by the former redevelopment agency. Agree the assets so listed to recorded balances reflected in the accounting records of the Successor Agency. The listings should be attached as an exhibit to the appropriate AUP report.

Results:

See Exhibit C for the listing obtained from the Successor Agency of all assets of all other funds of the Successor Agency as of June 30, 2012, excluding previously reported assets of the Low and Moderate Income Housing Fund.

Citation:

34179.5(c)(5)(B) An itemized statement listing any amounts that are legally restricted as to purpose and cannot be provided to taxing entities. This could include the proceeds of any bonds, grant funds, or funds provided by other governmental entities that place conditions on their use.

Procedures Performed:

6. Obtain from the Successor Agency a listing of asset balances held on June 30, 2012 that are restricted for the following purposes:
 - A. Unspent bond proceeds:
 1. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures, amounts set aside for debt service payments, etc.)
 2. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
 3. Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.

Results:

Cash and investments held with fiscal agent in the amount of \$15,508,110 for the Los Cerritos and Los Coyotes Project Areas is the required bond reserve per the applicable debt covenants. These amounts are not available for distribution or expenditures.

B. Grant proceeds and program income that are restricted by third parties:

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

Results:

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

C. Other assets considered to be legally restricted:

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

Results:

There were no other assets considered to be legally restricted. Therefore, these procedures are not applicable.

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

Results:

See Exhibit D for the listing obtained from the Successor Agency of asset balances held on June 30, 2012 that are restricted for the purposes specified above.

Citation:

34179.5(c)(5)(C) An itemized statement of the values of any assets that are not cash or cash equivalents. This may include physical assets, land, records, and equipment. For the purpose of this accounting, physical assets may be valued at purchase cost or at any recently estimated market value. The statement shall list separately housing-related assets.

Procedures Performed:

7. Perform the following procedures:

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

Results:

See Exhibit E for the list provided by the Successor Agency regarding non-liquid assets not available for distribution.

- 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:

Not Applicable.

- 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:

Not Applicable.

- 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:

Not Applicable.

Citation:

34179.5(c)(5)(D) An itemized listing of any current balances that are legally or contractually dedicated or restricted for the funding of an enforceable obligation that identifies the nature of the dedication or restriction and the specific enforceable obligation. In addition, the successor agency shall provide a listing of all approved enforceable obligations that includes a projection of annual spending requirements to satisfy each obligation and a projection of annual revenues available to fund those requirements. If a review finds that future revenues together with dedicated or restricted balances are insufficient to fund future obligations and thus retention of current balances is required, it shall identify the amount of current balances necessary for retention. The review shall also detail the projected property tax revenues and other general purpose revenues to be received by the successor agency, together with both the amount and timing of the bond debt service payments of the successor agency, for the period in which the oversight board anticipates the successor agency will have insufficient property tax revenue to pay the specified obligations.

Procedures Performed:

8. Perform the following procedures:

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

The Successor Agency believes that cash balances as of June 30, 2012, which consists wholly of the \$14,311,679 distribution provided by the County Auditor for ROPS II, need to be retained to satisfy obligations shown on the approved Recognized Obligation Payment Schedule (ROPS II) for the period of July 1, 2012 through December 31, 2012. See Exhibit F for asset balances not available for distribution as of June 30, 2012.

- 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 not sufficient to fund future obligation payments and thus retention of current balances is required. See Exhibit G for more details.

- C. If the Successor Agency believes that projected property tax revenues and other general purpose revenues to be received by the Successor Agency are insufficient to pay bond debt service payments (considering both the timing and amount of the related cash flows), obtain from the Successor Agency a schedule demonstrating this insufficiency and apply the following procedures to the information reflected in that schedule.
- i. Compare the timing and amounts of bond debt service payments to the related bond debt service schedules in the bond agreement.
 - ii. Obtain the assumptions for the forecasted property tax revenues and disclose major assumptions associated with the projections.
 - iii. Obtain the assumptions for the forecasted other general purpose revenues and disclose major assumptions associated with the projections.

Results:

The Successor Agency believes that projected property tax revenues and other general purpose revenues to be received by the Successor Agency are not sufficient to pay bond debt service payments. See Exhibit G for more details.

- D. If procedures A, B, or C were performed, calculate the amount of current unrestricted balances necessary for retention in order to meet the enforceable obligations by performing the following procedures.
- i. Combine the amount of identified current dedicated or restricted balances and the amount of forecasted annual revenues to arrive at the amount of total resources available to fund enforceable obligations.
 - ii. Reduce the amount of total resources available by the amount forecasted for the annual spending requirements. A negative result indicates the amount of current unrestricted balances that needs to be retained.
 - iii. Include the calculation in the AUP report.

Results:

Due to the fact there is not a remaining cash balance, this procedure is not applicable. See Exhibit G for more details.

Citation:

34179.5(c)(5)(E) An itemized list and analysis of any amounts of current balances that are needed to satisfy obligations that will be placed on the Recognized Obligation Payment Schedules for the current fiscal year.

Procedures Performed:

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

Results:

The Successor Agency believes that cash balances as of June 30, 2012, which consists wholly of the \$14,311,679 distribution provided by the County Auditor for Recognized Obligation Payment Schedule (ROPS II), need to be retained to satisfy obligations shown on the approved ROPS II for the period of July 1, 2012 through December 31, 2012. See Exhibit F for asset balances not available for distribution as of June 30, 2012.

Citation:

34179.5(c)(6) The review shall total the net balances available after deducting the total amounts described in subparagraphs (B) to (E), inclusive, of paragraph (5). The review shall add any amounts that were transferred as identified in paragraphs (2) and (3) of subdivision (c) if an enforceable obligation to make that transfer did not exist. The resulting sum shall be available for allocation to affected taxing entities pursuant to Section 34179.6. It shall be a rebuttable presumption that cash and cash equivalent balances available to the successor agency are available and sufficient to disburse the amount determined in this paragraph to taxing entities. If the review finds that there are insufficient cash balances to transfer or that cash or cash equivalents are specifically obligated to the purposes described in subparagraphs (B), (D), and (E) of paragraph (5) in such amounts that there is insufficient cash to provide the full amount determined pursuant to this paragraph, that amount shall be demonstrated in an additional itemized schedule.

Procedures Performed:

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

Results:

See Exhibit G for schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Entities. Please note there is no balance available for distribution.

Management Representation Letter

11. Obtain a representation letter from Successor Agency management acknowledging their responsibility for the data provided to the practitioner and the data presented in the report or in any attachments to the report. Included in the representations should be an acknowledgment that management is not aware of any transfers (as defined by Section 34179.5) from either the former redevelopment agency or the Successor Agency to other parties for the period from January 1, 2011 through June 30, 2012 that have not been properly identified in the AUP report and its related exhibits. Management's refusal to sign the representation letter should be noted in the AUP report as required by attestation standards.

Results:

See Exhibit H for Management Representation Letter.

Exhibits

Exhibit A

All assets transferred from the former redevelopment agency to the Successor Agency on February 1, 2012

Exhibit B

Summary of Financial Transactions

Exhibit C

Assets of all other funds of the Successor Agency as of June 30, 2012

Exhibit D

Asset balances held on June 30, 2012 restricted for various purposes

Exhibit E

Assets as of June 30, 2012 not liquid or otherwise available for distribution

Exhibit F

Summary of Balances Not Available for Allocation

Exhibit F -1

County of Los Angeles RPTTF ROPS II Allocation

Exhibit F-2

County of Los Angeles, RPTTF Distribution ROPS II

Exhibit G

Summary of Balances Available for Allocation to affected Taxing Entities

Exhibit H

Management Representation Letter

**Successor Agency to the Cerritos Redevelopment Agency
All Other Funds of the Successor Agency
Agreed Upon Procedures - AB 1484
For the year ended June 30, 2012**

EXHIBIT A

**All assets transferred from the former redevelopment agency to the Successor Agency on
February 1, 2012**

	Los Cerritos Project Area	Los Coyotes Project Area	Total
ASSETS			
Cash and investments (1)	\$ 1,202,449	\$ 2,087,245	\$ 3,289,694
Cash and investments held by fiscal agent	2,720,020	12,692,237	\$ 15,412,257
Total assets	\$ 3,922,469	\$ 14,779,482	\$ 18,701,951

Note:

- (1) Cash and investment balances were utilized to satisfy approved obligations of the Successor Agency during the period February 1, 2012 through June 30, 2012. See Exhibit G for a summary of balances available for allocation to taxing entities.

**Successor Agency to the Cerritos Redevelopment Agency
All Other Funds of the Successor Agency
Agreed Upon Procedures - AB 1484
For the year ended June 30, 2012**

**Exhibit B
Summary of Financial Transactions**

	Redevelopment Agency			Successor Agency
	12 Months Ended 6/30/2010	12 Months Ended 6/30/2011	7 Months Ended 1/31/2012	5 Months Ended 6/30/2012
Assets (modified accrual basis)				
Cash and investments	\$ 37,221,955	\$ 17,011,569	\$ 20,836,790	\$ 14,311,679 (1)
Cash and investments held by fiscal agents	16,826,527	16,598,679	15,412,257	15,508,110
Property tax increment receivable	1,781,338	2,086,259	-	-
Accounts receivable	189,836	226,601	-	163
Interest receivable	79,924	120,157	-	31,155
Note receivable	2,395,506	-	-	-
Due from other funds	-	928,188	-	-
Due from City of Cerritos	-	16,091,557	-	-
Land Held for resale	1,953,330	-	-	-
Advances to other funds	11,812,007	11,881,487	10,457,099	-
Total Assets	\$ 72,260,423	\$ 64,944,497	\$ 46,706,146	\$ 29,851,107
Liabilities (modified accrual basis)				
Accounts payable	\$ 649,891	\$ 120,169	\$ 97,489	\$ 97,490
Due to other agencies	776,000	925,000	-	52,362
Deferred revenue	2,628,772	255,836	-	-
Deposits payables	40,833	40,833	-	-
Due to other funds	-	928,188	-	-
Due to City of Cerritos	3,530,879	3,190,210	-	-
Advances from other funds	11,812,007	11,881,487	10,457,099	-
Advances from City of Cerritos	93,600,000	78,026,000	41,266,007	50,298,718 (2)
Total Liabilities	113,038,382	95,367,723	51,820,595	50,448,570
Equity	(40,777,959)	(30,423,226)	(5,114,449)	(20,597,463)
Total Liabilities + Equity	\$ 72,260,423	\$ 64,944,497	\$ 46,706,146	\$ 29,851,107
Total Revenues	\$ 35,340,841	\$ 35,226,077	\$ 16,039,548	\$ 9,450,445
Total Expenditures	57,913,498	34,078,734	19,500,771	5,807,824
Transfers and Other Financing Sources (Uses)				
Proceeds from sale of assets	-	11,000,000	-	-
Contribution (to)/from City of Cerritos	-	(1,792,610)	28,770,000	-
Transfer to Housing SA	-	-	-	(19,125,635)
Total Transfers	-	9,207,390	28,770,000	(19,125,635)
Net change in equity	(22,572,657)	10,354,733	25,308,777	(15,483,014)
Beginning Equity:	(18,205,302)	(40,777,959)	(30,423,226)	(5,114,449)
Ending Equity:	\$ (40,777,959)	\$ (30,423,226)	\$ (5,114,449)	\$ (20,597,463)
Other Information (show year end balances for all four periods presented):				
Capital assets as of end of year	\$ 121,413,571	\$ -	\$ -	\$ -
Long-term debt as of end of year	\$ 169,765,194	\$ 161,949,415	\$ 153,794,166	\$ 153,311,136

**Successor Agency to the Cerritos Redevelopment Agency
All Other Funds of the Successor Agency
Agreed Upon Procedures - AB 1484
For the year ended June 30, 2012**

**Exhibit B
Summary of Financial Transactions
(Continued)**

Note:

- (1) Cash and investment balances at June 30, 2012 represent the RPTTF distribution of \$14,311,679 received from the County of Los Angeles. This amount will be utilized to satisfy approved recognized obligations of the Successor Agency for ROPS II (July 1, 2012 through December 31, 2012.) This balance will be zero at December 31, 2012.

- (2) Advances from other funds have been combined for reporting purposes with Advances from City of Cerritos at June 30, 2012.

**Successor Agency to the Cerritos Redevelopment Agency
All Other Funds of the Successor Agency
Agreed Upon Procedures – AB 1484
For the year ended June 30, 2012**

Exhibit C

Assets of all other funds of the Successor Agency as of June 30, 2012

ASSETS	<u>Total</u>
Cash and investments	\$ 14,311,679 (1) (2) (3)
Cash and investments held by fiscal agent	15,508,110
Accounts receivable	163
Interest receivable	<u>31,155</u>
Total assets	<u>\$ 29,851,107</u>

Notes:

(1) Cash and investments was adjusted for the following payments made in July 2012:

Due to Los Angeles County	\$ 5,979,282
2003 Lease Revenue Bond Payment	71,000
Administrative Cost Allowance	<u>132,945</u>
	<u>\$ 6,183,227</u>

(2) Cash and investments at June 30, 2012 was also adjusted for market value adjustment in the amount of \$17,455.

(3) Cash and investments balance at June 30, 2012 represents the RPTTF distribution of \$14,311,679 received from the County of Los Angeles. This amount will be utilized to satisfy approved recognized obligations of the Successor Agency for ROPS II (July 1, 2012 through December 31, 2012). This balance will be zero at December 31, 2012.

**Successor Agency to the Cerritos Redevelopment Agency
All Other Funds of the Successor Agency
Agreed Upon Procedures - AB 1484
For the year ended June 30, 2012**

Exhibit D

Asset balances held on June 30, 2012 restricted for various purposes

	Description	Amount
RESTRICTED ASSETS (1)		
Cash and investments with fiscal agent		
Los Coyotes Project Area	2002 TARB Series A	\$ 6,286,178
Los Coyotes Project Area	2002 TARB Series B	1,245,953
Los Coyotes Project Area	1993 Revenue Bonds Series A	5,263,585
Los Cerritos Project Area	2002 Subordinate TARB Series B	630,185
Los Cerritos Project Area	2002 TARB Series A	2,082,209
Total restricted assets		\$ 15,508,110

Notes:

- (1) Cash and investments held with fiscal agent in the amount of \$15,508,110 for the Los Cerritos and Los Coyotes Project Areas is the required bond reserve per the applicable debt covenants. These amounts are not available for distribution or expenditures.

**Successor Agency to the Cerritos Redevelopment Agency
All Other Funds of the Successor Agency
Agreed Upon Procedures - AB 1484
For the year ended June 30, 2012**

Exhibit E

Assets as of June 30, 2012 not liquid or otherwise available for distribution

	<u>Description</u>	<u>Amount</u>
NON-LIQUID ASSETS		
	Cash and investments (1)	17,455
Total non-liquid assets		<u>\$ 17,455</u>

Note:

- (1) Cash and investments was increased by the fair market value of the investments at June 30, 2012.

**Successor Agency to the Cerritos Redevelopment Agency
All Other Funds of the Successor Agency
Agreed Upon Procedures - AB 1484
For the year ended June 30, 2012**

**Exhibit F
Summary of Balances Not Available for Allocation
Approved DOF ROPS II**

Pg	Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation	Total Due During Fiscal Year	Total
1	1) 2002 Tax Allocation Revenue Bonds Series A	Union Bank of California	Bonds issued to fund non-housing projects	2,980,305.00	324,652.00	\$ 277,245.00
1	2) 2002 Tax Allocation Revenue Bonds Series A Term	Union Bank of California	Bonds issued to fund non-housing projects	30,017,425.00	3,359,438.00	\$ 2,826,950.00
1	3) 2002 Tax Allocation Revenue Bonds Series B	Union Bank of California	Bonds issued to fund non-housing projects	5,415,923.00	606,449.00	\$ 514,615.00
1	4) Magnolia Power Project B Series 2003 Lease Revenue Bonds	Southern California Public Power Authority	Bonds issued for electric utility rights	5,631,364.00	214,763.00	\$ 107,382.00
1	5) 2006 Promissory Note	Southeast Regional Occupational Program	Purchase of property	857,760.00	212,870.00	\$ 212,870.00
1	7) Loan from Low & Moderate Income Housing Fund	Low & Moderate Income Housing Fund	Loans for SERAF payments	2,709,819.00	854,628.00	\$ 427,314.00
1	8) Agreement for Exchange of Real Property *	Valley Christian School System	Annual Payment for Property	645,000.00	129,000.00	\$ -
1	9) Retention for Renovation of Sheriff's Station	Delmac Construction	Retention for Warranty Correction on Granite Work	48,745.00	48,745.00	\$ 48,745.00
2	1) 1993 Revenue Bonds Series A	Union Bank of California	Bonds issued to fund non-housing projects	13,949,775.00	520,000.00	\$ 260,000.00
2	2) 1993 Revenue Bonds Series B	Union Bank of California	Bonds issued to fund non-housing projects	42,708,374.00	5,959,350.00	\$ 4,823,456.00
2	3) 1998 Tax Allocation Bonds Series A Part I	Union Bank of California	Bonds issued to fund non-housing projects	1,200,725.00	398,900.00	\$ -
2	4) 1998 Tax Allocation Bonds Series A Part II	Union Bank of California	Bonds issued to fund non-housing projects	3,001,250.00	0.00	\$ -
2	5) 2002 Tax Allocation Revenue Bonds Series A Special Escrow	Union Bank of California	Bonds issued to fund non-housing projects	11,080,753.00	856,260.00	\$ 679,837.00
2	6) 2002 Tax Allocation Revenue Bonds Series A Term	Union Bank of California	Bonds issued to fund non-housing projects	68,163,325.00	3,180,988.00	\$ 2,035,650.00
2	7) 2002 Subordinate Tax Allocation Revenue Bonds Series B	Union Bank of California	Bonds issued to fund non-housing projects	14,800,777.00	750,985.00	\$ 497,742.00
2	8) Magnolia Power Project B Series 2003 Lease Revenue Bonds	Southern California Public Power Authority	Bonds issued for electric utility rights	16,894,091.00	644,289.00	\$ 322,146.00
2	10) Loan from Low & Moderate Income Housing Fund	Low & Moderate Income Housing Fund	Loans for SERAF payments	6,322,892.00	1,994,148.00	\$ 997,074.00
2	11) Retention for Renovation of Sheriff's Station	Delmac Construction	Retention for Warranty Correction on Granite Work	48,745.00	48,745.00	\$ 48,745.00
3	1) Cuesta Villas Project Loan	Cuesta Villas Housing Corporation	Design and Development of Norwalk Boulevard Property	45,945,000.00	660,000.00	\$ 330,000.00
3	2) Cuesta Villas - Obligation for Public Improvements	ABC Unified School District	Design and Development of Moore Street and 166th Street Properties	3,950,000.00	600,000.00	\$ 300,000.00
3	9) Project Management	Cuesta Villas Housing Corporation	Program and Project Management	3,920,000.00	960,000.00	\$ 480,000.00
3	10) Document Control	Cuesta Villas Housing Corporation	Information Technology Systems and Controls, Advertisement, Labor Compliance	86,000.00	12,000.00	\$ 6,000.00
3	16) Affordable Senior Housing Development - Vintage Cerritos	Urban Futures, Inc.	Compliance Review for Vintage Cerritos Affordable Senior Housing	66,700.00	2,904.00	\$ 1,152.00
3	17) Affordable Senior Housing Development - Emerald Villas	Urban Futures, Inc.	Compliance Review for Emerald Villas Affordable Senior Housing	10,800.00	600.00	\$ 300.00
3	18) Affordable Senior Housing Development - Pioneer Villas	Urban Futures, Inc.	Compliance Review for Pioneer Villas Affordable Senior Housing	9,000.00	504.00	\$ 252.00
3	19) Affordable Senior Housing Development - Fountain Walk	Urban Futures, Inc.	Compliance Review for Fountain Walk Affordable Senior Housing	10,800.00	276.00	\$ 138.00
	Adminis Cost Allowance		Various Vendors			\$ 456,228.00
			TOTAL APPROVED ROPS AND ADMIN ALLOWANCE			15,653,841.00

**Successor Agency to the Cerritos Redevelopment Agency
All Other Funds of the Successor Agency
Agreed Upon Procedures - AB 1484
For the year ended June 30, 2012**

**Exhibit F -1
County of Los Angeles RPTTF ROPS II Allocation**

19-County of Los Angeles

Redevelopment Property Tax Trust Fund Allocations & Distributions for June 1, 2012 Covering the Period 7/1/2012 through 12/31/2012

	Successor Agency for the Former Cerritos RDA		
	Agency Total	LOS CERRITOS 14202	LOS COYOTES 14204
Redevelopment Property Tax Trust Fund (RPTTF) Activity by Project Area:			
RPTTF Beginning Balance	\$0.00	\$0.00	\$0.00
Deposits:			
Secured, Unsecured & Unsecured Property Taxes	14,611,916.71	3,810,577.01	10,801,339.70
Supplemental Property Taxes	313,466.02	194,784.48	120,621.54
Other/Miscellaneous Property Tax Revenues	144,552.09	346.87	144,205.22
Deposit totals	15,071,774.82	4,005,708.36	11,066,066.46
RPTTF Available Balance	15,071,774.82	4,005,708.36	11,066,066.46
H&S Code 34183 Distributions			
Administrative Fees to County Auditor-Controller	(28,090.66)	(7,465.81)	(20,624.85)
SB813 Administrative Fees	(15,770.28)	(9,739.22)	(6,031.06)
Total Auditor-Controller Admin Fees	(43,860.94)	(17,205.03)	(26,655.91)
City Passthrough Payments	(66,124.93)	(9,000.41)	(57,124.52)
County Taxing Entities (CTE) Passthrough Payments	(478,978.37)	(68,184.96)	(410,793.71)
Special District Passthrough Payments	(15,029.04)	(2,183.26)	(12,845.78)
K-12 School Passthrough Payments - Tax Portion	(57,946.22)	(8,244.85)	(49,701.57)
Community College Passthrough Payments - Facilities Portion	(75,878.66)	(10,796.03)	(65,082.63)
Community College Passthrough Payments - Tax Portion	(9,071.54)	(1,290.74)	(7,780.80)
Community Office of Education - Facilities Portion	(10,026.52)	(1,426.64)	(8,599.88)
County Office of Education - Tax Portion	(604.10)	(85.95)	(518.15)
County Office of Education - Facilities Portion	(2,575.45)	(366.46)	(2,208.99)
ERAF Impound	0.00	0.00	0.00
Total Pass Through Payment	(716,234.93)	(101,576.80)	(614,658.03)
ROPS Enforceable Obligations Payable from Property Taxes	(15,972,385.00)		
Successor Agency Administrative Cost Allowance	(1,242,395.00)		
Requested Amount	(17,214,780.00)		
Approved Amount	(15,197,623.00)		
Residual	(2,017,157.00)		
SCO Invoices for Audit and Oversight	0.00	0.00	0.00
H&S Code 34183 Distribution Totals	(15,071,774.82)		
Residual Balance	0.00		
Residual Property Tax Distributions			
Residual Balance to Cities	0.00		
Residual Balance to Counties	0.00		
Residual Balance to Special Districts	0.00		
Residual Balance to K-12 Schools	0.00		
Residual Balance to Community Colleges	0.00		
Residual Balance to County Office of Education	0.00		
Residual Property Tax Distribution Totals	0.00		
Ending RPTTF Balance	\$0.00		

**Successor Agency to the Cerritos Redevelopment Agency
All Other Funds of the Successor Agency
Agreed Upon Procedures - AB 1484
For the year ended June 30, 2012**

**Exhibit F-2
County of Los Angeles, RPTTF Distribution ROPS II**



COUNTY OF LOS ANGELES

AUDITOR CONTROLLER'S SPECIAL WARRANT
WARRANT CLEARANCE FUND, LOS ANGELES, CALIFORNIA

TS 0016185381

THE TREASURER OF THE COUNTY OF LOS ANGELES
500 W. TEMPLE ST. ROOM 502, LOS ANGELES, CA 90012

June 01, 2012

NOT PAYABLE AFTER TWO
YEARS FROM DATE ISSUED

CONTROLLED DISBURSEMENT
PAYABLE THROUGH: BANK OF AMERICA, N.A.
NORTH BROOK, ILLINOIS

PAY TO THE ORDER OF:

PTA-14202

CITY OF CERRITOS AS SUCCESSOR AGCY TO CERRITOS RDA
PO BOX 3130
CERRITOS, CA 90703-3130

70-2328
0719

Amount

****14,311,679.05**

PAY:

Fourteen Million Three Hundred Eleven Thousand Six Hundred
Seventy Nine And 05/100 Dollars

APPROVED
WENDY L. WATANABE, AUDITOR-CONTROLLER
BY

⑈0016185381⑈ ⑆071923284⑆ 87659⑈15848⑈

↑ DETACH HERE ↑

↑ DETACH HERE ↑

↑ DETACH HERE ↑

↑ DETACH HERE ↑

COUNTY OF LOS ANGELES REMITTANCE ADVICE

PAYEE NAME		PAYEE NUMBER	HANDLING CODE	
CITY OF CERRITOS AS SUCCESSOR AGCY TO CERRITOS RDA		PTA-14202		
PAYMENT REFERENCE NUMBER	DISB CAT	ISSUE DATE	AMOUNT	WARRANT NUMBER
SWR-AC-PTSA1206147	055	06/01/2012	\$14,311,679.05	0016185381

ROPS Tax Allocation Bonds RPTTF - Successor Agency For Cerritos RDA 14200

NOT NEGOTIABLE

NOT NEGOTIABLE

NOT NEGOTIABLE

For more information about this payment, please contact
THE TAX DISTRIBUTION UNIT AT (213) 974-8371

**Successor Agency to the Cerritos Redevelopment Agency
All Other Funds of the Successor Agency
Agreed Upon Procedures – AB 1484
For the year ended June 30, 2012**

**Exhibit G
Summary of Balances Available for Allocation**

SUMMARY OF BALANCES AVAILABLE FOR ALLOCATION TO AFFECTED TAXING ENTITIES

Total amount of assets held by the successor agency as of June 30, 2012 (procedure 5)	\$ 29,851,107
Add the amount of any assets transferred to the city or other parties for which an enforceable obligation with a third party requiring such transfer and obligating the use of the transferred assets did not exist (procedures 2 and 3)	-
Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments (procedure 6) (Exhibit D)	(15,508,110)
Less assets that are not cash or cash equivalents (e.g., physical assets) - (procedure 7)	(17,455)
Less balances that are legally restricted for the funding of an enforceable obligation (net of projected annual revenues available to fund those obligations) - (procedure 8)	-
Less balances needed to satisfy ROPS II (July 1, 2012 through December 31, 2012) - (procedure 9)	<u>(15,587,613)</u>
 Amount to be remitted to county for disbursement to taxing entities	 <u>\$ (1,262,071)</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.

**Successor Agency to the Cerritos Redevelopment Agency
All Other Funds of the Successor Agency
Agreed Upon Procedures - AB 1484
For the year ended June 30, 2012**

**EXHIBIT H
Management Representation Letter**



CITY OF CERRITOSSM

CIVIC CENTER • 18125 BLOOMFIELD AVENUE
P.O. BOX 3130 • CERRITOS, CALIFORNIA 90703-3130
PHONE: (562) 860-0311 • WWW.CERRITOS.US



SUCCESSOR AGENCY

December 14, 2012

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

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

1. The Successor Agency is responsible for compliance with California Health and Safety Code (HSC) Section 34179.5.
2. The Successor Agency is responsible for adherence based on our understanding of the requirements of AB 1484 as applicable to the Successor Agency.
3. The Successor Agency is responsible for the presentation of the exhibits in the Successor Agency for all other funds Due Diligence agreed-upon procedures report in accordance with the California Health and Safety Code (HSC) Section 34179.5.
4. As of June 30, 2012, the Successor Agency is not aware of any modifications that need to be made to the Successor Agency for all other funds Due Diligence Review exhibits for them to be presented in accordance with California Health and Safety Code Sections 34179.5(c)(1) through 34179.5(c)(3) and Sections 34179.5(c)(5) through 34179.5(c)(6).
5. The Successor Agency has made available to you all information that we believe is relevant to the Successor Agency's all other funds Due Diligence Review.
6. The Successor Agency has responded fully to all inquiries made to us by you during the engagement.
7. No events have occurred subsequent to June 30, 2012 that would require adjustment to or modification of the information contained in the Successor Agency's for all other funds Due Diligence Review agreed-upon procedures report and its related exhibits.

JIM EDWARDS
MAYOR

BRUCE W. BARROWS
MAYOR PRO TEM

CAROL CHEN
COUNCILMEMBER

JOSEPH CHO, Ph.D.
COUNCILMEMBER

MARK E. PULIDO
COUNCILMEMBER

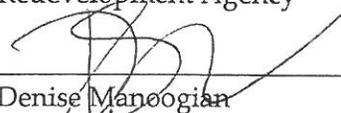
8. Management is not aware of any transfers (as defined by Section 34179.5) from either the former Redevelopment Agency or the Successor Agency to other parties for the period from January 1, 2011 through June 30, 2012 related to all other funds of the Successor Agency that have not been properly identified in the agreed upon procedures report and its related exhibits.
9. Your report is intended solely for the information and use of the City of Cerritos, the Successor Agency, the Oversight Board, the California Department of Finance, the California State Controller's Office, and the County of Los Angeles Auditor-Controller's Office and is not intended to be and should not be used by anyone other than those specified parties.

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



Art Gallucci, Executive Director
Successor Agency to the Cerritos
Redevelopment Agency

12-14-12
Date



Denise Manoogian
City of Cerritos

12.14.12
Date



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-3873
PHONE: (213) 974-8301 FAX: (213) 626-5427

WENDY L. WATANABE
AUDITOR-CONTROLLER

JUDI E. THOMAS
CHIEF DEPUTY

ADDRESS ALL CORRESPONDENCE TO:
AUDIT DIVISION
350 S. FIGUEROA ST., 8TH FLOOR
LOS ANGELES, CA 90071

July 26, 2012

VIA ELECTRONIC MAIL

TO: Nita McKay
Finance Manager
City of Cerritos

FROM: Robert Campbell, Chief
Audit Division

SUBJECT: **APPROVAL OF PUN & MCGEADY LLP TO CONDUCT A DUE
DILIGENCE REVIEW PURSUANT TO AB 1484**

We have reviewed and approve your request to hire Pun & McGeady LLP to conduct a due diligence review of the successor agency for the City of Cerritos, in accordance with Health and Safety Code Section 34179.5(a).

We have verified that Pun & McGeady LLP is licensed and in good standing with the California Board of Accountancy, and does not have any disciplinary actions or license restrictions as of the date of our review. We also reviewed information you provided regarding the firm's local government accounting experience and its relationship, if any, to the former redevelopment agency of the City of Cerritos, the successor agency, and the City of Cerritos.

Based on our review, we found nothing that would disqualify Pun & McGeady LLP from conducting the due diligence review.

Please contact Ken Van Orden of my staff at kvanorden@auditor.lacounty.gov or (213) 253-0160, if you have questions or need additional information.

RGC:MP:KVO

c: Wendy L. Watanabe, Auditor-Controller