



Renewal Enterprise District (RED) Board Meeting

Date: April 10, 2025

Time: 11:00 AM

PLEASE NOTE: This meeting will be held in-person at the Sonoma County Transportation Authority Hearing Room, 411 King Street, Santa Rosa, CA, 95404. Public Comment may be made live, in-person. Members of the public can watch or listen to the meeting in-person or via Zoom:

<https://us02web.zoom.us/j/83742657324>

Join via phone: 1 669 444 9171 **ID:** 837 4265 7324 **Passcode:** 181356

Agenda

1. Call to Order and Roll Call

(Items may be added or withdrawn from the agenda consistent with State law)

2. Administration of Oath of Office to New Board member(s)

3. Selection of 2025 Officers of the Board: Accept Nominations and elect a Chairperson and Vice Chairperson, per the Renewal Enterprise District Joint Exercise of Powers Agreement.

Recommended Action: Elect a Board Chair and Vice-Chair

4. Public comment on matters not listed on the agenda but within the subject matter jurisdiction of the Board

5. Consent Calendar

- a. Approve minutes of December 12, 2024 Board meeting
- b. Approve Year-to-Date Financial Report
- c. Accept Fiscal Year 2023/24 Financial Audit

6. Action Item - RED Fiscal Year 2025/26 Review and consider approval of Draft Budget.

Recommended Action: Approve item as presented.

7. Walking Tour of Felix Apartments

8. Adjournment

Member Agency	Directors
County of Sonoma	Chris Coursey (Chair)
City of Santa Rosa	Victoria Fleming
County of Sonoma	Rebecca Hermosillo
City of Santa Rosa	Caroline Banuelos

Special Accommodations: If you have a disability which requires an accommodation, an alternative format, or requires another person to assist you while attending this meeting, please contact Robin Stephani, (707) 479-5373, as soon as possible to ensure arrangements for accommodation.

Public Comments Prior To The Committee Meeting: May be submitted via email: robin@renewalenterprisedistrict.org

PUBLIC COMMENTS DURING THE BOARD MEETING: Public Comment may be made live, in-person, at the Sonoma County Transportation Authority Hearing Room, 411 King Street, Santa Rosa, CA, 95404. Available time for comments is determined by the committee chair based on agenda scheduling demands and total number of speakers. In order to guarantee that your comment is received and considered by the Board, please attend the meeting in-person or submit your comment in writing in advance of the meeting to Robin Stephani, robin@renewalenterprisedistrict.org. Any member of the audience desiring to address the Board on a matter on the agenda, please complete a Speaker Card and hand it to the Clerk prior to the beginning of the meeting. When called by the Chair, please state your name, and make your comments. In order that all interested parties have an opportunity to speak, please be brief and limit your comments to the subject matter under discussion.

Meeting Documents: The associated documentation is available at: www.RenewalEnterpriseDistrict.org

Any changes to the date of the hearing, or any other updates will be noticed on the above website. For more information, please contact Robin Stephani, robin@renewalenterprisedistrict.org

Agenda Item: 3
Meeting Date: April 10, 2025

Renewal Enterprise District Action Item

TO: Board of Directors
FROM: Robin Stephani, Executive Director
SUBJECT: Board Chair and Vice-Chair Elections

Summary: The JPA for the Renewal Enterprise District (RED) requires that the Board of Directors (Board) elect officers commencing January 1 of each and every calendar year. The officers that must be elected include a Chairperson and Vice-Chairperson

Background

“Officers of the Agency’s Board shall consist of a Chairperson and Vice-Chairperson. The Chairperson shall preside at all meetings of the Board, while the Vice-Chairperson shall perform the duties of the Chairperson in the absence or disability of the Chairperson. The Chairperson and Vice-Chairperson shall exercise and perform such other powers and duties as may be assigned by the Board.” (JPA, 5.03)

“The Board shall annually elect the Officers of the Board from the Primary Directors. Officers of the Board shall hold office for a term of one year commencing on January 1 of each and every calendar year and they may serve for multiple consecutive terms. Officers of the Board may be removed and replaced at any time, with or without cause, by a majority Board vote. In the event that an Officer of the Board loses their position, that Officer position shall become vacant and the Board shall elect a new Officer from existing Board members to serve the remaining Officer term.” (JPA, 5.04)

Process of Election: Election of officers must be by a motion to nominate, supported by a second, and followed by a majority vote of the Board of Directors. Any person wishing to nominate themselves may do so. Such a nomination must receive a second before going to a vote.

Staff Recommendation

Elect a Board Chair and Vice-Chair for Calendar Year 2025.

Vote Requirement

Majority

Fiscal Impact

Not applicable

List of Attachments

None

Contact

Robin Stephani, Executive Director, 707-479-5373 robin@RenewalEnterpriseDistrict.org



Item 5a

Date: December 12, 2024

Time: 11:00 AM

<https://us02web.zoom.us/j/88338927887?pwd=MS8mP8n5oeJH2xfOL7iKATREbJDydz.1>

Webinar ID: 883 3892 7887 | Passcode: 700387 | phone: +1 669 900 6833

Board Meeting Minutes - Draft

1. Call to Order and Roll Call

Chair Coursey called the meeting to order at 11:04 AM. The Chair noted that a quorum was present, consisting of the following Directors: Chris Coursey, Eddie Alvarez, Victoria Fleming and David Rabbitt. The agenda was approved by all Directors in attendance.

Public Comment matters not listed on the agenda, but within the subject matter jurisdiction of the Board
Time open: 11:06 Time closed: 11:06 Public speakers: none

2. Consent Calendar

- a. Approve minutes of October 21, 2024 Board Meeting
- b. Approve Year-to-Date Financial Report
- c. Renew Legal Service Agreement with Burke, Williams & Sorensen
- d. Renew Executive Director Services Contract with 8th Wave

Time open: 11:06 Time closed: 11:10

Public speakers: none

2a. 1st/2nd: Fleming / Alvarez Vote count: AYE Alvarez AYE Fleming Abstain Rabbitt AYE Coursey
2b,c,d. 1st/2nd: Fleming / Alvarez Vote count: AYE Alvarez AYE Fleming AYE Rabbitt AYE Coursey

3. Informational Items

- a. Essential Function Bond
- b. RED Housing Fund
- c. ASHC Grant
- d. Advocacy

Time open: 11:10 Time closed: 11:54

Public speakers: none

4. Adjournment: 11:55

Agenda Item: 5b
Meeting Date: April 10, 2025

Renewal Enterprise District Consent Item

TO: Board of Directors
FROM: Robin Stephani, Executive Director
SUBJECT: Financial Report through April 4, 2025

Executive Summary:

Adjusted Budget for FY2024/25 is \$324,650

Income is (\$205,650) Budget, \$177,689.21 actual at time of report

Expenses are \$324,650 Budget, \$152,681.46 actual at time of report

Net income balance is (\$119,000) Budget, \$25,007.75 actual at time of report

*Note that the interpretation of Renewal Enterprise District financials may be less intuitive than others because the agency's primary source of revenue, grants, are pre-funded. This requires a delay in revenue recognition on the financial reports due to a time gap between expense recognition and revenue recognition, which explains why expenses appear greater than income. This is a factor of the Auditor, Controller, Treasurer, Tax Collector's accounting system as related to costs charged to a grant.

Staff Recommendation

Accept the financial report

List of Attachments

Exhibit A Attached - Agency Budget Performance as of April 4, 2025

Contact

Robin Stephani, Executive Director
707.479.5373
robin@renewalenterprisedistrict.org

Exhibit A Budget

Renewal Enterprise District - Budget vs. Actual

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Account Description	FY 2025	
	Year-To-Date Adjusted Budget	Year-To-Date Actual
Account Type: 00004 – All Revenues		
Other Governmental Agencies	(100,000.00)	(100,000.00)
Interest on Pooled Cash	(2,500.00)	(5,789.21)
Charges for Services	(75,000.00)	(43,750.00)
Other Grants	(28,150.00)	(28,150.00)
Total Revenue	(205,650.00)	(177,689.21)
Account Type: 00005 – All Expense/Expenditure Accts		
Administration Services	5,500.00	723.40
Client Accounting Services	12,000.00	9,105.31
Outside Counsel - Legal Advice	36,000.00	1,050.50
Consulting Services	243,000.00	113,652.25
Community Grants	28,150.00	28,150.00
Total Expenditures	324,650.00	152,681.46
Net Cost	119,000.00	(25,007.75)
 <u>Fund Balance Adjustments</u>		
Grant proceeds are initially recorded as unearned revenue		(28,150.00)
Increase (decrease) in Fund Balance		(3,142.25)

Agenda Item: 5c
Meeting Date: April 10, 2025

Renewal Enterprise District Consent Item

TO: Board of Directors
FROM: Robin Stephani, Executive Director
SUBJECT: Fiscal Year 2023/24 Financial Audit

Summary: Receive report from Auditor and seek Board acceptance of report.

Background

The Joint Powers Authority for the Renewal Enterprise District (RED) has required annual financial audits, beginning with Fiscal Year 2018/19. The RED works with Pisent and Brinker LLP (Auditor) for annual audits. For the Fiscal Year 2023/24 audit, the Auditor team gathered information from the Executive Director and the Sonoma County Auditor, Controller & Tax Collector, which serves as the RED's Treasurer.

Final Audit Results

The auditor found that the FY 2023/24 financial statements are materially accurate and that there are no deficiencies in internal controls that would be considered material weaknesses or significant deficiencies.

Staff Recommendation

Receive and accept the Fiscal Year 2023/24 audit and direct staff to implement Auditor recommendations, if any.

Vote Requirement

Majority

Fiscal Impact

The audit does not have immediate financial implications.

List of Attachments

Exhibit A – Independent Auditor's Reports and Basic Financial Statements for the fiscal year ended June 30, 2024

Contact

Robin Stephani, Executive Director, 707-479-5373 robin@RenewalEnterpriseDistrict.org



Renewal Enterprise District

Fiscal Year Ended June 30, 2024

**Independent Auditor's Reports and
Basic Financial Statements**

**Renewal Enterprise District
Fiscal Year Ended June 30, 2024**

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Independent Auditor's Report

Board of Directors
Renewal Enterprise District

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the governmental-type fund of the Renewal Enterprise District ("RED"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise RED's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of RED as of June 30, 2024, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of RED and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about RED's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of RED's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about RED's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the budgetary comparison information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Independent Auditor's Report (continued)

Required Supplementary Information (continued)

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2025, on our consideration of RED's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of RED's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RED's internal control over financial reporting and compliance.

Kosmatka, Donnelly & Co., LLP

Santa Rosa, California
February 5, 2025

Basic Financial Statements

**Renewal Enterprise District
Governmental Fund Balance Sheet and Statement of Net Position
June 30, 2024**

	General Fund		Governmental Activities
	Governmental Fund Balance Sheet	Adjustments	Statement of Net Position
Assets			
Cash and investments	\$ 338,988	\$ -	\$ 338,988
Total assets	\$ 338,988	-	338,988
Liabilities			
Accounts payable	\$ 34,910	-	34,910
Unearned revenue	28,150	-	28,150
Total liabilities	63,060	-	63,060
Fund balance/net position			
Fund balance			
Restricted	275,928	(275,928)	-
Total fund balance	275,928	(275,928)	-
Total liabilities and fund balance	\$ 338,988		
Net position			
Restricted		275,928	275,928
Total net position		\$ 275,928	\$ 275,928

The notes to the basic financial statements are an integral part of these statements.

Renewal Enterprise District
Statement of Revenues, Expenditures, and Changes in Fund Balance /
Statement of Activities
For the Fiscal Year Ended June 30, 2024

			<u>Statement of Activities</u>
	<u>General Fund</u>	<u>Adjustments</u>	<u>Governmental Activities</u>
Expenditures/expenses			
Current:			
Services and supplies	\$ 160,476	\$ -	\$ 160,476
Pass-through grants	97,350	-	97,350
Total expenditures/expenses	<u>257,826</u>	<u>-</u>	<u>257,826</u>
 Program revenues			
Operating grants and contributions	97,350	-	97,350
Member assessments	100,000	-	100,000
Charges for services	75,000	-	75,000
Total program revenues	<u>272,350</u>	<u>-</u>	<u>272,350</u>
Excess of program revenues over expenditures/expenses	<u>14,524</u>	<u>-</u>	<u>14,524</u>
 General revenues			
Investment income	<u>20,238</u>	-	<u>20,238</u>
Net change in fund balance/net position	34,762	-	34,762
 Fund balance/net position			
Beginning of year	<u>241,165</u>	-	<u>241,165</u>
End of year	<u>\$ 275,928</u>	<u>\$ -</u>	<u>\$ 275,928</u>

The notes to the basic financial statements are an integral part of these statements.

**Renewal Enterprise District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

Note A. Summary of Significant Accounting Policies

Reporting Entity

The Renewal Enterprise District (RED) was formed in December 2018 by a joint exercise of powers agreement (JPA) between the City of Santa Rosa and County of Sonoma. RED was established to work across jurisdictions to market and attract developers, blend private financing and public funds, leverage state and federal grant funds, and facilitate the creation of housing that meets established public policy goals for increased density, access to transit, protection of open space and community separators; improved energy efficiency, climate resilience, and affordability; and to advance and ensure equitable access to housing.

RED is governed by a Board of Directors, with two directors from each of the founding member local governments. Upon submittal of an application for membership, new members may be admitted to RED so long as: 1) the new member is an incorporated city or town located within the jurisdictional boundaries of the County of Sonoma; and 2) the new member agrees to the terms of the JPA.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on the activities of RED.

The statement of activities demonstrates the degree to which the direct expenses of a given function or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include grants and contributions that are restricted to meeting operational or capital requirements of a particular function or program. Investment income is reported as general revenues.

RED is engaged in a single program and has chosen to present combined government-wide and fund statements with a reconciliation of the individual line items in a separate column on each statement.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered available when they are collectible within the period or soon enough thereafter to pay liabilities of the current period. For this purpose, RED considers revenues available if they are collected within 365 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

Renewal Enterprise District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note A. Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

RED has no noncurrent assets or liabilities. Accordingly, net position and fund balance are equal at year end. Additionally, the change in net position on the statement of activities is equal to the change in fund balance.

Cash and Investments

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31 and GASB Statement No. 72, RED reports cash and investments at fair value on the balance sheet and recognizes the corresponding change in the fair value of investments in the year in which the change occurred.

Unearned Revenue

Unearned revenue represents amounts collected before revenue recognition criteria are met.

Net Position

Net position is classified into three components: 1) invested in capital assets, 2) restricted, and 3) unrestricted. These classifications are defined as follows:

- Invested in capital assets – This component of net position consists of capital assets, net of accumulated depreciation. RED has no capital assets and therefore this amount was zero at year end.
- Restricted net position – This component of net position consists of net position with limits on its use that are imposed by outside parties or enabling legislation.
- Unrestricted net position – This component of net position consists of net position that does not meet the definitions of "restricted" or "invested in capital assets."

When both restricted and unrestricted resources are available, unrestricted resources are used only after restricted resources are depleted.

**Renewal Enterprise District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

Note A. Summary of Significant Accounting Policies (continued)

Fund Balance

Governmental funds report fund balance as non-spendable, restricted, committed, assigned or unassigned based primarily on the extent to which RED is bound to honor constraints on how specific amounts can be spent. The fund balance classifications are defined below:

- Non-spendable – Amounts that are not in a spendable form or are to be maintained intact.
- Restricted – Amounts that can be spent only for the specific purpose stipulated by external resource providers or through enabling legislation.
- Committed – Amounts that can be used only for the specific purpose determined by a formal action of RED’s highest level of decision-making authority.
- Assigned – Amounts intended to be used by the government for specific purpose determined either by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned – The residual classification is used for the general fund and includes all amounts not contained in the other classifications. This amount is technically available for any purpose.

In general, when both restricted and unrestricted resources are available, restricted resources are used first. When expenditures are made of unrestricted resources, RED first applies committed, then assigned, and then unassigned resources.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note B. Cash and Investments

Investment in the Sonoma County Treasurer's Investment Pool

Cash and investments are comprised of cash pooled with the Sonoma County Treasury Pool (the Treasury Pool), an external investment pool. The Sonoma County Treasurer's office also acts as a disbursing agent for RED. The fair value of RED's investment in this pool is based upon RED's pro-rata share of the fair value provided by the Treasury Pool for the entire Treasury Pool portfolio (in relation to the amortized cost of that portfolio).

**Renewal Enterprise District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

Note B. Cash and Investments (continued)

Investment in the Sonoma County Treasurer's Investment Pool (continued)

Interest earned on investments pooled with the Treasury Pool is allocated quarterly to the appropriate fund based on its respective average daily balance for that quarter. The Treasury Oversight Committee of the Treasury Pool has oversight for all monies deposited into the Treasury Pool.

RED's pooled cash and investments are invested pursuant to investment policy guidelines established by the Sonoma County Treasurer (the Treasurer) and approved by Sonoma County's Board of Supervisors. The objectives of the policy are, in order of priority: safety of capital, liquidity, and yield. The policy addresses the soundness of financial institutions in which the Treasurer will deposit funds, types of investment instruments as permitted by the California Government Code 53601, and the percentage of the portfolio that may be invested in certain instruments with longer terms to maturity.

A copy of the Sonoma County investment policy is available upon request from the Sonoma County Auditor-Controller-Treasurer-Tax Collector at 585 Fiscal Drive, Room 100, Santa Rosa, California 95403.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Due to the highly liquid nature of RED's investment with the Treasury Pool, RED's exposure to interest rate risk is deemed by management to be insignificant.

The weighted average maturity of Treasury Pool investments at June 30, 2024 was 664 days.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Treasury Pool does not have a rating provided by a nationally recognized statistical rating organization.

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as the Treasury Pool).

**Renewal Enterprise District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

Note B. Cash and Investments (continued)

Concentration of Credit Risk

The concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The investment policy of RED contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There were no non-pooled investments in any one issuer that represent 5% or more of total RED investments.

Fair Value Measurements

RED categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. RED has a recurring fair value measurement for its investment in the Treasury Pool which is valued using significant other observable inputs (Level 2). RED's Level 2 investments have a fair value of \$338,988 as of June 30, 2024.

Note C. Unearned Revenue

RED has received advanced funding related to several funding agreements. Revenue is recognized as qualified expenses are incurred. Unearned revenue consisted of \$28,150 received from the East Bay Community Foundation at June 30, 2024.

Note D. Risk Management

RED is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. RED has primary insurance coverage through Golden State Risk Management Authority with the following limits and deductibles: \$350,000 limit per occurrence and \$0 deductible for general liability and automobile liability, and \$25,000 limit per occurrence and \$2,500 deductible for crime.

RED has excess liability coverage through Public Risk Innovation, Solutions, and Management (PRISM). RED maintains a self-insured retention of \$350,000 per occurrence for excess general liability and automobile liability with limits of \$650,000 per occurrence. RED's excess governmental crime policy has limits of \$10,000,000 per occurrence, subject to RED's deductible of \$25,000 or \$5,000,000 per occurrence with \$0 deductible. A sublimit of \$1,000,000 applies to faithful performance.

Renewal Enterprise District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note E. Future Accounting Pronouncements

The GASB has released the following standards which may be implemented in future financial statements:

GASB Statement No. 102, “*Certain Risk Disclosures*”. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2025.

GASB Statement No. 103, “*Financial Reporting Model Improvements*”. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountabilities. This Statement also addresses certain application issues. The requirements of this Statement are effective for the fiscal year ending June 30, 2026.

Required Supplementary Information

Renewal Enterprise District
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual – General Fund
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Operating grants and contributions	\$ 100,000	\$ 100,000	\$ 97,350	\$ (2,650)
Member assessments	100,000	100,000	100,000	-
Charges for services	100,000	100,000	75,000	(25,000)
Investment income	2,500	2,500	20,238	17,738
Total revenues	302,500	302,500	292,588	(9,912)
Expenditures				
Current:				
Services and supplies	317,100	317,100	160,476	156,624
Pass-through grants	100,000	100,000	97,350	2,650
Total expenditures	417,100	417,100	257,826	159,274
Excess (deficiency) of revenues over (under) expenditures	(114,600)	(114,600)	34,762	149,362
Net change in fund balance	(114,600)	(114,600)	34,762	149,362
Fund balance, beginning of year	241,165	241,165	241,165	-
Fund balance, end of year	\$ 126,565	\$ 126,565	\$ 275,928	\$ 149,362

See accompanying note to budgetary comparison information.

**Renewal Enterprise District
Note to the Budget and Actual Schedule
For the Fiscal Year Ended June 30, 2024**

Note A. Budgetary Information

Budgetary revenue estimates represent original estimates modified for any authorized adjustment which was contingent upon new or additional revenue sources. Budgetary expenditure amounts represent original appropriations adjusted by budget transfers and authorized appropriation adjustments made during the year. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Compliance

**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance with
*Government Auditing Standards***

Independent Auditor's Report

Board of Directors
Renewal Enterprise District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the governmental-type fund of the Renewal Enterprise District ("RED"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise RED's basic financial statements, and have issued our report thereon dated February 5, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered RED's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of RED's internal control. Accordingly, we do not express an opinion on the effectiveness of RED's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility* that a material misstatement of RED's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.



**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance with
Government Auditing Standards (continued)**

Independent Auditor's Report (continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether RED's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of RED's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RED's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kosmatka, Donnelly & Co., LLP

Santa Rosa, California
February 5, 2025

Agenda Item: 6
Meeting Date: April 10, 2025

Renewal Enterprise District Action Item

TO: Board of Directors
FROM: Robin Stephani, Executive Director
SUBJECT: Fiscal Year 2025/26 Draft Budget

Summary: Review and consider approval of Fiscal Year 2025/26 Draft Budget and Budget Summary.

Background

The JPA for the Renewal Enterprise District (Section 8.05 – Budget) requires that “By a date no later than sixty (60) days before the end of each Fiscal Year, the Board shall adopt a budget for the Agency for the ensuing Fiscal Year.”

Starting Operating Fund Balance: \$182,729.69

Total Projected Revenues: \$183,000

Total Project Expenses: \$183,850.50

Reserves: \$100,000

Discussion

The RED’s programming and budget are designed to be elastic, particularly as the agency fosters and tests new initiatives, such as the incubation and formation of the RHF. The RED is scalable, depending on direction given by its Board, as well as the availability of funding.

Current revenue sources include an administration agreement between the RED and RHF and the annual Member Assessments. The RED/RHF agreement currently compensates the RED for administrative services provided to the RHF at the rate of \$6,250 monthly, for a total of \$75,000 annually. Administration fee revenue, Member Assessments, the projected fund balance, and any other revenue will determine the size of a balanced budget for FY2025/26. The RED cannot overspend its budget.

Basic annual overhead for the RED’s core operation includes:

1. Activities to maintain RED baseline functions, e.g., budget, audit, required filings, insurance, accounting, website, legal services, Brown Act meetings. Track and provide feedback on public policy and legislation supportive of transit oriented, infill housing production, in line with RED Project Criteria.
2. Collaborative grant coordination and applications.
3. Administrative support to the RED Housing Fund (RHF) and scan for opportunities to expand the Fund’s balance sheet and lending capacity. (*\$75k in costs are fully recovered*).
4. Strategic Capital Investment such as Essential Function Bonds and other similar products to increase and preserve the inventory of affordable housing, provide greater levels of public benefit, and foster the addition of new JPA Members.

Agenda Item: 6

Meeting Date: April 10, 2025

Agency Future Funding Options

Initiatives and structures are incubating that could utilize the RED's reputation, expertise, and capacity, while also generating new revenue for RED administration and/or financing, including:

- The production of housing on public properties within the RED's jurisdiction that are deemed surplus; and
- Operationalizing the RED's JPA powers to issue Essential Function Bonds to acquire, preserve or produce affordable, income restricted housing; and
- The recent formation of an Enhanced Infrastructure Financing Districts (EIFD) in Santa Rosa that may have an administrative or governance role for the RED.

The JPA (Section 8.06 – Agency Funding) states “All fees, costs and expenses incurred by the Agency may be funded from: (i) voluntary contributions from third parties, such as grants; (ii) advances or loans from the Members or other sources; (iii) bond revenue; (iv) taxes, assessments, fees and/or charges levied by the Agency under the provisions of the Act or otherwise provided by law; (v) contributions from an infrastructure Financing District or other tax increment generating mechanism; and, (vi) subject to the unanimous vote of the Board, assessments on the Members to carry out the activities of the Agency generally applicable to all Members.”

In FY2021/22, the RED Board approved the initial Member Assessments of \$50,000 per Founding Member to establish a general fund reserve of \$100,000. Best practices from the Government Finance Officers Association of the United States and Canada recommend a total unassigned General Fund Reserve balance equal to 1/6th or 2 months of annual General Fund operating revenues. Corresponding to the FY 2025/26 preliminary draft budget, the recommended reserve calculates to \$30,500. Given the agency's relatively dynamic budget history, a larger reserve better buffers economic uncertainty and provides a potential funding source for special one-time needs programs. The Proposed Budget includes ongoing Member Assessments of \$50,000 per Founding Member.

Exhibit A Fiscal Year 2025/26 Proposed Draft Budget is continued on next page

Agenda Item: 6
 Meeting Date: April 10, 2025

Exhibit A Fiscal Year 2025/26 Proposed Draft Budget

Renewal Enterprise District

Description	Fiscal Year	Fiscal Year	Fiscal Year
	2024/25	2024/25	2025/26
	Final Budget	Projected Year End Budget	Proposed Draft Budget
Revenues			
Kaiser Permanente (EBCF) - RED Admin Services	25,000.00	25,000.00	-
Kaiser Permanente (EBCF) - Other RHF Expenses	3,150.00	3,150.00	-
Member Assessments	100,000.00	100,000.00	100,000.00
Interest on Pooled Cash	2,500.00	8,900.00	8,000.00
Charges for Services	75,000.00	75,000.00	75,000.00
Total Revenues	205,650.00	212,050.00	183,000.00
Expenditures			
Administration Services and Supplies	5,500.00	3,617.20	3,700.00
Client Accounting Services	12,000.00	12,000.00	14,000.00
Outside Legal Counsel	36,000.00	2,650.50	2,650.50
Consulting Services	243,000.00	163,672.42	163,500.00
Grant Pass through for Admin Services	25,000.00	25,000.00	-
Grant Pass through for other RHF Expenses	3,150.00	3,150.00	-
Total Expenditures	324,650.00	210,090.12	183,850.50
Starting Fund Balance	208,919.81	208,919.81	182,729.69
Revenues	205,650.00	212,050.00	183,000.00
Expenditures	(324,650.00)	(210,090.12)	(183,850.50)
Unearned Revenue Adjustment - EBCF - RED Admin Services	(25,000.00)	(25,000.00)	-
Unearned Revenue Adjustment - EBCF - Other RHF Expenses	(3,150.00)	(3,150.00)	-
Net Increase/(Decrease) in Fund Balance	(147,150.00)	(26,190.12)	(850.50)
Ending Fund Balance available for budgeting	61,769.81	182,729.69	181,879.19

Staff Recommendation

Approve Fiscal Year 2025/26 Draft Budget and Budget Resolution.

Vote Requirement

Three-fourths vote required for approval.

Fiscal Impact

Proposed Fiscal Year 2025/26 budget with expenditures of \$183,850, revenues of \$183,000, and starting fund balance of \$182,729.69

List of Attachments

- Exhibit A - RED Draft Budget (above)
- Exhibit B - RED Budget Summary & Approval

Contact

Robin Stephani, Executive Director, 707-479-5373 Robin@RenewalEnterpriseDistrict.org