

# Regular Meeting Agenda December 19, 2012

## Board Members

Mr. Ed Garcia, Chair  
*Orange County Board of  
Supervisors Representative*

Mr. Craig Green  
*City of Placentia Mayor's  
Representative*

Mr. Troy Butzlaff, ICMA-CM  
*Former Redevelopment Agency  
of the City of Placentia  
Employee's Representative*

Ms. Joan Velasco  
*County Superintendent of  
Education Representative*

Mr. Al Shkoler  
*Placentia Library District  
Representative*

Mr. Rodrigo Garcia  
*Chancellor of the California  
Community College  
Representative*

Mr. James Harman  
*Orange County Board of  
Supervisors Representative*

## Staff

Ken Domer  
*Executive Director*

Tania Moreno  
*Clerk of the Board*

**City of Placentia  
C/O Oversight Board  
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## Oversight Board of the Successor Agency to the Redevelopment Agency of the City Of Placentia

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### Procedures for Addressing the Board Members

Any person who wishes to speak regarding an item on the agenda or on a subject within the Oversight Board's jurisdiction during the "Oral Communications" portion of the agenda should fill out a "Speaker Request Form" and give it to the Clerk of the Board BEFORE that portion of the agenda is called. Testimony for Public Hearings will only be taken at the time of the hearing. Any person who wishes to speak on a Public Hearing item should fill out a "Speaker Request Form" and give it to the Clerk of the Board BEFORE the item is called.

PLEASE SILENCE ALL PAGERS, CELL PHONES, AND OTHER ELECTRONIC EQUIPMENT WHILE BOARD MEMBERS ARE IN SESSION.

### Special Accommodations

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Clerk of the Board's Office at (714) 993-8231. Notification 48 hours prior to the meeting will generally enable Staff to make reasonable arrangements to ensure accessibility. (28 CFR 35.102.35.104 ADA Title II)

In compliance with California Government Code § 54957.5, any writings or documents provided to a majority of the Oversight Board regarding any item on this agenda that are not exempt from disclosure under the Public Records Act will be made available for public inspection at the Clerk of the Board's Office at City Hall, 401 East Chapman Avenue, Placentia, during normal business hours.

**OVERSIGHT BOARD  
OF THE SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY OF THE CITY OF PLACENTIA  
REGULAR MEETING AGENDA  
December 19, 2012  
4:00 p.m. – City Council Chambers  
401 E. Chapman Avenue, Placentia, CA**

**CALL TO ORDER:**

**ROLL CALL:** Chair Ed Garcia  
Board Member Butzlaff  
Board Member Rodrigo Garcia  
Board Member Green  
Board Member Harman  
Board Member Shkoler  
Board Member Velasco

**PLEDGE OF ALLEGIANCE:** Board Member Harman

**ORAL COMMUNICATIONS:**

At this time the public may address the Oversight Board concerning any agenda item or on matters within the jurisdiction of the Oversight Board.

**ELECTION OF VICE CHAIR**

At this time, the Executive Director shall conduct elections of the Vice Chair.

**1. PRESENTATIONS/ADMINISTRATIVE REPORTS**

a. Executive Director's Report

**2. CONSENT CALENDAR:**

**a. Minutes for August 29, 2012**

Recommended Action: It is recommended that the Oversight Board:

1) Approve the minutes of the August 29, 2012 Oversight Board Meeting

**3. OLD BUSINESS:** None

**4. NEW BUSINESS:** None

**5. PUBLIC HEARING:**

a. **Public Review of the Low and Moderate Income Fund and All Other Funds Due Diligence Review as required by California Health and Safety Code § 34179.5 as performed by the accounting firm of Pun & McGeady**

Recommended Action: It is recommended that the Oversight Board:

1) Receive public input on the Due Diligence Review and schedule a final consideration of the Due Diligence Review for January 9, 2013.

**BOARD MEMBERS COMMENTS AND REQUESTS:**

Board Members may make requests or ask questions of Staff. If a Board Member would like formal action on any item it will be placed on a future Board Agenda.

**ADJOURNMENT:**

The Oversight Board will adjourn to Wednesday, January 9, 2013 at 4:00 p.m.

**CERTIFICATION OF POSTING**

I, Tania Moreno, Clerk of the Board, hereby certify that the Agenda for the December 19, 2012 meeting of the Oversight Board was posted on Friday, December 14, 2012.

A handwritten signature in cursive script, appearing to read "Tania Moreno", is written over a horizontal line.

Tania Moreno, Clerk of the Board

**OVERSIGHT BOARD  
OF THE SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY OF THE CITY OF PLACENTIA  
REGULAR MEETING MINUTES  
August 29, 2012  
4:00 p.m. – City Council Chambers  
401 E. Chapman Avenue, Placentia, CA**

**CALL TO ORDER:** Executive Director Domer called the meeting to order at 4:05 p.m.

**ROLL CALL:**

PRESENT: Board Member Butzlaff, Green, Shkoler, Velasco  
ABSENT: Rod Garcia, Ed Garcia

Executive Director Domer opened the nominations for a temporary Chairperson for the meeting of August 29, 2012.

Board Member Velasco nominated Board Member Butzlaff to act as Chairperson.

Board Member Velasco nominated, and Board Member Green seconded the nomination of Board Member Butzlaff to act as Chairperson.

Pursuant to a unanimous roll call vote, Board Member Butzlaff was selected to act as the Chairperson of the Oversight Board.

**PLEDGE OF ALLEGIANCE:** Board Member Velasco

**ORAL COMMUNICATIONS:** None

**1. PRESENTATIONS/ADMINISTRATIVE REPORTS**

- a. Executive Director's Report

Executive Director Domer noted that the Department of Finance is reviewing the Housing Asset Form. He noted that at the last meeting the Board approved the hiring of an auditing firm. He noted that the State released standard procedures for auditing firms to follow.

**2. CONSENT CALENDAR:**

- a. **Minutes for August 8, 2012**

Recommended Action: It is recommended that the Oversight Board:

- 1) Approve the minutes of the August 8, 2012 Oversight Board Meeting

A motion was made by Board Member Shkoler, seconded by Board Member Green, and carried (3 – 1 - 2) to approve the minutes of the August 8, 2012 Oversight Board Meeting.

Acting Chairperson Butzlaff noted that he abstained because he did not attend the August 8, 2012 Oversight Board meeting.

**3. OLD BUSINESS:**

- a. **Approval of the Recognized Obligation Payment Schedule (ROPS III) for the Period Covering January 1, 2013 to June 30, 2013**

Recommended Action: It is recommended that the Oversight Board:

- 1) Adopt Resolution OB-2012-09, A Resolution of the Oversight Board to the Successor Agency of the Redevelopment Agency of the City of Placentia, California, approving a Recognized Obligation Payment Schedule for the period covering January 1, 2013 to June 30, 2013

Executive Director Domer provided an overview of ROPS III. He noted that the Department of Finance made several formatting changes to the ROPS.

Discussion ensued between the Board and Staff.

A motion was made by Board Member Green, seconded by Board Member Velasco, and carried (4 - 0 - 2) to adopt Resolution OB-2012-09, A Resolution of the Oversight Board to the Successor Agency of the Redevelopment Agency of the City of Placentia, California, approving a Recognized Obligation Payment Schedule for the period covering January 1, 2013 to June 30, 2013.

**4. NEW BUSINESS:** None

**BOARD MEMBERS COMMENTS AND REQUESTS:** None

**ADJOURNMENT:**

A motion was made by Board Member Shkoler, seconded by Board Member Green, and carried (4 - 0 - 2) to adjourn the meeting.

**ADJOURNMENT:**

The Board of Directors adjourned to October 10, 2012 at 4:00 p.m.

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ED GARCIA, AGENCY CHAIRPERSON

ATTEST:

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TANIA A. MORENO, CLERK OF THE BOARD

# PUBLIC REVIEW DRAFT

## **Successor Agency to the Redevelopment Agency of the City of Placentia**

Placentia, California

*Independent Accountant's Report on  
Applying Agreed-Upon Procedures relating to  
the Due Diligence Review in accordance with AB 1484  
applied to the Low and Moderate Income Housing Fund*

*For the year ended June 30, 2012*

# PUBLIC REVIEW DRAFT

Successor Agency to the  
Redevelopment Agency of the City of Placentia

Table of Contents

Page

INDEPENDENT ACCOUNTANT’S REPORT ON  
APPLYING AGREED-UPON PROCEDURES ..... 1

ATTACHMENT A - AGREED-UPON PROCEDURES AND RESULTS ..... 2-17

EXHIBITS

Exhibit A - Summary of Financial Transactions schedule

Exhibit B - Balances needed to Satisfy ROPS for the 2012-13 Fiscal Year

Exhibit C - Summary of Balances Available for Allocation

Exhibit D - Management Representation Letter

# PUBLIC REVIEW DRAFT



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

To the Oversight Board of the  
Successor Agency to the Redevelopment Agency of the City of Placentia  
Placentia, 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 assist the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Placentia ("Successor Agency") to determine that the dissolved Redevelopment Agency of the City of Placentia ("Agency") is complying with its statutory requirements with respect to Assembly Bill ("AB") 1484. Management of the Successor Agency 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 only applied to the Low and Moderate Income Housing Fund, not the Successor Agency of the Redevelopment Agency of the City of Placentia as a whole.

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 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 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.

Irvine, California  
December 19, 2012

# PUBLIC REVIEW DRAFT

## **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 community 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:**

On February 1, 2012, the dollar value of assets of the Low and Moderate Income Housing Fund of the City of Placentia that were transferred to the Successor Housing Agency was as follows:

| <b>ASSETS</b>               |                           |
|-----------------------------|---------------------------|
| Restricted cash and investm | \$ 288,454                |
| Loans receivable            | 386,986                   |
| Real estate                 | <u>1,948,103</u>          |
| Total                       | <u><u>\$2,623,543</u></u> |

Note: The dollar value of the assets of the Successor Agency of the Redevelopment Agency of the City of Placentia are excluded from the above schedule.

**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:**

There were no transfers from the former Low Moderate Housing Fund to the City for the period from January 1, 2011 through January 31, 2012. Therefore, these procedures are not applicable for this time period.

See Exhibit A for the Housing Asset Transfer Form.

On September 5, 2012, the Successor Housing Agency received a letter from the Department of Finance (Exhibit B) stating that the review of the Housing Asset Transfer Form was completed, and the result was that based on a sample of line items reviewed and the application of law, the Department of Finance did not object to any of the assets or transfers of assets identified on the form submitted. Exhibit A (Real Property) agreed to the amount transferred, \$1,948,103. Exhibit D (Loans/Grants Receivable) totaled to \$313,625, which did not agree to the amount transferred of \$386,986.

On May 1, 2012, the Successor Agency to the Redevelopment Agency of the City of Placentia passed resolution RSA-2012-XXX. The purpose of the resolution was to transfer the title of several housing related real estate properties to the City of Placentia. It was noted that prior to February 1, 2012, the City of Placentia designated itself the Successor Housing Agency. Therefore, the transfers of property were not included as a transfer for the purpose of this procedure. The total cost of the properties was \$1,948,103.

The Successor Agency nor the City completed the Asset Transfer Form based on legal counsel's advice that there was no legal requirement to submit the form.

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

**Results:**

The State Controller's Office has not completed its review of transfers required under those sections.

There were no transfers from the former Low Moderate Housing Fund or the Successor Housing Agency Fund to any other public agency or to private parties for the period from January 1, 2011

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:**

Because these procedures required by Section 34179.5(c)(4) pertain to the Successor Agency as a whole, these procedures will be addressed in the report that is due on December 15, 2012.

**Citation:**

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

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

**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:**

At June 30, 2012, a summary of assets held by the Successor Agency is as follows:

| <b>ASSETS</b>             |                                  |
|---------------------------|----------------------------------|
| Cash and investments      | \$ 775                           |
| Restricted cash and inves | 224,880                          |
| Loans receivable          | 383,236                          |
| Allowance for doubtful a  | (287,177)                        |
| Real estate               | <u>1,948,103</u>                 |
| <b>Total</b>              | <b><u><u>\$2,269,817</u></u></b> |

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

**Results:**

At June 30, 2012, there were unspent bond proceeds amounting to \$224,880 held by trustees.

- 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 Successor the Agency as restricted.

**Results:**

There were no other assets legally restricted at June 30, 2012. Therefore, this procedure was 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:**

The asset balances held on June 30, 2012 considered to be legally restricted are as follows.

|                                 | Amount            | Restriction                            |
|---------------------------------|-------------------|--|
| Restricted cash and investments | <u>224,880</u>    | (1) 2002 Tax Allocation Bonds Series A |
|                                 | <u>\$ 224,880</u> |  |

(1) The restricted monies held by trustee pertaining to the 2002 Tax Allocation Bonds Series A are held by the US Bank in a Reserve Fund to ensure bond payments. Per the bond Indenture, an amount must remain on deposit in the Reserve Fund for future bonds principal and interest payments. These restrictions are in effect until such time as the bonds are repaid in full. The restricted monies held by the trustee were traced and agreed to US Bank statements and the restriction on usage was agreed to the bond Indenture.

**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:**

The Successor Housing Agency Fund had loans receivable of \$383,235. However, a complete detailed listing that agreed to that amount was not available. Due to the lack of supporting documentation, an allowance for doubtful accounts was recognized for \$287,177. As a result, net loans receivable was \$96,058, and represented one loan to a business owner.

- 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:**

The amount was agreed to the Bi Tech accounting system trial balance.

- 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:**

There was no difference noted.

- 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:**

The loans are recognized at historical cost, not an estimated market value. Therefore, this procedure is 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. Attached 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 does not believe that asset balances need to be retained to satisfy enforceable obligations.

- 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 does not believe that future revenues together with balances dedicated or restricted to an enforceable obligation are insufficient to fund future obligation payments and thus retention of current balances is required.

- 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 does not believe that future revenues together with balances dedicated or restricted to an enforceable obligation are insufficient to fund future obligation payments and thus retention of current balances is required.

- 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:**  
Not applicable.

**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:**

Obtained and reviewed Recognized Obligation Payment Schedules (ROPS) for periods of July 1, 2012 to December 31, 2012 and January 1, 2013 to June 30, 2013. Noted enforceable obligations to be satisfied as noted in Exhibit C.

**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 D for schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Entities.

\*\*\*

**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 E for Management Representation Letter.

# PUBLIC REVIEW DRAFT

## **EXHIBITS**

Exhibit A - Housing Asset Transfer Form

Exhibit B - Department of Finance Review of Housing Asset Transfer Form

Exhibit C - Balances needed to Satisfy ROPS for the 2012-13 Fiscal Year

Exhibit D - Summary of Balances Available for Allocation

Exhibit E - Management Representation Letter

**EXHIBIT A**

**Housing Asset Transfer Form**

# PUBLIC REVIEW DRAFT

**DEPARTMENT OF FINANCE  
HOUSING ASSETS LIST  
ASSEMBLY BILL X1 28 AND ASSEMBLY BILL 1484  
(Health and Safety Code Section 34176)**

Former Redevelopment Agency: Redevelopment Agency of the City of Placentia  
 Successor Agency to the Former Redevelopment Agency: City of Placentia  
 Entity Assuming the Housing Functions of the former Redevelopment Agency: City of Placentia  
 Entity Assuming the Housing Functions Contact Name: Ken Dornier Title Assistant City Administrator Phone (714) 983-8242 E-Mail Address kdornier@placentia.org  
 Entity Assuming the Housing Functions Contact Name: \_\_\_\_\_ Title \_\_\_\_\_ Phone \_\_\_\_\_ E-Mail Address \_\_\_\_\_

All assets transferred to the entity assuming the housing functions between February 1, 2012 and the date the exhibits were created are included in this housing assets list. The following Exhibits noted with an X in the box are included as part of this inventory of housing assets:

|                                      |   |
|--------------------------------------|---|
| Exhibit A - Real Property            | X |
| Exhibit B - Personal Property        | X |
| Exhibit C - Low-Mod Encumbrances     | X |
| Exhibit D - Loans/Grants Receivables | X |
| Exhibit E - Rents/Operations         | X |
| Exhibit F - Rents                    | X |
| Exhibit G - Deferrals                | X |

Prepared By: Ken Dornier  
 Date Prepared: 7/30/2012

# PUBLIC REVIEW DRAFT

Exhibit A - Real Property

City of Pleasanton  
Inventory of Assets Received Pursuant to Health and Safety Code section 34178 (a) (2)

| Item # | Type of Asset /       | Legal Title and Description | Carrying Value of Asset | Total square footage | Square footage reserved for low-mo housing | In the property encumbered by a low-mo housing covenant? | Source of low-mo housing covenant if | Date of transfer to Housing Successor Agency | Construction or acquisition cost funded with Low-Mo Housing Fund monies | Construction or acquisition costs funded with other RDA funds | Construction or acquisition costs funded with non-RDA funds | Date of construction or acquisition by the former RDA | Interest in real property (option to purchase, easement, etc.) |
|--------|-----------------------|-----------------------------|-------------------------|----------------------|--|--|--------------------------------------|--|---|---|---|---|--|
| 1      | Single Family Housing | 335-06-10 (229 Ala)         | \$425,000               | 6,460                | 6,460                                      | yes  | CRL                                  | 2/1/2012                                     | all   | N/A   | N/A   | 9/8/2005  | Fee owner  |
| 2      | Vacant SFR Property   | 335-381-14 (214 Baker)      | \$460,000               | 6,360                | 6,360                                      | yes  | CRL                                  | 2/1/2012                                     | all   | N/A   | N/A   | 5/11/2006   | Fee owner  |
| 3      | Vacant SFR Property   | 335-382-19 (323 Baker)      | \$415,000               | 6,500                | 6,500                                      | yes  | CRL                                  | 2/1/2012                                     | all   | N/A   | N/A   | 5/16/2008   | Fee owner  |
| 4      | Single Family Housing | 335-382-05 (339 Santa Fe)   | \$161,760               | 2,500                | 2,500                                      | yes  | CRL                                  | 2/1/2012                                     | all   | N/A   | N/A   | 2/27/2008   | Fee owner  |
| 5      | Vacant SFR Property   | 346-181-35 (1617 Oak)       | see # 7                 | 2,016                | 2,016                                      | yes  | CRL                                  | 2/1/2012                                     | all   | N/A   | N/A   | 3/16/2010   | Fee owner  |
| 6      | Vacant SFR Property   | 346-181-36 (1617 Oak)       | see # 7                 | 3,876                | 3,876                                      | yes  | CRL                                  | 2/1/2012                                     | all   | N/A   | N/A   | 3/16/2010   | Fee owner  |
| 7      | Vacant SFR Property   | 346-181-05 (1616 Alwood)    | \$250,894               | 2,823                | 2,823                                      | yes  | CRL                                  | 2/1/2012                                     | all   | N/A   | N/A   | 3/16/2010   | Fee owner  |
| 8      | Vacant SFR Property   | 346-181-06 (1616 Alwood)    | see # 7                 | 1,994                | 1,994                                      | yes  | CRL                                  | 2/1/2012                                     | all   | N/A   | N/A   | 3/16/2010   | Fee owner  |
| 9      | Vacant SFR Property   | 346-181-07 (1616 Alwood)    | see # 7                 | 2,073                | 2,073                                      | yes  | CRL                                  | 2/1/2012                                     | all   | N/A   | N/A   | 3/16/2010   | Fee owner  |
| 10     | Vacant SFR Property   | 346-181-30 (1616 Alwood)    | see # 7                 | 2,073                | 2,073                                      | yes  | CRL                                  | 2/1/2012                                     | all   | N/A   | N/A   | 3/16/2010   | Fee owner  |
| 11     | Vacant SFR Property   | 335-394-18 (229 Main St)    | \$235,459               | 5,850                | 5,850                                      | yes  | CRL                                  | 2/1/2012                                     | all   | N/A   | N/A   | 12/15/2008  | Fee owner  |
| 12     |                       |                             |                         |                      |  |  |                                      |  |   |   |   |   |  |
| 13     |                       |                             |                         |                      |  |  |                                      |  |   |   |   |   |  |
| 14     |                       |                             |                         |                      |  |  |                                      |  |   |   |   |   |  |
| 15     |                       |                             |                         |                      |  |  |                                      |  |   |   |   |   |  |
| 16     |                       |                             |                         |                      |  |  |                                      |  |   |   |   |   |  |
| 17     |                       |                             |                         |                      |  |  |                                      |  |   |   |   |   |  |
| 18     |                       |                             |                         |                      |  |  |                                      |  |   |   |   |   |  |
| 19     |                       |                             |                         |                      |  |  |                                      |  |   |   |   |   |  |
| 20     |                       |                             |                         |                      |  |  |                                      |  |   |   |   |   |  |

Notes: #7 - the properties listed on items 5-10 are adjoining parcels purchased as one property.  
All items - Date of transfer is enactment of AB 26 1x; however, on May 1, 2012 the City and City acting as Successor Housing Agency reaffirmed the transfer.

a/ Asset types may include low-mo housing, mixed-income housing, low-mo housing with commercial space, mixed-income housing with commercial space.

b/ May include California Redevelopment Law, tax credits, state bond indentures, and federal funds requirements.

# PUBLIC REVIEW DRAFT

Exhibit B - Personal Property

City of Pleasanton  
 Inventory of Assets Received Pursuant to Health and Safety Code section 34178 (a) (2)

| Item # | Type of Asset or Files | Description           | Carrying Value of Asset | Date of transfer to Housing Successor Agency | Acquisition cost funded with Low-Income Housing Fund monies | Acquisition costs funded with other RDA funds | Acquisition costs funded with non-RDA funds | Date of acquisition by the former RDA |
|--------|------------------------|-----------------------|-------------------------|--|---|---|---|---------------------------------------|
| 1      | Files                  | Various Housing Files | unknown                 | 2/1/2012                                     | n/a   | n/a   | n/a   | n/a                                   |
| 2      |                        |                       |                         |  |   |   |   |                                       |
| 3      |                        |                       |                         |  |   |   |   |                                       |
| 4      |                        |                       |                         |  |   |   |   |                                       |
| 5      |                        |                       |                         |  |   |   |   |                                       |
| 6      |                        |                       |                         |  |   |   |   |                                       |
| 7      |                        |                       |                         |  |   |   |   |                                       |
| 8      |                        |                       |                         |  |   |   |   |                                       |
| 9      |                        |                       |                         |  |   |   |   |                                       |
| 10     |                        |                       |                         |  |   |   |   |                                       |
| 11     |                        |                       |                         |  |   |   |   |                                       |
| 12     |                        |                       |                         |  |   |   |   |                                       |
| 13     |                        |                       |                         |  |   |   |   |                                       |
| 14     |                        |                       |                         |  |   |   |   |                                       |
| 15     |                        |                       |                         |  |   |   |   |                                       |
| 16     |                        |                       |                         |  |   |   |   |                                       |
| 17     |                        |                       |                         |  |   |   |   |                                       |
| 18     |                        |                       |                         |  |   |   |   |                                       |
| 19     |                        |                       |                         |  |   |   |   |                                       |
| 20     |                        |                       |                         |  |   |   |   |                                       |

a/ Asset types any personal property provided in residences, including furniture and appliances, all housing-related files and loan documents, office supplies, software licenses, and mapping programs, that were acquired for low and moderate income housing purposes, either by purchase or through a loan, in whole or in part, with any source of funds.

# PUBLIC REVIEW DRAFT

Exhibit C - Low-Mod Encumbrances

City of Pleasanton  
 Inventory of Assets Received Pursuant to Health and Safety Code section 34178 (a) (2)

| Item # | Type of housing built or acquired with encumberable obligated funds of | Date contract for enforceable obligation was executed | Contractual counterparty | Total amount currently owed for the enforceable obligation | Is the property encumbered by a low-mod housing covenant? | Source of low-mod housing covenant if | Current owner of the property | Construction or acquisition cost funded with Housing Fund monies | Construction or acquisition costs funded with other RDA funds | Construction or acquisition costs funded with non-RDA funds | Date of construction or acquisition of the property |
|--------|--|---|--------------------------|--|---|---------------------------------------|-------------------------------|--|---|---|---|
| 1      |  |   |                          |  |   |                                       |                               |  |   |   |   |
| 2      |  |   |                          |  |   |                                       |                               |  |   |   |   |
| 3      |  |   |                          |  |   |                                       |                               |  |   |   |   |
| 4      |  |   |                          |  |   |                                       |                               |  |   |   |   |
| 5      |  |   |                          |  |   |                                       |                               |  |   |   |   |
| 6      |  |   |                          |  |   |                                       |                               |  |   |   |   |
| 7      |  |   |                          |  |   |                                       |                               |  |   |   |   |
| 8      |  |   |                          |  |   |                                       |                               |  |   |   |   |
| 9      |  |   |                          |  |   |                                       |                               |  |   |   |   |
| 10     |  |   |                          |  |   |                                       |                               |  |   |   |   |
| 11     |  |   |                          |  |   |                                       |                               |  |   |   |   |
| 12     |  |   |                          |  |   |                                       |                               |  |   |   |   |
| 13     |  |   |                          |  |   |                                       |                               |  |   |   |   |
| 14     |  |   |                          |  |   |                                       |                               |  |   |   |   |
| 15     |  |   |                          |  |   |                                       |                               |  |   |   |   |
| 16     |  |   |                          |  |   |                                       |                               |  |   |   |   |
| 17     |  |   |                          |  |   |                                       |                               |  |   |   |   |
| 18     |  |   |                          |  |   |                                       |                               |  |   |   |   |
| 19     |  |   |                          |  |   |                                       |                               |  |   |   |   |
| 20     |  |   |                          |  |   |                                       |                               |  |   |   |   |

a/ May include low-mod housing, mixed-income housing, low-mod housing with commercial space, mixed-income housing with commercial space.

b/ May include California Redevelopment Law, tax credits, state bond indentures, and federal funds requirements.

# PUBLIC REVIEW DRAFT

Exhibit D - Loans/Grants Receivables

City of Placentia  
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

| Item # | Was the Low-Mod Housing Fund amount issued for a loan or a grant? | Amount of the loan or grant | Date the loan or grant was issued | Person or entity to whom the loan or grant was issued | Purpose for which the funds were loaned or granted | Are there contractual requirements specifying the purposes for which the funds may be used? | Repayment date, if the funds are for a loan | Interest rate of loan | Current outstanding loan balance |
|--------|---|-----------------------------|-----------------------------------|---|--|---|---|-----------------------|----------------------------------|
| 1      | Loan  | 25,000                      | 9/11/1992                         | Boldman, Alan   | FTHB   | Yes   | 8/11/2022                                   | 0%                    | 25,000                           |
| 2      | Loan  | 25,000                      | 5/28/1987                         | Cooper, Larry & Berbie                                | FTHB   | Yes   |   | 0%                    | 25,000                           |
| 3      | Loan  | 25,000                      | 7/17/1992                         | Garcia, Paul & Sonia                                  | FTHB   | Yes   | 5/28/2027                                   | 0%                    | 25,000                           |
| 4      | Loan  | 17,925                      | 8/14/1992                         | Grodman, Martha                                       | FTHB   | Yes   | 7/17/2027                                   | 0%                    | 25,000                           |
| 5      | Loan  | 25,000                      | 4/22/1987                         | Kelly, Rhonda &                                       | FTHB   | Yes   | 8/14/2022                                   | 0%                    | 17,925                           |
| 6      | Loan  | 25,000                      | 11/20/1992                        | Linder, Dianne  | FTHB   | Yes   | 4/22/2027                                   | 0%                    | 25,000                           |
| 7      | Loan  | 18,750                      | 7/24/2001                         | Lopez, E.   | FTHB   | Yes   | 11/20/2022                                  | 0%                    | 25,000                           |
| 8      | Loan  | 18,700                      | 4/15/1997                         | Miller, Mark & Debbie                                 | FTHB   | Yes   | 7/24/2031                                   | 0%                    | 18,700                           |
| 9      | Loan  | 25,000                      | 8/28/1992                         | Poparo, Robert  | FTHB   | Yes   | 4/15/2027                                   | 0%                    | 18,700                           |
| 10     | Loan  | 21,000                      | 9/25/1992                         | Stratton, Laurene                                     | FTHB   | Yes   | 8/28/2022                                   | 0%                    | 25,000                           |
| 11     | Loan  | 25,000                      | 2/11/1994                         | Vasquez, Teresa                                       | FTHB   | Yes   | 9/25/2022                                   | 0%                    | 21,000                           |
| 12     | Loan  | 17,250                      | 8/29/2001                         | Walker, D.  | FTHB   | Yes   | 2/11/2024                                   | 0%                    | 25,000                           |
| 13     | Loan  | 45,000                      | 11/14/1986                        | OCCHC   | Rehab  | Yes   | 8/29/2031                                   | 0%                    | 17,250                           |
| 14     |   |                             |                                   |   |  |   | 11/14/2031                                  | 0%                    | 42,000                           |
| 15     |   |                             |                                   |   |  |   |   |                       |                                  |
| 16     |   |                             |                                   |   |  |   |   |                       |                                  |
| 17     |   |                             |                                   |   |  |   |   |                       |                                  |
| 18     |   |                             |                                   |   |  |   |   |                       |                                  |
| 19     |   |                             |                                   |   |  |   |   |                       |                                  |
| 20     |   |                             |                                   |   |  |   |   |                       |                                  |

FTHB= First Time Homebuyer program  
OCCHC = Orange County Community Housing Corporation

# PUBLIC REVIEW DRAFT

Exhibit E - Rents/Operations

City of Picoeñita  
 Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

| Item # | Type of payments of | Type of property with which they are associated by | Property owner | Entity that collects the payments | Entity to which the payments are ultimately remitted | Purpose for which the payments are used | Is the property encumbered by a low-mod housing covenant? | Source of low-mod housing covenant of | Item # from Exhibit A the reorganization is associated with (if applicable) |
|--------|---------------------|--|----------------|-----------------------------------|--|---|---|---------------------------------------|---|
| 1      |                     |  |                |                                   |  |   |   |                                       |   |
| 2      |                     |  |                |                                   |  |   |   |                                       |   |
| 3      |                     |  |                |                                   |  |   |   |                                       |   |
| 4      |                     |  |                |                                   |  |   |   |                                       |   |
| 5      |                     |  |                |                                   |  |   |   |                                       |   |
| 6      |                     |  |                |                                   |  |   |   |                                       |   |
| 7      |                     |  |                |                                   |  |   |   |                                       |   |
| 8      |                     |  |                |                                   |  |   |   |                                       |   |
| 9      |                     |  |                |                                   |  |   |   |                                       |   |
| 10     |                     |  |                |                                   |  |   |   |                                       |   |
| 11     |                     |  |                |                                   |  |   |   |                                       |   |
| 12     |                     |  |                |                                   |  |   |   |                                       |   |
| 13     |                     |  |                |                                   |  |   |   |                                       |   |
| 14     |                     |  |                |                                   |  |   |   |                                       |   |
| 15     |                     |  |                |                                   |  |   |   |                                       |   |
| 16     |                     |  |                |                                   |  |   |   |                                       |   |
| 17     |                     |  |                |                                   |  |   |   |                                       |   |
| 18     |                     |  |                |                                   |  |   |   |                                       |   |
| 19     |                     |  |                |                                   |  |   |   |                                       |   |
| 20     |                     |  |                |                                   |  |   |   |                                       |   |

a/ May include revenues from rents, operation of properties, residual receipt payments from developers, conditional grant payments, costs savings and proceeds from refinancing, and principal and interest payments from homebuyers subject to enforceable income limits.

b/ May include low-mod housing, mixed-income housing, low-mod housing with commercial space, mixed-income housing with commercial space.

c/ May include California Redevelopment Law, tax credits, state bond indentures, and federal funds requirements.

# PUBLIC REVIEW DRAFT

Exhibit F - Rents

City of Piacentia  
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

| Item # | Type of payment, a/ | Type of property with which the payments are associated, b/ | Property owner | Entity that collects the payments | Entity to which the payments are ultimately returned | Purpose for which the payments are used | Is the property encumbered by a low-mod housing covenant? | Source of low-mod housing covenant, c/ | Item # from Exhibit A the rent is associated with (if applicable) |
|--------|---------------------|---|----------------|-----------------------------------|--|---|---|--|---|
| 1      | rent                | single family res   | City           | Consensys PM                      | City   | LMIHF                                   | Yes   | CRL                                    | 1   |
| 2      | rent                | single family res   | City           | City                              | City   | LMIHF                                   | Yes   | CRL                                    | 4   |
| 3      |                     |   |                |                                   |  |   |   |  |   |
| 4      |                     |   |                |                                   |  |   |   |  |   |
| 5      |                     |   |                |                                   |  |   |   |  |   |
| 6      |                     |   |                |                                   |  |   |   |  |   |
| 7      |                     |   |                |                                   |  |   |   |  |   |
| 8      |                     |   |                |                                   |  |   |   |  |   |
| 9      |                     |   |                |                                   |  |   |   |  |   |
| 10     |                     |   |                |                                   |  |   |   |  |   |
| 11     |                     |   |                |                                   |  |   |   |  |   |
| 12     |                     |   |                |                                   |  |   |   |  |   |
| 13     |                     |   |                |                                   |  |   |   |  |   |
| 14     |                     |   |                |                                   |  |   |   |  |   |
| 15     |                     |   |                |                                   |  |   |   |  |   |
| 16     |                     |   |                |                                   |  |   |   |  |   |
| 17     |                     |   |                |                                   |  |   |   |  |   |
| 18     |                     |   |                |                                   |  |   |   |  |   |
| 19     |                     |   |                |                                   |  |   |   |  |   |
| 20     |                     |   |                |                                   |  |   |   |  |   |

Consensys PM = Consensys Property Management

- a/ May include rents or home loan payments.
- b/ May include low-mod housing, mixed-income housing, low-mod housing with commercial space, mixed-income housing with commercial space.
- c/ May include California Redevelopment Law, tax credits, state bond indentures, and federal funds requirements.

# PUBLIC REVIEW DRAFT

Exhibit G - Deferrals

City of Placentia  
 Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

| Item # | Purpose for which funds were deferred | Fiscal year in which funds were deferred | Amount deferred | Interest rate at which funds were to be repaid | Current amount owed | Date upon which funds were to be repaid |
|--------|---------------------------------------|--|-----------------|--|---------------------|---|
| 1      |                                       |  |                 |  |                     |   |
| 2      |                                       |  |                 |  |                     |   |
| 3      |                                       |  |                 |  |                     |   |
| 4      |                                       |  |                 |  |                     |   |
| 5      |                                       |  |                 |  |                     |   |
| 6      |                                       |  |                 |  |                     |   |
| 7      |                                       |  |                 |  |                     |   |
| 8      |                                       |  |                 |  |                     |   |
| 9      |                                       |  |                 |  |                     |   |
| 10     |                                       |  |                 |  |                     |   |
| 11     |                                       |  |                 |  |                     |   |
| 12     |                                       |  |                 |  |                     |   |
| 13     |                                       |  |                 |  |                     |   |
| 14     |                                       |  |                 |  |                     |   |
| 15     |                                       |  |                 |  |                     |   |
| 16     |                                       |  |                 |  |                     |   |
| 17     |                                       |  |                 |  |                     |   |
| 18     |                                       |  |                 |  |                     |   |
| 19     |                                       |  |                 |  |                     |   |
| 20     |                                       |  |                 |  |                     |   |

**EXHIBIT B**

**Department of Finance Review of Housing Asset Transfer Form**

# PUBLIC REVIEW DRAFT



**DEPARTMENT OF  
FINANCE**

**EDMUND G. BROWN JR. • GOVERNOR**

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

September 5, 2012

Mr. Ken Domer, Assistant City Administrator  
City of Placentia  
401 East Chapman Avenue  
Placentia, CA 92870

Dear Mr. Domer:

**Subject: Housing Assets Transfer Form**

Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the City of Placentia submitted a Housing Assets Transfer Form (Form) to the California Department of Finance (Finance) on August 1, 2012 for the period February 1, 2012 through August 1, 2012.

Finance has completed its review of your Form, which may have included obtaining clarification for various items. Based on a sample of line items reviewed and the application of law, Finance is not objecting to any assets or transfers of assets identified on your Form.

Please direct inquiries to Robert Scott, Supervisor or Jenny DeAngelis, Lead Analyst at (916) 445-1546.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Szalay".

**STEVE SZALAY**  
Local Government Consultant

cc: Mr. Frank Davies, Administrative Manager, County of Orange  
California State Controller's Office

**EXHIBIT C**

**Balances needed to Satisfy ROPS for the 2012-13 Fiscal Year**

RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS II and III)

July 1, 2012 through June 30, 2013

CASH, NOT OF BOND PROCEEDS, RESTRICTED FOR OBLIGATIONS

| Item #             | Project Name / Debt Obligation | Payee            | Description/Project Scope                       | ROPS II   | ROPS III  | Subtotal   | Payments Made | Balance Required for Future Payments |
|--------------------|--------------------------------|------------------|---|-----------|-----------|------------|---------------|--------------------------------------|
| <b>Grand Total</b> |                                |                  |   | \$ 81,238 | \$ 79,564 | \$ 160,802 | \$ -          | \$ 160,802                           |
| 1                  | 2002 Tax Allocation Bonds A    | US Bank          | 2002 Series A Housing Bonds                     | 75,238    | 73,564    | 148,802    | -             | 148,802                              |
| 2                  | L/M Income Housing Properties  | To Be Determined | Repairs & property services for low/mod housing | 6,000     | 6,000     | 12,000     | -             | 12,000                               |

Successor Agency to the Redevelopment Agency of the City of Placentia  
Agreed Upon Procedures – AB 1484  
Applied to the Successor Agency  
For the year ended June 30, 2012

EXHIBIT D

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)  | \$ 2,269,817        |
| 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)  | (224,880)           |
| Less assets that are not cash or cash equivalents (e.g., physical assets) - (procedure 7)  | -                   |
| Less balances that are legally restricted for the funding of an enforceable obligation (net of projected annual revenues available to fund those obligations) - (procedure 8)  | -                   |
| Less balances needed to satisfy ROPS for the 2012-13 fiscal year (procedure 9)   | (160,802)           |
| Less the amount of payments made on July 12, 2012 to the County Auditor-Controller as directed by the California Department of Finance   | -                   |
| Amount to be remitted to county for disbursement to taxing entities  | <u>\$ 1,884,135</u> |

**EXHIBIT E**

**Management Representation Letter**

# PUBLIC REVIEW DRAFT

## **Successor Agency to the Redevelopment Agency of the City of Placentia**

Placentia, California

*Independent Accountant's Report on  
Applying Agreed-Upon Procedures relating to  
the Due Diligence Review in accordance with AB 1484  
applied to the Successor Agency*

*For the year ended June 30, 2012*



**PUN & McGEADY** <sup>LLP</sup>  
Certified Public Accountants and Business Advisors

# PUBLIC REVIEW DRAFT

Successor Agency to the  
Redevelopment Agency of the City of Placentia

Table of Contents

Page

**INDEPENDENT ACCOUNTANT’S REPORT ON  
APPLYING AGREED-UPON PROCEDURES..... 1**

**ATTACHMENT A - AGREED-UPON PROCEDURES AND RESULTS ..... 2-17**

**EXHIBITS**

Exhibit A - Summary of Financial Transactions schedule

Exhibit B - Balances needed to Satisfy ROPS for the 2012-13 Fiscal Year

Exhibit C - Summary of Balances Available for Allocation

Exhibit D - Management Representation Letter

# PUBLIC REVIEW DRAFT



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

To the Oversight Board of the  
Successor Agency to the Redevelopment Agency of the City of Placentia  
Placentia, 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 assist the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Placentia ("Successor Agency") to determine that the dissolved Redevelopment Agency of the City of Placentia ("Agency") is complying with its statutory requirements with respect to Assembly Bill ("AB") 1484. Management of the Successor Agency 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 only applied to the Successor Agency of the Redevelopment Agency of the City of Placentia and not to the Low and Moderate Income Housing Fund or the Successor Agency to the Redevelopment Agency of the City of Placentia as a whole.

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 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 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.

Irvine, California  
December 19, 2012

# PUBLIC REVIEW DRAFT

**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 community 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:**

On February 1, 2012, the dollar value of assets of the former Redevelopment Agency of the City of Placentia that were transferred to the Successor Agency is as follows:

| ASSETS                          |                     |
|---------------------------------|---------------------|
| Restricted cash and investments | \$ 1,469,047        |
| Interest receivable             | 122                 |
| Land                            | 3,099,572           |
| Total                           | <u>\$ 4,568,741</u> |

Note: The dollar value of assets of the low and moderate income housing funds are excluded from the above schedule.

**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 not completed its review of transfers required under those sections.

There were no transfers from the former Redevelopment Agency to the City for the period from January 1, 2011 through January 31, 2012. Therefore, these procedures are not applicable for this time period.

On May 1, 2012, the Successor Agency to the Redevelopment Agency of the City of Placentia passed resolution RSA-2012-XXX. The purpose of the resolution was to transfer three real estate properties to the City of Placentia. The agenda report provided to the Oversight Board stated that the Health and Safety Code Section 34181 allowed for the transfer of certain assets used for a governmental purpose to the appropriate public jurisdiction. Further, the properties were public parking lots that should remain a public benefit. The total cost of the three properties was \$3,099,572.

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

**Results:**

The State Controller's Office has not completed its review of transfers required under those sections.

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 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.

**Results:**

See Exhibit A for the summary obtained from the Successor Agency of the financial transactions of the Redevelopment Agency and the Successor Agency in the format proscribed for the fiscal periods indicated in the schedule.

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

**Results:**

For each period presented the total revenues and expenditures accounted for the changes in equity from the previous fiscal period for each fiscal period presented in the schedule as there were no external transfers.

- C. Compare amounts in the schedule relevant to the fiscal year ended June 30, 2010 to the state controller's report filed for the Redevelopment Agency for that period.

**Results:**

The amounts presented in Exhibit A - Summary of Financial Transactions schedule did not agree to the state controller's report for the Redevelopment Agency for the fiscal year ended June 30, 2010.

- 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:**

The amounts presented in Exhibit A - Summary of Financial Transactions schedule were agreed to supporting documentation as follows:

| Fiscal Period    | Supporting Documentaiton  |
|------------------|---|
| June 30, 2010    | Redevelopment Agency of the City of Placentia annual audited basic financial statements |
| June 30, 2011    | Redevelopment Agency of the City of Placentia annual audited basic financial statements |
| January 31, 2012 | City of Placentia Bi Tech Trial Balance report  |
| June 30, 2012    | City of Placentia Bi Tech Trial Balance report  |

**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:**

- 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:**

At June 30, 2012, a summary of assets held by the Successor Agency is as follows:

| ASSETS                          |                     |
|---------------------------------|---------------------|
| Cash and investments            | \$ 59,230           |
| Restricted cash and investments | 1,162,970           |
| Total                           | <u>\$ 1,222,200</u> |

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

**Results:**

At June 30, 2012, there were unspent bond proceeds amounting to \$1,162,970 held by trustees.

- 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.

PUBLIC REVIEW DRAFT

C. Other assets considered to be legally restricted:

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

**Results:**

There were no other assets legally restricted at June 30, 2012. Therefore, this procedure was 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:**

The asset balances held on June 30, 2012 considered to be legally restricted are as follows.

|                                 | Amount              | Restriction                            |
|---------------------------------|---------------------|--|
| Restricted cash and investments | \$ 333,369          | (1) 2002 Tax Allocation Bonds Series B |
|                                 | 829,601             | (2) 2003 Certificate of Participation  |
|                                 | <u>\$ 1,162,970</u> |  |

- (1) The restricted monies held by trustee pertaining to the 2002 Tax Allocation Bonds Series B are held by the US Bank in a Reserve Fund to ensure bond payments. Per the bond Indenture, an amount must remain on deposit in the Reserve Fund for future bonds principal and interest payments. These restrictions are in effect until such time as the bonds are repaid in full. The restricted monies held by the trustee were traced and agreed to US Bank statements and the restriction on usage was agreed to the bond Indenture.
- (2) The restricted monies held by trustee pertaining to the 2003 Certificates of Participation by US Bank in Reserve Funds to ensure bond payments. Per the bond Indenture, an amount must remain on deposit in the Reserve Fund for future bonds principal and interest payments. These restrictions are in effect until such time as the bonds are repaid in full. The restricted monies held by the trustee were traced and agreed to US Bank statements and the restriction on usage was agreed to the bond Indenture.

**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:**

The Successor Agency did not hold any non-liquid assets at June 30, 2012. This procedure is not applicable.

- 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:**

The Successor Agency did not hold any non-liquid assets at June 30, 2012. This procedure is 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:**

The Successor Agency did not hold any non-liquid assets at June 30, 2012. This procedure is 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:**

The Successor Agency did not hold any non-liquid assets at June 30, 2012. This procedure is 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. Attached 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 does not believe that asset balances need to be retained to satisfy enforceable obligations.

- 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 does not believe that future revenues together with balances dedicated or restricted to an enforceable obligation are insufficient to fund future obligation payments and thus retention of current balances is required.

- 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 does not believe that future revenues together with balances dedicated or restricted to an enforceable obligation are insufficient to fund future obligation payments and thus retention of current balances is required.

- 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:**

Not applicable.

**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:**

Obtained and reviewed Recognized Obligation Payment Schedules (ROPS) for periods of July 1, 2012 to December 31, 2012 and January 1, 2013 to June 30, 2013. Noted enforceable obligations to be satisfied by cash and investments of the Successor Agency as noted in Exhibit B.

**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 C for schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Entities.

\*\*\*

**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 D for Management Representation Letter.

# PUBLIC REVIEW DRAFT

## **EXHIBITS**

**Exhibit A - Summary of Financial Transactions schedule**

**Exhibit B - Balances needed to Satisfy ROPS for the 2012-13 Fiscal Year**

**Exhibit C - Summary of Balances Available for Allocation**

**Exhibit D Management Representation Letter**

**Successor Agency to the Redevelopment Agency of the City of Placentia  
Agreed Upon Procedures - AB 1484  
Applied to the Successor Agency  
For the year ended June 30, 2012**

**EXHIBIT A  
Summary of Financial Transactions schedule**

**Successor Agency to the Redevelopment Agency of the City of Placentia  
Agreed Upon Procedures - AB 1484  
Applied to the Successor Agency  
For the year ended June 30, 2012**

|   | Redevelopment<br>Agency<br>12 Months Ended<br>6/30/2010 | Redevelopment<br>Agency<br>12 Months Ended<br>6/30/2011 | Redevelopment<br>Agency<br>7 Months Ended<br>1/31/2012 | Successor<br>Agency<br>5 Months Ended<br>6/30/2012 |
|---|---|---|--|--|
| <b>ASSETS</b>   |   |   |  |  |
| Cash and investments  | \$ (505,497)  | \$ 1,316,058  | \$ (270,623)   | \$ 59,230  |
| Restricted cash and investments   | 3,464,642   | 1,997,524   | 1,469,047  | 1,162,970  |
| Receivables:  |   |   | -  |  |
| Accounts receivable, net  | 34,138  | 26,585  | 122  | -  |
| Loans receivable from City of Placentia   | 1,241,953   | 1,311,953   | -  | -  |
| Lease receivable  | 964,704   | -   | -  | -  |
| Prepays   | 30,000  | -   | -  | -  |
| Loans receivable  | 468,434   | 441,767   | -  | -  |
| Allowance for doubtful accounts   | -   | -   | -  | -  |
| <b>Total Assets</b>   | <b>5,698,374</b>  | <b>5,093,887</b>  | <b>1,198,546</b>                                       | <b>1,222,200</b>                                   |
| <b>LIABILITIES</b>  |   |   |  |  |
| Accounts payable  | 855,873   | 40,959  | 391,453  | 27,767   |
| Wages payable   | 13,469  | 15,583  | -  | 749  |
| Interest payable  | 158,900   | 991,314   | -  | -  |
| Due to other governments  | 268,949   | -   | 991,314  | 991,314  |
| Due to City of Placentia  | 19,048  | 158,900   | -  | -  |
| Deferred revenue  | 2,206,657   | -   | -  | -  |
| Loans payable to the City of Placentia  | -   | 2,270,000   | -  | -  |
| <b>Total Liabilities</b>  | <b>3,522,896</b>  | <b>3,476,756</b>  | <b>1,382,767</b>                                       | <b>1,019,830</b>                                   |
| <b>Total Fund Balances (Deficit)</b>  | <b>2,175,478</b>  | <b>1,617,131</b>  | <b>1,509,268</b>                                       | <b>202,370</b>                                     |
| <b>Total Liabilities and Fund Balances</b>  | <b>5,698,374</b>  | <b>5,093,887</b>  | <b>2,892,035</b>                                       | <b>1,222,200</b>                                   |
| <b>Total Revenues</b>   | <b>2,608,872</b>  | <b>3,484,901</b>  | <b>1,429,800</b>                                       | <b>1,763,931</b>                                   |
| <b>Total Expenditures</b>   | <b>(5,068,591)</b>                                      | <b>(4,367,628)</b>                                      | <b>(2,433,619)</b>                                     | <b>(1,456,930)</b>                                 |
| <b>OTHER FINANCING SOURCES (USES)</b>   |   |   |  |  |
| Transfers in from the City  | 997,636   | 1,659,990   | (52,990)   | -  |
| Transfers out to the City   | (2,859,006)   | (377,563)   | (1,607,000)  | -  |
| Transfers in  | 4,186,119   | 1,124,916   | -  | -  |
| Transfers (out)   | (4,186,119)   | (1,124,916)   | -  | -  |
| Transferred to the Housing Successor  | -   | -   | -  | (104,631)  |
| <b>Total Other Financing Sources (Uses)</b>                                       | <b>(1,861,370)</b>                                      | <b>1,282,427</b>  | <b>(1,659,990)</b>                                     | <b>(104,631)</b>                                   |
| <b>NET CHANGE IN FUND BALANCES</b>  | <b>(4,321,089)</b>                                      | <b>399,700</b>  | <b>(2,663,809)</b>                                     | <b>202,370</b>                                     |
| <b>Beginning Fund Balances (Deficit)<br/>as originally reported</b>               | <b>6,496,567</b>  | <b>1,217,431</b>  | <b>1,617,131</b>                                       | <b>(88,632)</b>                                    |
| <b>Prior period adjustment</b>  | <b>-</b>  | <b>-</b>  | <b>958,046</b>   | <b>88,632</b>                                      |
| <b>BEGINNING FUND BALANCES (DEFICIT)<br/>AS ADJUSTED</b>                          | <b>6,496,567</b>  | <b>1,217,431</b>  | <b>2,575,177</b>                                       | <b>-</b>   |
| <b>ENDING FUND BALANCES (DEFICIT)</b>   | <b>\$ 2,175,478</b>                                     | <b>\$ 1,617,131</b>                                     | <b>\$ (88,632)</b>                                     | <b>\$ 202,370</b>                                  |
| <b>Other Information (show year end balances for all four periods presented):</b> |   |   |  |  |
| Capital assets as of end of year  | \$ 4,846,791  | \$ 5,047,675  | \$ 5,047,675   | \$ -   |
| Long-term debt as of end of year  | \$ 20,527,809   | \$ 19,783,572   | -  | -  |

**EXHIBIT B**

**Successor Agency to the Redevelopment Agency of the City of Placentia**  
**Agreed Upon Procedures - AB 1484**  
**Applied to the Successor Agency**  
**For the year ended June 30, 2012**

**Balances needed to Satisfy ROPS for the 2012-13 Fiscal Year**

**RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS II and III)**

July 1, 2012 through June 30, 2013

CASH, NOT OF BOND PROCEEDS, RESTRICTED FOR OBLIGATIONS

| Item #             | Project Name / Debt Obligation   | Payee                   | Description/Project Scope                                 | ROPS II            | ROPS III           | Subtotal            | Payments Made | Balance Required for Future Payments |
|--------------------|----------------------------------|-------------------------|---|--------------------|--------------------|---------------------|---------------|--------------------------------------|
| <b>Grand Total</b> |                                  |                         |   | <b>\$1,814,940</b> | <b>\$1,699,560</b> | <b>\$ 3,514,500</b> | <b>\$ -</b>   | <b>\$ 3,514,500</b>                  |
| 1                  | 2002 Tax Allocation Bonds B      | US Bank                 | 2002 Series B Capital Bonds                               | 111,106            | 108,531            | 219,637             |               | 219,637                              |
| 2                  | 2009 Tax Allocation Notes        | US Bank                 | 2009 Subordinate Tax Allocation Notes                     | 265,438            | 265,438            | 530,876             |               | 530,876                              |
| 3                  | 2003 COPs City Reimbursement     | City of Placentia       | Amended & Restated Reimbursement Agreement                | 123,660            | 758,548            | 882,208             |               | 882,208                              |
| 4                  | Crowther Relocation              | Overland Pacific Cutler | Relocation expenses related to Crowther Property Purchase | 150,900            | 150,000            | 300,900             |               | 300,900                              |
| 5                  | 132 Crowther Building            | Keller Williams         | Lease payment for 132 Crowther. Broker payment            | 7,500              | 67,500             | 75,000              |               | 75,000                               |
| 6                  | 132 Crowther Building            | DMWP, LLC               | Lease payment for 132 Crowther. Owner payment             | 67,500             | 7,500              | 75,000              |               | 75,000                               |
| 7                  | SB 2557 Property Tax Admin       | County of Orange        | Property Tax Administration Payment - County of Orange    | 23,000             | -                  | 23,000              |               | 23,000                               |
| 8                  | Trustee Fees                     | US Bank                 | Trustee Fees for US Bank bond proceed holder              | 1,750              | 5,750              | 7,500               |               | 7,500                                |
| 9                  | External Legal Services          | Various                 | Legal services for Oversight Board legal needs            | 12,000             | 12,000             | 24,000              |               | 24,000                               |
| 10                 | Property Tax Administration      | H&L Coren & Cone        | Property Tax Financial Analysis                           | -                  | 13,000             | 13,000              |               | 13,000                               |
| 11                 | 2003 Improvement COPs            | US Bank                 | 2003 Certificates of Participation Issuance               | 986,386            | 126,993            | 1,113,379           |               | 1,113,379                            |
| 12                 | Real Estate Advisory Services    | Kosmont Companies       | Downtown Parking Structure/retail advisory services       | 30,000             | 17,500             | 47,500              |               | 47,500                               |
| 13                 | Administrative Overhead          | City of Placentia       | Allocated overhead for SA/OB operations                   | -                  | 94,300             | 94,300              |               | 94,300                               |
| 14                 | Legal Services                   | Andrew V. Arczynski     | General legal services to Successor Agency                | 15,000             | 15,000             | 30,000              |               | 30,000                               |
| 15                 | External Legal Services          | Daley & Heft            | Legal service for prior property purchases                | 5,500              | 5,500              | 11,000              |               | 11,000                               |
| 16                 | External Audit                   | Haskell & White LLP     | Close out audit and audit of SA                           | 7,700              | 7,000              | 14,700              |               | 14,700                               |
| 17                 | Bond Administration              | Harrel & Company        | Continuing disclosure & financial analysis for issuances  | 7,500              | 15,000             | 22,500              |               | 22,500                               |
| 18                 | 2009 Bond Refinancing Counsel    | Jones Hall              | Bond Counsel for potential 2009 bond refinancing          | -                  | 9,000              | 9,000               |               | 9,000                                |
| 19                 | 2009 Bond Refinancing Fin Advise | Harrel & Company        | Continuing disclosure & financial analysis for issuances  | -                  | 6,000              | 6,000               |               | 6,000                                |
| 20                 | Due Diligence Review             | To Be Determined        | AB 1484 Due Diligence Review                              | -                  | 15,000             | 15,000              |               | 15,000                               |

**Successor Agency to the Redevelopment Agency of the City of Placentia  
Agreed Upon Procedures - AB 1484  
Applied to the Successor Agency  
For the year ended June 30, 2012**

**EXHIBIT C  
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)  | \$ 1,222,200        |
| 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) | 3,099,572           |
| Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments (procedure 6)  | (1,162,970)         |
| Less assets that are not cash or cash equivalents (e.g., physical assets) - (procedure 7)  | -                   |
| Less balances that are legally restricted for the funding of an enforceable obligation (net of projected annual revenues available to fund those obligations) - (procedure 8)  | -                   |
| Less balances needed to satisfy ROPS for the 2012-13 fiscal year (procedure 9)   | (3,514,500)         |
| Less the amount of payments made on July 12, 2012 to the County Auditor-Controller as directed by the California Department of Finance   | -                   |
| Amount to be remitted to county for disbursement to taxing entities  | <u>\$ (355,698)</u> |

**Successor Agency to the Redevelopment Agency of the City of Placentia  
Agreed Upon Procedures - AB 1484  
Applied to the Successor Agency  
For the year ended June 30, 2012**

**EXHIBIT D  
Management Representation Letter**