

Regular Meeting Agenda January 16, 2013

Board Members

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

Mr. James Harman, Vice 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*

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

Copies of all agenda materials are available for public review in the Clerk of the Board's Office (City Clerk) and online at www.placentia.org, and at Placentia Library Reference Desk. Persons who have questions concerning any agenda item may call the Clerk of the Board's Office, (714) 993-8231, to make inquiry concerning the nature of the item described on the agenda.

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
January 16, 2013
4:00 p.m. – City Council Chambers
401 E. Chapman Avenue, Placentia, CA**

CALL TO ORDER:

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

PLEDGE OF ALLEGIANCE: Board Member Green

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.

1. PRESENTATIONS/ADMINISTRATIVE REPORTS

a. Executive Director's Report

2. CONSENT CALENDAR: None

3. OLD BUSINESS: None

4. NEW BUSINESS: None

5. PUBLIC HEARING (continued):

- 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 23, 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 23, 2013 at 4:00 p.m.

CERTIFICATION OF POSTING

I, Tania Moreno, Clerk of the Board, hereby certify that the Agenda for the January 16, 2013 meeting of the Oversight Board was posted on Thursday, January 10, 2013.

Tania Moreno, Clerk of the Board

**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



PUN & McGEADY ^{LLP}
Certified Public Accountants and Business Advisors

FINAL DRAFT - JANUARY 15, 2013

**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 - 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

FINAL DRAFT - JANUARY 15, 2013

FINAL DRAFT - JANUARY 15, 2013



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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 1484 ("AB 1484"). Management of the Successor Agency is responsible for the accounting records pertaining to statutory compliance pursuant to California Health and Safety Code sections 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 Oversight Board, 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
January 7, 2013

FINAL DRAFT - JANUARY 15, 2013

ATTACHMENT A - AGREED-UPON PROCEDURES AND RESULTS

FINAL DRAFT - JANUARY 15, 2013

FINAL DRAFT - JANUARY 15, 2013

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:

ASSETS	
Restricted cash and investments	\$ 288,454
Loans receivable	386,986
Land	<u>460,000</u>
Total	<u><u>\$1,135,440</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. The Housing Asset Transfer Form, Exhibit A (Real Property) agreed to the amount transferred, \$1,948,103. The Housing Asset Transfer Form, Exhibit D (Loans/Grants Receivable) totaled to \$313,625, and did not agree to the amount transferred of \$386,986.

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.

FINAL DRAFT - JANUARY 15, 2013

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.

On May 4, 2010, the Redevelopment Agency Board approved the sale of the land located at 913 Bradford Avenue and for City management to enter into a Disposition and Development Agreement with a non-profit organization that provides affordable housing. Due to a delay in public street improvements that required improvements to the subject property, on January 30, 2012, the Redevelopment Agency finalized the sale agreement for \$285,000, a note receivable of \$180,000, and conveyed a deed of trust. Net proceeds were cash of approximately \$102,000 and the note receivable. The cash proceeds were received in May 2012 and traced to the general ledger. However, the note receivable was not recognized in the general ledger. As a result, the note receivable was not included in the listing of assets as of January 31 nor June 30, 2012.

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 housing agency is as follows:

ASSETS	
Cash and investments	\$ 775
Restricted cash and investments	224,880
Loans receivable	383,236
Allowance for doubtful accounts	(287,177)
Land	<u>1,948,103</u>
Total	<u><u>\$2,269,817</u></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 of \$224,880 held by trustees represented legally restricted reserves for debt and interest payments.

- 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	224,880	(1) 2002 Tax Allocation Bonds Series A
	\$ 224,880	

(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:

Loans receivable consisted of several loans for first time buyers and other programs, and had a book value of \$383,236. 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 \$96,059, and represented one loan to a business owner.

Land consisted of several parcels with a total historical cost of \$1,948,103.

- 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.

FINAL DRAFT - JANUARY 15, 2013

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 there are any enforceable obligations that are not included in ROPS II or ROPS III. Therefore, there are no asset balances that need to be retained to satisfy enforceable obligations not previously recognized in the ROPS schedules previously submitted to the Department of Finance.

- 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 there are any enforceable obligations that are not included in ROPS II or ROPS III. Therefore, there are no future revenues together with balances dedicated or restricted to fund future obligations payments that need to be retained to satisfy enforceable obligations not previously recognized in the ROPS schedules previously submitted to the Department of Finance.

- 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 there are any enforceable obligations that are not included in ROPS II or ROPS III. Therefore, there are no projected property tax revenues and other general purpose revenues to be received that need to be retained to satisfy bond debt service payments.

- 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.

FINAL DRAFT - JANUARY 15, 2013

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.

FINAL DRAFT - JANUARY 15, 2013

FINAL DRAFT - JANUARY 15, 2013

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

**Successor Agency to the Redevelopment Agency of the City of Placentia
Agreed Upon Procedures - AB 1484
Applied to the Low and Moderate Income Housing Fund
For the year ended June 30, 2012**

EXHIBIT A

Housing Asset Transfer Form

FINAL DRAFT - JANUARY 15, 2013

**DEPARTMENT OF FINANCE
HOUSING ASSETS LIST
ASSEMBLY BILL X1 26 AND ASSEMBLY BILL 1484
(Health and Safety Code Section 34176)**

APPROVED
By Department of Finance
on September 5, 2012

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 Domer Title Assistant City Administrator Phone (714) 993-8242 E-Mail Address kdomer@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	
Exhibit D - Loans/Grants Receivables	X
Exhibit E - Rents/Operations	
Exhibit F- Rents	X
Exhibit G - Deferrals	

Prepared By: **Ken Domer**

Date Prepared: **7/30/2012**

APPROVED
By Department of Finance
on September 5, 2012

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

Item #	Type of Asset a/	Legal Title and Description	Carrying Value of Asset	Total square footage	Square footage reserved for low-mod housing	Is the property encumbered by a low-mod housing covenant?	Source of low-mod housing covenant b/	Date of transfer to Housing Successor Agency	Construction or acquisition cost funded with Low-Mod 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	339-061-10 (229 Alta)	\$425,000	6,490	6,490	yes	CRL	2/1/2012	all	N/A	N/A	9/6/2005	Fee owner
2	Vacant SFR Property	339-391-14 (314 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	339-392-19 (323 Baker)	\$415,000	6,500	6,500	yes	CRL	2/1/2012	all	N/A	N/A	5/16/2006	Fee owner
4	Single Family Housing	339-392-05 (336 Santa Fe)	\$161,760	2,500	2,500	yes	CRL	2/1/2012	all	N/A	N/A	2/27/2009	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 Atwood)	\$250,884	2,923	2,923	yes	CRL	2/1/2012	all	N/A	N/A	3/16/2010	Fee owner
8	Vacant SFR Property	346-181-06 (1616 Atwood)	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 Atwood)	see # 7	1,994	1,994	yes	CRL	2/1/2012	all	N/A	N/A	3/16/2010	Fee owner
10	Vacant SFR Property	346-181-30 (1616 Atwood)	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	339-364-18 (229 Main St)	\$235,459	5,850	5,850	yes	CRL	2/1/2012	all	N/A	N/A	12/15/2009	Fee owner
12											N/A	12/15/2009	Fee owner
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-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.

City of Placentia

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

APPROVED
By Department of Finance
on September 5, 2012

Item #	Type of Asset a/	Description	Carrying Value of Asset	Date of transfer to Housing Successor Agency	Acquisition cost funded with Low-Mod 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
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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.

APPROVED
By Department of Finance
on September 5, 2012

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

Item #	Type of housing built or acquired with enforceably obligated funds a/	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 b/	Current owner of the property	Construction or acquisition cost funded with Low-Mod 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
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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.

City of Placentia

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

APPROVED
By Department of Finance
on September 5, 2012

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	9/11/2022	0%	25,000
2	Loan	25,000	5/29/1997	Cooper, Larry & Barbie	FTHB	Yes	5/29/2027	0%	25,000
3	Loan	25,000	7/17/1992	Garcia, Paul & Sonia	FTHB	Yes	7/17/2027	0%	25,000
4	Loan	17,925	8/14/1992	Grodeman, Martha	FTHB	Yes	8/14/2022	0%	17,925
5	Loan	25,000	4/22/1997	Kelly, Rhonda &	FTHB	Yes	4/22/2027	0%	25,000
6	Loan	25,000	11/20/1992	Linden, Dionne	FTHB	Yes	11/20/2022	0%	25,000
7	Loan	18,750	7/24/2001	Lopez, E.	FTHB	Yes	7/24/2031	0%	18,750
8	Loan	18,700	4/15/1997	Miller, Mark & Debbie	FTHB	Yes	4/15/2027	0%	18,700
9	Loan	25,000	8/28/1992	Romero, Robert	FTHB	Yes	8/28/2022	0%	25,000
10	Loan	21,000	9/25/1992	Stratton, Lourene	FTHB	Yes	9/25/2022	0%	21,000
11	Loan	25,000	2/11/1994	Vasquez, Teresa	FTHB	Yes	2/11/2024	0%	25,000
12	Loan	17,250	6/29/2001	Walker, D.	FTHB	Yes	6/29/2031	0%	17,250
13	Loan	45,000	11/14/1995	OCCHC	Rehab	Yes	11/14/2051	0%	42,000
14									
15									
16									
17									
18									
19									
20									

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

City of Placentia

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

APPROVED
 By Department of Finance
 on September 5, 2012

Item #	Type of payment a/	Type of property with which they payments are associated b/	Property owner	Entity that collects the payments	Entity to which the collected 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 c/	Item # from Exhibit A the rent/operation is associated with (if applicable)
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2									
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a/ May include revenues from rents, operation of properties, residual receipt payments from developers, conditional grant repayments, 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.

City of Placentia

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

APPROVED
 By Department of Finance
 on September 5, 2012

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 collected 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 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
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4									
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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.

City of Placentia

Items Received Pursuant to Health and Safety Code section 34176 (a) (2)

APPROVED
 By Department of Finance
 on September 5, 2012

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						
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**Successor Agency to the Redevelopment Agency of the City of Placentia
Agreed Upon Procedures - AB 1484
Applied to the Low and Moderate Income Housing Fund
For the year ended June 30, 2012**

EXHIBIT B

Department of Finance Review of Housing Asset Transfer Form

FINAL DRAFT - JANUARY 15, 2013



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,

STEVE SZALAY
Local Government Consultant

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

**Successor Agency to the Redevelopment Agency of the City of Placentia
 Agreed Upon Procedures - AB 1484
 Applied to the Low and Moderate Income Housing Fund
 For the year ended June 30, 2012**

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
Grand Total				\$ 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

FINAL DRAFT - JANUARY 15, 2013

**Successor Agency to the Redevelopment Agency of the City of Placentia
Agreed Upon Procedures - AB 1484
Applied to the Low and Moderate Income Housing Fund
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)	(2,044,162)
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	<u>-</u>
Amount to be remitted to county for disbursement to taxing entities	<u><u>\$ (160,027)</u></u>

Successor Agency to the Redevelopment Agency of the City of Placentia
Agreed Upon Procedures - AB 1484
Applied to the Low and Moderate Income Housing Fund
For the year ended June 30, 2012

EXHIBIT E

Management Representation Letter

**The Management
Representation
Letter will be
included in the final
consideration
documents.**

Placentia – Housing Successor Agency
Low and Moderate Income Fund Due Diligence Review

Summary Notes by City Staff

Citation: 34179.5(c)(1)

Procedure 1. (Page 3)

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:

ASSETS	
Restricted cash and investments	\$ 288,454
Loans receivable	386,986
Land	<u>460,000</u>
Total	<u><u>\$1,135,440</u></u>

Notes:

The information in this procedure was obtained from the City of Placentia financial software system, Bi-Tech. It is important to note the information is of February 1, 2012 whereas information later in the report is from the City's audited financials. Accordingly, this information was obtained by selecting the date in question on the City's financial software.

- On February 1, 2012 the **\$288,454** would have included the restricted cash for bond payments as well as any money in City Low and Moderate Income Housing Funds.
- The loans receivable amount of **\$386,986** was the value of the loans receivable in the City's system as of February 1, 2012. This number does not correspond to later figures because it represented the amount as of February 1, 2012 and was not reconciled against actual loan documents.
- Finally, the land amount of **\$460,000** is the property at 314 Baker, representing the purchase price by the former Agency.

Citation: 34179.5(c)(2)
Procedure 2. (Page 4)

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. The Housing Asset Transfer Form, Exhibit A (Real Property) agreed to the amount transferred, \$1,948,103. The Housing Asset Transfer Form, Exhibit D (Loans/Grants Receivable) totaled to \$313,625, and did not agree to the amount transferred of \$386,986.

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.

Notes:

The Housing Asset Transfer Form was prepared July 30, 2012 and Exhibit D of that report only detailed first time home buyer loans and one multi-family rehabilitation loan which were listed in records of the redevelopment manager.

- The Housing Asset Transfer Form was compiled from non-financial records and, as such, differed from later reconciliation with financial records with the City's Finance Department. The total of **\$313,625** represents items 1-13 on Exhibit D of the Housing Asset Transfer Form.
- The actual amount of **\$386,986** transferred was the amount contained within the City's financial software system as of February 1, 2012, and which ties in with the number listed in Procedure 1.

Citation: 34179.5(c)(5)
Procedure 5. (Page 8)

At June 30, 2012, a summary of assets held by the successor housing agency is as follows:

ASSETS	
Cash and investments	\$ 775
Restricted cash and investments	224,880
Loans receivable	383,236
Allowance for doubtful accounts	(287,177)
Land	<u>1,948,103</u>
Total	<u><u>\$ 2,269,817</u></u>

Notes:

The amount listed for “Cash and investments” and “Restricted cash and investments” in the table above are as of June 30, 2012 and are from the City’s audited financial statements. These figures are found on page 87 of the financials.

- “Cash and investments” represents cash and investments (monies invested) as of June 30, 2012.
- “Restricted cash and investments” represents those funds restricted for purposes of future bond payments (Procedure 6. D. on Page 10)
- The “Loans receivable” is from City financial records which, when combined with the “Allowance for doubtful accounts” is the \$96,059 (**\$383,236 - \$287,177**) from page 87 of the financials in the “Loans receivable” line item. As described, the timing of loans and amounts at the different dates (February 1, 2012 or June 30, 2012) resulted in different amounts based on the procedure. Upon further review by the Finance Department, there was an amount of \$287,177 that was moved into a “doubtful accounts” category due to it being unknown at the time of whether the funds could be collected. This action does not mean the successor housing agency will not ultimately collect the receivable, it was just doubtful at the time of the audit. If collected, all funds will be deposited into the Low and Moderate Income Housing Fund.
- The “Land” is from the list of Successor Agency/housing successor agency properties and is the total land balance, comprised entirely by June 30, 2012 of properties in the housing successor agency.

CITY OF PLACENTIA
COMBINING BALANCE SHEET (CONTINUED)
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	Special Revenue				Low and Moderate Income Housing Asset
	Landscape Maintenance District 92-1	Housing and Community Development	Utility Users Tax	Gasoline Tax	
ASSETS					
Cash and investments	\$ 575,348	\$ -	\$ -	\$ 9,850	\$ 776
Cash and investments with fiscal agent	-	-	-	-	224,880
Accounts receivable	-	-	-	-	-
Taxes receivable	3,594	-	223,713	148,650	-
Due from other governments	-	-	-	-	-
Loans receivable	-	-	-	-	96,059
Total Assets	<u>\$ 578,942</u>	<u>\$ -</u>	<u>\$223,713</u>	<u>\$158,500</u>	<u>\$ 321,715</u>
LIABILITIES					
Accounts payable	\$ 21,211	\$ -	\$ -	\$ -	\$ -
Payroll payable	2,929	-	-	-	-
Due to other funds	-	228,939	-	-	410,139
Total Liabilities	<u>24,140</u>	<u>228,939</u>	<u>-</u>	<u>-</u>	<u>410,139</u>
FUND BALANCES					
Nonspendable	-	-	-	-	96,059
Restricted	554,802	-	223,713	158,500	-
Unassigned	-	(228,939)	-	-	(184,483)
Total Fund Balances	<u>554,802</u>	<u>(228,939)</u>	<u>223,713</u>	<u>158,500</u>	<u>(88,424)</u>
Total Liabilities and Fund Balances	<u>\$ 578,942</u>	<u>\$ -</u>	<u>\$223,713</u>	<u>\$158,500</u>	<u>\$ 321,715</u>

**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 ^{LLP}
Certified Public Accountants and Business Advisors

FINAL DRAFT JANUARY 15, 2013

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

Table of Contents

	<u>Page</u>
INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES.....	1
ATTACHMENT A - AGREED-UPON PROCEDURES AND RESULTS.....	2-17
<u>EXHIBITS</u>	
Exhibit A - 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	

FINAL DRAFT JANUARY 15, 2013

FINAL DRAFT JANUARY 15, 2013



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www.pm-llp.com

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 1484 ("AB 1484"). Management of the Successor Agency is responsible for the accounting records pertaining to statutory compliance pursuant to California Health and Safety Code sections 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.

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 Oversight Board, 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
January 7, 2013

FINAL DRAFT JANUARY 15, 2013

ATTACHMENT A - AGREED-UPON PROCEDURES AND RESULTS

FINAL DRAFT JANUARY 15, 2013

FINAL DRAFT JANUARY 15, 2013

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	<u>1,995,156</u>
Total	<u><u>\$3,464,325</u></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.

Subsequent to June 30, 2011, but prior to January 31, 2012, the City reviewed the detailed listing of Redevelopment Agency land and determined that four properties with a book value of \$2,426,253 were titled in the City's name. As a result, the properties were transferred to the City for accounting purposes. Management stated that Redevelopment Agency funds were used to purchase the land, but the land was to be used for City purposes.

On May 1, 2012, the Successor Agency to the Redevelopment Agency of the City of Placentia passed resolution RSA-2012-03. 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 purposes of this procedure. The total cost of the properties was \$1,488,103.

On May 1, 2012, the Successor Agency to the Redevelopment Agency of the City of Placentia passed resolution RSA-2012-04. The purpose of the resolution was to transfer two land parcels 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. It was noted that the parcels are public parking lots. The City believes the parcels should remain a public benefit. The cost of the parcels of land was \$507,053.

FINAL DRAFT JANUARY 15, 2013

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. Management stated that the differences were due to audit adjustments to the amounts after the State Controller's report was filed.

- 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:

<u>Fiscal Period</u>	<u>Supporting Documentaiton</u>
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

FINAL DRAFT JANUARY 15, 2013

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:

ASSETS	
Cash and investments	\$ 59,230
Restricted cash and investments	<u>1,162,970</u>
Total	<u><u>\$1,222,200</u></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 of \$1,162,970 held by trustees represented legally restricted reserves for debt and interest payments

- 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	\$ 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 there are any enforceable obligations that are not included in ROPS II or ROPS III. Therefore, there are no asset balances that need to be retained to satisfy enforceable obligations not previously recognized in the ROPS schedules previously submitted to the Department of Finance.

- 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 there are any enforceable obligations that are not included in ROPS II or ROPS III. Therefore, there are no future revenues together with balances dedicated or restricted to fund future obligations payments that need to be retained to satisfy enforceable obligations not previously recognized in the ROPS schedules previously submitted to the Department of Finance.

- 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 there are any enforceable obligations that are not included in ROPS II or ROPS III. Therefore, there are no projected property tax revenues and other general purpose revenues to be received that need to be retained to satisfy bond debt service payments.

- 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.

FINAL DRAFT JANUARY 15, 2013

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.

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.

FINAL DRAFT JANUARY 15, 2012

FINAL DRAFT JANUARY 15, 2013

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

FINAL DRAFT JANUARY 15, 2013

**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**

	Redevelopment Agency 12 Months Ended 6/30/2010	Redevelopment Agency 12 Months Ended 6/30/2011	Redevelopment Agency 7 Months Ended 1/31/2012	Successor Agency 5 Months Ended 6/30/2012
ASSETS				
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	-	-	-	-
Total Assets	5,698,374	5,093,887	1,198,546	1,222,200
LIABILITIES				
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	-	-
Total Liabilities	3,522,896	3,476,756	1,382,767	1,019,830
Total Fund Balances (Deficit)	2,175,478	1,617,131	1,509,268	202,370
Total Liabilities and Fund Balances	5,698,374	5,093,887	2,892,035	1,222,200
Total Revenues	2,608,872	3,484,901	1,429,800	1,763,931
Total Expenditures	(5,068,591)	(4,367,628)	(2,433,619)	(1,456,930)
OTHER FINANCING SOURCES (USES)				
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)
Total Other Financing Sources (Uses)	(1,861,370)	1,282,427	(1,659,990)	(104,631)
NET CHANGE IN FUND BALANCES	(4,321,089)	399,700	(2,663,809)	202,370
Beginning Fund Balances (Deficit) as originally reported	6,496,567	1,217,431	1,617,131	(88,632)
Prior period adjustment	-	-	958,046	88,632
BEGINNING FUND BALANCES (DEFICIT) AS ADJUSTED	6,496,567	1,217,431	2,575,177	-
ENDING FUND BALANCES (DEFICIT)	\$ 2,175,478	\$ 1,617,131	\$ (88,632)	\$ 202,370
Other Information (show year end balances for all four periods presented):				
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	\$ 10,725,000	\$ 10,725,000

**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 B
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
	Grand Total			\$ 1,814,940	\$ 1,699,560	\$ 3,514,500	\$ -	\$ 3,514,500
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	HdL 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 disclose & 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 disclose & 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)	1,995,156
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	-
	<hr/>
Amount to be remitted to county for disbursement to taxing entities	<u>\$ (1,460,114)</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

**The Management
Representation
Letter will be
included in the final
consideration
documents.**

Placentia – Housing Successor Agency
Successor Agency Due Diligence Review
(Non-Housing)

Summary Notes by City Staff

Citation: 34179.5(c)(1)

Procedure 1. (Page 3)

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	1,995,156
Total	<u><u>\$3,464,325</u></u>

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

Notes:

The information in this procedure, like that in the DDR for the Low and Moderate Income Fund, was obtained from the City of Placentia financial software system, Bi-Tech. It is important to note the information is of February 1, 2012 whereas information later in the report is from the City's audited financials. Accordingly, this information was obtained by selecting the date in question on the City's financial software.

- On February 1, 2012 the **\$1,469,047** would have included the restricted cash for bond payments as well as any money in the Redevelopment Obligation Retirement Fund (RORF). The RORF was the new name of the City fund to account for former non-housing redevelopment funds.
- The interest receivable amount of **\$122** was the value of interest due to be paid the RORF from other funds.
- Finally, the land amount of **\$1,995,156** is the non-housing property as identified in the Property List and Timeline (Non-housing column, ending balance as of January 31, 2012 and carried over to February 1, 2012).

Citation: 34179.5(c)(2)
Procedure 2. (Page 4-5)

Results:

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

Subsequent to June 30, 2011, but prior to January 31, 2012, the City reviewed the detailed listing of Redevelopment Agency land and determined that four properties with a book value of **\$2,426,253** were titled in the City's name. As a result, the properties were transferred to the City for accounting purposes. Management stated that Redevelopment Agency funds were used to purchase the land, but the land was to be used for City purposes.

On May 1, 2012, the Successor Agency to the Redevelopment Agency of the City of Placentia passed resolution RSA-2012-03. 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 purposes of this procedure. The total cost of the properties was **\$1,488,103**.

On May 1, 2012, the Successor Agency to the Redevelopment Agency of the City of Placentia passed resolution RSA-2012-04. The purpose of the resolution was to transfer two land parcels 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. It was noted that the parcels are public parking lots. The City believes the parcels should remain a public benefit. The cost of the parcels of land was **\$507,053**.

Notes:

Please see the Property List and Timeline as compiled by the firm of Pun & McGeady for property transfers.

- **\$2,426,253** in property is detailed at "RDA Property Reclass to City Prior to January 31, 2012"
- The **\$1,488,103** is the total of the non-housing properties detailed at "Transfer to Successor Housing Agency C.C. 4a May 1, 2012"
- The **\$507,053** is the total of the non-housing properties detailed at "Transfer from Former RDA to City C.C. 4b May 1, 2012"

Citation: 34179.5(c)(5)
Procedure 5. (Page 9)

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	<u>1,162,970</u>
Total	<u><u>\$ 1,222,200</u></u>

Notes:

The amount listed for “Cash and investments” and “Restricted cash and investments” in the table above are as of June 30, 2012 and are from the City’s audited financial statements. These figures are found on page 32 of the financials.

- “Cash and investments” represents cash and investments (monies invested) as of June 30, 2012.
- “Restricted cash and investments” represents those funds restricted for purposes of future bond payments (Procedure 6. D. on Page 11)

Placentia Successor Agency/housing successor agency
Property List and Timeline

FY 2010-11:

			Non-Housing	Housing	Total
405 229 ALTA STREET	06/30/05	425,000	425,000	-	425,000
405 323 BAKER	06/30/05	415,000	415,000	-	415,000
405 913 BRADFORD	06/30/05	261,178	261,178	-	261,178
405 127 MAIN	06/30/05	235,459	235,459	-	235,459
410 234 MAIN	06/30/05	258,361	258,361	-	258,361
410 234 MELROSE	06/30/05	248,692	248,692	-	248,692
410 314 BAKER	06/30/05	460,000	-	460,000	460,000
410 333 Melrose (moon) now 307 Baker	08/07/06	1,150,000	1,150,000	-	1,150,000
410 336 West Santa Fe Avenue	02/25/09	161,760	161,760	-	161,760
410 101 & 125 East Crowther	11/30/09	1,046,453	1,046,453	-	1,046,453
410 329 Santa Fe Avenue	02/18/10	70,000	70,000	-	70,000
410 333 Santa Fe Avenue	09/18/09	159,800	159,800	-	159,800
207 1617 OAK (deposit)		50,000	50,000	-	50,000
207 1616 ATWOOD & 1617 OAK (CITY AS H.A.)	08/03/10	200,884	200,884	-	200,884
Ending RDA Land Balance as of June 30, 2011		5,142,587	4,682,587	460,000	5,142,587

RDA Property Reclass to City Prior to January 31, 2012

101 333 MELROSE (MOON) NOW 307 BAKER	08/07/06	(1,150,000)	(1,150,000)	-	(1,150,000)
101 101 & 125 EAST CROWTHER	11/30/09	(1,046,453)	(1,046,453)	-	(1,046,453)
101 329 SANTA FE AVE	02/18/10	(70,000)	(70,000)	-	(70,000)
101 333 SANTA FE AVE	09/18/09	(159,800)	(159,800)	-	(159,800)
		(2,426,253)	(2,426,253)	-	(2,426,253)

SOLD January 30, 2012

405 913 BRADFORD	06/30/05	(261,178)	(261,178)	-	(261,178)
		(261,178)	(261,178)	-	(261,178)
Ending Land Balance as of January 31, 2012			1,995,156	460,000	2,455,156

**Transfer to Successor Housing Agency
C.C. 4a May 1, 2012**

229 ALTA STREET	06/30/05	(425,000)	(425,000)	425,000	-
323 BAKER	06/30/05	(415,000)	(415,000)	415,000	-
229 MAIN (CITY AS H.A.)	06/30/05	(235,459)	(235,459)	235,459	-
1617 OAK (deposit)		(50,000)	(50,000)	50,000	-
1616 ATWOOD & 1617 OAK (CITY AS H.A.)	08/03/10	(200,884)	(200,884)	200,884	-
336 West Santa Fe Avenue	02/25/09	(161,760)	(161,760)	161,760	-
		(1,488,103)	(1,488,103)	1,488,103	-

**Transfer from Former RDA to City
C.C. 4b May 1, 2012**

234 MAIN STREET	06/30/05	(258,361)	(258,361)	-	(258,361)
234 MELROSE STREET	06/30/05	(248,692)	(248,692)	-	(248,692)
		(507,053)	(507,053)	-	(507,053)

Ending Land Balance as of June 30, 2012

			-	1,948,103	1,948,103
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CITY OF PLACENTIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

	<u>Agency Funds</u>	<u>RDA Successor Agency Private Purpose Trust Fund</u>
ASSETS		
Cash and investments	\$3,868,104	\$ 59,231
Cash and investments with fiscal agent	2,174,851	1,162,970
Accounts receivable	36,114	-
Taxes receivable	47,614	-
Notes receivables pledged as collateral for H.C.D. rehabilitation loans	4,680	-
Cost of issuance of bonds, net	-	91,413
Total Assets	<u>6,131,363</u>	<u>1,313,614</u>
LIABILITIES		
Accounts payable	-	27,767
Payroll payable	-	750
Interest payable	-	313,786
Due to other governments	169,650	991,314
Deposits payable	5,961,713	-
Long-term liabilities:		
Due within one year	-	100,000
Due in more than one year	-	10,587,040
Total Liabilities	<u>6,131,363</u>	<u>12,020,657</u>
Net assets		
Held in trust for the retirement of obligations of the former Placentia Redevelopment Agency (Note 24)	<u>\$ -</u>	<u>\$ (10,707,043)</u>

See accompanying notes to basic financial statements.