

# **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*

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

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

To the Oversight Board of the  
Successor Agency to the Redevelopment Agency of the City of Placentia  
Placentia, California

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

These procedures only applied to the Low and Moderate Income Housing Fund, not the Successor Agency of the Redevelopment Agency of the City of Placentia as a whole.

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

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

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

*Pun & McGeady LLP*

Irvine, California  
January 7, 2013

**ATTACHMENT A - AGREED-UPON PROCEDURES AND RESULTS**

**Citation:**

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

**Procedures Performed:**

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

**Results:**

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

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

Successor Agency to the Redevelopment Agency of the City of Placentia  
Agreed Upon Procedures – AB 1484 Due Diligence Review  
Low and Moderate Income Housing Fund  
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The Successor Agency nor the City completed the Asset Transfer Form based on legal counsel's advice that there was no legal requirement to submit the form.

**Citation:**

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

**Procedures Performed:**

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

**Results:**

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

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:

<b>ASSETS</b>	
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.

**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.

**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.

**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**

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

Former Redevelopment Agency: Redevelopment Agency of the City of Placentia  
 Successor Agency to the Former Redevelopment Agency: City of Placentia  
 Entity Assuming the Housing Functions of the former Redevelopment Agency: City of Placentia  
 Entity Assuming the Housing Functions Contact Name: Ken Dornier Title Assistant City Administrator Phone (714) 993-8242 E-Mail Address kdornier@placentia.org  
 Entity Assuming the Housing Functions Contact Name: \_\_\_\_\_ Title \_\_\_\_\_ Phone \_\_\_\_\_ E-Mail Address \_\_\_\_\_

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

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

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

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	6,480	6,480	yes	CRL	2/1/2012	all	N/A	N/A	9/9/2005	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	5/1/2006	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 (1618 Alwood)	\$250,894	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 (1618 Alwood)	see # 7	1,994	1,994	yes	CRL	2/1/2012	all	N/A	N/A	3/16/2010	Fee owner
9	Vacant SFR Property	346-181-07 (1618 Alwood)	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 (1618 Alwood)	see # 7	2,073	2,073	yes	CRL	2/1/2012	all	N/A	N/A	3/16/2010	Fee owner
11	Vacant SFR Property	339-394-18 (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												12/15/2009	Fee owner
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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.

Exhibit B - Personal Property

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

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

Exhibit C - Low-Mod Encumbrances

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 counterpart	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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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)

Item #	Was the Low-Med 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 data, 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	11/20/2027	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
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FTHB= First Time Homebuyer program  
OCCHC = Orange County Community Housing Corporation

Exhibit E - Rents/Operations

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

Item #	Type of payment a/	Type of property with which they 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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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 spaces.

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

Exhibit F - Rents

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

Item #	Type of payment a/	Type of property with which the payments are associated b/	Property owner	Entity that collects the payments	Entity to which the 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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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.

Exhibit G - Deferrals

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

Item #	Purpose for which funds were deferred	Fiscal year in which funds were deferred	Amount deferred	Interest rate at which funds were to be repaid	Current amount owed	Date upon which funds were to be repaid
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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**



DEPARTMENT OF  
**FINANCE**

EDMUND G. BROWN JR. • GOVERNOR

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

September 5, 2012

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

Dear Mr. Domer:

Subject: Housing Assets Transfer Form

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

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

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

Sincerely,

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
	<b>Grand Total</b>			\$ 81,238	\$ 79,564	\$ 160,802	\$ -	\$ 160,802
1	2002 Tax Allocation Bonds A	US Bank	2002 Series A Housing Bonds	75,238	73,564	148,802	-	148,802
2	L/M Income Housing Properties	To Be Determined	Repairs & property services for low/mod housing	6,000	6,000	12,000	-	12,000

**Successor Agency to the Redevelopment Agency of the City of Placentia  
Agreed Upon Procedures - AB 1484  
Applied to the 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	-
	<hr/>
Amount to be remitted to county for disbursement to taxing entities	<u>\$ (160,027)</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 People are the City*



**Mayor**  
SCOTT W. NELSON  
**Mayor Pro Tem**  
JOSEPH V. AGUIRRE  
**Councilmembers:**  
CONSTANCE M. UNDERHILL  
CHAD P. WANKE  
JEREMY B. YAMAGUCHI

**City Clerk:**  
PATRICK J. MELIA  
**City Treasurer:**  
CRAIG S. GREEN  
**City Administrator**  
TROY L. BUTZLAFF, ICMA-CM

401 East Chapman Avenue – Placentia, California 92870

January 7, 2013

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

We are providing this letter in connection with your engagement to apply agreed-upon procedures relating to the Low and Moderate Income Housing Fund Due Diligence Review as of June 30, 2012, which were agreed to by the California State Controller's Office and the California State Department of Finance. You were contracted with solely to assist us in ensuring that our dissolved redevelopment agency is complying with its statutory requirements with respect to Assembly Bill 1484 ("AB 1484") and we confirm to the best of our knowledge and belief, the following representations made to you during your engagement:

1. The City of Placentia is responsible for compliance with California Health and Safety Code (HSC) Section 34179.5.
2. We are responsible for adherence to the requirements of AB 1484 as applicable to the successor agency and the sponsoring organization of the dissolved redevelopment agency.
3. We are responsible for the presentation of the exhibits in the Low and Moderate Income Housing Fund Due Diligence agreed-upon procedures report in accordance with the California Health and Safety Code (HSC) Section 34179.5

Exhibit A – Housing Asset Transfer Form

Exhibit B – Department Finance's Review of the Housing Assets 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

4. As of June 30, 2012, we are not aware of any modifications that need to be made to the Low and Moderate Income Housing Fund Due Diligence Review exhibits for them to be presented in accordance with California Health and Safety Code Sections 34179.5(c)(1) through 34179.5(c)(3) and Sections 34179.5(c)(5) through 34179.5(c)(6).

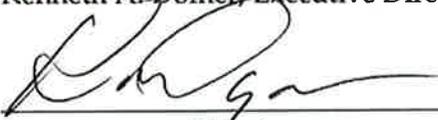
5. The City of Placentia approves the acceptability of the procedures that have been developed by the California Department of Finance in accordance with California Health and Safety Code (HSC) Section 34179.5.
6. We have disclosed to you any known matters contradicting the information contained in the Low and Moderate Income Housing Fund Due Diligence Review AUP report.
7. There have been no communications from regulatory agencies, internal auditors, and other independent practitioners or consultants relating to Low and Moderate Income Housing Fund Due Diligence Review, including communications received between June 30, 2012 and January 7, 2013.
8. We have made available to you all information that we believe is relevant to Low and Moderate Income Housing Fund Due Diligence Review.
9. We have responded fully to all inquiries made to us by you during the engagement.
10. No events have occurred subsequent to June 30, 2012 that would require adjustment to or modification of the information contained in the Low and Moderate Income Housing Fund Due Diligence Review AUP report and its related exhibits.
11. 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.
12. Your report is intended solely for the information and use of the City of Placentia, the California Department of Finance, the California State Controller's Office, and the Orange County Auditor-Controller's Office and is not intended to be and should not be used by anyone other than those specified parties.

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

**City of Placentia, as the sponsoring organization and as representatives of the Successor Agency to the Redevelopment Agency of the City of Placentia:**

  
\_\_\_\_\_  
Kenneth A. Domer, Executive Director

January 7, 2013  
Date

  
\_\_\_\_\_  
Karen Ogawa, Director of Finance

January 7, 2013  
Date