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

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 Successor Agency of the Redevelopment Agency of the City of Placentia and not to the Low and Moderate Income Housing Fund or the Successor Agency to the Redevelopment Agency of the City of Placentia as a whole.

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

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

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

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 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	$3,464,325

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.

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:

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

Citation:

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

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

Procedures Performed:

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	1,162,970
Total	$1,222,200

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
	$1,162,970	

(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.

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.

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	-	-	-
Prepaids	30,000	-	-	-
Loans receivable	468,434	441,767	-	-
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

* Amount did not agree to the detailed listing of land as of June 30, 2011

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 Administaration	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 disclosre & 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 disclosre & 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		-
Amount to be remitted to county for disbursement to taxing entities	$	(1,460,114)

Note that separate computations are required for the Low and Moderate Income Housing Fund held by the Successor Agency and for all other funds held by the Successor Agency.

NOTES: For each line shown above, an exhibit should be attached showing the composition of the summarized amount.

If the review finds that there are insufficient funds available to provide the full amount due, the cause of the insufficiency should be demonstrated in a separate schedule.

Successor Agency to the 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 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 & McGeady LLP
6265 Greenwich Drive, Suite 220
San Diego, California 92122

We are providing this letter in connection with your engagement to apply agreed-upon procedures relating to the All Other Funds of the Successor Agency 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 Successor Agency to the Redevelopment Agency of the City of Placentia ("Successor Agency") 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 for the dissolved redevelopment agency.

3. We are responsible for the presentation of the exhibits in the All Other Funds of the Successor Agency Due Diligence agreed-upon procedures report in accordance with the California Health and Safety Code (HSC) Section 34179.5

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

5. The Successor Agency acknowledges that procedures that have been developed by the California Department of Finance in accordance with California Health and Safety Code (HSC) Section 34179.5 and that we will follows these procedures unless we conclude that they are inconsistent with law.

6. We have disclosed to you any known matters contradicting the information contained in the All Other Funds of the Successor Agency Due Diligence Review AUP report.

7. There have been no communications from regulatory agencies, internal auditors, and other independent practitioners or consultants relating to the All Other Funds of the Successor Agency Fund Due Diligence Review, including communications received between June 30, 2012 and Janaury 7, 2013.

8. We have made available to you all information that we believe is relevant to the All Other Funds of the Successor Agency 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 All Other Funds of the Successor Agency 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 Successor Agency, 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.

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