

**AGENDA  
MEETING OF THE  
OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE  
DISSOLVED YUCCA VALLEY REDEVELOPMENT AGENCY  
TUESDAY, JANUARY 15, 2013, 10:00 A.M.  
MESQUITE ROOM, YUCCA VALLEY COMMUNITY CENTER**

**(WHERE APPROPRIATE OR DEEMED NECESSARY, ACTION MAY BE TAKEN  
ON ANY ITEM LISTED IN THE AGENDA)**

**OPENING CEREMONIES**

**CALL TO ORDER**

**ROLL CALL:** Members Cooper, Dunn, Nuaimi, Price, Rogers, Salvate, and Chair  
Rowe.

**PLEDGE OF ALLEGIANCE**

**APPROVAL OF AGENDA**

Action: Move \_\_\_\_\_ 2<sup>nd</sup> \_\_\_\_\_ Vote \_\_\_\_\_.

**MINUTES**

1. Minutes of the meeting of January 8, 2013.

**Recommendation: Approve the minutes as presented.**

**DEPARTMENT REPORTS**

2. Adoption of a Resolution Approving the Other Funds Due Diligence Review Pursuant to AB 1484

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE DISSOLVED YUCCA VALLEY REDEVELOPMENT AGENCY APPROVING THE DUE DILIGENCE REVIEW OF THE AMOUNT TRANSFERRED FROM THE YUCCA VALLEY REDEVELOPMENT AGENCY TO THE YUCCA VALLEY SUCCESSOR AGENCY AND AUTHORIZING STAFF TO TRANSMIT THE REVIEW AS REQUIRED BY SECTION 34179.6 OF THE CALIFORNIA HEALTH AND SAFETY CODE

Staff Report

**Recommendation: Adopt the Resolution reviewing, approving and transmitting the Other Funds Due Diligence Review pursuant to AB 1484.**

Action: Move \_\_\_\_\_ 2<sup>nd</sup> \_\_\_\_\_ Vote \_\_\_\_\_.

**PUBLIC COMMENTS**

**BOARD MEMBERS COMMENTS**

**ADJOURNMENT**

**OVERSIGHT BOARD TO THE SUCCESSOR AGENCY  
OF THE DISSOLVED YUCCA VALLEY REDEVELOPMENT AGENCY  
MEETING MINUTES  
JANUARY 8, 2013**

Chair Rowe called the meeting to order at 10:00 a.m.

**ROLL CALL**

Members Present: Dunn, Nuaimi, Rogers, and Chair Rowe. Members Cooper, Price and Salvate were absent.

Staff Present: Deputy Town Manager Stueckle, Administrative Services Director Yakimow, Senior Accountant Cisneros, and Town Clerk Anderson

**PLEDGE OF ALLEGIANCE**

Led by Member Nuaimi

**APPROVAL OF AGENDA**

Member Nuaimi moved to approve the agenda. Member Dunn seconded. As there was no objection, the motion stands approved.

**MINUTES**

**1. Minutes of the meetings of November 6, 2012.**

Upon motion by Member Rogers second by Member Nuaimi, and unanimous vote in favor, the minutes stand approved.

**DEPARTMENT REPORTS**

**2. Other Funds Due Diligence Review Public Comment Opportunity Pursuant to AB 1484**

Administrative Services Director Yakimow gave a PowerPoint presentation regarding previous actions of the Board, and the non-housing funds Due Diligence Review. The funds to be submitted for rejected items in the Housing Due Diligent Review include \$500,000 for the Low/Mod Housing Project and \$76,353 for the General Plan update. Now the Successor Agency will need to determine if they will sue the Department of Finance for the rejection.

Upon discussion regarding the rejected funds, it was noted that the check will be sent out today, and taxing entities should be aware that the Agency is paying the funds under protest. With reference to question by Chair Rowe regarding use of unexpended bond

proceeds being used to fund the senior project, Administrative Services Director Yakimow advised that there are some restrictions associated with the TCAC Application for the project, noting staff is working on ways to use those funds.

Chair Rowe opened the floor for public comments regarding the non-housing funds Due Diligence Review, and as there was no one present wishing to speak, she closed the comment section.

Member Dunn moved to receive comments and input from the public regarding the other funds due diligence review pursuant to AB 1484. Member Rogers seconded. Motion carried unanimously among those members present.

**PUBLIC COMMENTS**

None

**BOARD MEMBERS COMMENTS**

None

**ADJOURNMENT**

There being no further business, Chair Rowe adjourned the meeting at 10:20 a.m.

Respectfully submitted,

Jamie Anderson  
Town Clerk

**OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE  
DISSOLVED YUCCA VALLEY REDEVELOPMENT AGENCY  
STAFF REPORT**

**To:** Honorable Chair & Board Committee  
**From:** Curtis Yakimow, Director of Administrative Services  
**Date:** January 10, 2013  
**For  
Board  
Meeting:** January 15, 2013

**Subject:** Adoption of a Resolution Approving the Other Funds Due Diligence Review Pursuant to AB 1484

**Recommendation:** That the Oversight Board adopt the resolution reviewing, approving and transmitting the Other Funds Due Diligence Review pursuant to AB 1484.

**Order of Procedure:**

- Staff Report
- Public Comment
- Questions of Staff
- Board Discussion
- Motion/Second
- Discussion on Motion
- Roll Call vote

**Background/Discussion:**


AB 1484, the 2012 State Budget Trailer Bill, amended the Health & Safety Code relative to redevelopment dissolution. Section 34179.5 was added requiring each successor agency ("SA") to employ a licensed accountant to conduct a due diligence review (DDR) of the housing and non-housing funds to determine the amount of unobligated funds available for distribution to taxing agencies. The non-housing fund review was completed in the prescribed timeframes and distributed to the Oversight Board and all other parties on December 14, 2012. The Oversight Board is then required to convene a public comment session at least five business days prior to formally approving the reviews. At the January 8, 2013 meeting, the Oversight Board conducted the public review process, and accepted public comment regarding the review.

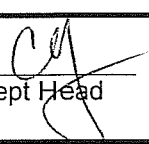
Additionally, the Successor Agency must incorporate any comments/input from the county auditor-controller (CAC). As of the publication date of this staff report, no comments have been received from the CAC.

Reviewed By:

\_\_\_\_\_  
Town Manager

\_\_\_\_\_  
Town Attorney

  
\_\_\_\_\_  
Mgmt Services

  
\_\_\_\_\_  
Dept Head

Department Report

Ordinance Action

Resolution Action

Public Hearing

Consent

Minute Action

Receive and File

Study Session

AB 1484 requires the formal adoption and transmittal of the Other Funds Due Diligence Report by January 15, 2013. Upon approval by the Oversight Board, the Department of Finance must make its final determination on the Due Diligence Report by April 1, 2013. Staff will keep the Oversight Board informed as communication is received from the Department of Finance.

**Fiscal Impact**

None for this action. Based on the due diligence review, there are no unobligated funds available for distribution to taxing agencies. However, this could change based upon any input from the County Auditor-Controller's office and the Department of Finance.

**Attachments:**      Other Funds Due Diligence Review

**RESOLUTION NO. 13-**

**A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE DISSOLVED YUCCA VALLEY REDEVELOPMENT AGENCY APPROVING THE DUE DILIGENCE REVIEW OF THE AMOUNT TRANSFERRED FROM THE YUCCA VALLEY REDEVELOPMENT AGENCY TO THE YUCCA VALLEY SUCCESSOR AGENCY AND AUTHORIZING STAFF TO TRANSMIT THE REVIEW AS REQUIRED BY SECTION 34179.6 OF THE CALIFORNIA HEALTH AND SAFETY CODE**

WHEREAS, pursuant to ABx1 26 (as amended by AB 1484, the "Dissolution Act"), the separate legal entity known as the Successor Agency of the Dissolved Yucca Valley Redevelopment Agency (the "Successor Agency") must employ a licensed accountant approved by the San Bernardino County Auditor Controller to perform a due diligence review and report on the amount of funds transferred from the former Yucca Valley Redevelopment Agency; and

WHEREAS, the San Bernardino County Auditor Controller provided written approval to Successor Agency staff of the Successor Agency's accounting team Rogers, Anderson, Malody and Scott, LLP (RAMS), as the licensed accountant to perform the due diligence review for the Successor Agency; and

WHEREAS, on August 30, 2012, the Department of Finance posted on its official website the agreed-upon procedures to conduct the due diligence reviews; and

WHEREAS, in accordance with the provisions of the agreed-upon procedures and provisions of Section 34179.5, RAMS has completed its review of the non-housing funds transferred from the Yucca Valley Redevelopment Agency, a true and correct copy of which is attached hereto as Exhibit "A"; and

WHEREAS, pursuant to the Dissolution Act, the Oversight Board for the Successor Agency met at a duly noticed public meeting on January 8, 2013, and held a public comment session regarding the due diligence review; and

WHEREAS, pursuant to the Dissolution Act, the Oversight Board for the Successor Agency met at a duly noticed public meeting on January 15, 2013, to review, approve, and transmit the due diligence review; and

WHEREAS, evidence was heard and presented from all persons interested in affecting the due diligence review presented to and recommended for approval to the Oversight Board by Successor Agency staff, including written and oral comments from the public relating thereto, and the Oversight Board has reviewed, analyzed and studied the due diligence review.

NOW, THEREFORE, THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE DISSOLVED YUCCA VALLEY REDEVELOPMENT AGENCY DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The foregoing recitals are true and correct, and, together with information provided by the Successor Agency staff and the public, form the basis for the approvals, findings, resolutions, and determinations set forth below.

SECTION 2. Pursuant to the Dissolution Act, the Oversight Board approves the Due Diligence Review of the non-housing Funds transferred by the Yucca Valley Redevelopment Agency to the Successor Agency submitted herewith as Exhibit "A".

SECTION 3. The Oversight Board directs staff to send the Due Diligence Review to the County Auditor-Controller, State Controller's Office and Department of Finance, as required by Section 34179.6 of the Health and Safety Code.

SECTION 4. The Director of Administrative Services of the Successor Agency or the authorized designee is directed to post this Resolution on the Successor Agency website pursuant to the Dissolution Act.

PASSED, APPROVED AND ADOPTED this 15th day of January, 2013.

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CHAIR

ATTEST:

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TOWN CLERK  
Acting as Secretary to the Oversight  
Board



PURSUANT TO THE STATE OF CALIFORNIA  
HEALTH AND SAFETY CODE SECTION 34179.5

TOWN OF YUCCA VALLEY AS THE SUCCESSOR AGENCY OF THE  
YUCCA VALLEY REDEVELOPMENT AGENCY

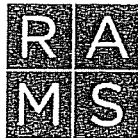
INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

**YUCCA VALLEY REDEVELOPMENT AGENCY  
DUE DILIGENCE REVIEW PURSUANT H&S CODE SECTION 34179.5  
ALL OTHER FUNDS AGREED-UPON PROCEDURES**

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Charles De Simoni, CPA

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

We have performed the minimum required agreed-upon procedures enumerated in Attachment "A", which were agreed to by the Oversight Board of the Successor Agency for the Yucca Valley Redevelopment Agency (Successor Agency), the California State Controller's Office, and the State of California Department of Finance (Agencies) solely to assist you in determining the unobligated balances available for transfer to taxing entities in "All other funds except the Low-Mod fund (All Other Funds)" and complying with statutory requirements pursuant to the California Health and Safety Code section 34179.5. Management of the Successor Agency is responsible for the accounting records pertaining to statutory compliance pursuant to Health and Safety Code section 34182(a)(1).

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.

The scope of this engagement was limited to performing the minimum required agreed-upon procedures as set forth in Attachment "A" along with the findings noted as a result of the procedures performed.

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 results summarized after each procedure in Attachment "A". 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 applicable Agencies, 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.

**MEMBERS**

American Institute of  
Certified Public Accountants

PCPS The AICPA Alliance  
for CPA Firms

Governmental Audit  
Quality Center

California Society of  
Certified Public Accountants

December 12, 2012

**YUCCA VALLEY REDEVELOPMENT AGENCY  
 DUE DILIGENCE REVIEW PURSUANT H&S CODE SECTION 34179.5  
 ALL OTHER FUNDS AGREED-UPON PROCEDURES**

**Attachment A**

**Purpose:** To determine the unobligated balances available for transfer to taxing entities of "all funds except the Low and Moderate Income Housing Fund (All Other Funds)" [Health and Safety Code section 34179.5]

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.

1. Obtain from the Successor Agency a listing of all assets that were transferred from the former 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:

*We obtained from the Successor Agency a listing of all assets that were transferred from the former community redevelopment agency (excluding Low and Moderate Income Housing Fund) to the Successor Agency on February 1, 2012. We agreed the amounts on this listing to account balances established in the accounting records of the Successor Agency. The total amount of assets transferred was \$11,169,353.*

| <u>Assets</u>                          | <u>RDA Debt Service<br/>Fund</u> | <u>RDA Capital<br/>Projects Fund</u> | <u>Capital Assets<br/>from Government<br/>Wide</u> | <u>Total</u>         |
|--|----------------------------------|--------------------------------------|--|----------------------|
| Cash and investments                   | \$ 1,048,027                     | \$ 5,546,007                         | \$ -   | \$ 6,594,034         |
| Cash and investments with fiscal agent | 743,203                          | -                                    | -  | 743,203              |
| Property held for resale               | 1,658,552                        | -                                    | -  | 1,658,552            |
| Capital assets not being depreciated:  |                                  |                                      |  |                      |
| Land                                   | -                                | -                                    | 1,879,806  | 1,879,806            |
| Deferred charges                       | -                                | -                                    | 293,758  | 293,758              |
| <b>Total</b>                           | <b>\$ 3,449,782</b>              | <b>\$ 5,546,007</b>                  | <b>\$ 2,173,564</b>                                | <b>\$ 11,169,353</b> |

**YUCCA VALLEY REDEVELOPMENT AGENCY  
DUE DILIGENCE REVIEW PURSUANT H&S CODE SECTION 34179.5  
ALL OTHER FUNDS AGREED-UPON PROCEDURES**

**Attachment A**

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.

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.

Results:

*The Successor Agency did not identify any transfers that qualify under this procedure.*

- 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.

Results:

*The Successor Agency did not identify any transfers that qualify under this procedure.*

- 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:

*Procedure 2 C not applicable since procedures 2 A and 2 B were not performed.*

**YUCCA VALLEY REDEVELOPMENT AGENCY  
DUE DILIGENCE REVIEW PURSUANT H&S CODE SECTION 34179.5  
ALL OTHER FUNDS AGREED-UPON PROCEDURES**

**Attachment A**

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.

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.

Results:

*We obtained 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 described the purpose of the transfer and in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements.*

*See Attachment 3 for results.*

- 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.

Results:

*We obtained 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 described the purpose of the transfer and in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements.*

*See Attachment 3 for results.*

- 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:

*We obtained the legal document that formed the basis for the enforceable obligation that required the transfers.*

*See results for procedure 3.C in Attachment 3*

**YUCCA VALLEY REDEVELOPMENT AGENCY  
DUE DILIGENCE REVIEW PURSUANT H&S CODE SECTION 34179.5  
ALL OTHER FUNDS AGREED-UPON PROCEDURES**

**Attachment A**

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.

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:

*We obtained 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. In this schedule, the financial transactions are presented using the modified accrual basis of accounting.*

*See Attachment 4 for 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:

*We ascertained that for each period presented the total of revenues, expenditures, and transfers accounted 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.

Results:

*We compared the 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 noting no variances.*

- 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:

*We compared the other fiscal periods presented in the schedule to account balances in the trial balances of the former redevelopment agency and Successor Agency as applicable.*

**YUCCA VALLEY REDEVELOPMENT AGENCY  
DUE DILIGENCE REVIEW PURSUANT H&S CODE SECTION 34179.5  
ALL OTHER FUNDS AGREED-UPON PROCEDURES**

**Attachment A**

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.

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:

*We obtained from the Successor Agency 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. We agreed the assets so listed to recorded balances reflected in the accounting records of the Successor Agency. Below is shown the schedule obtained from the Successor Agency.*

| <b>Assets</b>                            | <b>Successor<br/>Agency<br/>6/30/2012</b> |
|--|---|
| Cash and Investments                     | \$ 6,482,622                              |
| Cash with Fiscal Agent                   | 743,203                                   |
| Land Held for Resale                     | 1,658,552                                 |
| Capital Assets - Land                    | 1,879,806                                 |
| Deferred Charge Asset - Unamortized Cost | 282,878                                   |
| <b>Total</b>                             | <b>\$ 11,047,061</b>                      |



**YUCCA VALLEY REDEVELOPMENT AGENCY  
DUE DILIGENCE REVIEW PURSUANT H&S CODE SECTION 34179.5  
ALL OTHER FUNDS AGREED-UPON PROCEDURES**

**Attachment A**

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.

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.)

Results:

*See Attachment 6 for schedule obtained from the Successor Agency.*

- 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).

Results:

*We traced the individual components of this computation to related account balances in the accounting records, or to other supporting documentation.*

*See Attachment 6 for results of this procedure.*

- 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:

*We obtained from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. We noted in the AUP report the absence of language restricting the use of the balances, if applicable, that were identified by the Successor Agency as restricted.*

*See Attachment 6 for results of this procedure.*

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:

*No restricted balances identified by the Successor Agency for this procedure.*

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 Agency as restricted.

Results:

*No restricted balances identified by the Successor Agency for this procedure.*

- 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:

*We have attached the above mentioned Successor Agency prepared schedule as an exhibit to the AUP report. For each restriction identified on the schedule, we indicated 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 is indicated in the report.*

*See Attachment 6 for results of this procedure.*

**YUCCA VALLEY REDEVELOPMENT AGENCY  
DUE DILIGENCE REVIEW PURSUANT H&S CODE SECTION 34179.5  
ALL OTHER FUNDS AGREED-UPON PROCEDURES**

**Attachment A**

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.

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:

*We obtained 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 ascertained 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 and we identified that the assets are recorded at purchase cost.*

*See Attachment 7 for listing obtained for the Successor Agency.*

- 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 assets described in 7(A) are listed at purchased cost. We traced these amounts to the trial balances of the Successor Agency and note no differences.*

- 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:

*No differences noted in procedure 7.B.*

- 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 assets listed in 7.A are listed at purchased cost.*

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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.

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. Attach 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:

*No assets balances identified by the Successor Agency for this procedure.*

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- 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:

*No assets balances identified by the Successor Agency for this procedure.*

- 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:

*No scheduled provided by the Successor Agency for this procedure.*

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- 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:

*Procedures 8.A, 8.B, or 8.C were not performed.*

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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.

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:

*We obtained, from the Successor Agency, 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 identified on the ROPS, the Successor Agency added 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. We have included this schedule as Attachment 9 to the AUP report.*

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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.

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. 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:

*We have included below the schedule prepared by the Successor Agency detailing the computation of the Balance Available for Allocation to Affected Taxing Entities. Amounts included in the calculation were agreed to the results of the procedures performed in each section of the agreed-upon procedures report. The schedule does 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 since such payment was required and also verified by the independent accountant.*

**SUMMARY OF BALANCES AVAILABLE FOR ALLOCATION TO AFFECTED TAXING ENTITIES**

|  |               |
|--|---------------|
| Total amount of assets held by the successor agency as of June 30, 2012 (See Procedure 5 for detailed composition)   | \$ 11,047,061 |
| 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 (See Procedures 2 and 3 for detailed composition) | -             |
| Less: assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments (See Procedure 6 for detailed composition)  | (6,289,210)   |
| Less: assets that are not cash or cash equivalents (e.g., physical assets) - ( See Procedure 7 for detailed composition)   | (3,821,236)   |
| Less: balances that are legally restricted for the funding of an enforceable obligation (net of projected annual revenues available to fund those obligations) - (See Procedure 8 for detailed composition)  | -             |
| Less: balances needed to satisfy ROPS for the 2012-13 fiscal year (See Procedure 9 for detailed composition)   | (869,595)     |
| Less: the amount of payments made on July 12, 2012 to the County Auditor-Controller as directed by the California Department of Finance  | (67,020)      |
| <b>Amount to be remitted to county for disbursement to taxing entities</b>   | <b>\$ -</b>   |



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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:

*We obtained a representation letter dated December 12, 2012 from the Successor Agency's management acknowledging their responsibility for the data provided to us, the data presented in the report and in all attachments to the report. Included in the representations, there is 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 agreed-upon procedures report and its related exhibits.*

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Attachment 3**

| 3 A. Transfers from the former redevelopment agency to Other Public Agency/Private Parties from January 1, 2011 through January 31, 2012 |                   |                             |   |   |
|--|-------------------|-----------------------------|---|---|
| TRANSFER DESCRIPTION   | TRANSFER AMOUNT   | TRANSFER DATE               | OTHER PUBLIC AGENCY OR PRIVATE PARTIES            | Procedure 3.C Results   |
|  |                   |                             | Enforceable Obligation or Other Legal Required by | Document provided consisted of the Bond Indenture and Official Statement. |
| Bond Payments: principal and interest  | \$ 734,202        | June 1 and December 1, 2011 | Bank of New York Mellon                           | Bond Indenture  |
| <b>Total Transfers</b>   | <b>\$ 734,202</b> |                             |   |   |

| 3 B. Transfers from the Successor Agency to Other Public Agency/Private Parties from February 1, 2012 through June 30, 2012 |                   |                |   |   |
|---|-------------------|----------------|---|---|
| TRANSFER DESCRIPTION  | TRANSFER AMOUNT   | TRANSFER DATE  | OTHER PUBLIC AGENCY OR PRIVATE PARTIES            | Procedure 3.C Results   |
|   |                   |                | Enforceable Obligation or Other Legal Required by | Document provided consisted of the Bond Indenture and Official Statement. |
| Bond Payments: principal and interest   | \$ 457,851        | June 1, 2012   | Bank of New York Mellon                           | Bond Indenture  |
| Pass-Through Payment  | 71,384            | March 22, 2012 | SBCO Redevelopment                                | Pass-through Agreement  |
| Pass-Through Payment  | 7,161             | March 22, 2012 | Superintendent of Schools                         | Pass-through Agreement  |
| Pass-Through Payment  | 154,903           | March 22, 2012 | Morongo Unified School District                   | Pass-through Agreement  |
| Pass-Through Payment  | 48,037            | March 22, 2012 | Copper Mtn College                                | Pass-through Agreement  |
| Pass-Through Payment  | 53,469            | March 22, 2012 | YV Fire Protection District                       | Pass-through Agreement  |
| Pass-Through Payment  | 85,020            | March 22, 2012 | High Desert Water District                        | Pass-through Agreement  |
| Pass-Through Payment  | 4,688             | March 22, 2012 | Mohave Water Agency                               | Pass-through Agreement  |
| <b>Total Transfers</b>  | <b>\$ 883,513</b> |                |   |   |

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Attachment 4**

|  | Redevelopment<br>Agency<br>12 Months Ended<br>6/30/2010 | Redevelopment<br>Agency<br>12 Months Ended<br>6/30/2011 | Redevelopment<br>Agency<br>7 Months Ended<br>1/31/2012 | Successor<br>Agency<br>5 Months Ended<br>6/30/2012 |
|--|---|---|--|--|
| <b>Assets (modified accrual basis)</b>   |   |   |  |  |
| Cash and Investments   | \$ 9,600,824  | \$ 8,865,282  | \$ 8,248,637   | \$ 8,135,975                                       |
| Cash with Fiscal Agent   | 743,203   | 743,203   | 743,203  | 743,203  |
| Interest Receivable  | 12,692  | 9,990   | -  | -  |
| Loand & Notes Receivable   | 13,673  | 12,311  | 10,911   | -  |
| Taxes receivable   | -   | 3,907   | -  | -  |
| Advances to other funds  | 636,679   | 636,679   | 636,679  | -  |
| Land Held for Resale   | 1,658,552   | 1,658,552   | 1,658,552  | 1,658,552  |
| <b>Total Assets</b>  | <b>\$ 12,665,623</b>                                    | <b>\$ 11,929,924</b>                                    | <b>\$ 11,297,982</b>                                   | <b>\$ 10,537,730</b>                               |
| <b>Liabilities (modified accrual basis)</b>                                      |   |   |  |  |
| Accounts Payable   | \$ 436,094  | \$ 803,359  | \$ 67,020  | \$ 72,797  |
| Accrued Wages and Withholdings   | 5,596   | 7,562   | -  | 8,273  |
| Advances from other funds/governments  | 636,679   | 636,679   | 636,679  | 636,679  |
| <b>Total Liabilities</b>   | <b>1,078,369</b>  | <b>1,447,600</b>  | <b>703,699</b>   | <b>717,749</b>                                     |
| <b>Equity</b>  | <b>11,587,254</b>                                       | <b>10,482,324</b>                                       | <b>10,594,283</b>                                      | <b>9,819,981</b>                                   |
| <b>Total Liabilities + Equity</b>  | <b>\$ 12,665,623</b>                                    | <b>\$ 11,929,924</b>                                    | <b>\$ 11,297,982</b>                                   | <b>\$ 10,537,730</b>                               |
| <b>Total Revenues:</b>   | <b>\$ 2,494,511</b>                                     | <b>\$ 2,194,086</b>                                     | <b>\$ 1,244,326</b>                                    | <b>\$ 442,888</b>                                  |
| <b>Total Expenditures:</b>   | <b>3,730,148</b>  | <b>3,299,016</b>  | <b>1,132,367</b>                                       | <b>569,600</b>                                     |
| <b>Net change in equity:</b>   | <b>(1,235,637)</b>                                      | <b>(1,104,930)</b>                                      | <b>111,959</b>   | <b>(126,712)</b>                                   |
| <b>Beginning Equity:</b>   | <b>12,822,891</b>                                       | <b>11,587,254</b>                                       | <b>10,482,324</b>                                      | <b>9,946,693</b>                                   |
| <b>Ending Equity:</b>  | <b>\$ 11,587,254</b>                                    | <b>\$ 10,482,324</b>                                    | <b>\$ 10,594,283</b>                                   | <b>\$ 9,819,981</b>                                |
| <b>Other Information (show year end balances for all three years presented):</b> |   |   |  |  |
| Capital assets as of end of year   | \$ 939,806  | \$ 1,879,806  | \$ 1,879,806   | \$ 1,879,806                                       |
| Long-term debt as of end of year   | 10,290,000  | 10,115,000  | 10,115,000   | 9,935,000  |

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**Attachment 6**

| 6 A. Listing of Unspent Bond Proceeds as of June 30, 2012 |                     | Successor Agency    |   | Procedure 6.ii Results  | Procedure 6.iii Results  | Procedure 6.D. Results |
|---|---------------------|---------------------|---|---|--|------------------------|
| Asset Description   | Redevelopment Bonds | TOTAL               |   |   |  |                        |
| 2008 TAB Reserve Account                                  | 2008                | \$ 743,203          | Agreed amounts to the trial balance cash account and fiscal agent statements. | Reviewed Bonds Official Statement with specific language restriction for intended purposes. | Restrictions are in effect until the bond proceeds are expended for their intended purpose or use as stated and certified in the bond documents. |                        |
| 2008 Unspent Bond Proceeds                                | 2008                | 5,546,007           | Agreed amounts to the trial balance cash account and fiscal agent statements. | Reviewed Bonds Official Statement with specific language restriction for intended purposes. | Restrictions are in effect until the bond proceeds are expended for their intended purpose or use as stated and certified in the bond documents. |                        |
| <b>Total Asset Balances</b>                               |                     | <b>\$ 6,289,210</b> |   |   |  |                        |

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**Attachment 7**

**7. Listing of Assets Not Liquid or Available for Distribution as of June 30, 2012**

| <b>Assets Not Liquid</b>                 | <b>Successor<br/>Agency<br/>6/30/2012</b> |
|--|---|
| Land Held for Resale                     | \$ 1,658,552                              |
| Capital Assets - Land                    | 1,879,806                                 |
| Deferred Charge Asset - Unamortized Cost | 282,878                                   |
| <b>Total Assets Not Liquid</b>           | <b>\$ 3,821,236</b>                       |

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**Attachment 9**

| 9. Balances Needed to be retained to satisfy future ROPS 2 items       |                                |                         |   |  |   |
|--|--------------------------------|-------------------------|---|--|---|
| Item number on ROPS 2  | Project Name / Debt Obligation | Payee                   | Amount due from July 1, 2012 to December 31, 2012 | (1) dollar amounts of existing cash that are needed to satisfy that obligation | (2) explanation as to why the Successor Agency believes that such balances are needed to satisfy the obligation                                 |
| 1  | 2008 Tax Allocation Bonds      | Bank of New York        | 274,100   | \$ 274,100   | Approved ROPS 2 line item. The RPTTF distribution for ROPS 2 items was less than the amount approved by DOF to pay for enforceable obligations. |
| 5  | Yucca Valley Successor Agency  | Town of Yucca Valley/SA | 125,000   | 125,000  | Approved ROPS 2 line item. The RPTTF distribution for ROPS 2 items was less than the amount approved by DOF to pay for enforceable obligations. |
| 7  | SERAF Repayment                | Town of Yucca Valley/SA | 636,000   | 470,495  | Approved ROPS 2 line item. The RPTTF distribution for ROPS 2 items was less than the amount approved by DOF to pay for enforceable obligations. |
| <b>Total to be retained to pay for ROPS 2 enforceable obligations:</b> |                                |                         |   | <b>\$ 869,595</b>  |   |