

**AGENDA
MEETING OF THE
OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE
DISSOLVED YUCCA VALLEY REDEVELOPMENT AGENCY
MONDAY, OCTOBER 29, 9:00 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 _____ 2nd _____ Vote _____.

MINUTES

1. Minutes of the meetings of May 8, 2012 and August 31, 2012.

Recommendation: Approve the minutes as presented.

DEPARTMENT REPORTS

2. Low/Mod Housing Fund Due Diligence Review Public Comment Opportunity
Pursuant to AB 1484.

Staff Report

**Recommendation: Receive comments and input from the public
regarding the Low-Moderate Income Housing Fund due diligence
review pursuant to AB 1484.**

PUBLIC COMMENTS

BOARD MEMBERS COMMENTS

ADJOURNMENT

**OVERSIGHT BOARD TO THE SUCCESSOR AGENCY
OF THE DISSOLVED YUCCA VALLEY REDEVELOPMENT AGENCY
MEETING MINUTES
MAY 8, 2012**

Chair Rowe called the meeting to order at 10:01 a.m.

OATH OF OFFICE

Town Clerk Anderson administered the oath of office to Board Member Salvate

ROLL CALL

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

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

PLEDGE OF ALLEGIANCE

Led by Chair Rowe

APPROVAL OF AGENDA

Member Cooper moved to approve the agenda. Member Dunn seconded. Motion carried 7-0.

DEPARTMENT REPORTS

1. Recognized Obligation Payment Schedule (“ROPS”)

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE DISSOLVED YUCCA VALLEY REDEVELOPMENT AGENCY APPROVING AND ADOPTING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE (“ROPS”) PURSUANT TO HEALTH AND SAFETY CODE § 34176 AND TRANSMITTING THE ROPS TO THE NECESSARY AGENCIES

Administrative Services Director Yakimow advised of deadlines for ROPS to be approved, noting there will be some uncertainty as we move through process. The two items for review are the revised January thru June 2012 ROPS and the July thru December 2012 ROPS. Gave the background of the process to date and advised the only two payments we would make without state direction is the debt service and administrative costs.

Margo Sturges, Yucca Valley, provided copies of documents requested forms distributed have dates on them. commented regarding the forms and dates items were approved.

Board members asked questions regarding process and flow of funds, various project areas, headings on the forms, and amounts listed in the ROPS. Staff answered and clarified the issues noting there is no understanding at this time as to what the Department of Finance will approve and what they won't, and staff will have to answer those questions when they come up.

Administrative Services Director Yakimow advised that, should the Department of Finance require any additional Board action, and if it is not substantive, we may have a conference call meeting, in order to accommodate the Board Members schedules.

Member Price moved to approve Resolution No. OB-12-04 adopting the Recognized Obligation Payment Schedule ("ROPS") for the period from January 1, 2012 through June 30, 2012, and the Recognized Obligation Payment Schedule ("ROPS") for the period from July 1, 2012 through December, 2012; and Direct Successor Agency Staff to post the schedule on the Town of Yucca Valley Website and to deliver the ROPS to the San Bernardino County Auditor Controller, State Controller and to the State Department of Finance. Member Dunn seconded. Motion carried 7-0.

PUBLIC COMMENTS

Margo Sturges, Yucca Valley, questioned the LMI and if there will be criteria for questions and responses sent on a weekly or semiweekly basis.

BOARD MEMBERS COMMENTS

Member Cooper questioned if we have a balance sheet, operating budget, list of contracts, and loan obligations to the RDA that the Board can take a look at. Administrative Services Director Yakimow advised the administrative budget for the Successor Agency will be distributed at the next meeting for Oversight Board approval. Member Cooper advised he would like to see the DOF correspondence when it comes in.

ADJOURNMENT

There being no further business, Chair Rowe adjourned the meeting at 10:53 a.m.

Respectfully submitted,

Jamie Anderson
Town Clerk

**OVERSIGHT BOARD TO THE SUCCESSOR AGENCY
OF THE DISSOLVED YUCCA VALLEY REDEVELOPMENT AGENCY
MEETING MINUTES
AUGUST 31, 2012**

Chair Rowe called the meeting to order at 10:08 a.m.

ROLL CALL

Members Present: Cooper, Dunn (arrived at 10:10 a.m.), Nuaimi, Rogers Salvate, and Chair Rowe. Member Price was absent

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

PLEDGE OF ALLEGIANCE

Led by Chair Rowe

APPROVAL OF AGENDA

Member Nuaimi moved to approve the agenda. Member Cooper seconded. Motion carried 5-0-2 with Members Dunn and Price absent.

DEPARTMENT REPORTS

1. ABx1 26 and AB 1484 Update

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE DISSOLVED YUCCA VALLEY REDEVELOPMENT AGENCY APPROVING THE SUCCESSOR AGENCY'S ADMINISTRATIVE BUDGET FOR FISCAL YEAR 2012-13

Administrative Services Director Yakimow gave the background of AB x1 26 which was the RDA dissolution act, and AB 1484 a follow-up bill to clean up issues. There are four different funds as follows: Bond Proceeds; Tax Increment; Low/Mod Housing; and the Redevelopment Property Tax Trust Fund. Each fund has a time line for completion. Regarding date driven calendar of events, on August 1, the successor housing entity was to submit the list to the Department of Finance of housing assets that the successor agency transferred to it after February 1; Late August the Oversight Board meets to approve ROPS for January – June 2013; September 4 the ROPS for January – June 2013 is submitted to DOF and other Agencies; October 1, Audit of the low/moderate income housing fund is due to DOF, Auditor-controller and Oversight Board; October 15, the oversight board to review, approve and transmit results of low/moderate income housing fund account balances; November 9 the Successor Agency must transmit those balances within 5 days of receipt of the final determination from DOF; December 15 the Successor Agency submits to the Oversight Board a

review of all other account balances; January 15 Oversight Board to review, approve and transmit results of all other account balances; March 3 Successor Agency submits ROPS 4 covering July – December, 2013 to DOF after Oversight Board Review; April 1, Successor Agency must transmit remaining account balances within 5 days of receipt of the final determination by DOF. On an ongoing basis, the Successor Agency submits the ROPS schedules to DOF every six months until all Enforceable Obligations have been met. Once the housing and tax increment funds are wound down the Town will be issued a certificate of compliance by the State, and can then expend unspent bond proceeds.

Member Rogers moved to receive the ABx1 26 and AB 1484 verbal update from staff and approve Resolution No. OB-12-05, adopting the administrative budget for the Successor Agency for the 2012-13 fiscal year. Member Dunn seconded. Motion carried 6-0-1 with Member Price absent.

2. Recognized Obligation Payment Schedule (“ROPS”)

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE DISSOLVED YUCCA VALLEY REDEVELOPMENT AGENCY APPROVING AND ADOPTING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE (“ROPS”) PURSUANT TO HEALTH AND SAFETY CODE § 34176 AND TRANSMITTING THE ROPS TO THE NECESSARY AGENCIES

Administrative Services Director Yakimow advised the ROPS covers January – June 2013 anticipating expenditures, and provides for reconsideration of items denied in previous ROPS. If the DOF denies the items in the ROPS, there is an opportunity for a meet and confer process.

Chair Rowe questioned if denial of these amounts is expected also. Administrative Services Director Yakimow advised it is not known at this time. Chair Rowe questioned if line items come out of General Funds reserves as they come due until we get final determination. Administrative Services advised that another provision in AB 1484 is the ability to go to a sponsoring legislative body to ask for loan that can be an enforceable obligation if we cannot fund the administrative expense out of tax increment. Member Nuaimi advised that, as far as bond proceeds, there are a lot of larger agencies with a lot of bond proceeds and projects who have threatened to sue the State and DOF, which will probably make it better for smaller agencies.

Member Rogers moved to approve Resolution No. OB-12-06, adopting the Recognized Obligation Payment Schedule (“ROPS”) for the period from January 1, 2013 through June 30, 2013, and direct Successor Agency Staff to post the schedule on the Town of Yucca Valley Website and to deliver the ROPS to the San Bernardino County Auditor Controller, State Controller and to the State Department of Finance. Member Cooper seconded. Motion carried 6-0-1 with Member Price absent.

PUBLIC COMMENTS

None

BOARD MEMBERS COMMENTS

Member Cooper requested a definition of the Low/Mod housing transfers, transitional housing units. Administrative Services Director Yakimow explained the RDA owns 5 duplexes that Unity Home using for transitional housing.

Member Dunn questioned if state law requires the Town to have a certain amount of Low/mod housing. Administrative Services Director Yakimow advised it does.

Member Nuaimi thanked Curtis noting this effort has been another layer on top of normal duties at a time when he is doing a whole variety of things. This has been a moving target, and a difficult process.

ADJOURNMENT

There being no further business, Chair Rowe adjourned the meeting at 10:44 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: October 25, 2012
For
Board October 29, 2012
Meeting:

Subject: Low/Mod Housing Fund Due Diligence Review Public Comment
 Opportunity Pursuant to AB 1484

Recommendation: That the Oversight Board receive comments and input from the public regarding the Low-Moderate Income Housing Fund due diligence review pursuant to AB 1484.

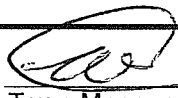
Order of Procedure:

- 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 of the housing and non-housing funds to determine the amount of unobligated funds available for distribution to taxing agencies. According to AB 1484, the housing fund review must be completed by October 1, 2012; the non-housing fund review by December 1, 2012. Due to the late publication of agreed upon procedures by the Department of Finance, it was not possible for the Agency to meet the October 1, 2012 deadline. The review was completed as soon as possible by the Town's independent audit team at Rogers, Anderson, Malody & Scott, LLP (RAMS).

Reviewed By:



Town Manager

Town Attorney

Mgmt Services

Dept Head

<input checked="" type="checkbox"/> Department Report	<input type="checkbox"/> Ordinance Action	<input checked="" type="checkbox"/> Resolution Action	<input type="checkbox"/> Public Hearing
<input type="checkbox"/> Consent	<input type="checkbox"/> Minute Action	<input checked="" type="checkbox"/> Receive and File	<input type="checkbox"/> Study Session

Successor agencies must transmit completed reviews to the oversight board, the county administrative officer, the county auditor-controller, and the Department of Finance ("DOF"). Oversight boards are then required to convene a public comment session at least five business days prior to formally approving the reviews. At the October 29, 2012 meeting, the Oversight Board will be conducting the public review process. The Board will then be requested to convene on or about November 6, 2012 to consider and adopt the Housing Fund due diligence review (Attachment 1). This process will again occur in November when the Oversight Board will consider the non-housing fund due diligence review.

Due Diligence Review Summary

The State is reviewing all successor agencies' housing and non-housing assets and cash balances to determine if there are unobligated funds available for transfer to taxing agencies. AB 1484 requires the review be transmitted to the county auditor-controller, State Controller's Office, and the DOF at the same time it is transmitted to the Oversight Board. This review was submitted to all parties on October 26, 2012.

A summary of the Due Diligence Review is provided as follows:

Page 1 contains the Independent Accountant's Report on Applying Agreed-Upon Procedures. Pages 2-15 list the agreed-upon procedures from the State Controller's Office and DOF, as applied to the Successor Agency.

- Procedure 1 identifies the total amount of cash (\$1,653,353) that was transferred from the RDA to the SA upon redevelopment dissolution.
- Procedure 2 lists the non-cash assets that were transferred from the RDA to the Town, in its capacity as successor housing function. The two transfers are 1) a Note Receivable from Unity Homes in the amount of \$10,911, and 2) an Accounts Receivable for the SERAF loan made from the Low/Mod Fund to the Tax Increment Fund in the amount of \$636,679.
- Procedure 2 also identifies that no transfers occurred between the Successor Agency and the Town for the period from Feb 1, 2012 – June 30, 2012.
- Procedure 3 indicates no transfers of cash or equivalents from the Agency to any other public agency or private party.
- Procedure 4 applies to the Successor Agency as a whole, and will be addressed and presented in the report due on December 15, 2012.
- Procedure 5 identifies the recorded balances in the Successor Agency Low/Mod fund, and identifies it as a singular cash asset with a balance of \$1,653,353.
- Procedure 6 identifies the amounts that are legally restricted as to purpose and cannot

be provided to taxing entities. The result of this procedure identified \$1,077,365 in Low/Mod unspent bond funds that will not be available for transfer to other taxing entities.

- Procedure 7 identifies and values assets that are not cash, and does not apply to the Agency as its assets consist of cash.
- Procedure 8 identifies assets that may be needed to meet approved Enforceable Obligations prior to June 30, 2012. This procedure is not applicable as no assets of this nature are deemed to be retained.
- Procedure 9 lists 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. Attachment 9 lists two items totaling \$576,353 as items to be paid with current Low/Mod Housing Fund balances.
- Procedure 10 summarizes all the above activity with the goal of identifying the amounts available for transfer to the auditor-controller for subsequent distribution to taxing entities. Based on this schedule, it does not appear that any Low/Mod Housing Funds will be available for transfer. This is summarized as follows:

Total amount as of June 30, 2012	\$1,635,353
Less Bond Proceeds	(1,077,000)
Less Balances needed for ROPS	(576,353)
Amount to be remitted to County	\$0

Per AB 1484, an oversight board may request additional information and documentation from the successor agency to assist in its review and approval. An oversight board is empowered to authorize the successor agency to retain assets or funds that are:

- -Legally restricted, such as bond proceeds and grant funds;
- -Physical assets, land, records, and equipment;
- -Funds that are legally or contractually dedicated or restricted for the funding of an enforceable obligation;

If the oversight board determines that these funds/assets are to be retained, it shall identify to the DOF the amount of funds authorized for retention, the source of those funds, and the purposes for which those funds are retained. Staff will prepare this information, and will incorporate public comment and county auditor- controller input for the Oversight Board's November 6, 2012 meeting.

It should be noted that if funds are owed to taxing agencies, AB 1484 requires payment be made to the county within five working days of DOF notification. Failure to pay could result in the DOF retaining future sales tax and/or property tax revenues.

Fiscal Impact

None for this action. Based on the due diligence review, there are no unobligated housing 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: Low/Mod Housing Fund Due Diligence Review

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

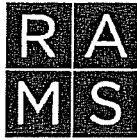
TOWN OF YUCCA VALLEY AS THE SUCCESSOR AGENCY OF THE
YUCCA VALLEY REDEVELOPMENT AGENCY

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

**YUCCA VALLEY REDEVELOPMENT AGENCY
DUE DILIGENCE REVIEW PURSUANT H&S CODE SECTION 34179.5
LOW AND MODERATE INCOME HOUSING FUND AGREED-UPON PROCEDURES**

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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Matthew B. Wilson, CPA, MSA
Scott W. Manno, CPA
Leena Shanbhag, CPA, MST
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Genivive Schwarzkopf, CPA
Megan Hackney, CPA
Seong-Hyea Lee, CPA, MBA
Charles De Simon, CPA

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 Low and Moderate Income Housing Fund unobligated balances available for transfer to taxing entities 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

October 12, 2012

**YUCCA VALLEY REDEVELOPMENT AGENCY
DUE DILIGENCE REVIEW PURSUANT H&S CODE SECTION 34179.5
LOW AND MODERATE INCOME HOUSING FUND AGREED-UPON PROCEDURES**

Attachment A

Purpose: To determine the unobligated balances available for transfer to taxing entities of the Low and Moderate Income Housing Fund. [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 redevelopment agency to the Successor Agency on February 1, 2012. We agreed the amount on the listing to the account balances established in the accounting records of the Successor Agency. The amount of assets transferred was \$1,653,353 of cash; all other assets of the Low-Mod fund of the former agency were transferred to the Town of Yucca Valley as Housing Successor.

**YUCCA VALLEY REDEVELOPMENT AGENCY
DUE DILIGENCE REVIEW PURSUANT H&S CODE SECTION 34179.5
LOW AND MODERATE INCOME HOUSING FUND 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:

We obtained 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 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 2.A for listing of transfers obtained from the Successor Agency.

- 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:

According to Successor Agency Officials, there were no transfers 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.

- 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:

See results for this procedure in Attachment 2.A.

**YUCCA VALLEY REDEVELOPMENT AGENCY
DUE DILIGENCE REVIEW PURSUANT H&S CODE SECTION 34179.5
LOW AND MODERATE INCOME HOUSING FUND 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:

According to Successor Agency Officials, there were no 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.

- 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:

According to Successor Agency Officials, there were no transfers from the Successor Agency to any other public agency or to private parties for the period from February 1, 2012 through June 30, 2012.

- 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 Not Applicable since the Successor Agency did not identify any transfers in Procedures 3.A or 3.B.

**YUCCA VALLEY REDEVELOPMENT AGENCY
DUE DILIGENCE REVIEW PURSUANT H&S CODE SECTION 34179.5
LOW AND MODERATE INCOME HOUSING FUND 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.
- B. Ascertain that for each period presented the total of revenues, expenditures, and transfers accounts fully for the changes in equity from the previous fiscal period.
- C. Compare amounts in the schedule relevant to the fiscal year ended June 30, 2010 to the state controller's report filed for the Redevelopment Agency for that period.
- D. Compare amounts in the schedule for the other fiscal periods presented to account balances in the accounting records or other supporting schedules. Describe in the report the type of support provided for each fiscal period.

Results:

Procedure 4 pertains to the Successor Agency as a whole; these procedures are to be addressed and presented in the report due on December 15, 2012.

**YUCCA VALLEY REDEVELOPMENT AGENCY
DUE DILIGENCE REVIEW PURSUANT H&S CODE SECTION 34179.5
LOW AND MODERATE INCOME HOUSING FUND 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 schedule that includes only those assets of the Low and Moderate Income Housing Fund that were held by the Successor Agency as of June 30, 2012 and excludes all assets held by the entity that assumed the housing function previously performed by the former redevelopment agency. We agreed the assets so listed to recorded balances reflected in the accounting records of the Successor Agency. The listing contains only one asset in the form of cash funds for the amount of \$ 1,653,353.

YUCCA VALLEY REDEVELOPMENT AGENCY

DUE DILIGENCE REVIEW PURSUANT H&S CODE SECTION 34179.5

LOW AND MODERATE INCOME HOUSING FUND 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:

We obtained the Successor Agency's computation of the restricted balances of "Unspent bond proceeds" (e.g., total proceeds less eligible project expenditures, amounts set aside for debt service payments, etc.).

See Attachment 6.A.i 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 amount indicated in the provided schedule as restricted to the cash balance shown in the trial balances of the Successor Agency. The amount indicated is part of a larger amount transferred from the former Low-Mod Fund of the former redevelopment agency.

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 copies of the bond documents that set forth the restriction pertaining to those balances.

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:

Procedure 6.B is not applicable since there were no assets of this nature identified by the Successor Agency that are deemed to be retained.

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:

Procedure 6.C is not applicable since there were no assets of this nature identified by the Successor Agency that are deemed to be retained.

- 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:

See Attachment 6.A.i for results of this procedure.

**YUCCA VALLEY REDEVELOPMENT AGENCY
DUE DILIGENCE REVIEW PURSUANT H&S CODE SECTION 34179.5
LOW AND MODERATE INCOME HOUSING FUND 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:

Procedure 7(A) is not applicable since the assets transferred from the Low-Mod Fund of the former Agency to the Successor Agency consist of cash funds.

- 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:

Procedure 7(B) 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:

Procedure 7(C) 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:

Procedure 7(D) is not applicable.

**YUCCA VALLEY REDEVELOPMENT AGENCY
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LOW AND MODERATE INCOME HOUSING FUND AGREED-UPON PROCEDURES**

Attachment A

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:

Procedure 8(A) is not applicable since there were no assets of this nature identified by the Successor Agency that are deemed to be retained.

**YUCCA VALLEY REDEVELOPMENT AGENCY
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LOW AND MODERATE INCOME HOUSING FUND AGREED-UPON PROCEDURES**

Attachment A

- 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:

Procedure 8(B) is not applicable since there were no assets of this nature identified by the Successor Agency that are deemed to be retained.

- 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:

Procedure 8(C) is not applicable since there were no assets of this nature identified by the Successor Agency that are deemed to be retained.

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LOW AND MODERATE INCOME HOUSING FUND AGREED-UPON PROCEDURES

Attachment A

- 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:

Procedure 8(D) is not applicable since there were no assets of this nature identified by the Successor Agency that are deemed to be retained.

**YUCCA VALLEY REDEVELOPMENT AGENCY
DUE DILIGENCE REVIEW PURSUANT H&S CODE SECTION 34179.5
LOW AND MODERATE INCOME HOUSING FUND AGREED-UPON PROCEDURES**

Attachment A

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 were provided with a copy of the final ROPS for the period of January 1, 2013 through June 30, 2013. The Successor Agency identified in the ROPS schedule the items that will be satisfied with the retention of the therein indicated cash balances and their corresponding amounts. For each obligation identified on the ROPS, the Successor Agency added columns identifying (1) the dollar amount of existing cash that is 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.

See Attachment 9 for the ROPS items identified by the Successor Agency that will be satisfied with the retained cash balances.

**YUCCA VALLEY REDEVELOPMENT AGENCY
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 LOW AND MODERATE INCOME HOUSING FUND AGREED-UPON PROCEDURES**

Attachment A

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 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 agree to the results of the procedures performed in each section of the Agreed-upon procedures report. The schedule does not 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 not required.

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 detail composition)	\$ 1,653,353
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 detail 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)	(1,077,000)
Less: assets that are not cash or cash equivalents (e.g., physical assets) - (See Procedure 7 for detailed composition)	-
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)	(576,353)
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	\$ -

**YUCCA VALLEY REDEVELOPMENT AGENCY
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Attachment A

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 October 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.

**YUCCA VALLEY REDEVELOPMENT AGENCY
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 Attachment 2.A**

Transfers from the former redevelopment agency to the city or county for the period from January 1, 2011 through January 31, 2012						
Date	Asset Transferred	Recipient	Purpose	Amount	Legal Requirement or Enforceable Obligation	Procedure 2.C Results
1/31/2012	Notes Receivable	Town of Yucca Valley as the Housing Successor	Housing Assets Transfer to the Housing Successor	\$ 10,911	H&S 34176	The Town of Yucca Valley elected to be the Housing Successor obtaining rights to keep the housing assets in the Low-Mod Fund of the former redevelopment agency. Per Town Officials, the asset qualifies as a Housing Asset in accordance to the definition of the H&S Code Section 34176.
1/31/2012	Accounts Receivable	Town of Yucca Valley as the Housing Successor	Housing Assets Transfer to the Housing Successor	\$ 636,679	H&S 34176	The Town of Yucca Valley elected to be the Housing Successor obtaining rights to keep the housing assets in the Low-Mod Fund of the former redevelopment agency. Per Town Officials, the asset qualifies as a Housing Asset in accordance to the definition of the H&S Code Section 34176.

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Attachment 6.A.i**

Schedule of deposits and earnings for unspent bond proceeds obtained from the Successor Agency						
Year	Beginning Balance	Deposit	Rate	Earnings	Ending Balance	Procedure 6.D Results
1995	\$ -	\$ 300,515	0.00%	\$ -	\$ 300,515	
1996	300,515	-	5.71%	17,147	317,662	
1997	317,662	-	5.60%	17,786	335,448	
1998	335,448	-	5.70%	19,117	354,566	
1999	354,566	-	5.34%	18,948	373,513	
2000	373,513	-	5.71%	21,320	394,834	
2001	394,834	-	6.10%	24,101	418,934	
2002	418,934	-	3.45%	14,432	433,367	
2003	433,367	-	2.15%	9,326	442,693	
2004	442,693	449,004	1.53%	6,782	898,479	
2005	898,479	-	2.26%	20,270	918,748	
2006	918,748	-	3.87%	35,583	954,331	
2007	954,331	-	5.12%	48,871	1,003,203	
2008	1,003,203	-	4.33%	43,369	1,046,591	
2009	1,046,591	-	2.22%	23,276	1,069,867	
2010	1,069,867	-	0.65%	6,965	1,076,832	
2011	\$ 1,076,832	\$ -	0.05%	533	\$ 1,077,365	

According to Successor Agency Officials and the bond documents provided, the restrictions are in effect until the related assets are expended for their intended purpose.

Notes:
1. Deposits assumed at end of fiscal year.
2. Interest calculated at annual LAIF yield.

**YUCCA VALLEY REDEVELOPMENT AGENCY
DUE DILIGENCE REVIEW PURSUANT H&S CODE SECTION 34179.5
LOW AND MODERATE INCOME HOUSING FUND AGREED-UPON PROCEDURES
Attachment 9**

RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS III) - January 1, 2013 through June 30, 2013										
Item #	Project Name- Debt Obligation	Contract- Agreement Execution Date	Contract- Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2012-13	(1) Amount needed to satisfy the obligation	(2) Reason for the retention
7	General Plan Update RDA Portion	6/21/2011	6/30/2013	The Planning Center	Redevelopment Agency Law- Mod committed portion of General Plan Update.	One	\$ 100,000	100,000 \$	76,353 \$	General Plan Contract - Redevelopment Agency Housing Reserve Fund of \$100,000 as committed to in March 2011, and through Redevelopment Agency budget action dated 6/21/2011. The Successor Agency considers necessary to retain the funds because of the inability to obtain alternate funding sources other than these funds to complete this project.
10	National CORE Low/Mod Housing Project	12/1/2010	N/A	National CORE	Contribution commitment to planned Low-Mod Senior Project.	One	500,000	500,000	500,000	Low/Mod Housing Project - Redevelopment Agency Contribution from Low-Mod Fund of \$500,000 pursuant to multiple agreements and commitments dated prior to June 28, 2011. The Successor Agency considers necessary to retain the funds because of the inability to obtain alternate funding sources other than these funds to complete this project.
Total to be retained									\$ 576,353	

Note: The total amount of the ROPS items identified by the Successor Agency to be satisfied with the retained funds added up to \$621,250. However, just \$576,353 was available after retention in Procedure 6. Consequently, only ROPS items 7 and 10 are included in this procedure, with item 7 being reduced from \$100,000 to \$76,353 to reflect the available anticipated funding.