

**AGENDA
MEETING OF THE
OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE
DISSOLVED YUCCA VALLEY REDEVELOPMENT AGENCY
TUESDAY, NOVEMBER 6, 11:00 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 October 29, 2012.

Recommendation: Approve the minutes as presented.

DEPARTMENT REPORTS

2. Adoption of a Resolution Approving the Low/Mod Housing Fund 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 approving and transmitting 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
OCTOBER 29, 2012**

Chair Rowe called the meeting to order at 9:00 a.m.

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.

MINUTES

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

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

DEPARTMENT REPORTS

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

Administrative Services Director Yakimow gave a PowerPoint presentation explaining the activities to date under ABX1 26 and AB 1484. The Due Diligence Review is required by AB 1484 and focuses on cash balances to determine what is available to transmit to other taxing entities. The Low/Mod Housing Fund is the first of the funds to be closed. The Town assumed the housing functions in February 2012. The Housing Assets transfer, determination, was due 8/31/2012. The remaining funds will be swept and the fund closed in November of this year. He noted the Successor Agency prepared and submitted the required Housing Asset Transfer Report, focusing on non-cash. The 5 transitional housing units, a minor note receivable from Unity Home, SERAF Receivable in the amount of \$636,000, and the Dumosa property were all approved by the Department of Finance (DOF). Because the ENA/DDA contribution of \$500,000 for the senior housing project was rejected, staff has requested a meet and confer for that item.

Member Cooper questioned if the DOF is the judge, jury, and final say on these items. Administrative Services Director Yakimow advised they are unless we take legal action in Sacramento Superior Court.

Administrative Services Director Yakimow advised the DOF's reasoning for rejection of the ENA/DDA in ROPS 1 and 2 was that there was not a recognized contract by the required date. The DOF changed their stand with the last rejection stating the ENA was legally allowed but said the DDA wasn't entered into within the required 365 days. Staff feels the requirements of the ENA were met and will discuss that during the meet and confer process.

Member Nuaimi advised the project has received the tax credits and will be starting construction by next April.

Chair Rowe opened the item to public comment

Margo Sturges, Yucca Valley, questioned the kind of comments the Board is looking for.

Member Dunn moved to receive comments and input from the public. Member Cooper seconded. Motion carried unanimously.

Upon discussion, the next Oversight Board Meeting is scheduled for Tuesday, November 6, 2012 at 11:00 a.m.

PUBLIC COMMENTS

None

BOARD MEMBERS COMMENTS

None

ADJOURNMENT

There being no further business, Chair Rowe adjourned the meeting at 9:25 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 30, 2012
For
Board November 6, 2012
Meeting:

Subject: Adoption of a Resolution Approving the Low/Mod Housing Fund Due Diligence Review Pursuant to AB 1484

Recommendation: That the Oversight Board adopt the resolution reviewing, approving and transmitting the Low/Mod 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).

Successor agencies must transmit completed reviews to the oversight board, the county

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 type="checkbox"/> Receive and File	<input type="checkbox"/> Study Session

administrative officer, the county auditor-controller, and the Department of Finance ("DOF"). This activity was completed on October 26, 2012. 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 conducted the public review process, and public comment was taken into the record. 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.

Upon approval by the Oversight Board, the Department of Finance must make its final determination by November 9, 2012, or in a timeframe adjusted to reflect the later submission of the review. 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 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
Communication from the CAC

RESOLUTION NO. 12-

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 low and moderate income 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 October 29, 2012, 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 November 6, 2012, 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 Low and Moderate Income 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 6th day of November, 2012.

CHAIR

ATTEST:

TOWN CLERK
Acting as Secretary to the Oversight
Board

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

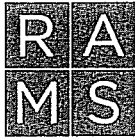
TOWN OF YUCCA VALLEY AS THE SUCCESSOR AGENCY OF THE
YUCCA VALLEY REDEVELOPMENT AGENCY

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

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ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

735 E. Carnegie Dr. Suite 100
San Bernardino, CA 92408
909 889 0871 T
909 889 5361 F
ramscpa.net

Oversight Board of the Successor Agency for the
Yucca Valley Redevelopment Agency
57090 Twentynine Palms Highway
Yucca Valley, CA 92284

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

PARTNERS

Brenda L. Odle, CPA, MST
Terry P. Shea, CPA
Kirk A. Franks, CPA
Matthew B. Wilson, CPA, MSA
Scott W. Manno, CPA
Leena Shanbhag, CPA, MST
Jay H. Zercher, CPA (Retired)
Phillip H. Waller, CPA (Retired)

MANAGERS / STAFF

Nancy O'Rafferty, CPA, MBA
Bradford A. Welebin, CPA, MBA
Jenny Liu, CPA, MST
Katie L. Millson, CPA
Papa Matar Thiaw, CPA, MBA
Maya S. Ivanova, CPA, MBA
Danielle E. Odgers, CPA
William C. Clayton, CPA
Peter E. Murray, CPA
Genevive Schwarzkopf, CPA
Megan Hackney, CPA
Seong-Hyea Lee, CPA, MBA
Charles De Simoni, 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

ICFAS 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
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)(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.

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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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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.

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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 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.

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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 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	\$ -

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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.

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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%	43,389	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.

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 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 Low- 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.