

RESOLUTION 12-06

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY  
TO THE FORMER REDEVELOPMENT AGENCY OF THE  
CITY OF SANTA CLARITA, CALIFORNIA, ADOPTING THE DUE DILIGENCE  
REPORT FOR HOUSING

WHEREAS, Health and Safety Code Section 34179.5 requires the Successor Agency to employ a licensed accountant to complete two Due Diligence Reviews of the funds of the former Redevelopment Agency.

WHEREAS, the Successor Agency selected Marcum LLC to complete the Due Diligence Reviews. This selection was approved by the Los Angeles County Auditor Controller as required by Health and Safety Code Section 34179.5.

WHEREAS, Health and Safety Code Section 34179.6(a) requires the Successor Agency to provide the results of the Due Diligence Review to the Oversight Board, the County Auditor-Controller, and State Controller, and the Department of Finance by October 1, 2012.

WHEREAS, the Successor Agency provided the Due Diligence Review for Housing to the Oversight Board, the Los Angeles County Auditor Controller, the State Controller, and the Department of Finance on September 27, 2012.

WHEREAS, the Oversight Board convened a public comment session in accordance with Health and Safety Code Section 34179.6 (b) on October 1, 2012.

WHEREAS, a special meeting of the Oversight Board was held on October 10, 2012 to review and approve the findings of the Due Diligence Review for Housing.

NOW, THEREFORE, the Oversight Board of the Successor Agency to the Former Redevelopment Agency of the City of Santa Clarita does hereby resolve as follows:

SECTION 1. The Oversight Board hereby finds and determines that the foregoing recitals are true and correct.

SECTION 2. The Oversight Board hereby adopts the Due Diligence Review for Housing, attached hereto and incorporated by reference herein.

SECTION 3. Successor Agency staff is directed to transmit notice of this action to the Department of Finance.

SECTION 4. This resolution shall take effect immediately upon its adoption.

SECTION 5. The Oversight Board Meeting Clerk shall certify to the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED this 10th day of October 2012.



Ken Striplin  
Chairman

ATTEST:



Helga Deyo  
Oversight Board Meeting Clerk

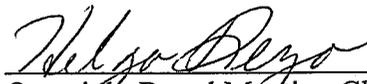
STATE OF CALIFORNIA            )  
COUNTY OF LOS ANGELES    ) ss.  
CITY OF SANTA CLARITA        )

I, Helga Deyo, Oversight Board Meeting Clerk, do hereby certify that the foregoing Resolution was duly adopted by the Oversight Board of the Successor Agency to the Former Redevelopment Agency of the City of Santa Clarita at a regular meeting thereof, held on the 10th day of October 2012, by the following vote:

AYES: DORTCH, HERNANDEZ, HOERBER, STRIPLIN, SWARTZ

NOES: NONE

ABSENT: COLEAL, KOEGLE,



Oversight Board Meeting Clerk

**City of Santa Clarita**  
**(Successor Agency)**

**Low and Moderate Income Housing Fund**

*Independent Accountants' Report  
on Applying Agreed-Upon Procedures  
with respect to AB 1484*

**CITY OF SANTA CLARITA  
(SUCCESSOR AGENCY)  
LOW AND MODERATE INCOME HOUSING FUND**

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**INDEPENDENT ACCOUNTANTS' REPORT ON  
APPLYING AGREED-UPON PROCEDURES**

County of Los Angeles  
County Auditor-Controller  
Los Angeles, California

Oversight Board  
City of Santa Clarita (Successor Agency)  
Santa Clarita, California

We have performed the agreed-upon procedures enumerated in Attachment A, which were agreed to by the California State Controller's Office, California Department of Finance ("State Agencies") and City of Santa Clarita (acting as Successor Agency) solely to assist you in ensuring that the Low and Moderate Income Housing Fund of the City of Santa Clarita is complying with its statutory requirements with respect to AB 1484. Management of the City of Santa Clarita is responsible for the accounting records pertaining to statutory compliance pursuant to Health and Safety Code Section 34179.5(c)(1) through 34179.5(c)(3) and Sections 34179.5(c)(5) through 34179.5 (c)(6). 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 identified 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 agreed-upon procedures as set forth in Attachment A. Attachment A also identifies 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 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 City of Santa Clarita and applicable State 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.

*Marcum LLP*

Irvine, California  
September 27, 2012



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**CITATION:**

*Section 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.*

**Procedure 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 assets transferred to the Successor Agency as of that date.

**Results/Findings:**

No exception noted. The total amount of assets transferred to the Successor Agency as of February 1, 2012 was \$12,237,413.59.

**CITATION:**

*Section 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.*

**Procedure 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.

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- B. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Successor Agency to the city, county, or city and county that formed the redevelopment agency for the period from February 1, 2012 through June 30, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.
- C. For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required any transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.

**Results/Findings:**

Procedure 2A

Based on the representation from the Successor Agency, there were no transfers 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.

Procedure 2B

Based on the representation from the Successor Agency, 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.

Procedure 2C

There were no transfers per procedures 2A and 2B above. Therefore, this procedure is not applicable.

**CITATION:**

*Section 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.*

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**Procedure 3:**

If the State Controller's Office has completed its review of transfers required under both Sections 34167.5 and 34178.8 and issued its report regarding such review, attach a copy of that report as an exhibit to the AUP report. If this has not yet occurred, perform the following procedures:

- A. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the former redevelopment agency to any other public agency or to private parties for the period from January 1, 2011 through January 31, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.
- B. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Successor Agency to any other public agency or private parties for the period from February 1, 2012 through June 30, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.
- C. For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required any transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.

**Results/Findings:**

Procedure 3A:

Based on the representation of the Successor Agency, there are no transfers 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.

Procedure 3B:

Based on the representation of the Successor Agency, there are 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.

Procedure 3C:

There were no transfers per procedures 3A and 3B above. Therefore, this procedure is not applicable.

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**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.*

**Procedure 4:**

- 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/Findings:**

Procedure 4A

The procedure required by Section 34179.5(c)(4) above pertains to the Successor Agency as a whole. Per the instructions provided by the California Department of Finance, these procedures will be addressed in the Agreed Upon Procedures report that is due on December 15, 2012.

Procedure 4B

The procedure required by Section 34179.5(c)(4) above pertains to the Successor Agency as a whole. Per the instructions provided by the California Department of Finance, these procedures will be addressed in the Agreed Upon Procedures report that is due on December 15, 2012.

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Procedure 4C

The procedures required by Section 34179.5(c)(4) above pertains to the Successor Agency as a whole. Per the instructions provided by the California Department of Finance, these procedures will be addressed in the Agreed Upon Procedures report that is due on December 15, 2012.

Procedure 4D

The procedures required by Section 34179.5(c)(4) above pertains to the Successor Agency as a whole. Per the instructions provided by the Department of Finance, these procedures will be addressed in the Agreed Upon Procedures report that is due on December 15, 2012.

**CITATION:**

*Section 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.*

**Procedure 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. When this procedure is applied to the Low and Moderate Income Housing Fund, the schedule attached as an exhibit will only include those assets of the Low and Moderate 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/Findings:**

See Exhibit 5-01 for a listing of all assets of the Low and Moderate Income Housing Fund as of June 30, 2012. No exceptions noted.

**CITATION:**

*Section 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.*

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**Procedure 6:**

Obtain from the Successor Agency a listing of asset balances held on June 30, 2012 that are restricted for the following purposes:

A. Unspent bond proceeds:

- i) Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures, amounts set aside for debt service payments, etc.)
- ii) Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
- iii) Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.

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.

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).

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).

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ii) Obtain from the Successor Agency a copy of the legal 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.

D. Attach the above mentioned Successor Agency prepared schedule (s) as an exhibit to the AUP in 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/Findings:**

Procedure 6A

For the asset balances held on June 30, 2012 that are restricted for unspent bond proceeds, we were provided by the Successor Agency, the initial bond agreement detailing the purpose of the bond for Low and Moderate Income Housing Fund, indenture amounts and a breakdown of the actual cash receipts. We traced the individual components of this computation to related account balances in the accounting records and bond documents and noted no exceptions. In the opinion of the Successor Agency, this documentation forms the legal basis for the restriction.

Procedure 6B

Based on the representation of the Successor Agency, there are no asset balances held on June 30, 2012 that are restricted because the assets were from grant proceeds or program income that are restricted by third parties.

Procedure 6C

Based on the representation of the Successor Agency, there are no asset balances held on June 30, 2012 that are considered to be legally restricted.

Procedure 6D

See Exhibit 6A-01 for a listing of asset balances held on June 30, 2012 that are restricted for unspent bond proceeds. The restrictions are in effect until the related assets are expended for their intended purpose.

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**CITATION:**

*Section 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.*

**Procedure 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.
- B. If the assets listed at 7(A) are listed at purchase cost, trace the amounts to previously audited financial statement (or to the accounting records of the Successor Agency) and note any differences.
- C. For any differences noted in 7(B), inspect evidence of disposal of the asset and ascertain that the proceeds were deposited into the Successor Agency trust fund. If the differences are due to additions (this generally is not expected to occur), inspect the supporting documentation and note the circumstances.
- 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/Findings:**

Procedure 7A

See Exhibit 7A-01 for a listing of assets as of June 30, 2012 that are not liquid or otherwise available for distribution. Based on the representation of the Successor Agency, the values are listed at purchase cost or book value.

Procedure 7B

We traced the assets listed on Exhibit 7A-01 to the accounting records of the Successor Agency. No exceptions noted.

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Procedure 7C

This procedure is not applicable. There were no differences noted in Procedure 7B.

Procedure 7D

This procedure is not applicable. The asset listing on Exhibit 7A-01 are listed at purchase cost or book value and not at recently estimated market value.

**CITATION:**

*Section 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 balances are insufficient to fund future obligations and thus retention of current balance 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.*

**Procedure 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 balance 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.

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- 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.
- 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 the 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.

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.

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- 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.
- C. 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/Findings:**

Procedure 8A

See Exhibit 8A-01 for the itemized schedule of asset balances (resources) as of June 30, 2012 that are dedicated or restricted for the funding of enforceable obligations. We noted that the amounts shown by the Successor Agency is not specific to the Low and Moderate Income Housing Fund but rather represents the Successor Agency as a whole.

The list includes \$4,145, the remaining balance for a consulting contract for which we were provided the contract and resolution approving the contract amount of \$35,000. The list also includes \$17,500, the remaining balance for legal fees, for which we were not provided with any contract. Both of these obligations were listed on the July 1, 2012 through December 31, 2012 Recognized Obligation Payment Schedule that was approved by the Department of Finance on May 31, 2011. In the opinion of the Successor Agency, this documentation forms the legal basis for the restrictions.

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Procedure 8B

This procedure is not applicable. The Successor Agency does not believe that future revenues together with balances dedicated or restricted to an enforceable obligation are insufficient to fund future obligation payments and retention of current balances is required.

Procedure 8C

See calculation in Procedures 8D below for the projected property tax revenues and bond debt service payments (considering both the timing and amount of the related cash flows). We compared the timing and amounts of bond debt service payments to related bond service schedules in the bond agreement and noted no exceptions. Major assumptions for forecasted property tax revenues were that the Successor Agency projected property tax revenues for the future five months to be the equal to the property tax revenues for the period January through May 2012. We also noted that the amounts used regarding the Tax Allocation Bond Debt Service Due September 20, 2013 are not specific to the Low and Moderate Income Housing Fund but rather the Successor Agency as a whole; we noted this is because there was only one successor agency fund established by the City of Santa Clarita on February 1, 2012 in their accounting records to record all transactions for the Successor Agency as well as the housing function, hence, enforceable obligations have not been presented separately (or separately identified) for the housing function and the Successor Agency, but instead comingled and presented together.

Procedure 8D

The calculation of the amount of current unrestricted balances necessary for retention in order to meet the enforceable obligations is as follows:

Identified current dedicated or restricted balances	\$ (21,645)
Forecasted annual revenues	<u>733,000</u>
Total resources available to fund enforceable obligations	711,355
Forecasted annual spending requirements	<u>(1,468,652)</u>
Amount of current unrestricted balances necessary for retention	<u>\$ (757,297)</u>

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**CITATION:**

*Section 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.*

**Procedure 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/Findings:**

See attached Exhibit 9-01 for the schedule detailing the cash balances as of June 30, 2012 that needs to be retained to satisfy obligations on the Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2012 through June 30, 2013. We noted that the amounts presented are not specific to the Low and Moderate Income Housing Fund but rather the Successor Agency as a whole; we noted this is because there was only one successor agency fund established by the City of Santa Clarita on February 1, 2012 in their accounting records to record all transactions for the Successor Agency as well as the housing function, hence, enforceable obligations have not been presented separately (or separately identified) for the housing function and the Successor Agency, but instead comingled and presented together.

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**CITATION:**

*Section 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 authorities 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.*

**Procedure 10:**

Include (or present) a schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Entities. Amounts included in the calculation should agree to the results of the procedures performed in each section above. The schedule should also include a deduction to recognize amounts already paid to the County Auditor-Controller on July 12, 2012 as directed by the California Department of Finance. The amount of this deduction presented should be agreed to evidence of payment. The attached example summary schedule may be considered for this purpose. Separate schedules should be completed for the Low and Moderate Income Housing Fund and for all other funds combined (excluding the Low and Moderate Income Housing Fund).

**Results/Findings:**

See attached Exhibit 10-01 for the schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Entities.

**Procedure 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 acknowledgement 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 period from January 1, 2011 through June 30, 2012 that may not have 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.

**Result/Findings:**

Said management representation letter was received. No exceptions noted.

City of Santa Clarita Successor Agency  
 Low and Moderate Income Housing Fund Assets as of June 30, 2012  
 Procedure #5

Asset	Amount	Description
Cash	\$ 3,541,179	
Housing Set-Aside Tax Allocation Bond Proceeds	5,057,099	
Housing Set-Aside Tax Allocation Bond Reserve	268,879	
Debt Service - Cash	7,530	
* Real Property:		
City block at Lyons/Main/9th/Railroad Ave.	2,648,243	This property was purchased in 2009 with 89% RDA low- and moderate-income housing funds and 11% City funds. In anticipation of an affordable housing development on another property, \$2,850,000 in funds were transferred from the RDA non-housing fund to the RDA low- and moderate-income housing fund in May 2011. After this transfer, the property's funding distribution is 43% from RDA low- and moderate-income housing funds, 46% from RDA non-housing funds, and 11% from City funds.
Jang Parcel APN 2833-016-901; 23652 Newhall Avenue; Lot 52 of Tract No. 2703 in the City of Santa Clarita, County of Los Angeles, State of California, as per map recorded in Book 28, Page(s) 20 to 26 inclusive of Maps in the office of the County Recorder of Said County. Except therefrom the southwesterly 20 feet as granted to the Santa of California per the document recorded January 21, 1975 as Instrument No. 239, Official Records, in said County Recorders Office.	438,249	Total purchase cost includes \$438,249 in RDA low- and moderate-income housing funds and \$293,123 in Community Development Block Grant entitlement funds.
<b>Total Low and Moderate Income Housing Fund Assets of Successor Agency as of 6/30/12</b>	<b>\$ 11,961,179</b>	

\* Real property was transferred to the City of Santa Clarita on 3/15/11. The property was transferred to the Successor Agency on 2/01/12. These assets were included on the Housing Asset Transfer form submitted to the Department of Finance (DOF) on 8/01/12 and per the DOF letter dated 8/31/12, there were no objections to these transfers.

City of Santa Clarita Successor Agency  
 Low Moderate Income Housing Fund of Successor Agency - City of Santa Clarita  
 Computation of restricted balance of unspent bond proceeds  
 Procedure 6A

City of Santa Clarita Redevelopment Agency  
 Housing Set-Aside Tax Allocation Bonds, Series 2008

Bond Proceeds	\$	8,143,000
Bond Reserve		268,879
LAIIF Interest		66,630
Transfer In		2,892,372
Bond Interest		80,143
		<u>11,451,024</u>

*Includes \$2,850,000 for real property acquisition from Non-Housing Fund.*

<u>Less:</u>		
Debt Service	188,555	<i>Accumulated interest used for debt service payments</i>
Land Acquisitions	5,936,491	
	<u>6,125,046</u>	
Balance 6/30/12:	\$	<u>5,325,978</u>

*The legal restrictions on the use of these assets as specified by the bond covenants are in effect until the related assets are expended for their intended purpose.*

City of Santa Clarita Successor Agency  
 Low and Moderate Income Housing Fund Non-liquid Assets as of June 30, 2012  
 Procedure #7A

Asset	Amount	Description
<p>* Real Property:  <u>City block at Lyons/Main/9th/Railroad Ave.</u>            APNs 2831-007-900, 2831-007-901, 2831-007-902, 2831-007-903, 2831-007-904, 2831-007-905, 2831-007-906, 2831-007-907, and 2831-007-908;            this property is mainly vacant with one standing commercial building (24406 Lyons Avenue; APN 2831-007-900) currently housing a tenant with an active lease.</p>	2,648,243	<p>This property was purchased in 2009 with 89% RDA low- and moderate-income housing funds and 11% City funds. In anticipation of an affordable housing development on another property, \$2,850,000 in funds were transferred from the RDA non-housing fund to the RDA low- and moderate-income housing fund in May 2011. After this transfer, the property's funding distribution is 43% from RDA low- and moderate-income housing funds, 46% from RDA non-housing funds, and 11% from City funds.</p>
<p><u>Jang Parcel</u>            APN 2833-016-901; 23652 Newhall Avenue; Lot 52 of Tract No. 2703 in the City of Santa Clarita, County of Los Angeles, State of California, as per map recorded in Book 28, Page(s) 20 to 26 inclusive of Maps in the office of the County Recorder of Said County. Except therefrom the southwesterly 20 feet as granted to the Santa of California per the document recorded January 21, 1975 as Instrument No. 239, Official Records, in said County Recorders Office.</p>	438,249	<p>Total purchase cost includes \$438,249 in RDA low- and moderate-income housing funds and \$293,123 in Community Development Block Grant entitlement funds.</p>
<p><b>Total Low and Moderate Income Housing Fund</b>  <b>Non-liquid Assets of Successor Agency as of 6/30/12</b></p>		<p><b>\$ 3,086,492</b></p>

\* Real property was transferred to the City of Santa Clarita on 3/15/11. The property was transferred to the Successor Agency on 2/01/12. These assets were included on the Housing Asset Transfer form submitted to the Department of Finance (DOF) on 8/01/12 and per the DOF letter dated 8/31/12, there were no objections to these transfers.

City of Santa Clarita Successor Agency  
Legally restricted for funding of an Enforceable Obligation  
Procedure #8A-01

<u>Included on approved July-December 2012 ROPS:</u>	
HDR Engineering contract (expires 12/31/12)	\$ 4,145
Anticipated Oversight Board legal costs (July-Dec 2012 ROPS)	<u>17,500</u>
	\$ 21,645
<b>Total</b>	<b><u><u>\$ 21,645</u></u></b>

Name of Redevelopment Agency: The City of Santa Clarita Redevelopment Agency  
 Project Area(s): Newhall Redevelopment Project Area

**DRAFT RECOGNIZED OBLIGATION PAYMENT SCHEDULE**  
 Per AB 26 - Section 34167 and 34169

Project Name / Debt Obligation	Payee	Description	Source of Funding	Total Outstanding Debt or Obligation	Total Due During Fiscal Year	Cash Balance to be retained to satisfy obligations	Monthly Payment Schedule					Total	
							Jul-12	Aug-12	Sep-12	Oct-12	Nov-12		Dec-12
1) Tax Allocation Bonds Series 2008 Housing Set-Aside Tax Alloc. Bonds Series 2008	Bank of New York	Bonds issued to fund redevelopment projects	Tax Increment Revenue	\$ 55,168,126.58	\$ 1,778,948.00	\$ 883,511.00							\$ 1,118,974.00
2) City Loan	Bank of New York	Bonds issued to fund low and moderate income housing projects and programs	Tax Increment Revenue	16,498,629.44	535,056.00								336,376.00
3) City Loan	City of Santa Clarita	Loan for public works project	Tax Increment Revenue	12,640,466.19	840,113.96	420,056.98							420,056.98
4) City Loan entered into on 12/09/09	City of Santa Clarita	Loan for public works project	Tax Increment Revenue	1,186,850.53	0.00								-
5) City Loan entered into on 6/22/10	City of Santa Clarita	Loan for public works project	Tax Increment Revenue	1,059,518.58	0.00								-
6a) Successor Agency Administrative Costs	Various	Administrative agency costs	Tax Increment Revenue (Admin. Cost Allowance)	250,000.00	250,000.00								125,000.00
6b) Successor Agency Administrative Costs	Various	Administrative agency costs	Retirement Fund Balance	276,796.00	276,796.00	138,398.00							138,398.00
7) Contract for Engineering Services	HDR Engineering	Engineering services for the Successor Agency	Tax Increment Revenue	4,145.00	4,145.00	690.83							4,145.00
8) Newhall Roundabout	So. Cal. Edison	Streetlight design and pole relocation	Tax Increment Revenue	115,000.00	115,000.00	115,000.00							115,000.00
9) Oversight Board Legal Expenses	T.B.D.	Legal costs associated with actions of the Oversight Board	Tax Increment Revenue	35,000.00	35,000.00	2,916.66							17,499.96
<b>Totals</b>				<b>\$ 87,234,532.32</b>	<b>\$ 3,835,088.96</b>	<b>\$ 1,136,909.00</b>	<b>\$ 66,673.83</b>	<b>\$ 66,673.83</b>	<b>\$ 66,673.83</b>	<b>\$ 66,673.83</b>	<b>\$ 66,673.83</b>	<b>\$ 66,673.83</b>	<b>\$ 2,275,461.94</b>

Page 2 amount \$ 708,321.00  
 Total \$ 1,445,230.00

**Procedure #9 Due Diligence Review:**

- The Oversight Board adopted Resolution #12-03 which authorized the use of fund balance, including funds formerly considered to be low- and moderate-income funds, to ensure all enforceable obligations could be paid for this time period.
- Item 1 Required to make debt service payment for the Tax Allocation Bond due on October 1, 2012.
  - Item 6b The total of \$526,696 requested for administration charges represents the true costs to be incurred by Successor Agency staff in winding down the former redevelopment agency and implementing the requirements of ABX 26 and AB 1484 during the 2012-2013 fiscal year. The Oversight Board recognized the high administrative burden placed on City Staff to complete this work and allowed the Successor Agency to utilize fund balance to pay the amount in excess of the \$250,000 allowable by ABX 26. The Department of Finance also approved using fund balance for this purpose.
  - Item 8 Cost of streetlight design and relocation of pole by Southern California Edison for the 5th Street & Newhall Avenue Roundabout project.

City of Santa Clara  
Los Angeles

RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS III)  
January 1, 2013 through June 30, 2013

Name of Successor Agency:  
County:

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	Cash Balance to be retained to satisfy obligations	LMHF	Bond Proceeds	Reserve Balance	Admin Allowance	RPTTF	Other	Six-Month Total
1	Tax Allocation Bonds Series 2008	06/03/08	10/01/12	Bank of New York	Bonds issued to fund redevelopment projects and programs	Newhall	\$ 54,049,183	\$ 3,540,723	\$ 708,321	\$ -	\$ -	\$ 708,321	\$ 125,000	\$ 1,724,304	\$ -	\$ 659,974
2	Housing Set-Aside Tax Alloc. Bonds Series 2008	06/03/08	10/01/12	Bank of New York	Bonds issued to fund low and moderate income housing projects and programs	Newhall	16,022,268	555,056					125,000			198,678
3	Successor Agency Administrative Costs	n/a	n/a	Various	Administrative agency costs	Newhall	125,000	250,000					125,000			125,000
4	Successor Agency Administrative Costs	n/a	n/a	Various	Administrative agency costs	Newhall	138,398	276,796	138,398			138,398				138,398
5	Due Diligence Review	pending	pending	Marcom LLP	Due Diligence Review - estimated cost	Newhall	15,000	15,000						15,000		15,000
6	Newhall Roundabout	sole source	10/01/12	Southern Call Edison	Streetlight design and pole relocation	Newhall	115,000	115,000						115,000		115,000
7	Tax Allocation Bonds Series 2008	06/03/08	10/01/12	Bank of New York	Reserve for September 2013 debt service payment	Newhall	0	0						7,848.84		7,848.84
8	Payments per CRL 33607.5			Consolidated Fire Protection District OF	Statutory Payment (Nov 2011 - Jan 2012)	Newhall	64,754.03	64,754.03	64,754.03			64,754.03				64,754.03
9	Payments per CRL 33607.5			Los Angeles County Fire - FPW	Statutory Payment (Nov 2011 - Jan 2012)	Newhall	1,763.43	1,763.43	1,763.43			1,763.43				1,763.43
10	Payments per CRL 33607.5			LA County Flood Control Imp. District Maint.	Statutory Payment (Nov 2011 - Jan 2012)	Newhall	565.25	565.25	565.25			565.25				565.25
11	Payments per CRL 33607.5			LA County Flood Control Maint.	Statutory Payment (Nov 2011 - Jan 2012)	Newhall	3,194.98	3,194.98	3,194.98			3,194.98				3,194.98
12	Payments per CRL 33607.5			Greater LA County Vector Control	Statutory Payment (Nov 2011 - Jan 2012)	Newhall	123.21	123.21	123.21			123.21				123.21
13	Payments per CRL 33607.5			County Sanitation District No. 32 Operating	Statutory Payment (Nov 2011 - Jan 2012)	Newhall	7,359.02	7,359.02	7,359.02			7,359.02				7,359.02
14	Payments per CRL 33607.5			City-Santa Clara TD #1	Statutory Payment (Nov 2011 - Jan 2012)	Newhall	21,896.34	21,896.34	21,896.34			21,896.34				21,896.34
15	Payments per CRL 33607.5			Santa Clara Street Light Maintenance	Statutory Payment (Nov 2011 - Jan 2012)	Newhall	8,164.70	8,164.70	8,164.70			8,164.70				8,164.70
16	Payments per CRL 33607.5			Castaic Lake Water Agency	Statutory Payment (Nov 2011 - Jan 2012)	Newhall	19,771.05	19,771.05	19,771.05			19,771.05				19,771.05
17	Payments per CRL 33607.5			Newhall County Water District	Statutory Payment (Nov 2011 - Jan 2012)	Newhall	311.75	311.75	311.75			311.75				311.75
18	Payments per CRL 33607.5			County School Services	Statutory Payment (Nov 2011 - Jan 2012)	Newhall	489.17	489.17	489.17			489.17				489.17
19	Payments per CRL 33607.5			Children's Institutional Tuition Fund	Statutory Payment (Nov 2011 - Jan 2012)	Newhall	970.85	970.85	970.85			970.85				970.85
20	Payments per CRL 33607.5			Newhall School District	Statutory Payment (Nov 2011 - Jan 2012)	Newhall	26,644.13	26,644.13	26,644.13			26,644.13				26,644.13
21	Payments per CRL 33607.5			County School Services Fund - Newhall	Statutory Payment (Nov 2011 - Jan 2012)	Newhall	2,554.79	2,554.79	2,554.79			2,554.79				2,554.79
22	Payments per CRL 33607.5			Dev. Center Handicapped Minor - Newhall	Statutory Payment (Nov 2011 - Jan 2012)	Newhall	281.26	281.26	281.26			281.26				281.26
23	Payments per CRL 33607.5			Saugus Union School District	Statutory Payment (Nov 2011 - Jan 2012)	Newhall	1,278.11	1,278.11	1,278.11			1,278.11				1,278.11
24	Payments per CRL 33607.5			County School Services Fund - Saugus U	Statutory Payment (Nov 2011 - Jan 2012)	Newhall	184.12	184.12	184.12			184.12				184.12
25	Payments per CRL 33607.5			Dev. Center Handicapped - Saugus Univ.	Statutory Payment (Nov 2011 - Jan 2012)	Newhall	21.09	21.09	21.09			21.09				21.09
26	Payments per CRL 33607.5			Hert William S Union High	Statutory Payment (Nov 2011 - Jan 2012)	Newhall	27,926.33	27,926.33	27,926.33			27,926.33				27,926.33
27	Payments per CRL 33607.5			County School Services Fund - Hert William	Statutory Payment (Nov 2011 - Jan 2012)	Newhall	116.41	116.41	116.41			116.41				116.41
28	Payments per CRL 33607.5			Hert William S - Elementary School	Statutory Payment (Nov 2011 - Jan 2012)	Newhall	14,693.95	14,693.95	14,693.95			14,693.95				14,693.95
29	Payments per CRL 33607.5			Santa Clara Community College	Statutory Payment (Nov 2011 - Jan 2012)	Newhall	12,825.56	12,825.56	12,825.56			12,825.56				12,825.56
30	Payments per CRL 33607.5			Castaic Lake Water Agency	Statutory Payment (Nov 2011 - Jan 2012)	Newhall	134,069.72	134,069.72	134,069.72			134,069.72				134,069.72
31	Payments per CRL 33607.8 Debt Service			Los Angeles County Auditor Controller	Sec 33607.8 Payment (Nov 2011 - Jan 2012)	Newhall	29,006.43	29,006.43	29,006.43			29,006.43				29,006.43
32	Payments per CRL 33607.5			Los Angeles County Auditor Controller	Statutory Payment (subordinated 6/1/12)	Newhall	68,398.60	68,398.60	68,398.60			68,398.60				68,398.60
33	ERAF			Los Angeles County Auditor Controller	Statutory Payment	Newhall	114,707.83	114,707.83	114,707.83			114,707.83				114,707.83
34	ERAF Impound			Los Angeles County Auditor Controller	Statutory Payment	Newhall										
<p>Due Diligence Review Procedure #9</p> <p>The Oversight Board adopted Resolution #12-05 which authorized the use of fund balances, including funds formerly considered to be low- and moderate-income funds, to ensure all enforceable obligations could be paid for this time period.</p> <p>The total of \$326,696 requested for administration charges represents the true costs to be incurred by Successor Agency staff in winding down the former redevelopment agency and implementing the requirements of ABX 26 and AB 1484 during the 2012-2013 fiscal year. The Oversight Board recognized the high administrative burden placed on City Staff to complete this work and allowed the Successor Agency to utilize fund balance to pay the amount in excess of the \$230,000 allowable by ABX 26. The Department of Finance also approved using fund balances for this purpose.</p> <p>The Agency, based on the advice of the DOF, did not include the unpaid pass-through payments to taxing entities for the period July 1, 2011 through January 31, 2012 on the January 31, 2012 ROPS. AB 1484 required the County Auditor Controller to make a demand for the "on hold" tax for the period November 2011 through January 2012. The calculation of the overpayment deducted obligations listed on the January - June 2013 ROPS. However, since the SA did not include the pass-through payments on the ROPS, no credit was received for those amounts owed. The SA remitted \$543,415.89 to the County A-C on 7/12/12. Per AB 1484, if the pass-through payments for the period of July 1, 2011 through January 31, 2012 were not made, the County A-C is to deduct the amount of those pass-through payments from the next distribution of tax increment which otherwise is meant to pay for the expenses appearing on the January through June 2013 ROPS. If that deduction is made, the SA will have a shortfall in terms of paying the expenses listed on the January - June 2013 ROPS. As the SA could make up that shortfall with existing revenue balances, the ROPS included those pass-through payments being paid by current fund balance.</p>																

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

Total amount of assets held by the successor agency as of June 30, 2012 (procedure 5) (Exhibit 5-01)	\$ 11,961,179
Add the amount of any assets transferred to the city or other parties for which an enforceable obligation with a third party requiring such transfer and obligating the use of the transferred assets did not exist (procedures 2 and 3)	-
Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments (procedure 6) (Exhibit 6A-01)	(5,325,978)
Less assets that are not cash or cash equivalents (e.g., physical assets) - (procedure 7) (Exhibit 7A-01)	(3,086,492)
Less balances that are legally restricted for the funding of an enforceable obligation (net of projected annual revenues available to fund those obligations) - (procedure 8D) (Page 13 attachment A)	(757,297)
Less balances needed to satisfy ROPS for the 2012-13 fiscal year (procedure 9) (Exhibit 9-01)	(1,845,230)
Less the amount of payments made on July 12, 2012 to the County Auditor-Controller as directed by the California Department of Finance	<u>(543,416)</u>
Amount to be remitted to county for disbursement to taxing entities	<u>\$ 402,766</u>

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

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

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