

City of Loma Linda
(Successor Agency)

Low and Moderate Income Housing Fund

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

**CITY OF LOMA LINDA
(SUCCESSOR AGENCY)
LOW AND MODERATE INCOME HOUSING FUND**

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

County of San Bernardino
San Bernardino County Auditor-Controller/
Treasurer/Tax Collector
San Bernardino, California

Oversight Board
City of Loma Linda
(Successor Agency)
Loma Linda, California

We have performed the agreed-upon procedures enumerated in Attachment A, which were agreed to by the California State Controller's Office and California Department of Finance ("State Agencies") and City of Loma Linda solely to assist you in ensuring that the Low and Moderate Income Housing Fund of City of Loma Linda (acting as Successor Agency) is complying with its statutory requirements with respect to AB1484. Management of the City of Loma Linda 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 Loma Linda 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
October 1, 2012

**City of Loma Linda (Successor Agency)
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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 \$1,506,020.70.

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 of the Successor Agency, there were no 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.

Procedure 2B

See Exhibit 2B-01 for 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.

Procedure 2C

We obtained a copy of the City of Loma Linda Resolution No. 2721 which establishes the Loma Linda Housing Authority and resolution No. 2722 which designates the Loma Linda Housing Authority as the entity receiving the transfer of housing assets of the former redevelopment agency. In the opinion of the Successor Agency, the transfer was made in accordance with AB 1484 Section 34176 (a)(2)(b) that formed the basis of for the enforceable obligation that requires the transfer. However, the City of Loma Linda received a letter from the Department of Finance dated September 28, 2012 (Exhibit 2C-01) regarding Department of Finance's review of the Housing Assets Transfer Form, in which it disallows some of the asset transfers to Loma Linda Housing Authority. See Exhibit 2C-01 for the copy of the letter.

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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.

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

See Exhibit 3A-01 for the listing 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.

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Procedure 3B

Based on the representation by the Successor Agency, there are no transfers (excluding payments for goods and services) 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

For the transfer made for the period from January 1, 2011 through June 30, 2011, we were provided with the following documents which, in the opinion of the Successor Agency, formed the basis for the enforceable obligation that required the transfer:

- (1) 25438 Sonora Loop property: We were provided with the California residential purchase agreement and joint escrow instructions dated May 11, 2011 that was signed by Loma Linda Redevelopment Agency (LLRDA) but was not signed by the seller, Fannie Mae Mortgage Association (FNMA). We were also provided with a copy of the notarized grant deed dated May 24, 2011 that was signed by FNMA's attorney in fact. We also inspected the approved resolution no. 343 authorizing and ratifying the execution of an agreement for the purchase of the property from FNMA. The resolution was approved and adopted on May 24, 2011.

For the transfers made for the period from July 1, 2011 through January 31, 2012, we were provided with the following documents which, in the opinion of the Successor Agency, formed the bases for the enforceable obligations that required the transfers:

- (1) 24966 Court Street property: We were provided with the executed quit claim deed between LLRDA and Hameed and Nasreen Barkat (grantors) dated August 19, 2010. The unpaid loan balance was \$134,854.40. Based on the representation by the Successor Agency, the difference between the amount reported in Exhibit 3A-01 and the unpaid loan balance consists of payments made for the upkeep of the property which the Successor Agency's RDA counsel advised them to capitalize until the property is sold. These payments are for goods and services that are not considered transfers for the purpose of this agreed upon procedures report.
- (2) 25368 Durango Loop property: Based on the representation of the Successor Agency, the transfers reported in Exhibit 3A-01 are for payments made for the upkeep of the property which the Successor Agency's RDA counsel advised them to capitalize until the property is sold. These payments are for goods and services and are not considered transfers for the purpose of this agreed upon procedures report.

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- (3) 25384 Durango Loop property: We were provided with the executed housing disposition agreement dated May 24, 2011 between LLRDA and Luis and Gloria Vargas to provide for the sale of this property to a low income household at affordable housing cost. We were also provided with the resolution no. 342 that approves the housing disposition agreement. The resolution was approved and adopted on May 24, 2011.
- (4) 25438 Sonora Loop property: Based on the representation of the Successor Agency, the transfers reported in Exhibit 3A-01 are for payments made for the upkeep of the property which the Successor Agency's RDA counsel advised them to capitalize until the property is sold. These payments are for goods and services and are not considered transfers for the purpose of this agreed upon procedures report.
- (5) 25530 Portola Loop property: Based on the representation of the Successor Agency, the transfers reported in Exhibit 3A-01 are for payments made for the upkeep of the property which the Successor Agency's RDA counsel advised them to capitalize until the property is sold. These payments are for goods and services and are not considered transfers for the purpose of this agreed upon procedures report.
- (6) 25613 Prospect property: We were provided with the executed purchase and sale agreement and joint escrow instructions between LLRDA as the buyer and Stephen Eskaros dated January 14, 2011. We were also provided with the grant deed executed on July 13, 2011 acknowledging that the seller is granting the property to LLRDA. We were also provided with resolution no. 347 approving and authorizing the execution of the purchase and sale agreement. The resolution was approved and adopted on June 14, 2011.
- (7) Mountain View Avenue property: Based on the representation of the Successor Agency, the transfers reported in Exhibit 3A-01 are for payments made for the upkeep of the property which the Successor Agency's RDA counsel advised them to capitalize until the property is sold. These payments are for goods and services and are not considered transfers for the purpose of this agreed upon procedures report.

CITATION:

Section 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.

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Procedure 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/Findings:

Procedure 4A

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

Procedure 4C

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

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Procedure 4D

The procedure required by Section 34179.5(c)(4) above pertains to the Successor Agency as a whole. 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).
- 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).

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iii) 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

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 unspent bond proceeds.

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

We were provided by the Successor Agency a computation of the restricted balance (Exhibit 6D-01). We traced the individual components of this computation to the Loma Linda Redevelopment Agency 2008 Taxable Housing Tax Allocation Bond document. We compared all information on the schedule to the debt service schedule of the Loma Linda Redevelopment Agency 2008 Taxable Housing Tax Allocation Bond document and noted that the debt service payment due on July 1, 2012 is \$609,345. However, the amount that was restricted is only \$579,402 which is the remaining cash balance as of June 30, 2012. In the opinion of the Successor Agency, the bond document formed the basis for the restriction of this balance.

Procedure 6D

See Exhibit 6D-01 for schedule of other assets considered to be legally restricted. The restriction for the bond reserve account in the amount of \$890,000 is in effect until the final debt service payment is due on July 1, 2029. The restriction for the cash with trustee for debt service in the amount of \$579,042 is effect until the next debt service payment is due on July 1, 2012. The interest earned on the bond reserve in the amount of \$16,121 is restricted for debt service payment with respect to the 2008 bonds.

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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 statements (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

This procedure is not applicable. There are no assets as of June 30, 2012 that are not liquid or otherwise available for distribution.

Procedure 7B

This procedure is not applicable. There are no assets as of June 30, 2012 that are not liquid or otherwise available for distribution.

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Procedure 7C

This procedure is not applicable. There are no assets as of June 30, 2012 that are not liquid or otherwise available for distribution.

Procedure 7D

This procedure is not applicable. There are no assets as of June 30, 2012 that are not liquid or otherwise available for distribution.

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.
- 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.

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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.
- 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/Findings:

Procedure 8A

This is not applicable. The Successor Agency does not believe that asset balances need to be retained to satisfy enforceable obligations.

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

This procedure is not applicable. The Successor Agency does not believe 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).

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Procedure 8D

Procedures 8A through 8C were not performed. Therefore, this procedure is not applicable.

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:

The Successor Agency does not believe that cash balances as of June 30, 2012 need to be retained to satisfy obligations on the ROPS for the period of July 1, 2012 through June 30, 2013 other than those identified in Procedure 8D.

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.

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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 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 Loma Linda
 Successor Redevelopment Agency
 Transfer of RDA Low-Mod Housing Assets to Housing Authority**

Fund 80	Balance As of 2/1/12	"Housing Asset" as defined per in section 34176 (e)
1022 Accounts Receivable Miscellaneous	\$ 285.00	(3) & (4)
1024 Interest Receivable	2,964.66	(3) & (4)
1028 OPA & Deferred Loans	108,150.67	(3) & (4)
1030 Housing Assistance Loans	274,048.20	(3) & (4)
1031 First-Time Homebuyers	250,544.04	(3) & (4)
1032 Housing Loans/Grant Program	20,400.00	(3) & (4)
1033 RDA-Impound Account - 001	132,835.43	(3) & (4)
1035 RDA-Impound Account - 003	342,872.24	(3) & (4)
1036 RDA-Impound Account - 004	137,483.33	(3) & (4)
1037 RDA-Impound Account - 005	344,120.14	(3) & (4)
1038 RDA-Impound Account - 006	127,845.23	(3) & (4)
1039 RDA-Impound Account - 007	336,275.18	(3) & (4)
1040 RDA-Impound Account - 08	158,567.41	(3) & (4)
1041 RDA-Impound Account - 09	151,458.43	(3) & (4)
1042 RDA-Impound Account - 10	150,572.49	(3) & (4)
1043 RDA-Impound Account - 11	168,798.83	(3) & (4)
1044 RDA-Impound Account - 12	789,050.66	(3) & (4)
1047 Notes Receivable	10,841,316.00	(1) & (4)
1051 Settlement Receivable	285,746.74	(1) & (5)
1081 Land Held For Resale	3,650,338.80	(1)
1149 Allowance For Uncollectible Note	(2,092,475.00)	(4)
Total Assets fund 80	\$ 16,181,198.48	

*** Per AB 1484, Section 34176 (a) (2) (b)** If a city, county, or city and county does not elect to retain the responsibility for performing housing functions previously performed by a redevelopment agency, all rights, powers, assets, duties, and obligations associated with the housing activities of the agency, excluding enforceable obligations retained by the successor agency and any amounts in the Low and Moderate Income Housing Fund, shall be transferred as follows: (1) If there is no local housing authority in the territorial jurisdiction of the former redevelopment agency, to the Department of Housing and Community Development. (2) If there is one local housing authority in the territorial jurisdiction of the former redevelopment agency, to that local housing authority.

Subdivision (e) For purposes of this part, "housing asset" includes all of the following:

(1) Any real property, interest in, or restriction on the use of real property, whether improved or not, and any personal property provided in residences, including furniture and appliances, all housing-related files, and loan documents, office supplies, software licenses, and mapping programs, that were acquired for low and moderate-income housing purposes, either by purchase or through a loan, in whole or in part, with any source of funds.

(2) Any funds that are encumbered by an enforceable obligation to build or acquire low-moderate-income housing, as defined by the Community Redevelopment Law (Part 1 (commencing with Section 33000)) unless required in the bond covenants to be used for repayment purposes of the bond.

**City of Loma Linda
Successor Redevelopment Agency
Transfer of RDA Low-Mod Housing Assets to Housing Authority**

(3) Any loan or grant receivable, funded from the Low-Moderate Income Housing Fund, from homebuyers, homeowners, nonprofit or for-profit developers, and other parties that require occupancy by persons of low or moderate income as defined by Community Redevelopment Law (Part 1 (commencing with Section 33000)).

(4) Any funds derived from rents or operation of properties acquired for low and moderate-income housing purposes by other parties that were financed with any source of funds, including residual receipts payments from developers, conditional grant repayments, cost savings and proceeds from refinancing, and principal and interest payments from homebuyers subject to enforceable income limits.

(5) A stream of rents or other payments from housing tenants or operators of low and moderate-income housing financed with any source of funds that are used to maintain, operate, and enforce the affordability of housing or for enforceable obligations associated with low and moderate-income housing.



September 28, 2012

Mr. Jarb Thaipejr, Executive Director
City of Loma Linda
25541 Barton Road
Loma Linda, CA 92354

Dear Mr. Thaipejr:

Subject: Housing Assets Transfer Form

Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the City of Loma submitted a revised Housing Assets Transfer Form (Form) to the California Department of Finance (Finance) on August 27, 2012 for the period February 1, 2012 through July 31, 2012.

HSC section 34176 (e) defines a housing asset. Assets transferred deemed not to be a housing asset shall be returned to the successor agency. Finance has completed its review of your Form, which may have included obtaining clarification for various items. Based on a sample of line items reviewed and the application of law, Finance is objecting to the following assets or transfer of assets identified on your Form:

Exhibit A-1 Real Property – Items 2 through 4, 7 through 12, 15 through 18, 22 through 23, and 29. Sufficient documentation was not provided demonstrating properties were acquired for low and moderate income purposes. In addition, Item 23 was not owned by the former redevelopment agency, and does not meet the definition of a housing asset, and Item 29 was acquired after June 27, 2011. HSC section 34163 (e) prohibits agencies from acquiring real property by any means for any purpose after June 27, 2011.

Except for items disallowed as noted above, Finance is not objecting to the remaining items, if any, listed on your Form. If you disagree with our determination with respect to any items on the Form, you may request a Meet and Confer within five business days of receiving this letter.

Please direct inquiries to Nichelle Thomas, Supervisor or Susana Medina Jackson, Lead Analyst at (916) 445-1546.

Sincerely,

STEVE SZALAY
Local Government Consultant

cc: On following page

Mr. Jareb Thaipejr
September 28, 2012
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cc: Ms. Diana De Anda, Finance Officer, City of Loma Linda
Ms. Vanessa Doyle, Property Tax Manager, San Bernardino County
California State Controller's Office

CITY OF LOMA LINDA
 ASSET TRANSFER
 FOR THE PERIOD JANUARY 1, 2011 THROUGH JUNE 30, 2011

PROPERTIES Address	APN'S	BEG BALANCE	ADDITIONS	ACQ. DATE	SALE	END BALANCE
59-1081						
25438 Sonora Loop			127,187.15	6/3/2011		127,187.15
TOTAL		-	127,187.15		-	127,187.15

Notes:

- 1) Property Purchased to preserve the Low-Mod Housing Covenant.

**CITY OF LOMA LINDA
ASSET TRANSFERS
FOR THE PERIOD JULY 1, 2011 THROUGH JANUARY 31, 2012**

TRANSFERS

PROPERTIES Address	APN'S	ACQ. DATE	BEG BALANCE 7/1/2011	ADDITIONS	SALE	END BALANCE 1/31/2012
59-1081						
1) LHFR 24966 Court St	0283-082-11	8/24/2010		\$ 144,824.41		\$ 144,824.41
* LHFR 25368 Durango Loop	0283-281-15	8/10/2010	\$ 151,917.26	527.09		152,444.35
2) LHFR 25384 Durango Loop	0283-281-20	7/29/2010	143,467.29		\$ (143,467.29)	-
* LHFR 25438 Sonora Loop	0283-271-03	6/3/2011	127,187.15	9,592.92		136,780.07
* LHFR 25530 Portola Loop	0283-271-23	5/12/2010	128,362.20	553.36		128,915.56
3) LHFR 25613 Prospect	APN 0283-281-29	7/14/2011		144,693.36		144,693.36
* LHFR None MT View Avenue-Land	APN 0283-192-22	1/31/2011	37,236.78	371.05		37,607.83
TOTAL			\$ 588,170.68	\$ 300,562.19	\$ (143,467.29)	\$ 745,265.58

Notes

- 1) LHFR
- * LHFR
- 2) LHFR
- * LHFR
- * LHFR
- 3) LHFR
- * LHFR

Notes

- * These additions are for upkeep of the property until a sale occurs. According to RDA Counsel, these costs get added to the carrying value of the property until sold.
- 1) Property was subject to a loan the former RDA Housing was carrying, Owner went into foreclosure and quit claimed the property to the former RDA on 3/22/11. Former RDA did not receive Title until this fiscal period.
- 2) Property was sold on 7/1/2011 to Vargas and is now carrying a First Time Home Buyers loan.
- 3) Property was purchased on 7/14/11 to preserve the Low-Mod Affordability Covenant.

**City of Loma Linda
Successor Redevelopment Agency
Balances as of 6/30/12**

Total Assets of the former RDA LMIHF (fd59) - Transferred to RDA Successor LMIHF (fd56).

Fund 56	Balance 6/30/12
1001 Cash	\$ -
1020 Taxes Receivable	-
1022 Accounts Receivable Miscellaneous	-
1024 Interest Receivable	-
1046 Cash With Fiscal Agent	1,485,163.23
1050 Due From Other Funds	-
1070 Prepaid Expenses	-
	<hr/>
Total Assets	<u>\$ 1,485,163.23</u>

**City of Loma Linda
Successor Redevelopment Agency
Legally Restricted**

Fund 56	Balance 6/30/12
1046 Cash With Fiscal Agent	\$ 1,485,163.23
Total Restricted Assets	<u>\$ 1,485,163.23</u>

Debt Service Reserve and payment required per 2008 Taxable Housing Tax Allocation Bonds funds held by Trustee.

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)	\$ 1,485,163
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 6D-01)	(1,485,163)
Less assets that are not cash or cash equivalents (e.g., physical assets) - (procedure 7)	-
Less balances that are legally restricted for the funding of an enforceable obligation (net of projected annual revenues available to fund those obligations) - (procedure 8)	-
Less balances needed to satisfy ROPS for the 2012-13 fiscal year (procedure 9)	-
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	\$ -

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.