



AGENDA

SPECIAL MEETING OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE FORMER ADELANTO REDEVELOPMENT AGENCY

**JUNE 19, 2013
TIME 5:30 P.M.**

**Adelanto Governmental Center
City Council Chambers
11600 Air Expressway, Adelanto**

NOTE: PLEASE TURN **CELL PHONES OFF** OR PLACE THEM **ON VIBRATE** DURING THE OVERSIGHT BOARD MEETING AS A COURTESY TO OTHERS. *Thank you, Administrative Staff*

The Oversight Board packet may be reviewed by the public at the reception counter in City Hall. Any writings or documents pertaining to an open session item, provided to a majority of the Oversight Board Members within 72 hours of a regular meeting, shall be made available for public inspection at the reception counter in City Hall at 11600 Air Expressway, Adelanto, CA 92301, during normal business

A. CALL TO ORDER

hours. **Members of the public can view the agenda or download any staff reports in advance by accessing the City website at www.ci.adelanto.ca.us on Thursday the week before the scheduled meeting.**

AMERICANS WITH DISABILITIES ACT: *In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk Department, (760) 246-2300 ext. 3001 no later than 72 hours prior to the meeting. (28 CFR 34.102.104 ADA TITLE II)*

TIME IN: _____

ROLL CALL BOARD MEMBERS:

- D. James Hart, Ph.D., City of Adelanto Employee Appointee _____
- Imran Farooq, Ph.D., County Board of Supervisors Public Member Appointee _____
- Allen Christensen, County Board of Supervisors _____
- _____, **Community College District Chancellor Appointee** *Vacant*
- Debbie Budd, County Superintendent of Education Appointee _____
- Lori Yuan, County Special District Appointee, Vice Chairman _____
- Steven R. Baisden, City of Adelanto Appointee, Chairman _____

FLAG SALUTE: _____

**SPECIAL MEETING
OVERSIGHT BOARD OF THE SUCCESSOR AGENCY
TO THE FORMER ADELANTO REDEVELOPMENT AGENCY
DATE JUNE 19, 2013**

B. DELETIONS/ADDITIONS TO AGENDA

1. City Manager to announce if there is any addition/removal of items from the agenda.

C. PUBLIC COMMUNICATION

Members of the public wishing to address the Oversight Board Members are required to fill out a speaker card and hand it to the Clerk of the meeting. This is the time and place for members of the public to comment on any matter within the jurisdiction of the Oversight Board. After receiving recognition from the Chair, the speaker will walk to the podium and state their name for the record. There is a time limit of three (3) minutes when giving your presentation.

Members of the audience may address the Oversight Board on non-agenda items; however, in accordance with Government Code Section 54954.2, the Oversight Board may not take action on an item not appearing on the posted agenda.

D. BOARD ACTIONS

1. ADOPTION OF RESOLUTION NO. 13-04 APPROVING THE AUDITORS REPORT ON THE NON-HOUSING INCOME FUND PURSUANT TO AB 1484 DUE DILIGENCE REVIEW.

RECOMMENDED ACTION: That the Oversight Board adopt Resolution OB No. 13-04 Approving the auditors' report on the non-housing income fund pursuant to AB 1484 Due Diligence Review.

OB RESOLUTION NO. 13-04

A RESOLUTION OF THE OVERSIGHT BOARD OF
THE SUCCESSOR AGENCY TO THE ADELANTO
REDEVELOPMENT AGENCY APPROVING
THE DUE DILIGENCE REVIEW OF THE OTHER
REDEVELOPMENT AGENCY FUNDS CONDUCTED
PURSUANT TO HEALTH AND SAFETY CODE
SECTION 34179.5

M _____ S _____ ACTION _____

**SPECIAL MEETING
OVERSIGHT BOARD OF THE SUCCESSOR AGENCY
TO THE FORMER ADELANTO REDEVELOPMENT AGENCY
DATE JUNE 19, 2013**

E. BOARD MEMBER AND STAFF COMMENTS

- A. Chair.
- B. Members of the Oversight Board.

F. CALENDARING OF FUTURE AGENDA ITEMS

- 1.

G. ADJOURNMENT


The next Regular Meeting of the Oversight Board will be held on August 22, 2013, at 4:00 p.m. Unless a Special Meeting is called.

TIME OUT: _____

M _____ S _____ ACTION _____

H. DECLARATION OF POSTING

I, CYNTHIA M. HERRERA, CITY CLERK/SECRETARY FOR THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE ADELANTO REDEVELOPMENT AGENCY HEREBY CERTIFY THAT A TRUE, ACCURATE COPY OF THE FOREGOING AGENDA WAS POSTED ON JUNE 14, 2013, SEVENTY TWO (72) HOURS PRIOR TO THE MEETING PER GOVERNMENT CODE 54954.2 IN THE GOVERNMENTAL CENTER'S DISPLAY CASE, 11600 AIR EXPRESSWAY, ADELANTO, CALIFORNIA.



Cynthia M. Herrera, City Clerk/Secretary of the Board, MMC



**OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE
FORMER ADELANTO REDEVELOPMENT AGENCY**

ADELANTO GOVERNMENTAL CENTER | 11600 AIR EXPRESSWAY | ADELANTO, CALIFORNIA 92301

SPECIAL MEETING

OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE FORMER ADELANTO REDEVELOPMENT AGENCY

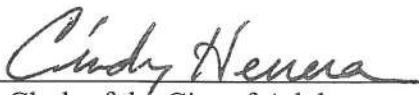
NOTICE IS HEREBY GIVEN that the meeting of the Successor Agency to the Former Adelanto Redevelopment Agency will meet at the following time and place.

TIME

Special Meeting 5:30 p.m.
Wednesday
June 19, 2013

PLACE

Adelanto Governmental Center
Adelanto Council Chambers
11600 Air Expressway
Adelanto, CA 92301


Cindy Herrera
City Clerk of the City of Adelanto
and of the City Council thereof



**OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE
FORMER ADELANTO REDEVELOPMENT AGENCY**

ADELANTO GOVERNMENTAL CENTER | 11600 AIR EXPRESSWAY | ADELANTO, CALIFORNIA 92301

DATE: June 19, 2013

TO: Members of the Oversight Board

FROM: D. James Hart, Ph.D., City Manager

BY: Vanessa Martinez, Assistant Finance Director *VM*

SUBJECT: ADOPTION OF RESOLUTION NO. 13-04 APPROVING THE AUDITORS REPORT
ON THE NON-HOUSING INCOME FUND PURSUANT TO AB 1484 DUE
DILIGENCE REVIEW.

STAFF RECOMMENDATION:

That the Oversight Board adopt Resolution OB 13-04 approving the auditors' report on the non-housing income fund pursuant to AB 1484 Due Diligence Review.

BACKGROUND:

Pursuant to Assembly Bill 1484 and more specifically Health & Safety Code section 34179.5, each Successor Agency must employ a licensed audit team, approved by the County Auditor-Controller to conduct a Due Diligence Review ("DDR") to determine unobligated balances from the former redevelopment agency available for transfer to taxing entities. The process was to occur in two phases with a DDR of the Low & Moderate Income Housing Fund ("LMIHF") to be done by October 15, 2012 and all other non-housing cash balances from the redevelopment agency to be completed by December 15, 2012.

The results of each DDR must be reviewed by the Oversight Board at a public comment session at least five business days before the Oversight Board holds a meeting to approve the DDR and consider any opinions offered by the County Auditor-Controller on the auditors' review.

Although the deadline for submittal of the Housing DDR was intended to be October 15, 2012, many jurisdictions were unable to meet that deadline due to the availability of approved auditors. Therefore, the Department of Finance asked that cities work diligently on completing the review and provide them with an estimated target date for completion. There were no penalties involved for not making the October 1 date.

FISCAL IMPACT:

The Non-Housing Income Fund Due Diligence Review shows a negative amount to be remitted to county for disbursement, so at this time no funds will be remitted to the County for disbursement. No impact to the General Fund.

ATTACHMENTS:

Resolution No. OB 13-04

Exhibit A – Due Diligence Review on Non-Housing Income Fund

OVERSIGHT BOARD RESOLUTION NO. 13-04

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE ADELANTO REDEVELOPMENT AGENCY APPROVING THE DUE DILIGENCE REVIEW OF THE OTHER REDEVELOPMENT AGENCY FUNDS CONDUCTED PURSUANT TO HEALTH AND SAFETY CODE SECTION 34179.5

WHEREAS, the Oversight Board of the Successor Agency to Adelanto Redevelopment Agency has been appointed pursuant to the provision of Health & Safety Code Section 34179; and

WHEREAS, Health and Safety Code Section 34179.5 requires the Successor Agency to employ a licensed accountant, approved by the county auditor-controller, to conduct a due diligence review to determine the unobligated balances available for transfer to taxing entities; and

WHEREAS, Health and Safety Code Section 34179.6 requires the Successor Agency to submit the results of the review conducted pursuant to Section 34179.5 for the Other Redevelopment Agency Funds and specifically the amount of cash and cash equivalents determined to be available for allocation to taxing entities (the "Due Diligence Review") to the Successor Agency's Oversight Board for review and approval; and

WHEREAS, the Successor Agency submitted to the Oversight Board, the County Administrative Officer, and the County Auditor-Controller, the State Controller and the Department of Finance ("DOF") the Due Diligence Review; and

WHEREAS, pursuant to Health and Safety Code Sections 34179.6(b), upon receipt of the Due Diligence Review, and at least five business days before the Oversight Board considers the approval of the Due Diligence Review, the Oversight Board must hold a public comment session at which time the public has the opportunity to hear and be heard on the results of the Due Diligence Review and at which time the Oversight Board considers the opinions, if any, offered by the County Auditor-Controller on the results of the Due Diligence Review; and

WHEREAS, on June 13, 2013, the Oversight Board had held the public comment session pursuant to Health and Safety Code Section 34179.6(b); and

WHEREAS, a subsequent meeting on June 18, 2013 was held to conclude the public comment session and review period, at which time the Oversight Board considered final approval of the Due Diligence Review.

NOW, THEREFORE, BE IT RESOLVED, by the Oversight Board of the Successor Agency to Adelanto Redevelopment Agency as follows:

OB RESOLUTION NO. 13-04
PAGE 2

SECTION 1. The above recitals are true and correct and a substantive part of this Resolution.

SECTION 2. The Oversight Board hereby approves the Due Diligence Review.

PASSED, APPROVED AND ADOPTED by the Oversight Board at the meeting held on the 18th day of June, 2013.

Steven R. Baisden, Chair of Oversight Board

ATTEST:

Cynthia M. Herrera, Secretary of
Oversight Board

I, CINDY M. HERRERA, Secretary to the Oversight Board, do hereby certify that the foregoing Resolution No. OB 13-04 was duly and regularly adopted at a meeting of the Oversight Board held on the 18th day of June, 2013, by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

IN WITNESS THEREOF, I hereunto set my hand affix the official seal of the City of Adelanto, on the 18th day of June, 2013.

Cynthia M. Herrera, Secretary of
Oversight Board

**SUCCESSOR AGENCY OF
THE REDEVELOPMENT AGENCY OF THE
CITY OF ADELANTO**

**AGREED UPON PROCEDURES – AB1484
OTHER FUNDS OF THE SUCCESSOR AGENCY**

June 30, 2012

**SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF ADELANTO
AGREED UPON PROCEDURES – AB1484
OTHER FUNDS OF THE SUCCESSOR AGENCY**

TABLE OF CONTENTS
June 30, 2012

Independent Accountants' Report on Applying Agreed Upon Procedures	1
Attachment A – Agreed Upon Procedures Results	2
Attachment B – Asset Transfer List to the Successor Agency on February 1, 2012 – Other Funds	8
Attachment C – Asset Transfer List from January 1, 2011 to January 31, 2012 – Other Funds	10
Attachment D – Summary Schedule of Financial Transactions	11
Attachment E – Asset Listing as of June 30, 2012 – Other Funds	12
Attachment F – Asset Listing for Restricted Balances as of June 30, 2012 – Other Funds	13
Attachment G – Non-Liquid Assets as of June 30, 2012 –Other Funds.....	14
Attachment H – Recognized Obligation Payment Schedule	15
Attachment I – Allocation to Affected Taxing Entities – Other Funds	16



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED UPON PROCEDURES

Oversight Board of the Successor Agency
City of Adelanto
Adelanto, California 92301

We have performed the procedures enumerated below solely to assist in ensuring that the Successor Agency of the Redevelopment Agency of the City of Adelanto is complying with its statutory requirements with respect to AB1484. Management of the Successor Agency is responsible for the accounting records pertaining to statutory compliance pursuant to Health and Safety Code Section 34179.5.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The scope of this engagement was limited to performing the agreed-upon procedures with respect to AB1484.

Attachment A – Agreed Upon Procedures Results

Attachment B – Asset Transfer List to the Successor Agency on February 1, 2012 – Other Funds

Attachment C – Asset Transfer List from January 1, 2011 to January 31, 2012 – Other Funds

Attachment D – Summary Schedule of Financial Transactions

Attachment E – Asset Listing as of June 30, 2012 – Other Funds

Attachment F – Asset Listing for Restricted Balances as of June 30, 2012 – Other Funds

Attachment G – Non-Liquid Assets as of June 30, 2012 – Other Funds

Attachment H – Recognized Obligation Payment Schedule

Attachment I – Allocation to Affected Taxing Entities – Other Funds

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion as to the appropriateness of the results summarized in Attachment A through Attachment I. 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 of the Oversight Committee, Management, California State Controller's Office, Department of Finance, and San Bernadino County Auditor-Controller, and is not intended to be and should not be used by anyone other than these specified parties.

MOSS, LEVY & HARTZHEIM, LLP
Culver City, California
June 3, 2013

SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF ADELANTO
AGREED-UPON PROCEDURES OF AB1484
ATTACHMENT A – AGREED UPON PROCEDURE RESULTS

Procedures Applied

1. Obtain from the Successor Agency a listing of all assets that were transferred from the former redevelopment agency to the Successor Agency on February 1, 2012. Agree the amounts on this listing to account balances established in the accounting records of the Successor Agency. Identify in the Agreed-Upon Procedures (AUP) report the amount of the assets transferred to the Successor Agency as of that date.

Result:

The former Redevelopment Agency did not create new Successor Agency funds. As of February 1, 2012 Other Funds assets totaled \$21,565,169, of which \$21,058,431 is from the former City of Adelanto Redevelopment Agency and \$506,738 is City of Adelanto portion of Victor Valley Economic Development Authority. See Attachment B for the listing of all assets that were transferred.

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, performed 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.

Result:

Assets of \$1,802,864 (\$1,514,300 land held for resale and \$288,564 capital assets) were conveyed from the former Redevelopment Agency to the City of Adelanto from January 1, 2011 through January 31, 2012. These assets are not supported by enforceable obligations or any other legal requirements. Therefore, \$1,802,864 will be added back to total amount of assets held by the successor agency as of June 30, 2012. See Attachment C.

- 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.

Result:

No assets were transferred (excluding payments for goods and services) from the Successor Agency to the city, county, or city and county that formed the redevelopment agency from February 1, 2012 through June 30, 2012.

- C. For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required any transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.

Result:

Assets of \$1,802,864 (\$1,514,300 land held for resale and \$288,564 capital assets) were conveyed from the former Redevelopment Agency to the City of Adelanto from January 1, 2011 through January 31, 2012. These assets are not supported by enforceable obligations or any other legal requirements. Therefore, \$1,802,864 will be added back to total amount of assets held by the successor agency as of June 30, 2012. See Attachment C

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:

SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF ADELANTO
AGREED-UPON PROCEDURES OF AB1484
ATTACHMENT A – AGREED UPON PROCEDURE RESULTS

- 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.

Result:

No assets were transferred (excluding payments for goods and services) from the Successor Agency to any other public agency or private parties from January 1, 2011 through January 31, 2012.

- B. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Successor Agency to any other public agency or private parties for the period from February 1, 2012 through June 30, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report

Result:

No assets were transferred (excluding payments for goods and services) from the Successor Agency to any other public agency or private parties from February 1, 2012 through June 30, 2012.

- C. For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required any transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.

Result:

We found no exceptions as a result of the procedures performed.

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.

Result:

See Attachment D for the financial transactions of the former Redevelopment Agency and the Successor Agency.

- 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.

Result:

We found no exceptions as a result of the procedures performed.

- 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.

Result:

For the fiscal year ended June 30, 2010, we compared the financial transactions on Attachment D to the State Controller's report. We found no exceptions as a result of the procedures performed. See Attachment D.

SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF ADELANTO
AGREED-UPON PROCEDURES OF AB1484
ATTACHMENT A – AGREED UPON PROCEDURE RESULTS

- 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.

Result:

For the fiscal year ended June 30, 2010 and June 30, 2011, we compared the financial transactions on Attachment D to the State Controller's report as well as the audited financial statements. For the seven months ended January 31, 2012 and five months ended June 30, 2012, we compared the financial transactions on Attachment D to the Agency's trial balance and long term debt schedule. We found no exceptions as a result of the procedures performed. See Attachment D.

5. Obtain from the Successor Agency a listing of all assets of the Low and Moderate Income Housing Fund as of June 30, 2012 for the report that is due October 1, 2012 and a listing of all assets of all other funds of the Successor Agency as of June 30, 2012 (excluding the previously reported assets of the Low and Moderate Income Housing Fund) for the report that is due December 15, 2012. When this procedure is applied to the Low and Moderate Income Housing Fund, the schedule attached as an exhibit will include only those assets of the Low and Moderate Income Housing Fund that were held by the Successor Agency as of June 30, 2012 and will exclude all assets held by the entity that assumed the housing function previously performed by the former redevelopment agency. Agree the assets so listed to recorded balances reflected in the accounting records of the Successor Agency. The listings should be attached as an exhibit to the appropriate AUP report.

Result:

We found no exceptions as a result of the procedures performed. See Attachment E.

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.

Result:

The successor agency has unspent bond proceeds of \$3,056,314 transferred from the 2007 Tax Allocation Bond cash with fiscal agent to cash in bank in Fund 555, RDA Capital Project Funds, in FYE 07-08. There has been no capital expenditure for these unspent proceeds from FYE 07-08 to June 30, 2012. The unspent bond proceeds are recorded under Cash in Bank in Fund 555 as of June 30, 2012.

- 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.

Result:

The successor agency did not have grant proceeds and program income restricted by third parties.

- 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).

SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF ADELANTO
AGREED-UPON PROCEDURES OF AB1484
ATTACHMENT A – AGREED UPON PROCEDURE RESULTS

- iii. Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by Successor the Agency as restricted.

Result:

We found no exceptions as a result of the procedures performed.

- D. Attach the above mentioned Successor Agency prepared schedule(s) as an exhibit to the AUP report. For each restriction identified on these schedules, indicate in the report the period of time for which the restrictions are in effect. If the restrictions are in effect until the related assets are expended for their intended purpose, this should be indicated in the report.

Result:

We found no exceptions as a result of the procedures performed. See Attachment F.

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.

Result:

The values of non-liquid assets are based on the book value reflected in the accounting records of the Successor Agency. See Attachment G.

- B. If the assets listed at 7(A) are listed at purchase cost, trace the amounts to a previously audited financial statement (or to the accounting records of the Successor Agency) and note any differences.

Result:

We found no exceptions as a result of the procedures performed.

- 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.

Result:

We found no exceptions as a result of the procedures performed.

- 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.

Result:

Not applicable. The values of the non-liquid assets are not listed at estimated market value.

8. Perform the following procedures:

- A. If the Successor Agency believes that asset balances need to be retained to satisfy enforceable obligations, obtain from the Successor Agency an itemized schedule of asset balances (resources) as of June 30, 2012 that are dedicated or restricted for the funding of enforceable obligations and perform the following procedures. The schedule should identify the amount dedicated or restricted, the nature of the dedication or restriction, the specific enforceable obligation to which the dedication or restriction relates, and the language in the legal document that is associated with the enforceable obligation that specifies the dedication of existing asset balances toward payment of that obligation.

- i. Compare all information on the schedule to the legal documents that form the basis for the dedication or restriction of the resource balance in question.

SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF ADELANTO
AGREED-UPON PROCEDURES OF AB1484
ATTACHMENT A – AGREED UPON PROCEDURE RESULTS

- 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.

Result:

No asset balances were retained to satisfy enforceable obligations.

- B. If the Successor Agency believes that future revenues together with balances dedicated or restricted to an enforceable obligation are insufficient to fund future obligation payments and thus retention of current balances is required, obtain from the Successor Agency a schedule of approved enforceable obligations that includes a projection of the annual spending requirements to satisfy each obligation and a projection of the annual revenues available to fund those requirements and perform the following procedures:
- i. Compare the enforceable obligations to those that were approved by the California Department of Finance. Procedures to accomplish this may include reviewing the letter from the California Department of Finance approving the Recognized Enforceable Obligation Payment Schedules for the six month period from January 1, 2012 through June 30, 2012 and for the six month period July 1, 2012 through December 31, 2012.
 - ii. Compare the forecasted annual spending requirements to the legal document supporting each enforceable obligation.
 - a. Obtain from the Successor Agency its assumptions relating to the forecasted annual spending requirements and disclose in the report major assumptions associated with the projections.
 - iii. For the forecasted annual revenues:
 - a. Obtain from the Successor Agency its assumptions for the forecasted annual revenues and disclose in the report major assumptions associated with the projections.

Result:

The Successor Agency has documented a shortfall of RPTTF for each ROPS that has been completed to date. For ROPS I (Jan.-June 2012), ROPS II (July-Dec. 2012), and ROPS III (Jan.-June 2013), the county auditor-controller (auditor-controller) has distributed to the Successor Agency, for each ROPS period, an average of approximately \$1,600,000 less than the amount of RPTTF that the State Department of Finance (Department) has approved to be distributed to the Successor Agency. For the ROPS I period, the auditor-controller distributed \$0, which resulted in a shortfall of \$1,935,151 from the Department-approved amount of RPTTF; for the ROPS II period, the auditor-controller distributed \$1,417,762.37, which resulted in a shortfall of \$1,631,931.63 from the Department-approved amount of RPTTF; and for the ROPS III period, the auditor-controller distributed \$1,807,845, which resulted in a shortfall of \$1,233,576 from the Department-approved amount of RPTTF. During these three ROPS periods, the Successor Agency relied on tax increment funds that had been distributed to the Adelanto Redevelopment Agency prior to the enactment of Assembly Bill 26 from the First Extraordinary Session of the California Legislature (ABx1 26) to pay for the shortfall due and payable on enforceable obligations approved by the Department but not sufficiently funded by the auditor-controller. The Successor Agency no longer has any remaining tax increment funds to pay for approved enforceable obligations that do not receive sufficient RPTTF from the auditor-controller. The Successor Agency is projecting a shortfall of at least one million dollars (\$1,000,000) per each 6-month ROPS period unless the auditor-controller distributes sufficient RPTTF for all enforceable obligations approved for payment by the Department. It must be noted that there is sufficient RPTTF generated from the Adelanto Redevelopment Agency project areas to pay for all of the Successor Agency's enforceable obligations approved by the Department, but the Successor Agency has not received (and expects not to receive) sufficient RPTTF to pay these enforceable obligations due solely to the auditor-controller's implementation of ABx1 26 and the auditor-controller taking almost one-half of all RPTTF prior to distributing RPTTF to pay for enforceable obligations.

SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF ADELANTO
AGREED-UPON PROCEDURES OF AB1484
ATTACHMENT A – AGREED UPON PROCEDURE RESULTS

- C. If the Successor Agency believes that projected property tax revenues and other general purpose revenues to be received by the Successor Agency are insufficient to pay bond debt service payments (considering both the timing and amount of the related cash flows), obtain from the Successor Agency a schedule demonstrating this insufficiency and apply the following procedures to the information reflected in that schedule.
- i. Compare the timing and amounts of bond debt service payments to the related bond debt service schedules in the bond agreement.
 - ii. Obtain the assumptions for the forecasted property tax revenues and disclose major assumptions associated with the projections.
 - iii. Obtain the assumptions for the forecasted other general purpose revenues and disclose major assumptions associated with the projections.

Result:

The procedure was not considered required as the Successor Agency believes future tax revenue with dedicated cash balances will be sufficient to fund future obligations.

- 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.

Result:

Procedures 8A, 8B, and 8C did not apply.

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.

Result:

Successor Agency needs to retain cash balances as of June 30, 2012 of \$3,049,694 to satisfy obligations on the Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2012 through December 31, 2012. See Attachment H.

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).

Result:

We found no exceptions as a result of the procedures performed. See Attachment I.

SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF ADELANTO
AGREED-UPON PROCEDURES OF AB1484
ATTACHMENT A – AGREED UPON PROCEDURE RESULTS

11. Obtain a representation letter from Successor Agency management acknowledging their responsibility for the data provided to the practitioner and the data presented in the report or in any attachments to the report. Included in the representations should be an acknowledgment that management is not aware of any transfers (as defined by Section 34179.5) from either the former redevelopment agency or the Successor Agency to other parties for the period from January 1, 2011 through June 30, 2012 that have not been properly identified in the AUP report and its related exhibits. Management's refusal to sign the representation letter should be noted in the AUP report as required by attestation standards.

Result:

We found no exceptions as a result of the procedures performed.

SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF ADELANTO
 AGREED-UPON PROCEDURES OF AB1484
 ATTACHMENT B – ASSET TRANSFER LIST TO THE SUCCESSOR AGENCY ON FEBRUARY 1, 2012 –
 OTHER FUNDS

Successor Agency of the Redevelopment Agency of
 City of Adelanto
 Asset Transfer List – Other Funds
 February 1, 2012

	<u>VVEDA</u>	<u>Other Funds</u>	<u>Total</u>
Cash	\$ 407,967	\$ 3,303,320	\$ 3,711,287
Cash with Fiscal Agent		13,743,647	13,743,647
Tax Increment/Accounts Receivable	98,365	166,810	265,175
Notes Receivable		1,015,170	1,015,170
Due from Other Funds	406	2,829,484	2,829,890
	<u>\$ 506,738</u>	<u>\$ 21,058,431</u>	<u>\$ 21,565,169</u>

SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF ADELANTO
AGREED-UPON PROCEDURES OF AB1484
ATTACHMENT C-ASSET TRANSFER LIST FROM JANUARY 1, 2011 TO JANUARY 31, 2012-OTHER FUNDS

Successor Agency of the Redevelopment Agency of
City of Adelanto
Asset Transfer List to the City of Adelanto - Other Funds
From January 1, 2011 through January 31, 2012

Land Held for Resale	\$	1,514,300
Capital Assets		288,564
	\$	<u>1,802,864</u>

SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF ADELANTO
 AGREED-UPON PROCEDURES OF AB1484
 ATTACHMENT D- SUMMARY SCHEDULE OF FINANCIAL TRANSACTIONS

	Redevelopment Agency 12 Months Ended 6/30/2010	Redevelopment Agency 12 Months Ended 6/30/2011	Redevelopment Agency 7 Months Ended 1/31/2012	Successor Agency 5 Months Ended 6/30/2012
Assets (modified accrual basis)				
Cash	\$ 6,122,876	\$ 3,112,964	\$ 3,711,287	\$ 6,721,664
Cash with Fiscal Agent	11,810,579	13,743,645	13,743,647	10,332,464
Tax Increment/Accounts Receivable	309,820	273,970	265,175	129,028
Accrued Interest Receivable				
Notes Receivable	1,453,890	1,439,170	1,015,170	1,015,170
Due from City of Adelanto	61,518	61,518		
Due from Other Funds	278,677	3,005,170	2,829,890	473,393
Land Held for Resale	1,514,300			
Total Assets	\$ 21,551,660	\$ 21,636,437	\$ 21,565,169	\$ 18,671,719
Liabilities (modified accrual basis)				
Accounts Payable	\$ 178,963	\$ 39,646	\$ 37,634	\$ 43,183
Pass-through payables	754,063	920,338	1,106,054	1,237,115
Due from City of Adelanto	2,806,465	320,410	237,203	449,703
Due to Other Funds	239,963	3,013,549	2,844,582	484,494
Deferred Revenues	1,453,890	1,439,170	1,439,170	1,439,170
Total Liabilities	\$ 5,433,344	\$ 5,733,113	\$ 5,664,643	\$ 3,653,665
Equity	16,118,316	15,903,324	15,900,526	15,018,054
Total Liabilities + Equity	\$ 21,551,660	\$ 21,636,437	\$ 21,565,169	\$ 18,671,719
Total Revenues:	\$ 7,762,341	\$ 7,771,631	\$ 200,094	\$ 3,427,473
Total Expenditures:	\$ 12,318,050	\$ 10,203,796	\$ 202,892	\$ 4,309,945
Total Transfers*:	\$ 3,748,542	\$ 2,704,516	\$ -	\$ -
* Includes Cash Advances from City				
Net change in equity	\$ (807,167)	\$ 272,351	\$ (2,798)	\$ (882,472)
Beginning Equity:	\$ 16,925,483	\$ 16,118,316	\$ 15,903,324	\$ 15,900,526
Prior Period Adjustment		(487,343)		
Ending Equity:	\$ 16,118,316	\$ 15,903,324	\$ 15,900,526	\$ 15,018,054
Other Information (show year end balances for all three years presented):				
Capital assets as of end of year	\$ 298,132	\$ -	\$ -	\$ -
Long-term debt as of end of year	\$ 70,252,175	\$ 72,036,316	\$ 70,512,518	\$ 70,512,518
Long-term debt as of end of year:				
1993B Tax Allocation Bonds	\$ 11,315,000	\$ 10,775,000	\$ 10,205,000	\$ 10,205,000
1995 Series A Revenue Bonds	\$ 2,620,000	\$ 2,605,000	\$ 2,590,000	\$ 2,590,000
1995 Series B Revenue Bonds	\$ 14,915,000	\$ 14,605,000	\$ 14,275,000	\$ 14,275,000
1995 Series C Revenue Bonds	\$ 13,905,492	\$ 13,921,840	\$ 13,373,042	\$ 13,373,042
2007 Tax Allocation Bonds	\$ 3,395,000	\$ 3,340,000	\$ 3,280,000	\$ 3,280,000
Notes payable to City of Adelanto	\$ 722,028	\$ 722,028	\$ 722,028	\$ 722,028
Advances from City	\$ 1,802,215	\$ 1,802,215	\$ 1,802,215	\$ 1,802,215
Intermountain Power Agency Settlement Agreement	\$ 1,989,390	\$ 1,989,390	\$ 1,989,390	\$ 1,989,390
San Bernadino County Tax Increment Loans	\$ 19,588,050	\$ 22,275,843	\$ 22,275,843	\$ 22,275,843

Note: The summary schedule of financial transactions include the former Redevelopment Agency of City of Adelanto (June 2010, June 2011 & January 2012), the Successor Agency (June 2012) and City of Adelanto portion of Victor Valley Economic Development Authority (June 2010, June 2011, January 2012 and June 2012).

SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF ADELANTO
 AGREED-UPON PROCEDURES OF AB1484
 ATTACHMENT E-ASSET LISTING AS OF JUNE 30, 2012 – OTHER FUNDS

Successor Agency of the Redevelopment Agency of
 City of Adelanto
 Asset Transfer List – Other Funds
 June 30, 2012

	<u>VVEDA</u>	<u>Other Funds</u>	<u>Total</u>
Cash	\$ 435,606	\$ 6,286,058	\$ 6,721,664
Cash with Fiscal Agent		10,332,464	10,332,464
Tax Increment/Accounts Receivable	98,365	30,663	129,028
Notes Receivable		1,015,170	1,015,170
Due from Other Funds	406	472,987	473,393
	<u>\$ 534,377</u>	<u>\$ 18,137,342</u>	<u>\$ 18,671,719</u>

SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF ADELANTO
 AGREED-UPON PROCEDURES OF AB1484
 ATTACHMENT F- ASSET LISTING FOR RESTRICTED BALANCES AS OF JUNE 30, 2012

Successor Agency of the Redevelopment Agency of
 City of Adelanto
 Asset Listing for Restricted Balances
 June 30, 2012

Asset	Periods	Purpose	Amounts
Cash with fiscal agent	Dec. 1, 1993 - Dec. 1, 2023	93B Tax Allocation Bonds (interest, special, reserve and principal)	\$ 2,171,384
Cash with fiscal agent	Sept. 1, 1996 - Sept. 1, 2025	95A Taxable Subordinated Revenue Bonds (reserve and debt service)	848,244
Cash with fiscal agent	Sept. 1, 1996 - Sept. 1, 2028	95B Second Subordinated Revenue Bonds (restricted reserve, reserve and loan #2)	2,867,441
Cash with fiscal agent	Sept. 1, 1996 - Sept. 1, 2028	95C Third Subordinated Revenue Bonds (reserves, loan, and surplus)	4,002,021
Cash with fiscal agent	Sept. 1, 1996 - Sept. 1, 2028	95D Fourth Subordinated Revenue Bonds (special)	188,956
Cash with fiscal agent	March 1, 2008 - Sept. 1, 2028	2007 Tax Allocation Bonds (reserve)	254,418
Cash in Bank	March 1, 2008 - Sept. 1, 2028	2007 Tax Allocation Bonds (unspent bond proceeds)	3,056,314
			<u>\$ 13,388,778</u>

SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF ADELANTO
 AGREED-UPON PROCEDURES OF AB1484
 ATTACHMENT G–NON-LIQUID ASSETS AS OF JUNE 30, 2012

Successor Agency of the Redevelopment Agency of
 City of Adelanto
 Non-Liquid Assets - Other Funds
 June 30, 2012

	VVEDA	Other Funds	Total
Tax Increment/Accounts Receivable	\$ 98,365	\$ 30,663	\$ 129,028
Notes Receivable		1,015,170	1,015,170
Due from Other Funds	406	472,987	473,393
Land Held for Resale		1,514,300	1,514,300
Capital Assets		288,564	288,564
	<u>\$ 98,771</u>	<u>\$ 3,321,684</u>	<u>\$ 3,420,455</u>

SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF ADELANTO
 AGREED-UPON PROCEDURES OF AB1484
 ATTACHMENT H –RECOGNIZED OBLIGATION PAYMENT SCHEDULE

Successor Agency of the Redevelopment Agency of City of Adelanto
 Recognized Obligation Payment Schedule
 For the Period of July 2012 through December 2012

Payee	Description	Project Area	Amount
Trustee-Union Bank	Finance costs of Redevelopment	95	\$ 866,313
Trustee-Union Bank	Various Agency Activities	95	108,780
Trustee-Union Bank	Various Agency Activities	95	855,780
Trustee-Union Bank	Various Agency Activities	95	535,433
Trustee-Union Bank	Economic Development along HV	3	249,388
Adelanto School District	3.34% of tax increment in Project	95	200,000
Various	20% required pass throughs	3	85,000
Moss, Levy, Hartzheim	Annual Audit	various	6,000
Union Bank	Trustee of Bonds	various	12,000
Rutan & Tucker	Legal Consulting	various	6,000
City of Adelanto	Admin cost allowance		125,000
			<u>\$ 3,049,694</u>

SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF ADELANTO
 AGREED-UPON PROCEDURES OF AB1484
 ATTACHMENT I –ALLOCATION TO AFFECTED TAXING ENTITIES – OTHER FUNDS

<u>SUMMARY OF BALANCES AVAILABLE FOR ALLOCATION TO AFFECTED TAXING ENTITIES</u>	<u>Other Funds</u>
Total amount of assets held by the successor agency as of June 30, 2012 (procedure 5)	\$ 18,671,719 *
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)	1,802,864 **
Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments (procedure 6)	(13,388,778) ***
Less assets that are not cash or cash equivalents (e.g., physical assets) - (procedure 7)	(3,420,455) ****
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)	(3,049,694) *****
Less the amount of payments made on July 12, 2012 to the County Auditor-Controller as directed by the California Department of Finance	<u>(1,602,738) *****</u>
Amount to be remitted to county for disbursement to taxing entities	<u>\$ (987,082)</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.

* See Attachment E - Asset Listing as of June 30, 2012 - Other Funds

** See Attachment C- Asset Transfer List from January 1, 2011 to January 31, 2012 - Other Funds

*** See Attachment F - Asset Listing for Restricted Balances as of June 30, 2012

**** See Attachment G - Non-Liquid Assets as of June 30, 2012

***** See Attachment H - Recognized Obligation Payment Schedule

***** See Attachment I - Allocation to Affected Taxing Entities - Other Funds