

**OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY
TO THE SIMI VALLEY COMMUNITY DEVELOPMENT AGENCY**

Special Meeting

Simi Valley City Hall
2929 Tapo Canyon Road
Simi Valley, CA 93063
January 4, 2013
9:00 a.m.

1. Call to Order
2. Pledge of Allegiance
3. Roll Call
4. Agenda Review
- 4A. Move that all resolutions presented be read in title only and all further reading be waived.
5. Public Statements

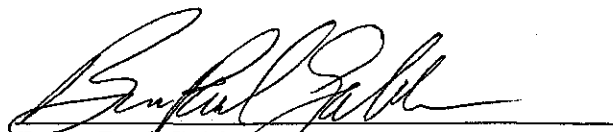
Time allotted for public statements or comments on all items on the agenda. Each individual speaker is limited to three (3) minutes.
6. Approval of Minutes:

Consideration of Resolution Approving the Minutes of the October 12, 2012 Meeting of the Oversight Board
7. Consent Calendar: None
8. Continued Business: None
9. New Business:
- 9A. Adoption of a Resolution Receiving the Due Diligence Review for Other Funds as Mandated by Assembly Bill 1484 and Convening the Public Comment Session for the Review

OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY
TO THE SIMI VALLEY COMMUNITY DEVELOPMENT AGENCY

January 4, 2013

10. Board Comments:
11. Adjournment: January 11, 2013 at 2:00 p.m.



Brian Paul Gabler,
Director of Economic Development/
Assistant City Manager
Oversight Board Secretary

If any interested individual has a disability, which may require accommodation to participate in this meeting, please contact the City Manager's Office at 583-6701. Upon advance notification of the need for accommodation, reasonable arrangements will be made to provide accessibility to the meeting.

OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE
SIMI VALLEY COMMUNITY DEVELOPMENT AGENCY

MEMORANDUM

January 4, 2013

TO: Oversight Board

FROM: Office of the City Manager, Simi Valley Successor Agency

SUBJECT: CONSIDERATION OF RESOLUTION APPROVING THE MINUTES OF
THE OCTOBER 12, 2012 MEETING OF THE OVERSIGHT BOARD

RECOMMENDATION

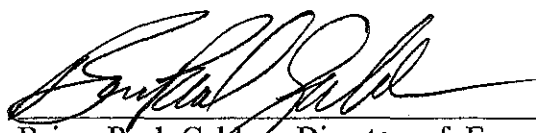
It is recommended the Oversight Board adopt a Resolution approving Minutes of the October 12, 2012 meeting of the Oversight Board.

BACKGROUND AND OVERVIEW

On June 27, 2012, the State of California approved Assembly Bill (AB) 1484 which is a trailer bill to the original 2011 Dissolution Act legislation. AB1484 made significant changes to how a Successor Agency and an Oversight Board will report information and conduct business. Included in this legislation is a new requirement that all actions of the Oversight Board be made through adoption of resolution.

FINDINGS AND ALTERNATIVES

As a result of new legislation (AB1484), all actions taken by the Oversight Board shall be adopted by resolution. Staff recommends the Oversight Board adopt the attached Resolution approving the Minutes of the October 12, 2012 meeting of the Oversight Board.


Brian Paul Gabler, Director of Economic
Development/Assistant City Manager

RESOLUTION NO.

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE SIMI VALLEY COMMUNITY DEVELOPMENT AGENCY APPROVING THE MINUTES OF THE OCTOBER 12, 2012 MEETING OF THE OVERSIGHT BOARD

WHEREAS, on June 27, 2012 the State of California Legislature passed and the Governor signed Assembly Bill 1484 which modifies how an oversight board may take action; and

WHEREAS, Assembly Bill 1484 dictates that all actions taken by an oversight board shall be adopted by resolution; and

WHEREAS, the Oversight Board of the Successor Agency to the Simi Valley Community Development Agency ("Oversight Board") held a duly noticed meeting on October 12, 2012; and

WHEREAS, the Oversight Board desires to approve the Minutes of the October 12, 2012 meeting.

NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE SIMI VALLEY COMMUNITY DEVELOPMENT AGENCY DOES HEREBY RESOLVE AS FOLLOWS:

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

SECTION 2. The Oversight Board approves the Minutes of the October 12, 2012 meeting of the Oversight Board attached as Exhibit A.

SECTION 3. The Successor Agency shall maintain on file as a public record this Resolution and the Minutes as approved hereby.

PASSED and ADOPTED

Mike Sedell, Chair of the Oversight Board
of the Successor Agency to Simi Valley
Community Development Agency

ATTEST:

Brian P. Gabler, Oversight Board Secretary

MINUTES OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE
SIMI VALLEY COMMUNITY DEVELOPMENT AGENCY

Simi Valley, California

October 12, 2012

AGENDA
ITEM

1. Called to Order: 3:10 p.m.
2. Pledge of Allegiance: Led by Laura Behjan
3. Roll Call: Present: Michael Clear, Abbe Berns, Jeff Yaller, Bruce Hamous
Absent: Iris Ingram, Vice Chair Paul Derse, Chair Mike Sedell
4. Agenda Review: None
- 4A. ACTION: Board Member Hamous moved that all resolutions presented be read in title only and all further reading be waived; Board Member Berns seconded the motion. There being no objections, the motion carried through acclamation.
5. Public Statements: None
6. Approval of Minutes:

Resolution No. OB 2012 - 17 A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE SIMI VALLEY COMMUNITY DEVELOPMENT AGENCY APPROVING THE MINUTES OF THE OCTOBER 5, 2012 MEETING OF THE OVERSIGHT BOARD

ACTION: Board Member Clear moved to adopt Resolution No. OB 2012-17; Board Member Berns seconded the motion:

ROLL CALL

AYES: Board Members, Clear, Yaller, Berns, Hamous,
NAYS: None
ABSENT: Board Member Ingram, Vice Chair Derse, Chair Sedell
ABSTAIN: None

**AGENDA
ITEM**

7. Consent Calendar: None
8. Continued Business: None
9. New Business:
- 9A. Adoption of a Resolution Approving the Due Diligence Review as Mandated by Assembly Bill 1484

Board Member Hamous closed the Public Comment Session. It was noted that no public comments were received.

Resolution No. OB 2012 - 18 A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE SIMI VALLEY COMMUNITY DEVELOPMENT AGENCY APPROVING THE INDEPENDENT ACCOUNTANT'S REPORT REGARDING THE HOUSING DUE DILIGENCE REVIEW CONDUCTED PURSUANT TO SECTION 34179.5 FOR THE LOW AND MODERATE INCOME HOUSING FUND, TAKING INTO CONSIDERATION THE PUBLIC COMMENTS ALL PURSUANT TO SECTIONS 34179.5 AND 34179.6 OF THE DISSOLUTION ACT

ACTION: Board Member Clear moved to adopt Resolution No. OB 2012-18; Board Member Yaller seconded the motion:

ROLL CALL

AYES: Board Members Clear, Yaller, Berns, Hamous,
NAYS: None
ABSENT: Board Member Ingram, Vice Chair Derse, Chair Sedell
ABSTAIN: None

10. Board Comments: None
11. Adjournment: Board Member Hamous adjourned the meeting at 3:20 a.m. to a date uncertain.

Mike Sedell, Chair of the Oversight Board to
the Successor Agency of the Simi Valley
Community Development Agency

Brian P. Gabler, Oversight Board Secretary

OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE
SIMI VALLEY COMMUNITY DEVELOPMENT AGENCY

MEMORANDUM

January 4, 2013

TO: Oversight Board

FROM: Office of the City Manager, Simi Valley Successor Agency

SUBJECT: ADOPTION OF A RESOLUTION RECEIVING THE DUE DILIGENCE REVIEW FOR OTHER FUNDS AS MANDATED BY ASSEMBLY BILL 1484 AND CONVENING THE PUBLIC COMMENT SESSION FOR THE REVIEW

RECOMMENDATION

It is recommended the Oversight Board adopt the attached Resolution receiving the Non-Housing Due Diligence Review and opening the public comment session.

BACKGROUND AND OVERVIEW

On June 27, 2012, the State of California legislature passed and the Governor approved Assembly Bill (AB) 1484 which is a trailer bill to the original 2011 Dissolution Act legislation. AB1484 made significant changes to how a Successor Agency will report information and conduct business. Included in this legislation is a new audit requirement that is referred to as the "Due Diligence Review" (Review).

AB1484 actually requires the preparation of two Reviews: one that addresses the Low and Moderate Income Housing Fund assets and revenues; and one that addresses non-Housing assets and revenues. The cost of the Review is borne by the Successor Agency from the Administrative Budget.

The procedure to process the Review calls for the Oversight Board to receive the Review and convene a public comment session. At least five business days after receiving the Review and convening the public comment session, the Oversight Board must hold a second meeting to consider approval of the Review. After Oversight Board approval, the Oversight Board shall direct the transmittal of the Review to the Department of Finance, the State Controller's Office, and the County Auditor-Controller.

With respect to the Housing Fund Review, on October 5, 2012, the Oversight Board received the Housing Review and conducted the public comment session. On October 12, 2012, the Oversight Board reconvened and approved the Review and its transmittal to the appropriate entities.

For the non-Housing funds, the Oversight Board is to receive the Review by December 15, 2012. Because December 15th fell on a Saturday, the deadline shifted to Monday, December 17, 2012. Staff transmitted to the Oversight Board and other entities via email the final non-Housing Review on that date.

At today's meeting, the Oversight Board is to receive the Review and conduct the public comment session. On January 11, 2013, the Oversight Board is scheduled to approve and direct the transmittal of the Review to the Department of Finance, State Controller's Office, and the Auditor-Controller no later than January 15, 2013.

FINDINGS AND ALTERNATIVES

The intent of the Review is to determine the unobligated fund balances available for transfer to taxing entities. The Review is intended to cover the following items:

- Value of assets transferred from the former redevelopment agency to the successor agency as of February 1, 2012.
- Value of asset transfers from the redevelopment agency to the city since January 1, 2011.
- Revenue and expenditures for each of the 12 months ending June 30, 2011 and 2012 that reconciles a balance sheet of the successor agency as of June 30, 2012 back to the balance sheet of the former redevelopment agency as of June 30, 2010.
- An itemized listing of amounts that are legally restricted and cannot be provided to the taxing entities (i.e. bond funds).
- An itemized listing of all assets that are not cash and cash equivalents (i.e. securities, receivables from other parties).
- An itemized listing of any asset that is legally restricted to the payment of an enforceable obligation.
- A listing of all approved enforceable obligations.

The Review is required to be accomplished by a CPA that is selected by the Successor Agency and approved by the County Auditor-Controller. The Successor Agency selected and the County Auditor-Controller approved *Lance, Soll & Lunghard, LLP*, an accounting firm with experience and expertise in local government accounting to conduct the Review.

Under Section 34179.5, the Review requires the independent accountant to reconcile assets, balances and liabilities with previous reports made to the State. Further, this review includes valuation of cash and cash equivalents, and obligations. "At a minimum, the [due diligence] review required by this section shall include the following: ... '[a]n itemized statement of the values of any assets that are not cash or cash equivalents. This may include physical assets, land, records, and equipment.' ..."

The Review process entails several steps in order to be completed as required, and the penalty for failure to pay or transfer will result in the DOF causing the equivalent amount(s) to be deducted from sales and use taxes and/or property taxes due to the City, as the sponsoring community.

Key dates include the following for the non-Housing Review:

| DUE DILIGENCE REVIEW SCHEDULE AND DEADLINES | |
|--|--|
| | non-Housing Review |
| Due Diligence Review Due from Successor Agency to Oversight Board | December 15, 2012 |
| Oversight Board Deadline to Conduct Hearing, Review, Approve and Submit Due Diligence Review | January 15, 2013 |
| DOF Deadline to Issue "Finding of Completion" | April 1, 2013 |
| Successor Agency Deadline to Request Meet and Confer with DOF about Reviews | Five (5) Days of DOF Action, no Later than April 6, 2013 |
| Successor Agency Deadline to Make Transfers to County Auditor-Controller based on DOF Findings | April 10, 2013 |

Attached to Staff's report and the Resolution is the Non-Housing Due Diligence Review report. *Lance, Soll & Lunghard, LLP* reviewed cash and non-cash balances, expenditures, revenues and transfers prior to and following dissolution on February 1, 2012. In general, the activities noted in the report reflect transactions associated with the former redevelopment agency in the course of implementation of its official duties other than with respect to affordable housing responsibilities.

The findings indicate that the former redevelopment agency is in a negative cash position of \$587,449.

In the course of preparation of the non-Housing Review and associated staff work, it has come to the attention of the Successor Agency that pursuant to a transaction which was approved on June 11, 2008, the City agreed to sell one parcel to the former redevelopment agency. The parcel is vacant and is located at the north end of the Simi Valley Civic Center on Avenida Simi and is listed in the Review with a value of \$849,174. The value in the Review is based

on the acquisition cost by the redevelopment agency and does not reflect current market value. Although the financial portion of the transaction was implemented, record title was not adjusted to reflect vesting in the redevelopment agency. Because any modifications to record title at this time will likely create complications, the Successor Agency proposes that the City continue as record title owner. Unless and until approval is obtained by the Oversight Board, the City will refrain from disposing of the parcel in question. Successor Agency staff expects to return at a later date to the Oversight Board with a plan concerning the disposition of the parcel in question.

As required by the Dissolution Act, the Oversight Board must meet not less than two times regarding the Review: (1) at one meeting to receive the report and convene a public comment session (today's agenda item), and (2) at a second meeting before January 15, 2013 to consider the public comments and the results/opinions of the County Auditor-Controller to the Review, approve and authorize transmittal of the review again to the County Auditor-Controller, State Controller's Office, and DOF not later than January 15, 2013 for review and final determination by the DOF.

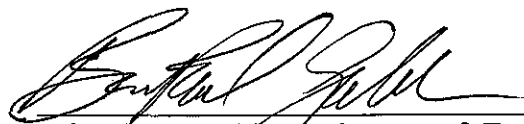
The following Alternatives are available to the Oversight Board:

1. Adopt a Resolution approving the receiving the non-Housing Due Diligence Review and convening the public comment session.
2. Provide further direction.

It is recommended the Oversight Board approve Alternative No. 1.

SUMMARY

Successor Agency staff recommends that Oversight Board adopt the attached Resolution confirming receipt of the independent accountant's report from the non-Housing Due Diligence Review and convening the public comment session on the report.



Brian Paul Gabler, Director of Economic
Development/Assistant City Manager

RESOLUTION NO.

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE SIMI VALLEY COMMUNITY DEVELOPMENT AGENCY RECEIVING FROM THE SUCCESSOR AGENCY, AND CONVENING A PUBLIC COMMENT SESSION OF, THE INDEPENDENT ACCOUNTANT'S REPORT REGARDING THE DUE DILIGENCE REVIEW FOR NON-HOUSING FUNDS AND ACCOUNTS CONDUCTED PURSUANT TO SECTION 34179.5 AND 34179.6 OF HE DISSOLUTION ACT

WHEREAS, the Simi Valley Community Development Agency ("Agency") was established as a redevelopment agency that was previously organized and existing under the California Community Redevelopment Law, Health and Safety Code Section 33000, *et seq.* ("CRL"), and previously authorized to transact business and exercise powers of a redevelopment agency pursuant to action of the City Council of the City of Simi Valley ("City"); and

WHEREAS, Assembly Bill x1 26 chaptered and effective on June 27, 2011 added Parts 1.8 and 1.85 to Division 24 of the California Health & Safety Code, which caused the dissolution of all redevelopment agencies and winding down of the affairs of former agencies, including as such laws were amended by Assembly Bill 1484 chaptered and effective on June 27, 2012 (together, the "Dissolution Act"); and

WHEREAS, as of February 1, 2012 the Agency was dissolved pursuant to the Dissolution Act and as a separate legal entity the City serves as the Successor Agency to the Simi Valley Community Development Agency ("Successor Agency"); and

WHEREAS, the Successor Agency administers the enforceable obligations of the former Agency and otherwise unwinds the Agency's affairs, all subject to the review and approval by a seven-member oversight board ("Oversight Board"); and

WHEREAS, Section 34179.5 requires the Successor Agency to employ a licensed accountant approved by the Ventura County Auditor-Controller to perform a due diligence review and report on the amount of funds transferred from the former Simi Valley Community Development Agency; and

WHEREAS, on July 31, 2012, the Ventura County Auditor-Controller provided written approval to Successor Agency staff of their selection of *Lance, Soll & Lunghard, LLP* as the licensed accountant to perform the due diligence review for the Successor Agency; and

WHEREAS, on August 30, 2012, the California Department of Finance ("DOF") posted on its official website the agreed-upon procedures to conduct the due diligence reviews; and

WHEREAS, in accordance with the provisions of the agreed-upon procedures and provisions of Section 34179.5, *Lance, Soll & Lunghard, LLP* has completed the due diligence review and report as to all funds and accounts other than housing funds and accounts, a copy of which is attached hereto and incorporated by this reference.

WHEREAS, pursuant to Section 34179(h) as amended by Assembly Bill 1484 effective June 27, 2012, written notice and information about all actions taken by the Oversight Board shall be provided to the DOF by electronic means and in a manner of DOF's choosing. Generally, an oversight board's action shall become effective five (5) business days after notice in the manner specified by the DOF unless the DOF requests a review provided however the subject report will be considered and acted on pursuant to the process and timing of Sections 34179.5 and 34179.6.

NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE SIMI VALLEY COMMUNITY DEVELOPMENT AGENCY DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The foregoing recitals are incorporated into this Resolution by this reference, and constitute a material part of this Resolution.

SECTION 2. Pursuant to the Dissolution Act, the Oversight Board (a) receives the Non-Housing Due Diligence Review Report as submitted herewith as Attachment 1, (b) convenes a public comment session on such report, directs Successor Agency staff to make such report available to the public for review and comment for not less than five (5) business days hereafter, (c) directs Successor Agency staff to receive from the County Auditor-Controller ("CAC") the results/opinions offered from the CAC's review of such report, (d) directs transmittal thereof back to this Oversight Board for consideration with the public's comments, if any, (e) directs Successor Agency staff that after such reviews that the report be presented again to this Oversight Board for final review and action taking into consideration the public comments and CAC's results/opinions, if any, all pursuant to sections 34179.5 and 34179.6 of the Dissolution Act.

SECTION 3. The Successor Agency is directed to post this Resolution on the Successor Agency website pursuant to the Dissolution Act.

SECTION 4. Pursuant to Section 34179(h) as amended by Assembly Bill 1484 effective June 27, 2012, written notice and information about all actions taken by the Oversight Board shall be provided to the DOF by electronic means and in a manner of DOF's choosing. Generally, an oversight board's action shall become effective five (5) business days after notice in the manner specified by the DOF unless the DOF requests a review provided however the subject report will be considered and acted on pursuant to the process and timing of Sections 34179.5 and 34179.6.

SECTION 5. The Successor Agency shall maintain on file as a public record this Resolution and the Minutes as approved hereby.

PASSED and ADOPTED this

Mike Sedell, Chair of the Oversight Board
of the Successor Agency to Simi Valley
Community Development Agency

ATTEST:

Brian P. Gabler, Oversight Board Secretary



**Successor Agency of the Former
Simi Valley Community Development Agency**

**Due Diligence Review
of the Other Redevelopment Agency Funds
Pursuant to Sections 34179.5(c)(1) through 34179.5(c)(6)
of Assembly Bill No. 1484 of 2012**

Lance Soll & Lunghard, LLP

Orange County
Silicon Valley
Temecula Valley

www.lslcpas.com

Successor Agency of the Former
Simi Valley Community Development Agency

Due Diligence Review
of the Other Redevelopment Agency Funds
Pursuant to Sections 34179.5(c)(1) through 34179.5(c)(6)
of Assembly Bill No. 1484 of 2012

- Brandon W. Burrows, CPA
- David E. Hale, CPA, CFP
A Professional Corporation
- Donald G. Slater, CPA
- Richard K. Kikuchi, CPA
- Susan F. Matz, CPA
- Shelly K. Jackley, CPA
- Bryan S. Gruber, CPA
- Deborah A. Harper, CPA

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES

To the Successor Agency of the
Former Simi Valley Community Development Agency
City of Simi Valley, California

We have performed the procedures enumerated in Attachment A for the Other Redevelopment Agency Funds, which were agreed to by the California State Controller's Office and the State of California Department of Finance (State Agencies) solely to assist you in ensuring that the dissolved redevelopment agency is complying with Assembly Bill 1484, Chapter 26, Section 17's amendment to health and safety code 34179.5. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Management of the successor agency is responsible for providing all the information obtained in performing these procedures. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

As stated above, the scope of this engagement was limited to performing the procedures identified in Attachment A, which specified the "List of Procedures for the Due Diligence Review" obtained from the California Department of Finance Website.

The results of the procedures performed are identified in Attachment B1 through B11.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of a certified opinion as to the appropriateness of the results of the procedures performed. 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 the Successor Agency.

This report is intended solely for the information and use of the Successor Agency Oversight Board, the Successor Agency and the 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.

Lance, Soll & Lunghard, LLP

Brea, California
December 2, 2012

List of Procedures for Due Diligence Review of the Other Redevelopment Agency Funds

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.
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.
 - 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.
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.

List of Procedures for Due Diligence Review for the Other Redevelopment Agency Funds (Continued)

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.
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 listing should be attached as an exhibit to the appropriate AUP report.
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).

List of Procedures for Due Diligence Review for the Other Redevelopment Agency Funds (Continued)

- 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).
 - 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.
 - 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.
7. Perform the following:
- 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 a previously audited financial statement (or to the accounting records of the Successor Agency) and note any differences.
 - c. For any differences noted in 7(B), inspect evidence of disposal of the asset and ascertain that the proceeds were deposited into the Successor Agency trust fund. If the differences are due to additions (this generally is not expected to occur), inspect the supporting documentation and note the circumstances.
 - d. If the assets listed at 7(A) are listed at recently estimated market value, inspect the evidence (if any) supporting the value and note the methodology used. If no evidence is available to support the value and/or methodology, note the lack of evidence.
8. Perform the following:
- 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.

List of Procedures for Due Diligence Review for the Other Redevelopment Agency Funds (Continued)

- 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 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.
- 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.

List of Procedures for Due Diligence Review for the Other Redevelopment Agency Funds (Continued)

- 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.
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.
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).
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.

Procedure 1
List of Assets Transferred from the Former Redevelopment Agency to the Successor Agency
Other Redevelopment Agency Funds
As of February 1, 2012

ATTACHMENT B1

| <u>Asset</u> | <u>Balance at 2/1/2012</u> |
|----------------------------------|----------------------------|
| Cash | \$ 6,884,516 |
| Cash with Fiscal Agent | 2,106,610 |
| Accounts Receivable | 196,344 |
| Interest Receivable | 13,282 |
| Capital Assets | 849,174 |
| Total Assets transferred: | \$ 10,049,926 |

Procedure 2

**Listing of Transfers (Excluding Payments for Goods and Services) to the City
Other Redevelopment Agency Funds
For the Period from January 1, 2011 through June 30, 2012**

| <u>Describe Purpose of Transfer</u> | <u>Enforceable Obligation (EO)/ Other Legal Requirement (LR)</u> | <u>Amount</u> | <u>Legal Documentation Obtained? (Y/N)</u> |
|---|--|----------------------------|--|
| <u>From former Redevelopment Agency to City for January 1, 2011 through January 31, 2012</u> | | | |
| TO STS & RDS CC9046 MAJOR ST REHAB FY0910 | EO | \$ 1,539,090 | Y |
| CULTURAL ARTS IMPROVEMENTS - TO PROPERLY REPORT CITY ASSETS | LR | 178,457 | Y |
| CIVIC CENTER SITE & 1031 TANK SITE - TO PROPERLY REPORT CITY ASSETS | LR | 1,231,755 | Y |
| | Sub-total: | <u>2,949,302</u> | |
| <u>From Successor Agency to City for February 1, 2012 through June 30, 2012</u> | | | |
| CDA OPEB RETIREE OBLIGATION JAN-JUN 2012 ROPS | EO | 407,186 | Y |
| | Sub-total: | <u>407,186</u> | |
| Total Transfers to City for 1/1/2011 through 6/30/2012: | | <u>\$ 3,356,488</u> | |

Procedure 3

**Listing of Transfers (Excluding Payments for Goods and Services) to Other Public Agencies or Private Parties
Other Redevelopment Agency Funds
For the Period from January 1, 2011 through June 30, 2012**

| Describe Purpose of Transfer | Enforceable Obligation (EO)/ Other Legal Requirement (LR) | Amount | Legal Documentation Obtained? (Y/N) |
|---|---|----------------------------|---|
| <u>From former Redevelopment Agency to other public agencies or private parties for January 1, 2011 through January 31, 2012</u> | | | |
| Transfer for Ventura County Homeless Program. | EO | \$ 15,000 | Y |
| Transfer for the First Time Homebuyer Program. | EO | 200,000 | Y |
| Transfer for the First Time Homebuyer Program. | EO | 186,300 | Y |
| Transfer for the First Time Homebuyer Program. | EO | 191,400 | Y |
| Transfer for the First Time Homebuyer Program. | EO | 181,400 | Y |
| Transfer to the County for the Supplemental Educational Revenue Augmentation Funds. | EO | 1,290,218 | Y |
| Transfer for Redevelopment Agency activities. | EO | 70,000 | Y |
| Transfer for Redevelopment Agency activities. | EO | 17,500 | Y |
| Transfer for Redevelopment Agency activities. | EO | 17,500 | Y |
| Transfer for Redevelopment Agency activities. | EO | 17,500 | Y |
| Transfer for Redevelopment Agency activities. | EO | 37,000 | Y |
| Transfer for Redevelopment Agency activities. | EO | 40,000 | Y |
| | Sub-total: | <u>2,263,818</u> | |
| <u>From Successor Agency to other public agencies or private parties for February 1, 2012 through June 30, 2012</u> | | | |
| Transfer for Redevelopment Agency activities. | EO | 17,500 | Y |
| | Sub-total: | <u>17,500</u> | |
| Total Transfers to other public agencies or private parties for 1/1/2011 through 6/30/2012: | | \$ <u>2,281,318</u> | |

Procedure 4

Summary of the Financial Transactions of Redevelopment Agency and Successor Agency

All Funds

Per schedule attached to List of Procedures for Due Diligence Review

| | 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 and investments -Held by City | \$ 16,785,261 | \$ 16,263,662 | \$ 19,373,833 | \$ 17,989,407 |
| Cash and investments - Held by bond trustee | 2,105,379 | 2,105,073 | 2,106,610 | 2,103,175 |
| Accounts receivable | 115,559 | 176,806 | 196,344 | 171,532 |
| Taxes receivable | 9,006 | 17,246 | - | - |
| Interest receivable | 62,914 | 77,478 | 51,380 | 9,860 |
| Due from City of Simi Valley | 29,148 | 10,435 | 6,368 | - |
| Loans receivable | 19,755,519 | 21,617,791 | 19,748,163 | - |
| Property held for resale | 583,728 | 926,595 | 1,126,437 | - |
| Total Assets | \$ 39,446,514 | \$ 41,195,086 | \$ 42,609,135 | \$ 20,273,974 |
| Liabilities (modified accrual basis) | | | | |
| Accounts payable | \$ 457,478 | \$ 637,860 | \$ 210,083 | \$ 2,482,991 |
| Salaries and benefits payable | 43,795 | 41,666 | 67,462 | 12,746 |
| Due to City of Simi Valley | | 5,210 | | - |
| Deposits | 1,584 | 8,935 | 9,690 | - |
| Deferred revenues | 19,755,519 | 21,617,791 | 19,748,163 | - |
| Total Liabilities | 20,258,376 | 22,311,462 | 20,035,398 | 2,495,737 |
| Equity | 19,188,138 | 18,883,624 | 22,573,737 | 17,778,237 |
| Total Liabilities + Equity | \$ 39,446,514 | \$ 41,195,086 | \$ 42,609,135 | \$ 20,273,974 |
| Total Revenues: | \$ 21,873,741 | \$ 20,429,295 | \$ 9,440,027 | \$ 762,360 |
| Total Expenditures: | 33,693,656 | 28,090,793 | 5,749,915 | 3,469,273 |
| Total Transfers: | 10,787,285 | 7,356,984 | - | 20,485,150 |
| Net change in equity | (1,032,630) | (304,514) | 3,690,112 | 17,778,237 |
| Beginning Equity: | 20,220,768 | 19,188,138 | 18,883,624 | - |
| Ending Equity: | \$ 19,188,138 | \$ 18,883,624 | \$ 22,573,736 | \$ 17,778,237 |
| Other Information (show year end balances for all four periods presented): | | | | |
| Capital assets as of end of year | \$ 2,268,729 | \$ 2,263,906 | \$ 849,174 | \$ 849,174 |
| Long-term debt as of end of year | 27,201,769 | 26,332,808 | 25,481,853 | 25,434,886 |

Procedure 5
 Listing of All Assets
 Other Redevelopment Agency Funds
 As of June 30, 2012

ATTACHMENT B5

| <u>Assets</u> | | <u>Amount</u> |
|-----------------------------------|---|----------------------------|
| Cash | | |
| | 1100 Cash Constant | \$ 1,973,149 |
| | 1101 Operating Account | <u>3,388,039</u> |
| | TOTAL CASH: | \$ 5,361,188 |
| Cash with fiscal agent | | |
| | 1196 Investment held by Trust | <u>2,103,175</u> |
| | TOTAL CASH WITH FISCAL AGENT: | 2,103,175 |
| Accounts Receivable | | |
| | 1201/1220 Accounts Receivable Recon Acct. | <u>171,532</u> |
| | TOTAL INTEREST RECEIVABLE: | 171,532 |
| Interest receivable | | |
| | 1310 Interest Receivable | <u>9,861</u> |
| | TOTAL INTEREST RECEIVABLE: | 9,861 |
| Capital Assets | | |
| | 1870 Land (Full) | <u>849,174</u> |
| | TOTAL CAPITAL ASSETS: | 849,174 |
| TOTAL ASSETS AT 6/30/2012: | | <u>\$ 8,494,930</u> |

Procedure 6
 Listing of Assets that are Restricted
 Other Redevelopment Agency Funds
 As of June 30, 2012

| Item # | Description | Documentation Referenced | Amount | Purpose | Legal Documentation Obtained? (Y/N) | |
|---------------|-------------------------------|--------------------------|---------------------|---|-------------------------------------|---|
| 1 | Cash with fiscal Agent | | | | | |
| | a) SA-DS 2003 Tax Allocation | 408-1196 | \$ 2,103,175 | Reserve Fund-Held in trust by fiduciary per bond restrictions | Y | a |
| 2 | Unspent bond proceeds | | | | | |
| | a) SA-CDA Projects-1993 WECDP | 646-1100/1101 | 1,911,223 | RESTRICTED FOR COMMUNITY DEVELOPMENT | Y | b |
| TOTAL: | | | \$ 4,014,398 | | | |

- a) Obtained trustee statements.
- b) 1993 bond proceeds are held in separate fund (Fund 646). Obtained general ledger.

Procedure 7
Listing of Assets That Are Not Liquid or Otherwise Available for Distribution
Other Redevelopment Agency Funds
As of June 30, 2012

ATTACHMENT B7

| Item # | Description | Reference - General Ledger | Amount | Value Method | Variance Noted? (Y/N) |
|---|------------------------|----------------------------|---------------------|--------------|-----------------------|
| 1 | Capital Assets | | | | |
| | a) Land | 200/206/643-1870 | \$ 849,174 | Cost | N |
| 2 | Accounts Receivable | | | | |
| | a) Accounts receivable | 206 - 1201/1220 | 171,532 | Cost | N |
| 3 | Interest Receivable | | | | |
| | a) Interest receivable | 206-1310 | 5,560 | Cost | N |
| | b) Interest receivable | 408-1310 | 13 | Cost | N |
| | c) Interest receivable | 508-1310 | 195 | Cost | N |
| | d) Interest receivable | 646-1310 | 4,093 | Cost | N |
| TOTAL RESTRICTIONS OF NON-CASH ITEMS | | | \$ 1,030,567 | | |

Procedure 8a

Listing of Assets (resources) that are dedicated or restricted for the funding of enforceable obligations
 Other Redevelopment Agency Funds
 As of June 30, 2012

| Item # | Project Name | Reference | Approved Obligation Amount | Amount Paid in Period Ending June 30, 2012 | Amount Restricted for Obligation for June 30, 2012 Balance | Legal Documentation Obtained? (Y/N) |
|--------|---|----------------------|-------------------------------|--|--|---|
| 1 | County of Ventura Property Tax Collection Fee | ROPS I Line item - 4 | \$ 150,200 | \$ - | \$ 179,809 a | Y |
| 2 | Unfunded Retiree Obligations | ROPS I Line item - 5 | 461,600 | 461,000 | 600 | Y |
| 3 | 2003 Tax Allocation Bonds | ROPS I Line item - 6 | 2,099,219 | 617,109 | 1,482,110 | Y |
| 4 | 2003 Tax Allocation Bonds | ROPS I Line item - 8 | 2,250 | - | 2,250 | Y |
| 5 | 2003 Tax Allocation Bonds | ROPS I Line item - 9 | 3,400 | 3,375 | 25 | Y |
| | | | <u>\$ 2,716,669</u> | <u>\$ 1,081,484</u> | <u>\$ 1,664,794</u> | |

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Footnote:

a) - The County SB2557 Administration Fees actual resulted in \$179,809, which was \$29,609 higher than estimation on ROPS I. Obtain County calculation an \$179,809 is properly restricted for the June 30, 2012 balance.

Procedure 8b

ATTACHMENT B8b

**Listing of Assets (resources) that need to be retained due to insufficient funding for the funding of enforceable obligations
Other Redevelopment Agency Funds
As of June 30, 2012**

No assets to list to be retained due to insufficient funding for the funding of enforceable obligations

Procedure 8c

Listing of Assets (resources) that need to be retained due to projected insufficient property tax revenues for bond debt payments

Other Redevelopment Agency Funds

As of June 30, 2012

ATTACHMENT B8c

No assets to be retained due to projected insufficient property tax revenues for bond debt payments

Procedure 9

Listing of Assets (resources) that need to be retained due to projected insufficient property tax revenues for future ROPS

Other Redevelopment Agency Funds

As of June 30, 2012

No assets to be retained due to projected insufficient property tax revenues for future ROPS

Procedure 10

Summary of Other Redevelopment Agency Funds Available for Allocation to Affected Taxing Entities

| | |
|--|---------------------|
| Total amount of assets held by the successor agency as of June 30, 2012 (procedure 5) | \$ 8,494,930 |
| 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) | |
| | To City - |
| | To other parties - |
| Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments (procedure 6) | (4,014,398) |
| Less assets that are not cash or cash equivalents (e.g., physical assets) - (procedure 7) | (1,030,567) |
| 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) | (1,664,794) |
| 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 | <u>(2,372,620)</u> |
| Amount to be remitted to county for disbursement to taxing entities | <u>\$ (587,449)</u> |



CITY OF SIMI VALLEY

Home of The Ronald Reagan Presidential Library

December 2, 2012

Lance, Soll & Lunghard, LLP
Certified Public Accountants
203 North Brea Boulevard, Suite 203
Brea, CA 92821-4056

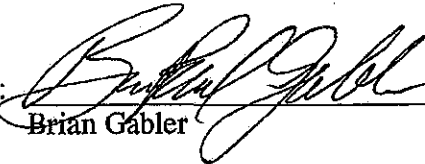
We are providing this letter in connection with your performance of the Due Diligence Review of the Other Redevelopment Agency Funds in accordance with Assembly Bill 1484 for the Successor Agency of the former Community Development Agency of the City of Simi Valley. We confirm that we are responsible for the complete and fair presentation of the previously mentioned review in conformity with the listed procedures of the Assembly Bill 1484 Due Diligence Review as published by the State Department of Finance on August 27, 2012. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, and preventing and detecting fraud.

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your review:

1. We have made available to you:
 - a. In accordance with 34179.5(c)(1), the dollar value of all assets transferred from the former redevelopment agency to the successor agency on or about February 1, 2012.
 - b. In accordance with 34179.5(c)(2), the dollar value of all 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. We have also provided the documentation of any enforceable obligation that required the transfer.
 - c. In accordance with 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. We have also provided documentation of any enforceable obligation that required the transfer.
 - d. In accordance with 34179.5(c)(4), the expenditure and revenue accounting information and have identified 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.
 - e. In accordance with 34179.5(c)(5), 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.

- f. In accordance with 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. In accordance with 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.
 - g. In accordance with 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, we have provided 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.
 - h. In accordance with 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.
2. There are no material transactions that have not been properly recorded in the accounting records underlying this Due Diligence Review.
 3. Management is not aware of any transfers (as defined by Section 34179.5) from either the former Redevelopment Agency or the Successor Agency to the City, other agencies or private parties for the period January 1, 2011 through June 30, 2012 that have not been identified in this report and related exhibits.
 4. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
 5. We have no knowledge of any fraud or suspected fraud affecting this Due Diligence Review involving:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on this Due Diligence Review.
 6. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.

7. When applicable, we have taken timely and appropriate steps to remedy fraud, illegal acts, violations of provisions of contracts or grant agreements, or abuse that you have reported to us.
8. We have identified to you any previous audits, attestation engagements, performance audits, state controller reports or other studies related to the objectives of this Due Diligence Review and whether related recommendations have been implemented.
9. The Successor Agency of the former Community Development Agency of the City of Simi Valley has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or fund equity.
10. We are responsible for compliance with the laws, regulations, provisions of contracts and grant agreements applicable to us, and all provisions related to the dissolution of the Redevelopment Agency in accordance with AB 1X 26 and AB 1484.
11. There are no known violations of:
 - a. Laws and regulations,
 - b. Provisions of contracts and grant agreements,
 - c. Provisions related to the dissolution of the Redevelopment Agency in AB 1X 26 and AB 1484 whose effects should be considered for disclosure in this Due Diligence Review.
12. All bank accounts and investments associated with this review have been properly reflected in the general ledger accounting records.
13. No events, including instances of noncompliance, have occurred subsequent to the performance of this Due Diligence Review and through the date of this letter that would require adjustment to or disclosure in the aforementioned Due Diligence Review.

Signed: 
Brian Gabler

Signed: 
Connie Henes-Baird

Title: Director of Economic Development/
Assistant City Manager

Title: Interim Director of Administrative
Services



**Successor Agency of the Former
Simi Valley Community Development Agency**

**Due Diligence Review
of the Other Redevelopment Agency Funds
Pursuant to Sections 34179.5(c)(1) through 34179.5(c)(6)
of Assembly Bill No. 1484 of 2012**

Lance Soll & Lunghard, LLP

Orange County
Silicon Valley
Temecula Valley

www.lslcpas.com

Successor Agency of the Former
Simi Valley Community Development Agency

Due Diligence Review
of the Other Redevelopment Agency Funds
Pursuant to Sections 34179.5(c)(1) through 34179.5(c)(6)
of Assembly Bill No. 1484 of 2012



- Brandon W. Burrows, CPA
- David E. Hale, CPA, CFP
A Professional Corporation
- Donald G. Slater, CPA
- Richard K. Kikuchi, CPA
- Susan F. Matz, CPA
- Shelly K. Jackley, CPA
- Bryan S. Gruber, CPA
- Deborah A. Harper, CPA

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES

To the Successor Agency of the
Former Simi Valley Community Development Agency
City of Simi Valley, California

We have performed the procedures enumerated in Attachment A for the Other Redevelopment Agency Funds, which were agreed to by the California State Controller's Office and the State of California Department of Finance (State Agencies) solely to assist you in ensuring that the dissolved redevelopment agency is complying with Assembly Bill 1484, Chapter 26, Section 17's amendment to health and safety code 34179.5. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Management of the successor agency is responsible for providing all the information obtained in performing these procedures. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

As stated above, the scope of this engagement was limited to performing the procedures identified in Attachment A, which specified the "List of Procedures for the Due Diligence Review" obtained from the California Department of Finance Website.

The results of the procedures performed are identified in Attachment B1 through B11.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of a certified opinion as to the appropriateness of the results of the procedures performed. 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 the Successor Agency.

This report is intended solely for the information and use of the Successor Agency Oversight Board, the Successor Agency and the 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.

Brea, California
December 2, 2012

List of Procedures for Due Diligence Review of the Other Redevelopment Agency Funds

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.
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.
 - 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.
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.

List of Procedures for Due Diligence Review for the Other Redevelopment Agency Funds (Continued)

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.
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 listing should be attached as an exhibit to the appropriate AUP report.
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).

List of Procedures for Due Diligence Review for the Other Redevelopment Agency Funds (Continued)

- 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).
 - 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.
 - 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.
7. Perform the following:
- 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 a previously audited financial statement (or to the accounting records of the Successor Agency) and note any differences.
 - c. For any differences noted in 7(B), inspect evidence of disposal of the asset and ascertain that the proceeds were deposited into the Successor Agency trust fund. If the differences are due to additions (this generally is not expected to occur), inspect the supporting documentation and note the circumstances.
 - d. If the assets listed at 7(A) are listed at recently estimated market value, inspect the evidence (if any) supporting the value and note the methodology used. If no evidence is available to support the value and/or methodology, note the lack of evidence.
8. Perform the following:
- 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.

List of Procedures for Due Diligence Review for the Other Redevelopment Agency Funds (Continued)

- 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 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.
- 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.

List of Procedures for Due Diligence Review for the Other Redevelopment Agency Funds (Continued)

- 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.
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.
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).
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.

Procedure 1
List of Assets Transferred from the Former Redevelopment Agency to the Successor Agency
Other Redevelopment Agency Funds
As of February 1, 2012

ATTACHMENT B1

| <u>Asset</u> | <u>Balance at 2/1/2012</u> |
|----------------------------------|----------------------------|
| Cash | \$ 6,884,516 |
| Cash with Fiscal Agent | 2,106,610 |
| Accounts Receivable | 196,344 |
| Interest Receivable | 13,282 |
| Capital Assets | 849,174 |
| Total Assets transferred: | \$ 10,049,926 |

Procedure 2
 Listing of Transfers (Excluding Payments for Goods and Services) to the City
 Other Redevelopment Agency Funds
 For the Period from January 1, 2011 through June 30, 2012

| Describe Purpose of Transfer | Enforceable Obligation (EO)/ Other Legal Requirement (LR) | Amount | Legal Documentation Obtained? (Y/N) |
|---|---|----------------------------|---|
| <u>From former Redevelopment Agency to City for January 1, 2011 through January 31, 2012</u> | | | |
| TO STS & RDS CC9046 MAJOR ST REHAB FY0910 | EO | \$ 1,539,090 | Y |
| CULTURAL ARTS IMPROVEMENTS - TO PROPERLY REPORT CITY ASSETS | LR | 178,457 | Y |
| CIVIC CENTER SITE & 1031 TANK SITE - TO PROPERLY REPORT CITY ASSETS | LR | 1,231,755 | Y |
| | Sub-total: | <u>2,949,302</u> | |
| <u>From Successor Agency to City for February 1, 2012 through June 30, 2012</u> | | | |
| CDA OPEB RETIREE OBLIGATION JAN-JUN 2012 ROPS | EO | 407,186 | Y |
| | Sub-total: | <u>407,186</u> | |
| Total Transfers to City for 1/1/2011 through 6/30/2012: | | <u>\$ 3,356,488</u> | |

Procedure 3

**Listing of Transfers (Excluding Payments for Goods and Services) to Other Public Agencies or Private Parties
Other Redevelopment Agency Funds
For the Period from January 1, 2011 through June 30, 2012**

| Describe Purpose of Transfer | Enforceable Obligation (EO)/ Other Legal Requirement (LR) | Amount | Legal Documentation Obtained? (Y/N) |
|---|---|---------------------|---|
| <u>From former Redevelopment Agency to other public agencies or private parties for January 1, 2011 through January 31, 2012</u> | | | |
| Transfer for Ventura County Homeless Program. | EO | \$ 15,000 | Y |
| Transfer for the First Time Homebuyer Program. | EO | 200,000 | Y |
| Transfer for the First Time Homebuyer Program. | EO | 186,300 | Y |
| Transfer for the First Time Homebuyer Program. | EO | 191,400 | Y |
| Transfer for the First Time Homebuyer Program. | EO | 181,400 | Y |
| Transfer to the County for the Supplemental Educational Revenue Augmentation Funds. | EO | 1,290,218 | Y |
| Transfer for Redevelopment Agency activities. | EO | 70,000 | Y |
| Transfer for Redevelopment Agency activities. | EO | 17,500 | Y |
| Transfer for Redevelopment Agency activities. | EO | 17,500 | Y |
| Transfer for Redevelopment Agency activities. | EO | 17,500 | Y |
| o Transfer for Redevelopment Agency activities. | EO | 37,000 | Y |
| Transfer for Redevelopment Agency activities. | EO | 40,000 | Y |
| | Sub-total: | 2,263,818 | |
| <u>From Successor Agency to other public agencies or private parties for February 1, 2012 through June 30, 2012</u> | | | |
| Transfer for Redevelopment Agency activities. | EO | 17,500 | Y |
| | Sub-total: | 17,500 | |
| Total Transfers to other public agencies or private parties for 1/1/2011 through 6/30/2012: | | \$ 2,281,318 | |

Procedure 4
 Summary of the Financial Transactions of Redevelopment Agency and Successor Agency
 All Funds
 Per schedule attached to List of Procedures for Due Diligence Review

ATTACHMENT B4

| | 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 and investments -Held by City | \$ 16,785,261 | \$ 16,263,662 | \$ 19,373,833 | \$ 17,989,407 |
| Cash and investments - Held by bond trustee | 2,105,379 | 2,105,073 | 2,106,610 | 2,103,175 |
| Accounts receivable | 115,559 | 176,806 | 196,344 | 171,532 |
| Taxes receivable | 9,006 | 17,246 | - | - |
| Interest receivable | 62,914 | 77,478 | 51,380 | 9,860 |
| Due from City of Simi Valley | 29,148 | 10,435 | 6,368 | - |
| Loans receivable | 19,755,519 | 21,617,791 | 19,748,163 | - |
| Property held for resale | 583,728 | 926,595 | 1,126,437 | - |
| Total Assets | \$ 39,446,514 | \$ 41,195,086 | \$ 42,609,135 | \$ 20,273,974 |
| Liabilities (modified accrual basis) | | | | |
| Accounts payable | \$ 457,478 | \$ 637,860 | \$ 210,083 | \$ 2,482,991 |
| Salaries and benefits payable | 43,795 | 41,666 | 67,462 | 12,746 |
| Due to City of Simi Valley | | 5,210 | | - |
| Deposits | 1,584 | 8,935 | 9,690 | - |
| Deferred revenues | 19,755,519 | 21,617,791 | 19,748,163 | - |
| Total Liabilities | 20,258,376 | 22,311,462 | 20,035,398 | 2,495,737 |
| Equity | 19,188,138 | 18,883,624 | 22,573,737 | 17,778,237 |
| Total Liabilities + Equity | \$ 39,446,514 | \$ 41,195,086 | \$ 42,609,135 | \$ 20,273,974 |
| Total Revenues: | \$ 21,873,741 | \$ 20,429,295 | \$ 9,440,027 | \$ 762,360 |
| Total Expenditures: | 33,693,656 | 28,090,793 | 5,749,915 | 3,469,273 |
| Total Transfers: | 10,787,285 | 7,356,984 | - | 20,485,150 |
| Net change in equity | (1,032,630) | (304,514) | 3,690,112 | 17,778,237 |
| Beginning Equity: | 20,220,768 | 19,188,138 | 18,883,624 | - |
| Ending Equity: | \$ 19,188,138 | \$ 18,883,624 | \$ 22,573,736 | \$ 17,778,237 |
| Other Information (show year end balances for all four periods presented): | | | | |
| Capital assets as of end of year | \$ 2,268,729 | \$ 2,263,906 | \$ 849,174 | \$ 849,174 |
| Long-term debt as of end of year | 27,201,769 | 26,332,808 | 25,481,853 | 25,434,886 |

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Procedure 5
Listing of All Assets
Other Redevelopment Agency Funds
As of June 30, 2012

ATTACHMENT B5

| <u>Assets</u> | | | <u>Amount</u> |
|------------------------|---|-----------------------------------|----------------------------|
| Cash | 1100 Cash Constant | \$ 1,973,149 | |
| | 1101 Operating Account | <u>3,388,039</u> | |
| | TOTAL CASH: | | \$ 5,361,188 |
| Cash with fiscal agent | 1196 Investment held by Trust | <u>2,103,175</u> | |
| | TOTAL CASH WITH FISCAL AGENT: | | 2,103,175 |
| Accounts Receivable | 1201/1220 Accounts Receivable Recon Acct. | <u>171,532</u> | |
| | TOTAL INTEREST RECEIVABLE: | | 171,532 |
| Interest receivable | 1310 Interest Receivable | <u>9,861</u> | |
| | TOTAL INTEREST RECEIVABLE: | | 9,861 |
| Capital Assets | 1870 Land (Full) | <u>849,174</u> | |
| | TOTAL CAPITAL ASSETS: | | <u>849,174</u> |
| | | TOTAL ASSETS AT 6/30/2012: | \$ <u>8,494,930</u> |

Procedure 6
 Listing of Assets that are Restricted
 Other Redevelopment Agency Funds
 As of June 30, 2012

| Item # | Description | Documentation Referenced | Amount | Purpose | Legal Documentation Obtained? (Y/N) | |
|---------------|-------------------------------|--------------------------|----------------------------|---|-------------------------------------|---|
| 1 | Cash with fiscal Agent | | | | | |
| | a) SA-DS 2003 Tax Allocation | 408-1196 | \$ 2,103,175 | Reserve Fund-Held in trust by fiduciary per bond restrictions | Y | a |
| 2 | Unspent bond proceeds | | | | | |
| | a) SA-CDA Projects-1993 WECDP | 646-1100/1101 | 1,911,223 | RESTRICTED FOR COMMUNITY DEVELOPMENT | Y | b |
| TOTAL: | | | <u>\$ 4,014,398</u> | | | |

- a) Obtained trustee statements.
 b) 1993 bond proceeds are held in separate fund (Fund 646). Obtained general ledger.

Procedure 7

**Listing of Assets That Are Not Liquid or Otherwise Available for Distribution
Other Redevelopment Agency Funds
As of June 30, 2012**

| <u>Item #</u> | <u>Description</u> | <u>Reference - General Ledger</u> | <u>Amount</u> | <u>Value Method</u> | <u>Variance Noted? (Y/N)</u> |
|---|------------------------|-----------------------------------|---------------------|---------------------|----------------------------------|
| 1 | Capital Assets | | | | |
| | a) Land | 200/206/643-1870 | \$ 849,174 | Cost | N |
| 2 | Accounts Receivable | | | | |
| | a) Accounts receivable | 206 - 1201/1220 | 171,532 | Cost | N |
| 3 | Interest Receivable | | | | |
| | a) Interest receivable | 206-1310 | 5,560 | Cost | N |
| | b) Interest receivable | 408-1310 | 13 | Cost | N |
| | c) Interest receivable | 508-1310 | 195 | Cost | N |
| | d) Interest receivable | 646-1310 | 4,093 | Cost | N |
| TOTAL RESTRICTIONS OF NON-CASH ITEMS | | | <u>\$ 1,030,567</u> | | |

Procedure 8a

**Listing of Assets (resources) that are dedicated or restricted for the funding of enforceable obligations
Other Redevelopment Agency Funds
As of June 30, 2012**

| Item # | Project Name | Reference | Approved Obligation Amount | Amount Paid in Period Ending June 30, 2012 | Amount Restricted for Obligation for June 30, 2012 Balance | Legal Documentation Obtained? (Y/N) |
|--------|---|----------------------|-------------------------------|--|--|---|
| 1 | County of Ventura Property Tax Collection Fee | ROPS I Line item - 4 | \$ 150,200 | \$ - | \$ 179,809 a | Y |
| 2 | Unfunded Retiree Obligations | ROPS I Line item - 5 | 461,600 | 461,000 | 600 | Y |
| 3 | 2003 Tax Allocation Bonds | ROPS I Line item - 6 | 2,099,219 | 617,109 | 1,482,110 | Y |
| 4 | 2003 Tax Allocation Bonds | ROPS I Line item - 8 | 2,250 | - | 2,250 | Y |
| 5 | 2003 Tax Allocation Bonds | ROPS I Line item - 9 | 3,400 | 3,375 | 25 | Y |
| | | | <u>\$ 2,716,669</u> | <u>\$ 1,081,484</u> | <u>\$ 1,664,794</u> | |

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Footnote:

a) - The County SB2557 Administration Fees actual resulted in \$179,809, which was \$29,609 higher than estimation on ROPS I. Obtain County calculation an \$179,809 is properly restricted for the June 30, 2012 balance.

Procedure 8b

Listing of Assets (resources) that need to be retained due to insufficient funding for the funding of enforceable obligations

Other Redevelopment Agency Funds

As of June 30, 2012

ATTACHMENT B8b

No assets to list to be retained due to insufficient funding for the funding of enforceable obligations

Procedure 8c

**Listing of Assets (resources) that need to be retained due to projected insufficient property tax revenues for bond debt payments
Other Redevelopment Agency Funds**

As of June 30, 2012

ATTACHMENT B8c

No assets to be retained due to projected insufficient property tax revenues for bond debt payments

Procedure 9
Listing of Assets (resources) that need to be retained due to projected insufficient property tax revenues for future ROPS
Other Redevelopment Agency Funds
As of June 30, 2012

No assets to be retained due to projected insufficient property tax revenues for future ROPS

Procedure 10
Summary of Other Redevelopment Agency Funds Available for Allocation to Affected Taxing Entities

ATTACHMENT B10

| | |
|--|---------------------|
| Total amount of assets held by the successor agency as of June 30, 2012 (procedure 5) | \$ 8,494,930 |
| 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) | |
| | To City - |
| | To other parties - |
| Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments (procedure 6) | (4,014,398) |
| Less assets that are not cash or cash equivalents (e.g., physical assets) - (procedure 7) | (1,030,567) |
| 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) | (1,664,794) |
| 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 | <u>(2,372,620)</u> |
| Amount to be remitted to county for disbursement to taxing entities | <u>\$ (587,449)</u> |



CITY OF SIMI VALLEY

Home of The Ronald Reagan Presidential Library

December 2, 2012

Lance, Soll & Lunghard, LLP
Certified Public Accountants
203 North Brea Boulevard, Suite 203
Brea, CA 92821-4056

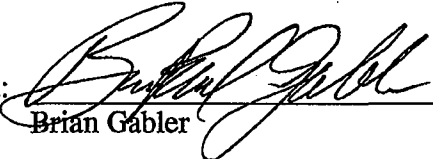
We are providing this letter in connection with your performance of the Due Diligence Review of the Other Redevelopment Agency Funds in accordance with Assembly Bill 1484 for the Successor Agency of the former Community Development Agency of the City of Simi Valley. We confirm that we are responsible for the complete and fair presentation of the previously mentioned review in conformity with the listed procedures of the Assembly Bill 1484 Due Diligence Review as published by the State Department of Finance on August 27, 2012. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, and preventing and detecting fraud.

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your review:

1. We have made available to you:
 - a. In accordance with 34179.5(c)(1), the dollar value of all assets transferred from the former redevelopment agency to the successor agency on or about February 1, 2012.
 - b. In accordance with 34179.5(c)(2), the dollar value of all 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. We have also provided the documentation of any enforceable obligation that required the transfer.
 - c. In accordance with 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. We have also provided documentation of any enforceable obligation that required the transfer.
 - d. In accordance with 34179.5(c)(4), the expenditure and revenue accounting information and have identified 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.
 - e. In accordance with 34179.5(c)(5), 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.

- f. In accordance with 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. In accordance with 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.
 - g. In accordance with 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, we have provided 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.
 - h. In accordance with 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.
2. There are no material transactions that have not been properly recorded in the accounting records underlying this Due Diligence Review.
 3. Management is not aware of any transfers (as defined by Section 34179.5) from either the former Redevelopment Agency or the Successor Agency to the City, other agencies or private parties for the period January 1, 2011 through June 30, 2012 that have not been identified in this report and related exhibits.
 4. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
 5. We have no knowledge of any fraud or suspected fraud affecting this Due Diligence Review involving:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on this Due Diligence Review.
 6. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.

7. When applicable, we have taken timely and appropriate steps to remedy fraud, illegal acts, violations of provisions of contracts or grant agreements, or abuse that you have reported to us.
8. We have identified to you any previous audits, attestation engagements, performance audits, state controller reports or other studies related to the objectives of this Due Diligence Review and whether related recommendations have been implemented.
9. The Successor Agency of the former Community Development Agency of the City of Simi Valley has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or fund equity.
10. We are responsible for compliance with the laws, regulations, provisions of contracts and grant agreements applicable to us, and all provisions related to the dissolution of the Redevelopment Agency in accordance with AB 1X 26 and AB 1484.
11. There are no known violations of:
 - a. Laws and regulations,
 - b. Provisions of contracts and grant agreements,
 - c. Provisions related to the dissolution of the Redevelopment Agency in AB 1X 26 and AB 1484 whose effects should be considered for disclosure in this Due Diligence Review.
12. All bank accounts and investments associated with this review have been properly reflected in the general ledger accounting records.
13. No events, including instances of noncompliance, have occurred subsequent to the performance of this Due Diligence Review and through the date of this letter that would require adjustment to or disclosure in the aforementioned Due Diligence Review.

Signed: 
Brian Gabler

Signed: 
Connie Henes-Baird

Title: Director of Economic Development/
Assistant City Manager

Title: Interim Director of Administrative
Services



Avenida Simi

Tapo Canyon Road