

**OVERSIGHT BOARD FOR SUCCESSOR AGENCY TO THE  
VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY  
SPECIAL MEETING AGENDA**

City of Victorville  
14343 Civic Drive, Conference Room "A"  
Victorville, CA 92392

Tuesday, January 15, 2013  
**3:30 P.M.**

**CALL TO ORDER**

- ITEM 1 PUBLIC COMMENT
- ITEM 2 PUBLIC COMMENT SESSION PURSUANT TO HEALTH & SAFETY CODE SECTION 34179.6(b) – INDEPENDENT ACCOUNTANT'S REPORT ON DUE DILIGENCE REVIEW PROCEDURES – ALL OTHER FUNDS (EXCLUDING LOW AND MODERATE INCOME HOUSING FUND)

**DISCUSSION AGENDA**

- ITEM 3 OATH OF OFFICE – NEW MEMBER(S)
- ITEM 4 APPROVE MINUTES FROM AUGUST 23, 2012 REGULAR MEETING, OCTOBER 4, 2012 SPECIAL MEETING AND OCTOBER 11, 2012 REGULAR MEETING
- ITEM 5 INDEPENDENT ACCOUNTANT'S REPORT ON DUE DILIGENCE REVIEW PROCEDURES – (HEALTH & SAFETY CODE SECTION 34179.5)
- ITEM 6 NEXT REGULARLY SCHEDULED MEETING: JANUARY 24, 2013
- ITEM 7 COMMENTS FROM OVERSIGHT BOARD AND STAFF
- ITEM 8 AJOURNMENT

**MINUTES OF THE  
REGULAR MEETING  
OF THE OVERSIGHT BOARD  
FOR SUCCESSOR AGENCY TO THE  
VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY  
August 23, 2012**

The meeting of the Oversight Board for the Successor Agency to the Victor Valley Economic Development Authority was called to order at 3:35 p.m. by Keith Metzler, Chairman to the Oversight Board for the Victor Valley Economic Development Authority, in Conference Room "D," Victorville City Hall, 14343 Civic Drive, Victorville, California.

**ROLL CALL**

**PRESENT:** Board Members Hoegerman, Metzler, O'Toole and Robertson

**ABSENT:** Board Members Johnson and Lamoreaux

Also present was Jennifer Thompson, Board Secretary, Marc Puckett, VVEDA Treasurer, Sophie Escobar, City of Victorville, and Darlene Drank, Town of Apple Valley

**PUBLIC COMMENT**

**PUBLIC COMMENT ON ITEMS OF INTEREST TO THE PUBLIC**

There was no public comment.

**BUSINESS ITEMS**

**APPROVE MINUTES FROM MAY 24, 2012 AND JULY 26, 2012 REGULAR MEETINGS**

It was moved by Board Member Robertson and seconded by Board Member Metzler to approve the minutes of May 24, 2012 and July 26, 2012. Motion carries unanimously with Board Members Johnson and Lamoreaux absent and Board Member O'Toole abstaining.

**DISCUSSION AGENDA**

**DISCUSSION AND ADOPTION OF RESOLUTION OB-VVEDA-12-005 APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE #3 (ROPS #3) AND ADMINISTRATIVE BUDGET FOR JANUARY 1, 2013 THROUGH JUNE 30, 2013**

Sophie Escobar reviewed ROPS #3 and noted the new form utilized as required by the Department of Finance. It was noted that the item was prepared by VVEDA's fiscal consultant under the review of Ms. Escobar and Mr. Puckett. Ms. Escobar advised that items 1-6 are JPA obligations that are listed pursuant to direction by the Department of Finance and item 7-15 are the Successor Agency administrative allowance being requested. This ROPS also includes a reconciliation for the period of January 1, 2012 through June 30, 2012 that ties into the summary page and affects the funds being requested for the ROPS #3 period. It was noted that the ROPS request for the time period of January 1, 2013 through June 30, 2013 amounts to \$16,594,532.

Marc Puckett added that some of the changes as it relates to the new form included additional language requiring the reconciliation to be the same period on a year over year basis, or a trailing 12-month reconciliation. Mr. Puckett noted that this version of the ROPS will have to be revised because of issues with how the assessment role is prepared by the County. The tax roll is created from the assessment role and if you look at item E on the summary page, which is an added statement at the end, that we will obtain the estimate of the anticipated tax increment to be funded from the RPTTF from the County Auditor/Controller prior to submittal. Because this form is due to be submitted no later than September 4<sup>th</sup>, the County does not prepare the tax roll typically until the end of September or the first week in October so the information is not

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available and the information that is included is simply an estimate based on a look back of how much tax increment was received in the past plus some estimate in terms of what the increase in the tax roll would be this year on an overall basis. Mr. Puckett reviewed the administrative costs as it relates to two elements those that are successor agency and those that will be passed through to the member entities.

Board Member Hoegerman questioned the differential of the \$72,000 versus the original estimation and if that would have an ongoing impact.

Marc Puckett indicated that the level of funding received for VVEDA's Successor Agency is based on the estimate of tax increment that will be passed through to fund the recognized obligations of each of the member agencies, so effectively it's based on the estimated amount available and then the associated estimate of the admin allowance that will be received based on that estimate. Each year that estimate will be adjusted downward as there is a better mechanism put in place to reconcile the differences between each of the member agencies recognized obligations as they are completed and drop off their ROPS with the numbers that are presented on VVEDA's ROPS.

Discussion ensued between Board Members and staff as it relates to changes to the ROPS form and it was noted that the correct ROPS form was used for this item.

Sophie Escobar noted an additional change that needed to be made in order to not create confusion. She requested the removal of items 8, 10, 11 and 12 as those items have no dollar amount being requested and that the form be renumber accordingly.

It was moved by Board Member O'Toole and seconded by Board Member Hoegerman to adopt Resolution OB-VVEDA-12-005 with the removal of line items 8, 10, 11 and 12 and the renumbering as recommended by Ms. Escobar. Motion carries unanimously with Board Members Johnson and Lamoreaux absent.

Board Member O'Toole commented that the fiscal impact of \$14,672,049 would need to be corrected as well.

It was moved by Board Member Hoegerman and seconded by Board Member O'Toole to amend the motion to update the fiscal impact to \$14,672,049. Motion carries unanimously with Board Members Johnson and Lamoreaux absent.

NEXT REGULARLY SCHEDULED MEETING

Chairman Metzler identified that the next regularly scheduled meeting is September 13, 2012 at 3:30.

It was noted that the Agreed Upon Procedures Audit and the Due Diligence Audit may be items to consider at the September 13<sup>th</sup> meeting.

COMMENTS FROM OVERSIGHT BOARD AND STAFF

None

ADJOURNMENT

It was moved by Board Member O'Toole and seconded by Board Member Robertson to adjourn the meeting at 3:56 p.m. Motion carries unanimously with Board Members Johnson and Lamoreaux absent.

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CHAIRMAN OF THE BOARD OF DIRECTORS

ATTEST:

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SECRETARY TO THE BOARD OF DIRECTORS

**MINUTES OF THE  
SPECIAL MEETING  
OF THE OVERSIGHT BOARD  
FOR SUCCESSOR AGENCY TO THE  
VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY  
October 4, 2012**

The meeting of the Oversight Board for the Successor Agency to the Victor Valley Economic Development Authority was called to order at 4:50 p.m. by Keith Metzler, Chairman to the Oversight Board for the Victor Valley Economic Development Authority, in Conference Room "D," Victorville City Hall, 14343 Civic Drive, Victorville, California.

**ROLL CALL**

**PRESENT:** Board Members Lamoreaux, McGlade, Metzler, and O'Toole

**ABSENT:** Board Members Johnson and Hoegerman

Also present was Jennifer Thompson, Board Secretary, Marc Puckett, VVEDA Treasurer, Sophie Escobar, City of Victorville, and Thomas Brown, Town of Apple Valley

**PUBLIC COMMENT**

**PUBLIC COMMENT ON ITEMS OF INTEREST TO THE PUBLIC**

There was no public comment.

**PUBLIC COMMENT SESSION TO CONSIDER DUE DILIGENCE REVIEW OF LOW AND MODERATE INCOME HOUSING FUND BALANCES PURSUANT TO HEALTH & SAFETY CODE SECTION 34179.6(b) – INDEPENDENT ACCOUNTANT'S REPORT ON DUE DILIGENCE REVIEW PROCEDURES – LOW AND MODERATE INCOME HOUSING FUND**

Public Comment Session was opened at 4:51 p.m. and closed at 4:51 p.m. with no public comment.

**DISCUSSION AGENDA**

**AGREED UPON PROCEDURES AUDIT PURSUANT TO HEALTH & SAFETY CODE SECTION 34182 – (INFORMATION ONLY)**

Marc Puckett introduced the Agreed Upon Procedures Audit prepared by Eadie & Payne LLP and noted that there were no significant findings other than the changes in the evolution of the EOPS and the ROPS and the continuing evolution of the requirements that were being put forward by the Department of Finance in terms of how we would conduct this process. The finding that is noted is that 65 of the obligations had differences and is significant only to the extent that it is to be noted that the estimates changed. Effectively it was determined with the Department of Finance that the only obligations that should be shown on the ROPS would be the pass through obligations or the pledged revenue that is passed through to each of the member agencies to support each of the member agencies recognized obligations on their ROPS. This simply demonstrates, in the early versions, the differences that occurred within the estimates as they were presented and the auditor's obligations to report those changes in estimates as they occurred.

Discussion ensued between Board Members and staff as it relates to the larger goal of this document and whether or not funds had been inappropriately transferred to other funds and if assets had been inappropriately transferred. It was noted that nothing in the report seems to be material or suggests that there is any concern with compliance with the dissolution process.

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October 4, 2012

It was moved by Board Member O'Toole and seconded by Board Member Lamoreaux to receive and file the Agreed Upon Procedures Audit. Motion carried unanimously with Board Members Hoegerman and Johnson absent.

INDEPENDENT ACCOUNTANT'S REPORT ON DUE DILIGENCE REVIEW PROCEDURES – LOW AND MODERATE INCOME HOUSING FUND (HEALTH & SAFETY CODE SECTION 34179.6(b))

Marc Puckett introduced the Due Diligence Review Report which focused on the low and moderate income housing fund and is the first of two due diligence reviews that will be presented to this Board, the second being for all other non-housing funds of VVEDA. This item primarily focused on the low and moderate income housing fund and since the Successor Agency to VVEDA does not have a low and moderate income housing fund and VVEDA at no time had a low and moderate income housing fund it is pretty straight forward that in most of the test procedures it was noted by the auditor that it is not applicable to VVEDA. It was noted that since VVEDA is a JPA that did not have a low and moderate income housing fund, each member entity was responsible for this activity within each of the respective member jurisdictions.

It was moved by Board Member O'Toole and seconded by Board Member McGlade to approve the receipt and filing of the Due Diligence Report. Motion carried unanimously with Board Members Hoegerman and Johnson absent.

Ms. Escobar advised that in order to comply, this item will be brought back on October 11<sup>th</sup> with a resolution being specific about the Oversight Board's recommendations so that those can be transmitted to the Department of Finance by October 15<sup>th</sup>. Ms. Escobar advised that the Board cannot take action until 5 days after the public comment session.

NEXT REGULARLY SCHEDULED MEETING

Chairman Metzler identified that the next regularly scheduled meeting is October 11, 2012 at 3:30.

It was noted that it is important to have quorum for this meeting.

COMMENTS FROM OVERSIGHT BOARD AND STAFF

Board Member O'Toole asked for an update on the VVEDA litigation.

Board Member Metzler advised that the VVEDA case was dismissed on a demurrer but currently VVEDA is preparing to appeal and take it to a higher level than the superior court.

ADJOURNMENT

It was moved by Board Member Lamoreaux and seconded by Board Member McGlade to adjourn the meeting at 5:05 p.m. Motion carried unanimously with Board Members Hoegerman and Johnson absent.

ATTEST:

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CHAIRMAN OF THE BOARD OF DIRECTORS

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SECRETARY TO THE BOARD OF DIRECTORS

**MINUTES OF THE  
REGULAR MEETING  
OF THE OVERSIGHT BOARD  
FOR SUCCESSOR AGENCY TO THE  
VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY  
October 11, 2012**

The meeting of the Oversight Board for the Successor Agency to the Victor Valley Economic Development Authority was called to order at 3:33 p.m. by Keith Metzler, Chairman to the Oversight Board for the Victor Valley Economic Development Authority, in Conference Room "D," Victorville City Hall, 14343 Civic Drive, Victorville, California.

**ROLL CALL**

**PRESENT:** Board Members Hoegerman, Johnson, Lamoreaux, McGlade, Metzler, and O'Toole

**ABSENT:** None

Also present was Jennifer Thompson, Board Secretary, Marc Puckett, VVEDA Treasurer, and Sophie Escobar, City of Victorville

**PUBLIC COMMENT**

**PUBLIC COMMENT ON ITEMS OF INTEREST TO THE PUBLIC**

There was no public comment.

**DISCUSSION AGENDA**

**ADOPT RESOLUTION OB-VVEDA-12-006 APPROVING THE INDEPENDENT ACCOUNTANT'S REPORT ON DUE DILIGENCE REVIEW PROCEDURES – LOW AND MODERATE INCOME HOUSING FUND (HEALTH & SAFETY CODE SECTION 34179.6(b))**

Chairman Metzler introduced the item and indicated that the item has a procedural requirement giving a 5 day public commenting period for the public to provide comment to the findings of the audit as it relates to the DDR. It was noted that this item is specific to the low and moderate income housing fund and there will be similar one that addresses the non-housing funds. The purpose of the report is to identify if there are any funds to be transferred that have not satisfied the enforceable obligations process.

Marc Puckett identified that the process outlined in AB1484 required that all future actions of the Oversight Board be adopted by resolution, therefore a resolution is proposed to adopt and approve the independent accountant's report for the due diligence review for the low and moderate income housing fund. The action today would adopt this resolution and conclude the public comment session.

Chairman Metzler indicated that the report is pretty straight forward as it relates to VVEDA's role. In VVEDA's case the State has recognized the JPA as the enforceable obligation so effectively the JPA calls for the distribution of funds to then go to the respective member jurisdictions. The funds are net of what would have been passed throughs to the taxing entities. Effectively what the individual jurisdictions will have to do is recognizing the sources of revenues on their individual ROPS documents. It simplifies this as VVEDA does not carry any real assets.

Marc Puckett advised that this item is only for the low and moderate income housing fund which VVEDA does not have and as such the auditors have indicated not applicable for each of the test procedures performed.

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It was moved by Board Member Johnson and seconded by Board Member Hoegerman to adopt Resolution OB-VVEDA-12-006 as presented. Motion carried unanimously.

NEXT REGULARLY SCHEDULED MEETING

Chairman Metzler identified that the next regularly scheduled meeting is October 25, 2012 at 3:30.

COMMENTS FROM OVERSIGHT BOARD AND STAFF

Board Member O'Toole requested that an election of Vice-Chairman be agendized for the next Board meeting.

ADJOURNMENT

It was moved by Board Member Lamoreaux and seconded by Board Member O'Toole to adjourn the meeting at 3:42 p.m. Motion carried unanimously.

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CHAIRMAN OF THE BOARD OF DIRECTORS

ATTEST:

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SECRETARY TO THE BOARD OF DIRECTORS



OVERSIGHT BOARD TO THE SUCCESSOR AGENCY  
OF THE VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY  
SPECIAL MEETING OF: JANUARY 15, 2013

SUBJECT: DUE DILIGENCE REVIEW – ALL OTHER FUNDS (EXCLUDING LOW AND MODERATE INCOME HOUSING FUND)

RECOMMENDATION: No action by the Oversight Board is requested at this time. Item presented for discussion purposes.

FISCAL IMPACT: None.

DISCUSSION:

AB1484, adopted on June 27, 2012, created new requirements for the Successor Agency (SA) to the former Redevelopment Agency to conduct certain test procedures for reviewing all cash and non-cash assets of the former RDA to help the state determine if amounts are available for redistribution to the other taxing entities during FY 2012-2013. These “Due Diligence Review” (DDR) procedures are outlined in Health and Safety Code Section 34179.5. Per this section of the Code, the Successor Agency was required to hire a licensed independent public accountant with expertise and experience in local governmental accounting to review all assets, asset transfers, obligated and unobligated balances transfer to the successor agency by the former redevelopment agency to determine amounts of cash available for redistribution to other taxing agencies [H&S Code Section 34179.5(a)]. As an alternative, the County Auditor-Controller (CAC) could provide an audit with the information required. The selection of the licensed accountant by the Successor Agency required the approval of the County Auditor-Controller. The independent public accounting firm of Eadie & Payne, LLP was included on the list of licensed accountants approved by the County of San Bernardino. As such, the Successor Agency engaged Eadie & Payne to conduct the DDR test procedures as specified in the Health & Safety Code. Although AB1484 provided no specific funding mechanism for the DDR, the Successor Agency administrative cost allowance included general contract services funding which will be used to pay to cost of the engagement.

An excerpt from the H&S Code, Section 34179(c) is attached. This section details the minimum requirements for the DDR. AB1484 specified that the review process shall consist of two separate DDRs, a review of the Low and Moderate Income Housing Fund, and a review of all non-housing funds. The Code required that the non-housing DDR be completed by December 15, 2012 and submitted to the Oversight Board, County Auditor-Controller, State Controller’s Office, and Department of Finance [H&S Code Section 34179.6(a)] by that date. However, due to time constraints of both Successor Agency staff and audit staff due to other year-end audit work, the Successor Agency was unable to meet the December 15, 2012 deadline. Although the

DoF has no authority to extend the date, DoF recognized that many RDAs would not be able to meet the deadlines and did request notification of anticipated completion dates for those agencies unable to meet the deadline. SA staff did notify the DoF of its intent to transmit the report as soon as possible and to make every effort to comply with future deadlines specified within the Code.

Adding to the specified time constraints, initially public accounting firms expressed concerns that they would not be able to prepare the agreed-upon procedures reports as outlined in the Code based upon their professional standards. The CalCPA's Governmental Accounting and Auditing Committee and the California Committee on Municipal Accounting regularly issue white paper on various subjects of interest to CalCPA members. These two organizations met with the DoF and then clarified how the agreed-upon procedures specified under the Code would be performed. A copy of the list of procedures required for the Due Diligence Review is attached. The need to clarify the test procedures to be performed pursuant to the code requirements placed additional time pressures upon the DDR process.

Per H&S 34179.6(b), upon receipt of the DDR, the Oversight Board is required to convene a public comment session to take place at least five business days before the Oversight Board votes on approval of the DDR. Such public comment session is scheduled to occur at this Special Meeting of the Oversight Board on January 15, 2013. Final approval of the DDR by the Oversight Board will be scheduled at a Special Meeting to be held on January 22, 2013.

When taking action on January 15, 2013, the Oversight Board may adjust any amount provided in the DDR to reflect additional information and analysis. The Oversight Board may request from the SA any materials it deems necessary to assist in its review and approval of the determination. The Oversight Board can also authorize the Successor Agency to retain the restricted funds, the non-cash assets, and the cash balances that are contractually committed or needed for items to be placed on the ROPs during the fiscal year [H&S 34179.6(c)]. An Oversight Board that makes that authorization must identify to the DoF the amount of funds authorized for retention, the source of those funds, and the purposes for those funds that are being retained. The Oversight Board's determination is subject to the review and approval of the DoF.

The DoF may also adjust the amounts determined to be available for allocation in the DDR to the taxing entities based on its analysis and information provided by the Successor Agency and others. The DoF must complete its review by April 1, 2013. It must provide the Successor Agency and the Oversight Board with an explanation of the basis for overturning or modifying any finding or determinations of the Oversight Board. The Successor Agency can request a meet and confer with the DoF to discuss such determination if requested within five business days of receiving the DoF's determination. Otherwise, the Successor Agency is required to transmit the funds determined to be available for allocation to the taxing entities within five business days of receipt of DoF's determination [H&S 34179.6(f)].

Per H&S Code Section 34179.6(h), if the funds are not transmitted timely, there are remedies available to the DoF and the County to cause the collection of such funds from the SA or Sponsoring Community (in this case VVEDA). For example the DoF can order an offset of the Sponsoring Community's sales and use tax (VVEDA does not collect sales and use tax). Additionally, the County Auditor-Controller can offset property tax owed to the Agency if the DoF does not order a sales and use tax offset (VVEDA does not levy property tax). The DoF may also direct the CAC to deduct the unpaid amount from future allocations of property tax to the SA.

SA staff has reviewed the attached DDR. The main purpose of the report is to determine the amount of non-housing funds available for distribution to the taxing entities. As you will recall, the amount determined in the LMIHF DDR was \$ -0-. For the non-housing funds, on Exhibit 1 of the report you will find that \$ -0- is available for allocation to affected taxing entities.

SA staff remains available to answer any questions or comments the Board might have regarding the results of the DDR for non-housing funds.

**Attachments:**

- 1) H&S Code, Section 34179(c)
- 2) List of Procedures for Due Diligence Review Issued by CalCPA and CCMA
- 3) Due Diligence Review – Non-Housing Funds

**Health and Safety Code Section 34179.5(c)**

**(c) At a minimum, the review required by this section shall include the following:**

**(1) The dollar value of assets transferred from the former redevelopment agency to the successor agency on or about February 1, 2012.**

**(2) The dollar value of assets and cash and cash equivalents transferred after January 1, 2011, through June 30, 2012, by the redevelopment agency or the successor agency to the city, county, or city and county that formed the redevelopment agency and the purpose of each transfer. The review shall provide documentation of any enforceable obligation that required the transfer.**

**(3) The dollar value of any cash or cash equivalents transferred after January 1, 2011, through June 30, 2012, by the redevelopment agency or the successor agency to any other public agency or private party and the purpose of each transfer. The review shall provide documentation of any enforceable obligation that required the transfer.**

**(4) The review shall provide expenditure and revenue accounting information and identify transfers and funding sources for the 2010-11 and 2011-12 fiscal years that reconciles balances, assets, and liabilities of the successor agency on June 30, 2012 to those reported to the Controller for the 2009-10 fiscal year.**

**(5) A separate accounting for the balance for the Low and Moderate Income Housing Fund for all other funds and accounts combined shall be made as follows:**

**(A) A statement of the total value of each fund as of June 30, 2012.**

**(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.**

**(C) An itemized statement of the values of any assets that are not cash or cash equivalents. This may include physical assets, land, records, and equipment. For the purpose of this accounting, physical assets may be valued at purchase cost or at any recently estimated market value. The statement shall list separately housing-related assets.**

**(D) An itemized listing of any current balances that are legally or contractually dedicated or restricted for the funding of an enforceable obligation that identifies the nature of the dedication or restriction and the specific enforceable obligation. In addition, the successor agency shall provide a listing of all approved enforceable obligations that includes a projection of annual spending**

requirements to satisfy each obligation and a projection of annual revenues available to fund those requirements. If a review finds that future revenues together with dedicated or restricted balances are insufficient to fund future obligations and thus retention of current balances is required, it shall identify the amount of current balances necessary for retention. The review shall also detail the projected property tax revenues and other general purpose revenues to be received by the successor agency, together with both the amount and timing of the bond debt service payments of the successor agency, for the period in which the oversight board anticipates the successor agency will have insufficient property tax revenue to pay the specified obligations.

(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.

(6) The review shall total the net balances available after deducting the total amounts described in subparagraphs (B) to (E), inclusive, of paragraph (5). The review shall add any amounts that were transferred as identified in paragraphs (2) and (3) of subdivision (c) if an enforceable obligation to make that transfer did not exist. The resulting sum shall be available for allocation to affected taxing entities pursuant to Section 34179.6. It shall be a rebuttable presumption that cash and cash equivalent balances available to the successor agency are available and sufficient to disburse the amount determined in this paragraph to taxing entities. If the review finds that there are insufficient cash balances to transfer or that cash or cash equivalents are specifically obligated to the purposes described in subparagraphs (B), (D), and (E) of paragraph (5) in such amounts that there is insufficient cash to provide the full amount determined pursuant to this paragraph, that amount shall be demonstrated in an additional itemized schedule.

## List of Procedures for Due Diligence Review

### General information regarding these procedures:

1. The procedures associated with Sections 34179.5(c)(1) through 34179.5(c)(3) and Sections 34179.5(c)(5) through 34179.5(c)(6) are to be applied separately to (a) the Low and Moderate Income Housing Fund of the Successor Agency and to (b) all other funds of the Successor Agency combined (excluding the Low and Moderate Income Housing Fund).
2. The due date for the report associated with the Low and Moderate Income Housing Fund is October 1, 2012.
3. The due date for the report associated with all other funds of the Successor Agency combined (excluding the Low and Moderate Income Housing Fund) is December 15, 2012.
4. Because the procedures required by Section 34179.5(c)(4) pertain to the Successor Agency as a whole, these procedures should be addressed in the report that is due on December 15, 2012.

Fiscal year references below refer to fiscal years ending on June 30. This language should be modified for those agencies that have a different fiscal year-end.

For purposes of the procedures below and the related exhibits, the amount of the assets presented should be based upon generally accepted accounting principles (GAAP), unless otherwise noted.

To the extent the procedures listed below are duplicative to the agreed upon procedures that were performed pursuant to HSC 34182 (a)(1), it is acceptable to obtain and use information from the HSC 34182 (a)(1) procedures for purposes of this due diligence review without having to re-perform the procedures. When this is done, the due diligence report should refer to the report that was issued for the agreed upon procedures performed under HSC 34182 (a)(1).

Certain assets may qualify as a deduction under more than one category of deduction. In such cases, care should be taken to ensure that such assets have been included as a deduction in the summary schedule only once.

### Citation:

*34179.5(c)(1) The dollar value of assets transferred from the former redevelopment agency to the successor agency on or about February 1, 2012.*

### Suggested Procedure(s):

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.

**Citation:**

*34179.5(c)(2) The dollar value of assets and cash and cash equivalents transferred after January 1, 2011, through June 30, 2012, by the redevelopment agency or the successor agency to the city, county, or city and county that formed the redevelopment agency and the purpose of each transfer. The review shall provide documentation of any enforceable obligation that required the transfer.*

**Suggested Procedure(s):**

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.

**Citation:**

*34179.5(c)(3) The dollar value of any cash or cash equivalents transferred after January 1, 2011, through June 30, 2012, by the redevelopment agency or the successor agency to any other public agency or private party and the purpose of each transfer. The review shall provide documentation of any enforceable obligation that required the transfer.*

**Suggested Procedure(s):**

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.

**Citation:**

*34179.5(c)(4) The review shall provide expenditure and revenue accounting information and identify transfers and funding sources for the 2010–11 and 2011–12 fiscal years that reconciles balances, assets, and liabilities of the successor agency on June 30, 2012 to those reported to the Controller for the 2009–10 fiscal year.*

**Suggested Procedure(s):**

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.



**Citation:**

*34179.5(c)(5) A separate accounting for the balance for the Low and Moderate Income Housing Fund for all other funds and accounts combined shall be made as follows:*

*(A) A statement of the total value of each fund as of June 30, 2012.*

**Suggested Procedure(s):**

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

**Citation:**

*34179.5(c)(5)(B) An itemized statement listing any amounts that are legally restricted as to purpose and cannot be provided to taxing entities. This could include the proceeds of any bonds, grant funds, or funds provided by other governmental entities that place conditions on their use.*

**Suggested Procedure(s):**

6. Obtain from the Successor Agency a listing of asset balances held on June 30, 2012 that are restricted for the following purposes:
  - A. Unspent bond proceeds:
    - i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures, amounts set aside for debt service payments, etc.)
    - ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
    - iii. Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.

- B. Grant proceeds and program income that are restricted by third parties:
- i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).
  - ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
  - iii. Obtain from the Successor Agency a copy of the grant agreement that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.
- C. Other assets considered to be legally restricted:
- i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).
  - ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
  - 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.

**Citation:**

*34179.5(c)(5)(C) An itemized statement of the values of any assets that are not cash or cash equivalents. This may include physical assets, land, records, and equipment. For the purpose of this accounting, physical assets may be valued at purchase cost or at any recently estimated market value. The statement shall list separately housing-related assets.*

**Suggested Procedure(s):**

7. Perform the following procedures:
- A. Obtain from the Successor Agency a listing of assets as of June 30, 2012 that are **not** liquid or otherwise available for distribution (such as capital assets, land held for resale, long-term receivables, etc.) and ascertain if the values are listed at either purchase cost (based on book value reflected in the accounting records of the Successor Agency) or market value as recently estimated by the Successor Agency.
  - B. If the assets listed at 7(A) are listed at purchase cost, trace the amounts to 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.

**Citation:**

*34179.5(c)(5)(D) An itemized listing of any current balances that are legally or contractually dedicated or restricted for the funding of an enforceable obligation that identifies the nature of the dedication or restriction and the specific enforceable obligation. In addition, the successor agency shall provide a listing of all approved enforceable obligations that includes a projection of annual spending requirements to satisfy each obligation and a projection of annual revenues available to fund those requirements. If a review finds that future revenues together with dedicated or restricted balances are insufficient to fund future obligations and thus retention of current balances is required, it shall identify the amount of current balances necessary for retention. The review shall also detail the projected property tax revenues and other general purpose revenues to be received by the successor agency, together with both the amount and timing of the bond debt service payments of the successor agency, for the period in which the oversight board anticipates the successor agency will have insufficient property tax revenue to pay the specified obligations.*

**Suggested Procedure(s):**

- 8. Perform the following procedures:
  - A. If the Successor Agency believes that asset balances need to be retained to satisfy enforceable obligations, obtain from the Successor Agency an itemized schedule of asset balances (resources) as of June 30, 2012 that are dedicated or restricted for the funding of enforceable obligations and perform the following procedures. The schedule should identify the amount dedicated or restricted, the nature of the dedication or restriction, the specific enforceable obligation to which the dedication or restriction relates, and the language in the legal document that is associated with the enforceable obligation that specifies the dedication of existing asset balances toward payment of that obligation.
    - i. Compare all information on the schedule to the legal documents that form the basis for the dedication or restriction of the resource balance in question.
    - ii. Compare all current balances to the amounts reported in the accounting records of the Successor Agency or to an alternative computation.
    - iii. Compare the specified enforceable obligations to those that were included in the final Recognized Obligation Payment Schedule approved by the California Department of Finance.
    - iv. Attach as an exhibit to the report the listing obtained from the Successor Agency. Identify in the report any listed balances for which the Successor Agency was

unable to provide appropriate restricting language in the legal document associated with the enforceable obligation.

- 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.
- 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.

**Citation:**

*34179.5(c)(5)(E) An itemized list and analysis of any amounts of current balances that are needed to satisfy obligations that will be placed on the Recognized Obligation Payment Schedules for the current fiscal year.*

**Suggested Procedure(s):**

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.

**Citation:**

*34179.5(c)(6) The review shall total the net balances available after deducting the total amounts described in subparagraphs (B) to (E), inclusive, of paragraph (5). The review shall add any amounts that were transferred as identified in paragraphs (2) and (3) of subdivision (c) if an enforceable obligation to make that transfer did not exist. The resulting sum shall be available for allocation to affected taxing entities pursuant to Section 34179.6. It shall be a rebuttable presumption that cash and cash equivalent balances available to the successor agency are available and sufficient to disburse the amount determined in this paragraph to taxing entities. If the review finds that there are insufficient cash balances to transfer or that cash or cash equivalents are specifically obligated to the purposes described in subparagraphs (B), (D), and (E) of paragraph (5) in such amounts that there is insufficient cash to provide the full amount determined pursuant to this paragraph, that amount shall be demonstrated in an additional itemized schedule.*

**Suggested Procedure(s):**

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).

**Suggested Procedure(s):**

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.

**SUCCESSOR AGENCY TO THE VICTOR  
VALLEY ECONOMIC DEVELOPMENT  
AUTHORITY REDEVELOPMENT AGENCY**

**INDEPENDENT ACCOUNTANTS' REPORT ON  
APPLYING AGREED-UPON DUE DILIGENCE  
REVIEW PROCEDURES**

**ALL OTHER FUNDS (EXCLUDING THE LOW  
AND MODERATE INCOME HOUSING FUND)**

SUCCESSOR AGENCY TO THE VICTOR VALLEY ECONOMIC DEVELOPMENT  
AUTHORITY REDEVELOPMENT AGENCY  
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CERTIFIED  
PUBLIC  
ACCOUNTANTS  
& BUSINESS  
ADVISORS

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON DUE DILIGENCE REVIEW PROCEDURES

Successor Agency to the Victor Valley Economic Development Authority  
Redevelopment Agency  
Victorville, California

We have performed the due diligence review procedures enumerated below, which were agreed to by the Successor Agency to the Victor Valley Economic Development Authority Redevelopment Agency, the California State Controller's Office, and the Department of Finance, solely to assist you in determining the unobligated balances in all other funds of the Successor Agency (excluding the Low and Moderate Income Housing Fund) available for transfer to taxing entities pursuant to California Health and Safety Code Section 34179.5(c). Management of the Successor Agency is responsible for the accounting records pertaining to the unobligated balances. This engagement to apply agreed-upon procedures was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which the report has been requested or for any other purpose.

Our procedures and findings are as follows:

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.

*We noted assets in the amount of \$18,391,295 were transferred from all other funds of the former redevelopment agency (excluding the Low and Moderate Income Housing Fund) to the Successor Agency as of February 1, 2012. Refer to Exhibit 2.*

-1-

Redlands Office  
Ontario Office

1839 W. Redlands Blvd., Redlands, CA 92373  
4200 Concourse, Suite 360, Ontario, CA 91764

T. (909) 793-2406  
T. (909) 466-5252

F. (909) 792-3516  
F. (909) 466-5250

[www.eadiepaynellp.com](http://www.eadiepaynellp.com)

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.

*Per the Successor Agency, there were no transfers from the former redevelopment agency to the Victor Valley Economic Development Authority for the period from January 1, 2011 through January 31, 2012.*

B. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Successor Agency to 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.

*Per the Successor Agency, there were no transfers from the Successor Agency to the Victor Valley Economic Development Authority for the period from February 1, 2012 through June 30, 2012.*

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

*This procedure is not applicable.*

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.

*We noted 25 transfers totaling \$31,208,988 from all other funds of the former redevelopment agency (excluding the Low and Moderate Income Housing Fund) to other public agencies or private parties for the period January 1, 2011 through January 31, 2012. Refer to Exhibit 3.*

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.

*We noted 33 transfers totaling \$17,090,798 from all other funds of the Successor Agency (excluding the Low and Moderate Income Housing Fund) to other public agencies or private parties for the period February 1, 2012 through June 30, 2012. Refer to Exhibit 4.*

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.

*Refer to Exhibits 3 and 4 for the legal documents that formed the basis for the enforceable obligations that required the transfers.*

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.

*Refer to Exhibit 5 for a summary of financial transactions of the former redevelopment agency for the years ended June 30, 2010 and 2011 and for the period July 1, 2011 through January 31, 2012, and for the Successor Agency for the period February 1, 2012 through June 30, 2012. All amounts include the Low and Moderate Income Housing Fund and all other funds of the former redevelopment agency and the Successor Agency.*

- B. Ascertain that for each period presented, the total of revenues, expenditures, and transfers account fully for the changes in equity from the previous fiscal period.

*No exceptions noted.*

- 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.

*No exceptions noted.*

- 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.

*We compared the amounts for the fiscal year ended June 30, 2010 and June 30, 2011 to the audited financial statements of the former redevelopment agency. The amounts for the seven months ended January 31, 2012 and five months ended June 30, 2012 were traced to account balances in the general ledger of the former redevelopment agency and the Successor Agency, respectively. No exceptions noted.*

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

*Refer to Exhibit 6 for a listing of the assets of all other funds of the Successor Agency (excluding the Low and Moderate Income Housing Fund) as of June 30, 2012.*

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.

*Per the Successor Agency, there are no unspent bond proceeds.*

- B. Grant proceeds and program income that are restricted by third parties:
  - i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).

- ii. Trace individual components of this computation to related account balances in the accounting records or to other supporting documentation (specify in the AUP report a description of such documentation).
- iii. Obtain from the Successor Agency a copy of the grant agreement that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.

*Per the Successor Agency, no grant proceeds or program income are restricted by third parties.*

C. Other assets considered to be legally restricted:

- i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).
- ii. Trace individual components of this computation to related account balances in the accounting records or to other supporting documentation (specify in the AUP report a description of such documentation).
- 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.

*Per the Successor Agency, all assets of the Successor Agency are intended to be passed through to member and other agencies as stated in the Joint Powers Authority Agreement. Refer to Exhibit 7.*

- 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.

*Refer to Exhibit 7.*

7. Perform the following procedures:

- A. Obtain from the Successor Agency a listing of assets as of June 30, 2012 that are not liquid or otherwise available for distribution (such as capital assets, land held for resale, long-term receivables, etc.) and ascertain if the values are listed at either purchase cost (based on book value reflected in the accounting records of the Successor Agency) or market value as recently estimated by the Successor Agency.

*We noted no assets that are not liquid or otherwise available for distribution. This procedure is not applicable.*

- 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.

*This procedure is not applicable.*

- C. For any differences noted in 7(B), inspect evidence of disposal of the asset and ascertain that the proceeds were deposited into the Successor Agency trust fund. If the differences are due to additions (this generally is not expected to occur), inspect the supporting documentation and note the circumstances.

*This procedure is not applicable.*

- D. If the assets listed at 7(A) are listed at recently estimated market value, inspect the evidence (if any) supporting the value and note the methodology used. If no evidence is available to support the value and/or methodology, note the lack of evidence.

*This procedure is not applicable.*

8. Perform the following procedures:

- A. If the Successor Agency believes that asset balances need to be retained to satisfy enforceable obligations, obtain from the Successor Agency an itemized schedule of asset balances (resources) as of June 30, 2012 that are dedicated or restricted for the funding of enforceable obligations and perform the following procedures. The schedule should identify the amount dedicated or restricted, the nature of the dedication or restriction, the specific enforceable obligation to which the dedication or restriction relates, and the language in the legal document that is associated with the enforceable obligation that specifies the dedication of existing asset balances toward payment of that obligation.
- i. Compare all information on the schedule to the legal documents that form the basis for the dedication or restriction of the resource balance in question.
  - ii. Compare all current balances to the amounts reported in the accounting records of the Successor Agency or to an alternative computation.
  - iii. Compare the specified enforceable obligations to those that were included in the final Recognized Obligation Payment Schedule (ROPS) 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.

*Per the Successor Agency, asset balances amounting to \$9,862,183 are restricted for the funding of enforceable obligations listed in the approved ROPS. Per the Successor Agency, all assets of the Successor Agency are intended to be passed through to member and other agencies as stated in the Joint Powers Authority Agreement. Refer to Exhibit 8 for a listing of enforceable obligations sourced from restricted assets.*



- 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.

*This procedure is not applicable.*

- 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.

*This procedure is not applicable.*

- D. If procedures A, B, or C were performed, calculate the amount of current unrestricted balances necessary for retention in order to meet the enforceable obligations by performing the following procedures.
  - i. Combine the amount of identified current dedicated or restricted balances and the amount of forecasted annual revenues to arrive at the amount of total resources available to fund enforceable obligations.
  - ii. Reduce the amount of total resources available by the amount forecasted for the annual spending requirements. A negative result indicates the amount of current unrestricted balances that needs to be retained.
  - iii. Include the calculation in the AUP report.

*Refer to Exhibit 9.*

- 9. If the Successor Agency believes that cash balances as of June 30, 2012 need to be retained to satisfy obligations on the ROPS for the period of July 1, 2012 through June 30, 2013, 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 of 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.

*This procedure is not applicable.*

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).

*Refer to Exhibit 1 for a schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Entities from all other funds (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.

*A representation letter was obtained from the Successor Agency.*

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the computation of the unobligated balances in all other funds of the former redevelopment agency (excluding the Low and Moderate Income Housing Fund) available to transfer to taxing entities pursuant to California Health and Safety Code Section 34179.5(c). Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Successor Agency, Oversight Board, County Auditor-Controller, and applicable State agencies, and is not intended to be, and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

*Eadie and Payne, LLP*

January 7, 2013  
Redlands, California

**SUCCESSOR AGENCY TO THE VICTOR VALLEY ECONOMIC  
AUTHORITY REDEVELOPMENT AGENCY  
SUMMARY OF BALANCES AVAILABLE FOR ALLOCATION TO AFFECTED  
TAXING ENTITIES**

Total amount of assets held by the Successor Agency as of June 30, 2012 - Exhibit 6	\$ 9,862,183
Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments - Exhibit 7	<u>9,862,183</u>
<b>Amount to be remitted to County for distribution to taxing entities</b>	<u><u>\$ -</u></u>

SUCCESSOR AGENCY TO THE VICTOR VALLEY ECONOMIC  
AUTHORITY REDEVELOPMENT AGENCY  
LISTING OF ASSETS TRANSFERRED FROM THE FORMER REDEVELOPMENT  
AGENCY TO THE SUCCESSOR AGENCY ON FEBRUARY 1, 2012

<u>Asset Description</u>	<u>Total Funds</u>
Cash and investments	\$ 17,718,228
Due from other governments	<u>673,067</u>
<b>Total</b>	<b><u>\$ 18,391,295</u></b>

**SUCCESSOR AGENCY TO THE VICTOR VALLEY ECONOMIC  
AUTHORITY REDEVELOPMENT AGENCY  
DETAIL OF TRANSFERS FROM THE FORMER REDEVELOPMENT AGENCY  
TO OTHER PUBLIC AGENCIES OR PRIVATE PARTIES  
FOR THE PERIOD JANUARY 1, 2011 THROUGH JANUARY 31, 2012**

<u>Amount of Transfer</u>	<u>Effective Date of Transfer</u>	<u>Purpose of Transfer</u>	<u>Basis of Transfer</u>
\$ 15,164,380	4/22/2011	FY 2010-2011 Pass-through payment to Town of Apple Valley	Joint Powers Authority Agreement
33,618	4/28/2011	Distribution of FY 2009-2010 interest and budget savings to City of Adelanto	Joint Powers Authority Agreement
43,806	4/28/2011	Distribution of FY 2009-2010 interest and budget savings to Town of Apple Valley	Joint Powers Authority Agreement
38,219	4/28/2011	Distribution of FY 2009-2010 interest and budget savings to County of San Bernardino	Joint Powers Authority Agreement
34,287	4/28/2011	Distribution of FY 2009-2010 interest and budget savings to City of Hesperia	Joint Powers Authority Agreement
129,254	4/28/2011	Distribution of FY 2009-2010 interest and budget savings to City of Victorville	Joint Powers Authority Agreement
2,510,083	5/9/2011	Pass-through payment to County of San Bernardino	Joint Powers Authority Agreement
49,823	8/25/2011	FY 2010-2011 Pass-through to the City of Adelanto	Joint Powers Authority Agreement
455,606	8/25/2011	FY 2010-2011 Pass-through to the County of San Bernardino	Joint Powers Authority Agreement
1,098,055	8/25/2011	FY 2010-2011 Pass-through to the Town of Apple Valley	Joint Powers Authority Agreement
135,135	8/25/2011	FY 2010-2011 Pass-through to the City of Hesperia	Joint Powers Authority Agreement
9,277,582	8/25/2011	FY 2010-2011 Pass-through to the City of Victorville	Joint Powers Authority Agreement
215,527	8/25/2011	FY 2010-2011 Pass-through to the Apple Valley Fire Protection District	Joint Powers Authority Agreement

**SUCCESSOR AGENCY TO THE VICTOR VALLEY ECONOMIC  
 AUTHORITY REDEVELOPMENT AGENCY  
 DETAIL OF TRANSFERS FROM THE FORMER REDEVELOPMENT AGENCY  
 TO OTHER PUBLIC AGENCIES OR PRIVATES PARTIES (Continued)  
 FOR THE PERIOD JANUARY 1, 2011 THROUGH JANUARY 31, 2012**

<u>Amount of Transfer</u>	<u>Effective Date of Transfer</u>	<u>Purpose of Transfer</u>	<u>Basis of Transfer</u>
\$ 67,606	8/25/2011	FY 2010-2011 Pass-through to the Mojave Water District	Joint Powers Authority Agreement
14,325	8/25/2011	FY 2010-2011 Pass-through to the Hesperia Park District	Joint Powers Authority Agreement
129,147	8/25/2011	FY 2010-2011 Pass-through to the County Superintendent of Schools	Joint Powers Authority Agreement
281,078	8/25/2011	FY 2010-2011 Pass-through to the Victor Valley Community College	Joint Powers Authority Agreement
289,970	8/25/2011	FY 2010-2011 Pass-through to the Adelanto Elementary School District	Joint Powers Authority Agreement
46,075	8/25/2011	FY 2010-2011 Pass-through to the Oro Grande Elementary School District	Joint Powers Authority Agreement
258,411	8/25/2011	FY 2010-2011 Pass-through to the Victor Elementary School District	Joint Powers Authority Agreement
534,625	8/25/2011	FY 2010-2011 Pass-through to the Victor Valley High School	Joint Powers Authority Agreement
234,769	8/25/2011	FY 2010-2011 Pass-through to the Apple Valley Unified School District	Joint Powers Authority Agreement
160,584	8/25/2011	FY 2010-2011 Pass-through to the Hesperia Unified School District	Joint Powers Authority Agreement

**SUCCESSOR AGENCY TO THE VICTOR VALLEY ECONOMIC  
 AUTHORITY REDEVELOPMENT AGENCY  
 DETAIL OF TRANSFERS FROM THE FORMER REDEVELOPMENT AGENCY  
 TO OTHER PUBLIC AGENCIES OR PRIVATES PARTIES (Continued)  
 FOR THE PERIOD JANUARY 1, 2011 THROUGH JANUARY 31, 2012**

<u>Amount of Transfer</u>	<u>Effective Date of Transfer</u>	<u>Purpose of Transfer</u>	<u>Basis of Transfer</u>
\$ 6,624	8/25/2011	FY 2010-2011 Pass-through to the Mojave Desert Resource Conservation District	Joint Powers Authority Agreement
<u>399</u>	8/25/2011	FY 2010-2011 Pass-through to the San Bernardino Fire Protection District	Joint Powers Authority Agreement
<u>\$ 31,208,988</u>	<b>Total Transfers</b>		



**SUCCESSOR AGENCY TO THE VICTOR VALLEY ECONOMIC  
AUTHORITY REDEVELOPMENT AGENCY  
DETAIL OF TRANSFERS FROM THE SUCCESSOR AGENCY TO  
OTHER PUBLIC AGENCIES OR PRIVATE PARTIES  
FOR THE PERIOD FEBRUARY 1, 2012 THROUGH JUNE 30, 2012**

<u>Amount of Transfer</u>	<u>Effective Date of Transfer</u>	<u>Purpose of Transfer</u>	<u>Basis of Transfer</u>
\$ 264,437	3/7/2012	FY 2011-2012 Pass-through payment to the Apple Valley Fire Protection District	Joint Powers Authority Agreement
82,669	3/7/2012	FY 2011-2012 Pass-through payment to the Mojave Water Agency	Joint Powers Authority Agreement
17,783	3/7/2012	FY 2011-2012 Pass-through payment to the Hesperia Park District	Joint Powers Authority Agreement
157,889	3/7/2012	FY 2011-2012 Pass-through payment to the County Superintendent of Schools	Joint Powers Authority Agreement
342,750	3/7/2012	FY 2011-2012 Pass-through payment to the Victor Valley Community College	Joint Powers Authority Agreement
351,458	3/7/2012	FY 2011-2012 Pass-through payment to Adelanto Elementary	Joint Powers Authority Agreement
52,673	3/7/2012	FY 2011-2012 Pass-through payment to the Oro Grande Elementary School District	Joint Powers Authority Agreement
319,293	3/7/2012	FY 2011-2012 Pass-through payment to the Victor Elementary School District	Joint Powers Authority Agreement
650,017	3/7/2012	FY 2011-2012 Pass-through payment to the Victor Valley High School	Joint Powers Authority Agreement
288,061	3/7/2012	FY 2011-2012 Pass-through payment to the Apple Valley Unified School District	Joint Powers Authority Agreement
197,308	3/7/2012	FY 2011-2012 Pass-through payment to the Hesperia Unified School District	Joint Powers Authority Agreement
11,415,262	3/7/2012	FY 2011-2012 Pass-through payment to the City of Hesperia	Joint Powers Authority Agreement

**SUCCESSOR AGENCY TO THE VICTOR VALLEY ECONOMIC  
AUTHORITY REDEVELOPMENT AGENCY  
DETAIL OF TRANSFERS FROM THE SUCCESSOR AGENCY TO  
OTHER PUBLIC AGENCIES OR PRIVATE PARTIES (Continued)  
FOR THE PERIOD FEBRUARY 1, 2012 THROUGH JUNE 30, 2012**

<u>Amount of Transfer</u>	<u>Effective Date of Transfer</u>	<u>Purpose of Transfer</u>	<u>Basis of Transfer</u>
\$ 207,498	3/7/2012	FY 2011-2012 Pass-through payment to the City of Victorville	Joint Powers Authority Agreement
1,385,268	3/7/2012	FY 2011-2012 Pass-through payment to the Town of Apple Valley	Joint Powers Authority Agreement
551,850	3/7/2012	FY 2011-2012 Pass-through payment to the County of San Bernardino	Joint Powers Authority Agreement
65,640	3/7/2012	FY 2011-2012 Pass-through payment to the City of Adelanto	Joint Powers Authority Agreement
8,155	3/7/2012	FY 2011-2012 Pass-through payment to the Mojave Desert Resource Conservation District	Joint Powers Authority Agreement
1,115	3/7/2012	FY 2011-2012 Pass-through payment to the San Bernardino Fire Protection District	Joint Powers Authority Agreement
706	6/29/2012	Final 2010-2011 Distribution of interest and budget savings to the Mojave Water Agency	Joint Powers Authority Agreement
1,350	6/29/2012	Final 2010-2011 Distribution of interest and budget savings to the County Superintendent of Schools	Joint Powers Authority Agreement
8,912	6/29/2012	Final 2010-2011 Distribution of interest and budget savings to the Victor Valley Community College	Joint Powers Authority Agreement
7,981	6/29/2012	Final 2010-2011 Distribution of interest and budget savings to the Adelanto Elementary School District	Joint Powers Authority Agreement

**SUCCESSOR AGENCY TO THE VICTOR VALLEY ECONOMIC  
AUTHORITY REDEVELOPMENT AGENCY  
DETAIL OF TRANSFERS FROM THE SUCCESSOR AGENCY TO  
OTHER PUBLIC AGENCIES OR PRIVATE PARTIES (Continued)  
FOR THE PERIOD FEBRUARY 1, 2012 THROUGH JUNE 30, 2012**

<u>Amount of Transfer</u>	<u>Effective Date of Transfer</u>	<u>Purpose of Transfer</u>	<u>Basis of Transfer</u>
\$ 62	6/29/2012	Final 2010-2011 Distribution of interest and budget savings to the Oro Grande Elementary School District	Joint Powers Authority Agreement
12,993	6/29/2012	Final 2010-2011 Distribution of interest and budget savings to the Victor Elementary School District	Joint Powers Authority Agreement
18,478	6/29/2012	Final 2010-2011 Distribution of interest and budget savings to the Victor Valley Union High School District	Joint Powers Authority Agreement
199	6/29/2012	Final 2010-2011 Distribution of interest and budget savings to the Apple Valley Unified School District	Joint Powers Authority Agreement
499,163	6/29/2012	Final 2010-2011 Distribution of interest and budget savings to the City of Victorville	Joint Powers Authority Agreement
46	6/29/2012	Final 2010-2011 Distribution of interest and budget savings to the Mojave Desert Resource Conservation District	Joint Powers Authority Agreement
8,255	6/29/2012	Final 2010-2011 Distribution of interest and budget savings to the Snowline Joint Unified School District	Joint Powers Authority Agreement
29,936	6/29/2012	Final 2010-2011 Distribution of interest and budget savings to the Town of Apple Valley	Joint Powers Authority Agreement
24,638	6/29/2012	Final 2010-2011 Distribution of interest and budget savings to the City of Hesperia	Joint Powers Authority Agreement

**SUCCESSOR AGENCY TO THE VICTOR VALLEY ECONOMIC  
 AUTHORITY REDEVELOPMENT AGENCY  
 DETAIL OF TRANSFERS FROM THE SUCCESSOR AGENCY TO  
 OTHER PUBLIC AGENCIES OR PRIVATE PARTIES (Continued)  
 FOR THE PERIOD FEBRUARY 1, 2012 THROUGH JUNE 30, 2012**

<u>Amount of Transfer</u>	<u>Effective Date of Transfer</u>	<u>Purpose of Transfer</u>	<u>Basis of Transfer</u>
\$ 68,733	6/29/2012	Final 2010-2011 Distribution of interest and budget savings to the County of San Bernardino	Joint Powers Authority Agreement
<u>50,220</u>	6/29/2012	Final 2010-2011 Distribution of interest and budget savings to the City of Adelanto	Joint Powers Authority Agreement
<u>\$ 17,090,798</u>	<b>Total Transfers</b>		

**SUCCESSOR AGENCY TO THE VICTOR VALLEY ECONOMIC  
AUTHORITY REDEVELOPMENT AGENCY  
SUMMARY OF FINANCIAL TRANSACTIONS OF THE FORMER REDEVELOPMENT  
AGENCY AND THE SUCCESSOR AGENCY**

	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
<b>Assets</b>				
Cash and Investments	\$ 16,505,234	\$ 13,913,086	\$ 17,718,228	\$ 9,189,116
Due from other governments	<u>868,541</u>	<u>1,153,477</u>	<u>673,067</u>	<u>673,067</u>
<b>Total Assets</b>	<u>\$ 17,373,775</u>	<u>\$ 15,066,563</u>	<u>\$ 18,391,295</u>	<u>\$ 9,862,183</u>
<b>Liabilities</b>				
Accounts payable	\$ 82,180	\$ 10,343		
Accrued liabilities			\$ 1,775,458	\$ 1,831,558
Due to other governments	<u>17,291,595</u>	<u>15,056,220</u>	<u>16,615,837</u>	<u>8,030,625</u>
<b>Total Liabilities</b>	<u>17,373,775</u>	<u>15,066,563</u>	<u>18,391,295</u>	<u>9,862,183</u>
Equity	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities and Equity</b>	<u>\$ 17,373,775</u>	<u>\$ 15,066,563</u>	<u>\$ 18,391,295</u>	<u>\$ 9,862,183</u>
Total Revenues	\$ 38,395,055	\$ 34,193,306	\$ 16,665,126	-
Total Expenditures	<u>38,395,055</u>	<u>34,193,306</u>	<u>16,665,126</u>	<u>-</u>
Net Change in Equity	-	-	-	-
Beginning Equity	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Ending Equity</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Other Information				
Capital assets as of end of period	-	-	-	-
Long-term debt as of end of period	-	-	-	-

SUCCESSOR AGENCY TO THE VICTOR VALLEY ECONOMIC  
AUTHORITY REDEVELOPMENT AGENCY  
DETAIL OF ASSETS OF ALL OTHER FUNDS (EXCLUDING THE LOW AND  
MODERATE INCOME HOUSING FUND)  
AS OF JUNE 30, 2012

<u>Asset Description</u>	<u>Amount</u>
Cash and investments	\$ 9,189,116
Due from other governments	<u>673,067</u>
<b>Total</b>	<b><u>\$ 9,862,183</u></b>

**SUCCESSOR AGENCY TO THE VICTOR VALLEY ECONOMIC  
 AUTHORITY REDEVELOPMENT AGENCY  
 DETAIL OF UNSPENT BOND PROCEEDS AND OTHER ASSETS  
 CONSIDERED TO BE LEGALLY RESTRICTED**

<u>Asset Description</u>	<u>Amount</u>	<u>Accounting Records or Supporting Documentation</u>	<u>Legal Document That Sets Forth Restrictions</u>	<u>Time Limit on Restrictions</u>
Cash and investments	\$ 9,189,116	General ledger balances	Joint Powers Authority Agreement	Restriction is in place until all funds are distributed
Due from other governments	<u>673,067</u>	General ledger balances	Joint Powers Authority Agreement	Restriction is in place until all funds are distributed
<b>Total</b>	<b><u>\$ 9,862,183</u></b>			

**SUCCESSOR AGENCY TO THE VICTOR VALLEY ECONOMIC  
AUTHORITY REDEVELOPMENT AGENCY  
DETAIL OF CASH BALANCES THAT ARE NEEDED TO SATISFY ROPS  
OBLIGATIONS FOR THE FISCAL YEAR 2012-2013**

Item #	Project Name/Debt Obligation	Payee	Description	Total Obligation	Dollar Amount To Retain
<u>Recognized Obligation Payment Schedule June 30, 2012 through December 31, 2012</u>					
1	Joint Powers Authority Agreement	Southern California Logistics Airport Authority	Obligation pursuant to Joint Powers Authority Agreement	\$ 9,859,587	-
2	Joint Powers Authority Agreement	City of Victorville	Obligation pursuant to Joint Powers Authority Agreement	9,148,399	-
3	Joint Powers Authority Agreement	City of Hesperia	Obligation pursuant to Joint Powers Authority Agreement	341,704	-
4	Joint Powers Authority Agreement	County of San Bernardino	Obligation pursuant to Joint Powers Authority Agreement	879,450	-
5	Joint Powers Authority Agreement	Town of Apple Valley	Obligation pursuant to Joint Powers Authority Agreement	2,376,170	-
6	Joint Powers Authority Agreement	City of Adelanto	Obligation pursuant to Joint Powers Authority Agreement	210,053	-
	Administrative allowance			194,200	-
	<b>Subtotals</b>			<u>23,009,563</u>	<u>-</u>
<u>Recognized Obligation Payment Schedule January 1, 2013 through June 30, 2013</u>					
1	Joint Powers Authority Agreement	Southern California Logistics Airport Authority	Obligation pursuant to Joint Powers Authority Agreement	6,148,797	-
2	Joint Powers Authority Agreement	City of Victorville	Obligation pursuant to Joint Powers Authority Agreement	5,717,767	-
3	Joint Powers Authority Agreement	City of Hesperia	Obligation pursuant to Joint Powers Authority Agreement	211,378	-
4	Joint Powers Authority Agreement	County of San Bernardino	Obligation pursuant to Joint Powers Authority Agreement	554,054	-
5	Joint Powers Authority Agreement	Town of Apple Valley	Obligation pursuant to Joint Powers Authority Agreement	1,432,958	-
6	Joint Powers Authority Agreement	City of Adelanto	Obligation pursuant to Joint Powers Authority Agreement	179,754	-
	Administrative allowance			427,341	-
	<b>Subtotals</b>			<u>14,672,049</u>	<u>-</u>
	<b>Totals</b>			<u>\$ 37,681,612</u>	<u>\$ -</u>



**SUCCESSOR AGENCY TO THE VICTOR VALLEY ECONOMIC  
AUTHORITY REDEVELOPMENT AGENCY  
CALCULATION OF CURRENT UNRESTRICTED BALANCES NECESSARY  
FOR RETENTION**

The amount of current unrestricted balances necessary for retention is calculated as follows:

Identified current dedicated or restricted balances	\$ 9,862,183
Amount of forecasted annual revenues	<u>37,681,612</u>
Amount of total resources available to fund enforceable obligations	47,543,795
Forecasted annual spending requirements (Exhibit 8)	37,681,612
Outstanding obligations as of June 30, 2012 per the Joint Powers Authority Agreement	<u>9,862,183</u>
<b>Amount of current unrestricted balances that need to be retained</b>	<b><u><u>\$ -</u></u></b>