

OVERSIGHT BOARD RESOLUTION NO. 2013-002

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE LOMA LINDA REDEVELOPMENT AGENCY APPROVING THE INDEPENDENT ACCOUNTANT'S REPORT RE THE DUE DILIGENCE REVIEW FOR ALL FUNDS AND ACCOUNTS OTHER THAN THE LOW AND MODERATE INCOME HOUSING FUND CONDUCTED PURSUANT TO SECTION 34179.5 TAKING INTO CONSIDERATION THE PUBLIC COMMENTS AND CAC'S OPINIONS, IF ANY, ALL PURSUANT TO SECTIONS 34179.5 AND 34179.6 OF THE DISSOLUTION ACT

WHEREAS, the Loma Linda Redevelopment 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 Loma Linda ("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 Loma Linda Redevelopment 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 San Bernardino County Auditor-Controller to perform a due diligence review and report on the amount of funds transferred from the former Loma Linda Redevelopment Agency; and

WHEREAS, on July 5, 2012, the San Bernardino County Auditor-Controller provided written approval to Successor Agency staff of their selection of *Marcum LLP* as the licensed accountant to perform the due diligence review for the Successor Agency; and

WHEREAS, on August 30, 2012, the Department of Finance 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, *Marcum LLP* has completed a due diligence review and report as to all funds and accounts other than housing funds (the "Report"), 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, BE IT RESOLVED BY THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE LOMA LINDA REDEVELOPMENT AGENCY:

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 approves the Report in the form submitted, with the following additions and deletions: (1) a letter by the DOF dated as December 14, 2012 to the Inland Valley Development Agency should be included, and (2) a letter was received from the DOF dated as of May 25, 2012 that may bear upon items 1 and 3 at 2c of the report, 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 Finance Director of the Successor Agency or her authorized designee 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 Secretary of the Oversight Board shall certify to the adoption of this Resolution.

APPROVED AND ADOPTED this 14th day of January, 2013 by following vote:


Ayes: Rigsby, Brown, Bolowich, Headrick, Ostermann, Sutorus
Noes: None
Absent: Gonzales



Rhodes Rigsby, Chair
Oversight Board of the Successor Agency to the
Loma Linda Redevelopment Agency

(SEAL)

ATTEST:



Pamela Byrnes-O'Camb, Secretary to the
Oversight Board of the Successor Agency
to the Loma Linda Redevelopment Agency

ATTACHMENT 1
to Oversight Board Resolution No. 2013-002
Due Diligence Review Report

**City of Loma Linda
(Successor Agency)**

**All Other Funds Combined (Excluding Low
and Moderate Income Housing Fund)**

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

**CITY OF LOMA LINDA (SUCCESSOR AGENCY)
ALL OTHER FUNDS COMBINED
(EXCLUDING LOW AND MODERATE INCOME HOUSING FUND)**

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

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

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

We have performed the agreed-upon procedures enumerated in Attachment A, which were agreed to by the California State Controller's Office and the Department of State of California Department of Finance ("State Agencies") and City of Loma Linda (Successor Agency) solely to assist you in ensuring that all other funds (excluding the Low and Moderate Income Housing Fund) of the City of Loma Linda are complying with the statutory requirements with respect to AB 1484. Management of the City of Loma Linda are responsible for the accounting records pertaining to statutory compliance pursuant to Health and Safety Code Section 34179.5(c)(1) through 34179.5 (c)(6). This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures identified below either for the purpose for which this report has been requested or for any other purpose.

The scope of this engagement was limited to performing the agreed-upon procedures as set forth in Attachment A. Attachment A also identifies the findings noted as a result of the procedures performed.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion as to the appropriateness of the results summarized in Attachment A. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the City of Loma Linda and applicable State Agencies, and is not intended to be, and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Marcum LLP

Marcum LLP
Irvine, California
December 21, 2012



**City of Loma Linda (Successor Agency)
All Other Funds Combined
(Excluding Low and Moderate Income Housing Fund)
Agreed-Upon Procedures with Respect to AB 1484
Attachment A**

CITATION:

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

Procedure 1:

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

Results/Findings:

No exception noted. The total amount of assets transferred to the Successor Agency as of February 1, 2012 was \$20,751,803.89.

CITATION:

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

Procedure 2:

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

- A. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the former redevelopment agency to the city, county, or city and county that formed the redevelopment agency for the period from January 1, 2011 through January 31, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.
- 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.

**City of Loma Linda (Successor Agency)
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- C. For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required any transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.

Results/Findings:

Procedure 2A

See Exhibit 2A-01 for the listing of transfers (excluding payments for goods and services) from the former redevelopment agency to the City of Loma Linda for the period from January 1, 2011 through January 31, 2012.

Procedure 2B

Based on the representation of the Successor Agency, there were no transfers (excluding payments for goods and services) from the Successor Agency to the City of Loma Linda for the period from February 1, 2012 through June 30, 2012.

Procedure 2C

For the transfers made for the period from January 1, 2011 through January 31, 2012, we were provided with the following legal documents except for item 2 which, in the opinion of the Successor Agency, formed the basis for the enforceable obligations that required the transfers:

- 1) Transfer to the City of Loma Linda-\$2,100,000: We were provided with the executed cooperative agreement that was amended on March 8, 2011, which sets forth that the Loma Linda Redevelopment Agency ("LLRA") remit the repayments of the indebtedness to the City of Loma Linda in the amount of \$19,462,868 based upon agreements entered into prior to the date of this agreement. We were also provided with a signed copy of Loma Linda City Council Resolution no. 2647 which authorized the loan to LLRA in the amount of \$1,800,000 plus \$934,000 of deferred interest. Resolution no. 2647 was passed, approved and adopted on May 25, 2010. We were also provided with the RDA resolution no. 331 that was passed, approved, and adopted on May 25, 2010, accepting the loan from the City of Loma Linda in the amount of \$2,734,400. The transfer of \$2,100,000 represents a partial payment of this loan.

- 2) Land transfer to the City of Loma Linda-\$6,381,958.21: Based on the representation of the Successor Agency, the transfer was approved by the Loma Linda City Council in a closed door session and no written documentation was prepared for the authorization of this transfer. However, this property was transferred back to the Successor Agency by June 30, 2012.

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- 3) Transfer to City of Loma Linda-\$173,000: We were provided with the executed cooperative agreement that was amended on March 8, 2011, which sets forth that LLRA remit the repayments of the indebtedness to the City of Loma Linda in the amount of \$19,462,868 based upon agreements entered into prior to the date of this agreement. We were also provided with a signed copy of Loma Linda City Council Resolution no. 2647 which authorized the loan to LLRA in the amount of \$1,800,000 plus \$934,000 of deferred interest. Resolution no. 2647 was passed, approved and adopted on May 25, 2010. We were also provided with the RDA resolution no. 331 that was passed, approved, and adopted on May 25, 2010, accepting the loan from the City of Loma Linda in the amount of \$2,734,400. The transfer of \$173,000 represents a partial payment of this loan.

- 4) Transfer to City of Loma Linda-\$77,974.27: This transfer is for pass-through payments to various taxing entities in accordance with AB 1290. We were provided with a calculation prepared by Rosenow Spevacek Group Inc., a third party property tax consultant. The Successor Agency represents that such document provides the legal basis for enforceable obligations that required the transfer.

CITATION:

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

Procedure 3:

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

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

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

City of Loma Linda (Successor Agency)
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(Excluding Low and Moderate Income Housing Fund)
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C. For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required any transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.

Results/Findings:

Procedure 3A

See Exhibit 3A-01 for the listing of transfers (excluding payments for goods and services) from the former redevelopment agency to any other public agency or to private parties for the period from January 1, 2011 through January 31, 2012.

Procedure 3B

Based on the representation by the Successor Agency, there were no transfers (excluding payments for goods and services) from the Successor Agency to any other public agency or to private parties for the period from February 1, 2012 through June 30, 2012.

Procedure 3C

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

- 1) County of San Bernardino-SERAF Payment FY 2010-2011: We were provided with a letter from the California Department of Finance requesting the remittance of the payment and a copy of check#606715 in the amount of \$595,193.
- 2) U.S. Bank-Debt Service for Subordinate 2005A Tax Allocation Bonds: We were provided with the official statement of the LLRA Subordinate 2005A Tax Allocation Bonds and amortization schedule. This amount is for a debt service payment due on July 1, 2011 in the amount of \$429,459.
- 3) U.S. Bank-Debt Service for Subordinate 2005B Tax Allocation Bonds: We were provided with the official statement of the LLRA Subordinate 2005B Tax Allocation Bonds and amortization schedule. This amount is for a debt service payment due on July 1, 2011 in the amount of \$620,330.
- 4) U.S. Bank-Debt Service for 2003 Tax Allocation Bonds refunding: We were provided with the official statement of LLRA 2003 Tax Allocation Refunding Bonds and amortization schedule. This amount is for debt service payment due on July 1, 2011 in the amount of \$753,356.
- 5) Riverside County Treasurer-Property Taxes: We were provided with copies of the property tax bills for the period July 1, 2011 through June 30, 2012 for various parcels of land.

City of Loma Linda (Successor Agency)
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- 6) San Bernardino County-Property Taxes: We were provided with property tax bills for period July 1, 2011 through June 30, 2012 for various parcels of land.
- 7) Loma Linda Chamber of Commerce-Quarterly Disbursements: We were provided with the agreement dated July 1, 1988 wherein LLRA agreed to pay for the promotional activities of the Loma Linda Chamber of Commerce for a total amount of \$14,875 of quarterly payments.
- 8) Loma Linda Chamber of Commerce-Quarterly Disbursements: We were provided with the agreement dated July 1, 1988 wherein LLRA agreed to pay for the promotional activities of the Loma Linda Chamber of Commerce for a total amount of \$14,875 of quarterly payments.
- 9) Anixter 2nd Quarter 2011 RDA Participation Agreement: Anixter, Inc. is a worldwide company that is a supplier of communications equipment and other goods. In order to induce Anixter to move its Southern California operations to the City of Loma Linda project area, Anixter and LLRA entered into a participation agreement. We were provided with the participation agreement dated November 3, 2006 wherein LLRA agreed to pay Agency assistance in an amount equal to 50% of additional sales taxes generated from Anixter's moving into project area 2 for a period of 10 years and up to a cumulative maximum amount of \$1,500,000.
- 10) Anixter-3rd Quarter 2011 RDA Participation Agreement: Anixter, Inc. is a worldwide company that is a supplier of communications equipment and other goods. In order to induce Anixter to move its Southern California operations to the City of Loma Linda project area, Anixter and LLRA entered into a participation agreement. We were provided with the participation agreement dated November 3, 2006 wherein LLRA agreed to pay Agency assistance in an amount equal to 50% of additional sales taxes generated from Anixter's moving into project area 2 for a period of 10 years and up to a cumulative maximum amount of \$1,500,000.
- 11) County of San Bernardino Pass thru Payment-collected by the County: Based on the representation of the Successor Agency, this is the administered pass-through obligation of the Successor Agency on tax increment revenue of LLRA collected and distributed by the County of San Bernardino. This portion was never transferred to LLRA from the County, thus, no actual payment was made to the County upon dissolution of LLRA. The Successor Agency included the item in the listing as the gross amount of tax increment revenue that was recorded on the City of Loma Linda's books. We were provided with the demand Letter received by the City of Loma Linda from the County of San Bernardino (letter dated July 10, 2012) indicating that the amount of ATC Administered Pass-Through of \$159,779, was subtracted from the computation of total pass through payments due.
- 12) U.S. Bank-Interest 2005A Tax Allocation Bonds: We were provided with the official statement of LLRA Subordinate 2005A Tax Allocation Bonds and amortization schedule. This amount is for debt service payment that is due on January 1, 2012.

**City of Loma Linda (Successor Agency)
All Other Funds Combined
(Excluding Low and Moderate Income Housing Fund)
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- 13) U.S. Bank- Interest 2005B Tax Allocation Bonds: We were provided with the official statement of LLRA Subordinate 2005B Tax Allocation Bonds and amortization schedule. This amount is for debt service payment that is due on January 1, 2012.
- 14) U.S. Bank-Interest 2003 Tax Allocation Bonds Refunding: We were provided with the official statement of LLRA 2003 Tax Allocation Refunding Bonds and amortization schedule. This amount is for the debt service payment that is due on January 1, 2012.
- 15) U.S. Bank-2008 Taxable Housing Tax Allocation Bonds: We were provided with the official statement of LLRA Taxable Housing Tax Allocation Bonds and amortization schedule. This amount is for debt service payment that is due on January 1, 2012.

CITATION:

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

Procedure 4:

Perform the following procedures:

- (A) Obtain from the Successor Agency a summary of the financial transactions of the Redevelopment Agency and the Successor Agency in the format set forth in the attached schedule for the fiscal periods indicated in the schedule. For purposes of this summary, the financial transactions should be presented using the modified accrual basis of accounting. End of year balances for capital assets (in total) and long-term liabilities (in total) should be presented at the bottom of this summary schedule for information purposes.
- (B) Ascertain that for each period presented, the total of revenues, expenditures, and transfers accounts fully for the changes in equity from the previous fiscal period.
- (C) Compare amounts in the schedule relevant to the fiscal year ended June 30, 2010 to the state controller's report filed for the Redevelopment Agency for that period.
- (D) Compare amounts in the schedule for the other fiscal periods presented to account balances in the accounting records or other supporting schedules. Describe in the report the type of support provided for each fiscal period.

**City of Loma Linda (Successor Agency)
All Other Funds Combined
(Excluding Low and Moderate Income Housing Fund)
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Results/Findings:

Procedure 4A

See Exhibit 4-01 for a summary of the financial transactions of the Redevelopment Agency and the Successor Agency in the suggested format.

Procedure 4B

We ascertained that the total of revenues, expenditures, and transfers account fully for the changes in equity from the previous fiscal year period except for the 5 months ended June 30, 2012. This is due to the fact that the Successor Agency is a new entity formed on February 1, 2012 and does not have a beginning fund balance. The fund balance at January 31, 2012 of the former redevelopment agency in the amount of \$24,080,323 was transferred to the following entities:

Fund balance transferred to Other funds-Successor Agency	\$ 7,035,517
Fund balance transferred to Low and Moderate Income Housing Fund-Successor Agency	863,921
Fund balance transferred to Loma Linda Housing Authority	<u>16,180,885</u>
Total	<u>\$24,080,323</u>

The fund balance that was transferred to the Successor Agency is recorded as an extraordinary gain in the accounting records of the Successor Agency. A reconciliation of the extraordinary gain is as follows:

Fund balance transferred to Successor Agency	\$ 7,899,438
Adjustment on calculation of accrued interest on Advances from City of Loma Linda in accordance with Health and Safety Code Section 34191.4(b)(2):	
From Water Acquisition Fund (Fund 38)	2,476,359
From Special Projects Fund (Fund 43)	<u>5,377,014</u>
Total	<u>\$15,752,811</u>

Procedure 4C

We compared the amounts in Exhibit 4-01 relevant to the fiscal year ended June 30, 2010 to the state controller's report filed and noted the following differences:

Account Description	State Controller's Report	Exhibit 4-01	Difference
Ending equity	\$41,723,069	\$21,066,878	\$20,656,191
Total expenditures	15,378,197	14,287,097	1,091,100
Total transfers	3,227,779	131,905	3,095,874
Beginning equity	45,286,216	26,634,799	18,651,417

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We did note that the amounts in Exhibit 4-01 agreed with the audited financial statements of LLRA for the year ended June 30, 2010. The differences are due to the advances from City of Loma Linda. The advances from City of Loma Linda were treated as general long term debt in the State Controller's Report and thus, the outstanding balance is not included in the liabilities reported in the State Controller's Report. Also, the loan activity during the year ended June 30, 2010 was treated as revenue/expenditure in the State Controller's Report, but in Exhibit 4-01, the activity is recorded in the liability account.

Procedure 4D

No exceptions noted. For the year ended June 30, 2011, the audited financial statement of LLRA was the support provided. For the seven months ended January 31, 2012 and for the five months ended June 30, 2012, we were provided with the general ledger trial balance reports and revenue and expenditure reports by funds. For the long term debt, we were provided with the debt roll forward schedules.

CITATION:

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

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

Procedure 5:

Obtain from the Successor Agency a listing of all assets of all other funds of the Successor Agency as of June 30, 2012 (excluding all previously reported assets of the Low and Moderate Income Housing Fund) for the report that is due December 15, 2012. Agree the assets so listed to recorded balances reflected in the accounting records of the Successor Agency. The listings should be attached as an exhibit to the appropriate AUP report.

Results/Findings:

See Exhibit 5-01 for a listing of all assets of all other Funds as of June 30, 2012. No exceptions noted.

CITATION:

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

**City of Loma Linda (Successor Agency)
All Other Funds Combined
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Attachment A**

Procedure 6:

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

A. Unspent bond proceeds:

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

B. Grant proceeds and program income that are restricted by third parties:

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

C. Other assets considered to be legally restricted:

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

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

Results/Findings:

Procedure 6A

See Exhibit 6A-01 for the schedule of the restricted balance attributable to unspent bond proceeds. We traced to individual components of this computation to the bond proceeds tracking schedule, expenditure detail report from July 1, 2006 through June 30, 2012 and the official statement of Loma Linda Redevelopment Agency Subordinate 2005A Tax Allocation Bonds. No exception noted. The bond document states that the bond proceeds are to be applied to (i) further finance undertakings of the Agency for the Loma Linda Redevelopment Project and purposes related thereto and (ii) pay costs of issuance of the 2005 Bonds. In the opinion of the Successor Agency, the bond documents formed the basis for the restriction of the balances.

Procedure 6B

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

Procedure 6C

See Exhibit 6C-01 for the schedule of other assets that are considered legally restricted. The restricted amount of \$175,181 is a distribution received by the Successor Agency from Inland Valley Development Agency ("IVDA"), a Joint Powers Authority ("JPA") in which LLRA is a member. We traced the restricted amount of \$175,181 to a copy of the check received by the Successor Agency and to the letter from the Department of Finance ("DOF") to IVDA dated November 6, 2012 with regards to DOF's review of IVDA's AB 1484 due diligence review report of its Low and Moderate Income Housing Fund. DOF disallowed the set aside payments made by IVDA to its members. Based on the representation of the Successor Agency, IVDA disagreed with DOF's finding and had met and conferred with DOF officials. However, IVDA is still waiting to hear back from DOF regarding its final determination as of the date of this report. We traced the restricted amount of \$1,857,668.63 for July 1, 2012 debt service payments to the debt service payment schedules for the 2003 and 2005 tax allocation bonds and agreed the restricted amounts to the debt service payments that are due on July 1, 2012. No exceptions noted. We were provided with the official statements of LLRA's 2003 Tax Allocation Refunding Bonds, Subordinate 2005A and 2005B Tax Allocation Bonds. In the opinion of the Successor Agency, these documents formed the bases for the restrictions of these balances.

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Procedure 6D

See Exhibits 6A-01 and 6C-01 for the schedules prepared by the Successor Agency for procedures 6A and 6C, respectively. Per the Successor Agency, the restriction on the unspent bond proceeds continues to be in effect until the asset has been expended for its intended purpose. Per the Successor Agency, the restriction on the payment received from IVDA continues to be in effect until the final determination has been made by DOF on whether the set aside payments made by IVDA to its JPA members are valid transfers or not. The restriction on the debt service payment funding continues to be in effect until the debt service payment is made on July 1, 2012.

CITATION:

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

Procedure 7:

Perform the following procedures:

- A. Obtain from the Successor Agency a listing of assets as of June 30, 2012 that are not liquid or otherwise available for distribution (such as capital assets, land held for resale, long term receivables, etc.) and ascertain if the values are listed at either purchase cost (based on book value reflected in the accounting records of the Successor Agency) or market value as recently estimated by the Successor Agency.
- B. If the assets listed at 7(A) are listed at purchase cost, trace the amounts to previously audited financial statement (or to the accounting records of the Successor Agency) and note any differences.
- C. For any differences noted in 7(B), inspect evidence of disposal of the asset and ascertain that the proceeds were deposited into the Successor Agency trust fund. If the differences are due to additions (this generally is not expected to occur), inspect the supporting documentation and note the circumstances.
- D. If the assets listed at 7(A) are listed at recently estimated market value, inspect the evidence (if any) supporting the value and note the methodology used. If no evidence is available to support the value and/or methodology, note the lack of evidence.

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Results/Findings:

Procedure 7A

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

Procedure 7B

No exceptions noted.

Procedure 7C

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

Procedure 7D

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

CITATION:

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

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Procedure 8:

Perform the following procedures:

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

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- ii) Compare the forecasted annual spending requirements to the legal document supporting each the enforceable obligation.
 - a. Obtain from the Successor Agency its assumptions relating to the forecasted annual spending requirements and disclose in the report major assumptions associated with the projections.
- iii) For the forecasted annual revenues:
 - a. Obtain from the Successor Agency its assumptions for the forecasted annual revenues and disclose in the report major assumptions associated with the projections.
- C. If the Successor Agency believes that projected property tax revenues and other general purpose revenues to be received by the Successor Agency are insufficient to pay bond debt service payments (considering both the timing and amount of the related cash flows), obtain from the Successor Agency a schedule demonstrating this insufficiency and apply the following procedures to the information reflected in that schedule.
 - 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.

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Results/Findings:

Procedure 8A

See Exhibit 8A-01 for an itemized schedule of asset balances as of June 30, 2012 that are dedicated or restricted for the funding of enforceable obligations obtained from the Successor Agency. We were provided with the following legal documents, which, in the opinion of the Successor Agency, form the basis for the dedication or restriction of the asset balances:

- 1) Cash-\$2,490,962.58: We were provided with the Recognized Obligation Payment Schedule ("ROPS") for the period from July 1, 2012 through December 31, 2012 that was approved by the Department of Finance. The funding for this ROPS was received in June 2012 but will be used to pay for enforceable obligations during the period from July 1, 2012 through December 31, 2012. We compared the total approved amount on the ROPS to the amount in Exhibit 8A-01 and noted no exceptions.

- 2) Cash-\$54,445.53: This amount is dedicated to pay for enforceable obligations that were not yet paid as of June 30, 2012 but were included in ROPS for the period from January 1, 2012 through June 30, 2012 for which funding has been received by the Successor Agency. The following are the enforceable obligations that are the bases of this restriction:
 - a. Willdan-\$1,980: We were provided with invoice#002-12357 dated June 21, 2012 for code enforcement services for May 2012. We noted that this obligation was included in the ROPS for the period January 1, 2012 through June 30, 2012 that was approved by the Oversight Board and DOF.

 - b. Anixter, Inc.-\$36,583: We were provided with the participation agreement dated November 3, 2006 wherein LLRA agreed to refund 50% of additional sales tax generated from Anixter, Inc. moving into project area for a period of 10 years up to a maximum amount of \$1,500,000. We noted that this obligation was included in the ROPS for the period January 1, 2012 through June 30, 2012 that was approved by the Oversight Board and DOF.

 - c. Robbins & Holdaway, a Prof Corp-\$125: We were provided with invoice# 24163 dated June 30, 2012 for professional legal services on June 12, 2012. We noted that this obligation was included in ROPS for the period January 1, 2012 through June 30, 2012 that was approved by the Oversight Board and DOF.

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- d. So California Edison-\$77: We were provided with the statement dated July 6, 2012 for usage from June 5, 2012 through July 5, 2012 for account#2-24-685-8666. We noted that this obligation was included in ROPS for the period January 1, 2012 through June 30, 2012 but was disallowed by the DOF. Based on the representation of the Successor Agency, this expenditure was disallowed as it was considered as an administrative expense and will not be paid as a separate line item in ROPS but rather, it will be paid out of the \$125,000 administrative allowance that is also included in the ROPS for the period January 1, 2012 through June 30, 2012 that was approved by the Oversight Board and DOF.
- e. Amelia Ramirez, JJ Ramirez Citrus Management- \$813: We were provided with an invoice dated 7/9/12 for weed abate services on May 30, 2012 through June 2, 2012, in the amount of \$212.50 (parcel 0281-162-33,34) and \$600 (parcel 092-461-04). We noted that this obligation was included in ROPS for the period January 1, 2012 through June 30, 2012 but was disallowed by DOF. Based on the representation of the Successor Agency, this expenditure was disallowed as it was considered as an administrative expense and will not be paid as a separate line item in ROPS but rather, it will be paid out of the \$125,000 administrative allowance that is also included in the ROPS for the period January 1, 2012 through June 30, 2012 that was approved by the Oversight Board and DOF.
- f. Straddling, Yocca, Carlson-\$3,328: We were provided with the invoice dated July 13, 2012 for professional legal services provided to Successor Agency during the period ended June 30, 2012. We noted that this obligation was included in the ROPS for the period January 1, 2012 through June 30, 2012 that was approved by the Oversight Board and DOF.
- g. Marcum LLP-\$1,391: We were provided with the invoice# 10417922 dated June 30, 2012 for interim financial statement audit work for fiscal year ended June 30, 2012. We noted that this obligation was included in the ROPS for the period January 1, 2012 through June 30, 2012 under the name "Caporrici and Larson", a wholly-owned subsidiary of Marcum LLP. The ROPS was approved by the Oversight Board and DOF.
- h. Straddling, Yocca, Carlson-\$7,114: We were provided with the invoice dated April 17, 2012 for professional legal services provided to Successor Agency during period ended March 31, 2012. We noted that this obligation was included in the ROPS for the period January 1, 2012 through June 30, 2012 that was approved by the Oversight Board and DOF.

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- i. Xerox-\$154: We were provided with invoice# 061704749 dated May 29, 2012 in the amount of \$550.62 for copier lease-shared cost for the period from March 30, 2012 to May 16, 2012. The amount of \$154 was allocated to the Successor Agency. We noted that this obligation was included in ROPS for the period January 1, 2012 through June 30, 2012 but was disallowed by the DOF. Based on the representation of the Successor Agency, this expenditure was disallowed as it was considered as an administrative expense and will not be paid as a separate line item in ROPS but rather, it will be paid out of the \$125,000 administrative allowance that is also included in the ROPS for the period January 1, 2012 through June 30, 2012 that was approved by the Oversight Board and DOF.

- j. Xerox-\$169: We were provided with invoice# 060582492 dated March 23, 2012 in the amount of \$602.71 for copier lease-shared cost. The amount of \$169 was allocated to the Successor Agency. We noted that this obligation was included in ROPS for the period January 1, 2012 through June 30, 2012 but was disallowed by the DOF. Based on the representation of the Successor Agency, this expenditure was disallowed as it was considered as an administrative expense and will not be paid as a separate line item in ROPS but rather, it will be paid out of the \$125,000 administrative allowance that is also included in the ROPS for the period January 1, 2012 through June 30, 2012 that was approved by the Oversight Board and DOF.

- k. Xerox-\$104: We were provided with the invoice# 062233059 dated June 26, 2012 in the amount of \$372.78 for copier lease-shared cost for the period from May 16, 2012 to May 30, 2012. The amount of \$104 was allocated to the Successor Agency. We noted that this obligation was included in ROPS for the period January 1, 2012 through June 30, 2012 but was disallowed by the DOF. Based on the representation of the Successor Agency, this expenditure was disallowed by the DOF as it was considered as an administrative expense and will not be paid as a separate line item in ROPS but rather, it will be paid out of the \$125,000 administrative allowance that is also included in the ROPS for the period January 1, 2012 through June 30, 2012 that was approved by the Oversight Board and DOF.

- l. Xerox-\$134: We were provided with the invoice# 062791747 dated July 27, 2012 in the amount of \$478.08 for copier lease-shared cost for the period from June 1, 2012 to June 30, 2012. The amount of \$134 was allocated to the Successor Agency. We noted that this obligation was included in ROPS for the period January 1, 2012 through June 30, 2012 but was disallowed by the DOF. Based on the representation of the Successor Agency, this expenditure was disallowed by the DOF as it was considered as an administrative expense and will not be paid as a separate line item in ROPS but rather, it will be paid out

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of the \$125,000 administrative allowance that is also included in the ROPS for the period January 1, 2012 through June 30, 2012 that was approved by the Oversight Board and DOF.

- m. Data Quick Information Systems-\$15: We were provided with the invoice# B1-2954434 dated July 2, 2012 in the amount of \$150 for the title search service for the period from June 1, 2012 to June 30, 2012. The restricted amount is the portion allocated to the Successor Agency. We noted that this obligation was included in the ROPS for the period January 1, 2012 through June 30, 2012 that was approved by the Oversight Board and DOF.
- n. Willdan-\$2,460: We were provided with the invoice# 002-12452 dated July 23, 2012 for code enforcement services for June 2012. We noted that this obligation was included in the ROPS for the period January 1, 2012 through June 30, 2012 that was approved by the Oversight Board and DOF.
- 3) Cash-\$2,300: This amount is restricted for miscellaneous deposits payable at June 30, 2012 that will be refunded in the future. We were provided with the participation agreements for various participants which account for only \$440 of the restricted balance. In the opinion of the Successor Agency, these documents form the legal basis of the obligation. However, we noted that the participation agreements do not state that the amounts paid by the participants are considered deposits and that the amounts will be refunded in the future. For the remaining restricted amount of \$1,860, the Successor Agency cannot locate the documents that form the legal basis of the obligations. This obligation is not included in ROPS.
- 4) Cash-\$ \$28,686.28: This amount is restricted for deposits payable at June 30, 2012 that will be refunded in the future. The Successor Agency cannot locate the documents that form the legal basis of the obligations. This obligation is not included in ROPS.
- 5) Prepaid expenses-\$495: We were provided with the executed agreement dated September 29, 2011 between LLRA and an individual wherein LLRA agreed to pay for replacement housing of \$495 per month for a maximum period of 42 months. We compared the enforceable obligation to the ROPS for the period from July 1, 2012 through June 30, 2013 and noted that this enforceable obligation is included in the ROPS.

Procedure 8B

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 retention of current balances is required. However, per the Successor Agency, the Successor Agency does not have any remaining current balances that can be retained. Therefore, this procedure was not deemed necessary to be performed.

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Procedure 8C

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). However, per the Successor Agency, the Successor Agency does not have any remaining current balances that can be retained. Therefore, this procedure was not deemed necessary to be performed.

Procedure 8D

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

Identified current dedicated or restricted balances	\$	(2,576,889)
Forecasted annual revenues		-----
Total resources available to fund enforceable obligations		(2,576,889)
Forecasted annual spending requirements		-----
Amount of current unrestricted balances necessary for retention	\$	<u>(2,576,889)</u>

CITATION:

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

Procedure 9:

If the Successor Agency believes that cash balances as of June 30, 2012 need to be retained to satisfy obligations on the Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2012 through June 30, 2013, obtain a copy of the final ROPS for the period of July 1, 2012 through December 31, 2012 and a copy of the final ROPS for the period January 1, 2013 through June 30, 2013. For each obligation listed on the ROPS, the Successor Agency should add columns identifying (1) any dollar amounts of existing cash that are needed to satisfy that obligation and (2) the Successor Agency's explanation as to why the Successor Agency believes that such balances are needed to satisfy the obligation. Include this schedule as an attachment to the AUP report.

Results/Findings:

The amounts needed to fund ROPS for the period July 1, 2012 through December 31, 2012 have been included under procedures 8A and 8D above. See Exhibit 8A-01. Per the Successor Agency, the Successor Agency does not have any remaining cash balances that can be retained to satisfy obligations on the ROPS for the period January 1, 2013 through June 30, 2013.

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CITATION:

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

Procedure 10:

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

Results/Findings:

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

Procedure 11:

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

Result/Findings:

Said management representation letter was received. No exceptions noted.

City of Loma Linda (Successor Agency of Loma Linda Redevelopment Agency)
Transfers to City, County, or City and County
For the period of January 1, 2011 through January 31, 2012

Date	Transfer To	Description	Amount	Note
3/14/2011	City of Loma Linda (Fund 43)	Repay Accrued Interest on Outstanding Loans from Special Project Fund 43	\$ 2,100,000.00	Annual payment of interest and/or principal on loans to RDA
6/30/2011	City of Loma Linda (Fund 43)	Transfer Land held for resale as repayment of outstanding loan balances	6,381,958.21	Land was transferred back into Successor Agency and Loans & Accrued Interest were re-established in Fund 43-FYE 6/30/12
6/30/2011	City of Loma Linda (Fund 43)	Repay Outstanding Loan from Special Project Fund 43	173,000.00	Annual payment of interest and/or principal on loans to RDA
6/30/2011	City of Loma Linda (General Fund)	Pass thru Payment	<u>77,974.27</u>	Pass thru for FY 2010
			<u>\$ 8,732,932.48</u>	

City of Loma Linda (Successor Agency of Loma Linda Redevelopment Agency)
Transfers to Public Agency or Private Parties
For the period of January 1, 2011 through January 31, 2012

<u>Date</u>	<u>Transfer To</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
4/26/2011	County of San Bernardino	SERAF Payment FY 2010-2011	\$ 595,193.00	RDAs SERAF Shift HSC section 33690.5
6/22/2011	U.S. Bank	Debt Service for Subordinate 2005A TAB	429,458.75	July 1, 2011 Debt Service Payment
6/22/2011	U.S. Bank	Debt Service for Subordinate 2005B TAB	620,330.00	July 1, 2011 Debt Service Payment
6/22/2011	U.S. Bank	Debt Service for 2003 TAB refunding	753,356.25	July 1, 2011 Debt Service Payment
10/19/2011	Riverside County Treasurer	Property Taxes	2,983.48	Property Taxes
10/20/2011	San Bernardino County	Property Taxes	10,571.98	Property Taxes
10/5/2011	Loma Linda Chamber of Commerce	Quarterly Disbursements	14,875.00	Promotional Activities Agreement
12/7/2011	Loma Linda Chamber of Commerce	Quarterly Disbursements	14,875.00	Promotional Activities Agreement
1/18/2012	Anixter	2nd Quarter 2011 RDA Participation Agr	60,702.50	Participation Agreement - Quarterly Payment
1/18/2012	Anixter	3rd Quarter 2011 RDA Participation Agr	66,092.50	Participation Agreement - Quarterly Payment
7/1/11-1/31/12	County of San Bernardino	Pass thru Payment-collected by the County	159,778.13	Collected and distributed by SB County
12/20/2011	U.S. Bank	Interest - 2005A	353,146.25	January 1, 2012 Debt Service Payment
12/20/2011	U.S. Bank	Interest - 2005B	225,223.75	January 1, 2012 Debt Service Payment
12/20/2011	U.S. Bank	Interest - 2003	208,993.75	January 1, 2012 Debt Service Payment
12/20/2011	U.S. Bank	Interest - 2008 Housing	369,345.00	January 1, 2012 Debt Service Payment
			<u>\$ 3,884,925.34</u>	

Summary of Financial Transactions of The Redevelopment Agency and 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
Assets (modified accrual basis)				
Cash and Investments	\$ 7,970,983	\$ 5,549,169	\$ 7,381,511	\$ 7,505,389
Receivables:				
Accounts	21,478	930	285	-
Taxes	286,821	102,784	67,978	-
Interest	17,940	11,884	2,982	6,467
Contracts and Loans	10,890,429	12,669,031	12,536,194	8,584
Due from other governments	271,043	175,181	175,181	-
Due from other funds	50,848	-	-	-
Due from City of Loma Linda	32,510	32,630	-	-
Prepaid Items	66,913	75,253	-	495
Land held for resale	9,591,184	3,525,797	3,762,754	6,494,374 (1)
Advances to City of Loma Linda	12,665,407	13,264,185	13,622,136	13,873,025
Restricted assets:				
Cash and investments with fiscal agent	3,119,471	3,299,137	890,002	3,342,832
Total Assets	\$ 44,985,027	\$ 38,705,981	\$ 38,439,023	\$ 31,231,165
Liabilities (modified accrual basis)				
Accounts payable	\$ 599,117	\$ 783,460	\$ 653,622	\$ 633,117
Accrued liabilities	23,092	24,604	-	-
Due to other funds	50,848	-	-	-
Due to City of Loma Linda	77,974	77,974	-	-
Deposits payable	52,164	46,084	31,480	30,986
Deferred revenue	2,458,763	2,961,679	3,305,218	3,380,925
Advances from City of Loma Linda	20,656,191	10,368,380	10,368,380	9,240,619 (2)
Total Liabilities	\$ 23,918,149	\$ 14,262,181	\$ 14,358,700	\$ 13,285,647
Equity	21,066,878	24,443,800	24,080,323	17,945,518
Total Liabilities + Equity	\$ 44,985,027	\$ 38,705,981	\$ 38,439,023	\$ 31,231,165
Total Revenues:	\$ 8,587,271	\$ 8,168,797	\$ 4,299,940	\$ 23,229,321
Total Expenditures:	\$ 14,287,097	\$ 9,419,398	\$ 4,963,027	\$ 5,283,803
Total Transfers:	\$ 131,905	\$ 4,627,523	\$ 299,610	\$ -
Net change in equity	\$ (5,567,921)	\$ 3,376,922	\$ (363,477)	\$ 17,945,518
Beginning Equity:	\$ 26,634,799	\$ 21,066,878	\$ 24,443,800	\$ -
Ending Equity:	\$ 21,066,878	\$ 24,443,800	\$ 24,080,323	\$ 17,945,518
Extraordinary Gains			\$ 6,340,624	\$ 20,533,961
Extraordinary Losses			(30,420,947)	(4,781,151)
Total Net Change - Extraordinary items			\$ (24,080,323)	\$ 15,752,811
Other Information (show year end balances for all three years presented):				
Capital assets as of end of year	-	-	-	-
Long-term debt as of end of year	\$ 42,149,234	\$ 41,139,694	\$ 39,914,962	\$ 39,915,154

* includes LMIHF amount transferred to Successor Agency but excludes assets approved for transfer to the Loma Linda Housing Authority

Notes:

(1) Net of land transferred to Loma Linda Housing Authority and includes land transferred back from the City of Loma Linda.

(2) In accordance with Health and Safety Code Section 34191.4(b)(2) accumulated interest on the remaining principal amount of the loans (Advances from the City) were recalculated from the loan origination at the interest rate earned by funds deposited into the Local Agency Investment Fund.

City of Loma Linda (Successor Agency of Loma Linda Redevelopment Agency)
Listing of All Assets of All Other Funds
As of June 30, 2012

<u>Assets</u>	<u>Successor Agency - Non- Housing</u>
56-1001 CASH	\$ 3,205,388.90
56-1005 INVESTMENTS - TAX EXEMPT BONDS	4,300,000.00
56-1024 INTEREST RECEIVABLE	6,466.56
56-1027 LOAN RECEIVABLE	13,873,024.56
56-1028 LOANS RECEIVABLE (CHAMBER)	8,584.24
56-1046 CASH WITH FISCAL AGENT	1,857,668.63
56-1070 PREPAID EXPENSES	495.00
56-1078 SEWER CAPACITY RIGHTS	79,862.00
56-1081 LAND HELD FOR RESALE	<u>6,414,511.70</u>
Total Assets	<u>\$29,746,001.59</u>

City of Loma Linda (Successor Agency of Loma Linda Redevelopment Agency)
Restricted Assets-Unspent Bond Proceeds
As of June 30, 2012

<u>Assets</u>	<u>Balance</u>	<u>Legally Restricted Purpose</u>
56-1001 CASH	\$ 283,332.47	Unspent Bond Proceeds
56-1024 INTEREST RECEIVABLE	3,813.07	Unspent Bond Proceeds-Accrued Interest @ 6/30/12
56-1005 INVESTMENTS - TAX EXEMPT BONDS	4,300,000.00	Unspent Bond Proceeds
Total Restricted Assets	\$ 4,587,145.54	

City of Loma Linda (Successor Agency of Loma Linda Redevelopment Agency)
Other Assets that are Legally Restricted
As of June 30, 2012

<u>Assets</u>	<u>Amount</u>	<u>Purpose</u>
56-1001 CASH	\$ 175,181.21	Letter from Department of Finance to Inland Valley Development Successor Agency (JPA) requiring the Return of funds disbursed.
56-1046 CASH WITH FISCAL AGENT	<u>1,857,668.63</u>	July 1, 2012 Debt Service Payments funding required to be deposited in June of 2012.
Total	<u>\$ 2,032,849.84</u>	

City of Loma Linda (Successor Agency of Loma Linda Redevelopment Agency)

Listing of Non-Liquid Assets

As of June 30, 2012

<u>Asset</u>	<u>Balance</u>	<u>Description - Value</u>
56-1027 LOAN RECEIVABLE	\$ 13,873,024.56	Connected Communities Program (Enterprise Fund)
56-1028 LOANS RECEIVABLE (CHAMBER)	8,584.24	Value is principal plus accrued interest to repay loan.
56-1078 SEWER CAPACITY RIGHTS	79,862.00	Intangible asset-valued at book value.
56-1081 LAND HELD FOR RESALE	<u>6,414,511.70</u>	Properties Land Held for resale - booked value.
Total Assets	<u>\$ 20,375,982.50</u>	

EXHIBIT 7A-01

City of Loma Linda (Successor Agency of Loma Linda Redevelopment Agency)
Listing of Asset Balances that are Dedicated or Restricted for the Funding of Enforceable Obligations
As of June 30, 2012

<u>Assets</u>	<u>Funding Required for Enforceable Obligations</u>	<u>Description</u>
56-1001 CASH	\$ 2,490,962.58	ROPS II (July 1, 2012 thru December 31, 2012) funding received
56-1001 CASH	54,445.53	Accounts Payable at 6/30/12 - Enforceable Obligations
56-1001 CASH	2,300.00	Miscellaneous Deposits
56-1001 CASH	28,686.28	Deposits Payable
56-1070 PREPAID EXPENSES	495.00	Paredes housing replacement due to relocation.
Total Assets	<u>\$ 2,576,889.39</u>	

SUMMARY OF BALANCES AVAILABLE FOR ALLOCATION TO AFFECTED TAXING ENTITIES

Total amount of assets held by the successor agency as of June 30, 2012 (procedure 5) (Exhibit 5-01)	\$	29,746,002
Add the amount of any assets transferred to the city or other parties for which an enforceable obligation with a third party requiring such transfer and obligating the use of the transferred assets did not exist (procedures 2 and 3)		-
Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments (procedure 6) (Exhibit 6A-01 and 6C-01)		(6,619,995)
Less assets that are not cash or cash equivalents (e.g., physical assets) - (procedure 7) (Exhibit 7A-01)		(20,375,983)
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) (Exhibit 8A-01)		(2,576,889)
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>(1,286,110) *</u>
Amount to be remitted to county for disbursement to taxing entities	\$	<u>(1,112,975)</u>

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

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

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

* We agreed this amount to the letter dated July 9, 2012 from the County of San Bernardino Auditor-Controller/Treasurer/Tax Collector demanding the payment and the copy of the check payment.

EXHIBIT 10-01