

OVERSIGHT BOARD RESOLUTION NO. 2013-01

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY APPROVING THE NON-HOUSING DUE DILIGENCE REVIEW REPORT PREPARED PURSUANT TO SECTIONS 34179.5 AND 34179.6; AND, DIRECTING THE SUCCESSOR AGENCY TO TRANSMIT THE FINAL REPORT TO THE CAC AND THE DOF

WHEREAS, the Costa Mesa 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 Costa Mesa ("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 Costa Mesa 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, pursuant to Section 34179 the Successor Agency's Oversight Board has been formed and the initial meeting has occurred on April 19, 2012 and

WHEREAS, Section 34179 provides that the Oversight Board has fiduciary responsibilities to holders of enforceable obligations and the taxing entities that benefit from distributions of property tax and other revenues pursuant to Section 34188 of Part 1.85 of the Dissolution Act; and

WHEREAS, by Resolution the Oversight Board previously approved the first, second and third ROPS in the form attached to the resolution approving each ROPS; and

WHEREAS, no further action is required by the Oversight Board as to the first, second and third ROPS in connection with its actions on the non-housing due diligence review report; and

WHEREAS, Section 34179.5 requires the Successor Agency to employ a licensed accountant approved by the Orange County Auditor-Controller to perform a due diligence review and report on the amount of funds transferred from the former Costa Mesa Redevelopment Agency; and

WHEREAS, on July 19, 2012, the Orange County Auditor-Controller provided written approval to Successor Agency staff of their selection of White Nelson Diehl Evans's 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, White Nelson Diehl Evans completed the non-housing due diligence review and by action on December 4, 2012 the Successor Agency received the report and transmitted such report to the Oversight Board; and

WHEREAS, on December 5, 2012 the Oversight Board convened a public comment session and has made such report available to the public for a period of not less than five business days; and

WHEREAS, the Successor Agency transmitted such due diligence report to the County Administrative Officer (CAO), County Auditor-Controller (CAC), State Controller's Office (SCO), and Department of Finance (DOF); and

WHEREAS, the Oversight Board has reviewed and considered the public comments, if any, received after convening the public comment session; and

WHEREAS, the Oversight Board has reviewed and considered the results/opinions, if any, offered by the CAC; and

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 COSTA MESA 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: (a) having taken into consideration the public comments, if any, received and the results/opinions, if any, offered by the CAC, hereby (a) approves the Non-Housing Due Diligence Review Report (Attachment 1), and (b) directs Successor Agency staff to transmit the final report to the CAC and DOF.

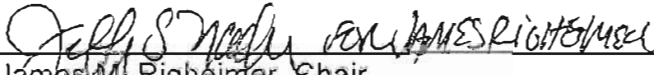
Section 3. The Assistant Finance Director or her authorized designee is directed to post this Resolution on the Successor Agency website pursuant to the Dissolution Act.

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 10th day of January 2013.


James M. Righelmer, Chair
Oversight Board of the Successor Agency to the
Costa Mesa Redevelopment Agency

(SEAL)

ATTEST:


Martha Rosales, Secretary
Oversight Board of the Successor Agency
to the Costa Mesa Redevelopment Agency

ATTACHMENT 1

Non-Housing Due Diligence Review Report

(attached)

SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY

Independent Accountants' Report on Applying Agreed-Upon Procedures
On the Costa Mesa Redevelopment Agency's
And
The Successor Agency to the Costa Mesa Redevelopment Agency's
All Other Funds

Pursuant to California Health and Safety Code Section 34179.5

**SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY
AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS**

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**Independent Accountants' Report on Applying
Agreed-Upon Procedures Related to All Other Funds**

Oversight Board of the Successor Agency
to the Costa Mesa Redevelopment Agency
Costa Mesa, California

We have performed the minimum required agreed-upon procedures (AUP) enumerated in Attachment A, which were agreed to by the California Department of Finance, the California State Controller's Office, the Orange County Auditor-Controller, and the Successor Agency to the Costa Mesa Redevelopment Agency (Successor Agency), (collectively, the Specified Parties), solely to assist you in meeting the statutory requirements of Health and Safety Code Section 34179.5 related to all other funds except for the Low and Moderate Income Housing Fund (All Other Funds) of the former Costa Mesa Redevelopment Agency and the Successor Agency. Management of the Successor Agency is responsible for meeting the statutory requirements of Health and Safety Code Section 34179.5 related to All Other Funds. 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 described below, either for the purpose for which this report has been requested or for any other purpose.

The scope of this engagement was limited to performing the agreed-upon procedures 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 on whether the Successor Agency has met the statutory requirements of Health and Safety Code Section 34179.5 related to All Other Funds. 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 Oversight Board and management of the Successor Agency to the Costa Mesa Redevelopment Agency, the California Department of Finance, the California State Controller's Office, and the Orange County Auditor-Controller, and is not intended to be, and should not be, used by anyone other than these specified parties.

White Nelson Diehl Evans LLP

Irvine, California
November 15, 2012

SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS
RELATED TO ALL OTHER FUNDS

1. **Procedure:**

Obtain from the Successor Agency a listing of all assets that were transferred from All Other Funds of 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.

Finding:

We agreed the amounts listed on Schedule 1 to the Successor Agency's accounting records without exceptions. The former redevelopment agency transferred \$2,772,910 in assets to All Other Funds of the Successor Agency as detailed in Schedule 1.

2A. **Procedure:**

Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from All Other Funds of the former redevelopment agency to the city 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.

Finding:

Transfers from All Other Funds of the former redevelopment agency other than payments for goods and services to the City of Costa Mesa for the period January 1, 2011 through January 31, 2012 are shown in Schedule 2.

2B. **Procedure:**

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

Finding:

This procedure is not applicable as the Successor Agency did not make any transfers from All Other Funds other than payments for goods and services to the City of Costa Mesa during the period from February 1, 2012 through June 30, 2012.

SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS
RELATED TO ALL OTHER FUNDS

2C. **Procedure:**

For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required the 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.

Finding:

Schedule 2 in the report shows the details for the enforceable obligation or other legal requirement supporting the transfers.

3A. **Procedure:**

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

Finding:

This procedure is not applicable as the former redevelopment agency did not make any transfers to other public agencies or private parties from All Other Funds other than payments for goods and services during the period from January 1, 2011 through January 31, 2012.

3B. **Procedure:**

Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from All Other Funds of the Successor Agency to any other public agency or to 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 described 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.

Finding:

This procedure is not applicable as the Successor Agency did not make any transfers to other public agencies or private parties from All Other Funds other than payments for goods and services during the period from February 1, 2012 through June 30, 2012.

SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS
RELATED TO ALL OTHER FUNDS

3C. **Procedure:**

For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required the 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.

Finding:

This procedure is not applicable since no transfers were identified as a result of Procedures 3A and 3B.

4. **Procedure:**

Obtain from the Successor Agency a summary of the financial transactions of the Redevelopment Agency and the Successor Agency for the fiscal periods ended June 30, 2010, June 30, 2011, January 31, 2012 and June 30, 2012. 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. Compare amounts for the fiscal period ended June 30, 2010 to the state controller's report filed for the Redevelopment Agency for that period. Compare the amounts for the other fiscal periods presented to the account balances in the accounting records or other supporting schedules.

Finding:

The reconciliation required by this Procedure is shown in Schedule 3.

5. **Procedure:**

Obtain from the Successor Agency a listing of all assets from All Other Funds (excluding assets held by the entity that assumed the housing function previously performed by the former redevelopment agency) as of June 30, 2012. Agree the assets on the listing to the accounting records of the Successor Agency.

Finding:

As of June 30, 2012, the Successor Agency's total assets related to All Other Funds of the former redevelopment agency amounted to \$3,985,243 as shown in Schedule 4.

6. **Procedure:**

Obtain from the Successor Agency a listing of asset balances related to All Other Funds on June 30, 2012 that were restricted for the following purposes:

- unspent bond proceeds,
- grant proceeds and program income restricted by third parties, and
- other assets with legal restrictions.

SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS
RELATED TO ALL OTHER FUNDS

6A. Procedure - Unspent Bond Proceeds:

Obtain the Successor Agency's computation of the restricted balances and trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation. Obtain the legal document that sets forth the restriction pertaining to these balances.

Finding:

The Successor Agency has \$704,300 held by Bank of the New York Mellon for the reserve requirement of the 2003 Tax Allocation Refunding Bonds.

6B. Procedure - Grant Proceeds and Program Income Restricted by Third Parties:

Obtain the Successor Agency's computation of the restricted balances and trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation. Obtain a copy of the grant agreement that sets forth the restriction pertaining to these balances.

Finding:

This procedure is not applicable as the Successor Agency's assets related to All Other Funds did not have grant proceeds and program income restricted by third parties as of June 30, 2012.

6C. Procedure - Other Assets Considered to be Legally Restricted:

Obtain the Successor Agency's computation of the restricted balances and trace individual components of this computation to related account balances in the accounting records or other supporting documentation. We obtained the legal document that sets forth the restriction pertaining to these balances.

Finding:

This procedure is not applicable as the Successor Agency's assets related to All Other Funds did not have other assets considered to be legally restricted as of June 30, 2012.

SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS
RELATED TO ALL OTHER FUNDS

7. **Procedure:**

Obtain from the Successor Agency a listing of assets of All Other funds of the former redevelopment agency as of June 30, 2012 that are not liquid or otherwise available for distribution and ascertain if the values are listed at either purchase cost or market value as recently estimated by the Successor Agency. For assets listed at purchased cost, trace the amount to a previously audited financial statement or other accounting records of the Successor Agency and note any differences. For any differences noted, inspect evidence of asset disposal subsequent to January 31, 2012 and ascertain that the proceeds were deposited into the Successor Agency's trust fund. For assets listed at recently estimated market value, inspect evidence supporting the value and note the methodology used.

Finding:

This procedure is not applicable as All Other Funds of the former redevelopment agency did not have any assets that were not liquid or otherwise available for distribution as of June 30, 2012.

8A. **Procedure:**

If the Successor Agency identified that existing asset balances were needed to be retained to satisfy enforceable obligations, obtain an itemized schedule of asset balances (resources) as of June 30, 2012 that were dedicated or restricted for the funding of enforceable obligations. Compare the information on the schedule to the legal documents that formed the basis for the dedication or restriction of the resource balance in question. Compare all current balances which needed to be retained to satisfy enforceable obligations to the amounts reported in the accounting records of the Successor Agency or to an alternative computation. 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. If applicable, identify any listed balances for which the Successor Agency was unable to provide appropriate restricting language in the legal document associated with the enforceable obligation.

Finding:

As of June 30, 2012, the Successor Agency's asset balances to be retained in order to satisfy enforceable obligations amount to \$13,661 as detailed in Schedule 5. These enforceable obligations were reported on ROPS 1.

SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS
RELATED TO ALL OTHER FUNDS

8B. Procedure:

If the Successor Agency identified 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 include a projection of the annual spending requirements to satisfy each obligation and a projection of the annual revenues available to fund those requirements. Compare the enforceable obligations to those that were approved by the California Department of Finance 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. Compare the forecasted annual spending requirements to the legal document supporting the enforceable obligation and obtain the Successor Agency's assumptions relating to the forecasted annual spending requirements. Obtain the Successor Agency's assumptions for the forecasted annual revenues. Disclose the major assumptions for the forecasted annual spending requirements and the forecasted annual revenues in this AUP report.

Finding:

This procedure is not applicable as the Successor Agency did not identify any assets to be retained under this procedure.

8C. Procedure:

If the Successor Agency identified 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 a schedule demonstrating this insufficiency. Compare the timing and amounts of bond debt service payments to the related bond debt service schedules in the bond agreement. Obtain the assumptions for the forecasted property tax revenues and other general purpose revenues and disclose them in this AUP report.

Finding:

This procedure is not applicable as the Successor Agency did not identify any assets to be retained under this procedure.

8D. Procedure:

If Procedures 8A, 8B and 8C were performed, calculate the amount of unrestricted balances necessary for retention in order to meet enforceable obligations. Combine the amount identified as currently restricted balances and the forecasted annual revenues to arrive at the amount of total resources available to fund enforceable obligations. Reduce the total resources available by the amount of forecasted annual spending requirements. Include the calculation in this AUP report.

SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS
RELATED TO ALL OTHER FUNDS

8D. **Finding:**

The unrestricted balances necessary for retention to meet enforceable obligations are detailed in Schedule 5. The Successor Agency does not expect any revenues to pay for these enforceable obligations.

9. **Procedure:**

If the Successor Agency identified 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 identify (a) any dollar amount of existing cash that was needed to satisfy the obligation, and (b) the Successor Agency's explanation as to why the Successor Agency believes that such balances were needed to satisfy the obligation. Include this schedule as an attachment to this AUP report.

Finding:

The Successor Agency has identified \$2,090,874 in cash balances be retained to satisfy obligations on the Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2012 to December 31, 2012 as shown in Schedule 6.

10. **Procedure:**

Present a schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Agencies. Amounts included in the calculation should agree to the results of the procedures performed above. Agree any deductions for amounts already paid to the County Auditor-Controller on July 12, 2012 as directed by the California Department of Finance to evidence of payment.

Finding:

The computation of the Balance Available for Allocation to Affected Taxing Agencies shows that the Successor Agency has a deficit of \$(116,867) and there are no amounts to be remitted to the County for disbursement to affected taxing agencies as shown in Schedule 7.

SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS
RELATED TO ALL OTHER FUNDS

11. **Procedure:**

Obtain a representation letter from management of the Successor Agency acknowledging their responsibility for the data provided and the data presented in the report or in any schedules or exhibits to the report. Included in the representations is 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 this AUP report and its related schedules or exhibits. Management's refusal to sign the representation letter should be noted in the AUP report as required by attestation standards.

Finding:

No exceptions were noted as a result of this Procedure.

SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY
 AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS

LISTING OF ASSETS TRANSFERRED TO SUCCESSOR AGENCY

As of February 1, 2012

	Total as of <u>February 1, 2012</u>
ASSETS	
Cash and investments	\$ 2,068,610
Cash and investments with trustee (Bond Reserves)	<u>704,300</u>
	<u>\$ 2,772,910</u>

SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY
 AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS

TRANSFERS TO THE CITY OF COSTA MESA

FOR THE PERIOD JANUARY 1, 2011 THROUGH JANUARY 31, 2012:

<u>Date of Transfer</u>	<u>Description of Transfer</u>	<u>Purpose of Transfer</u>	<u>Amount</u>	<u>Enforceable Obligation/ Other Legal Requirement Supporting Transfer</u>
3/24/2011	Debt service payment	Payment of principal and interest on note payable to the City of Costa Mesa General Fund	\$ 1,299,705	Promissory note between the City of Costa Mesa and Costa Mesa Redevelopment Agency dated April 16, 1973. Amount is approved on ROPS 1 and ROPS 2.
3/29/2011	Debt service payment	Payment of principal and interest on note payable to the City of Costa Mesa CDBG Fund	10,204 (a)	Promissory note between the City of Costa Mesa and Costa Mesa Redevelopment Agency under a Cooperation Agreement dated November 6, 1972. The item was not approved as an enforceable obligation, because it's a revenue source.
6/30/2011	Ground lease for affordable housing project	Rental increase collected from property owned by the Redevelopment Agency	88,991 (a)	The item was not approved as an enforceable obligation, because it's a revenue source.
11/29/2011	Debt service payment	Payment of principal and interest on note payable to the City of Costa Mesa General Fund	1,309,909	Promissory note between the City of Costa Mesa and Costa Mesa Redevelopment Agency dated April 16, 1973. Amount is approved on ROPS 1 and ROPS 2.

(a) These transfers were added back to Schedule 7.

SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY
 AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS

RECONCILIATION OF FINANCIAL TRANSACTIONS FOR THE PERIODS ENDED
 JUNE 30, 2010, JUNE 30, 2011, JANUARY 31, 2012 AND JUNE 30, 2012

	(a), (b) Redevelopment Agency 12 Months Ended 6/30/2010	(a), (b) Redevelopment Agency 12 Months Ended 6/30/2011	(c), (d) Redevelopment Agency 7 Months Ended 1/31/2012	(c) Successor Agency 5 Months Ended 6/30/2012
Assets (modified accrual basis)				
Cash and investments	\$ 4,987,043	\$ 6,107,491	\$ 5,613,351	\$ 6,679,987
Accounts receivable	2,375,330	2,445,617	2,502,105	-
Due from other governments	29,341	21,741	-	-
Loans receivable	5,166,428	5,107,320	6,338,244	-
Prepaid items	-	4,065	-	-
Due from the City of Costa Mesa	15,000	15,000	-	-
Total Assets	\$ 12,573,142	\$ 13,701,234	\$ 14,453,700	\$ 6,679,987
Liabilities (modified accrual basis)				
Accounts payable	\$ 15,304	\$ 30,358	\$ 1,432,957	\$ 1,542,365
Accrued liabilities	-	-	31,090	4,306
Due to the City of Costa Mesa	147,141	138,336	-	-
Deferred revenue	7,558,887	7,554,381	8,840,349	-
Total Liabilities	7,721,332	7,723,075	10,304,396	1,546,671
Equity	4,851,810	5,978,159	4,149,304	5,133,316
Total Liabilities and Equity	\$ 12,573,142	\$ 13,701,234	\$ 14,453,700	\$ 6,679,987
Total Revenues	\$ 4,228,633	\$ 4,374,784	\$ 1,006,834	\$ 1,514,429
Total Expenditures	4,749,575	3,248,435	2,835,689	530,417
Total Transfers	-	-	-	-
Net change in equity	(520,942)	1,126,349	(1,828,855)	984,012
Beginning Equity	5,372,752	4,851,810	5,978,159	4,149,304
Ending Equity	\$ 4,851,810	\$ 5,978,159	\$ 4,149,304	\$ 5,133,316
Other Information (show year end balances for all three years presented):				
Capital assets as of end of year	\$ 23,064	\$ 23,064	\$ 23,064	\$ -
Long-term debt as of end of year	\$ 15,531,911	\$ 14,574,213	\$ 13,409,676	\$ 13,409,676

(a) Information agreed to the State Controllers Report for the years ended June 30, 2010 and June 30, 2011.

(b) Information agreed to the audited financial statements for the years ended June 30, 2010 and June 30, 2011.

(c) Information from accounting records.

(d) Tax increment was reduced by demand payment of \$1,392,470.

(e) This schedule includes all funds of the former redevelopment agency, including the Low and Moderate Income Housing Fund.

SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY
AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS

LISTING OF ASSETS

As of June 30, 2012

	ASSETS	
Cash and investments		\$ 3,280,943
Cash and investments with trustee (Bond Reserve)		<u>704,300</u>
		<u>\$ 3,985,243</u>

SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY
 AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS

CALCULATION OF UNRESTRICTED ASSET BALANCE FOR RETENTION

June 30, 2012

Vendor/Payee	Purpose of Transactions	Amount	Enforceable Obligation/Other Legal Requirement Supporting Retention
City of Costa Mesa	Reimburse City of Costa Mesa for payroll costs for the period ended June 30, 2012	\$ 4,306	Administrative cost allowance that was unpaid at June 30, 2012 and included in accounts payable
Harell and Company Advisors, LLC	RDA continuing disclosure annual report	1,875	ROPS1, Line 1
Martin and Chapman Company	Minutes binder for Successor Agency	385	Administrative cost allowance that was unpaid at June 30, 2012 and included in accounts payable
Stadling, Yocca, Carlson and Rauth	Successor Agency formation consulting	7,095	ROPS 1, Line 8
		<u>\$ 13,661</u>	

SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY
 AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS

SCHEDULE OF CASH BALANCES FOR RETENTION TO MEET
 ENFORCEABLE OBLIGATIONS IN FISCAL YEAR 2012-2013

Payee	Purpose of Transactions	Amount	Enforceable Obligation/ Other Legal Requirement Supporting Retention
Cash balances needed to be retained for the funding of future enforceable obligations:			
Bank of New York	Debt service payment on Tax Allocation Bonds (TAB) Refunding 2003	\$ 623,087	Bond Document Requirement Reported on ROPS 2, Line 1
Bank of New York	Fiscal Agent Services	1,082	Bond Document Requirement Reported on ROPS 2, line 1
City of Costa Mesa	Debt service on promissory note payable to the City of Costa Mesa	1,299,705	Promissory Note Payable Reported on ROPS 2, line 3
Stradling Yocca Carlson & Rauth	Consulting attorney services for formation of Successor Agency	24,000	Reported on ROPS 2, line 4
Keyser Marston	Successor Agency formation consultation	18,000	Reported on ROPS 2, line 4
City of Costa Mesa	Administrative Allowance	<u>125,000</u>	Administrative Cost Allowance Reported on ROPS 2
		<u>\$ 2,090,874</u>	

SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY
 AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS

SUMMARY OF BALANCE AVAILABLE FOR ALLOCATION TO AFFECTED TAXING AGENCIES

As of June 30, 2012

Total amount of assets held by the Successor Agency as of June 30, 2012 - (Procedure 5)	\$ 3,985,243
Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments - (Procedure 6)	(704,300)
Less assets that are not cash or cash equivalents (e.g., physical assets) - (Procedure 7)	-
Less balances that are legally restricted for the funding of an enforceable obligation (net of projected annual revenues available to fund those obligations) - (Procedure 8)	(13,661)
Less balances needed to satisfy ROPS for the 2012-13 fiscal year - (Procedure 9)	(2,090,874)
Less the amount of payments made on July 12, 2012 to the County Auditor-Controller as directed by the California Department of Finance	(1,392,470)
Add the amount of any assets transferred to the City 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)	<u>99,195</u>
Amount to be remitted to County for disbursement to affected taxing agencies	<u>\$ (116,867)</u>