



BROWN ARMSTRONG
Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

City of Pasadena Auditor-Controller / Oversight Board
of the Successor Agency
City of Pasadena, California

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We have performed the required agreed-upon procedures (AUP) enumerated in Attachment A, which were agreed to by the California State Controller's Office and the Department of Finance solely to assist the City of Pasadena in ensuring that the Successor Agency of City of Pasadena (the Agency) is complying with its statutory requirements with respect to Assembly Bill (AB) 1484. Management of the Agency and City of Pasadena are responsible for the accounting records pertaining to statutory compliance pursuant to Health and Safety Code. 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 required agreed-upon procedures as set forth in Attachment A. The results of the procedures performed are listed under each related testing step in Attachment A.

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 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.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Pasadena, California
September 20, 2012



REGISTERED with the Public Company
Accounting Oversight Board and
MEMBER of the American Institute of
Certified Public Accountants

ATTACHMENT A

List of Procedures for Due Diligence Review

General information regarding these procedures:

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

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

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

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

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

Citation:

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.

Suggested Procedure(s):

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

Result:

We noted the following exception:

- A) \$512,774 of homebuyers' loan repayment (including \$30,250 rental rehabilitation loan repayment) towards the "20% match" requirement was held in the Low and Moderate Income Housing Fund and was transferred to the Federal Home Fund on June 30, 2012. The former redevelopment agency did not execute a transfer of this amount to the Successor Agency. Please see attachment H for details of repayments.

Management's Response:

Under Federal home fund regulations (Section 92.220(a)(1), when Low and Moderate Income Housing fund is loaned to a project as a match for Federal Home Fund, repayments must be deposited to Federal Home Fund account. These funds do not belong to the Low and Moderate Income Housing Fund and should have not been credited to this account in the first place. The correcting entry was posted on June 30, 2012.

Purpose: To review 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 (Section 34179.5(c)(2)).

Suggested Procedure(s):

- 2. If the State Controller's Office has completed its review of transfers required under both Sections 34167.5 and 34178.8 and issued its report regarding such review, attach a copy of that report as an exhibit to the AUP report. If this has not yet occurred, perform the following procedures:
 - A) Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the former redevelopment agency to the city, county, or city and county that formed the redevelopment agency for the period from January 1, 2011, through January 31, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.
 - B) Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Successor Agency to the city, county, or city and county that formed the redevelopment agency for the period from February 1, 2012 through June 30, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.
 - C) For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required any transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.

Result:

We found no exceptions as a result of the procedures performed. The final ABx1 26 report is attached in Exhibit I.

Purpose: To review 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 (Section 34179.5(c)(3)).

Suggested Procedure(s):

3. If the State Controller's Office has completed its review of transfers required under both Sections 34167.5 and 34178.8 and issued its report regarding such review, attach a copy of that report as an exhibit to the AUP report. If this has not yet occurred, perform the following procedures:
 - A) Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the former redevelopment agency to any other public agency or to private parties for the period from January 1, 2011, through January 31, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Redevelopment 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 Redevelopment Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.
 - C) For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required any transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.

Result:

We found no exceptions as a result of the procedures performed. The final ABx1 26 report is attached in Exhibit I.

Purpose: The review the 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 State Controller for the 2009–10 fiscal year (Section 34179.5(c)(4)).

Suggested Procedure(s):

4. Perform the following procedures:
 - A) Obtain from the Successor Agency a summary of the financial transactions of the Redevelopment Agency and the Successor Agency in the format set forth in the attached schedule for the fiscal periods indicated in the schedule. For purposes of this summary, the financial transactions should be presented using the modified accrual basis of accounting. End of year balances for capital assets (in total) and long-term debt (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 ending 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

Result:

Because the procedures required by Section 34179.5(c)(4) pertain to the Successor Agency as a whole, these procedures should be addressed in the report that is due on December 15, 2012. See Attachment B for the summary of financial transactions of the Low and Moderate Income Housing Fund.

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.

Suggested Procedure(s):

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

Result:

We found no exceptions as a result of the procedures performed for the Low and Moderate Income Housing Fund. Please see Attachment C for details.

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.

Suggested Procedure(s):

6. Obtain from the Successor Agency a listing of asset balances held on June 30, 2012, that are restricted for the following purposes:
 - A) Unspent bond proceeds:
 - 1) 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.).
 - 2) 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).
 - 3) 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:
 - 1) Obtain Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).
 - 2) 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).
 - 3) 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:

- 1) Obtain Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).
- 2) 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).
- 3) Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by Successor the Agency as restricted.

D) Attach the above mentioned Successor Agency prepared schedule(s) as an exhibit to the AUP report.

Result:

We found no exceptions as a result of the procedures performed for the Low and Moderate Income Housing Fund. Please see Attachment D for details.

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.

Suggested Procedure(s):

7. Perform the following procedures:

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

Result:

We found no exceptions as a result of the procedures performed for the Low and Moderate Income Housing Fund. Please see Attachment E for details.

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

Suggested Procedure(s):

8. Perform the following procedures:

- A) If the Successor Agency believes that asset balances need to be retained to satisfy enforceable obligations, obtain from the Successor Agency an itemized schedule of asset balances (resources) as of June 30, 2012, that are dedicated or restricted for the funding of enforceable obligations and perform the following procedures. The schedule should identify the amount dedicated or restricted, the nature of the dedication or restriction, the specific enforceable obligation to which the dedication or restriction relates, and the language in the legal document that is associated with the enforceable obligation that specifies the dedication of existing asset balances toward payment of that obligation.
 - a. 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.
 - b. Compare all current balances to the amounts reported in the accounting records of the Successor Agency or to an alternative computation.
 - c. Compare the specified enforceable obligations to those that were included in the final Recognized Obligation Payment Schedule approved by the California Department of Finance.
 - d. 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 the 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:
 - a. 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.
 - b. Compare the forecasted annual spending requirements to the legal document supporting each enforceable obligation.
 - i. 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.
 - c. For the forecasted annual revenues:
 - i. Obtain the 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.
- a. Compare the timing and amounts of bond debt service payments to the related bond debt service schedules in the bond agreement.
 - b. Obtain the assumptions for the forecasted property tax revenues and disclose major assumptions associated with the projections.
 - c. 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.
- a. 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.
 - b. 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.
 - c. Include the calculation in the AUP report.

Result:

We found no exceptions as a result of the procedures performed for the Low and Moderate Income Housing Fund. Please see Attachment F for details.

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.

Suggested Procedure(s):

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

Result:

We found no exceptions as a result of the procedures performed for the Low and Moderate Income Housing Fund. Please see Attachment G for details.

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

Suggested Procedure(s):

10. Obtain 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 summary schedule (Attachment B) to be considered for this purpose. Separate schedules should be completed for the Low and Moderate Income Housing Fund and for all other funds combined (excluding the Low and Moderate Income Housing Fund).

Result:

We found no exceptions as a result of the procedures performed for the Low and Moderate Income Housing Fund. Please see Attachment C for details.

Suggested Procedure(s):

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

Result:

We received the representation letter, which included all required information, on September 20, 2012.

Attachment B – Summary of Financial Transactions

	Fund 810 Low and Moderate Housing Trust Fund 12 Months Ended June 30, 2010	Fund 619 Inclusionary Housing In-Lieu Fees Fund 12 Months Ended June 30, 2010	Combined Total 12 Months Ended June 30, 2010	Fund 851 Debt Service Affordable Housing 12 Months Ended June 30, 2010
Assets				
Cash and investments	\$ 4,728,220	\$ 4,616,008	\$ 9,344,228	\$ 2,093
Cash and investments with fiscal agents	-	-	-	200,472
Accounts receivable	-	-	-	-
Interest receivable	-	-	-	-
Notes receivable	16,884,212	5,851,696	22,735,908	-
Due from other funds	53,061	-	53,061	-
Property held for resale	5,455,098	1,983,879	7,438,977	-
Total Assets	\$ 27,120,591	\$ 12,451,583	\$ 39,572,174	\$ 202,565
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ 107,132	\$ 133,854	\$ 240,986	\$ 30,323
Deferred revenue	-	-	-	-
Notes/loan payable	-	-	-	-
Bonds payable	-	-	-	-
Total Liabilities	107,132	133,854	240,986	30,323
Total fund balances	27,013,459	12,317,729	39,331,188	172,242
Total liabilities and fund balances	\$ 27,120,591	\$ 12,451,583	\$ 39,572,174	\$ 202,565
Total Revenues	\$ 335,735	\$ 1,284,129	\$ 1,619,864	\$ 565,691
Total Expenditures	1,252,585	2,181,908	3,434,493	3,005,406
Excess (deficiency) of revenues over (under) expenditures	(916,850)	(897,779)	(1,814,629)	(2,439,715)
Other financing sources (uses):				
Transfers in	2,916,119	-	2,916,119	2,457,501
Transfers out	(2,457,502)	-	(2,457,502)	-
Total Transfers	458,617	-	458,617	2,457,501
Change in fund balances	(458,233)	(897,779)	(1,356,012)	17,786
Fund balances (deficit) at beginning of year	27,471,692	13,215,508	40,687,200	154,456
Prior year adjustment	-	-	-	-
Fund balances (deficit) at end of year	\$ 27,013,459	\$ 12,317,729	\$ 39,331,188	\$ 172,242
Other information:				
Capital assets as of end of year	\$ 5,455,098			
Non-current asset (Notes Receivables)	\$ 16,884,209			

Attachment B – Summary of Financial Transactions (Continued)

	Fund 810 Low and Moderate Housing Trust Fund 12 Months Ended June 30, 2011	Fund 619 Inclusionary Housing In-Lieu Fees Fund 12 Months Ended June 30, 2011	Combined Total 12 Months Ended June 30, 2011	Fund 851 Debt Service Affordable Housing 12 Months Ended June 30, 2011
Assets				
Cash and investments	\$ 4,956,110	\$ 5,210,988	\$ 10,167,098	\$ 167,540
Cash and investments with fiscal agents	-	-	-	195,584
Accounts receivable	47,645	396,354	443,999	-
Interest receivable	(9,032)	15,682	6,650	-
Notes receivable	18,960,573	6,188,208	25,148,781	-
Due from other funds	91,339	-	91,339	-
Property held for resale	5,455,098	1,983,879	7,438,977	-
Total Assets	<u>\$ 29,501,733</u>	<u>\$ 13,795,111</u>	<u>\$ 43,296,844</u>	<u>\$ 363,124</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ 93,657	\$ 20,525	\$ 114,182	\$ 22,076
Deferred revenue	1,925,387	-	1,925,387	-
Notes/loan payable	-	-	-	-
Bonds payable	-	-	-	-
Total Liabilities	<u>2,019,044</u>	<u>20,525</u>	<u>2,039,569</u>	<u>22,076</u>
Total fund balances	<u>27,482,689</u>	<u>13,774,586</u>	<u>41,257,275</u>	<u>341,048</u>
Total liabilities and fund balances	<u>\$ 29,501,733</u>	<u>\$ 13,795,111</u>	<u>\$ 43,296,844</u>	<u>\$ 363,124</u>
Total Revenues	<u>\$ 267,676</u>	<u>\$ 2,490,237</u>	<u>\$ 2,757,913</u>	<u>\$ 191,316</u>
Total Expenditures	<u>1,699,919</u>	<u>1,033,377</u>	<u>2,733,296</u>	<u>988,235</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,432,243)</u>	<u>1,456,860</u>	<u>24,617</u>	<u>(796,919)</u>
Other financing sources (uses):				
Transfers in	2,867,198	-	2,867,198	965,725
Transfers out	(965,725)	-	(965,725)	-
Total Transfers	<u>1,901,473</u>	<u>-</u>	<u>1,901,473</u>	<u>965,725</u>
Change in fund balances	469,230	1,456,860	1,926,090	168,806
Fund balances (deficit) at beginning of year	<u>27,013,459</u>	<u>12,317,726</u>	<u>39,331,185</u>	<u>172,242</u>
Prior year adjustment	-	-	-	-
Fund balances (deficit) at end of year	<u>\$ 27,482,689</u>	<u>\$ 13,774,586</u>	<u>\$ 41,257,275</u>	<u>\$ 341,048</u>
Other information:				
Capital assets as of end of year	\$ 5,455,098			
Non-current asset (Notes Receivables)	\$ 18,960,573			

Attachment B – Summary of Financial Transactions (Continued)

	Fund 810 Low and Moderate Housing Trust Fund 7 Months Ended January 31, 2012	Fund 851 Debt Service Affordable Housing 7 Months Ended January 31, 2012	Fund 237 Housing Successor 5 Months Ended June 30, 2012 (preliminary)	Fund 851 Debt Service 5 Months Ended June 30, 2012 (preliminary)
<u>Assets</u>				
Cash and investments	\$ 3,926,392	\$ 184,409	\$ 3,500,090	\$ 182,549
Cash and investments with fiscal agents	-	196,460	-	195,895
Accounts receivable	-	-	39,770	-
Interest receivable	39,719	-	-	-
Notes receivable	15,644,933	-	15,544,285	-
Due from other funds	-	-	-	-
Property held for resale	1,400,000	-	1,400,000	-
Total Assets	\$ 21,011,044	\$ 380,869	\$ 20,484,145	\$ 378,444
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 46,662	\$ 305	\$ 28,370	\$ 17,115
Deferred revenue	-	-	-	-
Notes/loan payable	-	-	-	2,420,722
Bonds payable	-	-	-	800,000
Total Liabilities	46,662	305	28,370	3,237,837
Total fund balances	20,964,382	380,564	20,455,775	(2,859,393)
Total liabilities and fund balances	\$ 21,011,044	\$ 380,869	\$ 20,484,145	\$ 378,444
Total Revenues	\$ 317,546	\$ 2,811	\$ 39,863	\$ 1,370
Total Expenditures	745,600	247,000	226,151	35,480
Excess (deficiency) of revenues over (under) expenditures	(428,054)	(244,189)	(186,288)	(34,110)
Other financing sources (uses):				
Transfers in	1,984,615	283,705	205,330	14,875
Transfers out	(8,074,864)	-	(527,650)	-
Total Transfers	(6,090,249)	283,705	(322,320)	14,875
Change in fund balances	(6,518,303)	39,516	(508,607)	(19,235)
Fund balances (deficit) at beginning of year	41,257,275	341,048	20,964,382	(2,840,157)
Prior year adjustment	(13,774,590)	-	-	-
Fund balances (deficit) at end of year	\$ 20,964,382	\$ 380,564	\$ 20,455,775	\$ (2,859,392)
Other information:				
Capital assets as of end of year	\$ 1,400,000		\$ 1,400,000	
Non-current asset (Notes Receivables)	\$ 15,644,933		\$ 15,544,285	

Attachment C – List of Assets

SUMMARY OF BALANCES AVAILABLE FOR ALLOCATION TO AFFECTED TAXING ENTITIES

	<u>Total</u>
1 Total amount of assets held by the successor agency as of June 30, 2012 (procedure 5)	<u>\$ 20,862,589</u>
2 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)	<u>-</u>
3 Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments (procedure 6)	<u>4,647,231</u>
4 Less assets that are not cash or cash equivalents (e.g., physical assets) - (procedure 7)	16,944,285
5 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)	<u>1,090,808</u>
6 Less balances needed to satisfy ROPS for the 2012-13 fiscal year (procedure 9)	<u>119,820</u>
7 Less the amount of payments made on July 12, 2012, to the County Auditor-Controller as directed by the California Department of Finance	<u>-</u>
Amount to be remitted to county for disbursement to taxing entities	<u><u>\$ (1,939,555)</u></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.

Attachment D – Assets Legally Restricted for Uses Specified by Debt Covenants or Other Restrictions

ROPS I Item #	Project Name / Debt Obligation	Payee	Description	Total Due During Fiscal Year 2012	Total Due from January 2012 - June 2012	Jan	Feb	Mar	Apr	May	Jun	OB Approved/Admin Budget
2	Housing Tax Allocation Bond 2006	Bond Holders	Tax Allocation Bonds 2006	\$ 283,581	\$ 16,810	\$ -	\$ 16,810	\$ -	\$ -	\$ -	\$ 16,810	\$ 16,810
22	Housing Set-Aside (CalHFA HELP-07)	Housing Fund	State Loan - Borrow Housing Funds from the State and have to pay it back.	1,537,654	1,537,654	-	-	-	-	-	1,537,654	1,537,654
23	Housing Set-Aside (CalHFA HELP-05)	Housing Fund	State Loan - Borrow Housing Funds from the State and have to pay it back.	1,123,971	1,123,971	-	-	-	-	-	1,123,971	1,123,971
24	Housing Set-Aside (Mar Vista Hsg Project Agreement #20635)	Housing Fund	Promissory Note April 2011 (Agreement# 20635)	823,000	823,000	-	-	-	823,000	-	-	823,000
25	Housing Set-Aside 20% Match for HUD	Housing Fund	20% for anticipated \$617k in HUD HOME funds to be awarded Sept. 2012	123,468	123,468	-	-	-	-	-	-	123,468
64	Housing Project Admin - Direct	City of Pasadena Housing Staff	Monitor and manage affordable housing covenants- Mar Vista	29,744	29,744	-	-	-	-	-	-	29,744
ROPS II Item #		Payee	Description	Total Due During Fiscal Year 2012	Total Due from July 2012 - December 2012	Jul	Aug	Sep	Oct	Nov	Dec	
2	Housing Tax Allocation Bond 2006	Bond Holders	Tax Allocation Bonds 2006	283,581	271,810	-	271,810	-	-	-	-	271,810
24	Housing Set-Aside (Mar Vista Hsg Project Agreement #20635)	National Community	Promissory Note April 2011 (Agreement# 20635)	823,000	234,093	39,016	39,016	39,016	39,015	39,015	39,015	234,093
53	Housing Project Admin - Direct	Housing Successor Agency	Monitor and manage affordable housing covenants- Mar Vista	29,744	29,744	-	5,949	5,949	5,949	5,949	5,950	29,744
54	Housing Project Admin - Indirect	Housing Successor Agency	Monitor and manage affordable housing covenants- Mar Vista	29,930	29,930	-	5,986	5,986	5,986	5,986	5,986	29,930
55	Housing Project Admin- Consultant Services	Davila & Associates	Monitor and manage affordable housing covenants- Mar Vista	11,063	11,063	-	2,213	2,213	2,213	2,213	2,213	11,063
56	Housing Project Admin- Consultant Services	Urban Futures Inc.	Monitor and manage affordable housing covenants		37,500	37,500	-	-	-	-	-	37,500

TOTAL	4,268,787
Restricted reserve for debt service (Fund 851)	378,444
Grand Total	<u>\$ 4,647,231</u>

Attachment E – List of Assets that are not Liquid

<u>Asset Type</u>	<u>Asset Description</u>	<u>Valued At</u>	<u>Amount</u>
Long-Term Receivable	Notes Receivable	Book Value	\$ 15,544,285
Capital Assets	Property Held for Resale	Purchase Cost	<u>1,400,000</u>
Total			<u>\$ 16,944,285</u>

Attachment F – Assets that are Legally Restricted for the Funding of an Enforceable Obligation

<u>Project Description</u>	<u>Amount</u>
Promissory Note Secured by Deed of Trust - Parke Street Apartments	\$ 17,871
Promissory Note Secured by Deed of Trust - Mar Vista Union	<u>1,072,936</u>
Total	<u>\$ 1,090,808</u>

Attachment G – Calculation of Assets that need to be Retained to Satisfy Fiscal Year 2012-2013 ROPS

Item #	Project Name / Debt Obligation	Payee	Description/Project Scope	Total Outstanding Debt or Obligation	Total Due during Fiscal Year 2012-2013 from January 1 to June 30, 2013
1	Housing Tax Allocation Bond 2006	Bond Holders	Tax Allocation Bonds 2006	\$ 579,990	\$ 11,583
2	Housing Project Admin - Direct	Housing Successor Agency	Estimated staff's time on direct project costs for the projected 5 months period as budgeted.	29,744	29,744
3	Housing Project Admin - Indirect	Housing Successor Agency	Estimated indirect admin costs for the projected 5 months period as budgeted.	29,930	29,930
4	Housing Project Admin- Consultant Services	Davila & Associates	Admin related Consultant costs for the 5 months period (Davila and Housing Rights Center)	11,063	11,063
5	Housing Project Admin- Consultant Services	Urban Futures Inc.	Admin related Consultant costs 1 of 2 payments (Urban Futures)	37,500	37,500
	Total				\$ 119,820

Attachment H – LOW AND MODERATE INCOME HOUSING FUND HOMEBUYER AND PROJECT LOANS MATCH UNDER HOME PROGRAM

Federal Fiscal Year	Low and Moderate Income Housing Fund Match	Match Date	Match Project	Borrower	Repayment Date	Amount Repaid and Restricted for HOME Use
2003-2004	\$ -					
2002-2003	-					
2001-2002	-					
2000-2001	-					
1999-2000	140,000	May 8, 2000	Heritage Homeownership Partners	Margaret Bradbury	August 24, 2005	\$ 61,824
				Mary Makel	February 11, 2004	84,911
1999-2000	67,661	July 1, 2000	Homeownership Opportunities Program	Sylvia Terrazas	June 27, 2006	71,117
1999-2000	11,932	July 13, 1998	Homeowner Rehabilitation (Fiscal Year 1998, #0043)			
1998-1999	141,760	March 29, 1999	Heritage Homeownership Partners			
1998-1999	14,407	June 30, 1999	Homeowner Rehabilitation			
1998-1999	27,561	June 18, 1999	First-Time Homebuyers	Pablo Meza	January 16, 2004	34,064
1997-1998	-					
1996-1997	8,528	July 1, 1996	Homebuyers Program	Jorge Alvarez	May 2003	19,041
1995-1996	59,000	September 5, 1995	HOP Match for Pasadena Neighborhood Housing Services Homebuyer Program			
1994-1995	50,000		1392 N. Raymond Project	Elaine Moore	December 19, 2003	38,880
	150,000	October 1, 1994	1800 N. Lincoln (Lincoln/Idaho Project)	Maria Biel	December 18, 2008	59,735
				Angel Canepa	August 25, 2010	48,189
				James Farr	October 1, 2009	64,763
1994-1995	130,000	June 22, 1995	543 N. Raymond (Rental Rehabilitation Loan)	Seiden/Shiao	Ongoing Payments	30,250
TOTAL	\$ 800,849					\$ 512,774

Exhibit 1 - ABx1 26 Report

County of Los Angeles

**Independent Accountants' Report on Applying
Agreed-Upon Procedures pursuant to
ABx1 26 (Redevelopment Dissolution Bill)**

**For the Redevelopment Agency of the
City of Pasadena**

April 27, 2012



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

Wendy L. Watanabe
Los Angeles County Auditor-Controller
500 West Temple Street, Suite 525
Los Angeles, CA 90012

We have performed the Agreed-Upon Procedures enumerated in the Auditor-Controller's statement of work, Attachment A, which were agreed to by the California State Controller's Office, Department of Finance, and the Los Angeles County Auditor-Controller, solely to assist you in ensuring that the dissolved redevelopment agency of the City of Pasadena, California, is complying with its statutory requirements with respect to ABx1 26. Management of the successor agency is responsible for the accounting records pertaining to statutory compliance. 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 (AUP) at your direction as set forth in Attachment A.

Attachment B and Attachment C identify 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 B and Attachment C. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the County, the successor agency, 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.

Vavrinek, Trine, Day & Co. LLP

Rancho Cucamonga, California
April 27, 2012

ATTACHMENT A

The procedures performed were as follows:

A. Redevelopment Agency Dissolution and Restrictions

For each former RDA reviewed, perform the following:

1. Based on the EOPS for the period of August 1 through December 31, 2011, provided by the Auditor-Controller:
 - a. For all obligations listed, identify the payee, a description of the nature of the work/service agreed to, and the amount of payment(s) made by month through December 31, 2011, and compare it to the legal document that forms the basis for the obligation. Note any discrepancies. Any obligations for which the successor agency cannot produce a supporting legal document, or which the supporting legal document does not support the obligation, should be noted as "questionable" in the AUP report.
 - b. Identify all obligations listed on the EOPS that were entered into after June 29, 2011.
2. Based on the EOPS for the period January 1 through June 30, 2012, provided by the Auditor-Controller:
 - a. Identify and document the project name and project area associated with each obligation.
 - b. For each obligation, identify the payee, a description of the nature of the work/service agreed to, and the amount of payments to be made by month through June 30, 2012, and compare it to the legal document that forms the basis for the obligation. Note any discrepancies. Any obligations for which the successor agency cannot produce a supporting legal document, or for which the supporting legal document does not support the obligation, should be noted as "questionable" in the AUP report.
 - c. Identify all obligations listed on the EOPS that were entered into after June 29, 2011.
3. With regard to the Low and Moderate Income Housing Fund (L&M Fund) of the former redevelopment agency:
 - a. Inquire and document whether the former redevelopment agency transferred the L&M Fund to the successor agency.
 - b. If the L&M Fund was transferred, document the date of transfer and summarize the manner in which the transfer was performed. (e.g., the accounting fund, X, and bank account, Y, were re-titled in the name of the successor agency.)
 - c. Document the total value of the L&M Fund transferred to the redevelopment agency's successor agency and the date of transfer.
4. With regard to the housing activities and assets of the former redevelopment agency:
 - a. Inquire and document whether the housing activities and/or assets were transferred to the successor agency.
 - b. If housing activities were transferred, obtain the underlying documentation authorizing the transfer. (e.g., resolution of the city or county assuming the housing activity from the redevelopment agency).
 - c. If the transfer included assets, obtain a list of the assets and their reported value from the successor agency.

ATTACHMENT A

B. Successor Agency

2. With regard to the administrative responsibilities and assets of the former redevelopment agency:
 - a. Inquire and document whether the former redevelopment agency transferred its administrative responsibilities to the successor agency (e.g., documents and records, etc.), and the date of the transfer.
 - b. Inquire whether the former redevelopment agency transferred assets other than real property to the successor agency. (e.g., cash and investments)
 - c. If assets other than real property were transferred, document the transfer date, and summarize the manner in which the transfer(s) were performed (e.g., accounting fund, X, and bank account, Y, were renamed in the name of the successor agency), and the total value of the assets transferred.
 - d. Inquire if real property was transferred from the former redevelopment agency to the successor agency.
 - e. If real property was transferred, examine and document evidence of the transfer(s), such as re-recorded titles filed at the Registrar-Recorder/County Clerk.
3. Determine if the successor agency has established the Redevelopment Obligation Retirement Fund(s) in its accounting system.
4. Obtain audited financial statements of the redevelopment agency for the fiscal years ended June 30, 2010 and June 30, 2011. Prepare a schedule listing the name and balance of each asset shown in the government-wide financial statements for each of the two years, as of June 30th (or fiscal year end, if different). Obtain unaudited asset balances as of January 31, 2012, from the successor agency which are comparable to the 2010 and 2011, amounts and include those on the schedule (marked as "unaudited"). If the successor agency is unable to provide comparable balances, indicate the reason and leave the 2012 column blank. Include the comparative asset listing as an attachment to the AUP report.

C. Draft Recognized Obligation Payment Schedules (ROPS)

5. Obtain a list of all payments from the successor agency's general ledger for the period February 1 through May 31, 2012. Trace and agree payments made by the successor agency to a corresponding obligation on the draft ROPS provided by the Auditor-Controller. Note any discrepancies. It is anticipated that auditors will review all payments for smaller former RDAs and review a sample of payments for larger former RDAs. The specific number of payments to be examined for each RDA will be determined during the review in consultation with the Auditor-Controller.
6. Compare each enforceable obligation from the draft ROPS provided by the Auditor-Controller to the legal document that forms the basis for the obligation (e.g., contract, bond indenture, etc.). Note any discrepancies. Any obligations for which the successor agency cannot produce a supporting legal document, or for which the supporting legal document does not support the obligation, should be noted as "questionable" in the AUP report.

E. Other Procedures

5. Issue draft Agreed-Upon Procedures report to the Auditor-Controller by June 15, 2012.
6. Issue final Agreed-Upon Procedures report to the Auditor-Controller by June 29, 2012.

ATTACHMENT B

The findings of the procedures performed as described in Attachment A are as follows:

A. Redevelopment Agency Dissolution and Restrictions

A1.a For obligations selected by the County's Auditor-Controller on the Enforceable Obligation Payment Schedule (EOPS) for the period August 1 through December 31, 2011, we identified the payee, description of the nature of the work/service agreed to, and the amount of payments made by month through December 31, 2011, and compared it to the legal document that forms the basis for the obligation.

- *Questionable:* The following monthly payment obligations listed on the EOPS are questionable. No legal documentation forming the basis of the obligation was provided. Management asserted the obligations were no longer considered an enforceable obligation by the City and removed from subsequent versions of the EOPS prepared by the City.

Information extracted from EOPS (August - December 2011)

			Payments by month				
Project Name / Debt Obligation	Payee	Description	Aug	Sept	Oct	Nov	Dec
Advances from City 1994	City General Fund	Reimbursement Agreement	-	-	-	-	-
Orange Grove Loan	Orange Grove Fund	Orange Grove Loan	-	-	-	-	-

A1.b Pasadena Successor Agency asserted that no obligations listed on the EOPS for the period August 1 through December 31, 2011, were entered into after June 29, 2011.

A2.a Based on the EOPS for the period January 1 through June 30, 2012, provided by the County's Auditor-Controller, the obligations are related to the following project names and project areas:

Project Name / Debt Obligation	Payee	Description	Project Name	Project Area
Project Administration - Appraisals		Project Administration	Project Administration	Downtown Pasadena
Housing Direct Project Admin - Personnel		Housing Direct Project Administration - Personnel	Housing Direct Project Administration	Downtown Pasadena
Housing Direct Project Admin - Appraisal & Consultant Services		Housing Direct Project Administration - Appraisal & Consultant Services	Housing Direct Project Administration	Downtown Pasadena

The City asserts the selected obligations were no longer considered an enforceable obligation by the City and were removed from subsequent versions of the EOPS prepared by the City.

ATTACHMENT B

A2.b For obligations selected by the County's Auditor-Controller for testing from the EOPS for the period January 1 through June 30, 2012, we identified the payee, description of the nature of the work/service agreed to, and the amount of payments made by month through June 30, 2012, and compared it to the legal document that forms the basis for the obligation.

- *Questionable:* The following monthly payment obligations listed on the EOPS are questionable. No legal documentation forming the basis of the obligation was provided. Management asserted the obligations were no longer considered an enforceable obligation by the City and removed from subsequent versions of the EOPS prepared by the City.

Information extracted from EOPS (January - June 2012)

Project Name / Debt Obligation	Payee	Description	Payments by month						Total	
			Jan	Feb	Mar	Apr	May	June		
Project Administration - Appraisals				\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 20,000

- *Questionable:* The following monthly payment obligations listed on the EOPS are questionable. The monthly payment schedule did not agree to the legal supporting document.

Information extracted from EOPS (January - June 2012)

Project Name / Debt Obligation	Payee	Description	Payments by month						Total	
			Jan	Feb	Mar	Apr	May	June		
Housing Direct Project Admin - Personnel				\$ 8,236	\$ 8,236	\$ 8,236	\$ 8,236	\$ 8,236	\$ 8,236	\$ 41,180
Housing Direct Project Admin - Appraisal & Consultant Services				1,250	1,250	1,250	1,250	1,250	1,250	6,250

A2.c Pasadena Successor Agency asserted that no obligations listed in the EOPS for the period January 1 through June 30, 2012, were entered into after June 29, 2011.

A3.a With regard to the Low and Moderate Income Housing Fund (L&M Fund) of the former RDA, the former RDA transferred the L&M Fund (Fund 810) to the City of Pasadena as the "Housing Successor". The former Debt Service portion of L&M Fund is tracked separately in Fund 851. Fund 851 was transferred to the Pasadena Successor Agency Debt Service Affordable Housing Fund.

A3.b The L&M fund was transferred to the Pasadena "Housing Successor" on February 1, 2012. For the former L&M Fund (Fund 810), the transfer was recorded on May 15, 2012, with an effective date of February 1, 2012, by journal voucher into Fund 237, City's Housing Successor. For the former L&M Debt Service Fund (Fund 851), the funds were transferred to the City's Successor Agency Debt Service Fund - Affordable Housing by changing the name of the fund as of February 1, 2012.

A3.c The former L&M Fund 810 was transferred to the Housing Successor Fund 237, and not to the RDA. The transfer was recorded as of February 1, 2012, by journal voucher prepared on May 15, 2012. The total value of assets of the L&M Fund transferred to the Housing Successor was \$18,640,320.10. The former L&M Debt Service Fund 851 was transferred to the Successor Agency Debt Service Fund - Affordable Housing by changing the name of the fund as of February 1, 2012. The total value of assets of the L&M Fund transferred to the Pasadena Success Agency was \$380,869.33.

ATTACHMENT B

- A4.a With regard to the housing activities and assets of the former RDA, the housing activities were transferred to the City of Pasadena as the "Housing Successor".
- A4.b With regard to the housing activities transferred to the Pasadena Housing Successor, on February 1, 2012, the housing functions formerly performed by the Pasadena Community Development Commission (PCDC) were assumed by the City of Pasadena as Housing Successor. The City asserts this occurred by operation of law according to the dictates of ABx1 26. No resolution has been adopted by the City of Pasadena to decline the function of Housing Successor.
- A4.c The total value of assets of the housing activities transferred to the City of Pasadena as the "Housing Successor" was \$18,640,320.10.

B. Successor Agency

- B2.a With regard to the administrative responsibilities and assets of the former RDA, the former RDA transferred its administrative responsibilities to the Pasadena Successor Agency including documents and records on February 1, 2012.
- B2.b The former RDA transferred assets other than real property to the Pasadena Successor Agency.
- B2.c Assets other than real property were transferred from the former RDA to the Pasadena Successor Agency. Assets were transferred on May 15, 2012, with an effective date of February 1, 2012. All the assets from the former RDA "Project Area Funds" were transferred to the Successor Agency Debt Services Funds to their appropriate corresponding general ledger accounts via journal entry. All the assets from the former RDA "Debt Service Funds" were transferred to the successor agency by changing the name of the fund as of February 1, 2012. The new fund numbers are 844, 845, 846, 847, 848, 849, and 850. As of May 15, 2012, after the last day of fieldwork, the total assets transferred was \$23,112,991, which consisted of \$4,472,671 from Successor Agency of PCDC and \$18,640,320 from Housing Successor.
- B2.d The City of Pasadena has asserted that no real property was transferred from the former RDA to the successor agency. However, the former RDA transferred real property to the City of Pasadena as the "Housing Successor". The real property transferred was Land Held for Resale, with reported value of \$7,171,300.
- B2.e The City of Pasadena has asserted that no real property was transferred from the former RDA to the successor agency. However, the real property was transferred from the former RDA to the City of Pasadena as the "Housing Successor" by way of a journal entry. The City has asserted that no re-recording of the titles were filed with the Registrar-Recorder/County Clerk.
- B3 The Pasadena Housing Successor Agency has established the Redevelopment Obligation Retirement Fund in the accounting system as Fund 821.

ATTACHMENT B

B4 See comparative asset balances derived from the former RDA's government-wide financial statements for the fiscal year ended June 30, 2010 and 2011, and the unaudited balances as of January 31, 2012, at Attachment C.

C. Draft Recognized Obligation Payment Schedule (ROPS)

C5 For all payments from the successor agency's general ledger for the period February 1 through April 27, 2012, the last day of fieldwork, we traced and agreed the payments to a corresponding obligation on the draft ROPS provided by the Auditor-Controller.

➤ *Questionable:* The following payments per the successor agency's general ledger did not agree to the draft ROPS monthly estimated payments.

Payment Information per Successor Agency's General Ledger				Estimate per Draft ROPS
Vendor	Description	Post Date	Amount	
City of Pasadena Successor Agency	Administrative Cost Allowance	Feb-2012	\$ 149,779.05	
City of Pasadena Successor Agency	Administrative Cost Allowance	Mar-2012	194,711.90	
City of Pasadena Successor Agency	Administrative Cost Allowance	Apr-2012	56,175.00	
City of Pasadena Housing	Housing Project Admin - Direct	Feb-2012	21,884.39	\$ 5,949.00
City of Pasadena Housing	Housing Project Admin - Direct	Mar-2012	33,798.17	5,949.00
City of Pasadena Housing	Housing Project Admin - Indirect	Feb-2012	6,125.22	5,986.00
City of Pasadena Housing	Housing Project Admin - Indirect	Mar-2012	12,244.78	5,986.00
		Apr-2012	120.90	
		Apr-2012	96.88	
		Apr-2012	20.57	
		Apr-2012	21.77	
		Apr-2012	481.18	
		Apr-2012	19.74	
		Apr-2012	20.90	
		Apr-2012	120.79	

C6 For obligations selected by the County's Auditor-Controller on the draft ROPS for the period January 1 through June 30, 2012, we identified the payee, description of the nature of the work/service agreed to, and the amount of payments made by month through June 30, 2012, and compared it to the legal document that forms the basis for the obligation.

➤ *Questionable:* The following obligations listed on the draft ROPS for the period January 1 through June 30, 2012, are questionable. The agreements between the City and former RDA were not executed within two years of the RDA formation.

Information extracted from draft ROPS (January - June 2012)

Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation	Payments by month					
				Jan	Feb	Mar	Apr	May	June
Housing Set-Aside	Housing Fund	Pledged on 2006 Housing TABS	\$ 800,000						
Certificate of Participation 1996	City General Fund	Promissory Note (1996 COP)	49,966						\$ 49,966
Certificate of Participation - 1996	City General Fund	Promissory Notes 1996 COP	298,647						298,647
City COP 96	City General Fund	Promissory Notes 1996 COP	22,954						22,954
Certificate of Participation 1996	City General Fund	Promissory Note January 18, 2011	40,378						40,378
Certificate of Participation 1996	City General Fund	Promissory Note (1996 COP Advance)	40,378						40,378

ATTACHMENT B

C6 *Continued*

- *Questionable:* The following obligations listed on the draft ROPS for the period January 1 through June 30, 2012, were executed in the name of the City of Pasadena and not the former RDA. The Playhouse Business Improvement District contract agreed to the total obligation listed on the draft ROPS, however, does not explicitly include a monetary monthly obligation. The Old Pasadena Business Improvement District obligation does not explicitly list an amount for the former RDA. The contracts were entered into after June 29, 2011.

Information extracted from ROPS (January - June 2012)

Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation	Payments by month						
				Jan	Feb	Mar	Apr	May	June	
Playhouse Business Improvement District	Playhouse District	Contract for district improvement services	\$ 165,000			\$ 82,500				
Old Pasadena Business Improvement District	Mgmt. District	Contract for district improvement services	89,204				\$ 22,301			\$ 22,301

- *Questionable:* The following obligation listed on the draft ROPS for the period January 1 through June 30, 2012, is questionable. The contract agreed to the obligation listed, supporting the payee and description. However, the total obligation listed on the draft ROPS did not agree to the amount listed on the obligation and does not explicitly include a monetary monthly obligation.

Information extracted from ROPS (January - June 2012)

Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation	Payments by month						
				Jan	Feb	Mar	Apr	May	June	
Lincoln Avenue Specific Plan	The Planning Center	EIR for Specific Plan Implementation	\$ 178,038		\$ 35,608	\$ 35,608	\$ 35,608	\$ 35,608	\$ 35,608	\$ 35,608

ATTACHMENT C

The following table presents asset balances derived from the former RDA's audited government-wide financial statements for the years ended June 30, 2010 and 2011, and the unaudited asset balances as of January 31, 2012.

<u>Assets</u>	<u>Year Ended</u>		
	<u>6/30/2010</u>	<u>6/30/2011</u>	<u>(unaudited) 1/31/2012</u>
Cash and investments	\$ 18,538,898	\$ 16,868,167	\$ 10,583,393
Accounts receivable	192,977	747,921	39,308
Interest receivable	72,498	84,639	86,127
Taxes receivable	691,418	1,524,232	-
Notes receivable	30,067,406	32,480,279	32,828,683
Prepaid rent	-	2,768	2,934
Advances to other funds	956,643	956,643	956,643
Allowance for uncollectible long-term receiv	(8,288,144)	(8,288,144)	(8,288,144)
Advance to City of Pasadena	2,959,136	2,959,136	2,959,136
Property held for resale	10,638,977	10,638,977	7,171,300
Cash and investments with fiscal agent	1,310,918	1,313,816	1,233,236
Due from other funds **	1,403,531	1,788,523	107,992
Total Assets	\$ 58,544,258	\$ 61,076,957	\$ 47,680,608

** The City asserts this line item would be offset by another RDA Project Area's Due To and would be eliminated on the government-wide financial statements.