AGENDA
OVERSIGHT BOARD

OF THE SUCCESSOR AGENCY TO THE NORCO CRA
SPECIAL MEETING
NORCO CITY HALL – 2870 CLARK AVENUE
CONFERENCE ROOMS A & B
Tuesday, January 8, 2013

CALL TO ORDER: 2:00 p.m.

ROLL CALL:

Greg Newton, Chairperson
Member Appointed by the Riverside County Board of Supervisors

Patrick Malone, Vice-Chairperson
Member of the Public Appointed by the Riverside County Board of Supervisors

Kevin Bash
Member Representing the Former Norco CRA

Vacant
Member Appointed by the Largest Special District

Sherry Mata
Member Representing the Riverside County Superintendent of Schools

Aaron Brown
Member Representing the Riverside Community College District

Andy Okoro
Member Representing the Employees of the Agency

1. BUSINESS ITEM:

   A. Approval of the Due Diligence Review of the Other Fund and Account Balances of the Former Norco Community Redevelopment Agency. **Recommended Action: Adopt OB Resolution No. 2013-01, approving the Due Diligence Review of the Other Fund and Account Balances of the Former Norco Community Redevelopment Agency**.

2. SETTING OF NEXT REGULAR MEETING DATE:

3. ADJOURNMENT:

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's office, (951) 270-5623. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting (28 CFR 35.102-35.104 ADA Title II).

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All supporting documents are on file in the Office of the City Clerk. Any writings or documents provided to a majority of the Oversight Board regarding any item on this agenda will be available for public inspection at the City Clerk's Counter in City Hall located at 2870 Clark Avenue.

OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE NORCO COMMUNITY REDEVELOPMENT AGENCY STAFF REPORT

TO:	Chairperson and Members of the Oversight Board
PREPARED BY:	Brenda K. Jacobs, CMC, Secretary
DATE:	January 8, 2013
SUBJECT:	Approval of the Due Diligence Review for All Other Funds Except the Low and Moderate Income Housing Fund
RECOMMENDATION:	Adopt **OB Resolution No. 2013-01**, approving the Due Diligence Review of the Other Fund and Account Balances of the Former Norco Community Redevelopment Agency.

SUMMARY: Pursuant to the State of California Health and Safety Code Section 34179.5, each Successor Agency is required to employ a licensed accountant, approved by the County Auditor-Controller and with experience and expertise in local government accounting, to conduct a due diligence review for the purpose of determining the amount of unobligated balances available for transfer to taxing entities. Results of the due diligence review of the Low and Moderate Income Housing Fund were approved by the Oversight Board on October 11, 2012. The State Department of Finance (DOF) subsequently reviewed that report and approved it without comments. This second Due Diligence Review (DDR II) covers all the other funds of the former RDA except the Low and Moderate Income Housing Fund. The Oversight Board has until January 15, 2013 to review, approve, and transmit to the Department of Finance and County Auditor-Controller the determination of the amount of cash and cash equivalents that are available for disbursement to taxing entities.

The City's independent accounting firm of Rogers, Anderson, Malody & Scott (RAMS), LLP, which is approved by the County Auditor-Controller to conduct the due diligence reviews, has completed the minimum Agreed-Upon Procedures (AUP) as determined by the DOF in consultation with the California Society of Certified Public Accountants and have issued their report dated December 3, 2012. While the results of the review show available cash of $1,731,935 that could be available for transfer to the auditor-controller for re-distribution to taxing entities, Successor Agency staff believes that this balance should be retained to fund eligible obligations not covered due to shortfall in tax increment allocation from the county. The results of their review are subject to confirmation by the DOF, State Controller's Office (SCO) and County Auditor-Controller (CAC).

OVERVIEW/ANALYSIS:

A. Brief Overview of Due Diligence Review Process

The statutory requirements for the process and content of the due diligence reviews are set forth in Health & Safety Code Section 34179.5. The ultimate goal of each review is to determine the amount of unobligated cash and cash equivalents that is immediately available for distribution to the taxing entities. While the review has identified remaining available cash of $1,731,935 that is potentially available for re-allocation to taxing entities, Successor Agency staff believes that it is prudent to retain this amount to fund future eligible obligations that may not be covered by future tax increment allocation due to insufficient receipts. For example, sudden drop in property values or unforeseen ligation could create a situation in which current year property tax allocation from the County would not be sufficient to meet eligible obligations. It is also important to note that actual allocation to the Successor Agency for ROPS II were lower than the amount approved eligible obligations due to insufficient fund in the Redevelopment Property Tax Trust Fund (RPTTF).

The Oversight Board held a public meeting on December 11, 2012 to receive public comments regarding the DDR II. No public comments were received at that time and no comments were received from the DOF following its review of the DDR II at that time. Staff is therefore recommending that the Oversight Board acknowledge the results of the DDR II with respect to the all other funds of the dissolved RDA and review, approve, and transmit to the Department of Finance and County Auditor-Controller the determination of the amount of cash and cash equivalents that are available for disbursement to taxing entities. The DOF will have until April 1, 2013 to complete its review of the DDR II report findings, balances and any determinations of the Oversight Board to allow retention of Successor Agency assets. Any decision to overturn determinations made by the Oversight Board to authorize a Successor Agency to retain assets or funds will be conveyed to the Oversight Board and Successor Agency via a letter. Successor Agencies have five days from receipt of the decisions to request "meet and confer." The DOF must "meet and confer" within 30 days of Successor Agency request. Once final determination has been made by the DOF, the Successor Agency has five days from the receipt of final determination to transfer to CAC any Fund balance of all the other funds determined to be available pursuant to Section 34179.5. Failure by the Successor Agency to make a timely transfer could result in the state offsetting the amount from the City's sales and use tax revenues.

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As in all of its activities, the Oversight Board's analysis of each due diligence review must be conducted with its dual fiduciary duties in mind --- to the taxing entities and to the holders of enforceable obligations.

Attachment: OB Resolution No. 2013-01
Due Diligence Review Report

OB RESOLUTION NO. 2013-01

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE NORCO COMMUNITY REDEVELOPMENT AGENCY, APPROVING THE DUE DILIGENCE REVIEW OF THE OTHER FUND AND ACCOUNT BALANCES OF THE FORMER NORCO COMMUNITY REDEVELOPMENT AGENCY

WHEREAS, statutory requirements for the process and content of the due diligence reviews are set forth in Health & Safety Code Section 34179.5; and

WHEREAS, by December 15, 2012, each successor agency shall provide to the oversight board, the county auditor-controller, the Controller, and the department the results of the review conducted pursuant to Section 34179.5 for all of the other fund and account balances and specifically the amount of cash and cash equivalents determined to be available for allocation to taxing entities; and

WHEREAS, upon receipt of each review, the Oversight Board must convene a public comment session, which was formally held on December 11, 2012; and

WHEREAS, the Oversight Board must make its determination on the Due Diligence Review of the other fund and account balances of the former Norco Community Redevelopment Agency by no later than January 15, 2013 and transmit those results to the County Auditor-Controller and the Department of Finance.

NOW, THEREFORE, BE IT RESOLVED, ordered, and determined by the Oversight Board as follows:

SECTION 1. Determination of Due Diligence Required Schedule Satisfied. The Oversight Board hereby determines that all required schedules and public notice mandates were satisfied in the process of approving the Due Diligence Review of the other fund and account balances of the former Norco Community Redevelopment Agency.

SECTION 2. Approval of the Due Diligence Review of the other fund and account balances of the former Norco Community Redevelopment Agency. The Oversight Board acknowledges, accepts and approves the Due Diligence Review Report of the other fund and account balances of the former Norco Community Redevelopment Agency as submitted and orders that it be transmitted to the County-Auditor Controller and the Department of Finance.

PASSED AND ADOPTED by the Oversight Board at a regular meeting held on January 8, 2013.

_____
Chairperson, Oversight Board

ATTEST:

_____
Brenda K. Jacobs, CMC, City Clerk
Oversight Board Secretary

I, BRENDA K. JACOBS, City Clerk of the City of Norco, California and Oversight Board Secretary do hereby certify that the foregoing Resolution was introduced and adopted by the Oversight Board at a regular meeting held on January 8, 2013 by the following votes of the Oversight Board:

AYES:
NOES:
ABSENT:
ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Norco, California on January 8, 2013.

_____
Brenda K. Jacobs, CMC, City Clerk
Oversight Board Secretary

PURSUANT TO THE STATE OF CALIFORNIA
HEALTH AND SAFETY CODE SECTION 34179.5

CITY OF NORCO AS THE SUCCESSOR AGENCY OF THE NORCO
COMMUNITY REDEVELOPMENT AGENCY

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES TO ALL OTHER FUNDS EXCEPT THE LOW AND MODERATE INCOME HOUSING FUND

NORCO COMMUNITY REDEVELOPMENT AGENCY
DUE DILIGENCE REVIEW PURSUANT H&S CODE SECTION 34179.5
ALL OTHER FUNDS AGREED-UPON PROCEDURES

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Oversight Board of the Successor Agency for the
Norco Community Redevelopment Agency
2870 Clark Avenue
Norco, CA 92860

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

We have performed the minimum required agreed-upon procedures enumerated in Attachment "A", which were agreed to by the Oversight Board of the Successor Agency for the Norco Community Redevelopment Agency, the California State Controller's Office and the State of California Department of Finance (Agencies) solely to assist you to determine unobligated balances available for transfer to taxing entities in "all funds except the Low and Moderate Income Housing Fund (All Other Funds)" complying with statutory requirements pursuant to the California Health and Safety Code section 34179.5. Management of the Successor Agency is responsible for the accounting records pertaining to statutory compliance pursuant to Health and Safety Code section 34182(a)(1).

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 minimum required agreed-upon procedures as set forth in Attachment "A" along with 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 after each procedure 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 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.

MEMBERS
American Institute of
Certified Public Accountants

PCPS The AICPA Alliance for CPA Firms

Governmental Audit Quality Center

California Society of
Certified Public Accountants

Rogers Anderson Malody & Scott, LLP

December 3, 2012

NORCO COMMUNITY REDEVELOPMENT AGENCY
DUE DILIGENCE REVIEW PURSUANT H&S CODE SECTION 34179.5
ALL OTHER FUNDS AGREED-UPON PROCEDURES **Attachment A**

Purpose: To determine the unobligated balances available for transfer to taxing entities of "all funds except the Low and Moderate Income Housing Fund (All Other Funds)" [Health and Safety Code section 34179.5]

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

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.

Results:

We obtained from the Successor Agency a listing of all assets that were transferred from the former community redevelopment agency (excluding Low and Moderate Income Housing Fund) to the Successor Agency on February 1, 2012. We agreed the amounts on this listing to account balances established in the accounting records of the Successor Agency.

We noted that $23,527,428 in assets was transferred from the former redevelopment agency to the Successor Agency as of February 1, 2012. We have included below the individual assets balances identified by the Successor Agency.

Assets (Modified Accrual Basis)	Capital Project 2/1/2012	Cal Home 2/1/2012	Administration 2/1/2012	Debt Service 2/1/2012	Grand Total
2003 Tax Allocation Bond	$ 4,504,454	$ -	$ -	$ 311	$ 4,504,765
2001 School Pass Through	-	-	-	347,319	347,319
2001 Subordinate School	-	-	-	735,831	735,831
2001 Refunding Tax Allocation Bond	-	-	-	2,161,709	2,161,709
1996 Refunding Tax Allocation Bond	-	-	-	1,545,679	1,545,679
2009 School Pass Through	-	-	-	983,744	983,744
2010 Refunding Tax Alloc. Bond	-	-	-	1,492,377	1,492,377
Cash-Wells Fargo	-	7,767	6,280,319	113	6,288,199
Accounts Receivable	-	-	7,102	-	7,102
Accrued Interest Rec	84	-	1,408	82,265	83,757
Loan Receivable	-	-	301,710	-	301,710
Deferred Loan Receivable	-	508,073	-	-	508,073
Due from Othr Governments	-	-	886,931	-	886,931
Land Held for Resale	1,399,292	-	-	-	1,399,292
Capital Assets	567,862				567,862
Amortizable Deferred Charge Asset	1,713,078				1,713,078
Total Assets Transferred	$ 8,184,770	$ 515,840	$ 7,477,470	$ 7,349,348	$ 23,527,428

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

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.

   Results:

   See Attachment 2 for listing obtained from the Successor Agency.

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.

   Results:

   See Attachment 2 for listing obtained from the Successor Agency.

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

   Results:

   See Attachment 2 for results of procedure 2.C.

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

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

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

   Results:

   See Attachment 3 for listing obtained from the Successor Agency.

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

   Results:

   See Attachment 3 for listing obtained from the Successor Agency.

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

   Results:

   See Attachment 3 for results of procedure 3.C.

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

4. Perform the following procedures:

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

Results:

We obtained from the Successor Agency a summary of the financial transactions of the Community Redevelopment Agency and the Successor Agency for the fiscal periods requested using the modified accrual basis of accounting. The summary includes the requested long-term liabilities and capital asset information as indicated in the procedure.

See Attachment 4 for the summary of financial transactions of the Community Redevelopment Agency and the Successor Agency.

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.

Results:

We ascertained that for each period presented the total of revenues, expenditures, and transfers accounts fully for the changes in equity from the previous fiscal period.

C. Compare amounts in the schedule relevant to the fiscal year ended June 30, 2010 to the state controller's report filed for the Redevelopment Agency for that period.

Results:

We agreed the stated amounts to the June 30, 2010 State Controller's Report and noted no variances.

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.

Results:

We agreed the stated amounts for the year ended June 30, 2011 to the Audited Financial Statements and Trial Balances for the same period and noted no variances.

We agreed the stated amounts for the seven months ended January 31, 2012 and the five months ended June 30, 2012 to the former Redevelopment Agency and Successor Agency trial balances and noted no variances.

Citation: 34179.5(c)(5) A separate accounting for the balance for the Low and Moderate Income Housing Fund for all other funds and accounts combined shall be made as follows:
(A) A statement of the total value of each fund as of June 30, 2012.

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

Results:

We obtained from the Successor Agency a listing of assets of "All Other Funds" as of June 30, 2012 for the report that is due December 15, 2012. The listing excludes those assets of the Low and Moderate Income Housing Fund that were held by the Successor Agency as of June 30, 2012. We agreed the assets so listed to recorded balances reflected in the accounting records of the Successor Agency.

Below is the listing, obtained from the Successor Agency, of all assets that were held by the Successor Agency as of June 30, 2012.

Assets	Successor Agency 6/30/2012
Cash and Investments	$ 6,011,311
Cash with Fiscal Agent	11,000,308
Notes Receivable	780,496
Accounts Receivable	74,506
Accrued Interest Receivable	157
Due from Other Governments	17,067
Land Held for Resale	1,399,292
Capital Assets, net of depreciation	203,497
Deferred Charges - Unamortized costs	1,625,505
Total Assets	**$ 21,112,139**

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

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

A. Unspent bond proceeds:

i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures, amounts set aside for debt service payments, etc.)

ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).

iii. Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.

Results:

See attachment 6 for results of procedures 6.A.i, 6.A.ii and 6.A.iii.

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

i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).

ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).

iii. Obtain from the Successor Agency a copy of the grant agreement that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.

Results:

According to Successor Agency, there were no Grants Proceeds or Program Income held by the Successor Agency at June 30, 2012 that are restricted.

C. Other assets considered to be legally restricted:

i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).

ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).

iii. Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.

Results:

According to Successor Agency, there were no other assets considered to be legally restricted held by the Successor Agency at June 30, 2012.

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

Results:

See Attachment 6 for the schedule prepared by the Successor Agency identifying restricted assets (unspent bond proceeds) at June 30, 2012 and for results of procedure 6 D.

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

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.

Results:

We obtained from the Successor Agency a listing of assets as of June 30, 2012 that are not liquid or otherwise available for distribution. The assets, as stated, are based on book value as reflected in the accounting records of the Successor Agency.

See Attachment 7 for listing of assets obtained from 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.

Results:

We traced the listed amounts to the Audited Financial Statement for the Successor Agency for the period ending June 30, 2012 and noted no 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.

Results:

We noted no differences in Procedure 7.B.

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.

Results:

Procedure 7.D is not applicable since the assets identified in procedure 7.A are listed at book value (purchase cost).

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

8. Perform the following procedures:

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

i. Compare all information on the schedule to the legal documents that form the basis for the dedication or restriction of the resource balance in question.

ii. Compare all current balances to the amounts reported in the accounting records of the Successor Agency or to an alternative computation.

iii. Compare the specified enforceable obligations to those that were included in the final Recognized Obligation Payment Schedule approved by the California Department of Finance.

iv. Attach as an exhibit to the report the listing obtained from the Successor Agency. Identify in the report any listed balances for which the Successor Agency was unable to provide appropriate restricting language in the legal document associated with the enforceable obligation.

Results:

The Successor Agency believes retention of assets under this procedure is not required.

B. If the Successor Agency believes that future revenues together with balances dedicated or restricted to an enforceable obligation are insufficient to fund future obligation payments and thus retention of current balances is required, obtain from the Successor Agency a schedule of approved enforceable obligations that includes a projection of the annual spending requirements to satisfy each obligation and a projection of the annual revenues available to fund those requirements and perform the following procedures:

i. Compare the enforceable obligations to those that were approved by the California Department of Finance. Procedures to accomplish this may include reviewing the letter from the California Department of Finance approving the Recognized Enforceable Obligation Payment Schedules for the six month period from January 1, 2012 through June 30, 2012 and for the six month period July 1, 2012 through December 31, 2012.

ii. Compare the forecasted annual spending requirements to the legal document supporting each enforceable obligation.

a. Obtain from the Successor Agency its assumptions relating to the forecasted annual spending requirements and disclose in the report major assumptions associated with the projections.

iii. For the forecasted annual revenues:

a. Obtain from the Successor Agency its assumptions for the forecasted annual revenues and disclose in the report major assumptions associated with the projections.

Results:

The Successor Agency believes retention of current balances under this procedure is not required.

C. If the Successor Agency believes that projected property tax revenues and other general purpose revenues to be received by the Successor Agency are insufficient to pay bond debt service payments (considering both the timing and amount of the related cash flows), obtain from the Successor Agency a schedule demonstrating this insufficiency and apply the following procedures to the information reflected in that schedule.

i. Compare the timing and amounts of bond debt service payments to the related bond debt service schedules in the bond agreement.

ii. Obtain the assumptions for the forecasted property tax revenues and disclose major assumptions associated with the projections.

iii. Obtain the assumptions for the forecasted other general purpose revenues and disclose major assumptions associated with the projections.

Results

The Successor Agency believes that items under this procedure are not applicable.

D. If procedures A, B, or C were performed, calculate the amount of current unrestricted balances necessary for retention in order to meet the enforceable obligations by performing the following procedures.

i. Combine the amount of identified current dedicated or restricted balances and the amount of forecasted annual revenues to arrive at the amount of total resources available to fund enforceable obligations.

ii. Reduce the amount of total resources available by the amount forecasted for the annual spending requirements. A negative result indicates the amount of current unrestricted balances that needs to be retained.

iii. Include the calculation in the AUP report.

Results:

This procedure is not applicable since procedures 8.A, 8.B, nor 8.C were not performed.

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

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

Results:

See Attachment 9 for the explanations from the Successor Agency Officials of the cash balances that need to be retained to pay for ROPS 2 items and to fund a potential shortfall of the RPTTF County allocation for debt service payments in ROPS 3 since the County RPTTF distribution for ROPS 2 was less than the approved amount.

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

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

Results:

We have included (prepared by the Successor Agency) a schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Entities. We agreed amounts included in the calculation to the results of the procedures performed in each section of the report referenced in the calculation. There were no residual payments made as directed by the California Department of Finance on July 12, 2012.

See below attachment for the complete calculation obtained from Management of the Successor Agency.

SUMMARY OF BALANCES AVAILABLE FOR ALLOCATION TO AFFECTED TAXING ENTITIES		
Total amount of assets held by the Successor Agency as of June 30, 2012 (See Procedure 5 for detailed composition)	$	21,112,139
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 (See Procedures 2 and 3 for detailed composition)		5,500,000
Less: assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments (See Procedure 6 for detailed composition)		(11,000,427)
Less: assets that are not cash or cash equivalents (e.g., physical assets) - (See Procedure 7 for detailed composition)		(9,600,520)
Less: balances that are legally restricted for the funding of an enforceable obligation (net of projected annual revenues available to fund those obligations) - (See Procedure 8.A for detailed composition)		-
Less: balances needed to satisfy ROPS for the 2012-13 fiscal year (See Procedure 9 for detailed composition)		(6,011,192)
Less: the amount of payments made on July 12, 2012 to the County Auditor-Controller as directed by the California Department of Finance		-
Amount to be remitted to county for disbursement to taxing entities	$	-

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.

Results:

We obtained a representation letter dated November 30, 2012 from the Successor Agency's management acknowledging their responsibility for the data provided to us and the data presented in the report and in all attachments to the report. Included in the representations there 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 any other parties for the period from January 1, 2011 through June 30, 2012 that have not been properly identified in the agreed-upon procedures report and its related exhibits.

NORCO COMMUNITY REDEVELOPMENT AGENCY
DUE DILIGENCE REVIEW PURSUANT H&S CODE SECTION 34179.5
ALL OTHER FUNDS AGREED-UPON PROCEDURES
Attachment 2

2 A. Transfers from former Redevelopment Agency to City/County from January 1, 2011 through January 31, 2012					
TRANSFER DESCRIPTION	**TRANSFER AMOUNT**	**TRANSFER DATE**	**CITY/COUNTY**	**Enforceable Obligation or Other Legal Requirement**	**Procedure 2.C Results**
				Required by	
Land	$ 5,500,000	06/30/2011	City of Norco	Redevelopment Agency Park Land authorized by City Council Action to be transferred to the City for public use.	*Documents provided consisted of a Purchase and Sale Agreement between the Community Redevelopment Agency (CRA) and the City of Norco (City), dated April 13, 2011 and board resolution 2011-09 related to the agreement.*
AB1389 FY 2011/12 Pass Through Payment	91,226	01/31/2012	City of Norco	California Health and Safety Code & ROPS 1 (1/1/2012 to 6/30/12)	*The document provided consisted of a calculation of the pass-through amount prepared by finance department staff of the City of Norco.*
AB1389 FY 2008-2011 Pass Through Payment	553,011	06/30/2011	City of Norco	California Health and Safety Code & ROPS 1 (1/1/2012 to 6/30/12)	*The documents provided consisted of the calculation prepared by finance department and a summary stating the amounts due to the City of Norco for the years 2008-09 to 2010-11.*
Total Transfers	$ 6,144,237				

2 B. Transfers from the Successor Agency to City/County from February 1, 2012 through June 30, 2012					
TRANSFER DESCRIPTION	**TRANSFER AMOUNT**	**TRANSFER DATE**	**CITY/COUNTY**	**Enforceable Obligation or Other Legal Requirement**	**Procedure 2.C Results**
				Required by	
Unfunded Pension Obligation	$ 9,294	06/30/2012	City of Norco	ROPS 1 (1/1/2012 to 6/30/12)	*The documents provided consisted of a calculation, prepared by finance department staff of the City allocating amounts between the City and the CRA based on an Actuarial Valuation Report prepared by CalPers.*
Unfunded Other Post Retirement Health Insurance	44,838	06/30/2012	City of Norco	ROPS 1 (1/1/2012 to 6/30/12)	*The documents provided consisted of a calculation, prepared by finance department staff of the City allocating amounts between the City and the CRA based on an Actuarial Valuation Report prepared by Bartel Associates, LLC.*
Total Transfers	$ 54,132				

NORCO COMMUNITY REDEVELOPMENT AGENCY
DUE DILIGENCE REVIEW PURSUANT H&S CODE SECTION 34179.5
ALL OTHER FUNDS AGREED-UPON PROCEDURES
Attachment 3

3 A. Transfers from the former Redevelopment Agency to Other Public Agency/Private Parties from January 1, 2011 through January 31, 2012						
TRANSFER DESCRIPTION	**TRANSFER AMOUNT**	**TRANSFER DATE**	**OTHER PUBLIC AGENCY OR PRIVATE PARTIES**	**Enforceable Obligation or Other Legal Requirement**		**Procedure 3.C Results**
				Required by	**IF YES, DATE**	
Riverside Community College - FY 10/11 Calculation	$ 49,046	10/27/2011	Riverside Comm. College Distr	Tax Sharing Agreement.	01/01/1991	*The document provided consisted of the Tax Sharing Agreement, a calculation prepared by the finance department staff.*
FY 2010/11 SERAF Payment	1,009,817	05/09/2011	County of Riverside	Health & Safety Code 33690		*The document provided consisted of the letter/invoice from the Riverside County Controller office requesting the payment.*
FY 07/08 Amendmt #3 Pass Through Payments	83,631	7/5/2011	Riverside County Office of Education	Tax Sharing Agreement.	09/21/1994	*The documents provided consisted of a calculation made by a consultant hired by the Riverside County Office of Education that verified the calculation for the 2007/08 and 2008/09 pass thourgh to the Riverside County Office of Education and the Agreement for Cooperation, dated September 21, 1994.*
2001 School Bond Principal and Interest Payment	340,915	2/1 & 9/1/11	US Bank	Bond Indenture		*The documents provided consisted of the bond debt service schedule and the official statement.*
2004 Refunded School Bond Principal and Interest Payment	730,835	2/1 & 9/1/11	US Bank	Bond Indenture		*The documents provided consisted of the bond debt service schedule and the official statement.*
2001 CRA Refund Bond Principal and Interest Payment	2,680,875	2/1 & 9/1/11	US Bank	Bond Indenture		*The documents provided consisted of the bond debt service schedule and the official statement.*
2005 Refunding Bond Principal and Interest Payment	884,569	2/1 & 9/1/11	US Bank	Bond Indenture		*The documents provided consisted of the bond debt service schedule and the official statement.*
2009 School Bond Principal and Interest Payment	971,664	2/1 & 9/1/11	US Bank	Bond Indenture		*The documents provided consisted of the bond debt service schedule and the official statement.*
2010 Refunding TAB Principal and Interest Payment	1,430,556	2/1 & 9/1/11	US Bank	Bond Indenture		*The documents provided consisted of the bond debt service schedule and the official statement.*
Total Transfers	$ 8,181,908					

NORCO COMMUNITY REDEVELOPMENT AGENCY
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ALL OTHER FUNDS AGREED-UPON PROCEDURES
Attachment 3 (Continued)

3 B. Transfers from the Successor Agency to Other Public Agency/Private Parties from February 1, 2012 through June 30,2012						
TRANSFER DESCRIPTION	TRANSFER AMOUNT	TRANSFER DATE	OTHER PUBLIC AGENCY OR PRIVATE PARTIES	Enforceable Obligation or Other Legal Requirement		Procedure 3.C Results
				Required by	IF YES, DATE	
FY 2009/10 Statutory Pass Through Payment-Accrued 1/2012	$ 57,762	02/09/2012	County of Riverside	ROPS 1(January 1 - June 30, 2012)		*Documents provided for the Pass-through payments in this schedule consisted of the Pass-through agreements with the organizations named in the corresponding line, a calculation performed by the finance department staff, and a Summary Calculation Study done by the company Urban Futures.*
FY 2010/11 Statutory Pass Through Payment-Accrued 1/2012	54,144	02/09/2012	County of Riverside	ROPS 1(January 1 - June 30, 2012)		
FY 2009/10 Statutory Pass Through Payment-Accrued 1/2012	77,351	02/09/2012	Corona/Norco Unif Sch Distr	ROPS 1(January 1 - June 30, 2012)		
FY 2010/11 Statutory Pass Through Payment-Accrued 1/2012	72,505	02/09/2012	Corona/Norco Unif Sch Distr	ROPS 1(January 1 - June 30, 2012)		
FY 2009/10 Statutory Pass Through Payment-Accrued 1/2012	11,377	02/09/2012	Riverside Comm. College Distr	ROPS 1(January 1 - June 30, 2012)		
FY 2010/11 Statutory Pass Through Payment-Accrued 1/2012	10,664	02/09/2012	Riverside Comm. College Distr	ROPS 1(January 1 - June 30, 2012)		
FY 2009/10 Statutory Pass Through Payment-Accrued 1/2012	1,719	02/09/2012	Northwest Mosquito Abatement	ROPS 1(January 1 - June 30, 2012)		
FY 2010/11 Statutory Pass Through Payment-Accrued 1/2012	1,612	02/09/2012	Northwest Mosquito Abatement	ROPS 1(January 1 - June 30, 2012)		
FY 2009/10 Statutory Pass Through Payment-Accrued 1/2012	5,510	02/09/2012	Riverside County Library	ROPS 1(January 1 - June 30, 2012)		
FY 2010/11 Statutory Pass Through Payment-Accrued 1/2012	5,164	02/09/2012	Riverside County Library	ROPS 1(January 1 - June 30, 2012)		
FY 2009/10 Statutory Pass Through Payment-Accrued 1/2012	2,820	02/09/2012	Riverside Corona Resource	ROPS 1(January 1 - June 30, 2012)		
FY 2010/11 Statutory Pass Through Payment-Accrued 1/2012	2,656	02/09/2012	Riverside Corona Resource	ROPS 1(January 1 - June 30, 2012)		
FY 2009/10 Statutory Pass Through Payment-Accrued 1/2012	15,082	02/09/2012	Western Municipal Water District	ROPS 1(January 1 - June 30, 2012)		
FY 2010/11 Statutory Pass Through Payment-Accrued 1/2012	14,204	02/09/2012	Western Municipal Water District	ROPS 1(January 1 - June 30, 2012)		
FY 2011/12 Statutory Pass Through Payment-Accrued 1/2012	30,804	06/07/2012	County of Riverside	ROPS 1(January 1 - June 30, 2012)		
FY 2011/12 Statutory Pass Through Payment-Accrued 1/2012	2,938	06/07/2012	Riverside County Library	ROPS 1(January 1 - June 30, 2012)		
FY 2011/12 Statutory Pass Through Payment-Accrued 1/2012	41,250	06/07/2012	Corona/Norco Unif Sch Distr	ROPS 1(January 1 - June 30, 2012)		
FY 2011/12 Statutory Pass Through Payment-Accrued 1/2012	6,067	06/07/2012	Riverside Comm. College Distr	ROPS 1(January 1 - June 30, 2012)		
FY 2011/12 Statutory Pass Through Payment-Accrued 1/2012	916	06/07/2012	Northwest Mosquito Abatement	ROPS 1(January 1 - June 30, 2012)		
FY 2011/12 Statutory Pass Through Payment-Accrued 1/2012	7,378	06/07/2012	Western Municipal Water District	ROPS 1(January 1 - June 30, 2012)		
Sub-total transfers	$ 421,923					

NORCO COMMUNITY REDEVELOPMENT AGENCY
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ALL OTHER FUNDS AGREED-UPON PROCEDURES
Attachment 3 (Continued)

3 B. Transfers from the Successor Agency to Other Public Agency/Private Parties from February 1, 2012 through June 30,2012 (continued)						
TRANSFER DESCRIPTION	TRANSFER AMOUNT	TRANSFER DATE	OTHER PUBLIC AGENCY OR PRIVATE PARTIES	Enforceable Obligation or Other Legal Requirement		Procedure 3.C Results
				Required by	IF YES, DATE	
FY 2011/12 Statutory Pass Through Payment-Accrued 1/2012	$ 1,379	06/07/2012	Riverside Corona Resource	ROPS- January 1 - June 30, 2012		*Documents provided for the Pass-through payments in this schedule consisted of the Pass-through agreements with the organizations named in the corresponding line, a calculation performed by the finance department staff, and a Summary Calculation Study done by the company Urban Futures.*
2001 School Bond Principal and Interest Payment	234,078	2/1/2012	US Bank	Bond Indenture		*The documents provided consisted of the bond debt service schedule and the official statement.*
2004 Refunded School Bond Principal and Interest Payment	495,686	2/1/2012	US Bank	Bond Indenture		*The documents provided consisted of the bond debt service schedule and the official statement.*
2001 CRA Refund Bond Principal and Interest Payment	2,038,257	2/1/2012	US Bank	Bond Indenture		*The documents provided consisted of the bond debt service schedule and the official statement.*
2005 Refunding Bond Principal and Interest Payment	474,216	2/1/2012	US Bank	Bond Indenture		*The documents provided consisted of the bond debt service schedule and the official statement.*
2009 School Bond Principal and Interest Payment	598,957	2/1/2012	US Bank	Bond Indenture		*The documents provided consisted of the bond debt service schedule and the official statement.*
2010 Refunding TAB Principal and Interest Payment	835,278	2/1/2012	US Bank	Bond Indenture		*The documents provided consisted of the bond debt service schedule and the official statement.*
Total Transfers	$ 5,099,774					

NORCO COMMUNITY REDEVELOPMENT AGENCY
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ALL OTHER FUNDS AGREED-UPON PROCEDURES
Attachment 4

	Redevelopment Agency 12 Months Ended 6/30/2010	Redevelopment Agency 12 Months Ended 6/30/2011	Redevelopment Agency 7 Months Ended 1/31/2012	Successor Agency 5 Months Ended 6/30/2012
Assets (modified accrual basis)				
Cash and Investments	$ 10,046,966	$ 9,922,763	$ 9,532,537	$ 9,243,086
Cash with Fiscal Agents	16,829,080	15,696,192	13,407,903	12,565,571
Notes Receivable	-	-	-	780,496
Accounts Receivable	71,442	7,128	11,070	74,506
Accrued Interest Receivable	118,183	80,351	86,333	2,327
Loans Receivable	10,463,261	10,544,315	301,710	-
Prepaids	7,840	-	-	-
Deferred Loan Receivable	-	-	5,420,279	-
Wasatch Loan Receivable	-	-	4,761,648	-
Due from Other Governments	1,660,670	193,814	1,004,708	17,067
Due from Other Funds	3,000,000	3,000,000	3,000,000	-
Land Held for Resale	10,823,271	4,768,875	4,768,875	1,399,292
Total Assets	$ 53,020,713	$ 44,213,438	$ 42,295,063	$ 24,082,345
Liabilities (modified accrual basis)				
Accounts Payable	$ 277,283	$ 616,877	$ 485,486	$ -
Retention Payable	56,084	75,664	10,625	-
Deferred Revenue	197,469	3,343	3,343	-
Due to City of Norco	1,024	913,239	-	-
Deposits Payable	2,282	2,282	-	445
Advances from other funds	3,000,000	3,000,000	3,000,000	3,000,000
Due to Other Funds	-	-	386,057	-
Payroll Payable	-	-	21,640	-
Total Liabilities	3,534,142	4,611,405	3,907,151	3,000,445
Equity	49,486,571	39,602,033	38,387,912	21,081,900
Total Liabilities + Equity	$ 53,020,713	$ 44,213,438	$ 42,295,063	$ 24,082,345
Total Revenues:	$ 19,516,104	$ 17,456,030	$ 8,144,691	$ 4,384,365
Total Expenditures:	28,498,222	25,219,599	7,507,535	5,553,670
Total Transfers:	402,495	2,120,969	1,851,277	-
Net change in equity	(9,384,613)	(9,884,538)	(1,214,121)	(1,169,305)
Beginning Equity:	58,871,184	49,486,571	39,602,033	22,251,205
Ending Equity:	$ 49,486,571	$ 39,602,033	$ 38,387,912	$ 21,081,900
Other Information (show year end balances for all three years presented):				
Capital assets as of end of year	$ 973,248	$ 973,248	$ 973,248	$ 567,862
Long-term debt as of end of year	95,360,000	93,415,000	93,415,000	91,265,000

NORCO COMMUNITY REDEVELOPMENT AGENCY
DUE DILIGENCE REVIEW PURSUANT H&S CODE SECTION 34179.5
ALL OTHER FUNDS AGREED-UPON PROCEDURES
Attachment 6

6 A. Listing of Unspent Bond Proceeds as of June 30,2012					
Successor Agency					
Asset Description	Redevelopment Bonds	TOTAL	Procedure 6.ii Results	Procedure 6. iii Results	Procedure 6 D Results
2003 Tax Allocation Bond (restricted for capital projects)	$ 3,743,551	$ 3,743,551	*Agreed amounts to general ledger account and fiscal agent statements.*	*Reviewed Bond Offical Statement for specific language restriciton for intended purposes.*	*Restrictions are in effect until the bond proceeds are expended for their intended purpose or use as stated and certified in the bond documents.*
2003 Tax Allocation Bond (restricted for capital projects)	67	67	*Agreed amounts to general ledger account and fiscal agent statements.*	*Reviewed Bond Offical Statement for specific language restriciton for intended purposes.*	*Restrictions are in effect until the bond proceeds are expended for their intended purpose or use as stated and certified in the bond documents.*
2001 School Pass Through (debt service reserves)	347,000	347,000	*Agreed amounts to general ledger account and fiscal agent statements.*	*Reviewed Bond Offical Statement for specific language restriciton for intended purposes.*	*Restrictions are in effect until the bond proceeds are expended for their intended purpose or use as stated and certified in the bond documents.*
2001 School Pass Through (surplus account)	320	320	*Agreed amounts to general ledger account and fiscal agent statements.*	*Reviewed Bond Offical Statement for specific language restriciton for intended purposes.*	*Restrictions are in effect until the bond proceeds are expended for their intended purpose or use as stated and certified in the bond documents.*
2001 School Pass Through (special account)	1	1	*Agreed amounts to general ledger account and fiscal agent statements.*	*Reviewed Bond Offical Statement for specific language restriciton for intended purposes.*	*Restrictions are in effect until the bond proceeds are expended for their intended purpose or use as stated and certified in the bond documents.*
2004 School Note (debt service reserves)	734,450	734,450	*Agreed amounts to general ledger account and fiscal agent statements.*	*Reviewed Bond Offical Statement for specific language restriciton for intended purposes.*	*Restrictions are in effect until the bond proceeds are expended for their intended purpose or use as stated and certified in the bond documents.*
2004 School Note (surplus account)	1,381	1,381	*Agreed amounts to general ledger account and fiscal agent statements.*	*Reviewed Bond Offical Statement for specific language restriciton for intended purposes.*	*Restrictions are in effect until the bond proceeds are expended for their intended purpose or use as stated and certified in the bond documents.*
2001 Refunding Tax Allocation Bond (debt service reserves)	2,161,710	2,161,710	*Agreed amounts to general ledger account and fiscal agent statements.*	*Reviewed Bond Offical Statement for specific language restriciton for intended purposes.*	*Restrictions are in effect until the bond proceeds are expended for their intended purpose or use as stated and certified in the bond documents.*
2001 Refunding Tax Allocation Bond (special account)	6	6	*Agreed amounts to general ledger account and fiscal agent statements.*	*Reviewed Bond Offical Statement for specific language restriciton for intended purposes.*	*Restrictions are in effect until the bond proceeds are expended for their intended purpose or use as stated and certified in the bond documents.*
2005 Refunding Tax Allocation Bond (debt service reserves)	1,539,180	1,539,180	*Agreed amounts to general ledger account and fiscal agent statements.*	*Reviewed Bond Offical Statement for specific language restriciton for intended purposes.*	*Restrictions are in effect until the bond proceeds are expended for their intended purpose or use as stated and certified in the bond documents.*
2005 Refunding Tax Allocation Bond (special account)	14,176	14,176	*Agreed amounts to general ledger account and fiscal agent statements.*	*Reviewed Bond Offical Statement for specific language restriciton for intended purposes.*	*Restrictions are in effect until the bond proceeds are expended for their intended purpose or use as stated and certified in the bond documents.*
2005 Refunding Tax Allocation Bond (surplus account)	1,504	1,504	*Agreed amounts to general ledger account and fiscal agent statements.*	*Reviewed Bond Offical Statement for specific language restriciton for intended purposes.*	*Restrictions are in effect until the bond proceeds are expended for their intended purpose or use as stated and certified in the bond documents.*
2009 School Pass Through (debt service reserves)	983,331	983,331	*Agreed amounts to general ledger account and fiscal agent statements.*	*Reviewed Bond Offical Statement for specific language restriciton for intended purposes.*	*Restrictions are in effect until the bond proceeds are expended for their intended purpose or use as stated and certified in the bond documents.*
2009 School Pass Through (Interest account)	1	1	*Agreed amounts to general ledger account and fiscal agent statements.*	*Reviewed Bond Offical Statement for specific language restriciton for intended purposes.*	*Restrictions are in effect until the bond proceeds are expended for their intended purpose or use as stated and certified in the bond documents.*
2009 School Pass Through (Prinicipal account)	1	1	*Agreed amounts to general ledger account and fiscal agent statements.*	*Reviewed Bond Offical Statement for specific language restriciton for intended purposes.*	*Restrictions are in effect until the bond proceeds are expended for their intended purpose or use as stated and certified in the bond documents.*
2010 Refunding Tax Alloc. Bond with Fiscal Agent (debt service reserves)	1,473,689	1,473,689	*Agreed amounts to general ledger account and fiscal agent statements.*	*Reviewed Bond Offical Statement for specific language restriciton for intended purposes.*	*Restrictions are in effect until the bond proceeds are expended for their intended purpose or use as stated and certified in the bond documents.*
2010 Refunding Tax Alloc. Bond with Fiscal Agent (special account)	6	6	*Agreed amounts to general ledger account and fiscal agent statements.*	*Reviewed Bond Offical Statement for specific language restriciton for intended purposes.*	*Restrictions are in effect until the bond proceeds are expended for their intended purpose or use as stated and certified in the bond documents.*
2010 Refunding Tax Alloc. Bond (restricted for capital projects)	53	53	*Agreed amounts to general ledger account and fiscal agent statements.*	*Reviewed Bond Offical Statement for specific language restriciton for intended purposes.*	*Restrictions are in effect until the bond proceeds are expended for their intended purpose or use as stated and certified in the bond documents.*
Total Asset Balances	**$ 11,000,427**	**$ 11,000,427**			

Restrictions:

Infrastructure and/or capital improvement projects and affordable housing projects per bond indentures.

Restrictions are in effect until the bond proceeds are expended for their intended purpose or use as stated and certified in the bond documents.

7. Listing of Assets Not Liquid or Available for Distribution as of June 30,2012

Assets Not Liquid		Successor Agency 6/30/2012
Notes Receivable	$	780,496
Accounts Receivable		74,506
Accrued Interest Receivable		157
Due from Other Governments		17,067
Land Held for Resale		1,399,292
Capital Assets, net of depreciation		203,497
Deferred Charges - Unamortized costs		1,625,505
Land		5,500,000
Total Assets Not Liquid	$	9,600,520

NORCO COMMUNITY REDEVELOPMENT AGENCY
DUE DILIGENCE REVIEW PURSUANT H&S CODE SECTION 34179.5
ALL OTHER FUNDS AGREED-UPON PROCEDURES
Attachment 9

9. Balances Needed to be reatined to satisfy future ROPS					
Item number on ROPS 2	**Project Name / Debt Obligation**	**Payee**	**Amount due from July 1, 2012 to Decemeber 31, 2012**	**(1) dollar amounts of existing cash that are needed to satisfy that obligation**	**(2) explanation as to why the Successor Agency believes that such balances are needed to satisfy the obligation**
1	2001 RDA Refunding TAB	US BankTrust	$ 1,356,691	$ 1,356,691	Approved ROPS 2 line item.
2	2001 CNUSD Pass-through	US BankTrust	171,140	171,140	Approved ROPS 2 line item.
3	2004 CNUSD Pass-through	US BankTrust	368,506	368,506	Approved ROPS 2 line item.
4	2005 RDA Refunding Tab	US BankTrust	440,537	440,537	Approved ROPS 2 line item.
8	2009 CNUSD Pass-through	US BankTrust	487,273	487,273	Approved ROPS 2 line item.
6	2010 RDA Refunding TAB	US BankTrust	775,978	775,978	Approved ROPS 2 line item.
7	Loan from LMIHF for SERAF Payment	HCD/County Housing Authotity	500,000	500,000	Approved ROPS 2 line item.
8	Unfunded Pension Obligation	CalPers	9,294	9,294	Approved ROPS 2 line item.
9	Unfunded Post Retirement Health	CalPers	44,838	44,838	Approved ROPS 2 line item.
Page 3 Total	Administrative cost	City of Norco	125,000	125,000	Approved ROPS 2 line item.
Total to be retained to pay for ROPS 2 enforceable obligations:				**$ 4,279,257**	

Item number on ROPS 3	**Project Name / Debt Obligation**	**Payee**	**Amount due from January 1, 2013 to June 30, 2013**	**(1) dollar amounts of existing cash that are needed to satisfy that obligation**	**(2) explanation as to why the Successor Agency believes that such balances are needed to satisfy the obligation**
1	2001 RDA Refunding TAB	US BankTrust	$ 1,356,691	$ 1,356,691	Successor agency believes it is necessary to retain this amount to fund potential shortfall of RPPTF County tax allocation for debt service payments since the County RPPTF distribution for ROPS 2 was less than the full amount approved.
2	2001 CNUSD Pass-through	US BankTrust	171,140	171,140	Successor agency believes it is necessary to retain this amount to fund potential shortfall of RPPTF County tax allocation for debt service payments since the County RPPTF distribution for ROPS 2 was less than the full amount approved.
3	2004 CNUSD Pass-through	US BankTrust	368,506	204,104	Successor agency believes it is necessary to retain this amount to fund potential shortfall of RPPTF County tax allocation for debt service payments since the County RPPTF distribution for ROPS 2 was less than the full amount approved.
Total to be retained to pay for ROPS 3 enforceable obligations:				**$ 1,731,935**	

Total to be retained to pay for ROPS 2 & ROPS 3 enforceable obligations:	**$ 6,011,192**	