

CITY OF GARDEN GROVE

INTER-DEPARTMENT MEMORANDUM

**Oversight Board of the Successor Agency to
The Garden Grove Agency for Community Development**

To:	Matthew J. Fertal	From:	Kingsley Okereke
Dept:	Director	Dept:	Finance
Subject:	APPROVAL OF THE FORMER HOUSING SET ASIDE FUND HOUSING ASSET DUE DILIGENCE REVIEW	Date:	October 24, 2012

OBJECTIVE

The purpose of this report is for the Oversight Board to the City of Garden Grove as Successor Agency to the Garden Grove Agency for Community Development (Oversight Board), to adopt a resolution approving the attached Housing Asset Due Diligence Review (Review) and approve the transmittal of the results of the Review to the State Department of Finance (DOF) and the County Auditor-Controller.

BACKGROUND/DISCUSSION

Pursuant to Health and Safety Code Section 34179.5, the Successor Agency employed a licensed auditor to conduct a due diligence review of its housing assets. The Successor Agency received approval from the County Auditor Controller to employ MGO Certified Public Accountants (MGO) to conduct the attached Review. Further, Health and Safety Code Section 34179.6 requires that the Review be completed and forwarded to the DOF, the State Controller, the County Auditor-Controller, and the County Administrative Officer by October 1, 2012. In order to comply with the deadline, staff has already forwarded the Review as required.

Additionally, the law requires that at least five (5) business days prior to approval by the Oversight Board, that the Oversight Board convenes a public comment session regarding the Review. On October 3, 2012, the Oversight Board held a public comment session on the Review as required by Section 34179.6. No public comments or opinions from the County Auditor-Controller were received.

On October 10, 2012, the Oversight Board approved the Review by minute order. Staff is now returning to have the Oversight Board approve the Review by resolution pursuant to Health and Safety Code Sections 34179.5 and 34179.6.

FINANCIAL IMPACT

None.

RECOMMENDATION

Staff recommends the Oversight Board:

- Adopt the attached Resolution approving the attached Housing Asset Due Diligence Review and its transmittal to the State Department of Finance and the County Auditor-Controller.


KINGSLEY OKEREKE
Finance Director


By: Jim DellaLonga
Senior Project Manager

Attachment 1: Oversight Board Resolution
Attachment 2: Housing Asset Due Diligence Review

Recommended for Approval


Matthew Fertal
Director

OVERSIGHT BOARD

RESOLUTION NO.

A RESOLUTION OF THE OVERSIGHT BOARD TO THE CITY OF GARDEN GROVE AS SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT APPROVING THE HOUSING ASSET DUE DILIGENCE REVIEW

WHEREAS, The City of Garden Grove as Successor Agency to the Garden Grove Agency for Community Development ("Successor Agency") is acting as Successor Agency to the Garden Grove Agency for Community Development ("Former Agency") pursuant to ABx1 26; and

WHEREAS, pursuant to AB 1484, is required to conduct a housing asset due diligence review ("Due Diligence Review") of the Former Agency's housing assets; and

WHEREAS, the Successor Agency selected and subsequently received approval from the County of Orange Auditor-Controller to employ MGO Certified Public Accountant to conduct the Due Diligence Review; and

WHEREAS, on October 1, 2012, pursuant to Health & Safety Code Section 34179.56(a), the Successor Agency provided the completed Due Diligence Review to the Oversight Board to the City of Garden Grove as Successor Agency to the Garden Grove Agency for Community Development ("Oversight Board"), the State Department of Finance, the State Controller, and the County Auditor Controller; and

WHEREAS, on October 3, 2012, a minimum of five (5) business day prior to the approval of the Due Diligence Review, the Oversight Board convened a public comment session to receive public comments and consider any opinions by the County Auditor-Controller; and

WHEREAS, no public comments or opinions from the County Auditor-Controller were received; and

WHEREAS, on October 10, 2012, the Oversight Board considered and approved the Housing Asset Due Diligence Review by minute order; and

WHEREAS, by this Resolution, the Oversight Board desires to approve the Housing Asset Due Diligence Review by resolution pursuant to Health & Safety Code Sections 34179.5 and 34179.6 and authorizes the Successor Agency to transmit said Due Diligence Review to the State Department of Finance and the County Auditor-Controller.

NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD TO THE CITY OF GARDEN GROVE AS SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT:

Section 1. The foregoing recitals are true and correct and constitute a substantive part of this Resolution.

Section 2. The Oversight Board hereby approves the Housing Asset Due Diligence Review pursuant to Health & Safety Code Sections 34179.5 and 34179.6 and authorizes the Successor Agency to transmit said Due Diligence Review to the State Department of Finance and the County Auditor-Controller.

Section 3. This Resolution shall be effective immediately upon adoption.

Section 4. The Secretary to the Oversight Board shall certify to the adoption of this Resolution.

**SUCCESSOR AGENCY TO
THE GARDEN GROVE AGENCY FOR
COMMUNITY DEVELOPMENT**

Independent Accountant's Report on
Applying Agreed-Upon Procedures
on the Successor Agency to the
Garden Grove Agency for Community Development

As Prescribed in Section 34179.5 of
the California Health and Safety Code



Certified Public Accountants.

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**SUCCESSOR AGENCY TO THE GARDEN GROVE
AGENCY FOR COMMUNITY DEVELOPMENT**

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Certified Public Accountants.

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Successor Agency to the Garden Grove Agency
for Community Development
Garden Grove, California

Independent Accountant's Report on Applying Agreed-Upon Procedures

We have performed the procedures in Attachment A, which were agreed to by the Successor Agency to the Garden Grove Agency for Community Development (Successor Agency), California State Controller's Office and California Department of Finance (collectively referred to as Specified Parties) solely to assist you in determining the balances available for transfer to taxing entities from assets transferred to the Successor Agency from the Low and Moderate Income Housing Funds of the former redevelopment agency, as prescribed in Section 34179.5 of the California Health and Safety Code (Code) as of June 30, 2012. Management of the Successor Agency is responsible for the accounting records. 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 the Specified Parties. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose for which this report has been requested, or for any other purpose.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the assets transferred to the Successor Agency from the Low and Moderate Income Housing Fund of the former redevelopment agency and the balance available for transfer to the taxing entities. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Successor Agency, California State Controller's Office and the California Department of Finance, and is not intended to be, and should not be used by anyone other than these specified parties.

Macias Jini & O'Connell LLP

Newport Beach, California
October 1, 2012

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**SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY
FOR COMMUNITY DEVELOPMENT
Attachment A - Agreed-Upon Procedures and Findings
Low and Moderate Income Housing Fund**

Our procedures and findings are as follows:

1) **Procedure:**

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

Finding: We noted the former redevelopment agency transferred assets in the amount of \$9,210,534 from the Low and Moderate Income Housing Fund to the Successor Agency on February 1, 2012. The assets transferred include \$9,110,534 in cash and investments and a \$100,000 note receivable due from the former Community Project Capital Projects Fund that was eliminated upon consolidation in the Successor Agency.

All other assets of the Low and Moderate Income Housing Fund were transferred to the Housing Successor. We verified the transfers through the review of accounting records.

2) **Procedures:**

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 Low and Moderate Income Housing Funds 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 Low and Moderate Income Housing Funds held by 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.

**SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY
FOR COMMUNITY DEVELOPMENT
Attachment A - Agreed-Upon Procedures and Findings (Continued)
Low and Moderate Income Housing Fund**

Findings: We noted that the State Controller's Office has not completed its review of transfers as of the date of this report. Procedure 2A is not applicable to the Successor Agency as there were no transfers from the Low and Moderate Income Housing Funds of the former redevelopment agency to the City for the period from January 1, 2011 through January 31, 2012.

For procedures 2B and 2C, we reviewed the Housing Assets Transfer Form submitted to the Department of Finance and noted disallowed transfers of assets in the aggregate amount of \$5,982,196. All other assets listed on the Housing Asset Transfer Form were approved by the Department of Finance. Please refer to Exhibit A for the results of the procedures performed.

3) **Procedures:**

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 Low and Moderate Income Housing Funds from the former redevelopment agency to any other public agency or to private parties for the period from January 1, 2011 through January 31, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.
- B. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Low and Moderate Income Housing Funds held by the Successor Agency to any other public agency or private parties for the period from February 1, 2012 through June 30, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.
- C. For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required any transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.

Findings: We noted that the State Controller's Office has not completed its review of transfers as of the date of this report. We also noted the Successor Agency did not transfer any assets from the Low and Moderate Income Housing Funds (excluding payments for goods and services) to any other public agency or to private parties for the period from January 1, 2011 through June 30, 2012.

**SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY
FOR COMMUNITY DEVELOPMENT
Attachment A - Agreed-Upon Procedures and Findings (Continued)
Low and Moderate Income Housing Fund**

4) **Procedure:**

Obtain from the Successor Agency a listing of all assets of the Low and Moderate Income Housing Fund that were held by the Successor Agency as of June 30, 2012. Agree the assets so listed to recorded balances reflected in the accounting records of the Successor Agency. The listings should be attached as an exhibit to the AUP report.

Finding: No exceptions were noted as a result of the procedure performed. Please refer to Exhibit B for a listing of the Low and Moderate Income Housing Fund Assets transferred to the Successor Agency as of June 30, 2012.

5) **Procedures:**

Obtain from the Successor Agency a listing of asset balances transferred from the Low and Moderate Income Housing Fund held on June 30, 2012, that are restricted for the following purposes:

A. Unspent bond proceeds:

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

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

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

C. Other assets considered to be legally restricted:

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

**SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY
FOR COMMUNITY DEVELOPMENT
Attachment A - Agreed-Upon Procedures and Findings (Continued)
Low and Moderate Income Housing Fund**

- ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
 - iii. Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by Successor the Agency as restricted.
- D. Attach the above mentioned Successor Agency prepared schedule(s) as an exhibit to the AUP report. For each restriction identified on these schedules, indicate in the report the period of time for which the restrictions are in effect. If the restrictions are in effect until the related assets are expended for their intended purpose, this should be indicated in the report.

Findings: No exceptions were noted as a result of the procedure performed. Please refer to Exhibit C for the listing of the Low and Moderate Income Housing Fund restricted assets held by the Successor Agency on June 30, 2012.

6) **Procedures:**

- A. Obtain from the Successor Agency a listing of assets transferred from the Low and Moderate Income Housing Fund 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 6A 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 6B, 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 6A 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.

Findings: No exceptions were noted as a result of the procedure performed. Please refer to Exhibit D for a listing of the Low and Moderate Income Housing Fund Assets other than cash and cash equivalents held by the Successor Agency as of June 30, 2012.

7) **Procedures:**

- A. If the Successor Agency believes that asset balances transferred from the Low and Moderate Income Housing Fund need to be retained to satisfy enforceable obligations, obtain from the

**SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY
FOR COMMUNITY DEVELOPMENT
Attachment A - Agreed-Upon Procedures and Findings (Continued)
Low and Moderate Income Housing Fund**

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

- i. Compare all information on the schedule to the legal documents that form the basis for the dedication or restriction of the resource balance in question.
 - ii. Compare all current balances to the amounts reported in the accounting records of the Successor Agency or to an alternative computation.
 - iii. Compare the specified enforceable obligations to those that were included in the final Recognized Obligation Payment Schedule approved by the California Department of Finance.
 - iv. Attach as an exhibit to the report the listing obtained from the Successor Agency. Identify in the report any listed balances for which the Successor Agency was unable to provide appropriate restricting language in the legal document associated with the enforceable obligation.
- B. If the Successor Agency believes that future revenues, together with balances transferred from the Low and Moderate Income Housing Fund dedicated or restricted to an enforceable obligation, are insufficient to fund future obligation payments, and thus retention of current balances is required, obtain from the Successor Agency a schedule of approved enforceable obligations that includes a projection of the annual spending requirements to satisfy each obligation and a projection of the annual revenues available to fund those requirements and perform the following procedures:
- i. Compare the enforceable obligations to those that were approved by the California Department of Finance. Procedures to accomplish this may include reviewing the letter from the California Department of Finance approving the Recognized Enforceable Obligation Payment Schedules for the six month period from January 1, 2012 through June 30, 2012, and for the six month period July 1, 2012 through December 31, 2012.
 - ii. Compare the forecasted annual spending requirements to the legal document supporting each enforceable obligation.
 - a. Obtain from the Successor Agency its assumptions relating to the forecasted annual spending requirements and disclose in the report major assumptions associated with the projections.
 - iii. For the forecasted annual revenues:
 - a. Obtain from the Successor Agency its assumptions for the forecasted annual revenues and disclose in the report major assumptions associated with the projections.
- C. If the Successor Agency believes that projected property tax revenues and other general purpose revenues to be received by the Successor Agency are insufficient to pay bond debt

**SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY
FOR COMMUNITY DEVELOPMENT
Attachment A - Agreed-Upon Procedures and Findings (Continued)
Low and Moderate Income Housing Fund**

service payments (considering both the timing and amount of the related cash flows), obtain from the Successor Agency a schedule demonstrating this insufficiency and apply the following procedures to the information reflected in that schedule.

- i. Compare the timing and amounts of bond debt service payments to the related bond debt service schedules in the bond agreement.
 - ii. Obtain the assumptions for the forecasted property tax revenues and disclose major assumptions associated with the projections.
 - iii. Obtain the assumptions for the forecasted other general purpose revenues and disclose major assumptions associated with the projections.
- D. If procedures 7A, B, or C were performed, calculate the amount of current unrestricted balances of assets transferred from the Low and Moderate Income Housing Fund 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.

Findings: We noted the Successor Agency did not believe that asset balances transferred from the Low and Moderate Income Housing Fund pertaining to this procedure needed to be retained to satisfy enforceable obligations.

8) **Procedure:**

If the Successor Agency believes that, as of June 30, 2012, cash balances transferred from the Low and Moderate Income Housing Fund 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 transferred from the Low and Moderate Income Housing Fund 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.

Findings: Based on our inquiry with management, the Successor Agency believes that \$3,542,062 of the unencumbered cash balances transferred from the Low and Moderate Income Housing Fund as of June 30, 2012, are needed to satisfy obligations on the ROPS for the period July 1, 2012 through December 31, 2012. The Successor Agency does not believe that additional

**SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY
FOR COMMUNITY DEVELOPMENT
Attachment A - Agreed-Upon Procedures and Findings (Continued)
Low and Moderate Income Housing Fund**

cash balances transferred from the Low and Moderate Income Housing Fund as of June 30, 2012, are needed to satisfy obligations on the ROPS for the period January 1, 2013 through June 30, 2013. No exceptions were noted as a result of the procedure performed. Please refer to Exhibit E for the results of this procedure.

9) **Procedure:**

Include a schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Entities from assets transferred to the Successor Agency from the Low and Moderate Income Housing Fund. 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.

Finding: We noted that the deduction of the amount paid to the County Auditor-Controller on July 12, 2012 agreed to evidence of payment. Please refer to Exhibit F for the results of this procedure.

10) **Procedure:**

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 assets of the Low and Moderate Income Housing Fund 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.

Finding: No exceptions were noted as a result of this procedure.

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**SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT
EXHIBIT A - LOW AND MODERATE INCOME HOUSING FUND HELD BY THE SUCCESSOR AGENCY TRANSFERS TO THE
CITY OF GARDEN GROVE HOUSING AUTHORITY FOR THE PERIOD FEBRUARY 1, 2012 THROUGH JUNE 30, 2012**

	Asset Description	Name of the Recipient	Date of Transfer	Book Value of Asset at Date of Transfer	Describe the purpose of the transfer and specify the enforceable obligation or other legal requirement (requiring such transfer and the date of such requirement. Also, note whether the asset transfer was reversed and the date of such reversal.	Finding
1	Land Held for Resale	The City of Garden Grove Housing Authority	02/01/12	\$ 10,140,367	Properties purchased with Low-Mod funds for the development of affordable housing. The Department of Finance (DOF) has objected to the inclusion of this property on the Housing Asset Transfer Form because the Agency could not provide documentation that supports the use of the property for low and moderate-income housing purposes. The Agency submitted additional information to the DOF on September 4, 2012.	\$ 5,312,196
2	NR - Tudor Grove	The City of Garden Grove Housing Authority	02/01/12	334,451	Set-Aside loans with Low-Mod covenants.	-
3	Allowance for bad debt - Tudor Grove	The City of Garden Grove Housing Authority	02/01/12	(334,451)	Set-Aside loans with Low-Mod covenants.	-
4	NR - OCCHC(1)	The City of Garden Grove Housing Authority	02/01/12	49,626	Set-Aside loans with Low-Mod covenants.	-
5	NR - Briarcrest(1)	The City of Garden Grove Housing Authority	02/01/12	137,366	Set-Aside loans with Low-Mod covenants.	-
6	NR - Sungrove Senior Apartments	The City of Garden Grove Housing Authority	02/01/12	550,420	Set-Aside loans with Low-Mod covenants.	-
7	NR - OCCHC(2)	The City of Garden Grove Housing Authority	02/01/12	30,000	Set-Aside loans with Low-Mod covenants.	-
8	Allowance for bad debt - OCCHC (2)	The City of Garden Grove Housing Authority	02/01/12	(30,000)	Set-Aside loans with Low-Mod covenants.	-
9	NR - Tammethane 12162	The City of Garden Grove Housing Authority	02/01/12	615,759	Set-Aside loans with Low-Mod covenants.	-
10	NR - Tammethane 12172	The City of Garden Grove Housing Authority	02/01/12	1,019,875	Set-Aside loans with Low-Mod covenants.	-
11	NR - Dale Apartment	The City of Garden Grove Housing Authority	02/01/12	40,000	Set-Aside loans with Low-Mod covenants.	-
12	Allowance for bad debt - Dale Apartment	The City of Garden Grove Housing Authority	02/01/12	(40,000)	Set-Aside loans with Low-Mod covenants.	-
13	NR - Century Village	The City of Garden Grove Housing Authority	02/01/12	905,309	Set-Aside loans with Low-Mod covenants.	-
14	Loans Receivable	The City of Garden Grove Housing Authority	02/01/12	435,662	Set-Aside loans with Low-Mod covenants.	-
15	Restricted Cash-Rose Garden	The City of Garden Grove Housing Authority	02/01/12	670,000	Transfer deposit restricted for Low-Mod improvements. The Department of Finance (DOF) has objected to the inclusion of this property on the Housing Asset Transfer Form because the Agency could not provide documentation that supports the use of the property for low and moderate-income housing purpose.	670,000
16	ERAF Loan (03/04)	The City of Garden Grove Housing Authority	02/01/12	999,032	Loan made pursuant to HSC Section 33681.9(b)(1)	-
17	ERAF Loan (04/05)	The City of Garden Grove Housing Authority	02/01/12	1,680,565	Loan made pursuant to HSC Section 33681.12(b)(1)	-
18	ERAF Loan (05/06)	The City of Garden Grove Housing Authority	02/01/12	1,517,267	Loan made pursuant to HSC Section 33681.12(b)(1)	-
19	SERAF Loan (09/10)	The City of Garden Grove Housing Authority	02/01/12	7,906,610	Loan made pursuant to HSC Section 33690(c)(1)	-
20	SERAF Loan (10/11)	The City of Garden Grove Housing Authority	02/01/12	1,626,274	Loan made pursuant to HSC Section 33690.5(c)(1)	-
21	Accounts Receivable	The City of Garden Grove Housing Authority	02/01/12	5,239	Receivable related to set-Aside loans with Low-Mod covenants.	-
				\$ 28,259,371		\$ 5,982,196

SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT
EXHIBIT B - LOW AND MODERATE INCOME HOUSING FUND ASSETS HELD BY THE SUCCESSOR
AGENCY AS OF JUNE 30, 2012

	June 30, 2012
Cash and Investments	\$ 9,110,534

SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT
 EXHIBIT C - LOW AND MODERATE INCOME HOUSING FUND RESTRICTED ASSETS HELD BY
 THE SUCCESSOR AGENCY AS OF JUNE 30, 2012

A. Unspent Bond Proceeds

Assets	June 30, 2012	Computation of the Restricted Balance	Source for the computation of the restricted balance (i.e. accounting records or other supporting documentation)	Identify the document requiring the restriction. For each restriction identified on these schedules, indicate in the period of time for which the restrictions are in effect. Note whether the restrictions are in effect until the related assets are expended for their intended purpose.
NONE	\$ -			
Total Assets	\$ -			

**SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT
EXHIBIT C - LOW AND MODERATE INCOME HOUSING FUND RESTRICTED ASSETS HELD BY
THE SUCCESSOR AGENCY AS OF JUNE 30, 2012 (CONTINUED)**

B. Grant Proceeds and Program Income

Assets	June 30, 2012	Computation of the Restricted Balance	Source for the computation of the restricted balance (i.e. accounting records or other supporting documentation)	Identify the document requiring the restriction. For each restriction identified on these schedules, indicate in the period of time for which the restrictions are in effect. Note whether the restrictions are in effect until the related assets are expended for their intended purpose.
NONE	\$ -			
<hr/>				
Total Assets	\$ -			

C. Other Assets Considered Legally Restricted

Assets	June 30, 2012	Computation of the Restricted Balance	Source for the computation of the restricted balance (i.e. accounting records or other supporting documentation)	Identify the document requiring the restriction. For each restriction identified on these schedules, indicate in the period of time for which the restrictions are in effect. Note whether the restrictions are in effect until the related assets are expended for their intended purpose.
Restricted Cash-Rose Garden	\$ 670,000	\$ 670,000	Accounting records	Restricted for low and moderate income housing improvement by Affordable Housing Agreement
<hr/>				
Total Assets	\$ 670,000			
<hr/>				
Summary of Restricted Assets Listed in Tables A, B and C				\$ 670,000

**SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT
 EXHIBIT D - LOW AND MODERATE INCOME HOUSING FUND ASSETS OTHER THAN CASH AND CASH EQUIVALENTS HELD BY
 THE SUCCESSOR AGENCY AS OF JUNE 30, 2012**

Asset	June 30, 2012	Basis (i.e. Book Value/Fair Market Value)	Book value	Accounting records	Not applicable - Book value
Land Held for Resale - Mixed Income Housing with Commercial Space	\$	5,312,196			

Description of the records provided supporting the book value listed (i.e. previously audited financial statements or the accounting records) and any differences noted. If differences pertain to disposal of assets, note whether the proceeds were deposited into the Successor Agency.

Description of the methodology used to support the market value listed. If no evidence is available to support the value and/or the methodology used, note as a finding in the report.

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**SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT
EXHIBIT E - RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD OF JULY 1, 2012 THROUGH DECEMBER 31, 2012**

Name of Successor Agency: Garden Grove Agency for Community Development
Project Area(s): County Project Area (CPA) and Buena Clinton Project Area (BCPA)

FORM A - Redevelopment Property Tax Trust Fund (RPTTF)

**RECOGNIZED OBLIGATION PAYMENT SCHEDULE
Per AB 26 - Section 34177 (*)**

Item #	Project Name / Debt Obligation	Contract/Agmt Execution Date	Payee	Description	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2012-13	Funding Source	Payable from the Redevelopment Property Tax Trust Fund (RPTTF)						Amount of Existing Cash Needed to be Retained	Comment	
									July 2012	Aug 2012	Sep 2012	Oct 2012	Nov 2012	Dec 2012			Total
20	Sycamore Walk DDA	1/1/2006	Olson Urban Housing	Quarterly Soil/Ground Water Monitoring Events	CPA	207,000	23,000	RPTTF	-	5,750	-	-	5,750	-	11,500	-	
21	Embassy Suites DDA Amendment	01/09/07	Landmark (Performance Based)	Project Improvements (STM)	CPA	7,000,000	-	RPTTF	-	-	-	-	-	-	-	-	
22	Operational/Project Labor		City of Garden Grove	Project Labor (per approved Enforceable Obligations)	CPA	760,792	760,792	RPTTF	63,400	63,400	63,400	63,400	63,400	63,400	380,400	-	
23	Legal Services	02/01/12	Strudling Yocum Carlson & Rault/Woodruff Spreading & Smart	Legal Services Associated with Enforceable Obligations - Estimated Monthly Costs - May vary	CPA	200,000	200,000	RPTTF	16,667	16,667	16,667	16,666	16,666	16,666	99,999	-	
24	Low/Mid Housing Monitoring	04/30/04 04/30/05 06/30/10 06/30/11	GG Agency for Com Dev LMI/HVGG Hsg Authority	Repayment to low/mid housing fund (\$13,814,208 due in varying amounts in subsequent years)	CPA	13,814,208	-	RPTTF	-	-	-	-	-	-	-	-	
	Total - RPTTF Funding					\$ 261,729,608	\$ 19,415,012		\$ 4,603,628	\$ 2,409,425	\$ 3,805,508	\$ 555,538	\$ 704,838	\$ 479,088	\$ 12,559,025	\$ 3,542,062	

**SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT
EXHIBIT F - LOW AND MODERATE INCOME HOUSING FUND ASSETS TRANSFERRED TO THE SUCCESSOR AGENCY
THAT ARE AVAILABLE TO DISTRIBUTE TO AFFECTED TAXING ENTITIES**

SUMMARY OF BALANCES AVAILABLE FOR ALLOCATION TO AFFECTED TAXING ENTITIES

Total amount of assets held by the successor agency as of June 30, 2012 (procedure 4)	\$ 9,110,534
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)	5,982,196
Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments (procedure 5)	(670,000)
Less assets that are not cash or cash equivalents (e.g., physical assets) - (procedure 6)	(5,312,196)
Less balances that are legally restricted for the funding of an enforceable obligation (net of projected annual revenues available to fund those obligations) - (procedure 7)	-
Less balances needed to satisfy ROPS for the 2012-13 fiscal year (procedure 8)	(3,542,062)
Less the amount of payments made on July 12, 2012 to the County Auditor-Controller as directed by the California Department of Finance	<u>(5,568,472)</u>
Amount to be remitted to county for disbursement to taxing entities	<u><u>\$ -</u></u>

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