

**SUCCESSOR AGENCY TO THE COVINA  
REDEVELOPMENT AGENCY**

**Independent Accountant's Report on  
Applying Agreed-Upon Procedures on the  
Successor Agency to the Covina Redevelopment  
Agency, Except its  
Low and Moderate Income Housing Funds**

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

**SUCCESSOR AGENCY TO THE COVINA REDEVELOPMENT AGENCY**

**Table of Contents**

	<i>Page(s)</i>
Independent Accountant’s Report on Applying Agreed-Upon Procedures .....	1
Attachment A – Agreed Upon Procedures and Findings .....	3
Exhibit A – Former Redevelopment Agency, Excluding Low and Moderate Income Housing Fund, Asset Transfers to the City for the Period January 1, 2011 Through January 31, 2012 .....	11
Exhibit B – Condensed Summary of Financial Data .....	16
Exhibit C – Successor Agency Assets, Excluding Low and Moderate Income Housing Fund Assets, Held by the Successor Agency.....	17
Exhibit D – Successor Agency Restricted Assets, Excluding Low and Moderate Income Housing Fund Restricted Assets, Held by the Successor Agency .....	18
Exhibit E – Successor Agency Assets Other Than Cash and Cash Equivalents, Excluding Low and Moderate Income Housing Fund Assets .....	19
Exhibit F – Successor Agency Assets, Excluding Low and Moderate Income Housing Fund, That are Available to Distribute to Affected Taxing Entities.....	20

Sacramento

Walnut Creek

Oakland

Newport Beach

San Diego

Seattle

Successor Agency to the Covina Redevelopment Agency  
Covina, California

**Independent Accountant's Report on  
Applying Agreed-Upon Procedures**

We have performed the procedures enumerated in Attachment A, which were agreed to by the Successor Agency to the Covina Redevelopment Agency (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, excluding assets transferred from the Low and Moderate Income Housing Fund of the former redevelopment agency, as prescribed in Sections 34179.5 and 34179.6 of the California Health and Safety Code (Code). The 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 parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose.

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

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the assets transferred from the former redevelopment agency to the Successor Agency, excluding its Low and Moderate Income Housing Fund, the balances available for transfer to the taxing entities or other financial information presented in the attached exhibits. 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, the 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*

Los Angeles, California  
December 10, 2012

**This page left blank intentionally.**

**SUCCESSOR AGENCY TO THE COVINA REDEVELOPMENT AGENCY**  
**Attachment A – Agreed-Upon Procedures and Findings**

Our procedures and findings are as follows:

1) **Procedure:**

Obtain from the Successor Agency a listing of all assets that were transferred from the former redevelopment agency to the Successor Agency on or about February 1, 2012, excluding the assets that were transferred from the Low and Moderate Income Housing Fund. 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 inquired of the Senior Management Analyst of City of Covina's (City's) Housing Division of the Finance Department and noted that the former redevelopment agency transferred assets in the amount of \$29,059,270, excluding its Low and Moderate Income Housing Fund, to the Successor Agency in May 2012. We verified the transfers through a review of the Successor Agency's 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 of assets from the former redevelopment agency (excluding payments for goods and services), excluding the Low and Moderate Income Housing Fund, 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 of assets (excluding payments for goods and services) from the Successor Agency, excluding transfers from the low and moderate income housing fund assets 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.

**Findings:** We noted that the State Controller's Office has not completed its review of transfers as of the date of this report. As such, we performed procedures 2A through 2C.

**SUCCESSOR AGENCY TO THE COVINA REDEVELOPMENT AGENCY**  
**Attachment A – Agreed-Upon Procedures and Findings (Continued)**

We inquired of the Senior Management Analyst of the City's Housing Division of the Finance Department and noted that there were asset transfers (excluding payments for goods and services) from all funds of the former redevelopment agency, excluding its Low and Moderate Income Housing Fund, to the City for the period January 1, 2011 through January 31, 2012. We reviewed the City Council Agenda that approved the transfers and for purpose of procedure 2A, total assets of \$113,563 were deemed as transfers to the City for which an enforceable obligation or other legal requirement with a third party did not exist. Please refer to Exhibit A.

We noted that there were no asset transfers (excluding payments for goods and services) from the assets held by the Successor Agency, excluding its low and moderate income housing assets, to the City for the period February 1, 2012 through June 30, 2012.

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 of assets (excluding payments for goods and services) from the former redevelopment agency, excluding the Low and Moderate Income Housing Fund, 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 of assets (excluding payments for goods and services) from the Successor Agency, excluding transfers of the low and moderate income housing fund 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 State Controller's Office has not completed its review of transfers as of the date of this report. As such, we performed procedures 3A through 3C.

We inquired of the Senior Management Analyst of the City's Housing Division of the Finance Department and noted that there were no asset transfers from the former redevelopment agency or the Successor Agency, excluding the Low and Moderate Income Housing Fund, (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. No exceptions were noted as a result of these procedures.

**SUCCESSOR AGENCY TO THE COVINA REDEVELOPMENT AGENCY**  
**Attachment A – Agreed-Upon Procedures and Findings (Continued)**

4) **Procedures:**

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

**Findings:** We obtained from the Successor Agency a summary of the financial transactions of the Redevelopment Agency and the Successor Agency for the fiscal periods as presented on Exhibit B. Account balances were traced to the accounting records of the Successor Agency.

We ascertained that for the periods presented as of June 30, 2010 and 2011 and January 31, 2012, the total of revenues, expenditures, and transfers accounts fully for the changes in equity from the previous fiscal period. For the period ended June 30, 2012, please refer to Exhibit B for a reconciliation of the change in equity from the previous fiscal period. No exceptions were noted as a result of this procedure.

We compared amounts for the fiscal year ended June 30, 2010 to the state controller's report filed for the Redevelopment Agency for that period and noted a reclassification difference of \$1,222 in Due From the City and (\$1,222) in Advance to Other Funds, resulting in a net difference in total assets of \$0. We also noted reclassification differences of \$9,714, \$431,837, \$33,800, \$4,185, and \$3,434,009 in Accrued Liabilities, Deferred Revenue, Deposits Payable, Due to City, Advances from Other Funds, respectively, and (\$3,913,545) in Other Liabilities, resulting in a net difference in total liabilities of \$0. These variances were a result of classification differences between the City's accounting records and the State Controller's Report as of June 30, 2010.

We noted differences of (\$3,818,660) in Total Revenues and (\$3,818,660) in Total Expenditures/Expenses, due to classification differences between the City's accounting records and the State Controller's Report as of June 30, 2010, resulting in net difference of \$0.

We also noted difference of \$11,177,507 in Capital Assets, as this amount was inadvertently omitted on the State Controller's report.

Please refer to Exhibit B for the results of this procedure.

**SUCCESSOR AGENCY TO THE COVINA REDEVELOPMENT AGENCY**  
**Attachment A – Agreed-Upon Procedures and Findings (Continued)**

5) **Procedure:**

Obtain from the Successor Agency a listing of all assets of all funds of the Successor Agency as of June 30, 2012, excluding assets of its Low and Moderate Income Housing Fund. 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:** We inquired of the Senior Management Analyst of the City’s Housing Division of the Finance Department and noted assets in the aggregate amount of \$26,722,525 were held by the Successor Agency at June 30, 2012 (excluding the previously reported assets of the Low and Moderate Income Housing Fund). The assets balances were traced to the accounting records of the Successor Agency. Please refer to Exhibit C for the results of the procedures performed.

6) **Procedures:**

Obtain from the Successor Agency a listing of asset balances of all other funds of the Successor Agency, excluding the previously reported 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).
- 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).



**SUCCESSOR AGENCY TO THE COVINA REDEVELOPMENT AGENCY**  
**Attachment A – Agreed-Upon Procedures and Findings (Continued)**

- 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:** We noted unspent bond proceeds in an aggregate amount of \$5,973,125 that are legally restricted as noted in the bond official statements. No exceptions were noted as a result of this procedure.

We also noted bond reserve requirements in the aggregate amount of \$1,418,391 are legally restricted as noted in the bond official statements. No exceptions were noted as a result of this procedure.

Please refer to Exhibit D for the results of the procedures performed.

7) **Procedures:**

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

**Findings:** Please refer to Exhibit E for a listing of assets held by the Successor Agency, excluding assets of the Low and Moderate Income Housing Fund, that are not liquid or otherwise available for distribution as of June 30, 2012. No exceptions were noted as a result of these procedures

8) **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

**SUCCESSOR AGENCY TO THE COVINA REDEVELOPMENT AGENCY**  
**Attachment A – Agreed-Upon Procedures and Findings (Continued)**

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 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 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.

**SUCCESSOR AGENCY TO THE COVINA REDEVELOPMENT AGENCY**  
**Attachment A – Agreed-Upon Procedures and Findings (Continued)**

- iii. Obtain the assumptions for the forecasted other general purpose revenues and disclose major assumptions associated with the projections.
- D. If procedures A, B, or C were performed, calculate the amount of current unrestricted balances necessary for retention in order to meet the enforceable obligations by performing the following procedures.
- i. Combine the amount of identified current dedicated or restricted balances and the amount of forecasted annual revenues to arrive at the amount of total resources available to fund enforceable obligations.
  - ii. Reduce the amount of total resources available by the amount forecasted for the annual spending requirements. A negative result indicates the amount of current unrestricted balances that needs to be retained.
  - iii. Include the calculation in the AUP report.

**Findings:** We noted the Successor Agency did not believe that asset balances, excluding the Low and Moderate Income Housing Fund assets held by the Successor Agency pertaining to these procedures are dedicated or restricted for the funding of enforceable obligations.

The Successor Agency does not believe that future revenues together with balances dedicated or restricted to an enforceable obligation are insufficient to fund future obligation payments. In addition, the Successor Agency does not believe 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.

9) **Procedure:**

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 (ROPS 2) and a copy of the final ROPS for the period January 1, 2013 through June 30, 2013 (ROPS 3). 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.

**Finding:** We noted the Successor Agency did not have any cash balances as of June 30, 2012 that are needed to be retained to satisfy obligations on the ROPS for the period of July 1, 2012 through June 30, 2013.

10) **Procedure:**

Include (or present) a schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Entities from Successor Agency assets, excluding Low and Moderate Income Housing Fund assets. 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.

**SUCCESSOR AGENCY TO THE COVINA REDEVELOPMENT AGENCY**  
**Attachment A – Agreed-Upon Procedures and Findings (Continued)**

**Finding:** Please refer to Exhibit F for the results of this procedure. No exceptions were noted as a result of the procedure.

- 11) Obtain a representation letter from Successor Agency management acknowledging their responsibility for the data provided to the practitioner and the data presented in the report or in any attachments to the report. Included in the representations should be an 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, excluding assets transferred from the Low and Moderate Income Housing Fund of the former redevelopment 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:** We obtained a representation letter from the Successor Agency management. Management acknowledged that they are not aware of any additional transfers that have not been properly identified in Exhibit A, as defined by Section 34179.5 of the Health and Safety Code, from the former redevelopment agency or the Successor Agency, excluding assets transferred from the Low and Moderate Income Housing Fund of the former redevelopment agency, to other parties for the period January 1, 2011 through June 30, 2012. No exceptions were noted as a result of this procedure.

**CITY OF COVINA REDEVELOPMENT AGENCY**

**EXHIBIT A -FORMER REDEVELOPMENT AGENCY, EXCEPT IT'S LOW AND MODERATE INCOME HOUSING FUND, ASSET TRANSFERS TO THE CITY  
FOR THE PERIOD JANUARY 1, 2011 THROUGH JANUARY 31, 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 - Parking Lot 8451-001-912 (Shopper Lane Public Parking)	City of Covina	3/10/2011	\$ 188,068	<p>Joint Public Hearing (JPH2) on 3/1/2011 - The purpose of the transfer was to provide flexibility to preserve local public assets. Pursuant to Health and Safety Code Section 33430 and 33431, an agency may transfer any real or personal property or any interest in property and must provide public notice. The public hearing is properly noticed.</p> <p>This transfer was made pursuant to AB 1484, HSC 34181 where "The oversight board shall direct the successor agency to do all of the following: (a) Dispose of all assets and properties of the former redevelopment agency provided, however, that the oversight board may direct instead the successor agency to transfer ownership of those assets that were constructed and used for governmental purposes, such as roads, school buildings, parks, police and fire stations, libraries, and local agency administrative buildings, to the appropriate public jurisdiction..."</p>	No finding
2	Park 8444-021-904 (8444-021-906) (Puente at Citrus)	City of Covina	3/10/2011	440,258	<p>Joint Public Hearing (JPH2) on 3/1/2011 - The purpose of the transfer was to provide flexibility to preserve local public assets. Pursuant to Health and Safety Code Section 33430 and 33431, an agency may transfer any real or personal property or any interest in property and must provide public notice. The public hearing is properly noticed.</p> <p>This transfer was made pursuant to AB 1484, HSC 34181 where "The oversight board shall direct the successor agency to do all of the following: (a) Dispose of all assets and properties of the former redevelopment agency provided, however, that the oversight board may direct instead the successor agency to transfer ownership of those assets that were constructed and used for governmental purposes, such as roads, school buildings, parks, police and fire stations, libraries, and local agency administrative buildings, to the appropriate public jurisdiction..."</p>	No finding

**CITY OF COVINA REDEVELOPMENT AGENCY**

**EXHIBIT A -FORMER REDEVELOPMENT AGENCY, EXCEPT IT'S LOW AND MODERATE INCOME HOUSING FUND, ASSET TRANSFERS TO THE CITY  
FOR THE PERIOD JANUARY 1, 2011 THROUGH JANUARY 31, 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
3	Land - Parking Lot 8431-014-904 (547 N. Citrus)	City of Covina	3/10/2011	451,881	<p>Joint Public Hearing (JPH2) on 3/1/2011 - The purpose of the transfer was to provide flexibility to preserve local public assets. Pursuant to Health and Safety Code Section 33430 and 33431, an agency may transfer any real or personal property or any interest in property and must provide public notice. The public hearing is properly noticed.</p> <p>This transfer was made pursuant to AB 1484, HSC 34181 where "The oversight board shall direct the successor agency to do all of the following: (a) Dispose of all assets and properties of the former redevelopment agency provided, however, that the oversight board may direct instead the successor agency to transfer ownership of those assets that were constructed and used for governmental purposes, such as roads, school buildings, parks, police and fire stations, libraries, and local agency administrative buildings, to the appropriate public jurisdiction...".</p>	No finding
4	Land - Park 8430-026-900 (Heritage Plaza Park)	City of Covina	3/10/2011	756,000	<p>Joint Public Hearing (JPH2) on 3/1/2011 - The purpose of the transfer was to provide flexibility to preserve local public assets. Pursuant to Health and Safety Code Section 33430 and 33431, an agency may transfer any real or personal property or any interest in property and must provide public notice. The public hearing is properly noticed.</p> <p>This transfer was made pursuant to AB 1484, HSC 34181 where "The oversight board shall direct the successor agency to do all of the following: (a) Dispose of all assets and properties of the former redevelopment agency provided, however, that the oversight board may direct instead the successor agency to transfer ownership of those assets that were constructed and used for governmental purposes, such as roads, school buildings, parks, police and fire stations, libraries, and local agency administrative buildings, to the appropriate public jurisdiction...".</p>	No finding

**CITY OF COVINA REDEVELOPMENT AGENCY**

**EXHIBIT A -FORMER REDEVELOPMENT AGENCY, EXCEPT IT'S LOW AND MODERATE INCOME HOUSING FUND, ASSET TRANSFERS TO THE CITY  
FOR THE PERIOD JANUARY 1, 2011 THROUGH JANUARY 31, 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
5	Land - City Yard 8429-009-900	City of Covina	3/10/2011	482,576	<p>Joint Public Hearing (JPH2) on 3/1/2011 - The purpose of the transfer was to provide flexibility to preserve local public assets. Pursuant to Health and Safety Code Section 33430 and 33431, an agency may transfer any real or personal property or any interest in property and must provide public notice. The public hearing is properly noticed.</p> <p>This transfer was made pursuant to AB 1484, HSC 34181 where "The oversight board shall direct the successor agency to do all of the following: (a) Dispose of all assets and properties of the former redevelopment agency provided, however, that the oversight board may direct instead the successor agency to transfer ownership of those assets that were constructed and used for governmental purposes, such as roads, school buildings, parks, police and fire stations, libraries, and local agency administrative buildings, to the appropriate public jurisdiction...".</p>	No finding
6	Land - Park 8447-031-901 (Jalapa Park)	City of Covina	3/10/2011	694,718	<p>Joint Public Hearing (JPH2) on 3/1/2011 - The purpose of the transfer was to provide flexibility to preserve local public assets. Pursuant to Health and Safety Code Section 33430 and 33431, an agency may transfer any real or personal property or any interest in property and must provide public notice. The public hearing is properly noticed.</p> <p>This transfer was made pursuant to AB 1484, HSC 34181 where "The oversight board shall direct the successor agency to do all of the following: (a) Dispose of all assets and properties of the former redevelopment agency provided, however, that the oversight board may direct instead the successor agency to transfer ownership of those assets that were constructed and used for governmental purposes, such as roads, school buildings, parks, police and fire stations, libraries, and local agency administrative buildings, to the appropriate public jurisdiction...".</p>	No finding

**CITY OF COVINA REDEVELOPMENT AGENCY**

**EXHIBIT A -FORMER REDEVELOPMENT AGENCY, EXCEPT IT'S LOW AND MODERATE INCOME HOUSING FUND, ASSET TRANSFERS TO THE CITY  
FOR THE PERIOD JANUARY 1, 2011 THROUGH JANUARY 31, 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
7	Land - Parking Structure 8445-009-909	City of Covina	3/10/2011	174,517	<p>Joint Public Hearing (JPH2) on 3/1/2011 - The purpose of the transfer was to provide flexibility to preserve local public assets. Pursuant to Health and Safety Code Section 33430 and 33431, an agency may transfer any real or personal property or any interest in property and must provide public notice. The public hearing is properly noticed.</p> <p>This transfer was made pursuant to AB 1484, HSC 34181 where "The oversight board shall direct the successor agency to do all of the following: (a) Dispose of all assets and properties of the former redevelopment agency provided, however, that the oversight board may direct instead the successor agency to transfer ownership of those assets that were constructed and used for governmental purposes, such as roads, school buildings, parks, police and fire stations, libraries, and local agency administrative buildings, to the appropriate public jurisdiction...".</p>	No finding
8a	Parking Lot 8445-009-910 (8445-009-912) Lot 13	City of Covina	5/19/2011	98,862	<p>Joint Public Hearing (PH2) on 4/19/2011 - The purpose of the transfer was to provide flexibility to preserve local public assets. Pursuant to Health and Safety Code Section 33430 and 33431, an agency may transfer any real or personal property or any interest in property and must provide public notice. The public hearing is properly noticed.</p> <p>This transfer was made pursuant to AB 1484, HSC 34181 where "The oversight board shall direct the successor agency to do all of the following: (a) Dispose of all assets and properties of the former redevelopment agency provided, however, that the oversight board may direct instead the successor agency to transfer ownership of those assets that were constructed and used for governmental purposes, such as roads, school buildings, parks, police and fire stations, libraries, and local agency administrative buildings, to the appropriate public jurisdiction...".</p>	No finding



**CITY OF COVINA REDEVELOPMENT AGENCY**

**EXHIBIT A -FORMER REDEVELOPMENT AGENCY, EXCEPT IT'S LOW AND MODERATE INCOME HOUSING FUND, ASSET TRANSFERS TO THE CITY  
FOR THE PERIOD JANUARY 1, 2011 THROUGH JANUARY 31, 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	
8b	Parking Lot 8445-009-910 (8445-009-912) Lot 14	City of Covina	5/19/2011	113,563	<p>Joint Public Hearing (PH2) on 4/19/2011 - The purpose of the transfer was to provide flexibility to preserve local public assets. Pursuant to Health and Safety Code Section 33430 and 33431, an agency may transfer any real or personal property or any interest in property and must provide public notice. The public hearing is properly noticed.</p> <p>This transfer was made pursuant to AB 1484, HSC 34181 where "The oversight board shall direct the successor agency to do all of the following: (a) Dispose of all assets and properties of the former redevelopment agency provided, however, that the oversight board may direct instead the successor agency to transfer ownership of those assets that were constructed and used for governmental purposes, such as roads, school buildings, parks, police and fire stations, libraries, and local agency administrative buildings, to the appropriate public jurisdiction...".</p>	No finding	
9	Land - Lot 8445-009-910	City of Covina	5/19/2011	113,563	<p>Joint Public Hearing (PH2) on 4/19/2011 - The purpose of the transfer was to provide flexibility to preserve local public assets. Pursuant to Health and Safety Code Section 33430 and 33431, an agency may transfer any real or personal property or any interest in property and must provide public notice. The public hearing is properly noticed.</p>	Finding noted. While the purpose of this transfer was to provide flexibility to preserve local public assets, at this time the City has not determined the specific purpose of the use of this asset, as required by AB 1484, HSC 34181.	113,563
						<b>Total</b>	<b>\$ 113,563</b>

**CITY OF COVINA REDEVELOPMENT AGENCY  
EXHIBIT B - CONDENSED SUMMARY OF FINANCIAL DATA**

	(Per SCO Report)			Redevelopment Agency 12 Months Ending June 30, 2011	Redevelopment Agency 7 Months Ending January 31, 2012	Successor Agency 5 Months Ending June 30, 2012
	Redevelopment Agency 12 Months Ending June 30, 2010	Redevelopment Agency 12 Months Ending June 30, 2010	Variance			
<b>Assets:</b>						
Cash and investments	\$ 27,504,267	\$ 27,504,267	\$ -	\$ 28,186,689	\$ 24,536,161	\$ 21,722,004
Restricted cash and investments at fiscal agent	1,418,395	1,418,395	-	1,418,394	1,418,394	1,418,391
Accounts receivable	168,558	168,558	-	621,086	180,226	293
Interest receivable	10,839	10,839	-	3,464	-	-
Property taxes receivable	974,965	974,965	-	418,945	-	180,226
Loans receivable	75,862	2,812,827	-	55,501	55,321	-
Notes receivable	2,736,965	-	-	2,710,269	2,692,404	32,940
Prepaid items	-	-	-	-	-	-
Due from other funds	4,364	4,364	-	-	-	-
Due from City of Covina	733,513	732,291	1,222	478,696	261,725	252,209
Land and improvements held for resale	18,294,244	18,294,244	-	8,747,381	8,544,608	8,544,608
Advances to other funds	3,434,009	3,435,231	(1,222)	3,390,509	3,390,509	3,390,509
<b>Total Assets</b>	<b>\$ 55,355,981</b>	<b>\$ 55,355,981</b>	<b>\$ -</b>	<b>\$ 46,030,934</b>	<b>\$ 41,079,348</b>	<b>\$ 35,541,180</b>
<b>Liabilities:</b>						
Accounts payable	362,099	\$ 362,099	-	363,306	179,967	2,818,202
Accrued liabilities	9,714	-	9,714	35,642	45,008	54,906
Deferred revenue	431,837	-	431,837	287,284	287,283	231,783
Deposits	33,800	-	33,800	33,800	8,800	8,800
Due to other funds	4,364	4,364	-	-	-	-
Due to City of Covina	4,185	-	4,185	1,297,430	6,979	185,799
Advances from other funds	3,434,009	-	3,434,009	3,390,509	3,390,509	3,390,509
Retainage Payable	-	-	-	-	139,846	-
Other liabilities	-	3,913,545	(3,913,545)	-	-	-
<b>Total Liabilities</b>	<b>\$ 4,280,008</b>	<b>\$ 4,280,008</b>	<b>\$ -</b>	<b>\$ 5,407,971</b>	<b>\$ 4,058,392</b>	<b>\$ 6,689,999</b>
<b>Equity</b>	<b>\$ 51,075,973</b>	<b>\$ 51,075,973</b>	<b>\$ -</b>	<b>\$ 40,622,963</b>	<b>\$ 37,020,956</b>	<b>\$ 28,851,181</b>
<b>Total Liabilities + Equity</b>	<b>\$ 55,355,981</b>	<b>\$ 55,355,981</b>	<b>\$ -</b>	<b>\$ 46,030,934</b>	<b>\$ 41,079,348</b>	<b>\$ 35,541,180</b>
<b>Total Revenues</b>	<b>\$ 6,560,278</b>	<b>\$ 10,378,938</b>	<b>\$ (3,818,660)</b>	<b>\$ 9,493,361</b>	<b>\$ 4,033,495</b>	<b>\$ 145,732</b>
<b>Total Expenditures/Expenses</b>	<b>10,340,050</b>	<b>14,158,710</b>	<b>(3,818,660)</b>	<b>19,946,371</b>	<b>7,635,503</b>	<b>3,870,768</b>
<b>Total Transfers</b>	<b>2,310,000</b>	<b>2,310,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Extraordinary Gain</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32,576,217</b>
<b>Net change in equity</b>	<b>\$ (1,469,772)</b>	<b>\$ (1,469,772)</b>	<b>\$ -</b>	<b>\$ (10,453,010)</b>	<b>\$ (3,602,007)</b>	<b>\$ 28,851,181</b>
<b>Beginning Equity:</b>	<b>52,545,745</b>	<b>52,545,745</b>	<b>-</b>	<b>51,075,973</b>	<b>40,622,963</b>	<b>-</b>
<b>Ending Equity:</b>	<b>\$ 51,075,973</b>	<b>\$ 51,075,973</b>	<b>\$ -</b>	<b>\$ 40,622,963</b>	<b>\$ 37,020,956</b>	<b>\$ 28,851,181</b>
<b>Other Information (show year end balances for all three years presented)</b>						
Capital Assets as of end of year	\$ 11,177,507	\$ -	\$ 11,177,507	\$ 8,786,018		\$ 10,188,115
Long term debt as of end of year (excludes unamortized bond credits)	\$ 36,187,377	\$ 36,187,377	\$ -	\$ 34,301,699		\$ 32,108,994

**Reconciliation of former redevelopment agency ending equity as of January 31, 2012 to the Successor Agency's extraordinary gain as of June 30, 2012:**

Redevelopment Agency Ending equity		\$ 37,020,956	
Transfer to Housing Successor		(4,444,739)	
Extraordinary gain on RDA dissolution		(32,576,217)	
Successor Agency beginning equity		\$ (0)	

**CITY OF COVINA REDEVELOPMENT AGENCY**

**EXHIBIT C - SUCCESSOR AGENCY ASSETS, EXCLUDING LOW AND MODERATE INCOME HOUSING FUND ASSETS,  
HELD BY THE SUCCESSOR AGENCY**

Assets	June 30, 2012
Cash and investments	\$ 17,702,327
Property taxes receivable	180,226
Notes receivable	32,940
Due from other funds	262,424
Land held for resale	<u>8,544,608</u>
Total Assets	<u>\$ 26,722,525</u>

**CITY OF COVINA REDEVELOPMENT AGENCY**

**EXHIBIT D - SUCCESSOR AGENCY RESTRICTED ASSETS EXCLUDING LOW AND MODERATE INCOME HOUSING FUND RESTRICTED ASSETS**

**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.
2002 Unspent Bond Proceeds	\$ 978,459	Unspent Proceeds	General ledger	We reviewed the Official Statement and Purchase Contract for the Covina Public Financing Authority 2002 Revenue Bonds, Series A, \$10,262,261.70. The bonds are special obligations of the Authority payable only from revenues and not out of any other fund or money of the Authority. The bonds are payable from and secured by a first pledge of Revenues, consisting primarily of certain tax increment revenues received by the Agency and paid to the Authority pursuant to a Loan Agreement.
2004 Unspent Bond Proceeds	4,994,666	Unspent Proceeds	General ledger	We reviewed the Official Statement and Resolution 04-506 for the Covina Redevelopment Agency 2004 Taxable Tax Allocation Bonds, Series A, \$17,240,000 and Series B, \$9,610,000. The Bonds are payable from Tax Revenues to be derived from the Project Area and from amounts on deposit in certain funds and accounts established for the each series of Bonds.
<b>Total Assets</b>	<b>\$ 5,973,125</b>			

**B. Grant Proceeds and Program Income:**

None	\$ -
<b>Total Assets</b>	<b>\$ -</b>

**C. Other Assets Considered Legally Restricted**

1997 Series A Bond Reserve	\$ 135,145	Reserve Requirement	General ledger	We reviewed the Official Statement and Resolution 97-353 for the Association of Bay Area Governments 1997 Tax Allocation Revenue Bond, Series A6, \$19,870,000. To provide money for certain capital improvements within or related to those redevelopment project areas of such Local Agencies. A portion of the proceeds of each Series 6 Local Obligation will also be used to establish debt service funds relating to each such respective Series 6 Local Obligation and to pay the costs of issuing such respective Series 6 Local Obligation.
1997 Series B Bond Reserve	499,455	Reserve Requirement	General ledger	We reviewed the Official Statement and Association of Bay Area Governments 1997 Subordinated Tax Allocation Revenue Bond, Series B6, \$7,845,000. To provide money for certain capital improvements within or related to those redevelopment project areas of such Local Agencies. A portion of the proceeds of each Series 6 Local Obligation will also be used to establish debt service funds relating to each such respective Series 6 Local Obligation and to pay the costs of issuing such respective Series 6 Local Obligation.
2002 Series A Bond Reserve	783,790	Reserve Requirement	General ledger	We reviewed the Official Statement and Resolution 02-458 for the Covina Public Financing Authority 2002 Revenue Bonds, Series A, \$10,262,261.70. The Reserve Account is held in trust for the benefit of the Authority and the owners of the 1995 Bonds and an Parity Debt, including the obligation of the Agency under the Loan Agreement (the "Loan Obligation"). Amounts on deposit in the Reserve Account (up to the Reserve requirement) may not be used for purposes other than making transfers to pay interest or principal on the outstanding 1995 Bonds, 1997 Loan Obligation and the Loan Obligation (obligation of the Agency under 2002 Loan Agreement).
2004 Series A Bond Reserve	1	Reserve Requirement	General ledger	We reviewed the Official Statement, Resolution 04-506 and Indenture of Trust for the Covina Redevelopment Agency 2004 Taxable Tax Allocation Bonds, Series A, \$17,240,000. A special account known as the "Reserve Account," which is held in trust by the Trustee, was initially established for the 1995 Bonds and continued with respect to the 1997 Loan, the 2002 Loan and the Bonds (2004 Series A and B bonds). The amount on deposit in the Reserve Account shall be maintained at the Reserve Requirement in accordance with the terms of the Indentures. The 2004 Series B Bonds will be a payable from Tax Revenues.
<b>Total Assets</b>	<b>\$ 1,418,391</b>			
<b>Summary of Restricted Assets Listed in Tables A, B and C</b>	<b>\$ 7,391,517</b>			

**CITY OF COVINA REDEVELOPMENT AGENCY**

**EXHIBIT E - SUCCESSOR AGENCY ASSETS OTHER THAN CASH AND CASH EQUIVALENTS, EXCLUDING LOW AND MODERATE INCOME HOUSING FUND ASSETS**

Asset	June 30, 2012	Basis (i.e. Book Value/Fair Market Value)	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.
Property taxes receivable	\$ 180,226	Book Value	Accounting records	N/A, book value was used.
Notes receivable	32,940	Book Value	Accounting records	N/A, book value was used.
Due from other funds	262,424	Book Value	Accounting records	N/A, book value was used.
Land held for resale	8,544,608	Book Value	Accounting records	N/A, book value was used.
Land - Lot 8445-009-910	<u>113,563</u>	Book Value	Accounting records	N/A, book value was used.
Total Assets	<u>\$ 9,133,761</u>			

**CITY OF COVINA REDEVELOPMENT AGENCY**

**EXHIBIT F - SUCCESSOR AGENCY ASSETS, EXCLUDING LOW AND MODERATE INCOME HOUSING FUND  
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 5)	\$ 26,722,525
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)	113,563
Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments (procedure 6)	(7,391,517)
Less assets that are not cash or cash equivalents (e.g., physical assets) - (procedure 7)	(9,133,761)
Less balances that are legally restricted for the funding of an enforceable obligation (net of projected annual revenues available to fund those obligations) - (procedure 8)	-
Less balances needed to satisfy ROPS for the 2012-13 fiscal year (procedure 9)	-
Less the amount of payments made on July 12, 2012 to the County Auditor-Controller as directed by the California Department of Finance	<u>(1,181,516)</u>
Amount to be remitted to county for disbursement to taxing entities	<u><u>\$ 9,129,294</u></u>