

# County of Santa Clara

Finance Agency

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Monday, September 24, 2012

Hon. John Chiang, State Controller  
P.O. Box 942850  
Sacramento, CA 94250

Ms. Ana Matosantos, Director  
Department of Finance  
915 L Street  
Sacramento, CA 95814

Oversight Board for the Mountain View Successor Agency  
500 Castro Street, P.O. Box 7540  
Mountain View, CA 94041

City of Mountain View Successor Agency  
500 Castro Street, P.O. Box 7540  
Mountain View, CA 94041

**Re: Mountain View Revitalization Authority Agreed Upon Procedures Report Pursuant to Health and Safety Code section 34182**

Dear State Controller, Department of Finance, Oversight Board, and Successor Agency:

We present this Agreed Upon Procedures Report for the Mountain View Revitalization Authority ("Authority") in accordance with Health and Safety Code section 34182. This report is presented in several sections, with attachments including tables for the establishment of assets and liabilities. The majority of the agreed upon procedures were completed by Macias Gini & O'Connell, retained under contract by the Santa Clara County Finance Agency.

By law, the purpose of this report is to establish the assets, liabilities, and other indebtedness of the former redevelopment agency, as well as to document and determine any passthrough payment obligations to taxing entities. Below, we highlight the major findings.

## **Major Findings**

### **Assets**

Attachment A shows all assets that were available upon termination of the Authority on January 31, 2012. This has been divided into two components: (1) Assets Transferable to the Housing

Successor Agency and (2) Assets Available for the Successor Agency under the purview of the Oversight Board.

There was only one adjustment to assets listed by the Successor Agency, which was to add back administrative costs for the period of February through June 2012, as these were subsequently accounted for through the ROPS/RPTTF distribution process. Total assets for the Successor Agency were \$14,456,183. Attachment E contains a full listing of the Authority's real property.

#### Liabilities

Attachment B shows all established liabilities and other obligations at January 31, 2012, totaling \$13,010,619. All adjustments to obligations listed by the Successor Agency are explained in the narrative following Attachment B.

Also listed on Attachment B are four loan obligations that were invalidated as of February 1, 2012, under Health and Safety Code sections 34171(d)(2) and 34178(a) as agreements between the "city" and former redevelopment agency.<sup>1</sup> Two of these obligations were private, direct-placement bonds with the Mountain View Shoreline Regional Park Community.

Pursuant to AB 1484, when the Successor Agency receives a "finding of completion" from the Department of Finance, these loan obligations are eligible for restoration under certain conditions and upon Oversight Board approval. One of the conditions is that the obligations must be recalculated from origination at the rate earned by the Local Agency Investment Fund (LAIF).<sup>2</sup> Accordingly, Attachment B shows the recalculated amounts, should all relevant conditions be met and the obligations are restored as enforceable.

#### Passthrough Obligations

The Authority has no statutory or negotiated passthrough obligations to any taxing entity.

#### Asset Transfers

We are pleased to report that there are no assets that we believe are subject to claw-back actions by the State Controller's Office as required under Health and Safety Code section 34167.5.

Respectfully submitted,



Vinod K. Sharma, C.P.A.  
Director of Finance  
County of Santa Clara

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<sup>1</sup> As defined in Health and Safety Code section 34167.10, for the purposes of the RDA Dissolution Law, "city" is defined to include component units and other entities controlled by the City.

<sup>2</sup> Health and Safety Code section 34191.4(b).

**COUNTY OF SANTA CLARA,  
CALIFORNIA**

Independent Accountant's Report on  
Applying Agreed-Upon Procedures on the  
Former Revitalization Authority of the  
City of Mountain View, California

Pursuant to AB x1 26 and AB 1484  
Community Redevelopment Dissolution

**COUNTY OF SANTA CLARA, CALIFORNIA**

**Independent Accountant's Report on  
Applying Agreed-Upon Procedures on the  
Former Revitalization Authority of the  
City of Mountain View, California**

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## City of Mountain View Revitalization Authority

Establishment of Assets at 1/31/12  
County of Santa Clara Auditor Controller  
(Per ABX1 - 26 Section 34182)

NO.	Description	Unaudited Balance per RDA Books 1/31/2012	Adjustments				Established Per Auditor/Controller 1/31/2012
			Increases		Decreases		
			Amount	Ref	Amount	Ref	
<b>Assets Transferrable to Housing Successor Agency</b>							
1	Loans Receivable	\$ 12,556,455	\$ -	1	\$ -	\$ 12,556,455	
<b>Sub-Total</b>		<b>\$ 12,556,455</b>	<b>\$ -</b>		<b>\$ -</b>	<b>\$ 12,556,455</b>	
<b>Assets Available for Successor Agency</b>							
2	Cash and Investments-Unrestricted	\$ 7,623,358	\$ 121,027	2	\$ -	\$ 7,744,385	
3	Cash and Investments-Bond Proceeds available for defeasance	509,037	-		-	509,037	
4	Cash and Investments-Restricted for Debt Service Reserve	1,687,839	-		-	1,687,839	
5	Cash and Investments-Restricted for 2/1/12 Debt Service	251,291	-		-	251,291	
6	Cash Housing - Unrestricted	1,001,715	-		-	1,001,715	
7	Cash Housing - Encumbered	458,440	-		-	458,440	
8	Advances to the City	166,289	-		-	166,289	
9	Land	2,637,187	-		-	2,637,187	
<b>Sub-Total</b>		<b>\$ 14,335,156</b>	<b>\$ 121,027</b>		<b>\$ -</b>	<b>\$ 14,456,183</b>	
<b>Total Assets <sup>3</sup></b>		<b>\$ 26,891,611</b>	<b>\$ 121,027</b>		<b>\$ -</b>	<b>\$ 27,012,638</b>	

<sup>1</sup> Loans receivable funded from LMIHF are considered housing assets under Section 34176(e).

<sup>2</sup> Amount represents administrative costs for the period February through June 2012 which was transferred in December 2011.

<sup>3</sup> Total assets do not include the capital assets listed in Attachment E, as they are public assets owned and operated by the City.

## City of Mountain View Revitalization Authority

Establishment of Liabilities at 1/31/12  
County of Santa Clara Auditor Controller  
(Per AB X1 - 26 Section 34182)

Debt Obligation listed on Certified ROPS		Total Debt Obligations per Certified ROPS 1/31/2012	Adjustments				Established Per Auditor/Controller 1/31/2012
			Increases		Decreases		
			Amount	Ref	Amount	Ref	

### Section 1 Debt Obligations

1	2003 Tax Allocation Bonds (Final Maturity Date: 8/1/18)	\$ 804,521	\$ -		\$ (804,521)	\$ -
2	2003 Tax Allocation Bonds (Final Maturity Date: 8/1/18)	4,827,125	-		(4,827,125)	-
3a	2003 Certificates of Participation (Final Maturity Date: 2/1/19)	13,760,078	-		(1,406,103)	12,353,975
3b	Trustee Fees - 2003 COPS	-	17,500		-	17,500
		<b>\$ 19,391,724</b>	<b>\$ 17,500</b>		<b>\$ (7,037,749)</b>	<b>\$ 12,371,475</b>

### Section 2 Contractual Obligations

1	135 Franklin Street Housing Project	\$ 8,283,468	\$ -		\$ (7,825,028)	\$ 458,440
2	Contract for Consulting Services	4,200	-		-	4,200
3	Contract of Audit Services	12,550	-		-	12,550
4	Property Tax Rebate Agreement	12,713	-		-	12,713
5	Property Tax Rebate Agreement	2,605	-		-	2,605
6	Employee Costs	23,609	-		-	23,609
7	Agency Taxes and Assessments	27	-		-	27
		<b>\$ 8,339,172</b>	<b>\$ -</b>		<b>\$ (7,825,028)</b>	<b>\$ 514,144</b>

### Section 3 Administrative obligations

1	Administrative Cost Allowance	\$ 125,000	\$ -		\$ -	\$ 125,000
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<b>Total Per Submitted ROPS</b>		<b>\$ 27,855,896</b>	<b>\$ 17,500</b>		<b>\$ (14,862,777)</b>	<b>\$ 13,010,619</b>
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### Section 4 City Obligations That May Be Deemed Enforceable Upon Finding of Completion and Oversight Board Approval (Adjusted to LAIF from Origination)

1	2003 Tax Allocation Bonds (Final Maturity Date: 8/1/18)	\$ -	\$ 804,521		\$ (477,040)	\$ 327,481
2	2003 Tax Allocation Bonds (Final Maturity Date: 8/1/18)	-	4,827,125		(2,862,953)	1,964,172
3	Registered Note Issued 9/18/03 (Maturity: upon the sale of Land)	-	3,960,216		(1,520,843)	2,376,989
4	Advance from City of Mountain View	-	1,324,012		(182,359)	1,141,653
<b>Total Obligations not Previously Listed on ROPS</b>		<b>\$ -</b>	<b>\$ 10,915,874</b>		<b>\$ (5,043,195)</b>	<b>\$ 5,810,295</b>

**City of Mountain View Revitalization Authority  
Explanation of Liabilities at 1/31/12**

Section 1	
1	Based on our review of the supporting documents, this item represents the non-housing portion of the 2003 Tax Allocation Bonds issued by the Authority on December 4, 2003. The bonds were a private, direct placement with Mountain View Shoreline Regional Park Community, a component unit of the City of Mountain View. Under Health & Safety Code Sections 34171(d)(2) and 34178(a), as of February 1, 2012, agreements between cities and the redevelopment agencies they created are invalid. However, upon issuance of finding of completion by the State Department of Finance and approval from the Oversight Board, this loan may be restored at LAIF rates from inception.
2	Based on our review of the supporting documents, this item represents the housing portion of the 2003 Tax Allocation Bonds issued by the Authority on December 4, 2003. The bonds were a private, direct placement with Mountain View Shoreline Regional Park Community, a component unit of the City of Mountain View. Under Health & Safety Code Sections 34171(d)(2) and 34178(a), as of February 1, 2012, agreements between cities and the redevelopment agencies they created are invalid. However, upon issuance of finding of completion by the State Department of Finance and approval from the Oversight Board, this loan may be restored at LAIF rates from inception.
3a	Based on our review of the supporting documents, this item represents the 2003 Certificates of Participation (COPs) issued by the City on August 20, 2003. Simultaneously, the indebtedness agreement was entered into between the Authority and the City, whereby in exchange for the COPs proceeds to finance the construction of the new parking facility in the redevelopment area, the Authority pledged tax increment revenue in amounts equal to the debt service payments on the 2003 COPs. The total obligation is revised to the net amount of \$12,353,975, reflecting a reduction of \$1,406,403 which represents the August 2011 debt service payment of \$1,382,103 and \$24,000 for related Trustee Fees, which MGO reclassified as a separate item 3b.
3b	As mentioned in item 3a, this item represents trustee fees related to the 2003 COPs. Net total obligation as of 1/31/12 of \$17,500 represents \$2,500 annual trustee fees times the remaining life of COPS (7 years.)
Section 2	
1	Based on our review of the supporting documents, this item represents a loan which the Authority approved on April 18, 2011 to ROEM Development Corporation for the development of an affordable family rental housing development to be located at the southeast corner of West Evelyn Avenue and Franklin Street, known as 135 Franklin Street. The loan bears a simple interest rate of 4% with term of 55 years. The net obligation amount as of 1/31/12 was reduced to \$458,440, representing the remaining outstanding balance payable, as \$7,260,094 was disbursed through December 31, 2011 and \$564,934 was disbursed in January 2012. This obligation is payable from sources other than the Redevelopment Property Tax Trust Fund (RPTTF).
2	Based on our review of the supporting documents, this item represents a contract with HdL Coren and Cone for property tax analysis. This obligation is payable from sources other than the Redevelopment Property Tax Trust Fund (RPTTF).
3	Based on our review of the supporting documents, this item represents a contract with Maze and Associates for FY2012 audit services. This obligation is payable from sources other than the Redevelopment Property Tax Trust Fund (RPTTF).
4	Based on our review of the supporting documents, this item represents the City property tax rebate agreement entered by the City, and not the former redevelopment agency with the owners of the property located at 169-175 Castro Street. The documentation supporting the amounts owed to the property tax owners relates to the entire amount of ad valorem tax; however, it is not clear how much specifically relates to obligations of the former redevelopment agency. This obligation is payable from sources other than the Redevelopment Property Tax Trust Fund (RPTTF).
5	Based on our review of the supporting documents, this item represents the City property tax rebate agreement entered by the City, and not the former redevelopment agency with the owners of the property located at 425 Hope Street. The documentation supporting the amounts owed to the property tax owners relates to the entire amount of ad valorem tax; however, it is not clear how much specifically relates to obligations of the former redevelopment agency. This obligation is payable from sources other than the Redevelopment Property Tax Trust Fund (RPTTF).
6	Based on our review of the supporting documents, this item represents employee costs incurred through January 31, 2012.
7	Based on our review of the supporting documents, this item represents the Mosquito and Vector Control Assessment of the former redevelopment agency properties.
Section 3	
1	These administrative expense items are subject to approval by the Oversight Board of a proposed budget submitted by the Successor Agency, and are subject to a total statutory cap. The Administrative Cost Allowance was limited to \$125,000 for the period from February 1, 2012 through June 30, 2012.
Section 4	
1	As discussed above at Section 1, item No. 1, upon issuance of finding of completion by the State Department of Finance and approval from the Oversight Board, the 2003 TABs may be restored using LAIF rates from the origination of the loan. Using the new rates, the recomputed balance of this loan at 1/31/12 was \$327,481.

**City of Mountain View Revitalization Authority  
Explanation of Liabilities at 1/31/12**

2	As discussed above at Section 1, item No. 2, upon issuance of finding of completion by the State Department of Finance and approval from the Oversight Board, the 2003 TABs may be restored using LAIF rates from the origination of the loan. Using the new rates, the recomputed balance of this loan at 1/31/12 was \$1,964,172.
3	Based on our review of the supporting documents, this item represents the interest-deferred registered note issued by the Authority on September 18, 2003 to purchase a parcel of property. The note bears a simple interest rate of 6% per annum, and was purchased by the Mountain View Shoreline Regional Park Community, a component unit of the City of Mountain View. The deferred and accrued balance at 6-30-11 was \$2,964,128. Under Health & Safety Code Sections 34171(d)(2) and 34178(a), as of February 1, 2012, agreements between cities and the redevelopment agencies they created are invalid. However, upon issuance of finding of completion by the State Department of Finance and approval from the Oversight Board, this note may be restored at LAIF rates from inception. The accumulated interest must be recalculated from inception at LAIF rates. Using the new rates, the recomputed balance at 1/31/12 was \$2,376,989.
4	Based on our review of the supporting documents, this item represents the outstanding loan balance made from the City. Under Health & Safety Code Sections 34171(d)(2) and 34178(a), as of February 1, 2012, agreements between cities and the redevelopment agencies they created (such as the Cooperation Agreement that forms the basis of this item) are invalid. However, upon issuance of finding of completion by the State Department of Finance and approval from the Oversight Board, this loan may be restored at LAIF rates from inception. Using the new rates, the recomputed balance at 1/31/12 was \$1,141,653.





**Certified Public Accountants.**

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Oakland

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San Diego

Seattle

County Auditor-Controller  
County of Santa Clara  
San Jose, California

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

We have performed the agreed-upon procedures enumerated in Attachment C, which were agreed to by the California State Controller's Office, the California State Department of Finance, and the County of Santa Clara (County) Auditor-Controller, and the additional agreed-upon procedures requested and agreed to by the County, solely to assist you in ensuring that the dissolved Revitalization Authority of the City of Mountain View (City) is complying with its statutory requirements with respect to Assembly Bill (AB) x1 26 and AB 1484. Management of the City is responsible for the accounting records pertaining to statutory compliance pursuant to the California 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 agreed-upon procedures as set forth in Attachment C. Attachment C 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 Enforceable Obligation Payment Schedule or the Recognized Obligation Payment Schedule or as to the appropriateness of the other financial information summarized in Attachments A, B, C, D, E, F and G. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the County Auditor-Controller, the California State Controller's Office, and the California State Department of Finance, 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.

*Macias Gini & Connell LLP*

Walnut Creek, California  
September 20, 2012

**City of Mountain View Revitalization Authority  
Agreed-Upon Procedures and Findings**

**A. RDA Dissolution and Restrictions  
(Additional Procedures as Requested and Agreed to by the County: #6)**

For each redevelopment agency dissolved, perform the following:

1. Obtain a copy of the enforceable obligation payment schedule (EOPS) for the period of August 1, 2011, through December 31, 2011.
  - 1.1. Trace the redevelopment project name or area (whichever applies) associated with the obligations, the payee, a description of the nature of the work/service agreed to, and the amount of payments made by month through December 31, 2011, and
  - 1.2. Compare it to the legal document(s) that forms the basis for the obligations. Since amounts could be estimated, determine that they are stated as such and that legal documentation supports those estimates.

**Finding:** Based on procedures performed, we noted there were obligations in the Initial EOPS for the period of August 1, 2011 through December 31, 2011 where legal supporting documentation was not provided or not adequate to determine whether it was a former redevelopment agency obligation. In addition, there were payments based on estimates that were not specifically identified as such in the Initial EOPS. Refer to Attachment D for a detailed summary of findings.

2. Obtain a copy of all amended EOPS filed for the period of January 1, 2012, through June 30, 2012.
  - 2.1 Trace the redevelopment project name or area (whichever applies) associated with the obligations, the payee, a description of the nature of the work/service agreed to, and the amount of payments to be made by month through June 30, 2012, and
  - 2.2 Compare it to the legal document(s) that form the basis for the obligation. Since amounts could be estimated, determine that they are stated as such and that legal documentation supports those estimates.

**Finding:** Based on procedures performed, we noted there were obligations in the Amended EOPS for the period of January 1, 2012 through June 30, 2012 where legal supporting documentation was not provided or not adequate to determine that it was a former redevelopment agency obligation. We also noted the amended EOPS filed by the City did not include the month of January 2012, and the remaining unspent bond proceeds and 2003 Certificate of Participation debt service reserve funds were inappropriately listed as obligations. In addition, there were payments based on estimates that were not specifically identified as such in the Amended EOPS. Refer to Attachment D for a summary of findings.

Based on procedures performed, we noted the following difference between the amount listed in the final amended EOPS for the period of January 1, 2012, through June 30, 2012 and the related legal documents:

Page 1, item 6 - 135 Franklin Street Housing Project reported \$8,283,468; however, the amount remaining per legal documents provided was \$1,023,374. The difference is due to project payments made prior to January 1, 2012.

3. Identify any obligations listed on the EOPS that were entered into after June 27, 2011, by inspecting the date of incurrence specified on Form A of the Statement of Indebtedness filed with

**City of Mountain View Revitalization Authority  
Agreed-Upon Procedures and Findings**

the County Auditor-Controller, which was filed on or before October 1, 2011.

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

4. Inquire and specifically state in the report the manner in which the agency did or did not execute a transfer of the Low and Moderate Income Housing Fund to the redevelopment successor agency by February 1, 2012. Procedures to accomplish this might include changing the name of the accounting fund and related bank accounts that are holding these assets for the successor agency. If the successor agency is a party other than the agency that created the redevelopment agency, an examination of bank statements and changing of account titles and fund names evidencing such transfer will be sufficient.

**Finding:** We noted the City has set up a new accounting fund (Fund 210-000) for the Successor Agency and made a transfer of \$1,001,715 from the Low and Moderate Income Housing Fund to the Successor Agency through recording of a journal entry on March 20, 2012 with a posting date of February 1, 2012.

5. Inquire and specifically state in the report how housing activities (assets and functions, rights, powers, duties, and obligations) were transferred and the manner in which this agency did or did not execute a transfer. Procedures to accomplish this might include changing the name of the accounting fund and related bank accounts that are holding these assets for the other agency. An examination of bank statements and changing of account titles and fund names evidencing such transfers will be sufficient. If the housing successor is a party other than the agency that created the redevelopment agency, an examination of bank statements and re-recording of titles evidencing such transfer will be sufficient.

**Finding:** Per review of the City Council's resolution 17668, adopted on January 10, 2012, the City of Mountain View elected to retain the housing assets and functions of the former redevelopment agency. The City has set up a new accounting fund (Fund 210-001) for the Housing Successor Agency. We noted the former redevelopment agency transferred the following housing assets to the Housing Successor through recording of a journal entry:

- (a) Cash - \$458,440 for encumbrances.
- (b) Loan receivables - \$12,556,455

6. For each obligation on the Enforceable Obligation Payment Schedule identified as qualifying under Section 34167(d) perform the following:

6.1 For Bonds:

- Obtain the bond documents.
- Obtain the documentation of bond covenants
- Trace the bond to its issuing legislation.
- Trace the bond to its issuing party. Identify if it is issued by the RDA or other entity.
- Determine if the issuing legislation qualifies the bond for inclusion on the Enforceable Obligation Payment Schedule.
- Segregate bond obligations by component, i.e. required debt service, reserve set-asides, other payments, if applicable.

6.2 For Loans:

- Trace each loan to its lawful purpose, for example money borrowed from the Low and Moderate Income Housing Fund. Provide documentation of the purpose.
- Trace the loan to a required repayment schedule or other mandatory loan terms.
- Provide documentation of the schedule or terms.

**City of Mountain View Revitalization Authority  
Agreed-Upon Procedures and Findings**

6.3 For Payments required:

- Trace each required payment to the source of the requirement.
- Provide documentation of the source and of the terms.

6.4 For Judgments or Settlements:

- Trace each judgment or settlement to its source document. Provide documentation and substantiation of the source and the terms.

6.5 For “Any legally binding and enforceable agreement or contract that is not otherwise void as violating the debt limit or public policy”:

- Trace each agreement or contract to its source document. Provide documentation of the source.
- Trace each agreement to documentation justifying that it is not void because of a debt limit violation or public policy. Provide documentation of the justification.

6.6 Contracts or agreements necessary for the continued administration or operation of the redevelopment agency to the extent permitted by this part, including, but not limited to, agreements to purchase or rent office space, equipment and supplies, and pay-related expenses pursuant to Section 33127 and for carrying insurance pursuant to Section 33134; perform the following:

- Identify the justification for the obligation. Provide the reason.
- Trace each agreement or contract to its source document. Provide documentation of the source.

6.7 For each obligation on the Enforceable Obligation Payment Schedule, ensure:

- The obligation was an obligation of the RDA as of June 27, 2011 per Health and Safety Code Sections 34161 through 34165. Under these code sections, the RDA cannot incur new indebtedness or expand existing monetary or legal obligations, amend agreements, contracts, etc. as of June 28, 2011.

6.8 For each obligation on the Enforceable Obligation Payment Schedule:

- Trace it to the FY11 Statement of Indebtedness. Document the differences.
- Identify items on the EOPS that were updated/changed from the original schedule, substantiate the reason for the change, and ensure that these items are subjected to all applicable procedures identified above.

**Finding:** See Attachment D for a summary of findings. All items requiring documentation to be submitted to the County have been provided to the County separately, and are not incorporated into the accompanying report.

**B. Successor Agency**

1. Inspect evidence that a successor agency:

- (a) Has been established by February 1, 2012; and
- (b) The successor agency oversight board has been appointed, with names of the successor agency oversight board members, which must be submitted to the Department of Finance by May 1, 2012.

**Finding:** No exceptions were noted as a result of the procedures performed.

2. Inquire regarding the procedures accomplished and specifically state in the report the manner in which this agency did or did not execute a transfer of operations to the successor agency, which was

**City of Mountain View Revitalization Authority  
Agreed-Upon Procedures and Findings**

due by February 1, 2012. Procedures to accomplish this might include changing the name of the accounting fund and related bank accounts that are holding these assets for the successor agency. If the successor agency is a party other than the agency that created the redevelopment agency, an examination of bank statements and changing of account titles and fund names evidencing such transfers will be sufficient.

**Finding:** Per review of the City Council's resolution 17668, adopted on January 10, 2012, the City of Mountain View elected to serve as Successor Agency to the former redevelopment agency. We noted the City has established a new accounting fund (Fund 210-000) for the Successor Agency in its accounting system and the former redevelopment agency assets and liabilities were transferred to the new Successor Agency accounting fund.

3. Ascertain that the successor agency has established the Redevelopment Obligation Retirement Fund(s) in its accounting system.

**Finding:** No exceptions were noted as a result of the procedure performed. We observed the City established the Redevelopment Obligation Retirement Fund in its accounting system with fund number 210, Project 210004.

4. Inspect the EOPS and ROPS and identify the payments that were due to be paid through the date of the Agreed-Upon Procedures (AUP) report. Select a sample (based on a dollar amount and/or percentage amount as determined by the Santa Clara County Auditor-Controller) and compare the payments that were due to be paid through June 30, 2012 to a copy of the cancelled check or other documentation supporting the payment.

**Finding:** We performed the testing of disbursements based on the dollar amount as determined by the County Auditor-Controller and no exceptions were noted. We selected all payments greater than \$500, which totaled to \$26,265,606.

5. Obtain listings that support the asset figures (cash, investments, accounts receivable, notes, receivables, capital assets, etc.) in the audited financial statements as of June 30, 2010, June 30, 2011, and as of January 31, 2012, as determined by the successor agency and include as an attachment to the AUP report.

**Finding:** See results summarized at Attachment E.

**C. Draft Recognized Obligation Payment Schedule (Draft ROPS) –  
(Additional Procedures as Requested and Agreed to by the County: #7)**

1. Obtain a copy of the initial draft of the ROPS from the successor agency and inspect evidence that the initial draft of the ROPS was prepared by March 1, 2012.

**Finding:** No exceptions were noted as a result of the procedure performed.

2. Note in the minutes of the Oversight Board that the draft ROPS has been approved by the Oversight Board. If the Oversight Board has not yet approved the draft ROPS as of the date of the AUP, this should be mentioned in the AUP report.

**Finding:** No exceptions were noted as a result of the procedure performed. The Oversight Board approved the draft ROPS on April 16, 2012.

3. Inspect evidence that a copy of the draft ROPS was submitted to the County Auditor-Controller, California State Controller's Office, and California State Department of Finance.

**City of Mountain View Revitalization Authority  
Agreed-Upon Procedures and Findings**

**Finding:** No exceptions were noted as a result of the procedure performed.

4. Inspect evidence that the draft ROPS includes monthly scheduled payments for each enforceable obligation for the current six-month reporting time period.

**Finding:** We noted the draft ROPS did not include scheduled payments for January 2012.

5. Select a sample (based on dollar amount and/or percentage amount as determined by the Santa Clara County Auditor-Controller) and trace enforceable obligations listed on the draft ROPS to the legal document that forms the basis for the obligation.

**Finding:** We traced 100% of the enforceable obligations listed on the EOPS for the period August 1, 2011 to June 30, 2012 to the documentation that forms the basis of that obligation, otherwise, we reported any differences or lack of support as findings at Attachment D. For the draft ROPS that covers the period of January 1, 2012 to June 30, 2012, we noted there were no obligations on the draft ROPS that were not included in the EOPS.

6. Trace the obligations enumerated on the draft ROPS to the obligations enumerated on the EOPS (including amendments) and note any material differences as agreed to by the Santa Clara County Auditor-Controller.

**Finding:** Refer to Finding for Procedure C.5 above, which states that there are no differences between the draft ROPS and the EOPS for the period of January 1, 2012 to June 30, 2012.

7. Review the Draft Recognized Obligation Payment Schedule to ensure:

- It includes projected dates.
- It includes amounts of scheduled payments for each enforceable obligation.
- The dates and payments are included for the remainder of the time period during which the redevelopment agency would have been authorized to obligate property tax increment had such a redevelopment agency not been dissolved.
- Ensure that all obligations to be paid on the Initial Recognized Obligation Payment Schedule were subjected to the procedures applied above to Enforceable Obligations Payment Schedule.
- For payments already made, trace the payment amount and date to the documentation of the payment and to the Initial ROPS.
- Verify that payments made by the successor agency were made in accordance with the Enforceable Obligation Payment Schedule and Recognized Obligation Payment Schedule.
- Pursuant to Health and Safety Code Section 34178, determine which written agreements are valid and bind the successor agency.

**Finding:** No exceptions were noted as a result of our procedures related to the first four bullets. For the fifth and sixth bullets, we subjected the payments listed on the draft ROPS and EOPS to testing at Procedure B.4. For the last bullet, there were no interagency loans under Section 34178 that were deemed to be valid and binding on the Successor Agency, however, as listed in Section 4 of Attachment B, certain interagency loans may be deemed enforceable upon a "Finding of Completion" by the California Department of Finance and approval by the Oversight Board.

**D. Recognized Obligation Payment Schedule (Final ROPS) –  
(Additional Procedures as Requested and Agreed by the County: #3, #4, #6, #7 and #8)**

1. Obtain a copy of the final ROPS (January 1, 2012, through June 30, 2012) from the successor agency.

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

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2. Inspect evidence that the final ROPS was submitted to the County Auditor-Controller, the California State Controller's Office, and California State Department of Finance by April 15, 2012, and is posted on the website of the City as successor agency (Health and Safety Code section 34177(2)(C)).

**Finding:** No exceptions were noted as a result of the procedure performed.

3. Inspect the final ROPS and identify the payments that were due to be paid through June 30, 2012.

**Finding:** There were no differences between the payments due to be paid, as listed on the draft ROPS and the final ROPS, therefore, the payments due to be paid on the final ROPS were satisfied during the performance of Procedure B.4.

4. For payments on the ROPS that were identified as being due through June 30, 2012, inspect evidence of payment and determine that amounts agree to the purpose of the obligation as amounts could be estimated.

**Finding:** There were no differences between the payments due to be paid, as listed on the draft ROPS and the final ROPS, therefore, the inspection of evidence of payments on the final ROPS were satisfied during the performance of Procedure B.4.

5. Select a sample (based on a dollar amount and/or percentage amount as determined by the Santa Clara County Auditor-Controller) and trace enforceable obligations listed on the final ROPS to the legal agreements or documents that forms the basis for the obligation.

**Finding:** We traced 100% of the enforceable obligations listed on the EOPS for the period August 1, 2011 to June 30, 2012, which covered all obligations listed in the final ROPS to the documentation that forms the basis of that obligation. Refer to Attachment D for the noted exceptions.

6. Obtain a copy of the final Statement of Indebtedness and note any difference between the Statement of Indebtedness and the final ROPS.

**Finding:** The Final ROPS is not comparable to the Statement of Indebtedness as it only includes 6-months of obligations. However, we compared obligations on the Statement of Indebtedness to enforceable obligations at Attachment D and noted any differences, including explanation of findings.

7. Determine the priority and source of payments to be made from the Redevelopment Property Tax Trust Fund pursuant to Health and Safety Code section 34183(a)(2).

**Finding:** For purposes of prioritization, the County requested that enforceable obligations be classified into "Debt Obligations" or "Contractual Obligations" and that the administrative cost allowance be separately categorized, see the results of the prioritization at Attachment B.

8. Identify enforceable obligations on the final ROPS that were not already tested in other procedures, and test.

**Finding:** We noted no other enforceable obligations on the final ROPS that were not already tested in other procedures.

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**E. Other Procedures –**

**(Additional Procedures as Requested and Agreed by the County: #4 and #5)**

1. Obtain a list of pass-through obligations and payment schedules.

**Finding:** The County did not request us to complete this procedure. See results summarized at Attachment H prepared by the County.

2. Obtain a list of pass-through obligations and payments made from the successor agency from July 1, 2011 through January 31, 2012, inspect evidence of payment, and note any differences from the list of pass-through obligations and payments made.

**Finding:** The County did not request us to complete this procedure. See results summarized at Attachment H prepared by the County.

3. Issue Agreed-Upon Procedures Report and distribute to the California State Controller by **October 5, 2012.**

**Finding:** Upon passage of AB 1484, the report due date was amended to October 5, 2012. As such, we issued this report on September 20, 2012, and the Santa Clara County Auditor-Controller plans to distribute it to the California State Controller by October 5, 2012.

4. Determine and verify that all of the former redevelopment agency assets and liabilities, properties, contracts, leases, books and records, buildings, and equipment that were properly closed out by the former redevelopment agency and transferred to the successor agency.

**Finding:** We noted the City has established a new accounting fund for the Successor Agency in its accounting system and the former redevelopment agency assets and liabilities were transferred to the new Successor Agency accounting fund. We also noted that the assets and liabilities, properties, contracts, leases, buildings, and equipment at January 31, 2012, where applicable, were transferred to the Successor Agency on February 1, 2012. See the summaries of the January 31, 2012 balances at Attachment E.

5. Verify that successor agency remitted all unencumbered balances of RDA funds to the county controller for distribution to taxing entities, pursuant to Health and Safety Code section 34177(d).

**Finding:** We noted the successor agency has not remitted unencumbered balances of RDA funds to the County Auditor-Controller as of this report date.

**F. Establish each redevelopment agency's assets and liabilities in compliance with Health and Safety Code 34182(a) (2) by performing the following: (These Are Additional Procedures as Requested and Agreed to by the County)**

1. Obtain a summary schedule and detail listing of the redevelopment agency's assets as of June 30, 2010, June 30, 2011 and January 31, 2012. Total the detail listing to the summary amounts.

**Finding:** See results summarized at Attachment E. For the establishment of assets at January 31, 2012, we summarized our results at Attachment A.

2. Obtain a summary schedule and detail listing of the redevelopment agency's liabilities as of June 30, 2010, June 30, 2011 and January 31, 2012. Total the detail listing to the summary amounts.

**Finding:** See results summarized at Attachment E. For the establishment of liabilities at



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January 31, 2012, we summarized our results at Attachment B.

3. Compare each period's assets and liabilities in Procedures F.1 and F.2, and document the changes.

**Finding:** The changes were documented as additions and deletions, which is the most efficient way to document the changes as required by Procedure F.4.

4. Obtain a listing of the additions and deletions of assets and liabilities for the periods:

- June 30, 2010 to June 30, 2011
- July 1, 2011 to January 31, 2012

**Finding:** See results summarized at Attachment E.

5. Sum the activity to ensure: beginning balance plus additions less deletions equals ending balance.

**Finding:** No exception noted as a result of performing this procedure. Additions and deletions are summarized at Attachment E.

6. For each asset, confirm its existence by either physically observing the asset (preferred) or, if asset is not reasonably available for viewing, obtain documentation confirming the existence of the asset.

**Finding:** We could not confirm the existence of assets for time periods that have passed, so as an alternative we agreed amounts to the audited financial statements. Furthermore, we confirmed property ownership with the County. Thus, we reconciled the assets to audited financial statements as of 6/30/10 and 6/30/11 and reviewed the general ledger transactions for the period 7/1/11 – 1/31/12 and agreed it to the 1/31/12 trial balances.

7. Provide documentation of the asset cost, date placed in service, current condition, and ownership by the RDA and successor agency.

**Finding:** These procedures are not applicable, as the capital assets reported by the former redevelopment agency have been determined to be owned by the City of Mountain View, and were not transferred to the Successor Agency, as described in Note 2 of Attachment E.

8. For deletions, obtain documentation of the disposal, including manner of disposal and, if a sale or transfer, the entity or person receiving the asset.

**Finding:** These procedures are not applicable as there are no deletions of capital assets. The City originally transferred property (reported in the financial statements as land held for resale) during the year ended June 30, 2011, but transferred the property back to the former redevelopment agency, effective January 31, 2012.

9. Compare transferred assets between 2009-10, 2010-11 and 2011-12. Obtain explanations for increases.

**Finding:** We observed transferred assets in the asset category of land held for resale in Attachment E and transferred financial resources in Attachment F. For those transfers not deemed appropriate under statutory requirements, the transfers were reversed as summarized in Attachment G.

10. Obtain a list of assets transferred from the RDA. For assets transferred during these periods from the RDA (for example, to the sponsoring community, JPA, or economic development corporation):

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- Provide a listing of all transferred assets, including the item(s) value and entity or person to which the RDA transferred the item.
- Provide documentation of the reason for the transfer.
- Identify if the State Controller's Office (SCO) has reviewed the transfer.
- If reviewed by the SCO, provide results of the SCO review.
- If not reviewed by the SCO, provide the reason not reviewed.

**Finding:** See results summarized at Attachment G. The City filed the Asset Transfer Assessment with the State Controller's Office on April 16, 2012 and there has been no correspondence received from the State Controller's Office as of the date of the AUP report.

11. For assets that are Low and Moderate Income Housing Funds:

- Provide substantiation of the effect of any subsequent legislation (if passed) on the transfer.

**Finding:** RDA Trailer Bill (AB 1484), which became law on June 27, 2012, modified and provided some clarification to the treatment of housing assets under RDA Dissolution Act (ABx1 26). It now includes a definition of housing assets and requires certain actions that must occur by August 1, 2012 with respect to the transfer of housing assets. It requires the transferred assets and future revenues from housing assets, be maintained in the Low and Moderate Income Housing Assets Fund of the housing successor and that such funds be used in accordance with existing California Redevelopment Law. It allows the use of unspent housing bond proceeds issued prior to January 1, 2011 to be used for housing projects, consistent with the bond covenants, which must be listed on ROPS.

12. Review the audited financial statements as of June 30, 2010, and June 30, 2011.

- Verify the agency received an unqualified opinion on the financial statements; if other than unqualified, document the reasons for the qualification.
- Obtain copies of the audit, management letter, and any other results/products delivered by the auditors.
- Trace asset and liability amounts as of June 30, 2010, and June 30, 2011, to the annual financial audit of the Agency. Identify reasons for differences.

**Finding:** We obtained copies the former redevelopment agency's audited financial statements and management letters for the fiscal years ended June 30, 2010 and June 30, 2011 and noted unqualified opinions for both fiscal years. Refer to Attachment E for the June 30, 2010 and 2011 assets and liabilities, which reconciled to the audited financial statements for those dates.

13. Perform analysis as follows:

- Compare the financial statements as of June 30, 2010, to the statements as of June 30, 2011, and January 31, 2012.
- Identify fluctuations in amounts greater than \$5,000, and obtain an explanation from the successor agency of the major causes of the variances. For this fluctuation analysis, include all amounts (revenue, expense, assets, liabilities, and fund balance).
- Correlate revenue received (for example lease payments received) to the assets that generated the revenue.
- Read the footnotes. Identify assets.
- Trace assets identified above to the RDA assets as of January 31, 2012. Identify and substantiate reasons for differences.
- Review expenditures made after June 28, 2011 that exceed \$500, to ensure they met the conditions of Part 1.8 (commencing with Health & Safety Code Section 34161).

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- For each expenditure over \$500, obtain its rationale.
- For each expenditure made that is greater than \$10,000, obtain substantiation that it meets the requirements of Part 1.8.
- Confirm assets with successor agency personnel.
- Ask successor agency personnel if there are any assets not recorded.
- Obtain a written statement from successor agency personnel verifying that all assets have been recorded.

**Finding:** For the results of the procedures related to comparing the financial statements at three reporting dates (June 30, 2010, June 30, 2011 and January 31, 2012) and the reporting of fluctuations between these dates, see the analysis at Attachment F.

During the seven months ended January 31, 2012, the RDA received revenue related to property taxes and investment income. The assets generating the investment income are investments held in the City's treasury and held by trustees, for bond related funds. We have reconciled the June 30, 2011 assets to the audited financial statements for the year ended June 30, 2011, including footnote disclosures, and have determined that all assets reported in Attachment F agree to the previous audited financial statements. Based on these two procedures, we did not note any differences with the type of assets reported at January 31, 2012. We reviewed all expenditures over \$500 at Procedure B.4, and obtained the proper rationale and substantiation as applicable.

We obtained confirmation from the Successor Agency that the listing of assets obtained during our procedures are complete, and that there are no assets not recorded in the accounting records. We confirmed these assertions in the management representation letter obtained from the Successor Agency.

**G. To document and determine each redevelopment agency's pass-through payment obligations to other taxing agencies. (These Are Additional Procedures as Requested and Agreed by the County.)**

**Finding:** The County did not request us to complete this procedure. See results summarized at Attachment H prepared by the County.

**H. To document and determine both the amount and the terms of any indebtedness incurred by the redevelopment agency. (These Are Additional Procedures as Requested and Agreed by the County.)**

1. For each indebtedness incurred by the agency that will be transferred to the control of the Successor Agency, i.e. Enforceable Obligations:
  - Reconcile it to the liabilities listed in Procedure F, as of each of these dates:
    - June 30, 2010
    - June 30, 2011 and
    - January 31, 2012.
  - Reconcile the indebtedness obligations to the audited financial statements, where applicable, as of June 30, 2010 and June 30, 2011.

**Finding:** The indebtedness obligations transferred to the Successor Agency are summarized at Attachment B, and have been reconciled to the obligations in Attachment E, which were in turn reconciled to the June 30, 2010 and June 30, 2011 audited financial statements in Procedure F.12.

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Procedure Number:		A.1		A.2		A.1.2, A.2.2 and A.6.1 - A.6.6	A.1.2 and A.2.2	A.6.7	A.6.8		Changes from Initial EOPS to Amended EOPS	Explanation of Findings	
Obligation	Payee	Description	Original EOPS (8/1/11 - 12/31/11) Total O/S Obligation		Amended EOPS (1/1/12 - 6/30/12) Total O/S Obligation		Agreed Enforceable Obligation to Documentation ? (Y/N)	Amount Based on Estimate? (Y/N)	Obligation as of 6/28/11? (Y/N)	Statement of Indebtedness FY 2011-12			
			Page/Item#	Amount	Page/Item#	Amount				Amount			Differences
2003 Tax Allocation Bonds	Shoreline Regional Park Community	Bonds issued to fund non-housing projects	1-1	\$ 804,521	1-1	\$ 804,521	Y	N	Y	\$ 804,521	-		
2003 Tax Allocation Bonds	Shoreline Regional Park Community	Bonds issued to fund housing projects	1-2	4,827,125	1-2	4,827,125	Y	N	Y	N/A	N/A		
2003 Certificates of Participation	US Bank N.A.	Bonds issued to fund non-housing projects and refund 1995 COP's	1-3	13,760,078	1-3	13,760,078	Y	Y	Y	13,760,078	-	The total obligation listed in EOPS includes estimated Trustee Fees of \$24,000.	
Registered Note issued 9/18/03	Shoreline Regional Park Community	Note issued to fund property acquisition	1-4	3,960,216	1-4	3,960,216	Y	Y	Y	3,906,741	53,475	Based on our review of the supporting documents, this item represents the interest-deferred registered note issued by the Authority on September 18, 2003 to purchase a parcel of property. The note bears a simple interest rate of 6% per annum, and was purchased by the Mountain View Shoreline Regional Park Community, a component unit of the City of Mountain View. The deferred and accrued balance at 6-30-11 was \$2,964,128. Under Health & Safety Code Sections 34171(d)(2) and 34178(a), as of February 1, 2012, agreements between cities and the redevelopment agencies they created are invalid. However, upon issuance of finding of completion by the State Department of Finance and approval from the Oversight Board, this note may be restored at LAIF rates from inception. The accumulated interest must be recalculated from inception at LAIF rates. Using the new rates, the recomputed balance at 1/31/12 was \$2,376,989.	
2003 COPS Reserve for D/S fund	US Bank N.A.	Debt Reserve Fund - FY2013 D/S?			1-5	1,687,840	N/A	N	N	N/A	N/A	1,687,840	
135 Franklin Street Housing Project	Franklin Street Family Apts. LLC	Low income housing project development	1-5	8,283,468	1-6	8,283,468	Y	N	Y	N/A	N/A	The amount remaining per legal documents provided at January 1, 2012 was \$1,023,374. The difference is due to project payments made prior to January 1, 2012.	
Contract for legal services	Best Best & Krieger LLP	Agency legal services	1-6	2,212	1-7	25,574	Y	N	Y	N/A	N/A	23,361	
Contract for audit services	Maze and Associates	Audit of 6-30-12 financial statements	1-7	9,409	1-8	9,550	Y	N	Y	N/A	N/A	141	
Employee Costs	Employees of the Agency - Mt. View	Payroll for employees	1-8	382,714	1-9	382,714	Y	Y	Y	N/A	N/A	- Estimate based on the approved City-wide budget.	
Agency insurance costs	Alliant Insurance Services Inc	Property and Liability Insurance	1-9	54,203	1-10	54,203	N	N	Y	N/A	N/A	- This item represents the share of allocated annual property and earthquake insurance on the Police and Fire buildings and share of allocated general liability insurance for former redevelopment housing activities. The Police and Fire buildings are not an asset of the former redevelopment agency and thus it is not a former RDA obligation. The allocated share for general liability insurance related to housing activities is the responsibility of the City as the City has elected to serve as Successor Housing Agency and retained housing assets.	
Purchase and Sale Agreement	Leonard and Pamela Siegel	Acquire 449 Franklin Street	1-10	1,510,000			Y	N	Y	N/A	N/A	(1,510,000)	
Contract for property acquisition fee	Fidelity National Title Company	Title fees related to property acquisition	1-11	2,000			Y	Y	Y	N/A	N/A	(2,000)	
Contract for engineering services	Sandis Civil Engineers	Utility survey	1-12	15,153	1-11	15,153	N	N	N	N/A	N/A	- This item represents the remaining balance on the amended contract with Sandis for land surveying and map preparation services with term ended 12/31/10 and is therefore invalid.	

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Procedure Number:			A.1		A.2		A.1.2, A.2.2 and A.6.1 - A.6.6	A.1.2 and A.2.2	A.6.7	A.6.8		Changes from Initial EOPS to Amended EOPS	Explanation of Findings
Obligation	Payee	Description	Original EOPS (8/1/11 - 12/31/11) Total O/S Obligation		Amended EOPS (1/1/12 - 6/30/12) Total O/S Obligation		Agreed Enforceable Obligation to Documentation ? (Y/N)	Amount Based on Estimate? (Y/N)	Obligation as of 6/28/11? (Y/N)	Statement of Indebtedness FY 2011-12			
			Page/Item#	Amount	Page/Item#	Amount				Amount	Differences		
Contract for consulting services	CBRE Consulting Inc	Retail leakage study	1-13	3,026	1-12	3,026	N	N	N	N/A	N/A	-	This item represents the remaining balance on the contract with CBRE Consulting Services, Inc. for consulting services related to Bryant Street property with term ended 12/31/10 and is therefore invalid.
Contract for consulting services	HdL Coren and Cone	Property Tax Analysis			1-13	4,200	N	N	Y	N/A	N/A	4,200	Documentation does not support it as an enforceable redevelopment agency obligation.
Contract for consulting services	CalEd	Membership dues			1-14	570	N	N	Y	N/A	N/A	570	Documentation does not support it as an enforceable redevelopment agency obligation.
Contract for consulting services	Mountain View Chamber of Commerce	Website maintenance	1-14	4,000			N	N	Y	N/A	N/A	(4,000)	Documentation does not support it as an enforceable redevelopment agency obligation.
Contract for consulting services	Wilbur Smith Associates	Parking study	1-15	35,771	1-15	15,420	N	Y	Y	N/A	N/A	(20,351)	This item represents an amendment to a contract with Wilbur Smith Associates to extend the term that was signed on 9/30/11 for Parking Study services and is therefore invalid.
Contract for consulting services	Metrovation Brokerage Inc	Market Analysis services	1-16	12,033	1-16	12,033	N	N	N	N/A	N/A	-	This item represents the remaining balance on a contract with Metrovation Brokerage, Inc. for retail market analysis services with a term ended 6/1/11 and is therefore invalid.
Contract for consulting services	Economic and Planning Systems	Market Feasibility	1-17	3,023			N	Y	Y	N/A	N/A	(3,023)	Documentation does not support it as an enforceable redevelopment agency obligation.
Contract for professional services	GFI Entertainment LLC	Production Services	1-18	4,500			N	N	Y	N/A	N/A	(4,500)	Documentation does not support it as an enforceable redevelopment agency obligation.
Contract for consulting services	MV Central Business Association	Advertising for Thursday Night Live	1-19	40,000	1-17	20,000	N	N	Y	N/A	N/A	(20,000)	This item represents a contract with Mountain View Central Business Association for the advertising of annual Summer Thursday Night Live in Downtown Area entered into by the City. However, not enough supporting documentation provided to prove it is a former redevelopment agency obligation and is therefore invalid.
Contract for professional services	JP Digital Imaging Inc	Printing of banners	1-20	5,710			N	N	Y	N/A	N/A	(5,710)	Documentation does not support it as an enforceable redevelopment agency obligation.
Contract for consulting services	A ACE Sign Company	Relocate monument signs	1-21	6,800			N	N	Y	N/A	N/A	(6,800)	Documentation does not support it as an enforceable redevelopment agency obligation.
Contract for consulting services	PJ Murphy Associates	Graphic design services	1-22	474	1-18	474	N	N	Y	N/A	N/A	-	This item represents the remaining balance on the contract with PJ Murphy & Associates dba GNU Group for graphic design services with term ended 6/30/11 and is therefore invalid.
Contract for consulting services	Mark Stoklosa Architect	Architectural services	1-23	820	1-19	820	N	N	Y	N/A	N/A	-	This item represents the remaining balance on the contract with Mark Stoklosa Architect, Inc. for architectural consulting services with term ended 6/30/11 and is therefore invalid. Furthermore, not enough supporting documentation provided to prove it is a former redevelopment agency obligation.
Advance from City of Mountain View	City of Mountain View	Advanced for project improvement costs			1-20	1,324,012	Y	N	Y	2,284,704	(2,284,704)	1,324,012	
Contract for consulting services	Donnelly Design	Graphic design services	1-24	4,231			N	Y	Y	N/A	N/A	(4,231)	Documentation does not support it as an enforceable redevelopment agency obligation.
Contract for construction services	Architectural Graphics Inc	Street sign installation	1-25	6,575			N	Y	Y	N/A	N/A	(6,575)	Documentation does not support it as an enforceable redevelopment agency obligation.
Contract for supplies and services	Lagoon Conservation	Induction Lighting Retrofit	1-26	39,417			N	Y	Y	N/A	N/A	(39,417)	Documentation does not support it as an enforceable redevelopment agency obligation.
Contract for consulting services	Keyser Harston Assoc Inc	Implementation plan update services	1-27	5,000			N	Y	Y	N/A	N/A	(5,000)	Documentation does not support it as an enforceable redevelopment agency obligation.
Purchase card charges	Bank of America	Printing, memberships, equipment rental	1-28	916			N	N	Y	N/A	N/A	(916)	Documentation does not support it as an enforceable redevelopment agency obligation.
Agency taxes and assessments	County of Santa Clara	Property taxes and assessments			1-21	27	Y	N	Y	N/A	N/A	27	
Property Tax Rebate Agreement	Albert R. and Audrey T. Jehning	Tax rebate to encourage historic preservation			1-22	12,967	Y	N	Y	N/A	N/A	12,967	

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Procedure Number:			A.1		A.2		A.1.2, A.2.2 and A.6.1 - A.6.6	A.1.2 and A.2.2	A.6.7	A.6.8		Explanation of Findings	
Obligation	Payee	Description	Original EOPS (8/1/11 - 12/31/11) Total O/S Obligation		Amended EOPS (1/1/12 - 6/30/12) Total O/S Obligation		Agreed Enforceable Obligation to Documentation ? (Y/N)	Amount Based on Estimate? (Y/N)	Obligation as of 6/28/11? (Y/N)	Statement of Indebtedness FY 2011-12			Changes from Initial EOPS to Amended EOPS
			Page/ Item#	Amount	Page/ Item#	Amount				Amount	Differences		
Property Tax Rebate Agreement	Robert W. Kirby and Helen C. Landsman	Tax rebate to encourage historic preservation			1-23	2,656	Y	N	Y	N/A	N/A	2,656	
Agency Property Stewardship	Kurt Reftman	Property Appraisal services			1-24	20,000	N	N	N	N/A	N/A	20,000	An executed contract was not provided. Therefore, the enforceability of this item could not be verified.
Overhead and administrative Costs	City of Mountain View	Loan for current overhead and administration	2-1	560,127	2-1	560,127	Y	Y	Y	N/A	N/A	-	Amount based on allocated costs from Full Cost Allocation Plan.
Advance for capital project	City of Mountain View		2-2	5,575,890			N	Y	N	N/A	N/A	(5,575,890)	Documentation does not support it as an enforceable redevelopment agency obligation.
Bond Proceeds	Unknown 211002	Bond Proceeds			2-2	145,683	N/A	N	N	N/A	N/A	145,683	Remaining bond proceeds is not an obligation.
Bond Proceeds	Unknown 410637	Bond Proceeds			2-3	141,652	N/A	N	N	N/A	N/A	141,652	Remaining bond proceeds is not an obligation.
Bond Proceeds	Unknown 411320	Bond Proceeds			2-4	221,702	N/A	N	N	N/A	N/A	221,702	Remaining bond proceeds is not an obligation.
Event	Various	Special Events			2-5	41,700	N	Y	N	N/A	N/A	41,700	Documentation does not support it as an enforceable redevelopment agency obligation.
Housing Set-Aside	Housing Fund						N/A	N/A		5,345,061	(5,345,061)	-	
County Property Tax Administration	County of Santa Clara						N/A	N/A		289,435	(289,435)	-	
			<b>\$ 39,919,411</b>		<b>\$ 36,337,509</b>					<b>\$ 26,390,540</b>		<b>\$ (7,865,725) \$ (3,581,901)</b>	

**City of Mountain View Revitalization Authority**  
Additions and Deletions of Assets

	Audited	Unaudited		Audited	Unaudited		Unaudited
	6/30/2010	Additions	Deletions	6/30/2011	Additions	Deletions	1/31/2012
<b>Assets</b>							
Cash and Investments-Unrestricted	\$ 18,559,000	\$ 6,527,852	\$ (13,928,852)	\$ 11,158,000	\$ 9,775,432	\$ (11,340,882)	\$ 9,592,550
Cash and Investments-Restricted	1,702,000	3,259,225	(3,264,225)	1,697,000	3,278,469	(3,036,339)	1,939,130
Interest Receivable	162,000	-	(50,000)	112,000	-	(112,000)	-
Loans Receivable	2,506,000	2,317,000	-	4,823,000	7,825,028	(91,573)	12,556,455
Advances to the City	306,000	-	(140,000)	166,000	289	-	166,289
Land held for resale <sup>1</sup>	2,637,000	-	(2,637,000)	-	2,637,187	-	2,637,187
Cost of issuance, net of amortization	179,000	-	(19,000)	160,000	-	-	160,000
<b>Capital Assets<sup>2</sup></b>							
Construction in progress	269,000	360,000	(178,000)	451,000	87,000	(538,000)	-
Other capital assets, net of depreciation	20,799,000	(1,128,000)	-	19,671,000	538,000	-	20,209,000
<b>Total Assets</b>	<b>\$ 47,119,000</b>	<b>\$ 11,336,077</b>	<b>\$ (20,217,077)</b>	<b>\$ 38,238,000</b>	<b>\$ 24,141,405</b>	<b>\$ (15,118,794)</b>	<b>\$ 47,260,611</b>

**Detail Description:**

<sup>1</sup> Land available for sale: The land was purchase in 2000 and 2003, and it includes Assessors Parcel Numbers (APN): 158-11-034 through 15-11-039, 158-13-031

<sup>2</sup> Per City staff, title to all capital assets reported in the City of Mountain View Redevelopment Agency has been vested in the name of the City from the beginning. The County has confirmed through its Property Tax Database that the title to the Parking Structure #1 and #2 (APN 158-15-016 and 158-12-051) and Police and Fire Building (APN 158-15-027) that made up the amount in Capital Assets are recorded in the City's name.

**City of Mountain View Revitalization Authority**  
Changes to Capital Assets

	Audited	Audited		Audited	Unaudited		Unaudited
	6/30/2010	Additions	Transfers	6/30/2011	Additions	Transfers	1/31/2012
CIP	\$ 269,000	\$ 360,000	\$ (178,000)	\$ 451,000	\$ 87,000	\$ (538,000)	\$ -
Buildings <sup>3</sup>	22,371,000	-	93,000	22,464,000	-	-	22,464,000
Improvements other than bldgs.	426,000	-	85,000	511,000	-	362,000	873,000
Streetlights	781,000	-	-	781,000	-	-	781,000
Sidewalks, curbs and gutters	3,839,000	-	-	3,839,000	-	42,000	3,881,000
Streets and roads	3,009,000	-	-	3,009,000	-	134,000	3,143,000
Less accumulated depreciation	(9,627,000)	(1,306,000)	-	(10,933,000)	-	-	(10,933,000)
<b>Net Total*</b>	<b>\$ 21,068,000</b>	<b>\$ (946,000)</b>	<b>\$ -</b>	<b>\$ 20,122,000</b>	<b>\$ 87,000</b>	<b>\$ -</b>	<b>\$ 20,209,000</b>

<sup>3</sup>Buildings:

Parking Structure #1, APN 158-15-016, on Bryant at Villa Street	\$ 4,140,000	\$ -	\$ -	\$ 4,140,000	\$ -	\$ -	\$ 4,140,000
Police/Fire Building, APN 158-15-027, 1000 Villa Street	5,394,000	-	-	5,394,000	-	-	5,394,000
Downtown Parking Structure #2, APN 158-12-051,	12,837,000	-	93,000	12,930,000	-	-	12,930,000
<b>Total Buildings</b>	<b>\$ 22,371,000</b>	<b>\$ -</b>	<b>\$ 93,000</b>	<b>\$ 22,464,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 22,464,000</b>

**City of Mountain View Revitalization Authority**  
Additions and Deletions of Liabilities

	Audited	Unaudited		Audited	Unaudited		Unaudited
	6/30/2010	Additions	Deletions	6/30/2011	Additions	Deletions	1/31/2012
<b>Liabilities</b>							
Accounts Payable and Accrued Cost	\$ 19,000	\$ 665,989	\$ (664,989)	\$ 20,000	\$ 70,215	\$ (89,811)	\$ 404
Interest payable	367,000	-	(29,000)	338,000	33,994	-	371,994
Notes Payable	2,021,000	-	-	2,021,000	-	(482)	2,020,518
Advances from City of Mountain View	1,126,000	-	(1,126,000)	-	1,027,730	-	1,027,730
<b>Noncurrent liabilities</b>							
Due within one year	1,492,000	70,000	-	1,562,000	67,000	-	1,629,000
Due in more than one year	15,608,000	-	(1,543,000)	14,065,000	-	(1,629,000)	12,436,000
<b>Total Liabilities</b>	<b>\$ 20,633,000</b>	<b>\$ 735,989</b>	<b>\$ (3,362,989)</b>	<b>\$ 18,006,000</b>	<b>\$ 1,198,939</b>	<b>\$ (1,719,293)</b>	<b>\$ 17,485,646</b>

**City of Mountain View Revitalization Authority**  
**Analysis of Assets, Liabilities and Transfers as of January 31, 2012**  
**County of Santa Clara Auditor-Controller**  
 (Per ABX1 26 Section 34177)

		Unaudited Comparison			Notes/Comments for the Variance Provided by City Staff	Per Audited Financial Statements			Notes/Comments for the Variance Provided by City Staff
No.	Description	6/30/11	1/31/12	Change 6/30/11 - 1/31/12		6/30/10	6/30/11	Change 6/30/10 - 6/30/11	
<b>ASSETS</b>									
1	Cash and Investments-Unrestricted	\$ 11,158,000	\$ 9,592,550	\$ (1,565,450)	Primarily due to the disbursements of housing loan, partially offset by the transfer of former redevelopment agency's cash from the City.	\$ 18,559,000	\$ 11,158,000	\$ (7,401,000)	Decreased primarily due to the transfers to the City, refer to item #27 below for the "transfers for Capital Projects".
2	Cash and Investments-Restricted	1,697,000	1,939,130	242,130	Escrow agent deposit for 2/1/12 2003 COP interest payment	1,702,000	1,697,000	(5,000)	
3	Interest Receivable	112,000	-	(112,000)	Reversal of prior year accrual amount	162,000	112,000	(50,000)	Interest yields lower and pool cash balance lower
4	Loans Receivable	4,823,000	12,556,455	7,733,455	New loan made for Downtown Family Housing project	2,506,000	4,823,000	2,317,000	Increased due to loan funding to Franklin Street Family Apartments of \$2.3M in FY2011.
5	Advances to the City	166,000	166,289	289		306,000	166,000	(140,000)	Decreased due to payment made during FY2011.
6	Land held for resale	-	2,637,187	2,637,187	Transferred Asset/Loan Repayment returned per AB1X26	2,637,000	-	(2,637,000)	Decreased due to the transfer of land to the City in March 2011 to pay off the Advances from City, item #9 below.
	<b>Total Assets</b>	<b>\$ 17,956,000</b>	<b>\$ 26,891,611</b>	<b>\$ 8,935,611</b>		<b>\$ 25,872,000</b>	<b>\$ 17,956,000</b>	<b>\$ (7,916,000)</b>	
<b>LIABILITIES</b>									
7	Accounts Payable and Accrued Cost	20,000	404	(19,596)	Reduced as operations ceased	19,000	20,000	1,000	
8	Notes Payable	2,021,000	2,020,518	(482)		2,021,000	2,021,000	-	
9	Advances from City of Mountain View	-	1,027,730	1,027,730	Transferred Asset/Loan Repayment returned per AB1X26	1,126,000	-	(1,126,000)	Refer to item #6 above.
	<b>Total Liabilities</b>	<b>\$ 2,041,000</b>	<b>\$ 3,048,652</b>	<b>\$ 1,007,652</b>		<b>\$ 3,166,000</b>	<b>\$ 2,041,000</b>	<b>\$ (1,125,000)</b>	
<b>FUND BALANCE</b>									
10	Restricted	16,322,000	10,561,775	(5,660,225)	The fund balance had an overall increase primarily due to the return of assets transferred out to the City during Fiscal Year 2011.	-	16,322,000	16,322,000	The fund balance had an overall decrease primarily due to the assets transferred out to the City during Fiscal Year 2011.
11	Unassigned	(407,000)	-	407,000		-	(407,000)	(407,000)	
12	Restricted cash and debt service investments	-	-	-		1,702,000	-	(1,702,000)	
13	Low and moderate income housing	-	-	-		11,232,000	-	(11,232,000)	
14	Loans receivable	-	12,556,455	12,556,455		2,506,000	-	(2,506,000)	
15	Land held for redevelopment	-	-	-		2,637,000	-	(2,637,000)	
16	Advance to City of Mountain View	-	166,289	166,289		306,000	-	(306,000)	
17	Encumbrances	-	458,440	458,440		45,000	-	(45,000)	
18	Designated for unrealized gain on investments	-	-	-		684,000	-	(684,000)	
19	Undesignated	-	-	-		3,594,000	-	(3,594,000)	
	<b>Total Fund Balance</b>	<b>\$ 15,915,000</b>	<b>\$ 23,842,959</b>	<b>\$ 7,927,959</b>		<b>\$ 22,706,000</b>	<b>\$ 15,915,000</b>	<b>\$ (6,791,000)</b>	
<b>REVENUES</b>									
20	Taxes	4,658,000	2,360,489	(2,297,511)	AB1X26-Six month vs. full year prior year	4,970,000	4,658,000	(312,000)	Due to reduced assessed value.
21	Use of money and property	300,000	(462,953)	(762,953)	Reduction in unrealized gain for funds spent on housing loan	805,000	300,000	(505,000)	Reflects the reinvestment of securities with lower interest rate and lower average cash balance.
	<b>Total Revenues</b>	<b>\$ 4,958,000</b>	<b>\$ 1,897,536</b>	<b>\$ (3,060,464)</b>		<b>\$ 5,775,000</b>	<b>\$ 4,958,000</b>	<b>\$ (817,000)</b>	
<b>EXPENDITURES</b>									
22	Community development	1,300,000	523,011	(776,989)	AB1X26-Six month vs. full year prior year	2,354,000	1,300,000	(1,054,000)	Primarily due to lower SERAF payment for FY2011.
23	Debt Service	2,340,000	1,384,693	(955,307)	AB1X26-Six month vs. full year prior year	2,152,000	2,340,000	188,000	
	<b>Total Expenditures</b>	<b>\$ 3,640,000</b>	<b>\$ 1,907,704</b>	<b>\$ (1,732,296)</b>		<b>\$ 4,506,000</b>	<b>\$ 3,640,000</b>	<b>\$ (866,000)</b>	
<b>OTHER FINANCING SOURCES (USES)</b>									
24	Transfers in	2,327,000	1,616,448	(710,552)	AB1X26-Six month vs. full year prior year	3,110,000	2,327,000	(783,000)	Transfers related to debt service.
25	Transfers (out)	(2,327,000)	(2,381,999)	(54,999)	AB1X26-Six month vs. full year prior year	(3,110,000)	(2,327,000)	783,000	Transfers related to debt service.
26	Transfers from the City	46,000	8,703,594	8,657,594	Return of unspent Capital Projects Funds	42,000	46,000	4,000	
27	Transfers to the City	(8,155,000)	-	8,155,000	Prior year transfer for Capital Projects	(168,000)	(8,155,000)	(7,987,000)	Funds transferred to the City for capital projects (\$6.7M) and conveyance of land to the City (\$1.5M).
	<b>Total Other Financing Sources (Uses)</b>	<b>\$ (8,109,000)</b>	<b>\$ 7,938,043</b>	<b>\$ 16,757,595</b>		<b>\$ (126,000)</b>	<b>\$ (8,109,000)</b>	<b>\$ (7,983,000)</b>	
	<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (6,791,000)</b>	<b>\$ 7,927,875</b>	<b>\$ 24,912,395</b>		<b>\$ 1,143,000</b>	<b>\$ (6,791,000)</b>	<b>\$ (7,934,000)</b>	



**City of Mountain View Revitalization Authority**  
**Asset Transfer Schedule**  
**For the period 1/1/11 to 1/31/12**

<u>Asset Description</u>	<u>Amount</u>	<u>Transfer Date</u>	<u>Transfer To</u>	<u>Reason for Transfer</u>	<u>Transfer Reversed?</u>	<u>Date Reversed</u>
Cash	\$ 1,635,000	12/1/2010	City of Mountain View	Future capital projects	Yes	1/31/2012
Land held for resale	2,637,187	3/22/2011	City of Mountain View	Repay City advance	Yes	1/31/2012
Cash	5,051,560	6/30/2011	City of Mountain View	Future capital projects	Yes	1/31/2012
Cash	8,000	7/1/2011	City of Mountain View	FY11-12 CIP funding	Yes	1/31/2012

**CITY OF MOUNTAIN VIEW REVITALIZATION AUTHORITY**

**PASS-THROUGH OBLIGATIONS**

Review of the pass-through obligations (Procedures E.1, E.2, and G) was completed by County of Santa Clara Finance Agency Staff.

The Mountain View Revitalization Authority does not have any statutory or negotiated pass-through obligations to any entity.

Sacramento

Oakland

LA/Century City

Newport Beach

San Diego

Seattle

October 29, 2012

Hon. John Chiang, State Controller  
P.O. Box 942850  
Sacramento, CA 94250

Ms. Ana Matosantos, Director  
Department of Finance  
915 L Street  
Sacramento, CA 95814

Oversight Board for the Mountain View Successor Agency  
500 Castro Street  
P.O. Box 7540  
Mountain View, CA 94041

City of Mountain View Successor Agency  
500 Castro Street  
P.O. Box 7540  
Mountain View, CA 94041

**Re: ADDENDUM TO ATTACHMENT A, LINE 2  
Mountain View Revitalization Authority Agreed Upon Procedures Report Pursuant  
to Health and Safety Code Section 34182**

Dear State Controller, Department of Finance, Oversight Board, and Successor Agency:

This is an addendum to the Agreed Upon Procedures Report for the Mountain View Revitalization Authority (“Authority”) that was issued on September 24, 2012. Subsequent to the issuance of the final report, Mountain View City staff notified the County Finance Agency and Macias Gini & O’Connell that there was an error in the amount of administrative costs for the period of February through June 2012 (Attachment A, Line 2).


The calculated amount included in the final report—Attachment A, Line 2, adjustment of \$121,027—was shared with City staff in a draft for comment issued on July 26, 2012, and was subject to an exit conference with City staff prior to issuance of the final report. Only after the final report was issued did the City notify us of the error.

Based on the updated information provided by the City, we are modifying the Attachment A, Line 2 adjustment of \$121,027 to \$100,036. The total established 1/31/12 balance for

Agreed Upon Procedures Report for the Mountain View Revitalization Authority  
Addendum Letter  
October 29, 2012  
Page 2 of 2

Attachment A, Line 2 is now \$7,723,394. Accordingly, total assets available to the Successor Agency at 1/31/12 are \$14,435,192.

Respectfully submitted,

  
Vinod K. Sharma, C.P.A.  
Director of Finance  
County of Santa Clara

 LLP  
Macias Gini & O'Connell, LLP  
Walnut Creek, California