

**SUCCESSOR AGENCY TO THE
DISSOLVED REDEVELOPMENT AGENCY OF THE
CITY OF TAFT
Kern County, California**

**Agreed Upon Procedures – AB1484
Low and Moderate Income Housing Fund**

June 30, 2012

SUCCESSOR AGENCY TO THE DISSOLVED REDEVELOPMENT AGENCY OF THE CITY OF TAFT
County of Kern, California
Agreed Upon Procedures – AB1484
Low and Moderate Income Housing Fund
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MOSS, LEVY & HARTZHEIM LLP

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**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED UPON PROCEDURES ON
THE LOW AND MODERATE INCOME HOUSING FUND**

Oversight Board of the Successor Agency
City of Taft
Taft, California

We have performed the procedures enumerated below solely to assist in ensuring that the Successor Agency of the Redevelopment Agency of the City of Taft is complying with its statutory requirements with respect to AB 1484. Management of the Successor Agency is responsible for the accounting records pertaining to statutory compliance pursuant to Health and Safety Code Section 34179.5.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of 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.

Procedures Applied

Citation:

34179.5(c)(1) The dollar value of assets transferred from the former Redevelopment Agency to the Successor Agency on or about February 1, 2012.

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

Result:

We found no exceptions as a result of the procedures performed. See Attachment A for the listing of all assets that were transferred.

Citation:

34179.5(c)(2) The dollar value of assets and cash and cash equivalents transferred after January 1, 2011, through June 30, 2012, by the Redevelopment Agency or the Successor Agency to the City, County, or City and County that formed the Redevelopment Agency and the purpose of each transfer. The review shall provide documentation of any enforceable obligation that required the transfer.

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

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

Result:

There were no transfers. No exceptions noted.

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

Result:

There were no transfers. No exceptions noted.

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

Result:

There were no transfers. No exceptions noted.

Citation:

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

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

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

Result:

No LMIHF assets were transferred from the former Redevelopment Agency Housing Fund to any other public agency or to private parties for the period from January 1, 2011 through January 31, 2012.

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Citation:

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

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

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

Result:

No LMIHF assets were transferred from the former Redevelopment Agency to any other public agency or to private parties for the period from February 1, 2012 through June 30, 2012. For reference, in City Resolution 3393-12 dated January 26, 2012, the City assigned the functions of the former redevelopment agency to the Taft Housing Authority. In City Resolution 3392-12, dated January 11, 2012 the City elected to serve as the Successor Agency to the former redevelopment agency. See Attachment D.

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

Result:

No LMIHF assets were transferred to any other public agency or to private parties for the period. For reference, the City Resolution 3393-12, dated January 26, 2012 the City assigned the functions of the former redevelopment agency to the Taft Housing Authority. In City Resolution 3392-12, dated January 11, 2012 the City elected to serve as the Successor Agency to the former redevelopment agency. See Attachment D.

Citation:

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

4. Perform the following procedures:

- A. Obtain from the Successor Agency a summary of the financial transactions of the Redevelopment Agency and the Successor Agency in the format set forth in the attached schedule for the fiscal periods indicated in the schedule. For purposes of this summary, the financial transactions should be presented using the modified accrual basis of accounting. 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.
- B. 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.
- C. 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.
- 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.

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Citation:

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

4. Perform the following procedures: (continued)

Result:

Procedure 4 was not applicable to LMIHF as it applies to the Successor Agency as a whole and will be addressed in the “Other Funds report.”

Citation:

34179.5(c)(5) A separate accounting for the balance for the Low and Moderate Income Housing Fund for all other funds and accounts combined shall be made as follows:

(A) A statement of the total value of each fund as of June 30, 2012

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

Result:

See Attachments B and E for the listing of all assets of the LMIHF as of June 30, 2012. The listing of all assets of all other funds of the Successor Agency as of June 30, 2012 for the report that is due December 15, 2012 is listed in another report.

Citation:

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

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

A. Unspent bond proceeds:

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

Result:

The Successor Agency does not have any unspent bond proceeds.

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).

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Citation:

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

6. B. (continued)

- 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.

Result:

The Successor Agency did not have grant proceeds or program income restricted by third parties.

C. Other assets considered to be legally restricted:

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

Result:

The Successor Agency Housing Fund has a June 30, 2012 cash balance of \$583,703 which the City represents according to the 1998 Taft Public Financing Authority Loan Agreement dated November 1, 1998 section 3.01 where it states "Tax revenues are hereby allocated in their entirety to the payment of the principal of and interest on the Loan and all Parity Debt" which the City interprets as restricted. In addition, refer to Attachment J for the above 1998 Agreement "Low and Moderate Income Housing Requirements" section for further information regarding this position taken by the City of Taft. See Attachments B, E, F and J.

- 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.

E. Result:

See Attachment F for a copy of the amortization schedule from the 1998 Taft Public Financing Authority Loan Agreement. Amortization ends January 1, 2018.

Citation:

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

7. Perform the following procedures:

- A. Obtain from the Successor Agency a listing of assets as of June 30, 2012 that are not liquid or otherwise available for distribution (such as capital assets, land held for resale, long-term receivables, etc.) and ascertain if the values are listed at either purchase cost (based on book value reflected in the accounting records of the Successor Agency) or market value as recently estimated by the Successor Agency.

Result:

The accrued interest receivable of \$1,346 represents allocated pooled interest to the fund which is restricted for debt service. See Attachment E.

- B. If the assets listed at 7A 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.

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Citation:

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

7. Perform the following procedures: (continued)

Result:

There are no fixed assets in the Low and Moderate Housing Fund and the assets listed in Step A above are listed at cost. We found no exceptions as a result of the procedure performed.

- C. For any differences noted in 7B, 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.

Result:

There are no fixed assets in the Low and Moderate Income Fund. Based on the information provided, no addition or disposition of assets occurred in the Successor Agency. We found no exceptions as a result of the procedure performed.

- D. If the assets listed at 7A are listed at recently estimated market value, inspect the evidence (if any) supporting the value and note the methodology used. If no evidence is available to support the value and/or methodology, note the lack of evidence.

Result:

Not applicable. The values of non-liquid assets are not listed at estimated market value.

Citation:

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

8. Perform the following procedures:

- A. If the Successor Agency believes that asset balances need to be retained to satisfy enforceable obligations, obtain from the Successor Agency an itemized schedule of asset balances (resources) as of June 30, 2012 that are dedicated or restricted for the funding of enforceable obligations and perform the following procedures. The schedule should identify the amount dedicated or restricted, the nature of the dedication or restriction, the specific enforceable obligation to which the dedication or restriction relates, and the language in the legal document that is associated with the enforceable obligation that specifies the dedication of existing asset balances toward payment of that obligation.
- i. Compare all information on the schedule to the legal documents that form the basis for the dedication or restriction of the resource balance in question.
 - ii. Compare all current balances to the amounts reported in the accounting records of the Successor Agency or to an alternative computation.
 - iii. Compare the specified enforceable obligations to those that were included in the final Recognized Obligation Payment Schedule approved by the California Department of Finance.

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Citation:

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

8. Perform the following procedures: (continued)

- 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.

Result:

No exceptions were noted from the procedures performed. See Attachment F for the Enforceable Obligation Payment Schedule as of December 31, 2011, with comments regarding the source of the Enforceable Obligations.

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.

Result:

For the LMIHF Fund, sufficient funds exist only to pay the debt service and no other costs. See Attachments G and H.

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

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

8. Perform the following procedures (continued):

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

Result:

For the LMIHF Fund, sufficient funds exist only to the pay the debt service and no other costs. See Attachments G and H.

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.

Result:

See Attachments G, H and I. The City maintains a basic projection from June 1, 2012 to June 30, 2020 in which, under current conditions, for the Low and Moderate Income Fund is projected there will be sufficient cash to pay the Low and Moderate Housing debt service. From July 1, 2020 to January 1, 2028 which is the end of the debt agreement, there is projected to be a deficiency in cash of \$597,939 based on the debt service listed in the 1998 Tax Refunding Loan Agreement.

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

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

Result:

See Attachments G and H. The City maintains a basic projection from June 1, 2012 to June 30, 2020 in which, under current conditions, for the Low and Moderate Income Fund is projected there will be sufficient cash to pay the Low and Moderate Housing debt service. From July 1, 2020 to January 1, 2028, which is the end of the debt agreement, there is projected to be a deficiency in cash of \$597,939 based on the debt service listed in the 1998 Tax Refunding Loan Agreement.

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Citation:

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

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

Result:

The schedule for all other funds will be provided with the "Other than Low Mod" report. See Attachment H for the LMHF schedule. Also, see Attachment H for the July 1, 2013 to December 31, 2013 for a recent Recognized Obligations Schedule wherein \$180,930 is listed as an estimate of the RPTTF funding. The City based this \$180,930 as one half of the 2012/2013 Agency Value Change Summary from Hdl Coren and Cone.

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

Result:

We found no exceptions as a result of the procedure performed.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertion. Accordingly, we do not express such an opinion.

This report is intended solely for the information of the Oversight Committee, Management, California State Controller's Office, Department of Finance, and Los Angeles County Auditor-Controller, and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
September 30, 2013

Attachment A

City of Taft
Successor Agency
Asset Transfer Listing to the Successor Agency
on February 1, 2012

Cash		\$ 613,259
	Total	<u>\$ 613,259</u>

Attachment B

Successor Agency
Non-Liquid Asset Listing - Low and Moderate Income Housing Fund
June 30, 2012

Cash	\$ 583,703
Accrued Interest Receivable	1,346
Loans Receivable	-
Land Held for Resale	-
Total	<u>\$ 585,049</u>

Attachment C

TAFT COMMUNITY DEVELOPMENT PROJECT NO. 1

LOAN AGREEMENT

Dated as of November 1, 1998

by and among the

TAFT COMMUNITY DEVELOPMENT AGENCY,

**U.S. BANK TRUST NATIONAL ASSOCIATION,
as Trustee,**

and the

TAFT PUBLIC FINANCING AUTHORITY

**Relating to
\$5,060,000
Taft Public Financing Authority
1998 Revenue Refunding Bonds
(Police Station and Redevelopment Projects)**

ARTICLE 3

PLEDGE OF TAX REVENUES; APPLICATION OF FUNDS

Section 3.01. Pledge of Tax Revenues and any Parity Debt. The Loan and all Parity Debt shall be equally secured for the benefit of the Authority and the Owners of the Bonds by a pledge of and lien on all of the Tax Revenues, without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. The Loan shall be additionally secured for the benefit of the Authority and the Owners of the Bonds by a first and exclusive pledge of and lien upon all of the moneys in the Reserve Account and the Special Fund. The Tax Revenues are hereby allocated in their entirety to the payment of the principal of and interest on the Loan and all Parity Debt. Except for the Tax Revenues, the Reserve Account and the Special Fund, no funds or properties of the Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest or premium (if any) on the Loan.

Section 3.02. Special Fund; Deposit of Tax Revenues. There is hereby established a special fund to be known as the Taft Community Development Project 1998 Special Fund (the "Special Fund"), which shall be held by the Agency. The Agency shall deposit all of the Tax Revenues received in any Bond Year in the Special Fund (and in any applicable special fund created by any Parity Debt Instrument) promptly upon receipt thereof by the Agency, until such time (if any) during such Bond Year as the amounts on deposit in the Special Fund equal the aggregate amounts required to be transferred to the Trustee pursuant to Section 3.03; and (except as may be otherwise provided in any Parity Debt Instrument) any Tax Revenues received during such Bond Year in excess of such amounts shall be released from the pledge and lien hereunder and may be used for any lawful purposes of the Agency. Prior to the payment in full of the principal of and interest and prepayment premium (if any) on the Loan and all Parity Debt and the payment in full of all other amounts payable hereunder and under any Parity Debt Instrument, the Agency shall not have any beneficial right or interest in the moneys on deposit in the Special Fund, except only as provided in this Loan Agreement and in any Parity Debt Instrument, and such moneys shall be used and applied as set forth herein and in any Parity Debt Instrument.

Section 3.03. Transfer of Tax Revenues to Trustee. The Agency shall withdraw from the Special Fund and transfer to the Trustee the following amounts at the following times:

(a) Payment Amount. No later than the fifth (5th) Business Day preceding each Interest Payment Date, commencing July 1, 1999, the Agency shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Revenue Fund an amount, after taking into account any amount then on deposit in the Revenue Fund pursuant to Section 2.05, equal to the payment amount on the Loan becoming due and payable on such Interest Payment Date pursuant to Section 2.02.

(b) Reserve Account Deposits. In the event that the Trustee shall notify the Agency pursuant to Section 2.05 that the amount on deposit in the Reserve Account is less than the Reserve Requirement, the Agency shall immediately withdraw from the Special Fund and transfer to the Trustee for deposit in the Reserve Account an amount of money necessary to

Attachment D

RESOLUTION NO. 3392-12

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TAFT, CALIFORNIA, ELECTING TO HAVE THE CITY OF TAFT SERVE AS THE SUCCESSOR AGENCY TO THE TAFT COMMUNITY DEVELOPMENT AGENCY PURSUANT TO CALIFORNIA HEALTH & SAFETY CODE SECTION 34173 AND ELECTING TO HAVE THE TAFT HOUSING AUTHORITY RETAIN THE HOUSING ASSETS AND HOUSING FUNCTIONS PREVIOUSLY PERFORMED BY THE TAFT COMMUNITY DEVELOPMENT AGENCY PURSUANT TO HEALTH & SAFETY CODE SECTION 34176

WHEREAS, the Taft Community Development Agency ("Agency") is a public body, corporate and politic, organized and existing under the California Community Redevelopment Law (Health & Safety Code § 33000 *et seq.* ("CRL")); and

WHEREAS, the City of Taft is a municipal corporation under the Constitution of the State of California ("City"); and

WHEREAS, on December 29, 2011, in *California Redevelopment Association v. Matosantos*, Case No. S194861, the California Supreme Court upheld AB 26x1, which dissolves all of the redevelopment agencies in California, and struck down AB 27x1, which allowed redevelopment agencies to remain in existence if they opted in to the "Voluntary Alternative Redevelopment Program" ("VARP"); and

WHEREAS, the City of Taft has determined that it is in the best interests of the City to serve as the Successor Agency; and

WHEREAS, in footnote 25 of the Supreme Court's decision, the Court extended the deadline for making the election only to January 13, 2012; and

WHEREAS, pursuant to Health & Safety Code Section 34173(d)(1), the City would automatically become the Successor Agency unless it affirmatively elected not to serve as the Successor Agency by Resolution, but the City wishes to express its intention to serve as the Successor Agency to the Taft Community Development Agency; and

WHEREAS, pursuant to Health & Safety Code Section 34176, the City could either opt to retain the housing assets and functions previously performed by the Taft Community Development Agency or, by default, allow those assets and functions to be assigned to and assumed by the Taft Housing Authority;

WHEREAS, the City wishes to express its intention to have the Taft Housing Authority, assume all rights, powers, assets, liabilities, duties, and obligations associated with the housing activities of the Taft Community Development Agency.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Taft, California, as follows:

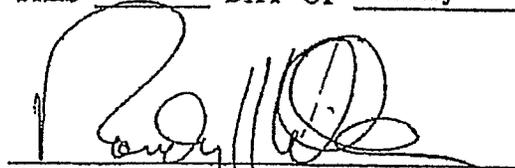
SECTION 1. The above recitals are true and correct and are adopted as the findings of the City Council.

SECTION 2. The City Council hereby affirmatively elects pursuant to Health & Safety Code Section 34173(d)(1) to serve as the Successor Agency to the Taft Community Development Agency.

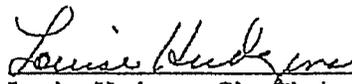
SECTION 3. The City Council hereby elects to have the Taft Housing Authority assume all rights, powers, assets, liabilities, duties, and obligations associated with the housing activities of the Taft Community Development Agency in accordance with Health & Safety Code Section 34176.

SECTION 4. The Mayor is hereby authorized and directed to take such other and further actions, and sign such other and further documents, as is necessary and proper in order to implement this Resolution on behalf of the City.

PASSED, APPROVED, AND ADOPTED ON THIS 11th DAY OF January, 2012.


Randy Miller, Mayor
City of Taft

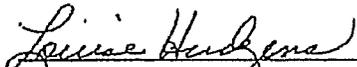
ATTEST:


Louise Hudgens, City Clerk

STATE OF CALIFORNIA }
COUNTY OF KERN } SS
CITY OF TAFT }

I, Louise Hudgens, City Clerk of the City of Taft, California, do hereby certify that the foregoing Resolution was duly and regularly introduced and adopted at a regular meeting thereof held on the 11th day of January, 2012, by the following vote:

AYES:	COUNCIL MEMBER:	Krier, Linder, Noerr, Miller
NOES:	COUNCIL MEMBER:	None
ABSENT:	COUNCIL MEMBER:	Waldrop
ABSTAIN:	COUNCIL MEMBER:	None



Louise Hudgens, CMC
City Clerk

RESOLUTION NO. 3393-12

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
TAFT ASSIGNING THE HOUSING FUNCTIONS TO THE TAFT
HOUSING AUTHORITY AND MAKING CERTAIN FINDINGS
IN CONNECTION THEREWITH**

WHEREAS, the Taft Community Development Agency ("Agency") is a community redevelopment agency organized and existing under the California Community Redevelopment Law, Health and Safety Code Sections 33000, et seq. ("CRL") and has been authorized to transact business and exercise the powers of a redevelopment agency pursuant to action of the City Council ("City Council") of the City of Taft ("City"); and

WHEREAS, Part 1.85 of the Community Redevelopment Law ("Part 1.85") as adopted by ABx1 26 ("AB 26) provides for the statewide dissolution of all redevelopment agencies, including the Agency, and provides that, thereafter, the housing functions of the Agency shall be retained by the City unless the City elects not to retain such functions; and

WHEREAS, the City desires not to retain the housing functions as described in Health and Safety Code Section 34176 and to assign all of the housing functions of the Agency to the Taft Housing Authority.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF
TAFT:**

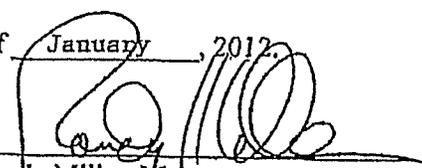
Section 1. The foregoing recitals are incorporated into this Resolution by this reference, and constitute a material part of this Resolution.

Section 2. In accordance with the provisions of Health and Safety Code Section 34176(b), the City Council elects not to retain the responsibility to perform housing functions previously performed by the Agency and hereby selects the Taft Housing Authority to retain all of the rights, powers, assets, liabilities, duties and obligations associated with the housing activities of the Agency

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

Section 4. The City Clerk shall certify to the adoption of this Resolution.

PASSED, APPROVED AND ADOPTED on this 26th day of January, 2012.


Randy Miller, Mayor

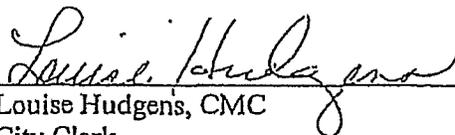
ATTEST:


Louise Hudgens, CMC
City Clerk

STATE OF CALIFORNIA)
COUNTY OF KERN) SS
CITY OF TAFT)

I, Louise Hudgens, City Clerk of the City of Taft, do hereby certify that the foregoing Resolution was duly and regularly adopted by the City Council of the City of Taft at a regular meeting thereof held on the 26th day of January, 2012, by the following vote:

AYES:	COUNCIL MEMBER: Krier, Linder, Noerr, Miller
NOES:	COUNCIL MEMBER: None
ABSENT:	COUNCIL MEMBER: Waldrop
ABSTAINED:	COUNCIL MEMBER: None



Louise Hudgens, CMC
City Clerk

Attachment E

Low and Moderate Income Housing Fund

	Redevelopment Agency 12 Months Ended 6/30/2010	Redevelopment Agency 12 Months Ended 6/30/2011	Redevelopment Agency 7 Months Ended 1/31/2012	Successor Agency 5 Months Ended 6/30/2012
Assets (modified accrual basis)				
Cash	\$ 587,053	\$ 615,709	\$ 613,259	\$ 583,703
Accrued Interest Receivable	285	359	-	1,347
Miscellaneous	3,874	-	-	-
Total Assets	\$ 591,212	\$ 616,068	\$ 613,259	\$ 585,050
Liabilities (modified accrual basis)				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Other Liabilities	-	-	-	-
Due to RDA Capital Projects Fund	-	-	-	-
Total Liabilities	\$ -	\$ -	\$ -	\$ -
Equity	591,212	616,068	613,259	585,050
Total Liabilities + Equity	\$ 591,212	\$ 616,068	\$ 613,259	\$ 585,050
Total Revenues:	\$ 110,716	\$ 104,832	\$ 43,481	\$ 4,187
Total Expenditures:	\$ 78,959	\$ 79,976	\$ 46,291	\$ 32,396
Total Transfers*: (net)	\$ -	\$ -	\$ -	\$ -
* Includes Cash Advances from City				
Net change in equity	\$ 31,757	\$ 24,856	\$ (2,810)	\$ (28,209)
Beginning Equity:	\$ 559,455	\$ 591,212	\$ 616,068	\$ 613,259
Ending Equity:	\$ 591,212	\$ 616,068	\$ 613,259	\$ 585,050
Other Information (show year end balances for all three years presented):				
Capital assets as of end of year	\$ -	\$ -	\$ -	\$ -

Note: This schedule represents the low income housing fund only.

(Other Than Low and Moderate Housing Funds)

	Redevelopment Agency 12 Months Ended 6/30/2010	Redevelopment Agency 12 Months Ended 6/30/2011	Redevelopment Agency 7 Months Ended 1/31/2012	Successor Agency 5 Months Ended 6/30/2012
Assets (modified accrual basis)				
Cash	\$ 463,426	\$ 571,723	\$ 336,294	\$ 148,638
Cash with Fiscal Agent	483,286	479,641	368,491	475,791
Accrued Interest Receivable	239	379	848	4,282
Miscellaneous	15,495	117	-	-
Deposits Prepays	208	-	-	-
Total Assets	\$ 962,654	\$ 1,051,860	\$ 705,633	\$ 628,711
Liabilities (modified accrual basis)				
Accounts Payable	\$ 36,970	\$ 64,209	\$ 26,338	\$ 600
Other Liabilities	-	-	-	2,693
Security Deposits	-	9,107	-	-
Total Liabilities	36,970	73,316	26,338	3,293
Equity	925,684	978,544	679,295	625,419
Total Liabilities + Equity	\$ 962,654	\$ 1,051,860	\$ 705,633	\$ 628,712
Total Revenues:	\$ 570,585	\$ 544,894	\$ 231,749	\$ 34,271
Total Expenditures:	858,764	814,953	530,998	88,148
Total Transfers*:	333,296	322,918	-	-
* Includes Cash Advances from City				
Net change in equity	45,117	52,859	(299,249)	(53,877)
Beginning Equity:	880,568	925,685	978,544	679,295
Ending Equity:	\$ 925,685	\$ 978,544	\$ 679,295	\$ 625,418
Other Information (show year end balances for all three years presented):				
Capital assets as of end of year	\$ 2,695,522	(a)	\$ 2,655,132	\$ 2,614,742
Long-term debt as of end of year	\$ 3,975,000	\$ 3,840,000	\$ 3,700,000	\$ 3,700,000 (b)
Long-term debt as of end of year	\$ 2,621,020	\$ 3,215,542	\$ 3,215,542	\$ 3,215,542 (c)

Note (a): All Capital Assets were transferred to the City of Taft pursuant to a Cooperation Agreement.

Note (b): This represents the 1998 Revenue Refunding Bonds accounted for in the Debt Service Fund.

Note (c): This represents the Advances from the City of Taft.

Attachment F

ARTICLE 2

THE LOAN; ESTABLISHMENT OF FUNDS; PARITY DEBT

Section 2.01. Authorization. The Authority hereby agrees to lend to the Agency on the Closing Date, from the proceeds of sale of the Bonds deposited in the Loan Fund, to fully prepay the Prior Loan and for other authorized purposes, the aggregate principal amount of Two Million Seven-Hundred Thirty Thousand Dollars (\$2,730,000) under and subject to the terms of this Loan Agreement, the Bond Law, and the Redevelopment Law (which principal amount includes underwriter's discount and Costs of Issuance allocated to the Loan).

Section 2.02. Terms of Loan. The principal of the Loan and interest shall be payable in installment payments as of each Interest Payment Date at the times provided in Section 3.03 in each of the years and in the amounts, as follows:

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Payment Amount</u>
07/01/99		\$101,237.50	\$101,237.50
01/01/00	\$40,000.00	101,237.50	141,237.50
07/01/00		92,600.00	92,600.00
01/01/01	55,000.00	92,600.00	147,600.00
07/01/01		91,390.00	91,390.00
01/01/02	55,000.00	91,390.00	146,390.00
07/01/02		90,152.50	90,152.50
01/01/03	60,000.00	90,152.50	150,152.50
07/01/03		88,772.50	88,772.50
01/01/04	60,000.00	88,772.50	148,772.50
07/01/04		87,362.50	87,362.50
01/01/05	65,000.00	87,362.50	152,362.50
07/01/05		85,802.50	85,802.50
01/01/06	70,000.00	85,802.50	155,802.50
07/01/06		84,087.50	84,087.50
01/01/07	70,000.00	84,087.50	154,087.50
07/01/07		82,337.50	82,337.50
01/01/08	75,000.00	82,337.50	157,337.50
07/01/08		80,425.00	80,425.00
01/01/09	80,000.00	80,425.00	160,425.00
07/01/09		78,345.00	78,345.00
01/01/10	85,000.00	78,345.00	163,345.00
07/01/10		76,092.50	76,092.50
01/01/11	90,000.00	76,092.50	166,092.50
07/01/11		73,662.50	73,662.50
01/01/12	95,000.00	73,662.50	168,662.50
07/01/12		71,050.00	71,050.00
01/01/13	95,000.00	71,050.00	166,050.00

07/01/13		68,295.00	68,295.00
01/01/14	105,000.00	68,295.00	173,295.00
07/01/14		65,250.00	65,250.00
01/01/15	110,000.00	65,250.00	175,250.00
07/01/15		62,060.00	62,060.00
01/01/16	115,000.00	62,060.00	177,060.00
07/01/16		58,725.00	58,725.00
01/01/17	120,000.00	58,725.00	178,725.00
07/01/17		55,245.00	55,245.00
01/01/18	130,000.00	55,245.00	185,245.00
07/01/18		51,475.00	51,475.00
01/01/19	135,000.00	51,475.00	186,475.00
07/01/19		47,560.00	47,560.00
01/01/20	145,000.00	47,560.00	192,560.00
07/01/20		43,355.00	43,355.00
01/01/21	155,000.00	43,355.00	198,355.00
07/01/21		38,860.00	38,860.00
01/01/22	160,000.00	38,860.00	198,860.00
07/01/22		34,220.00	34,220.00
01/01/23	170,000.00	34,220.00	204,220.00
07/01/23		29,290.00	29,290.00
01/01/24	180,000.00	29,290.00	209,290.00
07/01/24		24,070.00	24,070.00
01/01/25	190,000.00	24,070.00	214,070.00
07/01/25		18,560.00	18,560.00
01/01/26	200,000.00	18,560.00	218,560.00
07/01/26		12,760.00	12,760.00
01/01/27	215,000.00	12,760.00	227,760.00
07/01/27		6,525.00	6,525.00
01/01/28	225,000.00	6,525.00	231,525.00

Interest on each installment of principal of the Loan has been calculated at the annual interest rate payable by the Authority on the Bonds on the basis of a 360-day year of twelve 30-day months, and shall accrue on the unpaid principal of the Loan from December 1, 1998 to but not including the Interest Payment Date with respect to which such installment of principal is payable. Interest on the Loan shall be payable as of each Interest Payment Date at the times provided in Section 3.03. Any installment of principal or interest which is not paid when due shall continue to accrue interest from and including the Interest Payment Date with respect to which such principal or interest is payable to but not including the date of actual payment.

Payments on the Loan shall be payable by the Agency to the Trustee pursuant to Section 3.03 hereof, as assignee of the Authority under the Indenture, in funds which constitute lawful money of the United States of America.

In the event principal of the Loan shall be prepaid in part pursuant to Section 2.03 hereof, the foregoing schedule of principal and interest payments shall be reduced in the same

Attachment G

ENFORCEABLE OBLIGATION PAYMENT SCHEDULE

Per AB 26 - Section 34167 and 34169 (*)

Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation	Total Due During Fiscal Year	Payments by month					Total
					Aug**	Sept	Oct	Nov	Dec	
1) 1998 Revenue Bond	US Bank	Revenue Bond	6,501,030.00	352,300.00						\$ -
2) City Advances	City of Tall	City advances for unreimbursed expense	3,215,542.00	3,215,542.00						\$ -
3) Trustee Fees	US Bank	Trustee Fees on Revenue Bond	4,600.00	4,600.00						\$ -
4) Contract for Consulting Costs	Urban Futures	Consultant	30,000.00	30,000.00						\$ -
5) Employee Cost Agency supplies/material	Employees of Agency	Payroll for Agency	194,208.00	194,208.00	16,184.00	16,184.00	16,184.00	16,184.00	16,184.00	\$ 80,920.00
6) Capital	Various vendors	Supplies/materials for operations	238,556.00	238,556.00	19,713.00	19,713.00	19,713.00	19,713.00	19,713.00	\$ 88,585.00
7) Property Tax Admin Fees	County of Kern	Fees charged by County to collect tax	5,885.00	5,885.00	1,471.00	1,471.00	1,471.00	1,471.00	1,471.00	\$ 2,942.00
8) City Advances	City of Tall (pending approval)	Loan from City to pay voluntary payment	185,058.00	185,058.00						\$ -
9)										\$ -
10)										\$ -
11)										\$ -
12)										\$ -
13)										\$ -
14)										\$ -
15)										\$ -
16)										\$ -
17)										\$ -
18)										\$ -
19)										\$ -
20)										\$ -
21)										\$ -
22)										\$ -
23)										\$ -
24)										\$ -
25)										\$ -
26)										\$ -
27)										\$ -
28)										\$ -
29)										\$ -
30)										\$ -
Totals - This Page			\$ 10,435,769.00	\$ 4,234,148.00	\$ 35,897.00	\$ 37,368.00	\$ 35,897.00	\$ 35,897.00	\$ 37,368.00	\$ 182,427.00
Totals - Page 2			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals - Page 3			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals - Page 4			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grand total - All Pages			\$ 10,435,769.00	\$ 4,234,148.00	\$ 35,897.00	\$ 37,368.00	\$ 35,897.00	\$ 35,897.00	\$ 37,368.00	\$ 182,427.00

* This Enforceable Obligation Payment Schedule (EOPS) is to be adopted by the redevelopment agency no later than late August. It is the basis for the Preliminary Draft Recognized Obligation Payment Schedule (ROPS), which must be prepared by the dissolving Agency by 9/30/11. (The draft ROPS must be prepared by the Successor Agency by 11/30/11.)
 ** include only payments to be made after the adoption of the EOPS.

1998 Revenue Bond Document
 Loan between City of Tall and the Former RDA
 Trustee fees constant
 Based on Budget documents
 Based on Budget documents
 Based on estimate billing subtracted out of property tax
 Fee estimate of new loans.

Attachment H

SUMMARY OF BALANCES AVAILABLE FOR ALLOCATION TO AFFECTED TAXING ENTITIES

LMIHF

Total amount of assets held by the successor agency as of June 30, 2012 (procedure 5)	\$	585,049
Source: Attachment G		
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 that did not exist (procedures 2 and 3)		-
Source: Computed as one-half of principal and interest due during this time frame.)		
Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments (procedure 6)		(583,703)
Less assets that are not cash or cash equivalents (e.g., physical assets) - (procedure 7)		-
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) This is computed as the combination of the \$585,050 plus \$71,460 above)		(585,049)
Less the amount of payments made on July 12, 2012 to the County Auditor-Controller as directed by the California Department of Finance		-
Amount to be remitted to county for disbursement to taxing entities	\$	-

Note that separate computations are required for the Low and Moderate Income Housing Fund held by the Successor Agency and for all other funds held by the Successor Agency.

NOTES: For each line shown above, an exhibit should be attached showing the composition of the summarized amount.

If the review finds that there are insufficient funds available to provide the full amount due, the cause of the insufficiency should be demonstrated in a separate schedule.

This is only for the Low and Moderate Housing Fund and represents the low and moderate housing obligations.

Attachment I

SUMMARY OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE

Filed for the July 1, 2013 to December 31, 2013 Period

Name of Successor Agency: **TAFT (KERN)**

Outstanding Debt or Obligation	Total
Total Outstanding Debt or Obligation	\$8,540,192
Current Period Outstanding Debt or Obligation	Six-Month Total
A Available Revenues Other Than Anticipated RPTTF Funding	\$0
B Enforceable Obligations Funded with RPTTF	\$366,190
C Administrative Allowance Funded with RPTTF	\$125,000
D Total RPTTF Funded (B + C = D)	\$491,190
E Total Current Period Outstanding Debt or Obligation (A + B + C = E) <i>Should be same amount as ROPS form six-month total</i>	\$491,190
F Enter Total Six-Month Anticipated RPTTF Funding	\$180,930
G Variance (F - D = G) <i>Maximum RPTTF Allowable should not exceed Total Anticipated RPTTF Funding</i>	(\$310,260)

Prior Period (July 1, 2012 through December 31, 2012) Estimated vs. Actual Payments (as required in HSC section 34186 (a))	
H Enter Estimated Obligations Funded by RPTTF (lesser of Finance's approved RPTTF amount including admin allowance or the actual amount distributed)	\$140,671
I Enter Actual Obligations Paid with RPTTF	\$107,000
J Enter Actual Administrative Expenses Paid with RPTTF	\$78,575
K Adjustment to Redevelopment Obligation Retirement Fund (H - (I + J) = K)	\$0
L Adjustment to RPTTF (D - K = L)	\$491,190

Certification of Oversight Board Chairman:
Pursuant to Section 34177(m) of the Health and Safety code,
I hereby certify that the above is a true and accurate Recognized
Obligation Payment Schedule for the above named agency.

/s/ _____
Signature

Title
Date

Attachment J

In the opinion of McFarlin & Anderson, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds received by the owners of the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. The Authority has designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986. See "TAX EXEMPTION" and "BANK QUALIFIED" herein.

\$5,060,000

**TAFT PUBLIC FINANCING AUTHORITY
1998 REVENUE REFUNDING BONDS
(POLICE STATION AND REDEVELOPMENT PROJECTS)
(Bank Qualified)**

Dated: Date of Delivery

Due: January 1, as shown on the inside front cover hereof

The Bonds will be issued as fully registered bonds in book-entry form only, initially registered in the name of Cede & Co., New York, New York, as nominee of The Depository Trust Company ("DTC"), New York, New York. Purchasers will not receive certificates representing their interest in the Bonds. Individual purchases will be in principal amounts of \$5,000 or in any integral multiples thereof. Interest on the Bonds will be payable on January 1 and July 1 of each year, commencing July 1, 1999, and principal on the Bonds will be paid by U.S. Bank Trust National Association, Los Angeles, California, as trustee (the "Trustee"), to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds.

The Bonds are being issued by the Taft Public Financing Authority (the "Authority") for the purpose of (i) refinancing in whole the Prior Bonds, (ii) paying the costs of issuing the Bonds, (iii) funding a Reserve Account for the Bonds, and (iv) making a loan (the "Loan") to the Taft Community Development Agency (the "Agency"), for the purpose of refunding certain loans from the City of Taft (the "City"), all as further described herein.

The Bonds are limited obligations of the Authority payable primarily from and secured by certain revenues (the "Revenues") consisting of the payments of principal and interest on the Loan (the "Loan Payments") pursuant to a Loan Agreement, dated as of November 1, 1998 (the "Loan Agreement"), among the Authority, the Trustee and the Agency, and certain Lease Payments by the City pursuant to an Amended and Restated Lease Agreement, dated as of November 1, 1998 (the "Lease Agreement") between the City and the Authority. The Loan Payments are limited obligations of the Agency payable solely from and secured by the Tax Revenues (defined herein) to be derived from the Taft Community Development Project No. 1 (the "Project Area"), and from the amounts on deposit in certain funds as described herein. The City has covenanted in the Lease Agreement to make all Lease Payments provided for therein, to include all such payments in its annual budgets, and to make the necessary annual appropriations for such rental payments. The City's obligations to make Lease Payments is subject to abatement in the event of damage to, destruction or condemnation of, or title defects relating to, the Site described herein. Pursuant to a Reimbursement Agreement, dated as of November 1, 1998, between the Agency and the City, the Agency has covenanted, to the extent Tax Revenues are available, to repay the City an amount equal to the Lease Payments, and to make the Lease Payments in the event such payments are otherwise subject to abatement. (See "SECURITY FOR THE BONDS—Additional Agency Payments" herein).

While the Authority has covenanted in the Indenture of Trust, dated as of November 1, 1998 (the "Indenture"), between the Authority and the Trustee, not to issue any additional obligations secured by the Revenues, the Agency may, if certain conditions are met, issue additional obligations with a lien on Tax Revenues on a parity basis with the lien of the Loan Payments (see "THE BONDS — Parity Debt" herein). Additionally, the City also has the right to incur other obligations payable from its general revenues without the consent of the Owners of the Bonds. The Revenues are to be received by the Authority and deposited pursuant to the Indenture, and the Tax Revenues are to be received by the Agency and deposited pursuant to the Loan Agreement.

The Bonds are subject to optional and mandatory redemption prior to maturity. See "THE BONDS -- Redemption" herein.

The following has served as Structuring Agent with respect to structuring the Bonds:

UNION BANK OF CALIFORNIA, N.A.

This cover page contains information for general reference only. It is not a summary of the security or terms of this issue. Investors must read the entire Official Statement, including the section entitled "RISK FACTORS," for a discussion of special factors which should be considered, in addition to the other matters set forth herein, in considering the investment quality of the Bonds. Capitalized terms used on this cover page and not otherwise defined shall have the meanings set forth herein.

THE BONDS ARE NOT A DEBT, OBLIGATION OR LIABILITY OF THE CITY, THE AGENCY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS (OTHER THAN THE AUTHORITY), NOR DO THEY CONSTITUTE A PLEDGE OF THE FAITH AND CREDIT OR THE TAXING POWER OF ANY OF THE FOREGOING. NEITHER THE AUTHORITY NOR THE AGENCY HAS ANY TAXING POWER. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

The Bonds are offered when, as and if issued and received by the Underwriter, subject to the approval of legality by McFarlin & Anderson, Lake Forest, California, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Nossaman, Gullner, Knox & Elliott, LLP, Irvine, California, and for the Authority by Gibson & Gibson, general counsel. It is expected that the Bonds, in book-entry form, will be available for delivery in New York, New York on or about December 1, 1998.

PRUDENTIAL SECURITIES INCORPORATED

Dated: November 16, 1998

rates set forth thereon. In such event, all Bondowners would forfeit a pro rata portion of interest attributable to abated Lease Payment payable during the period of abatement and, to the extent Bonds mature or are to be subject to mandatory redemption during a period of abatement, the Bondowners would forfeit a pro rata portion of principal attributable to such abated Lease Payments. The failure to make such payments of principal and interest would not under such circumstances constitute a default under the Indenture, the Lease Agreement or the Bonds.

Insurance

Pursuant to the Lease Agreement, the Site is also insured to the extent set forth herein under the heading "APPENDIX A - SUMMARY OF PRINCIPAL LEGAL DOCUMENTS -- Lease Agreement - Insurance" and insurance proceeds are required to be applied to the repair of the Site; or if the proceeds are insufficient to repair or replace the Site, the City may prepay the related Lease Payments and thereby cause the redemption of outstanding Bonds. The Lease Agreement permits the City to satisfy certain of its insurance requirements through a self-insurance program.

The City shall additionally maintain, use and occupancy or business interruption or rental income insurance against the perils of fire, lightning, vandalism, malicious mischief and such other perils ordinarily defined as "extended coverage" in an amount equal to the Reserve Requirement.

No assurance can be given that insurance proceeds will be adequate to avoid an interruption of Lease Payments. Under such a situation, an abatement of Lease Payments is likely to occur. See "Abatement" above.

Reserve Account

Pursuant to the Indenture, the Trustee has established a Reserve Account for the Bonds, and deposited proceeds in an amount to equal to the Reserve Requirement. (See "ESTIMATED SOURCES AND USES OF FUNDS" herein.)

No deposit need be made in the Reserve Account so long as there shall be on deposit therein a sum equal to the Reserve Requirement. All money in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of paying the Loan Payments or Lease Payments, in the event of any deficiency at any time to make such payments, or for the prepayment of all remaining Loan Payments and Lease Payments.

Low and Moderate Income Housing Requirements

Chapter 1337, Statutes of 1976, added Sections 33334.2 and 33334.3 to the Act, requiring redevelopment agencies to set aside in a Low and Moderate Income Housing Fund not less than 20% of all tax increment annually derived from redevelopment project areas adopted after December 31, 1976 for the purposes of improving the community's supply of low and moderate income housing. This low and moderate income housing requirement can be reduced or eliminated if the redevelopment agency finds that (i) no need exists in the community to improve or increase the supply of low and moderate income housing; or (ii) some stated percentage less than 20% of the tax increment is sufficient to meet the housing need.

Since the Redevelopment Plan were amended after December 31, 1976, the Agency is subject to this statutory requirement. However, since the proceeds of the Prior Bonds were used to satisfy the 20% set-aside requirements, the pledge of Tax Revenues to pay Loan Payments which secure the Bonds includes the 20% set-aside relating to the refunding portion of the Bonds only.

RISK FACTORS AND LIMITATIONS ON TAX REVENUES

The following summaries do not purport to be a complete statement of all factors which may be considered as risks in evaluating the credit quality of the Bonds, and the Official Statement should be read in its entirety.

Tax Revenues

Tax Revenues allocated to the Agency which secure the Loan Payments and, to the extent available, the Lease Payments, are determined by the incremental assessed value of taxable property in the Project Area, the current rate or rates at which property in the Project Area is taxed, and the percentage of taxes collected in the Project Area. In Fiscal Year 1997/98, the assessed value of property within the Project Area totaled \$46,601,184, and produced tax revenue of \$306,960 (including the State In-Lieu Payments, penalties and interest). (See "SECURITY FOR THE BONDS – County Teeter Plan" above). Several types of events which are beyond the control of the Agency could occur and cause a reduction in available Tax Revenues. A reduction of taxable values of property in the Project Area caused by economic or other factors beyond the Agency's control (such as a relocation out of the Project Area by one or more major property owners, successful appeals by property owners for a reduction in a property's assessed value, a reduction in the rate of transfers of property, construction activity or other events that permit reassessment of property at lower values, or the destruction of property caused by natural or other disasters, including earthquakes) could occur, thereby causing a reduction in the Tax Revenues. This risk increases in proportion to the percent of total assessed value attributable to any single assessee in the Project Area and in relation to the concentration of property in the Project Area in terms of size or land use and the applicable tax rate. (See "PROJECT AREA DEMOGRAPHICS AND LAND USE -- General" hereunder.) Any reduction in Tax Revenues, whether for any of the foregoing or following reasons or any other reason, could have an adverse effect on the Agency's ability to meet its obligations under the Loan Agreement and the Authority's obligations under the Indenture, and the Agency's ability to pay the Loan Payments and the Authority's ability to pay principal of and interest on the Bonds.

Any reduction in the tax rate applicable to property in the Project Area, by reason of discontinuance of certain override tax levies in excess of the 1% basic levy, will reduce the related Tax Revenues available to pay the Loan Payments. Such override can be expected to decline over time until it reaches the 1% basic levy and may be discontinued at any time, which may cause a reduction in such Tax Revenues. See "PROJECT AREA DEMOGRAPHICS AND LAND USE – Tax Rates" herein for a discussion of historical tax rates within the Project Area.

Estimated Revenues

The Agency has based its projections of Tax Revenues on an assumed annual growth of 2% of secured assessed valuation and no growth of unsecured assessed valuation.