

**CITY OF SAND CITY SUCCESSOR AGENCY
Oversight Board Meeting
Agenda for December 10, 2012**

**3:00 p.m., Monday, December 10, 2012,
City Hall, Council Chambers, 1 Sylvan Park, Sand City, CA 93955**

AGENDA ITEMS:

1. CALL TO ORDER
2. ROLL CALL & ESTABLISHMENT OF QUOROM

John McPherson, Monterey County Office of Education
Jane Parker, Monterey County Board of Supervisors
Jerry Lomax, Monterey County Board of Supervisors (Public Member)
Stephen Ma, Monterey Peninsula College
Linda Scholink, City of Sand City Successor Agency
Steve Matarazzo, City of Sand City Successor Agency
Jayanti Addleman, Monterey County Libraries

3. PLEDGE OF ALLEGIANCE

4. COMMUNICATIONS FROM THE FLOOR: At this time, any person may comment on any item which is not on the agenda. Please state your name and address for the record. Action will not be taken on an item that is not on the agenda. If it requires action, it will be referred to staff and/or placed on the next agenda. In order that all interested parties have an opportunity to speak, please limit comments to a maximum of three (3) minutes. Any member of the public may comment on any matter listed on this agenda at the time the matter is being considered by the Board.

BOARD MEMBER COMMENTS: Board Members may ask a question for clarification; make a brief report or announcement on his/her activities. Board members may provide a referral to Staff or other resources for factual information, or direct Staff to agendaize a matter of business on a future agenda. Any item not listed on the Agenda after the posting of the Agenda and that must be acted upon (2/3rds vote required to place on agenda) prior to the next Board meeting may be addressed at this time. (G.C. 54954.2)

5. ACTION/ DISCUSSION ITEMS
 - A. Approval of Oversight Board RESOLUTION Approving the Oversight Board Minutes of December 3, 2012
 - B. Receive Public Comment regarding Due Diligence Review and Consideration to take action on the Due Diligence Review Current Assets being held by the Sand City Successor Agency to the Redevelopment Agency



**CITY OF SAND CITY SUCCESSOR AGENCY
Oversight Board Meeting Agenda for December 10, 2012**

6. REQUEST FROM BOARD MEMBERS FOR FUTURE AGENDA ITEMS
7. ADJOURNMENT:

Next Scheduled Oversight Board Meeting:
Monday, December 17, 2012
4:00 P.M.
Sand City Council Chambers
1 Sylvan Park, Sand City

ALL MEETINGS ARE OPEN TO THE PUBLIC. The City of Sand City does not discriminate against persons with disabilities. City Hall and the Council Chambers are accessible facilities. Any person with a disability who requires a modification or accommodation to be able to participate in this meeting is asked to contact the office of the City Clerk at (831) 394-3054 no fewer than two business days prior to the meeting to allow for reasonable arrangements.

SAND CITY SUCCESSOR AGENCY OVERSIGHT BOARD

RESOLUTION OB _____, 2012

**RESOLUTION OF THE OVERSIGHT BOARD FOR THE SAND CITY SUCCESSOR
AGENCY APPROVING THE OVERSIGHT BOARD MINUTES OF
DECEMBER 3, 2012**

WHEREAS, the Oversight Board at its regular meeting of December 10, 2012 reviewed the Oversight Board draft minutes of December 3, 2012; and

WHEREAS, based on its review of said minutes, the Oversight Board finds the draft minutes to be an accurate summary of the major points and actions taken during the meeting of December 3, 2012.

NOW, THEREFORE, THE OVERSIGHT BOARD hereby finds the subject minutes to be adequate and they are hereby approved as the approved minutes of December 3, 2012.

PASSED AND ADOPTED by the Sand City Successor Agency Oversight Board on this _____ day of December, 2012 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

Stephen Ma, Board Chair

ATTEST:

Connie Horca, Board Secretary



**CITY OF SAND CITY SUCCESSOR AGENCY
Oversight Board Meeting Minutes
December 3, 2012**

The meeting was called to order by Chair Ma at 5:00 P.M.

AGENDA ITEM 2, MEMBERS PRESENT

John McPherson, Monterey County Office of Education
Jane Parker, Monterey County Board of Supervisors
Jerry Lomax, Monterey County Board of Supervisors {**absent**}
Stephen Ma, Monterey Peninsula College
Linda Scholink, City of Sand City Successor Agency
Steve Matarazzo, City of Sand City Successor Agency
Jayanti Addleman, Monterey County Libraries

AGENDA ITEM 3, PLEDGE OF ALLEGIANCE

The pledge of allegiance was led by Board Member Scholink.

AGENDA ITEM 4, COMMUNICATIONS FROM THE FLOOR

5:02 P.M. Floor opened for Public Comment.

There were no comments from the Public.

5:02 P.M. Floor closed to Public Comment.

Board Member Matarazzo commented that last week he hand-delivered a check to the Monterey County-Auditor for \$2.2M which should be disbursed to all affected taxing entities soon.

AGENDA ITEM 5, ACTION/DISCUSSION ITEMS

- A. Board Member Parker mentioned that a minor typographical error appears on page 5 and needed correction. Motion to approve the **Resolution** of the Oversight Board for the Sand City Successor Agency approving the Oversight Board Minutes of October 15, 2012, was made by Board Member Parker, seconded by Board Member Scholink. AYES: Board Members, McPherson, Parker, Ma, Scholink, Matarazzo, Addleman. NOES: None. ABSENT: Board Member Lomax. ABSTAIN: None. Motion carried.

B. Board Member Matarazzo commented that the Due Diligence Review (DDR) cannot be approved until 5 days after the Public Comment Session occurs. He suggested that the Public Comment Session be held on Monday, December 10 at 3:00 p.m. and the meeting for final approval of the DDR be held Monday, December 17. Board Member McPherson requested that the meeting time be changed to 4:00 p.m. on Monday December 17 to avoid scheduling conflicts. The Board was in consensus to change the time of the meeting. Board Member Parker clarified that regular board meetings are normally held on the first Monday of the month at 3:00 p.m., unless rescheduled by the Board. Motion to approve the **Resolution** as amended, of the Oversight Board for the Sand City Successor Agency approving suggested dates for future Oversight Board meetings was made by Board Member McPherson, seconded by Board Member Addleman. AYES: Board Members, McPherson, Parker, Ma, Scholink, Matarazzo, Addleman. NOES: None. ABSENT: Board Member Lomax. ABSTAIN: None. Motion carried.

C. Board Chair Ma thanked Staff for providing comprehensive By-Laws. Board Member McPherson asked for clarification regarding board member vacancies, and repeated absences. The vacant position may be filled by the agency that appointed that person to the Board, and should the position need to be filled, a new appointment will be made by that agency. Board Member Parker requested that several changes to the By-laws that included adding a topic listing to the Board agenda for Board request for future agenda items, removing the language following the word Board, under Section 6 (b) Decorum and Order, deleting the last sentence in Section 6 (d) and (f), and to add a sentence in paragraph (f) stating that *the Chair has the discretion to limit the amount of time of debate for the efficiency of the meeting*.

Motion to approve the **Resolution** of the Oversight Board as amended, for the Sand City Successor Agency approving the By-laws and Rules of Procedure was made by Board Member McPherson, seconded by Board Member Addleman. AYES: Board Members, McPherson, Parker, Ma, Scholink, Matarazzo, Addleman. NOES: None. ABSENT: Board Member Lomax. ABSTAIN: None. Motion carried.

D. Board Member Matarazzo commented that the attached Due Diligence Review (DDR) will need a Public Comment meeting before being approved by the Oversight Board. The State Controller's Office met at Sand City several weeks ago to review asset transfers that occurred within the past two years to ensure that they were appropriate per the

redevelopment dissolution act. Their report will be available sometime after January 1, 2013. An email confirmation was received indicating that all asset transfers were appropriate.

Chair Ma requested clarification of the amount shown on page 34 regarding the month end cash and cash equivalents from June 30, 2010 to June 30, 2011, and the large increase of the Due from the City amounts. Hayashi & Wayland Consultant Therese Courtney, explained that the amounts depict the transfer from the Redevelopment Agency to the City of the Housing funds. These funds were transferred back to the Successor Agency and have been turned over to the County to be disbursed to taxing entities. She also explained that the refundable fees of \$1,455,000 are monies paid by the City to the Redevelopment Agency as part of the Disposition and Development Agreement (DDA) with the Developer, John King. The Oversight Board fees of \$10,000 as depicted in the Successor Agency Projected Expenses/Revenues is budgeted for Oversight Board attorney fees. Board Member Parker asked if loans to the City were payments for staff and overhead. Board Member Matarazzo explained that the loan amounts has been reduced to \$3,626,057.91 due to the change in the interest rate, the Local Agency Investment Fund (LAIF) average rate over the term of the loan.

Board Member McPherson excused himself from the meeting at 5:30 p.m.

There was Board discussion regarding having Oversight Board Counsel Judd Jordan interpret the "Seaside Agreement". Staff reported that there has been no word regarding the issue between Seaside and Sand City regarding ending payments to Seaside. Board Member Parker received clarification regarding the COP reimbursement from Ms. Courtney.

Board Member Matarazzo recommended that the Successor Agency Counsel prepare an opinion on how the Seaside Agreement works and why it is an obligation of the Redevelopment Agency to pay property tax increment to Seaside, and have Judd Jordan review the opinion. He suggested that Mr. Jordan present his formal opinion as part of the December 17th meeting. Chair Ma indicated that he will review his notes from previous Oversight Board meetings when this issue was discussed, to research any follow up by Mr. Jordan on behalf of the Oversight Board, and to see if all the information requested from him was received.

Board Member Parker extended her thanks and appreciation to Ms. Courtney for conducting the Due Diligence Review.

Motion to approve the **Resolution** of the Oversight Board for the Sand City Successor Agency scheduling the Public Comment Meeting for Review of the Due Diligence Review (DDR) of Successor Agency Assets was made by Board Member Matarazzo, seconded by Board Member Scholink. AYES: Board Members Parker, Ma, Scholink, Matarazzo, Addleman. NOES: None. ABSENT: Board Members Lomax, McPherson. ABSTAIN: None. Motion carried

Vice Chair Ma asked if there were any Board Member requests for future agenda items. No items were requested.

AGENDA ITEM 6, ADJOURNMENT


Motion to adjourn the Oversight Board Meeting was made by Board Member McPherson, seconded by Board Member Matarazzo to the next scheduled Oversight Board Meeting on Monday, December 10, 2012 at 3:00 P.M. There was unanimous consensus of the Board to adjourn the meeting at 5:43 P.M.

Connie Horca, Board Secretary

**CITY OF SAND CITY
Successor Agency Oversight Board**

DATE: December 6, 2012 (for Oversight Board Meeting of December 10, 2012)

TO: Oversight Board of the Sand City Successor Agency

FROM: Steve Matarazzo, Successor Agency staff 

SUBJECT: Consideration of Due Diligence Review (DDR) of Sand City Successor Agency Assets: Public Comment Session

UPDATE

As required by law, a public comment session on the subject due diligence review (DDR) is required at least 5 days prior to the Oversight Board's approval of the DDR. The Oversight Board had its initial review on December 3, 2012 and will have another opportunity to review the report on December 17th. The accountant who prepared the report will also be available on December 17th to answer any final questions, including any questions raised at the public comment session that cannot be addressed by staff.

BACKGROUND

California Health and Safety Code Sections 34179.5(c)(1) through 34179.5(c)(6), added by Assembly Bill 1484, require a due diligence review (DDR) of Successor Agency assets. This DDR has been performed by a qualified accounting firm, Hayashi & Wayland and is included as Attachment 1 for the oversight board's review. In summary, the DDR finds that the Successor Agency currently holds a total asset value equivalent to \$6,074,814. Some of that total includes "non liquid assets" of \$2,573,092.65 that are subject to a separate long term property management plan to be approved by the Oversight Board sometime in the spring of 2013. Land value was also calculated at the value when the land was purchased. (See Procedure 7 sheet of the attachment.)

The main purpose of this due diligence review is to determine if there are liquid assets that can be disbursed to affected taxing entities, after consideration is given to the obligations of the Successor Agency. The conclusion of the review is that there will be no funds available at this time for disbursement to taxing entities. (Property asset values are not included as liquid assets, but may be available depending upon future disposition, subject to review and approval of the long term property management plan.)

A similar review of low to moderate income housing fund (LMIHF) assets has already been approved by the Oversight Board and the state Department of Finance (DOF). That separate review found there was more than \$2.2 million in unencumbered housing funds that have since been transferred to the County Auditor for disbursement to the affected taxing entities.

NEXT STEPS

By December 15, 2012, the law requires the Successor Agency to provide the results of the DDR to Oversight Board, the County Auditor, the State Controller and the Department of Finance. Upon the Oversight Board's (OB) receipt of the DDR, the OB must convene a public comment session at least five (5) days before formal approval (public comment session addressed in this report). The Oversight Board may adjust any amount provided in the DDR based on any additional information and analysis. The Department of Finance (DOF) has until April 1, 2013 to complete its review and approval of the Due Diligence Review. (Relevant citations of the law are included as Attachment 2.)

ATTACHMENTS:

1. Independent Accountant's Due Diligence Review
2. Relevant Citations Including Health and Safety Code Sections 34179.5 et seq



CITY OF SAND CITY

NOV 28 2012

RECEIVED

**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES**

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

We have performed the minimum required agreed-upon procedures enumerated in Attachment A, which were agreed to by the California State Controller's Office, Department of Finance, and the Successor Agency of the City of Sand City, for the purpose of assisting you in meeting the requirements of Health and Safety Code Sections 34179.5(c)(1) through 34179.5(c)(6) Due Diligence Review. Management of the successor agency are responsible for the accounting records pertaining to statutory compliance pursuant to Health and Safety Code section 34179.5(c)(1) through 34179.5(c)(6). This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The scope of this engagement was limited to performing the minimum required agreed-upon procedures as set forth in Attachment A.

Attachment A identified the findings noted as a result of the procedures performed.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion as to the appropriateness of the results summarized in Attachment A. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

November 28, 2012

Hayashi & Wayland, LLP

ATTACHMENT A

**Sand City Successor Agency
Due Diligence Review**

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.

Suggested Procedure(s):

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:

Obtained listing and agreed the amounts to the amounts posted in the Successor Agency General Ledger detail. The total amount of assets transferred was \$5,973,397.71.

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.

Suggested Procedure(s):

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.
 - 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.

- 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:

- A. See attached Procedure 2.
- B. There were no transfers during this period.
- C. Obtained the legal documents as stated in the attached Procedure 2.

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.

Suggested Procedure(s):

- 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.
 - 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.
 - 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:

- A. See attached Procedure 3.
- B. See attached Procedure 3.
- C. Obtained the legal documents as stated in the attached Procedure 3.

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.

Suggested Procedure(s):

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

Result:

Obtained summary of financial transactions (see attached Procedure 4.) and verified that the total of revenues, expenditures and transfers accounts fully for the change in equity from the previous fiscal period and that the June 30, 2010 amounts in the schedule agreed to the State Controller's report filed for that period. The amounts in the schedule for the other fiscal periods were compared to the general ledger and available audited financial statements.

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.

Suggested Procedure(s):

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 15, 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:

Obtained listing of assets of all other funds as of June 30, 2012 and agreed to the balances recorded in the General Ledger. The listing is attached as Procedure 5.

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.

Suggested Procedure(s):

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.

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

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

C. Other assets considered to be legally restricted:

- i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).
- ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
- 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.

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.

Result:

A.

- i. See Procedure 6.A. attached.
- ii. Traced balances to the US Bank account statements without exception.
- iii. Obtained bond documents that specify the restriction.

B. No grant proceeds or program income restricted.

C. No other assets considered to be legally restricted.

D. See Procedure 6.A. attached. The restriction is in effect until the related assets are expended for their intended purpose.

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.

Suggested Procedure(s):

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.

- B. If the assets listed at 7(A) are listed at purchase cost, trace the amounts to a previously audited financial statement (or to the accounting records of the Successor Agency) and note any differences.
- C. For any differences noted in 7(B), inspect evidence of disposal of the asset and ascertain that the proceeds were deposited into the Successor Agency trust fund. If the differences are due to additions (this generally is not expected to occur), inspect the supporting documentation and note the circumstances.
- D. If the assets listed at 7(A) are listed at recently estimated market value, inspect the evidence (if any) supporting the value and note the methodology used. If no evidence is available to support the value and/or methodology, note the lack of evidence.

Result:

See listing attached as Procedure 7. The assets are listed at purchase cost, the amounts were traced to previously audited financial statements without exception.

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.

Suggested Procedure(s):

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

toward payment of that obligation.

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

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

Results:

- A.
- i. Compared all information on the schedule to the legal documents that form the basis for the dedication or restriction without exception.
 - ii. Compared all current balances (6/30/2012) to the amounts reported in the accounting records of the Successor Agency without exception.
 - iii. Compared the specified enforceable obligations to those that were included in the final Recognized Obligation Payment Schedule approved by the California Department of Finance without exception.
 - iv. See attached Procedure 8. A.
- B. See Procedure 8. B. & C. attached.
- i. Compared enforceable obligations to those approved by the California Department of Finance without exception, except for the City loans, which are pending a decision by the DOF by December 15, 2012.
 - ii. Compared the forecasted annual spending requirements to the legal document supporting each enforceable obligation. Assumptions used are as follows:
Bond payments – based on Debt Service Schedule.
Administrative/Oversight Board fees – based on amount allowed per AB IX26
Contingency – based on prior amounts paid to the City of Seaside in prior years.
City loans – based on various agreements between the City and the former Redevelopment Agency and what would be affordable based on past tax increment received.

SERAF loan – Payment due back by June 30, 2015 per ABx4 26.

- iii. The assumptions for the forecasted annual revenues are based on what has been received so far from the Redevelopment Property Tax Trust Fund.
- C. See Procedure 8. B. & C. attached.
- i. Compared timing and amounts of bond debt service payments to the related bond debt service schedule without exception.
 - ii. The assumptions for the forecasted property tax revenues are based on what has been received so far from the Redevelopment Property Tax Trust Fund.
 - iii. There are no other general purpose revenues. The Successor Agency's only source of revenue is from the Redevelopment Property Tax Trust Fund.
- D. See Procedure 8. D. attached.

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.

Suggested Procedure(s):

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

Results: See Procedure 9. attached.

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.

Suggested Procedure(s):

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: See Procedure 10 attached.

Suggested Procedure(s):

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: Representation letter was obtained.

**SAND CITY SUCCESSOR AGENCY
PROCEDURE 2.**

Transfers to City for the period of January 1, 2011 through January 31, 2012

<u>Date</u>	<u>Amount</u>	<u>Purpose</u>
2/8/2011	\$ 500,000.00	Payment on loan from the City
3/9/2011	\$ 300,000.00	Payment on loan from the City

Payments were made in accordance with the following:

Cooperative Agreement dated January 20, 1987

Reimbursement agreements dated July 18, 1989 and June 26, 1996.

Resolution 10-07, 2010 Adopting the Budget for fiscal year 2010-2011, which provides for loan payments to the City

Resolution 11-19, 2011, City resolution requesting immediate payment of unnumbered funds from the Redevelopment Agency for partial repayment of debt.

Resolution 11-02, 2011 Agreeing to make partial repayment of debt in the amount of \$800,000

**SEASIDE CITY SUCCESSOR AGENCY
PROCEDURE 3.**

RDA & SUCCESSOR PAYMENTS
JANUARY 1, 2011 THROUGH JUNE 30, 2012

<u>Date</u>	<u>Payee</u>	<u>Amount</u>	<u>Description</u>	
1/26/2011	City of Seaside	86,989.22	Seaside Agreement - 3rd Q 2010	1
4/21/2011	U.S. Bank Trust, N.A.	197,032.13	2008A & 2008B Bond Payments - May 2011	2
6/27/2011	City of Seaside	104,998.26	Seaside Agreement - 4th Q 2010	1
6/30/2011	City of Seaside	83,843.93	Seaside Agreement - 1st Q 2011	1
10/21/2011	U.S. Bank Trust, N.A.	532,608.63	2008A & 2008B Bond Payments - Nov 2011	2
11/20/2011	City of Seaside	88,691.74	Seaside Agreement - 2nd Q 2011	1
4/20/2012	U.S. Bank Trust, N.A.	189,987.40	2008A & 2008B Bond Payments - May 2012	2
Total		1,284,151.31		

Payments were made in accordance with the following:

- 1 1989 Agreement Regarding Future Impacts on The Provision of Public Services
- 2 Bond Debt Service Schedule

Sand City Successor Agency
Due Diligence Review
Reconciliation Schedule
Procedure 4.

	Redevelopment Agency 12 Months Ended 6/30/2010	Redevelopment Agency 12 Months Ended 6/30/2011	Redevelopment Agency 7 Months Ended 1/31/2012	Successor Agency 5 Months Ended 6/30/2012
Assets (modified accrual basis)				
Cash and cash equivalents	\$ 3,014,946	\$ 836,565	\$ 1,520,894	\$ 3,892,662
Investments	1,598,914	1,604,657	1,053,908	1,054,339
Receivables, net	744	653	-	-
Due from other funds	152,383	248,510	-	-
Loan to other funds	568,092	685,052	685,052	685,052
Due from the City	441,812	2,261,261	2,261,261	-
Receivables from other governments	12,039	9,414	-	-
Restricted investments	819,050	818,990	818,981	818,924
	-	-	-	-
	-	-	-	-
	-	-	-	-
Total Assets	\$ 6,607,980	\$ 6,465,102	\$ 6,340,096	\$ 6,450,977
Liabilities (modified accrual basis)				
Due to other funds	\$ 152,383	\$ 248,510	\$ -	\$ -
Deferred revenue	12,039	9,414	-	-
Loan from other funds	568,092	685,052	685,052	685,052
Refundable fees	1,455,000	1,455,000	1,455,000	1,455,000
	-	-	-	-
	-	-	-	-
Total Liabilities	\$ 2,187,514	\$ 2,397,976	\$ 2,140,052	\$ 2,140,052
	-	-	-	-
Equity	4,420,466	4,067,126	4,200,044	4,310,925
Total Liabilities + Equity	\$ 6,607,980	\$ 6,465,102	\$ 6,340,096	\$ 6,450,977
Total Revenues:	\$ 1,917,703	\$ 1,830,734	\$ 938,865	\$ 310,576
Total Expenditures:	\$ 3,663,381	\$ 2,976,988	\$ 894,639	\$ 199,695
Total Transfers:	\$ (92,650)	\$ 792,914	\$ 88,692	\$ -
Net change in equity	\$ (1,838,328)	\$ (353,340)	\$ 132,918	\$ 110,881
Beginning Equity:	\$ 6,258,794	\$ 4,420,466	\$ 4,067,126	\$ 4,200,044
Ending Equity:	\$ 4,420,466	\$ 4,067,126	\$ 4,200,044	\$ 4,310,925
Other Information (show year end balances for all three years presented):				
Capital assets as of end of year	\$ 3,055,489	\$ 2,588,752		\$ 2,573,093
Long-term debt as of end of year	\$ 22,964,780	\$ 23,139,895		\$ 22,824,339

SAND CITY SUCCESSOR AGENCY
JUNE 30, 2012 BALANCES
OTHER FUNDS (Excludes Low and Moderate Income housing)
PROCEDURE 5.

	<u>ASSET</u>	<u>AMOUNT</u>
CASH:		
Checking account		588,355.83
Tax Increment Account		812,160.00
Sales and Use Tax Account		227,941.93
		<u>1,628,457.76</u>
INVESTMENTS:		
2008 Tax Exempt CD #6998114883		524,595.06
2008 Tax Exempt CD #535671579		529,743.99
2008A Reserve Account		694,723.66
2008A Debt Service Fund		0.90
2008B Reserve Account		124,199.49
2008B Cost of Issuance		0.02
2008B Debt Service Fund		0.35
		<u>1,873,263.47</u>
LAND:		
APN 011-194-001 (Dias/Hickory)		75,467.59
McDonald Coastal Property		1,100,000.00
APN 011-122-005 (South of Tioga)		27,500.00
Ortiz and Redwood Ave		1,322,742.17
		<u>2,525,709.76</u>
SCULPTURE:		
Cost		40,218.25
Accumulated Depreciation		(20,108.55)
		<u>20,109.70</u>
CITY ENTRANCE SIGN LIGHTS & LANDSCAPING:		
Cost		150,356.11
Accumulated Depreciation		(135,320.49)
		<u>15,035.62</u>
IRRIGATION WELL-ROBINETTE PROPERTY:		
Cost		32,274.88
Accumulated Depreciation		(20,037.31)
		<u>12,237.57</u>
TOTAL		<u><u>6,074,813.88</u></u>

**SAND CITY SUCCESSOR AGENCY
PROCEDURE 6.A.**

**SUCCESSOR AGENCY RESTRICTED FUNDS
AS OF JUNE 30, 2012**

<u>ACCOUNT</u>	<u>AMOUNT</u>	<u>RESTRICTED PURPOSE</u>
2008A Reserve Account	694,724.56	Final bond payment
2008B Reserve Account	124,199.86	Final bond payment
Total	<u>818,924.42</u>	

**SAND CITY SUCCESSOR AGENCY
NON LIQUID ASSETS
PROCEDURE 7.**

	<u>ASSET</u>	<u>AMOUNT</u>
LAND:		
	APN 011-194-001 (Dias/Hickory)	75,467.59
	McDonald Coastal Property	1,100,000.00
	APN 011-122-005 (South of Tioga)	27,500.00
	Ortiz and Redwood Ave	1,322,742.17
		<u>2,525,709.76</u>
SCULPTURE:		
	Cost	40,218.25
	Accumulated Depreciation	(20,108.55)
		<u>20,109.70</u>
CITY ENTRANCE SIGN LIGHTS & LANDSCAPING:		
	Cost	150,356.11
	Accumulated Depreciation	(135,320.49)
		<u>15,035.62</u>
IRRIGATION WELL-ROBINETTE PROPERTY:		
	Cost	32,274.88
	Accumulated Depreciation	(20,037.31)
		<u>12,237.57</u>
	TOTAL	<u><u>2,573,092.65</u></u>

All stated at cost.

SAND CITY SUCCESSOR AGENCY
 ASSETS BALANCES DEDICATED/RESTRICTED FOR FUNDING ENFORCEABLE OBLIGATIONS
 PROCEDURE 8. A.

<u>Date</u>	<u>Description</u>	<u>Balance</u>	<u>Nature of Restriction</u>	<u>Enforceable Obligation</u>	<u>Legal Document</u>
6/30/2012	Tax Increment Account	812,160.00	Restricted for enforceable obligations	Bonds, Administrative fees, Oversight Board Fees, Contingency*	Bond Debt Service Schedule; AB IX26 allows for administrative fees; Contingency - Agreement with the City of Seaside requires payment of certain revenues generated within the redevelopment area
6/30/2012	2008A Reserve Account	694,724.56	Restricted for Reserve account	Bonds	Indenture of Trust, Section 403(d) requires reserve balances through the life of the bonds
6/30/2012	2008B Reserve Account	124,199.86	Restricted for Reserve account	Bonds	Indenture of Trust, Section 403(d) requires reserve balances through the life of the bonds
	Total	<u>1,631,084.42</u>			

* Seaside Agreement - Sand City claims the agreement is no longer effective, Seaside claims the agreement is still effective. If agreement is determined to be effective, it would qualify as an enforceable obligation.

SAND CITY SUCCESSOR AGENCY
 PROCEDURE 8. B. & C.

SUCCESSOR AGENCY PROJECTED EXPENSE/REVENUES

<u>Date</u>	<u>Description</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Balance</u>
<u>Fiscal Year 2012-2013</u>				
6/30/2012	Tax Increment Account			812,160.00
7/1/2012	City Loan to RDA (Seaside & Operating)		216,250.00	
10/20/2012	November 2012 Bond Payments		540,181.25	
12/1/2012	Tax Increment Amount Projected	500,000.00		
	Requesting \$1,022,731			
	<i>Covers 11/13 bond payments - ROPS 3</i>			
1/1/2013	Administrative Fees		125,000.00	
1/1/2013	Oversight Board Fees		10,000.00	
1/1/2013	Contingency **		200,000.00	
1/1/2013	City Loan to RDA (Operating Only)		88,000.00	
4/20/2013	May 2013 Bond Payments		182,731.25	
6/1/2013	Tax Increment Amount Projected	400,000.00		
	Requesting \$635,463			
	<i>Covers 5/14 bond payments - ROPS 4</i>			
	Total Fiscal Year 2012-2013			349,997.50
<u>Fiscal Year 2013-2014</u>				
7/1/2013	Administrative Fees		125,000.00	
7/1/2013	Oversight Board Fees		10,000.00	
7/1/2013	Contingency **		200,000.00	
7/1/2013	City Loan to RDA		125,000.00	
10/20/2013	November 2013 Bond Payments		522,731.25	
12/1/2013	Tax Increment Amount Projected	500,000.00		
	Requesting \$1,020,463			
	<i>Covers 11/14 bond payments - ROPS 5</i>			
1/1/2014	Administrative Fees		125,000.00	
1/1/2014	Oversight Board Fees		10,000.00	
1/1/2014	Contingency **		200,000.00	
1/1/2014	City Loan to RDA		125,000.00	
4/20/2014	May 2014 Bond Payments		175,462.50	
6/1/2014	Tax Increment Amount Projected	400,000.00		
	Requesting \$626,150			
	<i>Covers 5/15 bond payments - ROPS 6</i>			
	Total Fiscal Year 2013-2014			(368,196.25)
<u>Fiscal Year 2014-2015</u>				
7/1/2014	Administrative Fees		125,000.00	
7/1/2014	Oversight Board Fees		10,000.00	
7/1/2014	Contingency **		200,000.00	
7/1/2014	City Loan to RDA		125,000.00	
10/20/2014	November 2014 Bond Payments		560,462.50	
12/1/2014	Tax Increment Amount Projected	500,000.00		
	Requesting \$1,026,150			
	<i>Covers 11/15 bond payments - ROPS 7</i>			
1/1/2015	Administrative Fees		125,000.00	
1/1/2015	Oversight Board Fees		10,000.00	
1/1/2015	Contingency **		200,000.00	
1/1/2015	City Loan to RDA		125,000.00	
4/20/2015	May 2015 Bond Payments		166,150.00	
6/1/2015	Repay SERAF Loan		568,092.00	
6/1/2015	Tax Increment Amount Projected	400,000.00		
	Requesting \$616,475			
	<i>Covers 5/16 bond payments - ROPS 8</i>			
	Total Fiscal Year 2014-2015			(1,682,900.75)
<u>Fiscal Year 2015-2016</u>				
7/1/2015	Administrative Fees		125,000.00	
7/1/2015	Oversight Board Fees		10,000.00	

7/1/2015	Contingency **		200,000.00
7/1/2015	City Loan to RDA		125,000.00
10/20/2015	November 2015 Bond Payments		566,150.00
12/1/2015	Tax Increment Amount Projected	500,000.00	
	Requesting \$1,036,175		
	<i>Covers 11/16 bond payments - ROPS 9</i>		
1/1/2016	Administrative Fees		125,000.00
1/1/2016	Oversight Board Fees		10,000.00
1/1/2016	Contingency **		200,000.00
1/1/2016	City Loan to RDA		125,000.00
4/20/2016	May 2016 Bond Payments		156,475.00
6/1/2016	Repay Seraf Loan		116,960.00
6/1/2016	Tax Increment Amount Projected	400,000.00	
	Requesting \$606,300		
	<i>Covers 5/17 bond payments - ROPS 10</i>		
	Total Fiscal Year 2015-2016		(2,542,485.75)

Fiscal Year 2016-2017

7/1/2016	Administrative Fees		125,000.00
7/1/2016	Oversight Board Fees		10,000.00
7/1/2016	Contingency **		200,000.00
7/1/2016	City Loan to RDA		125,000.00
10/20/2016	November 2016 Bond Payments		576,475.00
12/1/2016	Tax Increment Amount Projected	500,000.00	
	Requesting \$1,041,300		
	<i>Covers 11/17 bond payments - ROPS 11</i>		
1/1/2017	Administrative Fees		125,000.00
1/1/2017	Oversight Board Fees		10,000.00
1/1/2017	Contingency **		200,000.00
1/1/2017	City Loan to RDA		125,000.00
4/20/2017	May 2017 Bond Payments		146,300.00
6/1/2017	Tax Increment Amount Projected	400,000.00	
	Requesting \$595,762.50		
	<i>Covers 5/18 bond payments - ROPS 12</i>		
	Total Fiscal Year 2016-2017		(3,285,260.75)

Fiscal Year 2017-2018

7/1/2017	Administrative Fees		125,000.00
7/1/2017	Oversight Board Fees		10,000.00
7/1/2017	Contingency **		200,000.00
7/1/2017	City Loan to RDA		125,000.00
10/20/2017	November 2017 Bond Payments		581,300.00
12/1/2017	Tax Increment Amount Projected	500,000.00	
	Requesting \$1,055,762.50		
	<i>Covers 11/18 bond payments - ROPS 13</i>		
1/1/2018	Administrative Fees		125,000.00
1/1/2018	Oversight Board Fees		10,000.00
1/1/2018	Contingency **		200,000.00
1/1/2018	City Loan to RDA		125,000.00
4/20/2018	May 2018 Bond Payments		135,762.50
6/1/2018	Tax Increment Amount Projected	400,000.00	
	Requesting \$584,612.50		
	<i>Covers 5/19 bond payments - ROPS 14</i>		
	Total Fiscal Year 2017-2018		(4,022,323.25)

Fiscal Year 2018-2019

7/1/2018	Administrative Fees		125,000.00
7/1/2018	Oversight Board Fees		10,000.00
7/1/2018	Contingency **		200,000.00
7/1/2018	City Loan to RDA		125,000.00
10/20/2018	November 2018 Bond Payments		595,762.50
12/1/2018	Tax Increment Amount Projected	500,000.00	
	Requesting \$1,069,612.50		
	<i>Covers 11/19 bond payments - ROPS 15</i>		
1/1/2019	Administrative Fees		125,000.00

1/1/2019	Oversight Board Fees		10,000.00	
1/1/2019	Contingency **		200,000.00	
1/1/2019	City Loan to RDA		125,000.00	
4/20/2019	May 2019 Bond Payments		124,612.50	
6/1/2019	Tax Increment Amount Projected	400,000.00		
	Requesting \$573,425			
	<i>Covers 5/20 bond payments - ROPS 16</i>			
	Total Fiscal Year 2017-2018	6,300,000.00	11,874,858.25	(4,762,698.25)

The above does not include the following:

COP Reimbursement	1,454,766.00
King DDA	1,455,000.00
Bond Payments from 11/2019 to 11/2023	6,829,822.50

"Requesting" amount is Admin Fees, OB fees, Contingency, City Loan + Bond Payments

**SAND CITY SUCCESSOR AGENCY
PROCEDURE 8. D.**

<u>Date</u>	<u>Description</u>	<u>Balance</u>
6/30/2012	Dedicated/Restricted Balances	812,160.00
	Forecasted annual revenues:	
12/1/2012	Tax Increment Amount Projected	500,000.00
6/1/2013	Tax Increment Amount Projected	400,000.00
12/1/2013	Tax Increment Amount Projected	500,000.00
6/1/2014	Tax Increment Amount Projected	400,000.00
12/1/2014	Tax Increment Amount Projected	500,000.00
6/1/2015	Tax Increment Amount Projected	400,000.00
12/1/2015	Tax Increment Amount Projected	500,000.00
6/1/2016	Tax Increment Amount Projected	400,000.00
12/1/2016	Tax Increment Amount Projected	500,000.00
6/1/2017	Tax Increment Amount Projected	400,000.00
12/1/2017	Tax Increment Amount Projected	500,000.00
6/1/2018	Tax Increment Amount Projected	400,000.00
12/1/2018	Tax Increment Amount Projected	500,000.00
6/1/2019	Tax Increment Amount Projected	400,000.00
	Total resources available to fund enforceable obligations	<u>7,112,160.00</u>
	Forecasted annual spending requirements:	
7/1/2012	City Loan to RDA (Seaside & Operating)	216,250.00
10/20/2012	November 2012 Bond Payments	540,181.25
1/1/2013	Administrative Fees	125,000.00
1/1/2013	Oversight Board Fees	10,000.00
1/1/2013	Contingency **	200,000.00
1/1/2013	City Loan to RDA (Operating Only)	88,000.00
4/20/2013	May 2013 Bond Payments	182,731.25
7/1/2013	Administrative Fees	125,000.00
7/1/2013	Oversight Board Fees	10,000.00
7/1/2013	Contingency **	200,000.00
7/1/2013	City Loan to RDA	125,000.00
10/20/2013	November 2013 Bond Payments	522,731.25
1/1/2014	Administrative Fees	125,000.00
1/1/2014	Oversight Board Fees	10,000.00
1/1/2014	Contingency **	200,000.00
1/1/2014	City Loan to RDA	125,000.00
4/20/2014	May 2014 Bond Payments	175,462.50
7/1/2014	Administrative Fees	125,000.00
7/1/2014	Oversight Board Fees	10,000.00
7/1/2014	Contingency **	200,000.00
7/1/2014	City Loan to RDA	125,000.00
10/20/2014	November 2014 Bond Payments	560,462.50
1/1/2015	Administrative Fees	125,000.00
1/1/2015	Oversight Board Fees	10,000.00
1/1/2015	Contingency **	200,000.00
1/1/2015	City Loan to RDA	125,000.00
4/20/2015	May 2015 Bond Payments	166,150.00
6/1/2015	Repay SERAF Loan	568,092.00
7/1/2015	Administrative Fees	125,000.00
7/1/2015	Oversight Board Fees	10,000.00
7/1/2015	Contingency **	200,000.00
7/1/2015	City Loan to RDA	125,000.00
10/20/2015	November 2015 Bond Payments	566,150.00
1/1/2016	Administrative Fees	125,000.00

1/1/2016	Oversight Board Fees	10,000.00
1/1/2016	Contingency **	200,000.00
1/1/2016	City Loan to RDA	125,000.00
4/20/2016	May 2016 Bond Payments	156,475.00
6/1/2016	Repay SERAF Loan	116,960.00
7/1/2016	Administrative Fees	125,000.00
7/1/2016	Oversight Board Fees	10,000.00
7/1/2016	Contingency **	200,000.00
7/1/2016	City Loan to RDA	125,000.00
10/20/2016	November 2016 Bond Payments	576,475.00
1/1/2017	Administrative Fees	125,000.00
1/1/2017	Oversight Board Fees	10,000.00
1/1/2017	Contingency **	200,000.00
1/1/2017	City Loan to RDA	125,000.00
4/20/2017	May 2017 Bond Payments	146,300.00
7/1/2017	Administrative Fees	125,000.00
7/1/2017	Oversight Board Fees	10,000.00
7/1/2017	Contingency **	200,000.00
7/1/2017	City Loan to RDA	125,000.00
10/20/2017	November 2017 Bond Payments	581,300.00
1/1/2018	Administrative Fees	125,000.00
1/1/2018	Oversight Board Fees	10,000.00
1/1/2018	Contingency **	200,000.00
1/1/2018	City Loan to RDA	125,000.00
4/20/2018	May 2018 Bond Payments	135,762.50
7/1/2018	Administrative Fees	125,000.00
7/1/2018	Oversight Board Fees	10,000.00
7/1/2018	Contingency **	200,000.00
7/1/2018	City Loan to RDA	125,000.00
10/20/2018	November 2018 Bond Payments	595,762.50
1/1/2019	Administrative Fees	125,000.00
1/1/2019	Oversight Board Fees	10,000.00
1/1/2019	Contingency **	200,000.00
1/1/2019	City Loan to RDA	125,000.00
4/20/2019	May 2019 Bond Payments	124,612.50
	Total annual spending requirements	<u>11,874,858.25</u>

(4,762,698.25)

Current unrestricted balances needed to be retained:

Checking account	588,355.83
Sales and Use Tax Account	227,941.93
2008 Tax Exempt CD #6998114883	524,595.06
2008 Tax Exempt CD #535671579	529,743.99
	<u>1,870,636.81</u>

**SAND CITY SUCCESSOR AGENCY
PROCEDURE 9.**

SUCCESSOR AGENCY OBLIGATIONS
July 2012 to December 2012

<u>Obligation</u>	<u>Amount</u>	<u>Existing Cash as of 6/30/12</u>	<u>Explanation</u>
2008A Bonds	132,650.00	132,650.00	Tax increment received to pay the obligation
2008B Bonds	50,081.25	50,081.25	Tax increment received to pay the obligation
Administrative Costs	125,000.00	125,000.00	Tax increment received to pay the obligation

SUCCESSOR AGENCY OBLIGATIONS
January 2013 to June 2013

<u>Obligation</u>	<u>Amount</u>	<u>Existing Cash as of 6/30/12</u>	<u>Explanation</u>
2008A Bonds	347,650.00	347,650.00	Tax increment received to pay the obligation
2008B Bonds	175,081.25	156,778.75	Tax increment received to pay the obligation
Administrative Costs	125,000.00		Tax increment received to pay the obligation
Total	<u>955,462.50</u>	<u>812,160.00</u>	

**SAND CITY SUCCESSOR AGENCY
PROCEDURE 10.**

SUMMARY OF BALANCES AVAILABLE FOR ALLOCATION TO AFFECTED TAXING ENTITIES

Total amount of assets held by the successor agency as of June 30, 2012 (procedure 5)	\$ 6,074,814
Add the amount of any assets transferred to the city or other parties for which an enforceable obligation with a third party requiring such transfer and obligating the use of the transferred assets did not exist (procedures 2 and 3)	-
Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments (procedure 6)	(818,924)
Less assets that are not cash or cash equivalents (e.g., physical assets) - (procedure 7)	(2,573,093)
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)	(1,870,637)
Less balances needed to satisfy ROPS for the 2012-13 fiscal year (procedure 9)	(812,160)
Less the amount of payments made on July 12, 2012 to the County Auditor-Controller as directed by the California Department of Finance	<u>-</u>
Amount to be remitted to county for disbursement to taxing entities	<u>\$ -</u>

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.

only one oversight board was created by operation of the act adding this part, then there will be no change to the composition of that oversight board as a result of the operation of subdivision (b).

(m) Any oversight board for a given successor agency shall cease to exist when all of the indebtedness of the dissolved redevelopment agency has been repaid.

(n) An oversight board may direct a successor agency to provide additional legal or financial advice than what was given by agency staff.

(o) An oversight board is authorized to contract with the county or other public or private agencies for administrative support.

(p) On matters within the purview of the oversight board, decisions made by the oversight board supersede those made by the successor agency or the staff of the successor agency.

SEC. 17. Section 34179.5 is added to the Health and Safety Code , to read:

34179.5. (a) In furtherance of subdivision (d) of Section 34177, each successor agency shall employ a licensed accountant, approved by the county auditor-controller and with experience and expertise in local government accounting, to conduct a due diligence review to determine the unobligated balances available for transfer to taxing entities. As an alternative, an audit provided by the county auditor-controller that provides the information required by this section may be used to comply with this section with the concurrence of the oversight board.

(b) For purposes of this section the following terms shall have the following meanings:

(1) "Cash" and "cash equivalents" includes, but is not limited to, cash in hand, bank deposits, Local Agency Investment Fund deposits, deposits in the city or county treasury or any other pool, marketable securities, commercial paper, United States Treasury bills, banker's acceptances, payables on demand and amounts due from other parties as defined in subdivision (c), and any other money owned by the successor agency.

(2) "Enforceable obligation" includes any of the items listed in subdivision (d) of Section 34171, contracts detailing specific work to be performed that were entered into by the former redevelopment agency prior to June 28, 2011, with a third party that is other than the city, county, or city and county that created the former redevelopment agency, and indebtedness obligations as defined in subdivision (e) of Section 34171.

(3) "Transferred" means the transmission of money to another party that is not in payment for goods or services or an investment or where the payment is de minimus. Transfer also means where the payments are ultimately merely a restriction on the use of the money.

(c) At a minimum, the review required by this section shall include the following:

(1) The dollar value of assets transferred from the former

redevelopment agency to the successor agency on or about February 1, 2012.

(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.

(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.

(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.

(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.

(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.

(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.

(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.

(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.

(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.

MEDICAL SERVICE REVIEW
CMH/F
AUDIT

SEC. 18. Section 34179.6 is added to the Health and Safety Code , to read:

34179.6. The review required pursuant to Section 34179.5 shall be submitted to the oversight board for review. The successor agency shall submit a copy of the Recognized Obligation Payment Schedule to the county administrative officer, the county auditor-controller, and the Department of Finance at the same time that the successor agency submits the review to the oversight board for review.

CMH/F

(a) By October 1, 2012, each successor agency shall provide to the oversight board, the county auditor-controller, the Controller, and the Department of Finance the results of the review conducted pursuant to Section 34179.5 for the Low and Moderate Income Housing Fund and specifically the amount of cash and cash equivalents determined to be available for allocation to taxing entities. By December 15, 2012, each successor agency shall provide to the oversight board, the county auditor-controller, the Controller, and the department the results of the review conducted pursuant to Section 34179.5 for all of the other fund and account balances and specifically the amount of cash and cash equivalents determined to be available for allocation to taxing entities. The department may request any supporting documentation and review results to assist in its review under subdivision (d). The department may specify the form and manner information about the review shall be provided to it.

Oct 1 2012

(b) Upon receipt of the review, the oversight board shall convene a public comment session to take place at least five business days before the oversight board holds the approval vote specified in

subdivision (c). The oversight board also shall consider any opinions offered by the county auditor-controller on the review results submitted by the successor agencies.

(c) By October 15, 2012, for the Low and Moderate Income Housing Fund and by January 15, 2013, for all other funds and

accounts, the oversight board shall review, approve, and transmit to the department and the county auditor-controller the determination of the amount of cash and cash equivalents that are available for disbursement to taxing entities as determined according to the method provided in Section 34179.5. The oversight board may adjust any amount provided in the review to reflect additional information and analysis. The review and approval shall occur in public sessions. The oversight board may request from the successor agency any materials it deems necessary to assist in its review and approval of the determination. The oversight board shall be empowered to authorize a successor agency to retain assets or funds identified in subparagraphs (B) to (E), inclusive, of paragraph (5) of subdivision (c) of Section 34179.5. An oversight board that makes that authorization also shall identify to the department the amount of funds authorized for retention, the source of those funds, and the purposes for which those funds are being retained. The determination and authorization to retain funds and assets shall be subject to the review and approval of the department pursuant to subdivision (d).

(d) The department may adjust any amount associated with the determination of the resulting amount described in paragraph (6) of subdivision (c) of Section 34179.5 based on its analysis and information provided by the successor agency and others. The department shall consider any findings or opinions of the county auditor-controllers and the Controller. The department shall complete its review of the determinations provided pursuant to subdivision (c) no later than November 9, 2012, for the Low and Moderate Income Housing Fund and also shall notify the oversight board and the successor agency of its decision to overturn any decision of the oversight board to authorize a successor agency to retain assets or funds made pursuant to subdivision (c). The department shall complete its review of the determinations provided pursuant to subdivision (c) no later than April 1, 2013, for the other funds and accounts and also shall notify the oversight board and the successor agency of its decision to overturn any oversight board authorizations made pursuant to subdivision (c). The department shall provide the oversight board and the successor agency an explanation of its basis for overturning or modifying any findings, determinations, or authorizations of the oversight board made pursuant to subdivision (c).

NOV 9 2012

April 1 2013

(e) The successor agency and the entity or entities that created the former redevelopment agency may request to meet and confer with the department to resolve any disputes regarding the amounts or sources of funds identified as determined by the department. The request shall be made within five business days of the transmission,

and no later than November 16, 2012, for the determination regarding the Low and Moderate Income Housing Fund, to the successor agency or the designated local authority of the department's determination, decisions, and explanations and shall be accompanied by an explanation and documentation of the basis of the dispute. The department shall meet and confer with the requesting party and modify its determinations and decisions accordingly. The department shall either confirm or modify its determinations and decisions within 30 days of the request to meet and confer.

WITH 5 DAYS TO CA

(f) Each successor agency shall transmit to the county auditor-controller the amount of funds required pursuant to the determination of the department within five working days of receipt of the notification under subdivision (c) or (e) if a meet and confer request is made. Successor agencies shall make diligent efforts to recover any money determined to have been transferred without an enforceable obligation as described in paragraphs (2) and (3) of subdivision (c) of Section 34179.5. The department shall notify the county auditor-controllers of its actions and the county auditor-controllers shall disburse the funds received from successor agencies to taxing entities pursuant to Section 34188 within five working days of receipt. Amounts received after November 28, 2012, and April 10, 2013, may be held and disbursed with the regular payments to taxing entities pursuant to Section 34183.

(g) By December 1, 2012, the county auditor-controller shall provide the department a report specifying the amount submitted by each successor agency pursuant to subdivision (d) for low- and moderate-income housing funds, and specifically noting those successor agencies that failed to remit the full required amount. By April 20, 2013, the county auditor-controller shall provide the department a report detailing the amount submitted by each successor agency pursuant to subdivision (d) for all other funds and accounts, and specifically noting those successor agencies that failed to remit the full required amount.

(h) If a successor agency fails to remit to the county auditor-controller the sums identified in subdivisions (d) and (f), by the deadlines specified in those subdivisions, the following remedies are available:

(1) (A) If the successor agency cannot promptly recover the funds that have been transferred to another public agency without an enforceable obligation as described in paragraphs (2) and (3) of subdivision (c) of Section 34179.5, the funds may be recovered through an offset of sales and use tax or property tax allocations to the local agency to which the funds were transferred. To recover such funds, the Department of Finance may order the State Board of Equalization to make an offset pursuant to subdivision (a) of Section 34179.8. If the Department of Finance does not order a sales tax offset, the county auditor-controller may reduce the property tax allocations to any local agency in the county that fails to repay funds pursuant to subdivision (c) of Section 34179.8.

(B) The county auditor-controller and the department shall each