

SAND CITY REDEVELOPMENT AGENCY

ASSET TRANSFER REVIEW

Review Report

January 1, 2011, through January 31, 2012



JOHN CHIANG
California State Controller

February 2013



JOHN CHIANG
California State Controller

February 28, 2013

Steve Matarazzo
City Administrator/Community Development Director
City of Sand City/Successor Agency
1 Sylvan Park
Sand City, CA 93955

Dear Mr. Matarazzo:

Pursuant to Health and Safety (H&S) Code section 34167.5, the State Controller's Office (SCO) reviewed all asset transfers made by the Sand City Redevelopment Agency to the City of Sand City or any other public agency after January 1, 2011. This statutory provision states, "The Legislature hereby finds that a transfer of assets by a redevelopment agency during the period covered in this section is deemed not to be in furtherance of the Community Redevelopment Law and is thereby unauthorized." Therefore, our review included an assessment of whether each asset transfer was allowable and whether it should be turned over to the Sand City Redevelopment Successor Agency.

Our review applied to all assets including, but not limited to, real and personal property, cash funds, accounts receivable, deeds of trust and mortgages, contract rights, and rights to payment of any kind. We also reviewed and determined whether any unallowable transfers of assets to the City of Sand City or any other public agencies have been reversed.

Our review found that the Sand City Redevelopment Agency transferred \$34,265,487 to the Successor Agency. This includes \$2,262,708 in Low and Moderate Income Housing Fund unencumbered cash, or 6.6% that the Successor Agency must dispose of in accordance with ABX1 26 and AB 1484.

If you have any questions, please contact Steven Mar, Bureau Chief, Local Government Audits Bureau, at (916) 324-7226.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/bf

cc: Steven Szalay, Local Government Consultant
Department of Finance
David Pandergrass, Oversight Board Chair
City of Sand City Successor Agency
Michael J. Miller, County Auditor-Controller
County of Monterey
Richard J. Chivaro, Chief Legal Counsel
State Controller's Office
Scott Freesmeier, Audit Manager
Division of Audits, State Controller's Office
Anita Bjelobrk, Auditor-in-Charge
Division of Audits, State Controller's Office

Contents

Review Report

Summary	1
Background	1
Objectives, Scope, and Methodology	2
Conclusion	2
View of Responsible Official	2
Restricted Use	2
Finding and Conclusion of the Controller	3
Schedule 1—Summary of Asset Transfers	5
Attachment 1—City’s Response to Draft Review Report	

Asset Transfer Review Report

Summary

The State Controller's Office (SCO) reviewed the asset transfers made by the Sand City Redevelopment Agency (RDA) for the period of January 1, 2011, through January 31, 2012. Our review included, but was not limited to, real and personal property, cash funds, accounts receivable, deeds of trust and mortgages, contract rights, and any rights to payments of any kind from any source.

Our review found that the Sand City RDA transferred \$34,265,487 to the Successor Agency. This total includes \$2,262,708, or 6.6% of transferred assets in Low and Moderate Income Housing Fund unencumbered cash that the Successor Agency must dispose of in accordance with ABX1 26.

Background

In January of 2011, the Governor of the State of California proposed statewide elimination of redevelopment agencies (RDAs) beginning with the fiscal year (FY) 2011-12 State budget. The Governor's proposal was incorporated into Assembly Bill 26 (ABX1 26, Chapter 5, Statutes of 2011, First Extraordinary Session), which was passed by the Legislature, and signed into law by the Governor on June 28, 2011.

ABX1 26 prohibited RDAs from engaging in new business, established mechanisms and timelines for dissolution of the RDAs, and created RDA Successor Agencies to oversee dissolution of the RDAs and redistribution of RDA assets.

A California Supreme Court decision on December 28, 2011 (California Redevelopment Association et al. v. Matosantos) upheld ABX1 26 and the Legislature's constitutional authority to dissolve the RDAs.

ABX1 26 was codified in the Health and Safety Code (H&S Code) beginning with section 34161.

In accordance with the requirements of H&S Code section 34167.5, the State Controller is required to review the activities of RDAs, "to determine whether an asset transfer has occurred after January 1, 2011, between the city or county, or city and county that created a redevelopment agency, or any other public agency, and the redevelopment agency," and the date at which the RDA ceases to operate, or January 31, 2012, whichever is earlier.

The SCO has identified transfers of assets that occurred during that period between the Sand City RDA, the City of Sand City, and/or other public agencies. By law, the SCO is required to order that such assets, except those that already had been committed to a third party prior to June 28, 2011, the effective date of ABX1 26, be turned over to the Successor Agency. In addition, the SCO may file a legal order to ensure compliance with this order.

Objectives, Scope, and Methodology

Our review objective was to determine whether asset transfers that occurred after January 1, 2011, and the date upon which the RDA ceased to operate, or January 31, 2012, whichever was earlier, between the city or county, or city and county that created an RDA, or any other public agency, and the RDA, were appropriate.

We performed the following procedures:

- Interviewed Successor Agency personnel to gain an understanding of the Successor Agency operations and procedures.
- Reviewed meeting minutes and resolutions of the Sand City Redevelopment Agency.
- Reviewed accounting records relating to the recording of assets.
- Verified the accuracy of the Asset Transfer Assessment Form. This form was sent to all former RDAs to provide a list of all assets transferred between January 1, 2011, and January 31, 2012.
- Reviewed applicable financial reports to verify assets (capital, cash, property, etc.).

Conclusion

Our review found that the Sand City Redevelopment Agency transferred \$34,265,487 to the Successor Agency. This total includes \$2,262,708, or 6.6% of transferred assets in Low and Moderate Income Housing Fund unencumbered cash that the Successor Agency must dispose of in accordance with ABX1 26.

Details of our findings and conclusions of the Controller are in the Finding and Conclusion of the Controller section of this report.

Views of Responsible Official

We issued a draft review report on December 21, 2012. Connie Horca, Deputy City Clerk, responded by email, disagreeing with the review results. The city's response is included in this final review report as an attachment.

Restricted Use

This report is solely for the information and use of the City of Sand City, the Successor Agency to the Sand City RDA, the Oversight Board, and the SCO; it 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 when issued final.

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

February 28, 2013

Finding and Conclusion of the Controller

FINDING— Disposal of Housing Fund assets

The Sand City Redevelopment Agency (RDA) transferred \$2,262,708 in cash assets to the Successor Agency; the assets were unencumbered cash from the Low and Moderate Income Housing Fund. The asset transfer to the Successor Agency occurred on February 29, 2012.

The Sand City RDA transferred \$2,200,000 in Low and Moderate Income Housing Fund cash to Sand City on March 8, 2011. The RDA also transferred \$60,000 to the City on June 29, 2011. Consequently, due to the implementation of AB 1484, the City reversed the transfer of the unencumbered cash and transferred the total of \$2,260,000, plus interest of \$2,708, to the Successor Agency on February 29, 2012.

Conclusion

Our review found that the assets discussed above are properly located in the Successor Agency's accounting records. Therefore, it is our conclusion that the Successor Agency should properly dispose of those assets in accordance with Health & Safety (H&S) Code section 34177(d).

H&S Code section 34177(d) states that the Successor Agency should forward unencumbered balances of RDA funds to the county auditor-controller, including, but not limited to, the unencumbered balance of the Low and Moderate Income Housing Fund of a former RDA for distribution to the taxing entities for allocation and distribution in accordance with section 34188.

City's Response

The City does not agree with the SCO's finding. The city responded that:

Your Auditors were very cordial and helpful during our Audit Review. The State Controller's Office (SCO) draft estimate of \$34,265,723.55 of total asset value transferred to the Sand City Successor Agency (SA) is incorrect. For an accurate accounting of total asset transfer please review the attached due diligence review (DDR) recently approved by the Sand City Oversight Board on December 17, 2012 and received by the SCO and the DOF, as required by law. The true value of the total asset transfer is \$5,973,397.71, as further itemized in the DDR. Furthermore, due to existing liabilities of the Sand City Successor Agency, the DDR recommends that all of the assets be retained by the SA for future payment of the enforceable obligations of the SA. The \$34,265,723.55 of assets cited in your draft report is really a reflection of Sand City's double-entry accounting system which balances liabilities with assets as shown on the attachment, a copy of which your representatives received during their audit here. You will note that the balances of both sides of the ledger are exactly the \$34,265,723.55 figure you cite. The "Asset" in the amount of \$23,071,866 represents the amount to be provided to fund long-term debt and does not represent an actual tangible asset, but rather is the amount needed to balance the double-entry accounting system. Therefore, it was not included as an asset in the above-referenced DDR.

SCO Comments

The SCO does not agree with the City.

Our conclusion of the estimated \$34,265,487 in asset transfers is based on the accounting records provided to us by the Successor Agency, specifically the Balance Sheet Report. The eventual distribution of these assets will need to be determined by an agreement between the Successor Agency, with the Oversight Board approval, and the County Auditor-Controller. As such, the DDR and Successor Agency's accounting records reflecting existing liabilities should be taken into account before reaching an agreement.

**Schedule 1—
Summary of Asset Transfers
January 1, 2011, through January 31, 2012**

RDA assets transferred to Successor Agency on January 31, 2012	\$ 32,002,779
RDA assets transferred to Successor Agency on February 29, 2012	<u>2,262,708</u> ¹
Total RDA assets	<u>\$ 34,265,487</u>

¹ See the Finding and Conclusion of the Controller section.

**Attachment 1—
City’s Response to
Draft Review Report**

From: Connie Horca [<mailto:Connie@SandCity.org>]
Sent: Wednesday, January 09, 2013 9:49 AM
To: ABjelobrk@sco.ca.gov
Cc: Steve Matarazzo; 'Linda Scholink'; jim@carmellaw.com
Subject: RE: SCO audit response

Dear Ms. Bjelobrk,

Your Auditors were very cordial and helpful during our Audit Review. The State Controller's Office (SCO) draft estimate of \$34,265,723.55 of total asset value transferred to the Sand City Successor Agency (SA) is incorrect. For an accurate accounting of total asset transfer please review the attached due diligence review (DDR) recently approved by the Sand City Oversight Board on December 17, 2012 and received by the SCO and the DOF, as required by law. The true value of the total asset transfer is \$5,973,397.71, as further itemized in the DDR. Furthermore, due to existing liabilities of the Sand City Successor Agency, the DDR recommends that all of the assets be retained by the SA for future payment of the enforceable obligations of the SA. The \$34,265,723.55 of assets cited in your draft report is really a reflection of Sand City's double-entry accounting system which balances liabilities with assets as shown on the attachment, a copy of which your representatives received during their audit here. You will note that the balances of both sides of the ledger are exactly the \$34,265,723.55 figure you cite. The "Asset" in the amount of \$23,071,866 represents the amount to be provided to fund long-term debt and does not represent an actual tangible asset, but rather is the amount needed to balance the double-entry accounting system. Therefore, it was not included as an asset in the above-referenced DDR.

Sincerely,

Steve Matarazzo, City Administrator

Connie Horca

Deputy City Clerk

City of Sand City

831-394-3054 ex. 22

REPORT.: 01/09/13
 RUN....: 01/09/13
 Run By.: LINDA

SUCCESSOR AGENCY
 Balance Sheet Report
 ALL FUND(S)

PAGE: 001
 ID #: GLBS
 CTL.: SUC

Ending Calendar Date.: February 29, 2012 Fiscal (08-12)

Assets

			Acct ID
Cash Clearing Checking Account	597,751.63	99	1002
Housing Fund SUCCESSOR AGENCY HOUSING	2,263,753.24	20	1003
Debt Service Tax Increment Account	694,285.80	40	1005
Debt Service Sales and Use Tax Account	227,896.60	40	1006
General Fund LAIF	-35,821.49	10	1008
Capital Improv. LAIF	35,821.49	30	1008
Capital Improv. FAIR MARKET VALUE ADJUSTMENT	900.46	30	1008 10
Capital Improv. 2008 TAX EXEMPT CD #6998114883	524,493.07	30	1025
Capital Improv. 2008 TAX EXEMPT CD # 535671579	529,538.04	30	1026
Debt Service 2008A RESERVE ACCOUNT	694,790.60	40	1060
Debt Service 2008A Debt Service Fund	2.98	40	1062
Debt Service 2008B Reserve Account	124,211.80	40	1070
Debt Service 2008B Cost of Issuance	0.02	40	1071
Debt Service 2008B Debt Service Fund	1.40	40	1072
General Fund Cash Balance	598,751.63	10	1099
Debt Service Cash Balance	-1,000.00	40	1099
Cash Clearing Cash Balance	-597,751.63	99	1099
Capital Improv. Interest Receivable	0.19	30	1110
Housing Fund LOAN RECEIVABLE-DEBT SERVICE	685,052.00	20	1112
Debt Service Sales Tax Receivable	40,706.99	40	1115
Debt Service DOUBTFULL COLLECTIONS TAXES	-31,293.32	40	1116
Housing Fund DUE FROM CITY -LOAN HOUSING	2,261,261.00	20	1135
General Lng Trm Amount Provided-Long Term Debt	23,071,866.40	70	1280
General Fixed Land	2,525,709.76	60	1291
General Fixed FURNITURE AND FIXTURES	40,218.25	60	1293
General Fixed Building and Equipment	-0.47	60	1295
General Fixed SIGNS AND LANDSCAPING	182,630.99	60	1297
General Fixed ACCUMULATED DEPRECIATION	-168,053.88	60	1300

Total of Assets ---->	34,265,723.55		34,265,723.55
=====			

Liabilities

			Acct ID
Debt Service DEFERRED REVENUE	9,413.67	40	2020
General Fund REFUNDABLE FEES	1,455,000.00	10	2045
General Fund Due to/from Other Funds	-6,660.00	10	2090
Housing Fund Due to/from Other Funds	-241,850.13	20	2090
Debt Service Due to/from Other Funds	248,510.13	40	2090
General Lng Trm GENERAL LT- ADVANCE COSTCO/SEA	8,792,648.66	70	2330
Debt Service LOAN PAYABLE-HOUSING	685,052.00	40	2452
General Lng Trm LT ADVANCES FOR OPERAT EXPENSE	4,347,670.23	70	2455
General Lng Trm ADVANCES COP REIMBURSEMENTS	1,454,766.42	70	2460

ASSETS TRANSFERRED AT FEBRUARY 1, 2012

	<u>Account Description</u>	
CASH:		
	Rabobank Checking Account	597,723.14
	Rabobank Housing Account	1,045.71
	Rabobank Debt Service Tax Increment Account	694,242.82
	Rabobank Debt Service Sales & Use Tax Account	<u>227,882.49</u>
	TOTAL	<u>1,520,894.16</u>
INVESTMENTS:		
	Rabobank Capital Imp 2008 Tax Exempt 3 Month CD	524,462.48
	Rabobank Capital Imp 2008 Tax Exempt 6 Month CD	529,445.39
	US Bank Debt Service 2008A Reserve Account	694,767.06
	US Bank Debt Service 2008A Debt Service Fund	2.98
	US Bank Debt Service 2008B Reserve Account	124,207.59
	US Bank Debt Service 2008B Cost of Issuance	0.02
	US Bank Debt Service 2008B Debt Service Fund	1.40
	TOTAL	<u>1,872,886.92</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	<u>1,322,742.17</u>
	TOTAL	<u>2,525,709.76</u>
SCULPTURE:		
	Cost	40,218.25
	Accumulated Depreciation	<u>(18,433.52)</u>
	TOTAL	<u>21,784.73</u>
CITY ENTRANCE SIGN LIGHTS & LANDSCAPING:		
	Cost	150,356.11
	Accumulated Depreciation	<u>(131,143.93)</u>
	TOTAL	<u>19,212.18</u>
IRRIGATION WELL-ROBINETTE PROPERTY:		
	Cost	32,274.88
	Accumulated Depreciation	<u>(19,364.92)</u>
	TOTAL	<u>12,909.96</u>
	TOTAL ASSETS	<u>5,973,397.71</u>

SAND CITY SUCCESSOR AGENCY OVERSIGHT BOARD

RESOLUTION OB 12-23, 2012

**RESOLUTION OF THE OVERSIGHT BOARD FOR THE SAND CITY SUCCESSOR
APPROVING DUE DILIGENCE REVIEW (DDR) OF SUCCESSOR AGENCY FUNDS
OTHER THAN THOSE RELATED TO THE LOW AND MODERATE INCOME
HOUSING FUND (LMIHF) AND ACCOUNT BALANCES**

WHEREAS, in accordance with Sections 34179.5 et seq. of the California Health and Safety Code (H&S Code), a due diligence review (DDR) has been prepared to determine other fund and account balances of the former Sand City Redevelopment Agency available for allocation to taxing entities; and

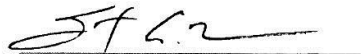
WHEREAS, a public comment session, as required by Section 34179.6(b) of the H&S Code was held on December 10, 2012 to accept public comment on said due diligence review, and to deliberate on any comments received, prior to approval by the Oversight Board, and no comments were received.

NOW, THEREFORE, BE IT RESOLVED that the Oversight Board hereby approves the subject due diligence review (DDR), attached hereto as Exhibit A and incorporated herein by this reference.

PASSED AND ADOPTED by the Sand City Successor Agency Oversight Board on this 17th day of December, 2012 by the following vote:

AYES: Board Members McPherson, Ma, Scholink, Matarazzo, Addleman
NOES: None
ABSTAIN: None
ABSENT: Board Members Lomax, Parker

APPROVED:



Stephen Ma, Board Chair

ATTEST:



Connie Horca, Board Secretary

**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

**SAND 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
	<u>Total</u>	<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)
	<u>Fiscal Year 2016-2017</u>		
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)
	<u>Fiscal Year 2017-2018</u>		
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)
	<u>Fiscal Year 2018-2019</u>		
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			
	<i>Requesting \$573,425</i>				
	<i>Covers 5/20 bond payments - ROPS 16</i>				
	Total Fiscal Year 2017-2018	6,300,000.00	11,874,858.25		(4,762,898.25)
	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		-
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.

**State Controller's Office
Division of Audits
Post Office Box 942850
Sacramento, CA 94250-5874**

<http://www.sco.ca.gov>