

WALNUT IMPROVEMENT AGENCY

ASSET TRANSFER REVIEW

Review Report

January 1, 2011, through January 31, 2012



JOHN CHIANG
California State Controller

September 2014



JOHN CHIANG
California State Controller

September 29, 2014

Karen Ogawa, Director of
Administrative Services
City of Walnut/Successor Agency
21201 La Puente Road
Walnut, CA 91789

Dear Ms. Ogawa:

Pursuant to Health and Safety Code section 34167.5, the State Controller's Office (SCO) reviewed all asset transfers made by the Walnut Improvement Agency (RDA) to the City of Walnut (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 the asset should be turned over to the 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 to the City or any other public agency have been reversed.

Our review found that the RDA transferred \$12,460,594 in assets after January 1, 2011, including unallowable transfers totaling \$6,342,042, or 50.90% of transferred assets. The unallowable transfers included \$442,129 to the City and \$5,899,913 to the Walnut Housing Authority.

However, on December 30, 2013, the Walnut Housing Authority turned over \$5,899,913 plus interest to the Successor Agency. Therefore, the remaining \$442,129 in unallowable transfers must be turned over to the Successor Agency.

If you have any questions, please contact Elizabeth González, Chief, Local Government Compliance Bureau, by telephone at (916) 324-0622.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/sk

cc: Marie Pavia Santos, Finance Officer
City of Walnut
John Naimo, Auditor-Controller
Los Angeles County
Mike Gregoryk, Chairman
Successor Agency
David Botelho, Program Budget Manager
California Department of Finance
Richard J. Chivaro, Chief Legal Counsel
State Controller's Office
Elizabeth González, Bureau Chief
Division of Audits, State Controller's Office
Scott Freesmeier, Audit Manager
Division of Audits, State Controller's Office
Kandy Liu, Auditor-in-Charge
Division of Audits, State Controller's Office

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Asset Transfer Review Report

Summary

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

Our review found that the RDA transferred \$12,460,594 in assets after January 1, 2011, including unallowable transfers totaling \$6,342,042, or 50.90% of transferred assets. The unallowable transfers included \$442,129 to the City of Walnut (City) and \$5,899,913 to the Walnut Housing Authority.

However, on December 30, 2013, the Walnut Housing Authority turned over \$5,899,913 plus interest to the Successor Agency. Therefore, the remaining \$442,129 in unallowable transfers must be turned over to the Successor Agency.

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 and oversight boards 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 (H&S) Code beginning with section 34161.

H&S Code section 34167.5 states in part, ". . . the Controller shall review the activities of redevelopment agencies in the state 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."

The SCO identified asset transfers that occurred after January 1, 2011, between the RDA, the City and/or any other public agency. 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 action to ensure compliance with this order.

Objective, 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's operations and procedures.
- Reviewed meeting minutes, resolutions, and ordinances of the City, the RDA, the Successor Agency, and the Oversight Board.
- 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 Walnut Improvement Agency transferred \$12,460,594 in assets after January 1, 2011, including unallowable transfers totaling \$6,342,042, or 50.90% of transferred assets. The unallowable transfers included \$442,129 to the City of Walnut and \$5,899,913 to the Walnut Housing Authority.

However, on December 30, 2013, the Walnut Housing Authority turned over \$5,899,913 plus interest to the Successor Agency. Therefore, the remaining \$442,129 in unallowable transfers must be turned over to the Successor Agency.

Details of our findings are described in the Findings and Orders of the Controller section of this report.

**Views of
Responsible
Officials**

We issued a draft review report on August 5, 2014. Karen Ogawa, Director of Administrative Services, responded by letter dated August 21, 2014, 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 Walnut, the Successor Agency, the Oversight Board, the Walnut Housing Authority, 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

September 29, 2014

Findings and Orders of the Controller

FINDING 1— Unallowable asset transfer to the City of Walnut

The Walnut Improvement Agency (RDA) made an unallowable asset transfer of \$442,129 to the City of Walnut (City). The transfer occurred after January 1, 2011, and the assets were not contractually committed to a third party prior to June 28, 2011.

On June 30, 2011, the RDA issued check No. 100468 in the amount of \$442,129 to the City for the repayment of an advance.

Pursuant to Health & Safety (H&S) Code section 34167.5, the RDA may not transfer assets to the city, county, city and county, or any other public agency after January 1, 2011. The assets must be turned over to the Successor Agency for disposition in accordance with H&S Code section 34177(d).

Order of the Controller

Pursuant to H&S Code section 34167.5, the City is ordered to reverse the transfer of the assets in the amount of \$442,129, and turn over the assets to the Successor Agency.

The Successor Agency is directed to properly dispose of the assets in accordance with H&S Code section 34177(d).

City's Response

At this stage, we object and submit the enclosed documentation to substantiate the fact that it is a loan that has been carried forward and as a legitimate obligation to be repaid. We are awaiting additional justifying documents from the County, and will submit them to you when received.

See Attachment for the City's complete response.

SCO's Comment

The SCO agrees that the former RDA paid off an outstanding loan obligation to the City of Walnut.

However, the SCO's authority under H&S Code section 34167.5 extends to all assets transferred after January 1, 2011, by the RDA to the city, county, or city and county that created the RDA, or any other public agency. This responsibility is not limited by the other provisions of the RDA dissolution legislation.

Therefore, the Finding and Order of the Controller remain as stated.

**FINDING 2—
Unallowable asset
transfers to the
Walnut Housing
Authority**

The RDA made unallowable asset transfers totaling \$5,899,913 to the Walnut Housing Authority (Authority). The transfers occurred after January 1, 2011, and the assets were not contractually committed to a third party prior to June 28, 2011.

The RDA transferred bond proceeds to the Authority as follows:

- On October 4, 2011, a cash transfer of \$5,746,785 via JE No. 570, per resolution No. 11-11 WIA for low- and moderate-income housing purposes.
- On November 2, 2011, a cash transfer of \$153,128 via check No. 100476, per resolution No. 11-11 WIA for low- and moderate-income housing purposes.

Pursuant to H&S Code section 34167.5, the RDA may not transfer assets to the city, county, city and county, or any other public agency after January 1, 2011. The assets must be turned over to the Successor Agency for disposition in accordance with H&S Code section 34177(d).

Order of the Controller

Pursuant to H&S Code section 34167.5, the Authority is ordered to reverse the transfers of the assets in the amount of \$5,899,913, and turn over the assets to the Successor Agency.

The Successor Agency is directed to properly dispose of those assets in accordance with H&S Code section 34177(d).

However, on December 30, 2013, the Authority turned over \$5,899,913 in cash, plus interest, to the Successor Agency. Therefore, no further action is necessary.

City's Response

The City did not comment on this finding.

SCO's Comment

The Finding and Order of the Controller remain as stated.

**Schedule 1—
Unallowable Asset Transfer to
the City of Walnut
January 1, 2011, through January 31, 2012**

<u>Description</u>	<u>Date</u>	<u>Amount</u>
Unallowable transfer of current asset (cash) – check No. 100468	6/30/2011	\$ 442,129
Total unallowable transfers subject to H&S Code section 34167.5		<u>\$ 442,129</u>

**Schedule 2—
Unallowable Asset Transfers to
the Walnut Housing Authority
January 1, 2011, through January 31, 2012**

Description	Date	Amount
Unallowable transfers of current assets (cash)		
Journal entry No. 570	10/04/2011	\$ 5,746,785
Check No. 100476	11/02/2011	<u>153,128</u>
Total unallowable transfers		5,899,913
Less amount returned to Successor Agency excluding interest	12/30/2013	<u>(5,899,913)</u>
Total unallowable transfers subject to H&S Code section 34167.5		<u>\$ —</u>

**Attachment—
City of Walnut’s Response to
Draft Review Report**

PO Box 682
21201 La Puente Road
Walnut, CA 91789-2018
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NANCY TRAGARZ
Mayor

ERIC CHING
Mayor Pro Tem

ANTONIO "TONY" CARTAGENA
Council Member

ROBERT "BOB" PACHECO
Council Member

MARY SU
Council Member

CITY OF WALNUT

August 21, 2014

Elizabeth Gonzalez
Chief
Local Government Compliance Bureau
State Controller's Office
Division of Audits
PO Box 942850
Sacramento, CA 94250-5874

RE: City of Walnut/Successor Agency
Asset Transfer Review Report
January 1, 2011 through January 31, 2012

Ms. Gonzalez:

We are in receipt of the draft Asset Transfer Review Report for the period of January 1, 2011 through January 31, 2012 of the Walnut Improvement Agency (WIA). The response set forth below contain the State Controller's Asset Transfer Review findings in bold type.

FINDING 1 – Unallowable asset transfer to the City of Walnut

The Walnut Improvement Agency (RDA) made an unallowable asset transfer of \$442,129 to the City of Walnut (City). The asset transfer to the City occurred after January 1, 2011, and the asset was not contractually committed to a third party prior to June 28, 2011.

On June 30, 2011, the RDA issued check #1000468 in the amount of \$442,129 to the City for the repayment of an advance.

Pursuant to Health & Safety (H&S) Code section 34167.5, the RDA may not transfer assets to the city, county, city and county, or any other public agency after January 1, 2011. Those assets should be turned over to the Successor Agency for disposition in accordance with H&S Code section 34177(d) and (c).

Order of the Controller

Pursuant to H&S Code section 34167.5, the City is ordered to reverse the transfer of the above asset, in the amount of \$442, 129, and turn it over to the Successor Agency.

Ms. Elizabeth Gonzalez, Chief
August 20, 2014

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The Successor Agency is directed to properly dispose of the asset in accordance with H&S Code section 34177(d) and (c).

City's Response

At this stage, we object and submit the enclosed documentation to substantiate the fact that it is a loan that has been carried forward and as a legitimate obligation to be repaid. We are awaiting additional justifying documents from the County, and will submit them to you when received.

If you have any questions, please send me an email at kogawa@ci.walnut.ca.us or contact me at 909.595.7543 extension 302.

Sincerely,


KAREN OGAWA
Administrative Services Director

Enclosures

cc: Marie Santos, Finance Officer
Tom Weiner, Community Development Director
Michael Montgomery, City Attorney
Chery Murase, HDL Associates

October 31, 2011

RE: 2011-12 SOI-Walnut Improvement Agency
Line H explanation

The Los Angeles County Auditor-Controller implemented a new method of allocation for the Walnut Improvement Agency. The recap, as prepared by the County, of over (under) payments to the taxing agencies is attached.

The following payments should have been made:

County to the City of Walnut	\$2,029,482.83
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Walnut Improvement Agency to the County	\$ 442,129.09
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The actual payment made:

County to the City of Walnut	\$1,587,353.74
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The County paid the net amount to the City instead of the proper amounts to each agency. The Agency is returning the appropriate amount to the City.

RECONCILIATION STATEMENT - CHANGES IN INDEBTEDNESS

Name of Agency WALNUT IMPROVEMENT AGENCY
 Name of Project Area WALNUT IMPROVEMENT PROJECT AREA
 Account No. 278.02

Reconciliation Dates: From July 1, 2010 TO June 30, 2011.

Tax Year: 2010-2011
 ZG 1 - ZG 1

SOL page and line: Prior Yr	Current Yr	Debt Identification: Brief Description	A		B		C		D		E		F Remaining Balance (A+B-C-D-E)
			Outstanding Debt All Beginning Indebtedness	Increases (Attach Explanation)	Decreases (Attach Explanation)	Tax Increment	Amounts Paid Against Indebtedness, from:	Other Funds					
Pg 2 Line A	Pg 1 Line A	SERAF borrowed from Low Mod	1,622,009	333,617								1,955,626	
Pg 1 Line B	Pg 1 Line B	Tax Allocation Bond-1999	15,393,111			1,260,042						14,133,069	
Pg 1 Line C	Pg 1 Line C	Tax Allocation Bond-2002	21,908,279			1,635,868						20,272,411	
Pg 1 Line D	Pg 1 Line D	Housing Set-a-Side	9,325,348	76,022	(1)	800,000						8,601,370	
Pg 1 Line E	Pg 1 Line E	Agency Administration		75,000	(2)	75,000							
Pg 1 Line F	Pg 1 Line F	County Administration		66,999	(3)	66,999							
Pg 1 Line G	Pg 1 Line G	City of Walnut		90,000	(4)	90,000							
Pg 1 Line H	Pg 1 Line H	City of Walnut	442,129			72,091				370,038			
TOTAL - THIS PAGE			48,690,876	641,638		4,000,000				370,038		44,952,472	
TOTALS FORWARD			48,690,876	641,638		4,000,000				370,038		44,952,472	

NOTE: This form is to reconcile the previous Statement of Indebtedness to the current one being filed. However, since the reconciliation period is limited by law to a July 1 - June 30 fiscal year period, only those items included on the SOI Form A is to be included on this document. To assist in following each item of indebtedness from one SOI to the next, use page and line number references from each SOI that the item of indebtedness is listed on. If the indebtedness is new to this fiscal year, enter "new" in the "Prior Yr" page and line columns. Column F must equal the current SOI, Form A Total Outstanding Debt column.

**AUDITOR-CONTROLLER, TAX DIVISION
WALNUT - WALNUT IMPROVEMENT (#278.02)
FISCAL YEAR 2001-02 TO 2003-04**

(A-B) RECAP: OVER/UNDER PAYMENT

Account	2001-02	2002-03	2003-04	Total	Over/Under
16,787,865.22	17,553,057.55	19,017,658.10	53,358,580.87	53,388,311.57	29,719.70
123,147.32	2,753,056.89	2,644,314.21	5,520,518.42	5,520,518.42	0.00
72,838.39	75,818.00	60,654.84	209,311.23	209,311.23	0.00
872,760.69	569,405.98	109,144.58	1,551,311.25	1,551,311.25	0.00
167,307.71	2,983,001.09	1,536,363.07	5,186,671.87	5,186,671.87	0.00
2,951,624.53	524,132.23	241,788.19	3,717,544.95	3,717,544.95	0.00
Subtotal	229,161.23	2,650,901.26	(2,080,312.22)	(8,485,405.14)	(12,713.88)
11,224,556.14	(18,288,241)	1,356,812.78	11,311,127.68	11,311,127.68	0.00
576,032.24	287,577.48	16,235.80	879,845.52	879,845.52	0.00
563,554.00	1,201,000.00	38,229.54	1,792,783.54	1,792,783.54	0.00
745,157.53			745,157.53	745,157.53	0.00
Total	7,435,389.08	373,746.97	227,896.93	2,623,370.52	(2,029,482.83)
					(8,358,381.06)
					442,129.09

\$ 1,687,353.74

(A) EXISTING METHOD - ACTUAL ALLOCATION

Account	2001-02	2002-03	2003-04	Total	Over/Under
260,102	16,787,865.22	17,553,057.55	19,017,658.10	53,358,580.87	53,388,311.57
270,203	123,147.32	2,753,056.89	2,644,314.21	5,520,518.42	5,520,518.42
280,204	72,838.39	75,818.00	60,654.84	209,311.23	209,311.23
290,205	872,760.69	569,405.98	109,144.58	1,551,311.25	1,551,311.25
300,206	167,307.71	2,983,001.09	1,536,363.07	5,186,671.87	5,186,671.87
310,207	2,951,624.53	524,132.23	241,788.19	3,717,544.95	3,717,544.95
Subtotal	229,161.23	2,650,901.26	(2,080,312.22)	(8,485,405.14)	(12,713.88)
320,208	11,224,556.14	(18,288,241)	1,356,812.78	11,311,127.68	11,311,127.68
330,209	576,032.24	287,577.48	16,235.80	879,845.52	879,845.52
340,210	563,554.00	1,201,000.00	38,229.54	1,792,783.54	1,792,783.54
350,211	745,157.53			745,157.53	745,157.53
TOTAL	28,571,876.04	1,310,657.97	789,731.86	9,387,748.67	137,407.13
					565,995.59
					56,613.69
					12,568,280.62

(B) NEW METHOD OF ALLOCATION

Account	2001-02	2002-03	2003-04	Total	Over/Under
260,102	16,787,865.22	17,553,057.55	19,017,658.10	53,358,580.87	53,388,311.57
270,203	123,147.32	2,753,056.89	2,644,314.21	5,520,518.42	5,520,518.42
280,204	72,838.39	75,818.00	60,654.84	209,311.23	209,311.23
290,205	872,760.69	569,405.98	109,144.58	1,551,311.25	1,551,311.25
300,206	167,307.71	2,983,001.09	1,536,363.07	5,186,671.87	5,186,671.87
310,207	2,951,624.53	524,132.23	241,788.19	3,717,544.95	3,717,544.95
Subtotal	229,161.23	2,650,901.26	(2,080,312.22)	(8,485,405.14)	(12,713.88)
320,208	11,224,556.14	(18,288,241)	1,356,812.78	11,311,127.68	11,311,127.68
330,209	576,032.24	287,577.48	16,235.80	879,845.52	879,845.52
340,210	563,554.00	1,201,000.00	38,229.54	1,792,783.54	1,792,783.54
350,211	745,157.53			745,157.53	745,157.53
TOTAL	28,571,876.04	1,310,657.97	789,731.86	9,387,748.67	137,407.13
					565,995.59
					56,613.69
					12,568,280.62

FOOTNOTE:

* County Default

(A) Tax increment calculation is based on Agency and County during 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18, 2018-19, 2019-20, 2020-21, 2021-22, 2022-23, 2023-24, 2024-25, 2025-26, 2026-27, 2027-28, 2028-29, 2029-30, 2030-31, 2031-32, 2032-33, 2033-34, 2034-35, 2035-36, 2036-37, 2037-38, 2038-39, 2039-40, 2040-41, 2041-42, 2042-43, 2043-44, 2044-45, 2045-46, 2046-47, 2047-48, 2048-49, 2049-50, 2050-51, 2051-52, 2052-53, 2053-54, 2054-55, 2055-56, 2056-57, 2057-58, 2058-59, 2059-60, 2060-61, 2061-62, 2062-63, 2063-64, 2064-65, 2065-66, 2066-67, 2067-68, 2068-69, 2069-70, 2070-71, 2071-72, 2072-73, 2073-74, 2074-75, 2075-76, 2076-77, 2077-78, 2078-79, 2079-80, 2080-81, 2081-82, 2082-83, 2083-84, 2084-85, 2085-86, 2086-87, 2087-88, 2088-89, 2089-90, 2090-91, 2091-92, 2092-93, 2093-94, 2094-95, 2095-96, 2096-97, 2097-98, 2098-99, 2099-00, 2100-01, 2101-02, 2102-03, 2103-04, 2104-05, 2105-06, 2106-07, 2107-08, 2108-09, 2109-10, 2110-11, 2111-12, 2112-13, 2113-14, 2114-15, 2115-16, 2116-17, 2117-18, 2118-19, 2119-20, 2120-21, 2121-22, 2122-23, 2123-24, 2124-25, 2125-26, 2126-27, 2127-28, 2128-29, 2129-30, 2130-31, 2131-32, 2132-33, 2133-34, 2134-35, 2135-36, 2136-37, 2137-38, 2138-39, 2139-40, 2140-41, 2141-42, 2142-43, 2143-44, 2144-45, 2145-46, 2146-47, 2147-48, 2148-49, 2149-50, 2150-51, 2151-52, 2152-53, 2153-54, 2154-55, 2155-56, 2156-57, 2157-58, 2158-59, 2159-60, 2160-61, 2161-62, 2162-63, 2163-64, 2164-65, 2165-66, 2166-67, 2167-68, 2168-69, 2169-70, 2170-71, 2171-72, 2172-73, 2173-74, 2174-75, 2175-76, 2176-77, 2177-78, 2178-79, 2179-80, 2180-81, 2181-82, 2182-83, 2183-84, 2184-85, 2185-86, 2186-87, 2187-88, 2188-89, 2189-90, 2190-91, 2191-92, 2192-93, 2193-94, 2194-95, 2195-96, 2196-97, 2197-98, 2198-99, 2199-00, 2200-01, 2201-02, 2202-03, 2203-04, 2204-05, 2205-06, 2206-07, 2207-08, 2208-09, 2209-10, 2210-11, 2211-12, 2212-13, 2213-14, 2214-15, 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Handwritten notes:
 12/19/05
 139215

Property Tax Cash Receipt # 139215				
Date: 12/19/05				
1	Property Taxes-Current Year	01-3010	364,990.19	
2	Property Taxes-Prior Years	01-3030	(1,779.73)	
3	Property Taxes-ERAF Shift	01-3010	(110,056.34)	
4	Property Taxes-CRA Adj. 04/05	01-3052	1,587,353.74	
5	Property Taxes-CRA Adj. 05/06	01-3052	138,098.74	
6	PSAF	01-3110	13,274.12	
7	HOX	01-3510	1,806.12	
8	Highway Rental Fees	01-3511		
9	Sewer Reimb/Gartel-Fuerte	01-3962	1,137.71	
10	Avenida Esplendor	36-3170		
11	LOSMD Zone 1	19-3171	20,878.35	
12	LOSMD Zone 2	19-3172	40,712.33	
13	LOSMD Zone 3	19-3173	58,957.16	
14	LOSMD Zone 4	19-3174	229,043.41	
15	LOSMD Zone 5	19-3175	81,401.71	
16	LOSMD Zone 6	19-3176	94,830.65	
17	LOSMD Zone 7	19-3177	63,283.41	
18	LOSMD Zone 8	19-3178	90,351.66	
19	LOSMD Zone 12	19-3179	6,672.66	
20	LOSMD Zone 11	19-3180	424.60	
				TOTAL: 2,681,380.49

3/23/06
 Set up line items
 WIA To City

**AUDITOR-CONTROLLER, TAX DIVISION
 WALNUT - WALNUT IMPROVEMENT (#278.02)
 FISCAL YEAR 2001-02 TO 2003-04**

(A-B) RECAP: OVER/UNDER PAYMENT

Year	County	City	Other	Total
2001-02	15,727,655.22	2,653,240.94	121,147.32	18,502,043.48
2002-03	17,553,637.85	2,703,064.93	123,053.85	20,380,756.63
2003-04	19,077,638.86	2,624,274.21	132,107.40	21,834,020.47
Subtotal	52,358,931.93	8,000,580.08	376,312.52	60,735,824.53
BY 2003-04 County Deferral	(14,145,535.72)	(11,284,058.14)	(11,313,031.00)	(36,742,624.86)
BY 2003-04 City of Smith	(287,577.23)	(18,953.44)	(11,313,031.00)	(12,599,561.67)
County Contribution	11,200,000.00	15,238.80	10,053.78	26,491,972.58
SE2003- Adjustment	745,157.53		59,283.94	804,441.47
Total	53,388,311.57	7,435,359.08	373,746.97	61,197,417.62

\$ 1,587,353.74

(A) EXISTING METHOD - ACTUAL ALLOCATION

Year	County	City	Other	Total
2001-02	16,787,655.22	3,143,055.19	419,553.45	20,350,263.86
2002-03	17,563,057.85	3,559,071.97	435,655.12	21,557,784.94
2003-04	19,077,638.86	3,253,091.65	478,051.83	22,808,782.34
Subtotal	53,428,351.93	10,955,218.81	1,333,260.40	65,716,831.14
County	(14,145,535.72)	(11,284,058.14)	(11,313,031.00)	(36,742,624.86)
TOTAL	53,388,311.57	7,435,359.08	373,746.97	61,197,417.62

(B) NEW METHOD OF ALLOCATION

Year	County	City	Other	Total
2001-02	16,787,655.22	3,143,055.19	419,553.45	20,350,263.86
2002-03	17,563,057.85	3,559,071.97	435,655.12	21,557,784.94
2003-04	19,077,638.86	3,253,091.65	478,051.83	22,808,782.34
Subtotal	53,428,351.93	10,955,218.81	1,333,260.40	65,716,831.14
County	(14,145,535.72)	(11,284,058.14)	(11,313,031.00)	(36,742,624.86)
TOTAL	53,388,311.57	7,435,359.08	373,746.97	61,197,417.62

FOOTNOTE:
 * - County Deferral
 (A) Tax amount calculated based on Agency and City-2, Agency 275, and 770, respectively of the gross tax amount. When the Agency receives \$400,000 in payment, the amount is allocated to the affected taxing entities.
 (B) Tax amount calculated based on Agency and \$100,000. Once the amount above \$400,000 is distributed to the affected taxing entities.
 (C) Amounts due to CTEE treatment. CTEE received Agency with the BICAP contribution for Fiscal Year 2003-04. However, CTEE, City and Schools should also assist the Agency.

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

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