

SUCCESSOR AGENCY CITY OF BRISBANE

OVERSIGHT BOARD MEETING DATE: January 16, 2013

ITEM TITLE: Successor Agency Due Diligence Review

RECOMMENDATION:

Take public comments on the required Successor Agency Due Diligence Report

BACKGROUND AND PREVIOUS ACTIONS

On December 29, 2011, the California Supreme Court delivered its decision in the *California Redevelopment Association v. Matosantos* case, finding ABx1 26 ("Dissolution Act") largely constitutional. The Court's decision means that all California redevelopment agencies, including the Brisbane Redevelopment Agency, were dissolved on February 1, 2012. On January 10, 2012, the Brisbane City Council elected to have the City of Brisbane, in a separate legal capacity, act as Successor Agency for the Redevelopment Agency. The Successor Agency received the former Redevelopment Agency's unspent Housing Funds and its non-housing funds and assets and is charged with the responsibility of paying off the former Redevelopment Agency's existing debts, disposing of the former Redevelopment Agency's properties and assets to help pay off debts and return revenues to the local government entities that receive property taxes ("Taxing Entities"), and unwinding the affairs of the former Redevelopment Agency. An Oversight Board, consisting of members representing the County of San Mateo, the City of Brisbane ("City"), and various education and special districts, was formed to approve and direct certain actions of the Successor Agency. The actions of the Oversight Board must subsequently be approved by the California Department of Finance ("DOF").

On June 27, 2012, Assembly Bill 1484 became effective. AB 1484 makes clean-up amendments to the Dissolution Act, and adds several new procedures to the process of winding-down the affairs of the former Redevelopment Agency. Specifically, Health and Safety Code Section 34179.5 provides new procedures for reviewing the available cash assets of the former Redevelopment Agency. One review was required for the unobligated Housing Funds ("Housing Fund Due Diligence Review") and another review is required for all other funds. The two reviews are to be conducted by each Successor Agency with the end goal of distributing what are determined to be available cash assets to the Taxing Entities during FY 2012-13. At the conclusion of the both reviews, if the Successor Agency remits the cash assets to the County Auditor-Controller, and if

the Successor Agency has also made the "true-up payment" due July 12, 2012, the DOF will issue a finding of completion for the Successor Agency (a "Finding of Completion"). Among other benefits, the issuance of the Finding of Completion makes the Successor Agency eligible to potentially retain former Redevelopment Agency properties.

For the Brisbane Successor Agency, the Housing Fund Due Diligence Review was completed by Vavrinek, Trine, Day & Co., LLP, the licensed accountant retained by the Successor Agency and approved by the San Mateo County Auditor-Controller ("Auditor-Controller"), on August 28, 2012. The Housing Fund Due Diligence Review was transmitted on September 28, 2012 by the Successor Agency to the Oversight Board, the Auditor-Controller, the DOF, and certain other entities, thereby meeting the statutory deadline for such distribution of October 1, 2012. (The review for all other funds of the Successor Agency must be complete by December 15, 2012.)

On October 3, 2012 the Oversight Board convened a public comment session on the Housing Fund Due Diligence Review. There were no public comments. The Board requested additional information be provided as part of this staff report to further explain the outstanding loans made by the Redevelopment Agency's Low/Moderate Housing Fund.

The Oversight Board reviewed, approved and transmitted the Housing Fund Due Diligence Review on October 11, 2012. The Successor Agency wired \$2,831,019 on November 11, 2012 to San Mateo County for distribution to the taxing entities as required by the Department of Finance and HSC section 34179.6(f).

The review of the other funds of the Successor Agency is due by January 15, 2013. As part of its consideration of the Due Diligence Review, the Oversight Board can adjust amounts provided in the Due Diligence Review to reflect additional information and analysis. The Oversight Board can also authorize the Successor Agency to retain specified restricted funds, the non-cash assets, and the cash balances that are contractually committed or needed for Successor Agency-related items to be placed on the Recognized Obligation Payment Schedule ("ROPS") during the fiscal year.

The DOF may adjust the amounts determined to be available for allocation to the taxing entities in the Due Diligence Review based on its analysis and information provided by the Successor Agency and others. The DOF is to complete its review of the Due Diligence Review by April 1, 2013. The DOF is required to provide the Successor Agency and the Oversight Board with an explanation of the basis for overturning or modifying any findings or determinations of the Oversight Board.

The Successor Agency and the City can request a meet and confer with the DOF after the DOF has made its determination of the amounts available for allocation to the taxing entities within five business days of receipt of the DOF's determination. The request to meet and confer must include an explanation and documentation of the

basis for the dispute. The DOF is required to meet and confer with the requesting party and make a decision within 30 days of the request to meet and confer.

If the DOF determines that the full payment of the amounts determined to be available for allocation to the Taxing Entities is not feasible or would jeopardize a Successor Agency's ability to pay enforceable obligations, the DOF can agree to an installment payment plan. No such problem or need exists with respect to the Due Diligence Review of the Brisbane Successor Agency.

Successor Agencies are required to transmit the funds determined to be available for allocation to the Taxing Entities within five business days of receipt of the notification of the amount determined by the DOF. Successor Agencies are required to make diligent efforts to recover money determined to be transferred without an enforceable obligation. If the Successor Agency fails to transmit the funds determined to be available for allocation to the taxing entities, there are a variety of remedies set forth in AB 1484. None of these remedies are expected to apply to the Brisbane Successor Agency.

ANALYSIS

The Successor Agency Due Diligence Review indicates that:

- As of June 30, 2012, the Successor Agency held assets of \$6,458,115 of the former Redevelopment Agency;
- Of that amount, \$2,959,553 is legally restricted by debt covenants, \$2,513,424 is not cash or cash equivalents, and (985.138 is needed to satisfy ROPS for 2012-13 fiscal year that have been fully approved by the Oversight Board and the DOF; and
- Thereby leaving an unobligated cash balance of \$0 to be remitted by the Successor Agency to the Auditor-Controller for distribution to the Taxing Entities.

The Successor Agency staff concurs with these results of the Due Diligence Review.

ENCLOSURES

1. Successor Agency Due Diligence Review



Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants & Consultants

VALUE THE DIFFERENCE

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Oversight Board of the City of
Brisbane Successor Agency

We have performed the procedures enumerated in attachment 1, which were agreed to by the City of Brisbane (the City) Redevelopment Successor Agency (Successor Agency), the California Department of Finance and California State Controller's Office, solely to determine the Successor Agency's Redevelopment Funds, ("All Other Funds") unobligated balances that are available for transfer to taxing entities, solely to assist you in ensuring that the Successor Agency is complying with its statutory requirements with respect to Health and Safety Code Section 34179.5. Management of the Successor Agency is responsible for the Successor Agency's accounting records pertaining to statutory compliance pursuant to Health and Safety Code Section 34179.5. 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 in Attachment 1 either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are described in Attachment 1 of this report which were agreed to by Successor Agency and the California State Controller's Office.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the procedures listed in Attachment 1. 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 City of Brisbane, the State California State Controller's Office, the California Department of Finance, County of San Mateo, and the Successor Agency Oversight Board and is not intended to be and should not be used by anyone other than those specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Palo Alto, California
January 7, 2013

The California Department of Finance has specified and agreed to a set of procedures for the independent auditor to perform and satisfy the requirements of HSC Sections 34179.5(c)(1) through 34179.5(c)(3) and Sections 34179.5(c)(5) through 34179.5(c)(6). The procedures, to be applied to the Low and Moderate Income Housing Fund of the Successor Agency, are:

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.

Finding – We obtained a listing of all assets of the former redevelopment agency on February 1, 2012 and agreed them to the listing of account balances established in the accounting records of the Successor Agency.

The following assets and liabilities were transferred to the City Housing Authority and the City Debt Service Funds:

Cash	\$1,225,345
Restricted cash	4,262,262
Debt Service Investment in Redevelopment Agency Tax Allocation Bonds	13,165,000
Bridge Housing loan receivable	2,336,086
First Time Home Buyers receivable	431,500
Habitat for Humanity loan receivable	355,290
Due from Successor Agency	1,217,528
Housing Authority Advances to Successor Agency	4,099,278
Debt Service Advances from other funds	446,432
Land held of Resale	1,925,836
Accounts Payable	(845)
Deferred Revenue	(3,122,876)
Total	<u>\$26,340,836</u>

The following assets and liabilities were transferred to the Successor Agency Fund:

Cash	\$958,211
Cash with Fiscal Agents	2,385,409
Accounts Payable	(114)
Due to Housing Authority	(1,217,528)
Advances to Enterprise Fund	(2,295,996)
Successor Agency Advances to Housing Authority	(4,099,278)
Due to the City	(1,293,108)
Total	<u>\$(5,562,404)</u>

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.

Finding – The City asserts the State Controller's Office has not issued its report regarding transfers. We noted that no transfers were made from the former redevelopment agency or the Successor Agency to the City for the period from January 1, 2011 through January 31, 2012.

For the period from February 1 through June 30, 2012 the Successor Agency transferred the following assets and liabilities to the City of Brisbane Housing Authority and Debt Service Funds:

Cash	\$2,063,905
Restricted cash	4,262,262
Investment in Redevelopment Agency Tax Allocation Bonds	13,165,000
Bridge Housing loan receivable	2,336,086
First Time Home Buyers receivable	431,500
Habitat for Humanity loan receivable	355,290
Due from Successor Agency for SERAF Taxes	1,217,528
Housing Authority Advances to Successor Agency	4,099,278
Debt Service Advances from Other Funds	446,432
Land	1,925,836
Accounts Payable	(845)
Deferred Revenue	(3,122,876)
Total	<u>\$27,179,396</u>

We noted that the City transferred unrestricted cash to the Housing Authority which was subsequently paid back to the County in October of 2012. The restricted cash transferred to the Housing Authority was restricted by the debt covenants for debt payment. We noted that City Council of the City of Brisbane elected to become the Housing Successor and to retain the housing assets and functions previously performed by the former Redevelopment Agency of the City of Brisbane. The City believes pursuant to Assembly Bills ABx1 26 and AB 1484 that these assets are restricted for low and moderate housing activities and should not be remitted back to the taxing authorities. The Department of Finance in a letter dated August 30, 2012 did not object to the transfers made to the City Funds. It was noted that the transfers listing did not include the Debt Service Advances from Other Funds.

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. Test the reasonable of payments to other governmental agencies.
 - 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.

Finding – The City asserts the State Controller's Office has not issued its report regarding transfers. We noted that no transfers were made from the former redevelopment agency or the Successor Agency to any other public agency or to private parties for the period from January 1, 2011 through January 31, 2012 and from February 1 through June 30, 2012.

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.

Finding – A schedule summarizing the financial transactions of the Redevelopment Agency and the Successor Agency is included in Attachment 2. We agreed the fiscal year ended June 30, 2011 per the schedule to the Redevelopment Agency's audited

financial statements and agreed the periods ended January 31, 2012 and June 30, 2012 to the accounting records of the former Redevelopment Agency and the Successor Agency, respectively.

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

Finding – We obtained a listing of the Successor Agency assets as of June 30, 2012 and have presented it as Attachment 2 of this report. We agreed the reported amounts to the accounting records of the Successor Agency.

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 Successor the 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.

Finding – We obtained a listing from the Successor Agency of all asset balances held on June 30, 2012 with restrictions. The assets with restrictions are identified below:

Cash with Fiscal Agent

\$2,959,553

We obtained from the Successor Agency a copy of the official statement for the bonds and noted that official statements required the creation of the bond reserve fund. We traced the amount noted above to the specified reserve accounts maintained by the bank.

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.

Finding – Non-liquid assets of the Successor Agency, as of June 30, 2012 were noted to be recorded at purchase cost and have been traced to previously audited financial statements or the accounting records of the Successor Agency with no exceptions noted:

<i>Park & Ride Lot Land</i>	<i>\$526,271</i>
<i>11 Old County Road Land Community Park</i>	<i>1,903,862</i>
<i>Marina Shared Parking</i>	<i>11,863</i>
<i>Community Park Phase II Construction</i>	<i>71,428</i>

Total

\$2,513,424

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.

Finding – The Successor Agency asserts that no cash balance is needed to be retained to satisfy a June 30, 2012 enforceable obligation.

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.

Finding - The Successor Agency asserts that a June cash deposit by the County was for ROPS II obligation in the amount of \$985,138. The obligations listed on ROPS II were as follows:

2001 Tax Allocation Bond Debt Service Payment	\$768,600
2001 Tax Allocation Bond Trustee Fees	1,700
2005 Lease Revenue Bond Debt Service Payment	21,248
1998 Tax Allocation Bond Debt Service Payment	84,590
Semi-Annual Administrative Costs	141,000
Total	<u>\$1,017,138</u>

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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).

Finding – A schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Entities is included in Attachment 3.

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.

Finding - A representation letter was obtained 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.

CITY OF BRISBANE
SUMMARY OF FINANCIAL TRANSACTIONS
JUNE 30, 2012

	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 & Investments	\$ 6,764,217	\$ 7,453,301	\$ 6,647,671	\$ 985,138
Restricted Cash & Investments	2,033,961	2,155,735	2,183,556	2,959,553
Loans Receivable	3,122,876	3,122,876	3,122,876	-
Advances to Other Funds	13,971,696	15,907,428	18,928,239	-
Due from Other Funds	-	-	2,295,996	-
Other Receivables	117,926	14,017	-	-
Land Held for Resale	-	-	1,925,835	-
Total Assets	\$ 26,010,676	\$ 28,653,357	\$ 35,104,173	\$ 3,944,691
Liabilities (modified accrual basis)				
Accounts Payable	\$ 3,796	\$ 5,182	\$ 958	\$ 8,957
Deferred Revenue	3,122,876	3,122,876	3,122,876	-
Advances from Marina	-	-	2,295,996	-
Advances from Other Funds	17,069,104	5,885,100	8,905,910	8,905,911
Total Liabilities	20,195,776	9,013,158	14,325,740	8,914,868
Equity	5,814,900	19,640,199	20,778,433	(4,970,177)
Total Liabilities + Equity	\$ 26,010,676	\$ 28,653,357	\$ 35,104,173	\$ 3,944,691
Total Revenues:	\$ 5,073,475	\$ 17,369,883	\$ 2,904,316	\$ 3,155,291
Total Expenditures:	5,250,603	3,600,713	1,766,083	2,563,064
Transfers in	88,800	56,129	-	20,778,432
Transfers out	-	-	-	(26,340,836)
Net change in equity	(88,328)	13,825,299	1,138,233	(4,970,177)
Beginning Equity:	5,903,228	5,814,900	19,640,199	-
Ending Equity:	\$ 5,814,900	\$ 19,640,199	\$ 20,778,432	\$ (4,970,177)
Other Information (show year end balances for all four periods presented):				
Capital assets as of end of year	\$ 2,517,114	\$ 2,515,884	\$ 2,514,654	\$ 2,513,424
Long-term debt as of end of year	\$ 16,241,666	\$ 15,718,204	\$ 15,673,204	\$ 15,151,554

CITY OF BRISBANE
AMOUNTS TO BE REMITTED TO COUNTY
JUNE 30, 2013

Total amount of assets held by the successor agency as of June 30, 2012 (procedure 5)	\$ 6,458,115
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)	(2,959,553)
Less assets that are not cash or cash equivalents (e.g., physical assets) - (procedure 7)	(2,513,424)
Less balances that are legally restricted for the funding of an enforceable obligation (net of projected annual revenues available to fund those obligations) - (procedure 8)	-
Less balances needed to satisfy ROPS for the 2012-13 fiscal year (procedure 9)	(985,138)
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	\$ -