

**Vacaville Successor Agency
Due Diligence Review - Non-Housing Funds
Overstatement of Surplus Cash at June 30, 2012**

As of the date of the Redevelopment dissolution in 2012, Successor Agencies were required to prepare a report computing surplus unrestricted cash. After validation by an independent CPA through agreed upon procedures, and after review by State Department of Finance, Agencies were required to remit their surplus cash balances to the County. Interest was also due if payment was not made within 5 days of the DOF determination. Surplus cash balances that were remitted by Agencies were then distributed by the County to the other taxing agencies that share the property tax allocation, including the City's General Fund. Separate reports and disbursements were processed for Housing and for Non-Housing funds.

Note: The Non-Housing DDR was required by DOF to be prepared as of June 2012, at the end of the ROPS I reporting period, and is net of the ROPS I period activity.

The Vacaville Non-Housing DDR Report omitted approximately \$6 million of cash restrictions in its report as of June 30, 2012, creating an over-recapture of Agency cash in its \$18 million DDR true-up payment to the County in 2012-13. Of this \$6 million omission, \$2.2 million was resolved through the duplicate reporting of the Genentech DDA disbursement on the 2012-13 PPA and no longer represents a current cash shortfall. \$133,000 of omitted cash restrictions for deposit liabilities remain on the Agency's trial balance as of June 30, 2018, are pending evaluation if they remain Agency obligations, and will only create a cash shortfall if they need to be disbursed. The remaining \$3.5 million of omissions from the Non-Housing DDR has two sources, including the \$3.2 million ROPS I PPA recapture that was deducted from the ROPS III distribution but not retained in the DDR recapture, and the omission of the Admin portion of the ROPS II Cash Distribution received in 2011-12 to fund admin expenses in July to December 2012, again not retained in the DDR recapture. This combined \$3.5 million from these two sources remains as a perpetual shortfall in RPTTF held by the Agency that will need cure by a supplemental RPTTF distribution on the upcoming ROPS.

	Balances Per General Ledger, June 2012			Balances Per DDR, June 2012						DDR Omissions			
	Total	Less Housing Housing DDR Report)	Non-Housing A-B = C	DDR Exhibit 3 All Accounts	DDR Exhibit 4 Assets Only	Distribution at Dissolution				Restrictions	Mitigated	Unmitigated	Unmitigated
	A	B (Source: Housing DDR Report)	A-B = C			Restricted/ Non-Liquid Items Retained	Retained for Recapture of Surplus Spring 2012 Tax Distribution	Retained for ROPS II (July to Dec 2012)	Surplus Cash Distributed to County/ Taxing Agencies	Over- Payment to Taxing Agencies	Reclaimed on 1213A PPA; No net cash impact after 1213	Add Current Funding Request to ROPS 2021A	If deposits are payable, report restrictions on ROPS Cash Report
Unrestricted Cash													
10101.000 CASH (POOL)	31,347,204	3,272,410	28,074,794										
10106.000 CASH DEPOSITS IN TRANSIT	27,366		27,366										
10301.000 PETTY CASH	200		200										
10411.000 CASH W/FA - DTOWN LOAN PROGRAM	101,397		101,397										
10414.000 CASH W/FA - BOND SUBSIDY	5,713		5,713										
10417.000 CASH W/FA BECK & CLARK ESCROW	295,910		295,910	28,505,379	28,505,379	28,505,379		2,837,807	Excludes Admin Line 7,002,686	18,664,886			
Cash With Fiscal Agent													
10405.000 CASH W/FA - DEBT SERVICE	91,548		91,548										
10406.000 CASH W/FA - LEASE PAYMENT ACCT	24,362		24,362										
10212.000 CASH RESERVE - AD RESERVE	178,136		178,136										
10407.000 CASH W/FA - CAP INTEREST ACCT	93		93										
10408.000 CASH W/FA - RESERVE ACCOUNT	4,060,149		4,060,149										
10410.000 CASH W/FA - CONSTRUCTION	5,659,339		5,659,339	10,013,628	10,013,628	10,013,628	10,013,628						
Interest Receivable													
11004.000 A/R - ACCRD INT ON INVESTMTS	-		-	-	18,273	18,273	18,273						
Current Liabilities													
21101.000 DUE TO OTHER GOVERNMENTS	(2,837,807)		(2,837,807)	(2,837,807)	(2,837,807)	-						Likely Cleared on 1213 PPA	
20201.000 ACCOUNTS PAYABLE - Genentech	(2,273,400)		(2,273,400)	(2,273,400)	(2,273,400)	-				(2,273,400)	(2,273,400)	(26,088)	
20101.000 VOUCHERS PAYABLE	(26,087)		(26,087)	(26,087)	(26,088)	-				(26,088)		(25,743)	
22001.000 ACCRUED PAYROLL PAYABLE	(25,743)		(25,743)	(25,743)	(25,743)	-				(25,743)			
Deposits Payable													
21505.000 DEP PAY - TENANT SECURITY DEP	(2,125)		(2,125)										
21506.000 DEPOSIT PAYABLE - OTHER	(105,000)		(105,000)										
21568.000 TOWN SQUARE TENANTS	(26,177)		(26,177)	(133,302)	(133,302)	-				(133,302)			Deposits payable remain on 2018 General Ledger
Loans Receivable													
11503.000 OTHER NOTES RECEIVABLE	2,383,013		2,383,013										
11504.000 DOWNTOWN NOTES (MORT LOANS)	1,656,447		1,656,447										
11511.000 VACAVILLE LIBRARY DISTRICT LOAN	1,825,370		1,825,370	5,864,830	5,846,557	5,846,557	5,846,557						
Other Non-Current Accounts													
Advance To Other Fund	10,083,842		10,083,842	10,083,842	10,083,842	10,083,842	10,083,842						
Capital Assets	33,686,111		33,686,111	33,686,111	33,686,111	33,686,111	33,686,111						
Deferred Interest on Advance to Other Funds	(1,924,501)		(1,924,501)	(1,924,501)	(1,924,501)								
Advance from Other Fund	(3,409,626)		(3,409,626)	(3,409,626)	(3,409,626)								
Cash Restrictions													
ROPS I PPA (Unspent Tax Distribution) (Source: ROPS I PPA Reported within ROPS III; Deducted from ROPS III RPTTF Distribution)										(3,299,522)		(3,299,522)	
ROPS II Tax Distribution (Admin) (Omitted from ROPS II cash restriction on Non-Housing DDR)										(210,081)		(210,081)	
										(5,968,136)	(2,273,400)	(3,561,434)	(133,302)
										-			(5,968,136)

**Successor Agency
Due Diligence Review - Housing Funds
Recapture of Surplus Cash at Dissolution
February 1, 2012**

Background

As of the date of the Redevelopment dissolution in 2012, Successor Agencies were required to prepare a report computing surplus unrestricted cash. After validation by an independent CPA through agreed upon procedures, and after review by State Department of Finance, Agencies were required to remit their surplus cash balances to the County, including interest if payment was not made within 5 days of the DOF determination. Surplus cash balances were then distributed by the County to the other taxing agencies that share the property tax allocation, including the City's General Fund. Separate reports and disbursements were processed for Housing and for Non-Housing funds.

The purpose of this work paper is analysis of the amounts reported in the Housing DDR compared to the General Ledger and subsequent disbursement.

Conclusion

No Housing DDR reporting issues identified

	Balance Sheet		Distribution at Dissolution		
	Housing DDR Exhibit 4 (1-31-12)	Retained by Housing Successor	Intra-RDA Loan from Non-Housing Funds to Finance Housing Projects	DDR Balance Due (Paid to Taxing Agencies)	
Assets					
10101.000 CASH (POOL)	\$ 3,357,138	\$ -		\$ 3,357,138	-
11009.000 ACCOUNTS RECEIVABLE - OTHER	21,961	21,961			-
Loans Receivable	850	850			-
Advance To Other Fund - SERAF	3,898,429	3,898,429			-
20101.000 VOUCHERS PAYABLE	(1,443)	-		(1,443)	-
21505.000 DEP PAY - TENANT SECURITY DEP	(62,308)	(5,677)		(56,631)	-
22001.000 ACCRUED PAYROLL PAYABLE	(26,654)	-		(26,654)	-
Advance from Other Fund	(3,967,000)		(3,967,000)		-
	<u>\$ 3,220,973</u>	<u>\$ 3,915,563</u>	<u>\$ (3,967,000)</u>	<u>\$ 3,272,410</u>	<u>-</u>
	(A)	(B)	(C)	(D)	

Notes

(A)	\$ 3,220,973	Total Pre-Dissolution 20% Low/Mod Housing Assets at 1-31-12 Dissolution as reported in Housing Due Diligence Review Report
(B)	\$ 3,915,563	Non-cash and Restricted Housing Assets distributed at Dissolution to City's Housing Successor Fund (not distributed to Successor Agency)
(C)	\$ (3,967,000)	Housing Fund Advance payable to to Non-Housing RDA funds at dissolution was not sufficiently documented to qualify as Housing Obligation at data of dissolution. Intra-RDA advance was written off at dissolution with no net impact to combined RDA cash at dissolution or to combined Housing/Non-Housing surplus cash distributed to Taxing Agencies. No reporting or cash flow issue.
(D)	\$ 3,272,410	Surplus Housing Assets, net of operating liabilities, at date of dissolution, per Housing DDR Report Note: Consistent with DOD Housing DDR Determination Letter Note: Contributed to Successor Agency at 2-1-2012 Note: Consistent with Successor Agency General Ledger at 6-30-12, net of Non-Housing Assets Note: Subsequent Disbursement to County during 2012-13 was slightly higher than DOF determination letter; assume the nominal increase was interest on balance due
		DOF Determination
		Additional Disbursement - Assume this is interest charged by County
		Actual Subsequent Disbursement to County on behalf of taxing agencies

\$ 3,272,410.00
3,201.50
<u>\$ 3,275,611.50</u>