

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

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

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.

**Conclusion**

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\$2.2 million was resolved through the duplicate reporting of the Genentech DDA disbursement on the 2012-13 PPA and no longer represents a current cash shortfall.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.

	<b>Balances Per General Ledger, June 2012</b>			<b>Balances Per DDR, June 2012</b>				<b>DDR Omissions</b>						
	<b>Total</b>	<b>Less Housing</b>	<b>Non-Housing</b>	<b>DDR Exhibit 3</b>	<b>DDR Exhibit 4</b>	<b>Distribution at Dissolution</b>		<b>Restrictions</b>	<b>Mitigated</b>	<b>Unmitigated</b>	<b>Unmitigated</b>			
	A	B (Source: Housing DDR Report)	A-B = C	All Accounts	Assets Only	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	
<b>Unrestricted Cash</b>														
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		
<b>Cash With Fiscal Agent</b>														
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							
<b>Interest Receivable</b>														
11004.000 A/R - ACCRD INT ON INVESTMTS	-		-	-	18,273	18,273	18,273							
<b>Current Liabilities</b>														
21101.000 DUE TO OTHER GOVERNMENTS	(2,837,807)		(2,837,807)	(2,837,807)	(2,837,807)	-								
20201.000 ACCOUNTS PAYABLE - Genentech	(2,273,400)		(2,273,400)	(2,273,400)	(2,273,400)	-			(2,273,400)	(2,273,400)				
20101.000 VOUCHERS PAYABLE	(26,087)		(26,087)	(26,087)	(26,087)	-			(26,088)	(26,088)				
22001.000 ACCRUED PAYROLL PAYABLE	(25,743)		(25,743)	(25,743)	(25,743)	-			(25,743)	(25,743)				
<b>Deposits Payable</b>														
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 (133,302)	
<b>Loans Receivable</b>														
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							
<b>Other Non-Current Accounts</b>														
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)	(1,924,501)	(1,924,501)							
Advance from Other Fund	(3,409,626)		(3,409,626)	(3,409,626)	(3,409,626)	(3,409,626)	(3,409,626)							
<b>Cash Restrictions</b>														
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)			
	<u>80,795,733</u>	<u>3,272,410</u>	<u>77,523,323</u>	<u>77,523,323</u>	<u>43,837,212</u>	<u>88,153,790</u>	<u>59,648,411</u>	<u>2,837,807</u>	<u>7,002,686</u>	<u>18,664,886</u>	<u>(5,968,136)</u>	<u>(2,273,400)</u>	<u>(3,561,434)</u>	<u>(133,302)</u>
														<u>(5,968,136)</u>

**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

	<b>Balance Sheet</b>	<b>Distribution at Dissolution</b>		
		<b>Housing DDR Exhibit 4 (1-31-12)</b>	<b>Intra-RDA Loan from</b>	
		<b>Retained by Housing Successor</b>	<b>Non-Housing Funds to Finance Housing Projects</b>	
<b>Assets</b>				
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> -
	<b>(A)</b>	<b>(B)</b>	<b>(C)</b>	<b>(D)</b>

**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	\$ 3,272,410.00
Additional Disbursement - Assume this is interest charged by County	3,201.50
Actual Subsequent Disbursement to County on behalf of taxing agencies	<u>\$ 3,275,611.50</u>