



OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE FORMER SAN MARCOS REDEVELOPMENT AGENCY

AGENDA SPECIAL MEETING

Friday, December 14, 2012, 9:00 am
City of San Marcos – City Council Chamber
1 Civic Center Drive, San Marcos, CA 92069

Cell Phones: As a courtesy to others, please silence your cell phone or pager during the meeting and engage in conversations outside the building.

Americans with Disabilities Act: If you need special assistance to participate in this meeting, please contact the City Clerk at (760) 744-1050, ext. 3145.

Public Comment: If you wish to address the Board, please complete a “Request to Speak” form. Comments are limited to THREE minutes. The Oral Communication segment of the agenda is for the purpose of allowing the public to address the Board on any matter NOT listed on the agenda. The Board is prohibited by state law from taking action on items NOT listed on the Agenda. However, they may refer the matter to staff for a future report and recommendation.

Agendas: State law requires that the agenda for regular meetings be posted a minimum of 72 hours prior to the meeting and for special meetings a minimum of 24 hours prior to the meeting. The agenda and supporting material (agenda packet) will be available at the City Clerk Department located on the second floor of City Hall, 1 Civic Center Drive, San Marcos, during normal business hours and an electronic version will also be posted online at www.san-marcos.net.

Agenda-related writings or documents provided to a majority of the Board will be available for public inspection at the time of distribution in the City Clerk Department located on the second floor of City Hall, 1 Civic Center Drive, San Marcos, CA during normal business hours. The same materials are also posted online at www.san-marcos.net as time permits.

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

ORAL COMMUNICATIONS

<u>ITEM</u>	<u>ACTION</u>
1. APPROVAL OF MINUTES – December 7, 2012 Special Meeting.	ACCEPT
2. DEPARTMENT OF FINANCE AGREED UPON PROCEDURE REPORT ON NON-HOUSING FUNDS – Review report.	DISCUSS & CONTINUE ITEM TO 1/4/2013

STAFF COMMENTARY

BOARD MEMBER COMMENTARY

ADJOURNMENT

AFFIDAVIT OF POSTING

STATE OF CALIFORNIA)
COUNTY OF SAN DIEGO) ss.
CITY OF SAN MARCOS)

I, Susie Vasquez, Clerk of the Oversight Board of the Successor Agency to the Former San Marcos Redevelopment Agency, hereby certify that I caused the posting of this agenda in the glass display case at the north entrance of City Hall on Thursday, December 13, 2012, at 8:45 a.m.



Susie Vasquez, Board Clerk

**MINUTES
SPECIAL OVERSIGHT BOARD
OF THE SUCCESSOR AGENCY TO THE
FORMER SAN MARCOS REDEVELOPMENT AGENCY MEETING
CITY COUNCIL CHAMBER
1 CIVIC CENTER DRIVE SAN MARCOS, CALIFORNIA 92069**

FRIDAY, DECEMBER 7, 2012 – 9:00 AM

CALL TO ORDER: Vice Chair Newman called the meeting to order at 9:00 a.m.

PLEDGE OF ALLEGIANCE. Led by Vice-Chair Newman.

ROLL CALL:

PRESENT: BOARD MEMBERS: GITTINGS, JONES, MALONE, McMULLEN,
SIMMONS, NEWMAN

ABSENT: BOARD MEMBERS: HAMELS

ALSO PRESENT: Deputy City Manager Romero, Finance Director Rocha, Oversight Board Legal Counsel Eiser, Successor Agency Legal Counsel Peak and Board Clerk Vasquez.

ORAL COMMUNICATIONS

No members of the public requested to speak.

ACTON ITEMS

1. APPROVAL OF MINUTES – October 12, 2012 Regular Meeting.

MOVED BY GITTINGS SECONDED BY McMULLEN AND CARRIED TO ACCEPT MINUTES OF OCTOBER 12, 2012 OVERSIGHT BOARD MEETING AS PRESENTED.

2. LOW AND MODERATE INCOME HOUSING BOND FUNDS – DESIGNATIONS AND COMMITMENTS. Consider resolution confirming that sufficient Low and Moderate Income Housing bond Funds remain to satisfy applicable items on previously approved Recognized Obligation Payment Schedules, and that such purpose is consistent with bond covenants.

GITTINGS advised of the need to recuse himself from participating in this item due to a conflict, and left the room.

ROMERO presented staff report dated 12/7/12, provided information on recent meetings between staff and the Department of Finance and recommended the Board adopt the resolution as presented.

No members of the public commented on this item.

MOVED BY SIMMONS, SECONDED BY MALONE TO ADOPT RESOLUTION NO. OBRDA 2012-009 AS PRESENTED.

AYES: BOARD MEMBERS: JONES, MALONE, McMULLEN, SIMMONS, NEWMAN
NOES: BOARD MEMBERS: NONE
ABSENT: BOARD MEMBERS: HAMELS
RECUSAL: BOARD MEMBERS: GITTINGS

STAFF COMMENTARY

ROMERO provided additional information regarding recent meet and confer discussions with the State Department of Finance analysts relating to 9 items on ROPS III and meetings with Department of Finance auditors regarding the Low and Moderate Income Housing audit, advising that determinations would be forthcoming after December 15th.

Discussion followed regarding the need for a special Oversight Board meeting on December 14, 2012 to receive due diligence audit on non-housing funds and allow for public review period, and the board's preferred date for holding a second meeting for adoption of the audit report.

THE BOARD CONFIRMED THEIR DESIRE TO HOLD THE DECEMBER 14, 2012 SPECIAL MEETING FOR THE PURPOSE OF RECEIVING THE AUDIT REPORT AND OPENING THE PUBLIC REVIEW PERIOD, WITH THE SECOND FOLLOW-UP MEETING TO BE HELD ON THE REGULAR MEETING DATE OF JANUARY 4, 2013

MOVED BY SIMMONS, SECONDED BY MALONE TO MODIFY MEETING START TIME FOR REGULAR MEETINGS TO 9:00 A.M.

BOARD MEMBER COMMENTARY

SIMMONS requested staff bring back information at a future meeting regarding City's plans for low and moderate income housing and how that relates to State's unfunded mandate.

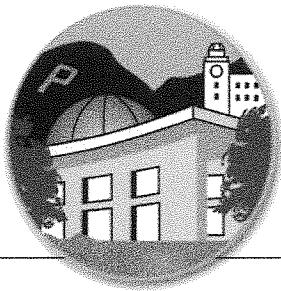
ADJOURNMENT:

NEWMAN adjourned the meeting at 9:14 a.m.

ATTEST:

TODD NEWMAN, VICE CHAIR
OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO
THE FORMER SAN MARCOS REDEVELOPMENT AGENCY

SUSIE VASQUEZ, BOARD CLERK
OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO
THE FORMER SAN MARCOS REDEVELOPMENT AGENCY



OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE FORMER SAN MARCOS REDEVELOPMENT AGENCY

STAFF REPORT

MEETING DATE: December 14, 2012

SUBJECT: Non Housing Fund Due Diligence Review

Recommendation

As the Oversight Board to the former San Marcos Redevelopment Agency ("OSB"), receive public comment on the results of the attached Non Housing Fund Due Diligence Review (Non Housing Fund DDR) as required by AB 1484.

Discussion

On June 27, 2012, a clean-up bill to the redevelopment dissolution legislation (ABX1 26) was enacted by the State Legislature (AB 1484) established several new requirements for successor agencies, including the completion of a Non Housing Fund DDR, to determine the unobligated balances available in the Successor Agency's Non Housing Fund for transfer to taxing entities.

The Successor Agency contracted with Mayer Hoffman McCann P.C., a certified public accountant approved by the County Auditor-Controller, to conduct a "due diligence review" of the Non Housing Funds of the former Redevelopment Agency.

The Non Housing Funds DDR must be submitted to the Oversight Board, the County Auditor-Controller, the State Controller's Office and the Department of Finance (DOF) by December 15, 2012. The Oversight Board has until January 15, 2013, to review, approve, and transmit to the Department of Finance and County Auditor-Controller the determination of the amount of cash and cash equivalents that are available for disbursement to taxing entities.

The Non Housing Fund DDR is required to include:

1. A valuation of all cash assets transferred from the former Redevelopment Agency to the Successor Agency on February, 1, 2012;
2. The value of all cash assets transferred from the former Redevelopment Agency or Successor Agency to the City between January 1, 2011 and June 30, 2012;

3. The dollar value of any cash transferred from the former Redevelopment Agency or Successor Agency to any public agency or private party between January 1, 2011 and June 30, 2012;
4. A comparison of the audit against the report filed to the State Controller for 2009-10 fiscal year;
5. A statement of the total value of the Non Housing Fund;
6. An itemized statement listing any amounts that are legally restricted and cannot be distributed to the taxing entities (including any funds restricted by enforceable obligations); and
7. An itemized statement of any assets in the Non Housing Fund that are not cash and cash equivalents.

Deductions may be made from the amount to be distributed to taxing entities for (1) assets obligated for a legally restricted purpose, such as grants or bonds; (2) non-cash assets, such as property or equipment; (3) assets restricted or obligated to fund an enforceable obligation; and (4) assets required to pay the Successor Agency's current year Recognized Obligation Payment Schedule (ROPS) obligations.

Pursuant to Health and Safety Code 34179.6(b) upon receipt of the Non Housing Fund DDR the Oversight Board shall convene a public comment session at least five days before the Oversight Board hold the approval vote for the Non Housing Fund DDR. The purpose of this agenda item is to satisfy this requirement, by convening a public comment session at least five days prior to the approval vote which is scheduled for January 4, 2013.

DOF will have until April 1, 2013, to review the Non Housing Fund DDR and provide its determination to the Successor Agency. Within five days after DOF's determination the Successor Agency must transmit any unobligated Non Housing Funds to the Auditor-Controller. If the Successor Agency does not agree with the DOF's determination it can submit a request to meet and confer. As outlined in AB 1484, the meet and confer process would take no longer than thirty days. During this period the requirement to transmit the unobligated Housing Funds to the Auditor-Controller would be suspended until after the meet and confer process is completed.

As detailed in the Non Housing Fund DDR on Exhibit A, total Non Housing Fund assets as of June 30, 2012, were \$126,269,103. Deductions were made from these assets for bond reserves, funds legally restricted for the funding of enforceable obligations, and funds needed to satisfy the ROPS for 2012-13. These deductions total \$133,385,196, resulting in a net Non Housing Fund balance of negative \$7,116,093. As indicated in the Non Housing Fund DDR a negative balance indicates that no amount is due to the County.

Fiscal Impact

The Non Housing Fund DDR indicates that no amount is due to the County, resulting in no fiscal impact.

Attachment(s)

Non Housing Due Diligence Review Report

Prepared by:

Laura Rocha

Laura Rocha, Finance Director



Mayer Hoffman McCann P.C.

An Independent CPA Firm

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of the City of San Marcos
1 Civic Center Drive
San Marcos, CA 92069

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the Successor Agency of the former Redevelopment Agency of the City of San Marcos (Successor Agency), the California Department of Finance, the California State Controller's Office, and the County Auditor-Controller's Office, solely to assist you in complying with the requirement for a due diligence review of the non-housing funds of the former Redevelopment Agency and the Successor Agency pursuant to Section 34179.5(c) of the California Health and Safety Code. Management of the Successor Agency is responsible for the Successor Agency's compliance with the California Health and Safety Code. This engagement to apply agreed-upon procedures was performed in accordance with the attestation standards established by the *American Institute of Certified Public Accountants* for such engagements. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on the specified items. 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.

Our procedures and results were as follows:

1. We obtained from the Successor Agency a listing of all assets (at their recorded book values) that were transferred from the former redevelopment agency to the Successor Agency on February 1, 2012. We agreed the amounts on this listing to account balances established in the accounting records of the Successor Agency.

Results: On February 1, 2012, \$121,786,370 of redevelopment fund assets, which included cash and investments, leases and notes receivable, and advances, were transferred to the Successor Agency. See Exhibit B-1.

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. We obtained 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.

Results: The State Controller's Office has not completed the review of transfers. The Agency has represented that there were no transfers of non-housing funds that were made to the city or county for the period from January 1, 2011 through January 31, 2012.

- b. We obtained 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.

Results: The Agency has represented that there were no transfers of non-housing funds that were made to the city or county for the period from February 1, 2012 through June 30, 2012.

- c. For each transfer, we obtained the legal document that formed the basis for the enforceable obligation that required any transfer.

Results: This step is not applicable.

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. We obtained 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.

Results: The Agency has represented that there were no transfers of non-housing funds that were made from January 1, 2011 through January 31, 2012 to any other public agency or private party.

- b. We obtained 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.

Results: The Agency has represented that there were no transfers of non-housing funds that were made for the period from February 1, 2012 through June 30, 2012 to any other public agency or private party.

- c. For each transfer, we obtained the legal document that formed the basis for the enforceable obligation that required any transfer.

Results: This step is not applicable.

4. We obtained 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 California State Controller's Office's procedures for the fiscal year ended June 30, 2010, the fiscal year ended June 30, 2011, the period July 1, 2011 through January 31, 2012, and the period February 1, 2012 through June 30, 2012. For each period presented, we determined that the total of revenues, expenditures, and transfers accounted fully for the changes in equity from the previous fiscal period. We compared amounts in the schedule relevant to the fiscal year ending June 30, 2010 to the state controller's report filed for the Redevelopment Agency for that period.

Results: The schedule is presented at EXHIBIT B.

5. We obtained from the Successor Agency a listing of all assets of the Redevelopment Agency Funds (excluding the Low and Moderate Income Housing Fund) as of June 30, 2012. We also agreed the assets listed to recorded balances reflected in the accounting records of the Successor Agency.

Results: This schedule is presented at EXHIBIT B. We agreed the assets listed to the accounting records to the Successor Agency without exception.

6. Obtain from the Successor Agency a listing of asset balances held on June 30, 2012 that are restricted for specific purposes and performed the following procedures:

- a. Unspent bond proceeds:

- i. We obtained 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.

Results: See EXHIBIT E. We agreed the amounts to the accounting records and investment statements provided by the bond trustee. We reviewed the legal documents that set forth the restrictions and verified that the associated bonds are on the approved ROPS.

- b. Grant proceeds and program income that are restricted by third parties:

- i. We obtained the Successor Agency's computation of the restricted balances.
 - ii. We traced individual components of this computation to related account balances in the accounting records, or to other supporting documentation.
 - iii. We obtained from the Successor Agency a copy of the grant agreement that sets forth the restriction pertaining to these balances.

Results: There are no grant proceeds or program income.

- c. Other assets considered to be legally restricted:

- i. We obtained the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).
 - ii. We traced individual components of this computation to related account balances in the accounting records, or to other supporting documentation.
 - iii. We obtained from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances.

Results: There are no other assets considered to be legally restricted.

- d. We attached the above mentioned Successor Agency prepared schedule(s) as an exhibit to the AUP report. For each restriction identified on these schedules, we indicated in the report the period of time for which the restrictions are in effect.

Results: This step is not applicable.

7. We obtained 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 ascertained 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.

- a. If the assets were listed at purchase cost, we traced the amounts to a previously audited financial statement (or to the accounting records of the Successor Agency) and noted any differences.
- b. For any differences noted in 7(a), we inspected evidence of disposal of the asset and ascertained that the proceeds were deposited into the Successor Agency trust fund.
- c. If the assets were listed at recently estimated market value, we inspected the evidence (if any) supporting the value and noted the methodology used.

Results: This listing is presented at EXHIBIT C. All amounts are reported at purchased cost. For capital assets, we traced the amounts to previously audited financial statements and current year accumulated depreciation additions. For loans receivable, we traced amounts to previously audited financial statements and current year repayments.

8. We performed the following procedures:

- a. For assets balance needed to be retained to satisfy enforceable obligations, we obtained 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 performed the following procedures:
 - i. We compared 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. We compared all current balances to the amounts reported in the accounting records of the Successor Agency or to an alternative computation.
 - iii. We compared the specified enforceable obligations to those that were included in the final Recognized Obligation Payment Schedule approved by the California Department of Finance.
 - iv. We attached as an exhibit to the report the listing obtained from the Successor Agency. We also identified 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.

Results: There are no restricted resources held by the Successor Agency at June 30, 2012.

b. For 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, we obtained from the Successor Agency a schedule of approved enforceable obligations that included a projection of the annual spending requirements to satisfy each obligation and a projection of the annual revenues available to fund those requirements and performed the following procedures:

- i. We compared the enforceable obligations to those that were approved by the California Department of Finance.
- ii. We compared the forecasted annual spending requirements to the legal document supporting each enforceable obligation by obtaining 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, we obtained the assumptions for the forecasted annual revenues and disclosed the major assumptions associated with the projections.

Results: This procedure was not applicable.

c. For projected property tax revenues and other general purpose revenues that were received by the Successor Agency are insufficient to pay bond debt service payments, we obtained from the Successor Agency a schedule demonstrating this insufficiency and applied the following procedures to the information reflected in that schedule:

- i. We compared the timing and amounts of bond debt service payments to the related bond debt service schedules in the bond agreement.
- ii. We obtained the assumptions for the forecasted property tax revenues and disclose major assumptions associated with the projections.
- iii. We obtained the assumptions for the forecasted other general purpose revenues and disclose major assumptions associated with the projections.

Results: This procedure was not applicable.

d. If procedures, A, B, or C were performed, we calculated the amount of current unrestricted balances necessary for retention in order to meet the enforceable obligations by performing the following procedures:

- i. We combined 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. We reduced the amount of total resources available by the amount forecasted for the annual spending requirements.

Results: This procedure was not applicable.

9. For cash balances as of June 30, 2012 that 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, we obtained 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.

Results: EXHIBIT D demonstrates that all current balances cash balances are needed to be retained to pay enforceable obligations as they become due through June 30, 2013.

10. We have included a schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Entities.

Results: This schedule is presented at EXHIBIT A.

11. We obtained a representation letter from 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.

Results: No exceptions were noted as a result of this procedure.

This letter is intended solely for the information and use of the Oversight Board of the Successor Agency of the former Redevelopment Agency of the City of San Marcos, the Successor Agency of the former Redevelopment Agency of the City of San Marcos, the California Department of Finance, the California State Controller's Office, and the County of San Diego's Auditor-Controller's Office and is not intended to be and should not be used by anyone other than those specified parties.

Mayor Hoffman McLean AC.

Irvine, California
December 12, 2012

SUCCESSOR AGENCY OF THE SAN MARCOS REDEVELOPMENT AGENCY
Summary of Balances Available for Allocation of Affected Taxing Entities
June 30, 2012

SUMMARY OF BALANCES AVAILABLE FOR ALLOCATION TO AFFECTED TAXING ENTITIES

Total amount of assets held by the successor agency as of June 30, 2012 (excluding Low and Moderate Income Housing Funds)	\$ 126,269,103
Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments.	(59,778,396)
Less assets that are not cash or cash equivalents (i.e. physical assets)	(30,598,607)
Less balances needed to satisfy ROPS for the current fiscal year and future fiscal years	(35,958,731)
Add balances denied by Department of Finance in letter from October 10, 2012	5,926,582
Less July 2012 payment made to the County of San Diego	<u>(12,976,044)</u>
Amount to be remitted to county for disbursement to taxing entities	\$ <u>(7,116,093)</u>

SUCCESSOR AGENCY OF THE FORMER SAN MARCOS REDEVELOPMENT AGENCY
Summary of Financial Transactions
6/30/2012

	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 06/30/12		
				Low and Moderate Income	Capital Projects and Debt Service	Total
Assets:						
Cash and investments	\$ 48,053,655	60,576,623	49,353,002	19,954,237	35,834,489	55,788,726
Cash and investments w/ fiscal agent	69,873,659	101,242,992	101,474,238	17,679,097	59,778,396	77,457,493
Taxes receivable	1,275,022	559,933	-	-	-	-
ABX 1484 Receivable	-	-	-	6,593,215	12,976,044	19,569,258
Accounts receivable	858,421	14,472	-	-	15,000	15,000
Accrued interest receivable	201,231	227,997	-	1,735	42,612	44,347
Notes receivable	102,011,492	107,188,875	119,876,775	-	696,339	696,339
Due from other funds	16,342,040	17,287,408	-	-	-	-
Advances to other funds	28,055,456	32,174,814	32,035,623	-	7,651,880	7,651,880
Net investment in direct financing lease	3,965,071	3,781,887	3,595,258	-	3,595,258	3,595,258
Land held for resale	837,288	783,765	717,856	-	-	-
Capital Assets	-	-	-	-	5,679,086	5,679,086
Total Assets	271,473,335	323,838,766	307,052,753	44,228,284	126,269,103	170,497,387
Liabilities:						
Accounts payable	2,166,371	750,977	19,518	6,624,700	13,324,207	19,948,906
Accrued liabilities	754,641	213,207	-	16,537	13,358	29,895
Due to other funds	16,342,040	17,287,408	-	-	-	-
Due to other governments	18,825,174	22,080,087	9,357,892	-	6,828,668	6,828,668
Deferred Revenue	105,197,997	110,274,423	122,636,503	-	-	-
Deposits	32,988	34,498	34,498	-	-	-
ERAF Loan	-	-	139,191	-	94,158	94,158
Advances from other funds	28,055,456	32,174,814	32,035,623	-	32,035,623	32,035,623
Bonds payable	-	-	-	52,805,000	233,960,000	286,765,000
Note Payable	-	-	-	1,499,527	-	1,499,527
Reimb agreement payable	-	-	-	-	42,965,000	42,965,000
Coop Agreement	-	-	-	-	23,275,296	23,275,296
County tax increment settlement	-	-	-	-	3,860,541	3,860,541
Total Liabilities	171,374,667	182,815,414	164,223,226	60,945,763	356,356,852	417,302,615
Equity	100,098,668	141,023,352	142,829,527	(16,717,480)	(230,087,748)	(246,805,228)
Total Liabilities + Equity	\$ 271,473,335	323,838,766	307,052,753	44,228,284	126,269,103	170,497,387
Total Revenues:	\$ 61,228,629	59,383,289	33,855,512	1,880,822	2,795,139	4,675,962
Total Expenditures/Expenses:	103,826,470	71,585,861	32,049,337	9,795,680	7,403,950	17,199,630
Bond Issuances Proceeds:	330,709	53,059,286	-	-	-	-
Gain on Sale of Land Held for Resale	-	67,970	-	-	-	-
Extraordinary Gain/(Loss)	-	-	-	(8,802,622)	(225,478,938)	(234,281,560)
Transfers:	-	-	-	-	-	-
Total Other Activity:	330,709	53,127,256	-	(8,802,622)	(225,478,938)	(234,281,560)
Net change in equity	(42,267,132)	40,924,684	1,806,175	(16,717,480)	(230,087,748)	(246,805,228)
Beginning Equity:	142,365,800	100,098,668	141,023,352	-	\$ (230,087,748)	\$ (246,805,228)
Ending Equity:	\$ 100,098,668	141,023,352	142,829,527	(16,717,480)	\$ (230,087,748)	\$ (246,805,228)

CITY OF SAN MARCOS
Nonhousing Assets Transferred to Successor Agency
Transferred As of February 1, 2012

EXHIBIT B-1

	Assets <u>Transferred</u>
Assets:	
Cash and investments	\$ 37,548,125
Cash and investments with fiscal ag	66,615,682
Lease receivable	3,595,258
Notes receivable	696,339
Advances to other funds	7,651,880
Capital assets	<u>5,679,086</u>
 Total Assets	 \$ 121,786,370

SUCCESSOR AGENCY OF THE FORMER SAN MARCOS REDEVELOPMENT AGENCY
Unavailable Assets
6/30/2012

Asset	Cost at 6/30/2012
ABX 1484 receivable (note 1)	\$ 12,976,044
Capital assets	5,679,086
Advances to other Funds	7,651,880
Lease receivable	3,595,258
Note receivable	<u>696,339</u>
Total Assets	<u>\$ 30,598,607</u>

Note 1: This receivable represents the recognition of the Agency's efforts to recover certain payments that were made pursuant to direction from the County of San Diego. Those payments were made under protest and the Agency intends to recover such funds. Until (and if) such recovery is received, these funds are not available for distribution to the taxing agencies.

City of San Marcos Successor Agency to the Former San Marcos Redevelopment Agency
 Cash Flow for RDA DDR - RTPPF vs Enforceable Obligations
 June 30, 2012

EXHIBIT D

	PER ROPS JULY-DEC 2012				ROPS JAN-JUNE 2013				FY 12/13			
	July	August	September	October	November	December	Six Months Totals	Twelve Months Total	Six Months Totals	Twelve Months Total	Six Months Totals	Twelve Months Total
Revenue Sources												
RPTTF Funds (See Note 1)												
Affordable Housing Bond Proceeds	1,455,118	1,455,118	1,665,119	1,520,641	1,520,691	4,208,908			3,991,353	3,991,353		
									6,640,819	6,640,819		
Total Revenues Sources	1,455,118	1,455,118	1,665,119	1,520,641	1,520,691	4,208,908			10,632,172	22,457,767		
Enforceable Obligations as listed on the ROPS:												
2001 Revenue Bonds*	950,537								679,737	1,630,274		
2001 Revenue Bonds*	594,086								424,836	1,018,922		
2001 Revenue Bonds*	831,720								594,770	1,426,490		
2003 Tax Allocation Bonds Series A	1,385,838								1,047,438	2,433,276		
2003 Tax Allocation Bonds Series A	395,925								294,325	690,250		
2003 Tax Allocation Bonds Series A	1,466,825								983,225	2,450,050		
2003 Tax Allocation Bonds Series B	967,281								746,639	1,713,920		
2005 Tax Allocation Bonds Series A	153,341								98,999	252,340		
2005 Tax Allocation Bonds Series A	914,031								789,258	1,703,289		
2005 Tax Allocation Bonds Series A	23,452								-	23,452		
2005 Tax Allocation Bonds Series A	1,561,517								1,155,670	2,717,187		
2005 Tax Allocation Bonds Series B	1,749,565								1,207,965	2,957,530		
2005 Tax Allocation Bonds Series C	871,851								762,451	1,634,302		
2006 Tax Allocation Bonds Series A	1,493,431								1,127,178	2,620,609		
2006 School Pass Through Bonds									1,653,369	3,793,175		
1993 Certificates of Participation									-	2,640		
1993 Certificates of Participation										1,650		
1994 Revenue Bonds										2,310		
1994 Revenue Bonds										1,980		
1994 Revenue Bonds										1,238		
2001 Revenue Bonds										1,733		
2001 Revenue Bonds										1,212		
2003 Tax Allocation Bonds Series A										758		
2003 Tax Allocation Bonds Series A										1,061		
2003 Tax Allocation Bonds Series B										1,008		
2005 Tax Allocation Bonds Series A										1,008		
2005 Tax Allocation Bonds Series A										605		
2005 Tax Allocation Bonds Series A										1,760		
2005 Tax Allocation Bonds Series A										1,760		
2005 Tax Allocation Bonds Series B										2,374		
2005 Tax Allocation Bonds Series C										1,154		
2005 Tax Allocation Bonds Series C										1,154		
2006 Tax Allocation Bonds Series A										2,514		

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	PER ROPS JULY-DEC 2012				ROPS JAN-JUNE 2013				FY 12/13			
	July	August	September	October	November	December	Six Months Totals	Twelve Months Totals	July	August	September	October
2006 School Pass Through Bonds	-	-	-	-	-	-	2,176	2,176	-	-	-	-
2006 School Pass Through Bonds	75,000	-	-	-	-	-	-	-	4,352	75,000	49,500	49,500
ERAF Loan to RDA from Low Mod*	-	-	-	-	-	-	-	-	-	-	-	-
SERAF Loan to RDA from Low Mod*	-	-	-	-	-	-	-	-	63,947	-	-	-
SERAF Loan to RDA from Low Mod*	-	-	-	-	-	-	-	-	49,069	-	-	-
SERAF Loan to RDA from Low Mod*	-	-	-	-	-	-	-	-	130,821	-	-	-
Project Management Costs (2)	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	-	-	-	-
Agency Administration/Operations (2)	30,054	30,054	30,054	30,054	30,054	30,054	30,054	30,054	121,399	301,723	11,672	11,672
Contract for Attorney Services (2)	1,112	1,112	1,112	1,112	1,112	1,112	1,112	1,112	5,000	-	-	-
Contract for Consulting Services (2)	556	556	556	556	556	556	556	556	10,000	-	-	-
Project Management Costs (2)	8,334	8,334	8,334	8,334	8,334	8,334	8,334	8,334	12,500	-	-	-
Agency Administration/Operations (2)	30,054	30,054	30,054	30,054	30,054	30,054	30,054	30,054	121,399	301,723	11,672	11,672
Contract for Attorney Services (2)	1,112	1,112	1,112	1,112	1,112	1,112	1,112	1,112	5,000	-	-	-
Contract for Consulting Services (2)	556	556	556	556	556	556	556	556	10,000	-	-	-
Project Management Costs (2)	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	135,000	210,000	13,336	13,336
Agency Administration/Operations (2)	30,054	30,054	30,054	30,054	30,054	30,054	30,054	30,054	121,399	301,723	11,672	11,672
Contract for Attorney Services (2)	1,112	1,112	1,112	1,112	1,112	1,112	1,112	1,112	5,000	-	-	-
Contract for Consulting Services (2)	556	556	556	556	556	556	556	556	10,000	-	-	-
SMUSD Trust Account (5)	397,000	-	-	-	-	-	-	-	-	-	-	-
Palomar College Trust Account (5)	314,500	-	-	-	-	-	-	-	-	-	-	-
Cooperation Agreement - County of SD (5)	-	-	-	-	-	-	-	-	-	-	-	-
SMUSD Trust Account (5)	1,670,000	-	-	-	-	-	-	-	-	-	-	-
Palomar College Trust Account (5)	35,000	-	-	-	-	-	-	-	-	-	-	-
SMUSD Trust Account (5)	4,750,000	-	-	-	-	-	-	-	-	-	-	-
918,600	-	-	-	-	-	-	-	-	-	-	-	-
Palomar College Trust Account (5)	-	-	-	-	-	-	-	-	-	-	-	-
Tax Settlement Agreement - County of SD	-	-	-	-	-	-	-	-	-	-	-	-
Discovery Street Flood Wall	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	1,500,000	1,500,000	3,000,000	3,000,000
Bent Avenue Bridge and Street Improvements	14,010	14,010	14,010	14,010	14,010	14,010	14,010	14,010	84,060	84,060	168,120	168,120
Via Vera Cruz Bridge and Street Improvements	-	-	-	-	55,556	55,556	55,556	55,556	333,300	333,300	500,000	500,000
Various Traffic Safety Improvements: Fiber Optic Interconnect System, Traffic Signal and Pedestrian Countdown Signals*	27,655	27,655	27,655	27,655	27,655	27,655	27,655	27,655	165,930	331,860	2,648,552	2,648,552
South Lake Community Park	299,572	299,572	299,572	299,572	299,572	299,572	299,572	299,572	299,640	851,052	273,000	273,000
San Marcos Elementary School	22,751	22,751	22,751	22,751	22,751	22,751	22,751	22,751	22,745	136,000	17,898	17,898
Upgrade Regulatory and Warning Signs*	2,983	2,983	2,983	2,983	2,983	2,983	2,983	2,983	2,985	390,000	460,000	390,000
Nordahl Rd. and Montiel Rd*	-	-	-	-	-	-	-	-	-	460,000	252,060	252,060
Bradley Park (West City Improvement)*	-	-	-	-	13,300	13,300	13,300	13,300	13,350	-	-	-
Grand Avenue/San Marcos Blvd./Creekside Marketplace Circulation Improvements	42,009	42,009	42,009	42,009	42,009	42,009	42,009	42,009	42,015	504,120	-	-
San Marcos High School Frontage at Knight's Realm Intersection	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,335	20,000	-	-

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 June 30, 2012

EXHIBIT D

	PER ROPS JULY-DEC 2012				ROPS JAN-JUNE 2013		FY 12/13	
	July	August	September	October	November	December	Six Months Totals	Twelve Months Total
Barham Drive Widening	-	-	210,000	-	-	-	-	-
South Santa Fe- Smilax to Bosstick	12,500	12,500	12,500	12,500	12,500	12,500	-	210,000
Downtown Promenade and Greenway	41,667	41,667	41,667	41,667	41,667	41,667	-	75,000
San Marcos Creek Improvements: Main Street	3,333	3,333	3,334	-	-	-	-	250,000
Rancho Coronado Infrastructure Improvements	126,985	126,985	126,985	126,985	126,985	126,985	-	10,000
Land Acquisition for Park Development (Hanson site)	100,000	100,000	100,000	100,000	100,000	100,000	2,788,135	761,910
Channel Widening South of Grand Ave.	99,987	99,987	99,987	99,987	99,987	99,987	-	3,288,135
SR78 at San Marcos Creek*	25,000	25,000	25,000	25,000	25,000	25,000	-	599,919
Creek Environmental Habitat Establishment and Mitigation	100,000	100,000	100,000	100,000	100,000	100,000	600,000	300,000
San Marcos Creek Specific Plan - Creekside Drive Improvements	283,333	283,333	283,333	283,333	283,333	283,335	1,700,000	1,200,000
Total Enforceable Obligations	23,094,785	1,581,885	6,378,123	1,640,808	1,640,858	5,001,854	19,078,185	58,416,498
Insufficiency of revenues to meet obligation payments	(21,639,667)	(126,767)	(4,713,004)	(120,167)	(120,167)	(792,946)	(8,446,014)	(35,958,731)
July True-up payment to County (See Note 2)	(12,976,044)	-	-	-	-	-	-	(12,976,044)
RPTTF Available (Unavailable) Balance	(34,615,711)	(126,767)	(4,713,004)	(120,167)	(120,167)	(792,946)	(8,446,014)	(48,934,775)
Cumulative Available (Unavailable) Balance	(34,615,711)	(34,742,478)	(39,455,481)	(39,575,648)	(39,695,815)	(40,488,761)	(48,934,775)	(48,934,775)

Notes:

(1) - See tabs for Tax Increment Projections (T1 Proj for Jan 1, 2013 RPTTF) to be used in calculating RPTTF projections (Jan 1 2013 RPTTF Dist Proj) based on actual June 1, 2012 RPTTF Distribution from County.

(2) - County Auditor-Controller's calculation of residual property tax distributed to affected tax entities as required by Assembly Bill 1484 in the amount of \$19,569,258.38 was paid on July, 12, 2012. Amount represents portion attributable to and paid for by the RDA non-housing RPTTF funds.

* - Items marked with an asterisk, which total \$5,926, 682, were denied by the Department of Finance in the most recent letter dated October 10, 2012.

SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY
SCHEDULE OF UNSPENT BOND PROCEEDS AND DEBT RESERVES
JUNE 30, 2012

Bond Description

\$69,740,000 TABs, PA #1, 2, 3	\$ 5,094,806
\$21,360,000 TABs, PA #1	1,594,106
\$54,055,000 PFA Refunding Bonds (Civic Center)	5
\$9,465,000 TAB's Series 1997A	683,753
\$7,490,000 TAB's Series 1998A	522,023
\$30,235,000 Tax All Rev 2005, Series A PA #1 and #3	2,667,604
\$33,265,000 Tax All Rev 2005, Series B PA #1	2,314,853
\$61,735,000 Tax All Rev 2005, Series C PA #2 and #3	18,083,004
\$36,165,000 TAB's, Series A, PA #3	<u>28,818,242</u>
	<u>\$ 59,778,396</u>