

RESOLUTION NO. 2012 - 21

RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY
TO THE COMMUNITY DEVELOPMENT COMMISSION AS
THE NATIONAL CITY REDEVELOPMENT AGENCY APPROVING
THE DUE DILIGENCE REVIEW OF NON-HOUSING FUNDS, AS REQUIRED BY
HEALTH AND SAFETY CODE SECTION 34179.5 AND AUTHORIZING RETENTION
OF FUNDS BY THE SUCCESSOR AGENCY PURSUANT TO HEALTH & SAFETY
CODE SECTION 34179.6(c)

WHEREAS, the Oversight Board ("Oversight Board") to the Successor Agency ("Successor Agency") to the Community Development Commission as the National City Redevelopment Agency has been established to take certain actions as required by the Health and Safety Code with respect to winding down the affairs of the National City Redevelopment Agency; and

WHEREAS, Health and Safety Code section 34179.5 mandates that every Successor Agency employ a licensed accountant to complete a "due diligence review" ("Due Diligence Review") of non-housing funds to determine the un-obligated balances available for transfer to taxing entities and that the results of that Due Diligence Review be submitted to the California Department of Finance ("DOF") and other specified entities; and

WHEREAS, Health and Safety code section 34179.6 requires that the Oversight Board approve and transmit the result of the aforementioned Due Diligence Review to the DOF and other specified entities; and

WHEREAS, Health and Safety Code section 34179.6 further requires that the Oversight Board convene a "public comment session" at least five business days before the Oversight Board holds an approval vote on the Due Diligence Review; and

WHEREAS, the Successor Agency retained a licensed accountant, Mayer Hoffman McCann, P.C. (which was approved by the San Diego County Auditor and Controller); the licensed accountant conducted and completed the Due Diligence Review; and the results were subsequently transmitted to the DOF and the required entities by the Successor Agency; and

WHEREAS, the Oversight Board convened a duly noticed "public comment session" regarding the Due Diligence Review in accordance with Health and Safety Code section 34179.6 on November 11, 2012, at which time the public was afforded the opportunity to provide comment to the Oversight Board; the public comment session was closed with no comment being offered either orally or in writing on November 19, 2012; and

WHEREAS, the Successor Agency reserves its right to amend the Due Diligence Review as may be necessary to capture all the obligations the Successor Agency may

have in the performance of its duties, subject to any obligation of the Oversight Board to approve such amendments; and

WHEREAS, pursuant to the requirements of Health and Safety Code section 34179.6, the Successor Agency has submitted the attached Due Diligence Review (Exhibit 1) for consideration and approval by the Oversight Board; and

WHEREAS, the Due Diligence Review includes expenditure and revenue accounting information as required by Health and Safety Code section 34179.5(c)(4) and determines that the total amount of assets, excluding those of the Low and Moderate Income Housing Fund, held by the successor agency as of June 30, 2012 to be \$56,576,901 and such information is included in Exhibit B to the Due Diligence Review; and

WHEREAS, the Due Diligence Review calculated the amount of current balances that are legally restricted as to purposes and cannot be provided to taxing entities as required by Health and Safety Code section 34179.5(c)(5)(B) to be \$39,655,687 and such information is included in Exhibit E to the Due Diligence Review; and

WHEREAS, the Due Diligence Review calculated the amount of assets held by the Successor Agency that are not cash or cash equivalents as required by Health and Safety Code section 34179.5(c)(5)(C) to be \$11,967,524 and such information is included in Exhibit C to the Due Diligence Review; and

WHEREAS, the Due Diligence Review calculated the amount of cash balances as of June 30, 2012 necessary for retention in order to meet enforceable obligations for the current fiscal year (2012-2013) as required by Health and Safety Code section 34179.5(c)(5)(E) to be \$4,330,581 and such information is included in Exhibit D to the Due Diligence Review; and

WHEREAS, the Due Diligence Review calculates the balance available for allocation to affected taxing entities as required by Health and Safety Code section 34179.5(c)(5) to be a negative \$3,649,724 based on the above identified balances and obligations and, pursuant to Procedure 10 of the List of Procedures for Due Diligence Review published by the California Department of Finance, the payment of \$4,272,833 to the County Auditor and Controller on July 12, 2012 as directed by Health and Safety Code section 34183.5(b)(2)(A) and such information is included in Exhibit A to the Due Diligence Review; and

WHEREAS, based on the negative balance of \$3,649,724 calculated in Exhibit A to the Due Diligence Review, it may be concluded pursuant to Health and Safety Code section 34179.6(c) that no cash or cash equivalents are available for disbursement to affected taxing entities; and

WHEREAS, Health and Safety Code Section 34179.6(c) empowers the Oversight Board (subject to DOF approval) to authorize the Successor Agency to retain current balances identified in 34176.9(c)(5) subdivisions (B), (C) and (E) provided that the Oversight Board identifies the amount, source and purpose of the funds being retained; and

WHEREAS, the amount of assets that the Oversight Board authorizes the Successor Agency to retain totals \$56,576,901 as identified on Exhibits A and B of the Due Diligence Review; and

WHEREAS, the sources of \$51,623,211 the \$56,567,901 are identified on are identified on Exhibits C and E to the Due Diligence Review; and

WHEREAS, the purpose of the assets totaling \$11,957,524 on Exhibit C of the Due Diligence Review includes land held for resale, loans receivable and value of capital assets; and

WHEREAS, the purpose of the assets totaling \$39,655,687 on Exhibit E of the Due Diligence Review is to pay for various community improvement and housing projects and to maintain required debt service reserves; and

WHEREAS, the remainder of the \$56,567,901 in assets is cash or cash equivalents in the amount of \$4,953,690, the source of which is property tax distributions or other general purpose revenues of the Successor Agency and the purpose for which is to:(a) permit the Successor Agency to meet its enforceable obligations as summarized on Exhibit D to the Due Diligence Review and as further detailed with specificity in the ROPS, which retained balances are needed even if the items rejected by the DOF on ROPS 3 are not included as obligations of the Successor Agency and (b) make the payment to the Auditor and Controller on July 12, 2012 as directed by Health and Safety Code section 34183.5(b)(2)(A);

NOW, THEREFORE, THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT COMMISSION AS THE NATIONAL CITY REDEVELOPEMENT AGENCY RESOLVES AS FOLLOWS:

Section 1. The foregoing Recitals are incorporated into this Resolution by this reference.

Section 2. Pursuant to Health and Safety Code section 34179.6, the Oversight Board hereby approves Due Diligence Review attached hereto as Exhibit 1 and fully incorporated by this reference, except as has specifically been modified or rejected by the Oversight Board. The Due Diligence Review is that "due diligence review" referred to Health and Safety Code sections 34179.5 and 34179.6 performed for non-housing

funds and shall be interpreted and applied in all respects in accordance with such sections and the California Redevelopment Law ("CRL"), to the fullest extent permitted by law; however, the Due Diligence Review shall only be applicable to and binding on the Successor Agency to the extent that AB X1 26 (and as amended by AB 1484) is applicable to the Successor Agency.

Section 3. The Executive Director and the Finance Director of the Successor Agency (and their designees) are hereby authorized and directed to evaluate and execute necessary changes to the Due Diligence Review (including changes to formatting as may be required by DOF) as may be appropriate and/or as required by AB X1 26 and/or AB 1484 whether pursuant to its terms, by court order, or as otherwise required by law.

Section 4. The Executive Director of the Successor Agency is further authorized and directed to notify and forward to the County Auditor and Controller, Department of Finance, the State Controller's Office, and any other entity required by law to obtain a copy of this Resolution and the Due Diligence Review as may be required by AB 26 and/or AB 1484.

Section 5. Pursuant to Health and Safety Code Section 34179.6(c), the Oversight Board authorizes the retention of assets totaling \$56,576,901 as identified on Exhibits A and B of the Due Diligence Review. The sources and purposes of these funds and assets are described in the recitals above.

Section 6. The Oversight Board, in furtherance of its fiduciary duties to the taxing entities and the holders of enforceable obligations, hereby finds that the retention of the funds identified for the purposes described in Section 5 of this Resolution is in the best interest of the taxing entities and the holders of the enforceable obligations listed in the ROPS because retaining the identified funds to satisfy these obligations is necessary to satisfy enforceable obligations of the Successor Agency. Further, the Oversight Board finds that retaining these funds, in the long run, is in the interest of the taxing entities because absent these funds being retained, the obligations in the ROPS may be unable to be met, potentially exposing the Successor Agency to protracted dispute with holders of enforceable obligations, with the potential to result in more costly delay in winding down the operations of the Successor Agency.

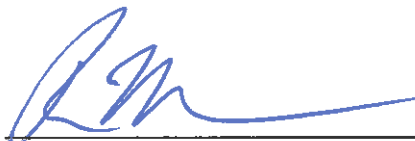
Section 7. The Oversight Board has also determined (to the extent it is required to do so) that approval of the Due Diligence Report is not a "project" for purposes of CEQA, as that term is defined by Guidelines section 15378, because the Due Diligence Review is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per section 15378(b)(5) of the Guidelines.

Section 8. This Resolution shall take effect upon the date of adoption.

Section 9. The Oversight Board Secretary and/or Successor Agency Secretary shall certify to the adoption of this Resolution.

The foregoing resolution was duly and regularly adopted at a regular meeting of the Oversight Board for the Successor Agency to Redevelopment Agency for the City of National City held on the 19th day of December, 2012, by the following vote:

Ayes:
Noes:
Absent:
Abstain:



Ron Morrison
Oversight Board Chair

ATTEST:



Brad Raulston, Executive Director
Secretary to the Oversight Board

Approved as to form:



Michael R.W. Houston
Cummins & White, LLP
Oversight Board Counsel



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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the Successor Agency to the Redevelopment Agency of the City of National City (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 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, \$50,342,887 of redevelopment fund net assets were transferred to the Successor Agency. This amount is presented in the "Total Transfers" line on EXHIBIT B in the Non-Housing column for the Successor Agency: 5 months ended June 30, 2012. The individual assets and liabilities are presented in the same column at their June 30, 2012 balances. We agreed the listing to account balances established in the accounting records of the Successor Agency.

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. There were no transfers 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: There were no transfers 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: There were no transfers for the period 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: There were no transfers 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. This June 30, 2010 State Controller's Report and the Community Development Commission audited financial statements for the fiscal year ended June 30, 2011 included other Community Development Commission funds that were not Redevelopment Agency funds such as CDBG, Section 8, HOME, and other funds. These non-Redevelopment Agency funds have been excluded from 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: The listing of assets is included in 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. 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: See EXHIBIT E.

- 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 listed at 7(a) 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(b), 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 listed at 7(a) were listed at recently estimated market value, we inspected the evidence (if any) supporting the value and noted the methodology used.

Results: See EXHIBIT C. All amounts are reported at purchase 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. For land held for resale, we traced amounts to previously audited financial statements.

- 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 other assets that are legally or contractually dedicated or restricted for the funding of an enforceable obligation.

- 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 procedures is 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 is 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 is 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 summarizes the net enforceable obligations over/under available funding for ROPS 2 (July 1, 2012 to December 31, 2012) and ROPS 3 (January 1, 2013 to June 30, 2013). We compared the projected property tax and estimated admin fees and pass throughs for ROPS 3 to correspondence from the County of San Diego. We determined the reasonableness of revenue from interest and rents without exception. For the RORF Obligations, we reconciled the amounts presented to the applicable approved ROPS line item for ROPS 2 and ROPS 3. The schedule also includes the County of San Diego true-up payment made on July 12, 2012 in the amount of \$4,272,833.

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

Results: See EXHIBIT A. There is no balance available for distribution to the affected taxing entities.

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 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 to the Redevelopment Agency of the City of National City, the Successor Agency to the Redevelopment Agency of the City of National City, 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.

Mayer Hoffman McCann P.C.

Irvine, California
December 10, 2012

SUCCESSOR AGENCY TO THE NATIONAL CITY 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)	\$ 56,576,901	EXHIBIT B
Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments.	(39,655,687)	EXHIBIT E
Less assets that are not cash or cash equivalents (i.e. physical assets)	(11,967,524)	EXHIBIT C
Less balances that are dedicated or restricted for the funding of an enforceable obligation (net of projected annual revenues available to fund those obligations)	-	
Less balances needed to satisfy ROPS for the 2012-13 fiscal year (procedure 9)	(4,330,581)	EXHIBIT D
Less balances needed to satisfy ROPS for future fiscal years	-	
Less the amount of payments made on July 12, 2012 to the County Auditor-Controller as directed by the California Department of Finance	<u>(4,272,833)</u>	
Amount to be remitted to county for disbursement to taxing entities	<u>\$ (3,649,724)</u>	

SUCCESSOR AGENCY TO THE NATIONAL CITY REDEVELOPMENT AGENCY

Summary of Financial Transactions
6/30/2012

	Redevelopment Agency	Redevelopment Agency	Redevelopment Agency	Successor Agency: 5 Months Ended 6/30/2012	
	12 Months Ended 6/30/2010	12 Months Ended 6/30/2011	7 Months Ended 1/31/2012	Low and Moderate Income Housing	Non-Housing
Assets:					
Cash and investments	\$ 15,645,135	53,880,624	-	8,413,601	44,605,326
Accounts receivable	2,628,926	106,961	-	-	76,993
Property tax receivable	198,766	194,122	-	-	8,167
Accrued interest receivable	21,530	11,386	-	4,605	1,255
Loans receivable	13,056,241	8,591,801	-	-	737,026
Due from other funds	18,680	-	-	-	-
Due from other governments	-	2,796	-	2,796	-
Land held for resale	9,392,509	9,392,509	-	-	9,032,509
Capital assets	-	-	-	-	2,112,829
Total Assets	40,961,787	72,180,199	-	8,418,206	56,576,901
Liabilities:					
Accounts payable	2,367,076	1,317,582	-	528,038	66,854
Other liabilities	7,976,871	56,167	-	-	40,313
Deposits payable	-	87,500	-	-	25,000
Due to other governments	-	-	-	-	4,272,833
Advances from other funds	-	739,966	-	-	411,216
Deferred revenue	-	1,621,072	-	-	-
Long-Term liabilities	-	-	-	-	-
Total Liabilities	10,343,947	3,822,287	-	528,038	71,115,000
Equity	30,617,840	68,357,912	-	7,890,168	(11,464,147)
Total Liabilities + Equity	40,961,787	72,180,199	-	8,418,206	64,995,107
Total Revenues:	\$ 14,909,191	54,002,728	7,765,733	17,666	339,082
Total Expenditures/Expenses:	16,879,096	13,642,661	10,439,941	985,095	1,034,113
Total Transfers:	393,028	(811,158)	(65,683,704)	8,857,597	50,342,887
Net change in equity	(1,576,877)	39,548,909	(68,357,912)	7,890,168	49,647,856
Beginning Equity:	32,194,717	30,617,840	68,357,912	-	-
Equity Adjustment	(1,808,837)	(1,808,837)	A	-	(69,002,171)
Ending Equity:	\$ 30,617,840	\$ 68,357,912	\$	\$ 7,890,168	\$ (11,464,147)

A Adjustments made after the State Controller's Report was prepared.
 B Transfers out are the extraordinary gains/losses recorded to transfer assets and liabilities to the successor agency.
 The net transfer of \$6,483,220 is the transfer to the Housing Fund.
 C Adjustments to record Successor Agency on the full accrual basis of accounting (capital assets and long-term liabilities).

SUCCESSOR AGENCY TO THE NATIONAL CITY REDEVELOPMENT AGENCY

Not Liquid Assets

6/30/2012

<u>Asset</u>	<u>Cost at 6/30/2012</u>
Capital assets, net of accumulated depreciation	\$ 2,112,829
Loans receivable	737,026
Land held for resale	<u>9,032,509</u>
Total Not Liquid Assets	<u>\$ 11,967,524</u>

SUCCESSOR AGENCY TO THE NATIONAL CITY REDEVELOPMENT AGENCY
SA RORF Funding Sources and Obligations (Cash Flows)

(Excludes the LMIHF, expenditures of bond proceeds and cash restricted for debt service reserves) (1)

Amounts for ROPS 2 are actuals or estimated actuals. Amounts for ROPS 3 conform to DOF letter dated October 7, 2012.

ROPS Line Item	ROPS 2	ROPS 3	Total FY 2012-13
	July - Dec 2012 1-Jun-12	Jan - June 2013 2-Jan-13	
SA RORF Funding Sources:			
Projected Property Tax from RPTTF (2)	-	6,160,399	6,160,399
Less: Est Admin Fees and pass-throughs (2)	-	(809,858)	(809,858)
Net Projected RPTTF distribution	-	5,350,541	5,350,541
Less: Adjustment to match ROPS 3 approved RPTTF		(776,299)	(776,299)
Add: Revenue from interest and rents	50,000	50,000	100,000
Total Available Funding	50,000	4,624,242	4,674,242
Less: Obligations and payments (actual or estimated actual):			
RORF Obligations:			
Various non-housing capital projects	Various	-	(50,000)
Bond debt service	1-4	(5,772,472)	(1,940,070)
Loan Agreement with JPFA (police facility)	89	(320,000)	(320,000)
Admin Cost	Various	(133,257)	(133,257)
Legal services	Various	(200,000)	(263,100)
CDC Property Maintenance	Various	(34,310)	(34,110)
Other Professional Services	Various	(53,799)	(70,448)
Total RORF Obligations		(6,513,838)	(2,490,985)
Net of RORF Obligations (over)/under available funding at end of each period		(6,463,838)	2,133,257
			(4,330,581)

Notes:

1. The LMIHF was subject to a separate analysis. Bond proceeds and debt service reserves held by the trustee banks cannot be used to meet cash flow needs or other obligations of the SA and are therefore excluded from this analysis.

2. Property tax, admin fees and pass through payments for ROPS 3 are based on estimates provided by the County of San Diego on Oct. 1, 2012. ROPS 2 payments were collected prior to June 30, 2012 and are included in the cash balances reported on EXHIBITS A and B.

SUCCESSOR AGENCY TO THE NATIONAL CITY REDEVELOPMENT AGENCY
SCHEDULE OF UNSPENT BOND PROCEEDS
JUNE 30, 2012

<u>Bond Description</u>	<u>Unspent Bond Proceeds</u>	<u>On Approved ROPS</u>	<u>Maturity Date</u>
2011 Tax Allocation Bonds - fiscal agent	\$ 4,243,078	Yes	2032
2011 Tax Allocation Bonds *	32,698,647	Yes	2032
1999 Tax Allocation Bonds - fiscal agent	333,294	Yes	2019
2004 Tax Allocation Bonds - fiscal agent	35,626	Yes	2015/2033 A
2005 Tax Allocation Bonds Series A & B - fiscal agent	<u>2,345,042</u>	Yes	2033
	<u>\$ 39,655,687</u>		

Legal document restricting assets:

- 2011 Tax Allocation Bonds - bond indenture dated March 1, 2011
- 1999 Tax Allocation Bonds - bond indenture dated June 1, 1999.
- 2004 Tax Allocation Bonds - bond indenture dated June 1, 2004.
- 2005 Tax Allocation Bonds - bond indenture dated January 1, 2005.

A The bonds consist of \$3,045,000 in serial bonds which mature from 2005-2015 and \$1,085,000 in serial bonds which matures from 2027-2033.

** These unspent bond proceeds were drawn down from the fiscal agent in 2011 and held by the successor agency in a segregated cash account.*