

**NOTICE AND CALL OF A SPECIAL MEETING
OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE
MANTECA REDEVELOPMENT AGENCY**

PLEASE TAKE NOTICE THAT THE CHAIRMAN TO THE SUCCESSOR AGENCY HEREBY CALLS A SPECIAL MEETING OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE MANTECA REDEVELOPMENT AGENCY.

**DARYLL QUARESMA, CHAIRMAN
SUCCESOR AGENCY TO THE MANTECA
REDEVELOPEMNT AGENCY**

**December 11, 2012
2:00 p.m.
MANTECA CITY HALL
City Council Chambers
1001 W. Center Street
Manteca, California**

The Oversight Board has been created pursuant to § 34161 through 34190 of the Health and Safety Code for the sole purpose of overseeing the actions of the Successor Agency to the Manteca Redevelopment Agency. In accordance with Health and Safety Code § 34179(h), all Oversight Board Actions shall not be effective for three business days, pending a request for review by the State Department of Finance (“Department”). In the event that the Department requests a review of a given Oversight Board action, it shall have 10 days from the date of its request to approve the Oversight Board action or return it to the Oversight Board for reconsideration, and such Oversight Board action shall not be effective until approved by the Department. In the event that the Department returns the Oversight Board action to the Oversight Board for reconsideration, the Oversight Board shall resubmit the modified action for Department approval, and the modified Oversight Board action shall not become effective until approved by the Department.

Reports and documents relating to each of the following items listed on the agenda, including those received following posting/distribution, are on file in the Office of the Secretary to the Successor Agency to the Manteca Redevelopment Agency/City Clerk and are available for public inspection during normal business hours, Monday – Friday, 7:30 a.m. – 5:30 p.m., closed alternating Fridays, 1001 W. Center Street, Manteca, CA 95337, telephone (209) 456-8017.

Please contact the Office of the Secretary of the Successor Agency to the Manteca Redevelopment Agency, 1001 W. Center Street, Manteca, CA, (209) 456-8017, for assistance with access to any of the agenda, materials, or participation at the meeting.

The purpose of the special meeting of the Oversight Board of the Successor Agency to the Manteca Redevelopment Agency shall be as follows:

1. PUBLIC COMMENT ON ITEMS LISTED BELOW.
2. Receive and review the due diligence review for non-housing fund and account balances of the former Manteca Redevelopment Agency pursuant to Health and Safety Code Section 34179.5 and convene the Public Comment session.
3. Adjournment.

Please note that members of the public will be provided the opportunity to directly address the Oversight Board of the Successor Agency to the Manteca Redevelopment Agency concerning any item described above before the Oversight Board of the Successor Agency to the Manteca Redevelopment Agency considers such items. No other business shall be considered.

In compliance with the Americans With Disabilities Act, if you need special assistance to participate in this meeting, please call (209) 456-8017. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting (28 CFR 35.102-35.104 ADA Title II).

This notice of a special meeting of the Oversight Board of the Successor Agency to the Manteca Redevelopment Agency was posted on the bulletin board at City Hall, 1001 W. Center St., Manteca, California and at the following website <http://www/successoragency/index.html> on December 7, 2012.

**JOANN TILTON, MMC
SECRETARY/CITY CLERK**

Agenda Item No. 2

OVERSIGHT BOARD OF THE
SUCCESSOR AGENCY
TO THE MANTECA REDEVELOPMENT AGENCY

To: Members of the Oversight Board

From: Karen L. McLaughlin, Successor Agency Executive Director
Suzanne Mallory, Finance Director

Date: December 6, 2012

Subject: Receive and Review the Due Diligence Review for Non-Housing Fund and Account Balances of the Former Manteca Redevelopment Agency in Accordance with Health and Safety Code Section 34179.5 and Convene the Public Comment Session

Recommendation:

- 1) Receive and review the due diligence review for non-housing fund and account balances of the former Manteca Redevelopment Agency pursuant to Health and Safety Code Section 34179.5; and
- 2) Convene the Public Comment Session.

Background:

Pursuant to Health and Safety Code Section 34179.5, each successor agency must employ a licensed accountant, approved by the county auditor-controller and with experience and expertise in local government accounting, to conduct two due diligence reviews, one for the Low and Moderate Income Housing Fund (the "LMIHF DDR") and one for the other funds and accounts of the former redevelopment agency (the "Other Funds DDR"), to determine the unobligated balances available for transfer to taxing entities. Moss, Levy, & Hartzheim, LLP, were retained by the Successor Agency to conduct this Due Diligence Review.

Pursuant to Section 34179.6, the Other Funds DDR must be completed and transmitted to the oversight board by December 15, 2012.

The Other Funds DDR is a review of the cash and cash equivalents, as of June 30, 2012, in the successor agency's funds and accounts, other than the Low- and Moderate-Income Housing Fund, to determine the amount available for disbursement to taxing entities. In summary, such amount is determined to be the total value of assets and cash and cash equivalents in all funds and accounts of the former redevelopment agency, excluding the Low and Moderate Income Housing Fund, minus the following ("Restricted Assets"): (1) restricted funds, (2) assets that are not cash or cash equivalents, (3) amounts that are legally or contractually dedicated or restricted for the funding of an enforceable obligation, and (4) amounts that are needed to satisfy obligations that will be put on the Recognized Obligation Payment Schedule ("ROPS") for the current fiscal year. Also, the amount determined to be available for allocation to taxing entities includes the value of assets, cash and cash equivalents transferred after January 1, 2011 through June 30, 2012 by the former redevelopment agency or the successor agency to the city, another public agency or private person if an enforceable obligation to make that transfer did not exist. The Other Funds DDR documents the Restricted Assets and provides the respective amounts, sources and purposes for which the Restricted Assets should be retained.

Health and Safety Code Section 34179.6 requires each successor agency by December 15, 2012, to submit the Other Funds DDR to the oversight board for the oversight board's review and approval.

After receipt of the Other Funds DDR, the oversight board must convene a public comment session to take place at least five business days before the oversight board holds the approval vote. The oversight board also must consider any opinions offered by the county auditor-controller on the review results submitted by the successor agency.

By January 15, 2013, the oversight board must review, approve, and transmit the Other Funds DDR to the State Department of Finance ("DOF") and the county auditor-controller. The oversight board may adjust any amount provided in the review to reflect additional information and analysis. The review and approval must occur in public sessions. The oversight board may request from the successor agency any materials it deems necessary to assist in its review and approval of the Other Funds DDR.

Section 34179.6 empowers the oversight board to authorize a successor agency to retain the Restricted Assets.

The DOF must complete its review of the Other Funds DDR no later than April 1, 2013, and must notify the oversight board and the successor

agency of its decision to overturn any decision of the oversight board to authorize a successor agency to retain Restricted Assets. The DOF must provide the oversight board and the successor agency an explanation of its basis for overturning or modifying any findings, determinations, or authorizations of the oversight board. The successor agency then has the option to meet and confer with DOF to discuss any modifications.

By April 20, 2013, the county auditor-controller must provide DOF a report specifying the amount submitted by each successor agency, and specifically noting any successor agency that failed to remit the full required amount.

Upon full payment of the amounts determined pursuant to the LMIHF DDR and the Other Funds DDR, payment of the “surplus” tax revenues due on July 12, 2012, if any, and payment of any unpaid or underpaid pass through payments owed for fiscal year 2011-12, DOF will issue to the successor agency, within five business days, a finding of completion of the requirements of Section 34179.6.

Fiscal Impact:

None.

RESOLUTION NO. _____

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE MANTECA REDEVELOPMENT AGENCY ACKNOWLEDGING THE RECEIPT OF THE REVIEW FOR FUND AND ACCOUNT BALANCES OF THE FORMER MANTECA REDEVELOPMENT AGENCY CONDUCTED PURSUANT TO HEALTH AND SAFETY CODE SECTION 34179.5

RECITALS:

A. Pursuant to Health and Safety Code Section 34175(b) and the California Supreme Court’s decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.* (53 Cal.4th 231(2011)), on February 1, 2012, all assets, properties, contracts, leases, books and records, buildings, and equipment of the former Manteca Redevelopment Agency transferred to the control of the Successor Agency to the Manteca Redevelopment Agency (the “Successor Agency”) by operation of law.

B. Health and Safety Code Section 34179.5 requires the Successor Agency to employ a licensed accountant, approved by the county auditor-controller, to conduct a due diligence review to determine the unobligated balances available for transfer to taxing entities.

C. Pursuant to Health and Safety Code Section 34179.6, on December 11, 2012, the Oversight Board of the Successor Agency (the “Oversight Board”) approved the results of the due diligence review conducted pursuant to Section 34179.5 for the Low and Moderate Income Housing Fund (the “LMIHF”) and specifically the amount of cash and cash equivalents determined to be available for allocation to taxing entities.

D. Health and Safety Code Section 34179.6 also requires the Successor Agency to submit to the Oversight Board for the Oversight Board’s review and approval the results of the due diligence review conducted pursuant to Section 34179.5 for all of the other fund and account balances of the former Manteca Redevelopment Agency, excluding the LMIHF, and specifically the amount of cash and cash equivalents determined to be available for allocation to taxing entities (the “Other Funds DDR”).

E. Pursuant to Health and Safety Code Sections 34179.6 and 34180(j), the Successor Agency submitted to the Oversight Board, the county administrative officer, the county auditor-controller, the State Controller and the Department of Finance (“DOF”) the Other Funds DDR and a copy of the Recognized Obligation Payment Schedule (“ROPS”).

F. Pursuant to Health and Safety Code Section 34179.6(b), upon receipt of the Other Funds DDR, and at least five business days before the Oversight Board considers the approval of the Other Funds DDR, the Oversight Board must hold a public comment session (the “Public Comment Session”) at which time the public has an opportunity to hear and be heard on the

results of the Other Funds DDR and at which time the Oversight Board shall consider the opinions, if any, offered by the county auditor-controller on the results of the Other Funds DDR.

G. On the date of this Resolution, the Oversight Board has held the Public Comment Session pursuant to Health and Safety Code Section 34179.6(b).

NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE MANTECA REDEVELOPMENT AGENCY HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. The Oversight Board hereby acknowledges receipt of the Other Funds DDR.

Section 3. The staff and the Board of the Successor Agency are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution.

PASSED AND ADOPTED this _____ day of _____.

Chair

ATTEST:

Secretary

**Successor Agency of the Redevelopment Agency of the
City of Manteca
San Joaquin County, California**

**Agreed Upon procedures of AB 1484
Other Funds**

June 30, 2012

**SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE
CITY OF MANTECA
SAN JOAQUIN COUNTY, CALIFORNIA
AGREED UPON PROCEDURES OF AB 1484
OTHER FUNDS
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**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED UPON PROCEDURES**

Oversight Board of the Successor Agency
City of Manteca
Manteca, California 95337

We have performed the agreed-upon procedures enumerated below solely to assist in ensuring that the Successor Agency (Agency) of the Redevelopment Agency of the City of Manteca (City) is complying with its statutory requirements with respect to AB 1484. Management of the Successor Agency is responsible for the accounting records pertaining to statutory compliance pursuant to Health and Safety Code Section 34179.5.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedures Applied

1. Obtain from the Successor Agency a listing of all assets that were transferred from the former Redevelopment Agency to the Successor Agency on February 1, 2012. Agree the amounts on this listing to account balances established in the accounting records of the Successor Agency. Identify in the Agreed-Upon Procedures (AUP) report the amount of the assets transferred to the Successor Agency as of that date.

Result:

We found no exceptions as a result of the procedures performed. See Attachment A for the listing of all assets that were transferred.

2. If the State Controller's Office has completed its review of transfers required under both Sections 34167.5 and 34178.8 and issued its report regarding such review, attach a copy of that report as an exhibit to the AUP report. If this has not yet occurred, perform the following procedures:
 - A. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services from the former Redevelopment Agency to the City, County of San Joaquin (County), or City and County that formed the Redevelopment Agency for the period from January 1, 2011 through January 31, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer, and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

Result:

Assets transferred from the Redevelopment Agency to the Successor Agency during the period January 1, 2011 through January 31, 2012 consisted of \$43,670,205 in restricted cash and \$10,829,795 of unrestricted cash (which was transferred to the Successor Agency subsequently), totaling \$54,500,000. See Attachment C.

**SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF MANTECA
SAN JOAQUIN COUNTY, CALIFORNIA
AGREED UPON PROCEDURES OF AB 1484**

2. (Continued)

- B. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Successor Agency to the City and County that formed the Redevelopment Agency for the period from February 1, 2012 through June 30, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

Result:

There were no transfers from the Successor Agency to the City, County, or City and County from February 1, 2012 through June 30, 2012.

- C. For each transfer, obtain the legal document that formed the basis for enforceable obligations that required any transfer. Note in the AUP report the absence of such legal document or the absence of language in the document that required the transfer.

Result:

Not applicable. There were no transfers from the Successor Agency to the City, County, or City and County from February 1, 2012 through June 30, 2012.

- 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 the report has not yet occurred, perform the following procedures:

- A. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the former Redevelopment Agency to any other public agency or private parties for the period from January 1, 2011 through January 31, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

Result:

Not applicable. No assets were transferred to any other public agency or private party for the period January 1, 2011 through January 31, 2012.

- B. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Successor Agency to any other public agency or to private parties for the period from February 1, 2012 through June 30, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

Result:

Not applicable. No assets were transferred to any other public agency or private party for the period January 1, 2011 through January 31, 2012.

- C. For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required any transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.

Result:

Procedure 3C was not considered necessary because procedures 3A and 3B did not apply.

**SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF MANTECA
SAN JOAQUIN COUNTY, CALIFORNIA
AGREED UPON PROCEDURES OF AB 1484**

4. Perform the following procedures:

- A. Obtain from the Successor Agency a summary of the financial transactions of the Redevelopment Agency and the Successor Agency in the format set forth in the attached schedule for the fiscal periods indicated in the schedule. For purposes of this summary, the financial transactions should be presented using the modified accrual basis of the accounting. End of year balance for capital assets (in total) and long-term liabilities (in total) should be presented at the bottom of this summary schedule for information purposes.

Result:

For the fiscal years ended June 30, 2010 and 2011, the seven months ended January 31, 2012, and the five months ended June 30, 2012, we compared the financial transactions on Attachment D to the State Controller's report and financial statements and found no exceptions as a result of the procedure performed.

- B. Ascertain that for each period presented, the total of revenues, expenditures, and transfers accounts fully for the changes in equity from the previous fiscal period.

Result:

For the fiscal years ended June 30, 2010 and 2011, the seven months ended January 31, 2012, and the five months ended June 30, 2012, we compared the financial transactions on Attachment D to the State Controller's report and financial statements and found no exceptions as a result of the procedure performed.

- C. Compare amounts in the schedule relevant to the fiscal year ended June 30, 2010 to the State Controller's Report filed for the Redevelopment Agency for that period.

Result:

For the fiscal year ended June 30, 2010, we compared the financial transactions on Attachment D to the State Controller's report and financial statements and found no exceptions as a result of the procedure performed.

- D. Compare amounts in the schedule for the other fiscal periods presented to account balances in the accounting

Result:

For the fiscal year ended June 30, 2012, we compared the financial transactions on Attachment D to the State Controller's report and financial statements and found no exceptions as a result of the procedure performed.

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

Result:

We found no exceptions as a result of the procedures performed. See Attachment B.

**SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF MANTECA
SAN JOAQUIN COUNTY, CALIFORNIA
AGREED UPON PROCEDURES OF AB 1484**

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

A. Unspent bond proceeds:

- i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less project expenditures, amounts set aside for debt service payments, etc.). Trace individual components of this computation to related account balances in the accounting records,
- ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
- iii. Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.

Result:

Unspent bond proceeds consist of 2005 Series Tax Allocation Revenue bonds in the amount of \$39,934,238 and 2005 / 2006 Series Tax Allocation Revenue bonds in the amount of \$3,735,967, totaling \$43,670,205. These restricted balances were held by the City pending review of the asset transfer by the State to the Successor Agency, and are restricted for construction projects.

Other restricted balances consist of 2002 Series Tax Allocation bonds in the amount of \$2,533,121, 2004 Series Tax Allocation bonds in the amount of \$2,130,914, and 2005 / 2006 Series tax Allocation bonds in the amount of \$5,221,853, totaling \$9,885,888. These balances are restricted for debt service funding. See Attachment F.

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

- i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).
- ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
- iii. Obtain from the Successor Agency a copy of the grant agreement that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.

Result:

This procedure was not considered required as the Successor Agency did not have proceeds and program income restricted by third parties.

C. Other assets considered to be legally restricted:

- i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).
- ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation)
- iii. Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.

**SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF MANTECA
SAN JOAQUIN COUNTY, CALIFORNIA
AGREED UPON PROCEDURES OF AB 1484**

6. (Continued)

Result:

Other assets legally restricted consist of a lease deposit in the amount of \$5,000, which is restricted for repayment on the expiration of the lease, and a non-spendable increment in the market value of cash deposits in the amount of \$7,035 which is retained for debt service obligations. See Attachment F.

D. Attach the above mentioned Successor Agency prepared schedule(s) as an exhibit to the AUP report. For each restriction identified on these schedules, indicate in the report the period of time for which the restrictions are in effect. If the restrictions are in effect until the related assets are expended for their intended purpose, this should be indicated in the report.

Result:

We found no exceptions as a result of the procedures performed. These assets are restricted to be expended for their intended purposes. See Attachment F.

7. Perform the following procedures:

A. Obtain from the Successor Agency a listing of asset balances held on June 30, 2012 that are **not** liquid or otherwise available for distribution (such as capital assets, land held for resale, long-term receivables, etc.) and ascertain if the values are listed at either purchase cost (based on book value reflected in the accounting records of the Successor Agency) or market value as recently estimated by the Successor Agency.

Result:

We found no exceptions as a result of the procedures performed. See Attachment E for the listing of non liquid assets held by the Successor Agency at June 30, 12. All assets are valued at purchase cost.

B. If the assets listed at 7A are listed at purchase cost, trace the amounts to a previously audited financial statement (or to the accounting records of the Successor Agency) and note any differences.

Result:

We found no exceptions as a result of the procedures performed. See Attachment E for the listing of non liquid assets held by the Successor Agency at June 30, 12. All assets were valued at purchase cost.

C. For any differences noted in 7B, inspect evidence of disposal of the asset and ascertain that the proceeds were deposited into the Successor Agency trust fund. If the differences are due to additions (this generally is not expected to occur), inspect the supporting documentation and note the circumstances.

Result:

We found no exceptions as a result of the procedures performed in procedures 7A and 7B above.

D. If the assets listed at 7A are listed at recently estimated market value, inspect the evidence (if any) supporting the value and note the methodology used. If no evidence is available to support the value and/or methodology, note the lack of evidence.

Result:

This procedure was not considered required as the assets are not listed at market value.

**SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF MANTECA
SAN JOAQUIN COUNTY, CALIFORNIA
AGREED UPON PROCEDURES OF AB 1484**

8. Perform the following procedures:

- A. If the Successor Agency believes that asset balances need to be retained to satisfy enforceable obligations, obtain from the Successor Agency an itemized schedule of asset balances (resources) as of June 30, 2012 that are dedicated or restricted for the funding of enforceable obligations and perform the following procedures. The schedule should identify the amount dedicated or restricted, the nature of the dedication or restriction, the specific enforceable obligation to which the dedication or restriction relates, and the language in the legal document that is associated with the enforceable obligation that specifies the dedication of existing asset balances toward payment of that obligation.
- i. Compare all information on the schedule to the legal documents that form the basis for the dedication or restriction of the resource balance in question.
 - ii. Compare all current balances to the amounts reported in the accounting records of the Successor Agency or to an alternative computation.
 - iii. Compare the specified enforceable obligations to those that were included in the final Recognized Obligation Payment Schedule approved by the California Department of Finance.
 - iv. Attach as an exhibit to the report the listing obtained from the Successor Agency. Identify in the report any listed balances for which the Successor Agency was unable to provide appropriate restricting language in the legal document associated with the enforceable obligation.

Result:

The Successor Agency has retained cash balances for legally enforceable obligations totaling \$6,267,451. This consists of \$6,045,045 per the approved ROPS and accounts payable balances in the amount of \$222,406. See Attachment C.

- B. If the Successor Agency believes that future revenues together with balances dedicated or restricted to an enforceable obligation are insufficient to fund future obligation payments and thus retention of current balances is required, obtain from the Successor Agency a schedule of approved enforceable obligations that includes a projection of the annual spending requirements to satisfy each obligation and a projection of the annual revenues available to fund those requirements and perform the following procedures:
- i. Compare the enforceable obligations to those that were approved by the California Department of Finance. Procedures to accomplish this may include reviewing the letter from the California Department of Finance approving the Recognized Obligation Payment Schedules for the six month period from January 1, 2012 through June 30, 2012 and for the six month period July 1, 2012 through December 31, 2012.
 - ii. Compare the forecasted annual spending requirements to the legal document supporting each enforceable obligation.
 - a. Obtain from the Successor Agency its assumptions relating to the forecasted annual spending requirements and disclose in the report major assumptions associated with the projections.
 - iii. For the forecasted annual revenues:
 - a. Obtain from the Successor Agency its assumptions for the forecasted annual revenues and disclose in the report major assumptions associated with the projections.

Result:

The Successor Agency had sufficient restricted balances at June 30, 2012 to satisfy its debt service obligations.

**SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF MANTECA
SAN JOAQUIN COUNTY, CALIFORNIA
AGREED UPON PROCEDURES OF AB 1484**

8. (Continued)

- C. If the Successor Agency believes that projected property tax revenues and other general purpose revenues to be received by the Successor Agency are insufficient to pay bond debt service payments (considering both the timing and amount of the related cash flows), obtain from the Successor Agency a schedule demonstrating this insufficiency and apply the following procedures to the information reflected in that schedule.
- i. Compare the timing and amounts of bond debt service payments to the related bond debt service schedules in the bond agreement.
 - ii. Obtain the assumptions for the forecasted property tax revenues and disclose major assumptions associated with the projections.
 - iii. Obtain the assumptions for the forecasted property tax revenues and disclose major assumptions associated with the projections.

Result:

We reviewed the approved Recognized Obligations Payment Schedules (ROPS) from the California Department of Finance and found no exceptions when performing this procedure. Anticipated property tax revenues were sufficient to cover bond debt service payment obligations per the ROPS.

- D. If procedures A, B, or C were performed, calculate the amount of current unrestricted balances necessary for retention in order to meet the enforceable obligations by performing the following procedures.
- i. Combine the amount of identified current dedicated or restricted balances and the amount of forecasted annual revenues to arrive at the amount of total resources available to fund enforceable obligations.
 - ii. Reduce the amount of total resources available by the amount forecasted for the annual spending requirements. A negative result indicates the amount of current unrestricted balances that needs to be retained.
 - iii. Include the calculation in the AUP report.

Result:

The Successor Agency had sufficient restricted balances at June 30, 2012 to satisfy its debt service obligations.

9. If the Successor Agency believes that cash balances as of June 30, 2012 need to be retained to satisfy obligations on the Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2012 through June 30, 2013, obtain a copy of the final ROPS for the period of July 1, 2012 through December 31, 2012 and a copy of the final ROPS for the period January 1, 2013 through June 30, 2013. For each obligation listed on the ROPS, the Successor Agency should add columns identifying (1) any dollar amounts of existing cash that are needed to satisfy that obligation and (2) the Successor Agency's explanation as to why the Successor Agency believes that such balances are needed to satisfy the obligation. Include this schedule as an attachment to the AUP report.

Result:

We reviewed the letter of approval of the Recognized Obligations Payment Schedules (ROPS) from the California Department of Finance for the periods July through December, 2012, and January through June, 2013. For the period January through June, 2013, however, the Successor Agency believes that its ability to satisfy debt service obligations after April, 2013 is in question. Should a Letter of Credit on one of its restricted indentures, due to expire in May 2013, not be renewed, the bonds will be subject to a higher rate of interest and certain mandatory tenders of approximately \$4 million per quarter for the next twelve quarters. Should this occur, the Successor Agency would only have \$13,865,067 towards meeting its debt service obligations of \$15,423,742, for this period, and an additional amount of \$1,558,675 in assets will have to be retained.

**SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF MANTECA
SAN JOAQUIN COUNTY, CALIFORNIA
AGREED UPON PROCEDURES OF AB 1484**

10. Include (or present) a schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Entities. Amounts included in the calculation should agree to the results of the procedures performed in each section above. The schedule should also include a deduction to recognize amounts already paid to the County Auditor-Controller on July 12, 2012 as directed by the California Department of Finance. The amount of this deduction presented should be agreed to evidence of payment. The attached example summary schedule may be considered for this purpose. Separate schedules should be completed for the Low and Moderate Income Housing Fund and for all other funds combined (excluding the Low and Moderate Income Housing Fund).

Result:

See Attachment E.

11. Obtain a representation letter from Successor Agency management acknowledging their responsibility for the data provided to the practitioner and the data presented in the report or in any attachments to the report. Included in the representations should be an acknowledgment that management is not aware of any transfers (as defined by Section 34179.5) from either the former Redevelopment Agency or the Successor Agency to other parties for the period from January 1, 2011 through June 30, 2012 that have not been properly identified in the AUP report and its related exhibits. Management's refusal to sign the representation letter should be noted in the AUP report as required by attestation standards.

Result:

We found no exceptions as a result of the procedures performed.

We were not engaged to, and did not, perform an examination, the object of which would be the expression of an opinion on management's assertion. Accordingly, we do not express such an opinion.

This report is intended solely for the information of the Oversight Board and Management of the Agency, the California State Controller's Office, Department of Finance, and San Joaquin County Auditor-Controller, and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
December 6, 2012

Successor Agency of the Redevelopment Agency of the City of Manteca
San Joaquin County, California
Asset Transfer Listing - Other Funds
February 1, 2012

Cash in Bank	\$ 1,537,577
Investments - Change in Market Value	7,035
Cash with Fiscal Agents	10,490,887
Advances to Other Funds	1,700,000
Notes Receivable - Carbal Motors	338,040
Notes Receivable - AKF Development	54,080
Notes Receivable - B. S. Family Partnership	1,433,357
Capital Assets	10,349,948
TOTAL ASSETS TRANSFERRED	<u><u>\$ 25,910,924</u></u>

Successor Agency of the Redevelopment Agency of the City of Manteca
San Joaquin County, California
Asset Listing - Other Funds
June 30, 2012

Cash in Bank	\$ 9,307,724
Market Value of Investments	7,035
Cash with Fiscal Agents	9,885,888
Advances to Other Funds	1,700,000
Notes Receivable - Carbal Motors	338,040
Notes Receivable - AKF Development	54,080
Notes Receivable - B. S. Family Partnership	1,433,357
Capital Assets	10,349,948
	<u>\$ 33,076,072</u>

Successor Agency of the Redevelopment Agency of the City of Manteca
 San Joaquin County, California
 Summary of balances Available for Allocation to Affected Tax Entities
 Other Funds
 June 30, 2012

	\$ 33,076,072
<hr/>	
Total amount of assets held by the successor agency as of June 30, 2012 (procedure 5)	\$ 33,076,072
Add the amount of any assets transferred to the city or other parties for which an enforceable obligation with a third party requiring such transfer and obligating the use of the transferred assets did not exist (procedures 2 and 3)	54,500,000
Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments (procedure 6)	(53,568,128)
Less assets that are not cash or cash equivalents (e.g., physical assets) - (procedure 7)	(13,875,425)
Less balances that are legally restricted for the funding of an enforceable obligation (net of projected annual revenues available to fund those obligations) - (procedure 8)	(6,267,451)
Less balances needed to satisfy ROPS for the 2012-13 fiscal year (procedure 9)	(13,865,067)
Less the amount of payments made on July 12, 2012 to the County Auditor-Controller as directed by the California Department of Finance	-
Amount to be remitted to county for disbursement to taxing entities	-
	<u>\$ -</u>

Successor Agency to the Redevelopment Agency of the City of Manteca
San Joaquin County, California
Summary Schedule of Financial Transactions
Other Funds

	Redevelopment Agency 12 Months Ended 6/30/2010	Redevelopment Agency 12 Months Ended 6/30/2011	Redevelopment Agency 7 Months Ended 1/31/2012	Successor Agency 5 Months Ended 6/30/2012
Assets (modified accrual basis)				
Cash	\$ 20,371,174	\$ 2,593,831	\$ 1,544,612	\$ 9,314,759
Cash with Fiscal Agent	53,598,009	9,990,688	10,490,887	9,885,888
Tax Increment/Accounts Receivable	3,053,871	2,839,465		
Accrued Interest Receivable	32,412	16,464		
Loans Receivable	3,551,057	3,525,477	3,525,477	3,525,477
Due from RDA Debt Service Fund				
Total Assets	\$ 80,606,523	\$ 18,965,925	\$ 15,560,976	\$ 22,726,124
Liabilities (modified accrual basis)				
Accounts Payable	\$ 904,557	\$ 1,099,176	\$ 64,700	\$ 269,972
Other Liabilities	5,000	5,000	5,000	5,000
Deferred Revenue	1,851,057	1,825,477	1,825,477	1,825,477
Total Liabilities	\$ 2,760,614	\$ 2,929,653	\$ 1,895,177	\$ 2,100,449
Equity	77,845,909	16,036,272	13,665,799	20,625,675
Total Liabilities + Equity	\$ 80,606,523	\$ 18,965,925	\$ 15,560,976	\$ 22,726,124
Total Revenues:	\$ 11,769,797	\$ 11,065,823	\$ 6,577,251	\$ 5,831,946
Total Expenditures:	\$ 17,224,573	\$ 13,619,937	\$ 8,947,724	\$ 2,856,618
Total Transfers*:	\$ -	\$ (59,255,523)	\$ -	\$ 4,000,000
* Includes Cash Advances from City				
Net change in equity	\$ (5,454,776)	\$ (61,809,637)	\$ (2,370,473)	\$ 6,975,329
Beginning Equity:	\$ 83,300,685	\$ 77,845,909	\$ 16,036,272	\$ 13,650,346
Ending Equity:	\$ 77,845,909	\$ 16,036,272	\$ 13,665,799	\$ 20,625,675
Other Information (show year end balances for all three years presented):				
Capital assets as of end of year	\$ 10,818,877	\$ 10,349,948	\$ 10,349,948	\$ 10,349,948
Long-term debt as of end of year	\$ 124,925,000	\$ 122,590,000	\$ 120,170,000	\$ 120,170,000

Successor Agency of the Redevelopment Agency of the City of Manteca
San Joaquin County, California
Non-Liquid Assets - Other Funds
June 30, 2012

Notes Receivable - Carbal Motors	\$ 338,040
Advances to Other Funds	1,700,000
Notes Receivable - AKF Development	54,080
Notes Receivable - B. S. Family Partnership	1,433,357
	<hr/>
Total Notes Receivable	\$ 3,525,477
Capital Assets	\$ 10,349,948
TOTAL ASSETS	<u><u>\$ 13,875,425</u></u>

Successor Agency of the Redevelopment Agency of the City of Manteca
 San Joaquin County, California
 Other Funds
 List of Assets Legally Restricted for Specified Uses
 June 30, 2012

<u>Asset</u>	<u>Purpose</u>	<u>Period of restriction</u>	<u>Market Value at June 30, 2012</u>
Cash held with Fiscal Agents	Capital projects	Until bonds are defeased	\$ 43,670,205 *
Cash held with Fiscal Agents	Debt service	Until bonds are defeased	9,885,888
Lease Deposit	Lease security	Upon lease expiration	5,000
Increase in market value	Debt service	Until bonds are defeased	7,035
TOTAL RESTRICTED BALANCES			<u>\$ 53,568,128</u>

* This balance was held by the City pending approval of the asset transfer by the State to the Successor Agency.