

**SUCCESSOR AGENCY OTHER FUNDS OF THE
CITY OF MONTEREY**

**REPORT ON APPLYING
AGREED-UPON PROCEDURES
TO THE
SUCCESSOR AGENCY OTHER FUNDS OF THE
CITY OF MONTEREY
IN ACCORDANCE WITH
ABX126 AND AB1484**

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Monterey County Auditor-Controller
Oversight Board of the Successor Agency
of the City of Monterey Redevelopment Agency
Monterey, California

We have performed the minimum required agreed-upon procedures enumerated in Attachment A, which were agreed to by the California State Controller's Office, Department of Finance, and Monterey County Auditor-Controller, solely to assist you in ensuring that the dissolved City of Monterey redevelopment agency's Other Funds is complying with its statutory requirements with respect to State of California Assembly bills ABX1 26 and AB1484. Management of the successor agency and the County are responsible for the accounting records pertaining to statutory compliance pursuant to Health and Safety Code section 34182(a)(1). 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 those parties specified in 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.

The scope of this engagement was limited to performing the minimum required agreed-upon procedures as set forth in Attachment A.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion as to the appropriateness of the results summarized in Attachment A. 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.

This report is intended solely for the information and use of the Monterey County Auditor-Controller, the Board of Directors and management of the City of Monterey successor agency, and applicable State agencies, and is not intended to be, and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

R.J. Ricciardi, Inc.

R.J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
March 6, 2013

SUCCESSOR AGENCY
OTHER FUNDS
OF THE CITY OF MONTEREY

Attachment A - Agreed-Upon Procedures Engagement
Pursuant to ABX1 26 and AB1484, Community Redevelopment Dissolution

Purpose: To establish the Other Funds' assets and liabilities, to document and determine the unobligated balances available for transfer to the other taxing entities. [Health and Safety Code section 347179.5(c)3-6]

A. UNOBLIGATED BALANCES AVAILABLE FOR TRANSFER

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.

Results: See Schedule 1 for detailed results. Assets were agreed to the Successor Agency's accounting records.

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, 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.

B. Obtain 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. 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

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.

Results: See Schedule 2 for detailed results. Assets were agreed to the California State Controller's Office Asset Transfer Assessment Assembly Bill ABX1 26 Form (Schedule 5) - Prepared 6/25/12 and revised 2/26/13.

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. 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 to 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.

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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 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.

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.

Results: Transfers from the former redevelopment agency to the Successor Agency are reported in Schedule 1 and 5. Transfers from the former redevelopment Agency to the City are reported in Schedule 2 and 5. Nothing came to our attention regarding transfers to private parties for the period of January 1, 2011 through January 31, 2012.

4. 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 accounting. End of year balances for capital assets (in total) and long-term liabilities (in total) should be presented at the bottom of this summary schedule for information purposes.

A. 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.

B. 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.

C. Compare amounts in the schedule for the other fiscal periods presented to account balances in the accounting records or other supporting schedules. Describe in the report the type of support provided for each fiscal period.

Results: Refer to Schedule 3 for the detailed results.

5. Obtain from the Successor Agency a listing of all assets of the Other Funds 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 Other Funds) for the report that is due December 15, 2012. When this procedure is applied to the Other Funds, the schedule attached as an exhibit will include only those assets of the Other Funds 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.

Results: Refer to Schedules 3 and 8 for the detailed results.

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 eligible project expenditures, amounts set aside for debt service payments, etc.).

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- 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.

Results: Nothing came to our attention regarding assets restricted for the above-noted purposes.

- 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.

Results: Nothing came to our attention regarding assets restricted for the above-noted purposes.

- 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.

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.

Results Refer to Schedules 3 and 4 for the detailed results.

7. Perform the following procedures:

A. Obtain 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 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.

B. If the assets listed at 7(A) 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.

C. For any differences noted in 7(B), 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.

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D. If the assets listed at 7(A) 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.

Results: Refer to Schedules 3 and 8 for the detailed results for A and B. Refer to Schedules 3 and 8 regarding differences referred to above in step C. Refer to Schedules 3 and 8 regarding assets listed at estimated market value referred to above in step D.

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.

Results: Refer to Schedule 4 for the detailed results.

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 Enforceable 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.

Results: Nothing came to our attention regarding insufficient assets for future obligation payments.

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.

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- 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 other general purpose revenues and disclose major assumptions associated with the projections.

Results: Nothing came to our attention regarding insufficient assets for future obligation payments.

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.

Results: Above noted procedures A, B and C were not required to be performed due to results noted above.

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.

Results: Refer to Schedule 4 for the detailed results.

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 Other Funds and for all other funds combined (excluding the Other Funds).

Results: Refer to Schedule 4 for the detailed results.

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.

Results: Refer to Exhibit A.

OTHER FUNDS OF THE SUCCESSOR AGENCY
 OF THE CITY OF MONTEREY
 Schedule of Assets Transferred as of February 1, 2012

Schedule 1

		Notes (Refer to explanations at the bottom of the sheet):
Assets (modified accrual basis)		
Cash	\$ 83,337	1, 2
Capital assets	777,500	1, 3
Total Assets	\$ 860,837	

Notes

1. Purpose - Transfer was required by ABX1 26.
2. Traced to the Successor Agency's accounting records.
3. Exceptions - The Successor Agency's accounting records report no value for this asset. The City of Monterey in 1989 estimated the value of this asset to be \$777,500 but never recorded the value in their accounting records.

OTHER FUNDS OF THE SUCCESSOR AGENCY
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Schedule of Transfers

Schedule 2

Notes (Refer to
explanations at
the bottom of
the sheet):

Transfers (modified accrual basis)	Date			
Transfers to the City of Monterey General Fund	12/31/2011	\$	2,747,682	1
Transfers to the City of Monterey General Fund	6/30/2011		4,607,803	2
717/731 Del Monte Ave/park	3/22/2011		1,282,870	3
Cannery Row Parking Garage	3/22/2011		3,909,494	3
CR7 Parking Lot (160 Irving Street) (Has not been valued)	3/22/2011		-	3
Conference Center/Portola Plaza	3/22/2011		3,798,426	3
Hilltop Recreation Center	3/22/2011		654,902	3
Hartnell Gulch	3/22/2011		<u>145,100</u>	3
Total Transfers		\$	<u>17,146,277</u>	

Notes

1. \$2,747,682 transferred for a loan payment to City (December 1993 repayment agreement).
These transfers were reversed due to the State Department of Finance determination (See Schedule 4).
2. Purpose was for a loan payment to City (December 1993 repayment agreement).
Included in ROPS (January-June 2012) and ROPS (July-December 2012) (January-June 2013).
State of California Department of Finance letter dated May 21, 2012 stated this reimbursement agreement did not qualify as an enforceable obligation. These transfers were reversed due to the State Department of Finance determination (See Schedule 4).
3. Pursuant to Monterey Redevelopment Agency Resolution No.11-029 in connection with debt agreement.

OTHER FUNDS OF THE SUCCESSOR AGENCY
OF THE CITY OF MONTEREY
Listing of All Assets & Summary of Financial Transactions

Schedule 3

V. 8-27-12

	Redevelopment Agency 12 Months Ended 6/30/2010	Notes	Redevelopment Agency 12 Months Ended 6/30/2011	Notes	Redevelopment Agency 7 Months Ended 1/31/2012	Notes	Successor Agency Debt Service Portion 5 Months Ended 6/30/2012	Notes
Assets (modified accrual basis)								
Cash (Unrestricted)	\$ 1,877,827	1,2	\$ 86,843	2	\$ 83,337	2	\$ 83,337	2
Restricted cash with fiscal agent	624,130	1,2	-		-		-	
Interest Receivable	<u>15,585</u>	1,2	<u>878</u>	2	<u>-</u>		<u>-</u>	
Total Assets	<u>\$ 2,517,542</u>		<u>\$ 87,721</u>		<u>\$ 83,337</u>		<u>\$ 83,337</u>	2
Liabilities (modified accrual basis)								
Accounts Payable	\$ -		\$ 2,067	2	-		-	
Due to other Low Income Housing Fund	1,472,383	1,2	1,472,383	2	1,472,383	2	-	
Other Post Employment Benefits	<u>60,314</u>	1,2	<u>-</u>		<u>-</u>		<u>-</u>	
Total Liabilities	<u>1,532,697</u>		<u>1,474,450</u>		<u>1,472,383</u>		<u>-</u>	
Equity	<u>984,846</u>		<u>(1,386,730)</u>	2	<u>(1,389,046)</u>	2	<u>83,337</u>	2
Total Liabilities + Equity	<u>\$ 2,517,543</u>	1,2	<u>\$ 87,720</u>		<u>\$ 83,337</u>		<u>\$ 83,337</u>	2
Total Revenues:	<u>\$ 5,130,174</u>	1,2	<u>\$ 4,990,877</u>	2	<u>\$ 2,748,228</u>	2	<u>\$ 1,392</u>	2
Total Expenditures:	<u>\$ 2,670,819</u>		<u>\$ 1,792,751</u>	2	<u>\$ 2,862</u>	2	<u>-</u>	
Total Transfers:	<u>\$ (656,276)</u>	1,2	<u>\$ (5,569,702)</u>	2	<u>\$ (2,747,682)</u>		<u>\$ 81,945</u>	2
Net change in equity	<u>1,803,079</u>	1,2	<u>(2,371,576)</u>	2	<u>(2,316)</u>	2	<u>83,337</u>	2
Beginning Equity:	<u>(818,233)</u>	1,2	<u>984,846</u>	2	<u>(1,386,730)</u>	2	<u>-</u>	
Ending Equity:	<u>\$ 984,846</u>	1,2	<u>\$ (1,386,730)</u>	2	<u>\$ (1,389,046)</u>	2	<u>\$ 83,337</u>	2
Other Information (show year end balances for all three years presented):								
Capital assets as of end of year	\$ 11,089,840	3	\$ 777,500	4	\$ 777,500	4	\$ 777,500	4
Long-term debt as of end of year	No long term debt came to our attention.							

Notes

1. Agrees or reconciles with the California State Controller's Office Report.
2. Agrees with the Successor Agency's accounting records.
3. Exceptions - These assets were not reported on the Redevelopment Agency State Controller's Office Report. These assets were reported on the City of Monterey's State Controller's Office Report.
4. Exceptions - The Successor Agency's accounting records report no value for this asset. The City of Monterey in 1989 estimated the value of this asset to be \$777,500 but never recorded the value in their accounting records.

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CITY OF MONTEREY

Schedule 4

SUMMARY OF BALANCES AVAILABLE FOR ALLOCATION TO AFFECTED TAXING ENTITIES

V. 8-27-12	Other Funds	Notes
Total amount of assets held by the successor agency as of June 30, 2012 (procedure 5)	\$ 860,837	1
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)	7,355,485	2
Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments (procedure 6)	-	-
Less assets that are not cash or cash equivalents (e.g., physical assets) - (procedure 7)	(777,500)	
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)	(268,672)	3
Less balances needed to satisfy ROPS for the 2012-13 fiscal year (procedure 9)	(250,000)	4
Less the amount of payments made on July 12, 2012 to the County Auditor-Controller as directed by the California Department of Finance	<u>(2,479,009)</u>	5
Amount to be remitted to county for disbursement to taxing entities	<u>\$ 4,441,141</u>	

NOTES: For each line shown above, an exhibit should be attached showing the composition of the summarized amount. If the review finds that there are insufficient funds available to provide the full amount due, the cause of the insufficiency should be demonstrated in a separate schedule.

Notes

1. Agrees with Schedule 3 total assets row as of 6/30/12 and the capital asset balance at the bottom of Schedule 3.
2. \$7,355,485 transferred for a loan payment to City (December 1993 repayment agreement).
These transfers was reversed due to the State Department of Finance determination.
3. Restricted for estimated operating and administrative costs reported on ROPS for the period of January-June 2012.
4. Restricted for estimated operating and administrative costs reported on ROPS for the 2012/2013 fiscal year.
5. Traced to a letter from the County of Monterey Auditor Controller's Office (Exhibit C) and evidence of payment.

STATE CONTROLLER'S OFFICE
ASSET TRANSFER ASSESSMENT
ASSEMBLY BILL X1 26

FORMER REDEVELOPMENT AGENCY NAME Redevelopment Agency of the City of Monterey
SUCCESSOR AGENCY City of Monterey Successor Agency
CONTACT NAME Julie Porter PHONE 831-646-3724 TITLE Assistant Finance Director

11-DIGIT ID # 13982755700
DATE PREPARED 6/25/2012 & Revised 2/26/2013
E-MAIL ADDRESS porter@ci.monterey.ca.us

A Asset Description	B Carrying Value as of		C If the assessment was transferred to a city, county, or other public agency between January 1, 2011, and January 31, 2012 (exclude housing assets), complete the following.		D Was the asset contractually committed or encumbered to a third party after June 29, 2011?		E Was the transfer reversed?
	December 31, 2010	January 31, 2012	Transfer Date	Public Agency	Yes / No	If yes, list date	Yes / No
Cash (DS Funds)	1,631,380.26	81,945.51	5/31/11, 12/31/11	City of Monterey pursuant to Advance & Reimbursement Agreement date 10/1/93 as amended by Agency Resolution No. 11-028; see attached.	No		
Cash with Trustee (DS)	606,061.06	-			No		
Cash (HSG Funds)	3,700,140.82	4,362,344.11			No		
Cash with Trustee (HSG)	580,905.78	544,434.58			No		
Loans Receivable	8,512,038.93	8,741,777.06			No		
Downpayment Asst Receivable	1,534,192.50	1,474,617.47			No		
Advance to Other Funds	1,472,383.00	1,472,383.00			No		
Accounts Receivable	-	26,173.40			No		
565 English Ave #7	109,394.10	109,394.10			No		
565 English Ave #9	114,400.08	114,400.08			No		
351 Calle Principal/Oslo ground lease	-	-			No		
Custom House Plaza walkway	-	-			No		
Calle Principal/Osio Plaza walkway	-	-			No		
Tyler Street at Del Monte/Spanish Plaza	2,615.30	-			No		
717/731 Del Monte Ave/park	1,282,870.00	1,282,870.00	3/22/2011	City of Monterey Redevelopment Agency pursuant to Agency Resolution No.11-029 in connection with bonds; see attached.	No		
Cannery Row Parking Garage	4,105,692.00	3,909,494.00	3/22/2011	City of Monterey Redevelopment Agency pursuant to Agency Resolution No.11-029 in connection with bonds; see attached.	No		
CR7 Parking Lot (160 Irving Street)	-	-	3/22/2011	City of Monterey Redevelopment Agency pursuant to Agency Resolution No.11-029 in connection with bonds; see attached.	No		
Conference Center/Portola Plaza	4,073,030.00	3,798,426.00	3/22/2011	City of Monterey Redevelopment Agency pursuant to Agency Resolution No.11-029 in connection with bonds; see attached.	No		
Hilltop Recreation Center	703,033.00	654,902.00	3/22/2011	City of Monterey Redevelopment Agency pursuant to Agency Resolution No.11-029 in connection with bonds; see attached.	No		
Hartnell Gulch	145,100.00	145,100.00	3/22/2011	City of Monterey Redevelopment Agency pursuant to Agency Resolution No.11-029 in connection with bonds; see attached.	No		
5 Custom House Plaza (Maritime Museum Ground Lease)	777,500.00	777,500.00	Not applicable	Not applicable	No		

RECOGNIZED OBLIGATION PAYMENT SCHEDULE

Schedule 6

Name of Redevelopment Agency: Redevelopment Agency of the City of Monterey
 Project Area(s): All

Project Name/Debt Obligation	Payee	Description	Total Outstanding Debts or Obligations	Total Due During Fiscal Year	Aug '11	Sep '11	Oct '11	Nov '11	Dec '11	Jan '12	Feb '12	Mar '12	Apr '12	May '12	Jun '12	Total
1 Repayment Agreements with City of Monterey	City of Monterey	Payments on debt owed to City from the net available property tax revenue each year	131,895,613	5,030,810					2,884,433				1,953,406		192,971	5,030,810
2 Residential Purchase Agreement	Moyses and Dora Camacho	5/31/11 contract for 595 English Avenue	227,044	227,044							227,044					227,044
3 PO 39601	01746 Monterey County AIDS Project	PROVIDE RENTAL ASSISTANCE TO PERSONS	5,000	5,000											5,000	5,000
4 PO 38822	15598 Bae Urban Economicals Inc.	Prepare financing plan for the North	7,268	7,268											7,268	7,268
5 Employee Costs	Employees of City allocated to agency	Payroll costs from Wages and Benefits	151,892	151,892	18,672	18,672	18,672	18,672	18,672	18,672	7,972	7,972	7,972	7,972	7,972	151,892
6 Budgeted FY12 Admin & Op Exp	Various Vendors	Office Supplies	3,250	3,250	542	542	542	542	542	542						3,252
7 Budgeted FY12 Admin & Op Exp	Various Vendors	Printing and Postage	2,386	2,386	398	398	398	398	398	398						2,388
8 Budgeted FY12 Admin & Op Exp	Various Vendors	Operating Supplies	1,750	1,750	292	292	292	292	292	292						1,752
9 Budgeted FY12 Admin & Op Exp	Various Vendors	Dues and Publications	2,787	2,787	464	464	464	464	464	464						2,784
10 Budgeted FY12 Admin & Op Exp	Various Vendors	Travel and Meetings	2,170	2,170	362	362	362	362	362	362						2,172
11 Budgeted FY12 Admin & Op Exp	Various Vendors	Advertising Services	1,885	1,885	314	314	314	314	314	314						1,884
12 Budgeted FY12 Admin & Op Exp	Various Vendors	Training Services	2,750	2,750	458	458	458	458	458	458						2,748
13 Budgeted FY12 Admin & Op Exp	Various Vendors	Professional Services	35,361	35,361	5,894	5,894	5,894	5,894	5,894	5,894						35,364
14 City provided info Tech Services	City of Monterey	Information Services	10,530	10,530	1,722	1,722	1,722	1,722	1,722	1,722						10,532
15 City General Overhead	City of Monterey	Administrative Support	8,009	8,009	1,335	1,335	1,335	1,335	1,335	1,335						8,010
16 Estimated FY12 Admin & Operating Expend	City of Monterey	Estimated operating supplies, administrative costs, contractual and professional services	210,140	210,140							42,028	42,028	42,028	42,028	42,028	210,140
17 Monterey Hotel Mixed-Use Apartment Project at 406 Alvarado Street	City of Monterey	Complete Monterey Hotel Mixed-Use Apartment Project at 406 Alvarado Street. This obligation is appropriate and necessary so that the RDA can fund construction and management activities because it is required pursuant to provisions in the executed loan agreements to preserve the asset and minimize liabilities related to the property that is security for the loan.	1,300,000	1,300,000											1,300,000	1,300,000
18 Construction Loan Agreement between The Redevelopment Agency of the City of Monterey (Lender) and PRI, LLC (Borrower) for construction of Monterey Hotel Mixed-Use Project containing eighteen (18) low and moderate income apartments at 406 Alvarado Street	City of Monterey	Original loan amount \$3,000,000.00. \$542,333.20 remaining as unreleased funds in escrow with Rabobank. Unreleased funds remain as a result of PRI, LLC default and project placed into receivership. Funds are necessary to ensure that Successor Housing Agency can continue to protect the Lender's security, consistent with loan disbursement procedures	542,333	542,333									22,000		520,333	542,333
19 Low income housing units which must be replaced in RDA inventory	City of Monterey	Funds received from prior year sale of Ocean Harbor House units (received funds less Monterey Hotel costs). These funds are an appropriate and necessary obligation because Health and Safety Code Section 33415 requires that the units be replaced	2,037,606	2,037,606											2,037,606	2,037,606

*See Note Below

NOTE:
 February 2012 - June 2012 \$ 250,000.00
 Jan 2012 18,672.00
 Schedule 4, #3 \$ 268,672.00

Exhibit A

SECOND RECOGNIZED OBLIGATION PAYMENT SCHEDULE **

Schedule 7

Name of Redevelopment Agency: Redevelopment Agency of the City of Monterey
 Project Area(s): All

	Project Name/Debt Obligation	Payee	Description	* Source of Payment	Total Outstanding Debts or Obligations	Total Due During Fiscal Year 2012-13	Jul '12	Aug '12	Sep '12	Oct '12	Nov '12	Dec '12	Total
1	Reimbursement Agreement with City of Monterey (NOTE: This line item was not approved by the Oversight Board and remains pending) **	City of Monterey	Payments on debt owed to City from the net available property tax revenue each year.	(C)	\$131,895,613	\$5,131,426						\$2,942,122	\$2,942,122
2	Estimated Admin & Op Exp	City of Monterey	Estimated operating and admin costs.	(B)	250,000	250,000	20,833	20,833	20,833	20,833	20,834	20,834	125,000
3	Monterey Hotel Mixed-Use Apartment Project at 406 Alvarado Street.	City of Monterey	Complete Monterey Hotel Mixed-Use Apartment Project at 406 Alvarado Street. This obligation is appropriate and necessary so that the RDA can fund construction and management activities because it is required pursuant to provisions in the executed loan agreements to preserve the asset and minimize liabilities related to the property that is security for the loan.	(A)	1,300,000	1,300,000						1,300,000	1,300,000
4	Construction Loan Agreement between The Redevelopment Agency of the City of Monterey (Lender) and PRI, LLC (Borrower) for construction of Monterey Hotel Mixed-Use Project containing eighteen (18) low and moderate income apartments at 406 Alvarado Street	City of Monterey	Original loan amount \$3,000,000.00. \$542,333.20 remaining as unreleased funds in escrow with Rabobank. Unreleased funds remain as a result of PRI, LLC default and project placed into receivership. Funds are necessary to ensure that Successor Housing Agency can continue to protect the Lender's security, consistent with loan disbursement procedures.	(D)	520,333	520,333						520,333	520,333
5	Low income housing units which must be replaced in RDA inventory	City of Monterey	Funds received from prior year sale of Ocean Harbor House units (received funds less Monterey Hotel costs). These funds are an appropriate and necessary obligation because Health and Safety Code Section 33413 requires that the units be replaced.	(A)	2,037,606	2,037,606						2,037,606	2,037,606
6	Deferred payments to Low and Moderate Income Housing Fund	City of Monterey	The Custom House Project Area deferred its 20% set aside into the Housing Fund during fiscal years 1985/86 through 1992/93. The reimbursement of this deferral is still an appropriate and necessary obligation to the Housing Fund.	(C)	1,472,383	1,472,383						1,472,383	1,472,383
Total Second Recognized Obligation Payment Schedule (approved May 9, 2012):					\$137,475,935	\$10,711,748	\$20,833	\$20,833	\$20,833	\$20,833	\$20,834	\$8,293,278	\$8,397,444

***See Note Below

* Source of Payment Legend: (A): Low and Moderate Income Housing Fund; (B): Successor Agency Administrative Allowance; (C): Redevelopment Property Tax Trust Fund; (D): Other sources

** NOTE: On May 9, 2012 the Oversight Board approved the second Recognized Obligation Payment Schedule, except for line 1 (which remains pending) and contingent upon certification by the County Auditor-Controller (which had not yet occurred by that date).

***NOTE: Schedule 4, #4

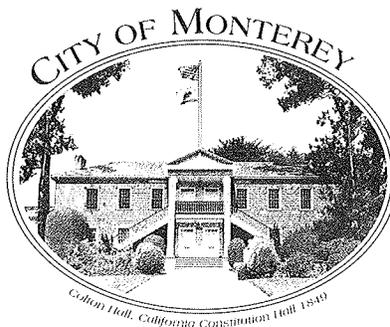
OTHER FUNDS OF THE SUCCESSOR AGENCY OF THE
CITY OF MONTEREY
Listing of Capital Assets

Schedule 8

	Redevelopment Agency		Redevelopment Agency		Redevelopment Agency		Successor Agency Debt Service Portion	
	12 Months Ended		12 Months Ended		7 Months Ended		5 Months Ended	
	6/30/2010	Notes	6/30/2011	Notes	1/31/2012	Notes	6/30/2012	Notes
Capital assets as of end of year:								
Custom House Plaza (Has not been valued)	\$ -		\$ -		\$ -		\$ -	
351 Calle Principal/Osio (Has not been valued) (Transferred to the Housing Successor Agency after 6/30/12)	-		-		-		-	
Calle Principal/Osio Plaza walkway (Has not been valued)	-		-		-		-	
Tyler Street at Del Monte/Spanish Plaza (Fully depreciated, original value of improvements only \$ 156,918)	2,615	2	-		-		-	1
Maritime Museum land and ground lease (City estimated the value in 1989 to be \$ 777,500)	777,500	2	777,500		777,500		777,500	3
Cannery Row Parking Garage	4,105,692	2	-		-		-	
CR7 Parking Lot (160 Irving Street) (Has not been valued)	-	2	-		-		-	
Conference Center/Portola Plaza (including ground lease)	4,073,030	2	-		-		-	
Hilltop Recreation Center	703,033	2	-		-		-	
Hartnell Gulch	145,100	2	-		-		-	
717/731 Del Monte Ave/Park	1,282,870	2,4	-		-		-	
Totals	\$ 11,089,840		\$ 777,500		\$ 777,500		\$ 777,500	

Notes

1. Agrees with the Successor Agency's accounting records.
2. Exceptions - These assets were not reported on the Redevelopment Agency State Controller's Office Report. These assets were reported on the City of Monterey's State Controller's Office Report.
3. Exceptions - The Successor Agency's accounting records report no value for this asset. The City of Monterey in 1989 estimated the value of this asset to be \$777,500 but never recorded the value in their accounting records.
4. Oversight Board Resolution No. 12-03 SA confirmed ownership of these parcels transferred to the City of Monterey in 2010. These properties were not owned by the RDA in January 2011.



FINANCE DEPARTMENT

Exhibit A

March 6, 2013

R. J. Ricciardi, Inc.
Certified Public Accountants
1000 Fourth Street, Suite 400
San Rafael, CA 94901

In connection with your engagement to apply agreed-upon procedures which were agreed to by the California State Controller's Office, Department of Finance, and Monterey County Auditor-Controller, solely to assist the Successor Agency of the City of Monterey in ensuring that the dissolved redevelopment agency's Other Funds is complying with its statutory requirements with respect to State of California Assembly bills ABX1 26 and AB1484, we confirm, to the best of our knowledge and belief, the following representations made to you during your engagement. We are also responsible for adopting sound operational policies, establishing and maintaining internal control, and preventing and detecting fraud.

1. We are responsible for the data provided to the practitioner and the data presented in the report or in any attachments to the report.
2. 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.
3. We have disclosed to you all known matters contradicting the agreed-upon procedures which were agreed to by the California State Controller's Office, Department of Finance, and Monterey County Auditor-Controller, noted above, as of June 30, 2012 and through the date of this letter.
4. There have been no communications from regulatory agencies, internal auditors, and other independent practitioners or consultants relating to the agreed-upon procedures which were agreed to by the California State Controller's Office, Department of Finance, and Monterey County Auditor-Controller, noted above, including communications received up to the date of this letter.
5. We have made available to you all information that we believe is relevant to the scope of work noted above as of June 30, 2012 and through the date of this letter.
6. We have responded fully to all inquiries made to us by you during the engagement.
7. Your report is intended solely for the information and use of the Monterey County Auditor-Controller, the Board of Directors and management of the City of Monterey successor agency, and applicable State agencies, and should not be used by anyone other than the specified parties.

8. There has been no fraud involving management or employees who have significant roles in internal control. There has been no fraud involving others that could have a material effect on the agreed-upon procedures as of June 30, 2012 and through the date of this letter.
9. All copies of original documents City of Monterey has provided to you have not been improperly altered or changed.0

To the best of our knowledge and belief, no events, including instances of noncompliance, have occurred subsequent to June 30, 2012 and through the date of this letter that would require adjustment to or disclosure in the aforementioned agreed-upon procedures.

Signature:  _____

Title: FINANCE DIRECTOR

Date: 3-6-13