



March 25, 2013

Ms. Joyce Venegas, Finance Director
City of Corcoran
832 Whitley Avenue
Corcoran, CA 93212

Dear Ms. Venegas:

Subject: Other Funds and Accounts Due Diligence Review

Pursuant to Health and Safety Code (HSC) section 34179.6 (c), the City of Corcoran Successor Agency (Agency) submitted an oversight board approved Other Funds and Accounts (OFA) Due Diligence Review (DDR) to the California Department of Finance (Finance) on January 11, 2013. The purpose of the review was to determine the amount of cash and cash equivalents available for distribution to the affected taxing entities. Pursuant to HSC section 34179.6 (d), Finance has completed its review of your DDR, which may have included obtaining clarification for various items.

Based on our review, Finance made no adjustments to the OFA balance available for allocation to the affected taxing entities. As a result, there are no unencumbered OFA balances available for distribution.

However, Finance noted the following invalid transfers of assets:

- Transfer of property valued at \$1,919,920 for repayment of a city loan. The balance of this obligation was denied on the Recognized Obligation Payment Schedule for January through December 2012 period because the loans between the city and county that created the redevelopment agency are not enforceable obligations per HSC section 34171 (d) (2).
- Transfer of a building valued at \$1,284,619 to the City of Corcoran (City). The building located at 1020 Chittenden Avenue was transferred to the City pursuant to RDA Resolution No. 11-01; however, pursuant to HSC section 34191.3, the requirements in subdivision (e) of Section 34177 and subdivision (a) Section 34181 were suspended, except as those provisions apply to the transfers for governmental use, until the Finance has approved a long-range property management plan pursuant to subdivision (b) of Section 34191.5, at which point the plan shall govern, and supersede all other provisions relating to, the disposition and use of the real property assets of the former redevelopment agency.

Ms. Venegas
March 25, 2013
Page 2

Since these are non-liquid assets, Finance made no adjustments to the available balance to the affected taxing entities. However, the Agency is required to reverse the improper transfers and recover the assets.

Pursuant to HSC section 34167.5 and 34178.8, the California State Controller's Office (Controller) has the authority to claw back assets that were inappropriately transferred to the city, county, or any other public agency. Determinations outlined in this letter do not in any way eliminate the Controller's authority.

Please direct inquiries to Beliz Chappuie, Supervisor or Mindy Patterson, Lead Analyst at (916) 445-1546.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Steve Szalay', with a long horizontal flourish extending to the left.

STEVE SZALAY
Local Government Consultant

cc: Mr. Kindon Meik, City Manager, City of Corcoran
Ms. Cassandra Mann, Property Tax Manager, Kings County Auditor Controller
California State Controller's Office