



May 8, 2014

Ms. Kim Carvalho, Deputy City Clerk
City of Del Rey Oaks
650 Canyon Del Rey Road
Del Rey Oaks, CA 93940

Dear Ms. Carvalho:

Subject: Other Funds and Accounts Due Diligence Review

The City of Del Rey Oaks 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 February 28, 2014. The purpose of the review was to determine the amount of cash and cash equivalents available for distribution to the affected taxing entities. Since the Agency did not meet the January 15, 2013 submittal deadline pursuant to HSC section 34179.6 (c), Finance is not bound to completing its review and making a determination by the April 1, 2013 deadline pursuant to HSC section 34179.6 (d). However, Finance has completed its review of your DDR, which may have included obtaining clarification for various items.

HSC section 34179.6 (d) authorizes Finance to adjust the DDR's stated balance of OFA available for distribution to the taxing entities. Based on our review of your DDR, the following adjustments were made:

- The total amount of assets held as of June 30, 2012 should be \$12,445,854. The Agency reported the account balances for Receivables from Developer and Capital Assets incorrectly. As such, and with the Agency's consent, the total amount of assets held as of June 30, 2012 has been increased by \$966,250. However, this adjustment will not affect the amount to be remitted to the County Auditor-Controller for disbursement to the taxing entities.

The Agency's OFA balance available for distribution to the affected taxing entities is \$0 (see table below):

| OFA Balances Available For Distribution To Taxing Entities | |
|-------------------------------------------------------------------|-------------|
| Available Balance per DDR: | \$0 |
| Finance Adjustments | |
| Add: | |
| Adjustment to the June 30, 2012 balance | 966,250 |
| Requested retained balance not supported | - |
| Assets that are not cash or cash equivalent | (966,250) |
| Total OFA available to be distributed: | \$ - |

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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 Nichelle Thomas, Supervisor or Michael Barr, Lead Analyst at (916) 445-1546.

Sincerely,



Justyn Howard
Assistant Program Budget Manager

cc: Mr. Daniel Dawson, City Manager, City of Del Rey Oaks
Ms. Julie Aguero, Auditor Controller Analyst II, Monterey County
California State Controller's Office