



March 5, 2013

Ms. Susie L. Mears, Finance Director
City of Ojai
P.O. Box 1570
Ojai, CA 93024

Dear Ms. Mears:

Subject: Other Funds and Accounts Due Diligence Review

Pursuant to Health and Safety Code (HSC) section 34179.6 (c), the City of Ojai 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 October 9, 2012. 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.

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:

- Asset transfer in the amount of \$250,000. Our review indicates the transfer was for payment of a loan between the former redevelopment agency (RDA) and City of Ojai (City). HSC 34171 (2) states that enforceable obligations do not include any agreements between the city, county or city and county that created the redevelopment agency, unless the loan agreement was entered into between the RDA within the first two years of creation. Therefore, the transfer of \$250,000 for the city loan payment is not allowed.
- Balances retained to satisfy 2012-13 fiscal year obligations in the amount of \$11,839. Agency stated that for January 1, 2012 through June 30, 2012 period the Agency received \$11,839 for pass-through obligations which was significantly less than the requested amount of \$83,651. The agency was unable to determine how much of the \$11,839 should be distributed to the taxing entities since they didn't receive the full amounts requested. Therefore, the balance was adjusted for \$11,839 to be remitted to the county auditor-controller to make distributions to taxing entities.

If you disagree with Finance's adjusted amount of OFA balances available for distribution to the taxing entities, you may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance's website below:

http://www.dof.ca.gov/redevelopment/meet_and_confer/

The Agency's OFA balance available for distribution to the affected taxing entities is \$267,327(see table below).

OFA Balances Available For Distribution To Taxing Entities	
Available Balance per DDR:	\$ 5,488
Finance Adjustments	
Denied loan payment to the City	\$ 250,000
Denied balances retained	11,839
Total OFA available to be distributed:	\$ 267,327

Absent a Meet and Confer request, HSC section 34179.6 (f) requires successor agencies to transmit to the county auditor-controller the amount of funds identified in the above table within five working days, plus any interest those sums accumulated while in the possession of the recipient.

If funds identified for transmission are in the possession of the successor agency, and if the successor agency is operated by the city or county that created the former redevelopment agency, then failure to transmit the identified funds may result in offsets to the city's or the county's sales and use tax allocation, as well as its property tax allocation. If funds identified for transmission are in the possession of another taxing entity, the successor agency is required to take diligent efforts to recover such funds. A failure to recover and remit those funds may result in offsets to the other taxing entity's sales and use tax allocation or to its property tax allocation. If funds identified for transmission are in the possession of a private entity, HSC 34179.6 (h) (1) (B) states that any remittance related to unallowable transfers to a private party may also be subject to a 10 percent penalty if not remitted within 60 days.

Failure to transmit the identified funds will also prevent the Agency from being able to receive a finding of completion from Finance. Without a finding of completion, the Agency will be unable to take advantage of the provisions detailed in HSC section 34191.4. Specifically, these provisions allow certain loan agreements between the former redevelopment agency (RDA) and the city, county, or city and county that created the RDA to be considered enforceable obligations. These provisions also allow certain bond proceeds to be used for the purposes in which they were sold and allows for the transfer of real property and interests into the Community Redevelopment Property Trust Fund once Finance approves the Agency's long-range property management plan.

In addition to the consequences above, willful failure to return assets that were deemed an unallowable transfer or failure to remit the funds identified above could expose certain individuals to criminal penalties under existing law.

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.

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

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Ms. Donna Logan, Accountant, City of Ojai
Ms. Sandra Bickford, Chief Deputy, Ventura County Auditor-Controller
California State Controller's Office