



July 2, 2013

Mr. Federico Ramirez, Interim City Administrator
City of San Fernando
117 Macneil Street
San Fernando, CA 91340

Dear Mr. Hernandez:

Subject: Other Funds and Accounts Due Diligence Review

The Successor Agency to the San Fernando Redevelopment Agency (Agency) submitted an oversight board approved Other Funds and Accounts (OFA) Due Diligence Review (DDR) to the California Department of Finance (Finance) on April 17, 2013. 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, property transfers in the form of vacant land and parking lots transferred from the Agency to the City in March 2011, with a value of \$1,353,398. The non-liquid assets transferred to the City are subject to the California State Controller's Office review of asset transfers. To the extent these assets that transferred are not for a government purpose or pursuant to an enforceable obligation, these assets should be returned to the Agency and disposed of in a manner consistent to the Agency's Long Range Property Management Plan pursuant to HSC section 34191.5.

Because the identified transfers are non-liquid, the OFA balances available for distribution to the taxing entities will not be affected. As a result, there are no unencumbered OFA balances available for distribution.

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 Kylie Le, Supervisor or Brian Dunham, Lead Analyst at
(916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Ms. Sonia Garcia, Junior Accountant, City of San Fernando
Ms. Kristina Burns, Manager, Los Angeles County Department of Auditor-Controller
California State Controller's Office