DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR
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REVISED

March 22, 2013

Mr. Tim McDermott, Finance Director
City of Santee
10601 Magnolia Avenue
Santee, CA 92071

Dear Mr. McDermott:

Subject: Other Funds and Accounts Due Diligence Review

This letter supersedes Finance's March 19, 2013 Other Fund and Accounts (OFA) determination letter. We are issuing a revised letter to correct an error in the stated OFA balances available for distribution to the affected taxing entities. It was brought to our attention that additional funds need to be retained for approved July through December 2012 Recognized Obligation Payment Schedule (ROPS II) obligations.

Pursuant to Health and Safety Code (HSC) section 34179.6 (c), the City of Santee 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.

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 Wendy Griffe, Supervisor or Jenny DeAngelis, Lead Analyst at (916) 445-1546.

Sincerely,

STEVE SZALAY
Local Government Consultant

cc: Mr. Keith Till, City Manager, City of Santee
Mr. Juan Perez, Senior Auditor and Controller Manager, San Diego County
Ms. Nenita DeJesus, Senior Auditor and Controller Accountant, San Diego County
California State Controller's Office