DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR

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April 1, 2013

Mr. James Purtee, Interim Assistant City Manager
City of Simi Valley
2929 Tapo Canyon Road
Simi Valley, CA 93063

Dear Mr. Purtee:

Subject: Other Funds and Accounts Due Diligence Review

Pursuant to Health and Safety Code (HSC) section 34179.6 (c), the City of Simi Valley 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 14, 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, we noted the following improper asset transfers:

- Property transferred to the City of Simi Valley (City) in the amount of $1,231,755. The Agency could not provide supporting documentation to demonstrate the Civic Center Site and 1031 Tank Site was properly transferred or initially owned by the City. Although the City's 2012 Consolidated Annual Financial Report (CAFR) notes that some of the former redevelopment agency capital assets were incorrectly recorded as the Agency's properties when in fact was City's, we could not verify the information. HSC section 34191.3 suspends the transfer of properties until Finance has approved a long-range property management plan. Since these are non-liquid assets, Finance made no adjustments to the available balance to the affected taxing entities. However, the Agency should reverse the improper transfers, recover the assets, and include these properties in its Long Range Property Management Plan which is to be submitted to Finance pursuant to HSC section 34191.5.

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,

STEVE SZALAY
Local Government Consultant

cc: Mr. Brian Gabler, Assistant City Manager, City of Simi Valley
Ms. Sandra Bickford, Chief Deputy, Ventura County Auditor-Controller
California State Controller's Office