

**SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE  
CITY OF MOORPARK  
AGENDA REPORT**

**TO: Honorable Successor Agency**  
**FROM: Ron Ahlers, Finance Director** *RA*  
**DATE: December 31, 2014 (Successor Agency Meeting January 21, 2015)**  
**SUBJECT: Consider Asset Transfer Review Report by the State Controller's Office**

**SUMMARY**

During July 2014 the State Controller's Office (SCO) reviewed all asset transfers from the former Redevelopment Agency of the City of Moorpark (RDA) for the period January 1, 2011 through January 31, 2012. The attached report discusses the review and concludes with a "Finding and Order of the Controller". Please recall the dissolution date for the former RDA was January 31, 2012. The Successor Agency was created on February 1, 2012.

Staff is requesting the Successor Agency consider the Asset Transfer Review report by the SCO and receive and file the report.

**DISCUSSION**

The attached report states, "Our review found that the RDA transferred \$31,811,477 in assets after January 1, 2011, including unallowable transfers to the City of Moorpark totaling \$812,004..." Pursuant to State law, the former RDA transferred its assets, liabilities and fund balance to the Successor Agency on February 1, 2012. The "unallowable transfers" to the City represent the land and improvements for the parking lot for the post office on High Street. The SCO has ordered the City to return these assets to the Successor Agency. However, the Successor Agency has listed the parking lot as "government use" on the Long Range Property Management Plan (LRPMP). The Successor Agency has submitted the LRPMP to the Department of Finance (DOF) for a determination. The DOF has not made a determination on the LRPMP.

Page 3 of the SCO report states:

Pursuant to H&S Code section 34167.5, the City is ordered to reverse the transfer of land and land improvement totaling \$812,004 and turn over the assets to the Successor Agency.

The Successor Agency currently is awaiting approval of the LRPMP. Upon approval by the Department of Finance, no further action on the \$812,004 in unallowable transfers will be necessary. However, if the LRPMP is not approved, the Finding and Order of the Controller will remain as stated.

If the DOF determines the parking lot is "government use" then the City can retain ownership of the parking lot. If the DOF determines the parking lot is not "government use", then the SCO has ordered the City to return the parking lot to the Successor Agency.

#### **FISCAL IMPACT**

None.

#### **STAFF RECOMMENDATION**

Receive and file the Asset Transfer Review report by the SCO.

Attachments:

1. Asset Transfer Review Report by the State Controller's Office

# **REDEVELOPMENT AGENCY OF THE CITY OF MOORPARK**

Review Report

## **ASSET TRANSFER REVIEW**

*January 1, 2011, through January 31, 2012*



**JOHN CHIANG**  
California State Controller

December 2014



**JOHN CHIANG**  
California State Controller

December 17, 2014

Ron Ahlers, Finance Director  
City of Moorpark  
799 Moorpark Avenue  
Moorpark, CA 93021

Dear Mr. Ahlers:

Pursuant to Health and Safety Code section 34167.5, the State Controller's Office (SCO) reviewed all asset transfers made by the Redevelopment Agency of the City of Moorpark (RDA) to the City of Moorpark (City) or any other public agency after January 1, 2011. This statutory provision states, "The Legislature hereby finds that a transfer of assets by a redevelopment agency during the period covered in this section is deemed not to be in furtherance of the Community Redevelopment Law and is thereby unauthorized." Therefore, our review included an assessment of whether each asset transfer was allowable and whether the asset should be turned over to the Successor Agency.

Our review applied to all assets including but not limited to, real and personal property, cash funds, accounts receivable, deeds of trust and mortgages, contract rights, and rights to payment of any kind. We also reviewed and determined whether any unallowable transfers of assets to the City or any other public agency have been reversed.

Our review found that the RDA transferred \$31,811,477 in assets after January 1, 2011, including unallowable transfers to the City of Moorpark totaling \$812,004, or 2.55% of transferred assets. These assets must be turned over to the Successor Agency.

If you have any questions, please contact Elizabeth González, Chief, Local Government Compliance Bureau, by telephone at (916) 324-0622 or by email at [egonzalez@sco.ca.gov](mailto:egonzalez@sco.ca.gov).

Sincerely,

*Original signed by*

JEFFREY V. BROWNFIELD, CPA  
Chief, Division of Audits

JVB/kw

cc: Jeffery Burgh, Auditor-Controller  
Ventura County  
Bruce Hamous, Chair  
Oversight Board  
David Botelho, Program Budget Manager  
California Department of Finance  
Richard J. Chivaro, Chief Legal Counsel  
State Controller's Office  
Elizabeth González, Bureau Chief  
Division of Audits, State Controller's Office  
Scott Freesmeier, Audit Manager  
Division of Audits, State Controller's Office  
Steven Noguchi, Auditor-in-Charge  
Division of Audits, State Controller's Office

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# Asset Transfer Review Report

## Summary

The State Controller's Office (SCO) reviewed the asset transfers made by the Redevelopment Agency of the City of Moorpark (RDA) after January 1, 2011. Our review included, but was not limited to, real and personal property, cash funds, accounts receivable, deeds of trust and mortgages, contract rights, and rights to payments of any kind from any source.

Our review found that the RDA transferred \$31,811,477 in assets after January 1, 2011, including unallowable transfers to the City of Moorpark (City) totaling \$812,004, or 2.55% of transferred assets. These assets must be turned over to the Successor Agency.

## Background

In January of 2011, the Governor of the State of California proposed statewide elimination of redevelopment agencies (RDAs) beginning with the fiscal year (FY) 2011-12 State budget. The Governor's proposal was incorporated into Assembly Bill 26 (ABX1 26, Chapter 5, Statutes of 2011, First Extraordinary Session), which was passed by the Legislature, and signed into law by the Governor on June 28, 2011.

ABX1 26 prohibited RDAs from engaging in new business, established mechanisms and timelines for dissolution of the RDAs, and created RDA successor agencies and oversight boards to oversee dissolution of the RDAs and redistribution of RDA assets.

A California Supreme Court decision on December 28, 2011 (*California Redevelopment Association et al. v. Matosantos*), upheld ABX1 26 and the Legislature's constitutional authority to dissolve the RDAs.

ABX1 26 was codified in the Health and Safety (H&S) Code beginning with section 34161.

H&S Code section 34167.5 states in part, "... the Controller shall review the activities of redevelopment agencies in the state to determine whether an asset transfer has occurred after January 1, 2011, between the city or county, or city and county that created a redevelopment agency or any other public agency, and the redevelopment agency."

The SCO identified asset transfers that occurred after January 1, 2011, between the RDA, the City and/or any other public agency. By law, the SCO is required to order that such assets, except those that already had been committed to a third party prior to June 28, 2011, the effective date of ABX1 26, be turned over to the Successor Agency. In addition, the SCO may file a legal action to ensure compliance with this order.

**Objective, Scope,  
and Methodology**

Our review objective was to determine whether asset transfers that occurred after January 1, 2011, and the date upon which the RDA ceased to operate, or January 31, 2012, whichever was earlier, between the city or county, or city and county that created an RDA or any other public agency, and the RDA, were appropriate.

We performed the following procedures:

- Interviewed Successor Agency personnel to gain an understanding of the Successor Agency's operations and procedures.
- Reviewed meeting minutes, resolutions, and ordinances of the City, the RDA, the Successor Agency, and the Oversight Board.
- Reviewed accounting records relating to the recording of assets.
- Verified the accuracy of the Asset Transfer Assessment Form. This form was sent to all former RDAs to provide a list of all assets transferred between January 1, 2011, and January 31, 2012.
- Reviewed applicable financial reports to verify assets (capital, cash, property, etc.).

**Conclusion**

Our review found that the Redevelopment Agency of the City of Moorpark transferred \$31,811,477 in assets after January 1, 2011, including unallowable transfers to the City of Moorpark totaling \$812,004, or 2.55% of transferred assets. These assets must be turned over to the Successor Agency.

Details of our finding are described in the Finding and Order of the Controller section of this report.

**Views of  
Responsible  
Officials**

At an exit conference on July 31, 2014, we discussed the review results with Ron Ahlers, Finance Director, who agreed with the review results. Mr. Ahlers further agreed that a draft review report was not necessary and that the report could be issued as final.

**Restricted Use**

This report is solely for the information and use of the City of Moorpark, the Successor Agency, the Oversight Board, and the SCO. It is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record when issued final.

*Original signed by*

JEFFREY V. BROWNFIELD, CPA  
Chief, Division of Audits

December 17, 2014

## Finding and Order of the Controller

**FINDING—  
Unallowable asset  
transfers to the  
City of Moorpark**

The Redevelopment Agency of the City of Moorpark (RDA) made unallowable transfers totaling \$812,004 to the City of Moorpark (City). The transfers occurred after January 1, 2011, and the assets were not contractually committed to a third party prior to June 28, 2011.

On January 17, 2011, the RDA transferred \$334,000 in land (APN 512-0-090-050) and \$478,004 in associated land improvements totaling \$812,004, to the City. The land and land improvements were subsequently included on the Long-Range Property Management Plan (LRPMP).

Health and Safety (H&S) Code section 34167.5 states that any assets transferred by the RDA to a city, county, city and county, or any other public agency after January 1, 2011, that were not contractually committed to a third party, must be returned to the Successor Agency for disposition in accordance with H&S Code sections 34177(d) and (e).

### Order of the Controller

Pursuant to H&S Code section 34167.5, the City is ordered to reverse the transfer of land and land improvements totaling \$812,004 and turn over the assets to the Successor Agency.

The Successor Agency currently is awaiting approval of the LRPMP. Upon approval by the Department of Finance, no further action on the \$812,004 in unallowable transfers will be necessary. However, if the LRPMP is not approved, the Finding and Order of the Controller will remain as stated.

**Schedule 1—  
Unallowable Asset Transfers to  
the City of Moorpark  
January 1, 2011, through January 31, 2012**

Date	APN	Description		
January 17, 2011	512-0-090-050	Land	\$	334,000
January 17, 2011	512-0-090-050	Land improvement		478,004
Total unallowable transfers to the City of Moorpark			\$	<u>812,004</u>

**State Controller's Office  
Division of Audits  
Post Office Box 942850  
Sacramento, CA 94250-5874**

**<http://www.sco.ca.gov>**