

# **COMMUNITY DEVELOPMENT AGENCY OF KING CITY**

## **ASSET TRANSFER REVIEW**

Review Report

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



**JOHN CHIANG**  
California State Controller

January 2013



**JOHN CHIANG**  
**California State Controller**

January 24, 2013

Michael Powers, City Manager  
City of King City/RDA Successor Agency  
212 S. Vanderhurst Avenue  
King City, CA 93930

Dear Mr. Powers:

Pursuant to Health and Safety Code section 34167.5, the State Controller's Office reviewed all asset transfers made by the Community Development Agency of King City (Redevelopment Agency) to the city or any other public agency after January 1, 2011. This statutory provision explicitly states that, "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 it should be returned to the Successor Agency of the Community Development Agency of King City.

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 any rights to payment of any kind. We also reviewed and determined whether any unallowable transfers of assets to the city or any other public agencies have been reversed.

Our review disclosed that the Community Development Agency of King City transferred a total of \$4,309,726, or 100% in assets to the Successor Agency as required.

If you have any questions, please contact Mr. Steven Mar at (916) 324-7226.

Sincerely,

*Original signed by*

**JEFFREY V. BROWNFIELD**  
Chief, Division of Audits

JVB/vb

Attachment

Michael Powers, City Manager

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January 24, 2013

cc: Scott Freesmeier, Audit Manager  
Division of Audits, State Controller's Office  
Ernesto Pangilinan, Auditor-in-Charge  
Division of Audits, State Controller's Office

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# Asset Transfer Assessment Review Report

## Summary

The State Controller's Office (SCO) reviewed the asset transfers made by the Community Development Agency of King City (Redevelopment Agency) 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 any rights to payments of any kind from any source.

Our review disclosed that the Community Development Agency of King City transferred a total of \$4,309,726, or 100% in assets to the Successor Agency as required.

## 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 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.

In accordance with the requirements of H&S Code section 34167.5, the State Controller is required to review the activities of RDAs, "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," and the date at which the RDA ceases to operate, or January 31, 2012, whichever is earlier.

## **Objectives, 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 operations and procedures.
- Reviewed meeting minutes, resolutions, and ordinances of the King City City Council, the Successor Agency, and the Community Development Agency.
- 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 disclosed that the Community Development Agency of King City transferred a total of \$4,309,726, or 100% in assets to the Successor Agency as required.

## **Views of Responsible Officials**

At an exit conference on November 28, 2012, we discussed the review results with Michael Powers, City Manager and Michael Howard, City Consultant. On January 14, 2013, Michael Howard agreed that we could release the report as final.

## **Restricted Use**

This report is solely for the information and use of the City of King City, the Successor Agency, and the Successor Agency Oversight Board; 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  
Chief, Division of Audits

January 24, 2013

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