

# **DANVILLE COMMUNITY DEVELOPMENT AGENCY**

## **ASSET TRANSFER REVIEW**

Review Report

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



**JOHN CHIANG**  
California State Controller

July 2013



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

July 15, 2013

Joe Calabrigo, Town Manager  
Danville Community Development/Successor Agency  
510 La Gonda Way  
Danville, CA 94526-1740

Dear Mr. Calabrigo:

Pursuant to Health and Safety (H&S) Code section 34167.5, the State Controller's Office (SCO) reviewed all asset transfers made by the Danville Community Development Agency to the Town of Danville 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 it 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 Town of Danville or any other public agencies have been reversed.

Our review found that the Danville Community Development Agency transferred \$5,661,749 in assets, including unallowable transfers of assets totaling \$28,773, or 0.005%, that must be turned over to the Successor Agency.

If you have any questions, please contact Steven Mar, Bureau Chief, Local Government Audits Bureau, at (916) 324-7226.

Sincerely,

*Original signed by*

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

JVB/kw

cc: Michael Oliver

Danville Community Development/Successor Agency Oversight Board

Robert R. Campbell

Contra Costa Auditor-Controller

Elizabeth Hudson, Finance Director

Danville Community Development/Successor Agency

Steven Szalay, Local Government Consultant

Department of Finance

Richard J. Chivaro, Chief Legal Counsel

State Controller's Office

Betty Moya, Audit Manager

Division of Audits, State Controller's Office

Venus Sharifi, 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 Danville Community Development 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 rights to payments of any kind from any source.

Our review found that the Danville Community Development Agency transferred \$5,661,749 in assets, including unallowable transfers of assets totaling \$28,773, or 0.005%, that 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 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 Code (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 on which the RDA ceases to operate, or January 31, 2012, whichever is earlier.

The SCO has identified transfers of assets that occurred after January 1, 2011, between the Danville Community Development Agency, the Town of Danville, and/or other public agencies. 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 order 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 operations and procedures.
- Reviewed meeting minutes, resolutions, and ordinances of the Danville Community Development Agency and the Town of Danville.
- 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 Danville Community Development Agency transferred \$5,661,749 in assets, including unallowable transfers of assets totaling \$28,773, or 0.005%, that must be turned over to the Successor Agency.

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

**Views of Responsible Official**

We issued a draft report on April 5, 2013. Rob Ewing, City Attorney for the Town of Danville, responded by email on May 20, 2013, agreeing with the results of our review.

**Restricted Use**

This report is solely for the information and use of the Danville Community Development Agency, the Successor Agency Oversight Board, the Town of Danville, 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

July 15, 2013

# Finding and Order of the Controller

**FINDING—  
Unallowable  
transfer to the  
Town of Danville**

On July 31, 2011, the Danville Community Development Agency (CDA) transferred \$28,773 in cash to the Town of Danville. The purpose of the transfer was to reimburse the Town of Danville for an advance given to purchase the Hartz property which belonged to the CDA.

Pursuant to H&S Code section 34167.5, any asset transfers by the CDA to a city, county, city and county, or any other public agency after January 1, 2011, must be returned to the Successor Agency for disposition in accordance with H&S Code sections 34177(d) and (e).

Order of the Controller

Based on H&S Code section 34167.5, the Town of Danville is ordered to reverse the transfer of the above assets, described in Schedule 1, in the amount of \$28,773 and turn them over to the Successor Agency. The Successor Agency is directed to properly dispose of those assets in accordance with H&S Code sections 34177(d) and (e).



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**Schedule 1—  
RDA Assets Transferred to  
the Town of Danville  
January 1, 2011, through January 31, 2012**

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Unallowable assets transfer to the Town of Danville	1
Cash (Capital projects fund #5810)	\$ 28,773
Total unallowable assets transferred	<u>\$ 28,773</u>

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<sup>1</sup> See the Finding and Order of the Controller section.

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

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