DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR
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April 24, 2013

Mr. William Avera, Development Services Director
City of Hollister
375 Fifth Street
Hollister, CA 95023

Dear Mr. Avera:

Subject: Other Funds and Accounts Due Diligence Review

The City of Hollister 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 February 7, 2013. The purpose of the review was to determine the amount of cash and cash equivalents available for distribution to the affected taxing entities. Since the Agency did not meet the January 15, 2013 submittal deadline pursuant to HSC section 34179.6 (c), Finance is not bound to completing its review and making a determination by the April 1, 2013 deadline pursuant to HSC section 34179.6 (d). However, Finance has completed its review of your DDR, which may have included obtaining clarification for various items.

HSC section 34179.6 (d) authorizes Finance to adjust the DDR's stated balance of OFA available for distribution to the taxing entities. Based on our review of your DDR, the following adjustment was made:

- Our review indicates the Agency did not request to retain balances to satisfy Recognized Obligation Payment Schedule (ROPS) obligations for fiscal year 2012-13. Specifically, the Agency did not include the July through December 2013 ROPS obligations in the amount of $3,276,756 comprised of $2,587,132 in Redevelopment Property Tax Trust Fund funding and $689,624 in Other funding. Finance adjusted the balance for this amount.

As a result, there are no unencumbered OFA balances available for distribution (see table below).

OFA Balances Available For Distribution To Taxing Entities		
Available Balance per DDR:	$	1,605,882
Finance Adjustments		
Balance retained for fiscal year 2012-13 obligations		(3,276,756)
Total OFA available to be distributed:	$	-

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: Ms. Mary Paxton, Program Manager, City of Hollister
Mr. Joe Paul Gonzalez, Auditor-Controller, San Benito County Auditor-Controller
California State Controller's Office