



March 11, 2013

Ms. Marie Lorenzi, Senior Accountant  
City of Turlock  
156 S. Broadway, Suite 230  
Turlock, CA 95380

Dear Ms. Lorenzi:

Subject: Other Funds and Accounts Due Diligence Review

Pursuant to Health and Safety Code (HSC) section 34179.6 (c), the Successor Agency to the Turlock Redevelopment Agency submitted an oversight board approved Other Funds and Accounts (OFA) Due Diligence Review (DDR) to the California Department of Finance (Finance) on January 15, 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.

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 adjustments were made:

The DDR requests to retain \$13,426,942 for fiscal year 2012-13 obligations. During our review, we identified the following:

- July through December 2012 Enforceable Obligations (EO) approved on the Recognized Obligation Payment Schedule (ROPS II) in the amount of \$6,484,482 (\$4,699,538 Other Funds + \$1,784,944 distributed Redevelopment Property Tax Trust Fund). Since these items are approved on the ROPS II, the Agency is allowed to retain them for the 2012-13 fiscal year obligations.
- January through June 2013 ROPS III obligations to be funded with Reserve or Other Balances in the amount of \$5,764,378 is allowed to be retained. However, included in the Agency's request to retain funds for ROPS III obligations were expenditures that were approved with Redevelopment Property Tax Trust Fund (RPTTF) funding. Since the County Auditor Controller distributed RPTTF for approved ROPS III obligations on January 2, 2013, after the June 30, 2012 OFA balances delineated in the DDR, it is inappropriate for the Agency to retain current OFA balances for obligations that have already been funded through a separate process.

Therefore, the OFA balances available for distribution to the taxing entities will be adjusted to allow the retention of \$12,248,860 for fiscal year 2012-13 obligations.

If you disagree with Finance's adjusted amount of OFA balances available for distribution to the taxing entities, you may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance's website below:

[http://www.dof.ca.gov/redevelopment/meet\\_and\\_confer/](http://www.dof.ca.gov/redevelopment/meet_and_confer/)

Even after Finance's adjustments, the Agency's OFA balance available for distribution to the affected taxing entities is zero (see table below).

<b>OFA Balances Available For Distribution To Taxing Entities</b>	
Available Balance per DDR:	\$ (10,804,917)
Finance Adjustments	
Add:	
Balances not needed to satisfy ROPS for the 2012-2013 fiscal year	\$ 1,178,082
<b>Total OFA available to be distributed:</b>	<b>\$ (9,626,835)</b>

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 Wendy Griffe, Supervisor or Jenny DeAngelis, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY  
Local Government Consultant

cc: Ms. Kellie Weaver, City Clerk, City of Turlock  
Ms. Lauren Klein, CPA, Auditor-Controller, Stanislaus County  
California State Controller's Office