DEPARTMENT OF FINANCE

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November 13, 2013

Ms. Jeri L. Corgill, Accounting Operations Manager
City of Greenfield
599 El Camino Real
Greenfield, CA 93927

Dear Ms. Corgill:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Greenfield Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14B) to the California Department of Finance (Finance) on September 30, 2013 for the period of January through June 2014. Finance has completed its review of your ROPS 13-14B, which may have included obtaining clarification for various items.

HSC section 34171 (d) defines enforceable obligations. Based on a sample of line items reviewed and application of the law, the following do not qualify as enforceable obligations for the reasons specified:

- Item No. 25 – Debt Service Carry-Over in the amount of $217,412. Finance allowed the Agency to retain these funds in the letter dated August 30, 2013 as an inclusion to the Other Funds and Accounts (OFA) Due Diligence Report (DDR) through the Meet and Confer process in the letter dated August 30, 2013. The Agency placed the item on the ROPS as a request to use these retained funds for other enforceable obligations, rather than a request for additional spending authority. Therefore, this line item is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.

- Item Nos. 26 through 28 – Civic Center Projects and Property Acquisition costs totaling $1,890,217 funded by bond proceeds. It is our understanding these costs were incurred prior to the redevelopment agency's dissolution, have already been paid using bond proceeds, and no obligations are due during the ROPS 13-14B period. Therefore, no additional funding is required.

Pursuant to HSC Section 34186 (a), successor agencies were required to report the estimated obligations and actual payments (prior period adjustments) associated with the January through June 2013 period. The amount of RPTTF approved in the table below includes the prior period adjustment that was self-reported by the Agency. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. Any proposed CAC adjustments were not received in time for inclusion in this letter. Therefore, the amount of RPTTF approved in the table below includes only the prior period adjustment that was self-reported by the Agency.

Except for items denied in whole or in part as enforceable obligations, Finance is not objecting to the remaining items listed on your ROPS 13-14B. If you disagree with the determination with respect to any items on your ROPS 13-14B, 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/

The Agency's maximum approved RPTTF distribution for the reporting period is $1,556,528 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2014		
Total RPTTF requested for non-administrative obligations		1,700,340
Total RPTTF requested for administrative obligations		73,600
Total RPTTF requested for obligations	**$**	**1,773,940**
Total RPTTF requested for non-administrative obligations		**1,700,340**
Denied Items		
Item No. 25		217,412
		217,412
Total RPTTF approved for non-administrative obligations		**1,482,928**
Total RPTTF requested for administrative obligations		**73,600**
Total RPTTF for administrative obligations		**73,600**
Total RPTTF approved for obligations		**1,556,528**
ROPS III prior period adjustment		-
Total RPTTF approved for distribution	**$**	**1,556,528**

Pursuant to HSC section 34177 (l) (1) (E), agencies are required to use all available funding sources prior to RPTTF for payment of enforceable obligations. Beginning with the ROPS 13-14B period, Finance required successor agencies to identify fund balances for various types of funds in its possession. During our ROPS 13-14B review, Finance requested financial records to support the fund balances reported by the Agency; however, Finance was unable to reconcile the financial records to the amounts reported. As a result, Finance will continue to work with the Agency after the ROPS 13-14B review period to properly identify the Agency's fund balances. If it is determined the Agency possesses fund balances that are available to pay approved obligations, the Agency should request the use of these fund balances prior to requesting RPTTF in ROPS 14-15A.

In addition, adjustments were made to the Fund Balance form based upon information provided by the Agency during our review. Although these adjustments have no effect on the amount of RPTTF the Agency receives, these adjustments will affect the Agency's fund balances for the fund sources involved. The following adjustments were made:

- The Agency was allowed to retain $2,097,510 in bond reserves during the OFA DDR; however, the amount was omitted from the Fund Balance form. The Agency agreed with this adjustment and will report bond reserve balances on future ROPS.

- The Agency provided financial records detailing a cash balance in the amount of $159,800 held as CalHome Trust. This amount was the reserve set aside for the CalHUD loan repayments and was approved on the July through December 2012 ROPS (ROPS II). However, this amount was omitted from the Fund Balance form. This amount was added to the reserve balance on the Fund Balance form and should be reported on future ROPS.

Please refer to the ROPS 13-14B schedule that was used to calculate the approved RPTTF amount:

http://www.dof.ca.gov/redevelopment/ROPS/ROPS 13-14B Forms by Successor Agency/.

Absent a Meet and Confer, this is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2014. This determination applies only to items where funding was requested for the six month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not denied on this ROPS or a preceding ROPS. The only exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC 34177.5 (i). Finance's review of items that have received a Final and Conclusive determination is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment that was available prior to enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the successor agency in the RPTTF.

To the extent proceeds from bonds issued after December 31, 2010 exist and are not encumbered by an enforceable obligation pursuant to HSC section 34171 (d), HSC section 34191.4 (c)(2)(B) requires these proceeds be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

Please direct inquiries to Nichelle Thomas, Supervisor or Susana Medina Jackson, Lead Analyst at (916) 445-1546.

Sincerely,

JUSTYN HOWARD
Assistant Program Budget Manager

cc: Ms. Susan Stanton, City Manager, City of Greenfield
Ms. Julie Aguero, Auditor Controller Analyst II, Monterey County
California State Controller's Office