



October 28, 2013

Ms. Angela Freitas, Planning Director
Stanislaus County
1010 10th Street Suite 3400
Modesto, CA 95354

Dear Ms. Freitas:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the Stanislaus County Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14B) to the California Department of Finance (Finance) on September 19, 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.

During our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that are required to be used prior to requesting Redevelopment Property Tax Trust Fund (RPTTF). Pursuant to HSC section 34177 (l) (1) (E), RPTTF may be used as a funding source, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. The Agency provided financial records that displayed available cash balances totaling \$106,925.

Therefore, the funding source for the following item is being reclassified to the funding source labeled Reserve Balance and in the amount specified below:

- Item No. 11 – Administrative Allowance in the amount of \$106,925. The Agency requested \$125,000 of RPTTF admin; however, Finance is reclassifying \$106,925 to the Reserve Balance funding source. This item was determined to be an enforceable obligation for the ROPS 13-14B period. However, the Agency has \$106,925 in cash funds eligible for use prior to requesting RPTTF. Therefore, Finance is approving RPTTF admin in the amount of \$18,075 and the use of reserves in the amount of \$106,925, totaling \$125,000 for Item No. 11.

HSC Section 34177 (a) (3) states that the Agency can only make payments listed on the ROPS, from the funds listed and authorized by Finance.

In addition, adjustments were made to the Fund Balances 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, they will affect the Agency's fund balances for the funds sources involved. Based upon a review of the Fund Balances form, the following adjustments were made:

- Beginning Available Fund Balance as of January 1, 2013, Reserve Balance retained for bond reserves in the amount of \$0 should be \$1,193,740. Based upon information provided by the Agency, this amount has been adjusted by \$1,193,740.

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 the item that has been reclassified, 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 \$603,840 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2014	
Total RPTTF requested for non-administrative obligations	654,457
Total RPTTF requested for administrative obligations	125,000
Total RPTTF requested for obligations	\$ 779,457
Total RPTTF requested for non-administrative obligations	654,457
Total RPTTF approved for non-administrative obligations	654,457
Total RPTTF requested for administrative obligations	125,000
<u>Reclassified Items</u>	
Item No. 11	(106,925)
Total RPTTF approved for administrative obligations	18,075
ROPS III prior period adjustment	(68,692)
Total RPTTF approved for distribution	\$ 603,840

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

Sincerely,



JUSTYN HOWARD
Assistant Program Budget Manager

cc: Ms. Marianne Rucker, Manager II, Stanislaus County
Ms. Lauren Klein, Auditor-Controller, Stanislaus County
California State Controller's Office