



November 17, 2014

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 14-15B) to the California Department of Finance (Finance) on October 3, 2014 for the period of January 1 through June 30, 2015. Finance has completed its review of your ROPS 14-15B, which may have included obtaining clarification for various items.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item No. 1 – 2002 Tax Allocation Bonds Debt Service Payment in the amount of \$2,201,070 has been adjusted as follows. The Agency neglected to include \$20,000 in Reserve Balances approved in ROPS 14-15A. With the Agency's concurrence, Finance added \$20,000 in Reserve Balances to the \$60,384 requested from Redevelopment Property Tax Trust Fund (RPTTF), totaling \$80,384 for this item.
- Item No. 2 – 2006 Tax Allocation Bonds Debt Service Payment in the amount of \$32,221,883 has been adjusted as follows. Based on the information provided, the Agency requested \$1,112,807, which is \$66,112 more than the \$1,046,695 required for the February 1, 2015 debt service payment. In addition, the Agency neglected to include \$358,612 in Reserve Balances approved in ROPS 14-15A. With the Agency's concurrence, Finance added \$358,612 in Reserve Balances to the \$688,083 requested from RPTTF, totaling \$1,046,695 for this item. Therefore, the excess, \$66,112 (\$1,112,807 - \$1,046,695) is not eligible for RPTTF funding on this ROPS.
- Item No. 3 – California Housing Finance Agency Loan in the amount of \$650,000. The Agency requested \$0 for this obligation on ROPS 14-15B. However, it is our understanding a payment in the amount of \$650,000 is due and payable April 2015. Therefore, with the Agency's concurrence, Finance is approving the use of Other Funds in the amount of \$319,000, and RPTTF in the amount of \$331,000, totaling \$650,000 for this item.

During our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that should be used prior to requesting 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 Other Funds totaling \$4,870.

Therefore, with the Agency's concurrence, the funding source for the following item has been reclassified to Other Funds in the amount specified below:

- Item No. 10 – Legal Service Contract. The Agency requests \$7,500 from the Administrative Cost Allowance; however, Finance is reclassifying \$4,870 to Other Funds. This item is an enforceable obligation for the ROPS 14-15B period. However, the obligation does not require payment from property tax revenues and the Agency has \$4,870 in available Other Funds. Therefore, Finance is approving the use of RPTTF in the amount of \$2,630, and the use of Other Funds in the amount of \$4,870, totaling \$7,500 for this item.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 14-15B form the estimated obligations and actual payments (prior period adjustments) associated with the January through June 2014 period. HSC section 34186 (a) also specifies prior period adjustments self-reported by successor agencies are subject to review by the CAC and the State Controller. Proposed CAC adjustments were not received in time for inclusion in this letter.

During our review, Finance determined the Agency incorrectly reported \$2,080 between Available Non-Admin RPTTF and Available Admin RPTTF. Finance adjusted the amounts to correspond to the County Auditor-Controller (CAC) distributed amounts of \$1,236,742 for Non-Admin RPTTF and \$0 funds for Admin RPTTF. In addition, with the Agency's concurrence, Finance adjusted the self-reported prior period adjustment for Item Nos. 6 and 7 by \$8,068 because the Agency incorrectly reported Available RPTTF for these items.

As a result, the Agency has a prior period adjustment of \$2,427 (\$1,236,742 Non-Admin RPTTF - \$1,238,315 Actual Non-Admin RPTTF Expenditures). Therefore, the amount of RPTTF approved in the table below reflects the prior period adjustment made by Finance.

Except for the items denied or adjusted in whole or in part, and the item that has been reclassified, Finance is not objecting to the remaining items listed on your ROPS 14-15B. If you disagree with the determination with respect to any items on your ROPS 14-15B, 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 \$1,352,108 as summarized in the Approved RPTTF Distribution Table below:

Approved RPTTF Distribution	
For the period of January through June 2015	
Total RPTTF requested for non-administrative obligations	1,037,017
Total RPTTF requested for administrative obligations	57,500
Total RPTTF requested for obligations on ROPS	\$ 1,094,517
RPTTF adjustment to non-administrative obligations	331,000
RPTTF adjustment to administrative obligations	0
Total RPTTF adjustments	\$ 331,000
Total RPTTF requested for non-administrative obligations	1,368,017
<u>Denied Item</u>	
Item No. 2	(66,112)
Total RPTTF for non-administrative obligations	\$ 1,301,905
Total RPTTF authorized for non-administrative obligations	\$ 1,301,905
Total RPTTF requested for administrative obligations	57,500
<u>Cash Balances - Item reclassified to other funding sources</u>	
Item No. 10	(4,870)
Total RPTTF authorized for administrative obligations	\$ 52,630
Total RPTTF authorized for obligations	\$ 1,354,535
Self-reported ROPS 13-14B prior period adjustment (PPA)	(10,495)
Finance adjustment to ROPS 13-14B PPA	8,068
Total ROPS 13-14B PPA	(2,427)
Total RPTTF approved for distribution	\$ 1,352,108

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. During the ROPS 14-15B review, Finance requested financial records to support the cash balances reported by the Agency. The Agency was able to support the amounts reported except for available Bond Proceeds. Therefore, as noted above, Finance has reclassified available cash balances of \$4,870 that were supported by the Agency's records. Finance will continue to work with the Agency after the ROPS 14-15B review period to resolve any remaining issues. If it is determined the Agency possesses additional cash balances that are available to pay approved obligations, the Agency should request the use of these cash balances prior to requesting RPTTF in ROPS 15-16A.

Please refer to the ROPS 14-15B schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS>

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, 2015. This determination only applies 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 section 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 the 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 agency in the RPTTF.

Pursuant to HSC section 34177 (a) (3), only those payments listed on an approved ROPS may be made by the successor agency from the funds specified in the ROPS. However, if for whatever reason the Agency needs to make payments for approved obligations from another funding source, HSC section 34177 (a) (4) requires the Agency to first obtain oversight board approval.

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 Michael Barr, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Acting 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