



DEPARTMENT OF
FINANCE

EDMUND G. BROWN JR. • GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

May 14, 2012

Roberta Raper, Finance Director
City of Grass Valley
125 E. Main Street
Grass Valley, CA 95945

Dear Ms. Raper:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the Grass Valley Successor Agency (City) submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on May 1, 2012 for the period January through June 2012 and July through December 2012. Finance staff contacted you for clarification of items listed in the ROPS.

HSC section 34171 (d) lists enforceable obligation (EO) characteristics. Based on a sample of line items reviewed and application of the law, the following do not qualify as EOs:

January through June 2012 ROPS:

- Item 9, Page 1 – Debt Service Reserve in the amount of \$121,760. It is our understanding this is the unused carryover of remaining tax increment from the January tax increment payment. HSC section 34177 (d) requires successor agencies to remit unencumbered balances of redevelopment agency funds to the county auditor-controller. While debt service funds may be an EO when required by loan or bond documents, it is our understanding that this is not the case and the amount of \$121,760 should be returned to the county auditor-controller or withheld from future payments of tax increment.
- Item 6, Page 2 – Elisabeth Daniels Park and Library in the amount of \$46,085. The agreement provided was between the County of Nevada and the City of Grass Valley. Documents provided do not indicate an EO of the former redevelopment agency.

As authorized by HSC section 34179 (h), Finance is returning your ROPS for your reconsideration. This action will cause the specific ROPS items noted above to be ineffective until Finance approval. Furthermore, items listed on future ROPS will be subject to review and may be denied as EOs.

If you believe we have reached this conclusion in error, please provide further evidence that the items questioned above meet the definition of an EO and submit to the following email address:

Redevelopment_Administration@dof.ca.gov

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Finance may continue to review items on the ROPS in addition to those mentioned above and identify additional issues. We will provide separate notice if we are requesting further modifications to the ROPS. It is our intent to provide an approval notice with regard to each ROPS prior to the June 1 property tax distribution date.

Please direct inquiries to Evelyn Suess, Supervisor or Douglas Evans, Lead Analyst at (916) 322-2985.

Sincerely,

A handwritten signature in black ink that reads "Mark Hill". The signature is written in a cursive, slightly slanted style.

MARK HILL
Program Budget Manager

cc: Ms. Marcia L Salter, Auditor-Controller, County of Nevada