



March 28, 2014

Mr. Paul Baxter, Treasurer, Designated Local Authority
Designated Local Authority for the City of Riverbank
6707 Third Street
Riverbank, CA 95367

Dear Mr. Baxter:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the Designated Local Authority for the Riverbank Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15A) to the California Department of Finance (Finance) on February 14, 2014 for the period of July through December 2014. Finance has completed its review of your ROPS 14-15A, 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 Nos. 1 and 2 – 2007 Tax Allocation Bond payments in the amount of \$1,072,481 and \$272,793, respectively. Included in these amounts are the requested payments for the ROPS 13-14B period in the amount of \$276,240 and \$68,896, respectively, which was approved and partially funded. It is not necessary to request these amounts as enforceable obligations at this time since the ROPS 13-14B period has not ended and the Agency received RPTTF funding for these items. Therefore, these payments will be reduced by \$276,240 and \$68,896, respectively. The total amount of \$345,136 (\$276,240 + \$68,896) is not eligible for RPTTF funding.

During our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that should 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 unencumbered and available reserve balance totaling \$3,543 in Fund 224.

Therefore, with the Agency's consent, the funding source for the following item has been reclassified to use excess Reserve Balances and in the amount specified below:

Item No. 1 – 2007 Tax Allocation Bond Series A in the amount of \$1,072,481. This amount was adjusted to \$796,241 (\$1,072,481 - \$276,240) for amounts denied above.

Finance is also reclassifying \$3,543 to Reserve Balances. Therefore, RPTTF is approved in the amount of \$792,698 (\$1,072,481 - \$276,240 - \$3,543) and the use of Reserve Balances in the amount of \$3,543, totaling \$796,241.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 14-15A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2013 period. The amount of RPTTF approved in the table below includes the prior period adjustment self-reported by the Agency. HSC section 34186 (a) also specifies 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 only includes the prior period adjustment self-reported by the Agency.

Except for the items denied in whole or in part as enforceable obligations or for the item that have been reclassified, Finance is not objecting to the remaining items listed on your ROPS 14-15A. If you disagree with the determination with respect to any items on your ROPS 14-15A, 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 \$1,971,265 as summarized below:

Approved RPTTF Distribution For the period of July through December 2014	
Total RPTTF requested for non-administrative obligations	2,319,944
Total RPTTF requested for administrative obligations	0
Total RPTTF requested for obligations	\$ 2,319,944
Total RPTTF requested for non-administrative obligations	2,319,944
<u>Denied Items</u>	
Item No. 1	(276,240)
Item No. 2	(68,896)
<u>Cash Balances - Item reclassified to reserve balances</u>	
Item No. 1	(3,543)
Total RPTTF authorized for non-administrative obligations	\$ 1,971,265
Total RPTTF requested for administrative obligations	0
Total RPTTF authorized for administrative obligations	0
Total RPTTF authorized for obligations	\$ 1,971,265
ROPS 13-14A prior period adjustment	0
Self-reported ROPS 13-14A prior period adjustment (PPA)	0
Finance adjustment to ROPS 13-14A PPA	0
Total ROPS 13-14A PPA	0
Total RPTTF approved for distribution	\$ 1,971,265

Please refer to the ROPS 14-15A 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 July 1 through December 31, 2014. 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 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: Mr. Wendell Naraghi, Chair, Designated Local Authority for the City of Riverbank
Ms. Lauren Klein, Auditor-Controller, Stanislaus County
California State Controller's Office