



October 17, 2015

Mr. Paul Baxter, Treasurer, Designated Local Authority
City of Riverbank Designated Local Authority
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 City of Riverbank Designated Local Authority Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period January 1 through June 30, 2016 (ROPS 15-16B) to the California Department of Finance (Finance) on September 18, 2015. Finance has completed its review of the ROPS 15-16B.

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

Item No. 57 – Supplemental Educational Revenue Augmentation Fund loan repayment in the amount of \$98,201 is not allowed. HSC section 34191.4 (b) (2) (A) allows this repayment to be equal to one-half of the increase between the ROPS residual pass-through distributed to the taxing entities in that fiscal year and the ROPS residual pass-through distributed to the taxing entities in the fiscal year 2012-13 base. Further, HSC section 34171 (d) (1) (G) requires the Oversight Board (OB) to approve a repayment schedule for the repayment of the amounts borrowed. Finance has yet to receive a repayment schedule approved by the OB. Once the OB approves the loan and loan repayment schedule, and the corresponding OB action is approved by Finance, the Agency may request funding for this item on future ROPS. Therefore, this line item is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding at this time.

Pursuant to HSC section 34186 (a) (1), the Agency was required to report on the ROPS 15-16B form the estimated obligations versus actual payments (prior period adjustment) associated with the January through June 2015 period (ROPS 14-15B). HSC section 34186 (a) (1) also specifies the prior period adjustment self-reported by the Agency is subject to review by the county auditor-controller (CAC). Proposed CAC adjustments were not received in time for inclusion in this letter; therefore, the amount of RPTTF approved in the table on the following page only reflects the Agency's self-reported prior period adjustment, further adjusted by Finance. An adjustment was necessary to accurately account for actual expenditures as compared to distributed RPTTF for the ROPS 14-15B period.

Except for the item denied in whole, Finance is not objecting to the remaining items listed on your ROPS 15-16B. If you disagree with Finance's determination with respect to any items on your ROPS 15-16B, except for those items which are the subject of litigation disputing Finance's previous or related determinations, 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 \$2,008,584 as summarized in the Approved RPTTF Distribution table below:

| Approved RPTTF Distribution For the period of January through June 2016 | |
|--|---------------------|
| Total RPTTF requested for non-administrative obligations | 2,106,785 |
| Total RPTTF requested for administrative obligations | 0 |
| Total RPTTF requested for obligations on ROPS 15-16B | \$ 2,106,785 |
| Total RPTTF requested for non-administrative obligations | 2,106,785 |
| <u>Denied Item</u> | |
| Item No. 57 | (98,201) |
| Total RPTTF authorized for non-administrative obligations | \$ 2,008,584 |
| Total RPTTF requested for administrative obligations | 0 |
| Total RPTTF authorized for administrative obligations | \$ 0 |
| Total RPTTF authorized for obligations | \$ 2,008,584 |
| Self-reported ROPS 14-15B prior period adjustment (PPA) | (141,292) |
| Finance adjustment to ROPS 14-15B PPA | 141,292 |
| Total ROPS 14-15B PPA | 0 |
| Total RPTTF approved for distribution | \$ 2,008,584 |

On the ROPS 15-16B form, the Agency reported cash balances and activity for the period January 1 through December 31, 2015. Finance will perform a review of the Agency's self-reported cash balances on an ongoing basis. Please be prepared to submit financial records and bridging documents to support the cash balances reported upon request. If it is determined the Agency possesses cash balances that are available to pay approved obligations, HSC section 34177 (l) (1) (E) requires these balances be used prior to requesting RPTTF.

Please refer to the ROPS 15-16B schedule used to calculate the total RPTTF approved for distribution:

<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, 2016. This determination only applies to items when 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 ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if it was not denied on this ROPS or a preceding ROPS. The only exception is for

items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items 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 available prior to the enactment of the redevelopment dissolution statutes. 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.

Please direct inquiries to Wendy Griffe, Supervisor, or Jared Smith, Lead Analyst, at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Mr. Wendell Naraghi, Chair, Designated Local Authority, City of Riverbank Designated
Local Authority
Ms. Lauren Klein, Auditor-Controller, Stanislaus County