



April 1, 2013

Ms. Cathy Orme, Finance Director
City of Rohnert Park
130 Avram Avenue
Rohnert Park, CA 94928

Dear Ms. Orme:

Subject: Other Funds and Accounts Due Diligence Review

The City of Rohnert Park successor agency (Agency) submitted an oversight board approved Other Funds and Accounts (OFA) Due Diligence Review (DDR) to the California Department of Finance (Finance) on January 17, 2013. The purpose of the review was to determine the amount of cash and cash equivalents available for distribution to the affected taxing entities. Since the Agency did not meet the January 15, 2013 submittal deadline pursuant to HSC section 34179.6 (c), Finance is not bound to completing its review and making a determination by the April 1, 2013 deadline pursuant to HSC section 34179.6 (d). However, Finance has completed its review of your DDR, which may have included obtaining clarification for various items.

HSC section 34179.6 (d) authorizes Finance to adjust the DDR's stated balance of OFA available for distribution to the taxing entities. Based on our review of your DDR, the following adjustments were made:

- Assets transferred to the City of Rohnert Park (City) during the period January 1, 2011 through June 30, 2012 totaling \$11,778,520 are not allowable. HSC section 34179.5 (c) (2) only allows asset transfers within this period that are required by enforceable obligation or meet the definition of governmental use. Specifically:
 - Assets transferred in the amount of \$11,505,035. The former redevelopment agency (RDA) transferred capital assets in the amount of \$11,505,035 to the City on March 8, 2011. The Agency was unable to provide documentation to demonstrate that the transfer was for an enforceable obligation. Therefore, asset balance stated in the OFA DDR should be increased by \$11,505,035. Because these assets are considered as non-liquid assets, this adjustment does not affect the OFA funds available for distribution to the taxing entities.

The non-liquid assets transferred to the City are subject to the California State Controller's Office review of asset transfers. To the extent these assets that transferred are not for a government purpose or pursuant to an enforceable obligation, these assets should be returned to the Agency and disposed of in a

manner consistent to the Agency's Long Range Property Management Plan pursuant to HSC section 34191.5.

- Assets transferred totaling \$273,485. The former RDA transferred \$180,110 on June 15, 2011 and \$93,375 on December 30, 2011 for loan payments to the City's General Fund. HSC 34171 (d)(2) states that agreements, contracts or arrangements between the city that created the RDA and the former RDA are not enforceable obligations, unless entered into within two years of the date of creation of the redevelopment agency. Therefore, these transfers are deemed to be not enforceable and the OFA balance available for distribution to the taxing entities will be adjusted by \$273,485.

If you disagree with Finance's adjusted amount of OFA balances available for distribution to the taxing entities, 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/

Even after the adjustments, the Agency's OFA balance available for distribution to the affected taxing entities continues to be zero (see table below).

OFA Balances Available For Distribution To Taxing Entities	
Available Balance per DDR:	\$ (1,540,188)
Finance Adjustments	
Add:	
Disallowed transfers:	\$ 273,485
Total OFA available to be distributed:	\$ (1,266,703)

Pursuant to HSC section 34167.5 and 34178.8, the California State Controller's Office (Controller) has the authority to claw back assets that were inappropriately transferred to the city, county, or any other public agency. Determinations outlined in this letter do not in any way eliminate the Controller's authority.

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

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Ms. Linda Babonis, Economic Manager, City of Rohnert Park
Mr. Erick Roeser, Property Tax Manager, Sonoma County
California State Controller's Office