

November 11, 2014

Ms. Mary Rister, Finance Officer
City of Rocklin
3970 Rocklin Road
Rocklin, CA 95677

Dear Ms. Rister:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Rocklin Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15B) to the California Department of Finance (Finance) on September 29, 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. 47 –RPTTF Shortfall for ROPS 14-15A in the amount of \$546,119 is partially approved. Finance acknowledges that the Agency experienced Redevelopment Property Tax Trust Fund (RPTTF) shortfall of \$547,314 for the ROPS 14-15A period as total RPTTF approved for distribution was in the amount of \$1,673,746 and the County Auditor-Controller (CAC) distribution was in the amount of \$1,126,432. However, the Agency has communicated to Finance that it had other funds in the amount of \$44,134 which were used to fund ROPS 14-15A enforceable obligations. Therefore, the Agency's request for a ROPS 14-15A shortfall is approved up to the unfunded amount of \$501,985 (\$546,119 – \$44,134).

Additionally, the Agency requested funding increase to Item No.46 – 2007 Bonds payment reserve, in the amount of \$45,000. Finance has updated the requested amount for Item No.46 to include the additional requested funding for a total amount of \$410,000 of RPTTF.

Review of ROPS 14-15B included Agency's Oversight Board (OB) Resolution 2014 - 23 approving the Quinn Quarry Park project and use of tax allocation bond funds for project funding. Finance approves the expenditure of \$1,200,000 of bond proceeds from the 2007 tax allocation bond, as listed Item No. 49.

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 audit by the county

auditor-controller (CAC) and the State Controller. The amount of RPTTF approved in the table below includes the prior period adjustment resulting from the CAC's review of the Agency's self-reported prior period adjustment.

Except for the item denied in whole or in part, 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 \$1,666,027 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	2,021,740
Total RPTTF requested for administrative obligations	125,000
Total RPTTF requested for obligations on ROPS	\$ 2,146,740
RPTTF adjustment to non-administrative obligations	45,000
RPTTF adjustment to administrative obligations	-
Total RPTTF adjustments	\$ 45,000
Total RPTTF requested for non-administrative obligations	2,066,740
<u>Denied Item</u>	
Item No. 47	(44,134)
Total RPTTF authorized for non-administrative obligations	\$ 2,022,606
Total RPTTF requested for administrative obligations	125,000
ROPS 13-14B prior period adjustment	(481,579)
Total RPTTF approved for distribution	\$ 1,666,027

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 the RPTTF beginning available balance as of January 1, 2014 that should have included the prior period adjustment amount from ROPS12-13B of \$139,467. Finance will continue to work with the Agency after the ROPS 14-15B review period to resolve any remaining issues as described above. 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 Beliz Chappuie, Supervisor or Todd Vermillion, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Acting Program Budget Manager

cc: Ms. Kim Sarkovich, Chief Finance Officer, City of Rocklin
Ms. Jayne Goulding, Managing Accountant Auditor, Placer County
California State Controller's Office