



April 10, 2015

Mr. Ken Zuidervaart, Planning Director
City of Ripon
259 North Wilma Avenue
Ripon, CA 95366

Dear Mr. Zuidervaart:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Ripon Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 15-16A) to the California Department of Finance (Finance) on February 27, 2015 for the period of July 1, 2015 through December 31, 2015. Finance has completed its review of your ROPS 15-16A, 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. 4 – 2003 Tax Allocation Bond (TAB) Administration Fees in the amount of \$2,750 of Redevelopment Property Tax Trust Fund (RPTTF) funding is not approved. Based upon a review of RPTTF received through the ROPS 14-15B cycle, Agency has received sufficient funding for payments through April 30, 2015. The next payment is not due until May 1, 2016. Therefore, the request for \$2,750 exceeds the Agency's obligation and is not eligible for RPTTF funding.
- Item No. 5 – 2005 TAB Administration Fees in the amount of \$2,750 of RPTTF funding is not approved. Based upon a review of RPTTF received through the ROPS 14-15B cycle, Agency has received sufficient funding for payments through November 30, 2015. The next payment is not due until December 1, 2016. Therefore, the request for \$2,750 exceeds the Agency's obligation and is not eligible for RPTTF funding.
- Item No. 6 – 2007 TAB Administration Fees in the amount of \$2,750 of RPTTF funding is not approved. Based upon a review of RPTTF received through the ROPS 14-15B cycle, Agency has received sufficient funding for payments through June 30, 2015. The next payment is not due until July 1, 2016. Therefore, the request for \$2,750 exceeds the Agency's obligation, and is not eligible for RPTTF funding.
- Item Nos. 15 and 16 – 2003 and 2007 TAB Administration Fees ROPS 14-15A period unfunded obligations reimbursement request, each in the amount of \$2,750 of Reserve Balances is not allowed. As noted above for Item Nos. 4 and 6, the Agency has received sufficient funding for payment of these obligations until May, 2016, and July,

2016, respectively. Therefore, although the Agency did receive a shortfall during the ROPS 14-15A period, there are no outstanding amounts due for these obligations and they are not eligible for Reserve Balances.

In ROPS 14-15B, the Agency requested RPTTF for a bond reserve to be used in the ROPS 15-16A period. It is our understanding the Agency inadvertently requested RPTTF for these obligations, and per discussion with Agency staff, the Agency would like to change the funding source for the following obligations to Reserve Balances. In addition, the Agency requested reserves for Item No. 13 when these Reserve Balances were authorized for debt service payments. As a result, the total ROPS 15-16A RPTTF funding requested for enforceable obligations has been decreased to \$398,036 (\$899,362 - \$501,326) and the total Reserve Balances requested for enforceable obligations has been increased to \$967,563 (\$466,237 + \$501,326).

Item No.	Project Name / Debt Obligation	Requested RPTTF	Adjusted Amount to RPTTF	Requested Reserve Balances	Adjusted Amount to Reserve Balances
1	2003 TAB	\$74,545	(\$74,545)	\$175,326	\$74,545
2	2005 TAB	230,875	(230,875)	0	230,875
3	2007 TAB	593,942	(197,906)	288,911	197,906
13	Long-Range Property Management Plan - Property Appraisal	0	2,000	2,000	(2,000)
	Total	\$899,362	(\$501,326)	\$466,237	\$501,326

The revised request is as follows:

Revised Request			
Item No.	RPTTF	Reserve Balances	Total
1	\$0	\$249,871	\$249,871
2	0	230,875	230,875
3	396,036	486,817	882,853
13	2,000	0	2,000
Total	\$398,036	\$967,563	\$1,365,599

In addition, Finance noted during our review that on the ROPS 14-15A Prior Period Adjustment (PPA) worksheet the Agency's expenditures exceeded Finance's authorization for the following items:

Bond Proceeds totaling \$6,247 – Item No. 1, \$6,186; and Item No. 2, \$61.

Per HSC section 34177 (a) (3), only those payments listed on ROPS may be made by the Agency from the funds specified on the ROPS. However, these items were determined to be

enforceable obligations for the ROPS 14-15A period. Therefore, Finance is increasing the Agency's authorization for the ROPS 15-16A period to ensure that authorization is consistent with expenditures for the approved enforceable obligations. As these Bond Proceeds were previously expended, the increase in authorization should not result in increased expenditures for the current ROPS period, but should merely allow the Agency to reconcile actual expenditures to the authorization.

HSC sections 34177 (a) (4) and 34173 (h) provide mechanisms when Agency payments must exceed the amounts authorized by Finance. Please ensure the proper expenditure authority is received from your Oversight Board and Finance prior to making payments on enforceable obligations.

It is our understanding that on the prior period adjustment (PPA) worksheet the Agency incorrectly input Reserve Balance expenditures authorized for the ROPS 14-15B period. Therefore, with the Agency's concurrence Finance will adjust the Actual ROPS 14-15A expenditures for the following:

Item No.	Description	Reserve Balances Reported Actual Expenditures	Adjustment To Reserve Balances Expenditures	Reserve Balance Actual Expenditures
3	2007 TAB	\$51,383	(\$51,383)	\$0
4	2003 TAB Administration Fees	2,750	(2,750)	0
6	2007 TAB Administration Fees	2,750	(2,750)	0
	Totals	\$56,883	(\$56,883)	\$0

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 15-16A form the estimated obligations and actual payments (PPAs) associated with the July through December 2014 period. HSC section 34186 (a) also specifies PPAs self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. Proposed CAC adjustments were not received in time for inclusion in this letter; therefore, the amount of RPTTF approved in the table below only reflects the PPA self-reported by the Agency.

Except for the items denied, Finance is not objecting to the remaining items listed on your ROPS 15-16A. If you disagree with the determination with respect to any items on your ROPS 15-16A, 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 \$527,136 as summarized in the Approved RPTTF Distribution table on the following page:

Approved RPTTF Distribution	
For the period of July through December 2015	
Total RPTTF requested for non-administrative obligations	911,712
Total RPTTF requested for administrative obligations	125,000
Total RPTTF requested for obligations on ROPS	\$ 1,036,712
Total RPTTF requested for non-administrative obligations	911,712
<u>Denied Items</u>	
Item No. 4	(2,750)
Item No. 5	(2,750)
Item No. 6	(2,750)
	(8,250)
<u>Reclassified Items</u>	
Item No. 1	(74,545)
Item No. 2	(230,875)
Item No. 3	(197,906)
Item No. 13	2,000
	(501,326)
Total RPTTF authorized for non-administrative obligations	\$ 402,136
Total RPTTF requested for administrative obligations	125,000
Total RPTTF authorized for administrative obligations	\$ 125,000
Total RPTTF authorized for obligations	\$ 527,136
ROPS 14-15A PPA	0
Total RPTTF approved for distribution	\$ 527,136

Please refer to the ROPS 15-16A 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, 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 (j). 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 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 Wendy Griffe, Supervisor or Kelly Wyatt, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Mr. Kevin Werner, Deputy City Administrator, City of Ripon
Mr. Jay Wilverding, Auditor-Controller, San Joaquin County
California State Controller's Office