



April 13, 2016

Ms. Stacey Tamagni, Financial Analyst  
City of Folsom  
50 Natoma Street  
Folsom, CA 95630

Dear Ms. Tamagni:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Folsom Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period July 1, 2016 through June 30, 2017 (ROPS 16-17) to the California Department of Finance (Finance) on February 1, 2016. Finance has completed its review of the ROPS 16-17.

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

- Item Nos. 4 and 9 – 2011A Tax Allocation Bonds (TABs) and the 2011A TABs Reserve Set Aside, debt service payments totaling \$1,464,361 have been adjusted. Per discussion with Agency staff and a review of the debt service schedule, the \$488,197 requested for Item No. 4 in the July 1, 2016 through December 31, 2016 period (ROPS A period) should be \$571,044 and the \$487,850 requested for Item No. 4 in the January 1, 2017 through June 30, 2017 period (ROPS B period) should be \$400,887. In addition, the \$488,314 requested for Item No. 9 in the ROPS B period should be \$580,888.

Therefore, as requested by the Agency, the amount of Redevelopment Property Tax Trust Fund (RPTTF) funding requested for Item No. 4 has been increased by \$82,847 (\$571,044 - \$488,197) in the ROPS A period and decreased by \$86,962 (\$487,850 - \$400,887) in the ROPS B period. In addition, the amount of RPTTF funding requested for Item No. 9 has been increased by \$92,574 (\$580,888 - \$488,314) in the ROPS B period.

- Item No. 36 – Low and Moderate Income Housing Fund loan repayment for purposes of the Supplemental Educational Revenue Augmentation Fund in the amount of \$741,241 is partially 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 year.

According to the Sacramento County Auditor-Controller's report, the amount distributed to the taxing entities for fiscal year 2012-13 and 2015-16 are zero and \$1,438,638, respectively. Therefore, pursuant to the repayment formula, the maximum repayment

amount authorized for the 2016-17 period is \$719,319. Therefore, of the \$747,241 requested, \$27,922 of excess loan repayment is not eligible for funding on this ROPS.

Except for the item denied in whole or in part or the items that have been adjusted, Finance is not objecting to the remaining items listed on your ROPS 16-17. If you disagree with Finance's determination with respect to any items on your ROPS 16-17, 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/](http://www.dof.ca.gov/redevelopment/meet_and_confer/)

On the ROPS 16-17 form, the Agency reported cash balances and activity for the period of July 1, 2015 through June 30, 2016. Finance performs a review of the Agency's self-reported cash balances on an ongoing basis. 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 enforceable obligations, HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF.

The Agency's maximum approved RPTTF distribution for the reporting period is \$7,285,513 as summarized in the Approved RPTTF Distribution Table on Page 4 (See Attachment).

ROPS distributions will occur twice annually, one distribution for the ROPS A period, and one distribution for the ROPS B period based on Finance's approved amounts. Since Finance's determination is for the entire ROPS 16-17 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

On the ROPS 16-17 form, the Agency was not required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2015 through December 31, 2015 period (ROPS 15-16A). The Agency will report actual payments for ROPS 15-16A and ROPS 15-16B on the ROPS 18-19 form pursuant to HSC section 34186 (a) (1). A prior period adjustment will be applied to the Agency's future RPTTF distribution. Therefore, the Agency should retain any difference in unexpended RPTTF.

Please refer to the ROPS 16-17 schedule used to calculate the total RPTTF approved for distribution:

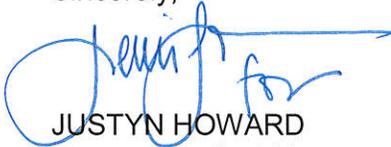
<http://www.dof.ca.gov/redevelopment/ROPS>

Absent a Meet and Confer, this is Finance's determination related to the enforceable obligations reported on your ROPS for the period July 1, 2016 through June 30, 2017. This determination only applies to items when funding was requested for the 12-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 Nichelle Thomas, Supervisor, or Michael Barr, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Program Budget Manager

cc: Ms. Terri Hemley, Financial Services Manager, City of Folsom  
Mr. Ben Lamera, Assistant Auditor-Controller, Sacramento County

**Attachment**

<b>Approved RPTTF Distribution</b>			
<b>For the period of July 2016 through June 2017</b>			
	<b>ROPS A Period</b>	<b>ROPS B Period</b>	<b>Total</b>
Requested RPTTF (excluding administrative obligations)	\$ 1,845,250	\$ 5,129,726	\$ 6,974,976
Requested Administrative RPTTF	125,000	125,000	250,000
<b>Total RPTTF requested for obligations on ROPS 16-17</b>	<b>1,970,250</b>	<b>5,254,726</b>	<b>\$ 7,224,976</b>
Adjustment to Agency Requested RPTTF			0
Item No. 4	82,847	(86,962)	(4,115)
Item No. 9	0	92,574	92,574
<b>Total RPTTF adjustments</b>	<b>82,847</b>	<b>5,612</b>	<b>\$ 88,459</b>
<b>Total RPTTF requested</b>	<b>1,928,097</b>	<b>5,135,338</b>	<b>7,063,435</b>
<u>Denied Items</u>			
Item No. 36	(27,922)	0	(27,922)
<b>Total RPTTF authorized</b>	<b>1,900,175</b>	<b>5,135,338</b>	<b>\$ 7,035,513</b>
<b>Total Administrative RPTTF authorized</b>	<b>125,000</b>	<b>125,000</b>	<b>\$ 250,000</b>
<b>Total RPTTF approved for distribution</b>	<b>2,025,175</b>	<b>5,260,338</b>	<b>\$ 7,285,513</b>