



April 12, 2016

Mr. Andy Okoro, City Manager
City of Norco
2870 Clark Avenue
Norco, CA 92860

Dear Mr. Okoro:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Norco 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 No. 7 – Supplemental Educational Revenue Augmentation Fund Loan repayment in the amount of \$161,308 has been adjusted. Per discussion with Agency staff and review of documentation provided, the \$161,308 requested for the annual period should be \$300,000. As a result, requested Redevelopment Property Tax Trust Fund (RPTTF) funding of \$161,308 has been reduced by \$11,308 to \$150,000 for the July 1, 2016 through December 31, 2016 period (ROPS A period) and RPTTF has increased from zero to \$150,000 for the January 1, 2017 through June 30, 2014 period (ROPS B period).
- On the ROPS 16-17 form, the Agency reported cash balances and activity for the period of July 1, 2015 through June 30, 2016. 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 our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that should be used prior to requesting RPTTF. Therefore, with the Agency's concurrence, funding source for Item No. 13 has been reclassified to Other Funds in the amount specified below:
 - Item No. 13 – Successor Administrative Cost Allowance in the amount of \$250,000. The Agency requests \$250,000 of administrative RPTTF; however, Finance is reclassifying \$41,403 to Other Funds. This item is an enforceable obligation for the ROPS 16-17 period. However, the obligation does not require payment from property tax revenues and the Agency has a total of \$41,403 in available Other Funds. Therefore, Finance is approving administrative RPTTF in

the amount of \$208,597 and the use of Other Funds in the amount of \$41,403, totaling \$250,000 for the ROPS 16-17 period.

Except for the item that has 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/)

The Agency's maximum approved RPTTF distribution for the reporting period is \$7,399,490 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. As 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 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>

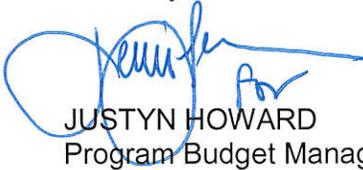
Absent a Meet and Confer, this is Finance's determination related to the enforceable obligations reported on your ROPS for the period July 1, 2016 through June 30, 2017. This determination only applies to items when funding was requested for the 12-month period. Finance's determination is effective for 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.

Mr. Andy Okoro
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Please direct inquiries to Cindie Lor, Supervisor, or Jeremy Bunting, Lead Analyst at
(916) 445-1546.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Justyn Howard', with a long horizontal stroke extending to the right.

JUSTYN HOWARD
Program Budget Manager

cc: Ms. Cheryl Link, City Clerk, City of Norco
Ms. Pam Elias, Chief Accountant Property Tax Division, Riverside County

Attachment

Approved RPTTF Distribution			
For the period of July 2016 through June 2017			
	ROPS A Period	ROPS B Period	Total
Requested RPTTF (excluding administrative obligations)	\$ 3,607,669	\$ 3,444,532	\$ 7,052,201
Requested Administrative RPTTF	125,000	125,000	250,000
Total RPTTF requested for obligations on ROPS 16-17	3,732,669	3,569,532	\$ 7,302,201
Adjustment to Agency Requested RPTTF			
Item No. 7	(11,308)	150,000	138,692
Total RPTTF adjustments	(11,308)	150,000	\$ 138,692
Total RPTTF authorized	3,596,361	3,594,532	\$ 7,190,893
Total Administrative RPTTF requested	125,000	125,000	250,000
<u>Reclassified Item</u>			
Item No. 13	(41,403)	0	(41,403)
Total Administrative RPTTF authorized	83,597	125,000	\$ 208,597
Total RPTTF approved for distribution	3,679,958	3,719,532	\$ 7,399,490