



April 14, 2014

Mr. Randy Anstine, City Manager
City of Calimesa
908 Park Avenue
Calimesa, CA 92320

Dear Mr. Anstine:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Calimesa Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15A) to the California Department of Finance (Finance) on February 28, 2014 for the period of July through December 2014. Finance has completed its review of your ROPS 14-15A, which may have included obtaining clarification for various items.

HSC section 34171 (d) defines enforceable obligations. Based on a sample of line items reviewed and application of the law, the following do not qualify as enforceable obligations for the reasons specified:

- Item No. 13 – Project No. 5 Pass-Through Claim in the amount of \$13,038. This item has been renumbered to Item No. 7 in order to keep ROPS items in sequential order. The request is not an obligation of the Agency. The agreement entered into on February 20, 1987 is between the County of Riverside, Riverside County Superintendent of Schools, and the Redevelopment Agency of the County of Riverside. The former Redevelopment Agency for the City of Calimesa is not a party to the contract. Therefore, this line item is not an enforceable obligation and not eligible for Redevelopment Property Tax Trust Funds (RPTTF) on this ROPS.
- Item No. 15 – Project Area Nos. 1 and 5 in the amount of \$4,949,742. This item has been renumbered to Item No. 9 in order to keep ROPS items in sequential order. The request represents estimated debt service payments for the 2014 refunding loans. The Agency has submitted on Oversight Board Resolution approving the refunding which Finance is reviewing. At the time of this review, the refunding of the loans has not occurred. Therefore, request for \$140,000 is not eligible for RPTTF funding at this time.

Finance has made item number changes to the agency ROPS. The Agency submitted a ROPS with lines 7-12 blank and entered new obligations in lines 13-15. In order to maintain items in sequential order, Item No. 13 has been renumbered to Item No. 7, Item No. 14 has been renumbered to Item No. 8, and Item No. 15 has been renumbered to Item No. 9.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 14-15A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2013 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 audit of the Agency's self-reported prior period adjustment.

Except for the items denied in whole or in part as enforceable obligations, Finance is not objecting to the remaining items listed on your ROPS 14-15A. If you disagree with the determination with respect to any items on your ROPS 14-15A, 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 Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is \$280,827 as summarized below:

Approved RPTTF Distribution	
For the period of July through December 2014	
Total RPTTF requested for non-administrative obligations	308,925
Total RPTTF requested for administrative obligations	125,000
Total RPTTF requested for obligations	\$ 433,925
Total RPTTF requested for non-administrative obligations	308,925
<u>Denied Items</u>	
Item No. 7	(13,098)
Item No. 9	(140,000)
	(153,098)
Total RPTTF authorized for non-administrative obligations	\$ 155,827
Total RPTTF authorized for administrative obligations	\$ 125,000
Total RPTTF authorized for obligations	\$ 280,827
ROPS 13-14A prior period adjustment	0
Total RPTTF approved for distribution	\$ 280,827

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 14-15A review, Finance requested financial records to support the cash balances reported by the Agency; however, Finance was unable to reconcile the financial records to the amounts reported. As a result, Finance will continue to work with the Agency after the ROPS 14-15A review period to properly identify the Agency's cash balances. If it is determined the Agency possesses 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 14-15B.

Please refer to the ROPS 14-15A 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, 2014. 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 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 successor agency in the RPTTF.

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 Susana Medina Jackson, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Assistant Program Budget Manager

cc: Ms. Judith Von Klug, Assistant City Manager, City of Calimesa
Ms. Pam Elias, Chief Accountant Property Tax Division, Riverside County
California State Controller's Office