



April 14, 2014

Mr. Romuldo J Medina, City Manager
City of Calipatria
125 North Park Avenue
P. O. Box 3010
Calipatria, CA 92233

Dear Mr. Medina:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Calipatria 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 does not qualify as an enforceable obligation for the reasons specified:

- Item No 14 – Loan from the City of Calipatria for ROPS 14-15A enforceable obligations in the amount of \$77,445. HSC section 34171 (d) (1) (B) defines loans as monies borrowed to the extent legally required to be repaid pursuant to a repayment schedule or other mandatory loan terms. The Agency was unable to provide a loan agreement between the City of Calipatria (City) and the Agency, or an approval of the loan by the Oversight Board. Furthermore, the Agency shared it no longer wishes to request funding for this item on ROPS 14-15A; therefore, this item is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding on the ROPS.

During our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that should be used prior to requesting RPTTF. Pursuant to HSC section 34177 (l) (1) (E), RPTTF may be used as a funding source, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. The Agency provided financial records that displayed available Other Funds in the amount of \$29,555.

Therefore, the funding source for the following item has been reclassified to Other Funds in the amounts specified below:

- Item No. 4 – 2010 Tax Allocation Bonds. The Agency requested \$74,063 of RPTTF; however, Finance is reclassifying \$29,555 to Other Funds. This item is an enforceable

obligation for the ROPS 14-15B period. However, the obligation does not require payment from property tax revenues and the Agency has \$29,555 in available Reserve Balances. Therefore, Finance is approving RPTTF in the amount of \$44,508 and the use of Other Funds in the amount of \$29,555 totaling \$74,063.

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. The amount of RPTTF approved in the table below includes the prior period adjustment self-reported by the Agency. 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. Any proposed CAC adjustments were not received in time for inclusion in this letter. Therefore, the amount of RPTTF approved in the table below only includes the prior period adjustment self-reported by the Agency.

In addition, Finance noted the following during our review of the ROPS 13-14A Prior Period Adjustment worksheet. The Agency's expenditures exceeded Finance's authorization for the following items:

- Item No. 11 – Other Funding totaling \$77,445.
- Item No. 12 – Bond Proceeds totaling \$550,000.

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 14-15A period to ensure that authorization is consistent with expenditures for the approved enforceable obligations. As these funds were previously expended, the increase in authorization should not result in increased expenditures, 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.

Except for the denied in whole or in part as an enforceable obligation or for items that have been reclassified, 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 RPTTF distribution for the reporting period is \$242,589 as summarized below:

Approved RPTTF Distribution	
For the period of July through December 2014	
Total RPTTF requested for non-administrative obligations	183,221
Total RPTTF requested for administrative obligations	100,000
Total RPTTF requested for obligations	\$ 283,221
Total RPTTF requested for non-administrative obligations	183,221
<u>Denied Item</u>	
Item No. 14	(11,077)
	(11,077)
Total RPTTF for non-administrative obligations	172,144
<u>Cash Balances - Item reclassified to other funding sources</u>	
Item No. 4	(29,555)
	(29,555)
Total RPTTF authorized for non-administrative obligations	\$ 142,589
Total RPTTF authorized for administrative obligations	\$ 100,000
Total RPTTF authorized for obligations	\$ 242,589
Self-reported ROPS 13-14A prior period adjustment (PPA)	0
Total RPTTF approved for distribution	\$ 242,589

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.

Mr. Romuldo J Medina
April 14, 2014
Page 4

Please direct inquiries to Beliz Chappuie, Supervisor or Todd Vermillion, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Assistant Program Budget Manager

cc: Ms. Katy Lopez, Finance Director, City of Calipatria
Ms. Ann McDonald, Property Tax Manager, Imperial County
California State Controller's Office