



April 1, 2014

Mr. Michael McDermott, RDA EDA Manager  
City of Perris  
101 N D St  
Perris, CA 92570

Dear Mr. McDermott:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Perris Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15A) to the California Department of Finance (Finance) on February 26, 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. 5 – PFA 2002C in the amount of \$377,137. Pursuant to Agency's e-mail sent to Finance on March 11, 2014, the Redevelopment Property Tax Trust Fund (RPTTF) amount requested for this item has been decreased to reflect the correct amount of \$154,438 needed for the current ROPS period. Although the item is an enforceable obligation, based on the Agency's request, the total requested amount is reduced by \$222,699.
- Item No. 22 – Housing entity administrative costs allowance totaling \$75,000. Pursuant to HSC section 34177 (p), the housing entity administrative cost allowance is applicable only in cases where the city, county, or city and county that authorized the creation of the redevelopment agency elected to not assume the housing functions. Because the housing entity to the former redevelopment agency of the City of Perris (City) is the City-formed Housing Authority (Authority) and the Authority operates under the control of the City, the Authority is considered the City under Dissolution Law. Therefore, \$75,000 of housing entity administrative allowance is not allowed.

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 balances from interest income from investments on cash balances totaling \$11,619.

Therefore, with the Agency's concurrence, the funding source for the following item has been reclassified to Other Funds and in the amount specified below:

Item No. 1 – PFA 2001 A in the amount of \$501,630. The Agency requests \$501,630 of RPTTF; however, Finance is reclassifying \$11,619 to Other Funds. This item is an enforceable obligation for the ROPS 14-15B period. However, the obligation does not require full payment from property tax revenues and the Agency has \$11,619 in available Other Funds. Therefore, Finance is approving RPTTF in the amount of \$490,011 and the use of Other Funds in the amount of \$11,619, totaling \$501,630.

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.

Additionally, Finance made the following modification to the prior period adjustment (PPA) page which does not impact the PPA amount. The agency listed Item No. 20 as being authorized for expenditure in the amount of \$6.9 million in bond proceeds. However, the approval for the line item had not occurred until July through December 2013 (ROPS 13-14B) period. Therefore, the Agency should report this amount on the next ROPS.

Except for items denied in whole or in part as enforceable obligations or for the item that has 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/](http://www.dof.ca.gov/redevelopment/meet_and_confer/)

The Agency's maximum approved RPTTF distribution for the reporting period is \$3,621,500 as summarized below:

<b>Approved RPTTF Distribution For the period of July through December 2014</b>	
Total RPTTF requested for non-administrative obligations	3,730,818
Total RPTTF requested for administrative obligations	200,000
<b>Total RPTTF requested for obligations</b>	<b>\$ 3,930,818</b>
Agency requested RPTTF adjustment to non-administrative obligations	(222,699)
Agency requested RPTTF adjustment to administrative obligations	0
<b>Total Agency requested RPTTF adjustments</b>	<b>\$ (222,699)</b>
<b>Total RPTTF requested for non-administrative obligations</b>	<b>3,508,119</b>
Cash Balances - Item reclassified to other funding sources	
Item No. 1	(11,619)
<b>Total RPTTF authorized for non-administrative obligations</b>	<b>\$ 3,496,500</b>
<b>Total RPTTF requested for administrative obligations</b>	<b>200,000</b>
Denied Items	
Item No. 22	(75,000)
<b>Total RPTTF authorized for administrative obligations</b>	<b>\$ 125,000</b>
<b>Total RPTTF authorized for obligations</b>	<b>\$ 3,621,500</b>
ROPS 13-14A prior period adjustment	0
<b>Total RPTTF approved for distribution</b>	<b>\$ 3,621,500</b>

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.

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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: Mr. Richard Belmudez, City Manager, City of Perris  
Ms. Pam Elias, Chief Accountant Property Tax Division, Riverside County  
California State Controller's Office