



June 4, 2013

Ms. Lori Stone, Executive Director
March Joint Powers Authority
23555 Meyer Drive
Riverside, CA 92518

Dear Ms. Stone:

Subject: Other Funds and Accounts Due Diligence Review

The March Joint Powers Authority (Agency) submitted an oversight board approved Other Funds and Accounts (OFA) Due Diligence Review (DDR) to the California Department of Finance (Finance) on March 21, 2013. The purpose of the review was to determine the amount of cash and cash equivalents available for distribution to the affected taxing entities. Since the Agency did not meet the January 15, 2013 submittal deadline pursuant to HSC section 34179.6 (c), Finance is not bound to completing its review and making a determination by the April 1, 2013 deadline pursuant to HSC section 34179.6 (d). However, Finance has completed its review of your DDR, which may have included obtaining clarification for various items.

HSC section 34179.6 (d) authorizes Finance to adjust the DDR's stated balance of OFA available for distribution to the taxing entities. Based on our review of your DDR, the following adjustment was made:

- Agency's request to retain \$33,494,169 in current unencumbered OFA balances to cover future obligations is not allowed. Since Finance has only approved funding through the July through December 2013 Recognized Obligation Payment Schedule (ROPS13-14A) period, the Agency's fund balances are only encumbered to the extent they have been approved on a ROPS through the December 2013 period. As such, the OFA balance available for distribution to the taxing entities has been adjusted by \$32,728,815 after \$765,354 deduction for item numbers 2 and 16 approved on ROPS 13-14A.

Should a deficit occur in the future, HSC provides successor agencies with various methods to address short term cash flow issues. These may include requesting a loan from the city pursuant to HSC section 34173 (h), requesting the accumulation of reserves on the ROPS when a future balloon or uneven payment is expected, or subordinating pass-through payments pursuant to HSC section 34183 (b). The Agency should seek counsel from their oversight board to determine the solution most appropriate for their situation if a deficiency were to occur.

There are no unencumbered OFA balances available for distribution despite the adjustment.

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Pursuant to HSC section 34167.5 and 34178.8, the California State Controller's Office (Controller) has the authority to claw back assets that were inappropriately transferred to the city, county, or any other public agency. Determinations outlined in this letter do not in any way eliminate the Controller's authority.

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

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Ms. Danielle M. Wheeler, Assistant Director, March Joint Powers Authority
Ms. Pam Elias, Chief Accountant Property Tax Division, County of Riverside
Auditor-Controller
California State Controller's Office