



November 1, 2013

Mr. John Raymond, Director of Community and Economic Development  
City of Palm Springs  
3200 East Tahquitz Canyon Way  
Palm Springs, CA 92262

Dear Mr. Raymond:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Palm Springs Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14B) to the California Department of Finance (Finance) on September 25, 2013 for the period of January through June 2014. Finance has completed its review of your ROPS 13-14B, which may have included obtaining clarification for various items.

Based on our review, we are approving all of the items listed on your ROPS 13-14B at this time.

However, Finance made the following adjustments based on our review of the Fund Balances form and information provided in the October 18, 2013 email from the Agency. These adjustments have no effect on Agency's Redevelopment Property Tax Trust Fund (RPTTF) request.

- Beginning Available Fund Balance (Actual 01/01/13) – Bonds Issued on or before December 31, 2010 and Due Diligence Review balances Retained for Approved Enforceable Obligations should be \$2,119,561 and \$4,127,192 respectively. Therefore, these amounts have been adjusted from zero to \$2,119,561 and \$4,127,192.
- Retention of Available Fund Balance (Actual 06/30/13) – Bonds Issued on or before December 31, 2010 and Due Diligence Review balances Retained for approved enforceable obligations should be \$2,119,561 and \$4,127,192 respectively. Therefore, these amounts have been adjusted from zero to \$2,119,561 and \$4,127,192.
- Revenue/Income (Estimate 12/31/13) – Bonds Issued on or before December 31, 2010 and Due Diligence Review balances retained for approved enforceable obligations should be \$1,031,878 and \$2,530,302 respectively. Therefore, these amounts have been increased by \$10,066 and \$2,530,302.
- Expenditure for 13-14A Enforceable Obligations (Estimate 12/31/13) – Due Diligence Review balances retained for approved enforceable obligations in the amount of \$0 should be \$6,657,494. Therefore this amount has been increase by \$6,657,494.

- Retention of Available Fund Balance (Estimate 12/31/13) – Bonds Issued on or before December 31, 2010 in the amount of \$1,021,812 should be \$3,151,439. Therefore, this amount has been increased by \$2,129,627.

Pursuant to HSC Section 34186 (a), successor agencies were required to report on the ROPS 13-14B form the estimated obligations and actual payments (prior period adjustments) associated with the January through June 2013 period. HSC Section 34186 (a) also specifies that the 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.

The Agency's maximum approved RPTTF distribution for the reporting period is \$4,402,543 as summarized below:

<b>Approved RPTTF Distribution Amount For the period of January through June 2014</b>	
Total RPTTF requested for non-administrative obligations	4,277,543
Total RPTTF requested for administrative obligations	125,000
<b>Total Requested RPTTF</b>	<b>\$ 4,402,543</b>
Total RPTTF approved for non-administrative obligations	4,277,543
Total RPTTF approved for administrative obligations	125,000
<b>Total RPTTF approved for obligations</b>	<b>\$ 4,402,543</b>
ROPS III prior period adjustment	-
<b>Total RPTTF approved for distribution</b>	<b>\$ 4,402,543</b>

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. Beginning with the ROPS 13-14B period, Finance required successor agencies to identify fund balances for various types of funds in its possession. During our ROPS 13-14B review, Finance requested financial records to support the fund balances reported by the Agency. Finance made the adjustments noted above and will continue to work with the Agency after the ROPS 13-14B review period to properly identify the Agency's fund balances. If it is determined the Agency possesses fund balances that are available to pay approved obligations, the Agency should request the use of these fund balances prior to requesting RPTTF in ROPS 14-15A.

Please refer to the ROPS 13-14B schedule that was used to calculate the approved RPTTF amount:

[http://www.dof.ca.gov/redevelopment/ROPS/ROPS\\_13-14B\\_Forms\\_by\\_Successor\\_Agency/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS_13-14B_Forms_by_Successor_Agency/).

This is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2014. This determination applies only 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 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 Anna Kyumba, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Assistant Program Budget Manager

cc: Mr. Geoffrey Klehl, Director of Finance, City of Palm Springs  
Ms. Pam Elias, Chief Accountant Property Tax Division, Riverside County  
California State Controller's Office