



November 1, 2013

Mr. Dennis McLean, Finance Officer
City of Rancho Palos Verdes
30940 Hawthorne Boulevard
Rancho Palos Verdes, CA 90275

Dear Mr. McLean:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Rancho Palos Verdes (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14B) to the California Department of Finance (Finance) on September 19, 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.

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 reported on the Fund Balance Report an excess of \$76,634 available from other funds.

As discussed with the Agency, Finance and the Agency both agree that the funding source for the following items should be reclassified to the funding source of Other and in the amounts specified below:

- Item No. 1 – 1997 Tax Increment Bond debt service payment in the amount of \$120,250. The Agency requests \$120,250 of RPTTF for the debt service payment; however Finance is reclassifying \$15,582 to other funds. This item was determined to be an enforceable obligation for the ROPS 13-14B period. However, the obligation does not require full payment from property tax revenues since the Agency has excess funding in the Other funding source. Therefore, Finance is approving RPTTF in the amount of \$104,668 and the use of other funds in the amount of \$15,582, totaling \$120,250 for Item No. 1.
- Item No. 4 – Abalone Cove property assessment in the amount \$7,584. The Agency requests \$7,584 of RPTTF; however Finance is reclassifying this full amount to other funds. This item was determined to be an enforceable obligation for the ROPS 13-14B period. However, the obligation does not require payment from property tax revenues

since the Agency has excess funding in the Other funding source. Therefore, Finance is approving the use of other funds totaling \$7,584 for Item No. 2.

- Item No. 5 – Klondike Canyon property assessment in the amount of \$10,968. The Agency requests \$10,968 of RPTTF; however Finance is reclassifying this full amount to other funds. This item was determined to be an enforceable obligation for the ROPS 13-14B period. However, the obligation does not require payment from property tax revenues since the Agency has excess funding in the Other funding source. Therefore, Finance is approving the use of other funds totaling \$10,968 for Item No. 5.
- Item No. 7 – Administrative Cost Allowance in the amount of \$42,500. The Agency requests \$42,500 in Admin; however Finance is reclassifying this full amount to other funds. This item was determined to be an enforceable obligation for the ROPS 13-14B period. However, the obligation does not require payment from property tax revenues since the Agency has excess funding in the Other funding source. Therefore, Finance is approving the use of other funds totaling \$42,500 for Item No. 7.

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 \$70,220 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2014	
Total RPTTF requested for non-administrative obligations	138,802
Total RPTTF requested for administrative obligations	42,500
Total RPTTF requested for obligations	\$ 181,302
Total RPTTF approved for non-administrative obligations	138,802
Total RPTTF approved for administrative obligations	42,500
Total RPTTF approved for obligations	\$ 181,302
ROPS III prior period adjustment	(34,448)
Items reclassified due to funds that should be used before requesting RPTTF	
Item No. 1	(15,582)
Item No. 4	(7,584)
Item No. 5	(10,968)
Item No. 7	(42,500)
	(76,634)
Total RPTTF approved for distribution	\$ 70,220

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/)

Except for items that have been reclassified, Finance is not objecting to the remaining items listed on your ROPS 13-14B. If you disagree with the determination with respect to any items on your ROPS 13-14B, 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/

Absent a Meet and Confer, this is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2014. 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 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 Kylie Le, Supervisor or Hugo Lopez, Lead Analyst at (916) 445-1546.

Sincerely,



Justyn Howard
Assistant Program Budget Manager

cc: Ms. Kathryn Downs, Deputy Director of Finance & IT, City of Rancho Palos Verdes
Ms. Kristina Burns, Manager, Los Angeles County Department of Auditor-Controller
California State Controller's Office