



April 12, 2015

Mr. Dean Martin, Interim Administrative Services Director
City of Banning
99 East Ramsey Street
Banning, CA 92220

Dear Mr. Martin:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Banning Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 15-16A) to the California Department of Finance (Finance) on March 2, 2015 for the period of July 1 through December 31, 2015. Finance has completed its review of your ROPS 15-16A, which may have included obtaining clarification for various items.

Based on our review, we are approving all of the items listed on your ROPS 15-16A 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 Redevelopment Property Tax Trust Fund (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. Agency provided financial records that displayed available Other Funds totaling \$2,481,086.

Therefore, the funding source for the following items have been reclassified to Other Funds and in the amount specified below:

- Item No. 1 – 2003 Tax Allocation Bond Interest Payment in the amount of \$234,498
- Item No. 2 – 2007 Tax Allocation Bond Interest Payment in the amount of \$562,484
- Item No. 5 – Bond Trustee Fees in the amount of \$6,000
- Item No. 10 – Redevelopment Audit Fees in the amount of \$6,000
- Item No. 13 – Fiscal Consulting Service Fees in the amount of \$12,500
- Item No. 25 – 2003 Tax Allocation Bond Principal Payment in the amount of \$187,500
- Item No. 26 – 2007 Tax Allocation Bond Principal Payment in the amount of \$437,500
- Item No. 27 – Prior Period Shortfall in the amount of \$649

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 15-16A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2014 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 in the table below

includes the prior period adjustment resulting from the CAC's review of the Agency's self-reported prior period adjustment.

Based on Finance's review of the Agency's prior period adjustment form, the Agency did not properly identify the reporting of Reserve funds on the ROPS 14-15A prior period adjustment worksheet. During ROPS 14-15A Finance authorized the expenditure of \$635,566 in Reserve Funds, the Agency noted an authorized amount of \$40,566. The increase in authorization should not result in increased expenditures for the current ROPS period, but should merely allow the Agency to reconcile actual expenditures to the authorization.

Except for the items that have been reclassified, Finance is not objecting to the remaining items listed on your ROPS 15-16A. If you disagree with the determination with respect to any items on your ROPS 15-16A, 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 \$105,842 as summarized in the Approved RPTTF Distribution table below:

Approved RPTTF Distribution	
For the period of July through December 2015	
Total RPTTF requested for non-administrative obligations	1,447,131
Total RPTTF requested for administrative obligations	125,000
Total RPTTF requested for obligations on ROPS	\$ 1,572,131
Total RPTTF requested for non-administrative obligations	1,447,131
Cash Balances - Items reclassified to Other Funds	
Item No. 1	(234,498)
Item No. 2	(562,484)
Item No. 5	(6,000)
Item No. 10	(6,000)
Item No. 13	(12,500)
Item No. 25	(187,500)
Item No. 26	(437,500)
Item No. 27	(649)
	(1,447,131)
Total RPTTF authorized for non-administrative obligations	\$ 0
Total RPTTF requested for administrative obligations	125,000
Total RPTTF authorized for administrative obligations	\$ 125,000
Total RPTTF authorized for obligations	\$ 125,000
Total ROPS 14-15A PPA	(19,158)
Total RPTTF approved for distribution	\$ 105,842

Please refer to the ROPS 15-16A 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, 2015. 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 the 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 agency in the RPTTF.

Pursuant to HSC section 34177 (a) (3), only those payments listed on an approved ROPS may be made by the successor agency from the funds specified in the ROPS. However, if the Agency needs to make payments for approved obligations from another funding source, HSC section 34177 (a) (4) requires the Agency to first obtain oversight board approval.

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 Satveer Ark, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Ms. Michelle Green, Deputy Finance Director, City of Banning
Ms. Pam Elias, Chief Accountant Property Tax Division, Riverside County
California State Controller's Office