



November 9, 2015

Ms. Anita Agramonte, Finance Director
City of Colton
650 North La Cadena Drive
Colton, CA 92324

Dear Ms. Agramonte:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m) (1) (A), the City of Colton Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period January 1 through June 30, 2016 (ROPS 15-16B) to the California Department of Finance (Finance) on September 29, 2015. Finance has completed its review of the ROPS 15-16B.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item Nos. 1 and 3 – 1998 Tax Allocation Bonds, Series A (1998 Bonds) and 2004 Tax Allocation Bonds (2004 Bonds) totaling \$46,196 are not allowed. It is our understanding the 1998 Bonds and the 2004 Bonds have been refunded with proceeds from the Agency's Tax Allocation Refunding Bonds, Series 2015. Therefore, these items are not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding on the ROPS and should be retired.
- Item No. 7 – Tax Allocation Bonds Administrative Fees in the amount of \$4,950 are not allowed. It is our understanding this item is paid annually and Finance authorized \$11,715 during ROPS 15-16A to cover the fiscal year 2015-16 payment. Because the full amount required for the fiscal year payment has already been authorized in ROPS 15-16A, this item is not eligible for funding on this ROPS.
- Item No. 9 – Tax Allocation Bonds Continuing Disclosure Fees in amount of \$4,000. At the Agency's request, Finance has increased this item by \$5,000 to a total of \$9,000. It is our understanding the Agency failed to request payment during ROPS 14-15B to cover this obligation. Therefore, this item is eligible for RPTTF funding in the amount of \$9,000 (\$4,000 + \$5,000) this ROPS period.

Pursuant to HSC section 34186 (a) (1), the Agency was required to report on the ROPS 15-16B form the estimated obligations versus actual payments (prior period adjustment) associated with the January through June 2015 period (ROPS 14-15B). HSC section 34186 (a) (1) also specifies the prior period adjustment self-reported by the Agency is subject to review by the county auditor-controller (CAC). Proposed CAC adjustments were not received in time for inclusion in this letter;

therefore, the amount of RPTTF approved in the table below only reflects the Agency's self-reported prior period adjustment, as adjusted by Finance:

- The Agency under reported the available amount for approved obligations listed on the ROPS 14-15B prior period adjustment (PPA) worksheet by \$70,878. The Agency reported available funds of \$4,078,028 for Non-Admin RPTTF instead of \$4,148,906. As a result, Finance made an adjustment in the amount of \$70,878 to the PPA, resulting in a net PPA adjustment of \$24,682.
- East Valley Land Company Owner Participation Agreement, Item No. 5. The Agency's expenditures exceeded Finance's authorization by \$9,579. Per HSC section 34177 (a) (3), only those payments listed on a ROPS may be made by the Agency from the funds specified on the ROPS up to the amount authorized by Finance.

HSC sections 34177 (a) (4) and 34173 (h) (1) provide mechanisms when Agency payments must exceed the amounts authorized by Finance. Please ensure the proper expenditure authority is received from your oversight board and Finance prior to making payments on enforceable obligations.

Except for the items denied in whole or in part, Finance is not objecting to the remaining items listed on your ROPS 15-16B. If you disagree with Finance's determination with respect to any items on your ROPS 15-16B, except for those items which are the subject of litigation disputing Finance's previous or related determinations, 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 \$3,052,323 as summarized in the Approved RPTTF Distribution table below:

Approved RPTTF Distribution	
For the period of January through June 2016	
Total RPTTF requested for non-administrative obligations	2,998,151
Total RPTTF requested for administrative obligations	125,000
Total RPTTF requested for obligations on ROPS 15-16B	\$ 3,123,151
RPTTF adjustment to administrative obligations	5,000
Total RPTTF adjustments	\$ 5,000
Total RPTTF requested for non-administrative obligations	3,003,151
<u>Denied Items</u>	
Item No. 1	(45,950)
Item No. 3	(246)
Item No. 7	(4,950)
	(51,146)
Total RPTTF authorized for non-administrative obligations	\$ 2,952,005
Total RPTTF authorized for administrative obligations	\$ 125,000
Total RPTTF authorized for obligations	\$ 3,077,005
Self-reported ROPS 14-15B prior period adjustment (PPA)	0
Finance adjustment to ROPS 14-15B PPA	(24,682)
Total ROPS 14-15B PPA	(24,682)
Total RPTTF approved for distribution	\$ 3,052,323

On the ROPS 15-16B form, the Agency reported cash balances and activity for the period January 1 through December 31, 2015. Finance will perform a review of the Agency's self-reported cash balances on an ongoing basis. Please be prepared to submit financial records and bridging documents to support the cash balances reported upon request. If it is determined the Agency possesses cash balances that are available to pay approved obligations, HSC section 34177 (l) (1) (E) requires these balances be used prior to requesting RPTTF.

Please refer to the ROPS 15-16B schedule used to calculate the total RPTTF approved for distribution:

<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 January 1 through June 30, 2016. This determination only applies to items when 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 ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if it was not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items 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 available prior to the enactment of the redevelopment dissolution statutes. 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.

Ms. Anita Agramonte.
November 9, 2015
Page 4

Please direct inquiries to Nichelle Thomas, Supervisor, or Michael Barr, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Ms. Altheia Franklin, Senior Accountant, City of Colton
Ms. Linda Santillano, Property Tax Manager, San Bernardino County