



April 12, 2018

Ms. Stacey Dabbs, Finance Director  
City of Colton  
650 North La Cadena Drive  
Colton, CA 92324

Dear Ms. Dabbs:

Subject: 2018-19 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Colton Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period of July 1, 2018 through June 30, 2019 (ROPS 18-19) to the California Department of Finance (Finance) on January 29, 2018. Finance has completed its review of the ROPS 18-19.

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

- Item No. 34 – Supplemental Education Revenue Augmentation Fund (SERAF) Loan repayment, requested amount of \$1,903,927, is partially allowed. HSC section 34191.4 (b) (3) (A) allows this repayment to be equal to one-half of the increase between the ROPS residual pass-through distributed to the taxing entities in preceding fiscal year and the ROPS residual pass-through distributed to the taxing entities in the fiscal year 2012-13 base year.

According to the San Bernardino County Auditor-Controller's (CAC) report, the amounts distributed to the taxing entities for fiscal year 2012-13 and 2017-18 are \$3,412,141 and \$6,998,348, respectively. Therefore, pursuant to the repayment formula, the maximum repayment amount authorized for the ROPS 18-19 period is \$1,793,104. As a result, of the \$1,903,927 requested, \$110,823 (\$1,903,927 - \$1,793,104) is ineligible for Redevelopment Property Tax Trust Fund (RPTTF) funding. The Agency may be eligible for additional funding on a subsequent ROPS.

- Item No. 63 – Administrative Cost Allowance in total requested amount of \$150,000. The Agency requested \$53,042 from Other Funds; however, our review and discussions with the Agency indicate the same Other Funds have already been committed to Item No. 68 – 2015 Tax Allocation Refunding Bonds. As such, Finance has reclassified the \$53,042 requested from Other Funds to Administrative RPTTF.

- On the ROPS 18-19 form, the Agency reported cash balances and activity for the period July 1, 2015 through June 30, 2016 (ROPS 15-16). According to our review, the Agency has approximately \$9,864 in Other Funds and \$9,558 in RPTTF unexpended from the ROPS 15-16 period, totaling \$19,422, available to fund enforceable obligations on the ROPS 18-19. These unexpended RPTTF funds are considered Reserve Balances. HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF. Therefore, with the Agency's concurrence, the funding source for the following item has been reclassified as specified below:
  - Item No. 34 – SERAF Loan; the requested amount has been adjusted to \$1,793,104. This item does not require payment from property tax revenues. Therefore, Finance has partially reclassified this item and approves RPTTF in the amount of \$1,773,682, Reserve Balances in the amount of \$9,558, and Other Funds in the amount of \$9,864, totaling \$1,793,104

Except for the items adjusted, Finance is not objecting to the remaining items listed on the ROPS 18-19. If the Agency disagrees with our determination with respect to any items on the ROPS 18-19, except items which are the subject of litigation disputing our previous or related determinations, the Agency 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 on our website:

<http://dof.ca.gov/Programs/Redevelopment/Meet And Confer/>

The Agency's maximum approved RPTTF distribution for the reporting period is \$3,571,370 as summarized in the Approved RPTTF Distribution table on Page 4 (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2018 through December 31, 2018 period (ROPS A period) and one distribution for the January 1, 2019 through June 30, 2019 period (ROPS B period) based on Finance's approved amounts. Since this determination is for the entire ROPS 18-19 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Pursuant to HSC section 34186 (c), beginning October 1, 2018, the Agency will be required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2016 through June 30, 2017 period (ROPS 16-17) to the County Auditor-Controller for review. The Agency will report actual payments for ROPS 16-17 on ROPS 19-20. A prior period adjustment may be applied to the Agency's ROPS 19-20 RPTTF distribution. Therefore, the Agency should retain any unexpended RPTTF from the ROPS 16-17 period.

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 18-19. This determination only applies to items when funding was requested for the 12-month period. If a denial by Finance in a previous ROPS is currently the subject of litigation, the item will continue to be deemed denied until the matter is resolved.

The ROPS 18-19 form submitted by the Agency and this determination letter will be posted on our website:

<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

This determination is effective for the ROPS 18-19 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 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 redevelopment dissolution law. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax increment is limited to the amount of funding available to the Agency in the RPTTF.

Please direct inquiries to Nichelle Jackson, Supervisor, or Moses Ofurio, Lead Analyst, at (916) 322-2985.

Sincerely,



ERIKA LI  
Program Budget Manager

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

**Attachment**

<b>Approved RPTTF Distribution</b>			
<b>For the period of July 2018 through June 2019</b>			
	<b>ROPS A Period</b>	<b>ROPS B Period</b>	<b>ROPS 18-19 Total</b>
RPTTF Requested	\$ 1,906,427	\$ 1,645,188	\$ 3,551,615
Administrative RPTTF Requested	21,958	75,000	96,958
<b>Total RPTTF Requested</b>	<b>1,928,385</b>	<b>1,720,188</b>	<b>3,648,573</b>
<b>RPTTF Requested</b>	<b>1,906,427</b>	<b>1,645,188</b>	<b>3,551,615</b>
<u>Adjustment</u>			
Item No. 34*	(130,245)	0	(130,245)
<b>RPTTF Authorized</b>	<b>1,776,182</b>	<b>1,645,188</b>	<b>3,421,370</b>
<b>Administrative RPTTF Requested</b>	<b>21,958</b>	<b>75,000</b>	<b>96,958</b>
<u>Adjustment</u>			
Item No. 63	53,042	0	53,042
<b>Administrative RPTTF Authorized</b>	<b>75,000</b>	<b>75,000</b>	<b>150,000</b>
<b>Total RPTTF Approved for Distribution</b>	<b>\$ 1,851,182</b>	<b>\$ 1,720,188</b>	<b>\$ 3,571,370</b>

\*The figure indicates the net adjustment of \$130,245 (\$110,823 + \$19,422).