



April 10, 2017

Ms. Cindy Prothro, Finance Director
City of Barstow
220 East Mountain View Street, Suite A
Barstow, CA 92311

Dear Ms. Prothro:

Subject: 2017-18 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Barstow Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period of July 1, 2017 through June 30, 2018 (ROPS 17-18) to the California Department of Finance (Finance) on January 26, 2017. Finance has completed its review of the ROPS 17-18.

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

- Item No. 8 – Unfunded Liability for Other Post Employment Benefits (OPEB) in the total outstanding obligation amount of \$141,250 is not allowed. The Memorandum of Understanding and the Actuarial Valuation of the OPEB Programs state the City of Barstow (City) is responsible for funding OPEB obligations and not the former redevelopment agency. Therefore, this item is not an enforceable obligation and the requested amount of \$10,664 from Redevelopment Property Tax Trust Funds (RPTTF) and \$1,536 from Other Funds is not allowed.
- Item No. 13 – Deferred Set-Aside to the Low and Moderate Income Housing Fund in the amount of \$143,000 is not 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 report, the amounts distributed to the taxing entities for fiscal year 2012-13 and 2016-17 is \$2,069,927 and \$1,966,509, respectively. Therefore, pursuant to the repayment formula, the maximum repayment amount authorized for the ROPS 17-18 period is zero. As a result, the requested \$143,000 is not eligible for RPTTF funding. The Agency may be eligible for additional funding on a subsequent ROPS.

- Item No.17 – Bond Disclosure Reporting Fees in the amount of \$1,500 is reclassified from RPTTF to Other Funds. This item is an enforceable obligation; however, the obligation does not require payment from property tax revenues and the Agency has \$1,500 in available Other Funds due to the adjustment made in Item No. 8, above. Therefore, Finance is approving Other Funds in the amount of \$1,500 for the ROPS 17-18 period.

Except for the items adjusted, Finance is not objecting to the remaining items listed on the ROPS 17-18. If the Agency disagrees with Finance's determination with respect to any items on the ROPS 17-18, except items which are the subject of litigation disputing Finance's 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 Finance's website:

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

The Agency's maximum approved RPTTF distribution for the reporting period is \$1,619,920 as summarized in the Approved RPTTF Distribution table on Page 4 (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2017 through December 31, 2017 period (ROPS A period), and one distribution for the January 1, 2018 through June 30, 2018 period (ROPS B period) based on Finance approved amounts. Since Finance's determination is for the entire ROPS 17-18 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

On the ROPS 17-18 form, the Agency reported cash balances and activity for the period of January 1, 2016 through June 30, 2016. Finance reviews the Agency's self-reported cash balances on an ongoing basis. The Agency should be prepared to submit financial records and bridging documents to support the cash balances reported upon request.

The Agency was not required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2015 through June 30, 2016 period (ROPS 15-16). The Agency will report actual payments for ROPS 15-16 on ROPS 18-19, pursuant to HSC section 34186 (a) (1). A prior period adjustment may be applied to the Agency's ROPS 18-19 RPTTF distribution. Therefore, the Agency should retain any unexpended ROPS 15-16 RPTTF.

Absent a Meet and Confer, this is Finance's determination regarding the obligations listed on the ROPS 17-18. This determination only applies to items when funding was requested for the 12-month period.

The ROPS 17-18 form submitted by the Agency and Finance's determination letter will be posted on Finance's website:

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

Finance's determination is effective for the ROPS 17-18 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 the 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 Thomas, Supervisor, or Michael Barr, Lead Analyst, at (916) 322-2985.

Sincerely,

A handwritten signature in blue ink, appearing to read "Justyn Howard", with a stylized flourish extending to the right.

JUSTYN HOWARD
Program Budget Manager

cc: Ms. Mary Stapp, Assistant Finance Director, City of Barstow
Ms. Linda Santillano, Property Tax Manager, San Bernardino County

Attachment

Approved RPTTF Distribution			
For the period of July 2017 through June 2018			
	ROPS A Period	ROPS B Period	ROPS 17-18 Total
RPTTF Requested	\$ 1,197,640	\$ 377,444	\$ 1,575,084
Administrative RPTTF Requested	100,000	100,000	200,000
Total RPTTF Requested	1,297,640	477,444	1,775,084
RPTTF Requested	1,197,640	377,444	1,575,084
<u>Adjustments</u>			
Item No. 8	(5,250)	(5,414)	(10,664)
Item No. 13	(143,000)	0	(143,000)
Item No. 17	0	(1,500)	(1,500)
	(148,250)	(6,914)	(155,164)
RPTTF Authorized	1,049,390	370,530	1,419,920
Administrative RPTTF Authorized	100,000	100,000	200,000
Total RPTTF Approved for Distribution	\$ 1,149,390	\$ 470,530	\$ 1,619,920