



May 17, 2013

Mr. Daniel Buffalo, Finance Director
City of Lakeport Successor Agency
225 Park Street
Lakeport, CA 95453

Dear Mr. Buffalo:

Subject: Recognized Obligation Payment Schedule

This letter supersedes California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS 13-14A) letter dated April 13, 2013. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Lakeport Successor Agency (Agency) submitted ROPS 13-14A to Finance for the period of July through December 2013. Subsequently, the Agency requested a Meet and Confer session on one or more of the items denied by Finance. The Meet and Confer session was held on April 23, 2013.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific item being disputed:

- The Agency disputes the County Auditor-Controller (CAC) adjustment of \$70,496. After consulting with the CAC, it was determined the adjustment amount was in calculated in error. However, according to the CAC, the Agency did not fully expended the Redevelopment Property Tax Trust Funds received for the July through December 2012 period; therefore, an adjustment of \$29,213 is still necessary. Finance has therefore revised the CAC prior period adjustment amount to \$29,213.
- Item No. 10 – Service Agreement in the amount of \$131,386 in bond proceeds was originally denied because the Agency had not yet received a Finding of Completion.

Subsequent to the Meet and Confer session, the Agency received a Finding of Completion from Finance on April 26, 2013. Therefore, the Agency may utilize proceeds derived from bonds issued prior to January 1, 2011 in a manner consistent with the original bond covenants per HSC section 34191.4 (c). As such, these items are eligible for expenditure on the ROPS 13-14A, as originally requested.

In addition, per Finance's ROPS letter dated April 13, 2013, the following item continues to be denied and was not contested by the Agency:

- Item No. 8 – Contracted Services funded with reserves in the amount of \$20,000. Finance was unable to determine whether the contracted services meet the definition of

an enforceable obligation. The Agency estimated costs are based on a Memorandum of Understanding (MOU) that neither the former redevelopment agency nor the Agency is a party. The Agency was unable to provide an enforceable contract, beyond the MOU, to support the amounts claimed. Therefore, this item is not an enforceable obligation at this time.

Except for items denied in whole or in part as enforceable obligations, Finance is not objecting to the remaining items listed on your ROPS 13-14A. Obligations deemed not to be enforceable shall be removed from your ROPS. This is Finance's final determination related to the enforceable obligations reported on your ROPS for July through December 2013. Finance's determination is effective for this time period only and should not be conclusively relied on 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 Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is \$290,027 as summarized below:

Approved RPTTF Distribution Amount	
For the period of July through December 2013	
Total RPTTF funding requested for obligations	\$ 194,240
Minus: Six-month total for items denied or reclassified as administrative cost	\$ -
Total approved RPTTF for enforceable obligations	\$ 194,240
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	125,000
Minus: ROPS II prior period adjustment	(29,213)
Total RPTTF approved for distribution:	\$ 290,027

Pursuant to HSC Section 34186 (a), successor agencies were required to report on the ROPS 13-14A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2012 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 above table includes the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

Please refer to the ROPS 13-14A schedule that was used to calculate the approved RPTTF amount:

[http://www.dof.ca.gov/redevelopment/ROPS/ROPS 13-14A Forms by Successor Agency/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS%2013-14A%20Forms%20by%20Successor%20Agency/)

This is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2013. 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

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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 Nichelle Thomas, Supervisor or Alex Watt, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Ms. Margaret Silveira, City Manager, City of Lakeport
Ms. Cathy Saderlund, Auditor-Controller, County of Lake
California State Controller's Office