



April 9, 2014

Mr. John Duckett, City Manager  
City of Shasta Lake  
P.O. Box 777  
Shasta Lake, CA 96019

Dear Mr. Duckett:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Shasta Lake Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15A) to the California Department of Finance (Finance) on February 27, 2014 for the period of July through December 2014. Finance has completed its review of your ROPS 14-15A, which may have included obtaining clarification for various items.

HSC section 34171 (d) defines enforceable obligations. Based on a sample of line items reviewed and application of the law, the following do not qualify as enforceable obligations for the reasons specified:

- Item No. 6 – Meade Street Senior Housing from Reserve Balances in the amount of \$55,288. The Agency's obligation to Northern Valley Catholic Social Services for Meade Street Senior Housing expired on October 25, 2012. The Agency concurred that there is no longer an obligation. Rather, the request for \$55,288 of Reserve Balances was to move the funds out of a reserve account for Meade Street Senior Housing. Consequently, \$55,288 is available for expenditure on enforceable obligations. However, this item is no longer an enforceable obligation and not eligible for funding on ROPS.
- Item No. 16 – Property Bond Assessments is partially denied for Redevelopment Property Tax Trust (RPTTF) funding in the amount of \$32,500. Although the Agency requests \$65,000, only \$32,500 is required for the ROPS 14-15A period. The Agency provided documentation to substantiate estimated costs of approximately \$65,000 for the 2014-15 fiscal year. However, the payments are due in two separate and equal installments. Therefore, \$32,500 is not an enforceable obligation at this time and not eligible for funding on ROPS 14-15A.
- Item No. 18 - Successor Agency Housing Entity Administrative Cost Allowance in the amount of \$150,000. Pursuant to HSC section 34177 (p), the housing entity administrative cost allowance is applicable in cases where the city, county, or city and county that authorized the creation of the redevelopment agency elected to not assume the housing functions. The housing entity to the former redevelopment agency of the

City of Shasta Lake is the City of Shasta Lake Housing Authority (Authority). Pursuant to HSC section 34167.10, the Authority is included in the definition of City. Therefore, the City elected to retain the housing function of the former redevelopment agency, pursuant to HSC section 34176 (a) (1). As such, \$150,000 of housing entity administrative allowance is not allowed and not eligible for funding on ROPS.

During our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that should be used prior to requesting RPTTF funding. 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. Finance determined the Agency retains Reserve Balances available for expenditure on ROPS 14-15A enforceable obligations in the amount of \$55,288.

Therefore, the funding source for the following items has been reclassified from RPTTF to Reserve Balances in the amounts specified below:

- Item No. 1 – 2006 Tax Allocation Bonds in the amount of \$22,788. The Agency requests \$114,729 of RPTTF; however, Finance is reclassifying \$22,788 to Reserve Balances. This item was determined to be an enforceable obligation for the ROPS 14-15A period. However, the obligation does not require full payment from property tax revenues and the Agency has \$55,288 in available Reserve Balances. Therefore, Finance is approving RPTTF in the amount of \$91,941 and the use of Reserve Balances in the amount of \$22,788, totaling \$114,729.
- Item No. 16 – Property Assessment Bonds in the amount of \$32,500. The Agency request \$65,000 of RPTTF; however, Finance is reclassifying \$32,500 to Reserve Balances. This item was determined to be an enforceable obligation for the ROPS 14-15A period. However, the obligation does not require full payment from property tax revenues during ROPS 14-15A period and the Agency has \$32,500 (\$55,288 - \$22,788) in available Reserve Balances. Therefore, Finance is approving the use of Reserve Balances in the amount of \$32,500.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 14-15A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2013 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 approved in the table below includes the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

Except for the items denied in whole or in part as enforceable obligations or for the item that has been reclassified, Finance is not objecting to the remaining items listed on your ROPS 14-15A. If you disagree with the determination with respect to any items on your ROPS 14-15A, 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 \$195,651 as summarized below:

<b>Approved RPTTF Distribution For the period of July through December 2014</b>	
Total RPTTF requested for non-administrative obligations	340,138
Total RPTTF requested for administrative obligations	200,000
<b>Total RPTTF requested for obligations</b>	<b>\$ 540,138</b>
<b>Total RPTTF requested for non-administrative obligations</b>	<b>340,138</b>
<u>Denied Item</u>	
Item No. 16	(32,500)
<u>Cash Balances - Items reclassified to Reserve Balances</u>	
Item No. 1	(22,788)
Item No. 16	(32,500)
<b>Total RPTTF authorized for non-administrative obligations</b>	<b>\$ 252,350</b>
<b>Total RPTTF requested for administrative obligations</b>	<b>200,000</b>
<u>Denied Item</u>	
Item No. 18	(150,000)
<b>Total RPTTF authorized for administrative obligations</b>	<b>50,000</b>
<b>Total RPTTF authorized for obligations</b>	<b>\$ 302,350</b>
ROPS 13-14A prior period adjustment	(106,699)
<b>Total RPTTF approved for distribution</b>	<b>\$ 195,651</b>

Pursuant to HSC section 34177 (l) (1) (E), agencies are required to use all available funding sources prior to requesting RPTTF for payment of enforceable obligations. During the ROPS 14-15A review, Finance requested financial records to support the cash balances reported by the Agency; however, Finance was unable to reconcile the financial records to the amounts reported. As a result, Finance will continue to work with the Agency after the ROPS 14-15A review period to properly identify the Agency's cash balances. If it is determined the Agency possesses cash balances that are available to pay approved enforceable obligations, the Agency should request the use of these cash balances prior to requesting RPTTF in ROPS 14-15B.

Please refer to the ROPS 14-15A 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, 2014. 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 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 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 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 Wendy Griffe, Supervisor or Medy Lamorena, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Assistant Program Budget Manager

cc: Ms. Laura Redwine, Finance Director, City of Shasta Lake  
Ms. Sheri Jenkins, Managing Accountant Auditor, Shasta County  
California State Controller's Office