



May 6, 2014

Mr. Sean Powers, Director of Finance and Administration
Yuba County
915 8th Street, Suite 123
Marysville, CA 95901

Dear Mr. Powers:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the Yuba County Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15A) to the California Department of Finance (Finance) on March 25, 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. 1 – Olivehurst Avenue Storm Drain Project Loan Repayment in the amount of \$70,000 is partially not approved. HSC section 34191.4 (b) (2) (A) specifies this loan repayment to be equal to one-half of the increase between the ROPS residual pass-through distributed to the taxing entities in that fiscal year and the ROPS residual pass-through distributed to the taxing entities in the fiscal year 2012-13 base year.

According to the County Auditor-Controller's (CAC) report, the ROPS residual pass-through amount distributed to the taxing entities for fiscal year 2012-13 and 2013-14 are \$0 and \$26,294, respectively. Pursuant to the repayment formula outlined in HSC section 34191.4 (b) (2) (A), the maximum repayment amount authorized for the fiscal year 2014-15 is \$13,147. Therefore, of the \$70,000 requested, \$56,853 of excess loan repayment is not eligible and \$13,147 is eligible for funding on this ROPS. The Agency may be eligible for additional funding beginning in ROPS 15-16A.

- Item Nos. 2 and 3 – Olivehurst Avenue Storm Drain Project Loans totaling \$235,158 (\$72,000 and \$55,226, respectively). The Agency received a Finding of Completion on April 4, 2014. However, OB Resolutions 2014-3 and 2014-4, approving loans in the amounts of \$89,850 and \$152,285, respectively, as enforceable obligations, were denied in the OB determination letter issued by Finance on May 6, 2014. The Agency was unable to provide adequate documentation to substantiate that the loans were enforceable obligations. As such, these items are not eligible for funding.

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. The amount of Redevelopment Property Tax Trust Fund (RPTTF) approved in the table below includes the prior period adjustment self-reported by the Agency. HSC section 34186 (a) also specifies prior period adjustments self-reported by successor agencies are subject to audit by the CAC and the State Controller. Any proposed CAC adjustments were not received in time for inclusion in this letter. Therefore, the amount of RPTTF approved in the table below only includes the prior period adjustment self-reported by the Agency.

The Agency's maximum approved distribution for the reporting period is \$13,147 as summarized below:

Approved RPTTF Distribution For the period of July through December 2014	
Total RPTTF requested for non-administrative obligations	197,226
Total RPTTF requested for administrative obligations	0
Total RPTTF requested for obligations	\$ 197,226
Total RPTTF requested for non-administrative obligations	197,226
<u>Denied Items</u>	
Item No. 1	(56,853)
Item No. 2	(72,000)
Item No. 3	(55,226)
	(184,079)
Total RPTTF authorized for non-administrative obligations	\$ 13,147
Total RPTTF requested for administrative obligations	0
Total RPTTF authorized for administrative obligations	0
Total RPTTF authorized for obligations	\$ 13,147
ROPS 13-14A prior period adjustment	0
Total RPTTF approved for distribution	\$ 13,147

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 Jenny DeAngelis, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Assistant Program Budget Manager

cc: Mr. C. Richard Eberle, Yuba County Auditor/Controller, Yuba County
California State Controller's Office