



April 15, 2019

Ms. Rachele Kellogg, Community Development Director
City of Sonora
94 North Washington Street
Sonora, CA 95370

Dear Ms. Kellogg:

Subject: 2019-20 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Sonora Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period of July 1, 2019 through June 30, 2020 (ROPS 19-20) to the California Department of Finance (Finance) on January 11, 2019. Finance has completed its review of the ROPS 19-20.

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

- On the ROPS 19-20 form, the Agency reported cash balances and activity for the July 1, 2016 through June 30, 2017 (ROPS 16-17) period. According to our review, the Agency has approximately \$21,665 from Other Funds available to fund enforceable obligations on the ROPS 19-20. HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting Redevelopment Property Tax Trust Fund (RPTTF) fund. Therefore, with the Agency's concurrence, the funding source for the following item has been reclassified in the amount specified below:
 - Item 6 – Supplemental Educational Revenue Augmentation Fund Loan in the amount of \$76,000 is reclassified from RPTTF to Other Funds. Therefore, Finance is approving RPTTF in the amount of \$54,335 and the use of Other Funds in the amount of \$21,665, totaling \$76,000.
- The administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b) (3). However, Finance notes the Oversight Board (OB) has approved an amount that appears excessive, given the number and nature of the obligations listed on the ROPS. HSC section 34179 (i) requires the OB to exercise a fiduciary duty to the taxing entities. Therefore, Finance encourages the OB to apply adequate oversight when evaluating the administrative resources necessary to successfully wind-down the Agency.
- The County Auditor-Controller (CAC) did not provide its review of the Agency's reported differences between actual payments and past estimated obligations for the ROPS 16-17 period as required by HSC section 34186. As noted above, the Agency reported cash balances and activity for ROPS 16-17. Therefore, we reviewed ROPS 16-17 expenditures. According to our review, the Agency has no prior period adjustment.

However, Finance noted the Agency misspent a portion of excess funds. Specifically, the Agency spent more than what was authorized for the Administrative Cost Allowance. Finance authorized \$21,450 pursuant to the cap; yet a total of \$22,690 was spent. This is \$1,240 in excess of the maximum amount allowed pursuant to HSC section 34171 (b) (3). Further, pursuant to HSC section 34177 (a) (3), only those payments listed on a ROPS may be made by the Agency from the funds and source specified on the ROPS, up to the amount authorized by Finance. Finance reminds the Agency that funds in excess of the amounts authorized on the ROPS cannot be expended. Any excess funds must be either remitted to the CAC or retained and expended once the Agency receives approval for their use on future ROPS.

Except for the item adjusted, Finance is not objecting to the remaining items listed on the ROPS 19-20. If the Agency disagrees with our determination with respect to any items on the ROPS 19-20, 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 \$75,785 as summarized in the Approved RPTTF Distribution table on Page 4 (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1 through December 31 period (ROPS A period), and one distribution for the January 1 through June 30 period (ROPS B period) based on Finance approved amounts. Since this determination is for the entire ROPS 19-20 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 19-20. 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 denied until the matter is resolved.

The ROPS 19-20 form submitted by the Agency and this determination letter will be posted on our website:

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

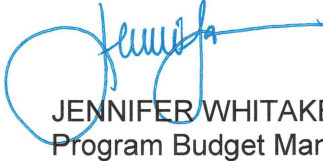
This determination is effective for the ROPS 19-20 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if not denied on this ROPS or a preceding ROPS. The only exception is for items that have received 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.

Ms. Rachelle Kellogg
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Please direct inquiries to Nichelle Jackson, Supervisor, or Michael Barr, Lead Analyst, at (916) 322-2985.

Sincerely,



JENNIFER WHITAKER
Program Budget Manager

cc: Mr. Timothy Miller, City Administrator, City of Sonora
Ms. Deborah Bautista, Auditor-Controller, Tuolumne County

Attachment

Approved RPTTF Distribution			
For the period of July 1, 2019 through June 30, 2020			
	ROPS A Period	ROPS B Period	ROPS 19-20 Total
RPTTF Requested	\$ 38,000	\$ 38,000	\$ 76,000
Administrative RPTTF Requested	14,300	7,150	21,450
Total RPTTF Requested	52,300	45,150	97,450
RPTTF Requested	38,000	38,000	76,000
<u>Adjustment</u>			
Item No. 6	(21,665)	0	(21,665)
RPTTF Authorized	16,335	38,000	54,335
Administrative RPTTF Authorized	14,300	7,150	21,450
Total RPTTF Authorized for Obligations	30,635	45,150	75,785
Prior Period Adjustment	0	0	0
Total RPTTF Approved for Distribution	\$ 30,635	\$ 45,150	\$ 75,785