



November 5, 2014

Mr. Aaron Busch, Community Development Director  
City of Yuba City  
1201 Civic Center Boulevard  
Yuba City, CA 95993

Dear Mr. Busch:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the Yuba City Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15B) to the California Department of Finance (Finance) on September 23, 2014 for the period of January 1 through June 30, 2015. Finance has completed its review of your ROPS 14-15B, which may have included obtaining clarification for various items.

Based on our review, we are approving all of the items listed on your ROPS 14-15B at this time.

However, during our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that should be used prior to requesting Redevelopment Property Tax Trust Fund (RPTTF). 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. The Agency provided financial records that displayed available Reserve Balances totaling \$840,726

Therefore, the funding sources for the following items have been reclassified to Reserve Balances and in the amounts specified below:

- Item No. 1 – 2004 Tax Allocation Bonds, Series A. The Agency requests \$414,680 from RPTTF; however, Finance is reclassifying \$403,218 to Reserve Balances. This item is an enforceable obligation for the ROPS 14-15B period. However, the obligation does not require payment from property tax revenues and the Agency has \$840,726 in available Reserve Balances. Therefore, Finance is approving RPTTF in the amount of \$11,462 and Reserve Balances in the amount of \$403,218, totaling \$414,680.
- Item No. 2 – 2004 Tax Allocation Bonds, Series B. The Agency requests \$114,332 from RPTTF; however, Finance is reclassifying \$24,508 to Reserve Balances. This item is an enforceable obligation for the ROPS 14-15B period. However, the obligation does not require payment from property tax revenues and the Agency has \$840,726 in available Reserve Balances. Therefore, Finance is approving RPTTF in the amount of \$89,824 and Reserve Balances in the amount of \$24,508, totaling \$114,332.

- Item No. 8 – Debt Service Reserve. The Agency requests \$413,000 from RPTTF; however, Finance is reclassifying the entire \$413,000 to Reserve Balances. This item is an enforceable obligation for the ROPS 14-15B period. However, the obligation does not require payment from property tax revenues and the Agency has \$840,726 in available Reserve Balances. Therefore, Finance is approving RPTTF in the amount of \$0 and Reserve Balances in the amount of \$413,000, totaling \$413,000.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 14-15B form the estimated obligations and actual payments (prior period adjustments) associated with the January through June 2014 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. Proposed CAC adjustments were not received in time for inclusion in this letter; therefore, the amount of RPTTF approved in the table below only reflects the prior period adjustment self-reported by the Agency, as adjusted by Finance.

Based on the Sutter County Auditor - Controller's (CAC) distribution report, the correct amount of Available RPTTF for administrative obligations was \$0; however, the Agency incorrectly entered \$125,000. In addition, the Agency incorrectly entered actual administrative expenditures totaling \$58,132. Therefore, Finance decreased the available administrative expenditures to \$58,132. This adjustment reduced the prior period adjustment from \$66,868 (\$125,000 - \$58,132) to \$0.

Except for items that have been reclassified, Finance is not objecting to the remaining items listed on your ROPS 14-15B. If you disagree with the determination with respect to any items on your ROPS 14-15B, 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 \$539,841 as summarized in the Approved RPTTF Distribution Table below:

<b>Approved RPTTF Distribution</b>	
<b>For the period of January through June 2015</b>	
Total RPTTF requested for non-administrative obligations	1,345,567
Total RPTTF requested for administrative obligations	35,000
<b>Total RPTTF requested for obligations on ROPS</b>	<b>\$ 1,380,567</b>
<b>Total RPTTF requested for non-administrative obligations</b>	<b>1,345,567</b>
<b>Total RPTTF for non-administrative obligations</b>	<b>1,345,567</b>
<u>Cash Balances - Item reclassified to other funding sources</u>	
Item No. 1	(403,218)
Item No. 2	(24,508)
Item No. 8	(413,000)
	(840,726)
<b>Total RPTTF authorized for non-administrative obligations</b>	<b>\$ 504,841</b>
<b>Total RPTTF requested for administrative obligations</b>	<b>35,000</b>
<b>Total RPTTF authorized for administrative obligations</b>	<b>\$ 35,000</b>
<b>Total RPTTF authorized for obligations</b>	<b>\$ 539,841</b>
Self-reported ROPS 13-14B prior period adjustment (PPA)	(66,686)
Finance adjustment to ROPS 13-14B PPA	66,686
Total ROPS 13-14B PPA	0
<b>Total RPTTF approved for distribution</b>	<b>\$ 539,841</b>

Pursuant to HSC section 34177 (l) (1) (E), agencies are required to use all available funding sources prior to RPTTF for payment of enforceable obligations. During the ROPS 14-15B review, Finance requested financial records to support the cash balances reported by the Agency. The Agency was unable to support beginning Reserve Balances of \$981,315. Therefore, as noted above, Finance has reclassified the available cash balances of \$840,726 that were supported by the Agency's records. Finance will continue to work with the Agency after the ROPS 14-15B review period to resolve any remaining issues as described above. If it is determined the Agency possesses additional cash balances that are available to pay approved obligations, the Agency should request the use of these cash balances prior to requesting RPTTF in ROPS 15-16A.

Please refer to the ROPS 14-15B 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 January 1 through June 30, 2015. 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 the 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 agency in the RPTTF.

Pursuant to HSC section 34177 (a) (3), only those payments listed on an approved ROPS may be made by the successor agency from the funds specified in the ROPS. However, if for whatever reason the Agency needs to make payments for approved obligations from another funding source, HSC section 34177 (a) (4) requires the Agency to first obtain oversight board approval.

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 Nichelle Thomas, Supervisor or Michael Barr, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Acting Program Budget Manager

cc: Ms. Robin Bertagna, Finance Director, Yuba City  
Mr. John Beaver, Tax Manager, Sutter County  
California State Controller's Office