



November 7, 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 14-15B) to the California Department of Finance (Finance) on September 25, 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 a sample of line items reviewed and application of the law, Finance made the following determination:

Item No. 1 – Olivehurst Avenue Storm Drain Project Loan Repayment in the amount of \$130,000 is denied. 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 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. This amount was approved in the prior period; therefore, the Agency is not eligible for additional funding in this period. The Agency will be eligible for funding in the ROPS 15-16A period.

Based on our review of the Agency's prior period adjustment reporting, the Agency inappropriately used distributed RPTTF for non-approved ROPS items. Pursuant to HSC section 34177 (a) (3), only those payments listed in the ROPS may be made by the successor agency and only from the funds specified in the ROPS. Furthermore, pursuant to HSC section 34178 (a), the Agency or oversight board is not allowed to restore funding for an obligation that was denied by Finance. As a result of our review, Finance is hereby adjusting the prior period adjustment reported on the ROPS 14-15B form by \$35,000 to accurately reflect

only those payments that were authorized by Finance on the Agency's ROPS 13-14B. The total prior period adjustment, as calculated by Finance is \$35,000.

The amount of RPTTF approved in the below table includes excess prior period adjustment (PPA) of \$31,100. The current approved RPTTF is insufficient to allow for the prior period adjustments of \$35,000 during this ROPS period. The Agency should apply the remaining funds prior to requesting RPTTF on future ROPS.

Except for the item denied in whole, 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 \$0 as summarized in the Approved RPTTF Distribution Table below:

| <b>Approved RPTTF Distribution<br/>For the period of January through June 2015</b> |                    |
|--|--------------------|
| Total RPTTF requested for non-administrative obligations                           | 130,000            |
| Total RPTTF requested for administrative obligations                               | 3,900              |
| <b>Total RPTTF requested for obligations on ROPS</b>                               | <b>\$ 133,900</b>  |
| <b>Total RPTTF requested for non-administrative obligations</b>                    | <b>130,000</b>     |
| <u>Denied Item</u>   |                    |
| Item No. 1   | (130,000)          |
| <b>Total RPTTF authorized for non-administrative obligations</b>                   | <b>0</b>           |
| <b>Total RPTTF requested for administrative obligations</b>                        | <b>3,900</b>       |
| <b>Total RPTTF authorized for administrative obligations</b>                       | <b>\$ 3,900</b>    |
| <b>Total RPTTF authorized for obligations</b>                                      | <b>\$ 3,900</b>    |
| Self-reported ROPS 13-14B PPA  | 0                  |
| Finance adjustment to ROPS 13-14B PPA  | 35,000             |
| Total ROPS 13-14B PPA  | 35,000             |
| <b>Total RPTTF approved for distribution</b>                                       | <b>\$ (31,100)</b> |

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 Wendy Griffe, Supervisor or Jenny DeAngelis, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Acting Program Budget Manager

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