



November 13, 2015

Ms. Carolyn Galloway-Cooper, Finance Director
City of Buellton
107 West Hwy 246
P.O. Box 1819
Buellton, CA 93427

Dear Ms. Galloway-Cooper:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m) (1) (A), the City of Buellton Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period January 1 through June 30, 2016 (ROPS 15-16B) to the California Department of Finance (Finance) on October 2, 2015. Finance has completed its review of the ROPS 15-16B.

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

Item Nos. 1 through 6 – Administrative costs totaling \$22,670. The Agency requests \$22,670 of Redevelopment Property Tax Trust Funds (RPTTF); however, Finance is reclassifying \$22,670 to Reserve Balances. Pursuant to Finance's letter dated March 23, 2015, the Agency should use the excess prior period adjustment (PPA) of \$44,495 Reserve Balances prior to requesting RPTTF. Therefore, Finance is approving the use of Reserve Balances in the amount of \$22,670.

The administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b) (2). However, Finance notes the oversight board 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 oversight board to exercise a fiduciary duty to the taxing entities. Therefore, Finance encourages the oversight board to use adequate discretion when evaluating the administrative resources required to successfully wind-down the Agency.

Pursuant to HSC section 34186 (a) (1), the Agency was required to report on the ROPS 15-16B form the estimated obligations versus actual payments (PPA) associated with the January through June 2015 period (ROPS 14-15B). HSC section 34186 (a) (1) also specifies the PPA self-reported by the Agency is subject to review by the county auditor-controller (CAC). 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 Agency's self-reported PPA, adjusted by Finance. As a result of our review, Finance is adjusting the PPA reported on ROPS 15-16B form by \$2,111 to accurately reflect only those payments that were authorized by

Finance on the Agency's ROPS 14-15B. Therefore, the total PPA, as calculated by Finance is \$2,111.

The amount of RPTTF approved in the table below includes an excess PPA of \$2,111. The current approved RPTTF is insufficient to allow for the PPA of \$2,111 during this ROPS period. Pursuant to HSC section 34177 (l) (1) (E), the Agency is required to use all available funding sources to pay enforceable obligations. Therefore, the Agency should apply the remaining funds prior to requesting RPTTF on future ROPS.

Finance notes the excess PPA of \$2,111 is in addition to the excess PPA of \$44,495 addressed in Finance's ROPS 15-16A determination letter. Therefore, the Agency's excess PPA balances now total \$23,936 (\$44,495 - \$22,670 + \$2,111).

Except for the items that have been reclassified, Finance is not objecting to the remaining items listed on your ROPS 15-16B. If you disagree with Finance's determination with respect to any items on your ROPS 15-16B, except for those items which are the subject of litigation disputing Finance's previous or related determinations, 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/

The Agency's maximum approved RPTTF distribution for the reporting period is zero as summarized in the Approved RPTTF Distribution table below:

Approved RPTTF Distribution	
For the period of January through June 2016	
Total RPTTF requested for non-administrative obligations	0
Total RPTTF requested for administrative obligations	22,670
Total RPTTF requested for obligations on ROPS 15-16B	\$ 22,670
Total RPTTF requested for non-administrative obligations	0
Total RPTTF authorized for non-administrative obligations	\$ 0
Total RPTTF requested for administrative obligations	22,670
<u>Reclassified Items</u>	
Item No. 1	(624)
Item No. 2	(25)
Item No. 3	(1,000)
Item No. 4	(300)
Item No. 5	(370)
Item No. 6	(20,351)
	(22,670)
Total RPTTF authorized for administrative obligations	\$ 0
Total RPTTF authorized for obligations	\$ 0
ROPS 14-15B PPA	(2,111)
Excess PPA	2,111
Total RPTTF approved for distribution	\$ 0

On the ROPS 15-16B form, the Agency reported cash balances and activity for the period January 1 through December 31, 2015. Finance will perform a review of the Agency's self-reported cash balances on an ongoing basis. Please be prepared to submit financial records and bridging documents to support the cash balances reported upon request. If it is determined the Agency possesses cash balances that are available to pay approved obligations, HSC section 34177 (l) (1) (E) requires these balances be used prior to requesting RPTTF.

Please refer to the ROPS 15-16B schedule used to calculate the total RPTTF approved for distribution:

<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, 2016. This determination only applies to items when 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 ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if it was 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 the redevelopment dissolution statutes. 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.

Please direct inquiries to Wendy Griffe, Supervisor, or Erika Santiago, Lead Analyst, at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Mr. Marc P. Bierdzinski, City Manager, City of Buellton
Mr. Ed Price, Division Chief Property Tax Division, Santa Barbara County