



**DEPARTMENT OF
FINANCE**
OFFICE OF THE DIRECTOR

GAVIN NEWSOM - GOVERNOR
STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ [WWW.DOF.CA.GOV](http://www.dof.ca.gov)

April 15, 2019

Ms. Sylvia Miledi, Director of Finance
City of Needles
817 Third Street
Needles, CA 92363

Dear Ms. Miledi:

Subject: 2019-20 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Needles 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 February 1, 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 period July 1, 2016 through June 30, 2017 (ROPS 16-17). According to our review, the Agency has approximately \$480 from Other Funds and \$511,749 from Reserve Balances, totaling \$512,229 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 Funds (RPTTF). Therefore, the funding sources for the following items have been reclassified in the amounts specified below:

Item No.	Item Name/Project Name	Requested	Authorized		
		RPTTF/ Administrative RPTTF	Reserve Balances	Other Funds	Total Funding
1	1992 Tax Allocation Revenue Bonds	\$ 36,000	\$ 35,520	\$ 480	\$ 36,000
6	Administrative Costs	82,306	82,306	0	82,306
8	1992 Tax Allocation Revenue Bonds	120,000	120,000	0	120,000
9	Servicing Fees	4,800	4,800	0	4,800
Total		\$243,106	\$242,626	\$ 480	\$243,106

- 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.

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations. Reported differences in RPTTF are used to offset current RPTTF distributions. The amount of RPTTF approved in the table on Page 3 includes the prior period adjustment (PPA) resulting from the County Auditor-Controller's review of the PPA form submitted by the Agency. Total authorized RPTTF is insufficient to allow the entire PPA to be applied this ROPS period, resulting in an excess PPA of \$439 that should be applied prior to requesting RPTTF on future a ROPS.

Except for the items 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/](http://dof.ca.gov/Programs/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 on Page 3 (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:

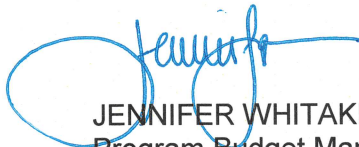
<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

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.

Please direct inquiries to Nichelle Jackson, Supervisor, or Cole Chev, Analyst, at (916) 322-2985.

Sincerely,



JENNIFER WHITAKER
Program Budget Manager

cc: Ms. Rainie Torrance, Senior Accountant, City of Needles
Ms. Linda Santillano, Property Tax Manager, San Bernardino 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	\$ 138,000	\$ 22,800	\$ 160,800
Administrative RPTTF Requested	41,153	41,153	82,306
Total RPTTF Requested	179,153	63,953	243,106
RPTTF Requested	138,000	22,800	160,800
<u>Adjustments</u>			
Item No. 1	(18,000)	(18,000)	(36,000)
Item No. 8	(120,000)	0	(120,000)
Item No. 9	0	(4,800)	(4,800)
	(138,000)	(22,800)	(160,800)
RPTTF Authorized	0	0	0
Administrative RPTTF Requested	41,153	41,153	82,306
<u>Adjustment</u>			
Item No. 6	(41,153)	(41,153)	(82,306)
Administrative RPTTF Authorized	0	0	0
Total RPTTF Authorized for Obligations	0	0	0
Prior Period Adjustment	(439)	0	(439)
Excess PPA	439	0	439
Total RPTTF Approved for Distribution	\$ 0	\$ 0	\$ 0