

YUBA COUNTY REDEVELOPMENT AGENCY OVERSIGHT BOARD MEETING

Yuba County Government Center
915 Eighth Street, Board Chambers
Marysville, CA 95901

JULY 24, 2012 – 2:00 P.M.

AGENDA

- A. Roll Call – Directors: Violette Begley Robert Bendorf Jim Carpenter
 Mary Jane Griego Brent Hastey
 Scotia Holmes Sanchez
- B. Consent:
1. Approve minutes of May 14, 2012.
 2. Receive correspondence regarding update on agency dissolution dated July 5, 2012.
 3. Receive correspondence regarding residual tax increment dated July 18, 2012.
- C. Accept report from Gallina, LLP on results of agreed upon procedures.
- D. Authorize Auditor-Controller to pay for services provided by Gallina, LLP in an amount up to \$4,000.
- E. Authorize Auditor-Controller to return tax increment over allocated to RDA in the April apportionment in the amount of \$2,946 to the varies affected taxing entities.
- F. Receive information regarding future obligations and deadlines.
- G. Authorize Auditor-Controller to use available funds to pay existing debt obligations as specified on the Recognized Obligation Payment Schedule (ROPS) and any other obligations as funds are made available.
- H. Consider regular meeting schedule for 2nd or 4th Tuesday of each month at 2:00 or 3:00 p.m. beginning September and take action as appropriate, and set next meeting for August 28, 2012 at 2:00 p.m. (No background)
- I. Public Comment
- J. Adjourn



YUBA COUNTY REDEVELOPMENT AGENCY OVERSIGHT BOARD

MAY 14, 2012 - MINUTES

The Board met on the above date, commencing at 3:34 p.m., within the Government Center, Marysville, California, with the following members present: Violette Begley, Robert Bendorf, Mary Jane Griego, Scotia Holmes Sanchez. Director Jim Carpenter was absent. Also present were Community Development and Services Director Kevin Mallen, Finance and Administration Manager Sean Powers, County Counsel Angil Morris-Jones and Clerk of the Board of Supervisors Donna Stottlemeyer. Chair Griego presided.

A. Elect Chair and Vice Chair of Oversight Board

Director Sanchez nominated Director Griego as Chair.

Motion: Move to appoint Director Griego as Chair

Moved: Robert Bendorf Second: Violette Begley

AYES: Violette Begley, Robert Bendorf, Mary Jane Griego, Scotia Holmes Sanchez

NOES: None ABSTAIN: None ABSENT: Jim Carpenter

Director Griego nominated Director Begley as Vice Chair.

Motion: Move to appoint Director Begley as Vice Chair

Moved: Mary Jane Griego Second: Scotia Holmes Sanchez

AYES: Violette Begley, Robert Bendorf, Mary Jane Griego, Scotia Holmes Sanchez

NOES: None ABSTAIN: None ABSENT: Jim Carpenter

B. Receive background on dissolution of RDA and Oversight Board's role. Community Development and Services Director Kevin Mallen provided a brief background on formation of the Redevelopment Agency for the Olivehurst area, dissolution of the Board, and the oversight Board's role. Mr. Mallen recapped projects performed by the agency and outstanding loans on projects.

C. Approve Recognized Obligations Payment Schedules (ROPS) through June 2012 and December 2012 and authorize Chair to execute same. Community Development Finance and Administration Manager Sean Powers recapped three outstanding debts which require approval to send forward to the State for their review and approval of obligations. Mr. Powers responded to inquiries regarding loan obligations, assets, and fund accounts.

Motion: Move to approve ROPS

Moved: Robert Bendorf Second: Scotia Holmes Sanchez

AYES: Violette Begley, Robert Bendorf, Mary Jane Griego, Scotia Holmes Sanchez

NOES: None ABSTAIN: None ABSENT: Jim Carpenter

D. Authorize Yuba County Auditor-Controller to transfer Low Income Housing Set Aside Fund 169 to the Yuba County Housing Authority Trust Fund 262. Mr. Powers and Mr. Mallen advised the current set aside funds are approximately \$26,000 which are specified for low income housing, the purpose of transfer, and responded to Board inquiries.

Mr. Carpenter joined the meeting at 3:51 p.m. Auditor Controller Richard Eberle joined the meeting at 3:56 p.m.

Mr. Eberle responded to Board inquiries regarding transfer of funds, future expenditures, and recommended tabling the matter at this time.

Following Board discussion, Chair Griego tabled the item for discussion at a later date.

E. Public Comment:

Mr. Richard Eberle commented on the ROPS and responded to Board inquiries regarding obligations of funds and "pass through" payments.

Following Board discussion, the next meeting was scheduled for June 26, 2012 at 3:30 p.m.

F. Adjourn: 4:28 p.m. by Chair Griego.

ATTEST: Clerk of the Board Donna Stottlemeyer

Chairman

The County of Yuba

Community Development & Services Agency

Kevin Mallen, Director

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BUILDING
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July 5, 2012

To: Yuba County Redevelopment Agency Oversight Board

From: Sean Powers, CDSA Director of Finance and Administration 

Subject: Update on the Yuba County Redevelopment Agency Dissolution

Yuba County received a response to the Recognized Obligations Payment Schedules (ROPS) approved on May 14, 2012 by the Redevelopment Agency Oversight Board. The Department of Finance (DOF) approved all three of the Redevelopment Agency's (RDA) outstanding debts with the:

- Yuba County Water Agency
- Yuba County's Community Development Block Grant (CDBG) Program
- Yuba County

The approval letter from DOF is attached for your review. The RDA still has a limited ability to make required loan payments on these obligations. County staff is currently revamping the RDA's previous efforts to request a modification of the outstanding debt to achieve a viable repayment plan.

County staff is still negotiating the changing environment and necessary steps with the RDA's dissolution. The most pressing item is the Agreed-Upon Procedures (AUP) required by the California State Controller's Office, Department of Finance, and County Auditor-Controller ensuring the dissolved RDA is complying with its statutory requirements with ABX1 26. As staff completes the AUP, we can gauge the quality of our efforts to date and identify any outstanding items. The state agencies realize every jurisdiction is doing the best they can with this changing information and new procedures.

The Redevelopment Agency Oversight Board approved the ROP's through December 2012. As of the date of this letter, staff has not identified the need to reconvene the Oversight Board in the next few months, but this may change at any time. As we work through the RDA's current work items, we will notify the Oversight Board of the next scheduled meeting.

Staff received some follow up questions regarding the RDA's pass-through payments. The RDA has no pass-through agreements as these are not the same as the normally operating pass-through

payments. Pass through payments pertain to all RDAs formed after January 1, 1996. These payments are a calculated percentage of the tax increment that is returned to the taxing authorities which gave up the property taxes to the RDA. The percentage of the tax increment pass-through payments increases over time in favor of the surrounding taxing entities (not the RDA). Currently the Olivehurst RDA makes pass-through payments to affected entities. Based on communication from the State Controller's Office and DOF, the pass-through payments are scheduled to follow existing formats. This could change based on upcoming legislation or clarification from the State. Another question was raised regarding the RDA's assets. The RDA has no physical assets other than cash held with the County Treasurer.

Staff hopes this update helps clarify any issues or questions. If there are any additional questions, please let staff know.

Attachment

cc: C. Richard Eberle, Auditor Controller
Kevin Mallen, CDSA Director



**DEPARTMENT OF
FINANCE**

EDMUND G. BROWN JR. • GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

May 27, 2012

Sean Powers, Finance and Administration Manager
Community Development and Services Agency
Yuba County
915 8th Street, Suite 123
Marysville, CA 95901

Dear Mr. Powers:

Subject: Recognized Obligation Payment Schedule Approval Letter

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the Yuba County Successor Agency submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on May 16, 2012 for the periods January to June 2012 and July to December 2012. Finance is assuming oversight board approval. Finance has completed its review of your ROPS which may have included obtaining clarification for various items. Based on our review, we are approving all of the items listed on your ROPS at this time.

This is our determination with respect to any items funded from the Redevelopment Property Tax Trust Fund (RPTTF) for the June 1, 2012 property tax allocations. In addition, items not questioned during this review are subject to subsequent review if they are included on a future ROPS. If an item included on a future ROPS is not an enforceable obligation, Finance reserves the right to remove that item from the future ROPS, even if it was not removed from the preceding ROPS.

Please refer to Exhibit 12 at http://www.dof.ca.gov/assembly_bills_26-27/view.php for the amount of RPTTF that was approved by Finance.

As you are aware the amount of available RPTTF is the same as the property tax increment that was available prior to ABx1 26. 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 in the RPTTF.

Please direct inquiries to Evelyn Suess, Supervisor or Michael Barr, Lead Analyst at (916) 322-2985.

Sincerely,

MARK HILL
Program Budget Manager

cc: Mr. Richard Eberle, Auditor-Controller, Yuba County

TO: Yuba County Successor Agency Oversight Board
FROM: C. Richard Eberle, CPA, Auditor-Controller request
SUBJECT: Return of Tax Increment
DATE: 7/24/12

Recommendation

Authorize Auditor-Controller to return tax increment allocated to the RDA in the April apportionment in the amount of \$2,946.

Background

As part of ABx1 26 there is no longer a Low Income Housing set aside as part of the tax increment calculation. The tax increment used for the April 2012 apportionment included the Low Income Housing set aside. Removing the set aside resulted in an increase of \$2,946 that should have been passed through to the affected taxing entities.

Discussion

The Auditor-Controller's office has identified how the \$2,946 will be allocated to the affected taxing entities based on the existing factors. The Auditor-Controller's office will make the necessary transactions to ensure the affected entities receive their portion.

Fiscal Impact:

This will reduce the available funds for repayment of debt by \$2,946

Attachment: Allocation Spreadsheet

DATE: July 18, 2012
TO: Yuba County RDA Successor Agency
FROM: C. Richard Eberle, CPA, Auditor-Controller
SUBJECT: AB 1484 Residual Amounts

The state legislature recently passed AB 1484 which, among other things, directs the Auditor-Controller's Office to perform calculations involving tax increment allocated to the former RDA and identify any residual amounts that are owed to affected taxing entities (ATE) for the period of January to June 2012. This calculation starts by taking the tax increment allocated to the former RDA as part of the December 2011 apportionment, subtracting the obligations specified in the ROPS that was submitted to the Department of Finance, and identifying any remaining tax increment not used to retire debt. AB 1484 directs the Auditor-Controller's Office to collect from Successor Agency and then remit those residual funds to the ATEs. In accordance with AB 1484 and pursuant to HSC Section 34183 (a) (4), the Auditor-Controller's Office has identified that there are no residual funds owed by the Successor Agency to any ATEs as the reported obligations exceed the available tax increment for the period.

If you have any questions please feel free to contact my office.

Thank You,

C. Richard Eberle, CPA
Auditor-Controller

CRE/cre



June 20, 2012

C. Richard Eberle
Auditor-Controller
County of Yuba
915 8th Street, Suite 105
Marysville, CA 95901



RE: AB 1X 26 Agreed Upon Procedures Engagement for the Yuba County Redevelopment Agency

Mr. Eberle:

We are pleased to submit a proposal to perform agreed upon procedures on the County of Yuba Redevelopment Agency. This letter will confirm the nature and limitations of the services we propose to perform, the various responsibilities, and other terms of the engagement.

During the course of the engagement, we agree to apply the procedures established by the State Controller's Office. The purpose of the agreed upon procedures will be to:

- Establish each redevelopment agency's assets and liabilities;
- Document and determine each redevelopment agency's pass through payment obligations to other taxing agencies; and,
- Document and determine both the amount and the terms of any indebtedness incurred by the redevelopment agency.

Our engagement will be conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants. You and any other specified parties listed above are solely responsible for the sufficiency of the agreed upon procedures for their purposes. Therefore, we make no representation as to the sufficiency of the procedures described in the ATTACHMENT A schedule of this proposal either for the purpose for which this report has been requested or for any other purpose. The agreed upon procedures listed in the attached schedule are not designed to constitute an examination or review of the subject matter. Consequently, we will not express reasonable or limited assurance on the subject matter. We have no obligation to perform any procedures beyond those agreed to as enumerated in this letter of engagement. If, for any reason, we are unable to complete the procedures, we will not issue a report as a result of this engagement.

Our procedures are also not designed to detect error or fraud that is material to the subject matter information. However, we will inform you of any material errors or fraud that come to our attention, unless clearly inconsequential. Our responsibility is limited to the period covered by our procedures and does not extend to matters that might arise during any later periods for which we are not engaged. At the conclusion of our engagement, we will request certain written representations from you about the subject matter information and related matters. We will present a written report listing the procedures and our related findings. This report will be intended for use by and restricted to the use of the specified parties as identified above, and our report will contain such restricted-use language.

Our management plan for the work includes the following:

1. Preliminary activities:
 - a. Engagement acceptance
 - b. Engagement letter
 - c. Prepare and submit Client Participation Schedules
2. Planning activities:
 - a. Obtain in advance:
 - i. Enforceable obligation payment schedule and initial required obligation schedule, including amendments
 - ii. Obtain prior year audit reports and management reports
 - iii. General ledger activity and trial balance reports
 - b. Set up engagement workpapers
 - c. Perform risk assessment and other planning procedures
 - d. Prepare and transmit confirmations (i.e. SCO) and other correspondence
3. On-site visit (fieldwork):
 - a. Entrance conference with Auditor-Controller
 - b. On-site visit to each agency
 - i. Perform inquiries with agency personnel
 - ii. Review documents and perform procedures
 - iii. Identify and communicate any pending items
 - iv. Summarize results of procedures
 - c. Exit conference with Auditor-Controller
4. Reporting and wrap-up:
 - a. Obtain and resolve open items and issues
 - b. Prepare attest report with findings
 - c. Transmit draft of report with findings
 - d. Obtain representations
 - e. Transmit final report with findings

You are responsible for the presentation of the findings determined as a result of our performing the procedures, and for selecting and determining those procedures that are appropriate for your purposes. Management is responsible for making all financial records and related information available to us. We understand that you will provide us with the basic information required for our procedures and the remainder of the information we will obtain directly from those individuals you indicate as representing the redevelopment agency.

Brad Constantine is the engagement partner. He is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. Brad can be reached at (916) 784-7800 or bconstantine@gallina.com.

We propose a team of experienced professionals for this engagement:

NAME	POSITION
Brad Constantine, CPA	Partner
Rich Gonzalez, CPA	Senior Manager
James Lee, CPA	Audit Senior

Each member of our team brings relevant experience to this engagement, including recent audits of the following redevelopment agencies:

NAME OF ORGANIZATION
City of Auburn RDA
City of Henderson RDA
City of Merced RDA
City of Porterville RDA
City of Reno RDA
County of Lake RDA
County of Lassen RDA
County of Mendocino RDA
County of Monterey RDA
County of Placer RDA
County of Yuba RDA

Below is a partial list of the references. We encourage you to contact them.

NAME OF ORGANIZATION	CONTACT
City of Merced RDA	Teri Albrecht, Deputy Finance (209) 385-4753
City of Porterville RDA	Maria Bemis, Finance Director (559) 782-7566
County of Lake RDA	Cathy Saderlund, Auditor-Controller (707) 263-2311
County of Mendocino RDA	Lloyd Weer, Assistant Auditor-Controller (707) 463-4360
County of Monterey RDA	Carol Bouchard, Redevelopment & Housing Project Analyst (831) 755-5387
County of Yuba RDA	Sean Powers, Finance & Administration Manager (530) 749-5430

We received our most recent peer review in 2009 at which time we received a rating of pass (equivalent of an unqualified opinion). A copy of the report is enclosed in the ATTACHMENT B of this proposal.

The engagement should be completed by June 30, 2012 and a final report is expected to be issued by July 1, 2012.

We estimate that our fee for these services will be as indicated in the ATTACHMENT C of this proposal. The fee estimate is based on the anticipated cooperation from personnel at the respective agencies and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for the fee will be rendered each month as work progresses and are payable upon presentation.

If the County agrees to these terms, please sign below and return a copy of this letter to us for our files. We look forward to this opportunity.

Very truly yours,
GALLINA LLP

Brad W. Constantine

Brad Constantine, CPA
Partner

COUNTY RESPONSE:

We agree to the terms noted above.

Sincerely,


Signed

COUNTY ADMINISTRATOR
Title

6/21/12
Date

ATTACHMENT A

Agreed-Upon Procedures Engagement Pursuant to ABX1 26, Community Redevelopment Dissolution

Purpose: To establish each redevelopment agency's assets and liabilities, to document and determine each redevelopment agency's pass-through payment obligations to other taxing agencies, and to document and determine both the amount and the terms of any indebtedness incurred by the redevelopment agency and certify the initial recognized obligation payment schedule. [Health and Safety Code section 34182(a)(2)]

In conformity with attestation standards, the language in each separate report for each agency will need to be specific as to the type of documents that were examined in performing the procedure.

A. RDA Dissolution and Restrictions

☐ For each redevelopment agency dissolved, perform the following:

1. Obtain a copy of the enforceable obligation payment schedule (EOPS) for the period of August 1, 2011, through December 31, 2011. Trace the redevelopment project name or area (which ever applies) associated with the obligations, the payee, a description of the nature of the work/service agreed to, and the amount of payments made by month through December 31, 2011, and compare it to the legal document(s) that forms the basis for the obligations. Since amount could be estimated, determine that they are stated as such and that legal documentation supports those estimates.
2. Obtain a copy of all amended EOPS filed during the period of January 1, 2012, through June 30, 2012. Trace the redevelopment project name or area (which ever applies) associated with the obligations, the payee, a description of the nature of the work/service agreed to, and the amount of payments to be made by month through June 30, 2012, and compare it to the legal documents that forms the basis for the obligations. Again, since amount could be estimated, determine that they are stated as such and that legal documentation supports those estimates.
3. Identify any obligation listed on the EOPS that were entered into after June 29, 2011, by inspecting the date of incurrence specified on Form A of the Statement of Indebtedness filed with the County Auditor-Controller, which was filed on or before October 1, 2011.
4. Inquire and specifically state in the report the manner in which the agency did or did not execute a transfer of the Low and Moderate Income Housing Fund to the redevelopment successor agency by February 1, 2012. Procedures to accomplish this might include changing the name of the accounting fund and related bank accounts that are holding these assets for the successor agency. If the successor agency is a party other than the agency that created the redevelopment agency, an examination of bank statements and changing of account titles and fund names evidencing such transfer will be sufficient.
5. Inquire and specifically state in the report how housing activities (assets and functions, rights, powers, duties, and obligations) were transferred and the manner in which this agency did or did not execute a transfer. Procedures to accomplish this might include changing the name of the accounting fund and related bank accounts that are holding these assets for the other agency. An examination of bank statements and changing of account titles and fund names evidencing such transfers will be sufficient. If the housing successor is a party other than the agency that created the redevelopment agency, an examination of bank statements and re-recording of titles evidencing such transfer will be sufficient.

ATTACHMENT A (continued)

B. Successor Agency

1. Inspect evidence that a successor agency (A) has been established by February 1, 2012; and (B) the successor agency oversight board has been appointed, with names of the successor agency oversight board members, which must be submitted to the Department of Finance by May 1, 2012.
2. Inquire regarding the procedures accomplished and specifically state in the report the manner in which this agency did or did not execute a transfer of operations to the successor agency, which was due by February 1, 2012. Procedures to accomplish this might include changing the name of the accounting fund and related bank accounts that are holding these assets for the successor agency. If the successor agency is a party other than the agency that created the redevelopment agency, an examination of bank statements and changing of account titles and fund names evidencing such transfers will be sufficient.
3. Ascertain that the successor agency has established the Redevelopment Obligation Retirement Fund(s) in its accounting system.
4. Inspect the EOPS and ROPS and identify the payments that were due to be paid through the date of the AUP report. Select a sample (based on a dollar amount and/or percentage amount as determined by the County Auditor-Controller and compare the payments that were due to be paid through the date of the AUP report to a copy of the cancelled check or other documentation supporting the payment.
5. Obtain listings that support the asset figures (cash, investments, accounts receivable, notes, receivables, fixed assets, etc.) in the audited financial statements as of June 30, 2010, June 30, 2011, or the agency's fiscal year ending, and as of January 31, 2012, as determined by the successor agency and include as an attachment to the AUP report.

C. Recognized Obligation Payment Schedule (Draft ROPS)

- ☐ Obtain a copy of the initial draft of the ROPS from the successor agency.

1. Inspect evidence that the initial draft of the ROPS was prepared by March 1, 2012.
2. Note in the minutes of the Oversight Board that the draft ROPS has been approved by the Oversight Board. If the Oversight Board has not yet approved the draft ROPS as of the date of the AUP, this should be mentioned in the AUP report.
3. Inspect evidence that a copy of the draft ROPS was submitted to the County Auditor-Controller, State Controller, and Department of Finance.
4. Inspect evidence that the draft ROPS includes monthly scheduled payments for each enforceable obligation for the current six-month reporting time period.
5. Select a sample (based on dollar amount and/or percentage amount as determined by the County Auditor-Controller and trace enforceable obligations listed on the draft ROPS to the legal document that forms the basis for the obligation.
6. Trace the obligations enumerated on the draft ROPS to the obligations enumerated on the EOPS (including amendments) and note any material differences as agreed to by the County Auditor-Controller.

ATTACHMENT A (continued)

D. Recognized Obligation Payment Schedule (Final ROPS)

☐ Obtain a copy of the final ROPS (January 1, 2012, through June 30, 2012) from the successor agency.

1. Inspect evidence that the final ROPS was submitted to the County Auditor-Controller, the State Controller, and Department of Finance by April 15, 2012, and is posted on the website of the City/County as successor agency (Health and Safety Code section 34177(2)(C)).

2. Inspect the final ROPS and identify the payments that were due to be paid through the date of the Agreed-Upon Procedures report. For payments on the ROPS that were identified as being due through the date of the Agreed-Upon Procedures report, inspect evidence of payment and determine that amounts agree to the purpose of the obligation as amounts could be estimated.

3. Select a sample (based on a dollar amount and/or percentage amount as determined by the County Auditor-Controller and trace enforceable obligations listed on the final ROPS to the legal agreements or documents that forms the basis for the obligation.

E. Other Procedures

☐ Obtain a list of pass-through obligations and payment schedules.

1. Obtain a list of pass-through obligations and payments made from the successor agency from July 1, 2011 through January 31, 2012, Inspect evidence of payment, and note any differences from the list of pass-through obligations and payments made.

☐ Issue Agreed-Upon Procedures Report and distribute to the California State Controller by July 15, 2012.


ATTACHMENT B

HANSEN, BARNETT & MAXWELL, P.C.

A Professional Corporation
CERTIFIED PUBLIC ACCOUNTANTS

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Salt Lake City, UT 84180-1128
Phone: (801) 532-2200
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Registered with the Public Company
Accounting Oversight Board

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SYSTEM PEER REVIEW

November 20, 2009

To the Partners

Gallina LLP and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Gallina LLP (the firm) in effect for the year ended May 31, 2009. Our review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm reasonable assurance of performing and reporting in conformity with professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitation of and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards*; and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Gallina LLP in effect for the year ended May 31, 2009, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Gallina LLP has received a peer review rating of *pass*.

Hansen, Barnett & Maxwell, P.C.

ATTACHMENT C

Summary of Proposed Fee	
Entity	Fee
Yuba County Redevelopment Agency	4,000
Total all-inclusive maximum fee	\$ 4,000

COUNTY OF YUBA

**REPORT ON APPLYING
AGREED-UPON PROCEDURES TO THE
YUBA REDEVELOPMENT
AND SUCCESSOR AGENCY
IN ACCORDANCE WITH ABX1 26**

**COUNTY OF YUBA
AGREED-UPON PROCEDURES TO THE
YUBA REDEVELOPMENT
AND SUCCESSOR AGENCY**

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**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES**

Yuba County Auditor-Controller
Oversight Board of the Successor Agency
of the Yuba Redevelopment Agency
Marysville, California

We have performed the minimum required agreed-upon procedures enumerated in Attachment A, which were agreed to by the California State Controller's Office, Department of Finance, and Yuba County Auditor-Controller, solely to assist you in ensuring that the dissolved redevelopment agency is complying with its statutory requirements with respect to ABX1 26. Management of the successor agency and the County are responsible for the accounting records pertaining to statutory compliance pursuant to Health and Safety Code section 34182(a)(1). This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The scope of this engagement was limited to performing the minimum required agreed-upon procedures as set forth in Attachment A.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion as to the appropriateness of the results summarized in Attachment A. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Yuba County Auditor-Controller, the successor agency, and applicable State agencies, and is not intended to be, and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

GALLINA LLP

Roseville, California
{DATE}

**COUNTY OF YUBA
AGREED-UPON PROCEDURES TO THE
YUBA REDEVELOPMENT
AND SUCCESSOR AGENCY**

Attachment A—Agreed-Upon Procedures Engagement

Pursuant to ABX1 26, Community Redevelopment Dissolution

Purpose: To establish each redevelopment agency's assets and liabilities, to document and determine each redevelopment agency's pass-through payment obligations to other taxing agencies, and to document and determine both the amount and the terms of any indebtedness incurred by the redevelopment agency and certify the initial recognized obligation payment schedule. [Health and Safety Code section 34182(a)(2)]

A. RDA DISSOLUTION AND RESTRICTIONS

1. Obtain a copy of the enforceable obligation payment schedule (EOPS) for the period of August 1, 2011, through December 31, 2011. Trace the redevelopment project name or area (which ever applies) associated with the obligations, the payee, a description of the nature of the work/service agreed to, and the amount of payments made by month through December 31, 2011, and compare it to the legal document(s) that forms the basis for the obligations. Since amount could be estimated, determine that they are stated as such and that legal documentation supports those estimates.

Results: Per inquiry of the client, no EOPS was prepared.

2. Obtain a copy of all amended EOPS filed during the period of January 1, 2012, through June 30, 2012. Trace the redevelopment project name or area (which ever applies) associated with the obligations, the payee, a description of the nature of the work/service agreed to, and the amount of payments to be made by month through June 30, 2012, and compare it to the legal documents that forms the basis for the obligations. Again, since amount could be estimated, determine that they are stated as such and that legal documentation supports those estimates.

Results: Per inquiry of the client, no amended EOPS was prepared.

3. Identify any obligation listed on the EOPS that were entered into after June 29, 2011, by inspecting the date of incurrence specified on Form A of the Statement of Indebtedness filed with the County Auditor-Controller, which was filed on or before October 1, 2011.

Results: Per inquiry of the client, no obligations were entered into after June 29, 2011.

4. Inquire and specifically state in the report the manner in which the agency did or did not execute a transfer of the Low and Moderate Income Housing Fund to the redevelopment successor agency by February 1, 2012. Procedures to accomplish this might include changing the name of the accounting fund and related bank accounts that are holding these assets for the successor agency. If the successor agency is a party other than the agency that created the redevelopment agency, an examination of bank statements and changing of account titles and fund names evidencing such transfer will be sufficient.

Results: No transfer took place by February 1, 2012. The Low and Moderate Income Housing Fund (Fund 169) was renamed the RDA Successor Agency LIH Fund on July 13, 2012.

**COUNTY OF YUBA
AGREED-UPON PROCEDURES TO THE
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5. Inquire and specifically state in the report how housing activities (assets and functions, rights, powers, duties, and obligations) were transferred and the manner in which this agency did or did not execute a transfer. Procedures to accomplish this might include changing the name of the accounting fund and related bank accounts that are holding these assets for the other agency. An examination of bank statements and changing of account titles and fund names evidencing such transfers will be sufficient. If the housing successor is a party other than the agency that created the redevelopment agency, an examination of bank statements and re-recording of titles evidencing such transfer will be sufficient.

Results: The County of Yuba elected to retain the housing assets and functions previously performed by the Redevelopment agency per Resolution 2012-20, dated March 27, 2012. No housing assets exist that are eligible for transfer to the County. Funds held in the Low and Moderate Income Housing Fund have been transferred to the Successor Agency for the Redevelopment Agency and are reported in fund 169.

**COUNTY OF YUBA
AGREED-UPON PROCEDURES TO THE
YUBA REDEVELOPMENT
AND SUCCESSOR AGENCY**

B. SUCCESSOR AGENCY

1. Inspect evidence that a successor agency (A) has been established by February 1, 2012; and (B) the successor agency oversight board has been appointed, with names of the successor agency oversight board members, which must be submitted to the Department of Finance by May 1, 2012.

Results: On March 27, 2012 the County elected to serve as the successor agency for the RDA through the adoption of Resolution 2012-20. No evidence concerning the submission of Board member names was provided.

2. Inquire regarding the procedures accomplished and specifically state in the report the manner in which this agency did or did not execute a transfer of operations to the successor agency, which was due by February 1, 2012. Procedures to accomplish this might include changing the name of the accounting fund and related bank accounts that are holding these assets for the successor agency. If the successor agency is a party other than the agency that created the redevelopment agency, an examination of bank statements and changing of account titles and fund names evidencing such transfers will be sufficient.

Results: On March 27, 2012 the County elected to serve as the successor agency for the RDA through the adoption of Resolution 2012-20. The County of Yuba established fund 831, Olivehurst RDA RPTTF, to account for the Successor Agency activities.

3. Ascertain that the successor agency has established the Redevelopment Obligation Retirement Fund(s) in its accounting system.

Results: The County of Yuba established fund 831, Olivehurst RDA RPTTF, to account for the Successor Agency activities.

4. Inspect the EOPS and ROPS and identify the payments that were due to be paid through the date of the AUP report. Select a sample (based on a dollar amount and/or percentage amount as determined by the Yuba County Auditor-Controller) and compare the payments that were due to be paid through the date of the AUP report to a copy of the cancelled check or other documentation supporting the payment.

Results: Some amounts due per the ROPS differed from the schedules as they were based on estimates and some payments were not made. See Appendix 1 for detailed results.

5. Obtain listings that support the asset figures (cash, investments, accounts receivable, notes, receivables, fixed assets, etc.) in the audited financial statements as of June 30, 2010, June 30, 2011, and as of January 31, 2012, as determined by the successor agency and include as an attachment to the AUP report.

Results: See Appendix 2 for a list of assets which agrees with the audited financial statements as of June 30, 2010 and 2011 of the former Yuba County Redevelopment Agency, and balances as determined by the successor agency as of January 31, 2012.

**COUNTY OF YUBA
AGREED-UPON PROCEDURES TO THE
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C. RECOGNIZED OBLIGATION PAYMENT SCHEDULE (DRAFT ROPS)

Obtain a copy of the initial draft of the ROPS from the successor agency.

1. Inspect evidence that the initial draft of the ROPS was prepared by March 1, 2012.

Results: We inspected an e-mail containing information regarding the prepared ROPS dated March 29, 2012.

2. Note in the minutes of the Oversight Board that the draft ROPS has been approved by the Oversight Board. If the Oversight Board has not yet approved the draft ROPS as of the date of the AUP, this should be mentioned in the AUP report.

Results: We noted approval of the ROPS by the Oversight Board in minutes dated May 14, 2012.

3. Inspect evidence that a copy of the draft ROPS was submitted to the County Auditor-Controller, State Controller, and Department of Finance.

Results: We inspected e-mails dated May 16, 2012 in which the ROPS was submitted to the County Auditor-Controller, the State Controller, and the Department of Finance.

4. Inspect evidence that the draft ROPS includes monthly scheduled payments for each enforceable obligation for the current six-month reporting time period.

Results: We reviewed the ROPS and noted that the monthly scheduled payments for January through June 2012 were included by enforceable obligation.

5. Select a sample (based on dollar amount and/or percentage amount as determined by the Yuba County Auditor-Controller) and trace enforceable obligations listed on the draft ROPS to the legal document that forms the basis for the obligation.

Results: Some obligations on the ROPS were identified as not having legal supporting documentation. See Appendix 3 for detailed results.

6. Trace the obligations enumerated on the draft ROPS to the obligations enumerated on the EOPS (including amendments) and note any material differences as agreed to by the Yuba County Auditor-Controller.

Results: We were unable to trace the obligations as no EOPS was prepared.

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D. RECOGNIZED OBLIGATION PAYMENT SCHEDULE (FINAL ROPS)

Obtain a copy of the final ROPS (January 1, 2012, through June 30, 2012) from the successor agency.

1. Inspect evidence that the final ROPS was submitted to the County Auditor-Controller, the State Controller, and Department of Finance by April 15, 2012, and is posted on the website of the City/County as successor agency (Health and Safety Code section 34177(2)(C)).

Results: We inspected e-mails dated May 16, 2012 in which the ROPS was submitted to the County Auditor-Controller, the State Controller, and the Department of Finance.

The ROPS is posted on the following website:

<http://www.co.yuba.ca.us/departments/community%20development/pubYCRDA.aspx>

2. Inspect the final ROPS and identify the payments that were due to be paid through the date of the Agreed-Upon Procedures report. For payments on the ROPS that were identified as being due through the date of the Agreed-Upon Procedures report, inspect evidence of payment and determine that amounts agree to the purpose of the obligation as amounts could be estimated.

Results: Some amounts due per the final ROPS were noted as not yet paid. See Appendix 4 for detailed results.

3. Select a sample (based on a dollar amount and/or percentage amount as determined by the Yuba County Auditor-Controller) and trace enforceable obligations listed on the final ROPS to the legal agreements or documents that forms the basis for the obligation.

Results: Some obligations on the ROPS were identified as not having legal supporting documentation. See Appendix 3 for detailed results.

**COUNTY OF YUBA
AGREED-UPON PROCEDURES TO THE
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E. OTHER PROCEDURES

Obtain a list of pass-through obligations and payment schedules.

1. Obtain a list of pass-through obligations and payments made from the successor agency from July 1, 2011 through January 31, 2012, Inspect evidence of payment, and note any differences from the list of pass-through obligations and payments made.

Results: Pass-through calculations for the redevelopment agency were performed by the Yuba County Auditor-Controller's office prior to the formation of the successor agency for the redevelopment agency. A list of pass-through obligations and evidence of payment were provided by the Auditor-Controller.

Appendix 1

Test of Payments Compared to EOPS and ROPS

**COUNTY OF YUBA
 AGREED-UPON PROCEDURES TO THE
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 AND SUCCESSOR AGENCY**

Appendix 1 : Test of payments compared to EOPS and ROPS

EOPS ITEMS

No EOPS was prepared

ROPS ITEMS

# ON ROPS	PER SCHEDULE		ACTUAL PAYMENT		Examine copy of the cancelled check or other documentation to determine if payments made agreed to schedules.
	AMOUNT	DATE	AMOUNT	DATE	
1	2,000.00	Jun-12	2,000.00	12/6/2011	Examined copy of check as well as amended loan agreement in which an annual minimum payment of \$2,000 or annual net income, whichever amount is greater, must be made.
2	169,864.00	Jun-12			No payment made as of July 1, 2012. Currently the Agency has a limited ability to make loan payments. Estimates were based on the availability of cash on hand.
Page 2					
1	8,590.00	Jun-12			No payment made as of July 1, 2012.

Appendix 2

Asset Balances

June 30, 2010, June 30, 2011, and January 31, 2012

**COUNTY OF YUBA
 AGREED-UPON PROCEDURES TO THE
 YUBA REDEVELOPMENT
 AND SUCCESSOR AGENCY**

Appendix 2 : List of Assets

**YUBA COUNTY REDEVELOPMENT AGENCY
 SCHEDULE OF ASSETS**

	June 30, 2010*	June 30, 2011*	January 31, 2012
REDEVELOPMENT AGENCY FUND 168			
CASH	\$ 58,352.00	\$ 131,483.00	\$ 159,981.68
TAXES RECEIVABLE	\$ 4,558.00	\$ -	
INTEREST RECEIVABLE	\$ 264.00	\$ 454.00	\$ -
Total Assets	\$ 63,174.00	\$ 131,937.00	\$ 159,981.68
LOW MODERATE INCOME HOUSING FUND 169			
CASH	\$ 24,899.00	\$ 47,184.00	\$ 47,501.33
TAXES RECEIVABLE	\$ 912.00	\$ -	
INTEREST RECEIVABLE	\$ 110.00	\$ 99.00	\$ -
Total Assets	\$ 25,921.00	\$ 47,283.00	\$ 47,501.33

* Source: Statement of Net Assets from Financial Report

Appendix 3

Review of Selected ROPS Items

**COUNTY OF YUBA AGREED-UPON PROCEDURES TO THE
YUBA REDEVELOPMENT
AND SUCCESSOR AGENCY**

Appendix 3 : Review of selected ROPS items

# on ROPS		Trace selected obligations to legal agreements or documents
1	Yuba County Water Agency	Obligation agrees with amended agreement provided.
2	CDBG Loan	Obligation agrees with agreement provided.
3	Yuba County	No agreement provided.
Page 2		
1	Administrative Cost	No agreement provided - Amount subject to the administrative allowance for the successor agency.

Appendix 4

Test of Payments Compared to ROPS

**COUNTY OF YUBA AGREED-UPON PROCEDURES TO THE
YUBA REDEVELOPMENT
AND SUCCESSOR AGENCY**

Appendix 4 : Test of payments compared to ROPS

# ON ROPS	PER SCHEDULE		ACTUAL PAYMENT		Inspect evidence of payment	Determine that amounts agree to the purpose of the obligation
	AMOUNT	DATE	AMOUNT	DATE		
1	2,000.00	Jun-12	2,000.00	12/6/2011	Examined copy of cancelled check	Payment appears to agree to purpose of the obligation.
2	169,864.00	Jun-12			No payment made as of date of fieldwork	
Page 2						
1	8,590.00	Jun-12			No payment made as of date of fieldwork	

July 24, 2012

GALLINA LLP
925 Highland Pointe Drive, Suite 450
Roseville, CA 95678

In connection with your engagement to apply agreed-upon procedures to ensure the Yuba County Redevelopment Agency (Agency) is complying with its statutory requirements with respect to ABX1 26, we confirm, to the best of our knowledge and belief, the following representations made to you during your engagement.

1. We are responsible for complying with the statutory requirements with respect to ABX1 26
2. We are responsible for the presentation of the accounting records pertaining to Health and Safety Code section 34182(a)(1).
3. As of July 18, 2012, we agree with the results as set forth in Attachment A.
4. We have disclosed to you all known matters contradicting the agency's compliance with its statutory requirements with respect to ABX126.
5. We have disclosed to you all communications from regulatory agencies, internal auditors, and other independent practitioners or consultants relating to the agency's compliance with its statutory requirements with respect to ABX126.
6. We have made available to you all information that we believe is relevant to the agency's compliance with its statutory requirements with respect to ABX126.
7. We have responded fully to all inquiries made to us by you during the engagement.
8. No events have occurred subsequent to July 18, 2012 that would require adjustment to or modification of the results set forth in Attachment A addressing the agency's compliance with its statutory requirements with respect to ABX126.
9. Your report is intended solely for the information and use of the Yuba County Auditor-Controller, the successor agency, and applicable State agencies, and is not intended to be and should not be used by anyone other than those specified parties.

Sincerely,

Hal Stocker
Chairman

TO: Yuba County Successor Agency Oversight Board
FROM: C. Richard Eberle, CPA, Auditor-Controller request
SUBJECT: Invoice from Gallina, LLP
DATE: 7/24/12

Recommendation

Authorize Auditor-Controller to use RDA funds to pay for attest services rendered on behalf of the RDA in an amount up to \$4,000.

Background

ABx1 26 directed Auditor-Controller's to perform or have performed Agreed Upon Procedures (AUP), as specified by the State Controller's Office, to document compliance with the provisions of the legislation.

Discussion

Due to the truncated timeframe and considering the existing relationship with Gallina, LLP (they are the auditors for the County and the former RDA) we elected to contract with them to perform the services. The services have been rendered and we will be receiving an invoice once the report is submitted to the SCO.

Fiscal Impact:

This will result in a reduction of \$4,000 from the available funds of the former RDA. This expenditure was budgeted as part of the ROPS for January to June 2012 that was submitted to and approved by the Dept of Finance.

Attachment: engagement letter from Gallina, LLP

TO: Yuba County Successor Agency Oversight Board
FROM: C. Richard Eberle, CPA, Auditor-Controller request
SUBJECT: Return of Tax Increment
DATE: 7/24/12

Recommendation

Authorize Auditor-Controller to return tax increment allocated to the RDA in the April apportionment in the amount of \$2,946.

Background

As part of ABx1 26 there is no longer a Low Income Housing set aside as part of the tax increment calculation. The tax increment used for the April 2012 apportionment included the Low Income Housing set aside. Removing the set aside resulted in an increase of \$2,946 that should have been passed through to the affected taxing entities.

Discussion

The Auditor-Controller's office has identified how the \$2,946 will be allocated to the affected taxing entities based on the existing factors. The Auditor-Controller's office will make the necessary transactions to ensure the affected entities receive their portion.

Fiscal Impact:

This will reduce the available funds for repayment of debt by \$2,946

Attachment: Allocation Spreadsheet

		July - Jan	Feb - June
		50%	50%
Total Assessed Value, FY 2011-12:	19,314,294		
Base Year Value, FY 1996-97:	9,299,393		
Increment Value:	10,014,901		
Tax Rate:	0.01		
Total Increment:	100,149	50,075	50,075
Less 20% Low/Mod Housing:	(20,030)	(10,015)	
Net Increment:	80,119	40,060	50,075

Calculation of Statutory Pass Throughs:

Level 1 Pass Through(First 10 Years):	at 25.0%	20,030		10,015	12,519
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Level 2 (After 10 Years):

FY FY 2007-08 Base Year:	17,206,724		
Level 2 Increment:	2,107,570		
Tax Rate:	0.01		
Leve 2 Increment Amount	21,076	10,538	10,538
Less 20% Low/Mod Housing:	(4,215)	(2,108)	
Net Level 2 Increment:	16,861	8,430	10,538

Level 2 Pass Through (after 10 Year)	at 21.0%	3,541		1,770	2,213
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Total Pass Throughs:		23,571		11,785	14,732
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Total Increment Available (FY 1010-11)		100,149		50,075	50,075
Statutory Pass Throughs:		(23,571)		(11,785)	(14,732)
Gross Increment to Agency:		76,578		38,289	35,343
Less amount for Low/Mod Housing:		(20,030)		(10,015)	
Net Increment for Projects:	Total	56,549		28,274	35,343

Total Increment 63,617

Distribution	Factors	Pass-thru		Total	Ovr Pmt
		Jul - Jan	Feb-Jun		
Ovr Pmt					
2,946 County of Yuba	0.374549	4,414	5,518	9,932	1,104
Marysville Unified	0.298724	3,521	4,401	7,921	880
Yuba Community College	0.059324	699	874	1,573	175
County Schools Service Fund	0.039823	469	587	1,056	117
Yuba County Water Agency	0.007522	89	111	199	22
Sutter-Yuba Mosq.	0.020960	247	309	556	62
Olivehurst PUD	0.199098	2,346	2,933	5,279	587
	1.000000	11,785	14,732	26,517	2,946



July 11, 2012

TO REDEVELOPMENT SUCCESSOR AGENCY REPRESENTATIVES

As part of our ongoing effort to work with Successor Agencies on the implementation of Assembly Bill 26, First Extraordinary Session (ABx1 26), the Department of Finance (Finance) would like to advise you of several new responsibilities and deadlines implemented by the recently enacted Assembly Bill 1484 (AB 1484, Chapter 26, Statutes of 2012). Specifically, AB 1484 establishes a catch-up process for revenues distributed in 2011-12. Going forward, AB 1484 expands the review time and creates a meet-and-confer process for future substantial's and processes. The measure also establishes incentives for compliance and penalties for noncompliance effective July 2012. These changes are described below, and Finance's website will continue to be updated to provide the most current information available.

2011-12 Catch-Up Process

AB 1484 establishes a catch-up process for the distribution of 2011-12 property taxes associated with the dissolution of redevelopment agencies. The timeline is short to ensure that the allocation of last year's revenues is quickly resolved.

- By July 9, 2012, county auditor-controllers must calculate the amount of residual property tax revenue that Successor Agencies owe to cities, counties, special districts, and K-14 schools (collectively known as Affected Taxing Entities) for the period covered by the January 2012 through June 2012 Recognized Obligation Payment Schedule (ROPS). These calculations are based on the information reported by the Successor Agencies on the January 2012 through June 2012 ROPS.
- By July 12, 2012, Successor Agencies must remit to the county auditor-controller the residual property tax revenue identified in the aforementioned billing.
- By July 16, 2012, county auditor-controllers must distribute to the Affected Taxing Entities the residual property tax revenue remitted by the Successor Agencies.

2012-13 and Future Processes

AB 1484 extends the time available for Finance to review Successor Agency submittals. In addition, for each submittal, it creates the option of a meet-and-confer process for Agencies to appeal Finance decisions beginning with the first deliverable for 2012-13. These new procedures will provide significantly more opportunities to discuss the specific details of each Agency's submittals.

- By August 1, 2012, Housing Successor Agencies must provide Finance a list of all housing assets transferred to it by the Successor Agency since February 1, 2012. A template for Housing Successor Agencies to use in reporting this information will soon be posted on the Finance website. AB 1484 provides Finance 30 days to review the list, and to question any transfers.

- By September 1, 2012, Successor Agencies must provide Finance with an Oversight Board-approved ROPS covering the January 2013 through June 2013 period. Finance will have 45 days to review the ROPS, and to object to any items that do not meet the definition of an Enforceable Obligation.
- By October 1, 2012, Successor Agencies must provide Finance an Oversight Board-approved Due Diligence Review that has been prepared by a licensed accountant. This Due Diligence Review will list all encumbered and unencumbered low-and-moderate income housing fund (low-mod fund) assets, and will state whether or not those assets are encumbered by Enforceable Obligations. Finance has until November 9, 2012 to finalize its review of the submittals, and to determine which low-mod fund assets are not encumbered by Enforceable Obligations.
- By January 15, 2013, Successor Agencies must provide Finance a second Oversight Board-approved Due Diligence Review that has been prepared by a licensed accountant. This Due Diligence Review will list all encumbered and unencumbered assets of the Successor Agency that are from sources other than the low-mod fund. The Due Diligence Review also will state whether or not those assets are encumbered by Enforceable Obligations. Finance has until April 1, 2013 to finalize its review of the submittals, and to determine which assets are not encumbered by Enforceable Obligations.

Incentives and Penalties

Once a Successor Agency has complied with the July payment process and the asset transfer provision, AB 1484 provides certain benefits to the Successor Agencies, and also to the cities and counties that operate those Agencies. These benefits are as follows:

- The city or county may be eligible to receive repayment of sums loaned to their former redevelopment agency (RDA) more than two years after the former RDA was created. Under ABx1 26, loans made by a city or county to its former RDA more than two years after it was created are generally ineligible for repayment.
- The city or county may be eligible to receive title to certain real properties of the former RDA, and use those properties for purposes outlined in the redevelopment plan of the former RDA. Under ABx1 26, those real properties must be liquidated, with the sales proceeds distributed to the Affected Taxing Entities.
- The Successor Agency may be eligible to use for their intended purpose the proceeds from certain bonds that were not contractually obligated before ABx1 26 was enacted. Under current law, those bond proceeds only can be used to defease the bonds.

To help ensure that counties, cities, special districts, schools, and community colleges are receiving the appropriate level of revenues, AB 1484 allows strict civil penalties to be imposed if Successor Agencies fail to remit revenues on time. These civil penalties are as follows:

- The city or county that operates the Successor Agency shall be subject to civil penalties equal to: (a) 10 percent of the residual property tax owed the Affected Taxing Entities and (b) a monthly penalty of 1.5 percent of the amount owed the Affected Taxing Entities while the payments are late.

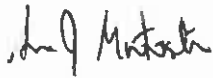
- The Successor Agency itself shall be subject to civil penalties equal to: (a) 10 percent of the residual property tax owed the Affected Taxing Entities and (b) a monthly penalty of 1.5 percent of the amount owed the Affected Taxing Entities while the payments are late.

The Successor Agency also would be prohibited from making any future ROPS payments while the owed amount is outstanding, other than those ROPS payments needed for bond debt service.

- The city or county that operates the Successor Agency shall be subject to interruption of their monthly Sales and Use Tax remittance from the Board of Equalization until the owed amounts are paid.

We hope this information is helpful. If you have follow up questions, you can reach Finance at (916) 445-1546.

Sincerely,



ANA MATOSANTOS
Director

cc: County Auditor-Controllers

icc: REYES, COHEN, ROCKWELL, JERUE, SHELTON, C. HILL, MONROE, STACY, FILE

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Process_v2.docx

TO: Yuba County Successor Agency Oversight Board
FROM: C. Richard Eberle, CPA, Auditor-Controller request
SUBJECT: Payment of Debt Obligations
DATE: 7/24/12

Recommendation

Authorize Auditor-Controller to use available funds to pay existing debt obligations as specified on the ROPS and any other obligations as funds are made available.

Background

The RDA had 3 creditors as of dissolution on January 31, 2012: Yuba County Water Agency; Yuba County CDBG Program; and Yuba County. Our current arrangement with the YCWA is to pay \$2,000 plus any additional funds available from the tax increment allocation. The \$2,000 annual payment is due in August. The RDA has approximately \$1.2 million in debt obligations.

Discussion

The goal for dissolving the RDAs is to provide additional funds to schools, community colleges, etc., from sources other than the state budget. All the current tax increment goes to pay off existing debt and administrative expenses. At current trends and excluding administrative costs and interest on debt it will take more than 17 years to eliminate the debt. No additional funds will be able to be returned to the affected taxing agencies until the debt is eliminated.

Fiscal Impact:

All available tax increment will go to pay down the existing debt.

Attachment: