

Recognized Obligation Payment Schedule (ROPS III) Frequently Asked Questions

GENERAL

Question 1: We noticed the ROPS template changed on August 9, 2012. What changes were made and do we have to redo anything?

Response: We did make two small technical adjustments and reposted. 1) We changed line K's title on the summary page from "Adjustment to RPTTF" to "Adjusted RPTTF". 2) The other item we changed was the formula to line J that would have caused the Adjusted RPTTF to go up if actual RPTTF was greater than estimated as a result of the calculations from line G through J. Since successor agencies were only authorized to spend up to the amount listed in their January to June 2012 ROPS, there is no circumstance where the adjusted RPTTF should be greater than line D on the summary page.

If you have already started preparing the ROPS using the previous form posted on August 1, 2012, there is no need to redo anything using the revised form. We will make sure the Adjusted RPTTF amount is computed properly during our ROPS review.

SUMMARY FORM

Question 1: Line E on the summary form asks for the total six-month anticipated RPTTF funding. How do I estimate this amount?

Response: While all enforceable obligations should be listed on ROPS, successor agencies should not request more RPTTF than is available. Please also note anticipated RPTTF funding is "net" of pass-through and also "net" of applicable fees, such as County Auditor-Controller's (CAC) administrative fees. One option is for successor agencies to work with their CAC to estimate these figures. To the extent the CAC may not be able to accommodate successor agencies due to workload issues, the successor agencies should estimate this amount themselves based on historical trends.

Question 2: Line G on the summary form asks for the amount of Estimated Obligations Funded by RPTTF and references that the estimated amount should be the same amount as RPTTF approved by Finance, including admin allowance. For the January to June 2012 period, we requested and Finance approved an amount in excess of the RPTTF that was otherwise available. If I put the inflated figure in this column, the auditor controller will adjust our January 2 distribution by an inappropriate amount.

Response: 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. If you coded more enforceable obligations as being funded with RPTTF than was available, you should input the amount of RPTTF that was actually distributed to you for the January to June 2012 period. The note has been updated to provide clarification, stating that the amount should be the lesser of Finance's approved RPTTF or the actual amount distributed. The process of reporting deficiency is not addressed in this question.

Question 3: The summary form asks for the actual obligations paid with RPTTF for the prior period. Shall I report actual expenditures for the January 2012 through June 2012 period or the July 2012 through December 2012?

Response: Because the July through December 2012 period has not been completed, we are only asking successor agencies to report actual expenditures for January through June 2012.

Question 4: The summary form includes a section for reporting the January through June 2012 estimates compared to actual payments. What is the purpose of this request?

Response: Per Health and Safety Code (HSC), section 34186 (a), successor agencies must report the difference between actual payments and past estimated obligations. The difference between actual payments and estimated obligation amounts will be used to offset the next RPTTF disbursement. The RPTTF requested amount will be reduced if actual payments made with RPTTF are less than the estimated obligation amount requested or funded or both.

Question 5: The ROPS summary form infers that a signature of the oversight board is necessary but the instructions require the ROPS form to be submitted in Excel. How do I do both?

Response: The purpose of this request is to help us ensure the ROPS submitted is approved by the successor agency's oversight board. Please type in the oversight board member's name and title in the Excel sheet.

ROPS FORM

Question 1: The ROPS III form asks for the total outstanding debt or obligation amount. What is the date of the total outstanding obligations? Is it June 30, 2012 or December 31, 2012? How frequently do we update this amount (e.g. fiscal year, every six month, etc.)?

Response: The purpose of this request is to determine the remaining obligation balance at the beginning of each state fiscal year. For ROPS III, the total outstanding debt or obligation amount should be the remaining balance as of June 30, 2012. We ask successor agencies to update the total outstanding debt or obligation amount annually for the remainder of the obligations.

Question 2: AB 1484 requires each successor agency to employ a licensed accountant to conduct a due diligence review. Does the cost for this requirement need to come out of the administrative budget of the successor agency?

Response: To the extent available the cost for the due diligence review should be paid out of the current administrative cost allowance. If there is not sufficient RPTTF available, HSC section 34173 (h) allows the successor agencies to obtain a loan for the cost. This loan, if approved by the successor agency's oversight board, would qualify as an enforceable obligation. HSC section 34177.3 (b) also allows successor agencies to create an enforceable obligation to conduct the work of winding down the redevelopment agency. The enforceable obligation must be included on the ROPS and approved by the oversight board.

Question 3: The instructions ask us to list obligations that have been retired or paid off. Are you looking for all retired obligations that had payments since July 2011 or are you

just looking for all retired obligations that had payments since January 1, 2012? Are we required to list all obligations that have been retired?

Response: Per HSC section 34187 (a) (1), obligations that have been retired or paid-off, either through early payment or payment at maturity, should be listed. Successor agencies are required to list all retired obligations for which payments were made since January 1, 2012.

PRIOR PERIOD PAYMENT FORM

Question 1: The revised ROPS template includes a “prior period payments” form where Finance asks successor agencies to list all ROPS I obligations and report the estimated vs. actual payments made. There are a number of funding sources to choose from in listing estimated vs. actual costs including: LMIHF, Bond Proceeds, Reserve Balance, Admin Allowance, RPTTF and Other. However, it is unclear how to distinguish the “reserve balance” from the “RPTTF”.

a) We listed several obligations on ROPS I to be paid with RPTTF. However, we used tax increment allocated to our agency in December 2011 to make such payments. Please clarify which funding source we should use to capture ROPS I expenditures made with our agency’s tax increment from the December 2011 distribution.

b) We classified the money that the former RDA received from the December 2011 tax distribution as “Reserve Balance”. We listed several obligations on ROPS I to be paid with reserves. Which funding source should we use to capture ROPS I estimated amounts?

Response:

a) Use “RPTTF” to report both estimated and actual amounts. The estimated obligations funded by RPTTF should be the lesser of Finance’s approved RPTTF amount, or the actual amount distributed.

b) Use “Reserves” to capture both estimated and actual amounts.

Question 2: On the prior period payments page, it asks for all items on ROPS I approved by Finance. If ROPS I included pass-through payments, do we include these amounts?

Response: Yes. If pass-through payments were included on the Finance approved January 2012 to June 2012 ROPS (ROPS I), and that successor agencies made those pass-through payments to the affecting tax entities, these amounts should be included in the prior payments.

However, per HSC section 34183 (a) (1), the county auditor-controller will make the required pass-through payments starting with the July through December 2012 ROPS (ROPS II). Therefore, moving forward, pass-through payments should not be included in the prior period payments.

Question 3: On the prior period payments page, are we required to list all obligations reported on the ROPS I or just the obligations funded by RPTTF?

Response: We ask successor agencies to report all obligations which were reported on the ROPS I and approved by Finance. List all obligations attributable to each funding source.

Funding sources include the LMIHF, Bond Proceeds, Reserve Balance, Administrative Allowance, RPTTF, and Other.

Question 4: The prior period payment page asks for actual obligations paid with RPTTF. Shall we report actual “payments” or recognized “expenditures” to report these amounts?

Response: Successor agencies should report actual payments, using the cash basis of accounting. Actual payments should include all checks issued to pay obligations.