

Statement of Pass-Through Obligations for Redevelopment Project Areas

Fiscal Year 2008-09 Report Only

Instructions



California State Controller
Division of Accounting and Reporting
Local Government Reporting Section

August 2009

Statement of Pass-Through Obligations

Table of Contents

- Introduction** 1
- General Instructions** 1
 - Who Must File 1
 - When to File..... 2
 - Where and What to File 2
 - Sanctions for Failure to File 3
- Payments of Outstanding Obligations** 3
- Specific Filing Instructions** 3
- Project Area Description Worksheet** 4
 - Instructions for Project Area Description Worksheet..... 4
- Pass-Through Detail Worksheets** 7
 - Instructions for Pass-Through Detail Worksheets 8
- Final Completion** 14
- Questions/Contact Information**..... 14

Introduction:

Assembly Bill (AB) 1389, Chapter 751 of 2008 adds Section 33684 to the Health and Safety Code (H&S) and requires that on or before October 1, 2009, every redevelopment agency subject to the requirements of Sections 33607.5 and 33607.7 shall submit a report of its pass-through obligations, by taxing entity, to the county auditor's office and to each affected taxing entity.

The purpose of this report is to identify all project areas that may or may not be subject to the requirements of Section 33684(c). These instructions provide guidance on the report preparation as required by Section 33684(c). All code sections in this document reference the Health and Safety Code.

General Instructions:

For the purpose of this report, every redevelopment agency must complete the appropriate worksheets in the enclosed Excel spreadsheet document, as required below, and submit this spreadsheet along with any other supporting documentation as needed to the agency's county auditor's office. For fiscal year 2008-09, Section 33684(a) requires the report to be completed on or before October 1, 2009.

Who must file:

Every agency must file at least minimal information! One simple question will determine the filing requirement for your agency:

~ Are any of the agency's project areas subject to pass-through payments per Section 33607.5 or 33607.7?

If the answer is "No" – In order to verify if an agency is or is not subject to the requirements of Section 33684, all redevelopment agencies must do the following:

- Prepare a report that includes the Project Area Description worksheet;
- Prepare the Cover Page form; and
- Submit both the worksheet and cover page to their county auditor's office on or before October 1, 2009.

The first worksheet in the 2008-09 AB 1389 Workbook (Excel file) is the Project Area Description. The Cover Page is located in a separate PDF file. Both are included on the enclosed CD and also are available on the SCO website (www.sco.ca.gov).

➤ Please be aware of the following:

- Every redevelopment agency is required to file something, even if the agency has no project areas subject to these requirements;

- Include all project areas of the agency with sufficient information to identify the project areas that are subject to the requirements of Section 33684(c);
- Complete the Project Area Description form through Row 13, "Is this Project Area subject to AB 1290 pass-through payments? Yes/No."
- Submit the spreadsheet in electronic format (email, ftp, or CD) along with the Cover Page to your county auditor's office by October 1, 2009.
- No further forms are needed.

If the answer is "Yes" for even only one project area, follow all remaining instructions as outlined below.

Section 33684 requires all redevelopment agencies subject to pass-through payments per Sections 33607.5 or 33607.7 to report specified data regarding pass-through payments to their respective county auditors. This would include all project areas whose plans were:

- Adopted on or after January 1, 1994;
- Adopted prior to January 1, 1994, but amended to include new territory and contains the provisions of Section 33670; or
- Adopted prior to January 1, 1994, but amended to either extend the time limits on the life of the plan or for incurring new indebtedness, or to increase the tax increment limit cap.

A separate additional worksheet is required for each project area that is subject to Section 33684 requirements. The first worksheet in the 2008-09 AB 1389 Workbook (Excel file) is the Project Area Description. The Cover Page is located in a separate PDF file. Both are included on the enclosed CD and also are available on the SCO website (www.sco.ca.gov).

When to File:

Redevelopment Agency to County – For the 2008-09 fiscal year, the electronic spreadsheet must be submitted to (1) your county auditor's office, and (2) to each affected taxing entity **on or before October 1, 2009**. Agencies who fail to meet the October 1, 2009 deadline may have AB 1389 sanctions applied against them.

It is therefore recommended that the agency exercise due diligence and submit the report as quickly as possible, and prepare the report to ensure it is as complete and accurate as possible.

County to State Controller's Office (SCO) – For the 2008-09 fiscal year, the County must submit the electronic spreadsheet to the SCO on or before December 15, 2009.

Where and What to File:

The Cover Page and AB 1389 Workbook.xls spreadsheet file, in electronic format, must be filed with the redevelopment agency's local county auditor's office. Please contact

your county auditor's office directly on how they would prefer to receive the documentation electronically.

DO NOT submit documents directly to the State Controller's Office. The SCO will not accept any documents directly from an agency.

Sanctions for Failing to File:

Within 45 days of receiving the report from the agency, Section 33684(e) requires the county auditor's office to either concur with the report or return it to the agency identifying the elements of the report with which the county auditor's office does not concur or considers incomplete.

Section 33684(i) further states that if after February 1, 2010, an agency does not have a statement of concurrence from their county auditor, or *has not yet fully paid all outstanding pass-through obligations*, numerous substantial sanctions go into effect against the agency. These restrictions include, but are not limited to the following:

- No new project areas, or expansion of existing project areas, may be added;
- The agency is prohibited from issuing new debt; and
- The agency is limited to expending no more than 75% of the average monthly cost of administrative expenditures from the previous fiscal year's report.

Payments of Outstanding Obligations:

AB 1389 states that if an agency has unpaid Outstanding Obligations remaining as of October 1, 2009, payments made against these Outstanding Obligations to a Local Educational Agency (LEA) after October 1, 2009, are to be distributed as prescribed by Section 33684(j). Please see the separate instructions entitled, "*Instructions for Payments of Outstanding Obligations*." This document is available on the CD, and on the SCO website at: www.sco.ca.gov

Specific Filing Instructions:

All redevelopment agencies must submit, at a minimum, the Cover Page and Project Area Description forms. If a project area is subject to the requirements of Section 33684, then the agency must also complete and submit the appropriate number of worksheets, as needed, for each affected project area.

- **Please note** – There are five versions of the spreadsheet included on the CD and on the SCO website. The versions are identical, except for the number of worksheets required for the number of project areas reported. For example, a small agency will only need the "10-PA" spreadsheet, indicating 10 or fewer project areas. Again, count each original project area, amendments that added territory, and so forth. Do not count a merged project area as a single project area.

For your convenience, we have provided a copy of Section 33684, as added by AB 1389, as a reference to the spreadsheet columns. In addition, comment fields that include specific instructions have been added for column and row headings to assist in understanding the data required. The spreadsheet includes important formulas and data formats. To maintain consistency for all agencies, the spreadsheet has been locked to prevent modification of any type. Please do not try to circumvent these data protections. To do so will only lead to the SCO rejecting your report and returning it to you for correction.

Project Area Description Worksheet:

The Project Area Description worksheet must be completed for all project areas. For the purposes of this report::

- Include each original adopted project area subject to Section 33670;
- Include each amendment that added new territory;
- **DO NOT report merged project areas as a single project.** Report each original area separately; and
- **Include only project areas that** receive tax increment.

The instructions for completing the Project Area Description Worksheet are detailed below:

Instructions for Project Area Description Worksheet	
<u>Column A Description:</u>	<u>Instruction:</u>
County Name	Name of the county the redevelopment agency resides in.
Agency Name	Name of Redevelopment Agency.
Project/Amendment Name	Enter the name of the project area, or if an amendment that added territory, the amendment name.
Legislative Body (Community)	Name of governmental entity that formed the agency. This would be the City, County, or JPA members.
SCO Unique ID Number	The 11-digit ID number used by the State Controller's Office report. This will always begin with "13."
County Tax ID Number	Tax ID utilized by the county in calculating and distributing tax increment.
Date Established	Date Project Area was established. If an amendment added territory, this would be the date of the amendment.

Instructions for Project Area Description Worksheet

<u>Column A Description:</u>	<u>Instruction:</u>
Location	General description of the location of the project area.
Is this Project Area subject to AB 1290 pass-through payments? Yes/No	Answer Yes or No.
Date Amended	<p>If project area was amended for any of the following reasons, include the earliest date amended (Section 33607.7(a)):</p> <ul style="list-style-type: none"> • To extend the life of the project area; • To extend the time limit for establishing indebtedness; or • Increased the Tax Increment cap. <p>If amended for any other reason, do not include the amended date.</p> <p>If amended to add territory, this amended area should be reported separately.</p>
Purpose of Amendment	Select the reason for the amendment from list provided. If the reason was to extend or eliminate the time limit for establishing indebtedness, select “SB 211.”
Ordinance Number of Amendment	Ordinance number of the amendment listed above.
Original Limit (Date)	If amended to increase the life of the project area or to extend the time limit for establishing indebtedness, state the original limit date.
Amended Limit (Date)	If amended to increase the life of the project area or to extend the time limit for establishing indebtedness, state the new limit date.
Original Tax Increment Limit (Dollar)	If amended to increase the Tax Increment limit, state the original limit amount.
Amended Tax Increment Limit (Dollar)	If amended to increase the Tax Increment limit, state the new limit amount.
Original Debt Limit (Dollar)	If amended to increase the Debt limit, state the original limit amount.

Instructions for Project Area Description Worksheet	
<u>Column A Description:</u>	<u>Instruction:</u>
Amended Debt Limit (Dollar)	If amended to increase the Debt limit, state the new limit amount.
Community Election to Receive a Portion of Tier 1, Yes/No	Did the community that formed the agency elect to receive its portion of AB 1290 pass-through payments? Yes/No See Section 33607.5(a)(2).
Resolution number for Election	Resolution number for the date of the election to receive.
First Adjusted Base Year	The first year that the Tier 2 payments become effective. The year should be 10 years beyond the establishment of the project area.
First Adjusted Base Assessed Valuation	The Adjusted Base Assessed Valuation used to calculate Tier 2 payments. This is the Assessed Valuation at year 10 of the project area.
Is this Project Subject to Statutory Pass-Through?	Statutory pass-through payments are those determined by Section 33607.5 or 33607.7.
Adjusted Base Year (33607.7)	The Adjusted Base Year is the fiscal year in which Adjusted Base Year Assessed Valuation is determined.
Adjusted Base Year Assessed Valuation (33607.7)	The Adjusted Base Year Assessed Valuation is the assessed value of the project area in the year in which the limitation being amended would have taken effect without the amendment or, if more than one limitation is being amended, the first year in which one or more of the limitations would have taken effect without the amendment.
Are there any pre-existing Contractual Pass-Through Agreements?	For projects adopted prior to January 1, 1994, are there any pass-through payments per Section 33401?

- **Please Note:** A series of built-in formulas will determine each project area required to report further data per Section 33684 as an AB 1290 Project Area. Line 5 of this worksheet will read either “Yes” or “No”. For each project area on the Project Area Description form that displays a “Yes” on this line, a separate worksheet will be required. Those project area worksheet tabs should be labeled “1”, “2”, “3”, and so forth. The tab numbers should not replace the project area names. Please be sure to include the complete name for each project area.

Pass-Through Detail Worksheets:

Section 33684 requires pass-through payments per Sections 33607.5 and 33607.7, only, be reported. However, in developing the spreadsheets, it became obvious that in order for the county auditor's office to confirm a redevelopment agency's data and issue the required finding of concurrence, additional data may be required. For instance, a pre-AB 1290 project area that has existing contractual pass-through obligations to some, but not all, affected taxing agencies, and that has extended the life of the project area, must now make pass-through payments per Section 33607.7 to all affected taxing agencies not covered by an existing agreement. Agencies covered by existing agreements will continue to receive the agreement amount.

In order for the county auditor's office to confirm that all calculations were made correctly, the following **MUST** be included in the report:

- Section 33401 payments;
- Pre-AB 1290 payments;
- 2% growth payments; and
- Offsets to Section 33607.5 payments because of Section 33445 type payments.

For those that do not have such payments, those columns will remain blank.

Each AB 1290 Project Area must report its pass-through obligations to local taxing agencies on a separate worksheet. Include all payments to all local taxing agencies for the 2008-09 fiscal year. Allowance has been made for the reporting of up to 38 different taxing entities for each project area.

The Project Area name, County Tax ID, and other detail will automatically be brought forward.

- **Please Note: Several columns used last year are not used this year and are therefore hidden. In addition, several new columns applicable to the 2008-09 fiscal year have been added. Descriptions of each column and workbook completion instructions can be found on the following pages.**

Instructions for Pass-Through Detail Worksheets		
Column	Description	Instructions
A	Fiscal Year	Already included - this defines the fiscal year for which you are entering data.
B	Gross Tax Increment Received During the Fiscal Year	Enter the total gross tax increment received during the fiscal year. Enter in Cell B19 only. For the purposes of identifying Tier II calculations, include the portion of tax increment applicable to Tier II separately. Enter in Cell B23 only.
C	Name of Affected Taxing Agency	List each individual local taxing agency receiving any pass-through payments for this project area during the fiscal year period. Combine all payments to a single entity on a single line. DO NOT ABBREVIATE. <u>For school district names</u> , refer to the enclosed PDF file and locate the appropriate school name. Use only the names listed along with their county district school (CDS) code number.
D	Taxing Agency Code:	For each individual local taxing agency, enter the appropriate code as follows: S = School District C = Community College District E = Office of Education OR Special Education O = All Other (including county, city, or special districts) F = Educational Revenue Augmentation Fund
E	Contractual Payments per 33401	IF APPLICABLE: Enter the total payments made to local taxing agencies per Section 33401. This will apply only to those project areas formed prior to January 1, 1994 that agreed to a pass-through payment.
F	2% Growth on Base Payments Only (Pre - AB 1290 33676)	IF APPLICABLE: Enter the total payments made to local taxing agencies per Section 33676, if any. This will apply only to those project areas formed prior to January 1, 1994 that agreed to a 2% Growth payment.

Instructions for Pass-Through Detail Worksheets		
Column	Description	Instructions
G	Others – Include Payments Per 33445, 33445.5, 33445.6, or 33446 (Memo Only)	IF APPLICABLE: Include any other contractual payments made per Sections 33445, 33445.5, 33445.6, or 33446 as applicable. These payments may offset payments required per 33607.5 or 33607.7.
H	Basic-Aid Payments per 33676 (Post AB 1290)	IF APPLICABLE: Any payments made per 33676 to Basic-Aid districts.
I	Total Tier I 33607.5 or 33607.7 Pass-Through Payments Required	Calculate and enter the total Tier I pass-through payment obligations per Sections 33607.5 or 33607.7, as applicable, per local taxing agency. For project areas adopted on or after January 1, 1994, this amount should total 25% of the tax increment remaining after deducting the 20% set-aside to the Low and Moderate Income Housing Fund, calculated against the total tax increment dollars.
J	Total Tier II 33607.5 or 33607.7 Pass-Through Payments Required	IF APPLICABLE: Calculate and enter the total Tier II pass-through payment obligations per Sections 33607.5 or 33607.7, as applicable, per local taxing agency.
K	Amount of 33607.5 or 33607.7 Payments Reduced Per 33445, 33445.5, 33445.6, or 33446	IF APPLICABLE: Applies only to those instances where a 33445-type obligation exists. Enter the reduction of the 33607.5 or 33607.7 payment due to this obligation.
L	Net Amount Due Affected Taxing Agency Prior to Subordination Per 33607.5 or 33607.7	CALCULATED AMOUNT: This amount represents the net amount due after reductions of 33445-type obligations. The amount, for LEAs, calculates for the property tax portion of the reduction.
M	Amount of Pass-Through Payments Deferred Per Subordination	If the project area deferred pass-through payments through a subordination agreement Section 33607.5 (e)(1)-(3), enter the amount deferred during the reporting year.

Instructions for Pass-Through Detail Worksheets		
Column	Description	Instructions
N	Property Tax Share (LEAs only) of Subordination	CALCULATED AMOUNT: This amount represents, for LEAs only, the property tax portion of the subordinated amount listed in Column M.
O	Facilities Share of (LEAs only) or Other Agency Share of Subordination	CALCULATED AMOUNT: For LEAs only, this amount is the facilities portion of the subordinated amount listed in Column M. For all other agencies, it is the entire amount subordinated.
P	Date Deferred Payments Will be Made	If a deferral was made, enter the date (month and year) the deferred payments will be made.
Q	Pass-Through Payments Required, Net of Deferrals	CALCULATED AMOUNT: This is a formula that will deduct deferred payments made from total pass-through payments required. (Sum of Columns E, F, H, and L minus M)
R,S,T	Not Used This Year	Columns R, S, and T are hidden as they are not used this year.
<p>➤ Please Note: From this point forward only transactions primarily specific to AB 1290-type payments (33607.5, 33607.7, or Basic Aid payments) are considered. Formulas concentrate on local educational agencies, but also include outstanding obligations for AB 1290 obligations for other local taxing agencies, as reference. Do not include payments against contractual obligations (33401).</p>		
U	33607.5, 33607.7 Current Obligation Pass-Through Cash Payments Through June 30, 2009	Enter the ACTUAL 33607.5 or 33607.7 cash payments made through June 30, 2009 . Do not include 33401, 2% Growth, or 33445-type payments. Do not include accrual payments made AFTER June 30, 2009. Payments made <u>after June 30 and prior to October 1</u> are to be reported in Column W. Do not include payments made against previous outstanding obligations reported as of June 30, 2008.
V	Date Last Payment Reported in Column U was Made	Enter the date payment listed in Column U was made. If more than one payment was made during the fiscal year, enter the date of the <u>last</u> payment made.

Instructions for Pass-Through Detail Worksheets		
Column	Description	Instructions
W	33607.5, 33607.7 Current Obligation Payments Made Between July 1, 2009 and October 1, 2009	Report any payments made between July 1, 2009 and October 1, 2009, against the 2008-09 Obligations. Do not include payments made against previous outstanding obligations reported as of June 30, 2008.
X	Date Last Payment Reported in Column W was Made	Enter the date payment listed in Column W was made. If more than one payment was made during the fiscal year, enter the date of the last payment made.
Y	Prior Year Overpayments Applied Against Current Year Obligations	If the agency discovered overpayments had been made in previous years (2007-08 report, Column AF showed a negative amount) and offset that overpayment during this fiscal year against 2008-09 obligations, show the deemed property tax amount offset in this column. Positive amount only. The combined total of Columns U and W should not exceed the amount due to be paid per Column Q.
Z	Facilities (LEA Only) or Other Agency Portion of Prior Year Overpayments Applied Against Current Year Obligation	If the agency discovered overpayments had been made in previous years (2007-08 report, Column AF showed a negative amount) and offset that overpayment during this fiscal year against 2008-09 obligations, show the facilities (LEAs Only) or other agency amount offset in this column. This should be a POSITIVE amount only.
AA	Basic-Aid 33676 Current Obligation Pass-Through Payments	Enter the ACTUAL 33676 Basic-Aid current obligation payment made.
<p>➤ Please Note: Columns AB and AC deal exclusively with payments made in the <u>current</u> fiscal year against subordinations incurred in a <u>previous</u> fiscal year.</p>		
AB	Property Tax Share of Subordination Payments for Subordinations	For fiscal year 2008-09 payments only, enter the Property Tax Share of the ACTUAL payments made during the current fiscal year against subordinations made in a previous fiscal year. For percentages, refer to the <i>Instructions for Payments of Outstanding Obligations.</i>

Instructions for Pass-Through Detail Worksheets		
Column	Description	Instructions
AC	Facilities Share of LEAs or Other Agency Share of Subordination Payments for Prior Subordinations	For fiscal year 2008-09 payments only, enter the Facilities Share of the ACTUAL payments made during the current fiscal year against subordinations made in a previous fiscal year. For percentages, refer to the <i>Instructions for Payments of Outstanding Obligations</i> .
AD, AE	Not Used This Year	Columns AD and AE are hidden as they are not used this year.
AF	Property Tax Share of Local Education Agency Payments	CALCULATED AMOUNT: For LEAs, this calculates the Property Tax Share of all current payments, including payments against prior deferrals and outstanding obligations.
AG	Non-Basic-Aid 33607.5, 33607.7 Unpaid Obligation	CALCULATED AMOUNT: This is the outstanding obligation (overpayment) for the current year only.
AH	Property Tax Share of Current Year Outstanding Obligation (Memo Only)	CALCULATED AMOUNT: This is a calculated amount representing the balance of Property Tax Share of the current outstanding obligation as of June 30, 2009.
AI	Facilities Share of (Local Educational Agencies) or Other Agency Share of Outstanding Obligation (Memo Only)	CALCULATED AMOUNT: This is a calculated amount representing the balance of Facilities Share of the current outstanding obligation as of June 30, 2009. If not a LEA, this will be the entire outstanding obligation, if any, for Other Local Taxing Agencies.
AJ	Basic-Aid 3376 Current Year Outstanding Obligation	CALCULATED AMOUNT: This is a calculated amount representing the balance of Basic-Aid payments outstanding as of June 30, 2009. <u>This amount is informational for the agency only.</u>
AK	2008-09 Net Outstanding Obligation Net of Deferrals 33607.5 or 33607.7 ONLY	CALCULATED AMOUNT: As of June 30, 2009, this represents all outstanding obligations. <u>To avoid sanctions, this amount must be paid in full by February 1, 2010. Report these additional payments made after October 1, 2009.</u>

Instructions for Pass-Through Detail Worksheets		
Column	Description	Instructions
AL	Remaining Unpaid Outstanding Obligations From Prior Years Not Previously Reported to SCO	<p>Include in this column any remaining Unpaid outstanding obligations that have not yet been paid and reported.</p> <p>Any agency that reported outstanding obligations for 2007-08, but made and reported all payments, should NOT include an amount in this column.</p>
AM	Final Date Remaining Outstanding Obligation is to be Paid	If an outstanding obligation to be Paid remains for the fiscal year, indicate the final date the remaining outstanding obligation payment WILL be made.
AN	Agency's Plan to Pay Outstanding Obligations	<p>Report the agency's plan to pay all outstanding obligations.</p> <p>Text will wrap within the cell.</p>
AO	Total Amount of Payments Made Against Outstanding Obligations	<p>Report all payments that were distributed after October 1, 2009 and paid as directed by Section 33684(j).</p> <p>The formulas in Columns AQ and AR will indicate the portion of payments to be made directly to the Educational Revenue Augmentation Fund. The remaining portion of payments is to be paid to the LEAs. In making these payments, be sure to notify the recipient what the payments represent.</p> <p>Include here all payments against outstanding obligations, including prior year balances.</p>
AP	Amount of Basic-Aid Payments Made Against Outstanding Obligations	This column applies to any remaining Basic-Aid outstanding obligations that had not yet been paid as of October 1, 2009.
AQ	Most Recent Date of Payment(s)	Date of payment referred to in Column AO.
AR	Amount of Local Education Agency Payment to Pay Directly to County ERAF	<p>CALCULATED AMOUNT:</p> <p>This amount is calculated pursuant to Section 33684(j) for payment to the ERAF only.</p> <p>Payments owed to other local taxing agencies should be made directly to those agencies.</p> <p>Amounts paid to LEAs should be identified as for educational facilities or considered property taxes.</p>

Instructions for Pass-Through Detail Worksheets		
Column	Description	Instructions
AS	Amount of Local Educational Agency Payment to Pay to Local Educational Agency	<p>CALCULATED AMOUNT:</p> <p>This amount is calculated pursuant to Section 33684(j) for payment directly to the LEAs.</p>
AT	Remaining Unpaid Outstanding Obligations	<p>CALCULATED AMOUNT:</p> <p><u>To avoid sanctions</u>, this is the remaining amount that must be fully distributed by February 1, 2010.</p> <p>Report additional payments made on the Report of Additional Payments, and forward to the county auditor's office. The county auditor's office is then responsible for sending all documentation to the SCO.</p>

Final Completion:

Once completed, print and sign the Cover Page form and send along with the spreadsheet **in electronic format** to your county auditor's office. It is critical that this data go forward in electronic format, as the county will later transmit the data to the State Controller's Office, also in electronic format.

Questions/Contact Information:

If you have any questions on the AB 1389 filing requirements, please contact your local county auditor's office. However, if you have any questions specific to the spreadsheets and how to complete them, please contact SCO staff Tling Ngo at 916-327-8905 or Betty Moya at 916-324-8363.

California State Controller
 Division of Accounting and Reporting
 Local Government Reporting Section
 P.O. Box 942580
 Sacramento, CA 94250-5875
 916-445-5153
www.sco.ca.gov