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DAVID E. SUNDSTROM, CPA
AUDITOR-CONTROLLER

September 29, 2009

To: Orange County Special Districts
Subject: Proposition 1A Suspension/Assembly Bills X4 14 and X4 15

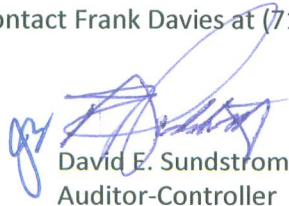
Proposition 1A, passed in November 2004, provides protection to local governments from the taking of local property taxes by the State. However, it also allowed suspension of that protection to allow the State to borrow from local government in fiscal emergencies with the provision that the borrowing be paid back within three years.

Recently enacted Assembly Bill (AB) X4 14, added Revenue and Taxation (R&T) Code Section 100.05 suspending the protection of Proposition 1A. ABX4 15 added R&T Code Section 100.06, requiring the county auditor to reduce the amount of property taxes that would be apportioned to taxing agencies (cities, special districts, and counties) in fiscal year 09/10 by an amount equal to 8% of the ad valorem property tax apportioned in fiscal year 08/09.

The purpose of this letter is to provide you a preliminary figure of the amount this office will reduce your district's property tax revenue this fiscal year. See the attached spreadsheet. The amount has not been finalized because statewide guidelines for consistent calculation have not yet been approved, and hardship exemptions reducing an agency's property tax reduction approved by the Department of Finance would have to be reallocated to other agencies and are not known at this time. You will be advised of the finalized amount as soon as it is determined.

Securitization of the amount the State is borrowing from your district is provided for in the above enacted legislation and could mitigate the negative effects of this property tax revenue reduction. You are advised to review the legislation.

If you have any questions, please contact Frank Davies at (714) 834-3015 or frank.davies@ac.ocgov.com.


David E. Sundstrom
Auditor-Controller

Attachment

**PROP 1A SUSPENSION - 8% PROPERTY TAX REDUCTION (PRELIMINARY)
 BASED ON 08/09 APPORTIONMENTS**

SPECIAL DISTRICTS	AMT APPORTIONED	8% REDUCTION
BUENA PARK LIBRARY DISTRICT	1,659,401	132,752
CAPISTRANO BAY COMMUNITY SVC DISTRICT	632,289	50,583
COSTA MESA SANITARY DISTRICT	212,702	17,016
COMMUNITY SVC AREA #13 LA MIRADA	2,697	216
COMMUNITY SVC AREA #20 LA HABRA	8,600	688
COMMUNITY SVC AREA #22 EAST YORBA LINDA	20,533	1,643
CYPRESS RECREATION AND PARK DISTRICT	3,705,407	296,433
EAST ORANGE CO WATER DISTRICT	925,979	74,078
EL TORO WATER DISTRICT	726,299	58,104
EMERALD BAY COMMUNITY SVC DISTRICT	1,550,475	124,038
IRVINE RANCH WATER DISTRICT	26,183,605	2,094,688
LAGUNA BEACH WATER DISTRICT	2,041,089	163,287
MIDWAY CITY SANITARY DISTRICT	1,419,052	113,524
MOULTON NIGUEL WATER DISTRICT	22,034,257	1,762,741
N TUSTIN LDSCP & LTG ASMT DISTRICT	444,000	35,520
ORANGE COUNTY CEMETERY DISTRICT	1,521,549	121,724
ORANGE COUNTY SANITATION DISTRICT	63,611,992	5,088,959
ORANGE COUNTY TRANSIT AUTHORITY	11,161,906	892,953
ORANGE COUNTY VECTOR CONTROL	4,425,414	354,033
ORANGE COUNTY WATER DISTRICT	17,981,957	1,438,557
PLACENTIA LIBRARY DISTRICT	1,894,925	151,594
ROSSMOOR COMMUNITY SVC DISTRICT	882,849	70,628
ROSSMOOR/LOS ALAMITOS WATER DISTRICT	346,850	27,748
SANTA MARGARITA WATER DISTRICT	6,359,903	508,792
SOUTH COAST WATER DISTRICT	4,269,896	341,592
SILVERADO MODJESKA PARK & RECREATION DISRICT	34,231	2,738
SURFSIDE COLONY COMMUNITY SVC DISTRICT	301,260	24,101
SURFSIDE COLONY STORM WATER PROTECTION DISTR	123,630	9,890
SUNSET BEACH SANITARY GENERAL	472,087	37,767
THREE ARCH BAY COMM SVC DISTRICT	923,505	73,880
TRABUCO CANYON WATER DISTRICT	1,189,034	95,123
YORBA LINDA COUNTY WATER DISTRICT	1,274,295	101,944
TOTAL - SPECIAL DISTRICTS	178,341,668	14,267,333