DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR

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November 22, 2013

Mr. Odi Ortiz, Assistant City Manager/ Finance Director
City of Livingston
1416 C Sreet
Livingston, CA 95334

Dear Mr. Ortiz:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Livingston Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14B) to the California Department of Finance (Finance) on October 10, 2013 for the period of January through June 2014. Finance has completed its review of your ROPS 13-14B, which may have included obtaining clarification for various items.

Based on our review, we are approving all of the items listed on your ROPS 13-14B at this time.

Pursuant to HSC Section 34186 (a), successor agencies were required to report on the ROPS 13-14B form the estimated obligations and actual payments (prior period adjustments) associated with the January through June 2013 period. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. Although the CAC submitted an audit of the Agency's self-reported prior period adjustments, Finance determined that following adjustment was necessary.

- The ROPS 13-14B review template was set to compute the prior period adjustment (PPA) on a line-item basis. Finance reviewed the PPA for the administrative costs to ensure the adjustment is made only if the Agency's total administrative expenses were under the total authorized administrative allowance. Therefore, the ROPS III prior period adjustment for administrative cost was reduced by $6,800. This adjustment was necessary to account for the administrative costs approved by Finance and to recognize the three percent, or $250,000 administrative cost allowance authorized by HSC section 34171 (b).

Based upon a review of the Fund Balances form, the following adjustment was made:

- Beginning Available Fund Balance (Actual 01/01/13), Rent, Grants, Interest, Etc. in the amount of $83,259 should be $35,346. Based upon information provided in the Agency's Trial Balance, this amount has been decreased by $47,913.

Finance also made adjustments to the item number sequence on ROPS 13-14B for consistency with prior ROPS. Items which do not require funding any longer should be classified as "retired" on the ROPS. Furthermore, item numbers may only be used once and new obligations of the

Agency should be listed with the next available sequential number. Pursuant to HSC section 34177 (a) (2) documents are to be provided in a manner of Finance's choosing; therefore, the obligations on ROPS 13-14B should have been reported in the following sequence:

- Item No. 1 – Reimbursement Agreement
- Item No. 2 – Livingston Court Theater Project
- Item No. 3 – Contract Required for Annual Audits
- Item No. 4 – Contract for Consulting Services
- Item No. 5 – Contract for Legal Counsel
- Item No. 6 – Office Expense
- Item No. 7 – Administrative Costs
- Item No. 8 – Office Space Cost
- Item No. 9 – Litigation Cost
- Item No. 10 – Reimbursement Agreement

The Agency's maximum approved RPTTF distribution for the reporting period is $54,210 as summarized below:

Approved RPTTF Distribution Amount		
Total RPTTF requested for non-administrative obligations		-
Total RPTTF requested for administrative obligations		54,210
Total Requested RPTTF	**$**	**54,210**
Total RPTTF approved for non-administrative obligations		-
Total RPTTF approved for administrative obligations		54,210
Total RPTTF approved for obligations	**$**	**54,210**
Self-Reported ROPS III prior period adjustment (PPA)		(6,800)
Adjustment to ROPS III PPA		6,800
Total ROPS III PPA		-
Total RPTTF approved for distribution	**$**	**54,210**

Please refer to the ROPS 13-14B schedule that was used to calculate the approved RPTTF amount:

http://www.dof.ca.gov/redevelopment/ROPS/ROPS 13-14B Forms by Successor Agency/.

This is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2014. This determination applies only to items where funding was requested for the six month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not denied on this ROPS or a preceding ROPS. The only exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC 34177.5 (i). Finance's review of items that have received a Final and Conclusive determination is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment that was available prior to enactment of ABx1 26 and AB 1484. 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 to the successor agency in the RPTTF.

To the extent proceeds from bonds issued after December 31, 2010 exist and are not encumbered by an enforceable obligation pursuant to HSC section 34171 (d), HSC section 34191.4 (c)(2)(B) requires these proceeds be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

Please direct inquiries to Beliz Chappuie, Supervisor or Todd Vermillion, Lead Analyst at (916) 445-1546.

Sincerely,

JUSTYN HOWARD
Assistant Program Budget Manager

cc: Mr. Jose Antonio Ramirez, City Manager, City of Livingston
Ms. Sylvia Sanchez, Supervising Accountant, Merced County
California State Controller's Office