



March 25, 2015

Mr. Martin Tuttle, City Manager  
City of West Sacramento  
1110 West Capitol Avenue  
West Sacramento, CA 95691

Dear Mr. Tuttle:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of West Sacramento Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 15-16A) to the California Department of Finance (Finance) on February 19, 2015 for the period of July 1, 2015 through December 31, 2015. Finance has completed its review of your ROPS 15-16A, which may have included obtaining clarification for various items.

Based on a sample of line items reviewed and application of the law, Finance made the following determination:

Item No. 32 – RPTTF Shortfall for ROPS 14-15A in the amount of \$1,085,362 is not allowed. The Agency submitted Oversight Board Resolution 15-5, approving the Amended Recognized Obligation Payment Schedule ROPS 15-16A to include the shortfall amount of \$1,085,362. The Agency was authorized for Redevelopment Property Tax Trust Fund (RPTTF) funding in the amount of \$1,153,112 on the ROPS 14-15B for Item No. 32, fully funding the Agency for its ROPS 14-15A obligations. The Yolo County Auditor-Controller (CAC) reports the Agency received a RPTTF distribution equal to the amount Finance approved on ROPS 14-15B. Therefore, there can be no cash shortfall. The RPTTF shortfall request is not supported and does not qualify as an enforceable obligation.

Finance noted the Agency misallocated the Available RPTTF on the Prior Period Adjustment (PPA) worksheet, resulting in an incorrect calculation of the PPA used to offset the ROPS 15-16A distribution. Therefore, with the Agency's concurrence Finance has made the following adjustments:

Item No.	Available RPTTF Originally Reported	Adjustment to Available	Available RPTTF After Adjustment
7	\$424,377	(\$11,944)	\$412,433
14	115,000	(52,436)	62,564
15	15,000	(3,369)	11,631
<b>Total</b>	<b>\$554,377</b>	<b>(\$67,749)</b>	<b>\$486,628</b>

Additionally, Finance noted that in the Actual expenditures reported on the ROPS 14-15A PPA worksheet, the Agency incorrectly included RPTTF that was designated for the ROPS 14-15B period. Therefore, with the Agency's concurrence Finance made the following adjustments on the PPA form to reflect Actual expenditures from the ROPS 14-15A distribution only:

<b>Item No.</b>	<b>Actual Expenditure Originally Reported</b>	<b>Adjustment to Expenditure</b>	<b>Actual Expenditure After Adjustment</b>
1	\$2,144,756	(\$1,085,362)	\$1,059,394
6	14,154	(993)	13,161
9	148,769	(30,658)	118,111
<b>Total</b>	<b>\$2,307,679</b>	<b>(\$1,117,013)</b>	<b>\$1,190,666</b>

As a result of these adjustments to accurately reflect only the RPTTF available in the ROPS 14-15A period, and those expenditures authorized during the ROPS 14-15A period, the prior period adjustment from the ROPS 14-15A period has been decreased by \$67,749. The total prior period adjustment as calculated by Finance is \$6,565.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 15-16A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2014 period. HSC section 34186 (a) also specifies prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. Proposed CAC adjustments were not received in time for inclusion in this letter; therefore, the amount of approved in the table on the next page only reflects the prior period adjustment self-reported by the Agency, and further adjusted by Finance.

Except for the item denied in whole, Finance is not objecting to the remaining items listed on your ROPS 15-16A. If you disagree with the determination with respect to any items on your ROPS 15-16A, you may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance's website below:

[http://www.dof.ca.gov/redevelopment/meet\\_and\\_confer/](http://www.dof.ca.gov/redevelopment/meet_and_confer/)

The Agency's maximum approved RPTTF distribution for the reporting period is \$7,692,892 as summarized in the Approved RPTTF Distribution table on the next page:

<b>Approved RPTTF Distribution</b>	
<b>For the period of July through December 2015</b>	
Total RPTTF requested for non-administrative obligations	7,465,492
Total RPTTF requested for administrative obligations	233,965
<b>Total RPTTF requested for obligations on ROPS</b>	<b>\$ 7,699,457</b>
RPTTF adjustment to non-administrative obligations	1,085,362
RPTTF adjustment to administrative obligations	0
<b>Total RPTTF adjustments</b>	<b>\$ 1,085,362</b>
<b>Total RPTTF requested for non-administrative obligations</b>	<b>8,550,854</b>
<u>Denied Item</u>	
Item No. 32	(1,085,362)
<b>Total RPTTF authorized for non-administrative obligations</b>	<b>\$ 7,465,492</b>
<b>Total RPTTF requested for administrative obligations</b>	<b>233,965</b>
<b>Total RPTTF authorized for administrative obligations</b>	<b>\$ 233,965</b>
<b>Total RPTTF authorized for obligations</b>	<b>\$ 7,699,457</b>
Self-reported ROPS 14-15A prior period adjustment (PPA)	(74,314)
Finance adjustment to ROPS 14-15A PPA	67,749
Total ROPS 14-15A PPA	(6,565)
<b>Total RPTTF approved for distribution</b>	<b>\$ 7,692,892</b>

Pursuant to HSC section 34177 (l) (1) (E), agencies are required to use all available funding sources prior to RPTTF for payment of enforceable obligations. During the ROPS 15-16A review, Finance requested financial records to support the cash balances reported by the Agency; however, the Agency was unable to support the amounts reported. Although the Agency provided accounting records reflecting negative balance, this is inconsistent with the cash balances that should be held by the Agency based upon RPTTF received. As a result, Finance will continue to work with the Agency after the ROPS 15-16A review period to properly identify the Agency's cash balances. If it is determined the Agency possesses cash balances that are available to pay approved obligations, the Agency should request the use of these cash balances prior to requesting RPTTF in ROPS 15-16B.

Please refer to the ROPS 15-16A schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS>

Absent a Meet and Confer, this is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2015. This determination only applies 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 section 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 the 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 agency in the RPTTF.

Pursuant to HSC section 34177 (a) (3), only those payments listed on an approved ROPS may be made by the successor agency from the funds specified in the ROPS. However, if the Agency needs to make payments for approved obligations from another funding source, HSC section 34177 (a) (4) requires the Agency to first obtain oversight board approval.

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 Wendy Griffe, Supervisor or Kelly Wyatt, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Program Budget Manager

cc: Mr. Paul Blumberg, Public Finance Manager, City of West Sacramento  
Mr. Howard Newens, Auditor-Controller, Yolo County  
California State Controller's Office