



May 15, 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

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated March 25, 2015. 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 Finance on February 19, 2015, for the period of July through December 2015. Finance issued a ROPS determination letter on March 25, 2015. Subsequently, the Agency requested a Meet and Confer session on one or more of the determinations made by Finance. The Meet and Confer session was held on April 8, 2015.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific determinations being disputed.

- Item No. 32 – RPTTF Shortfall for ROPS 14-15A in the amount of \$1,085,362. Finance continues to deny this item at this time. 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 that the Agency received a RPTTF distribution equal to the amount Finance approved on ROPS 14-15B. Therefore, there is no shortfall for the ROPS 14-15A period.

During the Meet and Confer process, the Agency provided an Agreed Upon Procedures (AUP) review to support the shortfall as of the ROPS 14-15A period. Based on a review of the AUP review and the approved, distributed, and expended amounts from prior ROPS periods, Finance notes the following:

- For the January through June 2012 ROPS period (ROPS I), all revenues received and expenditures made would have been accounted for in the beginning balance of the Other Funds and Accounts (OFA) Due Diligence Review (DDR). Since the Agency had funds available for remittance to the affected taxing entities on the OFA DDR, all expenditures incurred should have been fully funded and there should be no shortfalls from the ROPS I period.

- For the July through December 2012 ROPS period (ROPS II), Finance approved \$8,558,529 and the CAC distributed \$6,933,443 from the RPTTF. This resulted in a shortfall of \$1,625,086 for the ROPS II period. However, during the OFA DDR, the Agency requested and Finance approved \$8,462,810 to be retained from the RPTTF distribution and other funds available to pay for the ROPS II expenditures, which resulted in a \$95,719 funding shortfall because the prior period adjustment (PPA) was calculated assuming the \$8,558,529 was available. Based on the AUP review, the Agency incurred \$7,063,079 in expenditures; however, Finance notes the following:
 - The Agency either spent more than the Finance approved amount or did not request funding totaling \$356,076 in expenditures for the following:
 - Form A, Item No. 2 on ROPS II – 1998 Revenue Bonds in the amount of \$105,926. The Agency requested and Finance approved \$3,076,862 for this item; however, the incorrect amount was requested. The actual debt service due was \$3,182,788, which resulted in a shortfall of \$105,926 that was paid for by the City. Therefore, this item is an enforceable obligation and eligible for funding.
 - Form A, Item No. 4 on ROPS II – 2004 (B) Revenue Bonds in the amount of \$26,598. The Agency requested and Finance approved \$599,278 for this item; however, the incorrect amount was requested. The actual debt service due was \$625,876, which resulted in a shortfall of \$26,598 that was paid for by the City. Therefore, this item is an enforceable obligation and eligible for funding.
 - Form A, Item No. 6 on ROPS II – 2007 (B) Revenue Bonds in the amount of \$51,876. The Agency requested and Finance approved \$1,343,912 for this item; however, the incorrect amount was requested. The actual debt service due was \$1,395,788, which resulted in a shortfall of \$51,876 that was paid for by the City. Therefore, this item is an enforceable obligation and eligible for funding.
 - Form A, Item No. 18 on ROPS II – CFD 27 Special Tax in the amount of \$49,001. The Agency requested and Finance approved \$15,000 for this item; however, actual expenditures were \$64,001, which resulted in a shortfall of \$49,001 that was paid for by the City. Therefore, this item is an enforceable obligation and eligible for funding.
 - Form C, Item Nos. 1 through 6 on ROPS II – Administrative Cost Allowance in the amount of \$80,118. Finance approved administrative expenditures in the amount of \$238,718 and \$177,824 for the ROPS II and January through June 2013 ROPS period (ROPS III), respectively. The Agency was approved for the full administrative cost allowance of 3 percent of approved

non-administrative RPTTF expenditures. Therefore, the over expenditure of \$80,118 for the administrative cost allowance that was paid for by the City is not an enforceable obligation and not eligible for funding.

- Items not listed on ROPS II – Retiree Health Insurance and Retirement PERS in the amount of \$18,599 and \$23,958, respectively, which were paid for by the City. Based on reviews completed in subsequent ROPS periods, these items are enforceable obligations and eligible for funding.

Of the \$356,076 spent without Finance authorization, \$275,958 was related to enforceable obligations and is eligible for funding. Finance continues to deny the remaining \$80,118.

- The Agency did not report \$281,865 as expended in the July through December 2013 ROPS period (ROPS 13-14A) and this amount was included as a PPA, as follows:
 - Form A, Item No. 7 on ROPS II – Bond Trustee & Disclosure Fees in the amount of \$1,500. The Agency requested and Finance approved \$13,161 for this item. The Agency reported \$0 expended on the PPA form during ROPS 13-14A, which resulted in \$13,161 being included in the PPA. However, actual expenditures were \$1,500. Therefore, the PPA was overstated by \$1,500.
 - Form A, Item No. 9 on ROPS II – Raley's Landing OPA in the amount of \$40,683. The Agency requested and Finance approved \$779,903 for this item. The Agency reported \$0 expended on the PPA form during ROPS 13-14A, which resulted in \$779,903 being included in the PPA. However, actual expenditures were \$40,683. Therefore, the PPA was overstated by \$40,683.
 - Form A, Item No. 13 on ROPS II – Stone Lock ENA in the amount of \$213,119. The Agency requested and Finance approved \$224,454 for this item. When calculating the PPA, Finance had identified that only \$11,335 had been expended, which resulted in \$213,119 being included in the PPA. However, actual expenditures were \$224,454. Therefore, the PPA was overstated by \$213,119.
 - Form C, Item Nos. 1 through 6 on ROPS II – Administrative Cost Allowance in the amount of \$26,563. The Agency requested and Finance approved \$238,718 for these items. The Agency reported \$212,155 expended on the PPA form during ROPS 13-14A, which resulted in \$26,563 being included in the PPA. However, actual expenditures were \$318,836. Therefore,

the PPA was overstated by \$26,563, and the remaining \$80,118 that was over expended remains denied as previously stated.

As a result of the \$281,865 not being reported as expended on approved items within the approved amounts, the PPA taken in the ROPS 13-14A period was overstated by \$281,865. Therefore, the Agency had a shortfall from the ROPS II period in the amount of \$281,865.

- The Agency reported \$140,041 as expended in the ROPS 13-14A period, but the AUP review does not show these amounts as being paid for the following:
 - Form A, Item No. 3 on ROPS II – 2004 (A) Revenue Bond in the amount of \$320. The Agency requested and Finance approved \$464,020. The Agency reported \$464,020 expended on the PPA form during ROPS 13-14A; however, actual expenditures were \$463,700. Therefore, the PPA was understated by \$320.
 - Form A, Item No. 17 on ROPS II – CFD 23 Special Tax in the amount of \$43,820. The Agency requested and Finance approved \$85,000. The Agency reported \$54,974 expended on the PPA form during ROPS 13-14A, which resulted in a \$30,026 PPA; however, actual expenditures were \$11,154. Therefore, the PPA was understated by \$43,820.
 - Form A, Item No. 21 on ROPS II – Bridge District 2014 Plan in the amount of \$36,434. The Agency requested and Finance approved \$92,780. The Agency reported \$36,434 expended on the PPA form during ROPS 13-14A, which resulted in a \$56,346 PPA; however, actual expenditures were \$0. Therefore, the PPA was understated by \$36,434.
 - Form A, Item No. 22 on ROPS II – California Indian Heritage Center in the amount of \$1,116. The Agency requested and Finance approved \$31,033. The Agency reported \$1,116 expended on the PPA form during ROPS 13-14A, which resulted in a \$29,917 PPA; however, actual expenditures were \$0. Therefore, the PPA was understated by \$1,116.
 - Form A, Item No. 26 on ROPS II – Hotel Project in the amount of \$42,556. The Agency requested and Finance approved \$77,583. The Agency reported \$42,556 expended on the PPA form during ROPS 13-14A, which resulted in a \$35,027 PPA; however, actual expenditures were \$0. Therefore, the PPA was understated by \$42,556.
 - Form A, Item No. 27 on ROPS II – Delta Lane Housing Loan in the amount of \$11,335. The Agency requested and Finance approved \$41,424. The Agency reported \$11,335 expended on the PPA form during ROPS 13-14A, which resulted in a \$30,089

PPA; however, actual expenditures were \$0. Therefore, the PPA was understated by \$11,335.

- Form A, Item No. 28 on ROPS II – Bridge Housing Loan in the amount of \$4,460. The Agency requested and Finance approved \$54,294. The Agency reported \$4,460 expended on the PPA form during ROPS 13-14A, which resulted in a \$49,834 PPA; however, actual expenditures were \$0. Therefore, the PPA was understated by \$4,460.

As a result of the \$140,041 being reported as expended when no expenditures were incurred, the PPA taken in the ROPS 13-14A period was understated by \$140,041. Therefore, the Agency had excess funds from the ROPS II period in the amount of \$140,041.

In summary, the Agency had a \$95,719 funding shortfall because sufficient funds were not retained in the OFA DDR, the City loaned \$275,958 for enforceable obligations where the Agency did not have sufficient authority to expend, and the Agency had a funding shortfall of \$141,824 (\$140,041 - \$281,865) due to errors in the PPA calculation. Therefore, the total funding shortfall for ROPS II was \$513,501, which was paid for by the City.

- For ROPS III, Finance approved and the CAC distributed \$5,742,737 from the RPTTF. As such, the Agency received sufficient funds from the RPTTF to cover all of the approved expenditures in the ROPS III period. However, during the OFA DDR, the Agency did not request to retain any funds for the items that were to be paid from Reserve balances during the ROPS III period. The Agency requested and Finance approved \$189,057 to be expended from Reserve balances, which resulted in a \$189,057 funding shortfall. Additionally, Finance notes the following:
 - The Agency spent \$238,014 more than the Finance approved amounts for the following:
 - Item No. 6 on ROPS III – Bond Trustee and Disclosure Fees in the amount of \$8,533. The Agency requested and Finance approved \$13,161 for this item; however, actual expenditures were \$21,694, which resulted in a shortfall of \$8,533 that was paid for by the City. Therefore, this item is an enforceable obligation and eligible for funding.
 - Item No. 7 on ROPS III – Raley's Landing OPA – Raley's Corp. in the amount of \$65,339. The Agency requested and Finance approved \$207,576 for this item; however, actual expenditures were \$272,915, which resulted in a shortfall of \$65,339 that was paid for by the City. Therefore, this item is an enforceable obligation and eligible for funding.
 - Item No. 8 on ROPS III – Raley's Landing OPA – Money Store in the amount of \$138,094. The Agency requested and Finance

approved \$364,058 for this item; however, actual expenditures were \$502,152, which resulted in a shortfall of \$138,094 that was paid for by the City. Therefore, this item is an enforceable obligation and eligible for funding.

- Item No. 22 on ROPS III – Retiree Health Insurance in the amount of \$26,048. The Agency requested and Finance approved \$40,000 for this item; however, actual expenditures were \$66,048, which resulted in a shortfall of \$26,048 that was paid for by the City. Therefore, this item is an enforceable obligation and eligible for funding.

All of the \$238,014 spent without Finance authorization was related to enforceable obligations and is eligible for funding.

- The Agency reported \$79,659 as expended in the ROPS 13-14B period, but the AUP review does not show these amounts as being paid for the following:
 - Item No. 14 on ROPS III – CFD 27 Special Tax in the amount of \$79,009. The Agency requested and Finance approved \$85,000. The Agency reported \$79,009 expended on the PPA form during ROPS 13-14A, which resulted in a \$5,991 PPA; however, actual expenditures were \$0. Therefore, the PPA was understated by \$79,009.
 - Item No. 24 on ROPS III – Administrative Cost Allowance in the amount of \$650. The Agency requested and Finance approved \$264,000. The Agency reported \$177,824 expended on the PPA form during ROPS 13-14A, which resulted in a \$86,176 PPA; however, actual expenditures were \$177,174. Therefore, the PPA was understated by \$650.

As a result of the \$79,659 being reported as expended when no expenditures were incurred, the PPA taken in the ROPS 13-14B period was understated by \$79,659. Therefore, the Agency had excess funds from the ROPS III period in the amount of \$79,659.

In summary, the Agency had a \$189,057 funding shortfall because sufficient funds were not retained in the OFA DDR, the City loaned \$238,014 for enforceable obligations where the Agency did not have sufficient authority to expend, and the Agency had excess funds of \$79,659 due to errors in the PPA calculation. Therefore, the total funding shortfall for ROPS III was \$347,412, which was paid for by the City.

- For the ROPS 13-14A period, Finance approved \$5,122,049 and the CAC distributed \$3,128,699 from the RPTTF. Additionally, the Agency had a prior period adjustment (PPA) from the ROPS II period in the amount of \$1,993,350. As such, the Agency received sufficient funds from the RPTTF and the PPA to cover all of the approved expenditures in the ROPS 13-14A period. However, Finance notes the following:

- The Agency spent \$221,246 more than the Finance approved amounts for the following:
 - Item No. 7 on ROPS 13-14A – Raley's Landing OPA – Raley's Corp in the amount of \$14,364. The Agency requested and Finance approved \$0 for this item; however, actual expenditures were \$14,364, which resulted in a shortfall of \$14,364 that was paid for by the City. Therefore, this item is an enforceable obligation and eligible for funding.
 - Item No. 8 on ROPS 13-14A – Raley's Landing OPA – Money Store in the amount of \$26,429. The Agency requested and Finance approved \$0 for this item; however, actual expenditures were \$26,429, which resulted in a shortfall of \$26,429 that was paid for by the City. Therefore, this item is an enforceable obligation and eligible for funding.
 - Item No. 9 on ROPS 13-14A – Local Baseball Agreement in the amount of \$150,919. The Agency requested and Finance approved \$0 for this item; however, actual expenditures were \$150,919, which resulted in a shortfall of \$150,919 that was paid for by the City. Therefore, this item is an enforceable obligation and eligible for funding.
 - Item No. 22 on ROPS 13-14A – Retiree Health Insurance in the amount of \$4,501. The Agency requested and Finance approved \$18,000 for this item; however, actual expenditures were \$22,501, which resulted in a shortfall of \$4,501 that was paid for by the City. Therefore, this item is an enforceable obligation and eligible for funding.
 - Item No. 24 on ROPS 13-14A – Administrative Cost Allowance in the amount of \$25,033. Finance approved administrative expenditures in the amount of \$133,945 and \$128,090 for the ROPS 13-14A and January through June 2014 ROPS period (ROPS 13-14B), respectively. The Agency was approved for the full administrative cost allowance of 3 percent of approved non-administrative RPTTF expenditures. Therefore, the over expenditure of \$25,033 for the administrative cost allowance that was paid for by the City is not an enforceable obligation and not eligible for funding.

Of the \$221,246 spent without Finance authorization, \$196,213 was related to enforceable obligations and is eligible for funding. Finance continues to deny the remaining \$25,033.

- The Agency did not report \$42,436 as expended in the July through December 2014 ROPS period (ROPS 14-15A) and this amount was included as a PPA, as follows:

- Item No. 14 on ROPS 13-14A – CFD 27 Special Tax in the amount of \$31,509. The Agency requested and Finance approved \$89,250 for this item. The Agency reported \$0 expended on the PPA form during ROPS 14-15A, which resulted in \$89,250 being included in the PPA. However, actual expenditures were \$57,741. Therefore, the PPA was overstated by \$31,509.
- Item No. 15 on ROPS 13-14A – Flood Assessments in the amount of \$10,927. The Agency requested and Finance approved \$15,750 for this item. The Agency reported \$0 expended on the PPA form during ROPS 14-15A, which resulted in \$15,750 being included in the PPA. However, actual expenditures were \$4,823. Therefore, the PPA was overstated by \$10,927.

As a result of the \$42,436 not being reported as expended on approved items within the approved amounts, the PPA taken in the ROPS 14-15A period was overstated by \$42,436. Therefore, the Agency had a shortfall from the ROPS 13-14A period in the amount of \$42,436.

- The Agency reported \$261,515 as expended in the ROPS 14-15A period, but the AUP review does not show these amounts as being paid for the following:
 - Item No. 6 on ROPS 13-14A – Bond Trustee and Disclosure Fees in the amount of \$24,822. The Agency requested and Finance approved \$26,322. The Agency reported \$26,322 expended on the PPA form during ROPS 14-15A, which resulted in a \$0 PPA; however, actual expenditures were \$1,500. Therefore, the PPA was understated by \$24,822.
 - Item No. 10 on ROPS 13-14A – CEMEX Rail Relocation Agreement in the amount of \$191,054. The Agency requested and Finance approved \$191,054. The Agency reported \$191,054 expended on the PPA form during ROPS 14-15A, which resulted in a \$0 PPA; however, actual expenditures were \$0. Therefore, the PPA was understated by \$191,054.
 - Item No. 23 on ROPS 13-14A – Retirement PERS in the amount of \$45,639. The Agency requested and Finance approved \$67,365. The Agency reported \$67,365 expended on the PPA form during ROPS 14-15A, which resulted in a \$0 PPA; however, actual expenditures were \$21,726. Therefore, the PPA was understated by \$45,639.

As a result of the \$261,515 being reported as expended when no expenditures were incurred, the PPA taken in the ROPS 14-15A period was understated by \$261,515. Therefore, the Agency had excess funds from the ROPS 13-14A period in the amount of \$261,515.

In summary, the City loaned \$196,213 for enforceable obligations where the Agency did not have sufficient authority to expend, and the Agency had excess funds of \$219,079 (\$261,515 - \$42,436) due to errors in the PPA calculation. Therefore, there was no funding shortfall for the ROPS 13-14A period and an excess of \$22,866 (\$219,079 - \$196,213) should be available.

- For the ROPS 13-14B, Finance approved \$3,874,499 and the CAC distributed \$3,464,609 from the RPTTF. Additionally, the Agency had a PPA from the ROPS III period in the amount of \$409,890. As such, the Agency received sufficient funds from the RPTTF and the PPA to cover all of the approved expenditures in the ROPS 13-14B period. However, Finance notes the following:
 - The Agency spent \$191,054 more than the Finance approved amount for the following:
 - Item No. 10 on ROPS 13-14B – CEMEX Rail Relocation Agreement in the amount of \$191,054. The Agency requested and Finance approved \$0 for this item; however, actual expenditures were \$191,054, which resulted in a shortfall of \$191,054 that was paid for by the City. Therefore, this item is an enforceable obligation and eligible for funding.

Of the \$191,054 spent without Finance authorization, \$191,054 was related to an enforceable obligation and is eligible for funding.

- The Agency did not report \$19,360 as expended in the January through June 2015 ROPS period (ROPS 14-15B) and this amount was included as a PPA, as follows:
 - Item No. 22 on ROPS 13-14B – Retiree Health Insurance in the amount of \$5,681. The Agency requested and Finance approved \$44,048 for this item. The Agency reported \$34,671 expended on the PPA form during ROPS 14-15B, which resulted in \$9,377 being included in the PPA. However, actual expenditures were \$40,352. Therefore, the PPA was overstated by \$5,681.
 - Item No. 23 on ROPS 13-14B – Retirement PERS in the amount of \$13,679. The Agency requested and Finance approved \$62,500 for this item. The Agency reported \$0 expended on the PPA form during ROPS 14-15B, which resulted in \$62,500 being included in the PPA. However, actual expenditures were \$13,679. Therefore, the PPA was overstated by \$13,679.

As a result of the \$19,360 not being reported as expended on approved items within the approved amounts, the PPA taken in the ROPS 14-15A period was overstated by \$19,360. Therefore, the Agency had a shortfall from the ROPS 13-14A period in the amount of \$19,360.

- The Agency reported \$846,252 as expended in the ROPS 14-15A period, but the AUP review does not show these amounts as being paid for the following:
 - Item No. 1 on ROPS 13-14B – 1998 Revenue Bonds in the amount of \$836,564. The Agency requested and Finance approved \$1,179,925. The Agency reported \$1,179,925 expended on the PPA form during ROPS 14-15A, which resulted in a \$0 PPA; however, actual expenditures were \$343,361. Therefore, the PPA was understated by \$836,564.
 - Item No. 6 on ROPS 13-14B – Bond Trustee and Disclosure Fees in the amount of \$1,871. The Agency requested and Finance approved \$21,694. The Agency reported \$21,694 expended on the PPA form during ROPS 14-15A, which resulted in a \$0 PPA; however, actual expenditures were \$19,823. Therefore, the PPA was understated by \$1,871.
 - Item No. 24 on ROPS 13-14B – Administrative Cost Allowance in the amount of \$7,817. The Agency requested and Finance approved \$149,816. The Agency reported \$128,000 expended on the PPA form during ROPS 14-15A, which resulted in a \$21,726 PPA; however, actual expenditures were \$120,273. Therefore, the PPA was understated by \$7,817.

As a result of the \$846,252 being reported as expended when no expenditures were incurred, the PPA taken in the ROPS 14-15A period was understated by \$846,252. Therefore, the Agency had excess funds from the ROPS 13-14A period in the amount of \$846,252.

In summary, the City loaned \$191,054 for enforceable obligations where the Agency did not have sufficient authority to expend, and the Agency had excess funds of \$826,892 (\$846,252 - \$19,360) due to errors in the PPA calculation. Therefore, there was no funding shortfall for the ROPS 13-14B period and an excess of \$635,838 (\$826,892 - \$191,054) should be available.

Cumulatively, the Agency had a shortfall in ROPS II in the amount of \$513,501, a shortfall in ROPS III in the amount of \$347,412, excess funds in ROPS 13-14A in the amount of \$22,866, and excess funds in ROPS 13-14B in the amount of \$635,838. Therefore, the total funding shortfall for all ROPS periods reviewed in the AUP that the City paid for is \$202,209.

However, the Agency has not submitted an Oversight Board resolution pursuant to HSC section 34173 (h) to approve repayment of this loan. Therefore, this item is not eligible for funding at this time.

In addition, per Finance's letter dated March 25, 2015, we continue to make the following determinations not contested by the Agency during the Meet and Confer:

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 |
| Total | \$554,377 | (\$67,749) | \$486,628 |

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:

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

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 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. 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:

| Approved RPTTF Distribution | |
|--|---------------------|
| For the period of July through December 2015 | |
| Total RPTTF requested for non-administrative obligations | 7,465,492 |
| Total RPTTF requested for administrative obligations | 233,965 |
| Total RPTTF requested for obligations on ROPS | \$ 7,699,457 |
| RPTTF adjustment to non-administrative obligations | 1,085,362 |
| RPTTF adjustment to administrative obligations | 0 |
| Total RPTTF adjustments | \$ 1,085,362 |
| Total RPTTF requested for non-administrative obligations | 8,550,854 |
| <u>Denied Item</u> | |
| Item No. 32 | (1,085,362) |
| Total RPTTF authorized for non-administrative obligations | \$ 7,465,492 |
| Total RPTTF requested for administrative obligations | 233,965 |
| Total RPTTF authorized for administrative obligations | \$ 233,965 |
| Total RPTTF authorized for obligations | \$ 7,699,457 |
| 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) |
| Total RPTTF approved for distribution | \$ 7,692,892 |

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>

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 Evelyn Suess, Dispute Resolution Supervisor, or Mary Halterman, Analyst, at (916) 445-3274.

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