



October 26, 2015

Ms. Dayle Keller, Interim City Manager
City of Sanger
1700 7th Street
Sanger, CA 93657

Dear Ms. Sultan:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Sanger Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period January 1 through June 30, 2016 (ROPS 15-16B) to the California Department of Finance (Finance) on September 16, 2015. Finance has completed its review of the ROPS 15-16B.

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

- Item No. 13 – Tech Park Loan from City of Sanger Water Fund in the amount of \$6,361 requested for ROPS 15-16B is not allowed. HSC 34191.4 (A) states the maximum repayment amount authorized each fiscal year for repayments shall be equal to one-half of the increase between the amount distributed to the taxing entities pursuant to paragraph (4) of subdivision (a) of section 34183 in that fiscal year and the amount distributed to the taxing entities pursuant to that paragraph in the 2012-13 base year.

Pursuant to the repayment formula outlined in HSC section 34191.4 (b) (2) (A), the maximum repayment amount authorized for fiscal year 2015-16 is \$49,200. The Agency requested, and received, \$49,200 for this item during ROPS 15-16A. Therefore, there is no funding available during this ROPS period. The Agency may be eligible for additional funding beginning ROPS 16-17.

- The Agency's administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b). However, Finance notes the oversight board has approved an amount that appears excessive given the number and nature of the obligations listed on the ROPS. HSC section 34179 (i) requires the oversight board to exercise a fiduciary duty to the taxing entities. Therefore, Finance encourages the oversight board to use adequate discretion when evaluating the administrative resources required to successfully wind-down the Agency.

Pursuant to HSC section 34186 (a), the Agency was required to report on the ROPS 15-16B form the estimated obligations versus actual payments (prior period adjustment) associated with the January through June 2015 period (ROPS 14-15B). HSC section 34186 (a) also specifies

the prior period adjustment self-reported by the Agency is subject to audit by the Fresno County Auditor-Controller (CAC) and the State Controller.

However, Finance is adjusting the Agency's self-reported prior period adjustment amount by \$10,465. According to information provided by the CAC, the Agency received \$113,213 for administrative costs in ROPS 14-15B; however, the Agency only reported \$94,780. Because the Agency only spent \$102,748 of the available \$113,213, Finance is adjusting the prior period adjustment amount from \$625 to \$11,090 in order to accurately reflect amounts distributed by the CAC in ROPS 14-15B.

Proposed CAC adjustments were not received in time for inclusion in this letter; therefore, the amount of Redevelopment Property Tax Trust Funds (RPTTF) approved in the table below reflects the Agency's self-reported prior period adjustment, as adjusted by Finance.

Except for the items denied in whole or in part, Finance is not objecting to the remaining items listed on your ROPS 15-16B. If you disagree with Finance's determination with respect to any items on your ROPS 15-16B, 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/

The Agency's maximum approved RPTTF distribution for the reporting period is \$121,440 as summarized in the Approved RPTTF Distribution table below:

Approved RPTTF Distribution	
For the period of January through June 2016	
Total RPTTF requested for non-administrative obligations	28,891
Total RPTTF requested for administrative obligations	110,000
Total RPTTF requested for obligations on ROPS 15-16B	\$ 138,891
Total RPTTF requested for non-administrative obligations	28,891
<u>Denied Item</u>	
Item No. 13	(6,361)
Total RPTTF authorized for non-administrative obligations	\$ 22,530
Total RPTTF requested for administrative obligations	110,000
Total RPTTF authorized for administrative obligations	\$ 110,000
Total RPTTF authorized for obligations	\$ 132,530
Self-reported ROPS 14-15B prior period adjustment (PPA)	(625)
Finance adjustment to ROPS 14-15B PPA	(10,465)
Total ROPS 14-15B PPA	(11,090)
Total RPTTF approved for distribution	\$ 121,440

During the ROPS 15-16B period, the Agency reported cash balances and activity for the period January 1, 2015 through December 31, 2015. Finance will perform a review of the Agency's self-reported cash balances on an ongoing basis. Please be prepared to submit financial records and bridging documents to support the cash balances reported upon request. If it is determined the Agency possesses cash balances that are available to pay approved obligations, HSC section 34177 (l) (1) (E) requires these cash balances be used prior to requesting RPTTF.

Please refer to the ROPS 15-16B schedule used to calculate the total RPTTF approved for distribution:

<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 January 1 through June 30, 2016. This determination only applies to items when 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 ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if it was not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items 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 available prior to the enactment of the redevelopment dissolution statutes. 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.

Please direct inquiries to Nichelle Thomas, Supervisor or Alexander Watt, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Mr. Patty Hartman, Interim Finance Director, City of Sanger
Mr. George Gomez, Accounting Financial Manager, Fresno County