



March 14, 2016

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

Dear Mr. Ortiz:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Livingston Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period July 1, 2016 through June 30, 2017 (ROPS 16-17) to the California Department of Finance (Finance) on January 29, 2016. Finance has completed its review of the ROPS 16-17.

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

- Item Nos. 3, 5, 6, 7, and 8 - Administrative costs exceed the allowance by \$93,150. HSC section 34171 (b) (3) limits fiscal year 2016-17 Administrative Cost Allowance (ACA) to three percent of actual distributed Redevelopment Property Tax Trust Fund (RPTTF) in the preceding fiscal year or \$250,000, whichever is greater; not to exceed 50 percent of the distributed RPTTF. As a result, the Agency is eligible for \$0 in ACA for the fiscal year 2016-17. Although \$93,150 is claimed for administrative cost, \$0 is available pursuant to the cap. Therefore, \$93,150 of excess administrative cost is not allowed.

Based on our review, the Agency does not have any enforceable obligations listed on the ROPS. Pursuant to HSC section 34187 (b), when all the enforceable obligations have been retired or paid off, all real property disposed of pursuant to HSC sections 34181 or 34191.4, and all outstanding litigations have been resolved, the Agency shall within 30 days of meeting the aforementioned criteria, submit to oversight board a request, with a copy of the request to the county auditor-controller, to formally dissolve the Agency. As of the July through December 2014 period (ROPS 14-15A) to ROPS 16-17, the Agency has only requested Administrative RPTTF funding. As such, the Agency is subject to the requirements set forth in HSC section 34187 (b) and should seek to formally dissolve.

The items listed on your ROPS 16-17 have been adjusted in whole or in part as described above. If you disagree with Finance's determination with respect to any items on your ROPS 16-17, except for those items which are the subject of litigation disputing Finance's previous or related determinations, 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/

On the ROPS 16-17 form, the Agency reported cash balances and activity for the period of July 1, 2015 through June 30, 2016. Finance performs a review of the Agency's self-reported cash balances on an ongoing basis. 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 enforceable obligations, HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF.

The Agency's maximum approved RPTTF distribution for the reporting period is zero as summarized in the Approved RPTTF Distribution table on page 4 (See Attachment).

ROPS distributions will occur twice annually, one distribution for the July 1, 2016 through December 31, 2016 (ROPS A period), and one distribution for the January 1, 2017 through June 30, 2017 (ROPS B period) based on Finance's approved amounts. Since Finance's determination is for the entire ROPS 16-17 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

On the ROPS 16-17 form, the Agency was not required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2015 through December 31, 2015 period (ROPS 15-16A). The Agency will report actual payments for ROPS 15-16A and ROPS 15-16B on the ROPS 18-19 form pursuant to HSC section 34186 (a) (1). A prior period adjustment will be applied to the Agency's future RPTTF distribution. Therefore, the Agency should retain any difference in unexpended RPTTF.

Please refer to the ROPS 16-17 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 determination related to the enforceable obligations reported on your ROPS for the period July 1, 2016 through June 30, 2017. This determination only applies to items when funding was requested for the 12-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 Cindie Lor, Supervisor, or Todd Vermillion, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Mr. Jose Antonio Ramirez, City Manager, City of Livingston
Ms. Sylvia Sanchez, Supervising Accountant, Merced County

Attachment

Approved RPTTF Distribution			
For the period of July 2016 through June 2017			
	<u>ROPS A Period</u>	<u>ROPS B Period</u>	<u>Total</u>
Requested RPTTF (excluding administrative obligations)	\$ 0	\$ 0	\$ 0
Requested Administrative RPTTF	46,575	46,575	\$ 93,150
Total Requested RPTTF on ROPS 16-17	\$ 46,575	\$ 46,575	\$ 93,150
Total RPTTF Requested	0	0	0
Total RPTTF Authorized	0	0	\$ 0
Total Administrative RPTTF requested	46,575	46,575	93,150
Administrative costs in excess of the cap (see Admin Cost Cap table below)	(46,575)	(46,575)	(93,150)
Total Administrative RPTTF authorized	0	0	\$ 0
Total RPTTF approved for distribution	0	0	\$ 0

Administrative Cost Allowance Cap Calculation	
Actual RPTTF distributed for fiscal year 2015-16	\$ 60,048
Less sponsoring entity loan and Administrative RPTTF	60,048
Actual RPTTF distributed for 2015-16 after adjustment	0
Administrative Cap for 2016-17 per HSC section 34171 (b)	0
ROPS 16-17 Administrative RPTTF after Finance adjustments	93,150
Administrative Cost Allowance in excess of the cap	\$ (93,150)