



**DEPARTMENT OF  
FINANCE**

EDMUND G. BROWN JR. • GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

November 18, 2013

Mr. Roger Hunt, Asst. RMA Director-Admin  
Tulare County  
5961 South Mooney Boulevard  
Visalia, CA 93277

Dear Mr. Hunt:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the Tulare County Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14B) to the California Department of Finance (Finance) on October 04, 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.

HSC section 34171 (d) defines enforceable obligations. Based on a sample of line items reviewed and application of the law, the following do not qualify as enforceable obligations for the reasons specified:

- Item No. 1 – 2007 Tax Allocation Bond Richgrove in the amount of \$76,530. The Agency is requesting Redevelopment Property Tax Trust Fund (RPTTF) funding for the January 1, 2014 and July 1, 2014 debt service payments during ROPS 13-14B. However, The Agency was approved for and received \$76,530 of RPTTF for the January 1, 2014 payment during the July through December 2013 Recognized Obligation Payment Schedule (ROPS 13-14A). Therefore, Finance is approving the interest amount of \$27,083, which is due on July 1, 2014, and adjusting the requested RPTTF funding by \$76,530 (\$103,613 - \$27,083).
- Administrative costs claimed for RPTTF exceed the allowance by \$38,020. HSC section 34171 (b) limits the 2013-14 administrative expenses to three percent of property tax allocated to the Agency or \$250,000, whichever is greater.

Allowable administrative cost amount for fiscal year 2013-14	\$250,000
Administrative costs distributed for July through December 2013	\$89,056
Administrative costs claimed for January through June 2014	\$198,964
Overage	\$38,020

During our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that are required to be used prior to requesting RPTTF. Pursuant to HSC section 34177 (l) (1) (E), RPTTF may be used as a funding source, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. The Agency has requested RPTTF for various items which were already approved during ROPS 13-14A. The Agency should have listed the funding source as

Reserves for these items that the Agency has already received funding for but may instead be paying for during ROPS 13-14B period. Therefore, the funding source for the following items are being reclassified to Reserve Balance and in the amounts specified below:

- Item No. 11 – 08 CalHome 4913 Match for \$40,558
- Item No. 12 – 09 STBG 6419 Match for \$5,000
- Item No. 15 – 11-Caltrans Match for \$20,299
- Item No. 18 – STPLHSR-5946 SR2S Match for \$50,000
- Item No. 19 – SR2SL-59466991 SR2s Match for \$27,200
- Item No. 20 – Transportation Enhancement Match for \$21,333
- Item No. 23 – Goshen Residential Properties for \$737
- Item No. 24 – IBANK Report Requirement for \$70
- Item No. 25 – Pixley Property for \$600
- Item No. 26 – Delta Vector Control District for \$40
- Item No. 28 – AB 1484 RDA Dissolution Audit Requirement for \$32,088

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. The amount of RPTTF approved in the below table includes the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment. However, the current approved RPTTF is insufficient to allow for the entire prior period adjustment (PPA) of \$398,959 during this ROPS period. The Agency should apply the remaining funds prior to requesting RPTTF during ROPS for the period July through December 2014 (ROPS 14-15A).

Except for items denied in whole or in part as enforceable obligations and the items that have been reclassified, Finance is not objecting to the remaining items listed on your ROPS 13-14B. If you disagree with the determination with respect to any items on your ROPS 13-14B, 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 zero as summarized below:

<b>Approved RPTTF Distribution Amount</b> <b>For the period of January through June 2014</b>	
Total RPTTF requested for non-administrative obligations	425,198
Total RPTTF requested for administrative obligations	198,964
<b>Total RPTTF requested for obligations</b>	<b>\$ 624,162</b>
<b>Total RPTTF requested for non-administrative obligations</b>	<b>425,198</b>
<u>Denied Items</u>	
Item No. 1	(76,530)
	(76,530)
<u>Reclassified Items</u>	
Item No. 11	(40,558)
Item No. 12	(5,000)
Item No. 15	(20,299)
Item No. 18	(50,000)
Item No. 19	(27,200)
Item No. 20	(21,333)
Item No. 23	(737)
Item No. 24	(70)
Item No. 25	(600)
Item No. 26	(40)
Item No. 28	(32,088)
	(197,925)
<b>Total RPTTF approved for non-administrative obligations</b>	<b>150,743</b>
<b>Total RPTTF allowable for administrative obligations (see Admin Cost Cap table below)</b>	<b>160,944</b>
<b>Total RPTTF approved for obligations</b>	<b>311,687</b>
ROPS III prior period adjustment	(398,959)
<b>Allowable RPTTF distribution for administrative cost for ROPS 13-14B*</b>	<b>-</b>

\*\*Total Allowable RPTTF for distribution is shown as "zero" because the current approved RPTTF amount of \$311,687 is insufficient to fully offset the prior period adjustment of \$398,959.

<b>Administrative Cost Cap Calculation</b>	
Total RPTTF for 13-14A (July through December 2013)	902,923
Total RPTTF for 13-14B (January through June 2014)	150,743
Less approved unfunded obligations from prior periods	-
<b>Total RPTTF for fiscal year 2013-14</b>	<b>1,053,666</b>
Allowable administrative cost for fiscal year 2013-14 (Greater of 3% or \$250,000)	250,000
Administrative allowance for 13-14A (July through December 2013)	89,056
<b>Allowable RPTTF distribution for administrative cost for ROPS 13-14B</b>	<b>160,944</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. Beginning with the ROPS 13-14B period, Finance required successor agencies to identify fund balances for various types of funds in its possession. During our ROPS 13-14B review, Finance requested financial records to support the fund balances reported by the Agency; however, Finance was unable to reconcile the financial records to the amounts reported. As a result, Finance will continue to work with the Agency after the ROPS 13-14B review period to properly identify the Agency's fund balances. If it is determined the Agency possesses fund balances that are available to pay

approved obligations, the Agency should request the use of these fund balances prior to requesting RPTTF in ROPS 14-15A.

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/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS_13-14B_Forms_by_Successor_Agency/).

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, 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: Ms. Sophia Almanza, Fiscal Manager, Tulare County  
Ms. Rita A Woodard, Auditor-Controller, Tulare County  
California State Controller's Office