



May 17, 2013

Ms. Rene Miller, City Manager
City of Farmersville Successor Agency
909 W Visalia Rd
Farmersville, CA 93223

Dear Ms. Miller:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS 13-14A) letter dated May 3, 2013. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Farmersville Successor Agency (Agency) submitted a ROPS 13-14A to Finance for the period of July through December 2013. Finance issued a ROPS determination letter on May 3, 2013. Subsequently, the Agency requested a Meet and Confer session on one or more of the items denied by Finance. The Meet and Confer session was held on May 14, 2013.

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 item being disputed.

- Item No. 4 – Completion of the Air Conditioning System at the Community Center in the amount \$30,000. The Agency states that repairs to the Civic Center's air conditioning system are needed and requests funding for these repairs. The Agency asserts the Community Center was the former Redevelopment Agency's building. HSC section 34171 (b) allows for the costs of maintaining assets prior to disposition. However, based on documentation provided by the Agency during the Meet and Confer process, the Community Center is owned by the City of Farmersville and not by the Agency. Therefore HSC section 34171 (b) does not apply. In addition, HSC section 34163 (b) prohibits the Agency from entering into a contract with any entity after June 27, 2011. It is our understanding that a contract for this line item has not been awarded. Therefore, we continue to deny this this item for funding.

In addition, per Finance's ROPS letter dated March 29, 2013, the following items not contested by the Agency during the Meet and Confer continue to be denied:

- Item No. 3 – Staff time in the amount of \$13,350. This item is considered general administrative costs and has been reclassified. Although this reclassification increased administrative costs to \$13,350, the administrative cost allowance has not been exceeded.

Except for items disallowed as noted above, Finance is not objecting to the remaining items listed in your ROPS 13-14A. Obligations deemed not to be enforceable shall be removed from your ROPS.

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is: \$71,353 as summarized on next page:

Approved RPTTF Distribution Amount	
For the period of July through December 2013	
Total RPTTF funding requested for obligations	\$ 102,350
Minus: Six-month total for items denied or reclassified as administrative cost	
Item 2*	13,350
Item 4	30,000
Total approved RPTTF for enforceable obligations	\$ 59,000
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	13,350
Minus: ROPS II prior period adjustment	(997)
Total RPTTF approved for distribution:	\$ 71,353

*Reclassified as administrative cost

Pursuant to HSC Section 34186 (a), successor agencies were required to report on the ROPS 13-14A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2012 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 above table includes the prior period adjustment that was self-reported by the Agency and the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment. Please refer to the worksheet used by the CAC to determine the audited prior period adjustment for the Agency:

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

Please refer to the ROPS III schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS/ROPS III Forms by Successor Agency/>

This is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2013. 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 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.

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Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Derk Symons, Analyst, at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Ms. Patricia Miller, Finance Director, City of Farmersville
Ms. Rita A. Woodard, Auditor-Controller, County of Tulare
California State Controller's Office