



April 26, 2012

Darlene Thompson, Finance Director
City of Tulare
411 East Kern Avenue
Tulare, CA 93274

Dear Ms. Thompson:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Tulare Successor Agency (agency) submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 13, 2012 for the period January through June 2012. Finance staff contacted you for clarification of items listed in the ROPS.

HSC section 34171 (d) lists enforceable obligation (EO) characteristics. Based on a sample of line items reviewed and application of the law, the following do not qualify as EOs:

- Page 2, item 9 in the amount of \$361,741.88 are for expenditure contracts signed after June 27, 2011. HSC section 34163(b) prohibits new with any entity after June 27, 2011.
- Unallowed administrative costs total \$618,464. HSC section 34171 (b) limits administrative costs to five percent of property tax allocated or \$250,000, whichever is greater. Five percent of the property tax allocated is \$142,621. Therefore, the \$250,000 limit applies. Tulare claimed \$868,464. The difference of \$618,464 is not an EO. The following are administrative costs: pg 2 – Items 7, 8 and 10, and pg 4 – Item 1.

As authorized by HSC section 34179 (h), Finance is returning your ROPS for reconsideration. This action will cause the ROPS items noted above to be ineffective until Finance approval. Furthermore, items listed on future ROPS will be subject to review and may be denied as EOs.

If you believe we have reached this conclusion in error, please provide further evidence that the items questioned above meet the definition of an EO.

Please direct inquiries to Jennifer Whitaker or Robert Scott at (916) 322-2985.

Sincerely,

MARK HILL
Program Budget Manager

cc: Ms. Rita A. Woodard, Auditor-Controller, Tulare County
Ms. Sharla Allison, Chief Accountant, Tulare County