



December 17, 2014

Ms. Mari Jimenez, Financial Services Director
City of Coalinga
155 West Durian Avenue
Coalinga, CA 93210

Dear Ms. Jimenez:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated November 14, 2014. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Coalinga Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15B) to Finance on October 2, 2014, for the period of January through June 2015. Finance issued a ROPS determination letter on November 14, 2014. 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 December 3, 2014.

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 items being disputed.

- Item No. 34 – ROPS 14-15A Shortfall for Item No. 9 Successor Agency Administrative Costs in the amount of \$104,000. Finance no longer denies this item. Finance initially denied this item because it was our understanding the Fresno County Auditor-Controller (CAC) distributed \$125,000 for administrative expenses in the July to December 2014 ROPS (ROPS 14-15A) period. During the Meet and Confer process, the Agency contended that this item was unfunded due to a shortfall of \$135,301 in the ROPS 14-15A period. The Fresno CAC distributed \$1,045,365 of the \$1,180,666 approved by Finance, which resulted in a shortfall of \$135,301. Pursuant to HSC section 34183 (a) (2) and (3), the administrative cost allowance is to be funded after all other enforceable obligations. As such, the Fresno CAC should have reported \$0 being distributed for administrative expenses as all other enforceable obligations had not been fully funded. Therefore, the ROPS 14-15A administrative costs were unfunded and are eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.
- Item Nos. 35 and 36 – ROPS 14-15A Shortfall for Item Nos. 10 and 12 in the amount of \$21,000. Finance no longer reclassifies these items to be funded from non-administrative RPTTF. Finance initially reclassified these items from administrative RPTTF to non-administrative RPTTF. During the Meet and Confer process, the Agency contended that these items were unfunded administrative costs from ROPS 14-15A. As

determined above, the administrative costs were unfunded in ROPS 14-15A. Therefore, these items are eligible for RPTTF under the administrative cost allowance.

- Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 14-15B form the estimated obligations and actual payments (prior period adjustments) associated with the January through June 2014 period. The amount of RPTTF approved in the table below reflects the prior period adjustment self-reported by the Agency. HSC section 34186 (a) also specifies prior period adjustments self-reported by successor agencies are subject to audit by the CAC and the State Controller. Proposed CAC adjustments were not received in time for inclusion in this letter; therefore, the amount of RPTTF approved in the table below only reflects the prior period adjustment self-reported by the Agency.

Finance initially made a \$125,000 adjustment due to the Agency incorrectly reporting the amount received for the administrative cost allowance. During the Meet and Confer process, the Agency clarified that the additional \$125,000 received in ROPS 13-14B was the administrative allowance from ROPS 13-14A that was unfunded in that period, but fully expended. Therefore, Finance no longer makes a \$125,000 adjustment to the Agency's self-reported prior period adjustment.

In addition, per Finance's letter dated November 14, 2014, we continue to make the following determinations not contested by the Agency during the Meet and Confer:

During our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that should be used prior to requesting RPTTF funding. 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 self-reported available Other Funds balances totaling \$42,500. The Agency already requested \$21,440 of Other Funds in the 14-15B period; therefore, \$21,110 in Other Funds is still available.

Therefore, with the Agency's concurrence, the funding source for the following item has been reclassified to Other Funds and in the amount specified below:

- Item No. 9 – Successor Agency Administrative Costs. The Agency requests \$104,000 of RPTTF; however, Finance is reclassifying \$21,110 to Other Funds. This item is an enforceable obligation for the ROPS 14-15B period. However, the obligation does not require payment from property tax revenues and the Agency has \$21,110 in available Other Funds. Therefore, Finance is approving RPTTF in the amount of \$82,890 and the use of Other Funds in the amount of \$21,110, totaling \$104,000.

Except for the denied item and the item that has been reclassified, Finance is not objecting to the remaining items listed on your ROPS 14-15B. The Agency's maximum approved RPTTF distribution for the reporting period is \$542,605 as summarized in the Approved RPTTF Distribution Table below:

Approved RPTTF Distribution For the period of January through June 2015	
Total RPTTF requested for non-administrative obligations	326,119
Total RPTTF requested for administrative obligations	250,000
Total RPTTF requested for obligations on ROPS	\$ 576,119
Total RPTTF requested for non-administrative obligations	326,119
Total RPTTF authorized for non-administrative obligations	\$ 326,119
Total RPTTF requested for administrative obligations	250,000
<u>Reclassified Item</u>	
Item No. 9	(21,110)
	(21,110)
Total RPTTF authorized for administrative obligations	\$ 228,890
Total RPTTF authorized for obligations	\$ 555,009
Self-reported ROPS 13-14B prior period adjustment (PPA)	(12,404)
Total RPTTF approved for distribution	\$ 542,605

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. During the ROPS 14-15B review, Finance requested financial records to support the cash balances reported by the Agency. The Agency was able to support the amounts reported except RPTTF and Other Fund Beginning Balances. Therefore, as noted above, Finance has reclassified the available cash balances (\$21,110) that were supported by the Agency's records. Finance will continue to work with the Agency after the ROPS 14-15B review period to resolve any remaining issues as described above. If it is determined the Agency possesses additional cash balances that are available to pay approved obligations, the Agency should request the use of these cash balances prior to requesting RPTTF in ROPS 15-16A.

Please refer to the ROPS 14-15B schedule that was used to calculate the approved RPTTF amount:

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

This is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2015. This determination only applies 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 section 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 the 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 agency in the RPTTF.

Pursuant to HSC section 34177 (a) (3), only those payments listed on an approved ROPS may be made by the successor agency from the funds specified in the ROPS. However, if for whatever reason the Agency needs to make payments for approved obligations from another funding source, HSC section 34177 (a) (4) requires the Agency to first obtain oversight board approval.

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 Evelyn Suess, Dispute Resolution Supervisor, or Mary Halterman, Analyst, at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Acting Program Budget Manager

cc: On the following page

cc: Ms. Shannon Jensen, Economic Development Assistant, City of Coalinga
Mr. George Gomez, Accounting Financial Manager, Fresno County
California State Controller's Office