



November 12, 2015

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

Dear Ms. Jimenez:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m) (1) (A), the City of Coalinga Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period January 1 through June 30, 2016 (ROPS 15-16B) to the California Department of Finance (Finance) on October 7, 2015. Finance has completed its review of the ROPS 15-16B.

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

- Item Nos. 13, 15, 16, 17, 18, 19, 20, 21, and 33 – Various Obligations totaling \$53,500 are not allowed. To date, the Agency has not provided documentation to support the amounts claimed. To the extent the Agency can provide suitable documentation to support the requested funding, such as invoices, estimate calculations, etc., the Agency may be able to obtain Other Funds and Redevelopment Property Tax Trust Fund (RPTTF) funding on future ROPS.
- Item Nos. 41 and 42 – ROPS 15-16A Shortfall for Trustee Fees totaling \$6,408 have been reclassified. The Agency requests funding for these items from the Administrative Cost Allowance (ACA). However, these items are enforceable obligations, and are not subject to the ACA. Therefore, Finance has reclassified the requested funding from the ACA to RPTTF.
- The administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b). However, Finance notes the oversight board has approved an amount that appears excessive given the number and nature of the obligations listed on the ROPS. HSC section 34179 (i) requires the oversight board to exercise a fiduciary duty to the taxing entities. Therefore, Finance encourages the oversight board to use adequate discretion when evaluating the administrative resources required to successfully wind-down the Agency.

Pursuant to HSC section 34186 (a), the Agency was required to report on the ROPS 15-16B form the estimated obligations versus actual payments (prior period adjustment) associated with the January through June 2015 period (ROPS 14-15B). HSC section 34186 (a) also specifies

the prior period adjustment self-reported by the Agency is subject to audit by the county auditor-controller (CAC) and the State Controller. The amount of RPTTF approved in the table below includes the prior period adjustment resulting from the CAC's review of the Agency's self-reported prior period adjustment.

Except for the items denied in whole or in part, or for the items that have been reclassified, Finance is not objecting to the remaining items listed on your ROPS 15-16B. If you disagree with Finance's determination with respect to any items on your ROPS 15-16B, 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/

The Agency's maximum approved RPTTF distribution for the reporting period is \$544,527 as summarized in the Approved RPTTF Distribution table below:

Approved RPTTF Distribution	
For the period of January through June 2016	
Total RPTTF requested for non-administrative obligations	329,619
Total RPTTF requested for administrative obligations	256,408
Total RPTTF requested for obligations on ROPS 15-16B	\$ 586,027
Total RPTTF requested for non-administrative obligations	329,619
<u>Denied Items</u>	
Item No. 17	(22,000)
Item No. 18	(3,000)
Item No. 19	(5,000)
Item No. 20	(1,000)
Item No. 21	(6,000)
Item No. 33	(4,500)
	(41,500)
<u>Reclassified Items</u>	
Item No. 41	3,000
Item No. 42	3,408
	6,408
Total RPTTF authorized for non-administrative obligations	\$ 294,527
Total RPTTF requested for administrative obligations	256,408
<u>Reclassified Items</u>	
Item No. 41	(3,000)
Item No. 42	(3,408)
	(6,408)
Total RPTTF authorized for administrative obligations	\$ 250,000
Total RPTTF authorized for obligations	\$ 544,527
ROPS 14-15B prior period adjustment	0
Total RPTTF approved for distribution	\$ 544,527

On the ROPS 15-16B form, the Agency reported cash balances and activity for the period January 1 through December 31, 2015. Finance will perform a review of the Agency's self-reported cash balances on an ongoing basis. Please 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 obligations, HSC section 34177 (l) (1) (E) requires these balances be used prior to requesting RPTTF.

Please refer to the ROPS 15-16B 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 final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2016. This determination only applies to items when 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 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 Nichelle Thomas, Supervisor, or Alexander Watt, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Ms. Shannon Jensen, Economic Development Assistant, City of Coalinga
Mr. George Gomez, Accounting Financial Manager, Fresno County