



April 11, 2016

Mr. Steven Huntley, Finance Director  
City of Farmersville  
909 W Visalia Rd  
Farmersville, CA 93223

Dear Mr. Huntley:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Farmersville Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period July 1, 2016 through June 30, 2017 (ROPS 16-17) to the California Department of Finance (Finance) on February 1, 2016. Finance has completed its review of the ROPS 16-17.

Based on our review, Finance is approving all of the items listed on the ROPS 16-17 at this time. However, Finance notes the following:

On the ROPS 16-17 form, the Agency reported cash balances and activity for the period of July 1, 2015 through June 30, 2016. Finance performs a review of the Agency's self-reported cash balances on an ongoing basis. 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 enforceable obligations, HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting Redevelopment Property Tax Trust Fund (RPTTF).

Based on our review of the Cash Balance Form and financial records provided, the Agency has negative cash balances each beginning ROPS period. According to the June 30, 2012 trial balance, the negative cash balance is a result of a payment for USDA Tax Allocation Bonds in the amount of \$207,684. Although expended, this payment was not authorized by Finance on the Recognized Obligation Payment Schedule for the period January 1, 2012 through June 30, 2012 (ROPS I). It is our understanding that the payment was in excess of the required amount due for the ROPS I period. Dissolution Law allows for agencies to obtain a loan from its sponsoring entity when there is insufficient RPTTF distribution or to request funding when an authorized payment is unfunded and remained outstanding. Neither scenario applies to the Agency's negative cash balance resulting from an unauthorized payment. Furthermore, pursuant to HSC section 34177 (l) (3), the ROPS is forward looking. Therefore, should the Agency intend to request for funding to rectify the negative cash balance, Finance notes that such request will not be eligible for funding on a future ROPS.

The Agency's maximum approved RPTTF distribution for the reporting period is \$201,000 as summarized in the Approved RPTTF Distribution Table Page 3 (See Attachment).

ROPS distributions will occur twice annually, one distribution for the July 1, 2016 through December 31, 2016 (ROPS A period), and one distribution for the January 1, 2017 through June 30, 2017 (ROPS B period) based on Finance's approved amounts. Since Finance's determination is for the entire ROPS 16-17 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

On the ROPS 16-17 form, the Agency was not required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2015 through December 31, 2015 period (ROPS 15-16A). The Agency will report actual payments for ROPS 15-16A and ROPS 15-16B on the ROPS 18-19 form pursuant to HSC section 34186 (a) (1). A prior period adjustment will be applied to the Agency's future RPTTF distribution. Therefore, the Agency should retain any difference in unexpended RPTTF.

Please refer to the ROPS 16-17 schedule used to calculate the total RPTTF approved for distribution:

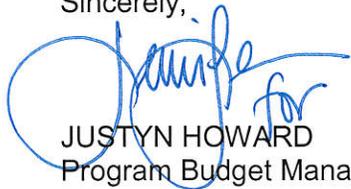
<http://www.dof.ca.gov/redevelopment/ROPS>

Absent a Meet and Confer, this is Finance's determination related to the enforceable obligations reported on your ROPS for the period July 1, 2016 through June 30, 2017. This determination only applies to items when funding was requested for the 12-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 Cindie Lor, Supervisor, or Todd Vermillion, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Program Budget Manager

cc: Ms. Betina Ashoori, Finance Manager, City of Farmersville  
Ms. Rita A. Woodard, Auditor-Controller, Tulare County

**Attachment**

<b>Approved RPTTF Distribution</b>			
<b>For the period of July 2016 through June 2017</b>			
	<b>ROPS A Period</b>	<b>ROPS B Period</b>	<b>Total</b>
Requested RPTTF (excluding administrative obligations)	\$ 42,907	\$ 158,093	\$ 201,000
Requested Administrative RPTTF	0	0	0
<b>Total RPTTF requested for obligations on ROPS 16-17</b>	<b>42,907</b>	<b>158,093</b>	<b>\$ 201,000</b>
Total RPTTF authorized	42,907	158,093	201,000
Total Administrative RPTTF authorized	0	0	0
<b>Total RPTTF approved for distribution</b>	<b>42,907</b>	<b>158,093</b>	<b>\$ 201,000</b>