



May 30, 2012

Bruce Foltz, Finance Director
City of Wasco
746 8th Street
Wasco, CA 93280

Dear Mr. Foltz

Subject: Revised Recognized Obligation Payment Schedule Approval Letter

Pursuant to Health and Safety Code (HSC) section 34177 (I) (2) (C), the City of Wasco Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 30, 2012 for the period January through June 2012 and on May 11, 2012 for the period July to December 2012. Finance is assuming appropriate oversight board approval. Finance has completed its review of your ROPS, which may have included obtaining clarification for various items.

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:

January through June 2012 ROPS

In Finance's letter dated May 11, 2012, we questioned the following items:

- Page 1, items 1 and 2 in the amount of \$2.5 million
- Page 1, items 7 and 8 in the amount of \$10,000
- Page 1, item 3 in the amount of \$20,556

Items 7, 8, and 3 on page 1 remain as reported in our May 11, 2012 letter. However, after reviewing additional information provided by the Agency, we are no longer questioning items 1 and 2, on page 1, in the amount of \$2.5 million.

July through December ROPS

- Page 1, item 3 for county tax administrative fees in the amount of \$30,000. HSC section 34182 allows the county auditor-controller to deduct from the Redevelopment Property Tax Trust Fund for their administrative costs prior to distributing property tax increment funds.

Except for items disallowed in whole or in part as EOs noted above, Finance is approving the remaining items listed in your ROPS for both periods. This is our determination with respect to any items funded from the Redevelopment Property Tax Trust Fund (RPTTF) for the June 1, 2012 property tax allocations. If your oversight board disagrees with our determination with respect to any items not funded with property tax, any future resolution of the disputed issue may be accommodated by amending the ROPS for the appropriate time period. Items not questioned during this review are subject to a subsequent review, if they are included on a future ROPS. If an item included on a future ROPS is not an enforceable obligation, Finance

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reserves the right to remove that item from the future ROPS, even if it was not removed from the preceding ROPS.

Please refer to Exhibit 12 at http://www.dof.ca.gov/assembly_bills_26-27/view.php for the amount of RPTTF that was approved by Finance based on the schedule submitted.

As you are aware the amount of available RPTTF is the same as the property tax increment that was available prior to ABx1 26. 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 in the RPTTF.

Please direct inquiries to Chikako Takagi-Galamba, Supervisor or Cindie Lor, Lead Analyst at (916) 322-2985.

Sincerely,



MARK HILL
Program Budget Manager

cc: Ms. Ann K. Barnett, Auditor Controller, Kern County Auditor Controller