DEPARTMENT OF FINANCE

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December 18, 2012

Mr. Jack Castro, Finance Director
City of Parlier
1100 E. Parlier Avenue
Parlier, CA 93648

Dear Mr. Castro:

Subject: Recognized Obligation Payment Schedule

This letter supersedes Finance's Recognized Obligation Payment Schedule (ROPS) letter dated October 9, 2012. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Parlier Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 27, 2012 for the period of January 1 through June 30, 2013. Finance issued its determination related to those enforceable obligations on October 9, 2012. 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 November 9, 2012.

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 items being disputed.

Item No. 10 and 11 – Local Match for Youth Center and Daycare projects totaling $300,000. Finance denied the items as enforceable obligations as sufficient documentation was not provided to demonstrate that these items are the former redevelopment agency's (RDA) obligation. The contracts provided for these items were between the City of Parlier and the Department of Housing and Community Development. The Agency contends the items are enforceable obligation because Section 4 of Exhibit B of the grant agreements identifies RDA funds as the local match and these funds were committed by the former RDA Board prior to June 27, 2011. In addition, the amount listed for the Youth Center should be $150,000, not $100,000. Finance agrees that the local match amounts committed by the former RDA are enforceable obligations per HSC section 34171 (d) (1) (E), which states any legally binding and enforceable agreement or contract that is not otherwise void as violating the debt limit or public policy. Therefore, these line items are enforceable obligations and line item 10 should be increased by $50,000, from $100,000 to $150,000.

In addition, per Finance's ROPS letter dated October 9, 2012, the following items not disputed by the Agency continue to be denied:

- Item Nos. 6 through 9, and 19 – Various Pass through Agreements totaling $36,586. HSC section 34182 (c) (3) states that the county auditor-controller shall prepare estimates of amounts of property tax to be allocated and distributed, and the amounts of

pass through payments to be made in the upcoming six-month period. Therefore, these items are not enforceable obligations and not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding:

- Item No. 6 – Consolidated Mosquito
- Item No. 7 – Fresno County Library
- Item No. 8 – Parlier Cemetery
- Item No. 9 – Sierra King Hospital
- Item No. 19 – Fresno County Tax Collector

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is: $900,811 as summarized in the following table:

Approved RPTTF Distribution Amount For the period of January through June 2013		
Total RPTTF funding requested for obligations	$	696,704
Less: Six-month total for item(s) denied or reclassified as administrative cost		
Item No. 6		325
Item No. 7		15,144
Item No. 8		2,167
Item No. 9		657
Item No. 19		75
Total approved RPTTF for enforceable obligations	$	678,336
Plus: Allowable RPTTF distribution for administrative cost for ROPS III		222,475
Total RPTTF approved:	$	900,811

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS III form the estimated obligations and actual payments associated with the January through June 2012 period. The amount of RPTTF approved in the above table will be adjusted by the county auditor-controller to account for differences between actual payments and past estimated obligations. Additionally, these estimates and accounts are subject to audit by the county auditor-controller and the State Controller.

The amount available from the RPTTF is the same as the property tax increment that was available prior to 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 successor agency in the RPTTF.

Except for items disallowed as noted above, Finance is not objecting to the remaining items listed in your ROPS III. Obligations deemed not to be enforceable shall be removed from your ROPS. This is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2013. 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 questioned on this ROPS or a preceding ROPS.

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

Sincerely,

Steve Szalay
Local Government Consultant

cc: Ms. Virginia Medina, Accounting Tech II, City of Parlier
Mr. George Gomez, Accounting Financial Manager, Fresno County
California State Controller's Office