



November 5, 2014

Mr. Ken Grey, Executive Director
City of Selma
1710 Tucker Street
Selma, CA 93662

Dear Mr. Grey:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Selma Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15B) to the California Department of Finance (Finance) on September 24, 2014 for the period of January 1 through June 30, 2015. Finance has completed its review of your ROPS 14-15B, which may have included obtaining clarification for various items.

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

- Item No. 1 – 2010A Tax Allocation Bonds. The Agency requested \$75,706 in Redevelopment Property Tax Trust Fund (RPTTF) funding for this item. However, Finance notes that \$80,706 is due for debt service pursuant to the bond covenants. Therefore, with the Agency's consent, Finance has increased the funding for this item by \$5,000.
- Item No. 3 – 1994 Housing Bond. The Agency requested \$23,295 in RPTTF funding for this item. However, Finance notes that only \$22,550 is due for debt service pursuant to the bond covenants. Therefore, with the Agency's consent, Finance has decreased the funding for this item by \$745 (\$23,295 - \$22,500).

Although the administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b), 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 apply adequate oversight when evaluating the administrative resources required to successfully wind-down the Agency.

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 county auditor-controller (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.

In addition, Finance noted the following during our review.

- Item No. 2 – The Agency incorrectly reported the expenditures for Item No. 2 on the Prior Period Adjustment (PPA) worksheet. The Agency reported \$77,000 in Other Funds and \$76,059 in RPTTF as expended for this item, and a prior period adjustment in the amount of \$110,448. Finance has determined that Other Funds were not authorized or used for this item during the ROPS 13-14B period. Since the Agency expended \$76,059 in RPTTF and did not report \$77,000 as available RPTTF on the PPA worksheet, the prior period adjustment was underreported by \$941. Therefore, and with the Agency’s consent, the prior period adjustment has been increased by \$941 to \$111,389 (\$110,448 + \$941).

Except for the item denied in whole or in part, Finance is not objecting to the remaining items listed on your ROPS 14-15B. If you disagree with the determination with respect to any items on your ROPS 14-15B, 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 \$116,867 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	99,001
Total RPTTF requested for administrative obligations	125,000
Total RPTTF requested for obligations on ROPS	\$ 224,001
RPTTF adjustment to non-administrative obligations	
Item No. 1	5,000
Item No. 3	(745)
Total RPTTF adjustments	\$ 4,255
Total RPTTF authorized for non-administrative obligations	103,256
Total RPTTF authorized for administrative obligations	125,000
Total RPTTF authorized for obligations	\$ 228,256
ROPS 13-14B prior period adjustment	(111,389)
Self-reported ROPS 13-14B prior period adjustment (PPA)	(110,448)
Finance adjustment to ROPS 13-14B PPA	(941)
Total ROPS 13-14B PPA	(111,389)
Total RPTTF approved for distribution	\$ 116,867

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

<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, 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.

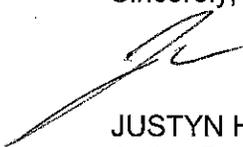
The amount available from the RPTTF is the same as the amount of property tax increment that was available prior to the enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. Therefore, as a practical matter, the ability to fund the items on the ROPS with property 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 Nichelle Thomas, Supervisor or Alexander Watt, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Acting Program Budget Manager

cc: Mr. Neal E. Costanzo, Agency Counsel, City of Selma
Mr. George Gomez, Accounting Financial Manager, Fresno County
California State Controller's Office