



October 27, 2015

Mr. Paul Melikian, Director of Finance & Administrative Services
City of Reedley
1717 9th Street
Reedley, CA 93654

Dear Mr. Melikian:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m) (1) (A), the City of Reedley 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 September 22, 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 No. 25 – Claimed administrative costs exceed the allowance by \$1,130. Pursuant to HSC section 34171 (b) (2), the administrative cost allowance (ACA) shall be up to three percent of the total Redevelopment Property Tax Trust Fund (RPTTF) funding allocated to the Redevelopment Obligation Retirement Fund for fiscal year, or \$250,000, whichever is greater. The Fresno County Auditor-Controller distributed \$125,000 for the July through December 2015 period, leaving a balance of \$125,000 available for the January through June 2016 period. Pursuant to the cap, \$125,000 is available for the administrative cost for the ROPS 15-16B period (Please see the Administrative Cap Calculation below).

The Agency claimed \$126,130 (\$125,000 from RPTTF and \$1,130 from Other Funds). Therefore, \$1,130 of excess administrative cost, payable from Other Funds, is not allowed. To the extent the Agency has Other Funds available, the Agency should use Other Funds to pay other enforceable obligations approved on the ROPS pursuant to HSC section 34177 (l) (1) (E).

Pursuant to HSC section 34186 (a) (1), 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) (1) also specifies the prior period adjustment self-reported by the Agency is subject to review by the county auditor-controller (CAC). Proposed CAC adjustments were not received in time for inclusion in this letter; therefore, the amount of approved in the table below only reflects the Agency's self-reported prior period adjustment, as adjusted by Finance:

- The Agency received its entire distribution of \$433,433 (including a \$381 prior period adjustment) for the ROPS 14-15B period. However, the form submitted by the Agency contained a formula error. Once corrected, the prior period adjustment is \$87,287.

Except for the item denied in whole or in part, 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 \$316,142 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	278,429
Total RPTTF requested for administrative obligations	125,000
Total RPTTF requested for obligations on ROPS 15-16B	\$ 403,429
Total RPTTF requested for non-administrative obligations	278,429
Total RPTTF authorized for non-administrative obligations	\$ 278,429
Total RPTTF requested for administrative obligations	125,000
Total RPTTF authorized for administrative obligations	\$ 125,000
Total RPTTF authorized for obligations	\$ 403,429
Self-reported ROPS 14-15B prior period adjustment (PPA)	(61,504)
Finance adjustment to ROPS 14-15B PPA	(25,783)
Total ROPS 14-15B PPA	(87,287)
Total RPTTF approved for distribution	\$ 316,142

Administrative Cost Cap Calculation	
Total RPTTF for 15-16A (July through December 2015)	430,049
Total RPTTF for 15-16B (January through June 2016)	276,674
Less approved unfunded obligations from prior periods	0
Total RPTTF for fiscal year 2015-2016	706,723
Administrative cost cap for fiscal year 2015-16 (Greater of 3% of Total RPTTF or \$250,000)	250,000
Administrative allowance for ROPS 15-16A (July through December 2015)	(125,000)
Remaining administrative cost cap for ROPS 15-16B	125,000
Total requested administrative costs for ROPS 15-16B	(126,130)
Administrative costs in excess of the cap	\$ (1,130)

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. Lori Oken, Accounting Manager, City of Reedley
Mr. George Gomez, Accounting Financial Manager, Fresno County