

March 15, 2016

Mr. Ken Grey, Executive Director

City of Selma  
1710 Tucker Street  
Selma, CA 93662

Dear Mr. Grey:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Selma 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 January 19, 2016. Finance has completed its review of the ROPS 16-17.

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

Item No. 5 – Employee & Administrative Costs. The claimed administrative costs exceed the allowance by \$11,769. HSC section 34171 (b) (3) limits the fiscal year 2016-17 Administrative Cost Allowance (ACA) to three percent of actual distributed Redevelopment Property Tax Trust Funds (RPTTF) in the preceding fiscal year or \$250,000, whichever is greater; not to exceed 50 percent of the distributed RPTTF in the preceding fiscal year. As a result, the Agency's maximum ACA is \$238,231 for the fiscal year 2016-17. Although \$250,000 is claimed, only \$238,231 is available pursuant to the cap. Therefore, \$11,769 in excess ACA is not allowed.

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 RPTTF.

The Agency's maximum approved RPTTF distribution for the reporting period is \$714,268 as summarized in the Approved RPTTF Distribution table on 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 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 Nichelle Thomas, Supervisor, or Alexander Watt, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Program Budget Manager

cc: Mr. Neal E. Costanzo, Agency Counsel, City of Selma  
Mr. George Gomez, Accounting Financial Manager, Fresno 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)	\$ 386,606	\$ 89,431	\$ 476,037
Requested Administrative RPTTF	125,000	125,000	250,000
<b>Total RPTTF requested for obligations on ROPS 16-17</b>	511,606	214,431	<b>\$ 726,037</b>
<b>Total RPTTF Requested</b>	386,606	89,431	<b>476,037</b>
<b>Total RPTTF authorized</b>	386,606	89,431	<b>\$ 476,037</b>
<b>Total Administrative RPTTF requested</b>	125,000	125,000	<b>250,000</b>
Administrative costs in excess of the cap (see Administrative Cost Allowance Cap table below)	0	(11,769)	(11,769)
<b>Total Administrative RPTTF authorized</b>	125,000	113,231	<b>\$ 238,231</b>
<b>Total RPTTF approved for distribution</b>	511,606	202,662	<b>\$ 714,268</b>

<b>Administrative Cost Allowance Cap Calculation</b>	
Actual RPTTF distributed for fiscal year 2015-16	\$ 604,862
Less sponsoring entity loan and Administrative RPTTF	128,400
Actual RPTTF distributed for 2015-16 after adjustment	476,462
Administrative Cap for 2016-17 per HSC section 34171 (b)	238,231
ROPS 16-17 Administrative RPTTF after Finance adjustments	250,000
<b>Administrative Cost Allowance in excess of the cap</b>	<b>\$ (11,769)</b>