



December 18, 2012

Ms. Deborah Sultan, Finance Director
City of Sanger
1700 7th Street
Sanger, CA 93657

Dear Ms. Sultan:

Subject: Recognized Obligation Payment Schedule

This letter supersedes Finance's Recognized Obligation Payment Schedule (ROPS) letter dated October 3, 2012. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Sanger Successor Agency (Agency) submitted a ROPS to the California Department of Finance (Finance) on August 20, 2012 for the period of January 1 through June 30, 2013. Finance issued its determination related to those enforceable obligations on October 3, 2012. Subsequently, the Agency requested a Meet and Confer session for one or more of the items denied by Finance. The Meet and Confer session was held on Thursday, October 18, 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 those specific items being disputed.

Item 7 – Loan from the City of Sanger (City) for cash flow shortages totaling \$189,486. Finance denied the item as an enforceable obligation because no contract or agreement was in place at the time of the review. The Agency states the loan is an enforceable obligation because a promissory note was formed and signed on October 8, 2012 between the City of Sanger and the Agency. The loan proceeds will be used to pay for previously approved enforceable obligations during the July through December 2012 period. Per HSC 34173 (4)(h) the city, county, or city and county that authorized the creation of the redevelopment agency may loan or grant funds to a successor agency for administrative costs, enforceable obligations, or project-related expenses. The use of such funds shall be reflected on the ROPS. Finance determined the loan meets the criteria and agrees the item is an enforceable obligation.

However, during Finance's review of the ROPS, we noted the Agency also requested payment for a Supplemental Educational Revenue Augmentation Fund (SERAF) loan totaling \$104,557 (listed as item 4) that is currently not an enforceable obligation. Per HSC section 34191.4, this item cannot be claimed on the ROPS until fiscal year 2013-14. Therefore, the SERAF loan payment is not an enforceable obligation on this ROPS. The Agency acknowledges Finance's position.

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is \$842,837 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 822,394
Less: Six-month total for items denied or reclassified as administrative cost	
Item No. 4 [^]	104,557
Item No. 5*	6,000
Item No. 6*	71,789
Item No. 11*	12,000
Total approved RPTTF for enforceable obligations	\$ 628,048
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	214,789
Total RPTTF approved:	\$ 842,837

*Reclassified as administrative cost in Finance's letter dated October 3, 2012.

SERAF loan not an enforceable obligation until fiscal year 2013-14.

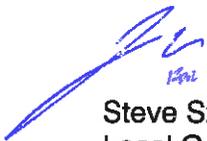
Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS III form the estimated obligations and actual payments associated with the January through June 2012 period. The amount of RPTTF approved in the above table will be adjusted by the county auditor-controller to account 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 Danielle Brandon, Analyst at (916) 445-1546.

Sincerely,



Steve Szalay
Local Government Consultant

cc: Mr. Steve Carrigan, Assistant City Manager, City of Sanger
Mr. George Gomez, Accounting Financial Manager, Fresno County Auditor Controller
California State Controller's Office