

December 18, 2012

Mr. D-B Heusser, City Manager
City of Selma
1710 Tucker Street
Selma, CA 93662

Dear Mr. Heusser:

Subject: Recognized Obligation Payment Schedule

This letter supersedes Finance's Recognized Obligation Payment Schedule (ROPS) letter dated October 5, 2012. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Selma Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 22, 2012 for the period of January 1 through June 30, 2013. Finance issued its determination related to those enforceable obligations on October 5, 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 30, 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 specific item being disputed.

- Item No. 4 – ROPS I and ROPS II not funded by Redevelopment Property Tax Trust Fund (RPTTF) in the amount of \$313,698. Finance continues to deny the item. Finance denied the item as this item reflects unpaid obligations from the prior ROPS. HSC section 34177 (l) (3) states that the ROPS shall be forward looking to the next six months. The Agency contends the item is an enforceable obligation because the \$313,698 has already been determined to be enforceable obligations claimed by ROPS I and II, but not funded with RPTTF. The Agency stated that they have made payments associated with the administrative costs totaling \$104,791 using available reserve balances. Additionally, the remaining enforceable obligations totaling \$208,907 has been or will be paid by using available reserve balances. Since the Agency has sufficient reserve balances on hand to make the payments of the approved enforceable obligations from prior periods, additional RPTTF is not needed. Therefore, the item is not an enforceable obligation on ROPS III.

Additionally, the Agency disputes Finance's determination that the allowable distribution for administrative costs for ROPS III period is \$0. However, Finance did not disallow or reduce the administrative allowance; rather the Agency incorrectly reported administrative allowance on the ROPS III Form – administrative costs were reported on the Summary page and not on the actual ROPS form. In the future, the Agency should ensure it properly reports all items requiring payment, including administrative costs, on the ROPS form. Only the amounts reported on the

ROPS form and not the Summary page are used when calculating the "Approved RPTTF Distribution Amount" as reflected in the table below.

The Agency's maximum approved RPTTF distribution for the reporting period is \$316,769 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 505,467
Less: Six-month total for item(s) denied or reclassified as administrative cost Item No. 4	313,698
Total approved RPTTF for enforceable obligations	\$ 191,769
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	125,000
Total RPTTF approved:	\$ 316,769

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.

(916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

Mr. D-B Heusser
December 18, 2012
Page 3

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