



November 13, 2013

Mr. Frank Catania, Financial Analyst
City of Fillmore
250 Central Avenue
Fillmore, CA 93015

Dear Mr. Catania:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Fillmore Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14B) to the California Department of Finance (Finance) on September 30, 2013 for the period of January through June 2014. Finance has completed its review of your ROPS 13-14B, which may have included obtaining clarification for various items.

HSC section 34171 (d) defines enforceable obligations. Based on a sample of line items reviewed and application of the law, the following does not qualify as an enforceable obligation for the reasons specified:

- Item No. 19 – Town Theater Operations in the amount of \$390,116. The Agency is requesting funding for this item to repay the City of Fillmore (City) for the funds advanced from the City's General Fund to pay for necessary operating expenses related to the Town Theater operations. HSC section 34171 (d) (1) (B) states that loans of moneys borrowed by the redevelopment agency for lawful purposes, to the extent they are legally required to be repaid pursuant to a required repayment schedule or other mandatory loan terms are enforceable obligations. It is our understanding that the Agency intends to enter into a Loan Agreement with the City for the amount owed; however, currently there is no Loan Agreement in place. Therefore, this item is not eligible for RPTTF funding at this time.

Finance made adjustments to the Prior Period Adjustments form to ensure consistency with the funding sources and amounts approved by Finance. HSC Section 34177 (a) (3) states that the Agency can only make payments listed on the ROPS, from the funds listed and authorized by Finance. Based upon a review of the Agency's Prior Period Adjustment form the following adjustments were made:

- Item Nos. 1-3 – Authorized Reserve Balances for Debt Service payment for 2005A Revenue Bonds, 2006A Subordinate Tax Allocation Bonds and 2006 Tax Allocation Bonds should be \$180,000, \$280,000, and \$442,500 respectively. Therefore, these amounts have been adjusted from zero to \$180,000, \$280,000, and \$442,500.

- Item No. 24 – Pass-Through Agreements should be \$695,384. Finance authorized \$695,384 in RPTTF for ROPS III period; however, the Agency did not report any RPTTF amounts authorized. Therefore, this amount has been adjusted to \$695,384 from zero.

Pursuant to HSC Section 34186 (a), successor agencies were required to report the estimated obligations and actual payments (prior period adjustments) associated with the January through June 2013 period. The amount of RPTTF approved in the below table includes the prior period adjustment that was self-reported by the Agency. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. Any proposed CAC adjustments were not received in time for inclusion in this letter. Therefore, the amount of RPTTF approved in the below table includes only the prior period adjustment that was self-reported by the Agency and Finance’s adjustments noted above.

Except for the item denied in whole or in part as an enforceable obligation, Finance is not objecting to the remaining items listed on your ROPS 13-14B. If you disagree with the determination with respect to any items on your ROPS 13-14B, 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 \$ 1,995,013 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2014	
Total RPTTF requested for non-administrative obligations	2,260,841
Total RPTTF requested for administrative obligations	125,000
Total RPTTF requested for obligations	\$ 2,385,841
Total RPTTF requested for non-administrative obligations	2,260,841
<u>Denied Items</u>	
Item No. 19	(390,116)
Total RPTTF approved for non-administrative obligations	1,870,725
Total RPTTF approved for administrative obligations	125,000
Total RPTTF approved for obligations	1,995,725
ROPS III prior period adjustment	(712)
Total RPTTF approved for distribution	\$ 1,995,013

Pursuant to HSC section 34177 (l) (1) (E), agencies are required to use all available funding sources prior to RPTTF for payment of enforceable obligations. Beginning with the ROPS 13-14B period, Finance required successor agencies to identify fund balances for various types of funds in its possession. During our ROPS 13-14B review, Finance requested financial records to support the fund balances reported by the Agency; however, Finance was unable to reconcile the financial records to the amounts reported. As a result, Finance will continue to work with the Agency after the ROPS 13-14B review period to properly identify the Agency’s fund balances. If it is determined the Agency possesses fund balances that are available to pay

approved obligations, the Agency should request the use of these fund balances prior to requesting RPTTF in ROPS 14-15A.

Please refer to the ROPS 13-14B schedule that was used to calculate the approved RPTTF amount:

[http://www.dof.ca.gov/redevelopment/ROPS/ROPS 13-14B Forms by Successor Agency/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS_13-14B_Forms_by_Successor_Agency/).

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, 2014. This determination applies only 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 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 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.

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 Beliz Chappuie, Supervisor or Anna Kyumba, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Assistant Program Budget Manager

cc: Mr. Rigo Landeros, Acting City Manager, City of Fillmore
Ms. Sandra Bickford, Chief Deputy, Ventura County
California State Controller's Office