DEPARTMENT OF FINANCE

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April 14, 2014

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 14-15A) to the California Department of Finance (Finance) on March 13, 2014 for the period of July through December 2014. Finance has completed its review of your ROPS 14-15A, 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 do not qualify as enforceable obligations for the reasons specified:

- Item No. 1 – 2005A Revenue Bonds in the amount of $286,144. Although total Redevelopment Property Tax Trust Fund (RPTTF) requested is $286,144, only $277,331 for the interest is due during the ROPS 14-15A period. Therefore, the requested RPPTF funding has been adjusted by $8,813 ($286,144 - $277,331) to $277,331.

- Item No. 2 – 2006A Subordinate Lien Tax Allocation Bonds in the amount of $964,513. Although total RPTTF requested is $964,513, only $947,513 for the interest is due during the ROPS 14-15A period. Therefore, the requested RPTTF funding has been adjusted by $17,000 ($964,513 - $947,513) to $947,513.

During our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that should be used prior to requesting RPTTF. Pursuant to HSC section 34177 (l) (1) (E), RPTTF may be used as a funding source, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. The Agency provided financial records that displayed available Other Funds totaling $33,177.

Therefore, with the Agency's concurrence, the funding source for the following item has been reclassified to Other Funds in the amounts specified below:

- Item No. 1 – 2005 A Revenue Bonds in the amount of $277,331. The Agency is approved for $277,331 of RPTTF; however, Finance is reclassifying $33,177 to Other Funds. This item is an enforceable obligation for the ROPS 14-15B period. However, the obligation does not require full payment from property tax revenues the since Agency has $33,177 available in Other Balances. Therefore, Finance is approving RPTTF in the amount of $244,154 ($277,331 - $ 33,177) and Other Balances in the amount of $33,177 totaling $277,331.

Pursuant to HSC Section 34186 (a), successor agencies were required to report on the ROPS 14-15A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2013 period. The amount of RPTTF approved in the table below includes the prior period adjustment 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 table below includes only the prior period adjustment self-reported by the Agency.

Except for items denied in whole or in part as enforceable obligations or for the item that has been reclassified, Finance is not objecting to the remaining items listed on your ROPS 14-15A. If you disagree with the determination with respect to any items on your ROPS 14-15A, 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 $1,844,458 as summarized below:

Approved RPTTF Distribution For the period of July through December 2014		
Total RPTTF requested for non-administrative obligations		1,853,847
Total RPTTF requested for administrative obligations		125,000
Total Requested RPTTF	**$**	**1,978,847**
Total RPTTF requested for non-administrative obligations		**1,853,847**
Denied Items		
Item No. 1		(8,813)
Item No. 2		(17,000)
		(25,813)
Total RPTTF for non-administrative obligations		**1,828,034**
Cash Balances - Item reclassified to other funding sources		
Item No. 1		(33,177)
		(33,177)
Total RPTTF authorized for non-administrative obligations	**$**	**1,794,857**
Total RPTTF authorized for administrative obligations	**$**	**125,000**
Total RPTTF authorized for obligations	**$**	**1,919,857**
ROPS 13-14A prior period adjustment		(75,399)
Total RPTTF approved for distribution	**$**	**1,844,458**

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. During the ROPS 14-15A

review, Finance requested financial records to support the cash 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 14-15A review period to properly identify the Agency's cash balances. If it is determined the Agency possesses cash balances that are available to pay approved obligations, the Agency should request the use of these cash balances prior to requesting RPTTF in ROPS 14-15B.

Please refer to the ROPS 14-15A schedule that was used to calculate the approved RPTTF amount:

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 July 1 through December 31, 2014. This determination only applies 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 Susana Medina Jackson, Lead Analyst at (916) 445-1546.

Sincerely,

JUSTYN HOWARD
Assistant Program Budget Manager

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