DEPARTMENT OF FINANCE

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April 6, 2015

Mr. Rudolf J. Livingston, Director of Finance
City of Ojai
P.O. Box 1570
Ojai, CA 93024

Dear Mr. Livingston:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Ojai Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 15-16A) to the California Department of Finance (Finance) on February 26, 2015 for the period of July 1 through December 31, 2015. Finance has completed its review of your ROPS 15-16A, which may have included obtaining clarification for various items.

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

- Item No. 4 – RDA Settlement Agreement with County in the amount of $870,075 is not allowed. The terms of the agreement state that the settlement amount shall be paid in five annual installments in the amount of $167,400 beginning on July 1, 2016. Therefore, this item is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding at this time. However, the Agency may be eligible for funding on future ROPS.

- Item No. 6 – Loan from City General Fund repayment in the amount of $92,875 is not allowed. The Agency received a Finding of Completion on April 26, 2013. As such, the Agency may place loan agreements between the former redevelopment agency and sponsoring entity on the ROPS, as an enforceable obligation, provided the oversight board makes a finding the loan was for legitimate redevelopment purposes per HSC section 34191.4 (b) (1). Additionally, HSC section 34191.4 (b) (2) (A) specifies this repayment to be equal to one-half of the increase between the ROPS residual pass-through distributed to the taxing entities in that fiscal year and the ROPS residual pass-through distributed to the taxing entities in the fiscal year 2012-13 base year.

  According to the County Auditor-Controller's report, the ROPS residual pass-through amount distributed to the taxing entities for fiscal year 2012-13 and 2014-15 are $362,856 and $884,465, respectively. Pursuant to the repayment formula, the maximum repayment amount authorized for 2015-16 is $260,805. Therefore, $92,875 of the $353,680 requested is not eligible for funding on this ROPS. The Agency may be eligible for additional funding beginning ROPS 16-17A period.

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 in the amount of $3,517.

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

- Item No. 5 – Long-term Operating Lease Agreement in the amount of $3,517. The Agency requests $26,000 of RPTTF; however, Finance is reclassifying $3,517 to Other Funds. This item is an enforceable obligation for the ROPS 15-16A period. However, the obligation does not require payment from property tax revenues and the Agency has $3,517 in available Other Funds. Therefore, Finance is approving RPTTF in the amount of $22,483 and the use of Other Funds in the amount of $3,517, totaling $26,000.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 15-16A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2014 period. HSC section 34186 (a) also specifies prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. Proposed CAC adjustments were not received in time for inclusion in this letter; therefore, the amount of RPTTF approved in the table below only reflects the prior period adjustment self-reported by the Agency.

Based on our review of the Agency's prior period adjustment reporting, the Agency noted the incorrect amount for non-admin available RPTTF. The Agency received a full non-admin RPTTF distribution from the CAC during the period of July through December 31, 2014 (ROPS 14-15A) totaling $379,680. Therefore, non-admin available RPTTF was increased by $26,000 to $379,680. Furthermore, the Agency submitted accounting records which show the Agency's actual admin RPTTF expenditures during ROPS 14-15A totaled $42,946. Finance decreased the actual admin RPTTF expenditures from $125,000 to $42,946. The total prior period adjustment, as calculated by Finance is $108,054.

Except for the items denied in whole or in part, Finance is not objecting to the remaining items listed on your ROPS 15-16A. If you disagree with the determination with respect to any items on your ROPS 15-16A, 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 $252,453 as summarized in the Approved RPTTF Distribution table below:

Approved RPTTF Distribution For the period of July through December 2015		
Total RPTTF requested for non-administrative obligations		1,249,755
Total RPTTF requested for administrative obligations		77,219
Total RPTTF requested for obligations on ROPS	**$**	**1,326,974**
Total RPTTF requested for non-administrative obligations		**1,249,755**
Denied Items		
Item No. 4		(870,075)
Item No. 6		(92,875)
		(962,950)
Reclassified Item		
Item No. 5		(3,517)
		(3,517)
Total RPTTF authorized for non-administrative obligations	**$**	**283,288**
Total RPTTF authorized for administrative obligations	**$**	**77,219**
Total RPTTF authorized for obligations	**$**	**360,507**
Self-reported ROPS 14-15A prior period adjustment (PPA)		0
Finance adjustment to ROPS 14-15A PPA		(108,054)
Total ROPS 14-15A PPA		(108,054)
Total RPTTF approved for distribution	**$**	**252,453**

Please refer to the ROPS 15-16A 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, 2015. 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 section 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 the 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 agency in the RPTTF.

Pursuant to HSC section 34177 (a) (3), only those payments listed on an approved ROPS may be made by the successor agency from the funds specified in the ROPS. However, if the

Agency needs to make payments for approved obligations from another funding source, HSC section 34177 (a) (4) requires the Agency to first obtain oversight board approval.

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 Satveer Ark, Lead Analyst at (916) 445-1546.

Sincerely,

JUSTYN HOWARD
Program Budget Manager

cc: Mr. Robert Clark, City Manager, City of Ojai
Ms. Rhoda Farrell, Property Tax Fiscal Manager, Ventura County
California State Controller's Office