DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR
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November 2, 2015

Ms. Maria Bemis, Finance Director
City of Porterville
291 North Main Street
Porterville, CA 93257

Dear Ms. Bemis:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m) (1) (A), the City of Porterville Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period January 1 through June 30, 2016 (ROPS 15-16B) to the California Department of Finance (Finance) on September 25, 2015. Finance has completed its review of the ROPS 15-16B.

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

- Item No. 19 – RPTTF Shortfall ROPS 14-15B in the amount of $713, requested to be funded under the Agency's administrative costs allowance for ROPS 15-16B has been reclassified to Redevelopment Property Tax Trust Fund (RPTTF) funding. Funding approved for prior period RPTTF shortfalls, non-administrative and administrative, should be funded outside of the Agency's current period administrative costs allowance.

- Item No. 20 – RPTTF Shortfall ROPS 15-16A in the amount $141,056 is not allowed. A schedule provided by the Agency itemizing the ROPS 15-16A items funded with RPTTF, indicates all items were funded with the exception of Item No. 19. Item No. 19 is an RPTTF shortfall amount approved during the ROPS 14-15B period for the Agency's insufficient RPTTF needed to pay Item Nos. 1 to 4, and 7 on ROPS III, totaling $121,000. Finance is approving Item No. 19 again on ROPS 15-16B. Therefore, the shortfall request for this item is inclusive of the requested amount under Item No. 19. As such, this item is not an enforceable obligation and not eligible for RPTTF funding.

Pursuant to HSC section 34186 (a) (1), the Agency was required to report on the ROPS 15-16B form the estimated obligations versus actual payments (prior period adjustment) associated with the January through June 2015 period (ROPS 14-15B). HSC section 34186 (a) (1) also specifies the prior period adjustment self-reported by the Agency is subject to review by the county auditor-controller (CAC). The amount of RPTTF approved in the table below includes the prior period adjustment resulting from the CAC's review of the Agency's self-reported prior period adjustment.

In addition, Finance noted the following during our review:

On the ROPS 14-15B Prior Period Adjustment worksheet, the Agency's expenditures exceeded Finance's authorization for the following items:

- Other Funding totaling $3,723 – Item No. 15, $3,723

Per HSC section 34177 (a) (3), only those payments listed on ROPS may be made by the Agency from the funds specified on the ROPS up to the amount authorized by Finance. HSC sections 34177 (a) (4) and 34173 (h) provide mechanisms when Agency payments must exceed the amounts authorized by Finance. Please ensure the proper expenditure authority is received from your Oversight Board and Finance prior to making payments on enforceable obligations.

Except for the items denied in whole or reclassified, Finance is not objecting to the remaining items listed on your ROPS 15-16B. If you disagree with Finance's determination with respect to any items on your ROPS 15-16B, except for those items which are the subject of litigation disputing Finance's previous or related determinations, 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 $556,539 as summarized in the Approved RPTTF Distribution table below:

Approved RPTTF Distribution For the period of January through June 2016		
Total RPTTF requested for non-administrative obligations		655,882
Total RPTTF requested for administrative obligations		41,713
Total RPTTF requested for obligations on ROPS 15-16B	**$**	**697,595**
Total RPTTF requested for non-administrative obligations		**655,882**
Denied Item		
Item No. 20		(141,056)
Reclassified Item		
Item No. 19		713
Total RPTTF authorized for non-administrative obligations	**$**	**515,539**
Total RPTTF requested for administrative obligations		**41,713**
Reclassified Item		
Item No. 19		(713)
Total RPTTF authorized for administrative obligations	**$**	**41,000**
Total RPTTF authorized for obligations	**$**	**556,539**
ROPS 14-15B prior period adjustment		0
Total RPTTF approved for distribution	**$**	**556,539**

On the ROPS 15-16B form, the Agency reported cash balances and activity for the period January 1 through December 31, 2015. Finance will perform a review of the Agency's self-reported cash balances on an ongoing basis. Please be prepared to submit financial records and bridging documents to support the cash balances reported upon request. If it is determined the Agency possesses cash balances that are available to pay approved obligations, HSC section 34177 (l) (1) (E) requires these balances be used prior to requesting RPTTF.

Please refer to the ROPS 15-16B schedule used to calculate the total RPTTF approved for distribution:

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 January 1 through June 30, 2016. This determination only applies to items when 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 ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if it was not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items 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 available prior to the enactment of the redevelopment dissolution statutes. 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.

Please direct inquiries to Cindie Lor, Supervisor, or Todd Vermillion, Lead Analyst at (916) 445-1546.

Sincerely,

JUSTYN HOWARD
Program Budget Manager

cc: Ms. Jenni Byers, Acting Community & Economic Development Director, City of Porterville
Ms. Rita A. Woodard, Auditor-Controller, Tulare County