



April 25, 2012

Glenda D. Jay, Finance Director
City of Fillmore
250 Central Avenue
Fillmore, CA 93015

Dear Ms. Jay:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the Fillmore Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 16, 2011. Finance staff contacted you for clarification of items listed in the ROPS.

HSC section 34171 (d) lists enforceable obligation (EO) characteristics. Based on a sample of line items reviewed and application of the law, the following do not qualify as EOs:

- Page 1, line item 17 – 20% Housing Set-Aside of \$641,124. The requirement to set aside 20 percent of RDA tax increment for low and moderate income housing purposes ended with the passing of the redevelopment dissolution legislation. HSC section 34177 (d) requires that all unencumbered balances in the Low and Moderate Income Housing Fund be remitted to the county auditor controller for distribution to the taxing entities.
- Page 1, line items 19, 20, and 27 – Deficit Balances totaling \$1,987,641. HSC section 34163(b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. The contract agreement dates stated on the final ROPS is 6/30/2011 and 1/31/2012. This is after the operative date of ABx1 26.
- Page 1, line item 22, 23, 24, 25 and page 3, line item 1 - Administrative cost allowance is exceeded by \$47,645. HSC section 34171 (b) limits the 2011-12 administrative cost allowance to five percent of the property tax allocated to the successor agency or \$250,000, whichever is greater. Five percent of the property tax allocated to Fillmore Redevelopment Agency in 2011-12 equated to approximately \$289,100. Therefore, \$47,645 of the claimed \$336,745 is not allowed.
- Page 3, line item 2 – Administrative expenses of \$125,000. These costs pertain to the July through December 2012 period and should be removed from the ROPS.

As authorized by HSC section 34179 (h), Finance is returning your ROPS for your reconsideration. This action will cause the specific ROPS items noted above to be ineffective until Finance approval. Furthermore, items listed on future ROPS will be subject to review and may be denied as EOs.

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If you believe we have reached this conclusion in error, please provide further evidence that the items questioned above meet the definition of an EO.

Please direct inquiries to Robert Scott, Supervisor or Kylie Le Lead Analyst at (916) 322-2985.

Sincerely,

A handwritten signature in cursive script that reads "Mark Hill".

MARK HILL
Program Budget Manager

cc: Ms. Yvonne Quiring, City Manager, City of Fillmore
Ms. Sandra Bickford, Chief Deputy, Ventura County