SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF TAFT
Kern County, California

Agreed Upon Procedures – AB1484
Other Funds

June 30, 2012

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TABLE OF CONTENTS
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Independent Accountant's Report on Applying Agreed Upon Procedures on the Other than Low and Moderate Income Housing Fund 1

Attachment A – Asset Transfer Listing to the Successor Agency on February 1, 2012 11

Attachment B – Summary Schedule of Financial Transactions 12

Attachment C – Asset Listing Other Funds – June 30, 2012 13

Attachment D –Fixed Asset Listing of the Successor Agency as of January 31, 2012, June 30, 2012 and excerpts of the DDE with Sunset Rails 14

Attachment E – Asset Listing for Restricted Balances 15

Attachment F – Recognized Obligation Payment Schedule For the period of July 1, 2012 through June 30, 2013 16

Attachment G – Summary of Balances Available for Allocation to Affected Taxing Entities – Other Funds 17

Attachment H – City of Taft Loan to Successor Agency Summary 18

Attachment I – City of Taft Cash Flows 19

Attachment J – Excerpt from the Taft Public Financing Authority 1998 Revenue Refunding Bond Offering 20

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED UPON PROCEDURES

Oversight Board of the Successor Agency
Of the Redevelopment Agency of the
City of Taft
Taft, California

We have performed the procedures enumerated below solely to assist in ensuring that the Successor Agency of the Redevelopment Agency of the City of Taft is complying with its statutory requirements with respect to AB 1484. Management of the Successor Agency is responsible for the accounting records pertaining to statutory compliance pursuant to Health and Safety Code Section 34179.5.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedures Applied

Citation:
34179.5(c)(1) The dollar value of assets transferred from the former Redevelopment Agency to the Successor Agency on or about February 1, 2012.

1. Obtain from the Successor Agency a listing of all assets that were transferred from the former Redevelopment Agency to the Successor Agency on February 1, 2012. Agree the amounts on this listing to account balances established in the accounting records of the Successor Agency. Identify in the Agreed-Upon Procedures (AUP) report the amount of the assets transferred to the Successor Agency as of that date.

   Result:
   We found no exceptions as a result of the procedures performed. See Attachment A for the listing of all assets that were transferred.

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Citation:

34179.5(c)(2) The dollar value of assets and cash and cash equivalents transferred after January 1, 2011, through June 30, 2012, by the Redevelopment Agency or the Successor Agency to the City, County, or City and County that formed the Redevelopment Agency and the purpose of each transfer. The review shall provide documentation of any enforceable obligation that required the transfer.

2. If the State Controller's Office has completed its review of transfers required under both Sections 34167.5 and 34178.8 and issued its report regarding such review, attach a copy of that report as an exhibit to the AUP report. If this has not yet occurred, perform the following procedures:

   A. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the former Redevelopment Agency to the City, County, or City and County that formed the Redevelopment Agency for the period from January 1, 2011 through January 31, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

      Result:
      No assets were transferred from the former Redevelopment Agency to the City, County, or City and County that formed the Redevelopment Agency for the period from January 1, 2011 through January 31, 2012.

   B. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Successor Agency to the City, County, or City and County that formed the Redevelopment Agency for the period from February 1, 2012 through June 30, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

      Result:
      No assets were transferred from the Successor Agency to any City, County, or City and County during the period February 1, 2012 through June 30, 2012.

   C. For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required any transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.

      Result:
      Procedure 2C was not necessary because procedures 2A and 2B did not apply.

Citation:

34179.5(c)(3) The dollar value of any cash or cash equivalents transferred after January 1, 2011, through June 30, 2012, by the Redevelopment Agency or the Successor Agency to any other public agency or private party and the purpose of each transfer. The review shall provide documentation of any enforceable obligation that required the transfer.

3. If the State Controller's Office has completed its review of transfers required under both Sections 34167.5 and 34178.8 and issued its report regarding such review, attach a copy of that report as an exhibit to the AUP report. If this has not yet occurred, perform the following procedures:

   A. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the former Redevelopment Agency to any other public agency or to private parties for the period from January 1, 2011 through January 31, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

      Result:

      No assets were transferred from the former Redevelopment Agency to any other public agency or to private parties for the period from January 1, 2011 through January 31, 2012.

Citation:
34179.5(c)(3) The dollar value of any cash or cash equivalents transferred after January 1, 2011, through June 30, 2012, by the Redevelopment Agency or the Successor Agency to any other public agency or private party and the purpose of each transfer. The review shall provide documentation of any enforceable obligation that required the transfer (continued).

3. If the State Controller's Office has completed its review of transfers required under both Sections 34167.5 and 34178.8 and issued its report regarding such review, attach a copy of that report as an exhibit to the AUP report. If this has not yet occurred, perform the following procedures (continued):

   B. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) [from the Successor Agency to any other public agency or private parties for the period from February 1, 2012 through June 30, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

   Result:

   No assets were transferred from the Successor Agency to any other public agency or to private parties for the period from February 1, 2012 through June 30, 2012.

   C. For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required any transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.

   Result:
   Procedure 3C was not considered necessary because procedures 3A and 3B did not apply.

Citation:
34179.5(c)(4) The review shall provide expenditure and revenue accounting information and identify transfers and funding sources for the 2010–11 and 2011–12 fiscal years that reconciles balances, assets, and liabilities of the Successor Agency on June 30, 2012 to those reported to the Controller for the 2009–10 fiscal year.

4. Perform the following procedures:

   A. Obtain from the Successor Agency a summary of the financial transactions of the Redevelopment Agency and the Successor Agency in the format set forth in the attached schedule for the fiscal periods indicated in the schedule. For purposes of this summary, the financial transactions should be presented using the modified accrual basis of accounting. End of year balances for capital assets (in total) and long-term liabilities (in total) should be presented at the bottom of this summary schedule for information purposes.

   B. Ascertain that for each period presented, the total of revenues, expenditures, and transfers accounts fully for the changes in equity from the previous fiscal period.

   C. Compare amounts in the schedule relevant to the fiscal year ended June 30, 2010 to the state controller's report filed for the Redevelopment Agency for that period.

   D. Compare amounts in the schedule for the other fiscal periods presented to account balances in the accounting records or other supporting schedules. Describe in the report the type of support provided for each fiscal period.

   Result:
   No exceptions noted. See Attachment B. In addition, Attachment B does not include the $3,125,542 Successor Agency loan due to the City of Taft, of which $347,000 was found to be an enforceable obligation, based on the Department of Finance letter dated May 30, 2012. The remaining amount of $2,868,342 is subject to review by State Authorities after the finding of completion has been issued. Also, refer to the letter in Attachment H and the Summary of the loan amounts recalculated to LAIF interest rates.

Citation:
34179.5(c)(4) The review shall provide expenditure and revenue accounting information and identify transfers and funding sources for the 2010–11 and 2011–12 fiscal years that reconciles balances, assets, and liabilities of the Successor Agency on June 30, 2012 to those reported to the Controller for the 2009–10 fiscal year. (continued)

4. Perform the following procedures (continued):

   A. Obtain from the Successor Agency a summary of the financial transactions of the Redevelopment Agency and the Successor Agency in the format set forth in the attached schedule for the fiscal periods indicated in the schedule. For purposes of this summary, the financial transactions should be presented using the modified accrual basis of accounting. End of year balances for capital assets (in total) and long-term liabilities (in total) should be presented at the bottom of this summary schedule for information purposes.

   B. Ascertain that for each period presented, the total of revenues, expenditures, and transfers accounts fully for the changes in equity from the previous fiscal period.

   C. Compare amounts in the schedule relevant to the fiscal year ended June 30, 2010 to the state controller's report filed for the Redevelopment Agency for that period.

   D. Compare amounts in the schedule for the other fiscal periods presented to account balances in the accounting records or other supporting schedules. Describe in the report the type of support provided for each fiscal period.

      Results (continued):
      For fiscal years ended June 30, 2010 and June 30, 2011, we compared the financial transactions on Attachment B to the State Controller's report and audited financial statements and found no exceptions as a result of the procedures performed. See Attachment B.

      For the seven months ended January 31, 2012 of the former Redevelopment Agency, we compared the financial transactions on Attachment B to the Agency's trial balance, Fixed assets list, and the long-term debt schedule, and found no exceptions as a result of the procedures performed. See Attachment B.

      For the five months ended June 30, 2012 of the Successor Agency, we compared the financial transactions on Attachment B to the Agency's trial balance, Fixed assets list, and long-term debt schedule, and found no exceptions as a result of the procedures performed. See Attachment B.

Citation:
34179.5(c)(5) A separate accounting for the balance for the Low and Moderate Income Housing Fund and for all other funds and accounts combined shall be made as follows:
(A) A statement of the total value of each fund as of June 30, 2012

5. Obtain from the Successor Agency a listing of all assets of the Low and Moderate Income Housing Fund as of June 30, 2012 for the report that is due October 1, 2012 and a listing of all assets of all other funds of the Successor Agency as of June 30, 2012 (excluding the previously reported assets of the Low and Moderate Income Housing Fund) for the report that is due December 15, 2012. When this procedure is applied to the Low and Moderate Income Housing Fund, the schedule attached as an exhibit will include only those assets of the Low and Moderate Income Housing Fund that were held by the Successor Agency as of June 30, 2012 and will exclude all assets held by the entity that assumed the housing function previously performed by the former Redevelopment Agency. Agree the assets so listed to recorded balances reflected in the accounting records of the Successor Agency. The listings should be attached as an exhibit to the appropriate AUP report.

   Result:
   We found no exceptions as a result of the procedures performed. See Attachment D for the listing of all assets of the Successor Agency as of June 30, 2012. Also, there are no assets for the Low and Moderate Income Housing Fund as of June 30, 2012.

Citation:
34179.5(c)(5)(B) An itemized statement listing any amounts that are legally restricted as to purpose and cannot be provided to taxing entities. This could include the proceeds of any bonds, grant funds, or funds provided by other governmental entities that place conditions on their use.

6. Obtain from the Successor Agency a listing of asset balances held on June 30, 2012 that are restricted for the following purposes:

   A. Unspent bond proceeds:
      i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures, amounts set aside for debt service payments, etc.)
      ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
      iii. Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.

      Result:
      The Successor Agency had $475,791 of bond proceeds in a reserve account with the fiscal agent. See Attachment C.

   B. Grant proceeds and program income that are restricted by third parties:
      i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).
      ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
      iii. Obtain from the Successor Agency a copy of the grant agreement that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.

      Result:
      Procedure 6B was not applicable as there were no grant proceeds or program income restricted by third parties.

   C. Other assets considered to be legally restricted:
      i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).
      ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
      iii. Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by Successor the Agency as restricted.

      Result:
      The Successor Agency had no other assets restricted by third parties.

   D. Attach the above mentioned Successor Agency prepared schedule(s) as an exhibit to the AUP report. For each restriction identified on these schedules, indicate in the report the period of time for which the restrictions are in effect. If the restrictions are in effect until the related assets are expended for their intended purpose, this should be indicated in the report.

Citation:
34179.5(c)(5)(B) An itemized statement listing any amounts that are legally restricted as to purpose and cannot be provided to taxing entities. This could include the proceeds of any bonds, grant funds, or funds provided by other governmental entities that place conditions on their use (continue).

Result:
See Attachment C.

Citation:
34179.5(c)(5)(C) An itemized statement of the values of any assets that are not cash or cash equivalents. This may include physical assets, land, records, and equipment. For the purpose of this accounting, physical assets may be valued at purchase cost or at any recently estimated market value. The statement shall list separately housing-related assets.

7. Perform the following procedures:

   A. Obtain from the Successor Agency a listing of assets as of June 30, 2012 that are **not** liquid or otherwise available for distribution (such as capital assets, land held for resale, long-term receivables, etc.) and ascertain if the values are listed at either purchase cost (based on book value reflected in the accounting records of the Successor Agency) or market value as recently estimated by the Successor Agency.

   Result:
   See Attachments B (for January 31, 2012 and June 30, 2012) and D (with exception of the land listed on Attachment C for $111,932 which is the Industrial Park landscape easement.). The other properties are permanently restricted. The other liabilities are restricted for payroll as accrued payroll. Cash is restricted for liabilities. The Union Pacific Properties of $1,586,234 which are presently listed as owned by the former redevelopment agency are restricted for development based on a Disposition and Development Agreement dated August 10, 2011 between the former Redevelopment Agency and Sunset Rails, LLC. In addition, as part of the 1998 Revenue Refunding Bonds (Police Department and Redevelopment Projects), the Taft Police Department facility was constructed by using part of these Bond Proceeds and is deemed restricted with original cost basis (without depreciation) of $1,208,486. In addition, infrastructure of an Industrial Park (June 1991 completion) in the amount of $165,229 and the other infrastructure project Industrial Park Phase 2 (June 1994 completion) with a cost basis of $241,886. As of June 30, 2012, cash with fiscal agent is also restricted in the amount of $475,791 based on the 1998 Revenue Refunding Bonds. See Attachment D.

   B. If the assets listed at 7A are listed at purchase cost, trace the amounts to a previously audited financial statement (or to the accounting records of the Successor Agency) and note any differences. See Attachment C.

   Result:
   We found no exceptions as a result of the procedure performed. See attachment C.

   C. For any differences noted in 7B, inspect evidence of disposal of the asset and ascertain that the proceeds were deposited into the Successor Agency trust fund. If the differences are due to additions (this generally is not expected to occur), inspect the supporting documentation and note the circumstances.

   Result:
   We found no exceptions as a result of the procedure, performed.
   Based on the information provided, no addition or disposition of assets occurred in the Successor Agency.

   D. If the assets listed at 7A are listed at recently estimated market value, inspect the evidence (if any) supporting the value and note the methodology used. If no evidence is available to support the value and\or methodology, note the lack of evidence.

   Result:
   Not applicable. The values of non-liquid assets are not listed at estimated market value.

Citation:
34179.5(c)(5)(D) An itemized listing of any current balances that are legally or contractually dedicated or restricted for the funding of an enforceable obligation that identifies the nature of the dedication or restriction and the specific enforceable obligation. In addition, the Successor Agency shall provide a listing of all approved enforceable obligations that includes a projection of annual spending requirements to satisfy each obligation and a projection of annual revenues available to fund those requirements. If a review finds that future revenues together with dedicated or restricted balances are insufficient to fund future obligations and thus retention of current balances is required, it shall identify the amount of current balances necessary for retention. The review shall also detail the projected property tax revenues and other general purpose revenues to be received by the Successor Agency, together with both the amount and timing of the bond debt service payments of the Successor Agency, for the period in which the oversight board anticipates the Successor Agency will have insufficient property tax revenue to pay the specified obligations.

8. Perform the following procedures:

A. If the Successor Agency believes that asset balances need to be retained to satisfy enforceable obligations, obtain from the Successor Agency an itemized schedule of asset balances (resources) as of June 30, 2012 that are dedicated or restricted for the funding of enforceable obligations and perform the following procedures. The schedule should identify the amount dedicated or restricted, the nature of the dedication or restriction, the specific enforceable obligation to which the dedication or restriction relates, and the language in the legal document that is associated with the enforceable obligation that specifies the dedication of existing asset balances toward payment of that obligation.
   i. Compare all information on the schedule to the legal documents that form the basis for the dedication or restriction of the resource balance in question.
   ii. Compare all current balances to the amounts reported in the accounting records of the Successor Agency or to an alternative computation.
   iii. Compare the specified enforceable obligations to those that were included in the final Recognized Obligation Payment Schedule approved by the California Department of Finance.
   iv. Attach as an exhibit to the report the listing obtained from the Successor Agency. Identify in the report any listed balances for which the Successor Agency was unable to provide appropriate restricting language in the legal document associated with the enforceable obligation.

   Result:
   We found no exceptions as a result of the procedures performed. See Attachment F for the Enforceable Obligations Payment Schedule as of December 31, 2012, with comments regarding the source of the Enforceable Obligations. Also, Attachment F includes the response from the State of California Department of Finance dated September 6, 2011 to the prior Enforceable Obligations Schedule for a discussion of items at that time deemed not Enforceable Obligations. However, the City understands that upon a "Finding of Completion" these items will be deemed Enforceable Obligations. Also, see Attachment I for unaudited cash flows.

B. If the Successor Agency believes that future revenues together with balances dedicated or restricted to an enforceable obligation are insufficient to fund future obligation payments and thus retention of current balances is required, obtain from the Successor Agency a schedule of approved enforceable obligations that includes a projection of the annual spending requirements to satisfy each obligation and a projection of the annual revenues available to fund those requirements and perform the following procedures:

   i. Compare the enforceable obligations to those that were approved by the California Department of Finance. Procedures to accomplish this may include reviewing the letter from the California Department of Finance approving the Recognized Enforceable Obligation Payment Schedules for the six month period from January 1, 2012 through June 30, 2012 and for the six month period July 1, 2012 through December 31, 2012.

Citation: ***34179.5(c)(5)(D) An itemized listing of any current balances that are legally or contractually dedicated or restricted for the funding of an enforceable obligation that identifies the nature of the dedication or restriction and the specific enforceable obligation. In addition, the Successor Agency shall provide a listing of all approved enforceable obligations that includes a projection of annual spending requirements to satisfy each obligation and a projection of annual revenues available to fund those requirements. If a review finds that future revenues together with dedicated or restricted balances are insufficient to fund future obligations and thus retention of current balances is required, it shall identify the amount of current balances necessary for retention. The review shall also detail the projected property tax revenues and other general purpose revenues to be received by the Successor Agency, together with both the amount and timing of the bond debt service payments of the Successor Agency, for the period in which the oversight board anticipates the Successor Agency will have insufficient property tax revenue to pay the specified obligations. (continued)***

8. Perform the following procedures (continued):
    ii. Compare the forecasted annual spending requirements to the legal document supporting each enforceable obligation.
        a. Obtain from the Successor Agency its assumptions relating to the forecasted annual spending requirements and disclose in the report major assumptions associated with the projections.
    iii. For the forecasted annual revenues:
        a. Obtain from the Successor Agency its assumptions for the forecasted annual revenues and disclose in the report major assumptions associated with the projections.

Result:
See Attachments G and I. There are insufficient funds to pay for debt service and other costs.

C. If the Successor Agency believes that projected property tax revenues and other general purpose revenues to be received by the Successor Agency are insufficient to pay bond debt service payments (considering both the timing and amount of the related cash flows), obtain from the Successor Agency a schedule demonstrating this insufficiency and apply the following procedures to the information reflected in that schedule.
    i. Compare the timing and amounts of bond debt service payments to the related bond debt service schedules in the bond agreement.
    ii. Obtain the assumptions for the forecasted property tax revenues and disclose major assumptions associated with the projections.
    iii. Obtain the assumptions for the forecasted other general purpose revenues and disclose major assumptions associated with the projections.

Results:
See Attachments G and I. The City maintains a present belief from June 1, 2012 to June 30, 2020 in which, under current conditions, for the Other Fund is projected there will be insufficient cash.

D. If procedures A, B, or C were performed, calculate the amount of current unrestricted balances necessary for retention in order to meet the enforceable obligations by performing the following procedures:
    i. Combine the amount of identified current dedicated or restricted balances and the amount of forecasted annual revenues to arrive at the amount of total resources available to fund enforceable obligations.
    ii. Reduce the amount of total resources available by the amount forecasted for the annual spending requirements. A negative result indicates the amount of current unrestricted balances that needs to be retained.
    iii. Include the calculation in the AUP report.

Result:
See Result in Procedure 9 below and Attachment G.

Citation:
34179.5(c)(5)(E) An itemized list and analysis of any amounts of current balances that are needed to satisfy obligations that will be placed on the Recognized Obligation Payment Schedules for the current fiscal year.

9. If the Successor Agency believes that cash balances as of June 30, 2012 need to be retained to satisfy obligations on the Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2012 through June 30, 2013, obtain a copy of the final ROPS for the period of July 1, 2012 through December 31, 2012 and a copy of the final ROPS for the period January 1, 2013 through June 30, 2013. For each obligation listed on the ROPS, the Successor Agency should add columns identifying (1) any dollar amounts of existing cash that are needed to satisfy that obligation and (2) the Successor Agency's explanation as to why the Successor Agency believes that such balances are needed to satisfy the obligation. Include this schedule as an attachment to the AUP report.

   Result:
   See Attachments E, F and G. On Attachment E the City based $180,930 as one half of the 2012/2013 Agency Value Change Summary from HdL Coren & Cone regarding property tax estimates for 2012-2013. These are only estimates and are subject to change.

Citation:
34179.5(c)(6) The review shall total the net balances available after deducting the total amounts described in subparagraphs (B) to (E), inclusive, of paragraph (5). The review shall add any amounts that were transferred as identified in paragraphs (2) and (3) of subdivision (c) if an enforceable obligation to make that transfer did not exist. The resulting sum shall be available for allocation to affected taxing entities pursuant to Section 34179.6. It shall be a rebuttable presumption that cash and cash equivalent balances available to the Successor Agency are available and sufficient to disburse the amount determined in this paragraph to taxing entities. If the review finds that there are insufficient cash balances to transfer or that cash or cash equivalents are specifically obligated to the purposes described in subparagraphs (B), (D), and (E) of paragraph (5) in such amounts that there is insufficient cash to provide the full amount determined pursuant to this paragraph, that amount shall be demonstrated in an additional itemized schedule.

10. Include (or present) a schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Entities. Amounts included in the calculation should agree to the results of the procedures performed in each section above. The schedule should also include a deduction to recognize amounts already paid to the County Auditor-Controller on July 12, 2012 as directed by the California Department of Finance. The amount of this deduction presented should be agreed to evidence of payment. The attached example summary schedule may be considered for this purpose. Separate schedules should be completed for the Low and Moderate Income Housing Fund and for all other funds combined (excluding the Low and Moderate Income Housing Fund).

    Result:
    See Attachment I and J. Under current conditions, the City maintains the belief that from June 1, 2012 to June 30, 2020 there will not be sufficient cash and revenue to meet all obligations if the City is not able to maintain Low-Mod funds. These Low-Mod funds have paid 20% of the lease payments to the Taft Public Financing Authority who pays the bond debt. This payment is done by a transfer of the Low-Mod fund to the Debt service fund by a US Bank check. The lease agreement indicates the all tax increment has been pledged to pay the bond debt. From July 1, 2020 to January 1, 2028, which is the end of the debt agreement, there is a projected deficiency in cash of $576,396 based on the debt service listed in the 1998 Tax Refunding Loan Agreement.

11. Obtain a representation letter from Successor Agency management acknowledging their responsibility for the data provided to the practitioner and the data presented in the report or in any attachments to the report. Included in the representations should be an acknowledgment that management is not aware of any transfers (as defined by Section 34179.5) from either the former Redevelopment Agency or the Successor Agency to other parties for the period from January 1, 2011 through June 30, 2012 that have not been properly identified in the AUP report and its related exhibits. Management's refusal to sign the representation letter should be noted in the AUP report as required by attestation standards.

    Result:
    We found no exceptions as a result of the procedure performed.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertion. Accordingly, we do not express such an opinion.

This report is intended solely for the information of the Oversight Committee, Management, California State Controller's Office, Department of Finance, and Los Angeles County Auditor-Controller, and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Levy & Hartzheim, LLP
Culver City, California
September 30, 2013

Attachment A

City of Taft
Successor Agency
Asset Transfer Listing to the Successor Agency
February 1, 2012

Cash		$ 336,294
Cash with Fiscal Agent		368,491
Accrued Interest Receivable		848
Capital Assets		2,655,132
	Total	$ 3,360,765

Attachment B

(Other Than Low and Moderate Housing Funds)

	Redevelopment Agency 12 Months Ended 6/30/2010	Redevelopment Agency 12 Months Ended 6/30/2011	Redevelopment Agency 7 Months Ended 1/31/2012	Successor Agency 5 Months Ended 6/30/2012	
Assets (modified accrual basis)					
Cash	$ 463,426	$ 571,723	$ 336,294	$ 148,638	
Cash with Fiscal Agent	483,286	479,641	368,491	475,791	
Accrued Interest Receivable	239	379	848	4,282	
Miscellaneous	15,495	117	-	-	
Deposits Prepaids	208	-	-	-	
Total Assets	$ 962,654	$ 1,051,860	$ 705,633	$ 628,711	
Liabilities (modified accrual basis)					
Accounts Payable	$ 36,970	$ 64,209	$ 26,338	$ 600	
Other Liabilities	-	-	-	2,693	
Security Deposits	-	9,107	-	-	
Total Liabilities	36,970	73,316	26,338	3,293	
Equity	925,684	978,544	679,295	625,419	
Total Liabilities + Equity	$ 962,654	$ 1,051,860	$ 705,633	$ 628,712	
Total Revenues:	$ 570,585	$ 544,894	$ 231,749	$ 34,271	
Total Expenditures:	858,764	814,953	530,998	88,148	
Total Transfers*:	333,296	322,918	-	-	
*** Includes Cash Advances from City**					
Net change in equity	45,117	52,859	(299,249)	(53,877)	
Beginning Equity:	880,568	925,685	978,544	679,295	
Ending Equity:	$ 925,685	$ 978,544	$ 679,295	$ 625,418	
Other Information (show year end balances for all three years presented):					
Capital assets as of end of year	$ 2,695,522	(a)	$ 2,655,132	$ 2,614,742	
Long-term debt as of end of year	$ 3,975,000	$ 3,840,000	$ 3,700,000	$ 3,700,000	(b)
Long-term debt as of end of year	$ 2,621,020	$ 3,215,542	$ 3,215,542	$ 3,215,542	(c)

Note (a): All Capital Assets were transferred to the City of Taft pursuant to a Cooperation Agreement.

Note (b): This represents the 1998 Revenue Refunding Bonds accounted for in the Debt Service Fund.

Note (c): This represents the Advances from the City of Taft.

Low and Moderate Income Housing Fund

	Redevelopment Agency 12 Months Ended 6/30/2010	Redevelopment Agency 12 Months Ended 6/30/2011	Redevelopment Agency 7 Months Ended 1/31/2012	Successor Agency 5 Months Ended 6/30/2012
Assets (modified accrual basis)				
Cash	$ 587,053	$ 615,709	$ 613,259	$ 583,703
Accrued Interest Receivable	285	359	-	1,347
Miscellaneous	3,874	-	-	-
Total Assets	$ 591,212	$ 616,068	$ 613,259	$ 585,050
Liabilities (modified accrual basis)				
Accounts Payable	$ -	$ -	$ -	$ -
Other Liabilities	-	-	-	-
Due to RDA Capital Projects Fund	-	-	-	-
	-	-	-	-
Total Liabilities	$ -	$ -	$ -	$ -
	-	-	-	-
Equity	591,212	616,068	613,259	585,050
Total Liabilities + Equity	$ 591,212	$ 616,068	$ 613,259	$ 585,050
Total Revenues:	$ 110,716	$ 104,832	$ 43,481	$ 4,187
Total Expenditures:	$ 78,959	$ 79,976	$ 46,291	$ 32,396
Total Transfers*: (net)	$ -	$ -	$ -	$ -
*** Includes Cash Advances from City**				
Net change in equity	$ 31,757	$ 24,856	$ (2,810)	$ (28,209)
Beginning Equity:	$ 559,455	$ 591,212	$ 616,068	$ 613,259
Ending Equity:	$ 591,212	$ 616,068	$ 613,259	$ 585,050
Other Information (show year end balances for all three years presented):				
Capital assets as of end of year	$ -	$ -	$ -	$ -

Note: This schedule represents the low income housing fund only.

Attachment C

City of Taft
Successor Agency
Asset Listing Other Funds
June 30, 2012

Cash		$ 148,638
Cash with Fiscal Agent		475,791
Accrued Interest Receivable		4,283
Capital Assets		2,614,742
	Total	$ 3,243,454

Attachment D

Successor Agency

FUND 69 - SCHEDULE OF FIXED ASSETS
FOR PERIOD OF FEBRUARY 1, 2013 THROUGH JUNE 30, 2012

DESCRIPTION	ASSET #	ACQUISITION DATE	LIFE	2/1/2012 COST	2/1/2012 ACCUM. DEPREC	2/1/2012 NET BOOK VALUE	ASSET ADD	ASSET DELETE	06/30/10 COST	DEPRECIATION CURRENT	DEPRECIATION ADD	DEPRECIATION DELETE	6/30/2011 ACCUM. DEPREC	6/30/2011 NET BOOK VAULE
NEW POLICE FACILITY	972	Jun-94	40	$1,208,486.00	$483,394.75	$725,091.25			$1,208,486.00	$30,212.15			$513,606.90	$694,879.10
G/L A/C# 69000-00150 - Building				**$1,208,486.00**	**$483,394.75**	**$725,091.25**	**$0.00**	**$0.00**	**$1,208,486.00**	**$30,212.15**	**$0.00**	**$0.00**	**$513,606.90**	**$694,879.10**
LAND	974	Jun-94		$111,932.02		$111,932.02			$111,932.02				$0.00	$111,932.02
LAND - UNION PACIFIC RAILROAD	2526	Jan-09		$168,127.41		$168,127.41			$168,127.41					$168,127.41
LAND - UNION PACIFIC RAILROAD	2527	Jan-09		$1,418,103.73		$1,418,103.73			$1,418,103.73					$1,418,103.73
G/L A/C# 69000-00151 - Land				**$1,698,163.16**	**$0.00**	**$1,698,163.16**	**$0.00**	**$0.00**	**$1,698,163.16**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$1,698,163.16**
INDUSTRIAL PARK INFRASTRUCTURE	973	Jun-91	40	$165,229.18	$78,483.87	$86,745.31			$165,229.18	$4,130.73			$82,614.60	$82,614.58
A/C# 69000-00153 - Building (Infra)				**$165,229.18**	**$78,483.87**	**$86,745.31**	**$0.00**	**$0.00**	**$165,229.18**	**$4,130.73**	**$0.00**	**$0.00**	**$82,614.60**	**$82,614.58**
PROJECT #3 INDUSTRIAL PARK PHASE II (Infrastructure)	975	Jun-94	40	$241,886.39	$96,754.56	$145,131.83			$241,886.39	$6,047.16			$102,801.72	$139,084.67
G/L A/C# 69000-00163 - Building				**$241,886.39**	**$96,754.56**	**$145,131.83**	**$0.00**	**$0.00**	**$241,886.39**	**$6,047.16**	**$0.00**	**$0.00**	**$102,801.72**	**$139,084.67**
TOTAL TCDA FIXED ASSET				**$3,313,764.73**	**$658,633.18**	**$2,655,131.56**	**$0.00**	**$0.00**	**$3,313,764.73**	**$40,390.04**	**$0.00**	**$0.00**	**$699,023.21**	**$2,614,741.52**
C.C.F. FACILITY	978	Jan-97	40	$19,885,034.00	$6,214,073.13	$13,670,960.87			$19,885,034.00	$497,125.85			$6,711,198.98	$13,173,835.02
G/L A/C# 69000-00162				**$19,885,034.00**	**$6,214,073.13**	**$13,670,960.87**	**$0.00**	**$0.00**	**$19,885,034.00**	**$497,125.85**	**$0.00**	**$0.00**	**$6,711,198.98**	**$13,173,835.02**
TOTAL TAFT FINANCING AUTHORITY FIXED ASSET				**$19,885,034.00**	**$6,214,073.13**	**$13,670,960.87**	**$0.00**	**$0.00**	**$19,885,034.00**	**$497,125.85**	**$0.00**	**$0.00**	**$6,711,198.98**	**$13,173,835.02**
GRAND TOTAL FIXED ASSET				**$19,885,034.00**	**$6,214,073.13**	**$13,670,960.87**	**$0.00**	**$0.00**	**$19,885,034.00**	**$497,125.85**	**$0.00**	**$0.00**	**$6,711,198.98**	**$13,173,835.02**

TCDA
FUND 69 - SCHEDULE OF FIXED ASSETS
FOR PERIOD ENDED JANUARY 31, 2012
WITH DEPRECIATION

	ASSET \CQUISITION			6/30/2011			ASSET		01/31/12	DEPRECIATION				
DESCRIPTION	#	DATE	LIFE	COST	ACCUM. DEPREC	NET BOOK VALUE	ADD	DELETE	COST	CURRENT	ADD	DELETE	ACCUM. DEPREC	NET BOOK VAULE
NEW POLICE FACILITY	972	Jun-94	40	$1,208,486.00	$0.00	$1,208,486.00			$1,208,486.00	$17,623.75	$483,394.75		$501,018.50	$707,467.50
G/L A/C# 69000-00150 - Building				$1,208,486.00	$0.00	$1,208,486.00	$0.00	$0.00	$1,208,486.00	$17,623.75	$483,394.75	$0.00	$501,018.50	$707,467.50
LAND	974	Jun-94		$111,932.02		$111,932.02			$111,932.02				$0.00	$111,932.02
LAND - UNION PACIFIC RAILROAD	2526	Jan-09		$168,127.41		$168,127.41			$168,127.41					$168,127.41
LAND - UNION PACIFIC RAILROAD	2527	Jan-09		$1,418,103.73		$1,418,103.73			$1,418,103.73					$1,418,103.73
G/L A/C# 69000-00151 - Land				$1,698,163.16	$0.00	$1,698,163.16	$0.00	$0.00	$1,698,163.16	$0.00	$0.00	$0.00	$0.00	$1,698,163.16
INDUSTRIAL PARK INFRASTRUCTURE	973	Jun-91	40	$165,229.18					$165,229.18	$2,409.59	$78,483.87		$78,483.87	$86,745.31
A/C# 69000-00153 - Building (Infra)				$165,229.18	$0.00	$0.00	$0.00	$0.00	$165,229.18	$2,409.59	$78,483.87	$0.00	$78,483.87	$86,745.31
PROJECT #3 INDUSTRIAL PARK PHASE II	975	Jun-94	40	$241,886.39					$241,886.39	$3,527.51	$96,754.56		$100,282.07	$141,604.32
G/L A/C# 69000-00163 - Building				$241,886.39	$0.00	$0.00	$0.00	$0.00	$241,886.39	$3,527.51	$96,754.56	$0.00	$100,282.07	$141,604.32
TOTAL TCDA FIXED ASSET				$3,313,764.73	$0.00	$2,906,649.16	$0.00	$0.00	$3,313,764.73	$23,560.85	$658,633.18	$0.00	$679,784.44	$2,633,980.29
C.C.F. FACILITY	978	Jan-97	40	$19,885,034.00	$6,214,073.13	$13,670,960.87			$19,885,034.00	$0.00			$6,214,073.13	$13,670,960.87
G/L A/C# 69000-00162				$19,885,034.00	$6,214,073.13	$13,670,960.87	$0.00	$0.00	$19,885,034.00	$0.00	$0.00	$0.00	$6,214,073.13	$13,670,960.87
TOTAL TFA FIXED ASSET				$19,885,034.00	$6,214,073.13	$13,670,960.87	$0.00	$0.00	$19,885,034.00	$0.00	$0.00	$0.00	$6,214,073.13	$13,670,960.87
GRAND TOTAL FIXED ASSET				$23,198,798.73	$6,214,073.13	$16,577,610.03	$0.00	$0.00	$23,198,798.73	$23,560.85	$658,633.18	$0.00	$6,893,857.57	$16,304,941.16

Note: **Depreciation was entered into the G/L but was discovered it was entered with the date of 6/30/2012 instead of 01/31/2012**
Error can not be corrected G/L has been closed, see attached account detail. (Entry is $.03 difference then shown on the schedule).

TCDA
FUND 69 - SCHEDULE OF FIXED ASSETS
FOR PERIOD ENDED JANUARY 31, 2012
WITHOUT DEPRECIATION

	ASSET ACQUISITION			6/30/2011			1/31/2012							
					ACCUM.	NET BOOK	ASSET		01/31/12	DEPRECIATION			ACCUM.	NET BOOK
DESCRIPTION	#	DATE	LIFE	COST	DEPREC	VALUE	ADD	DELETE	COST	CURRENT	ADD	DELETE	DEPREC	VAULE
NEW POLICE FACILITY	972	Jun-94	40	$1,208,486.00	$0.00	$1,208,486.00			$1,208,486.00		$483,394.75		$483,394.75	$725,091.25
G/L A/C# 69000-00150 - Building				$1,208,486.00	$0.00	$1,208,486.00	$0.00	$0.00	$1,208,486.00	$0.00	$483,394.75	$0.00	$483,394.75	$725,091.25
LAND	974	Jun-94		$111,932.02		$111,932.02			$111,932.02				$0.00	$111,932.02
LAND - UNION PACIFIC RAILROAD	2526	Jan-09		$168,127.41		$168,127.41			$168,127.41					$168,127.41
LAND - UNION PACIFIC RAILROAD	2527	Jan-09		$1,418,103.73		$1,418,103.73			$1,418,103.73					$1,418,103.73
G/L A/C# 69000-00151 - Land				$1,698,163.16	$0.00	$1,698,163.16	$0.00	$0.00	$1,698,163.16	$0.00	$0.00	$0.00	$0.00	$1,698,163.16
INDUSTRIAL PARK INFRASTRUCTURE	973	Jun-91	40	$165,229.18					$165,229.18		$78,483.87		$78,483.87	$86,745.31
A/C# 69000-00153 - Building (Infra)				$165,229.18	$0.00	$0.00	$0.00	$0.00	$165,229.18	$0.00	$78,483.87	$0.00	$78,483.87	$86,745.31
PROJECT #3 INDUSTRIAL PARK PHASE II	975	Jun-94	40	$241,886.39					$241,886.39		$96,754.56		$96,754.56	$145,131.83
G/L A/C# 69000-00163 - Building				$241,886.39	$0.00	$0.00	$0.00	$0.00	$241,886.39	$0.00	$96,754.56	$0.00	$96,754.56	$145,131.83
TOTAL TCDA FIXED ASSET				$3,313,764.73	$0.00	$2,906,649.16	$0.00	$0.00	$3,313,764.73	$0.00	$658,633.18	$0.00	$658,633.18	$2,655,131.55
C.C.F. FACILITY	978	Jan-97	40	$19,885,034.00	$6,214,073.13	$13,670,960.87			$19,885,034.00	$0.00			$6,214,073.13	$13,670,960.87
G/L A/C# 69000-00162				$19,885,034.00	$6,214,073.13	$13,670,960.87	$0.00	$0.00	$19,885,034.00	$0.00	$0.00	$0.00	$6,214,073.13	$13,670,960.87
TOTAL TFA FIXED ASSET				$19,885,034.00	$6,214,073.13	$13,670,960.87	$0.00	$0.00	$19,885,034.00	$0.00	$0.00	$0.00	$6,214,073.13	$13,670,960.87
GRAND TOTAL FIXED ASSET				$23,198,798.73	$6,214,073.13	$16,577,610.03	$0.00	$0.00	$23,198,798.73	$0.00	$658,633.18	$0.00	$6,872,706.31	$16,326,092.42

Note: **Depreciation was entered into the G/L but was discovered it was entered with the date of 6/30/2012 instead of 01/31/2012**
Error can not be corrected G/L has been closed, see attached account detail. (Entry is $.03 difference then shown on the schedule).

DISPOSITION AND DEVELOPMENT AGREEMENT

THIS AGREEMENT is entered into by and between the CITY OF TAFT ("TAFT"), acting on its own behalf and as Agent for the TAFT COMMUNITY DEVELOPMENT AGENCY ("Agency" or "TCDA"), and SUNSET RAILS, LLC, a Limited Liability Company ("Developer"). City, Agency and the Developer agree as follows:

I. [' 100] SUBJECT OF AGREEMENT

[' 101] Purpose of the Agreement

The purpose of this Agreement is to effectuate the Redevelopment Plan for the Taft Redevelopment Project No. 1 (the "Project") by providing for the purchase and the redevelopment of the hereinafter-described portion of the Project area (the "Site"). The purchase and redevelopment of Site by Developer pursuant to this Agreement, and the fulfillment generally of the Agreement, are in the vital and best interests of Agency, City and the health, safety, morals, and welfare of its residents and in accord with the public purposes and provisions of applicable federal, state and local laws and requirements under which the Project and this development have been undertaken and assisted.

City, Agency and Developer acknowledge that Site is a severely blighted area in need of redevelopment. In order to remove the conditions of blight and prevent blighted conditions from increasing, certain improvements to Site need to be made, including but not limited to the removal of dilapidated buildings and the repair or removal or replacement of dilapidated or inadequate infrastructure, including but not limited to streets, alleys, curbs, gutters and sidewalks.

[' 102] The Redevelopment Plan

The Redevelopment Plan for the Project was approved and adopted by the City Council of the City of Taft by **Ordinance No. 522** on July 15, 1986, and was amended by **Ordinance Number 619-94** on October 18, 1994. This Agreement shall be subject to the provisions of the Redevelopment Plan as amended which is incorporated herein by this reference and made a part hereof as though fully set forth herein.

[' 103] **The Project Area**

The "Project Area" is located in the City of Taft, California, the exact boundaries of which are specifically described in the Redevelopment Plan and in an instrument recorded as **Document No. 007318 of the Official Records of Kern County of the State of California**, which instruments are incorporated herein by reference and made a part hereof.

VIII. [' 800] TIME FOR ACCEPTANCE OF AGREEMENT BY CITY

This Agreement, when executed by the Developer and delivered to City, must be authorized, executed and delivered by City within forty-five (45) days after the date of signature by Developer or this Agreement may be terminated by Developer on written notice to City.

CITY OF TAFT

DATED: 8/9/11

By: _____
Mayor

APPROVED AS TO FORM:

_____
DAVID PRENTICE, City Attorney

ATTEST:

_____
Louise Hudgens, City Clerk

By: N/A

SUNSET RAILS, LLC.

DATED: 8/10/11

By: _____
GEARY COATS

c:files\Taft\dda\paseo.dda

Attachment E

SUMMARY OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE

Filed for the July 1, 2013 to December 31, 2013 Period

Name of Successor Agency: **TAFT (KERN)**

Outstanding Debt or Obligation		Total
	Total Outstanding Debt or Obligation	$8,540,192

Current Period Outstanding Debt or Obligation		Six-Month Total
A	Available Revenues Other Than Anticipated RPTTF Funding	$0
B	Enforceable Obligations Funded with RPTTF	$366,190
C	Administrative Allowance Funded with RPTTF	$125,000
D	Total RPTTF Funded (B + C = D)	$491,190
E	Total Current Period Outstanding Debt or Obligation (A + B + C = E) *Should be same amount as ROPS form six-month total*	$491,190
F	Enter Total Six-Month Anticipated RPTTF Funding	$180,930
G	Variance (F - D = G) *Maximum RPTTF Allowable should not exceed Total Anticipated RPTTF Funding*	($310,260)

Prior Period (July 1, 2012 through December 31, 2012) Estimated vs. Actual Payments (as required in HSC section 34186 (a))		
H	Enter Estimated Obligations Funded by RPTTF *(lesser of Finance's approved RPTTF amount including admin allowance or the actual amount distributed)*	$140,671
I	Enter Actual Obligations Paid with RPTTF	$107,000
J	Enter Actual Administrative Expenses Paid with RPTTF	$78,575
K	Adjustment to Redevelopment Obligation Retirement Fund (H - (I + J) = K)	$0
L	Adjustment to RPTTF (D - K = L)	$491,190

Certification of Oversight Board Chairman:

Pursuant to Section 34177(m) of the Health and Safety code, I hereby certify that the above is a true and accurate Recognized Obligation Payment Schedule for the above named agency.

Name

Title

/s/

Signature

Date

Attachment F

City of Taft
Successor Agency
Assets Listing Other Funds
June 30, 2012

			Restricted Description
Cash		$ 148,638.00	On July 1, 2012 owe interest payment on Bond Debt of $107,300, along with operation expenses
Cash with Fiscal Agent		$ 475,791.00	1998 Revenue Refunding Bonds required reserve
Accrued Interest Receivable		$ 4,283.00	Will be used toward bond payment, amount is held at the trustee's (U. S. Bank)
Capital Assets			
Police Department	$ 694,879.10		City Police Department
Land (Industrial Park Landscape Easement)	$ 111,932.02		
Land (Union Pacific Rail Property) various parcels	$ 168,127.41		Restricted by a DDA that was created
Land (Union Pacific Rail Property) various parcels	$ 1,418,103.73		April 6, 2010.
Industrial Park Infrastructure	$ 82,614.58		Curb and gutters, sewer lines, etc.
Industrial Park Infrastructure Phase II	$ 139,084.67		
Total Capital Assets		$ 2,614,741.51	
Total Assets		$ 3,243,453.51	

Name of Redevelopment Agency: CITY OF TAFT AS SUCCESSOR REDEVELOPMENT AGENCY

Project Area(s): RDA Project Area #1

DRAFT RECOGNIZED OBLIGATION PAYMENT SCHEDULE *
Per AB 26 - Section 34177 (*)

	Project Name / Debt Obligation	Payee	Description	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2012-2013**	Funding Source**	Payable from the Redevelopment Property Tax Tax Fund (RPTIF) Payments by month						
								July 2012	Aug 2012	Sept 2012	Oct 2012	Nov 2012	Dec 2012	Total
1)	1998 Revenue Bond	US Bank	Bonds issued to fund non-housing projects	Project No.1	8,501,050.00	359,600.00	RPTTF	107,300.00					252,300.00	$ 359,600.00
2)	Loan Agreement	City of Taft ***VV	SERAF Loan	Project No.1	347,200.00	347,200.00	RPTTF						0.00	$ -
3)	Financial Audit - Contract	Moss, Levy, and Hartzheim	FY 2012 Audit expense	Project No.1	6,500.00	6,500.00	RPTTF						6,500.00	$ 6,500.00
4)	Property Tax Admin Fee	County of Kern	Fees charged by County to collect tax	Project No.1	4,708.00	4,708.00	RPTTF	392.33	392.33	392.33	392.33	392.33	392.33	$ 2,353.98
5)	Legal Council -	Law Office of Merlin D. Koczanowicz	Legal Council for Oversight Board	Project No.1	15,000.00	15,000.00	RPTTF	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	$ 7,500.00
6)	Trustee Fees	US Bank	Trustee Fees	Project No.1	62,890.00	4,600.00	RPTTF						4,600.00	$ 4,600.00
7)	Loan Agreement	City of Taft ***V	Purchase Property & Operating Expenses I	Project No.1	2,868,342.00	2,868,342.00	RPTTF						0.00	$ -
8)														$ -
9)														$ -
10)														$ -
11)														$ -
12)														$ -
13)														$ -
14)														$ -
15)														$ -
16)														$ -
17)														$ -
18)														$ -
19)														$ -
20)														$ -
21)														$ -
22)														$ -
23)														$ -
24)														$ -
25)														$ -
26)														$ -
27)														$ -
28)														$ -
29)														$ -
30)														$ -
31)														$ -
32)														$ -
	Totals - This Page (RPTIF Funding)				$ 9,805,670.00	$ 3,605,950.00	N/A	$ 109,942.33	$ 1,642.33	$ 1,642.33	$ 1,642.33	$ 1,642.33	$ 265,042.33	$ 380,553.98
	Totals - Page 2 (Other Funding)				$ -	$ -	N/A	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Totals - Page 3 (Administrative Cost Allowance)				$ 244,463.00	$ 244,463.00	N/A	$ 20,373.59	$ 20,373.59	$ 20,373.59	$ 20,373.59	$ 20,373.59	$ 20,373.59	$ 122,241.54
	Totals - Page 4 (Pass Thru Payments)				$ -	$ -	N/A	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Grand total - All Pages				$ 10,050,133.00	$ 3,850,413.00		$ 129,315.92	$ 22,015.92	$ 22,015.92	$ 22,015.92	$ 22,015.92	$ 285,415.92	$ 502,795.52

* The Preliminary Draft Recognized Obligation Payment Schedule (ROPS) is to be completed by 3/1/2012 by the successor agency, and subsequently be approved by the oversight board and audited by the County.

** All totals due during fiscal year and payment amounts are projected.

*** Funding sources from the successor agency: (For fiscal 2011-12 only, references to RPTTF could also mean tax increment allocated to the Agency prior to February 1 2012.)

RPTTF - Redevelopment Property Tax Trust Fund — Bonds - Bond proceeds — Other - reserves, rents, interest earnings, etc

LMIHF - Low and Moderate Income Housing Fund — Admin - Successor Agency Administrative Allowance

City of Taft ***VV Department of Finance found this amount to be an enforceable obligation in the letter dated April 27 2012

City of Taft ***V ($2,868,342.00) This obligation was disallowed by the Department of Finance and not considered an Enforceable Obligation under HSC section 34171(d). City of Taft in and for itself and in its role as a Successor Agency to the Taft Redevelopment Agency objects to this determination as the obligation was created by a valid contract between two entities. City and SA reserve their rights to pursue collection of this debt at such time as there is either a legislative change in the existing law a judicial determination that this section is an unlawful impairment of contract or otherwise invalid under the law determination or other circumstance which would mandate that State recognize this loan as an EO

Name of Redevelopment Agency: CITY OF TAFT AS SUCCESSOR REDEVELOPMENT AGENCY

Project Area(s): RDA Project Area #1

DRAFT RECOGNIZED OBLIGATION PAYMENT SCHEDULE
Per AB 26 - Section 34177 (*)

	Project Name / Debt Obligation	Payee	Description	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2011-2012**	Funding Source ***	Payable from Other Revenue Sources: Payments by month						
								July 2012	Aug 2012	Sept 2012	Oct 2012	Nov 2012	Dec 2012	Total
1)	NONE													$ -
2)														$ -
3)														$ -
4)														$ -
5)														$ -
6)														$ -
7)														$ -
8)														$ -
9)														$ -
10)														$ -
11)														$ -
12)														$ -
13)														$ -
14)														$ -
15)														$ -
16)														$ -
17)														$ -
18)														$ -
19)														$ -
20)														$ -
21)														$ -
22)														$ -
23)														$ -
24)														$ -
25)														$ -
26)														$ -
27)														$ -
28)														$ -
29)														$ -
30)														$ -
31)														$ -
32)														$ -
33)														$ -
	Totals - LMHF				$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Totals - Bonds				$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$0.00
	Totals - Other				$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$0.00
	Grand total - This Page				$ -	$ -		$ -	$ -	$ -	$ -	$ -	$ -	$ -

* The Preliminary Draft Recognized Obligation Payment Schedule (ROPS) is to be completed by 3/1/2012 by the successor agency, and subsequently be approved by the oversight board and audited by the County.

** All total due during fiscal year and payment amounts are projected.

*** Funding sources from the successor agency: (For fiscal 2011-12 only, references to RPTTF could also mean tax increment allocated to the Agency prior to February 1 2012.)

RPTTF - Redevelopment Property Tax Trust Fund
LMHF - Low and Moderate Income Housing Fund
Bonds - Bond proceeds
Admin - Successor Agency Administrative Allowance
Other - reserves rents interest earnings etc

Name of Redevelopment Agency: CITY OF TAFT AS SUCCESSOR REDEVELOPMENT AGENCY

Project Area(s) RDA Project Area #1

DRAFT RECOGNIZED OBLIGATION PAYMENT SCHEDULE
Per AB 26 - Section 34177 (*)

	Project Name / Debt Obligation	Payee	Description	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2011-2012**	Funding Source ***	Payable from the Administrative Allowance Allocation — Payments by month						
								July 2012	Aug 2012	Sept 2012	Oct 2012	Nov 2012	Dec 2012	Total
1)	Employee Costs	City of Taft	Payroll Costs	Project Area #1	157,691.00	157,691.00	Admin	13,140.92	13,140.92	13,140.92	13,140.92	13,140.92	13,140.92	$ 78,845.52
2)	Other Admin Costs	City of Taft	Administrative Costs	Project Area #1	86,792.00	86,792.00	Admin	7,232.67	7,232.67	7,232.67	7,232.67	7,232.67	7,232.67	$ 43,396.02
3)														$ -
4)														$ -
5)														$ -
6)														$ -
7)														$ -
8)														$ -
9)														$ -
10)														$ -
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12)														$ -
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16)														$ -
17)														$ -
18)														$ -
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														$ -
	Totals - This Page				$ 244,483.00	$ 244,483.00		$ 20,373.59	$ 20,373.59	$ 20,373.59	$ 20,373.59	$ 20,373.59	$ 20,373.59	$ 122,241.54

* The Preliminary Draft Recognized Obligation Payment Schedule (ROPS) is to be completed by 3/1/2012 by the successor agency, and subsequently be approved by the oversight board and audited by the County.

** All total due during fiscal year and payment amounts are projected.

*** Funding sources from the successor agency: (For fiscal 2011-12 only, references to RPTTF could also mean tax increment allocated to the Agency prior to February 1 2012)

RPTTF - Redevelopment Property Tax Trust Fund
LMIHF - Low and Moderate Income Housing Fund
Bonds - Bond proceeds
Admin - Successor Agency Administrative Allowance
Other - reserves rents interest earnings etc

Name of Redevelopment Agency:

Project Area(s): RDA Project Area All

OTHER OBLIGATION PAYMENT SCHEDULE
Per AB 26 - Section 34177 (*)

	Project Name / Debt Obligation	Payee	Description	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2011-2012**	Source of Fund***	Pass Through and Other Payments Payments by month: July 2012	Aug 2012	Sept 2012	Oct 2012	Nov 2012	Dec 2012	Total
1)														$ -
2)														$ -
3)														$ -
4)														$ -
5)														$ -
6)														$ -
7)														$ -
8)														$ -
9)														$ -
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														$ -
														$ -
														$ -
	Totals - Other Obligations				$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

* The Preliminary Draft Recognized Obligation Payment Schedule (ROPS) is to be completed by 3/1/2012 by the successor agency and subsequently be approved by the oversight board and audited by the County

** All total due during fiscal year and payment amounts are projected.

*** Funding sources from the successor agency: (For fiscal 2011-12 only, references to RPTTF could also mean tax increment allocated to the Agency prior to February 1 2012.)

RPTTF - Redevelopment Property Tax Trust Fund
LMIHF - Low and Moderate Income Housing Fund
Bonds - Bond proceeds
Admin - Successor Agency Administrative Allowance
Other - reserves rents Interest earnings etc

Attachment G

SUMMARY OF BALANCES AVAILABLE FOR ALLOCATION TO AFFECTED TAXING ENTITIES

Total amount of assets held by the successor agency as of June 30, 2012 (procedure 5)	$ 3,243,454	
Add the amount of any assets transferred to the city or other parties for which an enforceable obligation with a third party requiring such transfer and obligating the use of the transferred assets did not exist (procedures 2 and 3)	-	
Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments (procedure 6)	(475,791)	
Less assets that are not cash or cash equivalents (e.g., physical assets) - (procedure 7) See attachment B.	(2,614,742)	
Less balances that are legally restricted for the funding of an enforceable (procedure 8)	(502,795)	(a)
Less balances needed to satisfy ROPS for the 2012-13 fiscal year (procedure 9)	(310,260)	(b)
Less the amount of payments made on July 12, 2012 to the County Auditor-Controller as directed by the California Department of Finance	-	
Amount to be remitted to county for disbursement to taxing entities	$ (0)	(c)

Note that separate computations are required for the Low and Moderate Income Housing Fund held by the Successor Agency and for all other funds held by the Successor Agency.

NOTES: For each line shown above, an exhibit should be attached showing the composition of the summarized amount.

If the review finds that there are insufficient funds available to provide the full amount due, the cause of the insufficiency should be demonstrated in a separate schedule.

(a) This is based on the ROPS from July 2012 to December 31, 2012. Note that all costs of the ROPS are included on this schedule. All administrative costs are listed on this schedule. See attachment F for this ROPS schedule.

(b) This is based on Attachment E and Procedure 9.

(c) This schedule is negative but stops at zero.

(d) The Successor Agency has a loan to repay the City which is not listed on this schedule as repayment is subject to approval by a State agency. See Attachment B and H.

Attachment H

City Loaned Funds

	Dated		Revised Notes	
Note #16	***June 30, 2008***	$ 308,838.64	$ 308,838.64	Purchased of Property
Note #17	***January 1, 2009***	$ 1,420,831.86	$ 1,420,831.86	Purchased of Property
Note #18	***January 1, 2009***	$ 168,127.41	$ 168,127.41	Purchased of Property
Note #20	***June 30, 2009***	$ 50,000.00	$ 50,000.00	Loan funds for SERAF payment
Note #21	***July 1, 2009***	$ 260,000.00	$ 260,000.00	Loan funds for SERAF payment and operation expense
Note #23	***July 1, 2010***	$ 250,000.00	$ 250,000.00	Loan funds for operation expense
Total		$ 2,457,797.91	$ 2,457,797.91	

Interest Charged on Loaned Funds

Note #19 (Interest on #16, 17, & 18)	***June 30, 2009***	$ 37,060.64	$ 9,604.88	Interest on Note 16
Note #19 (Interest on #16, 17, & 18)	***June 30, 2009***	$ 85,249.91	$ 18,044.56	Interest on Note 17
Note #19 (Interest on #16, 17, & 18)	***June 30, 2009***	$ 10,087.64	$ 2,135.22	Interest on Note 18
Note #22 (Interest on #19, 20, & 21)	***June 30, 2010***	$ 243,623.53	$ 29,106.50	Interest on Note 19
Note #22 (Interest on #19, 20, & 21)	***June 30, 2010***	$ 6,000.00	$ 755.00	Interest on Note 20
Note #22 (Interest on #19, 20, & 21)	***June 30, 2010***	$ 31,200.00	$ 3,926.00	Interest on Note 21
Note #24 and 25 (Interest on #22 & 23)	***June 30, 2011***	$ 314,522.36	$ 12,719.67	Interest on Note 22
Note #24 and 25 (Interest on #22 & 23)	***June 30, 2011***	$ 30,000.00	$ 1,400.00	Interest on Note 23
Total		$ 757,744.08	$ 77,691.83	

	Principal	$ 2,457,797.91	$ 2,457,797.91
	Interest	$ 757,744.08	$ 77,691.83
*****	***Balance on Note # 24 & 25***	$ 3,215,541.99	$ 2,535,489.74
***	Approved Enforceable Obligation Amount	$ 347,200.00	$ 347,200.00
	Balance due to the City of Taft awaiting approval from DOF	$ 2,868,341.99	$ 2,188,289.74
	Decrease in amount from adjusting interest rate	$ (680,052.25)	

*** Department of Finance determined $347,200 to be enforceable obligation, see DOF letter dated May 30, 2012

***** Notes #24 and 25 are the same, but per Council's request Note #25 was created and the effect interest rate was lowered.

DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

May 30, 2012

Teresa Binkley, Finance Director
City of Taft
209 East Kern Street
Taft, CA 93238

Dear Ms. Binkley:

Subject: Recognized Obligation Payment Schedule Approval Letter

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Taft Successor Agency was required to submit a Recognized Obligation Payment Schedule (ROPS) that has been approved by your oversight board to the California Department of Finance (Finance). Our records indicate that Finance has not received the ROPS for the July to December 2012 ROPS period to date.

Since all distributions from the Redevelopment Property Tax Trust Fund (RPTTF) are required by law to be made on June 1, 2012 covering obligations for July 2012 through December 2012, as well as adjusting for property tax funding needs for the January 2012 through June 2012 period, there is no basis on which your agency can receive property tax revenue for that period. The law also provides that after July 1, 2012, no payments can be made without an approved ROPS. Therefore we urge you to adopt a ROPS as soon as possible to allow spending of existing reserves and other revenues available to you.

January to June 2012 Review Results

HSC section 34171 (d) lists enforceable obligation (EO) characteristics. Based on our application of the law, the following item does not qualify as an EO:

> Line 3 for $2.8 million is a loan from the City. HSC section 34171 (d) (2) states that agreements between the City and former redevelopment agency are not enforceable obligations. The denied amount of $347,200 was deducted from the original agreement amount as it was found to be an enforceable obligation.

Sincerely,

Mark Hill

MARK HILL
Program Budget Manager

cc: Ms. Ann K. Barnett, Auditor-Controller, Kern County

Attachment I

Cash Flow FYE JUNE 30 2011	Operation Fund 65	Low / Mod Fund Fund 66	Debt SVR Fund Fund 67	Long Term Debt Fund 68
Cash Received				
Cash from Operations				
Property Tax	0.00	95,871.45	497,428.80	0.00
Debt Proceeds/City of Taft	250,000.00	0.00	0.00	0.00
Other income	49,699.98	9,790.68	9,546.91	0.00
Additional Cash Received				
Prior Yr's unsec/sec property tax	0.00	307.50	1,229.98	0.00
Property tax admin fees	0.00	(1,177.00)	(4,708.00)	0.00
Interest/penalty pr yrs	0.00	38.38	153.51	0.00
Teerer buyout	0.00	0.00	0.00	0.00
Prin pymt 98 Rev Bond frm ***Fund 66***	0.00	0.00	27,000.00	0.00
Interest pymt 98 Rev Bond frm ***Fund 66***	0.00	0.00	45,918.00	0.00
Pass thru to other agencies	0.00	0.00	(8,462.00)	0.00
Interest income 98 Rev Bond	0.00	0.00	3.69	0.00
Transfer in frm ***Fund 67***	0.00			
	80,000.00			
Increase in Debt				
Loan from City of Taft				250,000.00
Accrued Interest on City Loan Note #22				344,522.36
Total revenue	379,699.98	104,831.01	568,110.89	594,522.36
Expenditures				
Current				
Expenditures from Operations				
Personnel cost including benefits	166,552.64	0.00	25,923.63	0.00
Operating expense	182,168.87	7,057.78	41,929.77	0.00
ERAF Payment to Kern County	0.00		0.00	
Supplem. ERAF to Kern County	26,362.00		0.00	
Debt Service				
City of Taft Loan/Purchase propert RDA	0.00	0.00	0.00	0.00
98 Rev Bond Prin Pymt to ***Fund 67***	0.00	27,000.00		0.00
98 Rev Bond Interest Pymt to ***Fund 67***	0.00	45,918.00		0.00
Trustee Fees 98 Rev Bond	0.00	0.00	4,600.00	0.00
Bond Arbtrg rebate Analysis	0.00	0.00	2,300.00	0.00
Principal pymt 98 Rev Bond			135,000.00	0.00
Interest pymt 98 Rev Bond			229,590.00	0.00
Transfer out to ***Fund 65***			80,000.00	
Decrease in Debt				
98 Revenue Bond Principal Pymt				135,000.00
Capital outlay				
Land Acquistion	0.00	0.00	0.00	0.00
Bill Payments	0.00	0.00	0.00	0.00
Total expenditures	375,083.51	79,975.78	519,343.40	135,000.00
Excess (deficiency) of revenues over (under) expenditures	4,616.47	24,855.23	48,767.49	459,522.36
Fund balances -- beginning	20,251.82	591,212.29	893,888.96	6,596,019.63
Fund balances -- ending	24,868.29	616,067.52	942,656.45	7,055,541.99 *

Portion Held by Trustee $479,640.77

Amount available for spending $463,015.68

* Balance does not include interest due on the 1998 Revenue Bond

Cash Flow Period ending Jan 31, 2012	Operation Fund 65	Low / Mod Fund Fund 66	Debt SVR Fund Fund 67	Long Term Debt Fund 68
Cash Received				
Cash from Operations				
Property Tax	0.00	46,862.11	180,877.34	0.00
Debt Proceeds/City of Taft	0.00	0.00	0.00	0.00
Other income	38,016.84	3,359.21	3,003.17	0.00
Additional Cash Received				
Prior Yr's unsec/sec property tax	0.00	(8,649.48)	(34,597.92)	0.00
Property tax admin fees	0.00	0.00	0.00	0.00
Interest/penalty pr yrs	0.00	12.12	48.45	0.00
Teerer buyout	0.00	1,897.12	7,588.46	0.00
Prin pymt 98 Rev Bond frm ***Fund 66***	0.00	0.00	15,750.00	0.00
Interest pymt 98 Rev Bond frm ***Fund 66***	0.00	0.00	26,785.50	0.00
Pass thru to other agencies	0.00	0.00	(6,571.00)	0.00
Interest income 98 Rev Bond	0.00	0.00	847.79	0.00
Transfer in frm ***Fund 67***	0.00			
	0.00			
Increase in Debt				
Loan from City of Taft				0.00
Accrued Interest on City Loan Note #22				0.00
Total revenue	38,016.84	43,481.08	193,731.79	0.00
Expenditures				
Current				
Expenditures from Operations				
Personnel cost including benefits	92,402.99	0.00	14,567.24	0.00
Operating expense	28,043.54	3,753.91	26,833.63	0.00
ERAF Payment to Kern County	0.00		0.00	
Supplem. ERAF to Kern County	0.00		0.00	
Debt Service				
City of Taft Loan/Purchase propert RDA	0.00	0.00	0.00	0.00
98 Rev Bond Prin Pymt to ***Fund 67***	0.00	15,750.00		0.00
98 Rev Bond Interest Pymt to ***Fund 67***	0.00	26,785.50		0.00
Trustee Fees 98 Rev Bond	0.00	0.00	4,600.00	0.00
Bond Arbtrg rebate Analysis	0.00	0.00	2,250.00	0.00
Principal pymt 98 Rev Bond			140,000.00	0.00
Interest pymt 98 Rev Bond			222,300.00	0.00
Transfer out to ***Fund 65***			0.00	
Decrease in Debt				
98 Revenue Bond Principal Pymt				140,000.00
Capital outlay				
Land Acquistion	0.00	0.00	0.00	0.00
Bill Payments	0.00	0.00	0.00	0.00
Total expenditures	120,446.53	46,289.41	410,550.87	140,000.00
Excess (deficiency) of revenues over (under) expenditures	(82,429.69)	(2,808.33)	(216,819.08)	(140,000.00)
Fund balances -- beginning	24,868.29	616,067.52	942,656.45	7,055,541.99
Fund balances -- ending	(57,561.40)	613,259.19	725,837.37	6,915,541.99 *

Portion Held by Trustee	$368,490.77
Amount available for spending	$357,346.60

* Balance does not include interest due on the 1998 Revenue Bond

Cash Flow FYE JUNE 30 2012	Operation Fund 65	Low / Mod Fund Fund 66	Debt SVR Fund Fund 67	Long Term Debt Fund 68
Cash Received				
Cash from Operations				
Property Tax	0.00	0.00	0.00	0.00
Debt Proceeds/City of Taft	0.00	0.00	0.00	0.00
Other income	142.76	4,186.67	2,436.71	0.00
Additional Cash Received				
Prior Yr's unsec/sec property tax	0.00	0.00	0.00	0.00
Property tax admin fees	0.00	0.00	0.00	0.00
Interest/penalty pr yrs	0.00	0.00	0.00	0.00
Teerer buyout	0.00	0.00	0.00	0.00
Prin pymt 98 Rev Bond frm ***Fund 66***	0.00	0.00	11,250.00	0.00
Interest pymt 98 Rev Bond frm ***Fund 66***	0.00	0.00	17,674.50	0.00
Pass thru to other agencies	0.00	0.00	2,766.78	0.00
Interest income 98 Rev Bond	0.00	0.00	0.00	0.00
Transfer in frm ***Fund 67***	200,000.00			
	0.00			
Increase in Debt				
Loan from City of Taft				0.00
Accrued Interest on City Loan Note #22				0.00
Total revenue	200,142.76	4,186.67	34,127.99	0.00
Expenditures				
Current				
Expenditures from Operations				
Personnel cost including benefits	66,567.25	0.00	3,734.42	0.00
Operating expense	22,512.17	3,470.44	17,937.01	0.00
ERAF Payment to Kern County	0.00		0.00	
Supplem. ERAF to Kern County	0.00		(26,336.00)	
Debt Service				
City of Taft Loan/Purchase propert RDA	0.00	0.00	0.00	0.00
98 Rev Bond Prin Pymt to ***Fund 67***	0.00	11,250.00		0.00
98 Rev Bond Interest Pymt to ***Fund 67***	0.00	17,674.50		0.00
Trustee Fees 98 Rev Bond	0.00	0.00	0.00	0.00
Bond Arbtrg rebate Analysis	0.00	0.00	0.00	0.00
Principal pymt 98 Rev Bond			0.00	0.00
Interest pymt 98 Rev Bond			0.00	0.00
Transfer out to ***Fund 65***			200,000.00	
Decrease in Debt				
98 Revenue Bond Principal Pymt				0.00
Capital outlay				
Land Acquistion	0.00	0.00	0.00	0.00
Bill Payments	0.00	0.00	0.00	0.00
Total expenditures	89,079.42	32,394.94	195,335.43	0.00
Excess (deficiency) of revenues over (under) expenditures	111,063.34	(28,208.27)	(161,207.44)	0.00
Fund balances -- beginning	(57,561.40)	613,259.19	725,837.37	6,915,541.99
Fund balances -- ending	53,501.94	585,050.92	564,629.93	6,915,541.99 *

Portion Held by Trustee $475,791.19

Amount available for spending $88,838.74

* Balance does not include interest due on the 1998 Revenue Bond

Cash Flow FYE JUNE 30 2013, ESTIMATED	Operation Fund 65	Low/ Mod Fund Fund 66	Debt SVR Fund Fund 67	Long Term Debt Fund 68
Cash Received				
Cash from Operations				
Property Tax	0.00	0.00	370,774.87	0.00
Debt Proceeds/City of Taft	0.00	0.00	0.00	0.00
Other Income	81.17	2,348.43	644.25	0.00
Additional Cash Received				
Prior Yr's unsec/sec property tax	0.00	0.00	0.00	0.00
Property tax admin fees	0.00	0.00	0.00	0.00
Interest/penalty pr yrs	0.00	0.00	0.00	0.00
Teerer buyout	0.00	0.00	0.00	0.00
Prin pymt 98 Rev Bond frm ***Fund 66***	0.00	0.00	28,000.00	0.00
Interest pymt 98 Rev Bond frm ***Fund 66***	0.00	0.00	42,920.00	0.00
Pass thru to other agencies	0.00	0.00	0.00	0.00
Interest income 98 Rev Bond	0.00	0.00	2,288.64	0.00
Transfer in frm ***Fund 67***	90,000.00			
	0.00			
Increase in Debt				
Loan from City of Taft				0.00
Accrued Interest on City Loan Note #22				0.00
Total revenue	90,081.17	2,348.43	444,627.76	0.00
Expenditures				
Current				
Expenditures from Operations				
Personnel cost including benefits	120,821.25	0.00	26,823.96	0.00
Operating expense	22,553.45	4,875.52	59,969.53	0.00
ERAF Payment to Kern County	0.00		0.00	
Supplem. ERAF to Kern County	0.00		0.00	
Debt Service				
City of Taft Loan/Purchase propert RDA	0.00	0.00	0.00	0.00
98 Rev Bond Prin Pymt to ***Fund 67***	0.00	28,000.00		0.00
98 Rev Bond Interest Pymt to ***Fund 67***	0.00	42,920.00		0.00
Trustee Fees 98 Rev Bond	0.00	0.00	4,600.00	0.00
Bond Arbtrg rebate Analysis	0.00	0.00	2,250.00	0.00
Principal pymt 98 Rev Bond			145,000.00	0.00
Interest pymt 98 Rev Bond			214,600.00	0.00
Transfer out to ***Fund 65***			90,000.00	
Decrease in Debt				
98 Revenue Bond Principal Pymt				145,000.00
Capital outlay				
Land Acquistion	0.00	0.00	0.00	0.00
Bill Payments	0.00	0.00	0.00	0.00
Total expenditures	143,374.70	75,795.52	543,243.49	145,000.00
Excess (deficiency) of revenues over (under) expenditures	(53,293.53)	(73,447.09)	(98,615.73)	(145,000.00)
Fund balances -- beginning	53,501.94	585,050.92	564,629.93	6,915,541.99
Fund balances -- ending	208.41	511,603.83	466,014.20	6,770,541.99 *
Portion Held by Trustee			$370,866.23	
Amount available for spending			$95,147.97	

* Balance does not include interest due on the 1998 Revenue Bond

Cash Flow FYE JUNE 30 2014-- ESTIMATED based on ROPS 13-14A	Operation Fund 65	Low / Mod Fund Fund 66	Debt SVR Fund *with* Low/Mod funds Fund 67		Debt SVR Fund *without* using Low/Mod funds Fund 67	
Cash Received						
Cash from Operations						
Property Tax	0.00	0.00	369,097.88	****	369,097.88	****
Debt Proceeds/City of Taft	0.00	0.00	0.00		0.00	
Other income	81.17	1,761.00	483.19		483.19	
Additional Cash Received						
Prior Yr's unsec/sec property tax	0.00	0.00	0.00		0.00	
Property tax admin fees	0.00	0.00	0.00		0.00	
Interest/penalty pr yrs	0.00	0.00	0.00		0.00	
Teerer buyout	0.00	0.00	0.00		0.00	
Prin pymt 98 Rev Bond frm ***Fund 66***	0.00	0.00	32,000.00		0.00	
Interest pymt 98 Rev Bond frm ***Fund 66***	0.00	0.00	41,238.00		0.00	
Pass thru to other agencies	0.00	0.00	0.00		0.00	
Interest income 98 Rev Bond	0.00	0.00	1,716.48		1,716.48	
Transfer in frm ***Fund 67***	0.00					
	89,000.00					
Increase in Debt						
Loan from City of Taft						
Accrued Interest on City Loan Note #22						
Total revenue	89,081.17	1,761.00	444,535.55		371,297.55	
Expenditures						
Current						
Expenditures from Operations						
Personnel cost including benefits	71,829.03	0.00	13,540.22		13,540.22	
Operating expense	17,460.56	0.00	59,969.53		59,969.53	
ERAF Payment to Kern County	0.00		0.00		0.00	
Supplem. ERAF to Kern County	0.00		0.00		0.00	
Debt Service						
City of Taft Loan/Purchase propert RDA	0.00	0.00	0.00		0.00	
98 Rev Bond Prin Pymt to ***Fund 67***	0.00	32,000.00				
98 Rev Bond Interest Pymt to ***Fund 67***	0.00	41,238.00				
Trustee Fees 98 Rev Bond	0.00	0.00	4,600.00		4,600.00	
Bond Arbtrg rebate Analysis	0.00	0.00	2,250.00		2,250.00	
Principal pymt 98 Rev Bond			160,000.00		160,000.00	
Interest pymt 98 Rev Bond			206,190.00		206,190.00	
Transfer out to ***Fund 65***			89,000.00		89,000.00	
Decrease in Debt						
98 Revenue Bond Principal Pymt						
Total expenditures	89,289.59	73,238.00	535,549.75		535,549.75	
Excess (deficiency) of revenues over (under) expenditures	(208.41)	(71,477.00)	(91,014.20)		(164,252.20)	
Fund balances -- beginning	208.41	511,603.83	466,014.20		466,014.20	
Fund balances -- ending	0.00	440,126.83	375,000.00		301,762.00	
Portion Held by Trustee			$375,000.00	***	$375,000.00	***
Amount available for spending			$0.00	**	($73,238.00)	*****

* Balance does not include interest on the 1998 Revenue Bond

** If any available funds, these funds needs to be retained for Bond interest payment due on July 1 and other operating expense due prior to property tax funds received.

*** Amount may be less then or greater depending on market value.

**** Amount is based on Hdl 2012-2013 projection plus 2% growth factor

***** The City of Taft would have to consider making a loan to meet all the obligations of the Successor Agency, beginning this Fiscal year and there after until the bond debt is paid (2028), if the Successor Agency is not allowed to retain the Low / Mod Housing Funds.
Also per the Loan Agreement between the Taft Financing Authority and the Taft Community Development Agency all tax increment was obligated to pay the bond debt.

This is only a projection (estimate) and is not intented to be used for any other purpose.

	Low / Mod Fund **Fund 66**
Beginning July 1, 2014	440,126.83
98 Rev Bond Prin Pymt to ***Fund 67***	-33,000.00
98 Rev Bond Interest Pymt to ***Fund 67***	-39,382.00
Ending Balance June 30, 2015	367,744.83
Beginning July 1, 2015	367,744.83
98 Rev Bond Prin Pymt to ***Fund 67***	-35,000.00
98 Rev Bond Interest Pymt to ***Fund 67***	-37,468.00
Ending Balance June 30, 2016	295,276.83
Beginning July 1, 2016	295,276.83
98 Rev Bond Prin Pymt to ***Fund 67***	-36,000.00
98 Rev Bond Interest Pymt to ***Fund 67***	-35,438.00
Ending Balance June 30, 2017	223,838.83
Beginning July 1, 2017	223,838.83
98 Rev Bond Prin Pymt to ***Fund 67***	-39,000.00
98 Rev Bond Interest Pymt to ***Fund 67***	-33,350.00
Ending Balance June 30, 2018	151,488.83
Beginning July 1, 2018	151,488.83
98 Rev Bond Prin Pymt to ***Fund 67***	-41,000.00
98 Rev Bond Interest Pymt to ***Fund 67***	-31,088.00
Ending Balance June 30, 2019	79,400.83
Beginning July 1, 2019	79,400.83
98 Rev Bond Prin Pymt to ***Fund 67***	-44,000.00
98 Rev Bond Interest Pymt to ***Fund 67***	-28,710.00
Ending Balance June 30, 2020	6,690.83

This schedule does not take into account any interest earned

Funds will be depleted in Fiscal year 2020-2021

Attachment J

NEW ISSUE-- BOOK-ENTRY ONLY NOT RATED

In the opinion of McFarlin & Anderson, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds received by the owners of the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. The Authority has designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986. See "TAX EXEMPTION" and "BANK QUALIFIED" herein.

$5,060,000
TAFT PUBLIC FINANCING AUTHORITY
1998 REVENUE REFUNDING BONDS
(POLICE STATION AND REDEVELOPMENT PROJECTS)
(Bank Qualified)

Dated: Date of Delivery Due: January 1, as shown on the inside front cover hereof

The Bonds will be issued as fully registered bonds in book-entry form only, initially registered in the name of Cede & Co., New York, New York, as nominee of The Depository Trust Company ("DTC"), New York, New York. Purchasers will not receive certificates representing their interest in the Bonds. Individual purchases will be in principal amounts of $5,000 or in any integral multiples thereof. Interest on the Bonds will be payable on January 1 and July 1 of each year, commencing July 1, 1999, and principal on the Bonds will be paid by U.S. Bank Trust National Association, Los Angeles, California, as trustee (the "Trustee"), to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds.

The Bonds are being issued by the Taft Public Financing Authority (the "Authority") for the purpose of (i) refinancing in whole the Prior Bonds, (ii) paying the costs of issuing the Bonds, (iii) funding a Reserve Account for the Bonds, and (iv) making a loan (the "Loan") to the Taft Community Development Agency (the "Agency"), for the purpose of refunding certain loans from the City of Taft (the "City"), all as further described herein.

The Bonds are limited obligations of the Authority payable primarily from and secured by certain revenues (the "Revenues") consisting of the payments of principal and interest on the Loan (the "Loan Payments") pursuant to a Loan Agreement, dated as of November 1, 1998 (the "Loan Agreement"), among the Authority, the Trustee and the Agency, and certain Lease Payments by the City pursuant to an Amended and Restated Lease Agreement, dated as of November 1, 1998 (the "Lease Agreement") between the City and the Authority. The Loan Payments are limited obligations of the Agency payable solely from and secured by the Tax Revenues (defined herein) to be derived from the Taft Community Development Project No. 1 (the "Project Area") , and from the amounts on deposit in certain funds as described herein. The City has covenanted in the Lease Agreement to make all Lease Payments provided for therein, to include all such payments in its annual budgets, and to make the necessary annual appropriations for such rental payments. The City's obligations to make Lease Payments is subject to abatement in the event of damage to, destruction or condemnation of, or title defects relating to, the Site described herein. Pursuant to a Reimbursement Agreement, dated as of November 1, 1998, between the Agency and the City, the Agency has covenanted, to the extent Tax Revenues are available, to repay the City an amount equal to the Lease Payments, and to make the Lease Payments in the event such payments are otherwise subject to abatement. (See "SECURITY FOR THE BONDS—Additional Agency Payments" herein).

While the Authority has covenanted in the Indenture of Trust, dated as of November 1, 1998 (the "Indenture"), between the Authority and the Trustee, not to issue any additional obligations secured by the Revenues, the Agency may, if certain conditions are met, issue additional obligations with a lien on Tax Revenues on a parity basis with the lien of the Loan Payments (see "THE BONDS – Parity Debt" herein). Additionally, the City also has the right to incur other obligations payable from its general revenues without the consent of the Owners of the Bonds. The Revenues are to be received by the Authority and deposited pursuant to the Indenture, and the Tax Revenues are to be received by the Agency and deposited pursuant to the Loan Agreement.

The Bonds are subject to optional and mandatory redemption prior to maturity. See "THE BONDS -- Redemption" herein.

The following has served as Structuring Agent with respect to structuring the Bonds:

UNION BANK OF CALIFORNIA, N.A.

This cover page contains information for general reference only. It is not a summary of the security or terms of this issue. Investors must read the entire Official Statement, including the section entitled "RISK FACTORS," for a discussion of special factors which should be considered, in addition to the other matters set forth herein, in considering the investment quality of the Bonds. Capitalized terms used on this cover page and not otherwise defined shall have the meanings set forth herein.

THE BONDS ARE NOT A DEBT, OBLIGATION OR LIABILITY OF THE CITY, THE AGENCY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS (OTHER THAN THE AUTHORITY), NOR DO THEY CONSTITUTE A PLEDGE OF THE FAITH AND CREDIT OR THE TAXING POWER OF ANY OF THE FOREGOING . NEITHER THE AUTHORITY NOR THE AGENCY HAS ANY TAXING POWER. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

The Bonds are offered when, as and if issued and received by the Underwriter, subject to the approval of legality by McFarlin & Anderson, Lake Forest, California, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Nossaman, Guthner, Knox & Elliott, LLP, Irvine, California, and for the Authority by Gibson & Gibson, general counsel. It is expected that the Bonds, in book-entry form, will be available for delivery in New York, New York on or about December 1, 1998.

PRUDENTIAL SECURITIES INCORPORATED

Dated: November 16, 1998

rates set forth thereon. In such event, all Bondowners would forfeit a pro rata portion of interest attributable to abated Lease Payment payable during the period of abatement and, to the extent Bonds mature or are to be subject to mandatory redemption during a period of abatement, the Bondowners would forfeit a pro rata portion of principal attributable to such abated Lease Payments. **The failure to make such payments of principal and interest would not under such circumstances constitute a default under the Indenture, the Lease Agreement or the Bonds.**

Insurance

Pursuant to the Lease Agreement, the Site is also insured to the extent set forth herein under the heading "APPENDIX A - SUMMARY OF PRINCIPAL LEGAL DOCUMENTS -- Lease Agreement - Insurance" and insurance proceeds are required to be applied to the repair of the Site; or if the proceeds are insufficient to repair or replace the Site, the City may prepay the related Lease Payments and thereby cause the redemption of outstanding Bonds. The Lease Agreement permits the City to satisfy certain of its insurance requirements through a self-insurance program.

The City shall additionally maintain, use and occupancy or business interruption or rental income insurance against the perils of fire, lightning, vandalism, malicious mischief and such other perils ordinarily defined as "extended coverage" in an amount equal to the Reserve Requirement.

No assurance can be given that insurance proceeds will be adequate to avoid an interruption of Lease Payments. Under such a situation, an abatement of Lease Payments is likely to occur. See "Abatement" above.

Reserve Account

Pursuant to the Indenture, the Trustee has established a Reserve Account for the Bonds, and deposited proceeds in an amount to equal to the Reserve Requirement. (See "ESTIMATED SOURCES AND USES OF FUNDS" herein.)

No deposit need be made in the Reserve Account so long as there shall be on deposit therein a sum equal to the Reserve Requirement. All money in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of paying the Loan Payments or Lease Payments, in the event of any deficiency at any time to make such payments, or for the prepayment of all remaining Loan Payments and Lease Payments.

Low and Moderate Income Housing Requirements

Chapter 1337, Statues of 1976, added Sections 33334.2 and 33334.3 to the Act, requiring redevelopment agencies to set aside in a Low and Moderate Income Housing Fund not less than 20% of all tax increment annually derived from redevelopment project areas adopted after December 31, 1976 for the purposes of improving the community's supply of low and moderate income housing. This low and moderate income housing requirement can be reduced or eliminated if the redevelopment agency finds that (i) no need exists in the community to improve or increase the supply of low and moderate income housing; or (ii) some stated percentage less than 20% of the tax increment is sufficient to meet the housing need.

Since the Redevelopment Plan were amended after December 31, 1976, the Agency is subject to this statutory requirement. However, since the proceeds of the Prior Bonds were used to satisfy the 20% set-aside requirements, the pledge of Tax Revenues to pay Loan Payments which secure the Bonds includes the 20% set-aside relating to the refunding portion of the Bonds only.

RISK FACTORS AND LIMITATIONS ON TAX REVENUES

The following summaries do not purport to be a complete statement of all factors which may be considered as risks in evaluating the credit quality of the Bonds, and the Official Statement should be read in its entirety.

Tax Revenues

Tax Revenues allocated to the Agency which secure the Loan Payments and, to the extent available, the Lease Payments, are determined by the incremental assessed value of taxable property in the Project Area, the current rate or rates at which property in the Project Area is taxed, and the percentage of taxes collected in the Project Area. In Fiscal Year 1997/98, the assessed value of property within the Project Area totaled $46,601,184, and produced tax revenue of $306,960 (including the State In-Lieu Payments, penalties and interest). (See "SECURITY FOR THE BONDS – County Teeter Plan" above). Several types of events which are beyond the control of the Agency could occur and cause a reduction in available Tax Revenues. A reduction of taxable values of property in the Project Area caused by economic or other factors beyond the Agency's control (such as a relocation out of the Project Area by one or more major property owners, successful appeals by property owners for a reduction in a property's assessed value, a reduction in the rate of transfers of property, construction activity or other events that permit reassessment of property at lower values, or the destruction of property caused by natural or other disasters, including earthquakes) could occur, thereby causing a reduction in the Tax Revenues. This risk increases in proportion to the percent of total assessed value attributable to any single assessee in the Project Area and in relation to the concentration of property in the Project Area in terms of size or land use and the applicable tax rate. (See "PROJECT AREA DEMOGRAPHICS AND LAND USE -- General" hereunder.) Any reduction in Tax Revenues, whether for any of the foregoing or following reasons or any other reason, could have an adverse effect on the Agency's ability to meet its obligations under the Loan Agreement and the Authority's obligations under the Indenture, and the Agency's ability to pay the Loan Payments and the Authority's ability to pay principal of and interest on the Bonds.

Any reduction in the tax rate applicable to property in the Project Area, by reason of discontinuance of certain override tax levies in excess of the 1% basic levy, will reduce the related Tax Revenues available to pay the Loan Payments. Such override can be expected to decline over time until it reaches the 1% basic levy and may be discontinued at any time, which may cause a reduction in such Tax Revenues. See "PROJECT AREA DEMOGRAPHICS AND LAND USE – Tax Rates" herein for a discussion of historical tax rates within the Project Area.

Estimated Revenues

The Agency has based its projections of Tax Revenues on an assumed annual growth of 2% of secured assessed valuation and no growth of unsecured assessed valuation.