



REVISED

April 3, 2013

Mr. Tae G. Rhee, Director of Finance/City Treasurer
City of Bellflower
16600 Civic Center Drive
Bellflower, CA 90706

Dear Mr. Rhee:

Subject: Recognized Obligation Payment Schedule (ROPS)

Pursuant to Health and Safety Code (HSC) section 34177 (m), the Bellflower Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14A) to the California Department of Finance (Finance) on February 5, 2013 for the period of July through December 2013. Finance has completed its review of your ROPS 13-14A, which may have included obtaining clarification for various items.

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

- Item No. 7 – Legal Services in the amount of \$30,000. It is our understanding that \$26,000 is for general legal services and \$4,000 is for project implementation related legal services. The \$26,000 has been reclassified as administrative costs and remains as Item No. 7. The \$4,000 is an enforceable obligation and has been moved to a new line, Item No. 30.
- Item No. 19 – Cash deficit as of June 30, 2012 in the amount of \$1,045,462 does not meet the definition of an enforceable obligation. The Agency is requesting RPTTF for the unfunded obligations from the Enforceable Obligation Schedule (EOPS) and Recognized Obligation Payment Schedule (ROPS) I periods. However, it appears the County Auditor Controller distributed adequate funding to cover the ROPS I period. In addition, the Agency claims a shortfall of \$106,000 during the EOPS period. Payments during the EOPS period were limited to the amount of funding available. Therefore, this item is denied and not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.
- Item No. 29 – Cash deficit in the Agency's Housing Fund prior to the transfer of housing assets to the City in the amount of \$220,250. It is our understanding the Agency inadvertently set aside funds in the Low and Moderate Income Housing Fund (LMIHF) after June 28, 2011. Upon making adjusting entries to the account, the LMIHF showed a deficit. The cash deficit does not meet the definition of an enforceable obligation. Therefore, this item is denied and not eligible for RPTTF funding.

Except for items denied in whole or in part as enforceable obligations, Finance is not objecting to the remaining item(s) listed on your ROPS 13-14A. This determination applies only to items where funding was requested for the six month period. If you disagree with the determination with respect to any items on your ROPS 13-14A, you may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance's website below:

http://www.dof.ca.gov/redevelopment/meet_and_confer/

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is: \$1,440,366 as summarized below:

Approved RPTTF Distribution Amount	
For the period of July through December 2013	
Total RPTTF funding requested for obligations	\$ 2,651,781
Minus: Six-month total for items denied or reclassified as administrative cost	
Item 7*	26,000
Item 19	1,045,462
Item 29	220,250
Total approved RPTTF for enforceable obligations	\$ 1,360,069
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	151,000
Minus: ROPS II prior period adjustment	70,703
Total RPTTF approved for distribution:	\$ 1,440,366

*Reclassified as administrative cost

Pursuant to HSC Section 34186 (a), successor agencies were required to report on the ROPS 13-14A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2012 period. The amount of RPTTF approved in the above table includes the prior period adjustment that was self-reported by the Agency. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. Any proposed CAC adjustments were not received in time for inclusion in this letter. Therefore, the amount of RPTTF approved in the above table includes only the prior period adjustment that was self-reported by the Agency.

Please refer to the ROPS 13-14A schedule that was used to calculate the approved RPTTF amount:

[http://www.dof.ca.gov/redevelopment/ROPS/ROPS 13-14A Forms by Successor Agency/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS%2013-14A%20Forms%20by%20Successor%20Agency/).

This is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2013. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not denied on this ROPS or a preceding ROPS. The only exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC 34177.5 (i). Finance's review of items that have received a Final and Conclusive determination is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment that was available prior to enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the successor agency in the RPTTF.

To the extent proceeds from bonds issued after December 31, 2010 exist and are not encumbered by an enforceable obligation pursuant to 34171 (d), HSC section 34191.4 (c)(2)(B) requires these proceeds be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

Please direct inquiries to Kylie Le, Supervisor or Michael Barr, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Mr. Brian Lee, Analyst, Community Development Director, City of Bellflower
Ms. Kristina Burns, Manager, Los Angeles County Auditor-Controller's Office
California State Controller's Office