



November 8, 2013

Ms. Jill Taura, Director of Finance/Treasurer  
City of Glendora  
116 East Foothill Blvd  
Glendora, CA 91741

Dear Ms. Taura:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Glendora Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14B) to the California Department of Finance (Finance) on September 27, 2013 for the period of January through June 2014. Finance has completed its review of your ROPS 13-14B, 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 does not qualify as an enforceable obligation for the reasons specified:

- Item No. 1 – City loan repayment in the amount of \$476,599 is not allowed at this time. The Agency received a Finding of Completion on April 26, 2013. As such, the Agency may place loan agreements between the former redevelopment agency and sponsoring entity on the ROPS, as an enforceable obligation, provided the oversight board makes a finding that the loan was for legitimate redevelopment purposes per HSC section 34191.4 (b) (1). However, HSC section 34176 (e) (6) (B) specifies loan or deferral repayments to the LMIHF shall not be made prior to the 2013-14 fiscal year. While ROPS 13-14B falls within fiscal year 2013-14, the repayment of these City/County loans is subject to the repayment formula outlined in HSC section 34191.4 (b) (2) (A).

HSC section 34191.4 (b) (2) (A) allows this repayment to be equal to one-half of the increase between the ROPS residual pass-through distributed to the taxing entities in that fiscal year and the ROPS residual pass-through distributed to the taxing entities in the 2012-13 base year. Since the formula does not allow for estimates, the Agency must wait until the ROPS residual pass-through distributions are known for fiscal year 2013-14 before requesting funding for this obligation. Therefore, this item is not eligible for funding at this time.

During our review, which included obtaining financial records, Finance determined there were omissions in the Agency's Other Funds and Accounts (OFA) Due Diligence Report (DDR). As a result of the omissions, all unexpended January through June 2013 (ROPS I) Redevelopment Property Tax Trust Fund (RPTTF) and all July through December (ROPS II) RPTTF

distributions were mistakenly remitted to the taxing entities instead of being retained. In order to correct this error, the following adjustments totaling \$2,570,409 was added to the Agency's RPTTF request for ROPS 13-14B:

- Item No. 2 – 1998A bond payment in the amount of \$26,425. The requested amount has been increased by \$240,193 to \$266,618 for this item's unfunded ROPS II liability.
- Item No. 3 – 2003A bond payment in the amount of \$226,123. The requested amount has been increased by \$547,796 to \$773,919 for this item's unfunded ROPS II liability.
- Item No. 4 – 2003B bond payment in the amount of \$71,093. The requested amount has been increased by \$423,287 to \$494,380 for this item's unfunded ROPS II liability.
- Item No. 5 – 2006 bond payment in the amount of \$118,416. The requested amount has been increased by \$378,128 to \$496,544 for this item's unfunded ROPS II liability.
- Item No. 6 – Contract for maintenance services has been increased by \$5,000 to \$5,000 for this item's unfunded ROPS II liability.
- Item No. 8 – Owner Participation Agreement has been increased by \$50,000 to \$50,000 for this item's unfunded ROPS II liability.
- Item No. 9 – Trustee fees have been increased by \$6,100 to \$6,100 for this item's unfunded ROPS II liability.
- Item No. 17 – County pass-through deferral payment in the amount of \$55,633. The requested amount has been increased by \$292,309 to \$347,942 for this item's unfunded ROPS II liability.
- Item No. 18 – ROPS II unfunded administrative costs in the amount of \$21,186 has been added as new line item to the ROPS for the unfunded ROPS II liability.
- Item No. 19 – ROPS I unfunded liability in the amount of \$606,410 has been added as a new line item to the ROPS for the unfunded ROPS I liability.

Pursuant to HSC Section 34186 (a), successor agencies were required to report on the ROPS 13-14B form the estimated obligations and actual payments (prior period adjustments) associated with the January through June 2013 period. 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. The CAC did not make a distribution for the ROPS III period due to the ROPS I prior period adjustment being larger than the approved ROPS III RPTTF distribution. Therefore no prior period adjustment is necessary for ROPS III. Since the CAC was not able to verify the unexpended ROPS I balances were remitted during the OFA DDR process, the remaining ROPS I prior period adjustment totaling \$754,496 was scheduled for the ROPS 13-14B period. However, Finance was able to verify the \$754,496 was remitted through the OFA DDR process and is recommending no prior period adjustment be made during ROPS 13-14B.

Except for the item denied in whole or in part as an enforceable obligation, Finance is not objecting to the remaining items listed on your ROPS 13-14B. If you disagree with the

determination with respect to any items on your ROPS 13-14B, 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/](http://www.dof.ca.gov/redevelopment/meet_and_confer/)

The Agency's maximum approved RPTTF distribution for the reporting period is \$3,325,445 as summarized below:

<b>Approved RPTTF Distribution Amount For the period of January through June 2014</b>	
Total RPTTF requested for non-administrative obligations	1,106,635
Total RPTTF adjustment to account for OFA DDR error	2,570,409
Total RPTTF requested for administrative obligations	125,000
<b>Total RPTTF requested for obligations</b>	<b>\$ 3,802,044</b>
<b>Total RPTTF requested and adjusted for non-administrative obligations</b>	<b>3,677,044</b>
<u>Denied Items</u>	
Item No. 1	(476,599)
<b>Total RPTTF approved for non-administrative obligations</b>	<b>3,200,445</b>
<b>Total RPTTF for administrative obligations</b>	<b>125,000</b>
<b>Total RPTTF approved for obligations</b>	<b>3,325,445</b>
ROPS III prior period adjustment	0
<b>Total RPTTF approved for distribution</b>	<b>\$ 3,325,445</b>

Pursuant to HSC section 34177 (l) (1) (E), agencies are required to use all available funding sources prior to RPTTF for payment of enforceable obligations. Beginning with the ROPS 13-14B period, Finance required successor agencies to identify fund balances for various types of funds in its possession. During our ROPS 13-14B review, Finance requested financial records to support the fund balances reported by the Agency; however, Finance was unable to reconcile the financial records to the amounts reported. As a result, Finance will continue to work with the Agency after the ROPS 13-14B review period to properly identify the Agency's fund balances. If it is determined the Agency possesses fund balances that are available to pay approved obligations, the Agency should request the use of these fund balances prior to requesting RPTTF in ROPS 14-15A.

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

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

This is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2014. This determination applies only to items where funding was requested for the six month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not denied on this ROPS or a preceding ROPS. The only exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC 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 HSC section 34171 (d), HSC section 34191.4 (c)(2)(B) requires these proceeds be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

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

Sincerely,



JUSTYN HOWARD  
Assistant Program Budget Manager

cc: Ms. Elizabeth Stoddard, Accounting Manager, City of Glendora  
Ms. Kristina Burns, Manager, Los Angeles County Department of Auditor-Controller  
California State Controller's Office