



April 8, 2015

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

Dear Ms. Overholt:

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 15-16A) to the California Department of Finance (Finance) on February 26, 2015 for the period of July 1, 2015 through December 31, 2015. Finance has completed its review of your ROPS 15-16A, which may have included obtaining clarification for various items.

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

- Item No. 25 – Housing administrative cost allowance pursuant to AB471 in the amount of \$75,000 is denied. Finance denied this item in ROPS 14-15A Meet and Confer and continues to deny this item. Pursuant to HSC section 34171 (p), the housing entity administrative cost allowance is applicable only in cases where the city, county, or city and county that authorized the creation of the RDA elected to not assume the housing functions. Because the housing entity to the former redevelopment agency of the City of Glendora (City) is the City-formed Housing Authority (Authority), the Authority operates under the control of the City. Therefore, \$75,000 of housing entity administrative allowance is not allowed.

The administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b). However, Finance notes the oversight board has approved an amount that appears excessive, given the number and nature of the obligations listed on the ROPS. HSC section 34179 (i) requires the oversight board to exercise a fiduciary duty to the taxing entities. Therefore, Finance encourages the oversight board to apply adequate oversight when evaluating the administrative resources required to successfully wind-down the Agency.

During our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that should be used prior to requesting RPTTF. Pursuant to HSC section 34177 (l) (1) (E), RPTTF may be used as a funding source, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. The Agency provided financial records that displayed available Other Funds totaling \$238,672.

Therefore, the funding source for the following item has been reclassified Other Funds and in the amount specified below:

- Item No. 2 – 1998 A Bonds in the amount of \$268,383. The Agency requests \$268,383 of RPTTF; however, Finance is reclassifying \$238,672 to Other Funds. This item is an enforceable obligation for the ROPS 15-16A period. However, the obligation does not require payment from property tax revenues and the Agency has \$238,672 in available Other Funds. Therefore, Finance is approving RPTTF in the amount of \$29,711 and the use of Other Funds in the amount of \$238,672, totaling \$268,383.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 15-16A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2014 period. HSC section 34186 (a) also specifies prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. The amount of RPTTF approved in the table below includes the prior period adjustment resulting from the CAC's review of the Agency's self-reported prior period adjustment.

Except for the item denied in whole or in part and the item that has been reclassified, Finance is not objecting to the remaining items listed on your ROPS 15-16A. If you disagree with the determination with respect to any items on your ROPS 15-16A, 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 \$1,509,615 as summarized in the Approved RPTTF Distribution table below:

<b>Approved RPTTF Distribution</b>	
<b>For the period of July through December 2015</b>	
Total RPTTF requested for non-administrative obligations	1,719,126
Total RPTTF requested for administrative obligations	200,000
<b>Total RPTTF requested for obligations on ROPS</b>	<b>\$ 1,919,126</b>
<b>Total RPTTF requested for non-administrative obligations</b>	<b>1,719,126</b>
<u>Cash Balances - Item reclassified to Other Funds</u>	
Item No. 2	(238,672)
<b>Total RPTTF authorized for non-administrative obligations</b>	<b>\$ 1,480,454</b>
<b>Total RPTTF requested for administrative obligations</b>	<b>200,000</b>
<u>Denied Item</u>	
Item No. 25	(75,000)
<b>Total RPTTF authorized for administrative obligations</b>	<b>\$ 125,000</b>
<b>Total RPTTF authorized for obligations</b>	<b>\$ 1,605,454</b>
ROPS 14-15A prior period adjustment	(95,839)
<b>Total RPTTF approved for distribution</b>	<b>\$ 1,509,615</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. During the ROPS 15-16A

review, Finance requested financial records to support the cash balances reported by the Agency. The Agency was able to support the amounts reported except other revenues received. Therefore, as noted above, Finance has reclassified the available cash balances of \$238,672 in Other Funds that were supported by the Agency's records. Finance will continue to work with the Agency after the ROPS 15-16A review period to resolve any remaining issues as described above. If it is determined the Agency possesses additional cash balances that are available to pay approved obligations, the Agency should request the use of these cash balances prior to requesting RPTTF in ROPS 15-16B.

Please refer to the ROPS 15-16A schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS>

Absent a Meet and Confer, this is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2015. This determination only applies 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 section 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 the 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 agency in the RPTTF.

Pursuant to HSC section 34177 (a) (3), only those payments listed on an approved ROPS may be made by the successor agency from the funds specified in the ROPS. However, if the Agency needs to make payments for approved obligations from another funding source, HSC section 34177 (a) (4) requires the Agency to first obtain oversight board approval.

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 Oltmann, Supervisor or Veronica Green, Lead Analyst at (916) 445-1546.

Ms. June Overholt  
April 8, 2015  
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Sincerely,



JUSTYN HOWARD  
Program Budget Manager

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