



April 10, 2026

Karen Ogawa, Finance Director
City of West Covina
1444 West Garvey Avenue
West Covina, CA 91790

2026-27 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of West Covina Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period July 1, 2026 through June 30, 2027 (ROPS 26-27) to the California Department of Finance (Finance) on February 12, 2026. Finance has completed its review of the ROPS 26-27.

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

- Item Nos. 23 through 25 – City loan repayments in the total outstanding amount of \$21,844,242. Finance continues to deny these items. Finance initially denied these loans in its Oversight Board (OB) Resolution No. OB-0045 determination letter dated March 9, 2016. In addition, these items were denied in multiple ROPS determination letters dated between April 15, 2019 and April 11, 2025. Specifically, in February 1972, the former Redevelopment Agency (RDA) and the City entered into a Funding Agreement where the City made periodic advances through the budgeting appropriation process to the RDA for administrative, overhead, and capital improvement expenses. Under dissolution law, reimbursements for City personnel and use of City facilities are not considered a loan eligible for repayment. Therefore, the requested amounts of \$728,141 in Redevelopment Property Tax Trust Fund (RPTTF) on each line totaling \$2,184,423 (\$728,141 x 3) are not allowed.
- Item No. 26 – Sales Tax Reimbursement in the total outstanding amount of \$7,050,992. Finance continues to deny this item. This item was previously denied in multiple ROPS determination letters dated between April 10, 2017 and April 11, 2025. Finance denied this item because the sales and use tax revenue received by the RDA per the 2005 Sales Tax Reimbursement Agreement are not funds transferred from the City; therefore, they are not considered loans of moneys in accordance with HSC section 34191.4 (b) (2) (A) and the requested amount of \$7,050,992 in RPTTF is not allowed.

- Item Nos. 50 and 51 – Unfunded Pension Liabilities and Retirement Benefits in the total outstanding amount of \$2,191,306. Finance continues to deny these items. These items were previously denied in multiple ROPS determination letters dated between April 10, 2017 and April 11, 2025. It is our understanding that contracts obligating the Agency for these costs are not in place. Therefore, the requested amount totaling \$2,191,306 (\$1,073,575 + \$1,117,731) in RPTTF funding is not allowed.
- Item No. 76 – City Loan Agreement in the total outstanding amount of \$1,226,433. Finance continues to deny this item. This item was previously denied in multiple ROPS determination letters dated between April 10, 2017 and April 11, 2025 and also denied in Finance's OB-0030 and OB-0031 determination letter dated January 16, 2015. We continue to deny the City loan agreement to reimburse the City for litigation fees incurred during 2012. The Agency did not provide any additional documentation to support this request. Therefore, the requested amount of \$1,226,433 in RPTTF funding is not allowed.
- On the ROPS 26-27 form, the Agency reported cash balances and activity for the period July 1, 2023 through June 30, 2024 (ROPS 23-24). According to our review, the Agency has approximately \$583,721 from Other Funds, available to fund enforceable obligations on the ROPS 26-27. HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF funding. This item does not require payment from property tax revenues; therefore, with the Agency's concurrence, the funding source for the following item has been reclassified in the amount specified below:
 - Item No. 3 – 2006 Lease Revenues Bond debt service payment in the amount of \$1,438,100 is partially reclassified. Finance is approving RPTTF in the amount of \$854,379 and the use of Other Funds in the amount of \$583,721, totaling \$1,438,100.
- The administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b) (3). However, Finance notes the OB approved an amount that appears excessive, given the number and nature of the obligations listed on the ROPS. HSC section 34179 (i) requires the OB to exercise a fiduciary duty to the taxing entities. Therefore, Finance encourages the OB to apply adequate oversight when evaluating the administrative resources necessary to successfully wind-down the Agency.

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations (prior period adjustments) for the July 1, 2023 through June 30, 2024 (ROPS 23-24) period. The ROPS 23-24 prior period adjustment (PPA) will offset the ROPS 26-27 RPTTF distribution. The amount of RPTTF authorized includes the PPA resulting from the County Auditor-Controller's review of the PPA form submitted by the Agency.

The Agency's maximum approved RPTTF distribution for the reporting period is \$1,439,917, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2026 through December 31, 2026 period (ROPS A period), and one distribution for the January 1, 2027 through June 30, 2027 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 26-27 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Except for the adjusted items, Finance approves the remaining items listed on the ROPS 26-27 at this time. If the Agency disagrees with our determination with respect to any items on the ROPS 26-27, except items which are the subject of litigation disputing our previous or related determinations, the Agency may request a Meet and Confer within five business days from the date of this letter. The Agency must use the RAD App to complete and submit its Meet and Confer request form. The Meet and Confer process and guidelines are available on our website:

http://dof.ca.gov/Programs/Redevelopment/Meet_And_Confer/

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 26-27. This determination only applies to items when funding was requested for the 12-month period. If a determination by Finance in a previous ROPS is currently the subject of litigation, the item will continue to reflect the determination until the matter is resolved.

The ROPS 26-27 form submitted by the Agency and this determination letter will be posted on our website:

<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

This determination is effective for the ROPS 26-27 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to Finance's review and may be adjusted even if not adjusted on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items 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 available prior to the enactment of the redevelopment dissolution law. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax increment is limited to the amount of funding available to the Agency in the RPTTF.

Please direct inquiries to RedevelopmentAdministration@dof.ca.gov.

Sincerely,

Original signed by:

Cheryl L. McCormick, CPA
Chief, Office of State Audits and Evaluations

cc: Patricia Mosino, Accounting Manager, City of West Covina
Linda Santillano, Property Tax Apportionment Division Chief, Los Angeles County
Cesar Hernandez, Countywide Oversight Board Representative

Attachment

Approved RPTTF Distribution July 2026 through June 2027			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 13,014,304	\$ 1,661,113	\$ 14,675,417
Administrative RPTTF Requested	118,578	118,578	237,156
Total RPTTF Requested	13,132,882	1,779,691	14,912,573
RPTTF Requested	13,014,304	1,661,113	14,675,417
<u>Adjustment(s)</u>			
Item No. 3	0	(583,721)	(583,721)
Item No. 23	(728,141)	0	(728,141)
Item No. 24	(728,141)	0	(728,141)
Item No. 25	(728,141)	0	(728,141)
Item No. 26	(7,050,992)	0	(7,050,992)
Item No. 50	(1,073,575)	0	(1,073,575)
Item No. 51	(1,117,731)	0	(1,117,731)
Item No. 76	(1,226,433)	0	(1,226,433)
	(12,653,154)	(583,721)	(13,236,875)
RPTTF Authorized	361,150	1,077,392	1,438,542
Administrative RPTTF Authorized	118,578	118,578	237,156
ROPS 23-24 Prior Period Adjustment (PPA)	(235,781)	0	(235,781)
Total RPTTF Approved for Distribution	\$ 243,947	\$ 1,195,970	\$ 1,439,917