



Transmitted via e-mail

April 13, 2022

Andrew Mowbray, Finance Director
City of Pomona
505 South Garey Avenue
Pomona, CA 91766

2022-23 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Pomona Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period July 1, 2022 through June 30, 2023 (ROPS 22-23) to the California Department of Finance (Finance) on January 27, 2022. Finance has completed its review of the ROPS 22-23.

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

- The claimed administrative costs exceed the allowance by \$60,627. HSC section 34171 (b) (3) limits the fiscal year Administrative Cost Allowance (ACA) to three percent of actual Redevelopment Property Tax Trust Fund (RPTTF) distributed in the preceding fiscal year or \$250,000, whichever is greater; not to exceed 50 percent of the RPTTF distributed in the preceding fiscal year. As a result, the Agency's maximum ACA is \$318,013 for fiscal year 2022-23.

Although \$378,640 is claimed for ACA, only \$318,013 is available pursuant to the cap. Therefore, as noted in the table below, \$60,627 in excess ACA is not allowed:

Administrative Cost Allowance (ACA) Calculation	
Actual RPTTF distributed for fiscal year 2021-22	\$10,985,656
Less distributed Administrative RPTTF	(385,230)
RPTTF distributed for 2021-22 after adjustments	\$10,600,426
ACA Cap for 2022-23 per HSC section 34171 (b)	\$318,013
Total ACA requested for 2022-23	\$378,640
ACA in Excess of the Cap	\$60,627

- On the ROPS 22-23 form, the Agency reported cash balances and activity for the period July 1, 2019 through June 30, 2020 (ROPS 19-20). According to our review, the Agency has approximately \$130,000 from Other Funds, available to fund enforceable obligations on the ROPS 22-23. HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF funding. The below item does not require payment from property tax revenues; therefore, with the Agency's concurrence, the funding source has been reclassified in the amount specified below:
 - Item No. 104 – 2018 Tax Allocation Refunding Bond, Series BI in the amount of \$11,530,260 is partially reclassified. Finance is approving RPTTF in the amount of \$11,400,260 and the use of Other Funds in the amount of \$130,000, totaling \$11,530,260.
- Based on our review of the prior period adjustment (PPA) and the Agency's cash balances, Finance noted the Agency misspent a portion of excess funds. Specifically, the Agency spent more than what was authorized for the ACA for the ROPS 19-20 period. Finance authorized \$196,364 pursuant to the cap; which was the amount reported. However, the Agency indicated they expended an additional \$221,579 in Other Funds in excess of the maximum amount allowed pursuant to HSC section 34171 (b) (3). Further, pursuant to HSC section 34177 (a) (3), only those payments listed on a ROPS may be made by the Agency from the funds and source specified on the ROPS, up to the amount authorized by Finance. Finance reminds the Agency that funds in excess of the amounts authorized on the ROPS cannot be expended. Any excess funds must be retained and expended once the Agency receives approval for their use on a future ROPS.

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations (prior period adjustments) for the ROPS 19-20 period. The ROPS 19-20 PPA will offset the ROPS 22-23 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 \$12,413,522, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2022 through December 31, 2022 period (ROPS A period), and one distribution for the January 1, 2023 through June 30, 2023 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 22-23 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 22-23 at this time. If the Agency disagrees with our determination with respect to any items on the ROPS 22-23, 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 Meet and Confer process and guidelines are available on our website:

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

The Agency must use the RAD App to complete and submit its Meet and Confer request form.

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 22-23. 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 22-23 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 22-23 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 Todd Vermillion, Supervisor, or Michael Painter, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Raul Marquez, Principal Accountant, City of Pomona
Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County

Approved RPTTF Distribution July 2022 through June 2023			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 7,775,455	\$ 4,766,665	\$ 12,542,120
Administrative RPTTF Requested	189,322	189,318	378,640
Total RPTTF Requested	7,964,777	4,955,983	12,920,760
RPTTF Requested	7,775,455	4,766,665	12,542,120
<u>Adjustment(s)</u>			
Item No. 104	(130,000)	0	(130,000)
RPTTF Authorized	7,645,455	4,766,665	12,412,120
Administrative RPTTF Requested	189,322	189,318	378,640
Excess Administrative Costs	(0)	(60,627)	(60,627)
Administrative RPTTF Authorized	189,322	128,691	318,013
ROPS 19-20 prior period adjustment (PPA)	(316,611)	0	(316,611)
Total RPTTF Approved for Distribution	\$ 7,518,166	\$ 4,895,356	\$ 12,413,522