



May 17, 2017

Penny Rose, Accounting Supervisor
City of Adelanto
11600 Air Expressway
Adelanto, CA 92301

Dear Penny Rose:

Subject: 2017-18 Annual Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 12, 2017. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Adelanto Successor Agency (Agency) submitted an annual ROPS for the period of July 1, 2017 through June 30, 2018 (ROPS 17-18) to Finance on February 2, 2017. Subsequently, the Agency requested a Meet and Confer on one or more of the determinations made by Finance. The Meet and Confer was held on May 3, 2017.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer, Finance has completed its review of the specific determinations being disputed:

- Item No. 6 – The County of San Bernardino Tax Increment Loan in the amount of \$1,503,566. Finance no longer denies this item. Finance originally denied this item because the Agency did not provide documentation to support the requested amount. During the Meet and Confer, the Agency provided documentation supporting only \$1,476,376 due for the County loan repayment and requested the amount initially requested be reduced. Therefore, of the \$1,503,566 requested, the excess \$27,190 is not allowed and \$1,476,376 (\$1,503,566 - \$27,190) is eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.

Finance notes the outstanding balance has increased significantly from \$19,588,050 during ROPS 16-17 to \$31,109,205 during ROPS 17-18 period. Therefore, Finance will continue to work with the Agency to determine the actual outstanding balance of the County loan.

- Item Nos. 11, 28, and 29 – Various obligations totaling \$143,650. Finance no longer denies these items. Finance originally denied these items because the Agency did not provide documentation to support the requested amounts. During the Meet and Confer, the Agency provided additional information such as invoices and loan agreements, supporting the requested amount. Therefore, Finance is approving RPTTF funding totaling \$143,650 in the amounts specified on Page 2:

Item No.	Project Name/ Debt Obligation	RPTTF Requested	RPTTF Authorized
11	Bond Admin	\$ 10,000	\$ 10,000
28	Administrative Reimbursement	125,000	125,000
29	Bonds Annual Continuing Disclosure	8,650	8,650
Total		\$143,650	\$143,650

In addition, per Finance’s letter dated April 12, 2017, we continue to make the following determinations not contested by the Agency during the Meet and Confer:

- Item No. 8 – Note payable to the City of Adelanto in the total outstanding obligation amount of \$2,524,243. The Agency did not provide documentation to date to support the amounts requested for each of the items listed below. Therefore, requested funding \$294,454 from the RPTTF is not allowed.

To the extent the Agency provides documentation, such as vendor invoices, executed contracts, or promissory agreements, this item may be eligible for funding in the future.

- During the ROPS 17-18 review, the Agency did not respond to requests for documentation related to its Cash Balance Form. HSC section 34177 (l) (1) (E) requires all other available Agency funds be used to pay approved enforceable obligations prior to requesting RPTTF. Therefore, the Agency must request the use of all other available funds to pay approved enforceable obligations on the ROPS for the period of July 1, 2018 through June 30, 2019 (ROPS 18-19) before requesting RPTTF.

Except for the items adjusted, Finance is not objecting to the remaining items listed on the ROPS 17-18.

The Agency’s maximum approved RPTTF distribution for the reporting period is \$6,762,445 as summarized in the Approved RPTTF Distribution table on Page 4 (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2017 through December 31, 2017 period (ROPS A period) and one distribution for the January 1, 2018 through June 30, 2018 period (ROPS B period) based on Finance’s approved amounts. Since Finance’s determination is for the entire ROPS 17-18 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

On the ROPS 17-18 form, the Agency reported cash balances and activity for the period of January 1, 2016 through June 30, 2016. Finance reviews the Agency’s self-reported cash balances on an ongoing basis. The Agency should be prepared to submit financial records and bridging documents to support the cash balances reported upon request.

The Agency was not required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2015 through June 30, 2016 period (ROPS 15-16). The Agency will report actual payments for ROPS 15-16 on

ROPS 18-19, pursuant to HSC section 34186 (a) (1). A prior period adjustment may be applied to the Agency's ROPS 18-19 RPTTF distribution. Therefore, the Agency should retain any unexpended ROPS 15-16 RPTTF.

This is Finance's final determination regarding the obligations listed on the ROPS 17-18. This determination only applies to items when funding was requested for the 12-month period.

The ROPS 17-18 form submitted by the Agency and Finance's determination letter will be posted on Finance's website:


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

Finance's determination is effective for the ROPS 17-18 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if not denied 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 Anna Kyumba, Supervisor, or Jessica Yip, Analyst, at (916) 322-2985.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Mr. Larry Jarvis, Senior Management Analyst, City of Adelanto
Ms. Cheryl Murase, Consultant, City of Adelanto
Ms. Linda Santillano, Property Tax Manager, San Bernardino County

Attachment

Approved RPTTF Distribution			
For the period of July 2017 through June 2018			
	ROPS A Period	ROPS B Period	ROPS 17-18 Total
RPTTF Requested	\$ 2,594,632	\$ 4,239,457	\$ 6,834,089
Administrative RPTTF Requested	125,000	125,000	250,000
Total RPTTF Requested	2,719,632	4,364,457	7,084,089
RPTTF Requested	2,594,632	4,239,457	6,834,089
<u>Adjustments</u>			
Item No. 6	(27,190)	0	(27,190)
Item No. 8	(294,454)	0	(294,454)
	(321,644)	0	(321,644)
RPTTF Authorized	2,272,988	4,239,457	6,512,445
Administrative RPTTF Authorized	125,000	125,000	250,000
Total RPTTF Approved for Distribution	\$ 2,397,988	\$ 4,364,457	\$ 6,762,445