



Transmitted via e-mail

April 4, 2025

Antony Lopez, City Manager  
City of Avenal  
919 Skyline Boulevard  
Avenal, CA 93204

### **2025-26 Annual Recognized Obligation Payment Schedule**

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Avenal Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period July 1, 2025 through June 30, 2026 (ROPS 25-26) to the California Department of Finance (Finance) on January 31, 2025. Finance has completed its review of the ROPS 25-26.

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

- Item No. 10 – Cash Shortage in the total outstanding amount of \$105,927 is not allowed. The Agency provided documentation such as General Ledgers and Cash Reconciliations for the July 1, 2021 through June 30, 2022 (ROPS 21-22) and the July 1, 2022 through June 30, 2023 (ROPS 22-23) periods; however, the documents do not support any ROPS items that have gone unpaid. According to Kings County Auditor-Controller's (CAC) reports, the Agency received Redevelopment Property Tax Trust Fund (RPTTF) distributions equal to the amount Finance approved for the periods identified in the reconciliations provided and all subsequent ROPS periods. Consequently, the Agency had sufficient funds in the Redevelopment Obligation Retirement Fund. Therefore, the requested amount of \$105,927 from RPTTF is not allowed.
- The claimed administrative costs exceed the allowance by \$21,695. HSC section 34171 (b) (3) limits the fiscal year Administrative Cost Allowance (ACA) to three percent of actual 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 \$14,126 for fiscal year 2025-26.

Although \$35,821 is claimed for ACA, only \$14,126 is available pursuant to the cap. Therefore, as noted in the table on the following page, \$21,695 in excess ACA is not allowed:

<b>Administrative Cost Allowance (ACA) Calculation</b>	
<b>RPTTF distributed for fiscal year 2024-25</b>	<b>\$28,251</b>
ACA Cap for 2025-26 per HSC section 34171 (b)	14,126
ACA requested for 2025-26	35,821
<b>ACA in Excess of the Cap</b>	<b>(\$21,695)</b>

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 22-23 period. The ROPS 22-23 prior period adjustment (PPA) will offset the ROPS 25-26 RPTTF distribution. The amount of RPTTF authorized includes the PPA resulting from the CAC's review of the PPA form submitted by the Agency.

The Agency's maximum approved RPTTF distribution for the reporting period is \$354,748, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2025 through December 31, 2025 period (ROPS A period), and one distribution for the January 1, 2026 through June 30, 2026 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 25-26 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 25-26 at this time. If the Agency disagrees with our determination with respect to any items on the ROPS 25-26, 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/](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 25-26. 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 25-26 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 25-26 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](mailto:RedevelopmentAdministration@dof.ca.gov).

Sincerely,

Original signed by:

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

cc: Griselda Price, Interim Director of Administrative Services, City of Avenal  
Kristina McKay, Property Tax Manager/Countywide Oversight Board  
Representative, Kings County

Attachment

Approved RPTTF Distribution July 2025 through June 2026			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 438,802	\$ 8,125	\$ 446,927
Administrative RPTTF Requested	17,525	18,000	35,525
<b>Total RPTTF Requested</b>	<b>456,327</b>	<b>26,125</b>	<b>482,452</b>
<b>RPTTF Requested</b>	<b>438,802</b>	<b>8,125</b>	<b>446,927</b>
<u>Adjustment(s)</u>			
Item No. 10	(105,927)	0	(105,927)
<b>RPTTF Authorized</b>	<b>332,875</b>	<b>8,125</b>	<b>341,000</b>
<b>Administrative RPTTF Requested</b>	<b>17,525</b>	<b>18,000</b>	<b>35,525</b>
Excess Administrative Costs	(3,695)	(18,000)	(21,695)
<b>Administrative RPTTF Authorized</b>	<b>13,830</b>	<b>0</b>	<b>13,830</b>
ROPS 22-23 Prior Period Adjustment (PPA)	(82)	0	(82)
<b>Total RPTTF Approved for Distribution</b>	<b>\$ 346,623</b>	<b>\$ 8,125</b>	<b>\$ 354,748</b>