



Transmitted via e-mail

March 8, 2024

Sandra Pineda , Finance Director  
City of Corcoran  
832 Whitney Avenue  
Corcoran, CA 93212

### **2024-25 Annual Recognized Obligation Payment Schedule**

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Corcoran Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period July 1, 2024 through June 30, 2025 (ROPS 24-25) to the California Department of Finance (Finance) on January 29, 2024. Finance has completed its review of the ROPS 24-25.

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 \$67,881. 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 \$52,119 for fiscal year 2024-25.

Although \$120,000 is claimed for ACA, only \$52,119 is available pursuant to the cap. Therefore, as noted in the table below, \$67,881 in excess ACA is not allowed:

<b>Administrative Cost Allowance (ACA) Calculation</b>	
Actual RPTTF distributed for fiscal year 2023-24	\$224,238
Less distributed Administrative RPTTF	(120,000)
<b>RPTTF distributed for 2023-24 after adjustments</b>	<b>\$104,238</b>
ACA Cap for 2024-25 per HSC section 34171 (b)	\$52,119
ACA requested for 2024-25	120,000
<b>ACA in Excess of the Cap</b>	<b>(\$67,881)</b>

- Finance notes the adjusted ACA of \$52,119 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, 2021 through June 30, 2022 (ROPS 21-22) period. The ROPS 21-22 prior period adjustment (PPA) will offset the ROPS 24-25 RPTTF distribution. The County Auditor-Controller's review of the PPA form submitted by the Agency resulted in no PPA.

The Agency's maximum approved RPTTF distribution for the reporting period is \$159,396, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2024 through December 31, 2024 period (ROPS A period), and one distribution for the January 1, 2025 through June 30, 2025 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 24-25 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 item, Finance approves the remaining items listed on the ROPS 24-25 at this time. If the Agency disagrees with our determination with respect to any items on the ROPS 24-25, 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 24-25. 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 24-25 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 24-25 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.

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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: Greg Gatzka, City Manager, City of Corcoran  
Kristina McKay, Property Tax Manager/Countywide Oversight Board  
Representative, Kings County

**Attachment**

<b>Approved RPTTF Distribution July 2024 through June 2025</b>			
	<b>ROPS A</b>	<b>ROPS B</b>	<b>Total</b>
RPTTF Requested	\$ 55,069	\$ 52,208	\$ 107,277
Administrative RPTTF Requested	60,000	60,000	120,000
<b>Total RPTTF Requested</b>	<b>115,069</b>	<b>112,208</b>	<b>227,277</b>
<b>RPTTF Authorized</b>	<b>55,069</b>	<b>52,208</b>	<b>107,277</b>
<b>Administrative RPTTF Requested</b>	<b>60,000</b>	<b>60,000</b>	<b>120,000</b>
Excess Administrative Costs	(7,881)	(60,000)	(67,881)
<b>Administrative RPTTF Authorized</b>	<b>52,119</b>	<b>0</b>	<b>52,119</b>
<b>Total RPTTF Approved for Distribution</b>	<b>\$ 107,188</b>	<b>\$ 52,208</b>	<b>\$ 159,396</b>