



Transmitted via e-mail

March 8, 2024

Mehrnoush Jamshidi, Finance Manager
City of Poway
13325 Civic Center Drive
Poway, CA 92064

2024-25 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Poway 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 22, 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:

- Item Nos. 61, 291, and 293 – 2015 Refunding Bonds Series A and related Bond Administration costs in the total amount of \$13,688,515. The Agency requested the use of Bond Proceeds of \$13,688,515 in error when the funding source should have been from the Redevelopment Property Tax Trust Fund (RPTTF). Therefore, Finance has adjusted the funding source for the total requested \$13,688,515 from Bond Proceeds to RPTTF.
- Item Nos. 271, 277, and 280 through 285 – City Loan Repayments in the total amount of \$388,054. The Agency requested the use of Bond Proceeds in error when the funding source should have been from RPTTF. Therefore, Finance has adjusted the funding source for the total requested \$388,054 from Bond Proceeds to RPTTF.
- On the ROPS 24-25 form, the Agency reported cash balances and activity for the period July 1, 2021 through June 30, 2022 (ROPS 21-22). According to our review, the Agency has approximately \$373,800 from Other Funds available to fund enforceable obligations on the ROPS 24-25. 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:
 - Item No. 291 – 2015 Refunding Bonds Series A in the amount of \$13,673,250 is partially reclassified. As noted above, the funding source for \$13,673,250 has been adjusted from Bond Proceeds to RPTTF. Because the Agency has Other Funds available, Finance approves RPTTF in the amount of \$13,299,450 and the use of Other Funds in the amount of \$373,800, totaling \$13,673,250.

- The administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b) (3). However, Finance notes the Oversight Board (OB) has 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 ROPS 21-22 period. The ROPS 21-22 prior period adjustment (PPA) will offset the ROPS 24-25 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 \$14,105,794, 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 items, 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/

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.

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: Brad Rosen, Acting Director of Finance, City of Poway
Becky Greene, Acting Manager, San Diego County
Ardee Apostol, Countywide Oversight Board Representative

Approved RPTTF Distribution July 2024 through June 2025			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 0	\$ 0	\$ 0
Administrative RPTTF Requested	201,900	201,900	403,800
Total RPTTF Requested	201,900	201,900	403,800
RPTTF Requested	0	0	0
<u>Adjustment(s)</u>			
Item No. 61	2,780	0	2,780
Item No. 271	0	73,128	73,128
Item No. 277	0	156,406	156,406
Item No. 280	0	9,022	9,022
Item No. 281	0	87,843	87,843
Item No. 282	0	37,728	37,728
Item No. 283	0	10,219	10,219
Item No. 284	0	9,277	9,277
Item No. 285	0	4,431	4,431
Item No. 291	6,462,200	6,837,250	13,299,450
Item No. 293	0	12,485	12,485
	6,464,980	7,237,789	13,702,769
RPTTF Authorized	6,464,980	7,237,789	13,702,769
Administrative RPTTF Authorized	201,900	201,900	403,800
ROPS 21-22 prior period adjustment (PPA)	(775)	0	(775)
Total RPTTF Approved for Distribution	\$ 6,666,105	\$ 7,439,689	\$ 14,105,794

Note: The total adjusted \$13,299,450 for Item No. 291 represents the funding source change to RPTTF of \$13,673,250 and reclassification to Other Funds of \$373,800.