



Transmitted via e-mail

April 12, 2024

Kim McKinney, Director of Administrative Services
City of Woodland
300 First Street
Woodland, CA 95695

2024-25 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Woodland 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 February 1, 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. 10 and 11 – California Public Employees' Retirement System Liability and Other Post Employee Benefits Obligation in the total outstanding amounts of \$416,416 (\$157,963 Reserve Balance and \$258,453 Redevelopment Property Tax Trust Fund (RPTTF)) and \$81,572 Reserve Balance, respectively, are not allowed. Finance continues to deny these items. The Agency did not respond to Finance's request for supporting documents, and the previously submitted documentation was insufficient. Therefore, these items are not enforceable obligations, and the requested amounts of \$239,535 Reserve Balance (\$157,963 and \$81,572 for Item Nos. 10 and 11, respectively) and \$258,453 RPTTF funding for Item No. 10 are not allowed. To the extent the Agency can provide suitable documentation that obligates the Agency, the items may be considered on a future ROPS.
- The claimed administrative costs exceed the allowance by \$62,661. 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 \$0 for fiscal year 2024-25.

Although \$42,500 from Administrative RPTTF is claimed for ACA, Item No. 12 is considered an administrative cost, and therefore the requested \$20,161 from Reserve Balances should be counted toward the cap. Therefore, as noted in the table below, \$62,661 (\$42,500 from Administrative RPTTF and \$20,161 from Reserve Balances) in excess ACA is not allowed:

Administrative Cost Allowance (ACA) Calculation	
Actual RPTTF distributed for fiscal year 2023-24	\$0
ACA Cap for 2024-25 per HSC section 34171 (b)	\$0
ACA requested for 2024-25 after adjustments	42,500
Plus amount reclassified to ACA	20,161
Total ACA	\$62,661
ACA in Excess of the Cap	(\$62,661)

- 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) but failed to provide any supporting documents. However, according to our review of reported cash balances for the period July 1, 2020 through June 30, 2021, the Agency had approximately \$971,695 available from Other Funds. Additionally, because Finance denied Item Nos. 10, 11, and 12 above, those Reserve Balances totaling \$259,696 (\$157,963 + \$81,572+ \$20,161) are also 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. These items do not require payment from property tax revenues; therefore, the funding source for the following items has been reclassified in the amounts specified below:

Item No.	Obligation Name	Requested RPTTF	Adjustments to RPTTF	Approved RPTTF	Approved Reserve Balances	Approved Other Funds	Total Approved
22	2018 Tax Allocation Refunding Bond	\$496,987	\$(496,987)	\$ 0	\$ 259,696	\$ 237,291	\$ 496,987
23	Disclosure & Arbitrage	4,200	(3,050)	1,150	0	3,050	4,200
24	Fiscal Agent	2,800	(2,800)	0	0	2,800	2,800
	Total	\$503,987	\$(502,837)	\$ 1,150	\$ 259,696	\$ 243,141	\$ 503,987

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 \$0, 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.

Kim McKinney
April 12, 2024
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Please direct inquiries to RedevelopmentAdministration@dof.ca.gov.

Sincerely,

Original signed by:

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

cc: Karie Farnham, Management Analyst II, City of Woodland
Tom Haynes, Chief Financial Officer/Countywide Oversight Board
Representative, Yolo County

Approved RPTTF Distribution July 2024 through June 2025			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 510,109	\$ 252,331	\$ 762,440
Administrative RPTTF Requested	21,250	21,250	42,500
Total RPTTF Requested	531,359	273,581	804,940
RPTTF Requested	510,109	252,331	762,440
<u>Adjustment(s)</u>			
Item No. 10	(258,453)	0	(258,453)
Item No. 22	(246,156)	(250,831)	(496,987)
Item No. 23	(1,550)	(1,500)	(3,050)
Item No. 24	(2,800)	0	(2,800)
	(508,959)	(252,331)	(761,290)
RPTTF Authorized	1,150	0	1,150
Administrative RPTTF Requested	21,250	21,250	42,500
Excess Administrative Costs	(21,250)	(21,250)	(42,500)
Administrative RPTTF Authorized	0	0	0
ROPS 21-22 prior period adjustment (PPA)	(1,150)	0	(1,150)
Total RPTTF Approved for Distribution	\$ 0	\$ 0	\$ 0