



March 20, 2026

George Harris, Finance Director
City of Lancaster
44933 Fern Avenue
Lancaster, CA 93534

2026-27 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Lancaster Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period July 1, 2026 through June 30, 2027 (ROPS 26-27) to the California Department of Finance (Finance) on January 31, 2026. Finance has completed its review of the ROPS 26-27.

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

- Item No. 351 - 2021 Lease Revenue Refunding Bond in the total outstanding amount of \$3,001,748 is not allowed. This item was previously denied in our letter dated April 11, 2025 as it is our understanding that the 2010 Lease Revenue Bonds were refunded by the Lancaster Financing Authority (Authority) along with a newly executed lease agreement dated July 23, 2021, between the City of Lancaster and the Authority; the Agency is not a party to the bond issuance or the lease agreement. Therefore, this item is not an enforceable obligation and the requested amount of \$302,264 from the Redevelopment Property Tax Trust Fund (RPTTF) is not allowed.
- On the ROPS 26-27 form, the Agency reported cash balances and activity for the period July 1, 2023 through June 30, 2024 (ROPS 23-24). According to our review, the Agency has approximately \$1,508,355 from Other Funds available to fund enforceable obligations on the ROPS 26-27. 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 in the amount specified below:
 - Item No. 95 – SERAF loan in the amount of \$3,598,805 is partially reclassified. Finance approves RPTTF in the amount of \$2,090,450 and the use of Other Funds in the amount of \$1,508,355, totaling \$3,598,805.

- 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) 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 July 1, 2023 through June 30, 2024 (ROPS 23-24) period. The ROPS 23-24 prior period adjustment (PPA) will offset the ROPS 26-27 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 \$12,628,755, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2026 through December 31, 2026 period (ROPS A period), and one distribution for the January 1, 2027 through June 30, 2027 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 26-27 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 26-27 at this time. If the Agency disagrees with our determination with respect to any items on the ROPS 26-27, 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 26-27. 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 26-27 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 26-27 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,

Originally signed by:

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

cc: Gianna Pena, Assistant Director, City of Lancaster
Linda Santillano, Property Tax Apportionment Division Chief, Los Angeles
County
Martha Arana, Countywide Oversight Board Representative

Attachment

Approved RPTTF Distribution July 2026 through June 2027			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 13,386,271	\$ 2,801,389	\$ 16,187,660
Administrative RPTTF Requested	126,416	126,416	252,832
Total RPTTF Requested	13,512,687	2,927,805	16,440,492
RPTTF Requested	13,386,271	2,801,389	16,187,660
<u>Adjustment(s)</u>			
Item No. 95	(1,508,355)	0	(1,508,355)
Item No. 351	(276,434)	(25,830)	(302,264)
	(1,784,789)	(25,830)	(1,810,619)
RPTTF Authorized	11,601,482	2,775,559	14,377,041
Administrative RPTTF Authorized	126,416	126,416	252,832
ROPS 23-24 Prior Period Adjustment (PPA)	(2,001,118)	0	(2,001,118)
Total RPTTF Approved for Distribution	\$ 9,726,780	\$ 2,901,975	\$ 12,628,755