



Transmitted via e-mail

March 22, 2024

Jeff Jones, City Manager and Finance Director  
City of Arvin  
200 Campus Drive  
Arvin, CA 93203

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

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

- Item No. 17 – Administrative services totaling \$185,000. The Agency inadvertently requested its administrative costs from the incorrect funding source. Therefore, Finance reclassified \$185,000 from the Redevelopment Property Tax Trust Fund (RPTTF) to Administrative RPTTF.
- Item No. 48 – Series 2019B Taxable Tax Allocation Refunding Bonds. The Agency requested \$355,752 in error. According to the debt service schedule provided by the Agency, the amount requested for the ROPS 24-25 period should be \$366,752. Therefore, to accurately reflect the correct debt service payment, Finance made an adjustment in the amount of \$11,000 to increase the total requested amount of \$355,752 to \$366,752.
- 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.

The County Auditor-Controller did not provide its review of the Agency's prior period adjustment (PPA) for the July 1, 2021 through June 30, 2022 (ROPS 21-22) period as required by HSC section 34186. On the ROPS 24-25 form, the Agency reported cash balances and activities for ROPS 21-22. Therefore, we reviewed ROPS 21-22 expenditures. The amount of RPTTF approved includes the PPA self-reported by the Agency as adjusted by Finance. Specifically, Finance adjusted the actual expenditures reported for Item No. 51 for Continuing Disclosure Report Fees from \$8,600 to \$0 as the provided invoices were for the incorrect period (\$5,000 was authorized for this item), increasing the self-reported PPA amount from \$88,755 to \$93,755.

The Agency's maximum approved RPTTF distribution for the reporting period is \$624,497, 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: Dennis Clark, Accounting Supervisor, City of Arvin  
Aimee Espinoza, County Auditor-Controller, Kern County  
Amanda Ruiz, Countywide Oversight Board Representative

<b>Approved RPTTF Distribution July 2024 through June 2025</b>			
	<b>ROPS A</b>	<b>ROPS B</b>	<b>Total</b>
RPTTF Requested	\$ 218,001	\$ 489,251	\$ 707,252
Administrative RPTTF Requested	0	0	0
<b>Total RPTTF Requested</b>	<b>218,001</b>	<b>489,251</b>	<b>707,252</b>
<b>RPTTF Requested</b>	<b>218,001</b>	<b>489,251</b>	<b>707,252</b>
<u>Adjustment(s)</u>			
Item No. 17	(92,500)	(92,500)	(185,000)
Item No. 48	5,500	5,500	11,000
<b>RPTTF Authorized</b>	<b>131,001</b>	<b>402,251</b>	<b>533,252</b>
<b>Administrative RPTTF Requested</b>	<b>0</b>	<b>0</b>	<b>0</b>
<u>Adjustment(s)</u>			
Item No. 17	92,500	92,500	185,000
<b>Administrative RPTTF Authorized</b>	<b>92,500</b>	<b>92,500</b>	<b>185,000</b>
ROPS 21-22 prior period adjustment (PPA)	(93,755)	0	(93,755)
<b>Total RPTTF Approved for Distribution</b>	<b>\$ 129,746</b>	<b>\$ 494,751</b>	<b>\$ 624,497</b>