



Transmitted via e-mail

March 29, 2024

Hamed Jones, Finance Director
City of Tehachapi
115 South Robinson Street
Tehachapi, CA 93561

2024-25 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Tehachapi 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 approves all the items listed on the ROPS 24-25 at this time. However, Finance notes the following:

- 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 adjustments (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 the ROPS 21-22 period. Therefore, we reviewed the ROPS 21-22 expenditures. The amount of Redevelopment Property Tax Trust Fund (RPTTF) approved includes the PPA self-reported by the Agency.

The Agency's maximum approved RPTTF distribution for the reporting period is \$1,049,025, 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.

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 Marilyn Standing Horse for:

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

cc: Daisy Wee, Accountant II, City of Tehachapi
Aimee Espinoza, County Auditor-Controller, Kern County
Amanda Ruiz, Countywide Oversight Board Representative

Approved RPTTF Distribution July 2024 through June 2025			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 4,200	\$ 795,178	\$ 799,378
Administrative RPTTF Requested	125,000	125,000	250,000
Total RPTTF Requested	129,200	920,178	1,049,378
RPTTF Authorized	4,200	795,178	799,378
Administrative RPTTF Authorized	125,000	125,000	250,000
ROPS 21-22 prior period adjustment (PPA)	(353)	0	(353)
Total RPTTF Approved for Distribution	\$ 128,847	\$ 920,178	\$ 1,049,025