



Transmitted via e-mail

April 11, 2025

Cecil Flournoy, Director
City of Compton
205 South Willowbrook Avenue
Compton, CA 90220

2025-26 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Compton Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period July 1, 2025 through June 30, 2026 (ROPS 25-26) to the California Department of Finance (Finance) on March 17, 2025. Finance has completed its review of the ROPS 25-26.

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

- Item No. 25 – Agency Owned Properties in the requested amount of \$39,000 for professional services are partially allowed. The Agency provided details and support for appraisal services totaling \$27,300, which also included a property no longer owned by the Agency. The supported costs for Agency-owned properties total \$25,350. Therefore, Finance made an adjustment of \$13,650 to decrease the total requested Redevelopment Property Tax Trust Fund (RPTTF) amount of \$39,000 to \$25,350. To the extent the Agency can provide suitable documentation, such as additional executed contracts or vendor invoices to support the total requested amount, the difference may be considered on a future ROPS.
- Item No. 30 – Agency Owned Properties in the requested amount of \$62,000 for property maintenance costs are partially allowed. The Agency provided details and support for maintenance and landscaping services totaling \$47,400. Therefore, Finance made an adjustment of \$14,600 to decrease the total requested RPTTF amount of \$62,000 to \$47,400. To the extent the Agency can provide suitable documentation, such as additional executed contracts or vendor invoices to support the total requested amount, the difference may be considered on a future ROPS.
- Item No. 50 – Redevelopment Projects Legal Services in the requested amount of \$75,000 from RPTTF are reclassified. Payment for this type of service requested is considered a general administrative cost and has been reclassified to Administrative RPTTF.

- The claimed administrative costs exceed the allowance by \$104,525. 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 \$308,991 for fiscal year 2025-26. Although \$338,516 is claimed for ACA, as described above, Item No. 50 is considered an administrative cost and should be counted toward the cap. Therefore, as noted in the table below, \$104,525 in excess ACA is not allowed:

Administrative Cost Allowance (ACA) Calculation	
Actual RPTTF distributed for fiscal year 2024-25	\$10,620,209
Less distributed Administrative RPTTF	(320,496)
RPTTF distributed for 2024-25 after adjustments	10,299,713
ACA Cap for 2025-26 per HSC section 34171 (b)	308,991
ACA requested for 2025-26	338,516
Plus amount reclassified to ACA	75,000
Total ACA	413,516
ACA in Excess of the Cap	(\$104,525)

- ROPS 25-26 was not submitted to Finance until March 17, 2025. Pursuant to HSC section 34177 (o) (1) (B), if the Agency does not submit a ROPS within ten days of the deadline, the Agency's ACA shall be reduced by 25 percent. Therefore, the ACA in the amount of \$308,991 has been reduced by \$77,248 (\$308,991 x 25%) to \$231,743.

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, 2022 through June 30, 2023 (ROPS 22-23) period. The ROPS 22-23 prior period adjustment (PPA) will offset the ROPS 25-26 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 \$11,327,438, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2025 through December 31, 2025 period (ROPS A period), and one distribution for the January 1, 2026 through June 30, 2026 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 25-26 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 25-26 at this time. If the Agency disagrees with our determination with respect to any items on the ROPS 25-26, 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 25-26. 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 25-26 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 25-26 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: Willie Hopkins, City Manager, City of Compton
Linda Santillano, Property Tax Apportionment Division Chief, Los Angeles County
Cesar Hernandez, Countywide Oversight Board Representative

Attachment

Approved RPTTF Distribution July 2025 through June 2026			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 9,874,256	\$ 1,409,631	\$ 11,283,887
Administrative RPTTF Requested	169,258	169,258	338,516
Total RPTTF Requested	10,043,514	1,578,889	11,622,403
RPTTF Requested	9,874,256	1,409,631	11,283,887
<u>Adjustment(s)</u>			
Item No. 25	0	(13,650)	(13,650)
Item No. 30	0	(14,600)	(14,600)
Item No. 50	(75,000)	0	(75,000)
	(75,000)	(28,250)	(103,250)
RPTTF Authorized	9,799,256	1,381,381	11,180,637
Administrative RPTTF Requested	169,258	169,258	338,516
<u>Adjustment(s)</u>			
Item No. 50	75,000	0	75,000
Adjusted Administrative RPTTF	244,258	169,258	413,516
Excess Administrative Costs	(0)	(104,525)	(104,525)
Adjusted Administrative RPTTF	244,258	64,733	308,991
25% Admin Penalty	0	(77,248)	(77,248)
Administrative RPTTF Authorized	244,258	(12,515)	231,743
ROPS 22-23 Prior Period Adjustment (PPA)	(84,942)	0	(84,942)
Total RPTTF Approved for Distribution	\$ 9,958,572	\$ 1,368,866	\$ 11,327,438