



April 10, 2026

Grace E. Kim, Project Manager
City of Garden Grove
11222 Acacia Parkway
Garden Grove, CA 92840

2026-27 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Garden Grove 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 February 5, 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. 27 – Property Maintenance Management. The Agency requested \$61,673 from the Redevelopment Property Tax Trust Fund (RPTTF) in error. According to the estimates provided by the Agency, only \$31,784 is needed for fiscal year 2026-27. Therefore, with the Agency's concurrence, Finance made an adjustment in the amount of \$29,889 to decrease the total requested amount of \$61,673 to \$31,784.
- Item No. 31 – Administrative Allowance. The Agency requested \$322,316 for administrative costs from RPTTF in error. Therefore, with the Agency's concurrence, \$322,316 has been reclassified from RPTTF to Administrative RPTTF.
- The claimed administrative costs exceed the allowance by \$72,316. 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 \$250,000 for fiscal year 2026-27.

Although \$322,316 is claimed for ACA, only \$250,000 is available pursuant to the cap. Therefore, as noted in the table on the following page, \$72,316 in excess ACA is not allowed:

Administrative Cost Allowance (ACA) Calculation	
Actual RPTTF distributed for fiscal year 2025-26	\$6,412,691
Less distributed Administrative RPTTF	(161,137)
RPTTF distributed for 2025-26 after adjustments	\$6,251,554
ACA Cap for 2026-27 per HSC section 34171 (b)	\$250,000
ACA requested for 2026-27 after adjustments	322,316
ACA in Excess of the Cap	(\$72,316)

- On the ROPS 26-27 form, the Agency reported cash balances and activity for the the July 1, 2023 through June 30, 2024 (ROPS 23-24) period. According to our review, the Agency has approximately \$161,771 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. 39 – 2014 Tax Allocation Refunding Bonds in the amount of \$2,244,875 is partially reclassified. Finance approves RPTTF in the amount of \$2,083,104 and the use of Other Funds in the amount of \$161,771, totaling \$2,244,875.

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 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, as adjusted by Finance.

The Agency's maximum approved RPTTF distribution for the reporting period is \$6,602,802, 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 items, 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: Ursula Luna-Reynosa, Economic Development and Housing Director, City of
Garden Grove
Jenny Tu, Fiscal Analyst, Property Tax Unit, Orange County
Kathy Tavoularis, Countywide Oversight Board Representative

Attachment

Approved RPTTF Distribution July 2026 through June 2027			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 5,613,039	\$ 1,709,654	\$ 7,322,693
Administrative RPTTF Requested	0	0	0
Total RPTTF Requested	5,613,039	1,709,654	7,322,693
RPTTF Requested	5,613,039	1,709,654	7,322,693
<u>Adjustment(s)</u>			
Item No. 27	(14,944)	(14,945)	(29,889)
Item No. 31	(161,158)	(161,158)	(322,316)
Item No. 39	(161,771)	0	(161,771)
	(337,873)	(176,103)	(513,976)
RPTTF Authorized	5,275,166	1,533,551	6,808,717
Administrative RPTTF Requested	0	0	0
<u>Adjustment(s)</u>			
Item No. 31	161,158	161,158	322,316
Adjusted Administrative RPTTF	161,158	161,158	322,316
Excess Administrative Costs	(0)	(72,316)	(72,316)
Administrative RPTTF Authorized	161,158	88,842	250,000
ROPS 23-24 Prior Period Adjustment (PPA)	(455,915)	0	(455,915)
Total RPTTF Approved for Distribution	\$ 4,980,409	\$ 1,622,393	\$ 6,602,802