



April 15, 2019

Mr. Jason Simpson, Director of Administrative Services  
City of Lake Elsinore  
130 South Main Street  
Lake Elsinore, CA 92530

Dear Mr. Simpson:

Subject: 2019-20 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Lake Elsinore Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period of July 1, 2019 through June 30, 2020 (ROPS 19-20) to the California Department of Finance (Finance) on February 1, 2019. Finance has completed its review of the ROPS 19-20.

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

- Item No. 20 – Housing Fund Loan in the outstanding amount of \$27,641,173 is not allowed. Since this item is currently the subject of litigation, the item will continue to be denied until the matter is resolved. Therefore, the Redevelopment Property Tax Trust Fund (RPTTF) requested in the amount of \$5,125,206 is not allowed.
- The claimed administrative costs exceed the allowance by \$43,080. 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 2019-20.

Although \$293,080 is claimed for ACA, only \$250,000 is available pursuant to the cap. Therefore, as noted in the table below, \$43,080 in excess ACA is not allowed:

<b>Administrative Cost Allowance Calculation</b>	
Actual RPTTF distributed for fiscal year 2018-19	\$ 7,665,617
Less distributed Administrative RPTTF	(344,696)
RPTTF distributed for 2018-19 after adjustments	7,320,921
ACA Cap for 2019-20 per HSC section 34171 (b)	250,000
ACA requested for 2019-20	293,080
<b>ACA in Excess of the Cap</b>	<b>\$ (43,080)</b>

- On the ROPS 19-20 form, the Agency reported cash balances and activity for the period July 1, 2016 through June 30, 2017 (ROPS 16-17). According to our review, the Agency has approximately \$160,409 from Reserve Balances and \$44,528 from Other Funds, totaling \$204,937, available to fund enforceable obligations on the ROPS 19-20. HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF. Therefore, the funding source for the following item has been reclassified in the amounts specified below:
  - Item No. 49 – Stadium Interim Agreement RPTTF Shortfall in the amount of \$313,816 is partially reclassified. This item does not require payment from property tax revenues. Therefore, Finance is approving RPTTF in the amount of \$108,879 and the use of Reserve Balances in the amount of \$160,409 and Other Funds in the amount of \$44,528, totaling \$313,816.

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations. Reported differences in RPTTF are used to offset current RPTTF distributions. The amount of RPTTF approved in the table on Page 4 includes the prior period adjustment resulting from the County Auditor-Controller's review of the prior period adjustment form submitted by the Agency.

Except for the items adjusted, Finance is not objecting to the remaining items listed on the ROPS 19-20. If the Agency disagrees with our determination with respect to any items on the ROPS 19-20, 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 of the date of this letter. The Meet and Confer process and guidelines are available on our website:

<http://dof.ca.gov/Programs/Redevelopment/Meet And Confer/>

The Agency's maximum approved RPTTF distribution for the reporting period is \$11,973,196 as summarized in the Approved RPTTF Distribution table on Page 4 (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1 through December 31 period (ROPS A period), and one distribution for the January 1 through June 30 period (ROPS B period) based on Finance approved amounts. Since this determination is for the entire ROPS 19-20 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 19-20. This determination only applies to items when funding was requested for the 12-month period. If a denial by Finance in a previous ROPS is currently the subject of litigation, the item will continue to be denied until the matter is resolved.

The ROPS 19-20 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 19-20 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if not denied 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 RPTTF is the same as the amount of property tax increment available prior to the enactment of 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 RPTTF.

Please direct inquiries to Cindie Lor, Supervisor, or Jeremy Bunting, Lead Analyst, at (916) 322-2985.

Sincerely,



JENNIFER WHITAKER  
Program Budget Manager

cc: Mr. Grant Yates, Executive Director, City of Lake Elsinore  
Ms. Pam Elias, Chief Accountant Property Tax Division, Riverside County

**Attachment**

Approved RPTTF Distribution For the period of July 1, 2019 through June 30, 2020			
	ROPS A Period	ROPS B Period	ROPS 19-20 Total
RPTTF Requested	\$ 8,429,850	\$ 8,816,638	\$ 17,246,488
Administrative RPTTF Requested	146,540	146,540	293,080
<b>Total RPTTF Requested</b>	<b>8,576,390</b>	<b>8,963,178</b>	<b>17,539,568</b>
<b>RPTTF Requested</b>	<b>8,429,850</b>	<b>8,816,638</b>	<b>17,246,488</b>
<u>Adjustments</u>			
Item No. 20	(2,972,015)	(2,153,191)	(5,125,206)
Item No. 49	(204,937)	0	(204,937)
	(3,176,952)	(2,153,191)	(5,330,143)
<b>RPTTF Authorized</b>	<b>5,252,898</b>	<b>6,663,447</b>	<b>11,916,345</b>
<b>Administrative RPTTF Requested</b>	<b>146,540</b>	<b>146,540</b>	<b>293,080</b>
Excess Administrative Costs	0	(43,080)	(43,080)
<b>Administrative RPTTF Authorized</b>	<b>146,540</b>	<b>103,460</b>	<b>250,000</b>
<b>Total RPTTF Authorized for Obligations</b>	<b>5,399,438</b>	<b>6,766,907</b>	<b>12,166,345</b>
Prior Period Adjustment	(193,149)	0	(193,149)
<b>Total RPTTF Approved for Distribution</b>	<b>\$ 5,206,289</b>	<b>\$ 6,766,907</b>	<b>\$ 11,973,196</b>