



April 15, 2019

Ms. Anastasia Efstathiou, Finance Manager
City of Lincoln
600 6th Street
Lincoln, CA 95648

Dear Ms. Efstathiou:

Subject: 2019-20 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Lincoln 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 January 29, 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. 4 – Lincoln Brand Feeds loan repayment of \$600,000, consisting of \$259,011 in Reserve Balances, \$106,795 in Other Funds, and \$234,194 in Redevelopment Property Tax Trust Fund (RPTTF), is partially allowed. HSC section 34191.4 (b) (3) (A) allows repayment to be equal to one-half of the increase between the ROPS residual pass-through distributed to the taxing entities in the preceding fiscal year and the ROPS residual pass-through distributed to the taxing entities in the fiscal year 2012-13 base year.

According to the Placer County Auditor-Controller's (CAC) report, the ROPS residual pass-through amount distributed to the taxing entities for fiscal year 2012-13 and 2018-19 are zero and \$470,102, respectively. Pursuant to the repayment formula, the maximum repayment amount authorized for the ROPS 19-20 period is \$235,051. Therefore, of the \$600,000 requested, \$364,949 is not allowed. As a result, \$235,051 is allowed (\$106,795 Other Funds + \$128,256 RPTTF) and \$364,949 is not allowed (\$259,011 Reserve Balances + \$105,938 RPTTF). The Agency may be eligible for additional funding on a subsequent ROPS.

- Item No. 5 – Interfund Loan repayment in the amount of \$10,174 is not allowed. Based on our review of this item during ROPS 18-19, this loan was fully satisfied with the funding approved during ROPS 18-19 period. However, on ROPS 19-20, the Agency contends the loan has a remaining payment of \$10,174. The Agency provided documentation that demonstrated the requested amount included accrued interest at a simple interest rate of three percent. However, the loan repayment terms note that interest is to be accrued based on the Local Agency Investment Fund rate. Therefore, the amount requested is not supported and \$10,174 in RPTTF is not allowed.

- 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 \$23,969 from Reserve Balances and \$16,942 from Other Funds, totaling \$40,911, 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. 12 – 2016 Tax Allocation Bonds in the total amount of \$976,476, which includes \$688,153 in Reserve Balances, is partially reclassified. This item does not require payment from property tax revenues. Therefore, Finance is approving RPTTF in the amount of \$247,412 and the use of Reserve Balances in the amount of \$712,122 (\$688,153 + \$23,969) and Other Funds in the amount of \$16,942, totaling \$976,476.

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 CAC'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 \$1,103,383 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:

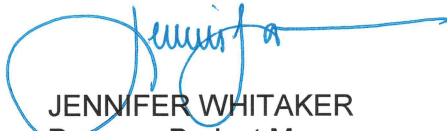
<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

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.

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: Ms. Stephanie Beauchaine, Consultant, City of Lincoln
Ms. Roxanne Nored, Managing Accountant Auditor, Placer 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	\$ 1,018,497	\$ 366,407	\$ 1,384,904
Administrative RPTTF Requested	30,000	30,000	60,000
Total RPTTF Requested	1,048,497	396,407	1,444,904
RPTTF Requested	1,018,497	366,407	1,384,904
<u>Adjustments</u>			
Item No. 4	0	(105,938)	(105,938)
Item No. 5	(10,174)	0	(10,174)
Item No. 12	(40,911)	0	(40,911)
	(51,085)	(105,938)	(157,023)
RPTTF Authorized	967,412	260,469	1,227,881
Administrative RPTTF Authorized	30,000	30,000	60,000
Total RPTTF Authorized for Obligations	997,412	290,469	1,287,881
Prior Period Adjustment	(184,498)	0	(184,498)
Total RPTTF Approved for Distribution	\$ 812,914	\$ 290,469	\$ 1,103,383