



December 18, 2012

Mr. Thomas Prill, Acting Finance Director  
City of San Jacinto  
595 South San Jacinto Avenue  
San Jacinto, CA 92583

Dear Mr. Prill:

Subject: Recognized Obligation Payment Schedule

This letter supersedes Finance's Recognized Obligation Payment Schedule (ROPS) letter dated October 13, 2012. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of San Jacinto Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 29, 2012 for the period of January 1 through June 30, 2013. Finance issued its determination related to those enforceable obligations on October 13, 2012. Subsequently, the Agency requested a Meet and Confer session on one or more of the items denied by Finance. The Meet and Confer session was held on Tuesday, October 30, 2012.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific item being disputed.

Finance denied \$97,593 in administrative costs that exceeded the administrative cost allowance for fiscal year 2012-13 (See table below for calculation). The Agency contends that Finance's calculation of administrative cost allowance for the fiscal year is incorrect based on the actual amount disbursed by the Riverside Auditor Controller. The administrative cost claimed for July through December 2012 should be based on the \$36,840 amount disbursed to the Agency by the Riverside County Auditor Controller. Therefore, the Agency has sufficient remaining administrative cost allowance as requested on ROPS III.

	Initial	Adjusted
Maximum administrative cost allowance for fiscal year 2012-13*	\$250,000	\$250,000
Less: Administrative costs claimed for July through December 2012**	192,593	36,840
Less: Administrative costs claimed for January through June 2013	155,000	155,000
Overage	(\$97,593)	\$0***

\* Per HSC 34171 (b), the amount is the greater of 3 percent of the agency's property tax allocation or \$250,000.

\*\* Per actual amount paid by the Riverside Auditor Controller.

\*\*\* The Agency's total administrative cost claimed is below the administrative cost allowance for the fiscal year; hence, the allowable administrative cost for ROPS III should equal the amount requested.

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is: \$593,728 as summarized in the following table:

<b>Approved RPTTF Distribution Amount For the period of January through June 2013</b>	
Total RPTTF funding requested for obligations	\$ 468,728
Less: Six-month total for item reclassified as administrative cost Item 7	30,000
Total approved RPTTF for enforceable obligations	\$ 438,728
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	155,000
<b>Total RPTTF approved:</b>	<b>\$ 593,728</b>

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS III form the estimated obligations and actual payments associated with the January through June 2012 period. The amount of RPTTF approved in the above table will be adjusted by the county auditor-controller to account for differences between actual payments and past estimated obligations. Additionally, these estimates and accounts are subject to audit by the county auditor-controller and the State Controller.

The amount available from the RPTTF is the same as the property tax increment that was available prior to enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the successor agency in the RPTTF.

Finance is not objecting to the remaining items listed in your ROPS III. Obligations deemed not to be enforceable shall be removed from your ROPS. This is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2013. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not questioned on this ROPS or a preceding ROPS.

Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Mary Halterman, Analyst at (916) 445-1546.

Sincerely,



Steve Szalay  
Local Government Consultant

cc: Ms. Sharon Paisley, Development Director, City of San Jacinto  
Ms. Pam Elias, Chief Accountant Property Tax Division, Riverside County Auditor  
Controller  
California State Controller's Office