DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR
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April 4, 2014

Ms. Megan Siren, Administrative Analyst
City of Auburn
1225 Lincoln Way Room 3
Auburn, CA 95603

Dear Ms. Siren:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Auburn Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15A) to the California Department of Finance (Finance) on February 26, 2014 for the period of July through December 2014. Finance has completed its review of your ROPS 14-15A, which may have included obtaining clarification for various items.

HSC section 34171 (d) defines enforceable obligations. Based on a sample of line items reviewed and application of the law, the following does not qualify as an enforceable obligation for the reasons specified:

- Item No. 4 – Debt Reserve Funding in the amount of $187,564. Finance continues to deny this item. HSC section 34173 (h) allows the city that authorized the creation of the former redevelopment agency to loan funds for enforceable obligations. The Agency has submitted OB Resolution No. 14-02 and contends there was not sufficient Redevelopment Property Tax Trust Fund (RPTTF) distributed to pay its January through December 2012 ROPS (ROPS I) Item No. 1 – 2008 Tax Allocation Bonds' debt service and received a loan from the City of Auburn (City) to make the payment.

  HSC section 34183 (a) (2) (A) lists debt service payments scheduled to be made for tax allocation bonds first to receive RPTTF. The Agency received $239,965 in RPTTF for the ROPS I period and its scheduled debt service for Item No. 1 was $209,171. As a result, the Agency had sufficient RPTTF to pay its ROPS I debt service, and its OB Resolution No. 14013 was denied in our letter dated April 4, 2014. Therefore, this item is not eligible for RPTTF funding.

Pursuant to HSC Section 34186 (a), successor agencies were required to report on the ROPS 14-15A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2013 period. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. The amount of RPTTF approved in the table below includes the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

The Agency's maximum approved RPTT distribution for the reporting period is $154,265 as summarized below:

Approved RPTTF Distribution For the period of July through December 2014		
Total RPTTF requested for non-administrative obligations		311,829
Total RPTTF requested for administrative obligations		30,000
Total Requested RPTTF	**$**	**341,829**
Total RPTTF requested for non-administrative obligations		**311,829**
Denied Item		
Item No. 40		(187,564)
		(187,564)
Total RPTTF authorized for non-administrative obligations	**$**	**124,265**
Total RPTTF authorized for administrative obligations	**$**	**30,000**
Total RPTTF funding for obligations	**$**	**154,265**
ROPS 13-14A prior period adjustment		0
Total RPTTF approved for distribution	**$**	**154,265**

Please refer to the ROPS 14-15A schedule that was used to calculate the approved RPTTF amount:

http://www.dof.ca.gov/redevelopment/ROPS

Absent a Meet and Confer, this is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2014. This determination only applies to items where funding was requested for the six-month period. 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 denied on this ROPS or a preceding ROPS. The only exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC 34177.5 (i). Finance's review of items that have received a Final and Conclusive determination 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 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.

To the extent proceeds from bonds issued after December 31, 2010 exist and are not encumbered by an enforceable obligation pursuant to HSC section 34171 (d), HSC section 34191.4 (c) (2) (B) requires these proceeds be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

Please direct inquiries to Beliz Chappuie, Supervisor or Todd Vermillion, Lead Analyst at (916) 445-1546.

Sincerely,

JUSTYN HOWARD
Assistant Program Budget Manager

cc: Mr. Robert Richardson, City Manager, City of Auburn
Ms. Jayne Goulding, Managing Accountant Auditor, Placer County
California State Controller's Office