



May 16, 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

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 4, 2014. 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 Finance on February 26, 2014, for the period of July through December 2014. Finance issued a ROPS determination letter on April 4, 2014. 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 April 16, 2014.

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 items being disputed.

- Item No. 4 – Debt Reserve Funding in the amount of \$187,564. Finance no longer denies this item. Finance initially denied this item as the Agency had sufficient RPTTF to pay its ROPS I debt service, and its OB Resolution No. 14013 was initially denied in our letter dated April 4, 2014. HSC section 34173 (h) allows the city that authorized the creation of the former redevelopment agency to loan funds for enforceable obligations. The Agency submitted OB Resolution No. 14-02 and claims 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. The Agency received \$239,965 in RPTTF for the ROPS I period and its scheduled debt service for Item No. 1 was \$209,171.

Based on further review during the Meet and Confer process, the Agency was authorized to expend up to \$633,156 on approved items during the ROPS I period. On the prior period adjustment form submitted during the ROPS III review, the Agency reported total eligible expenditures incurred of \$589,259 during the ROPS I period. Since the Agency only received \$239,965 in RPTTF funding, the City loaned \$187,564 to cover payment of Item No. 1. Therefore, this item is an enforceable obligation pursuant to HSC section 34173 (h) and is eligible for RPTTF funding.

In future ROPS periods, the Agency should ensure debt service payments are made first, pursuant to HSC section 34183 (a) (2), prior to all other obligations. Additionally, HSC section 34177 (a) (3) states that only those payments listed on the approved ROPS may be made from the funding source specified in the ROPS.

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.

Except for the item denied in whole or in part as enforceable obligations, Finance is not objecting to the remaining items listed on your ROPS 14-15A. The Agency's maximum approved RPTT distribution for the reporting period is \$341,829 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
Total RPTTF authorized for non-administrative obligations	\$ 311,829
Total RPTTF authorized for administrative obligations	\$ 30,000
Total RPTTF funding for obligations	\$ 341,829
ROPS 13-14A prior period adjustment	0
Total RPTTF approved for distribution	\$ 341,829

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

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

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 section 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 Evelyn Suess, Dispute Resolution Supervisor, or Mary Halterman, 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