



April 27, 2012

Andy Heath, Director of Administrative Services
City of Auburn
1225 Lincoln Way
Auburn, CA 95603

Dear Mr. Heath:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the Auburn Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 13, 2012 for the period January through June 2012. Finance staff contacted you for clarification of items listed in the ROPS.

HSC section 34171 (d) lists enforceable obligation (EO) characteristics. Based on a sample of line items reviewed and application of the law, the following do not qualify as EOs:

Line item 2, 3, 4, 6, 7, 8, 9, and 11 for \$1 million of planned construction contracts. HSC section 34163(b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011.

As authorized by HSC section 34179 (h), Finance is returning your ROPS for reconsideration. This action will cause the ROPS items noted above to be ineffective until Finance approval. Furthermore, items listed on future ROPS will be subject to review and may be denied as EOs.

If you believe we have reached this conclusion in error, please provide further evidence that the items questioned above meet the definition of an EO.

Please direct inquiries to Robert Scott, Supervisor or Jenny DeAngelis, Lead Analyst at (916) 322-2985.

Sincerely,

MARK HILL
Program Budget Manager

cc: Ms. Jayne Goulding, Managing Accountant Auditor, Auburn County