



April 27, 2012

Karin Helvey, Finance Director  
City of Gridley  
685 Kentucky Street  
Gridley, CA 95948

Dear Ms. Helvey:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Gridley submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 17, 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 does not qualify as an EO:

Page 1, line 6 for \$35,000. HSC section 34163(b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. There are no contracts to support this amount.

As authorized by HSC section 34179 (h), Finance is returning your ROPS for reconsideration. This action will cause the ROPS item 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. Veda Musler, Manager of Property Tax, Butte County  
Ms. Maria Solis, Auditor Accountant, Butte County