

April 27, 2012

Mark H. Persico, director
Development Services
City of Seal Beach
211 Eighth Street
Seal Beach, CA 90740

Dear Mr. Persico:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Seal Beach (City) Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 12, 2012 for the periods January through June 2012, and July through December 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:

The City did not provide documents to establish \$5.2 million of EOs for the following items:

- January through June 2012 period – Page 1, lines 3, 4, 5, 7, 10 through 14, 17, 20, and 24 through 26
- July through December, 2012 period – Page 2, lines 3 through 7, 9, and 10 for.

As authorized by HSC section 34179 (h), Finance is returning your ROPS for your reconsideration. This action will cause the specific 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 Evelyn Suess, Supervisor or Michael Barr, Lead Analyst at (916) 322-3126.

Sincerely,



MARK HILL
Program Budget Manager

cc: Ms. Shally Lin, Director of Finance, Seal Beach City Department of Finance
Ms. Alaina Hoang, Senior Accountant, Seal Beach City Department of Finance
Mr. Frank Davies, Administrative Manager, Orange County