



April 27, 2012

Ezequiel Vega, Finance Director
City of Soledad
248 Main Street
Soledad, CA 93960

Dear Mr. Vega:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Soledad (City) Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 16, 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:

- Item 7, on page 1, in the amount of \$313,969. The City reported \$1,037,786 for nine contracts under this line item. Of the \$1,037,786 claimed, \$313,969 is not allowable as follows:
 - Contract #8 was signed on July 6, 2011, and there was no contract document for Contract #9. HSC section 34163(b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011.
 - For Contract #5, the claimed amount exceeded the stated amount in the contract by \$13,700.
 - Fiscal year 2009 -10 and 2010-11 payments were included in the reported obligation amount.

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 Chikako Takagi-Galamba, Supervisor or Cindie Lor, Lead Analyst at (916) 322-2985.

Sincerely,

MARK HILL
Program Budget Manager

cc: Ms. Julie Aguero, Auditor Controller Analyst II, Monterey County Auditor Controller