



**DEPARTMENT OF
FINANCE**

EDMUND G. BROWN JR. • GOVERNOR

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April 27, 2012

Stacey Tamagni, Financial Analyst
Finance Department
City of Folsom
50 Natoma Street
Folsom, CA 95630

Dear Ms. Tamagni:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Folsom Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 13, 2012 for the period of 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:

- Pursuant to HSC section 34163 (b), agreements such as loan agreements, pass-through agreements, regulatory agreements, service contracts, leases, and disposition and development agreements are valid agreements if executed prior to June 28, 2011. No contract documents were provided to show that the Agency has established EOs for the following items:
 - Items 21 and 26, on page 1, for Streetscape in the amount of \$465,286
 - Item 1, on page 2, for Folsom Public Plaza in the amount of \$1.2 million
 - Item 17, on page 2, for Project Area in the amount of \$310,000
 - Item 22, on page 2, for Housing – Memorandum of Understanding in the amount of \$900,000.

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: On following page

Ms. Stacey Tamagni

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cc: Mr. Ben Lamera, Assistant Auditor Controller, Sacramento County Department of Finance, Auditor-Controller Division
Ms. Kim Le, Senior Accounting Manager, Sacramento County Department of Finance, Auditor-Controller Division