



GUADALUPE OVERSIGHT BOARD – FORMER CITY OF GUADALUPE
COMMUNITY REDEVELOPMENT AGENCY

AGENDA – SPECIAL BOARD MEETING

Wednesday, January 9, 2013
2:30 p.m.

Guadalupe City Hall Council Chambers
918 Obispo Street, Guadalupe, CA 93434 (805/356-3891)

MEMBERS:

Chandra Wallar
Frances A. Romero
William Gerald Tucker
Carolyn Galloway-Cooper, Secretary
Elizabeth Miller
Hugo Lara

STAFF:

Rob Schultz, Legal Counsel
Tim Ness

1. **ROLL CALL.** Chandra Wallar, Frances A. Romero, William Gerald Tucker, Carolyn Galloway-Cooper, Elizabeth Miller, and Hugo Lara.
2. **PLEDGE OF ALLEGIANCE.**
3. **COMMUNITY PARTICIPATION FORUM.** – *Public Comment period is set aside to allow public testimony on items not on today's agenda and that is within the subject matter of the Oversight Board. The time allocated to each speaker will be set at the discretion of the Chair. Total time allocated for public comment is 3 minutes.*
4. **ADMINISTRATIVE ACTIONS.**
 - a. Approve Minutes from November 8, 2012 Oversight Board Meeting.
 - b. Election of Chair and Vice Chair.
5. **CITY OF GUADALUPE SUCCESSOR AGENCY FOR THE DISSOLVED GUADALUPE COMMUNITY REDEVELOPMENT AGENCY DUE DILIGENCE REVIEW – AGREED UPON PROCEDURES (AUP) REPORT FOR ALL FUNDS OF THE SUCCESSOR AGENCY EXCLUDING THE LOW AND MODERATE INCOME HOUSING FUND.**
 - a. Written Staff Report (Carolyn Galloway-Cooper)
 - b. Oversight Board discussion and consideration.
 - c. It is recommended that the Oversight Board receive the Due Diligence Review (DDR) – AUP Report and schedule a public session at least five business days from today to approve the report.

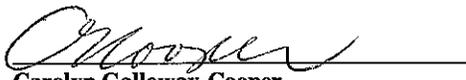
6. **RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) - LETTER OF DETERMINATION FROM DEPARTMENT OF FINANCE (DOF) – APPROVED RPTTF DISTRIBUTION AMOUNT FOR THE PERIOD OF JANUARY THROUGH JUNE 2013.**
7. **FUTURE AGENDA ITEMS.**
8. **ADJOURNMENT.**

TELECONFERENCE LOCATIONS

County of Santa Barbara, 105 East Anapamu, Santa Barbara, CA 93101 (805) 568-3400

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in a City meeting, please contact the City of Guadalupe at (805) 356-3891 at least 48 hours prior to the meeting to insure that reasonable arrangements can be made to provide accessibility to the meeting.

I hereby certify under penalty of perjury under the laws of the State of California that the foregoing Agenda was posted at the City Hall display case, the Water Department, the City Clerk's office and Rabobank not less than 24 hours prior to the meeting. Dated this 8th day of January 2013.


Carolyn Galloway-Cooper
Finance Director
City of Guadalupe

4a.

GUADALUPE OVERSIGHT BOARD – FORMER CITY OF GUADALUPE COMMUNITY REDEVELOPMENT AGENCY

MINUTES – SPECIAL BOARD MEETING

**Thursday, November 8, 2012
11:00 a.m.**

**Guadalupe City Hall Council Chambers
918 Obispo Street, Guadalupe, CA 93434 (805/356-3891)**

Meeting call to order at 11:04 a.m.

- 1. **ROLL CALL.** Chandra Wallar, Ariston Julian, Virginia Ponce, Carolyn Galloway-Cooper, Elizabeth Miller, Hugo Lara and ~~Nicholas Gonzales Jr.~~

Chandra Wallar, via telephone call.

- 2. **PLEDGE OF ALLEGIANCE.**
- 3. **COMMUNITY PARTICIPATION FORUM.**

None

- 4. **ADMINISTRATIVE ACTIONS.**

- a. Approve Minutes from October 30, 2012 Oversight Board Meeting.

MOTION: JULIAN/PONCE

AYES: 6 Julian, Ponce, Wallar, Galloway-Cooper, Miller, Lara

- 5. **CITY OF GUADALUPE SUCCESSOR AGENCY FOR THE DISSOLVED GUADALUPE COMMUNITY REDEVELOPMENT AGENCY – AGREED UPON PROCEDURES FOR THE LOW AND MODERATE INCOME HOUSING FUND.**

- a. Written Staff Report (Carolyn Galloway-Cooper)
- b. Oversight Board discussion and consideration.
- c. It is recommended that the Oversight Board approves the Due Diligence Review of the Low and Moderate Income Housing Fund and adopt OB Resolution No. 2012-08.

Carolyn Galloway-Cooper presented the report to the Oversight Board. The Due Diligence Review of the other funds will be brought to the Oversight Board between December 15, 2012 and January 15, 2013. City Staff will be contacting board members to schedule two hearings prior to the deadline of January 15, 2013.

Board Member Chandra Wallar asked legal counsel whether approving the DDR also approved the SERAF loan amounts, the Housing deferral payment, and the Lantern Loan as enforceable obligations. Legal Counsel Rob Schultz responded that the Board was not making a final determination on these amounts and that these items and other items that are questioned by the OB could be brought back to the OB for final determination.

MOTION MADE ADOPTING RESOLUTION NO. 2012-08, TAKING SPECIFIED ACTIONS WITH RESPECT TO THE HOUSING FUND DUE DILIGENCE REVIEW PURSUANT TO HEALTH AND SAFETY CODE SECTION 34179.5 AND 34179.6

JULIAN/GALLOWAY-COOPER

AYES: 6 Julian, Ponce, Wallar, Galloway-Cooper, Miller, Lara

6. FUTURE AGENDA ITEMS.

7. ADJOURNMENT. at 11:12 a.m.

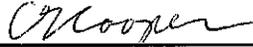
MOTION: ARISTON/LARA

AYES: 6

Virginia Ponce, Chair

Carolyn Galloway-Cooper, Secretary

**REPORT TO THE GUADALUPE OVERSIGHT BOARD OF THE SUCCESSOR ENTITY TO THE
GUADALUPE REDEVELOPMENT AGENCY
Agenda of January 9, 2013**



Prepared by:
Carolyn Galloway-Cooper
City of Guadalupe - Finance Director

SUBJECT:

City of Guadalupe Successor Agency for the Dissolved Guadalupe Redevelopment Agency Due Diligence Review - Agreed Upon Procedures (AUP) Report for all funds of the Successor Agency excluding the Low and Moderate Income Housing Fund (LMIHF).

RECOMMENDATION:

Staff recommends the Oversight Board receive the Due Diligence Review (DDR) - AUP Report and schedule a public session at least five business days from today to approve the report.

BACKGROUND:

Health and Safety Code Section 34179.5 requires each Successor Agency to employ a licensed accountant, approved by the County Auditor-Controller and with experience and expertise in local government accounting, to conduct a Due Diligence Review. The California State Controller's Office and California Department of Finance (DOF) set forth Agreed Upon Procedures to be performed on the accounting records of all funds of the dissolved Guadalupe Community Redevelopment Agency. The purpose of the review is to determine the unobligated balances available for disbursement to taxing entities.

The accounting firm of Glenn Burdette was approved by the County Auditor-Controller to perform the Due Diligence Review.

The meeting today is to receive the Due Diligence Review – AUP Report. The Oversight Board must hold a public session at least five business days following this meeting to consider approval of the report.

The Oversight Board will approve and transmit to the DOF and Santa Barbara County Auditor-Controller the final determination of the amount of cash and cash equivalents that are available for disbursement to taxing entities. The DOF review of the final determination will be completed no later than April 1, 2013. Any decision on the determination will be conveyed to the Oversight Board and Successor Agency via a letter. Successor Agencies have five days from receipt of the letter to request a "meet and confer".

AGENDA ITEM NO.

FISCAL IMPACT:

The cost to the Successor Agency will depend on the final determination of the dollar value of cash and cash equivalents to be disbursed to taxing entities.

Attachment: Due Diligence Review – AUP Report (Excluding LMIHF)

**City of Guadalupe,
Successor Agency for
the Dissolved Guadalupe Community Redevelopment Agency**

Agreed-Upon Procedures

**City of Guadalupe,
Successor Agency for the Dissolved Guadalupe Community Redevelopment Agency
Agreed-Upon Procedures**

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GLENN BURDETTE
CERTIFIED PUBLIC ACCOUNTANTS

**Independent Accountants' Report on
Applying Agreed-Upon Procedures**

City of Guadalupe,
Successor Agency for the Dissolved Guadalupe Community Redevelopment Agency
Guadalupe, California

We have performed the procedures enumerated in Exhibit A for the City of Guadalupe (Successor Agency), Successor Agency for the Dissolved Guadalupe Community Redevelopment Agency for the periods specified in the agreed-upon procedures. This engagement is solely to assist you in evaluating whether the City of Guadalupe, as the Successor Agency for the Dissolved Guadalupe Community Redevelopment Agency, is in compliance with Sections 34179.5(c)(1) through 34179.5(c)(6) of the California Health and Safety Code for the funds and periods specified in Exhibit A, and agreed to by California's State Controller Office and Department of Finance. Management of the City of Guadalupe is responsible for the accounting records pertaining to statutory compliance pursuant to Health and Safety Code Sections 34179.5(c)(1) through 34179.5(c)(6). This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described in Exhibit A either for the purpose for which this report has been requested or for any other purpose.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion as to the appropriateness of the results summarized in Exhibits B through J. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The report is intended solely for the information and use of the City of Guadalupe, the Oversight Board to the Successor Agency, the California State Controller's Office, and the California Department of Finance, and is not intended to be and should not be used by anyone other than these specified parties.

Glenn Burdette Attest Corporation

Glenn Burdette Attest Corporation
San Luis Obispo, California

January 4, 2013

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SAN LUIS OBISPO
1150 Palm Street
San Luis Obispo, CA 93401
p 805 544 1441
f 805 544 4351

PASO ROBLES
102 South Vine Street, Ste. A
Paso Robles, CA 93446
p 805 237 3995
f 805 239 9332

SANTA MARIA
2222 South Broadway, Ste. A
Santa Maria, CA 93454
p 805 922 4010
f 805 922 4286

**City of Guadalupe,
Successor Agency for the Dissolved Guadalupe Community Redevelopment Agency
Agreed-Upon Procedures**

Exhibit A – Procedures

The following are the procedures set forth by the California State Controller's Office and California Department of Finance as the Agreed-Upon Procedures that the City of Guadalupe, as Successor Agency, has specified to be performed on the accounting records of the Dissolved Guadalupe Community Redevelopment Agency. All procedures associated with Sections 34179.5(c)(1) through 34179.5(c)(3) and Sections 34179.5(c)(5) through 34179(c)(6) are applied to all funds of the Successor Agency combined, excluding the Low and Moderate Income Housing Fund. The procedure required by Section 34179.5(c)(4) pertains to the Successor Agency as a whole, and will include all funds.

List of Procedures

Citation:

34179.5(c)(1) The dollar value of assets transferred from the former redevelopment agency to the successor agency on or about February 1, 2012.

Suggested Procedure(s):

1. Obtain from the Successor Agency a listing of all assets that were transferred from the former redevelopment agency to the Successor Agency on February 1, 2012. Agree the amounts on this listing to account balances established in the accounting records of the Successor Agency. Identify in the Agreed-Upon Procedures (AUP) report the amount of the assets transferred to the Successor Agency as of that date.

Citation:

34179.5(c)(2) The dollar value of assets and cash and cash equivalents transferred after January 1, 2011, through June 30, 2012, by the redevelopment agency or the successor agency to the city, county, or city and county that formed the redevelopment agency and the purpose of each transfer. The review shall provide documentation of any enforceable obligation that required the transfer.

Suggested Procedure(s):

2. If the State Controller's Office has completed its review of transfers required under both Sections 34167.5 and 34178.8 and issued its report regarding such review, attach a copy of that report as an exhibit to the AUP report. If this has not yet occurred, perform the following procedures:
 - A. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the former redevelopment agency to the city, county, or city and county that formed the redevelopment agency for the period from January 1, 2011 through January 31, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.
 - B. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Successor Agency to the city, county, or city and county that formed the redevelopment agency for the period from February 1, 2012 through June 30, 2012. For each transfer,

**City of Guadalupe,
Successor Agency for the Dissolved Guadalupe Community Redevelopment Agency
Agreed-Upon Procedures
Page 2**

Exhibit A – Procedures (Continued)

the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

- C. For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required any transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.

Citation:

34179.5(c)(3) The dollar value of any cash or cash equivalents transferred after January 1, 2011, through June 30, 2012, by the redevelopment agency or the successor agency to any other public agency or private party and the purpose of each transfer. The review shall provide documentation of any enforceable obligation that required the transfer.

Suggested Procedure(s):

- 3. If the State Controller's Office has completed its review of transfers required under both Sections 34167.5 and 34178.8 and issued its report regarding such review, attach a copy of that report as an exhibit to the AUP report. If this has not yet occurred, perform the following procedures:
 - A. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) [from the former redevelopment agency to any other public agency or to private parties for the period from January 1, 2011 through January 31, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.
 - B. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) [from the Successor Agency to any other public agency or private parties for the period from February 1, 2012 through June 30, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.
 - C. For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required any transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.

Citation:

34179.5(c)(4) The review shall provide expenditure and revenue accounting information and identify transfers and funding sources for the 2010–11 and 2011–12 fiscal years that reconciles balances, assets, and liabilities of the successor agency on June 30, 2012 to those reported to the Controller for the 2009–10 fiscal year.

**City of Guadalupe,
Successor Agency for the Dissolved Guadalupe Community Redevelopment Agency
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Exhibit A – Procedures (Continued)

Suggested Procedure(s):

4. Perform the following procedures:
 - A. Obtain from the Successor Agency a summary of the financial transactions of the Redevelopment Agency and the Successor Agency in the format set forth in the attached schedule for the fiscal periods indicated in the schedule. For purposes of this summary, the financial transactions should be presented using the modified accrual basis of accounting. End of year balances for capital assets (in total) and long-term liabilities (in total) should be presented at the bottom of this summary schedule for information purposes.
 - B. Ascertain that for each period presented, the total of revenues, expenditures, and transfers accounts fully for the changes in equity from the previous fiscal period.
 - C. Compare amounts in the schedule relevant to the fiscal year ended June 30, 2010 to the state controller's report filed for the Redevelopment Agency for that period.
 - D. Compare amounts in the schedule for the other fiscal periods presented to account balances in the accounting records or other supporting schedules. Describe in the report the type of support provided for each fiscal period.

Citation:

34179.5(c)(5) A separate accounting for the balance for the Low and Moderate Income Housing Fund for all other funds and accounts combined shall be made as follows:

(A) A statement of the total value of each fund as of June 30, 2012.

Suggested Procedure(s):

5. Obtain from the Successor Agency a listing of all assets of the Low and Moderate Income Housing Fund as of June 30, 2012 for the report that is due October 1, 2012 and a listing of all assets of all other funds of the Successor Agency as of June 30, 2012 (excluding the previously reported assets of the Low and Moderate Income Housing Fund) for the report that is due December 15, 2012. When this procedure is applied to the Low and Moderate Income Housing Fund, the schedule attached as an exhibit will include only those assets of the Low and Moderate Income Housing Fund that were held by the Successor Agency as of June 30, 2012 and will exclude all assets held by the entity that assumed the housing function previously performed by the former redevelopment agency. Agree the assets so listed to recorded balances reflected in the accounting records of the Successor Agency. The listings should be attached as an exhibit to the appropriate AUP report.

Citation:

34179.5(c)(5)(B) An itemized statement listing any amounts that are legally restricted as to purpose and cannot be provided to taxing entities. This could include the proceeds of any bonds, grant funds, or funds provided by other governmental entities that place conditions on their use.

**City of Guadalupe,
Successor Agency for the Dissolved Guadalupe Community Redevelopment Agency
Agreed-Upon Procedures
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Exhibit A – Procedures (Continued)

Suggested Procedure(s):

6. Obtain from the Successor Agency a listing of asset balances held on June 30, 2012 that are restricted for the following purposes:
 - A. Unspent bond proceeds:
 - i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures, amounts set aside for debt service payments, etc.).
 - ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
 - iii. Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.
 - B. Grant proceeds and program income that are restricted by third parties:
 - i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).
 - ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
 - iii. Obtain from the Successor Agency a copy of the grant agreement that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.
 - C. Other assets considered to be legally restricted:
 - i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).
 - ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
 - iii. Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by Successor the Agency as restricted.
 - D. Attach the above mentioned Successor Agency prepared schedule(s) as an exhibit to the AUP report. For each restriction identified on these schedules, indicate in the report the period of time for which the restrictions are in effect. If the restrictions are in effect until the related assets are expended for their intended purpose, this should be indicated in the report.

**City of Guadalupe,
Successor Agency for the Dissolved Guadalupe Community Redevelopment Agency
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Exhibit A – Procedures (Continued)

Citation:

34179.5(c)(5)(C) An itemized statement of the values of any assets that are not cash or cash equivalents. This may include physical assets, land, records, and equipment. For the purpose of this accounting, physical assets may be valued at purchase cost or at any recently estimated market value. The statement shall list separately housing-related assets.

Suggested Procedure(s):

7. Perform the following procedures:
 - A. Obtain from the Successor Agency a listing of assets as of June 30, 2012 that are **not** liquid or otherwise available for distribution (such as capital assets, land held for resale, long-term receivables, etc.) and ascertain if the values are listed at either purchase cost (based on book value reflected in the accounting records of the Successor Agency) or market value as recently estimated by the Successor Agency.
 - B. If the assets listed at 7(A) are listed at purchase cost, trace the amounts to a previously audited financial statement (or to the accounting records of the Successor Agency) and note any differences.
 - C. For any differences noted in 7(B), inspect evidence of disposal of the asset and ascertain that the proceeds were deposited into the Successor Agency trust fund. If the differences are due to additions (this generally is not expected to occur), inspect the supporting documentation and note the circumstances.
 - D. If the assets listed at 7(A) are listed at recently estimated market value, inspect the evidence (if any) supporting the value and note the methodology used. If no evidence is available to support the value and/or methodology, note the lack of evidence.

Citation:

34179.5(c)(5)(D) An itemized listing of any current balances that are legally or contractually dedicated or restricted for the funding of an enforceable obligation that identifies the nature of the dedication or restriction and the specific enforceable obligation. In addition, the successor agency shall provide a listing of all approved enforceable obligations that includes a projection of annual spending requirements to satisfy each obligation and a projection of annual revenues available to fund those requirements. If a review finds that future revenues together with dedicated or restricted balances are insufficient to fund future obligations and thus retention of current balances is required, it shall identify the amount of current balances necessary for retention. The review shall also detail the projected property tax revenues and other general purpose revenues to be received by the successor agency, together with both the amount and timing of the bond debt service payments of the successor agency, for the period in which the oversight board anticipates the successor agency will have insufficient property tax revenue to pay the specified obligations.

Exhibit A – Procedures (Continued)

Suggested Procedure(s):

8. Perform the following procedures:
 - A. If the Successor Agency believes that asset balances need to be retained to satisfy enforceable obligations, obtain from the Successor Agency an itemized schedule of asset balances (resources) as of June 30, 2012 that are dedicated or restricted for the funding of enforceable obligations and perform the following procedures. The schedule should identify the amount dedicated or restricted, the nature of the dedication or restriction, the specific enforceable obligation to which the dedication or restriction relates, and the language in the legal document that is associated with the enforceable obligation that specifies the dedication of existing asset balances toward payment of that obligation.
 - i. Compare all information on the schedule to the legal documents that form the basis for the dedication or restriction of the resource balance in question.
 - ii. Compare all current balances to the amounts reported in the accounting records of the Successor Agency or to an alternative computation.
 - iii. Compare the specified enforceable obligations to those that were included in the final Recognized Obligation Payment Schedule approved by the California Department of Finance.
 - iv. Attach as an exhibit to the report the listing obtained from the Successor Agency. Identify in the report any listed balances for which the Successor Agency was unable to provide appropriate restricting language in the legal document associated with the enforceable obligation.
 - B. If the Successor Agency believes that future revenues together with balances dedicated or restricted to an enforceable obligation are insufficient to fund future obligation payments and thus retention of current balances is required, obtain from the Successor Agency a schedule of approved enforceable obligations that includes a projection of the annual spending requirements to satisfy each obligation and a projection of the annual revenues available to fund those requirements and perform the following procedures:

Compare the enforceable obligations to those that were approved by the California Department of Finance. Procedures to accomplish this may include reviewing the letter from the California Department of Finance approving the Recognized Enforceable Obligation Payment Schedules for the six month period from January 1, 2012 through June 30, 2012 and for the six month period July 1, 2012 through December 31, 2012.

- i. Compare the forecasted annual spending requirements to the legal document supporting each enforceable obligation.
 - a. Obtain from the Successor Agency its assumptions relating to the forecasted annual spending requirements and disclose in the report major assumptions associated with the projections.
- ii. For the forecasted annual revenues:
 - a. Obtain from the Successor Agency its assumptions for the forecasted annual revenues and disclose in the report major assumptions associated with the projections.

Exhibit A – Procedures (Continued)

- C. If the Successor Agency believes that projected property tax revenues and other general purpose revenues to be received by the Successor Agency are insufficient to pay bond debt service payments (considering both the timing and amount of the related cash flows), obtain from the Successor Agency a schedule demonstrating this insufficiency and apply the following procedures to the information reflected in that schedule.
 - i. Compare the timing and amounts of bond debt service payments to the related bond debt service schedules in the bond agreement.
 - ii. Obtain the assumptions for the forecasted property tax revenues and disclose major assumptions associated with the projections.
 - iii. Obtain the assumptions for the forecasted other general purpose revenues and disclose major assumptions associated with the projections.

- D. If procedures A, B, or C were performed, calculate the amount of current unrestricted balances necessary for retention in order to meet the enforceable obligations by performing the following procedures.
 - i. Combine the amount of identified current dedicated or restricted balances and the amount of forecasted annual revenues to arrive at the amount of total resources available to fund enforceable obligations.
 - ii. Reduce the amount of total resources available by the amount forecasted for the annual spending requirements. A negative result indicates the amount of current unrestricted balances that needs to be retained.
 - iii. Include the calculation in the AUP report.

Citation:

34179.5(c)(5)(E) An itemized list and analysis of any amounts of current balances that are needed to satisfy obligations that will be placed on the Recognized Obligation Payment Schedules for the current fiscal year.

Suggested Procedure(s):

- 9. If the Successor Agency believes that cash balances as of June 30, 2012 need to be retained to satisfy obligations on the Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2012 through June 30, 2013, obtain a copy of the final ROPS for the period of July 1, 2012 through December 31, 2012 and a copy of the final ROPS for the period January 1, 2013 through June 30, 2013. For each obligation listed on the ROPS, the Successor Agency should add columns identifying (1) any dollar amounts of existing cash that are needed to satisfy that obligation and (2) the Successor Agency's explanation as to why the Successor Agency believes that such balances are needed to satisfy the obligation. Include this schedule as an attachment to the AUP report.

Exhibit A – Procedures (Continued)

Citation:

34179.5(c)(6) The review shall total the net balances available after deducting the total amounts described in subparagraphs (B) to (E), inclusive, of paragraph (5). The review shall add any amounts that were transferred as identified in paragraphs (2) and (3) of subdivision (c) if an enforceable obligation to make that transfer did not exist. The resulting sum shall be available for allocation to affected taxing entities pursuant to Section 34179.6. It shall be a rebuttable presumption that cash and cash equivalent balances available to the successor agency are available and sufficient to disburse the amount determined in this paragraph to taxing entities. If the review finds that there are insufficient cash balances to transfer or that cash or cash equivalents are specifically obligated to the purposes described in subparagraphs (B), (D), and (E) of paragraph (5) in such amounts that there is insufficient cash to provide the full amount determined pursuant to this paragraph, that amount shall be demonstrated in an additional itemized schedule.

Suggested Procedure(s):

10. Include (or present) a schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Entities. Amounts included in the calculation should agree to the results of the procedures performed in each section above. The schedule should also include a deduction to recognize amounts already paid to the County Auditor-Controller on July 12, 2012 as directed by the California Department of Finance. The amount of this deduction presented should be agreed to evidence of payment. The attached example summary schedule may be considered for this purpose. Separate schedules should be completed for the Low and Moderate Income Housing Fund and for all other funds combined (excluding the Low and Moderate Income Housing Fund).

Suggested Procedure(s):

11. Obtain a representation letter from Successor Agency management acknowledging their responsibility for the data provided to the practitioner and the data presented in the report or in any attachments to the report. Included in the representations should be an acknowledgment that management is not aware of any transfers (as defined by Section 34179.5) from either the former redevelopment agency or the Successor Agency to other parties for the period from January 1, 2011 through June 30, 2012 that have not been properly identified in the AUP report and its related exhibits. Management's refusal to sign the representation letter should be noted in the AUP report as required by attestation standards.

**City of Guadalupe,
Successor Agency for the Dissolved Guadalupe Community Redevelopment Agency
Agreed-Upon Procedures
Exhibit B – Results**

As required in the procedures outlined in Exhibit A, all procedures associated with Sections 34179.5(c)(1) through 34179.5(c)(3) and Sections 34179.5(c)(5) through 34179(c)(6) are applied to all funds of the Successor Agency combined, excluding the Low and Moderate Income Housing Fund. The procedure required by Section 34179.5(c)(4) pertains to the Successor Agency as a whole, and will include all funds.

1. We examined all transfers from the Dissolved Guadalupe Community Redevelopment Agency to the Successor Agency, noting that none occurred on February 1, 2012 in the other funds of the Dissolved Guadalupe Community Redevelopment Agency.
2. We inquired of the Successor Agency, and noted there were no transfers that required a reporting review by the State Controller's Office under both sections 34167.5 and 34178.8. As a result, we performed the following in relation to this procedure:
 - A. We obtained a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Successor Agency for the period of January 1, 2011 to January 31, 2012. This listing is attached as Exhibit C.
 - B. We obtained a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Successor Agency for the period of February 1, 2012 to June 30, 2012. This listing is attached as Exhibit C.
 - C. For each transfer listed in Exhibit C, we obtained the legal document that formed the basis for the enforceable obligation that required the transfer.
3. We inquired of the Successor Agency, and noted there were no transfers made from the other funds of the Dissolved Guadalupe Community Redevelopment Agency to any outside agency or private parties for the period of January 1, 2011 to June 30, 2012.
4. We obtained from the Successor Agency a summary of the financial transactions of the Redevelopment Agency and the Successor Agency, attached as Exhibit D. Health and Safety Code Section 34179.5(c)(4) applies to the Dissolved Guadalupe Community Redevelopment Agency as a whole; therefore, this procedure also includes the Low and Moderate Income Housing Fund. We ascertained that for each period presented, the total of revenues, expenditures, and transfers accounts fully for the changes in equity from the previous period. We compared amounts in the schedule relevant to the fiscal year ended June 30, 2010 to the State Controller's report filed for the Redevelopment Agency for that period. We compared amounts in the Exhibit for the other fiscal periods presented to balances in the accounting records of the Successor Agency.
5. We obtained from the Successor Agency a listing of all assets of all other funds as of June 30, 2012, and attached as Exhibit E. We noted that the listing included all other funds of the Successor Agency as of June 30, 2012, and excluded all assets held by the Successor Agency Low and Moderate Income Housing Fund that was previously reported. We agreed the assets in Exhibit E to the other fund's accounting records maintained by the Successor Agency.

**City of Guadalupe,
Successor Agency for the Dissolved Guadalupe Community Redevelopment Agency
Agreed-Upon Procedures
Page 2**

Exhibit B – Results (Continued)

6. We obtained from the Successor Agency a listing of all other fund asset balances held on June 30, 2012, attached as Exhibit F, that are restricted for the following purposes:
 - A. Exhibit F includes the Successor Agency's computation of the restricted balances. We traced the components of this computation to the related account balances in the accounting records.
 - B. There are no grant proceeds and program income that are restricted by third parties, so this step is not applicable.
 - C. There are no other assets considered to be legally restricted, so this step is not applicable.
 - D. Exhibit F is attached to this report. For each restriction identified in step 6(A), we noted the restrictions are in effect until the related assets are expended for their intended purpose.

7. We obtained from the Successor Agency a listing of all assets that are not liquid or otherwise available for distribution as of June 30, 2012, and attached as Exhibit G. We noted that the listing included only those assets of all other funds, excluding the Low and Moderate Income Housing Fund, which were held by the Successor Agency as of June 30, 2012. We performed the following:
 - A. We ascertained that the values in Exhibit G are listed at book value and are reflected in the accounting records of the Successor Agency.
 - B. For the assets listed in step 7(A), we traced the amounts to the previously audited financial statements and noted the differences in Exhibit G.
 - C. For the differences noted in step 7(B), we have inspected the accounting records, loan agreements and Recognized Obligations Payment Schedule.
 - D. This step is not applicable.

8. A. We inquired of the Successor Agency and noted that they believe that asset balances need to be retained and restricted to satisfy enforceable obligations for all other funds. We obtained an itemized schedule of asset balances for all other funds, excluding the Low and Moderate Income Housing Fund, as of June 30, 2012 that are dedicated or restricted for the funding of enforceable obligations, attached as Exhibit H, and performed the following procedures:
 - i. We compared all information on the schedule to the legal documents that form the basis for the dedication or restriction of the balance in question.
 - ii. We compared the balance to the amount reported in the accounting records of the Successor Agency.
 - iii. We compared the specified enforceable obligations to those that were included in the final Recognized Obligation Payment Schedule approved by the California Department of Finance.
 - iv. We have attached, as Exhibit H, the listing obtained from the Successor Agency for itemized schedule of restricted asset balances as of June 30, 2012.

- B. The Successor Agency believes this step to be not applicable for all other funds.
- C. The Successor Agency believes this step to be not applicable for all other funds.
- D. The amount calculated of current unrestricted balances necessary for retention in order to meet the enforceable obligations is the same as established in step 8(A), and included in Exhibit H.

**City of Guadalupe,
Successor Agency for the Dissolved Guadalupe Community Redevelopment Agency
Agreed-Upon Procedures
Page 3**

Exhibit B – Results (Continued)

9. We obtained from the Successor Agency a schedule of restricted cash balances for all other funds, excluding the Low and Moderate Income Housing Fund, as of June 30, 2012 attached as Exhibit I, that need to be retained to satisfy obligations on the Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2012 through June 30, 2013. For each obligation listed on the ROPS that was included in Exhibit I, the Successor Agency included explanations as to why they believe that such balances are needed to satisfy the obligation.
10. We obtained from the Successor Agency a schedule for all other funds, excluding the Low and Moderate Income Housing Fund, detailing the computation of the Balance Available for Allocation to Affected Taxing Entities, included as Exhibit J. We verified that amounts included in the calculation at Exhibit J agree to the results of the procedures performed in each section above.
11. We obtained from Successor Agency management a signed representation letter acknowledging their responsibility for the data provided to us and the data presented in the report or in any attachments to the report. Included in the representation is an acknowledgment that management is not aware of any transfers (as defined by Section 34179.5) from either the Dissolved Guadalupe Community Redevelopment Agency or the Successor Agency to other parties for the period of January 1, 2011 to June 30, 2012 that have not been properly identified in the Agreed Upon Procedures report and its related exhibits.

City of Guadalupe,
Successor Agency for the Dissolved Guadalupe Community Redevelopment Agency
Agreed-Upon Procedures
All Funds, Excluding Low and Moderate Income Housing Fund
Exhibit C – Transfers for the Periods of January 1, 2011 to January 31, 2012, and
February 1, 2012 to June 30, 2012

Purpose of Transfer	Amount	Enforceable Obligation (EO)/ Other Legal Requirement (LR)
<u>From Dissolved Redevelopment Agency to City for January 1, 2011 through January 31, 2012</u>		
<u>Interfund Transfers:</u>		
Transfer to City of Guadalupe for Administrative Costs	\$ 225,000	LR
Transfer to City of Guadalupe for Administrative Costs	175,000	LR
Transfer to Library Fund of City of Guadalupe	10,000	LR
Transfer to City of Guadalupe per Cost Allocation Plan	60,000	LR
Transfer to City of Guadalupe per Cost Allocation Plan	<u>25,000</u>	LR
Sub-total:	<u>495,000</u>	
<u>From Successor Agency to City for February 1, 2012 through June 30, 2012</u>		
<u>Interfund Transfers:</u>		
Transfer to City of Guadalupe for administrative allowance	75,000	EO
Transfer to Library Fund of City of Guadalupe	<u>10,000</u>	EO
Sub-total:	<u>85,000</u>	
Total Transfers to City for Period 1/1/2011 through 6/30/12	<u>\$ 580,000</u>	

**City of Guadalupe,
Successor Agency for the Dissolved Guadalupe Community Redevelopment Agency
Agreed-Upon Procedures**

**Exhibit D – Summary of Financial Transactions of All Funds of the
Redevelopment Agency and Successor Agency**

	Redevelopment Agency 12 Months Ended 6/30/2010	Redevelopment Agency 12 Months Ended 6/30/2011	Redevelopment Agency 7 Months Ended 1/31/2012	Successor Agency 5 Months Ended 6/30/2012
Assets (modified accrual basis)				
Cash	\$ 2,418,749	\$ 1,752,102	\$ 1,811,317	\$ 2,211,670
Cash with fiscal agent	414,750	414,750	414,750	414,750
Accounts receivable	45,124	156,777	88,649	31,830
Loans receivable	1,124,891	1,849,196	1,853,681	1,886,519
Interfund	863,136	861,622	861,622	861,622
Interfund - City	965,655	863,655	836,155	836,155
Equipment	-	83,333	83,333	83,333
Land held for resale	-	222,482	222,482	222,482
Total Assets	\$ 5,832,305	\$ 6,203,917	\$ 6,171,989	\$ 6,548,361
Liabilities (modified accrual basis)				
Interfund - City	\$ 156,330	\$ 151,330	\$ -	\$ -
Interfund	863,136	861,622	861,622	861,622
poll remediation	-	99,391	88,650	-
A/P	246,898	49,436	5,682	433,136
Wages payable	94	-	-	-
Total Liabilities	\$ 1,266,458	\$ 1,161,779	\$ 955,954	\$ 1,294,758
Equity	4,565,847	5,042,138	5,216,035	5,253,603
Total Liabilities + Equity	\$ 5,832,305	\$ 6,203,917	\$ 6,171,989	\$ 6,548,361
Total Revenues:	\$ 2,102,230	\$ 3,154,704	\$ 874,229	\$ 620,199
Total Expenditures:	\$ 2,189,355	\$ 2,126,172	\$ 491,662	\$ 497,631
Total Transfers:	\$ 1,527,080	\$ 552,241	\$ 208,670	\$ 85,000
Net change in equity	\$ (1,614,205)	\$ 476,291	\$ 173,897	\$ 37,568
Beginning Equity:	\$ 6,180,052	\$ 4,565,847	\$ 5,042,138	\$ 5,216,035
Ending Equity:	\$ 4,565,847	\$ 5,042,138	\$ 5,216,035	\$ 5,253,603
Other Information (show year end balances for all three years presented):				
Capital assets as of end of year	\$ 267,285	\$ 306,135		\$ 302,565
Long-term debt as of end of year	\$ 6,048,952	\$ 5,919,840		\$ 5,872,038

**City of Guadalupe,
Successor Agency for the Dissolved Guadalupe Community Redevelopment Agency
Agreed-Upon Procedures
All Funds, Excluding Low and Moderate Income Housing Fund
Exhibit E – Listing of Assets
June 30, 2012**

Assets	
Cash and investments	\$ 1,544,950
Accounts receivable	31,830
Loans receivable	1,434,001
Due from City of Guadalupe	673,526
Land held for resale	222,482
Capital assets, net	<u>302,565</u>
Total Assets	<u><u>\$ 4,209,354</u></u>

City of Guadalupe,
Successor Agency for the Dissolved Guadalupe Community Redevelopment Agency
Agreed-Upon Procedures
All Funds, Excluding Low and Moderate Income Housing Fund
Exhibit F – Schedule of Restricted Asset Balances
June 30, 2012

Item #	Description	Amount
1	Cash	
	a) Cash for Debt Service	\$ 913,011
2	Cash with Fiscal Agent	
	a) Reserve Account	414,750
3	Unspent Bond Proceeds	
	a) Debt proceeds held by Successor Agency	217,189
	TOTAL:	\$ 1,544,950

City of Guadalupe,
Successor Agency for the Dissolved Guadalupe Community Redevelopment Agency
Agreed-Upon Procedures
All Funds, Excluding Low and Moderate Income Housing Fund
Exhibit G – Schedule of Assets that are not Cash or Cash Equivalents
June 30, 2012

	June 30, 2012	June 30, 2011 *	Increase/ (Decrease)
Physical Assets			
Loans receivable	\$ 1,434,001	\$ 1,396,678	\$ 37,323 1
Due from City of Guadalupe	673,526	696,026	(22,500) 2
Land held for resale	222,482	222,482	-
Capital assets, net	83,333	83,333	-
Total Physical Assets	\$ 2,413,342	\$ 2,398,519	\$ 14,823

* Asset balances obtained from June 30, 2011 audited financial statements for the Guadalupe Community Redevelopment Agency.

- 1** Increase due to interest earned on loans net of loan payments.
- 2** Decrease due to scheduled payment from Wastewater Capital Fund.

**City of Guadalupe,
 Successor Agency for the Dissolved Guadalupe Community Redevelopment Agency
 Agreed-Upon Procedures
 All Funds, Excluding Low and Moderate Income Housing Fund
 Exhibit H – Schedule of Restricted Asset Balances for Funding Enforceable Obligations
 June 30, 2012**

<u>Item #</u>	<u>Project Name</u>	<u>Approved Obligation</u>	<u>Amount Paid in Period Ending June 30, 2012</u>	<u>Amount Restricted for Obligation for June 30, 2012 Balance</u>
1	2003 TAB	\$ 139,921	\$ 134,511	\$ 5,410
2	Note Payable - Henry Garcia	2,429	2,429	-
3	Note Payable - Olivia Garcia	30,000	2,429	27,571
4	Guadalupe Library	10,000	10,000	-
5	Al's Union - 995 Guadalupe Street	6,000	31,830	(25,830)
6	Personnel/Legal/Professional Services	109,162	75,000	34,162
7	URM Grant -813 Guadalupe Street	6,960	6,960	-
8	URM Grant - 920 Guadalupe Street	20,390	20,390	-
9	American Legion Hall Retrofit	25,000	2,452	22,548
		<u>\$ 349,862</u>	<u>\$ 291,411</u>	<u>\$ 63,861</u>

Reference

- 1 ROPS I - Form B, (prior period reconciliation)
- 2 ROPS I, Form A, line 2
- 3 ROPS I, Form A, line 3
- 4 ROPS I, Form A, line 4
- 5 ROPS I, Form A, line 5
- 6 ROPS I - Admin, Form C
- 7 ROPS I - Form B, (prior period reconciliation)
- 8 ROPS I - Form B, (prior period reconciliation)
- 9 ROPS I - Form B, line 4

City of Guadalupe,
Successor Agency for the Dissolved Guadalupe Community Redevelopment Agency
Agreed-Upon Procedures
All Funds, Excluding Low and Moderate Income Housing Fund
Exhibit I – Schedule of Restricted Cash Balances for Funding Enforceable Obligations
June 30, 2012

Item #	Project Name	Reference	Approved Obligation *	Estimated Future Revenues **	Amount Needed to be Retained from June 30, 2012 Balance
1	Enforceable Obligations - admin allowance	ROPS II	\$ 122,417	\$ -	\$ 122,417
2	Enforceable Obligations - admin allowance	ROPS III	125,000		125,000
			<u>\$ 247,417</u>	<u>\$ -</u>	<u>\$ 247,417</u>

* Identified on ROPS II or III.

** Revenue Source is RPTTF

**City of Guadalupe,
 Successor Agency for the Dissolved Guadalupe Community Redevelopment Agency
 Agreed-Upon Procedures
 All Funds, Excluding Low and Moderate Income Housing Fund
 Exhibit J – Summary of Balances Available for Allocation to Affected Taxing Entities
 June 30, 2012**

SUMMARY OF BALANCES AVAILABLE FOR ALLOCATION TO AFFECTED TAXING ENTITIES

Total amount of assets held by the Successor Agency as of June 30, 2012 (Exhibit E)	\$ 4,209,354
Add the amount of any assets transferred to the city or other parties for which an enforceable obligation with a third party requiring such transfer and obligating the use of the transferred assets did not exist (procedures 2 and 3)	-
Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments (Exhibit F)	(1,544,950)
Less assets that are not cash or cash equivalents (e.g., physical assets) (Exhibit G)	(2,413,342)
Less balances that are legally restricted for the funding of an enforceable obligation (net of projected annual revenues available to fund those obligations) (Exhibit H)	(63,861)
Less balances needed to satisfy ROPS for the 2012-13 fiscal year (Exhibit I)	(247,417)
Less the amount of payments made on July 12, 2012 to the County Auditor - Controller as directed by the California Department of Finance	<u>(521,772)</u>
Amount to be remitted to County for disbursement to taxing entities	<u><u>\$ (581,988)</u></u>



DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-2706 ■ WWW.DOF.CA.GOV

December 18, 2012

Ms. Carolyn Galloway-Cooper, Finance Director
City of Guadalupe
918 Obispo Street
Guadalupe, CA 93434

Dear Ms. Galloway-Cooper:

Subject: Recognized Obligation Payment Schedule

This letter supersedes Finance's Recognized Obligation Payment Schedule (ROPS) letter dated October 20, 2012. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Guadalupe Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on September 4, 2012 for the period of January 1 through June 30, 2013. Finance issued its determination related to those enforceable obligations on October 20, 2012. Subsequently, the Agency requested a Meet and Confer session on one or more of the items denied by Finance. The Meet and Confer session was held on November 21, 2012.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the items being disputed.

- Item No. 2 – expenditure contract signed October 7, 2011 in the amount of \$26,456. Finance no longer objects to the item. Finance denied the item as HSC section 34163 (b) prohibits a redevelopment agency (RDA) from entering into a contract with any entity after June 27, 2011 and HSC section 34163 (c) prohibits a RDA from amending or modifying extending agreements with any entity for any purpose after June 27, 2011. The Agency contends the item is an enforceable obligation because a loan agreement was entered into on February 16, 2001. The Agency provide the original Note Secured by a Deed of Trust dated July 29, 2000, which states that all unpaid sums of principal and interest shall be due and payable July 2010. HSC section 34163 (c) prohibits a RDA from amending or modifying extending agreements with any entity for any purpose after June 27, 2011; therefore, the full amount is currently due and payable. Finance agrees this item is an enforceable obligation.
- Item No. 5 – contract between the City and the former RDA in the amount of \$1.3 million. Finance no longer objects to the item. Finance denied the item as HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the RDA and the former RDA are not enforceable. The Agency contends the item is an enforceable obligation because the environmental cleanup is required and a \$1.5 million state grant was approved to pay for the cleanup. HSC section 34173 (f) allows for any

existing cleanup plans and the liability limits authorized under the Polanco Act shall be transferred to the successor agency. Therefore, this item is an enforceable obligation.

- Items Nos. 6, 11, and 12 – contracts between the City and third parties totaling \$117,000. Finance no longer objects to Item 6, but continues to deny items 11 and 12. Finance denied the items as the former RDA is neither a party to the contracts nor responsible for payments of the contracts. The Agency contends the items are enforceable obligations because the contractors' work includes Agency services, similar to permanent employees. However, the contracts are between the City and various third parties and not the former RDA and the Agency did not provide supporting documentation to demonstrate the commitment of RDA funds to the contracts. Since the former RDA is not a party to the contracts or responsible for payment of the contracts, items 11 and 12 are not enforceable obligations. Item 6 is an enforceable obligation per the reasons discussed in item 5 above.

In addition, per Finance's ROPS letter dated October 20, 2012, items 13 and 14 continue to be reclassified as administrative costs.

The Agency's maximum approved RPTTF distribution for the reporting period is: \$346,819 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 266,846
Less: Six-month total for item(s) denied or reclassified as administrative cost	
Item No. 11	12,000
Item No. 12	9,000
Item No. 13*	10,000
Item No. 14*	50,000
Total approved RPTTF for enforceable obligations	<u>\$ 185,846</u>
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	<u>185,000</u>
Total RPTTF approved:	\$ 370,846

*Reclassified as administrative costs

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS III form the estimated obligations and actual payments associated with the January through June 2012 period. The amount of RPTTF approved in the above table will be adjusted by the county auditor-controller to account for differences between actual payments and past estimated obligations. Additionally, these estimates and accounts are subject to audit by the county auditor-controller and the State Controller.

The amount available from the RPTTF is the same as the property tax increment that was available prior to enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the successor agency in the RPTTF.

Except for items disallowed as noted above, Finance is not objecting to the remaining items listed in your ROPS III. Obligations deemed not to be enforceable shall be removed from your

Ms. Carolyn Galloway-Cooper
December 18, 2012
Page 3

ROPS. This is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2013. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not questioned on this ROPS or a preceding ROPS.

Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Mary Halterman, Analyst, at (916) 445-1546.

Sincerely,



Steve Szalay
Local Government Consultant

cc: Ms. Juana Merino-Escobar, Administrative Assistant, City of Guadalupe
Mr. Ed Price, Division Chief Property Tax Division, County of Santa Barbara
California State Controller's Office



October 20, 2012

Ms. Carolyn Galloway-Cooper, Finance Director
City of Guadalupe
918 Obispo Street
Guadalupe, CA 93434

Dear Ms. Galloway-Cooper:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Guadalupe (City) successor agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on September 4, 2012 for the period of January through June 2013. Finance has completed its review of your ROPS III, which may have included obtaining clarification for various items.

HSC section 34171 (d) defines enforceable obligations. Based on a sample of line items reviewed and application of the law, the following do not qualify as enforceable obligations:

- Item No. 2 in the amount of \$26,456 is for an expenditure contract signed October 7, 2011. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. Additionally, HSC section 34163 (c) prohibits a redevelopment agency from amending or modifying extending agreements with any entity for any purpose after June 27, 2011. Therefore, this is not an enforceable obligation and not eligible for funding.
- Item No. 5 in the amount of \$1.3 million is a contract between the City and the former redevelopment agency. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the redevelopment agency (RDA) and the former RDA are not enforceable. Therefore, this item is not enforceable and not eligible for funding on this ROPS.
- Items No. 6, 11, and 12 totaling \$117,000 are contracts between the City and third parties. As the former RDA is neither a party to the contracts nor responsible for payments of the contracts, these line items are not enforceable obligations.
- Although enforceable, Item No. 13 and 14 are considered administrative expenses and have been reclassified.

Except for item(s) denied in whole or in part as enforceable obligation(s) as noted above, Finance is approving the remaining items listed in your ROPS III. If you disagree with the determination with respect to any items on your ROPS III, you may request a Meet and Confer

within five business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance's website below:

http://www.dof.ca.gov/redevelopment/meet_and_confer/

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is: \$344,390 as summarized below:

Approved RPTTF Distribution Amount	
For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 242,819
Less: Six-month total for item(s) denied or reclassified as administrative cost	
Item No. 2	2,429
Item No. 11	12,000
Item No. 12	9,000
Item No. 13*	10,000
Item No. 14*	50,000
Total approved RPTTF for enforceable obligations	\$ 159,390
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	185,000
Total RPTTF approved:	\$ 344,390

*reclassified as administrative costs

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS III form the estimated obligations and actual payments associated with the January through June 2012 period. The amount of RPTTF approved in the above table will be adjusted by the county auditor-controller to account for differences between actual payments and past estimated obligations. Additionally, these estimates and accounts are subject to audit by the county auditor-controller and the State Controller.

Please refer to the ROPS III schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS/ROPS III Forms by Successor Agency/>

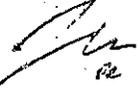
All items listed on a future ROPS are subject to a subsequent review. An item included on a future ROPS may be denied even if it was not questioned from the preceding ROPS.

The amount available from the RPTTF is the same as the property tax increment that was available prior to enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the successor agency in the RPTTF.

Ms. Galloway-Cooper
October 20, 2012
Page 3

Please direct inquiries to Robert Scott, Supervisor or Derk Symons, Lead Analyst at
(916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Ms. Juana Merino-Escobar, Administrative Assistant, City of Guadalupe
Mr. Ed Price, Division Chief Property Tax Division, County of Santa Barbara