

December 17, 2015

Ms. Annette Munoz, Finance Director  
City of Guadalupe  
918 Obispo Street  
Guadalupe, CA 93434

Dear Ms. Munoz:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated November 10, 2015. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Guadalupe Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 15-16B) to Finance on September 30, 2015, for the period of January 1 through June 30, 2016. Finance issued a ROPS determination letter on November 10, 2015. Subsequently, the Agency requested a Meet and Confer session on one or more of the determinations made by Finance. The Meet and Confer session was held on November 16, 2015.

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 specific determination being disputed.

- Item No. 2 – Property Investment funded from the Redevelopment Property Tax Trust Fund (RPTTF) in the amount of \$26,456 was not approved. Finance continues to deny this item. Finance initially denied this item because during the ROPS III review, Finance determined the total outstanding obligation for Item No. 2 was \$26,456 and payable within the ROPS III period (January through June 2013). Subsequently, the Agency's self-reported ROPS III prior period adjustment worksheet displayed \$26,456 as expended on Item No. 2 during the ROPS III period.

During the Meet and Confer process, the Agency contended that although there was a note payable to Henry Garcia listed on ROPS III, the amount was actually paid to Olivia Garcia and the Agency is still making payments to Henry Garcia. The Agency provided the vendor invoice reports detailing payments to Henry Garcia and Olivia Garcia, the cancelled check in the amount of \$27,267 to Olivia Garcia, and the General Ledger Trial Balance showing an outstanding balance of \$18,243 to Henry Garcia at October 31, 2015.

On ROPS I, Finance approved Form A, Item No. 3 in the amount of \$30,000 for payment to Olivia Garcia. The Agency made the payment of \$26,267 on August 29, 2012, which was after the ROPS I period. As a result, the funds were included in the beginning

balance of the Other Funds and Account (OFA) Due Diligence Review (DDR) and Finance allowed retention of the funds in the OFA DDR. Therefore, Finance confirms that the Agency had authority and funding available to fully pay Olivia Garcia.

On ROPS III, Finance approved Item No. 2 in the amount of \$26,456 for payment to Henry Garcia. On the ROPS III prior period adjustment form submitted with ROPS 13-14B, the Agency self-reported the \$26,456 as being expended. However, based on the accounting records provided, there is no indication that this reported payment was actually made. Since the Agency received the full amount of RPTTF funding approved on ROPS III and the Agency reported expending the funds, it is unclear what was actually paid by the Agency. As a result, the Agency should still have the funds on-hand to actually make the payment that was already approved and reported as expended on ROPS III.

Therefore, the Item No. 2 obligation has been fully funded and not eligible for further funding on the ROPS. However, to the extent the Agency expended funds received during ROPS III on items not approved by Finance, the Agency should list those items on subsequent ROPS for Finance's review.

Pursuant to HSC section 34186 (a) (1), the Agency was required to report on the ROPS 15-16B form the estimated obligations versus actual payments (prior period adjustment) associated with the January through June 2015 period (ROPS 14-15B). HSC section 34186 (a) (1) also specifies the prior period adjustment self-reported by the Agency is subject to review by the county auditor-controller (CAC). Proposed CAC adjustments were not received in time for inclusion in this letter; therefore, the amount of RPTTF approved in the table on the following page only reflects the Agency's self-reported prior period adjustment.

Except for the item denied, Finance is not objecting to the remaining items listed on your ROPS 15-16B. The Agency's maximum approved RPTTF distribution for the reporting period is \$427,942 as summarized in the Approved RPTTF Distribution table below:

<b>Approved RPTTF Distribution</b>	
<b>For the period of January through June 2016</b>	
Total RPTTF requested for non-administrative obligations	420,689
Total RPTTF requested for administrative obligations	40,000
<b>Total RPTTF requested for obligations on ROPS 15-16B</b>	<b>\$ 460,689</b>
<b>Total RPTTF requested for non-administrative obligations</b>	<b>420,689</b>
<u>Denied Item</u>	
Item No. 2	(26,456)
<b>Total RPTTF authorized for non-administrative obligations</b>	<b>\$ 394,233</b>
<b>Total RPTTF requested for administrative obligations</b>	<b>40,000</b>
<b>Total RPTTF authorized for administrative obligations</b>	<b>\$ 40,000</b>
<b>Total RPTTF authorized for obligations</b>	<b>\$ 434,233</b>
ROPS 14-15B prior period adjustment	(6,291)
<b>Total RPTTF approved for distribution</b>	<b>\$ 427,942</b>

On the ROPS 15-16B form, the Agency reported cash balances and activity for the period January 1 through December 31, 2015. Finance will perform a review of the Agency's self-reported cash balances on an ongoing basis. Please be prepared to submit financial records and bridging documents to support the cash balances reported upon request. If it is determined the Agency possesses cash balances that are available to pay approved obligations, HSC section 34177 (l) (1) (E) requires these balances be used prior to requesting RPTTF.

Please refer to the ROPS 15-16B schedule used to calculate the total RPTTF approved for distribution:

<http://www.dof.ca.gov/redevelopment/ROPS>

This is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2016. This determination only applies to items when funding was requested for the six-month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if it was not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of the redevelopment dissolution statutes. 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 Agency in the RPTTF.

Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Mary Halterman, Analyst, at (916) 445-3274.

Sincerely,



JUSTYN HOWARD  
Program Budget Manager

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