

**RESOLUTION NO. OB 2012-03**

**A RESOLUTION OF THE OVERSIGHT BOARD FOR SUCCESSOR AGENCY TO THE CITY OF FOWLER REDEVELOPMENT AGENCY APPROVING A DUE DILIGENCE REVIEW FOR THE LOW AND MODERATE INCOME HOUSING FUND AND DETERMINING THE AMOUNT OF CASH AND CASH EQUIVALENTS AVAILABLE FOR DISBURSEMENT TO TAXING ENTITIES IN ACCORDANCE WITH CALIFORNIA HEALTH AND SAFETY CODE SECTIONS 34179.5 AND 34179.6**

**WHEREAS**, AB1X26 (“AB 26”) was enacted on June 28, 2011, and thereafter upheld by the California Supreme Court, eliminating redevelopment agencies effective on February 1, 2012; and

**WHEREAS**, as authorized by AB 26, the City of Fowler elected to serve as the Successor Agency to the former Fowler Redevelopment Agency; and

**WHEREAS**, the law requires that certain Successor Agency actions be approved by the Oversight Board, and gives the Oversight Board certain specified powers over Successor Agency actions. Oversight Boards have a fiduciary responsibility to the holder of enforceable obligations and to the taxing entities that benefit from the distribution of property tax and other revenues; and

**WHEREAS**, on June 27, 2012, additional redevelopment agency wind down requirements were imposed with the enactment of AB 1484; and

**WHEREAS**, under AB 1484, a Due Diligence Review is required to be conducted of the by a licensed accountant approved by the County Auditor-Controller; and

**WHEREAS**, a Due Diligence Review for the Low and Moderate Income Housing Fund has been completed by a County Auditor-Controller approved licensed accountant and submitted to the Oversight Board, County Auditor-Controller, the State Controller, and the State Department of Finance; and

**WHEREAS**, on October 16, 2012, the Oversight Board held a public meeting to review the Due Diligence Review and convened the required public comment session; and

**WHEREAS**, during both the October 16, 2012 and October 23, 2012, Oversight Board meetings, the Oversight Board opened the Due Diligence Review for public comment; and

**WHEREAS**, the Oversight Board considered the Due Diligence Review, all written and oral staff reports regarding same, any written and oral public comments, and any opinions offered by the County Auditor-Controller on the Due Diligence Review.

**NOW, THEREFORE**, the Oversight Board of Successor Agency to the City of Fowler Redevelopment Agency does hereby resolve as follows:

Section 1. Finds and determines that the foregoing recitals are true and correct.

Section 2. Approves the Due Diligence Review prepared by Borchardt, Corona & Faeth Accountancy Corporation as submitted to the Oversight Board, and finds that the Due Diligence Review was conducted in accordance with Health and Safety Code Section 34179.5 and applicable agreed upon procedures approved by the Department of Finance.

Section 3. Finds and determines that \$872,947.00 is the amount of cash and cash equivalents available from the Low and Moderate Income Housing Fund for disbursement to the taxing entities as determined in the approved Due Diligence Review.

Section 4. Directs Successor Agency staff to transmit this Resolution and the approved Due Diligence Review to the Department of Finance and the County Auditor-Controller in accordance with the requirements of Health and Safety Code Section 34179.6.

The foregoing resolution was approved by the Oversight Board of Successor Agency to the City of Fowler Redevelopment Agency at a special meeting held on October 23, 2012, by the following vote to wit:

AYES: Souza, Elias, Parnagian, Wong

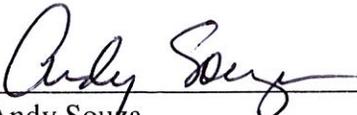
NOES: None

ABSENT: Alvarez, Mulligan

ABSTAIN: None

DATED: October 23, 2012

APPROVED:

  
\_\_\_\_\_  
Andy Souza  
Chairman, Oversight Board

ATTEST:

  
\_\_\_\_\_  
Jeannie Davis  
Secretary, Oversight Board

**CITY OF FOWLER  
SUCCESSOR AGENCY FOR THE FORMER  
REDEVELOPMENT AGENCY**

**DUE DILIGENCE REVIEW  
PURSUANT TO AB1484  
LOW AND MODERATE INCOME HOUSING FUND**

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**BORCHARDT, CORONA & FAETH**  
Accountancy Corporation

Thomas R. Borchardt, CPA  
Gustavo M. Corona, CPA  
Scott A. Faeth, CPA

**INDEPENDENT ACCOUNTANTS' REPORT ON  
APPLYING AGREED-UPON PROCEDURES**

Successor Agency to the City of Fowler Redevelopment Agency  
128 S. 5th  
Fowler, CA 93625

We have performed the minimum required agreed-upon procedures enumerated in Attachment A, which were agreed to by the California State Controller's Office, Department of Finance, and Fresno County Auditor- Controller, solely to assist the users in evaluating management's assertions about the Successor Agency's compliance with the due diligence review procedures associated with the California Health and Safety Code sections 34179.5 (c) (1) through 34179.5 (c) (3) and sections 34179.5 (c) (5) through 34179.5 (c) (6) (the "HSC sections") to be applied to the Low and Moderate Income Housing Fund of the Successor Agency.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The scope of this engagement was limited to performing the minimum required agreed-upon procedures as set forth in Attachment A. The results of the procedures performed are also listed under each related testing procedure in Attachment A.

We were not engaged to and did not perform an examination, the objective of which would be the expression of an opinion as to the appropriateness of the results summarized in Attachment A. 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.

This report is intended solely for the information and use of the Successor Agency to the Redevelopment Agency of the City of Fowler, the Oversight Board, the Fresno County Auditor- Controller, the California Department of Finance, and the California State Controller's Office, and is not intended to be, and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

*Borchardt, Corona & Faeth*

October 9, 2012

**Attachment A – Due Diligence Review Procedures  
Pursuant to AB 1484, Low and Moderate Income Housing Fund**

**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 Procedures(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.

**Findings / Results:** On February 1, 2012 assets of \$1,636,836 for the former redevelopment agency remained in the same fund, (820) in the City of Fowler's (City) accounting system and were renamed to the Successor Housing Agency. General ledger detail and supporting schedules agreed to asset balances at January 31, 2012. Please refer to the assets listing below:

**The Successor Agency for the City of Fowler Redevelopment Agency  
Low Moderate Income Housing Fund  
Listing of Assets**

	February 1, 2012
Cash	\$ 872,947
Due From Other Funds	5,239
Due From Other Governments	57,212
Grants receivable	701,438
Total Assets	<u>\$ 1,636,836</u>

**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.

## Procedure 2 (Continued)

**Findings / Results:** The Successor Agency for the City of Fowler Redevelopment Agency prepared a narrative stating no transfers of assets and cash and cash equivalents were conducted to any governmental entity or agency from January 1, 2011 through January 31, 2012. A review of the cash general ledger and bank statement activity for the Low and Moderate Income Housing Fund (Fund 820) identified no such transfers. No exceptions were noted.

- 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, 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.

**Findings / Results:** The Successor Agency for the City of Fowler Redevelopment Agency prepared a narrative stating no transfers of assets and cash and cash equivalents were conducted to any governmental entity or agency from February 1, 2012 through June 30, 2012. A review of the cash general ledger and bank statement activity for the Low and Moderate Income Housing Fund (LMIH) (Fund 820) identified no such transfers. The City of Fowler has renamed fund 820 as the Successor Fund for the Low and Moderate Income Housing Fund, the City of Fowler is the Successor Agency for the Housing element of the former LMIH Housing portion of the former City of Fowler Redevelopment Agency. No exceptions were noted.

- 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 of the absence of language in the document that required the transfer.

**Findings / Results:** Procedure not applicable.

### 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 of 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.

**Procedure 3 (Continued)**

**Findings / Results:** The Successor Agency for the City of Fowler Redevelopment Agency prepared a narrative stating no transfers of assets and cash and cash equivalents were conducted to any public agency from January 1, 2011 through January 31, 2012. A review of the cash general ledger and bank statement activity for the Low and Moderate Income Housing Fund (Fund 820) identified six transfers to private parties for a sum total of \$123,593 (See Exhibit 1 for detail schedule), the transfers were made to fund Grant/Loan used to rehabilitate low and moderate income housing in the redevelopment area. No exceptions were noted.

- B. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for the 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.

**Findings / Results:** The Successor Agency for the City of Fowler Redevelopment Agency prepared a narrative stating no transfers of assets and cash and cash equivalents were conducted to any public agency or private party from February 1, 2012 through June 30, 2012. A review of the cash general ledger and bank statement activity for the Low and Moderate Income Housing Fund (Fund 820) identified no such transfers. No exceptions were noted.

- 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.

**Findings / Results:** The Successor Agency for the City of Fowler Redevelopment Agency provided copies of the Grant/Loan documents for each loan noted above in Procedure 3 (A). Each document indicates that the Grant/Loan is amortized over 10 years and at the end of the ten years the Grant is earned and no repayment is due. A contra account has been set up deferring the collection of the Grant/Loan receivable as the full grant amount will be earned within ten years.

**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.*

**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.

#### Procedure 4 (Continued)

- 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.

**Findings / Results:** The procedures required by Section 34179.5(c)(4) pertains to the Successor Agency as a whole, these procedures should be addressed in the non-housing due diligence report that is due on December 15, 2012.

#### 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.

**Findings / Results:** The Successor Agency for the City of Fowler Redevelopment Agency provided a listing of all assets as of June 30, 2012 for the Low and Moderate Income Housing Fund. General ledger detail and supporting schedules agreed to asset balances at June 30, 2012. Please refer to Exhibit 2 to identify asset balances as of June 30, 2012.

#### 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.*

#### 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:

## Procedure 6 (Continued)

- 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 the 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.
- 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 experienced for their intended purpose, this should be indicated in the report.

**Procedure 6 (Continued)**

**Findings / Results:** The Successor Agency of the City of Fowler Redevelopment Agency does not have any amounts that are legally restricted in the Low and Moderate Income Housing Fund. There are no legal restricted amounts that pertain to proceeds of any bonds, grant funds, or funds provided by other governmental entities that have placed conditions on their use.

**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.

**Findings / Results:** The Successor Agency of the City of Fowler Redevelopment Agency provided a listing of non-cash assets as of June 30, 2012. General ledger detail and supporting schedules agreed to the non-cash asset balances as of June 30, 2012. Non-cash assets are valued at purchase cost. Please see the following schedule to identify non-cash asset balances as of June 30, 2012. We applied procedures noted in Exhibit 1 to a sample of Grants including those listed in Exhibit 1.

**The Successor Agency for the City of Fowler Redevelopment Agency  
Low Moderate Income Housing Fund  
Listing of Non-Cash Assets**

	<b>June 30, 2012</b>
Grants receivable (Exhibit 4)	\$ 701,438
Due From Other Governments	5,239
Due From Other Governments	57,212
Total Assets	<u>\$ 763,889</u>

- 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.

## Procedure 7 (Continued)

**Findings / Results:** June 30, 2012 non-cash asset balances were traced to the June 30, 2011 audited financial statements prepared by Borchardt, Corona & Faeth, Accountancy Corporation. ~~No exceptions noted.~~

- 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.

**Findings / Results:** Procedure not applicable.

- 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.

**Findings / Results:** Procedure not applicable.

### 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.*

### 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.

## Procedure 8 (Continued)

- 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:
- i. 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.
  - ii. 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.
  - iii. 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.
- 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 schedule in the bond agreement.

## Procedure 8 (Continued)

- ii. Obtain the assumption 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 assumption 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 followings 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.

**Findings / Results:** The Successor Agency of the City of Fowler Redevelopment Agency does not have any amounts that are legally, contractually, or restricted for the funding of an enforceable obligation in the Low and Moderate Income Housing Fund.

### 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.

**Findings / Results:** The Successor Agency for the City of Fowler Redevelopment Agency has no obligations on the Recognized Obligation Payment Schedule (July 1, 2012 through June 30, 2013) that will require a cash balance to be retained.

**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 attachment 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 fund combined (excluding the Low and Moderate Income Housing Fund).

**Findings / Results:** Based on the following procedures performed all balances on Summary of Balances Available for Allocation to Affected Taxing Entities have been traced and agreed to support. Please refer to Exhibit 3 for the Summary of Balances Available for Allocation to Affected Taxing Entities.

**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.

**Findings / Results:** Obtained a representation letter from the Successor Agency management and no exceptions were identified.

The Successor Agency for the City of Fowler Redevelopment Agency  
 Exhibit 1 - Transfers From the Former Redevelopment Agency to Other Public Agency or to Private Third Parties  
 For the Period From January 1, 2011 through January 31, 2012

Date	Check #	Payee	For the Benefit of	Amount	Purpose
06/27/2011	21566	R.W. Stockton	Maria Ledezman	\$ 20,000	Grant/Loan to Rehabilitate Home
07/29/2011	21733	R.W. Stockton	Wali Singh Sangha	18,795	Grant/Loan to Rehabilitate Home
07/29/2011	21733	R.W. Stockton	Daniel & Rachel Martinez	20,000	Grant/Loan to Rehabilitate Home
09/14/2011	21869	R.W. Stockton	Cruz & Lupe Jimenez	20,000	Grant/Loan to Rehabilitate Home
09/14/2011	21869	R.W. Stockton	Maria Martinez	24,798	Grant/Loan to Rehabilitate Home
10/14/2011	22050	R.W. Stockton	Rosalio & Yolanda Estrada	20,000	Grant/Loan to Rehabilitate Home
				<u>\$ 123,593</u>	

1. We examined executed grant agreements for each transaction listed above, and reviewed for compliance with the former City of Fowler Redevelopment Agency's Housing Improvement Grant Program. No exceptions noted.
2. We reviewed each application and noted that the applicant met the income requirements. No exceptions noted.
3. We reviewed supporting documentation for each transaction including invoices, cancelled checks and contract agreements establishing the requirement/obligation for payments of improvements made to the home listed in the Grant Agreement. No exceptions noted.

The Successor Agency for the City of Fowler Redevelopment Agency  
Exhibit 2 - Listing of Assets

	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 Month Ended 6/30/2012
Assets (Modified Accrual Basis)				
Cash	\$ 740,601	\$ 982,307	\$ 872,896	\$ 872,947
Grants Receivable	781,935	706,169	746,496	701,438
Grants Receivable - Contra	(781,935)	(706,169)	(746,496)	(701,438)
Due from Other Funds	-	5,239	5,239	5,239
Due from Other Governments	57,212	57,212	57,212	57,212
<b>Total Assets</b>	<b>797,813</b>	<b>1,044,758</b>	<b>935,347</b>	<b>935,398</b>
Liabilities (Modified Accrual Basis)	-	-	-	-
Equity	797,813	1,044,758	935,347	935,398
<b>Total Liabilities and Equity</b>	<b>797,813</b>	<b>1,044,758</b>	<b>935,347</b>	<b>935,398</b>
Total Revenues	210,602	266,945	-	51
Total Expenditures	435,434	20,000	109,411	-
Total Transfers	-	-	-	-
Net Changes in Equity	(224,832)	246,945	(109,411)	51
Beginning Equity	1,022,645	797,813	1,044,758	935,347
Ending Equity	<u>\$ 797,813</u>	<u>\$ 1,044,758</u>	<u>\$ 935,347</u>	<u>\$ 935,398</u>

Note: In prior year audited reports the Grants were netted, for this report we have presented the information in a gross format. The Grants will be amortized over a period of ten years, historically all Grants have been earned and no repayment is expected.

The Successor Agency for the City of Fowler Redevelopment Agency  
 Exhibit 3 - Summary of Balances Available for Allocation to Affected Taxing Entities

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Total amount of assets held by the successor agency as of June 30, 2012 (Procedure 1)	\$ 1,636,836
Add 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 (Procedure 6)	-
Less assets that are not cash or cash equivalents (e.g., physical assets) (Procedure 7)	(763,889)
Less balances that are legally restricted for the funding of an enforceable obligation (net of projected annual revenues available to fund those obligations) (Procedure 8)	-
Less balances needed to satisfy ROPS for the 2012-13 fiscal year (Procedure 9)	-
Less the amount of payments made on July 12, 2012 to the County Auditor-Controller as directed by the California Department of Finance	-
Amount to be remitted to county for disbursement to taxing entities	<u><u>\$ 872,947</u></u>

EXHIBIT - 4 GRANTS RECEIVABLE  
 DEPARTMENT OF FINANCE  
 HOUSING ASSETS LIST  
 ASSEMBLY BILL X1 26 AND ASSEMBLY BILL 1484  
 (Health and Safety Code Section 34176)

Former Redevelopment Agency: Fowler Redevelopment Agency

Successor Agency to the Former Redevelopment Agency: Fowler Successor Agency

Entity Assuming the Housing Functions of the former Redevelopment Agency: City of Fowler

Entity Assuming the Housing Functions Contact Name: Ronney Wong Title Finance Director Phone 559-834-3113 E-Mail Address rwong@ci.fowler.ca.us

Entity Assuming the Housing Functions Contact Name: David Elias Title City Manager Phone 559-834-3113 E-Mail Address deltas@ci.fowler.ca.us

All assets transferred to the entity assuming the housing functions between February 1, 2012 and the date the exhibits were created are included in this housing ; The following Exhibits noted with an X in the box are included as part of this inventory of housing assets:

Exhibit A - Real Property	
Exhibit B- Personal Property	
Exhibit C - Low-Mod Encumbrances	
Exhibit D - Loans/Grants Receivables	X
Exhibit E - Rents/Operations	
Exhibit F- Rents	
Exhibit G - Deferrals	

Prepared By: Ronney Wong

Date Prepared: 7/26/2012

**Exhibit 4 - Grants Receivables**  
**Fowler Successor Housing Agency**  
**Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)**

Item #	Was the Low-Mod Housing Fund amount issued for a loan or a grant?	Amount of the loan or grant	Date the loan or grant was issued	Person or entity to whom the loan or grant was issued	Purpose for which the funds were loaned or granted	Are there contractual requirements specifying the purposes for which the funds may be used?	Repayment date, if the funds are for a loan
1	Grant	\$ 5,000	09-23-2003	2475 S. Temperance	Home Rehab Project	Yes	
2	Grant	61,475	10-27-2004	410 S. 6th St.	Home Rehab Project	Yes	
3	Grant	10,921	02-23-2005	112 Bonita	Home Rehab Project	Yes	
4	Grant	7,750	02-28-2005	1513 E. Violet	Home Rehab Project	Yes	
5	Grant	34,270	09-05-2006	230 S. 9th St.	Home Rehab Project	Yes	
6	Grant	18,150	10-21-2006	616 E. Adams Ave.	Home Rehab Project	Yes	
7	Grant	6,825	04-18-2007	332 N. 6th St.	Home Rehab Project	Yes	
8	Grant	5,857	04-18-2007	315 W. Sequoia	Home Rehab Project	Yes	
9	Grant	19,355	05-22-2007	115 S. 10th St.	Home Rehab Project	Yes	
10	Grant	19,991	10-25-2007	327 S. 4th St.	Home Rehab Project	Yes	
11	Grant	16,455	11-06-2007	216 S. 6th St.	Home Rehab Project	Yes	
12	Grant	19,575	11-15-2007	308 S. 4th St.	Home Rehab Project	Yes	
13	Grant	19,862	04-20-2008	117 S. Vista	Home Rehab Project	Yes	
14	Grant	15,857	05-23-2008	1525 Dustin Way	Home Rehab Project	Yes	
15	Grant	18,407	07-21-2008	192 E. Bonita	Home Rehab Project	Yes	
16	Grant	18,712	07-21-2008	184 E. Bonita	Home Rehab Project	Yes	
17	Grant	19,371	07-21-2008	329 S. 5th St.	Home Rehab Project	Yes	
18	Grant	19,650	07-23-2008	219 S. 4th St.	Home Rehab Project	Yes	
19	Grant	23,695	08-19-2008	220 S. 6th St.	Home Rehab Project	Yes	
20	Grant	16,987	10-31-2008	954 Laker Lane	Home Rehab Project	Yes	
21	Grant	19,752	09-24-2009	954 Laker Lane	Home Rehab Project	Yes	
22	Grant	20,000	10-29-2009	1549 Ruby Ave.	Home Rehab Project	Yes	
23	Grant	25,874	11-06-2009	3332 N. 5th St.	Home Rehab Project	Yes	
24	Grant	20,000	11-06-2009	308 S. 6th St.	Home Rehab Project	Yes	
25	Grant	23,364	07-23-2009	331 N. 6th St.	Home Rehab Project	Yes	
26	Grant	15,688	07-22-2009	321 S. 6th St.	Home Rehab Project	Yes	
27	Grant	24,634	07-27-2009	1026 Laker Lane	Home Rehab Project	Yes	
28	Grant	19,998	08-03-2009	407 S. 6th St.	Home Rehab Project	Yes	

**\$ 547,475**

Exhibit 4 - Grants Receivables  
 Fowler Successor Housing Agency  
 Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

Item #	Was the Low-Mod Housing Fund amount issued for a loan or a grant?	Amount of the loan or grant	Date the loan or grant was issued	Person or entity to whom the loan or grant was issued	Purpose for which the funds were loaned or granted	Are there contractual requirements specifying the purposes for which the funds may be used?	Repayment date, if the funds are for a loan
29	Grant	\$ 20,000	08-03-2009	508 N. 6th St.	Home Rehab Project	Yes	
30	Grant	17,864	08-28-2009	918 Laker Lane	Home Rehab Project	Yes	
31	Grant	23,241	08-20-2009	223 S 9th St.	Home Rehab Project	Yes	
32	Grant	24,892	08-27-2009	204 E. Adams	Home Rehab P project	Yes	
33	Grant	60,000	03-05-2009	321 S. 4th St.	Home Rehab Project	Yes	
34	Grant	19,689	04-12-2009	320 S. 6th St.	Home Rehab Project	Yes	
35	Grant	19,689	05-05-2009	318 S. 4th St.	Home Rehab Project	Yes	
36	Grant	19,941	05-07-2009	392 E. Curtis Ave.	Home Rehab Project	Yes	
37	Grant	19,999	06-22-2009	112 Carter Ave.	Home Rehab Project	Yes	
38	Grant	60,000	03-05-2009	321 S. 4th St.	Home Rehab Project	Yes	
39	Grant	19,689	04-12-2009	320 S. 6th St.	Home Rehab Project	Yes	
40	Grant	19,689	05-05-2009	318 S. 4th St.	Home Rehab Project	Yes	
41	Grant	19,941	05-07-2009	392 E. Curtis Ave.	Home Rehab Project	Yes	
42	Grant	19,999	06-22-2009	112 Carter Ave.	Home Rehab Project	Yes	
43	Grant	22,788	01-19-2010	204 E. Adams Ave.	Home Rehab Project	Yes	
44	Grant	22,764	02-04-2010	954 Laker Lane	Home Rehab Project	Yes	
45	Grant	18,975	07-29-2011	863 S. Christopher Ct.	Home Rehab Project	Yes	
46	Grant	24,768	09-14-2011	306 S. 3rd St.	Home Rehab Project	Yes	
47	Grant	20,000	06-27-2011	204 S. 6th St.	Home Rehab Project	Yes	
48	Grant	20,000	07-29-2011	1531 Ruby Ct.	Home Rehab Project	Yes	
49	Grant	20,000	09-14-2011	308 N. 5th St.	Home Rehab Project	Yes	
50	Grant	20,000	10-14-2011	423 S. 7th St.	Home Rehab Project	Yes	
Total this page		\$ 533,928					
Total from page 1		\$ 547,475					
Total all Grants		\$ 1,081,403					
Earned/Amortized		\$ (379,965)					
Current Balance		\$ 701,438					

Procedures: This schedule represents all the Home Rehabilitation Grants funded by the City of Fowler Redevelopment Agency prior to the dissolving of the Agency. All Grants are to low and moderate income households and no repayment is anticipated. The Grants are contingently receivable should the home be sold or inherited by a non-qualifying family or individual. If the home is occupied by the original grantee or successor owner who qualifies as low or moderate income household for the ten year period, the receivable is waived.

We reviewed grant agreements and recorded deeds, plus supporting documents for improvements made for a sample of these Grants to ascertain the propriety of the recorded cost. No exceptions noted.

We recalculated the amortization amount to determine current value. No exceptions noted.