

OB RESOLUTION NO. 2013-01

A RESOLUTION OF THE OVERSIGHT BOARD FOR SUCCESSOR AGENCY TO THE CITY OF FOWLER REDEVELOPMENT AGENCY APPROVING A DUE DILIGENCE REVIEW FOR ALL NON-LOW AND MODERATE INCOME HOUSING FUNDS 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 all Non-Low and Moderate Income Housing Funds 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 December 13, 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 December 13, 2012 and January 9, 2013, 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 \$0 is the amount of cash and cash equivalents available from all Non-Low and Moderate Income Housing Funds 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 January 9, 2013, by the following vote to wit:

AYES: Alvarez, Elias, Parnagian, Wong

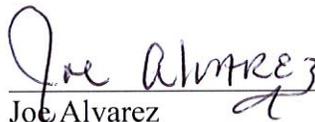
NOES: None

ABSENT: Mulligan, Souza

ABSTAIN: None

DATED: January 9, 2013

APPROVED:



Joe Alvarez
Vice-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
NON-HOUSING FUNDS**

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**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 all other funds of the Successor Agency combined, excluding the Low and Moderate Income Housing Fund, (which were collectively referred to as the "Non-Housing Funds"). Management is responsible for the Successor Agency's compliance with these HSC sections.

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

December 7, 2012

**Attachment A – Due Diligence Review Procedures
Pursuant to AB 1484, Non-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 \$469,862 of the former redevelopment agency were transferred to the Successor Agency. We agreed the amounts listed below to account balances established in the account balances established in the accounting records of the Successor Agency. Please refer to the assets listed below which were transferred as of February 1, 2012:

**The Successor Agency for the City of Fowler Redevelopment Agency
Non-Housing
Listing of Assets**

	February 1, 2012
	<hr/>
Due From Other Governments	\$ 117,599
Capital Assets	209,477
Advances to Other Governments	142,786
Total Assets	<hr/> <u>\$ 469,862</u> <hr/>

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:

Note: The State Controller's Office has completed its review of transfers required under both HSC Sections 34167.5 and 34178.8 and provided notes of the exit conference to the City (in which he stated that he had made no findings and noted no transfers were made), but has not issued its report regarding the review. As such, we performed the following procedures:

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 Successor Agency (Fund 850) 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 Successor Agency (Fund 850) 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: 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:

Note: The State Controller's Office has completed its review of transfers required under both HSC Sections 34167.5 and 34178.8 and provided notes of the exit conference to the City (in which he stated that he had made no findings and noted no transfers were made), but has not issued its report regarding the review. As such, we performed 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.

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 January 1, 2011 through January 31, 2012. A review of the cash general ledger and bank statement activity for the Successor Agency (Fund 850) identified no transfers. No exceptions were noted.

Procedure 3 (Continued)

- 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 Successor Agency (Fund 850) identified no 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: Procedure not applicable.

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.

Findings / Results: We obtained 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 Exhibit 1 "Summary of Transactions". For purposes of this summary, the financial transactions are presented using the modified accrual basis of accounting. End of year balances for capital assets (in total) and long-term liabilities (in total) are presented at the bottom of this summary schedule for information purposes. See Exhibit 1 "Summary of Transactions" for the format of the summary of financial transactions of the Redevelopment Agency and the Successor Agency as required.

- 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.

Findings / Results: We ascertained that for each period presented, the total of revenues, expenditures, and transfers accounts fully for the changes in equity from the previous fiscal period. No exceptions noted.

- 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.

Findings / Results: 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. No exceptions noted.

Procedure 4 (Continued)

- 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: We compared amounts in the schedule for the other fiscal periods presented to account balances in the accounting records or other supporting schedules. We described in the report the type of support provided for each fiscal period. We agreed the June 30, 2010 and 2011 figures for the former Redevelopment Agency's Non-Housing Funds to the City's accounting records with no exceptions. We agreed the January 31, 2012 and June 30, 2012 figures to the City's accounting records, bank statements, schedule of due from other agencies and accrued liabilities. As part of our review we identified certain uncollectible receivable balances described as Prior Period Adjustment in Exhibit 1, other than those adjustments no other exceptions were noted.

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: We obtained from the Successor Agency for the City of Fowler Redevelopment Agency a listing for the Non-Housing Funds assets as of June 30, 2012 for the report that was due October 1, 2012. Exhibit 1 attached includes only those assets of the Non-Housing Funds that were held by the Successor Agency as of June 30, 2012 and excluded all assets held by the entity that assumed the housing function previously performed by the former redevelopment agency. We agreed the assets so listed to recorded balances reflected in the accounting records of the Successor Agency. See Exhibit 1, except for the items noted as prior period adjustments no other exceptions were noted.

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:
 - 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.)

Procedure 6 (Continued)

- 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.

Findings / Results: The Successor Agency of the City of Fowler Redevelopment Agency does not have any amounts that are legally restricted in the Non-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.

Procedure 7 (Continued)

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.

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

	<u>June 30, 2012</u>
Capital Assets (Exhibit 1)	\$ 209,477
Due From Other Governments	117,599
Advance to Other Governments	142,756
Total Assets	<u>\$ 469,832</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.

Findings / Results: June 30, 2012 non-cash asset balances were traced to the June 30, 2011 audited financial statements prepared by Borhardt, Corona & Faeth, Accountancy Corporation. In performing our review we noted two rehabilitation loans which were misposted to the Non-Housing Funds totaling \$86,367 (see prior period adjustment in Exhibit 1). We evaluated the possibility of collection and determined that the cash resources of the Low and Moderate Income Funds are no longer available and as a result the amounts are uncollectible.

- 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.
 - 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.

Procedure 8 (Continued)

- i. Compare the timing and amounts of bond debt service payments to the related bond debt service schedule in the bond agreement.
 - 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 Non-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 2 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 - Summary of Transactions

	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	\$ 152,993	\$ 19,647	\$ (209,629)	\$ 124
Notes Receivable	61,475	61,475	-	-
Due From Other Governments	176,590	176,590	117,599	117,599
Advances From Other Governments	142,786	142,786	142,786	142,786
Total Assets	533,844	400,498	50,756	260,509
Liabilities (Modified Accrual Basis)				
Accounts Payable	162,694	12	-	-
Due To Other Governments	-	5,239	5,239	5,239
Compensated Absences	11,787	15,878	15,879	6,884
Total Liabilities	174,481	21,129	21,118	12,123
Equity	359,363	379,369	29,638	248,386
Total Liabilities and Equity	\$ 533,844	\$ 400,498	\$ 50,756	\$ 260,509
Total Revenues	895,505	1,283,122	33,569	634,228
Total Expenditures	1,495,275	1,263,116	296,933	415,480
Net Changes in Equity	(599,770)	20,006	(263,364)	218,748
Beginning Equity	959,133	359,363	379,369	29,638
Prior Period Adjustment	-	-	(86,367)	-
Ending Equity	\$ 359,363	\$ 379,369	\$ 29,638	\$ 248,386
Other Information:				
Capital Assets	\$ 209,477	\$ 209,477	\$ 209,477	\$ 209,477
Long Term Debt:	\$ 928,200	\$ 878,200	\$ 826,200	\$ 826,200

Prior Period Adjustment:

The prior period adjustment amount of \$86,367 is comprised of uncollectible Due From Other Governments of \$24,892 from a Rehabilitation Grant which was erroneously posted as a receivable and a note receivable of \$61,475 for a Rehabilitation Grant funded in 2004 which was erroneously posted as a receivable.

The Successor Agency for the City of Fowler Redevelopment Agency
 Exhibit 2 - Summary of Balances Available for Allocation to Affected Taxing Entities

Total amount of assets held by the successor agency as of June 30, 2012 (Procedure 1)	\$ 469,862
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)	(469,862)
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	\$ -

AMENDED RECOGNIZED OBLIGATION PAYMENT SCHEDULE
 Per AB 26 - Section 34169 (h) (*)

Project Name / Debt Obligation	Payee	Initial Date	Description	Source of Payment	Total Outstanding Debt or Obligation	Total Due During Fiscal Year (2011-2012)	Payments By Month						Total		
							January	February	March	April	May	June			
1) City of Fowler GF Start Up	City of Fowler	07/01/1995	General Fund Loan	Tax Increment	\$ 142,720	\$ 75,000	-	-	-	-	-	-	-	\$ 75,000	
2) FHA Loan	Union Bank	03/29/1994	Refinance	Tax Increment	401,754	40,813	-	-	7,563	-	-	-	-	7,563	
3) RDA Project Funds	Union Bank	04/06/2000	Project Funds	Tax Increment	1,187,450	92,350	-	-	32,000	-	-	-	-	32,000	
4) Employee Costs	Employees of Agency	N/A	Payroll for Employees	Tax Increment	251,124	251,124	20,927	20,927	20,927	20,927	20,927	20,927	20,927	125,562	
5) Successor Agency Audit	Borchardt, Corona & Faeth	N/A	Fee for Audit Services	Tax Increment	5,000	5,000	-	-	-	-	5,000	-	-	5,000	
6) Golden State Improvements	Bee Sweet	09/01/1995	Project Costs	Tax Increment	90,000	10,000	-	-	-	-	-	5,000	5,000	5,000	
Totals							\$ 2,078,048	\$ 474,287	\$ 20,927	\$ 20,927	\$ 60,490	\$ 20,927	\$ 30,927	\$ 95,927	\$ 250,125

*Per Section 34169 © of AB 26X

