

# Lindsay Oversight Board Agenda

Council Chambers at City Hall  
251 E. Honolulu, Lindsay, Ca. 93247

**January 28, 2013 at 9:30am**

## 1. OPEN SESSION

A. CALL TO ORDER: 9:30 am

B. ROLL CALL: Board members McQueen, Lara, Calvin, Hemaidan, Ishida, Mercer,  
Wilkinson

C. Flag Salute:

## 2. PUBLIC COMMENT –

*The public is invited to comment on any subject under the jurisdiction of the Board, including agenda items, other than noticed public hearings. Comments shall be limited to three (3) minutes per person, with thirty (30) minutes overall for the entire comment period, unless otherwise indicated by the Chairperson.*

## 3. Approval of Meeting Minutes for January 21, 2013

(pg. 1-2)

## 4. Adoption of Due Diligence Agreed Upon Procedures Audit:

Presented by Tamara Laken Finance Director

A. Low/Mod Income Housing Fund (LMIHF) DDR

**Resolution No. 13-01**

(pg. 3-24)

B. Other Funds DDR

**Resolution No. 13-02**

(pg. 25-46)

## 5. Summary of Lindsay's Recognize Obligation Payments Schedule III (ROPS)

(pg. 47-49)

Presented by Tamara Laken Finance Director

## 6. Adjournment.

# Lindsay Oversight Board

Regular Meeting  
Council Chambers at City Hall  
251 East Honolulu, Lindsay, California  
Monday, January 21, 2013  
9:30 a.m.

## CALL TO ORDER.

Chairman McQUEEN called the meeting noted above to order at 9:30 a.m. in the Council Chambers at City Hall, 251 E. Honolulu, Lindsay, California.

**BOARD PRESENT:** WILKINSON, ISHIDA, LARA, McQUEEN.

**BOARD ABSENT:** MERCER, CALVIN, HEMAIDAN.

**STAFF PRESENT:** Maria Knutson, Tamara Laken and Bill Zigler.

**FLAG SALUTE:** Led by Board member ISHIDA.

**PUBLIC COMMENT:** None.

## APPROVAL OF AUGUST 9, 2012 MINUTES.

Chairman McQueen: Board members, you have reviewed the minutes of the August 9, 2012 board meeting if they are acceptable do I hear a motion to approve?

## **ACTION:**

On Motion by ISHIDA and Second by WILKINSON, Minutes were approved as presented.

## **REVIEW OF DUE DILIGENCE AGREED UPON PROCEDURES AUDIT**

City Finance Director, Tamara Laken reported on this item. She explained prepared reports for a) Low/Mod Income (LMIHF) DDR and b) Other Funds, in detail and stated that these reports are a mandate by the Department of Finance. Brief discussion between the Board & Staff followed, with no action requested or taken.

- A. Low/Mod Income Fund (LMIHF) DDR
- B. Other Funds DDR

## **PUBLIC MEETING FOR PUBLIC REVIEW OF DUE DILIGENCE AUDITS (both)**

City Finance Director, Tamara Laken stated the items she just reported on require that a public hearing be held on each.

Chairman McQueen opened the Public Hearing for the Low/Mod Income (Fund) DDR at 9:50:00 am. He called for anyone wishing to speak in favor of the Low/Mod Income (Fund) DDR, seeing none he called for anyone wishing to speak against the item. Seeing none he closed the Public Hearing at 9:50:30.

Chairman McQueen then opened the Public Hearing for "Other Funds DDR" at 9:51:00 am. He called for anyone wishing to speak in favor of "Other Funds DDR", seeing none he called for anyone wishing to speak against the item. Seeing none he closed the Public Hearing at 9:51:30. No other action was requested or taken.

## **DEBT SERVICE UPDATE-LINDSAY SUCCESSOR AGENCY TO THE FORMER LINDSAY REDEVELOPMENT AGENCY**

City Finance Director, Tamara Lake introduced this item. She explained the included reports on Debt Service and stated this is an information item and requires no Board Action.

With no questions or comments by the Board, the Chairman went on to the next item, adjourning the meeting.

**ADJOURN.** Upon motion of ISHIDA, Second of LARA, Chairman McQUEEN, adjourned the meeting of the Lindsay Oversight Board at 9:52 a.m.

ATTEST:

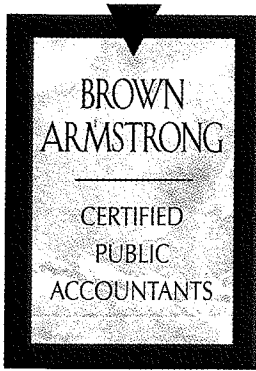
LINDSAY OVERSIGHT BOARD

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Carmela Wilson, City Clerk

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Greg McQueen, Chairperson



# BROWN ARMSTRONG

*Certified Public Accountants*

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

### LOW AND MODERATE INCOME HOUSING FUND OF THE SUCCESSOR AGENCY

Oversight Board of the Successor Agency  
City of Lindsay  
Lindsay, California 93247

#### MAIN OFFICE

#### 4200 TRUXTON AVENUE

SUITE 300

BAKERSFIELD, CA 93309

TEL 661.324.4971

FAX 661.324.4997

EMAIL [info@bacpas.com](mailto:info@bacpas.com)

#### 560 CENTRAL AVENUE

SHAFTER, CALIFORNIA 93263

TEL 661.746.2145

FAX 661.746.1218

#### 8050 N. PALM AVENUE

SUITE 300

FRESNO, CALIFORNIA 93711

TEL 559.476.3592

FAX 559.476.3593

#### 790 E. COLORADO BLVD.

SUITE 908B

PASADENA, CALIFORNIA 91101

TEL 626.240.0920

FAX 626.240.0922

#### 5250 CLAREMENT AVENUE

SUITE 237

STOCKTON, CA 95207

TEL 209.451.4833

We have performed the minimum required agreed-upon procedures (AUP) enumerated in Attachment A, which were agreed to by the California State Controller's Office and the Department of Finance solely to assist you in ensuring that the Successor Agency of the City of Lindsay Redevelopment Agency (the Agency) is complying with its statutory requirements with respect to Assembly Bill (AB) 1484. Management of the Agency is responsible for the accounting records pertaining to statutory compliance pursuant to Health and Safety Code. This AUP engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the 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 AUP as set forth in Attachment A. The results of the procedures performed are listed under each related testing step in Attachment A.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion as to the appropriateness of the results summarized in 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 management of the Agency and applicable State agencies, 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.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong*  
*Accountancy Corporation*

Bakersfield, California  
January 10, 2013



REGISTERED with the Public Company  
Accounting Oversight Board and  
MEMBER of the American Institute of  
Certified Public Accountants

**ATTACHMENT A**  
**List of Procedures for Due Diligence Review**

**General information regarding these procedures:**

1. The procedures associated with Sections 34179.5(c)(1) through 34179.5(c)(3) and Sections 34179.5(c)(5) through 34179.5(c)(6) are to be applied separately to (a) the Low and Moderate Income Housing Fund of the Successor Agency and to (b) all other funds of the Successor Agency combined (excluding the Low and Moderate Income Housing Fund).
2. The due date for the report associated with the Low and Moderate Income Housing Fund is October 1, 2012.
3. The due date for the report associated with all other funds of the Successor Agency combined (excluding the Low and Moderate Income Housing Fund) is December 15, 2012.
4. Because the procedures required by Section 34179.5(c)(4) pertain to the Successor Agency as a whole, these procedures should be addressed in the report that is due on December 15, 2012.

Fiscal year references below refer to fiscal years ending on June 30. This language should be modified for those agencies that have a different fiscal year-end.

For purposes of the procedures below and the related exhibits, the amount of the assets presented should be based upon generally accepted accounting principles (GAAP), unless otherwise noted.

To the extent the procedures listed below are duplicative to the agreed upon procedures that were performed pursuant to Health and Safety Code (HSC) 34182 (a)(1), it is acceptable to obtain and use information from the HSC 34182 (a)(1) procedures for purposes of this due diligence review without having to re-perform the procedures. When this is done, the due diligence report should refer to the report that was issued for the agreed-upon procedures performed under HSC 34182 (a)(1).

Certain assets may qualify as a deduction under more than one category of deduction. In such cases, care should be taken to ensure that such assets have been included as a deduction in the summary schedule only once.

**Citation:**

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

**Suggested Procedure(s):**

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

**Result:**

We obtained a listing of all assets that were submitted to be transferred from the former RDA to the Successor Housing Agency. The total amount to be transferred was \$175,243 but the amount was not transferred by February 1, 2012. We found the City of Lindsay (the City) to not be in compliance as a result of the procedures performed.

**Citation:**

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

**Suggested Procedure(s):**

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

**Result:**

We were able to obtain a letter from the State Controller's Office stating that the Department of Finance had completed its review of the transfers made by the City under Sections 34167.5 and 34178.8. See Attachment B. We found no exceptions as a result of the procedures performed.

**Citation:**

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

**Suggested Procedure(s):**

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

**Result:**

We were able to obtain a letter from the State Controller's Office stating that the Department of Finance had completed its review of the transfers made by the City under Sections 34167.5 and 34178.8. See Attachment B. We found no exceptions as a result of the procedures performed.

**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 State 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.
- 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.

**Result:**

We obtained the audited Financial Statements for fiscal years ended June 30, 2010, and June 30, 2011. We obtained general ledger reports for fiscal periods ended January 31, 2012, and June 30, 2012, and compared amounts to the summary of financial transactions for the Successor Agency Fund in Attachment C. We found no exceptions as a result of the procedures performed.

**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.

**Result:**

We obtained from the Successor Agency a listing of all assets of the Low and Moderate Income Housing Fund as of June 30, 2012 and all assets were still being held by the City. These assets were not rolled over to the Successor Agency by the necessary due date. We were able to agree the assets to the City's trial balance which verified these assets were still being held by the City. The City did not transfer the Low and Moderate Income Housing assets by the necessary date. Based on the above procedures, the City is not in compliance. See Attachment C.

**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.).
- ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
- iii. Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.

B. Grant proceeds and program income that are restricted by third parties:

- i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).
- ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
- iii. Obtain from the Successor Agency a copy of the grant agreement that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.

C. Other assets considered to be legally restricted:

- i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).
- ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
- iii. Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by Successor the Agency as restricted.



- D. Attach the above mentioned Successor Agency prepared schedule(s) as an exhibit to the AUP report. For each restriction identified on these schedules, indicate in the report the period of time for which the restrictions are in effect. If the restrictions are in effect until the related assets are expended for their intended purpose, this should be indicated in the report.

**Result:**

We obtained the Successor Agency's computation of the restricted balance. The restriction represents the total amount payable to US Bank to satisfy the payments of the agreement between the Redevelopment Agency and US Bank for the Bond repayment. We found no exceptions as a result of the procedures performed for the Low and Moderate Income Housing Fund. Please see Attachment D for details.

**Citation:**

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

**Suggested Procedure(s):**

7. Perform the following procedures:

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

**Result:**

We obtained a listing of assets as of June 30, 2012, from the Successor Agency. No disposition of assets occurred and no assets are listed at recently estimated market value. Please see Attachment E for a list of assets that are not liquid. We found no exceptions as a result of the procedures performed for the Low and Moderate Income Housing Fund.

**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.

- i. Compare the timing and amounts of bond debt service payments to the related bond debt service schedules in the bond agreement.
  - ii. Obtain the assumptions for the forecasted property tax revenues and disclose major assumptions associated with the projections.
  - iii. Obtain the assumptions for the forecasted other general purpose revenues and disclose major assumptions associated with the projections.
- D. If procedures A, B, or C were performed, calculate the amount of current unrestricted balances necessary for retention in order to meet the enforceable obligations by performing the following procedures.
- i. Combine the amount of identified current dedicated or restricted balances and the amount of forecasted annual revenues to arrive at the amount of total resources available to fund enforceable obligations.
  - ii. Reduce the amount of total resources available by the amount forecasted for the annual spending requirements. A negative result indicates the amount of current unrestricted balances that needs to be retained.
  - iii. Include the calculation in the AUP report.

**Result:**

These procedures are not applicable for the Successor Agency's Low and Moderate Income Housing Fund as there are no current balances legally or contractually dedicated or restricted for the funding of an enforceable obligation.

**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.

**Result:**

We obtained a copy of the final ROPS for the period of July 1, 2012, through December 31, 2012, as well as a copy of the final ROPS for the period January 1, 2013, through June 30, 2013. We were able to identify all dollar amounts of existing cash that were needed to satisfy each obligation and we obtained from the Successor Agency an explanation as to why the Successor Agency believes these balances are needed to satisfy the obligation. See explanation at Attachment F.

**Citation:**

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

**Suggested Procedure(s):**

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

Result:

We found no exceptions as a result of the procedures performed for the Low and Moderate Income Housing Fund. Please see Attachment G for details.

**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.

Result:

We received the representation letter, which included all required information, on January 10, 2013.



August 29, 2012

Ms. Maria Knutson, Administrative Supervisor/Assistant to the City Manager  
City of Lindsay  
251 E. Honolulu, P.O. Box 369  
Lindsay, CA 93247

Dear Ms. Knutson:

Subject: Housing Assets Transfer Form

Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the City of Lindsay submitted a Housing Assets Transfer Form (Form) to the California Department of Finance (Finance) on July 30, 2012 for the period February 1, 2012 through July 30, 2012

Finance has completed its review of your Form, which may have included obtaining clarification for various items. Based on a sample of line items reviewed and the application of law, Finance is not objecting to any assets or transfers of assets identified on your Form.

Please direct inquiries to Beliz Chappuie, Supervisor or Cindie Lor, Lead Analyst at (916) 445-1546.

Sincerely,

**STEVE SZALAY**  
Local Government Consultant

- cc: Ms. Tamara Laken, Director of Finance, City of Lindsay  
Mr. Ken Kugler, Executive Director, Housing Authority of the County of Tulare  
Ms. Margaret Lowe, Deputy Executive Director, Housing Authority of the County of Tulare  
Ms. Rita A. Woodard, Auditor-Controller, Tulare County Auditor Controller  
Ms. Sharla Allison, Chief Accountant, Tulare County Auditor Controller  
California State Controller's Office

**Attachment C**

<b>City of Lindsay - Successor Agency Low and Moderate Income Housing Fund</b>	<b>Redevelopment Agency 12 Months Ended 6/30/2010</b>	<b>Redevelopment Agency 12 Months Ended 6/30/2011</b>	<b>Redevelopment Agency 7 Months Ended 1/31/2012</b>	<b>Successor Agency 5 Months Ended 6/30/2012</b>
<b>Assets (modified accrual basis)</b>				
Cash and cash equivalents	\$ 273,482	\$ 356,037	\$ 343,115	\$ 348,421
Receivables:				
Accounts	-	161	-	-
Notes	1,841,465	1,845,149	1,842,536	1,687,430
Interest	8,498	8,405	8,336	-
Due from other city funds	1,940,001	1,947,407	1,940,001	1,940,001
Restricted assets:				
Cash with fiscal agent	223,737	228,826	228,826	229,400
Property held for development	1,980,000	1,980,000	1,980,000	1,980,000
<b>Total Assets</b>	<b>\$ 6,267,183</b>	<b>\$ 6,365,985</b>	<b>\$ 6,342,814</b>	<b>\$ 6,185,252</b>
<b>Liabilities (modified accrual basis)</b>				
Accounts payable	\$ 7,062	\$ 8,239	\$ -	\$ -
Unearned revenue	1,841,465	1,845,149	1,842,536	1,687,430
Due to other funds	150,872	150,871	150,872	150,872
Other deposits	-	-	500	2,600
Impound	-	-	6,262	-
<b>Total Liabilities</b>	<b>\$ 1,999,399</b>	<b>\$ 2,004,259</b>	<b>\$ 2,000,170</b>	<b>\$ 1,840,902</b>
<b>Equity</b>	<b>\$ 4,267,784</b>	<b>\$ 4,361,726</b>	<b>\$ 4,342,644</b>	<b>\$ 4,344,350</b>
<b>Total Liabilities and Equity</b>	<b>\$ 6,267,183</b>	<b>\$ 6,365,985</b>	<b>\$ 6,342,814</b>	<b>\$ 6,185,252</b>
<b>Total Revenues</b>	<b>\$ 387,093</b>	<b>\$ 395,947</b>	<b>\$ 1,508</b>	<b>\$ 27,228</b>
<b>Total Expenditures</b>	<b>\$ 228,399</b>	<b>\$ 293,583</b>	<b>\$ 20,590</b>	<b>\$ 25,522</b>
<b>Total Transfers</b>	<b>\$ 734,985</b>	<b>\$ (8,422)</b>	<b>\$ -</b>	<b>\$ 4,342,644</b>
<b>Net Change in Equity</b>	<b>\$ 893,679</b>	<b>\$ 93,942</b>	<b>\$ (19,082)</b>	<b>\$ 4,344,350</b>
<b>Beginning Equity</b>	<b>\$ 3,374,105</b>	<b>\$ 4,267,784</b>	<b>\$ 4,361,726</b>	<b>\$ -</b>
<b>Ending Equity</b>	<b>\$ 4,267,784</b>	<b>\$ 4,361,726</b>	<b>\$ 4,342,644</b>	<b>\$ 4,344,350</b>
<b>Other Information (show year-end balances for all three years presented):</b>				
Capital assets as of end of year	\$ -	\$ -	\$ -	\$ -
Long-term debt as of end of year	\$ 5,517,237	\$ 5,517,237	\$ 5,517,237	\$ 5,517,237

**Attachment D**

**Schedule of Restricted Assets of the Former Redevelopment Agency  
RDA Due Diligence Review  
For the Period Ended June 30, 2012**

**Purpose:** To document the legally restricted Assets of the Former Redevelopment Agency.  
**Citation:** 34179.5(c)(5)B

<u>Item</u>	<u>Asset Type</u>	<u>Asset Description</u>	<u>Amount</u>
<b>Low and Moderate Income Housing Fund</b>			
	Restricted Cash	Cash with fiscal agent	<u>\$ 229,400.00</u>
	<b>Total Restricted Cash</b>		<u><u>\$ 229,400.00</u></u>

**Attachment E**

**Schedule of Restricted Assets of the Former Redevelopment Agency  
RDA Due Diligence Review  
For the Period Ended June 30, 2012**

**Purpose:** To document the legally restricted Assets that are not liquid or otherwise available of the Former Redevelopment Agency.  
**Citation:** 34179.5(c)(5)C

<u>Item</u>	<u>Asset Type</u>	<u>Asset Description</u>	<u>Amount</u>
<b>Low and Moderate Income Housing Fund</b>			
1	Cash and cash equivalents	Notes receivable - First Time Homebuyers	\$ 1,687,430.00
2	Restricted assets	Land held for development	<u>1,980,000.00</u>
	<b>Total Restricted Non-Liquid Assets</b>		<u><u>\$ 3,667,430.00</u></u>





# City of Lindsay



P.O. Box 369 — Lindsay, California 93247 — 251 Honolulu Street  
 559 • 562 • 5927  
 559 • 562 • 7021 fax

Date: October 16, 2012

RE: City of Lindsay ROPS Justification – DDR Cite#34179.5 (c) (6)

The City of Lindsay, as Successor Agent for the former Lindsay Redevelopment Agency, has been saddled with outstanding debt obligations in excess of \$20,645,000. Bonded debt, for which tax increment was pledged and now tax revenue from the RPTTF, equals \$1,095,603 (includes annual bond administration and disclosure fees) that is needed annually in order to meet this obligation. Receipts from the RPTTF in FY12 totaled only \$1,128,337 which provided only \$32,734 for legal fees, dissolution staff, audit fees, and reserve payments in addition to the bond payments. Revenue received in June is not sufficient to meet the August P&I payments due and the City must maintain an adequate reserve, from the larger portion received in December, in order to continue to meet the biannual payment schedule. The 2009 Bond issue was short term with full payment of \$1,000,000 due date by October 2014.

In addition to the bonded debt that is secured by the RPTTF, there are two additional loans, both short-term - \$1,250,000 due by May 7, 2013 and \$3,690,000 by March 31, 2014 - that total \$4,940,000 and were to be paid from the proceeds of the sale of property purchased (with the loan proceeds) for affordable housing project(s), one of which was transferred to the Tulare County Housing Authority in accordance with the dissolution mandates of ABx1 26. The repayment source, or lack thereof, for those two loans is a critical issue at this time and city staff is working with the state agencies who lent the RDA the money to restructure those enforceable debt obligations.

At this time, all cash on hand is reserved entirely for debt service of the aforementioned obligations.

Regarding the Ashland Apartments, an LMIHF Project that shows a positive cash balance from rent receipts: The former RDA purchased that property from the City of Lindsay for \$377,237 which is secured via a recorded note that is payable to the City in the year 2030; it was deferred for the length of the affordability covenant period. That property is scheduled to be legally transferred to the Tulare County Housing Authority in the very near future; the cash on hand is less than the note owed. This note is identified in the original EOPS adopted by the Successor Agency, but due to its deferral status, and the initial confusion regarding debts owed by the former RDA to the City; it is not currently on the ROPS. The amount of cash in the fund is substantially less than the amount of the outstanding debt. Once the asset is transferred to the Tulare County Housing Authority, any opportunity for the City to recover its original loan to the RDA would be lost if the cash is transferred with the asset; therefore, the City contends that any cash in the fund at June 30, 2012 should stay with the city as well as any rents collected during the period before the transfer in which city staff is acting as the property manager.



In closing, I would say that absorbing the debt of the former redevelopment agency has placed an undue hardship upon the City of Lindsay who is already struggling with its own financial difficulties. The requirement to transfer assets without recompense to the City - assets the sale of which was to offset outstanding loans - has created a situation of critical proportions for which staff and legal counsel are researching solutions. This situation is compounded by the poor record-keeping practices of the previous administration that has made determination of the fund balances extremely challenging.

Therefore, the City of Lindsay, as Successor Agency for the former Lindsay RDA, would ask to retain all cash balances identified in the DDR for the reasons so stated and does contend this is necessary in order to avoid insolvency of the City.

Regards,



Tamara Laken  
Director of Finance

cc: Casey Carrillo, Brown Armstrong Accountancy Staff Accountant  
Thomas Young, Brown Armstrong Accountancy Corp. CPA,  
Rich Wilkinson, Lindsay City Manager  
Maria Knutson, Special Liaison Successor Agency

**RECOGNIZED OBLIGATION PAYMENT SCHEDULE - CONSOLIDATED  
FILED FOR THE JULY 1, 2012 to DECEMBER 31, 2012 PERIOD**

Name of Successor Agency: City of Lindsay

	Current	
	Total Outstanding Debt or Obligation	Total Due During Fiscal Year
<b>Outstanding Debt or Obligation</b>	\$ 19,462,500.00	\$ 4,787,073.00
	<b>Total Due for Six Month Period</b>	
<b>Outstanding Debt or Obligation</b>	\$ 695,201.00	
<b>Available Revenues other than anticipated funding from RPTTF</b>	\$ -	
<b>Enforceable Obligations paid with RPTTF</b>	\$ 695,201.00	
<b>Administrative Cost paid with RPTTF</b>	\$ -	
<b>Pass-through Payments paid with RPTTF</b>	\$ -	
250,000. Note: Calculation should not include pass-through payments made with RPTTF. The RPTTF Administrative Cost figure above should not exceed this Administrative Cost Allowance figure)	\$ 34,760.05	

Certification of Oversight Board Chairman:  
Pursuant to Section 34177(l) of the Health and Safety code,  
I hereby certify that the above is a true and accurate Recognized  
Enforceable Payment Schedule for the above named agency.

*Greg McQueen*

\_\_\_\_\_ Title

*4/11/12*

\_\_\_\_\_ Date

Name of Redevelopment Agency: Lindsay  
 Project Area(s): RDA Project Area All  
**DRAFT RECOGNIZED OBLIGATION PAYMENT SCHEDULE**  
 Per AB 28 - Section 34177 (\*)

Project Name / Debt Obligation	Contract/Agreement Execution Date	Payee	Description	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2012-2013**	Funding Source***	Payable from the Redevelopment Property Tax Trust Fund (RPTTF)									
								Jul 2012	Aug 2012	Sep 2012	Oct 2012	Nov 2012	Dec 2012	Total			
1) 2005 Tax Allocation Bonds	8/1/2005	US BANK	Bonds issued to fund housing & non-housing projects	Project Area One	4,120,000	287,600	RPTTF	105,489								\$ 195,489.00	
2) 2007 Tax Allocation Bonds	8/1/2007	US BANK	Bonds issued to fund housing & non-housing projects	Project Area One	7,205,000	494,704	RPTTF	323,529								\$ 323,529.00	
3) 2008 Tax Allocation Bonds	8/1/2008	US BANK	Bonds issued to fund housing & non-housing projects	Project Area One	3,360,000	232,289	RPTTF	145,703								\$ 145,703.00	
4) 2009 Tax Allocation Bonds	10/1/2009	US BANK	Bonds issued to fund housing & non-housing projects	Project Area One	1,000,000	64,000	RPTTF		27,000							\$ 27,000.00	
5) Bond Administration Fees	*8/1/2005	US BANK	Annual Bond Administration Fees	Project Area One	7,200	7,200	RPTTF									\$ -	
6) Professional Services	*8/1/2005	Urban Futures	Bond Continuing Disclosures	Project Area One	7,800	7,800	RPTTF									\$ -	
7) Contract for Legal Services	2/28/2012	Stradling Yocess	Legal advice for Dissolution of RDA	Project Area One	15,000	3,600	RPTTF	3,000	500							\$ 3,500.00	
8)																\$ -	
9)																\$ -	
10)																\$ -	
11)																\$ -	
12)																\$ -	
13)																\$ -	
14)																\$ -	
15)																\$ -	
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30)																\$ -	
31)																\$ -	
32)																\$ -	
Totals - This Page (RPTTF Funding)																	
Totals - Page 2 (Other Funding)																	
Totals - Page 3 (Administrative Cost Allowance)																	
Totals - Page 4 (Pass Thru Payments)																	
Grand total - All Pages								\$ 19,425,000.00	\$ 4,797,073.00								\$ 695,201.00
* The Preliminary Draft Recognized Obligation Payment Schedule (ROPS) is to be completed by 3/1/2012 by the successor agency, and subsequently be approved by the oversight board before the final ROPS is submitted to the State Controller and State Department of Finance by April 15, 2012. It is not a requirement that the Agreed Upon Procedures Audit be completed before submitting the final Oversight Approved ROPS to the State Controller and State Department of Finance.																	
** All totals due during fiscal year and payment amounts are projected.																	
*** Funding sources from the successor agency. (For fiscal 2011-12 only, references to RPTTF could also mean tax increment allocated to the Agency prior to February 1, 2012.)																	
RPTTF - Redevelopment Property Tax Trust Fund																	
LMHF - Low and Moderate Income Housing Fund																	
Bonds - Bond proceeds																	
Other - reserves, rents, interest earnings, etc																	
Admin - Successor Agency Administrative Allowance																	

Name of Redevelopment Agency: Lindsay  
 Project Area(s): RDA Project Area All

**DRAFT RECOGNIZED OBLIGATION PAYMENT SCHEDULE**  
 Per AB 26 - Section 34177 (\*)

Project Name / Debt Obligation	Contract/Agreement Execution Date	Payee	Description	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2012-2013**	Funding Source ***	Payable from Other Revenue Sources					Total							
								Jul 2012	Aug 2012	Sep 2012	Oct 2012	Nov 2012		Dec 2012						
1) CalHFA Loan No. RDLP-090806-03	8/7/2007	CalHFA	Loan for Site Acquisition & Infill for Affordable Housing	Project Area One	3,690,000	3,690,000	LMIHF													
2)																				
3)																				
4)																				
5)																				
6)																				
7)																				
8)																				
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33)																				
Totals - LMIHF					\$ 3,690,000.00	\$ 3,690,000.00														
Totals - Bond Proceeds					\$ 3,690,000.00	\$ 3,690,000.00														
Totals - Other					\$ 3,690,000.00	\$ 3,690,000.00														
Grand Total - This Page					\$ 3,690,000.00	\$ 3,690,000.00														

\* The Preliminary Draft Recognized Obligation Payment Schedule (ROPS) is to be completed by 3/1/2012 by the successor agency, and subsequently be approved by the oversight board before the final ROPS is submitted to the State Controller and State Department of Finance by April 15, 2012. It is not a requirement that the Agreed Upon Procedures Audit be completed before submitting the final Oversight Approved ROPS to the State Controller and State Department of Finance.  
 \*\* All total due during fiscal year and payment amounts are projected.  
 \*\*\* Funding sources from the successor agency. (For fiscal 2011-12 only, references to RPTTF could also mean tax increment allocated to the Agency prior to February 1, 2012.)  
 RDA - Redevelopment Property Tax Trust Fund  
 LMIHF - Low and Moderate Income Housing Fund  
 Bond - Bond Proceeds  
 Other - reserves, rents, interest earnings, etc  
 Admin - Successor Agency Administrative Allowance



**Attachment G**

City of Lindsay - Successor Agency  
Low and Moderate Income Housing Fund

**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 5)	\$ 6,185,252
Add the amount of any assets transferred to the city or other parties for which an enforceable obligation with a third party requiring such transfer and obligating the use of the transferred assets did not exist (procedures 2 and 3)	-
Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments (procedure 6)	(229,400)
Less assets that are not cash or cash equivalents (e.g., physical assets) (procedure 7)	(3,667,430)
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)	(3,690,000)
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>\$ (1,401,578)</u>

*Note that separate computations are required for the Low and Moderate Income Housing Fund held by the Successor Agency and for all other funds held by the Successor Agency.*

NOTES: For each line shown above, an exhibit should be attached showing the composition of the summarized amount.

If the review finds that there are insufficient funds available to provide the full amount due, the cause of the insufficiency should be demonstrated in a separate schedule.

**OVERSIGHT BOARD RESOLUTION NO. 13-01**  
**A RESOLUTION OF THE LINDSAY OVERSIGHT BOARD, SUCCESSOR**  
**AGENCY TO THE LINDSAY REDEVELOPMENT AGENCY APPROVING THE**  
**DUE DILIGENCE REVIEW OF THE LOW/MOD INCOME HOUSING FUND**  
**(LMIHF) PURSUANT TO HEALTH AND SAFETY CODE SECTION 34179.5.**

At a regularly scheduled meeting of the Lindsay Oversight Board, held January 28, 2013, at the hour of 9:30 a.m. in the Council Chambers of City Hall, Lindsay California 93247, the following resolution was adopted:

**WHEREAS**, in accordance with Assembly Bill No. XI 26, as amended by Assembly Bill No. 1484 (“Dissolution Act”), the Redevelopment Agency (“RDA”) dissolved on February 1, 2012 and the City of Lindsay as the entity that authorized the creation of the RDA, became the Successor Agency to the former RDA and succeeded to all the authority, rights, powers, duties and obligations previously vested in the RDA; and

**WHEREAS**, an Oversight Board of the Successor Agency to the former RDA has been duly formed as required by the Dissolution Act; and

**WHEREAS**, in accordance with Health & Safety Code section 34179.5, the Successor Agency to the former RDA retained a licensed accountant, approved by the Tulare County Auditor, to conduct a Due Diligence Review to determine the unobligated balances of the former RDA’s Low/Mod Income Housing Funds (LMIHF); and

**WHEREAS**, on January 21, 2013 the Oversight Board convened a publicly noticed public comment session to take oral and written comments from members of the public regarding the former RDA’s Due Diligence Review of RDA’s “LMIHF”.

**NOW, THEREFORE, THE LINDSAY OVERSIGHT BOARD, SUCCESSOR AGENCY TO THE LINDSAY REDEVELOPMENT AGENCY DOES HEREBY RESOLVE AS FOLLOWS:**

Section 1. The recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. The Lindsay Oversight Board has reviewed the Due Diligence Review of the former RDA’s “LMIHF”.

Section 3. After completing such review, the Lindsay Oversight Board hereby finds that the Due Diligence Review of the former RDA’s LMIHF has been conducted in accordance with Health & Safety Code Section 34179.5 and is therefore approved.

Section 4. The Lindsay Oversight Board directs the Successor Agency to transmit the Due Diligence Review Report and the determination of the amount of cash and cash equivalents that may be available for distribution to the taxing entities, to the Department of Finance and to the County Auditor-Controller.

Section 5. This Resolution shall be effective immediately upon adoption.



**PASSED, APPROVED AND ADOPTED** by the Lindsay Oversight Board this 28th day of January 2013.

ATTEST:

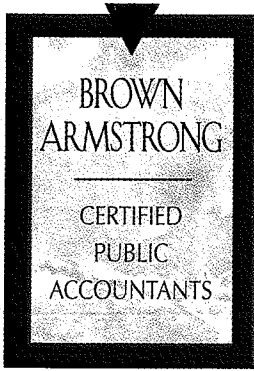
LINDSAY OVERSIGHT BOARD

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Carmela Wilson, City Clerk

---

Greg McQueen, Chairman



# BROWN ARMSTRONG

*Certified Public Accountants*

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

### GENERAL PROJECTS FUND (ALL OTHER FUNDS, EXCLUDING THE LOW AND MODERATE INCOME HOUSING FUND) OF THE SUCCESSOR AGENCY

#### MAIN OFFICE

#### 4200 TRUXTUN AVENUE

SUITE 300

BAKERSFIELD, CA 93309

TEL 661.324.4971

FAX 661.324.4997

EMAIL [info@bacpas.com](mailto:info@bacpas.com)

#### 560 CENTRAL AVENUE

SHAFTER, CALIFORNIA 93263

TEL 661.746.2145

FAX 661.746.1218

#### 8050 N. PALM AVENUE

SUITE 300

FRESNO, CALIFORNIA 93711

TEL 559.476.3592

FAX 559.476.3593

#### 790 E. COLORADO BLVD.

SUITE 908B

PASADENA, CALIFORNIA 91101

TEL 626.240.0920

FAX 626.240.0922

#### 5250 CLAREMENT AVENUE

SUITE 237

STOCKTON, CA 95207

TEL 209.451.4833

Oversight Board of the Successor Agency  
City of Lindsay  
Lindsay, California 93247

We have performed the minimum required agreed-upon procedures (AUP) enumerated in Attachment A, which were agreed to by the California State Controller's Office and the Department of Finance solely to assist you in ensuring that the Successor Agency of the City of Lindsay Redevelopment Agency (the Agency) is complying with its statutory requirements with respect to Assembly Bill (AB) 1484. Management of the Agency is responsible for the accounting records pertaining to statutory compliance pursuant to Health and Safety Code. This AUP engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the 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 AUP as set forth in Attachment A. The results of the procedures performed are listed under each related testing step in Attachment A.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion as to the appropriateness of the results summarized in 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 management of the Agency and applicable State agencies, 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.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong*  
*Accountancy Corporation*

Bakersfield, California  
January 10, 2013



REGISTERED with the Public Company  
Accounting Oversight Board and  
MEMBER of the American Institute of  
Certified Public Accountants

**ATTACHMENT A**  
**List of Procedures for Due Diligence Review**

**General information regarding these procedures:**

1. The procedures associated with Sections 34179.5(c)(1) through 34179.5(c)(3) and Sections 34179.5(c)(5) through 34179.5(c)(6) are to be applied separately to (a) the Low and Moderate Income Housing Fund of the Successor Agency and to (b) all other funds of the Successor Agency combined (excluding the Low and Moderate Income Housing Fund).
2. The due date for the report associated with the Low and Moderate Income Housing Fund is October 1, 2012.
3. The due date for the report associated with all other funds of the Successor Agency combined (excluding the Low and Moderate Income Housing Fund) is December 15, 2012.
4. Because the procedures required by Section 34179.5(c)(4) pertain to the Successor Agency as a whole, these procedures should be addressed in the report that is due on December 15, 2012.

Fiscal year references below refer to fiscal years ending on June 30. This language should be modified for those agencies that have a different fiscal year-end.

For purposes of the procedures below and the related exhibits, the amount of the assets presented should be based upon generally accepted accounting principles (GAAP), unless otherwise noted.

To the extent the procedures listed below are duplicative to the agreed upon procedures that were performed pursuant to Health and Safety Code (HSC) 34182 (a)(1), it is acceptable to obtain and use information from the HSC 34182 (a)(1) procedures for purposes of this due diligence review without having to re-perform the procedures. When this is done, the due diligence report should refer to the report that was issued for the agreed-upon procedures performed under HSC 34182 (a)(1).

Certain assets may qualify as a deduction under more than one category of deduction. In such cases, care should be taken to ensure that such assets have been included as a deduction in the summary schedule only once.

**Citation:**

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

**Suggested Procedure(s):**

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

Result:

We obtained a listing of all assets that were submitted to be transferred from the former RDA to the Successor Housing Agency. The total amount to be transferred was \$2,239,264 but the amount was not transferred by February 1, 2012. We found the City of Lindsay (the City) to not be in compliance as a result of the procedures performed.

**Citation:**

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

**Suggested Procedure(s):**

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

**Result:**

We were able to obtain a letter from the State Controller's Office stating that the Department of Finance had completed its review of the transfers made by the City under Sections 34167.5 and 34178.8. See Attachment B. We found no exceptions as a result of the procedures performed.

**Citation:**

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

**Suggested Procedure(s):**

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

**Result:**

We were able to obtain a letter from the State Controller's Office stating that the Department of Finance had completed its review of the transfers made by the City under Sections 34167.5 and 34178.8. See Attachment B. We found no exceptions as a result of the procedures performed.

**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 State 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.
- 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.

**Result:**

We obtained audited Financial Statement for fiscal year ended June 30, 2010, and June 30, 2011. We obtained general ledger reports for fiscal period ended January 31, 2012, and June 30, 2012, and compared amounts to the summary of financial transactions for the Successor Agency Fund in Attachment C. We found no exceptions as a result of the procedures performed.

**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.

Result:

We obtained from the Successor Agency a listing of all assets for the General Projects as of June 30, 2012, and all assets were still being held by the City. These assets were not rolled over to the Successor Agency by the necessary due date. We were able to agree the assets to the City's trial balance which verified these assets were still being held by the City. The City did not transfer the General Projects assets by the necessary date. Based on the above procedures, the City is not in compliance.

**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.).
- ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
- iii. Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.

B. Grant proceeds and program income that are restricted by third parties:

- i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).
- ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
- iii. Obtain from the Successor Agency a copy of the grant agreement that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.

C. Other assets considered to be legally restricted:

- i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).
- ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
- iii. Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by Successor the Agency as restricted.

- D. Attach the above mentioned Successor Agency prepared schedule(s) as an exhibit to the AUP report. For each restriction identified on these schedules, indicate in the report the period of time for which the restrictions are in effect. If the restrictions are in effect until the related assets are expended for their intended purpose, this should be indicated in the report.

**Result:**

We obtained Successor Agency's computation of the restricted balance. The restriction represents the total amount payable to the US Bank to satisfy the payments of the agreement between the Redevelopment Agency and US Bank for the Bond repayment. We found no exceptions as a result of the procedures performed for the General Projects Fund. Please see Attachment D for details.

**Citation:**

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

**Suggested Procedure(s):**

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

**Result:**

We obtained from the Successor Agency a listing of assets as of June 30, 2012. No disposition of assets occurred and no assets are listed at recently estimated market value. Please see Attachment E for a list of assets that are not liquid. We found no exceptions as a result of the procedures performed for the General Projects Fund.

**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.



- i. Compare the timing and amounts of bond debt service payments to the related bond debt service schedules in the bond agreement.
  - ii. Obtain the assumptions for the forecasted property tax revenues and disclose major assumptions associated with the projections.
  - iii. Obtain the assumptions for the forecasted other general purpose revenues and disclose major assumptions associated with the projections.
- D. If procedures A, B, or C were performed, calculate the amount of current unrestricted balances necessary for retention in order to meet the enforceable obligations by performing the following procedures.
- i. Combine the amount of identified current dedicated or restricted balances and the amount of forecasted annual revenues to arrive at the amount of total resources available to fund enforceable obligations.
  - ii. Reduce the amount of total resources available by the amount forecasted for the annual spending requirements. A negative result indicates the amount of current unrestricted balances that needs to be retained.
  - iii. Include the calculation in the AUP report.

**Result:**

These procedures are not applicable for the Successor Agency's General Projects Fund as there are no current balances legally or contractually dedicated or restricted for the funding of an enforceable obligation.

**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.

**Result:**

We obtained a copy of the final ROPS for the period of July 1, 2012, through December 31, 2012, as well as a copy of the final ROPS for the period January 1, 2013, through June 30, 2013. We were able to identify all dollar amounts of existing cash that were needed to satisfy each obligation and we obtained from the Successor Agency an explanation as to why the Successor Agency believes these balances are needed to satisfy the obligation. See explanation at Attachment F.

**Citation:**

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

**Suggested Procedure(s):**

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

Result:

We found no exceptions as a result of the procedures performed for the General Projects Fund. Please see Attachment G for details.

**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.

Result:

We received the representation letter, which included all required information, on January 10, 2013.



**DEPARTMENT OF  
FINANCE**

Attachment B

**EDMUND G. BROWN JR. • GOVERNOR**

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

August 29, 2012

Ms. Maria Knutson, Administrative Supervisor/Assistant to the City Manager  
City of Lindsay  
251 E. Honolulu, P.O. Box 369  
Lindsay, CA 93247

Dear Ms. Knutson:

Subject: Housing Assets Transfer Form

Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the City of Lindsay submitted a Housing Assets Transfer Form (Form) to the California Department of Finance (Finance) on July 30, 2012 for the period February 1, 2012 through July 30, 2012

Finance has completed its review of your Form, which may have included obtaining clarification for various items. Based on a sample of line items reviewed and the application of law, Finance is not objecting to any assets or transfers of assets identified on your Form.

Please direct inquiries to Beliz Chappuie, Supervisor or Cindie Lor, Lead Analyst at (916) 445-1546.

Sincerely,

  
STEVE SZALAY  
Local Government Consultant

cc: Ms. Tamara Laken, Director of Finance, City of Lindsay  
Mr. Ken Kugler, Executive Director, Housing Authority of the County of Tulare  
Ms. Margaret Lowe, Deputy Executive Director, Housing Authority of the County of Tulare  
Ms. Rita A. Woodard, Auditor-Controller, Tulare County Auditor Controller  
Ms. Sharla Allison, Chief Accountant, Tulare County Auditor Controller  
California State Controller's Office

**Attachment C**

**City of Lindsay - Successor Agency  
General Projects Fund**

	Redevelopment Agency 12 Months Ended 6/30/2010	Redevelopment Agency 12 Months Ended 6/30/2011	Redevelopment Agency 7 Months Ended 1/31/2012	Successor Agency 5 Months Ended 6/30/2012
<b>Assets (modified accrual basis)</b>				
Cash and cash equivalents	\$ 116,012	\$ 735,789	\$ 80,878	\$ 793,521
Receivables:				
Accounts	-	642	-	-
Notes	-	42,097	42,097	64,997
Interest	2,234	1,553	1,552	436
Intergovernmental	93,159	29,626	-	-
Due from other City funds	2,353,300	1,076,883	1,076,883	1,076,883
Restricted assets:				
Cash with fiscal agent	921,950	915,306	915,305	915,301
Property held for development	10,000	10,000	10,000	10,000
<b>Total Assets</b>	<b>\$ 3,496,655</b>	<b>\$ 2,811,896</b>	<b>\$ 2,126,715</b>	<b>\$ 2,861,138</b>
<b>Liabilities (modified accrual basis)</b>				
Accounts payable	\$ 29,371	\$ 4,775	\$ (30)	\$ -
Accrued payroll and benefits	374	-	-	-
Unearned revenue	-	42,097	42,097	64,997
Due to other funds	224,859	125,228	125,228	125,228
Other agency pass-through	-	-	13,037	-
Enterprise zone voucher	-	-	4,739	4,784
<b>Total Liabilities</b>	<b>\$ 254,604</b>	<b>\$ 172,100</b>	<b>\$ 185,071</b>	<b>\$ 195,009</b>
<b>Equity</b>	<b>\$ 3,242,051</b>	<b>\$ 2,639,796</b>	<b>\$ 1,941,644</b>	<b>\$ 2,666,129</b>
<b>Total Liabilities and Equity</b>	<b>\$ 3,496,655</b>	<b>\$ 2,811,896</b>	<b>\$ 2,126,715</b>	<b>\$ 2,861,138</b>
<b>Total Revenues</b>	<b>\$ 1,100,321</b>	<b>\$ 1,255,417</b>	<b>\$ 24</b>	<b>\$ 1,150,706</b>
<b>Total Expenditures</b>	<b>\$ 1,513,320</b>	<b>\$ 1,156,706</b>	<b>\$ 698,176</b>	<b>\$ 426,221</b>
<b>Total Transfers</b>	<b>\$ 168,225</b>	<b>\$ (700,968)</b>	<b>\$ -</b>	<b>\$ 1,941,644</b>
<b>Net Change in Equity</b>	<b>\$ (244,774)</b>	<b>\$ (602,257)</b>	<b>\$ (698,152)</b>	<b>\$ 2,666,129</b>
<b>Beginning Equity</b>	<b>\$ 3,486,825</b>	<b>\$ 3,242,053</b>	<b>\$ 2,639,796</b>	<b>\$ -</b>
<b>Ending Equity</b>	<b>\$ 3,242,051</b>	<b>\$ 2,639,796</b>	<b>\$ 1,941,644</b>	<b>\$ 2,666,129</b>
<b>Other Information (show year-end balances for all three years presented):</b>				
Capital assets as of end of year	\$ 783,364	\$ 769,633	\$ 761,623	\$ 755,902
Long-term debt as of end of year	\$ 16,285,264	\$ 15,998,290	\$ 15,705,316	\$ 15,705,316

**Attachment D**

**Schedule of Restricted Assets of the Former Redevelopment Agency  
RDA Due Diligence Review  
For the Period Ended June 30, 2012**

**Purpose:** To document the legally restricted Assets of the Former Redevelopment Agency.  
**Citation:** 34179.5(c)(5)B

<u>Item</u>	<u>Asset Type</u>	<u>Asset Description</u>	<u>Amount</u>
<b>General Projects</b>			
1	Restricted Cash	Cash with fiscal agent	<u>\$ 915,301</u>
	<b>Total Restricted Cash</b>		<u><u>\$ 915,301</u></u>

**Attachment E**

**Schedule of Restricted Assets of the Former Redevelopment Agency  
RDA Due Diligence Review  
For the Period Ended June 30, 2012**

**Purpose:** To document the legally restricted Assets that are not liquid or otherwise available of the Former Redevelopment Agency.

**Citation:** 34179.5(c)(5)C

<u>Item</u>	<u>Asset Type</u>	<u>Asset Description</u>	<u>Amount</u>
<b>General Projects</b>			
1	Cash and cash equivalents	Notes receivable - First Time Home Buyers	\$ 64,997
2	Restricted assets	Land held for development	10,000
3	Restricted assets	Capital Assets	<u>755,902</u>
<b>Total Restricted Non-Liquid Assets</b>			<b><u><u>\$ 830,899</u></u></b>



# City of Lindsay



P.O. Box 369 — Lindsay, California 93247 — 251 Honolulu Street  
559 • 562 • 5927  
559 • 562 • 7021 fax

Date: October 16, 2012

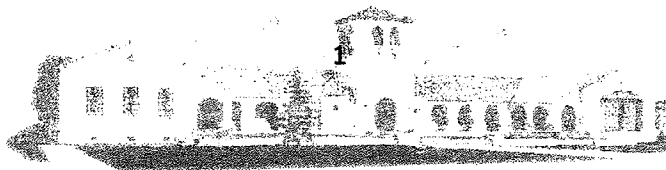
RE: City of Lindsay ROPS Justification - DDR Cite#34179.5 (c) (6)

The City of Lindsay, as Successor Agent for the former Lindsay Redevelopment Agency, has been saddled with outstanding debt obligations in excess of \$20,645,000. Bonded debt, for which tax increment was pledged and now tax revenue from the RPTTF, equals \$1,095,603 (includes annual bond administration and disclosure fees) that is needed annually in order to meet this obligation. Receipts from the RPTTF in FY12 totaled only \$1,128,337 which provided only \$32,734 for legal fees, dissolution staff, audit fees, and reserve payments in addition to the bond payments. Revenue received in June is not sufficient to meet the August P&I payments due and the City must maintain an adequate reserve, from the larger portion received in December, in order to continue to meet the biannual payment schedule. The 2009 Bond issue was short term with full payment of \$1,000,000 due date by October 2014.

In addition to the bonded debt that is secured by the RPTTF, there are two additional loans, both short-term - \$1,250,000 due by May 7, 2013 and \$3,690,000 by March 31, 2014 - that total \$4,940,000 and were to be paid from the proceeds of the sale of property purchased (with the loan proceeds) for affordable housing project(s), one of which was transferred to the Tulare County Housing Authority in accordance with the dissolution mandates of ABx1 26. The repayment source, or lack thereof, for those two loans is a critical issue at this time and city staff is working with the state agencies who lent the RDA the money to restructure those enforceable debt obligations.

At this time, all cash on hand is reserved entirely for debt service of the aforementioned obligations.

Regarding the Ashland Apartments, an LMIHF Project that shows a positive cash balance from rent receipts: The former RDA purchased that property from the City of Lindsay for \$377,237 which is secured via a recorded note that is payable to the City in the year 2030; it was deferred for the length of the affordability covenant period. That property is scheduled to be legally transferred to the Tulare County Housing Authority in the very near future; the cash on hand is less than the note owed. This note is identified in the original EOPS adopted by the Successor Agency, but due to its deferral status, and the initial confusion regarding debts owed by the former RDA to the City; it is not currently on the ROPS. The amount of cash in the fund is substantially less than the amount of the outstanding debt. Once the asset is transferred to the Tulare County Housing Authority, any opportunity for the City to recover its original loan to the RDA would be lost if the cash is transferred with the asset; therefore, the City contends that any cash in the fund at June 30, 2012 should stay with the city as well as any rents collected during the period before the transfer in which city staff is acting as the property manager.



In closing, I would say that absorbing the debt of the former redevelopment agency has placed an undue hardship upon the City of Lindsay who is already struggling with its own financial difficulties. The requirement to transfer assets without recompense to the City - assets the sale of which was to offset outstanding loans - has created a situation of critical proportions for which staff and legal counsel are researching solutions. This situation is compounded by the poor record-keeping practices of the previous administration that has made determination of the fund balances extremely challenging.

Therefore, the City of Lindsay, as Successor Agency for the former Lindsay RDA, would ask to retain all cash balances identified in the DDR for the reasons so stated and does contend this is necessary in order to avoid insolvency of the City.

Regards,



Tamara Laken  
Director of Finance

cc: Casey Carrillo, Brown Armstrong Accountancy Staff Accountant  
Thomas Young, Brown Armstrong Accountancy Corp. CPA,  
Rich Wilkinson, Lindsay City Manager  
Maria Knutson, Special Liaison Successor Agency



**RECOGNIZED OBLIGATION PAYMENT SCHEDULE - CONSOLIDATED  
FILED FOR THE JULY 1, 2012 to DECEMBER 31, 2012 PERIOD**

Name of Successor Agency: City of Lindsay

		Current	
		Total Outstanding Debt or Obligation	Total Due During Fiscal Year
<b>Outstanding Debt or Obligation</b>	\$	19,462,500.00	\$ 4,787,073.00
		<b>Total Due for Six Month Period</b>	
<b>Outstanding Debt or Obligation</b>	\$	695,201.00	
<b>Available Revenues other than anticipated funding from RPTTF</b>	\$	-	
<b>Enforceable Obligations paid with RPTTF</b>	\$	695,201.00	
<b>Administrative Cost paid with RPTTF</b>	\$	-	
<b>Pass-through Payments paid with RPTTF</b>	\$	-	
250,000. Note: Calculation should not include pass-through payments made with RPTTF. The RPTTF Administrative Cost figure above should not exceed this Administrative Cost Allowance figure)		\$	34,760.05

Certification of Oversight Board Chairman:  
Pursuant to Section 34177(l) of the Health and Safety code,  
I hereby certify that the above is a true and accurate Recognized  
Enforceable Payment Schedule for the above named agency.

*Barry McQueen*

Title

4/11/12

Date

Name of Redevelopment Agency: Lindsay  
 Project Area(s): RDA Project Area All  
**DRAFT RECOGNIZED OBLIGATION PAYMENT SCHEDULE**  
 Per AB 28 - Section 34177 (\*)

Project Name / Debt Obligation	Contract/Agreement/ Execution Date	Payee	Description	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2012-2013**	*** Funding Source	Payable from the Redevelopment Property Tax Trust Fund (RPTTF)					Total		
								Jul 2012	Aug 2012	Sep 2012	Oct 2012	Nov 2012		Dec 2012	
1) 2005 Tax Allocation Bonds	8/1/2005	US BANK	Bonds issued to fund housing & non-housing projects	Project Area One	4,120,000	297,600	RPTTF	195,469						\$ 195,469.00	
2) 2007 Tax Allocation Bonds	8/1/2007	US BANK	Bonds issued to fund housing & non-housing projects	Project Area One	7,205,000	494,704	RPTTF	323,529						\$ 323,529.00	
3) 2009 Tax Allocation Bonds	8/1/2008	US BANK	Bonds issued to fund housing & non-housing projects	Project Area One	3,380,000	232,269	RPTTF	145,703						\$ 145,703.00	
4) 2009 Tax Allocation Bonds	10/1/2009	US BANK	Bonds issued to fund housing & non-housing projects	Project Area One	1,000,000	54,000	RPTTF		27,000					\$ 27,000.00	
5) Bond Administration Fees	*8/1/2005	US BANK	Annual Bond Administration Fees	Project Area One	7,200	7,200	RPTTF							\$ 7,200.00	
6) Professional Services	*8/1/2005	Urban Futures	Bond Consulting Disbursements	Project Area One	7,800	7,800	RPTTF							\$ 7,800.00	
7) Contract for Legal Services	2/28/2012	Stradling Yocca	Legal services for dissolution of RDA	Project Area One	15,000	3,500	RPTTF	3,000	500					\$ 3,500.00	
8)															
9)															
10)															
11)															
12)															
13)															
14)															
15)															
16)															
17)															
18)															
19) **Bond P&I starts August 1st															
20)															
21)															
22)															
23)															
24)															
25)															
26)															
27)															
28)															
29)															
30)															
31)															
32)															
Totals - This Page (RPTTF Funding)															
Totals - Page 2 (Other Funding)															
Totals - Page 3 (Administrative Cost Allowance)															
Totals - Page 4 (Pass Thru Payments)															
Grand Total - All Pages															
* The Preliminary Draft Recognized Obligation Payment Schedule (ROPS) is to be completed by 3/1/2012 by the successor agency, and subsequently be approved by the oversight board before the final ROPS is submitted to the State Controller and State Department of Finance by April 15, 2012. It is not a requirement that the Agency Upon Procedures Audit be completed before submitting the final Oversight Approved ROPS to the State Controller and State Department of Finance.															
** All totals due during fiscal year and payment amounts are projected.															
*** Funding sources from the successor agency. (For fiscal 2011-12 only, references to RPTTF could also mean tax increment allocated to the Agency prior to February 1, 2012.)															
RPTTF - Redevelopment Property Tax Trust Fund															
LMHF - Low and Moderate Income Housing Fund															
Admin - Successor Agency Administrative Allowance															





**Attachment G**

City of Lindsay - Successor Agency  
General Projects Fund

**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 5)	\$ 3,617,040
Add the amount of any assets transferred to the City or other parties for which an enforceable obligation with a third party requiring such transfer and obligating the use of the transferred assets did not exist (procedures 2 and 3)	-
Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments (procedure 6)	(915,301)
Less assets that are not cash or cash equivalents (e.g., physical assets) (procedure 7)	(830,899)
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)	(1,097,073)
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>\$ 773,767</u>

*Note that separate computations are required for the Low and Moderate Income Housing Fund held by the Successor Agency and for all other funds held by the Successor Agency.*

NOTES: For each line shown above, an exhibit should be attached showing the composition of the summarized amount

If the review finds that there are insufficient funds available to provide the full amount due, the cause of the insufficiency should be demonstrated in a separate schedule.

**OVERSIGHT BOARD RESOLUTION NO. 13-02**  
**A RESOLUTION OF THE LINDSAY OVERSIGHT BOARD, SUCCESSOR**  
**AGENCY TO THE LINDSAY REDEVELOPMENT AGENCY APPROVING THE**  
**DUE DILIGENCE REVIEW OF "OTHER FUNDS" PURSUANT TO HEALTH**  
**AND SAFETY CODE SECTION 34179.5.**

At a regularly scheduled meeting of the Lindsay Oversight Board, held January 28, 2013, at the hour of 9:30 a.m. in the Council Chambers of City Hall, Lindsay California 93247, the following resolution was adopted:

**WHEREAS**, in accordance with Assembly Bill No. XI 26, as amended by Assembly Bill No. 1484 ("Dissolution Act"), the Redevelopment Agency ("RDA") dissolved on February 1, 2012 and the City of Lindsay as the entity that authorized the creation of the RDA, became the Successor Agency to the former RDA and succeeded to all the authority, rights, powers, duties and obligations previously vested in the RDA; and

**WHEREAS**, an Oversight Board of the Successor Agency to the former RDA has been duly formed as required by the Dissolution Act; and

**WHEREAS**, in accordance with Health & Safety Code Section 34179.5, the Successor Agency to the former RDA retained a licensed accountant, approved by the Tulare County Auditor, to conduct a Due Diligence Review to determine the unobligated balances of the former RDA's "Other Funds"; and

**WHEREAS**, on January 21, 2013 the Oversight Board convened a publicly noticed public comment session to take oral and written comments from members of the public regarding the former RDA's Due Diligence Review of RDA's "Other Funds".

**NOW, THEREFORE, THE LINSAY OVERSIGHT BOARD, SUCCESSOR AGENCY TO THE LINDSAY REDEVELOPMENT AGENCY DOES HEREBY RESOLVE AS FOLLOWS:**

Section 1. The recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. The Lindsay Oversight Board has reviewed the Due Diligence Review of the former RDA's "Other Funds".

Section 3. After completing such review, the Lindsay Oversight Board hereby finds that the Due Diligence Review of the former RDA's "Other Funds" has been conducted in accordance with Health & Safety Code Section 34179.5 and is therefore approved.

Section 4. The Lindsay Oversight Board directs the Successor Agency to transmit the Due Diligence Review Report and the determination of the amount of cash and cash equivalents that may be available for distribution to the taxing entities to the Department of Finance and to the County Auditor-Controller.

Section 5. This Resolution shall be effective immediately upon adoption.

**PASSED, APPROVED AND ADOPTED** by the Lindsay Oversight Board this 28th day of January 2013.

ATTEST:

LINDSAY OVERSIGHT BOARD

\_\_\_\_\_  
Carmela Wilson, City Clerk

\_\_\_\_\_  
Greg McQueen, Chairman

## Tamara Laken

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**From:** Danny Azevedo [DAzevedo@co.tulare.ca.us]  
**Sent:** Tuesday, January 15, 2013 2:10 PM  
**To:** Tamara Laken  
**Cc:** Sharla Allison; Sue Copeland  
**Subject:** RE: ROPS III Reporting  
**Attachments:** Lindsay ROPS III Summary.xlsx; \_Certification\_.htm

Hi Tamara,

The shortage was due to insufficient funds. In order to meet the Jan 2 deadline, we had to cut off for distribution earlier than was originally anticipated. As a result, unfortunately, not all of the December collections were posted to the former RDA funds in time for this distribution. These funds have since been posted and will be available for the next ROPS.

Please see attached another summary I have detailing where all the funds went.

Thanks,

Danny



Lindsay RDA

Preliminary Model of Proposed RDA Dissolution Legislation ABX1 26

Tax Increment from all Sources (Reg, Unitary & Sup Rolls)  
less 20% Housing Set-Aside

TI Basis for Calculating the 1290 Statutory Pass-through Payments

Tax Increment from all Sources to be deposited into RPTTF  
Less Auditor's administration costs - Pass Thru Pmt Admin  
Less 2557 Ptax Admin Fee  
Net Available for Distribution under H&S 34183

RPTTF

LINDSAY RDA

AMEND #1

366,433	29,530
<u>(73,287)</u>	<u>(5,906)</u>
293,146	23,624

34182(c)(1)	366,433	29,530
34182(e)	(651)	(52)
	<u>(10,179)</u>	<u>(807)</u>
34183	355,603	28

FY 2012/13

**1) Pass-through Payments to all entities**

- 1290 Statutory Payments under R&T 33607, 33607.5 and 33607.7
- Inflation Payments (aka 2% Pmts) under R&T 33676
- Negotiated Payments under R&T 33401

**Total Pass-through Payments**

34183(a)(1)	-	(11,662)
34183(a)(1)	(59,957)	
34183(a)(1)	<u>(33,729)</u>	
	(93,686)	(11,

**2) Recognized Payment Obligations**

- Debt Service Payments on Tax Allocation Bonds
- Payments on Revenue Bonds, only to extent pledged revenues are insufficient and where former RDA's TI was pledged
- Payments on Recognized Payment Schedule for other obligations required to be paid from former Tax Increment

**Total Recognized Payment Obligations**

34183(a)(2)	(261,917)	(17,009)
	<u>(261,917)</u>	<u>(17,</u>

**3) Successor Agency Admin Costs (min of 3% of alloc to RPTTF or \$250k)**

34183(a)(3)

34184(d)

34183(a)(4)

TULARE COUNTY AUDITOR-CONTROLLER/TREASURER-TAX COLLECTOR

ID #2	AMEND #3	TOTAL
	220,495	914,184
	(44,099)	(182,837)
	176,396	731,347
	220,495	914,184
	(391)	(1,622)
	(4,983)	(24,469)
288,698	215,121	888,093
(43,951)	(87,152)	(71,619)
(93,294)	(43,951)	(83,822)
		(242,593)
(171,170)	(171,170)	(645,500)
(195,404)		(645,500)
-	-	-
-	-	-
-	-	-
-	-	-