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**SUCCESSOR AGENCY TO THE KERMAN
REDEVELOPMENT AGENCY**

AGENDA

**Wednesday, September 19, 2012– Regular Meeting
4:30 PM**

**Kerman City Hall
850 S. Madera Avenue
Kerman, CA 93630**

Members: Gary Yep, Raj Dhaliwal, Jack Sidhu, Richard Stockwell, Doug Wilcox

City meetings are intended to be accessible to all persons. Please let us know if you require any accommodation to allow you to access and participate in this meeting. For assistance, please call (559) 846-9380 two days prior to the meeting.

Materials related to an item on this agenda that are public documents and are submitted after distribution and posting of the agenda are available for public inspection in the City Clerk's office at 850 S. Madera Avenue, Kerman, during normal business hours. Documents that are public documents provided by others during a meeting will be available at the same location during business hours after the meeting.

CALL TO ORDER

A. AGENDA APPROVAL

B. MINUTES – Last Regular Meeting
Minutes

C. REQUEST TO ADDRESS AGENCY

This portion of the meeting is reserved for members of the public to address the Agency on items of interest that are not on the Agenda and are within the subject matter jurisdiction of the Redevelopment Successor Agency Oversight Board. Speakers shall be limited to three minutes. It is requested that no comments be made during this period on items on the Agenda. Members of the public wishing to address the Agency on items on the Agenda should notify the Chairperson when that Agenda item is called, and the Chairperson will recognize your discussion at that time. It should be noted that the Agency is prohibited by law from taking any action on matters discussed that are not on the Agenda. Speakers are asked to please use the microphone, and provide their name and address.

D. PUBLIC HEARINGS

No Public Hearings Scheduled

E. ORDER OF BUSINESS

1. AGENCY TREASURER'S REPORT:
Warrant Nos. 1362-1368 \$33,300.14

**2. Consideration of Due Diligence Report Required per Health and Safety Code
Section 34179.5 [TLP]**

The Successor Agency was required to undertake a due diligence review of all assets of the former Agency and Successor Agency, including all transfers, cash balances, enforceable obligations, and assets, from January 1, 2011 to present to determine the unobligated balanced available for transfer to the taxing agencies. Staff has contracted with Bryant Jolley to conduct the report

Recommendation:

1. Agency Board review the due diligence report
 2. Direct staff to submit the report to the Oversight Board, Fresno County Auditor, State Controller, and Department of Finance (DOF) and post it to the City's website; and
 3. Take other actions as required
4. **Follow Up Report Regarding the Retaining of Bryant Jolley, CPA as the Independent Auditor to Perform Due Diligence Review for the Former Kerman Redevelopment Agency Consistent with Provisions of AB 1484 (Redevelopment Trailer Bill) [TLP]**

The Legislature passed and the Governor signed Assembly Bill (AB) 1484 into law on June 27, 2012. AB 1484 makes technical and substantive amendments to the RDA Dissolution Act (ABx1 26) enacted in June 2011 and upheld as constitutional by the California Supreme Court on December 29, 2011.

One of the requirements under AB 1484 is that the Successor Agency must hire a licensed accountant to complete a Due Diligence Review (DDR) of unobligated balances in the Low and Moderate Income Housing Fund (LMIHF) and other funds for the former Kerman Redevelopment Agency and submit a copy of the report to the Oversight Board (OB), County Auditor Controller (CAC), State Controllers Office (SCO) and the Department of Finance (DOF) by October 1, 2012. The Oversight Board must formally approve the Due Diligence Report by October 15, 2012. The Department of Finance will complete review of DDR by November 9 and issue its final determination on transfer of unobligated funds to the County Auditor-Controller.

At the August 15th meeting, the Successor Agency authorized the retention of the CPA firm of Bryant Jolley for preparation of the Housing Due Diligence Review, with the understanding that his fees for the review would be on an hourly basis of \$175 until such time that the DOF releases procedures for the completion of the Due Diligence Report. The Auditor did not expect the work in preparing the Due Diligence Report to exceed \$2,500 and indicated that he would provide a fixed cost once the DOF releases established procedures. Although AB 1484 is silent on how the auditor is to be paid, the Oversight Board approved for the cost of the auditor to come from the Successor Agency's Administrative Cost Allowance when they met on August 21, 2012.

At this time, the Auditor has obtained the established procedures from the Department of Finance, completed the fieldwork for the Housing Due Diligence Review and provided an engagement letter for the City Manager to sign, which indicates that the total cost for the Due Diligence Review for Housing and the Due Diligence Review for other Successor Agency funds (which will be due in December) will not exceed \$5,000, (or \$2,500 per Review). Before having the City Manager sign the engagement letter, staff wanted to make sure that this amount of \$5,000 per review was made clear to the Agency Director, as the engagement letter does call for an amount not to exceed \$5,000 in total.

Recommendation: The Agency Board authorize the City Manager to sign the engagement letter for both Due Diligence Reviews at an hourly rate of \$175 per hour, but not to exceed \$5,000 in total.

F. WRITTEN COMMUNICATIONS

No Written Communications

G. BOARD MEMBER REPORTS

J. ADJOURNMENT

**SUCCESSOR AGENCY TO THE KERMAN
REDEVELOPMENT AGENCY
August 15, 2012– Regular Meeting
6:30 PM**

MINUTES

**Kerman City Hall
850 S. Madera Avenue
Kerman, CA 93630**

Agency Members: Gary Yep, Raj Dhaliwal, Jack Sidhu, Richard Stockwell, Doug Wilcox

Present: Chair Yep (GY), Members, Dhaliwal (RD), Stockwell (RS), Wilcox (DW)
Absent: Sidhu (JS)

Also Present: City Manager/Planning & Development Director Patlan, City Attorney Blum, Finance Director, Public Works Director, Community Services Director, Chief of Police

Voting Key: Yes,
No, Absent
(Abstain if
necessary)
7:55 p.m.

CALL TO ORDER

A. AGENDA APPROVAL

Approved
RD/DW (4-0-1)
JS
Approved
DW/RS (4-0-1)
JS

**B. MINUTES – Last Regular Meeting
Minutes**

C. REQUEST TO ADDRESS AGENCY

D. PUBLIC HEARINGS

No Public
Hearings

E. ORDER OF BUSINESS

1. AGENCY TREASURER’S REPORT:

No Treasurer’s
Report

2. Resolution of the Successor Agency to the Kerman Redevelopment Agency of the City of Kerman Approving Third ROPS for the Period of January 1, 2013 through June 30, 2013 [TLP]

Approved
DW/RS (4-0-1)
JS

Recommendation: Agency approve Resolution of the Successor Agency to the Kerman Redevelopment Agency of the City of Kerman approving Third ROPS for the period of January 1, 2013 through June 30, 2013

3. Resolution of the Successor Agency to the Redevelopment Agency of the City of Kerman Approving Professional Services Agreement with DHA, LLC for Consulting Services Related to Implementing Provision of ABx1 26 and AB 1484 [TLP]

Approved
DW/RD (4-0-1)
JS

Recommendation: Successor Agency to the Redevelopment Agency of the City of Kerman to adopt Resolution approving professional services agreement with DHA, LLC for consulting services related to implementing provision of ABx1 26 and AB 148 and authorizes the City Manager or designee to execute contract.

F. WRITTEN COMMUNICATIONS

No Written
Communications

G. BOARD MEMBER REPORTS

J. ADJOURNMENT

8:24 p.m.

Run date: 09/11/2012 @ 16:29
 Bus date: 09/11/2012

City of Kerman
 Check - Complete Detail

Check-Run	Seq#	Date	Vendor / Obligat'n	Name / Description	CVCB RDA	Net amount	Invoice number
1362- 1863	1	8/20/2012	3143	CITY OF KERMAN			
	1		48288	REIMBURSE PAYROLL-8/10/12		7,262.40	08/10/12
1362- 1863	1	8/20/2012	Logged	*** Total ***		7,262.40	
1363- 1863	2	8/20/2012	3134	CSJVRMA			
	2		48289	1ST QTR- WORKERS COMP-12/13		5,690.72	RMA-2013-0020
1363- 1863	2	8/20/2012	Logged	*** Total ***		5,690.72	
1365- 1863	4	8/20/2012	21030	USDA, RURAL DEVELOPMENT			
	4		48290	POOL INTEREST-LOAN #97-01		4,025.00	97-01
	4		48291	POOL INTEREST-LOAN #97-02		1,600.00	97-02
1365- 1863	4	8/20/2012	Logged	*** Total ***		5,625.00	
1366- 1864	1	8/20/2012	3970	DHA CONSULTING, LLC			
	1		48293	CONSULTING SERVICES-JULY 2012		945.00	12-0707
1366- 1864	1	8/20/2012	Logged	*** Total ***		945.00	
1367- 1867	1	8/29/2012	3143	CITY OF KERMAN			
	1		48363	REIMBURSE PAYROLL EXP 8/24/12		6,849.95	08/24/12
1367- 1867	1	8/29/2012	Logged	*** Total ***		6,849.95	
1368- 1870	1	9/11/2012	3143	CITY OF KERMAN			
	1		48470	REIMBURSE PAYROLL EXP 9/07/12		6,927.07	09/07/2012
1368- 1870	1	9/11/2012	Logged	*** Total ***		6,927.07	
						.00	
** Total check discount **						.00	
** Total check amount **						33,300.14	
						.00	



City of Kerman

"Community Comes First"

CHAIRMAN Gary K. Yep
AGENCY MEMBER Doug Wilcox
AGENCY MEMBER Raj Dhaliwal
AGENCY MEMBER Jack Sidhu
AGENCY MEMBER Richard Stockwell

DEPARTMENT: Office of the Treasurer
STAFF REPORT
SUCCESSOR AGENCY TO THE
KERMAN REDEVELOPMENT AGENCY
MEETING DATE: 9/19/12

To: Chairman and Agency Members
From: Tim Przybyla, Treasurer
Subject: Consider Due Diligence Report required per Health and Safety Code Section 34179.5 and direct staff to submit the report to the Oversight Board, the county auditor-controller, the state controller, and the Department of Finance for review by October 1, 2012.

RECOMMENDATIONS:

1. Agency Board review the due diligence report if available;
2. Direct staff to submit the report to the Oversight Board, Fresno County Auditor, State Controller, and Department of Finance (DOF) and post it to the City's website; and
3. Take other actions as required

EXECUTIVE SUMMARY

The Successor Agency was required to undertake a due diligence review of all assets of the former Agency and Successor Agency, including all transfers, cash balances, enforceable obligations, and assets, from January 1, 2011 to present to determine the unobligated balanced available for transfer to the taxing agencies. Staff has contracted with Bryant Jolley to conduct the report.

OUTSTANDING ISSUES

As of this writing, the report has not been finalized. However, Bryant has completed the fieldwork and will try to have a copy to us in time for this meeting. Staff recommends that the Successor Agency either review and forward the report as recommended, or set a meeting prior to October 1 to take this action as necessary.

DISCUSSION

The State, in implementing AB 1484, has established statutory timelines that Successor Agencies must meet, regardless of how realistic the timeframes are. While the Agency's staff has been working diligently to execute this most recent mandate, the timeframes are unreasonably short for the work required to implement them. Staff has been working with a qualified accountant to prepare the Agency's report. As of this writing, the report was not ready for review.

Staff will either bring a copy of the Housing DDR to the meeting for review or recommend the Successor Agency review the Housing DDR on October 3, 2012, after it has been submitted to the Department of Finance and other agencies.

FISCAL IMPACT

Not known at this time.

PUBLIC HEARING

N/A

REASON FOR RECOMMENDATION

N/A

Attachments:

None

BRYANT L. JOLLEY

CERTIFIED PUBLIC ACCOUNTANTS

Bryant L. Jolley C.P.A.
Ryan P. Jolley C.P.A.
Darryl L. Smith C.P.A.
Travis B. Evenson

August 28, 2012

Luis Patlan, City Manager
City of Kerman
942 S. Madera Ave.
Kerman, CA 93630

Dear Mr. Patlan:

We are pleased to submit a proposal to provide services as required by Health and Safety Code 34179.5 (c). This letter confirms our understanding of the services we are to provide for the City of Kerman (the City). This letter also will confirm the nature and limitations of the services we will provide and the various responsibilities and other terms of the engagement.

We agree to apply those procedures outlined in AB No. 1484 Health and Safety Code 34179.5 (c) to the various funds used by the now dissolved redevelopment agency and to the successor agency. These procedures will be applied solely for the purpose of reporting our findings to the oversight board of the successor agency, the county auditor controller, the California State Controller and the California Department of Finance. The procedures we will perform are listed in the attached Schedule A.

Our engagement will be conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants. You and any other specified parties listed above are solely responsible for the sufficiency of the agreed-upon procedures for their purposes. Therefore, we make no representation as to the sufficiency of these procedures described in the attached schedule either for the purpose for which this report has been requested or for any other purpose. The agreed-upon procedures listed in the attached schedule are not designed to constitute an examination or review of the subject matter. Consequently, we will not express reasonable or limited assurance on the subject matter. We have no obligation to perform any procedures beyond those agreed to as enumerated in this letter of engagement. If, for any reason, we are unable to complete the procedures, we will not issue a report as a result of this engagement.

Our procedures are also not designed to detect error or fraud that is material to the subject matter information. However, we will inform you of any material errors or fraud that come to our attention, unless clearly inconsequential. Our responsibility is limited to the period covered by our procedures and does not extend to matters that might arise during any later periods for which we are not engaged. At the conclusion of our engagement, we will request certain written representations from you about the subject matter information and related matters. We will present a written report listing the procedures and our related findings. This report will be intended for use by and restricted to the use of the specified parties as identified above, and our report will contain such restricted-use language.

Our management plan for this engagement is as follows:

Preliminary Activities

- Engagement acceptance
- Preparation of prepared by client schedules (pbc)

Planning Activities

- Obtain prior year financial reports. FYE 2010 and FYE 2011
- Compile/Review Redevelopment Agency financial statements through January 31
- Compile/Review Successor Agency financial statements through June 30
- Set up engagement workpapers

On-site visit (fieldwork)

- Entrance conference with finance/accounting personnel
- Review documents and perform procedures
- Identify and communicate any pending items
- Summarize results of procedures

Reporting and wrap-up

- Resolve open items and issues
- Prepare reports with results/findings
- Transmit report for review
- Obtain management representation
- Transmit final report

You are responsible for the presentation of the findings determined as a result of our performing the procedures. Management is responsible for making all financial records and related information available to us.

Bryant Jolley is the engagement partner and is responsible for supervising the engagement and signing the report.

Each member of our team brings relevant experience to this engagement, including the performance of agreed-upon procedure engagements related to ABX1 26.

We plan to begin our procedures on approximately September 1, and unless unforeseeable problems are encountered, the engagement should be completed by September 25, and final reports are expected to be issued as follows:

Low and Moderate Income Housing Report - October 1, 2012

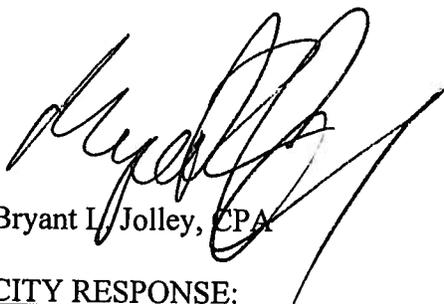
All other fund and account balances reviews - December 15, 2012

Maximum fees for these services will be ^{not to exceed 5,000} \$10,000. The fee estimate is based on anticipated cooperation from personnel at the respective agencies and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is

necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered each month as work progresses and are payable upon presentation.

We received our most recent peer review in 2009 at which time we received a rating of pass (equivalent of an unqualified opinion). A copy of the report is enclosed in the ATTACHMENT B of this proposal.

If the City agrees to these terms, please sign below and return a copy of this letter to us for our files. We look forward to working with you on this project.



Bryant L. Jolley, CPA

CITY RESPONSE:

We agree to the terms noted above.

Sincerely,

Signed

Title

Date

ATTACHMENT A
Health and Safety Code Section 34179.5 (c)

At a minimum, the review required by this section shall include the following:

1. The dollar value of assets transferred from the former redevelopment agency to the successor agency on or about February 1, 2012.
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 reviews shall provide documentation of any enforceable obligation that required the transfer.
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.
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 reconcile balances, assets, and liabilities of the successor agency on June 30, 2012 to those reported to the Controller for the 2009-10 fiscal year.
5. A separate accounting for the balance for the Low and Moderate Income Housing Fund and 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.
 - (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.
 - (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.

ATTACHMENT A
Health and Safety Code Section 34179.5 (c) [continued]

- (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 this retention of current balances requires, 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 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.
- (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.

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.

CHIANG, HAMMON & COMPANY
Certified Public Accountants
2007 W. Hedding Street, Suite 207 San Jose, CA 95128
(408) 244-2002 (408) 244-2333 Fax

System Review Report

December 11, 2010

To Bryant L. Jolley
Certified Public Accountant and the Peer Review Committee of the CalCPA

We have reviewed the system of quality control for the accounting and auditing practice of Bryant L. Jolley Certified Public Accountant in effect for the year ended September 30, 2009. Our peer review was conducted in accordance with the Standards for Performing and reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm reasonable assurance of conforming with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on my review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards*.

In our opinion, the system of quality control for the accounting and auditing practice of Bryant L. Jolley Certified Public Accountant in effect for the year ended September 30, 2009, has been suitably designed and complied with to provide the firm with reasonable assurance of conforming with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Bryant L. Jolley Certified Public Accountant has received a peer review rating of *pass*.


Chiang, Hammon & Company