

**Successor Agency to the Dissolved  
Montebello Redevelopment Agency  
All Other Funds**

**Agreed-upon Procedures Report  
Pursuant to Health and Safety Code Sections 34179.5 and 34179.6 (AB 1484)**

**Successor Agency to the Dissolved  
Montebello Redevelopment Agency  
All Other Funds of the Successor Agency  
Agreed-upon Procedures Report  
Pursuant to Health and Safety Code Sections 34179.5 and 34179.6 (AB 1484)  
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**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

**Oversight Board  
Successor Agency to the Dissolved Montebello Redevelopment Agency  
City of Montebello  
1600 W. Beverly Boulevard  
Montebello, CA 90640**

We have performed the agreed-upon procedures enumerated in Attachment A, which we have been advised were developed by the California Society of Certified Public Accountants and generally agreed to by the California State Controller's Office and Department of Finance, solely to assist you in ensuring that the Successor Agency to the dissolved Montebello Redevelopment Agency (Successor Agency) is complying with certain statutory requirements with respect to Health and Safety Code Sections 34179.5 and 34179.6, as they apply to all other funds of the Successor Agency. Management of the Successor Agency is responsible for the accounting records pertaining to statutory compliance. This agreed-upon procedures 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 in Attachment A 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 agreed-upon procedures as set forth in Attachment A, as they apply to all other funds of the Successor Agency.

Attachment B identifies the results of the procedures performed.

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 B. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Successor Agency to the dissolved Montebello Redevelopment 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.

*Vasquez + Company LLP*

**Los Angeles, California  
December 10, 2012**

**List of Procedures for Due Diligence Review**

**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.

**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.

**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.

**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 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.*

**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 (Schedule of Financial Transactions) 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 the Schedule of Financial Transaction for information purposes.
  - B. Ascertain that for each period presented, the total of revenues, expenditures, and transfers account fully for the changes in equity from the previous fiscal period.
  - C. Compare amounts in the Schedule of Financial Transactions 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 of Financial Transactions 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.

**Citation:**

*34179.5(c)(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.

**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.

**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.

**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.

**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 (Schedule of Asset Balances) as of June 30, 2012 that are dedicated or restricted for the funding of enforceable obligations and perform the following procedures. The Schedule of Asset Balances 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 of Asset Balances 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 (ROPS) 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 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 Schedule 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.

**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.

**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. 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).

**Attachment B**  
**Successor Agency to the Dissolved Montebello Redevelopment Agency**  
**All Other Funds**  
**Summary of Results**  
**As of June 30, 2012**

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The results of the procedures performed on the Successor Agency Funds, as described in Attachment A, are as follows:

**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.*

**Procedure No. 1 Results**

Per the Agreed-Upon Procedures (AUP) report issued by Moss, Levy & Hartzheim LLP dated May 7, 2012, the following assets as of January 31, 2012 of the remaining funds of the former Redevelopment Agency were transferred to the Successor Agency:

Asset Type	Amount
Cash and investments	\$ 6,158,818
Cash and investments with fiscal agents	4,794,079
Receivables:	
Accounts receivable	19,074
Notes receivable	9,932,656 *
Interest receivable	1,587,937
Prepaid expenses	13,179,719
Deferred charges	1,049,469
Land held for resale	5,983,486
Capital assets, not depreciated	6,612,000
Capital assets, being depreciated, net	6,689,919
	\$ 56,007,157

\* The notes receivable amount per AUP report included two notes which were not forwarded to Successor Agency aggregating \$5,905,909. The Agency believed that the notes have no residual value. These two notes are forgivable after 99 years and have offsetting deferred revenues.

The above asset balances were agreed to the Successor Agency's trial balance as of February 1, 2012 and other accounting records.

**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.*

**Procedure No. 2 Results**

- 2A. Refer to Attachment B-1 for the list of transfers made by the former RDA and the Successor Agency to the City of Montebello after January 1, 2011 through January 31, 2012.
- 2B. The Successor Agency asserted that there were no transfers made to the city, county, or city and county that formed the redevelopment agency for the period February 1, 2012 through June 30, 2012.
- 2C. Refer to Attachment B-1.

**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.*

**Procedure No. 3 Results**

- 3A. Refer to Attachment B-2 for the list of transfers made by the former RDA and the Successor Agency to the other public agency or private party after January 1, 2011 through January 31, 2012.
- 3B. Refer to Attachment B-2 for the list of transfers made by the Successor Agency to the other public agency or private party after February 1, 2012 through June 30, 2012.
- 3C. Refer to Attachment B-2.

**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 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.*

**Procedure No. 4 Results**

Refer to Attachment B-3

**Attachment B**  
**Successor Agency to the Dissolved Montebello Redevelopment Agency**  
**All Other Funds**  
**Summary of Results**  
**As of June 30, 2012**

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**Citation:**

*34179.5(c)(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) Statement of the total value of each fund as of June 30, 2012.*

**Procedure No. 5 Results**

The balances in Attachment B-4 were agreed to the Successor Agency funds' trial balance as of June 30, 2012, without exception.

**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.*

**Procedure No. 6 Results**

- 6A The Successor Agency has asserted that there is \$4,666,731 unspent bond proceeds included in the total assets as of June 30, 2012. Refer to Attachment B-5 for the Computation of Unspent Bond Proceeds as of June 30, 2012.
- 6B. The Successor Agency asserted that the assets as of June 30, 2012 did not include grant proceeds and program income that are restricted by third parties.
- 6C. Refer to Attachment B-6 for other assets that are considered to be legally restricted as of June 30, 2012.
- 6D Refer to Attachment B-5 and B-6.

**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.*

**Procedure No. 7 Results**

- 7A. Refer to Attachment B-7.
- 7B. Land held for resale and land held for development were valued at acquisition cost. The total amounts were traced and agreed to the June 30, 2011 and June 30, 2010 audited financial statements of the former Redevelopment Agency. All other account balances were agreed to the trial balance as of June 30, 2012.
- 7C. This procedure is not applicable. We noted no material differences in 7B.
- 7D. Not applicable. All assets listed in 7A were valued at cost.

**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.*

**Procedure No. 8 Results**

- 8(A) Not applicable
- 8(B) Not applicable
- 8(C) Not applicable
- 8(D) Not applicable

**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.*

**Procedure No. 9 Results**

Refer to Attachment B-8.

**Attachment B**  
**Successor Agency to the Dissolved Montebello Redevelopment Agency**  
**All Other Funds**  
**Summary of Results**  
**As of June 30, 2012**

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**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.*

**Procedure No. 10 Results**

Refer to Attachment B-9.

**Attachment B-1**  
**Successor Agency to the Dissolved Montebello Redevelopment Agency**  
**All Other Funds**  
**Schedule of Assets Transferred to The City of Montebello**  
**As of June 30, 2012**

Asset Description	Date Transferred	Amount	Transferred to:	Purpose	Basis for Transfer
Cash	1/11/2012	\$ 1,790,406	City of Montebello	Reimbursement of debt service paid by the City of Montebello.	2000 COP Reimbursent Agreement between City and RDA
Cash	1/31/2012	988,661	City of Montebello	Reimbursement of debt service paid by the City of Montebello.	2000 COP Reimbursent Agreement between City and RDA
Total Transfers		\$ 2,779,067			

**Notes:**

<sup>(a)</sup> In a letter dated May 18, 2012, the Department of Finance declined to find the 2000 Certificate of Participation Reimbursement Agreement (Reimbursement Agreements) as "enforceable obligations" because insufficient documentation was provided evidencing that tax increment revenues were pledged as a funding source for the 2000 COP. In that same letter, the Department of Finance indicated that agreements, contracts, or arrangements between the city, county or city and county that created the redevelopment agency and the former redevelopment agency are not enforceable obligations. Since this is initial letter and pursuant to the Department of Finance's direction, the Successor Agency has resubmitted this item and accompanying documents for Department of Finance's reconsideration, and no final determination has been made.

<sup>(b)</sup> In addition to the list of fund transfers above, the former RDA transferred funds to the City totaling \$11,105,598 during the period March 23, 2011 through April 7, 2011. The Successor Agency has asserted that these were investment transactions and thus do not fall under the definition of "transfer" under Section 34179.5(b)(3) of the Health and Safety Code. (See further discussion on Attachment B-1a, copy of the legal opinion of the Successor Agency's General Counsel).

**Attachment B-1a**  
**Successor Agency to the Dissolved Montebello Redevelopment Agency**  
**All Other Funds**  
**Legal Opinion Regarding Montebello Successor Agency All Fund Due Diligence Review**  
**As of June 30, 2012**

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December 7, 2012

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Re: Legal Opinion Regarding Montebello Successor Agency All Fund Due Diligence Review

To Whom It May Concern:

We act as General Counsel to the Montebello Successor Agency ("Successor Agency"), and advise the Successor Agency in all aspects of the "winding down" process of the former Redevelopment Agency of the City of Montebello ("Agency"), as that process is contemplated by Assembly Bills 1x26 and 1484 ("Dissolution Act").

This correspondence addresses the "all other fund due diligence review" ("DDR") of the former Agency assets and funds required by Health & Safety Code<sup>1</sup> Section 34179.5, and offers a legal opinion as to the cash and cash balances of the former Agency that are available for allocation to the taxing entities. Specifically, we address certain cash disbursements made by the Agency to the City of Montebello ("City") from January 1, 2011, through January 31, 2012. As set forth in detail below, it is the opinion of this Office that such disbursements do not constitute "transfers" within the meaning of Section 34179.5(b)(3), and thus are outside the scope of the DDR analysis required by the Dissolution Act.

#### **BACKGROUND**

AB 1484 instituted the DDR process to identify the "unobligated balances" of former redevelopment agency assets available for allocation to the taxing entities. (§ 34179.5(a).) To that end, Section 34179.5 sets forth specific procedures to be followed in completing the DDR, including, as relevant here, identifying the dollar value of cash transferred after January 1, 2011, through June 30, 2012 (hereinafter referred to as the "DDR Period"), by the former redevelopment agency or the successor agency to the city that created the redevelopment agency, and identification of the purpose of each transfer. (§ 34179.5(c)(2).) If any such "transfer" was not pursuant to an "enforceable obligation," the DDR is directed to include the value of the transfer in its calculation of amounts available for allocation to the taxing entities. (§ 34179.5(c)(6).)

Notably, the term "transferred" for purposes of this mandate is specifically defined by the Dissolution Act, as follows:

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<sup>1</sup> All future statutory references herein are to California's Health & Safety Code.

**Attachment B-1a**  
**Successor Agency to the Dissolved Montebello Redevelopment Agency**  
**All Other Funds**  
**Legal Opinion Regarding Montebello Successor Agency All Fund Due Diligence Review**  
**As of June 30, 2012**

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"Transferred" means the transmission of money to another party that is not in payment for goods or services or an investment or where the payment is de minimus. Transfer also means where the payments are ultimately merely a restriction on the use of the money." (§ 34179.5(b)(3).)

As the statutory language indicates, the Dissolution Act expressly limits the scope of the DDR analysis, in that it excludes payments for goods or services, as well as investments, made by the former redevelopment agency or its successor agency.

During the DDR Period (January 1, 2011, through January 31, 2012), the former Agency disbursed a total of \$21,308,875 to the City, as follows: \$2,779,067 in connection with the 2000 Certificates of Participation Reimbursement Agreements; \$7,424,210 in reimbursement payments to the City for administration and employee expenses incurred by the Agency (hereinafter referred to as the "Administrative Services Agreement"); and \$11,105,598 for the Agency's purchase of a Tax and Revenue Anticipation Note ("TRAN") from the City. Funds disbursed under the latter two (2) of these agreements are the subject of this correspondence.<sup>2</sup>

The Administrative Services Agreement dates back to 1979, pursuant to which the Agency agreed to reimburse the City for administrative goods and services, employee costs, and related expenses paid for by the City on the Agency's behalf. The Administrative Services Agreement formalized an administrative policy under the same terms, dated 1976, and the City and Agency have operated thereunder ever since, with the City fronting such costs for the Agency's benefit from the City's checking account (as the Agency never had one), and the Agency reimbursing the City therefore.

The TRAN was issued by the City in September 2010 under the authority of Government Code Section 53850 *et seq.*,<sup>3</sup> and was sold to cover the short term "cash flow" needs of the City pending receipt of tax revenues latter in the fiscal year. The Agency purchased the TRAN as an investment pursuant to Government Code Section 33603 (as discussed further below), and the

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<sup>2</sup> The 2000 Reimbursement Agreements are not directly the subject of this correspondence. But, by way of background, were entered into by and between the Agency and the City simultaneously with and for the purpose of securing debt service obligations owed on the 2000 Series Certificates of Participation ("2000 COPs"). The Certificates of Participation were issued by the City to fund certain capital improvement projects of benefit to the Agency's project areas. Under the Reimbursement Agreements, the Agency pledged to satisfy the City's payment obligations under the 2000 COPs with property tax increment funds as compensation for the project's redevelopment benefit, and the Agency's guarantee of this revenue stream was relied on by private third-party purchasers of the 2000 COPs. As such, the Reimbursement Agreements constitute an "enforceable obligation" of the Agency pursuant to Section 34171(d)(2), and are listed as Item 14 on the Successor Agency's Recognized Obligations Payment Schedule for the upcoming payment period ("ROPS III"). Though the Item is currently the subject of a pending meet-and-confer with the Department of Finance ("DOF"), until DOF makes a final determination on the Item, the Reimbursement Agreements must be assumed to be an "enforceable obligation" of the Agency. Accordingly, transfers made thereunder to the City were made pursuant to an enforceable obligation for purposes of the DDR. (§ 34179.5(c)(2), (c)(6).)

<sup>3</sup> Government Code Section 53853 provides: "On or after the first day of any fiscal year a local agency may borrow, pursuant to his article, the indebtedness to be represented by a note or notes issued to the lending pursuant to this article. The money borrowed may be used and expended by the local agency for any purpose for which the local agency is authorized to use and expend moneys, including but not limited to current expenses, capital expenditures, investment and reinvestment, and the discharge of any obligation or indebtedness of the local agency."

Attachment B-1a  
Successor Agency to the Dissolved Montebello Redevelopment Agency  
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TRAN furthered the redevelopment purpose of the Agency in that, *inter alia*, the funds were used by the City in the elimination and avoidance of blight in the Agency's project areas.

With this background, the monies disbursed by the Agency under the Administration Services Agreement and the TRAN are outside the scope of the DDR analysis, and should not be considered in calculating the amount of unencumbered Agency funds available for allocation to the taxing entities.

**DISBURSEMENTS MADE UNDER THE ADMINISTRATIVE SERVICES AGREEMENT WERE PAYMENTS FOR GOODS AND SERVICES, AND BEYOND THE SCOPE OF THE DDR**

Referenced above, the DDR is required to identify cash and cash equivalents "transferred" from the Agency to the City during the DDR Period, and the term "transferred" is specifically defined as excluding "payments for goods and services." (§§ 34171.5(b)(3), (c)(2).) As such, all amounts transferred by the Agency to the City under the Administrative Services Agreement should be excluded by the DDR, because all such transfers were made by the Agency in payment for administrative goods and services, employee costs, and related services. Concluding otherwise would render the limited definition of "transferred" in describing the scope of the DDR superfluous; a result contrary to recognized rules of statutory interpretation. (*Young v. McCoy* (2007) 147 Cal.App.4th 1078, 1084 [statutory interpretations which render any part of a statute superfluous are to be avoided].)

**THE TRAN WAS PURCHASED BY THE AGENCY AS AN INVESTMENT**

Agency disbursements made to the City under the TRAN during the DDR Period are also beyond the scope of the DDR. Again, this is because of the limited definition of "transferred" provided in Section 34179.5(b)(3), which excludes "investments" made by the Agency. The terms of the TRAN and related documents expressly characterize the transaction as an investment by the Agency, meaning amounts disbursed thereunder should not be considered in the DDR.<sup>4</sup> (See TRAN ["[A] redevelopment agency, including the [Agency]...may invest any money in securities in which savings banks may legally invest money subject to their control"]; Prepayment Agreement ["[S]uch TRAN was purchased by the Agency as an investment"]; May 11, 2011 Staff Report ["The TRAN was purchased by the Agency as an investment"].)

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<sup>4</sup> Its also important to note that all amounts disbursed to the City under the TRAN were fully repaid to the Agency in June 2011, by way of a June 2, 2011, cash transfer to the Agency for \$3,375,724.14, and the execution of a Prepayment and Partial Satisfaction Agreement ("Prepayment Agreement"). Under the Prepayment Agreement, the Agency "prepaid" \$17,462,276 of its future debt service obligations owed under the Reimbursement Agreements, which was discounted to a present day value of \$13,487,438.08 as a credit of amounts owed by the City under the TRAN. Full repayment of the TRAN has been validated by a final judgment rendered by a Los Angeles Superior Court in *Sevacherian v. All Persons Interested In the Validity Of A Loan Agreement* (LASC Case No. BC445364), which was a taxpayer challenge to the validity of the TRAN resolved in favor of the City and Agency. In addition, an independent audit of the Agency conducted by the State Controller in September 2011 acknowledged full repayment of the TRAN. Because the TRAN has been repaid by the City, identifying amounts disbursed thereunder as an "unauthorized transfer" would result in "double recovery" to the Agency/Successor Agency.

**Attachment B-1a**  
**Successor Agency to the Dissolved Montebello Redevelopment Agency**  
**All Other Funds**

**Legal Opinion Regarding Montebello Successor Agency All Fund Due Diligence Review**  
**As of June 30, 2012**

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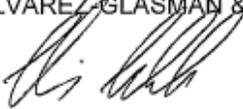
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**CONCLUDING REMARKS**

Based upon the foregoing, it is the opinion of this Office that amounts disbursed by the Agency to the City from January 1, 2011, through January 31, 2012, pursuant to the Administrative Services Agreement and the TRAN do not constitute "transfers" for purposes of Section 34179.5(b)(3), and thus are beyond the scope of the DDR required by Section 34179.5.

Respectfully,

ALVAREZ GLASMAN & COVLIN



Christopher G. Cardinale  
*Deputy City Attorney and Legal Counsel*  
*for the Montebello Successor Agency*

**Attachment B-2**  
**Successor Agency to the Dissolved Montebello Redevelopment Agency**  
**All Other Funds**  
**Schedule of Assets Transferred to Other Outside Entity or Private Parties**  
**As of June 30, 2012**

Asset Description	Date transferred	Value/Carrying Amount	Transferred to:	Purpose	Basis for Transfer	Questionable Transfers
<b>1/01/11 - 1/31/12:</b>						
Cash	2/22/2011	111,338	Bank of New York Mellon Trust Company, N.A.	Debt service payment	Housing 1997 Series B	
Cash	2/22/2011	128,888	Bank of New York Mellon Trust Company, N.A.	Debt service payment	Housing 2002 Series	
Cash	2/22/2011	120,028	Bank of New York Mellon Trust Company, N.A.	Debt service payment	Housing Series 2007	
Cash	2/28/2011	465,688	Bank of New York Mellon Trust Company, N.A.	Debt service payment	Montebello Hills 1997	
Cash	2/28/2011	586,703	Bank of New York Mellon Trust Company, N.A.	Debt service payment	Montebello Hills 1998 Series A	
Cash	2/28/2011	308,425	Bank of New York Mellon Trust Company, N.A.	Debt service payment	Montebello Hills 1998 Series B	
Cash	2/28/2011	78,248	Bank of New York Mellon Trust Company, N.A.	Debt service payment	Montebello Hills 1999 Series A	
Cash	2/28/2011	149,263	Bank of New York Mellon Trust Company, N.A.	Debt service payment	Montebello Hills 2007 Series A	
Cash	2/28/2011	180,689	Bank of New York Mellon Trust Company, N.A.	Debt service payment	Montebello Hills 2007 Series B	
Cash	2/28/2011	394,212	Bank of New York Mellon Trust Company, N.A.	Debt service payment	Montebello Hills 2009 Series	
Cash	2/28/2011	161,857	Bank of New York Mellon Trust Company, N.A.	Debt service payment	So Ind 1999 Series A	
Cash	2/28/2011	71,530	Bank of New York Mellon Trust Company, N.A.	Debt service payment	So Ind 1999 Series B	
Cash	2/28/2011	140,267	Bank of New York Mellon Trust Company, N.A.	Debt service payment	So Ind 2007 Series A	
Cash	8/25/2011	101,280	Bank of New York Mellon Trust Company, N.A.	Debt service payment	Montebello Hills 1997	
Cash	8/25/2011	131,913	Bank of New York Mellon Trust Company, N.A.	Debt service payment	Montebello Hills 1998 Series A	
Cash	8/25/2011	81,000	Bank of New York Mellon Trust Company, N.A.	Debt service payment	Montebello Hills 1998 Series B	
Cash	8/25/2011	26,973	Bank of New York Mellon Trust Company, N.A.	Debt service payment	Montebello Hills 1999 Series A	
Cash	8/25/2011	52,600	Bank of New York Mellon Trust Company, N.A.	Debt service payment	Montebello Hills 2007 Series A	
Cash	8/25/2011	98,347	Bank of New York Mellon Trust Company, N.A.	Debt service payment	Montebello Hills 2007 Series B	
Cash	8/25/2011	391,134	Bank of New York Mellon Trust Company, N.A.	Debt service payment	Montebello Hills 2009 Series	
Cash	8/25/2011	401,338	Bank of New York Mellon Trust Company, N.A.	Debt service payment	Housing 1997 Series B	
Cash	8/25/2011	128,888	Bank of New York Mellon Trust Company, N.A.	Debt service payment	Housing 2002 Series	
Cash	8/25/2011	795,028	Bank of New York Mellon Trust Company, N.A.	Debt service payment	Housing Series 2007	
Cash	8/25/2011	526,858	Bank of New York Mellon Trust Company, N.A.	Debt service payment	So Ind 1999 Series A	
Cash	8/25/2011	246,530	Bank of New York Mellon Trust Company, N.A.	Debt service payment	So Ind 1999 Series B	
Cash	8/25/2011	310,783	Bank of New York Mellon Trust Company, N.A.	Debt service payment	So Ind 2007 Series A	
<b>2/01/12 - 6/30/12:</b>						
Cash	2/22/2012	101,901	Bank of New York Mellon Trust Company, N.A.	Debt service payment	Housing 1997 Series B	
Cash	2/22/2012	128,888	Bank of New York Mellon Trust Company, N.A.	Debt service payment	Housing 2002 Series	
Cash	2/22/2012	109,557	Bank of New York Mellon Trust Company, N.A.	Debt service payment	Housing Series 2007	
Cash	2/28/2012	476,280	Bank of New York Mellon Trust Company, N.A.	Debt service payment	Montebello Hills 1997	
Cash	2/28/2012	616,913	Bank of New York Mellon Trust Company, N.A.	Debt service payment	Montebello Hills 1998 Series A	
Cash	2/28/2012	316,000	Bank of New York Mellon Trust Company, N.A.	Debt service payment	Montebello Hills 1998 Series B	
Cash	2/28/2012	81,973	Bank of New York Mellon Trust Company, N.A.	Debt service payment	Montebello Hills 1999 Series A	
Cash	2/28/2012	157,600	Bank of New York Mellon Trust Company, N.A.	Debt service payment	Montebello Hills 2007 Series A	
Cash	2/28/2012	288,347	Bank of New York Mellon Trust Company, N.A.	Debt service payment	Montebello Hills 2007 Series B	
Cash	2/28/2012	397,684	Bank of New York Mellon Trust Company, N.A.	Debt service payment	Montebello Hills 2009 Series	
Cash	2/28/2012	150,653	Bank of New York Mellon Trust Company, N.A.	Debt service payment	So Ind 1999 Series A	
Cash	2/28/2012	66,611	Bank of New York Mellon Trust Company, N.A.	Debt service payment	So Ind 1999 Series B	
Cash	2/28/2012	153,922	Bank of New York Mellon Trust Company, N.A.	Debt service payment	So Ind 2007 Series A	
Cash	4/14/2012	356,780 <sup>(a)</sup>	Bank of New York Mellon Trust Company, N.A.	Lease Payment	2000 COP Reimbursement Agreement	\$ 356,780
Total		\$ 9,592,913				\$ 356,780

Notes:

(a) As indicated in Note A on Page 15, the Reimbursement Agreements were initially denied as "enforceable obligations" by the Department of Finance but, at the Department of Finance's direction, have been resubmitted for additional review. No final determination on this item has been made by the Department of Finance. The Successor Agency remitted the payment dated April 14, 2012 to fund the debt service requirement due on May 1, 2012. Subsequently, the Department of Finance disapproved of the Reimbursement Agreements as "enforceable obligations" in a letter dated May 18, 2012 related to the January-June 2012 ROPS I approval.

**Attachment B-3**  
**Successor Agency to the Dissolved Montebello Redevelopment Agency**  
**All Other Funds**  
**Summary of Financial Transactions (Procedure 4)**  
**As of June 30, 2012**

	12 Months Ended 6/30/2010 (Audited)*	12 Months Ended 6/30/2011 (Audited)*	7 Months Ended 1/31/2012 (Unaudited)	5 Months Ended 6/30/2012 (Unaudited)
<b>Assets (modified accrual basis)</b>				
Cash and investments	\$ 31,944,764	\$ 19,669,595	\$ 17,379,109	\$ 17,588,739
Cash and investments with fiscal agent	4,807,232	4,856,182	4,925,090	4,925,151
Accounts Receivable	23,099	19,387	19,074	19,254
Property Tax Receivable	1,162,138	2,331,218	-	-
Notes receivable	10,132,367	9,996,209	9,932,655	3,902,248
Interest Receivable	44,261	-	-	-
Interest receivable - Notes	1,526,304	1,587,937	1,587,937	1,587,937
Land held for resale	7,853,227	9,245,227	8,024,316	8,024,316
Due from other funds	8,000,000	21,826,160	23,126,665	23,296,269
<b>Total Assets</b>	<b>\$ 67,493,392</b>	<b>\$ 69,531,915</b>	<b>\$ 64,994,846</b>	<b>\$ 59,343,913</b>
<b>Liabilities (modified accrual basis)</b>				
Accounts payable and accrued liabilities	\$ 103,477	\$ 305,741	\$ 172,274	\$ 267,511
Advances from City of Montebello	1,907,037	4,541,591	120,484	-
Deferred revenue	7,457,212	7,518,845	7,518,845	1,612,937
Due to other funds	8,000,000	21,826,160	23,124,988	23,766,072
<b>Total Liabilities</b>	<b>17,467,726</b>	<b>35,554,625</b>	<b>32,298,555</b>	<b>27,008,808</b>
<b>Equity</b>	<b>50,025,666</b>	<b>33,977,290</b>	<b>32,696,291</b>	<b>32,335,105</b>
<b>Total Liabilities and Equity</b>	<b>\$ 67,493,392</b>	<b>\$ 69,531,915</b>	<b>\$ 64,994,846</b>	<b>\$ 59,343,913</b>
<b>Total Revenues:</b>	<b>\$ 18,016,468</b>	<b>\$ 17,950,746</b>	<b>\$ 8,943,501</b>	<b>\$ 3,688,835</b>
<b>Total Expenditures:</b>	<b>19,824,176</b>	<b>17,410,256</b>	<b>7,800,174</b>	<b>3,683,975</b>
<b>Total Transfers:</b>	<b>(1,801,811)</b>	<b>(2,526,381)</b>	<b>(1,204,018)</b>	<b>(364,631)</b>
<b>Prepayment of Lease Obligation:</b>	<b>-</b>	<b>(13,487,439)</b>	<b>-</b>	<b>-</b>
<b>Net Change in Equity</b>	<b>(3,609,519)</b>	<b>(15,473,330)</b>	<b>(60,691)</b>	<b>(359,771)</b>
<b>Beginning Equity:</b>	<b>53,635,185</b>	<b>50,025,666</b>	<b>33,977,290</b>	<b>32,696,291</b>
<b>Restatement - Reduction in Fixed Assets</b>	<b>-</b>	<b>-</b>	<b>(1,220,308)</b>	<b>-</b>
<b>Restatement - Additional Expenses fr CRA</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,415)</b>
<b>Restatement - due from other funds</b>	<b>-</b>	<b>(575,046)</b>	<b>-</b>	<b>-</b>
<b>Ending Equity:</b>	<b>\$ 50,025,666</b>	<b>\$ 33,977,290</b>	<b>\$ 32,696,291</b>	<b>\$ 32,335,105</b>
<b>Other Information (show year-end balances for all three years presented):</b>				
<b>Capital assets as of end of year</b>	<b>\$ 13,686,753</b>	<b>\$ 13,468,804</b>	<b>\$ 13,329,144</b>	<b>\$ 13,505,569</b>
<b>Long-term debt as of end of year</b>	<b>\$ 75,950,934</b>	<b>\$ 68,290,164</b>	<b>\$ 66,446,529</b>	<b>\$ 65,376,529</b>

- (A) Financial information for the fiscal year ended June 30, 2010 was compared to the State Controller's Report filed for the Redevelopment Agency for the same period. No exceptions noted.
- (B) Financial information for the fiscal years ended June 30, 2010 and 2011 were agreed to the Financial Statements of the former Redevelopment Agency audited by Eadie and Payne LLP.
- (C) Financial information for the seven-month ended January 31, 2012 was traced to the accounting records of the former Redevelopment Agency as of January 1, 2012.
- (D) Financial information for the period covering February 1, 2012 through June 30, 2012 was traced to the accounting records of the Suuccessor Agency as of June30, 2012.

**Attachment B-4**  
**Successor Agency to the Dissolved Montebello Redevelopment Agency**  
**All Other Funds**  
**List of Assets of the Successor Agency (Procedure 5)**  
**As of June 30, 2012**

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Asset Type	Amount
Cash	\$ 5,451,368
Cash with fiscal agent	4,794,132
Investments	3,254,216
Accounts receivable	19,254
Notes receivable	3,902,248
Interest receivable - notes	1,587,937
Land held for resale	5,983,486
Due from other funds	168,461
	25,161,102
Add capital assets	13,478,344
Total Assets	\$ <u>38,639,446</u>

**Attachment B-5**

**Successor Agency to the Dissolved Montebello Redevelopment Agency**  
**All Other Funds**  
**Calculation of Legally Restricted Balances – Unspent Bond Proceeds (Procedure 6a)**  
**As of June 30, 2012**

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<b>Net Proceeds</b>		\$	9,000,000 *
<b>Property acquisition and redevelopment projects</b>			
Taylor Ranch Renovation	\$ 1,107,581	**	
Whittier Blvd Phase II	917,239	**	
Street Improvement-Hillside	1,565,710	**	
Portable Radio Project	<u>742,739</u>	**	<u>4,333,269</u>
<b>Unspent bond proceeds as of June 30, 2012</b>		\$	<u><u>4,666,731</u></u>

\* Traced and agreed amounts to bond official statements.

\*\* Traced amounts to revenue and expense schedules generated from the Successor Agency's accounting system.

**Restrictions:**

Proceeds from the 2009 Series A Tax Allocation Bonds will be used to (1) finance redevelopment activities of benefit to the Motebello Hills Redevelopment Project, (2) satisfy the reserve requirement for the bonds and (3) provide for the costs of issuing the bonds.

The restrictions on the above unspent bond proceeds are in effect until the funds are expended for their intended purpose.

**Attachment B-6**  
**Successor Agency to the Dissolved Montebello Redevelopment Agency**  
**All Other Funds**  
**Summary Legally Restricted Balances - Bond Reserve Requirements (Procedure 6c)**  
**As of June 30, 2012**

Type	Restricted Amount	Nature of Restriction	Language in Legal Document
Cash and investments	\$ 151,660	Amount in holding account for the purpose of depositing all past and future payments from Sevecherian/Ostrom Chevrolet. A separate holding account was opened upon the advise of legal counsel, pending resolution of, or clearer direction on the litigation related to Sevecherian/Ostrom Chevrolet lease.	Upon advise of the legal counsel, pending resolution of the litigation, all payments from Sevecherian/Ostrom Chevrolet will be kept in a holding account.
Cash and investments with fiscal agents (For bond reserve requirement):			
Montebello Hills Redevelopment Project Tax Allocation Parity Bonds, 1999 Series A, Reserve Account.	111,446	Bond reserve requirement to secure the payment of principal of and interest on the bonds. This restriction is in effect until the maturity of the bonds.	Per bond official statement, a reserve fund for the bonds has been funded under the Indenture to be held by the Trustee to further secure the timely payment of principal and interest on the Bonds.
CRA Montebello hills Redevelopment Project Tax Allocation Bonds, 2009 Series A (Subordinate Lien) Reserve Fund	1,049,701	Bond reserve requirement to secure the payment of principal of and interest on the bonds. This restriction is in effect until the maturity of the bonds.	Per bond official statement, a reserve fund for the bonds has been funded under the Indenture to be held by the Trustee to further secure the timely payment of principal and interest on the Bonds.
CRA Montebello Hills Redevelopment Project, Tax Allocation Parity Refunding Bonds, 1998 Series A	11,415	Bond reserve requirement to secure the payment of principal of and interest on the bonds. This restriction is in effect until the maturity of the bonds.	Per bond official statement, a reserve fund for the bonds has been funded under the Indenture to be held by the Trustee to further secure the timely payment of principal and interest on the Bonds.
CRA Montebello Hills Redevelopment Project, Tax Allocation Parity Refunding Bonds, 1998 Series B	470,000	Bond reserve requirement to secure the payment of principal of and interest on the bonds. This restriction is in effect until the maturity of the bonds.	Per bond official statement, a reserve fund for the bonds has been funded under the Indenture to be held by the Trustee to further secure the timely payment of principal and interest on the Bonds.
South Montebello Industrial Redevelopment Project Tax Allocation Parity Bonds, 2007 Series A (Taxable) - Reserve Fund	384,572	Bond reserve requirement to secure the payment of principal of and interest on the bonds. This restriction is in effect until the maturity of the bonds.	Per bond official statement, a reserve fund for the bonds has been funded under the Indenture to be held by the Trustee to further secure the timely payment of principal and interest on the Bonds.
South Montebello Industrial Redevelopment Project Tax Allocation Parity Refunding Bonds, 1999 Series A	1,111,987	Bond reserve requirement to secure the payment of principal of and interest on the bonds. This restriction is in effect until the maturity of the bonds.	Per bond official statement, a reserve fund for the bonds has been funded under the Indenture to be held by the Trustee to further secure the timely payment of principal and interest on the Bonds.
CRA 2002 Housing Tax Allocation Parity Bonds	1,655,009	Bond reserve requirement to secure the payment of principal of and interest on the bonds. This restriction is in effect until the maturity of the bonds.	Per bond official statement, a reserve fund for the bonds has been funded under the Indenture to be held by the Trustee to further secure the timely payment of principal and interest on the Bonds.
Total Bond Reserve Requirement	<u>4,794,131</u>		
Total	<u>\$ 4,945,791</u>		

**Attachment B-7**  
**Successor Agency to the Dissolved Montebello Redevelopment Agency**  
**All Other Funds**  
**List of Assets That Are Not Cash or Cash Equivalents (Procedure 7)**  
**As of June 30, 2012**

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<u>Asset Type</u>	<u>Amount</u>
Accounts receivable	\$ 19,254
Notes receivable	3,902,248
Interest receivable - notes	1,587,937
Land held for resale	5,983,486
Due from other funds	<u>168,461</u>
 Total	 11,661,386
 Add capital assets	 <u>13,478,344</u>
Total Assets	<u>\$ 25,139,730</u>

**Attachment B-8**  
**Successor Agency to the Dissolved Montebello Redevelopment Agency**  
**All Other Funds**  
**Calculation of Current Balances for Retention to Meet Enforceable Obligations (Procedure 9)**  
**As of June 30, 2012**

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<b>Forecasted Annual Spending Requirements</b>	<u>Amounts</u>
ROPS - July-December 2012	\$ 4,552,113 (a)
ROPS - January-June 2013	<u>3,923,072 (b)</u>
Total forecasted annual spending requirements - FY12-13	<u>\$ 8,475,185</u>

Notes:

- (a) Approved obligations for ROPS II per letter from Department of Finance dated May 18, 2012  
Funding for ROPS II was received in June 2012 and was included in the Successor Agency's  
cash and investments balance as of June 30, 2012.
- (b) Approved obligations for ROPS III per letter from Department of Finance dated October 20, 2012  
of \$3,673,072 plus \$250,000 administrative allowance.

**Attachment B-8a**  
**Successor Agency to the Dissolved Montebello Redevelopment Agency**  
**All Other Funds**  
**Recognized Obligation Payment Schedule#2 – Montebello Hills (Procedure 9)**  
**As of June 30, 2012**

Name of Redevelopment Agency: Montebello Successor Agency  
 Project Area(s) Montebello Hills Project, Montebello Hills Project (1976 Annex)

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**RECOGNIZED OBLIGATION PAYMENT SCHEDULE #2**  
 Per AB 26 - Section 34177 (l) (\*)

Project Name / Debt Obligation	Payee	Description	Source of Payment	Total Outstanding Debt or Obligation	Total Due During Fiscal Year													Amounts Needed to be retained	Explanation why amounts are needed to be retained
						Jul	Aug	Sep	Oct	Nov	Dec	Total							
1.) Tax Allocation Parity Refunding Bonds 1997 (Hillside)	Bank of NY Western Trust	Bonds issued to fund non-housing projects	RPTTF*	3,777,190.00	577,310.00		91,655.00									\$ 91,655.00	91,655	Approved enforceable obligation	
2.) Tax Allocation Parity Refunding Bonds 1998 Series A	Bank of NY Western Trust	Bonds issued to fund non-housing projects	RPTTF	5,889,250.00	772,000.00		121,000.00									\$ 121,000.00	121,000	Approved enforceable obligation	
3.) Tax Allocation Parity Refunding Bonds 1998 Series B	Bank of NY Western Trust	Bonds issued to fund non-housing projects	RPTTF	2,788,700.00	396,138.00		73,069.00									\$ 73,069.00	73,069	Approved enforceable obligation	
4.) Tax Allocation Parity Refunding Bonds 1999 Series A	Bank of NY Western Trust	Bonds issued to fund non-housing projects	RPTTF	1,320,218.00	151,031.00		25,515.50									\$ 25,515.50	25,516	Approved enforceable obligation	
5.) Tax Allocation Parity Refunding Bonds 1999 Series B	Bank of NY Western Trust	Bonds issued to fund non-housing projects	RPTTF	11,750,000.00	0.00		0.00									\$ -	-		
6.) Tax Allocation Parity Refunding Bonds 2007 Series A	Bank of NY Western Trust	Bonds issued to fund non-housing projects	RPTTF	2,984,801.00	311,000.00		52,600.00									\$ 52,600.00	52,600	Approved enforceable obligation	
7.) Tax Allocation Parity Bonds 2007 Series B (Hillside)	Bank of NY Western Trust	Bonds issued to fund non-housing projects	RPTTF	4,502,956.00	380,572.00		92,786.00									\$ 92,786.00	92,786	Approved enforceable obligation	
8.) Tax Allocation Bonds 2009 Series A (Hillside)	Bank of NY Western Trust	Bonds issued to fund non-housing projects	RPTTF	18,990,554.00	795,368.00		397,684.00									\$ 397,684.00	397,684	Approved enforceable obligation	
9.) 2000 Certificate of Participation (Hillside & SI) Reimbursement	City of Montebello	City/Agency Agreement @ 73.6% of Agreement	RPTTF	2,320,038.91	1,264,957.23					739,408.14						\$ 739,408.14			
10.) Montebello Hills Housing Deferral	Montebello Low to Moderate	Payments per Reso 09-03 for Housing Fund Deferral	RPTTF	6,441,982.00	75,000.00											\$ -			
11.) SERAF Repayment	Montebello Low to Moderate	FY 2010-11	RPTTF	683,507.00	0.00											\$ -			
12.) Repayment on Advances	City of Montebello	Advances made by City per Facilities Maintenance	RPTTF	179,743.43	179,743.43	179,743.43								0.00		\$ 179,743.43			
13.) Administrative Transaction Fee	Various Vendors	Admin. fee charge until June 30, 2013 @3% of ag	RPTTF	327,000.00	327,000.00	27,250.00	27,250.00	27,250.00	27,250.00	27,250.00	27,250.00	27,250.00	27,250.00	27,250.00		\$ 163,500.00	163,500	Approved enforceable obligation	
14.) Pension Obligation	City of Montebello	Retirement and unemployment Oblig. @ 50% of	ACA*	119,550.00	9,564.00	797.00	797.00	797.00	797.00	797.00	797.00	797.00	797.00	797.00		\$ 4,782.00	4,782	Approved enforceable obligation	
15.) Fiscal Agent	Bank of NY Western Trust	Bond Servicing Fee on existing debt @ 50% of To	RPTTF	20,000.00	10,000.00	1,666.67	1,666.67	1,666.67	1,666.67	1,666.67	1,666.67	1,666.67	1,666.67	1,666.67		\$ 10,000.00	10,000	Approved enforceable obligation	
16.) Project Maintenance Costs	Agency	Direct Project Costs (\$211,089 @50%)	RPTTF	211,089.00	211,089.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		\$ -			
17.) Attorney's Fees	Various Attorneys	Legal Costs Assoc with RDA matters @50% of Ag	RPTTF	285,669.00	285,669.00	23,805.75	23,805.75	23,805.75	23,805.75	23,805.75	23,805.75	23,805.75	23,805.75	23,805.75		\$ 142,834.50	142,835	Approved enforceable obligation	
18.) Arbitrage Compliance Specialist	Arbitrage Compliance Spec	Prepare required arbitrage compliance computat	RPTTF	43,700.00												\$ -			
Totals - This Page				\$ 62,635,948.34	\$ 5,746,441.66	\$ 233,262.85	\$ 907,828.92	\$ 53,519.42	\$ 792,927.56	\$ 53,519.42	\$ 53,519.42	\$ 53,519.42	\$ 53,519.42	\$ 2,094,577.57					
Totals - Page 2				\$ 18,046,996.50	\$ 717,605.28	\$ -	\$ -	\$ 432,476.00	\$ -	\$ -	\$ 15,000.00	\$ -	\$ -	\$ -		\$ 447,476.00	447,476	Approved enforceable obligation	
Totals - Page 3				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -			
Totals - Page 4				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -			
Totals - Other Obligations				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -			
Grand total - All Pages				\$ 80,682,944.84	\$ 6,464,046.94	\$ 233,262.85	\$ 907,828.92	\$ 485,995.42	\$ 792,927.56	\$ 53,519.42	\$ 68,519.42	\$ 2,542,053.57	\$ 1,622,902.00		\$ 1,622,902.00				

\* This Recognized Obligations Payment Schedule (ROPS) is to be adopted by the Successor Agency no later than May 4, 2012. It is valid through 12/31/2012  
 \* Items on this ROPS may be added, deleted or amended due to changing circumstances, the discovery of additional obligations or other circumstances.  
 \* The MERP project area had prior existing obligations to the other two project areas overseen by the Agency.  
 \* Includes debt service obligations due after June 2012 estimated and included in order to ensure debt obligations during the 2nd half of the calendar year.  
 Item 4 - COSTCO represents the maximum amount of costs for the property to be legally transferred upon consummation of a sale or lease contract

**Attachment B-8b**  
**Successor Agency to the Dissolved Montebello Redevelopment Agency**  
**All Other Funds**  
**Recognized Obligation Payment Schedule#2 – South Industrial (Procedure 9)**  
**As of June 30, 2012**

Name of Redevelopment Agency: Montebello Successor Agency  
 Project Area(s): South Montebello Industria Redevelopment Project Area

**RECOGNIZED OBLIGATION PAYMENT SCHEDULE #2**  
 Per AB 26 - Section 34177 (l) (\*)

Project Name / Debt Obligation	Payee	Description	Source of Payment	Total Outstanding Debt or Obligation	Total Due During Fiscal Year							Total	Amounts needed to be retained	Explanation why amounts needed to be retained	
						Jul	Aug	Sep	Oct	Nov	Dec				
1.) Tax Allocation Parity Refunding Bonds So In	Bank of NY Western Trus	Bonds Issued to fund Non Housing Projects	RPTTF*	7,424,138	678,610		537,003					0	537,003	537,003	Approved enforceable obligation
2.) Tax Allocation Parity Refunding Bonds So In	Bank of NY Western Trus	Bonds Issued to fund Non Housing Projects	RPTTF	3,412,177	309,985		247,243					0	247,243	247,243	Approved enforceable obligation
3.) Tax Allocation Parity Refunding Bonds So In	Bank of NY Western Trus	Bonds Issued to fund Non Housing Projects	RPTTF	7,422,337	490,514		335,257					0	335,257	335,257	Approved enforceable obligation
4.) Certificate of Participation (Hillside & SI)	City of Montebello	City/Agency Agreement @ 26.4% OF Agreement Total	RPTTF	832,188	361,485				94,190			0	94,190	-	
5.) SERAF Repayment	Montebello Low to Moder	FY 2010-11	RPTTF	341,753									0	-	
6.) Housing Set-Aside Advance for HUD repaym	Successor Housing	30% of \$1,300,505	RPTTF	390,152	0								0	-	
7.) Administrative Transaction Fee	City of Montebello	Admin. fee charge until June 30, 2013 @ 3% of approximately \$3.7 million	RPTTF	111,000	111,000	9,250	9,250	9,250	9,250	9,250	9,250	9,250	55,500	55,500	Approved enforceable obligation
8.) Pension Obligation	City of Montebello	Retirement and unemployment Oblig. @ 30% of Total Agency Cost	ACA	71,730	5,738	478	478	478	478	478	478	478	2,869	2,869	Approved enforceable obligation
9.) Fiscal Agent	Bank of New York	Bond Servicing Fee on existing debt @ 30% of Total Servicing Fees	RPTTF	6,000	6,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	6,000	6,000	Approved enforceable obligation
10.) Project Maintenance Costs	Agency	Direct Project Costs (\$211,089 @ 30%)	RPTTF	126,653	126,653	0	0	0	0	0	0	0	0	-	
11.) Attorney's Fees	Various Attorneys	Legal Costs Assoc with RDA matters @ 30% of Agency's total fees	RPTTF	171,401	171,401	14,283	14,283	14,283	14,283	14,283	14,283	14,283	85,701	85,701	Approved enforceable obligation
12.) Arbitrage Compliance Specialist	Arbitrage Compliance Sp	Prepare required arbitrage compliance computations	RPTTF	26,130									375	375	Approved enforceable obligation
Totals - This Page				20,335,659	2,261,387	25,012	1,144,514	25,012	119,202	25,012	25,387	1,364,137			
Totals - Page 2				11,701,553	171,078	0	0	0	0	0	9,000	9,000		9,000	Approved enforceable obligation
Totals - Page 3				0	0	0	0	0	0	0	0	0			
Totals - Page 4				0	0	0	0	0	0	0	0	0			
Totals - Other Obligations															
Grand total - All Pages				32,037,212	2,432,465	25,012	1,144,514	25,012	119,202	25,012	34,387	1,373,137	1,278,947		

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 \* The MERP project area had prior existing obligations to the other two project areas overseen by the Agency.  
 \* Includes debt service obligations due after June 2012 estimated and included in order to ensure debt obligations during the 2nd half of the calendar year.

\*RPTTF = Redevelopment Property Tax Trust Fund  
 \* ACA = Administrative Cost Allowance

**Attachment B-8c**  
**Successor Agency to the Dissolved Montebello Redevelopment Agency**  
**All Other Funds**  
**Recognized Obligation Payment Schedule#2 – Montebello Economic Revitalization Project (Procedure 9)**  
**As of June 30, 2012**

Name of Redevelopment Agency: Montebello Successor Agency  
 Project Area(s): Montebello Economic Revitalization Project (MERP)

**RECOGNIZED OBLIGATION PAYMENT SCHEDULE #2**  
 Per AB 26 - Section 34177 (l) (\*)

Project Name / Debt Obligation	Payee	Description	Sources of Payment	Total Outstanding Debt or Obligation	Total Due During Fiscal Year	Jul	Aug	Sep	Oct	Nov	Dec	Total	Amounts needed to be retained	Explanation why amounts needed to be retained	
1.) 1997 Housing Series B	Bank of NY Western Trust	Bonds issued to fund Housing Projects	RPTTF	3,643,042	500,814		395,407					395,407	395,407	Approved enforceable obligation	
2.) 2002 Housing Tax Allocation Parity Bonds ME	Bank of NY Western Trust	Bonds Issued to fund housing projects	RPTTF	9,824,188	257,775		128,888					128,888	128,888	Approved enforceable obligation	
3.) 2007 Housing Series A	Bank of NY Western Trust	Bonds Issued to fund housing projects	RPTTF	6,596,966	911,431		803,216					803,216	803,216	Approved enforceable obligation	
4.) SERAF Repayment	Montebello Low to Model	FY 2010-11	RPTTF	113,695	0							0	-		
5.) Repayment on Advances	City of Montebello	Advances made by City per Facilities Maintenance Agreement	RPTTF	88,286	88,286	88,286					0	88,286	-		
6.) Administrative Transaction Fee	City of Montebello	Admin. fee charge until June 30, 2012 @ 3% of \$1,827,565	RPTTF	64,800	64,800	5,400	5,400	5,400	5,400	5,400	5,400	32,400	32,400	Approved enforceable obligation	
7.) Pension Obligation	City of Montebello	Retirement and unemployment Oblig. @ 20% of Agency Cost	ACA	47,820	3,826	319	319	319	319	319	319	1,913	1,913	Approved enforceable obligation	
8.) Fiscal Agent	Bank of New York	Servicing of existing debt @ 20% of Agency Costs	RPTTF	80,000	4,000	333	333	333	333	333	333	2,000	2,000	Approved enforceable obligation	
9.) Project Maintenance Costs	Agency	Direct Project Costs (\$211,089 @ 20%)	RPTTF	84,436	84,436	0	0	0	0	0	0	0	-		
10.) Attorney's Fees	Various Attorneys	Legal Costs Assoc with RDA matters @ 20% of Agencies total fees	RPTTF	215,000	215,000	17,917	17,917	17,917	17,917	17,917	17,917	107,500	107,500	Approved enforceable obligation	
11.) Compliance Specialist	Arbitrage Compliance Sp	Debt Service Calculations	RPTTF	9,100	4,050			4,050				4,050	4,050	Approved enforceable obligation	
Totals - This Page				20,767,333	2,134,417	112,255	1,351,479	28,019	23,969	23,969	23,969	1,563,659			
Totals - Page 2				22,987,591	451,832	0	0	84,445	0	0	0	50,445	174,890	174,890	Approved enforceable obligation
Totals - Page 3				0	0		0	0	0	0	0	0	0		
Totals - Page 4				0	0		0	0	0	0	0	0	0		
Totals - Other Obligations															
Grand total - All Pages				\$ 43,754,924	\$ 2,586,249	\$ 112,255	\$ 1,351,479	\$ 112,464	\$ 23,969	\$ 23,969	\$ 114,414	\$ 1,738,549	1,650,263		

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 \* The MERP project area had prior existing obligations to the other two project areas overseen by the Agency.  
 \* Includes debt service obligations due after June 2012 estimated and included in order to ensure debt obligations during the 2nd half of the calendar year.

\*RPTTF = Redevelopment Property Tax Trust Fund  
 \* ACA = Administrative Cost Allowance

**Attachment B-9**

**Successor Agency to the Dissolved Montebello Redevelopment Agency**  
**All Other Funds**  
**Summary of Balances Available For Allocation to Affected Taxing Entities (Procedure 10)**  
**Successor Agency Fund**

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**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)	\$	38,639,446
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)		3,135,847
Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments (procedure 6)		(9,612,523)
Less assets that are not cash or cash equivalents (e.g., physical assets) - (procedure 7)		(25,139,730)
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)		(8,475,185)
Less the amount of payments made on July 12, 2012 to the County Auditor-Controller as directed by the California Department of Finance		<u>(430,774)</u>
Amount to be remitted to County for disbursement to taxing entities	\$	<u>(1,882,919)</u>

