

**City of Montclair
Successor Agency to the Montclair
Redevelopment Agency**

**Independent Accountants' Report
On Applying Agreed-Upon Procedures**

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Agreed-Upon Procedures**

City of Montclair
Successor Agency to the Montclair
Redevelopment Agency
Montclair, CA

We have performed the required agreed-upon procedures (AUP), enumerated in Attachment A, which were agreed to by the California State Controller's Office, and the State of California Department of Finance (State Agencies) solely to assist you in complying with the requirements described in AB 1484. Management of the Successor Agency is responsible for the accounting records pertaining to compliance with the applicable requirements of AB 1484. 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 minimum required agreed-upon procedures as set forth in Attachment A. Attachment A identifies the findings noted as a result 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 on the accounting records and appropriateness of the results summarized in Attachment A. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the applicable State Agencies and the City of Montclair, 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.

Teaman Ramirez & Smith, Inc.

December 11, 2012

Attachment A

List of Procedures for Due Diligence Review

City of Montclair (Successor Agency)

General information regarding these procedures:

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

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

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

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

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

Citation:

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

Suggested Procedure(s):

1. Obtain from the Successor Agency a listing of all assets that were transferred from the former redevelopment agency to the Successor Agency on February 1, 2012. Agree the amounts on this listing to account balances established in the accounting records of the

Successor Agency. Identify in the Agreed-Upon Procedures (AUP) report the amount of the assets transferred to the Successor Agency as of that date.

Results:

We obtained an excel spreadsheet from the Successor Agency which listed total assets of \$16,673,038 transferred to the Successor Agency from the former redevelopment agency as of February 1, 2012 and agreed the assets to the trial balance provided by the Successor Agency. No discrepancies were noted.

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.

Results:

2. A. The Successor Agency provided us with a schedule of transfers to the City of Montclair during the period of January 1, 2011 through January 31, 2012. The schedule indicated that the redevelopment agency transferred unexpended pre-2011 bond proceeds to the City of Montclair for administration. A portion of these were utilized to pay projects in process and, with DOF, County and Oversight Board approval, to retire a tax allocation note issue. The remaining bond proceeds are \$14,160,644 which are held by the City at June 30, 2012. We agreed this amount to the accounting records of the Successor Agency. It should be noted that the California State Controller's Office has performed a review of the asset transfers and has issued a Draft Review Report dated November 2012 which agrees with the amount remaining and requires transfer back. The Successor Agency agrees with that.

2. B. No transfers were reported by the Successor Agency.

2. C. See response in 2.A. above.

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.

Results:

3. A. No transfers were reported by the Successor Agency.
3. B. No transfers were reported by the Successor Agency.
3. C. Not applicable.

Citation:

34179.5(c)(4) The review shall provide expenditure and revenue accounting information and identify transfers and funding sources for the 2010–11 and 2011–12 fiscal years that reconciles balances, assets, and liabilities of the successor agency on June 30, 2012 to those reported to the Controller for the 2009–10 fiscal year.

Suggested Procedure(s):

4. Perform the following procedures:
 - A. Obtain from the Successor Agency a summary of the financial transactions of the Redevelopment Agency and the Successor Agency in the format set forth in the attached schedule for the fiscal periods indicated in the schedule. For purposes of this summary, the financial transactions should be presented using the modified accrual basis of accounting. End of year balances for capital assets (in total) and long-term liabilities (in total) should be presented at the bottom of this summary schedule for information purposes.
 - B. Ascertain that for each period presented, the total of revenues, expenditures, and transfers accounts fully for the changes in equity from the previous fiscal period.
 - C. Compare amounts in the schedule relevant to the fiscal year ended June 30, 2010 to the state controller’s report filed for the Redevelopment Agency for that period.
 - D. Compare amounts in the schedule for the other fiscal periods presented to account balances in the accounting records or other supporting schedules. Describe in the report the type of support provided for each fiscal period.

Results:

The Successor Agency provided the attached schedule (Attachment C) in response to this step. The end of year balances for capital assets and long-term debt are included with other assets and liabilities, rather than at the bottom of the schedule as indicated in the procedures.

We agreed the assets, liabilities and equity amounts in the 2010 column to the State Controller's Report filed for that fiscal year, noting no exceptions. The amounts in the 2011 column were agreed to the audited RDA financial statements for that year. We noted the \$344,294 reported as Fixed Assets was \$27,746 higher than the amount reported in the audited financial statements, which agrees to the adjustment to beginning equity reported at the bottom of the schedule. This adjustment was to remove depreciation erroneously present in the Controller's Report for that year. No other exceptions were noted for that year.

We agreed the amounts in the 2012 column to accounting records provided by the Successor Agency. No exceptions were noted.

We verified that for each period presented, the total of revenues, expenditures, and transfers accounted fully for the changes in equity from the previous fiscal period, except for the variance discussed above and as indicated in the attached schedule.

Citation:

34179.5(c)(5) A separate accounting for the balance for the Low and Moderate Income Housing Fund for all other funds and accounts combined shall be made as follows:

(A) A statement of the total value of each fund as of June 30, 2012.

Suggested Procedure(s):

5. Obtain from the Successor Agency a listing of all assets of the Low and Moderate Income Housing Fund as of June 30, 2012 for the report that is due October 1, 2012 and a listing of all assets of all other funds of the Successor Agency as of June 30, 2012 (excluding the previously reported assets of the Low and Moderate Income Housing Fund) for the report that is due December 15, 2012. When this procedure is applied to the Low and Moderate Income Housing Fund, the schedule attached as an exhibit will include only those assets of the Low and Moderate Income Housing Fund that were held by the Successor Agency as of June 30, 2012 and will exclude all assets held by the entity that assumed the housing function previously performed by the former redevelopment agency. Agree the assets so listed to recorded balances reflected in the accounting records of the Successor Agency. The listings should be attached as an exhibit to the appropriate AUP report.

Results:

We obtained the attached schedule (Attachment D) from the Successor Agency listing total assets of \$15,882,611 as of June 30, 2012. We agreed this schedule to a June 30, 2012 general ledger report provided by the Successor Agency.

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.

Results:

6. A. Unspent bond proceeds, amounting to \$14,160,644, were present in this calculation. As previously indicated, the State Controller's Office has reviewed the transactions and remaining balances of the bond proceeds. This was verified by examining the State Controller's draft report which indicated the amount of bond proceeds remaining and how the proceeds were expended to date. Because the State Controller's Office has already reviewed these balances and transactions, we did not trace the amounts in the schedule to supporting documentation. However, we agreed the June 30, 2012 balance above to the cash balances reported in the Successor Agency's accounting records at June 30, 2012.

In addition, the Successor Agency provided us with a schedule of amounts that have been set aside for debt service payments, based on the applicable bond documents. At June 30, 2012, the Successor Agency held \$3,963,812 in fiscal agent accounts that are restricted to debt service payments. We agreed this amount to June 30, 2012 fiscal agent statements and to the Successor Agency's accounting records. No discrepancies were noted.

6. B. No restrictions were provided that meet this criteria.

6. C. No restrictions were provided that meet this criteria.

6. D. For the \$14,160,644 in unspent bond proceeds and the \$3,963,812 of amounts set aside for debt service payments, discussed above, the applicable restrictions are in effect until the related assets are expended for their intended purpose.

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.

Results:

- 7. A. Not applicable - the Successor Agency does not hold any such assets at June 30, 2012.
- 7. B. Not applicable.
- 7. C. Not applicable.
- 7. D. Not applicable.

Citation:

34179.5(c)(5)(D) An itemized listing of any current balances that are legally or contractually dedicated or restricted for the funding of an enforceable obligation that identifies the nature of the dedication or restriction and the specific enforceable obligation. In addition, the successor agency shall provide a listing of all approved enforceable obligations that includes a projection of annual spending requirements to satisfy each obligation and a projection of annual revenues available to fund those requirements. If a review finds that future revenues together with dedicated or restricted balances are insufficient to fund future obligations and thus retention of current balances is required, it shall identify the amount of current balances necessary for retention. The review shall also detail the projected property tax revenues and other general purpose revenues to be received by the successor agency, together with both the amount and timing of the bond debt service payments of the successor agency, for the period in which the oversight board anticipates the successor agency will have insufficient property tax revenue to pay the specified obligations.

Suggested Procedure(s):

- 8. Perform the following procedures:

- A. If the Successor Agency believes that asset balances need to be retained to satisfy enforceable obligations, obtain from the Successor Agency an itemized schedule of asset balances (resources) as of June 30, 2012 that are dedicated or restricted for the funding of enforceable obligations and perform the following procedures. The schedule should identify the amount dedicated or restricted, the nature of the dedication or restriction, the specific enforceable obligation to which the dedication or restriction relates, and the language in the legal document that is associated with the enforceable obligation that specifies the dedication of existing asset balances toward payment of that obligation.
- i. Compare all information on the schedule to the legal documents that form the basis for the dedication or restriction of the resource balance in question.
 - ii. Compare all current balances to the amounts reported in the accounting records of the Successor Agency or to an alternative computation.
 - iii. Compare the specified enforceable obligations to those that were included in the final Recognized Obligation Payment Schedule approved by the California Department of Finance.
 - iv. Attach as an exhibit to the report the listing obtained from the Successor Agency. Identify in the report any listed balances for which the Successor Agency was unable to provide appropriate restricting language in the legal document associated with the enforceable obligation.

Results:

The Successor Agency did not claim any amounts, for asset balances as of June 30, 2012 that are dedicated or restricted for the funding of enforceable obligations. Therefore, the above procedures are not applicable.

- B. If the Successor Agency believes that future revenues together with balances dedicated or restricted to an enforceable obligation are insufficient to fund future obligation payments and thus retention of current balances is required, obtain from the Successor Agency a schedule of approved enforceable obligations that includes a projection of the annual spending requirements to satisfy each obligation and a projection of the annual revenues available to fund those requirements and perform the following procedures:
- i. Compare the enforceable obligations to those that were approved by the California Department of Finance. Procedures to accomplish this may include reviewing the letter from the California Department of Finance approving the Recognized Enforceable Obligation Payment Schedules for the six month period from January 1, 2012 through June 30, 2012 and for the six month period July 1, 2012 through December 31, 2012.
 - ii. Compare the forecasted annual spending requirements to the legal document supporting each enforceable obligation.
 - a. Obtain from the Successor Agency its assumptions relating to the forecasted annual spending requirements and disclose in the report major assumptions associated with the projections.

- iii. For the forecasted annual revenues:
 - a. Obtain from the Successor Agency its assumptions for the forecasted annual revenues and disclose in the report major assumptions associated with the projections.

Results:

The Successor Agency did not claim any amounts that are restricted to fund enforceable obligations as described above. Therefore the above procedures are not applicable.

- 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.

Results:

The Successor Agency did not claim any amounts as described above. Therefore, the above procedures are not applicable.

- 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.

Results:

Not applicable - no procedures performed for A, B or C above.

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.

Results:

Attachment E includes copies of the Successor Agency's ROPS for July 1, 2012 through December 31, 2012 and a copy of the ROPS for January 1, 2013 through June 30, 2013. Included in the July 2012 through December 2012 ROPS are debt service payments of \$2,509,708 which were made subsequent to June 30, 2012. The Successor Agency received funds from the RPTTF in June of 2012 to pay for these expenses, and therefore believes cash balances of \$2,509,708 at June 30, 2012 need to be retained. In addition, as indicated at Attachment F, the Successor Agency has included other June 30, 2012 cash balances that need to be retained to satisfy future obligations. Attachment F includes descriptions and explanations for these line items.

Citation:

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

Suggested Procedure(s):

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

Results:

See schedule at Attachment F.

Suggested Procedure(s):

11. Obtain a representation letter from Successor Agency management acknowledging their responsibility for the data provided to the practitioner and the data presented in the report or in any attachments to the report. Included in the representations should be an acknowledgment that management is not aware of any transfers (as defined by Section 34179.5) from either the former redevelopment agency or the Successor Agency to other parties for the period from January 1, 2011 through June 30, 2012 that have not been properly identified in the AUP report and its related exhibits. Management's refusal to sign the representation letter should be noted in the AUP report as required by attestation standards.

Results:

The required representation letter from the Successor Agency management was obtained. We verified the letter included the provisions described above.

Attachment C

Section 34179.5 (c) (4) Reconciliation to Controller's Report and Balances Forward City of Montclair as Successor Agency for City of Montclair Redevelopment Agency

Assets, Liabilities and Fund Equity - All Funds

	Controller's Report 6/30/2010	Redevelopment Agency 12 Months Ended 6/30/2011	Redevelopment Agency/Successor Agency (See Note 1) 12 Months Ended 6/30/2012
Assets			
Cash and Imprest Cash	\$ 38,647,638	\$ 11,423,970	\$ 17,096,261
Cash with Fiscal Agent	7,507,325	7,144,329	3,963,812
Tax Increments Receivable	327,818	66,314	13,263
Accounts Receivable	8,772	81,765	8,236
Accrued Interest Receivable	91,971	26,921	15,034
Loans Receivable	3,129,730	3,014,658	2,943,138
Due from Other Funds	1,812,353	15,302	-
Investments	10,910,000	6,185,000	3,000,000
Other Assets	4,772,900	5,474,091	5,358,771
Fixed Assets	12,572,726	344,294	344,294
Amount to be provided and available for debt	60,579,874	59,312,027	50,270,000
Total Assets	\$ 140,361,107	\$ 93,088,671	\$ 83,012,809
Liabilities			
Accounts Payable	\$ 156,087	\$ 112,200	\$ 90,448
Other Liabilities	9,898,299	6,497,589	1,116,962
Due to Other Funds	1,812,353	15,302	-
Tax Allocation Bonds Payable	60,385,000	59,255,000	50,270,000
All Other Long-Term Debt	194,874	57,027	-
Total Liabilities	\$ 72,446,613	\$ 65,937,118	\$ 51,477,410
Equity (Ending from Changes in Equity Section Below)	67,914,494	27,151,553	31,535,399
Total Liabilities + Equity	\$ 140,361,107	\$ 93,088,671	\$ 83,012,809

Changes in Fund Equity - All Funds

	Redevelopment Agency 12 Months Ended 6/30/2011	Redevelopment Agency/Successor Agency (See Note 1) 12 Months Ended 6/30/2012
Total Revenues:	\$ 12,140,465	\$ 12,196,128
Total Expenditures:	\$ (43,639,900)	\$ (13,702,717)
Total Other Sources (Uses):	\$ 2,964,926	\$ 5,890,435
Net change in equity	\$ (28,534,509)	\$ 4,383,846
Beginning Equity:	\$ 67,914,494	\$ 27,151,553
Adjustments:		
Sale of Housing Fixed Assets to Housing Corporation (See Note 2)	\$ (12,256,178)	\$ -
Remove depreciation erroneously reported in Controller's Report	\$ 27,746	\$ -
Ending Equity:	\$ 27,151,553	\$ 31,535,399

Notes:

- (1) Accounting operations were transferred to the Successor Agency on 2/1/12 by renaming the financial records, etc. Therefore a split is not needed between these entities as the same financial records continued through 6/30/12.
- (2) Sale of assets to Housing Corporation done prior to the signing of AB1x26.

Attachment D

Successor Agency Assets as of June 30, 2012

Cash and investments	\$	11,910,625
Cash with fiscal agent	\$	3,963,812
Interest receivable	\$	8,174
	\$	<u>15,882,611</u>



May 25, 2012

Marilyn J. Staats, Redevelopment Director
City of Montclair
5111 Benito Street
Montclair, CA 91763

Dear Ms Staats:

Subject: Recognized Obligation Payment Schedule Approval Letter

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Montclair Successor Agency submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on May 21, 2012 for period January to June 2012 and on May 10, 2012 for the period July to December 2012. Finance is assuming appropriate oversight board approval.

Finance completed its review of your ROPS, which included obtaining clarification for certain items. The items listed in both ROPSs are approved with exception of the following:

- HSC section 34163 (b) prohibits and RDA from entering into new contracts after June 27, 2011. The following items have contracts signed after June 27, 2011.
 - Page 1: item 27 (January to June) and line 14 (July to December) for \$2,000
 - Page 2, item 1 (January to June), Page 3, line 1 (July to December), Rehabilitation Loan Agreements for \$1 million.
- For the January through July period, HSC section 34171(b) limits administrative costs to five percent of property tax allocated to the successor agency or \$250,000, whichever is greater. Five percent of property tax allocated equals \$592,601. The administrative costs claimed from RPTTF totaled \$972,663 from the following line items, creating an overage claim of \$380,062:
 - Page 1, lines 9, 10, 14, 20 through 32
 - Page 3, all lines 1 through 23
- For the July through December period, HSC section 34171(b) limits administrative costs to three percent of property tax allocated to the successor agency or \$250,000, whichever is greater. Three percent of property tax allocated equals \$114,616. The administrative costs claimed from RPTTF totaled \$865,959 from the following line items, creating an overage claim of \$615,959:
 - Page 1, lines 9, 10, 12, 17 through 20
 - Page 2, all lines 1 through 4
 - Page 3, all lines 1-18

This letter supersedes prior letter sent from this office. Our determination is with respect to any items funded from the Redevelopment Property Tax Trust Fund for the June 1, 2012 property tax allocations. If your oversight board disagrees with our determination with respect to any

items not funded with property tax, any future resolution of the disputed issue may be accommodated by amending the ROPS for the appropriate time period. Items not questioned during this review are subject to a subsequent review, if they are included on a future ROPS. If an item included on a future ROPS is not an enforceable obligation, Finance reserves the right to remove that item from the future ROPS, even if it was not removed from the preceding ROPS.

Please refer to Exhibit 12 at http://www.dof.ca.gov/assembly_bills_26-27/view.php for the amount of Redevelopment Property Tax Trust Fund (RPTTF) that was approved by Finance based on the schedule submitted.

As you are aware the amount of available RPTTF is the same as the property tax increment that was available prior to ABx1 26. This amount is not and never was an unlimited funding source. Therefore as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available in the RPTTF.

Please direct inquiries to Jennifer Whitaker or Robert Scott at (916) 322-2985.

Sincerely,



MARK HILL
Program Budget Manager

cc: Mr. Larry Walker, San Bernardino County Auditor-Controller

**REVISED
RECOGNIZED OBLIGATION PAYMENT SCHEDULE - FINAL
FILED FOR THE JULY to DEC 2012 PERIOD**

Name of Successor Agency City of Montclair as Successor Agency for the City of Montclair Redevelopment Agency

	Current	
	Total Outstanding Debt or Obligation	Total Due During Fiscal Year
Outstanding Debt or Obligation	\$ 88,139,108.23	\$ 7,073,102.62
	Total Due for Six Month Period	
Outstanding Debt or Obligation	\$ 5,756,620.10	
Available Revenues other than anticipated funding from RPTTF	\$ 1,165,547.26	
Enforceable Obligations paid with RPTTF	\$ 4,127,078.76	
Administrative Cost paid with RPTTF	\$ 463,994.08	
Pass-through Payments paid with RPTTF	\$ -	
Administrative Allowance (greater of 3% of anticipated Funding from RPTTF or 250,000. Note: Calculation should not include pass-through payments made with RPTTF. The RPTTF Administrative Cost figure above should not exceed this Administrative Cost Allowance figure)	\$ 123,812.36	

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

Bill Ruh
Name

Chairperson
Title

Signature

Date

Bond debt service
\$2,509,707.75

Name of Redevelopment Agency: Successor Agency for the City of Montclair Redevelopment Agency
 Project Area(s) RDA Project Area All

FORM A - Redevelopment Property Tax Trust Fund (RPTTF)

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

Project Name / Debt Obligation	Contract/Agreement Execution Date	Payee	Description	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2012-2013**	*** Funding Source	Payable from the Redevelopment Property Tax Trust Fund (RPTTF)						
								Payments by month						
								Jul 2012	Aug 2012	Sep 2012	Oct 2012	Nov 2012	Dec 2012	Total
1) 1997 Taxable Tax Allocation Bonds	11/01/97	Bank of New York Mellon	Bond Issue to Fund Non-Housing Projects	Project Area 1	309,540.00	32,010.00	RPTTF			23,820.00			8,190.00	\$ 32,010.00
2) 2007A Tax Allocation Refunding Bonds	09/27/07	Bank of New York Mellon	Bond Issue to Fund Non-Housing Projects	Project Area 3	40,003,175.11	1,574,268.75	RPTTF		1,039,893.75				534,375.00	\$ 1,574,268.75
3) 2007B Taxable Tax Allocation Bonds	09/27/07	Bank of New York Mellon	Bond Issue to Fund Non-Housing Projects	Project Area 3	4,724,600.75	301,052.25	RPTTF		214,641.75				86,410.50	\$ 301,052.25
4) 2004 Tax Allocation Bonds	02/23/04	Bank of New York Mellon	Bond Issue to Fund Non-Housing Projects	Project Area 4	7,278,112.50	365,175.00	RPTTF			253,987.50			111,187.50	\$ 365,175.00
5) 2001 Tax Allocation Bonds	07/06/01	Bank of New York Mellon	Bond Issue to Fund Non-Housing Projects	Project Area 5	14,303,365.00	758,585.00	RPTTF			530,480.00			228,105.00	\$ 758,585.00
6) 2006A Tax Allocation Bonds	06/16/06	Bank of New York Mellon	Bond Issue to Fund Non-Housing Projects	Project Area 5	11,988,565.75	563,099.00	RPTTF			368,984.75			194,114.25	\$ 563,099.00
7) 2006B Tax Allocation Bonds	06/16/06	Bank of New York Mellon	Bond Issue to Fund Non-Housing Projects	Project Area 5	6,053,287.50	155,800.00	RPTTF			77,900.00			77,900.00	\$ 155,800.00
8) Employee Costs		Employees of Agency	Project Management Costs	All Areas	273,619.92	273,619.92	RPTTF	22,801.66	22,801.66	22,801.66	22,801.66	22,801.66	22,801.66	\$ 136,809.96
9) Advertising for Bond Costs	As needed	Source Media	Publication of Bond Call Notice	All Areas	4,500.00	9,000.00	RPTTF						4,500.00	\$ 4,500.00
10) Contract for Professional Service	Month to Month & or Project Completion	Southern California Landscape	Foundation Area 11 Required Repairs/Replacement	Project Area 3	20,000.00	20,000.00	RPTTF	20,000.00	****					\$ 20,000.00
11) Contract for Legal Services	12/09/81	Stradling, Yocca, Carlson & Rauth	Agency Legal Services	All Areas	62,100.00	124,200.00	RPTTF	10,350.00	10,350.00	10,350.00	10,350.00	10,350.00	10,350.00	\$ 62,100.00
12) Commercial Rehabilitation Loan Agreement	06/19/01	Jana Maria Campbell & Dennis Siletto	Commercial Rehabilitation Loan	Project Area 4	267,853.00	20,000.00	RPTTF	10,000.00						\$ 10,000.00
13) Monument Sign Repairs	For project completion	Sign A Rama	Foundation Area 11 Required Repairs	Project Area 3	2,000.00	2,000.00	RPTTF	2,000.00	****					\$ 2,000.00
14) Maintenance Contract	For project completion	Landmark Fence	Foundation Area 11 and 12 Required Repairs	Project Area 3	10,000.00	10,000.00	RPTTF	10,000.00	****					\$ 10,000.00
15) Contract for Bond Trustee Service	Related to Bond issues above	Bank of New York Mellon	Annual Bond Trustee Fees/Costs	All Areas	19,300.00	19,300.00	RPTTF		9,650.00					\$ 9,650.00
16) Contract for Legal Services	10/02/07	Best Best & Krieger LLP	Agency Legal Services	Project Area 3	141,250.00	141,250.00	RPTTF	11,771.00	11,771.00	11,771.00	11,771.00	11,771.00	11,771.00	\$ 70,626.00
17) Contract for Bond Services		Bondlogistix LLC	Bond Continuing Disclosure Services	All Areas	13,500.00	27,000.00	RPTTF		13,500.00					\$ 13,500.00
18) Contract for Bond Services		Bondlogistix LLC	Bond Arbitrage Rebate Calculation Services	All Areas	10,500.00	21,000.00	RPTTF						10,500.00	\$ 10,500.00
19) Contract for Consulting Services	03/20/06	Southern California Association of Governments	Cost to Participate in Compass 2 Percent Strategy Program	Project Area 3	25,000.00	25,000.00	RPTTF	6,500.00	****					\$ 6,500.00
20)														\$ -
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32)														\$ -
Totals - This Page (RPTTF Funding)					\$ 85,510,269.53	\$ 4,442,359.92	N/A	\$ 93,422.66	\$ 1,322,608.16	\$ 1,300,094.91	\$ 44,922.66	\$ 44,922.66	\$ 1,300,204.91	\$ 4,106,175.96
Totals - Additional Page (RPTTF Funding)					\$ 41,206.00	\$ 41,806.00	N/A	\$ 3,483.79	\$ 3,483.81	\$ 3,483.80	\$ 3,483.80	\$ 3,483.80	\$ 3,483.80	\$ 20,902.80
Totals - Page 2 (Other Funding)					\$ 1,503,494.51	\$ 1,503,798.51	N/A	\$ 1,083,707.21	\$ 15,907.21	\$ 16,407.21	\$ 15,907.21	\$ 16,407.21	\$ 17,211.21	\$ 1,165,547.26
Totals - Page 3 (Administrative Cost Allowance)					\$ 1,084,138.19	\$ 1,085,138.19	N/A	\$ 101,882.36	\$ 72,732.36	\$ 72,882.34	\$ 71,882.34	\$ 72,732.34	\$ 71,882.34	\$ 463,994.08
Totals - Page 4 (Pass Thru Payments)					\$ 83,009,733.07	\$ 3,123,972.00	N/A	\$ -	\$ -	\$ 3,123,972.00	\$ -	\$ -	\$ -	\$ 3,123,972.00
Grand total - All Pages					\$ 88,139,108.23	\$ 7,073,102.62		\$ 1,282,496.02	\$ 1,414,731.54	\$ 1,392,868.26	\$ 136,196.01	\$ 137,546.01	\$ 1,392,782.26	\$ 8,880,592.10

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

Payments required to be made in the first six months of the next calendar year.

Name of Redevelopment Agency: Agency for the City of Montclair Redevelopment Agency
 Project Area(s) RDA Project Area All

FORM A - Redevelopment Property Tax Trust Fund (RPTTF)

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

	Project Name / Debt Obligation	Contract/Agreement Execution Date	Payee	Description	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2012-2013**	*** Funding Source	Payable from the Redevelopment Property Tax Trust Fund (RPTTF)						
									Payments by month						
									Jul 2012	Aug 2012	Sep 2012	Oct 2012	Nov 2012	Dec 2012	Total
1)	Rent of Office Space	05/18/07	Montclair Town Center LLC	Office Rent	Proj Area 1, 3, 4, 5	25,606.00	25,606.00	RPTTF	2,133.80	2,133.80	2,133.80	2,133.80	2,133.80	2,133.80	\$ 12,802.80
2)	Contract for Professional Services	01/03/12	Donald Parker, CPA	Financial Oversight Services/Replace Finance Director	All Areas	10,000.00	10,000.00	RPTTF	833.34	833.34	833.33	833.33	833.33	833.33	\$ 5,000.00
3)	Office Supplies		Staples/Office Depot	Office Supplies	All Areas	600.00	1,200.00	RPTTF	100.00	100.00	100.00	100.00	100.00	100.00	\$ 600.00
4)	Contract for Legal Services	03/01/03	Robbins and Holdaway	Legal Services	All Areas	5,000.00	5,000.00	RPTTF	416.65	416.67	416.67	416.67	416.67	416.67	\$ 2,500.00
5)															\$ -
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Totals - This Page (RPTTF Funding)						41,206.00	\$ 41,806.00	N/A	\$ 3,483.79	\$ 3,483.81	\$ 3,483.80	\$ 3,483.80	\$ 3,483.80	\$ 3,483.80	\$ 20,902.80

* The Preliminary Draft Recognized Obligation Payment Schedule (ROPS) is to be completed by 3/1/2012 by the successor agency, and subsequently be approved by the oversight board before the final ROPS is submitted to the State Controller and State Department of Finance by April 15, 2012. It is not a requirement that the Agreed Upon Procedures Audit be completed before submitting the final Oversight Approved ROPS to the State Controller and State Department of Finance.

** All totals due during fiscal year and payment amounts are projected.

*** Funding sources from the successor agency: (For fiscal 2011-12 only, references to RPTTF could also mean tax increment allocated to the Agency prior to February 1, 2012.)

Payments required to be made in the first six months of the next fiscal year.

RPTTF - Redevelopment Property Tax Trust Fund
 LMIHF - Low and Moderate Income Housing Fund
 Bonds - Bond proceeds
 Admin - Successor Agency Administrative Allowance
 Other - reserves, rents, interest earnings, etc

Name of Redevelopment Agency: City of Montclair as Successor Agency for the City of Montclair Redevelopment Agency
 Project Area(s) RDA Project Area All

FORM B - All Revenue Sources Other Than Redevelopment Property Tax Trust Fund (RPTTF)

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

Project Name / Debt Obligation	Contract/Agreement Execution Date	Payee	Description	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2012-2013**	Funding Source ***	Payable from Other Revenue Sources								
								Payments by month								
								Jul 2012	Aug 2012	Sep 2012	Oct 2012	Nov 2012	Dec 2012	Total		
1) Rehabilitation Loan Agreements	06/20/11	Montclair Housing Corporation	Rehabilitation Loan for Replacement Housing / Other	All Areas	1,000,000.00	1,000,000.00	LMIHF	1,000,000.00	****							\$ 1,000,000.00
2) Housing Improvement Costs	06/21/11	Neighborhood Partnership Housing	Safe Homes for Seniors Costs	All Areas	4,000.00	4,000.00	LMIHF	4,000.00	****							\$ 4,000.00
3) Housing Improvement Loans	06/21/11	Neighborhood Partnership Housing	Single Family Housing Rehabilitation Loans	All Areas	270,000.00	270,000.00	LMIHF	30,000.00	****							\$ 30,000.00
4) Homebuyers Assistance Program Agreement	12/20/93	US Bank	Shared Appreciation Costs on Homebuyer Assistance Program	Project Area 4 & 5	2,000.00	2,000.00	LMIHF							1,000.00		\$ 1,000.00
5) Homebuyers Assistance Program Agreement	12/20/93	US Bank	Homebuyer Assistance Program Servicing Fees	Project Area 4 & 5	304.00	608.00	LMIHF								304.00	\$ 304.00
6) Contract for Professional Service	Month to Month	Landscape Maintenance Unlimited	Asset Maintenance	Project Area 5	4,000.00	4,000.00	LMIHF	333.00	333.00	333.00	333.00	333.00	333.00	333.00	333.00	\$ 1,998.00
7) Employee Costs		Employees of Agency	Affordability Monitoring & Project Mgmt Costs	All Areas	136,490.51	136,490.51	LMIHF	11,374.21	11,374.21	11,374.21	11,374.21	11,374.21	11,374.21	11,374.21	11,374.21	\$ 68,245.26
8) Contract Legal Services	12/09/81	Stradling, Yocca, Carlson & Rauth	Legal Services	All Areas	48,000.00	48,000.00	LMIHF	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	\$ 24,000.00
9) Office Supplies		Staples/Office Depot	Office Supplies	All Areas	400.00	400.00	LMIHF	33.34	33.34	33.33	33.33	33.33	33.33	33.33	33.33	\$ 200.00
10) Contract Legal Services	03/01/03	Robbins and Holdaway	Legal Services	All Areas	2,000.00	2,000.00	LMIHF	166.66	166.66	166.67	166.67	166.67	166.67	166.67	166.67	\$ 1,000.00
11) Maintenance Contract		Buchbinder Maintenance	Vandalism Repairs	Project Area 5	3,000.00	3,000.00	LMIHF	500.00		500.00				500.00		\$ 1,500.00
12) Housing Improvement Fees	06/21/11	Neighborhood Partnership Housing	Service Fees for Grants	All Areas	3,300.00	3,300.00	LMIHF	3,300.00	****							\$ 3,300.00
13) Housing Improvement Fees	06/21/11	Neighborhood Partnership Housing	Service Fees for Loans	All Areas	30,000.00	30,000.00	LMIHF	30,000.00	****							\$ 30,000.00
14)																\$ -
15)																\$ -
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33)																\$ -
Totals - LMIHF					\$ 1,503,494.51	\$ 1,503,798.51		\$ 1,083,707.21	\$ 15,907.21	\$ 16,407.21	\$ 15,907.21	\$ 16,407.21	\$ 17,211.21	\$ 17,211.21	\$ 17,211.21	\$ 1,165,547.26
Totals - Bond Proceeds																\$0.00
Totals - Other																\$0.00
Grand total - This Page					\$ 1,503,494.51	\$ 1,503,798.51		\$ 1,083,707.21	\$ 15,907.21	\$ 16,407.21	\$ 15,907.21	\$ 16,407.21	\$ 17,211.21	\$ 17,211.21	\$ 17,211.21	\$ 1,165,547.26

* The Preliminary Draft Recognized Obligation Payment Schedule (ROPS) is to be completed by 3/1/2012 by the successor agency, and subsequently be approved by the oversight board before the final ROPS is submitted to the State Controller and State Department of Finance by April 15, 2012. It is not a requirement that the Agreed Upon Procedures Audit be completed before submitting the final Oversight Approved ROPS to the State Controller and State Department of Finance.

** All total due during fiscal year and payment amounts are projected.

*** Funding sources from the successor agency: (For fiscal 2011-12 only, references to RPTTF could also mean tax increment allocated to the Agency prior to February 1, 2012.)

****If not previously paid.

RPTTF - Redevelopment Property Tax Trust Fund
 LMIHF - Low and Moderate Income Housing Fund

Bonds - Bond proceeds
 Admin - Successor Agency Administrative Allowance

Other - reserves, rents, interest earnings, etc

OTHER OBLIGATION PAYMENT SCHEDULE
Per AB 26 - Section 34177 (*)

Project Name / Debt Obligation	Payee	Description	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2011-2012**	Source of Fund***	Pass Through and Other Payments ****						
							Payments by month						
							Jul 2012	Aug 2012	Sep 2012	Oct 2012	Nov 2012	Dec 2012	Total
1) Statutory Payments	Chaffey Community College	Payments per CRL 33607.5 and .7	Proj Area 1, 4, MB	37,257.00	37,257.00	RPTTF			37,257.00				\$ 37,257.00
2) Statutory Payments	Chaffey Joint Union High School	Payments per CRL 33607.5 and .7	Proj Area 1, 4, MB	135,774.00	135,774.00	RPTTF			135,774.00				\$ 135,774.00
3) Statutory Payments	Chino Basin Water Conservation District	Payments per CRL 33607.5 and .7	PA 1, 3, 4, 5, MB	8,577.00	8,577.00	RPTTF			8,577.00				\$ 8,577.00
4) Statutory Payments	San Bernardino County Treasurer	Payments per CRL 33607.5 and .7	Proj Area 1, 5, MB	31,807.00	31,807.00	RPTTF			31,807.00				\$ 31,807.00
5) Statutory Payments	Inland Empire Utilities Agency	Payments per CRL 33607.5 and .7	Proj Area 1, 4, MB	7,171.00	7,171.00	RPTTF			7,171.00				\$ 7,171.00
6) Statutory Payments	Inland Empire West Resource Conservation District	Payments per CRL 33607.5 and .7	PA 1, 3, 5, MB	346.00	346.00	RPTTF			346.00				\$ 346.00
7) Statutory Payments	Monte Vista Water District	Payments per CRL 33607.5 and .7	PA 1, 4, 5, MB	21,778.00	21,778.00	RPTTF			21,778.00				\$ 21,778.00
8) Statutory Payments	Ontario-Montclair Elementary School District	Payments per CRL 33607.5 and .7	Proj Area 1, 4, MB	167,977.00	167,977.00	RPTTF			167,977.00				\$ 167,977.00
9) Statutory Payments	San Bernardino County Office of Education	Payments per CRL 33607.5 and .7	Proj Area 1, 4, MB	4,421.00	4,421.00	RPTTF			4,421.00				\$ 4,421.00
10) Statutory Payments	San Bernardino County Library District	Payments per CRL 33607.5 and .7	Proj Area 1, 5, MB	5,290.00	5,290.00	RPTTF			5,290.00				\$ 5,290.00
11) Statutory Payments	County of San Bernardino	Payments per CRL 33607.5 and .7	Proj Area 1, 5, MB	10,245.00	10,245.00	RPTTF			10,245.00				\$ 10,245.00
12) Pass Through Agreements	Inland Empire Utility Agency	Payments per former CRL 33401	Proj Area 3, 4, 5	6,752,695.83	355,936.00	RPTTF			355,936.00				\$ 355,936.00
13) Pass Through Agreements	County of San Bernardino	Payments per former CRL 33401	Proj Area 3, 4	55,825,644.83	1,381,390.00	RPTTF			1,381,390.00				\$ 1,381,390.00
14) Pass Through Agreements	Chaffey Community College	Payments per former CRL 33401	Proj Area 3, 5	1,838,663.97	45,149.00	RPTTF			45,149.00				\$ 45,149.00
15) Pass Through Agreements	Chaffey Joint Union High School	Payments per former CRL 33401	Proj Area 3, 5	6,657,742.92	463,167.00	RPTTF			463,167.00				\$ 463,167.00
16) Pass Through Agreements	Ontario-Montclair Elementary School District	Payments per former CRL 33401	Proj Area 3, 5	8,259,159.92	202,265.00	RPTTF			202,265.00				\$ 202,265.00
17) Pass Through Agreements	San Bernardino County Office of Education	Payments per former CRL 33401	Proj Area 3, 5	326,214.58	6,456.00	RPTTF			6,456.00				\$ 6,456.00
18) Pass Through Agreements	Monte Vista Water District	Payments per former CRL 33401	Proj Area 3	2,743,168.02	63,166.00	RPTTF			63,166.00				\$ 63,166.00
19) Statutory Payments	County of San Bernardino	Admin. Chrgs. For Tax Increment	All Areas	175,800.00	175,800.00	RPTTF			175,800.00				\$ 175,800.00
													\$ -
													\$ -
													\$ -
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Totals - Other Obligations				\$ 83,009,733.07	\$ 3,123,972.00	\$ -	\$ -	\$ -	\$ 3,123,972.00	\$ -	\$ -	\$ -	\$ 3,123,972.00

* The Preliminary Draft Recognized Obligation Payment Schedule (ROPS) is to be completed by 3/1/2012 by the successor agency, and subsequently be approved by the oversight board before the final ROPS is submitted to the State Controller and State Department of Finance by April 15, 2012. It is not a requirement that the Agreed Upon Procedures Audit be completed before submitting the final Oversight Approved ROPS to the State Controller and State Department of Finance.

** All total due during fiscal year and payment amounts are projected.

*** Funding sources from the successor agency: (For fiscal 2011-12 only, references to RPTTF could also mean tax increment allocated to the Agency prior to February 1, 2012.)
 RPTTF - Redevelopment Property Tax Trust Fund Bonds - Bond proceeds Other - reserves, rents, interest earnings, etc
 LMIHF - Low and Moderate Income Housing Fund Admin - Successor Agency Administrative Allowance

**** - Only the January through June 2012 ROPS should include expenditures for pass-through payments. Starting with the July through December 2012 ROPS, per HSC section 34183 (a) (1), the county auditor controller will make the required pass-through payments prior to transferring money into the successor agency's Redevelopment Obligation Retirement Fund for items listed in an oversight board approved ROPS.

Successor Agency Contact Information

Name of Successor Agency: City of Montclair Successor Agency for the City of Montclair Redevelopment Agency
County: San Bernardino

Primary Contact Name: Donald L. Parker, CPA
Finance Director
Primary Contact Title: City of Montclair, 5111 Benito Street
Montclair, CA 91763

Address
Contact Phone Number: 909-625-9418
Contact E-Mail Address: dparker@cityofmontclair.org

Secondary Contact Name: Marilyn Staats
Deputy City Manager/
Secondary Contact Title: Exec. Dir. Econ. Dev.
Secondary Contact Phone Number: 909-625-9412
Secondary Contact E-Mail Address: mstaats@cityofmontclair.org

SUMMARY OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE

Filed for the January 1, 2013 to June 30, 2013 Period

Name of Successor Agency: City of Montclair Successor Agency for the City of Montclair Redevelopment Agency

	Total Outstanding Debt or Obligation
Outstanding Debt or Obligation	\$ 86,989,026
Current Period Outstanding Debt or Obligation	Six-Month Total
A Available Revenues Other Than Anticipated RPTTF Funding	1,189,928
B Anticipated Enforceable Obligations Funded with RPTTF	1,240,282
C Anticipated Administrative Allowance Funded with RPTTF	193,235
D Total RPTTF Requested (B + C = D)	1,433,517
Total Current Period Outstanding Debt or Obligation (A + B + C = E) <i>Should be the same amount as ROPS form six-month total</i>	\$ 2,623,445
E Enter Total Six-Month Anticipated RPTTF Funding <i>(Obtain from county auditor-controller)</i>	2,489,940
F Variance (E - D = F) <i>Maximum RPTTF Allowable should not exceed Total Anticipated RPTTF Funding</i>	\$ 1,056,423
Prior Period (January 1, 2012 through June 30, 2012) Estimated vs. Actual Payments (as required in HSC section 34186 (a))	
G Enter Estimated Obligations Funded by RPTTF <i>(Should be the lesser of Finance's approved RPTTF amount including admin allowance or the actual amount distributed)</i>	7,151,403
H Enter Actual Obligations Paid with RPTTF	7,636,995
I Enter Actual Administrative Expenses Paid with RPTTF	-
J Adjustment to Redevelopment Obligation Retirement Fund (G - (H + I) = J)	-
K Adjusted RPTTF <i>(The total RPTTF requested shall be adjusted if actual obligations paid with RPTTF are less than the estimated obligation amount.)</i>	\$ 1,433,517

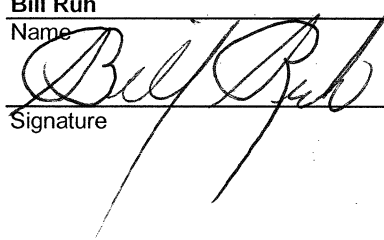
(Note 1)

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

Bill Ruh

Name

Signature



Chairperson

Title

Date

27 August 2012

STRADLING YOCCA CARLSON & RAUTH

A PROFESSIONAL CORPORATION

ATTORNEYS AT LAW

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DIRECT DIAL: (949) 725-4162
DMCEWEN@SYCR.COM

May 10, 2012

Marilyn Staats
City of Montclair
5111 Benito Street
Montclair, CA 91763

Re: Effective Date of Contract

Dear Ms. Staats:

You have asked for my opinion as to the validity of the action of the City of Montclair Redevelopment Agency (the "Agency") on June 20, 2011 to approve Agreement No. 11-65 (the "Agreement") to fund a \$1,000,000 loan of housing funds to the Montclair Housing Corporation. The promissory note was executed as of July 1, 2011 after the June 28, 2011 effective date of ABx1 26. The Department of Finance ("DOF") has rejected the obligation of the Agency to fund the loan to the Montclair Housing Corporation on the basis that the Agreement did not become effective until after the effective date of ABx1 26.

It is my opinion that the Agreement came into existence as of June 20, 2011, when both Agency and Montclair Housing Corporation approved the Agreement. Under general principles of contract law, a contract comes into existence upon the acceptance of an offer. In this case that occurred on June 20, 2011, when both parties to the Agreement took formal action to approve the Agreement.

This conclusion is further supported by state law and judicial precedent. Code of Civil Procedure Section 864 provides guidance as to the effective date of such contract. Code of Civil Procedure Section 864 ("CCP 864") states:

"For purposes of this chapter, bonds, warrants, contracts, obligations, and evidences of indebtedness shall be deemed to be in existence upon their authorization. Bonds and warrants shall be deemed authorized as of the date of adoption by the governing body of the public agency of a resolution or ordinance authorizing their issuance, and *contracts shall be deemed authorized as of the date of adoption by the governing body of the public agency of a resolution or ordinance approving the contract and authorizing its execution.*" (emphasis added.)

Marilyn Staats
City of Montclair
August 27, 2012
Page 2

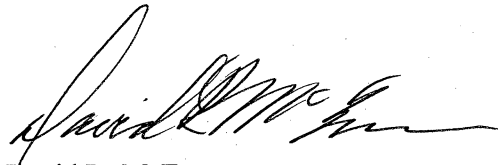
In *Smith v. Mt. Diablo Unified Sch. Dist.*, 56 Cal. App. 3d 412 (1976) the court held that a public agency's contract was formed at the time of its authorization. There, a written bid was accepted at the board meeting. The motion of the board, passed by a vote of four to one, was the requisite approval of the contract and authorization of its execution. As the court explained: the Agency's award and authorization of a contract at a regular public meeting was the equivalent of a resolution and has the same binding effect as such. The *Smith* Court's conclusion is consistent with CCP 864 in that a contract's approval does not require a signature by the governing body to be valid. Similarly, in *San Diego City Firefighters, Local 145 v. Board of Administration etc.*, 206 Cal. App. 4th 594, 609 (2012) the court concluded that once the governmental body votes to accept a memorandum of understanding, it becomes a binding agreement.

The execution of the agreement was a ministerial act that merely carried out the formal actions of the respective parties. As provided in the statute and cases set forth above, the contract became an enforceable obligation on June 20, 2011.

If you have any questions, please give me a call.

Very truly yours,

STRADLING YOCCA CARLSON & RAUTH



David R. McEwen

Name of Successor Agency:

City of Montclair Successor Agency for the City of Montclair Redevelopment Agency

County:

San Bernardino

RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS III) -- Notes (Optional)
January 1, 2013 through June 30, 2013

Item #	Notes/Comments
	ROPS III Notes
1)	Summary Item G. - Obligations Funded by RPTTF - This amount represents total tax increment revenue recognized by redevelopment agency through January 31, 2012.
2)	ROPS Item #21 - The contractual obligation was approved by the governing board on 6/20/11; however, the documentation was dated in July 2011. It is established legal practice that the date of approval is when the obligation is created.
	Our legal counsel has so opined and this obligation should be honored.
	Prior Period Payments Notes - Payments shown are for the period 1/1/12 through 6/30/12. Reserve utilizations come from monies on hand when agency terminated.
3)	We are unable to precisely identify the individual items which are part of the DOF approved total for this ROPS contained on Exhibit 12 present on the DOF website. We have never been provided a reconciliation between the submitted ROPS and that amount. Therefore, we have displayed all items that were listed on the ROPS submitted to DOF.
4)	The Successor Agency has received no administrative cost reimbursement from the RPTTF. Since all tax increment was pledged to bonds until the current bond year obligation could be satisfied, administrative costs have been paid from reserves on hand.
5)	Accounting procedures employed for the former redevelopment agency have continued for the Successor Agency. Under those approaches project type costs were coded to the redevelopment operation and not segregated between administrative claims and RPTTF claims as indicated on this form. Therefore, we have combined those lines for presentation purposes here as all payments were made from reserves and to break out these now, while possible, is an unreasonable administrative burden to accomplish after the fact.
6)	The required set-aside for Low and Moderate Income Housing has been shown as a disbursement as the redevelopment agency was in existence up to 2/1/12 and amounts received for tax increment under the requirement of the Health and Safety Code to that point in time required a set-aside to the Low and Moderate Housing Fund. This utilization was not present on the ROPS submitted as that ROPS covered utilizations from 2/1/12 through 6/30/12 generally and the prior set-aside obligations were to be paid from RPTTF allocations.
7)	Amounts deducted by the County of San Bernardino for collection charges and its pass throughs have been shown as a disbursement. These disbursements reduced the amount of tax increment that was available for payment of enforceable obligations.
	The County took over the responsibility for payment of pass through for the period 2/1/12 through current. Pass through payments to the other taxing entities were made by the Successor Agency for the period through 1/31/12 in July 2012 and these are not included on this form.

Name of Successor Agency: City of Montclair Successor Agency for the City of Montclair Redevelopment Agency
 County: San Bernardino

Pursuant to Health and Safety Code section 34186 (a)
 PRIOR PERIOD ESTIMATED OBLIGATIONS vs. ACTUAL PAYMENTS
 RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS I)
 January 1, 2012 through June 30, 2012

Page/Form	Line	Project Name / Debt Obligation	Payee	Description/Project Scope	Project Area	LMIHF		Bond Proceeds		Reserve Balance		Admin Allowance		RPTTF		Other	
						Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual
		Grand Total				\$ 1,328,547	\$ 143,812	\$ -	\$ 2,277,940	\$ -	\$ 2,160,412	\$ 584,739	\$ -	\$ 12,241,934	\$ 7,636,995	\$ -	\$ -
RPTTF	1)	1997 Taxable Tax Allocation Bonds	Bank of New York Mellon	Bond issue to fund non-housing projects	Project Area 1									32,640.00	8,820.00		
RPTTF	2)	2007A Tax Allocation Refunding Bonds	Bank of New York Mellon	Bond issue to fund non-housing projects	Project Area 3									1,584,787.51	544,893.75		
RPTTF	3)	2007B Taxable Tax Allocation Bonds	Bank of New York Mellon	Bond issue to fund non-housing projects	Project Area 3									304,283.50	89,641.75		
RPTTF	4)	2004 Tax Allocation Bonds	Bank of New York Mellon	Bond issue to fund non-housing projects	Project Area 4									367,975.00	113,987.50		
RPTTF	5)	2001 Tax Allocation Bonds	Bank of New York Mellon	Bond issue to fund non-housing projects	Project Area 5									765,960.00	235,480.00		
RPTTF	6)	2006A Tax Allocation Bonds	Bank of New York Mellon	Bond issue to fund non-housing projects	Project Area 5									567,969.50	198,984.75		
RPTTF	7)	2006B Tax Allocation Bonds	Bank of New York Mellon	Bond issue to fund non-housing projects	Project Area 5									155,800.00	77,900.00		
RPTTF	8)	2008 Tax Allocation Notes	Bank of New York Mellon	Mission Blvd-Notes issue to fund non-housing projects	Project Area 6				2,277,939.72		1,569,777.41			7,995,000.00	4,147,282.87		
		Note 6	Low & Moderate Housing Set-Aside	Low & Moderate Housing Funds	Required set-aside on pre 2/1 tax increment	All Areas								N/A	1,430,280.54		
		Note 7	Pass Through Obligations	Various Taxing Entities	Required payments made on pre 2/1 for pass throughs	All Areas								N/A	789,723.63		
RPTTF	9)	ADMIN Employee Costs	Employess of Agency	Project Management Costs	All Areas					382,869.81	242,969.58			170,086.64	Note 4 & Note 5		
RPTTF	10)	Advertising for Bond costs	Source Media	Publication of Bond Call Notice	All Areas									4,500.00	Note 4		
RPTTF	11)	Utility Costs	Southern California Edison Co	Temporary utility costs for properties	Project Area 3					183.28				1,152.00	Note 4		
RPTTF	12)	Contract for Professional Service	Southern California Landscape	Temporary Foundation 11 landscape maintenance services	Project Area 3					20,140.22				18,000.00	Note 4		
RPTTF	13)	Contract for Professional Service	Southern California Landscape	Foundation Area 11 required repairs/replacement	Project Area 3									20,000.00	Note 4		
RPTTF	14)	Contract for Legal Services	Stradling, Yocca, Carlson & Rauth	Agency legal services	All Areas					11,142.48				62,100.00	Note 4		
RPTTF	15)	Comm. Rehab. Loan Agreement	Jana Maria Campbell & Dennis Silletto	Commercial Rehabilitation Loan	Project Area 4					1,836.00				15,000.00	Note 4		
RPTTF	16)	Contract for Construction	Earth Tek Engineering Corp	Alma Hofman Park Improvement Project	Project Area 1									12,839.20	Note 4		
RPTTF	17)	Monument Sign Repairs	Sign A Rama	Foundation Area 11 required repairs	Project Area 3									2,000.00	Note 4		
RPTTF	18)	Maintenance Contract	Landmark Fence	Foundation Area 11 and 12 required repairs	Project Area 3									10,000.00	Note 4		
RPTTF	19)	Title Report Costs	Chicago Title	Title Report RE: FA 11	Project Area 3					600.00				600.00	Note 4		
RPTTF	20)	Contract for Bond Trustee Service	Bank of New York Mellon	Annual bond trustee fees/costs	All Areas					2,830.20				9,650.00	Note 4		
RPTTF	21)	Contract for Legal Services	Best Best & Krieger LLP	Agency legal services	Project Area 3					47,454.19				70,626.00	Note 4		
RPTTF	22)	Contract for Bond Services	Bondlogistix LLC	Bond Continuing Disclosure services	All Areas					18,000.00				13,500.00	Note 4		
RPTTF	23)	Contract for Bond Services	Bondlogistix LLC	Bond Arbitrage Rebate Calculation services	All Areas									10,500.00	Note 4		
RPTTF	24)	Contract for consulting services	Governments	Cost to participate in Compass 2 percent Strategy Program	Project Area 3									6,800.00	Note 4		
RPTTF	25)	Agency Subscription costs	Montclair Chamber of Commerce	CoStar Subscription	All Areas					5,588.80				2,059.20	Note 4		
RPTTF	26)	Economic development costs	Montclair Chamber of Commerce	Economic Development and Business retention service	All Areas									7,059.20	Note 4		
RPTTF	27)	Rent of Office Space	Montclair Town Center LLC	Office rent	Proj Area 1, 3, 4, 5						12,802.80			12,802.80	Note 4		
RPTTF	28)	Utility costs	Monte Vista Water District	Temporary water services	Project Area 3						3,247.71			6,382.50	Note 4		
RPTTF	29)	ADMIN Contract for Professional Service	Donald Parker, CPA	Financial Oversight Services	All Areas					6,056.25	20,000.00			5,000.00	Note 4 & Note 5		
RPTTF	30)	Graffiti Abatement Costs	City of Montclair	Removal of graffiti in RDA areas	All Areas									3,761.05	Note 4		
RPTTF	31)	Office Supplies	Staples/Office Depot	Office supplies	All Areas									600.00	Note 4		
RPTTF	32)	Contract for Legal Services	Robbins and Holdaway	Legal Services	All Areas					1,213.27				2,500.00	Note 4		
LMIHF	1)	Rehabilitation Loan Agreements	Montclair Housing Corporation	Rehabilitation loan for replacement housing obligation/other	All Areas	1,000,000.00											
LMIHF	2)	Housing Improvement Costs	Neighborhood Partership Housing	Safe Homes for Seniors costs	All Areas	16,000.00	5,400.00										
LMIHF	3)	Housing Improvement Loans	Neighborhood Partership Housing	Single family housing rehabilitation loans	All Areas	180,000.00											
LMIHF	4)	Homebuyers Assist. Program Agmt.	US Bank	Shared Appreciation costs on Homebuyer Assistance Program	Project Area 4 & 5	2,000.00											
LMIHF	5)	Homebuyers Assist. Program Agmt.	US Bank	Homebuyer Assistance program servicing fees	Project Area 4 & 5	304.00	35.89										
LMIHF	6)	Contract for Professional Service	Landscape Maintenance Unlimited	Asset Maintenance	Project Area 5	1,998.00					600.00						
LMIHF	7)	Employee Costs	Employees of Agency	Affordability Monitoring & Project Mgmt Costs	All Areas	68,245.26	137,536.79										
LMIHF	8)	Contract Legal Services	Stradling, Yocca, Carlson & Rauth	Legal Services	All Areas	24,000.00	839.35										
LMIHF	9)	Office Supplies	Staples/Office Depot	Office Supplies	All Areas	200.00											
LMIHF	10)	Housing Improvement Costs	Neighborhood Partership Housing	Service fees for Senior grants	All Areas	3,300.00											
LMIHF	11)	Housing Improvement costs	Neighborhood Partership Housing	Service fees for Rehab loans	All Areas	30,000.00											
LMIHF	12)	Contract Legal Services	Robbins and Holdaway	Legal Services	All Areas	1,000.00											
LMIHF	13)	Maintenance Contract	Buchbinder Maintenance Inc.	Vandalism Repairs	Project Area 5	1,500.00					798.71						
ADMIN	2)	Contract for Legal Services	Robbins & Holdaway	Legal services	All Areas							10,002.00					
ADMIN	3)	Agency vocational training costs	California Redevelopment Associaton	Training on Administration of Successor Agency	All Areas							1,000.00					
ADMIN	4)	Agency Insurance Costs	Kessler-Alair Insurance Services	Public Employee's Bond	All Areas							87.00					
ADMIN	5)	Agency Delivery Service	Federal Express Corp	Delivery Service	All Areas							250.02					
ADMIN	6)	Contract for Professional Service	Teaman, Ramirez and Smith, Inc.	Audit and compliance services	All Areas							15,500.00					
ADMIN	7)	Contract for Professional Service	Hdl Coren & Cone	Pass Through Calculations	All Areas						9,743.88	10,000.00					
ADMIN	8)	Overhead Costs	City of Montclair	Overhead Costs	All Areas						26,698.11	15,963.00					
ADMIN	10)	Contract for Legal Services	Stradling, Yocca, Carlson & Rauth	Legal services	All Areas						224.00	60,000.00					

Attachment F

Section 34179.5 (c) (5) and (6) Computation of Available Monies City of Montclair as Successor Agency for City of Montclair Redevelopment Agency

SUMMARY OF BALANCES AVAILABLE FOR ALLOCATION TO AFFECTED TAXING ENTITIES

	<u>Other Funds</u>
Total amount of assets held by the successor agency as of June 30, 2012 (procedure 5)	\$ 15,882,611
Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments (procedure 6):	
Unexpended pre January 1, 2011 bond proceeds pending finding of completion	(14,160,644)
Trustee balances present but committed to debt service on bond issues	<u>(3,963,812)</u>
	\$ (18,124,456)
Less assets that are not cash or cash equivalents (e.g., physical assets) - (procedure 7)	\$ -
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 and other enforceable obligations (procedure 9)	
Pass through obligations on pre 2/1/12 tax increment paid July 2012	(1,015,960)
Bond debt service paid from RORF receipts in August 2012	(2,509,706)
Reserves utilized after 6/30/12 because of RPTTF shortfall in June 2012	(229,726)
ROPS III reserve balances required for obligations	(146,610)
ROPS III administrative allowance specified	(193,235)
Reserves necessary due to prior ROPS limitations	<u>(1,500,000) ⁽¹⁾</u>
	\$ (5,595,237)
Less the amount of payments made on July 12, 2012 to the County Auditor-Controller as directed by the California Department of Finance	\$ -
Add the amount of any assets transferred to the city 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)	<u>\$ 14,160,644</u>
Amount available to be remitted to county for disbursement to taxing entities	<u>\$ 6,323,562</u>

⁽¹⁾ Due to utilization of ROPS resources by the County of San Bernardino for excess pass through payments and the effects of the Department of Finance's determinations, the Successor Agency has received RPTTF payments that were less than obligations claimed and has not received any administrative allowances since elimination of the redevelopment agency. Thus, enforceable obligations and administrative costs have been paid utilizing reserves present. Due to this situation and in order to provide funding for continued operations, which will allow for the Successor Agency to enforce obligations, etc. estimated reserve amounts have been specified.