

**SUCCESSOR AGENCY TO  
THE REDEVELOPMENT AGENCY OF THE  
CITY OF RIALTO**

Independent Accountant's Report on  
Applying Agreed-Upon Procedures  
to the Successor Agency to the  
Redevelopment Agency  
of the City of Rialto

As Prescribed in Section 34179.5 of  
the California Health and Safety Code

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**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY  
OF THE CITY OF RIALTO**

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Sacramento

Walnut Creek

Oakland

LA/Century City

San Diego

Seattle

Successor Agency to the Redevelopment Agency  
of the City of Rialto  
Rialto, California

**Independent Accountant's Report on  
Applying Agreed-Upon Procedures**

We have performed the procedures in Attachment A, which were agreed to by the Successor Agency to the Redevelopment Agency of the City of Rialto (Successor Agency), California State Controller's Office and California Department of Finance (collectively referred to as Specified Parties) solely to assist you in determining the balances available for transfer to taxing entities from assets transferred to the Successor Agency, excluding assets transferred from the Low and Moderate Income Housing Fund of the former redevelopment agency, as prescribed in Section 34179.5 of the California Health and Safety Code (Code) as of June 30, 2012.

The scope of this engagement was limited to performing the agreed-upon procedures set forth in Attachment A. Attachment A also identifies the findings noted as a result of the procedures performed.

Management of the Successor Agency is responsible for the accounting records. 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 the Specified Parties. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose for which this report has been requested, or for any other purpose.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the assets transferred to the Successor Agency, excluding assets transferred from the Low and Moderate Income Housing Fund of the former redevelopment agency, and the balance available for transfer to the taxing entities. 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, California State Controller's Office and the California Department of Finance, and is not intended to be, and should not be used by anyone other than these specified parties.

*Macias Fini & O'Connell LLP*

Newport Beach, California  
January 8, 2013

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**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY  
OF THE CITY OF RIALTO  
Attachment A - Agreed-Upon Procedures and Findings**

Our procedures and findings are as follows:

1) **Procedure:**

Obtain from the Successor Agency a listing of all assets that were transferred from the former redevelopment agency to the Successor Agency, excluding assets transferred from the Low and Moderate Income Housing Fund of the former redevelopment agency, on or about 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.

**Finding:** We noted the former redevelopment agency transferred assets in the amount of \$101,074,722 from the former redevelopment agency to the Successor Agency, excluding assets transferred from the Low and Moderate Income Housing Fund of the former redevelopment agency, on February 1, 2012. We agreed the transferred assets to account balances established in the accounting records.

2) **Procedures:**

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, excluding the Low and Moderate Income Housing Fund, 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, excluding the Low and Moderate Income Housing Fund held by 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.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY  
OF THE CITY OF RIALTO  
Attachment A - Agreed-Upon Procedures and Findings (Continued)**

**Findings:** We noted that the State Controller's Office has not completed its review of transfers as of the date of this report.

We noted no exceptions as a result of this procedure. Please refer to Exhibits A and B for the results of the procedures performed. The transfers between the former Redevelopment Agency and the City for the period January 1, 2011 through January 31, 2012 summarized in Exhibit A are subject to review and approval by the State Controller's Office (SCO). The SCO will make the final determination as to the enforceability of the obligations.

3) **Procedures:**

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, excluding the Low and Moderate Income Housing Fund, 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 former redevelopment agency, excluding the Low and Moderate Income Housing Fund, 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.

**Findings:** We noted the State Controller's Office has not completed its review of transfers as of the date of this report. Transfers to other public agencies or private parties, as defined in Health and Safety Code 34179.5 (C)(3), is the "...dollar value of any cash and cash equivalents transferred after January 1, 2011, through June 30, 2012..." There were no transfers of cash and cash equivalents from the former redevelopment agency or Successor Agency, excluding the Low and Moderate Income Housing Fund, to other public agencies or private parties. As such, procedures 3A through 3C are not applicable.



**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY  
OF THE CITY OF RIALTO  
Attachment A - Agreed-Upon Procedures and Findings (Continued)**

4) **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.

**Findings:** No exceptions were noted as a result of the procedure performed. The financial data for the fiscal periods ending June 30, 2010 and 2011, is supported by the audited financial statements. The financial data for the period ending January 31, 2012 and June 30, 2012, is supported by trial balances from the Successor Agency accounting records. There are no differences between the audited financial statements and the state controller's report for the fiscal year ended June 30, 2010. Please refer to Exhibit C for a summary of the financial transactions.

5) **Procedure:**

Obtain from the Successor Agency a listing of all assets of the Successor Agency, excluding the Low and Moderate Income Housing Fund assets held by the Successor Agency, as of June 30, 2012. 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 AUP report.

**Finding:** No exceptions were noted as a result of the procedure performed. Please refer to Exhibit D for a listing of all assets of the Successor Agency, excluding the Low and Moderate Income Housing Fund assets held by the Successor Agency, as of June 30, 2012.

6) **Procedures:**

Obtain from the Successor Agency a listing of asset balances held on June 30, 2012, excluding the Low and Moderate Income Housing Fund assets held by the Successor Agency, 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.)

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Attachment A - Agreed-Upon Procedures and Findings (Continued)**

- 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 the Successor 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.

**Findings:** No exceptions were noted as a result of the procedures performed. Please refer to Exhibit E for the listing of the Successor Agency's restricted asset balances, excluding the Low and Moderate Income Housing Fund assets held by the Successor Agency, as of June 30, 2012.

7) **Procedures:**

- A. Obtain from the Successor Agency a listing of assets, excluding the Low and Moderate Income Housing Fund assets held by the Successor Agency, as of June 30, 2012 that are not

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY  
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Attachment A - Agreed-Upon Procedures and Findings (Continued)**

- 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 7A 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 7B, 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 7A are listed at recently estimated market value, inspect the evidence (if any) supporting the value and note the methodology used. If no evidence is available to support the value and/or methodology, note the lack of evidence.

**Findings:** No exceptions were noted as a result of this procedure. Please refer to Exhibit F for the listing of Successor Agency's asset balances other than cash and cash equivalents, excluding the Low and Moderate Income Housing Fund assets held by the Successor Agency, as of June 30, 2012.

8) **Procedures:**

- A. If the Successor Agency believes that asset balances, excluding the Low and Moderate Income Housing Fund assets held by the Successor Agency, 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.

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OF THE CITY OF RIALTO  
Attachment A - Agreed-Upon Procedures and Findings (Continued)**

- B. If the Successor Agency believes that future revenues, together with balances (excluding the Low and Moderate Income Housing Fund held by the Successor Agency) dedicated or restricted to an enforceable obligation, are insufficient to fund future obligation payments, and thus retention of current balances is required, obtain from the Successor Agency a schedule of approved enforceable obligations that includes a projection of the annual spending requirements to satisfy each obligation and a projection of the annual revenues available to fund those requirements and perform the following procedures:
- i. Compare the enforceable obligations to those that were approved by the California Department of Finance. Procedures to accomplish this may include reviewing the letter from the California Department of Finance approving the Recognized Enforceable Obligation Payment Schedules for the six month period from January 1, 2012 through June 30, 2012, and for the six month period July 1, 2012 through December 31, 2012.
  - ii. Compare the forecasted annual spending requirements to the legal document supporting each enforceable obligation.
    - a. Obtain from the Successor Agency its assumptions relating to the forecasted annual spending requirements and disclose in the report major assumptions associated with the projections.
  - iii. For the forecasted annual revenues:
    - a. Obtain from the Successor Agency its assumptions for the forecasted annual revenues and disclose in the report major assumptions associated with the projections.
- C. If the Successor Agency believes that projected property tax revenues and other general purpose revenues to be received by the Successor Agency are insufficient to pay bond debt service payments (considering both the timing and amount of the related cash flows), obtain from the Successor Agency a schedule demonstrating this insufficiency and apply the following procedures to the information reflected in that schedule.
- i. Compare the timing and amounts of bond debt service payments to the related bond debt service schedules in the bond agreement.
  - ii. Obtain the assumptions for the forecasted property tax revenues and disclose major assumptions associated with the projections.
  - iii. Obtain the assumptions for the forecasted other general purpose revenues and disclose major assumptions associated with the projections.
- D. If procedures 8A, B, or C were performed, calculate the amount of current unrestricted balances, excluding the Low and Moderate Income Housing Fund assets held by the Successor Agency, 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.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY  
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Attachment A - Agreed-Upon Procedures and Findings (Continued)**

- ii. Reduce the amount of total resources available by the amount forecasted for the annual spending requirements. A negative result indicates the amount of current unrestricted balances that needs to be retained.
- iii. Include the calculation in the AUP report.

**Findings:** For procedures 8A and 8D, we noted the Successor Agency did not believe that asset balances, excluding the Low and Moderate Income Housing Fund assets held by the Successor Agency, pertaining to this procedure are dedicated or restricted for the funding of enforceable obligations. Procedures 8B and 8C are not applicable to the Successor Agency.

9) **Procedure:**

If the Successor Agency believes that, as of June 30, 2012, cash balances, excluding the Low and Moderate Income Housing Fund assets held by the Successor Agency, need to be retained to satisfy obligations on the Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2012 through June 30, 2013, obtain a copy of the final ROPS for the period of July 1, 2012 through December 31, 2012, and a copy of the final ROPS for the period January 1, 2013 through June 30, 2013. For each obligation listed on the ROPS, the Successor Agency should add columns identifying (1) any dollar amounts of existing cash that are needed to satisfy that obligation and (2) the Successor Agency's explanation as to why the Successor Agency believes that such balances are needed to satisfy the obligation. Include this schedule as an attachment to the AUP report.

**Findings:** Based on our inquiry with management, the Successor Agency believes that \$7,619,297 of the cash balances, excluding the Low and Moderate Income Housing Fund assets held by the Successor Agency, as of June 30, 2012, are needed to satisfy obligations on the ROPS for the periods July 1, 2012 through December 31, 2012 and January 1, 2013 through June 30, 2013. No exceptions were noted as a result of the procedure performed. Please refer to Exhibits G and H for the results of this procedure.

10) **Procedure:**

Include 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.

**Finding:** No exceptions were noted as a result of the procedure performed. Please refer to Exhibit I for the results of this procedure.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY  
OF THE CITY OF RIALTO  
Attachment A - Agreed-Upon Procedures and Findings (Continued)**

11) **Procedure:**

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, excluding assets transferred from the Low and Moderate Income Housing Fund, 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.

**Finding:** No exceptions were noted as a result of this procedure.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIALTO  
 SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY, EXCEPT ITS LOW AND MODERATE INCOME HOUSING FUND HELD BY THE SUCCESSOR AGENCY, ASSETS TRANSFERRED  
 TRANSFERRED TO THE CITY OF RIALTO FOR THE PERIOD JANUARY 1, 2011 THROUGH JANUARY 31, 2012**

Asset Description	Name of the recipient	Date of Transfer	Book value of asset at date of transfer	Describe the purpose of the transfer and specify the enforceable obligation or other legal requirement requiring such transfer.	Finding
1 Cash	City of Rialto Non-Profit Public Building Authority	From 1-1-2011 to 1-31-2012	\$ 289,940	The Agency entered into a Reimbursement Agreement on December 4, 2007 with the City in regards to Certificates of Participation that were issued by the City to finance the rehabilitation of buildings and equipment purchases. The transfers were made based on obligations approved in ROPS III approval letter dated December 18, 2012.	-
2 Land	City of Rialto	1/26/2012	13,764,414	Due to the adoption of ABx 1 26 that had suspended the powers of the Agency and caused the Agency to cease to exist as of February 1, 2012, the Agency was unable to perform its obligations to the City of Rialto under the Purchase and Sale Agreement. Therefore, the City of Rialto elected to treat the Agreement as having ended on several grounds that included the failure of consideration required the contract to terminate and the land to be transferred back to the City based on legal requirement.	-
Total transfers:			\$ 14,054,354		-

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**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIALTO  
 EXCEPT THE LOW AND MODERATE INCOME HOUSING FUND ASSETS HELD BY THE SUCCESSOR AGENCY, ASSETS TRANSFERRED TO  
 THE CITY OF RIALTO FOR THE PERIOD FEBRUARY 1, 2012 THROUGH JUNE 31, 2012**

Asset Description	Name of the recipient	Date of Transfer	Book value of asset at date of transfer	Describe the purpose of the transfer and specify the enforceable obligation or other legal requirement requiring such transfer.	Finding
1 Cash	City of Rialto	2/1/2012	\$ 4,014,050	These monies are reported in the Rialto Housing Authority originally created in 2004 which was reported in the RDA Financial Statements as a separate fund and was reported there only because it was administered by the same staff as the Redevelopment Agency. This balance does not consist of tax increment monies.	-
2 Cash	City of Rialto	2/1/2012	18,084	These monies which are grant related were reported in the RDA Financial Statements and were only reported there because they were administered by the Redevelopment Agency. This balance does not consist of tax increment monies and is restricted by grant agreements.	-
Total transfers:			\$ 4,032,134		-

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**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIALTO  
EXHIBIT C - SUMMARY OF FINANCIAL TRANSACTIONS**

	Redevelopment Agency 12 Months Ending 6/30/2010	Redevelopment Agency 12 Months Ending 6/30/2011	Redevelopment Agency 7 Months Ending 1/31/2012	Successor Agency 5 Months Ending 6/30/2012
<b>Assets:</b>				
Cash and investments	\$ 75,650,278	\$ 72,503,640	\$ 61,563,390	\$ 51,160,077
Accounts receivable, net	58,715	11,013	5,810,904	15,771
Interest receivable	100,121	84,354	-	37,808
Prepaid items	9,000	780	-	75
Due from other governments	767,137	227,409	-	4,209,741
Due from other funds	314,668	292,506	-	595,602
Due from the City of Rialto	39,394	115,529	339,278	728,568
Advances to City of Rialto	29,622	20,236	20,236	10,370
Restricted assets:				
Cash and investments	22,017,919	15,464,518	7,419,258	3,423,698
Cash and investments w/ Fiscal Agent	15,728,160	15,584,987	15,637,708	15,664,527
Notes receivable	31,083,019	34,121,774	34,088,457	8,716,307
Allowance for uncollectibles	(22,181,435)	(25,256,756)	(25,260,095)	-
Land held for resale	34,803,385	35,372,339	21,607,925	21,607,925
Rehabilitation loans receivable	2,959,627	3,071,859	3,071,859	-
<b>Total assets</b>	<b>\$ 161,379,610</b>	<b>\$ 151,614,188</b>	<b>\$ 124,298,920</b>	<b>\$ 106,170,469</b>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	6,666,620	10,541,391	2,383,052	7,437,138
Deposits	121,500	111,773	86,575	77,949
Deferred revenue	9,263,201	9,375,226	9,372,404	9,780,633
Due to other funds	314,668	292,506	-	595,602
Due to the City of Rialto	140,435	1,303,915	2,238,712	13,559,024
Advances from the City of Rialto	13,764,414	-	-	-
<b>Total liabilities</b>	<b>30,270,838</b>	<b>21,624,811</b>	<b>14,080,743</b>	<b>31,450,346</b>
<b>Equity</b>	<b>131,108,772</b>	<b>129,989,377</b>	<b>110,218,177</b>	<b>74,720,123</b>
<b>Total liabilities and equity</b>	<b>161,379,610</b>	<b>151,614,188</b>	<b>124,298,920</b>	<b>106,170,469</b>
<b>Total revenues:</b>	<b>32,473,706</b>	<b>31,742,224</b>	<b>25,728,918</b>	<b>7,362,287</b>
<b>Total expenditures:</b>	<b>57,673,693</b>	<b>46,626,033</b>	<b>28,755,631</b>	<b>17,594,816</b>
<b>Total transfers and other financing sources and uses</b>	<b>-</b>	<b>13,764,414</b>	<b>(16,744,488)</b>	<b>(10,323,609)</b>
<b>Extraordinary gain</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>95,276,261</b>
<b>Net change in equity</b>	<b>(25,199,987)</b>	<b>(1,119,395)</b>	<b>(19,771,201)</b>	<b>74,720,123</b>
<b>Beginning equity:</b>	<b>156,308,759</b>	<b>131,108,772</b>	<b>129,989,377</b>	<b>-</b>
<b>Ending equity:</b>	<b>\$ 131,108,772</b>	<b>\$ 129,989,377</b>	<b>\$ 110,218,176</b>	<b>\$ 74,720,123</b>
<b>Reconciliation of former redevelopment agency ending equity as of January 31, 2012 to the Successor Agency's beginning equity as of June 30, 2012</b>				
Ending equity			\$ 110,218,176	
Transfer to Housing Authority			(10,919,781)	
Housing Authority assets included as a part of RDA			(4,022,134)	
Extraordinary gain on RDA dissolution			(95,276,261)	
Successor Agency beginning equity			<u>\$ -</u>	
<b>Other Information</b>				
Capital assets as of end of year	517,452	495,465		482,635
Long term debt as of end of year	182,724,894	179,994,548		176,983,071

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**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIALTO  
EXHIBIT D - SUCCESSOR AGENCY ASSETS, EXCLUDING LOW AND MODERATE INCOME HOUSING  
FUND ASSETS HELD BY THE SUCCESSOR AGENCY, AS OF JUNE 30, 2012**

Assets	6/30/2012
Cash and investments	\$ 50,540,315
Restricted cash (restricted account)	3,423,698
Cash and investments with fiscal agent	11,922,613
Accounts receivable	15,771
Accrued interest receivable	37,808
Advance to Airport fund	10,370
Due from other funds	1,324,170
Due from other governments	4,209,741
Prepaid	75
Loans and notes receivable	8,716,307
Land held for resale	21,607,925
Fixed assets	482,635
<b>Total assets</b>	<b>\$ 102,291,428</b>

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**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIALTO  
EXHIBIT E - SUCCESSOR AGENCY RESTRICTED ASSETS, EXCLUDING LOW AND MODERATE INCOME HOUSING FUND RESTRICTED ASSETS TRANSFERRED  
TO THE SUCCESSOR AGENCY, AS OF JUNE 30, 2012**

Assets	6/30/2012	Computation of the Restricted Balance	Source for the computation of the restricted balance (i.e. accounting records or other supporting documentation)	Restriction
<b>A. Unspent Bond Proceeds</b>				
2005 A Bond Proceeds	\$ 15,916,752	N/A	Accounting Records	The 2005A Official Statement restricts the use of bond proceeds until the related assets are expended for their intended purpose.
2008 A Bond Proceeds	8,712,453	N/A	Accounting Records	The 2008A Official Statement restricts the use of bond proceeds until the related assets are expended for their intended purpose.
2008 A Bond Proceeds	301	N/A	Accounting Records	The 2008A Official Statement restricts the use of bond proceeds until the related assets are expended for their intended purpose.
2008 C Bond Proceeds	261,345	N/A	Accounting Records	The 2008C Official Statement restricts the use of bond proceeds until the related assets are expended for their intended purpose.
Cash w/Fiscal Agent	11,922,613	N/A	Accounting Records	Bond Official Statements requires the reserve until the related assets are expended for their intended purpose.
<b>Total Assets</b>	<b>\$ 36,813,464</b>			
<b>B. Grant Proceeds and Program Income</b>				
<b>Total Assets</b>	<b>\$ -</b>			
<b>C. Other Assets Considered Legally Restricted</b>				
Cash	1,669,240	N/A	Accounting Records	Resolution 6176 and SA12-12 passed on 9/10/2012- Citation amount collected on behalf of the City and is payable to the City. Restrictions are in effect until the related assets are expended for their intended purpose.
Cash	70,000	N/A	Exclusive Right to Negotiate Agreements	Exclusive Right to Negotiate Agreements restricted cash deposits until the related assets are expended for the intended purpose.
Cash w/Escrow Agent	3,423,698	N/A	Accounting Records	Cash held in escrow for I-10/Riverside Project. Restrictions are in effect until the related assets are expended for their intended purpose.
Cash	78,632	N/A	Trust Schedule	May 1993 Industrial Pass-Through Agreement with the County Library restricts the assets until the related assets are expended for their intended purpose.
Cash	2,148,780	N/A	Pass-through schedule	Pass-through contractual agreements require payments to taxing entities. Restrictions are in effect until the related assets are expended for their intended purpose.
Cash	62,950	N/A	ROPS I	ROPS I amount approved by the DOF for the payment of the obligation. Restrictions are in effect until the related assets are expended for their intended purpose.
Cash	1,345,000	N/A	ROPS I	ROPS I amount approved by the DOF for the payment of the bond obligation. Restrictions are in effect until the related assets are expended for their intended purpose.
<b>Total Assets</b>	<b>\$ 8,798,300</b>			
<b>Summary of Restricted Assets Listed in Sections A, B and C</b>				
	<b>\$ 45,611,764</b>			

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**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIALTO  
EXHIBIT F - SUCCESSOR AGENCY ASSETS OTHER THAN CASH AND CASH EQUIVALENTS, EXCLUDING LOW AND MODERATE INCOME HOUSING FUND ASSETS  
TRANSFERRED TO THE SUCCESSOR AGENCY, AS OF JUNE 30, 2012**

Asset	6/30/2012	Basis (i.e. Book Value/Fair Market Value)	Description of the records provided supporting the book value listed (i.e. previously audited financial statements or the accounting records) and any differences noted. If differences pertain to disposal of assets, note whether the proceeds were deposited into the Successor Agency.	Description of the methodology used to support the market value listed. If no evidence is available to support the value and/or the methodology used, note as a finding in the report.
Accounts receivable	\$ 15,771	Book Value	Accounting Records	N/A
Accrued interest receivable	37,808	Book Value	Accounting Records	N/A
Advance to Airport fund	10,370	Book Value	Accounting Records	N/A
Due from other funds	1,324,170	Book Value	Accounting Records	N/A
Due from other governments	4,209,741	Book Value	Accounting Records	N/A
Prepaid	75	Book Value	Accounting Records	N/A
Loans and notes receivable	8,716,307	Book Value	Accounting Records	N/A
Land held for resale	21,607,925	Book Value	Accounting Records	N/A
Fixed assets	482,635	Book Value	Accounting Records	N/A
Total assets	<u>\$ 36,404,802</u>			

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SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIALTO  
EXHIBIT G - RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD OF JULY 1, 2012 THROUGH DECEMBER 31, 2012 (EXCERPT)

Project Name / Debt Obligation	Payee	Description	Funding Sources	Total Outstanding Debt or Obligation	Payable from the Redevelopment Property Tax Trust Fund (RPTTF)												Amount of Existing Cash Needed to be Retained	Explanation as to why the Successor Agency believes that such balances are needed to satisfy the obligation.
					Payments by month - Year 2012													
					Jul	Aug	Sep	Oct	Nov	Dec	Total Paid							
2003 Series A TABs	Union Bank/Trustee	Public Improvement Bonds	RPTTF	\$ 34,909,363	\$ -	\$ 1,103,288	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,103,288	\$ 1,103,288	ROPS II installment is not sufficient to pay for obligation.		
2005 Series A TABs	Union Bank/Trustee	Public Improvement Bonds	RPTTF	44,192,006	-	647,303	-	-	-	-	-	-	-	647,303	647,303	ROPS II installment is not sufficient to pay for obligation.		
2005 Series B TABs	Union Bank/Trustee	Housing Bonds	RPTTF	16,119,864	-	533,244	-	-	-	-	-	-	-	533,244	533,244	ROPS II installment is not sufficient to pay for obligation.		
2005 Series C TABs	Union Bank/Trustee	Public Improvement Bonds	RPTTF	30,754,353	-	658,195	-	-	-	-	-	-	-	658,195	658,195	ROPS II installment is not sufficient to pay for obligation.		
2008 Series A TABs	Union Bank/Trustee	Public Improvement Bonds	RPTTF	84,345,744	-	1,378,429	-	-	-	-	-	-	-	1,378,429	1,378,429	ROPS II installment is not sufficient to pay for obligation.		
2008 Series B TABs	Union Bank/Trustee	Housing Bonds	RPTTF	64,123,438	-	1,176,438	-	-	-	-	-	-	-	1,176,438	1,176,438	ROPS II installment is not sufficient to pay for obligation.		
2008 Series C TABs	Union Bank/Trustee	Public Improvement Bonds	RPTTF	47,353,375	-	924,500	-	-	-	-	-	-	-	924,500	924,500	ROPS II installment is not sufficient to pay for obligation.		
Walmart DDA	Hubbbs	Sales Tax Rebate Agreement	RPTTF	2,826,514	-	62,500	-	-	-	62,500	-	-	-	125,000	125,000	ROPS II installment is not sufficient to pay for obligation.		
Enterprise OPA	Enterprise	Sales Tax Rebate Agreement	RPTTF	471,937	-	27,000	-	-	-	27,000	-	-	-	54,000	54,000	ROPS II installment is not sufficient to pay for obligation.		
EPA Brownfield Grant	RDA Match Expenses	Agency 20% match for EPA Grant	RPTTF	28,500	2,375	2,375	2,375	2,375	2,375	2,375	2,375	2,375	2,375	14,250	14,250	ROPS II installment is not sufficient to pay for obligation.		
Successor Agency Support Services	Rialto Successor Agency	Staff Cost	RPTTF	-	24,063	24,063	24,063	24,063	24,063	24,063	24,063	24,063	24,063	144,378	144,378	ROPS II installment is not sufficient to pay for obligation.		
Successor Agency Support Services	Rialto Successor Agency	Administrative Cost	RPTTF	-	1,955	1,955	1,955	1,955	1,955	1,955	1,955	1,955	1,955	11,730	11,730	ROPS II installment is not sufficient to pay for obligation.		
Successor Agency Support Services	Rialto Successor Agency	Legal Services	RPTTF	-	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	37,500	37,500	ROPS II installment is not sufficient to pay for obligation.		
Successor Agency Support Services	Rialto Successor Agency	Consultant Services	RPTTF	-	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	5,160	5,160	ROPS II installment is not sufficient to pay for obligation.		
General Plan Update	Hogle-Ireland Inc.	Contract Services - Planning	RPTTF	10,975	1,829	1,829	1,829	1,829	1,829	1,829	1,829	1,829	1,829	10,975	10,975	ROPS II installment is not sufficient to pay for obligation.		
<b>GRAND TOTAL:</b>														\$ 6,824,390	\$ 6,824,390			

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SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIALTO  
EXHIBIT H - RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD OF JANUARY 1, 2013 THROUGH JUNE 30, 2013 (EXCERPT)

Project Name / Debt Obligator	Payee	Description/Project Scope	Funding Source						Amount of Existing Cash Needed to be Retained	Explanation as to why the Successor Agency believes that such balances are needed to satisfy the obligation.
			LMHF	Bond	Reserve Balance	Admin Allowance	RPTTF	Other**		
2007 COP Reimbursement Agreement*	City of Rialto	Public Improvement Agreement - Appeal Item	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96,382	96,382	ROPS III installment is not sufficient to pay for obligation. Funded through redevelopment tax increment
SA Admin Costs - Payments/Operation	City of Rialto	City finance and admin support services	-	-	-	-	-	115,681	115,681	ROPS III installment is not sufficient to pay for obligation. Funded through redevelopment cash balance, rent or other income received by SA
Bond Servicing - Payment/Operation*	Willdan/Union Bank	Trustee Fees/Arbitrage Rebate Services July to Dec 2012	-	-	-	-	-	15,000	15,000	ROPS III installment is not sufficient to pay for obligation. Funded through redevelopment cash balance, rent or other income received by SA
Bond Servicing - Payment/Operation	Willdan/Union Bank	Trustee Fees/Arbitrage Rebate Services	-	-	-	-	-	30,000	30,000	ROPS III installment is not sufficient to pay for obligation. Funded through redevelopment cash balance, rent or other income received by SA
SA Asset Holding - Payments/Operation*	Rialto Successor Agency	Reserve for SA property maintenance, repairs, utilities	-	-	-	-	-	50,000	50,000	ROPS III installment is not sufficient to pay for obligation. Funded through redevelopment cash balance, rent or other income received by SA
Legal Service Reserve - Payments/Operation	Successor Agency	Reserve to cover any legal costs for dissolution activity, Oversight Board or litigation expenses	-	-	-	-	-	100,000	100,000	ROPS III installment is not sufficient to pay for obligation. Funded through redevelopment cash balance, rent or other income received by SA
Asset Dissolution - Payments/Operation	Successor Agency	Reserve to cover costs to prepare plan and sale assets	-	-	-	-	-	100,000	100,000	ROPS III installment is not sufficient to pay for obligation. Funded through redevelopment cash balance, rent or other income received by SA
Audit Services - Payments/Operation	MGO Public Accountants	Audit per ABI484 and ABI26 for July to Dec 2012	-	-	-	-	-	50,000	50,000	ROPS III installment is not sufficient to pay for obligation. Funded through redevelopment cash balance, rent or other income received by SA
Audit Services - Payments/Operation	MGO Public Accountants	Reserve for Audit Services for after Dec 2012	-	-	-	-	-	50,000	50,000	ROPS III installment is not sufficient to pay for obligation. Funded through redevelopment cash balance, rent or other income received by SA
Project Management*	Successor Agency	Employee cost to manage projects - appeal denied	-	-	-	-	-	63,360	63,360	ROPS III installment is not sufficient to pay for obligation. Funded through redevelopment cash balance
Project Management	Successor Agency	Employee cost manage housing project for next period	-	-	-	-	-	34,560	34,560	ROPS III installment is not sufficient to pay for obligation. Funded through redevelopment cash balance
Project Management*	Successor Agency	Employee cost to manage projects - appeal denied	-	-	-	-	-	58,186	58,186	ROPS III installment is not sufficient to pay for obligation. Funded through redevelopment cash balance
Project Management	Successor Agency	Employee cost manage housing project for next period	-	-	-	-	-	31,738	31,738	ROPS III installment is not sufficient to pay for obligation. Funded through redevelopment cash balance
<b>GRAND TOTAL:</b>								\$ 794,907		

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**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIALTO**  
**EXHIBIT I - SUCCESSOR AGENCY ASSETS, EXCLUDING LOW AND MODERATE INCOME HOUSING FUND, ASSETS**  
**TRANSFERRED TO THE SUCCESSOR AGENCY, THAT ARE AVAILABLE TO DISTRIBUTE TO AFFECTED TAXING ENTITIES AS OF**  
**JUNE 30, 2012**

**SUMMARY OF BALANCES AVAILABLE FOR ALLOCATION TO AFFECTED TAXING ENTITIES**

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Total amount of assets held by the successor agency as of June 30, 2012 (procedure 5)	\$ 102,291,428
Add the amount of any assets transferred to the city or other parties for which an enforceable obligation with a third party requiring such transfer and obligating the use of the transferred assets did not exist (procedures 2 and 3)	-
Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments (procedure 6)	(45,611,764)
Less assets that are not cash or cash equivalents (e.g., physical assets) - (procedure 7)	(36,404,802)
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)	(7,619,297)
Less the amount of payments made on July 12, 2012 to the County Auditor-Controller as directed by the California Department of Finance	(2,484,411) *
Amount to be remitted to county for disbursement to taxing entities	\$ 10,171,154

\* The Successor Agency made a payment of \$3,064,173 to the County Auditor-Controller as directed by the California Department of Finance. Out of this amount, \$2,484,411 relates to the non-housing portion of the payment while \$579,762 relates to the Housing portion and was deducted from the previous Due Diligence AUP report issued on October 9, 2012.

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