NEW ISSUE
BOOK ENTRY ONLY

INSURED BONDS RATINGS: S&P: "AA"
UNINSURED BONDS AND UNDERLYING RATINGS: S&P: "A+"
Fitch: "AA-"
(See, "OTHER INFORMATION," herein)

In the opinion of Best Best & Krieger LLP, Riverside, California, Bond Counsel, subject to certain qualifications described herein, under existing statutes, regulations, rules and court decisions, and assuming certain representations and compliance with certain covenants and requirements described herein, the interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "OTHER INFORMATION – Tax Matters" herein.

$174,050,000
Successor Agency to the
Rancho Cucamonga Redevelopment Agency
Rancho Redevelopment Project Area
Tax Allocation Refunding Bonds, Series 2014

Dated: Date of Delivery **Due: September 1, as shown below**

The bonds, described herein, are Successor Agency to the Rancho Cucamonga Redevelopment Agency (the "Agency" or "Successor Agency") Rancho Redevelopment Agency Project Area of the Agency (the "Project Area"), Tax Allocation Refunding Bonds, Series 2014 (the "Bonds"), as further described herein.

The Bonds will be secured under a Trust Indenture (the "Original Indenture"), dated as of March 1, 1990, by and between the Former Agency (defined herein) and Wells Fargo Bank, N.A., as trustee (the "Trustee") as previously amended and supplemented, and as further supplemented and amended by a Fifth Supplemental Indenture, dated as of July 1, 2014 between the Successor Agency and the Trustee (the "Fifth Supplement," and together with the Original Indenture as amended and supplemented, the "Indenture"). The payments due under the Indenture are secured by a pledge of, security interest in and lien on Tax Revenues (as defined in the Indenture and described herein) allocated as described herein. See "SECURITY FOR THE BONDS" herein.

The Bonds are being issued in fully registered form, and when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases of the Bonds may be made in book-entry form only, in denominations of $5,000 or any integral multiple thereof. Purchasers of interests in the Bonds will not receive certificates from the Successor Agency or the Trustee representing their interest in the Bonds purchased. Interest on the Bonds will be payable semiannually on March 1 and September 1 of each year, commencing March 1, 2015. Payments of principal, premium, if any, and interest on the Bonds will be payable by the Trustee, to DTC, which is obligated in turn to remit such principal, premium, if any, and interest to the DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds, as more fully described herein.

The Bonds are subject to optional redemption prior to maturity as described herein. See "THE BONDS — Redemption of the Bonds" herein.

The scheduled payment of principal of and interest on the Series 2014 Bonds maturing September 1, in the years 2020 through and including 2032 (the "Insured Bonds"), when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Insured Bonds by **ASSURED GUARANTY MUNICIPAL CORP.**

ASSURED GUARANTY MUNICIPAL

The payment of scheduled debt service on the Series 2014 Bonds maturing September 1 in the years 2015 through and including 2019 is not insured. All of the Bonds are secured by a Municipal Bond Debt Service Reserve Insurance Policy issued by Assured Guaranty Municipal Corp.

The Bonds are a special obligation of the Agency payable solely from Tax Revenues and moneys held under the Indenture. Neither the City of Rancho Cucamonga (the "City"), the County of San Bernardino (the "County") nor the State of California shall be obligated to pay the principal of the Bonds, or the interest thereon, except from the funds described above, and neither the faith and the credit nor the taxing power of the City, the County, the State of California nor any political subdivision thereof is pledged to the payment of the principal of or the interest on the Bonds. The issuance of the Bonds shall not directly, indirectly or contingently obligate the Agency, the City, the County, the State of California or any political subdivision thereof to levy or pledge any form of taxation whatever therefor or to make any appropriations for their payment. The Agency does not have any taxing power. **The Bonds do not constitute an indebtedness in contravention of any constitutional or statutory debt limitation or restriction**.

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used and not defined on this cover page shall have the meanings set forth herein.

For a discussion of some of the risks associated with a purchase of the Bonds, see "BOND OWNERS' RISKS" herein.

MATURITY SCHEDULE
See inside front cover

The Bonds are offered when, as and if issued, subject to the approval of their legality by Best Best & Krieger LLP, Riverside, California, Bond Counsel. Certain disclosure matters will be passed upon for the Agency as Disclosure Counsel by Best Best & Krieger LLP, Riverside, California. Certain matters will be passed on for the Agency by Richards Watson & Gershon, A Professional Corporation, and for the Underwriter by Jones Hall, A Professional Law Corporation, San Francisco, California. It is anticipated that the Bonds will be available for delivery in definitive form on or about July 15, 2014.

STIFEL

Dated: June 26, 2014

$174,050,000
Successor Agency to the
Rancho Cucamonga Redevelopment Agency
Rancho Redevelopment Project Area
Tax Allocation Refunding Bonds, Series 2014

MATURITY SCHEDULE

$174,050,000
Serial Bonds
(Base CUSIP†: 75212C)

Maturity Date (September 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†
2015	$ 2,750,000	3.000%	0.280%	103.060	AB5
2015	2,625,000	4.000	0.280	104.185	AA7
2016	6,645,000	4.000	0.470	107.464	AC3
2017	6,910,000	4.000	0.800	109.864	AD1
2018	7,190,000	5.000	1.150	115.475	AE9
2019	7,550,000	5.000	1.480	117.318	AF6
2020	7,925,000	5.000	1.800	118.485	AG4
2021	8,320,000	5.000	2.100	119.102	AH2
2022	8,735,000	5.000	2.340	119.581	AJ8
2023	9,175,000	5.000	2.550	119.836	AK5
2024	9,635,000	5.000	2.720	120.062	AL3
2025	10,115,000	5.000	2.940	117.927 C	AM1
2026	10,620,000	5.000	3.070	116.687 C	AN9
2027	11,150,000	5.000	3.210	115.368 C	AP4
2028	11,710,000	5.000	3.290	114.623 C	AQ2
2029	12,295,000	5.000	3.370	113.884 C	AR0
2030	12,910,000	5.000	3.450	113.150 C	AS8
2031	13,555,000	5.000	3.520	112.512 C	AT6
2032	14,235,000	5.000	3.580	111.969 C	AU3

C Priced to call September 1, 2024.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized by the Successor Agency to give any information or to make any representations in connection with the offer or sale of the Bonds other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction where such offer, solicitation or sale would be unlawful.

The information set forth herein has been obtained from sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation, by the Successor Agency. Neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the Successor Agency since the date hereof. The information and expressions of opinion stated herein are subject to change without notice.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking" statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "assumes" and analogous expressions. The achievement of certain results or other expectations contained in such forward-looking statements are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. No assurance is given that actual results will meet the forecasts of the Successor Agency in any way, regardless of the optimism communicated in the information, and such statements speak only as of the date of this Official Statement. The Successor Agency disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the expectations of the Successor Agency with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

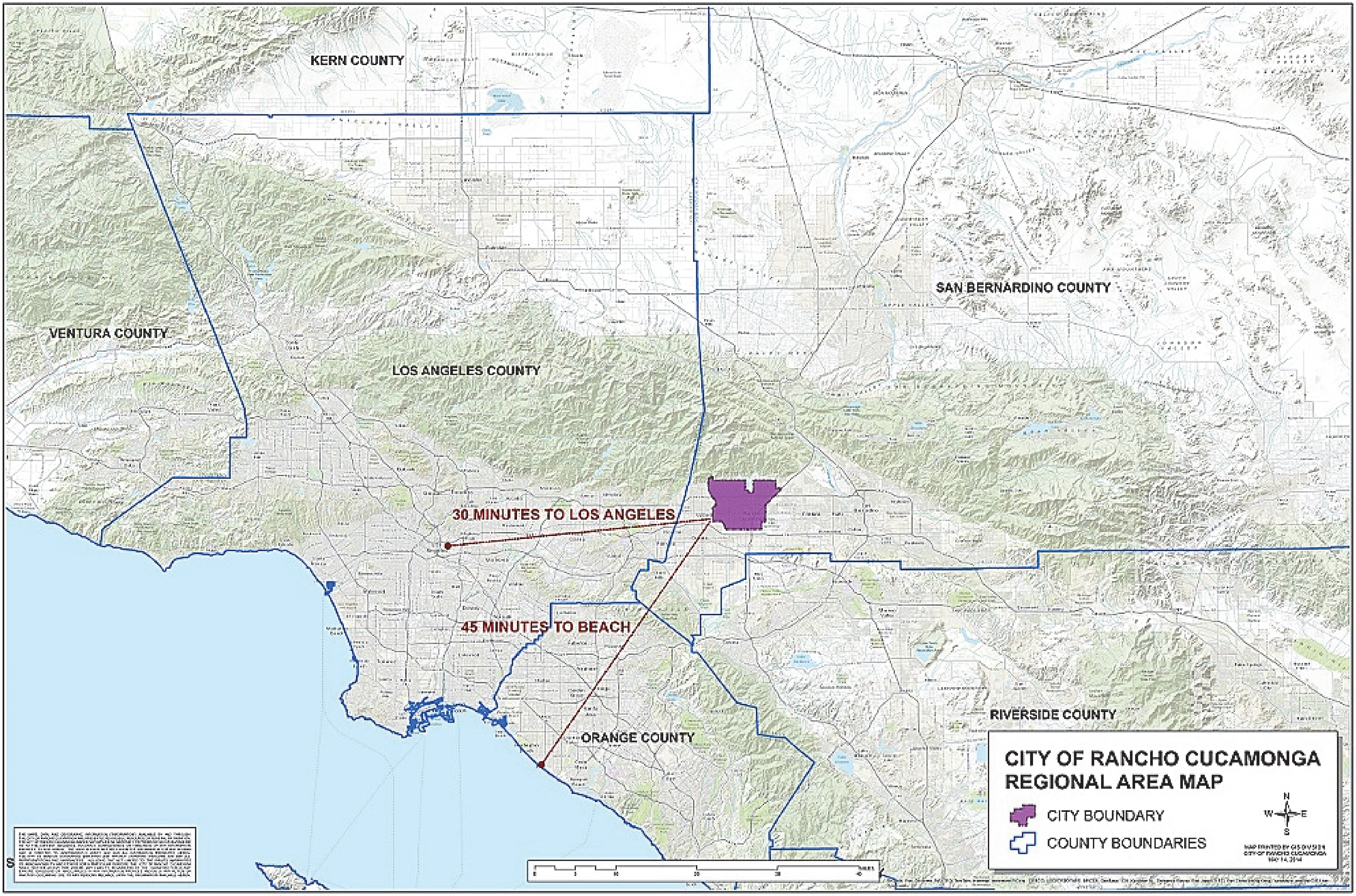
All summaries of the Indenture (as defined herein), and of statutes and other documents referred to herein do not purport to be comprehensive or definitive and are qualified in their entireties by reference to each such statute and document. This Official Statement, including any amendment or supplement hereto, is intended to be deposited with one or more depositories. This Official Statement does not constitute a contract between any Owner of a Bond and the Successor Agency.

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)(2) and 3(a)(12), respectively, for the issuance and sale of municipal securities.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR AFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "Municipal Bond Insurance" and Appendix I – Specimen Municipal Bond Insurance Policy."


KERN COUNTY
SAN BERNARDINO COUNTY
VENTURA COUNTY
LOS ANGELES COUNTY
30 MINUTES TO LOS ANGELES
45 MINUTES TO BEACH
ORANGE COUNTY
RIVERSIDE COUNTY
CITY OF RANCHO CUCAMONGA
REGIONAL AREA MAP
CITY BOUNDARY
COUNTY BOUNDARIES
N
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S

SUCCESSOR AGENCY TO THE
RANCHO CUCAMONGA REDEVELOPMENT AGENCY

CITY COUNCIL

L. Dennis Michael, Mayor
Sam Spagnolo, Mayor Pro-Tem
William J. Alexander, Council Member
Marc Steinorth, Council Member
Diane Williams, Council Member

SUCCESSOR AGENCY/CITY STAFF

John R. Gillison, City Manager
Linda Daniels, Assistant City Manager
Tamara L. Layne, Finance Director
Donna Finch, Management Analyst
Richards Watson & Gershon, A Professional Corporation, Successor Agency Counsel

SPECIAL SERVICES

Trustee
Wells Fargo Bank, N.A.
Los Angeles, California

Bond and Disclosure Counsel
Best Best & Krieger LLP
Riverside, California

Financial Advisor
Fieldman, Rolapp & Associates, Inc.
Irvine, California

Fiscal Consultant
HdL Coren & Cone
Diamond Bar, California

Verification Agent
Causey Demgen & Moore P.C.
Denver, Colorado

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$174,050,000
Successor Agency to the
Rancho Cucamonga Redevelopment Agency
Rancho Redevelopment Project Area
Tax Allocation Refunding Bonds, Series 2014

INTRODUCTION

This Introduction is subject in all respects to the more complete information contained elsewhere in this Official Statement and the offering of the Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used and not defined in this Introduction shall have the meanings assigned to them elsewhere in this Official Statement.

General

This Official Statement, including the cover page, inside cover page, and appendices hereto, provides information in connection with the issuance by the Successor Agency to the Rancho Cucamonga Redevelopment Agency (the "Agency" or the "Successor Agency") of its Rancho Redevelopment Project Area Tax Allocation Refunding Bonds, Series 2014 in the aggregate principal amount of $174,050,000 (the "Bonds").

Purpose

The Bonds are being issued (i) to refinance certain outstanding obligations of the Project Area, (ii) to satisfy the Reserve Requirement, defined below, for the Bonds, and (iii) to pay costs of issuance of the Bonds, including the financial guaranty insurance premium for the Bonds. See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Authority for Issuance of the Bonds

The Bonds are being issued by the Successor Agency pursuant to the provisions of the Dissolution Law and Article 11 (commencing with Section 53588) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California.

The Successor Agency will issue the Bonds pursuant to a Trust Indenture dated as of March 1, 1990 (the "Original Indenture"), by and between the Former Agency, defined below, and Wells Fargo Bank, N.A. as successor in interest to Bank of America National Trust and Savings Association (the "Trustee"), as amended and supplemented, and as further amended and supplemented by a Fifth Supplemental Indenture dated as of July 1, 2014, between the Successor Agency and the Trustee (the "Fifth Supplemental Indenture," and together with the Original Indenture as amended and supplemented, the "Indenture"), the proceeds of which will be used to refund all or portion of certain bonds and indebtedness of the Successor Agency as more fully described herein.

The Bonds will be payable from and secured by, designated property tax revenues (formerly tax increment revenues) related to the Rancho Redevelopment Project, which will consist of moneys deposited, from time to time, in the Redevelopment Property Tax Trust Fund ("RPTTF") established under the Dissolution Act, defined below, but exclude those amounts which were, prior to the Dissolution Act, required to be deposited into the Former Agency's Low and Moderate Income Housing Fund to the extent required to pay debt service on existing Housing Obligations, defined herein, and excluding amounts payable as pass-through obligations, described herein, as provided in the California Health and Safety Code as more fully described herein. Collectively, such tax increment revenues subject to a pledge under the Indenture are referred to herein as "Tax Revenues." See "SECURITY FOR THE BONDS."

The issuance of the Series 2014 Bonds was subject to review and approval under the Dissolution Act of the Successor Agency's Oversight Board, as described below, and the Department of Finance of the State of

California (the "State Department of Finance"). All such approvals have been obtained. See "THE RANCHO CUCAMONGA SUCCESSOR AGENCY."

The Oversight Board for the Successor Agency approved the issuance of the Series 2014 Bonds by the Successor Agency by resolution adopted on April 17, 2014 (the "Oversight Board Resolution"). The Department of Finance of the State of California released its letter approving the Oversight Board Resolution approving the issuance of the Bonds on May 28, 2014. See Appendix H –"STATE DEPARTMENT OF FINANCE DETERMINATION LETTER APPROVING THE BONDS."

The City and the Successor Agency

The City. The City of Rancho Cucamonga (the "City") is located in the foothills of the Los Angeles-San Bernardino Basin in the western portion of San Bernardino County, approximately 40 miles east of the City of Los Angeles and 18 miles west of the City of San Bernardino. The City covers approximately 40.2 square miles and is bordered by Ontario on the south, Upland on the west and Fontana to the east; to the north are Cucamonga Peak and Mount Baldy. The City was incorporated on November 30, 1977, as a general law city operating under the council-manager form of government. It is governed by a five-member City Council (the "Council"), which includes a Mayor who is elected at large for a four-year term, and four Council Members are elected at large for staggered four-year terms. The Council appoints the City Manager and the City Attorney. The City Manager is responsible for the daily administration of City affairs and for implementing Council policy and program decisions. The estimated population of the City was 171,058 as of January 1, 2013.

The City has several planned unit developments which emphasize a variety of housing types and public services, which are represented by varied lot sizes and high quality construction for residences and ample open space for public recreation. Homes within the City sell for higher prices among major inland cities. The City's government, retail, office and manufacturing centers also emphasize a prosperous and well-organized look and urban ambience.

Location is one of the City's principal advantages. Major ground transportation routes in and out of Southern California and the LA/Ontario International Airport are nearby. The City's office market experienced tremendous growth and added 1.9 million square feet of office space from 2003 to 2011. Retail trade per capita rose 31.7% from 2000-2010 within the City as a result of the 1.3-million-square-foot Victoria Gardens Regional Town Center. Retail, office, civic and cultural uses are contained in Victoria Gardens and it is home to sought-after retail tenants that had previously served inland cities from outlets in Southern California's coastal counties.

Community venues include an adult sports complex, community center, cultural center, senior center, two libraries, and over 150 miles of hiking, biking and equestrian trails which have attracted families to live in the City. Median household income as of January 1, 2012 within the City is $74,118. For certain information with respect to the City, see APPENDIX B – "GENERAL INFORMATION CONCERNING THE CITY OF RANCHO CUCAMONGA."

The Successor Agency. As described below, the Successor Agency has succeeded to certain rights of the Rancho Cucamonga Redevelopment Agency (the "Former Agency"). The Former Agency was organized by the Council of the City in 1981, to exercise the powers granted by the California Community Redevelopment Law (Sections 33000 et seq. of the California Health and Safety Code) (the "Redevelopment Law").

Pursuant to California legislation enacted in 2011 and 2012 (as more fully described herein, the "Dissolution Act"), redevelopment agencies in California, including the Former Agency, were dissolved, and with certain exceptions, could no longer conduct redevelopment activities. The Successor Agency, however, is authorized to continue to refinance existing bonds in order to achieve a savings in debt service. See "–The Project Area" below. See also "THE RANCHO CUCAMONGA SUCCESSOR AGENCY" for a discussion of the Dissolution Act, the formation of the Successor Agency and the current powers, and limitations thereon, of the Successor Agency.

Pursuant to the Dissolution Act, the City has elected to serve as the Successor Agency. However, the Dissolution Act expressly clarifies that the City and the Successor Agency are separate public entities. None of the liabilities of the Former Agency are transferred to the City by the virtue of the City's election to serve as the Successor Agency.

The Project Area

The Redevelopment Plan for the Project Area was adopted by the City Council on December 23, 1981. The Project Area represents approximately 33% of the City's total acreage. See "THE RANCHO REDEVELOPMENT PROJECT."

Under the Dissolution Act, the Bonds are secured by a pledge of, and payable from a portion of the moneys deposited from time to time in a Redevelopment Property Tax Trust Fund held and administered by the Office of the Auditor Controller of the County of San Bernardino (the "County Auditor-Controller") with respect to the Successor Agency (the "Redevelopment Property Tax Trust Fund"). DISCUSSIONS HEREIN REGARDING TAX REVENUES NOW REFER TO THOSE MONEYS DEPOSITED BY THE COUNTY AUDITOR-CONTROLLER INTO THE REDEVELOPMENT PROPERTY TAX TRUST FUND EQUAL TO SUCH TAX REVENUES. The Dissolution Act authorizes the issuance of bonds by a successor agency to refund bonds previously issued by a former redevelopment agency, which bonds may be secured by a pledge of property tax increment with the same legal effect as if the refunding bonds had been issued prior to the Dissolution Act, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date. See "SECURITY FOR THE BONDS – Security for the Bonds."

Terms of the Bonds

The Bonds will be issued in denominations of $5,000 and any integral multiple thereof (the "Authorized Denominations"). The Bonds will be dated their date of delivery and are payable with respect to interest semiannually each March 1 and September 1, commencing on March 1, 2015.

The Bonds will be delivered in fully-registered form only, and when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only. Principal of and interest on the Bonds will be paid by the Trustee to DTC or its nominee, which will in turn remit such payments to its Participants (defined herein) for subsequent disbursement to the Owners of the Bonds. See APPENDIX E – "DTC AND THE BOOK ENTRY SYSTEM" attached hereto.

The Bonds are subject to redemption prior to maturity, as described herein. See "THE BONDS – Redemption of the Bonds" herein.

Security for the Bonds

Prior to the enactment of the Dissolution Act, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. This method provided that the taxable valuation of the property within a redevelopment project area on the property tax roll last equalized prior to the effective date of the ordinance which adopts the redevelopment plan becomes the base year valuation. Assuming the taxable valuation never drops below the base year level, the taxing agencies in the Project Area thereafter received that portion of the taxes produced by applying then current tax rates to the base year valuation, and the redevelopment agency was allocated the remaining portion produced by applying then current tax rates to the increase in valuation over the base year. Such incremental tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of agency obligations.

The Bonds will be special obligations of the Successor Agency and are payable, as to interest thereon and principal thereof, exclusively from the Tax Revenues under the Indenture, and the Agency is not obligated to pay them except from such Tax Revenues. The Bonds are payable as set forth in the Indenture, are not a debt of the City, the County, the State of California or any other political subdivision of the State (except the

Successor Agency, to the extent described herein), and neither the City, the State, the County nor any of the State's other political subdivisions (except the Successor Agency, to the extent described herein) is liable therefor, nor in any event shall the Bonds be payable out of any funds or properties other than those of the Agency pledged therefor as provided in the Indenture. APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS" attached hereto.

Additional Debt. As more fully described under "SECURITY FOR THE BONDS," the Agency may issue or incur additional obligations on a parity with the pledge of the Tax Revenues securing the Bonds if certain conditions are met under the Indenture and the Dissolution Act. The Successor Agency will not be permitted to issue any obligations with a lien senior to the lien of the Bonds.

Outstanding Housing Obligations. As more fully described under "SECURITY FOR THE BONDS – Security for the Bonds," the Successor Agency has certain obligations outstanding which are payable from amounts that, prior to the Dissolution Act, would have been deposited into the Former Agency's Low and Moderate Income Housing Fund. See "ESTIMATED REVENUES AND BOND RETIREMENT" herein.

Reserve Fund. In order to further secure the payment of the principal of and interest on the Bonds, a Reserve Account in the Special Fund is established under the Indenture in an amount equal to the Reserve Requirement, as defined in the Indenture (the "Reserve Requirement"). See, "SECURITY FOR THE BONDS – Funds and Accounts." The Successor Agency will deposit such amounts which satisfy the Reserve Requirement, defined below, in a separate sub-account of the Reserve Fund available for the payment of debt service on the Bonds.

Municipal Bond Insurance

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy (the "Policy") for the Series 2014 Bonds maturing September 1 in the years 2020 through and including 2032 (the "Insured Bonds"). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement. The Policy does not insure the payment of the Series 2014 Bonds maturing on September 1, in the years 2015 through and including 2019 (the "Uninsured Bonds").

In order to further secure the payment of the principal of and interest on both series of the Bonds, a Reserve Account in the Special Fund is established by the Indenture. The Reserve Account will initially be funded by the purchase of a Municipal Bonds Debt Service Reserve Fund Insurance Policy (the "Reserve Policy") issued by AGM in an amount equal to the Reserve Requirement as defined in the Indenture (the "Reserve Requirement"). The Reserve Policy secures all of the Bonds. The initial Reserve Requirement for the Bonds is the amount of $14,946,750. See "SECURITY FOR THE BONDS – Security for the Bonds – Municipal Bond Debt Service Reserve Insurance Policy."

Professionals Involved in the Offering

Wells Fargo Bank, N.A., Los Angeles, California, will act as trustee with respect to the Bonds under the Indenture.

Fieldman Rolapp & Associates, Inc., Irvine, California, has acted as Financial Advisor to the Agency in the structuring and presentation of the financing.

HdL Coren & Cone, Diamond Bar, California, has acted as Fiscal Consultant to the Agency and has prepared an analysis of taxable values and tax increment revenues in the Project Areas. See "APPENDIX A – REPORT OF FISCAL CONSULTANT" herein.

All proceedings in connection with the issuance of the Bonds are subject to the approval of Best Best & Krieger LLP, Riverside, California, Bond Counsel. Best Best & Krieger LLP is acting as Disclosure Counsel. Jones Hall, A Professional Law Corporation, will be acting as counsel to the Underwriter. Richards Watson &

Gershon, A Professional Corporation, will pass on certain matters for the Agency as its general counsel. The fees and expenses of the Financial Advisor, Bond Counsel, Disclosure Counsel and Underwriter's Counsel are contingent upon the sale and delivery of the Bonds.

Continuing Disclosure

With respect to continuing disclosure, the Agency will prepare and provide annual updates of the information contained in the tables included in this Official Statement with respect to property tax revenues, collections, any material delinquencies, principal taxpayers, and plan limit calculations and notices of enumerated events and all other remaining annual information required under the Continuing Disclosure Certificate. The Agency will act as Dissemination Agent and will file the annual reports and notices with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access system ("EMMA"). See the caption "OTHER INFORMATION – Continuing Disclosure" and "APPENDIX G - FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Reference to Underlying Documents

Brief descriptions of the Bonds, the Indenture, the County, the Successor Agency, the Rancho Redevelopment Project and other related information are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of and references to all documents, statutes, reports and other instruments referred to herein is qualified in its entirety by reference to such document, statute, report or instrument, copies of which are all available for inspection at the offices of the Agency. Certain capitalized terms used and not defined herein shall have the meaning given to those terms in APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS" attached hereto.

PLAN OF FINANCE

The Bonds are being issued (i) to refinance the Prior Bonds as more fully described below, (ii) to satisfy the Reserve Requirement for the reserve account for the Bonds, and (iii) to pay costs of issuance of the Bonds, including the premium for the municipal bond insurance policy and surety bond premium. See “ESTIMATED SOURCES AND USES OF FUNDS” herein.

The Former Agency previously issued its $54,945,000 original principal amount of Rancho Redevelopment Project 1999 Tax Allocation Bonds (the “1999 Bonds”), its $74,080,000 original principal amount of Rancho Redevelopment Project 2001 Tax Allocation Bonds (the “2001 Bonds”) and its $165,680,000 original principal amount of Rancho Redevelopment Project 2004 Tax Allocation Bonds (the “2004 Bonds,” and together with the 1999 Bonds and 2001 Bonds, the “Prior Bonds”). The Prior Bonds were issued pursuant to the Original Indenture, as amended and supplemented by that First Supplemental Indenture, dated as of January 1, 1994 (the “First Supplemental Indenture”), the Second Supplemental Indenture, dated as of August 1, 1999 (the “Second Supplemental Indenture”), the Third Supplemental Indenture, dated as of August 1, 2001 (the “Third Supplemental Indenture”), the Fourth Supplemental Indenture, dated as of March 1, 2004 (the “Fourth Supplemental Indenture”).

On the date of issuance of the Bonds, a portion of the proceeds will be transferred to the Trustee for deposit into the redemption fund established for each series of the Prior Bonds, under certain Refunding Instructions dated as of June 1, 2014 (the “Refunding Instructions”) delivered by the Successor Agency to the Trustee. As of June 1, 2014: $25,105,000 of the 1999 Bonds remain outstanding and will be redeemed on August 14, 2014; $71,740,000 of the 2001 Bonds remain outstanding and will be redeemed on August 14, 2014; and $132,065,000 of the 2004 Bonds remain outstanding and will be refunded on September 1, 2014. The amount deposited in the redemption fund for the Prior Bonds, together with other available moneys, will be held uninvested, or invested in certain federal securities and irrevocably pledged for the payment of the related Prior Bonds on their respective date of redemption.

The amounts held and invested by the Trustee for the respective Prior Bonds in the redemption funds are pledged solely to the payment of amounts due and payable by the Agency under the Original Indenture and the Second Supplemental Indenture, Third Supplemental Indenture and Fourth Supplemental Indenture. Neither the funds deposited in the redemption funds for the Prior Bonds nor the interest on the invested funds will be available for the payment of debt service on the Bonds.

See “ESTIMATED SOURCES AND USES OF FUNDS” below.

ESTIMATED SOURCES AND USES OF FUNDS

Set forth below are the estimated sources and uses of proceeds of the Bonds.

Sources:	
Par Amount of Bonds	$174,050,000.00
Funds Relating to 1999 Bonds	4,729,145.87
Funds Relating to 2001 Bonds	9,764,177.84
Funds Relating to 2004 Bonds	22,524,779.12
Net Original Issue Premium (Discount)	26,125,154.95
TOTAL SOURCES:	$237,193,257.78
Uses:	
Costs of Issuance[1]	$ 3,101,652.70
Deposit to Redemption Fund	234,091,605.08
TOTAL USES:	$237,193,257.78

(1) Includes Underwriter's Discount, legal fees, printing, rating agency fees and expenses, fees of the Financial Advisor, fees of the Fiscal Consultant, financial guaranty insurance premiums, surety bond premiums and other issuance costs of the Bonds.

ANNUAL DEBT SERVICE REQUIREMENTS OF THE BONDS

The following table provides the annual debt service requirements of the Bonds.

Year Ending (September 1)	Principal	Interest	Debt Service
2015	$ 5,375,000.00	$ 9,569,983.89	$ 14,944,983.89
2016	6,645,000.00	8,298,200.00	14,943,200.00
2017	6,910,000.00	8,032,400.00	14,942,400.00
2018	7,190,000.00	7,756,000.00	14,946,000.00
2019	7,550,000.00	7,396,500.00	14,946,500.00
2020	7,925,000.00	7,019,000.00	14,944,000.00
2021	8,320,000.00	6,622,750.00	14,942,750.00
2022	8,735,000.00	6,206,750.00	14,941,750.00
2023	9,175,000.00	5,770,000.00	14,945,000.00
2024	9,635,000.00	5,311,250.00	14,946,250.00
2025	10,115,000.00	4,829,500.00	14,944,500.00
2026	10,620,000.00	4,323,750.00	14,943,750.00
2027	11,150,000.00	3,792,750.00	14,942,750.00
2028	11,710,000.00	3,235,250.00	14,945,250.00
2029	12,295,000.00	2,649,750.00	14,944,750.00
2030	12,910,000.00	2,035,000.00	14,945,000.00
2031	13,555,000.00	1,389,500.00	14,944,500.00
2032	14,235,000.00	711,750.00	14,946,750.00
Total	$174,050,000.00	$94,950,083.89	$269,000,083.89

THE BONDS

General

The Bonds will be dated as of the date of original delivery (the "Closing Date"), will bear interest at the rates per annum and will mature on the dates and in the amounts set forth on the inside cover page hereof. The Bonds will be issued in fully registered form, without coupons, in the denomination of $5,000 each or any integral multiple thereof. Interest on the Bonds is payable semiannually on March 1 and September 1 of each year, commencing March 1, 2015 (each an "Interest Payment Date"). Principal of and premium, if any, on the Bonds is payable upon the surrender thereof at the corporate trust office of the Trustee in Los Angeles, California. Interest will be paid by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the registered owners as of the fifteenth day of the month preceding the Interest Payment Date (the "Record Date"). At the written request of an Owner of the Bonds in an aggregate principal amount of at least $1,000,000, which written request is on file with the Trustee as of any Record Date, interest on the applicable Bonds shall be paid on each succeeding Interest Payment Date by wire transfer in immediately available funds to such account within the United States of America as shall be specified in such written request (any such written request shall remain in effect until rescinded in writing by the Owner). The principal of and premium (if any) on the Bonds shall be payable in lawful money of the United States of America by check or draft of the Trustee upon presentation and surrender thereof at the Office of the Trustee.

Notwithstanding the foregoing, while the Bonds are held in the book-entry only system of DTC, all such payments of principal, interest and premium, if any, will be made to Cede & Co. as the registered owner of the Bonds, for subsequent disbursement to Participants and beneficial owners. See "APPENDIX E – DTC AND THE BOOK-ENTRY SYSTEM."

Redemption of the Bonds

Optional Redemption. The Bonds maturing on or after September 1, 2025 may be called before maturity and redeemed at the option of the Successor Agency, in whole or in part, from any source of funds, on any date on or after September 1, 2024, among maturities at the discretion of the Successor Agency and by lot within a maturity. Bonds called for redemption will be redeemed at a redemption price equal to the principal amount of Bonds to be redeemed plus accrued interest to the redemption date, without premium.

Notice of Redemption; Rescission

Notice of redemption shall be given by the Trustee for and on behalf of the Successor Agency, not less than 30 nor more than 60 days prior to the redemption date by first class mail or such other acceptable means to each of the Owners designated for redemption at their addresses appearing on the Bond registration books of the Trustee on the date such Bonds are selected for redemption. Each notice of redemption shall (a) state the redemption date; (b) state the redemption price; (c) state the place or places of redemption; (d) state the CUSIP numbers of the Bonds to be redeemed, the individual number of each Bond to be redeemed or that all Bonds between two stated numbers (both inclusive) or that all of the Bonds are to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed; (e) state that on the redemption date there will become due and payable on each Bond the redemption price thereof and that from and after such redemption date interest thereon shall cease to accrue; and (f) require that such Bonds be then surrendered, with a written instrument of transfer duly executed by the Owner thereof or by his attorney duly authorized in writing if payment is to be made to a Person other than the Owner.

The Successor Agency shall have the right to rescind any optional redemption notice by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of optional redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. The Successor Agency and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall, to the extent practicable, bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Effect of Redemption

From and after the date fixed for redemption, if funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption shall have been duly provided, such Bonds so called shall cease to be entitled to any benefit under the Indenture, other than the right to receive payment of the redemption price, and no interest shall accrue thereon from and after the redemption date specified in such notice. All Bonds redeemed or purchased pursuant to such Indenture shall be canceled by the Trustee.

SECURITY FOR THE BONDS

Special Obligations

The Bonds will be special obligations of the Agency and are payable, as to interest thereon and principal thereof, exclusively from the Tax Revenues, and funds on deposit in certain funds and account established under the Indenture, and the Agency is not obligated to pay such principal and interest except from such Tax Revenues. The Bonds are payable as set forth in the Indenture, are not a debt of the City, the County, the State of California or any other political subdivision of the State (other than the Successor Agency, to the limited extent described in the Official Statement), and neither the City, the State, the County nor any of the State's other political subdivisions are liable therefor (other than the Successor Agency, to the limited extent described in the Official Statement), nor in any event shall the Bonds be payable out of any funds or properties other than those of the Agency pledged therefor as provided in the Indenture.

Tax Increment Financing Generally

Prior to the Dissolution Act, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax revenues. This financing mechanism provides that the taxable valuation of the property within a project area on the property tax roll last equalized prior to the effective date of the ordinance that adopts the redevelopment plan becomes the base year valuation. Thereafter, the increase in taxable valuation becomes the increment upon which taxes are levied and allocated to the applicable agency. Redevelopment agencies have no authority to levy property taxes, but must instead look to this allocation of tax increment revenues to finance their activities.

Under the Redevelopment Law and Section 16 of Article XVI of the State Constitution, taxes on all taxable property in a project area levied by or for the benefit of the State, any city, county, city and county, district or other public corporation (the "Taxing Agencies") when collected are divided as follows:

> (i) An amount each year equal to the amount that would have been produced by the then current tax rates applied to the assessed valuation of such property within the project area last equalized prior to the effective date of the ordinance approving the redevelopment plan, plus the portion of the levied taxes in excess of the foregoing amount sufficient to pay debt service on any voter-approved bonded indebtedness of the respective Taxing Agencies incurred for the acquisition or improvement of real property and approved on or after January 1, 1989, is paid into the funds of the respective Taxing Agencies; and
>
> (ii) That portion of the levied taxes in excess of the amount described in paragraph (i) is deposited into a special fund of the applicable redevelopment agency to pay the principal of and interest on loans, moneys advanced to, or indebtedness incurred by, such agency to finance or refinance activities in or related to such project area.

That portion of the levied taxes described in paragraph (ii) above, less amounts deducted pursuant to Section 34183(a) of the Dissolution Act for permitted administrative costs of the County Auditor-Controller, constitute the amounts required under the Dissolution Act to be deposited by the County Auditor-Controller into the Redevelopment Property Tax Trust Fund. In addition, Section 34183 of the Dissolution Act effectively eliminates the "on and after January 1, 1989" reference from paragraph (i) above.

Low and Moderate Income Housing Set-Aside

Prior to the Dissolution Act, the Redevelopment Law required generally that redevelopment agencies set aside in a low and moderate income housing fund (the "Low and Moderate Income Housing Fund") not less than 20% of all tax revenues allocated to agencies from redevelopment project areas adopted after December 31, 1976, for authorized housing purposes. This 20% set-aside requirement was eliminated by the Dissolution Act; however, the Housing Obligations, described herein, have a prior lien on the moneys that, prior to the Dissolution Act, would have been deposited into the Low and Moderate Income Housing Fund. As a result, moneys that would have been deposited in the Low and Moderate Income Housing Fund will be used first to pay the Housing Obligation and then will be available to pay debt service on the Bonds and any Parity Bonds.

Assembly Bill 1290

Assembly Bill 1290 (being Chapter 942, Statutes of 1993) ("AB 1290") was adopted by the California Legislature and became law on January 1, 1994. The enactment of AB 1290 created several significant changes in the Redevelopment Law, including time limitations for redevelopment agencies to incur and repay loans, advances and indebtedness that are repayable from tax increment revenues. See "THE RANCHO REDEVELOPMENT PROJECT" for a discussion of the time limitations.

AB 1290 also established a statutory formula for sharing tax increment for project areas established, or amended in certain respects, on or after January 1, 1994, which applies to tax increment revenues net of the housing set-aside. The first 25% of net tax increment generated by the increase in assessed value after the establishment of the project area or the effective date of the amendment is required to be paid to affected taxing entities. In addition, beginning in the 11th year of collecting tax increment, an additional 21% of the increment generated by increases in assessed value after the tenth year must be so paid. Finally, beginning in the 31st year of collecting tax increment, an additional 14% of the increment generated by increases in assessed value after the 30th year must be so paid. Under the Law, the City is considered a taxing entity and may elect to receive its share of the required tier 1 payments. The City may not, however, receive any share of the tier 2 and tier 3 payments. The City has elected to receive its share of all tier 1 payment amounts. See "THE RANCHO REDEVELOPMENT PROJECT – Pass-Through Agreements."

The tax sharing payments described above are required to be made prior to payment of debt service on bonds or loans secured by tax increment from project areas which are subject to AB 1290. Section 34177.5(c) sets forth a process by which the Successor Agency may subordinate its pass-through obligations. However, the Successor Agency has not taken any action to subordinate the pass-through payments to the payment of debt service on the Bonds per the provisions of Section 34177.5(c).

A full disclosure of existing pass-through obligations of the Successor Agency is discussed herein under "THE RANCHO REDEVELOPMENT PROJECT – Pass-Through Agreements and Statutory Tax Sharing Payments."

Redevelopment Property Tax Trust Fund

The Dissolution Act authorizes bonds, including the Bonds, to be secured by a pledge of moneys deposited from time to time in a Redevelopment Property Tax Trust Fund held by a county auditor-controller with respect to a successor agency (the "Redevelopment Property Tax Trust Fund"), which are equivalent to the tax increment revenues that were formerly allocated under the Redevelopment Law to the redevelopment agency and formerly authorized under the Redevelopment Law to be used for the financing of redevelopment projects, less amounts deducted pursuant to Section 34183(a) of the Dissolution Act for permitted administrative costs of the county auditor-controller. Successor agencies have no power to levy property taxes and must look specifically to the allocation of taxes as described below.

Allocation of Taxes Subsequent to the Dissolution Act

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Former Agency (pursuant to subdivision (b) of Section 16 of Article XVI of the State Constitution) had the Former Agency not been dissolved pursuant to the operation of AB 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund for the Successor Agency established and held by the County Auditor-Controller pursuant to the Dissolution Act. The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same legal effect as if the bonds had been issued prior to the effective date of AB 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date so that property tax revenues (formerly tax increment revenues) are paid to the Successor Agency in such amounts and on such dates to ensure the timely payment of debt service on the Bonds from Tax Revenues and the Housing Obligations from amounts formerly required to be deposited in the Low and Moderate Income Housing Fund. Pursuant to the Dissolution Act, the Successor Agency has covenanted to take all actions necessary to ensure that the Bonds will be included in the Successor Agency's Recognized Obligation Payment Schedules as prepared from time to time under the Dissolution Act. See "*–Recognized Obligation Payment Schedules*" below.

Taxes levied on the property within the Project Area on that portion of the taxable valuation over and above the taxable valuation of the applicable base year property tax roll within the Project Area, to the extent they constitute tax increment revenues, less administrative costs, as described herein, will be deposited in the Redevelopment Property Tax Trust Fund for transfer by the County Auditor-Controller to the Successor Agency's Redevelopment Obligation Retirement Fund established pursuant to the Dissolution Act on January 2 and June 1 of each year to the extent required for payments listed in the Successor Agency's Recognized Obligation Payment Schedule in accordance with the requirements of the Dissolution Act. See "–Recognized Obligation Payment Schedule" below.

Recognized Obligation Payment Schedule

Submission of Recognized Obligation Payment Schedules. The Dissolution Act requires that, not less than 90 days prior to each January 2 and June 1, successor agencies prepare, and submit to the successor agency's oversight board and the State Department of Finance for approval, a Recognized Obligation Payment Schedule (the "Recognized Obligation Payment Schedule" or "ROPS") pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation.

Payment of Amounts Listed on the Recognized Obligation Payment Schedule. As defined in the Dissolution Act, "enforceable obligation" includes bonds, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of the outstanding bonds of the former redevelopment agency, as well as other obligations such as loans, judgments or settlements against the former redevelopment agency, any legally binding and enforceable agreement that is not otherwise void as violating the debt limit or public policy, contracts necessary for the administration or operation of the successor agency, and, under certain circumstances, amounts borrowed from the successor agency's low and moderate income housing fund.

A reserve may be included on the ROPS and held by the successor agency when required by a bond indenture or when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the bonds for the next payment due in the following six-month period as provided in the Dissolution Act.

Compliance with Law and Covenants of Outstanding Obligations. In the Indenture, the Successor Agency has covenanted to take all actions required under the Redevelopment Law and the Dissolution Act to include debt service on the Bonds on the ROPS. Without limiting the generality of the foregoing, the Successor Agency covenants and agrees to file all required statements and hold all public hearings required under the Dissolution Act to assure compliance by the Successor Agency with its covenants under the Indenture. Further, it promises to take all actions required under the Dissolution Act to include scheduled debt service on the Bonds, Parity Bonds and Housing Obligations, as well as any amount required under the Indenture to replenish the Reserve Account of the Special Fund, and any sub-account thereof (including amounts to due to AGM pursuant to the Policy, the Surety Bond and the Indenture), in the ROPS for each six-month period so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Agency's Redevelopment Obligation Retirement Fund on each January 2 and June 1 amounts required for the Successor Agency to pay principal of, and interest on, the Bonds, Parity Bonds and Housing Obligations coming due in the respective six-month period. These actions will include, without limitation, placing on the periodic ROPS for approval by the Oversight Board and State Department of Finance, to the extent necessary, the amounts to be held by the Successor Agency as a reserve for the next six-month period, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Dissolution Act, that are necessary to comply with the Indenture and to pay the Housing Obligations.

Review By the Department of Finance. The Dissolution Act requires the State Department of Finance to make a determination of the enforceable obligations and the amounts and funding sources of the enforceable obligations no later than 45 days after the ROPS is submitted. Within five business days of the determination by the State Department of Finance, the Successor Agency may request additional review by the State Department of Finance and an opportunity to meet and confer on disputed items, if any. The State Department of Finance will notify the Successor Agency and the County Auditor-Controller as to the outcome of its review at least 15 days before the January 2 or June 1 date of property tax distribution, as applicable. The State Department of Finance has on occasion rejected items on the Successor Agency's ROPS for certain obligations the DOF considered to be not documented. However, none of the rejected items related to bond debt service or enforceable obligations related to the repayment of bonds.

The 2014 Bonds and Successor Agency's Recognized Obligation Payment Schedule. The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same legal effect as if the bonds had been issued prior to the effective date of AB 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency's ROPS.

Order of Priority of Disbursement from the Redevelopment Property Tax Trust Fund. Section 33607.5 and 33607.7 of the Redevelopment Law required mandatory tax sharing applicable to redevelopment projects adopted after January 1, 1994, or amended thereafter in certain manners specified in such statutes (the "Statutory Pass-Through Amounts"). The Dissolution Act requires the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund amounts required to be distributed for Statutory Pass-Through Amounts and any tax sharing agreements entered before January 1, 1994, to the taxing entities for each six-month period before amounts are distributed by the County Auditor-Controller from the Redevelopment Property Tax Trust Fund to the Successor Agency's Redevelopment Obligation Retirement Fund each January 2 and June 1, unless (i) pass-through payment obligations have previously been made subordinate to debt service payments for the bonded indebtedness of the Former Agency, as succeeded by the Successor Agency (see below), (ii) the Successor Agency has reported, no later than the December 1 and May 1 preceding the January 2 or June 1 distribution date, that the total amount available to the Successor Agency from the Redevelopment Property Tax Trust Fund allocation to the Successor Agency's Redevelopment Obligation Retirement Fund, from other funds transferred from the Former Agency, and from funds that have or will become available through asset sales and all redevelopment operations is insufficient to fund the Successor Agency's enforceable obligations, pass-through payments, and the Successor Agency's administrative cost allowance for the applicable six-month period, and (iii) the State Controller has concurred with the Successor Agency that there are insufficient funds for such purposes for the applicable six-month period.

If the requirements stated in clauses (i) through (iii) of the foregoing paragraph have been met, the Dissolution Act provides for certain modifications in the distributions otherwise calculated to be distributed for such six-month period. To provide for calculated shortages to be paid to the Successor Agency for enforceable obligations, the amount of the deficiency will first be deducted from the residual amount otherwise calculated to be distributed to the taxing entities under the Dissolution Act after payment of the Successor Agency's enforceable obligations, pass-through payments, and the Successor Agency's administrative cost allowance (as defined in the Dissolution Act). If such residual amount is exhausted, the amount of the remaining deficiency will be deducted from amounts available for distribution to the Successor Agency for the administrative costs allowance for the applicable six-month period in order to fund the enforceable obligations. Finally, funds required for servicing bond debt may be deducted from the amounts to be distributed for contractual or statutory tax sharing amounts, but only to the extent such payments are subordinate to the payment of debt service on enforceable obligations, in order to be paid to the Successor Agency for enforceable obligations, but only after the amounts described in the previous two sentences have been exhausted.

The Successor Agency cannot guarantee that this process prescribed by the Dissolution Act of administering the tax increment revenues and the statutory tax sharing amounts will effectively result in adequate Tax Revenues for the payment of principal and interest on the Bonds when due. See "Recognized Obligation Payment Schedule." See also "Estimated Revenues and Debt Service" for additional information regarding the Statutory Tax Sharing Amounts applicable to the Successor Agency and the revenues derived from the Project Area. The Successor Agency has no power to levy and collect taxes, and various factors beyond its control could affect the amount of Tax Revenues available in any six-month period to pay the principal of and interest on the Bonds. See "BOND OWNERS' RISKS."

Security for the Bonds

The Indenture. Under the Indenture, the Tax Revenues allocated and paid to the Agency are pledged to the payment of debt service on the Bonds and Parity Bonds (subject to the lien of the tax-sharing agreements), together with moneys on deposit in the funds and accounts. See Table 5 herein showing the projected Tax Revenues, and debt service coverage on the Bonds.

"Tax Revenues" means all moneys deposited from time to time in the Redevelopment Property Tax Trust Fund as provided in Section 34183(a)(2) of the Dissolution Act, excluding (i) all other amounts which prior to the adoption of the Dissolution Act were required to be deposited into the Former Agency's Low and Moderate Income Housing Fund pursuant to Sections 33334.2, 33334.3 and 33334.6 of the Redevelopment Law, to the extent required to pay debt service on the Housing Obligations, and (ii) amounts which are required to be paid to any other public agency under Pass-Through Agreements, or pursuant to Section 33607.7 of the Redevelopment Law, except and to the extent that any amounts so payable are payable on a basis subordinate to the payment of the Bonds and any additional Parity Debt, as applicable. If and to the extent that the provision of Section 34172 or Section 34183(a)(2) are invalidated by a final judicial decision, then Tax Revenues means all taxes annually allocated to the Agency with respect to the Project Area following the Closing Date, pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State laws, and as provided in the Redevelopment Plan, including all payments, subventions and reimbursements (if any) to the Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations and including that portion of such taxes otherwise required by Section 33334.2 of the Redevelopment Law to be deposited in the Low and Moderate Income Housing Fund of the Agency established pursuant to Section 33334.3 of the Redevelopment Law, but only to the extent necessary to repay that portion of the proceeds, if any, of any Parity Bonds (including applicable reserves and financing costs) used to increase or improve the supply of low and moderate income housing within or of benefit to the Project Area; but excluding all other amounts of such taxes required to be deposited into the Low and Moderate Income Housing Fund and excluding amounts payable to entities other than the Agency under and pursuant to pass through agreements or similar tax sharing agreements entered into pursuant to Section 33401 of the Redevelopment Law existing on the Closing Date. Pursuant to the Dissolution Act, Tax Revenues are no longer required to be deposited into the Low and Moderate Income Housing Fund previously established pursuant to Section 33334.3 of the Redevelopment Law, and accordingly Tax Revenues are reduced only by the amount required to pay debt service on the outstanding Housing Obligations.

"Housing Obligations," as defined in the Indenture, means, collectively, the Former Agency's (i) Housing Set Aside Tax Allocation Bonds Tax Exempt 2007 Series A (the "2007A Bonds") originally issued in the principal amount of $73,305,000, currently outstanding in the amount of $66,125,000, (ii) Housing Set Aside Tax Allocation Bonds Taxable 2007 Series B (the "2007B Bonds" and together with the 2007A Bonds, the "2007 Bonds") originally issued in the principal amount of $82,315,000, currently outstanding in the amount of $70,975,000, (iii) Loan Agreement (the "1997 Loan Agreement") dated as of December 15, 1997, and as amended and restated on July 7, 2010, among the Former Agency Northtown Housing Development Corporation and Pacific Life Insurance Company (now assigned to the Bank of New York), originally issued in the amount of $9,411,477, and currently outstanding in the principal amount of $10,258,857, and (iv) Subordination Agreement (1994 Pledge Agreement, as Amended) dated as of November 8, 2007, between the Former Agency and National Community Renaissance of California, representing an annual payment of $339,200 annually (the "Housing Pledge Agreement").

Tax Sharing Agreements and Statutory Tax Sharing. The Agency has entered into tax-sharing agreements with taxing entities and school districts with respect to the portions of the Project Area that were adopted prior to 1994 (the "Pass Through Agreements"). See "APPENDIX A – Report of Fiscal Consultant – Fiscal Agreements." In addition, certain sub-areas of the Project Areas are subject to the tax sharing provisions of AB 1290. Under Section 33607.5 and Section 33607.7 of the Law (added by AB 1290), any territory added to a project area after 1994 is required to share in tax increment revenues generated by such territory or changing the limitation on the date by which an agency could incur indebtedness pursuant to a statutory formula ("Statutory Tax Sharing"). See "APPENDIX A – Report of Fiscal Consultant – Fiscal Agreements" for a description of the Agency's obligation to make statutory tax sharing payments.

Funds and Accounts

The Indenture establishes the following funds and accounts:

1. The Special Fund (the "Special Fund") including the following accounts:

   (a) The Interest Account;

   (b) The Principal Account;

   (c) The Reserve Account; and

   (d) The Surplus Account.

2. The Redemption Fund (the "Redemption Fund"), in which moneys will be set aside sufficient in amount to redeem the Bonds designated for redemption in accordance with the Indenture;

3. The Rebate Account (the "Rebate Account");

4. The Costs of Issuance Fund (the "Costs of Issuance Fund").

A more detailed description of the Funds and Accounts is as follows:

The Successor Agency will pay or cause to be paid to the Trustee the Tax Revenues received from the RPTTF for debt service due in such six month period in accordance with the Dissolution Act. Tax Revenues at any time paid to the Trustee will be deposited by the Trustee into the Special Fund, will be held by the Trustee in trust for the benefit of the owners of the Bonds and will be disbursed, allocated, transferred and applied solely for the uses and purposes designated in the Indenture.

Special Fund. Tax Revenues will be deposited and accumulated in the Special Fund and will be used in the following priority; provided, however, that to the extent that deposits have been made in any of the accounts referred to below from the proceeds of the sale of the Bonds or otherwise, the deposits below need not be made:

Interest Account. At least one Business Day prior to each Interest Payment Date, the Trustee will transfer from the Special Fund and set aside in the Interest Account an amount which, when added to the amount contained in the Interest Account will be equal to the aggregate amount of the interest becoming due and payable on the outstanding Bonds on such Interest Payment Date. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the outstanding Bonds. The Trustee will also deposit in the Interest Account any other moneys received by it from the Agency and designated in writing by the Agency for deposit in the Interest Account. All moneys in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it will become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to the Indenture).

Principal Account. At least one Business Day prior to each Principal Payment Date, the Trustee will transfer from the Special Fund and set aside in the Principal Account an amount which, when added to the amount contained in the Principal Account will be equal to the principal becoming due and payable on the Bonds on such Principal Payment Date, whether by reason of scheduled maturity or mandatory sinking fund redemption. No deposit need be made into the Principal Account if the amount contained therein is at least equal to the principal to become due on such Principal Payment Date, whether by reason of scheduled maturity or mandatory sinking fund redemption. The Trustee will also deposit in the Principal Account any other moneys received by it from the Agency and designated in writing by the Agency for deposit in the Interest Account. All moneys in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal on the Bonds as it will become due and payable, whether by reason of scheduled maturity or mandatory sinking fund redemption.

Reserve Account. The Trustee will maintain separate subaccounts within the Reserve Account for each series of Bonds issued under the Indenture. Moneys in one subaccount will secure the related series of Bonds and will not be available to pay debt service on any other series of Bonds. On each Interest Payment Date, the Trustee will withdraw from the Special Fund and deposit in the Reserve Account an amount of money that will be required to maintain in the Reserve Account an amount equal to the Reserve Requirement. No such deposit need be made to the Reserve Account so long as there will be on deposit therein an amount, or a letter of credit, surety bond, bond insurance policy or other form of guaranty from a financial institution, as described below, in a principal amount, at least equal to the Reserve Requirement. All money or letter of credit, surety bond, bond insurance policy or other form of guaranty from a financial institution, as described below, in the Reserve Account will be used and withdrawn or drawn upon, as the case may be, by the Trustee (provided that the Trustee shall use moneys in the subaccount of the Reserve Account relating to the applicable series of Bonds prior to making any demand on any surety bond held in the Reserve Account for such series of Bonds) solely for the purpose of making transfers to the Interest Account and the Principal Account, in such order, in the event of any deficiency at any time in any of such accounts with respect to amounts due on the Bonds or for the retirement of all of the Bonds, except that so long as the Agency is not in default under the Indenture, any amount in the Reserve Account in excess of an amount equal to the Reserve Requirement will be withdrawn from the Reserve Account by the Trustee on the Business Day preceding each Interest Payment Date and deposited in the Interest Account to be used to make payment on the Bonds. All amounts in the Reserve Account on the day preceding the final Principal Payment Date, except amounts represented by a letter of credit, surety bond, bond insurance policy or other form of guaranty from a financial institution, as described below, will be withdrawn from the Reserve Account and transferred to the Interest Account and the Principal Account, in such order, to the extent required to make the deposits then required to be made with respect to amounts due on the Bonds.

Within each sub-account, the Trustee is further required to first use moneys in such subaccount and then any surety bond held in the Reserve Account for such series of Bonds, in that priority, solely to make payments on the Bonds. All subsequent transfers of Tax Revenues to the subaccounts in the Reserve Account are to be made on a pro rata basis. All amounts deposited into the Reserve Account to restore the amount on deposit to the Reserve Requirement are to be first applied by the Trustee to the repayment of the provider of any letter of credit, surety bond, bond insurance policy or other guaranty if required to reinstate such letter of credit, surety bond, bond insurance policy or other guaranty to its full stated amount and then to the replenishment of any cash to be deposited therein.

The "Reserve Requirement" is defined in the Indenture to mean the least of (i) 10% of the original issue price of the Bonds, (ii) Maximum Annual Debt Service with respect to the Bonds, or (iii) 125% of average Annual Debt Service on the Bonds; provided that the Successor Agency may meet all or a portion of the Reserve Requirement by depositing a Surety Bond meeting the requirements of the Indenture.

"Maximum Annual Debt Service" is defined in the Indenture to mean, as of the date of calculation, the largest amount of Annual Debt Service for the current or any future Bond Year on the Bonds.

If the Successor Agency at any time in the future has cash on deposit in a Reserve Account, the Successor Agency has the right at any time to request the release of funds by the Trustee from such Reserve Account, in whole or in part, by tendering the following to the Trustee a letter of credit, surety bond, bond insurance policy or other form of guaranty from a financial institution, the long term, unsecured obligations of which are rated at the time of issuance of such instrument by S&P or Moody's is "A" (without regard to modifier) or higher, in an amount equal to the Reserve Requirement, or in an amount, which together with cash on deposit for such purpose, equals the Reserve Requirement, upon presentation to the Trustee of such letter of credit, surety bond, bond insurance policy or other form of guaranty from a financial institution, together with evidence, that such letter of credit, surety bond, bond insurance policy or other form of guaranty from a financial institution satisfies the rating requirement set forth above. The Reserve Account established for the Bonds is not available to pay debt service on any other series of bonds.

Surplus. Except as may be otherwise provided in any Supplemental Indenture, the Agency will not be obligated to transfer to the Trustee for deposit in the Special Fund in any Bond Year an amount of Tax Revenues, which together with other available amounts in the Special Fund, exceeds the amounts required in such Bond Year. In the event that for any reasons whatsoever any amounts will remain on the deposit in the Special Fund on any September 2 after making all of the transfers theretofore required to be made pursuant to the 2 and 3 above and pursuant to any Supplemental Indenture, the Trustee will withdraw such amounts from the Special Fund and transfer such amounts to the Agency, to be used for any lawful purposes of the Agency.

Redemption Fund. The Redemption Fund will be held by the Trustee. On or before the Business Day preceding any date on which the Bonds are to be redeemed, the Agency will deposit with the Trustee for deposit in the Redemption Fund an amount required to pay the principal of an premium, if any, on the Bonds to be redeemed. All moneys in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the Bonds to be redeemed on the date set for such redemption.

Rebate Account. Moneys will be deposited in the Rebate Account for the purpose of collecting the amounts required, if any, to be rebated to the United States in accordance with the requirements of Section 148) of the Internal Revenue Code of 1986, as amended (the "Code"). Section 148 of the Code requires, among other things and with certain exceptions, that any amounts earned on nonpurpose investments in excess of the amount which would have been earned if such investments were made at a rate equal to the yield on the Bonds be rebated to the United States.

Municipal Bond Debt Service Reserve Insurance Policy.

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Debt Service Reserve Insurance Policy for the Bonds (the "Reserve Policy"). The Reserve Policy is being issued in the amount of the Reserve Requirement as defined in this Official Statement.

The Reserve Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

AGM is also issuing a municipal bond insurance policy for the Insured Bonds, but is not providing municipal bond insurance for the Uninsured Bonds. Information regarding AGM is discussed herein under "MUNICIPAL BOND INSURANCE – Assured Guaranty Municipal Corp."

AGM HAS NOT ISSUED A POLICY INSURING OR GUARANTEEING THE PRINCIPAL OF AND/OR INTEREST ON THE UNINSURED BONDS. AGM HAS ISSUED A POLICY SOLELY LIMITED TO FUNDING DRAWS BY THE TRUSTEE ON THE 2014 SERIES BONDS RESERVE SUBACCOUNT.

Rating agencies have downgraded or withdrawn the ratings on the claims-paying ability and financial strength of most of the nation's bond insurance companies, including the provider of the Reserve Policy described above. Further deterioration in the financial condition of the provider of the Reserve Policy or a failure to honor a draw by any provider under its Reserve Policy could occur. The Successor Agency is not required under the Indenture to replace a Reserve Policy with cash or a replacement instrument in the event the ratings of its provider decline or are withdrawn.

If circumstances should ever cause a Reserve Policy to be canceled or discharged, such cancellation or discharge could be determined to create a deficiency in the Reserve Requirement previously satisfied by such Reserve Policy. Under the Indenture, in the event that the amount on deposit in the Reserve Account is less than the Reserve Requirement, the Successor Agency is required to transfer to the Trustee an amount of available Tax Revenues sufficient to maintain the amount in the Reserve Account at the Reserve Requirement. Should the amount of Tax Revenues then available to maintain the Reserve Account at the applicable Reserve Requirement be insufficient for such purpose, such insufficiency would not result in an event of default under the Indenture, but the requirement of the Successor Agency to transfer available Tax Revenues to the Trustee would continue.

Issuance of Parity Bonds. The Agency has covenanted to not issue any obligations payable from moneys deposited into the RPTTF on a senior basis to the Bonds. The Indenture provides that the Successor Agency may issue or incur Parity Bonds for the purpose of refinancing the Housing Obligations or the Bonds subject to the conditions summarized in part below. See APPENDIX D "Summary of Certain Provisions of the Legal Documents" – "The Indenture" – "Issuance of Parity Bonds" for a more complete description of the conditions precedent to the issuance or incurrence of Parity Bonds.

(a) (i) The issuance of the proposed Parity Bonds will meet the requirements of Section 34177.5 of the Dissolution Act, and (ii) if the holder of any Parity Bonds is a commercial bank, savings bank, savings and loan association or other financial institution which is authorized by law to accept and hold deposits of money or issue certificates of deposit, and which purchases the Parity Bonds directly from the Agency, such holder must agree to waive any common law or statutory right of setoff with respect to any deposits of the Successor Agency maintained with or held by such holder.

(b) The Successor Agency shall certify that the principal of and interest on the Bonds, any Parity Bonds (including the Parity Bonds to be incurred), Housing Obligations and Subordinate Debt (discussed below) coming due and payable in each year that the Parity Bonds will be outstanding will not exceed the annual tax increment revenues permitted under the annual tax increment Plan Limit after taking into account amounts described in clause (ii) of the definition of Tax Revenues that will be subject to the annual limit, to the extent such Plan Limit is applicable.

(c) In the event the Successor Agency issues Parity Bonds pursuant to a Supplemental Indenture supplemental hereto, the Successor Agency may fund a subaccount of the Reserve Account according to such parity debt instrument.

(d) The Successor Agency shall deliver to the Trustee a certificate of the Successor Agency certifying that the conditions precedent to the issuance of such Parity Bonds set forth in clauses (a), (b), and (c) above have been satisfied.

Issuance of Agency Subordinate Debt. The Indenture provides that the Agency may issue or incur debt for any lawful purpose payable on a basis subordinate to the Bonds ("Subordinate Debt") in such principal amount as shall be determined by the Agency.

Events of Default

The following events constitute Events of Default under the Indenture:

1. if default shall be made in the due and punctual payment of the principal of or interest or redemption premium (if any) on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

2. if default shall be made by the Agency in the observance of any of the covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, other than a default described in the preceding clause (a), and such default shall have continued for a period of sixty (60) days following the receipt by the Agency of written notice from the Trustee or any Bondowner of the occurrence of such default; provided, however, that if in the reasonable opinion of the Agency the

failure stated in such notice can be corrected, but not within such sixty (60)-day period, the Trustee shall not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Agency within such sixty (60)-day period and diligently pursued until such failure is corrected; or

3. if the Agency shall file a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Agency, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Agency or of the whole or any substantial part of its property; or

4. the receipt of the Trustee of notice from the Insurer that an event of default has occurred under the Financial Guaranty Agreement pursuant to which the Insurer has delivered the Surety Bond.

If an Event of Default has occurred and is continuing, the Trustee may (but only with the consent of the Insurer), and if requested in writing by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding the Trustee shall (but only with the consent of the Insurer), (a) declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in the Indenture or in the Bonds to the contrary notwithstanding, and (b) exercise any other remedies available to the Trustee and the Bondowners in law or at equity.

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Agency shall deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the bonds, with interest on such overdue installments of principal and interest at the net effective rate then borne by the Outstanding Bonds, and the reasonable expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners or at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Agency and to the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy (the “Policy”) for the Bonds maturing September 1 in the years 2020 through and including 2032 (the “Insured Bonds”). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO.” AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM’s financial strength is rated “AA” (stable outlook) by Standard and Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (“S&P”) and “A2” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On March 18, 2014, S&P published a Research Update report in which it upgraded AGM’s financial strength rating to “AA” (stable outlook) from “AA-” (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On February 10, 2014, Moody’s issued a press release stating that it had affirmed AGM’s insurance financial strength rating of “A2” (stable outlook). AGM can give no assurance as to any further ratings action that Moody’s may take.

For more information regarding AGM’s financial strength ratings and the risks relating thereto, see AGL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

Capitalization of AGM

At March 31, 2014, AGM’s policyholders’ surplus and contingency reserves were approximately $3,621 million and its net unearned premium reserve was approximately $1,869 million. Such amounts represent the combined surplus, contingency reserves and net unearned premium reserve of AGM and its wholly owned subsidiary Assured Guaranty (Europe) Ltd., plus 60.7% of the contingency reserve and net unearned premium reserve of AGM's indirect subsidiary, Municipal Assurance Corp.

Incorporation of Certain Documents by Reference

Portions of the following document filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof: (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2013 (filed by AGL with the SEC on February 28, 2014); and (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014 (filed by AGL with the SEC on May 9, 2014).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "MUNICIPAL BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM or one of its affiliates may purchase a portion of the Insured Bonds or any uninsured bonds offered under this Official Statement and such purchases may constitute a significant proportion of the bonds offered. AGM or such affiliate may hold such Insured Bonds or uninsured bonds for investment or may sell or otherwise dispose of such Insured Bonds or uninsured bonds at any time or from time to time.

AGM makes no representation regarding the Insured Bonds or the advisability of investing in the Insured Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "MUNICIPAL BOND INSURANCE."

THE RANCHO CUCAMONGA SUCCESSOR AGENCY

The Agency

As described below, the Successor Agency was established by the City Council following the dissolution of the Former Agency pursuant to the Dissolution Act. Set forth below is a discussion the history of the Former Agency and the Successor Agency, the governance and operations of the Successor Agency and its powers under the Redevelopment Law and the Dissolution Act, and the limitations thereon.

General

The Former Agency was established pursuant to the Law and Ordinance No. 145 of the City Council of the City (the "City Council") adopted on May 20, 1981, activating the Former Agency. The Former Agency approved the proposed Redevelopment Plan pursuant to Resolution No. RA 81-14 on December 16, 1981. On December 23, 1981, the Council approved the Redevelopment Plan for the Rancho Redevelopment Project and established limits on bonded indebtedness and tax increment. The Redevelopment Plan was amended pursuant to Ordinance No. 316A adopted on August 13, 1987, Ordinance No. 537 adopted on November 16, 1994, Ordinance No. 657 adopted on June 20, 2001, Ordinance No. 674 adopted on January 16, 2002, and Ordinance No. 777 adopted on June 6, 2007. The purpose of the Redevelopment Plan is to eliminate existing conditions which cause a reduction or lack of proper utilization of land within the Project Area so that it will no longer constitute a serious physical, social or economic burden. Members of the City Council declared themselves to be members of the Former Agency.

AB 1X 26. As a result of AB 1X 26 and the decision of the California Supreme Court in the California Redevelopment Association case, as of February 1, 2012, all redevelopment agencies in the State were dissolved, including the Former Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies and also to satisfy "enforceable obligations" of the former redevelopment agency.

Pursuant to Resolution No. 12-001 (the "Establishing Resolution") adopted by the City Council on January 11, 2012, and Sections 34171(j) and 34173 of the Dissolution Act, the City Council elected to become the Successor Agency. On June 27, 2012, AB 1X 26 was amended by AB 1484, which clarified that successor agencies are separate political entities and that the successor agency succeeds to the organizational status of the former redevelopment agency but without any legal authority to participate in redevelopment activities except to complete the work related to an approved enforceable obligation. The Dissolution Act expressly clarifies that the City and the Successor Agency are separate public entities. None of the liabilities of the Former Agency are transferred to the City by the virtue of the City's election to serve as the Successor Agency.

The present members of the City Council are as follows:

L. Dennis Michael, Mayor, term expires 2014
Sam Spagnolo, Mayor Pro Tem, term expires 2016
William J. Alexander, Council Member, term expires 2014
Marc Steinorth, Council Member, term expires 2016
Diane Williams, Council Member, term expires 2014

The Successor Agency has one project area: The Rancho Redevelopment Project (see "THE RANCHO REDEVELOPMENT PROJECT").

As discussed below, many actions of the Successor Agency are subject to approval by an "oversight board" and the review or approval by the California Department of Finance, including the issuance of bonds such as the Bonds.

Oversight Board

The Oversight Board is governed by a seven-member governing board, with a member appointed by the Fire District, two members appointed by the City, two members appointed by the County, one member appointed by Etiwanda School District, and one member appointed by Chaffey Community College.

The Oversight Board has fiduciary responsibility to the holders of enforceable obligations and the taxing entities that benefit from the distributions of property tax and other revenue. The Oversight Board will oversee the "winding down" process of the Rancho Cucamonga Redevelopment Agency and meets on an as-needed basis throughout the year. For example, the establishment of each ROPS must be first approved by the Oversight Board. The issuance of bonds, such as the Bonds, is subject to the approval of the Oversight Board. All actions of the Oversight Board are subject to review by the California State Department of Finance (the "State Department of Finance" or the "DOF"). Certain Successor Agency matters are also subject to review by the County Auditor-Controller and the State Controller.

The Dissolution Act provides that, starting July 1, 2016, the current Oversight Board will be replaced, such that there will be only one oversight board for all of the successor agencies in the County.

Financial Statements

The Successor Agency does not maintain separate audited financial statements, but is a separate component of the City for financial reporting. The City's audited financial statements for the fiscal year ended June 30, 2013, are included as Appendix A to this Official Statement. The City has not requested nor did the City obtain permission from the Auditor to include the audited financial statement as an appendix to this Official Statement. Accordingly, the auditor has not performed any post audit review of the financial conditions and operations of the City.

The inclusion of Successor Agency's financial transactions in the FY 2012-13 City Audit Financials is solely for convenience. As previously discussed in this Official Statement, the Dissolution expressly clarifies that the Successor Agency is a separate legal entity from the City. The assets and liabilities of the Successor Agency are not assets and liabilities of the City. As of the date of this Official Statement, the City plans to include the financial transactions of the Successor Agency as part of the City's audited financial statements for fiscal year 2013-14 and subsequent years.

Department of Finance Finding of Completion

Pursuant to the Dissolution Act, the Successor Agency was required to retain independent accountants to conduct two reviews, known as due diligence reviews (each, a "DDR"): one for the Low and Moderate Income Housing Fund and the other for all of the other funds and accounts (the "Other Funds"). The purpose of the DDRs was to determine the unobligated balance (the "Unobligated Balance"), if any, of the Low and Moderate Income Housing Fund and the Other Funds, as of June 30, 2012, so that such Unobligated Balance would be distributed to the taxing agencies. Pursuant to the general procedure for determining the Unobligated Balance set forth in the Dissolution Act, legally restricted funds (including bond proceeds), value of assets that are not cash or cash equivalents (such as land and equipment) and amounts that are needed to satisfy obligations listed an approved ROPS were excluded from the Unobligated Balance.

With respect to each DDR, the Successor Agency was required to submit such DDR, after review and approval by the Oversight Board, to the DOF. The DOF issued its final determination regarding the Successor Agency's DDR for the Housing Fund on December 21, 2012, having determined that the Successor Agency's Housing Fund Unobligated Balance available for distribution to the taxing agencies was $31,222,675. The DOF issued its final determination regarding the DDR for the Other Funds on June 6, 2013, having determined that the Successor Agency's Non-Housing Funds Unobligated Balance available for distribution to the taxing agencies was $153,199,137. The Successor Agency has remitted such sums to the County Auditor-Controller.

Because the Successor Agency has made the remittances required by the DOF's final determination concerning the DDRs, as well as certain other amounts previously required to be remitted pursuant to the Dissolution Act, the DOF issued a "Finding of Completion" to the Successor Agency on June 7, 2013. Upon receipt of such Finding of Completion, the Successor Agency is authorized to proceed with actions permitted under certain provisions of the Dissolution Act, such as the submission of a Long Range Property Management Plan relating to the disposition of Agency-owned real properties. The Successor Agency submitted its Long Range Property Management Plan to DOF on November 13, 2013, and such plan was approved on January 17, 2014. There are no material disagreements between the Successor Agency and the County Auditor Controller's Office or the Department of Finance.

State Controller Asset Transfer Review

The Dissolution Act requires that the State Controller to conduct a review of the activities of each former redevelopment agency and determine if such redevelopment agency transferred assets a city, county or other local agency after January 1, 2011. If such an asset transfer did occur and the government agency that received the assets is not contractually committed to a third party for the expenditure or encumbrance of those assets, to the extent not prohibited by state and federal law, the State Controller must order the available assets to be returned to the relevant successor agency.

The State Controller's Office has completed such an asset transfer review with respect to the Successor Agency. The State Controller's Office made two findings in its report dated February 13, 2013. First, there were two transfers, valued at $670,426, by the Former Agency to the City during the period between January 1, 2011 and January 31, 2012, and the City was ordered to return the assets to the Successor Agency. Second, nine properties owned by the Former Agency have been transferred to the Successor Agency on the Successor Agency's accounting records; however these real property transfers were incomplete because they have not been reflected in the records of the County Recorder's office. The State Controller, therefore, ordered the Successor Agency to complete such transfers. The Successor Agency has complied with the State Controller's orders.

THE RANCHO REDEVELOPMENT PROJECT

General

The Project Area encompasses an irregularly bounded area of approximately 8,500 acres. The Project Area encompasses approximately 33 percent of the total acreage of the City. The northern portion of the Project Area contains two planned communities of approximately 3,196 acres. The southern portion of the Project Area contains a portion of the Industrial Specific Plan of approximately 4,155 acres. The remaining area within the Project Area includes parcels which follow the major east/west arterial of Foothill Boulevard. Land use within this area are largely devoted to commercial and office uses with scatter sites of vacant land.

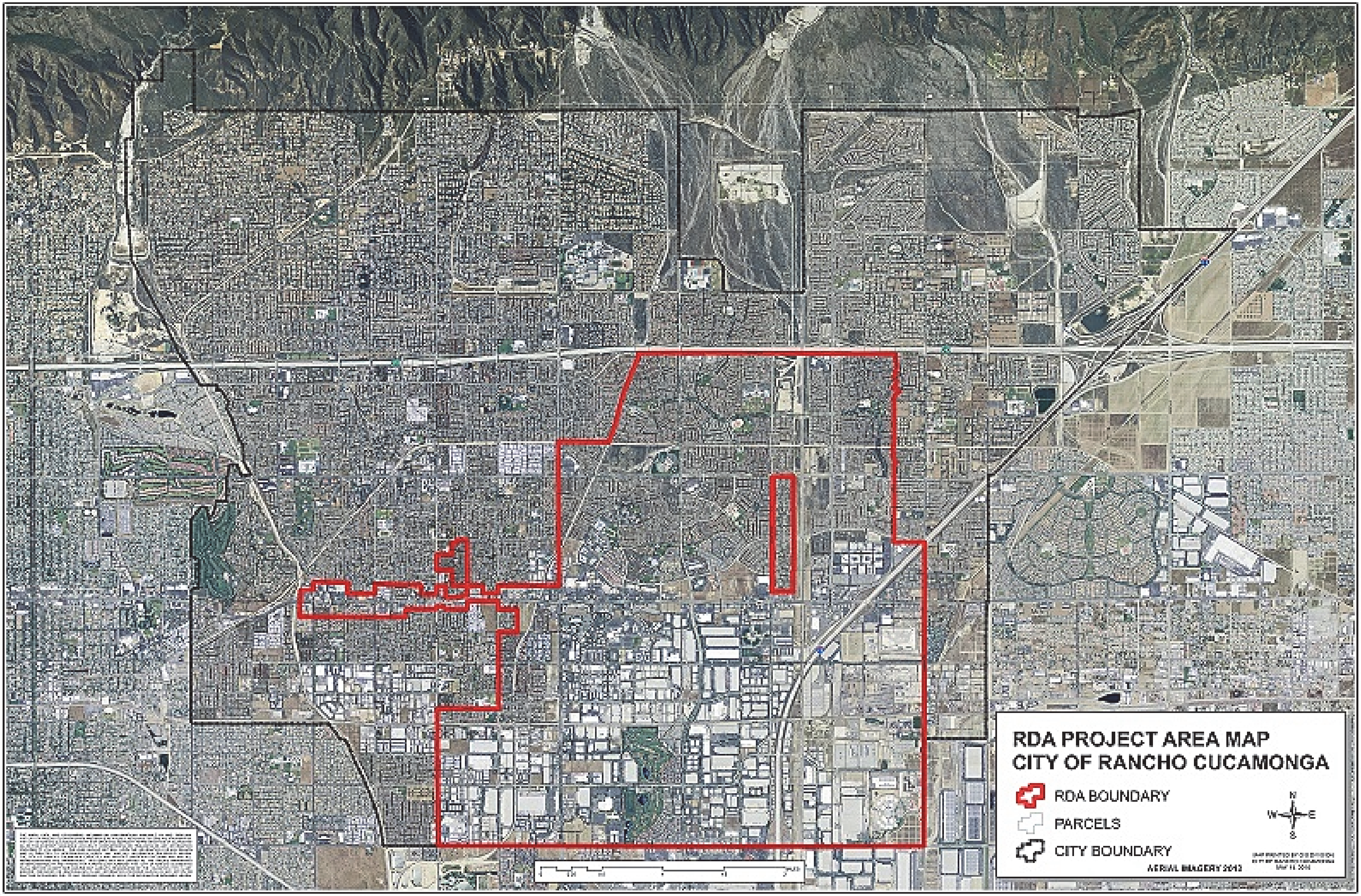
The following table shows the ten largest property owners within the Project Area.

TABLE 1
SUCCESSOR AGENCY TO THE
RANCHO CUCAMONGA REDEVELOPMENT AGENCY
Rancho Redevelopment Project Area
10 Largest Property Owners by Assessed Value
(Fiscal Year 2013/14)

	Property Owner	Property Uses	Total Assessed Value	Percent of Assessed Value	% of Incremental Value[2]
1.	Victoria Gardens Mall LLC[3]	Regional Retail Shopping Center	$ 240,946,455	2.60%	2.69%
2.	Homecoming I at Terra Vista LLC	Homecoming at Terra Vista Apartments	162,574,439	1.75	1.81
3.	Catellus Development & Prologis[3]	Distribution/Industrial Buildings	131,250,269	1.42	1.46
4.	T-NAPF Meritage Ownership LLC[3]	Day Creek Apartments	116,029,895	1.25	1.29
5.	WNG Rancho Cucamonga 496 LLC	Ironwood at Empire Lakes Apartments	100,872,016	1.09	1.13
6.	Frito-Lay North America Inc.	Snack Food Manufacturing & Distribution	90,278,520	0.97	1.01
7.	Knickerbocker Properties Inc. XLVII[3]	Barrington Place Apartments	83,169,584	0.90	0.93
8.	RREEF America REIT II Corp.[3]	Waterbrook Apartments	82,368,000	0.89	0.92
9.	PPF MF 9200 Milliken Avenue LP	AMLI at Empire Lakes Apartments	80,251,804	0.87	0.90
10.	UDR Rancho Cucamonga LP[3]	Verano at Rancho Cucamonga Town Square Apartments	79,365,200	0.86	0.89
	Top Property Owner Total Value		**$1,167,106,182**		
	Project Area Assessed Value		**$9,263,717,690**	**12.60%**	
	Project Area Incremental Value		**$8,964,799,679**		**13.02%**

(1) Percent of total secured and unsecured assessed value for the Project Area of $9,263,717,690.
(2) Percent of incremental value (total secured and unsecured value less the base year value) of $8,964,797,679.
(3) Pending assessed value appeals. See "Assessed Value Appeals," for a summary of pending appeals in the Project Area, including appeals filed by six of the ten property owners listed above.

Source: San Bernardino County Assessor, Secured Roll; HdL Coren & Cone.


RDA PROJECT AREA MAP
CITY OF RANCHO CUCAMONGA
RDA BOUNDARY
PARCELS
CITY BOUNDARY
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E
S
AERIAL IMAGERY 2012

Pass-Through Agreements

Under redevelopment law existing at the time of a redevelopment agency's plan adoption, taxing jurisdictions that would experience a fiscal burden due to the existence of the redevelopment plan could enter into fiscal agreements with redevelopment agencies to alleviate that burden. Such agreements, known as Section 33401 fiscal, or pass-through, agreements, generally provide for redevelopment agencies to pay to a taxing entity some or all of that entity's share of the tax increment received by the agency. Taxing entities could separately receive their share of the growth in valuation due to inflation, known as Section 33676 or the 2% payments.

The Former Agency has entered into cooperative agreements with taxing agencies affected by the Redevelopment Project. Such agreements (the "Pass-Through Agreements") are described below:

Inland Empire Utilities Agency. The Inland Empire Utilities Agency was formerly known as the Chino Basin Municipal Water District. Pursuant to the terms of this agreement, the Inland Empire Utilities Agency receives its full share (4.41%) of general levy tax increment revenue allocated from the Project Area.

Cucamonga County Water District. The agreement with the Cucamonga County Water District (now called "Cucamonga Valley Water District") requires the payment to the District of all revenues allocated from the Project Area that are derived from the District's debt service tax rate. The debt service tax rate levied by the District at the time of the Project Area's adoption has been amortized and is no longer levied. Payments to the District pursuant to this agreement are no longer required.

San Bernardino County Flood Control District. Pursuant to the terms of this agreement, the Flood Control District receives its full share (2.76%) of general levy tax increment revenue allocated from the Project Area.

Rancho Cucamonga Fire Protection District. The Fire Protection District receives its full share (12.33%) of general levy tax increment revenue allocated from the Project Area. The Rancho Cucamonga Fire Protection District is the successor to the Foothill Fire Protection District. The agreement with the Foothill Fire Protection District required that the District's share of tax increment revenue from within the Project Area would be used to pay for the capital costs of constructing Fire Station No. 4. After paying off these construction costs, the Foothill Fire Protection District's share of tax increment revenue would be retained by the former redevelopment agency to be used for funding of the operation and maintenance costs of Station No. 4 and to finance acquisition, construction or maintenance of fire facilities of benefit to the Project Area.

Rancho Cucamonga Library. The Rancho Cucamonga Library receives payments that are 1.4% of general levy tax increment revenue allocated from the Project Area. The tax sharing agreement for library services was originally made between the former redevelopment agency and the County Library System. After the City of Rancho Cucamonga began providing library services to the residents, the Rancho Cucamonga Library became the successor to the tax sharing that had previously gone to the County Library system.

School District Payments. The Former Agency entered into a settlement agreement with the Chaffey Union High School District ("CUHSD"), the Central Elementary School District ("CESD"), the Cucamonga Elementary School District ("CuESD") and the Etiwanda Elementary School District ("EESD"). Under the terms of this agreement, the school districts receive a prescribed share of a revenue amount derived by a formula contained in the agreement.

CUHSD receives a portion of an amount derived by calculating 17% of the general levy tax increment revenue allocated from within the Project Area and then subtracting an amount that is 17% of the $10.6 million in tax revenue received by the CUHSD from within the boundaries of the Project Area in 1987-88. The CUHSD received 26% of this derived amount through fiscal year 2002-03. For 2003-04 and subsequent years, the CUHSD receives 11.5% of this amount.

CESD receives a portion of an amount derived by calculating 17% of the revenue general levy tax increment revenue allocated from within the Project Area and then subtracting an amount that is 17% of the $2.4 million in tax revenue received by CESD from within the boundaries of the Project Area in 1987-88. CESD received 26% of this amount through fiscal year 2002-03. For 2003-04 and subsequent years, CESD receives 23% of this amount. In addition, beginning with fiscal year 2003-04 CESD began to receive its proportionate share of an amount that is 11.5% of CUHSD's tax sharing payment. CESD produces 16.23% of all Project Area tax revenue and, therefore, receives this percentage of the amount divided among the elementary school districts that is 11.5% of CUHSD's payment. CESD's share of this amount will vary somewhat over time based on growth within the Project Area but for purposes of this report, the percentage has been assumed to remain constant.

CuESD receives a portion of an amount derived by calculating 17% of the revenue general levy tax increment revenue allocated from within the Project Area and then subtracting an amount that is 17% of the $6.1 million in tax revenue received by the CuESD from within the boundaries of the Project Area in 1987-88. The CuESD received 26% of this amount through fiscal year 2002-03. For 2003-04 and subsequent years, the CuESD receives 23% of this amount. In addition, beginning with fiscal year 2003-04 the District began to receive its proportionate share of an amount that is 11.5% of an amount equivalent to the Chaffey Union High School District's tax sharing payment. The Cucamonga Elementary School District produces 43.77% of all Project Area tax revenue and, therefore, receives this percentage of the amount divided among the elementary school districts that is 11.5% of Chaffey Union High School District payment. The Cucamonga Elementary School District's share of this amount will vary somewhat over time based on growth within the Project Area but for purposes of this report, the percentage has been assumed to remain constant.

EESD receives a portion of an amount derived by calculating 17% of the revenue general levy tax increment revenue allocated from within the Project Area and then subtracting an amount that is 17% of the $1.7 million in tax revenue received by EESD from within the boundaries of the Project Area in 1987-88. EESD received 26% of this amount through fiscal year 2002-03. For 2003-04 and subsequent years, EESD receives 11.5% of this amount. In addition, beginning with fiscal year 2003-04 the District began to receive its proportionate share of an amount that is 11.5% of an amount equivalent to the CUHSD's tax sharing payment. EESD produces 36.09% of all Project Area tax revenue and, therefore, receives this percentage of the amount divided among the elementary school districts that is 11.5% of CUHSD payment. The Etiwanda Elementary School District's share of this amount will vary somewhat over time based on growth within the Project Area but for purposes of this report, the percentage has been assumed to remain constant.

Alta Loma Elementary School District. The Former Agency entered into an agreement with the Alta Loma Elementary School District whereby tax increment revenue was used for a mutually agreed upon project. No further payments were required by the agreement.

San Bernardino County General Fund. Under the agreement with San Bernardino County, the County General Fund receives the County's General Fund's share (14.66%) of the general levy revenue attributable to inflation growth on the Project Area base year real property value. This amount is referred to as the Tax Base in the agreement. In addition to the Tax Base payment, beginning in 1996-97, the County began to receive an amount described as a "mitigation" payment that is calculated by multiplying the population growth above the number of persons living within the Project at the time of adoption times a County-wide per capita service cost figure. As of 2012-13, the applicable population factor is 51.925 and the applicable per capita service cost is $87.01. The figures for 2012-13 are used to compute the amount of the mitigation payment for 2013-14. The projections are based on estimated annual population growth of 2.5% per year and estimated annual service cost increases of 3.5% per year. The mitigation payments made to the County will increase over time but may never exceed the County General Fund's total share of Project Area incremental revenue. Because of the projected annual increase in Project Area population and increases in the County's per capita cost for provision of services, the payments made to the County General Fund will continue to increase despite the annual limit on receipt of tax increment revenue being reached (see below). The combination of the Tax Base payment and the mitigation payment may not exceed the County General Fund's full share of the annual tax increment allocated to the Successor Agency.

Statutory Tax Sharing Payments

The Redevelopment Plan was amended to extend the limitation on the issuance of new indebtedness to be repaid with tax increment revenue. As a result, the Project Area is subject to the initiation of tax sharing payments that began with fiscal year 2004-05. Those taxing entities that have entered into negotiated tax sharing agreements continue to receive tax sharing payments in accordance with the terms of those agreements. The taxing entities without tax sharing agreements will receive their proportionate share of the statutory payments described below.

The payments to those taxing entities that do not have tax sharing agreements in place are made in accordance with the three-tiered formula for statutory tax sharing payments required outlined in Section 33607.7 of the Law. These taxing entities receive their proportional shares of a tax sharing amount that is defined as being 25% of the revenue derived from the difference in assessed value in the current year and the assessed value in the adjusted base year and net of the 20% housing set-aside requirement. The adjusted base year value is, for purposes of the calculations in the Project Area, the Project Area taxable value for fiscal year 2004-05.

In Fiscal Year 2015-16, the eleventh year after initiation of the statutory tax sharing payments, a second tier of tax sharing payments will be initiated using the assessed values of Fiscal Year 2014-15, year ten, as an adjusted base year value. These taxing entities will then begin to receive their prorated shares of a tax sharing amount that is defined as being 21% of the revenue derived from the difference in assessed value in the current year and the assessed value in the second adjusted base year and net of the 20% housing set-aside requirement. A third tier statutory tax sharing payment is provided for in the Law but is not initiated until the 31st year after the initiation of the tax sharing payments. Payments required pursuant to this third tier of statutory tax sharing will not be initiated prior to expiration of the Project Area's ability to repay indebtedness.

Under the Law, the City is considered a taxing entity and may elect to receive its share of the required tier 1 payments. The City may not, however, receive any share of the tier 2 and tier 3 payments. The City has elected to receive its share of all tier 1 payment amounts.

For purposes of projecting Tax Revenues to the Successor Agency, the Fiscal Consultant's report has assumed that the Successor Agency's receipt of tax increment limit is $100,000,000 annually after Fiscal Year 2021-22 and that the pass-through amounts, other than those amounts paid to the County's General Fund, will not increase above the amounts warranted by the limitation on annual tax increment. Statutory pass through payments are assumed to not increase as a result of assessed valuation where annual tax increment limits are reached. See, "ESTIMATED REVENUES AND BOND RETIREMENT," herein.

Successor Agency Indebtedness

In addition to the Bonds, the Agency currently has the following outstanding indebtedness (see "APPENDIX C - City of Rancho Cucamonga - Audited Financial Statements for Fiscal Year Ending June 30, 2013" hereto for additional information relating to the payment of indebtedness of the Agency):

A description of outstanding indebtedness of the Agency, other than the Bonds, as of May 1, 2014 as follows:

TABLE 2
SUCCESSOR AGENCY TO THE
RANCHO CUCAMONGA REDEVELOPMENT AGENCY
Rancho Redevelopment Project
Summary of Outstanding Debt
(As of May 1, 2014)

	Balance May 1, 2014	Due Within One Year
Bonds:		
2007 Bonds[1]	$137,100,000	$ 3,230,000[4]
Developer Loans/Participation		
Price Club/Costco[2] [3]	$7,976,246	--
1997 Loan Agreement[1]	10,258,857	$ 509,904[4]
Housing Pledge Agreement[1]		339,200[5]
Bass Outdoor World, LLC, et al.[2]		600,000[6]
Total Obligations	$155,335,103	$4,679,104
Advances from City[2]	9,521,227	--
Total	$164,856,330	$4,679,104

(1) These obligations are defined as "Housing Obligations" in the Indenture and this Official Statement.
(2) Subordinate to the Bonds.
(3) Matures 2015.
(4) Principal payment due.
(5) Equals entire payment due.
(6) Estimated, any payment within a year shall not exceed $1,100,000. Terminates Fiscal Year 2022/23.
Source: City of Rancho Cucamonga.

Assessed Valuation

Assessed values within the Project Area have followed a pattern of strong growth from 2004-05 through 2009-10. The average growth in incremental value for this period was 7.01 percent per year. Due to the impact of general economic stress in California, taxable values in the Project Area declined by -3.37 percent in 2010-11. The Project Area also experienced declines in incremental value of -2.29 percent for 2011-12 and -0.34 per cent for 2012-13. Values increased for 2013-14 by $191.2 million (2.18%). Growth in taxable values in the Project Area from 2004-05 to 2013-14 was $3.9 billion (73.16%). The base year value is 3.23% of the total taxable value in the Project Area for 2013-14. Table 3 sets forth Project Area assessed valuation for the past five fiscal years.

TABLE 3
SUCCESSOR AGENCY TO THE
RANCHO CUCAMONGA REDEVELOPMENT AGENCY
Rancho Redevelopment Project Area
Historical Assessed Values
(Fiscal Years 2009-10 through 2013-14)

Secured[(1)]	2009-10	2010-11	2011-12	2012-13	2013-14
Land	$2,467,581,233	$2,381,212,683	$2,302,390,408	$2,280,721,037	$2,372,869,953
Improvements	6,277,626,318	6,079,589,860	6,009,489,388	5,967,174,160	6,090,887,274
Personal Property	52,009,313	48,296,138	45,947,728	40,488,011	35,225,278
Exemptions	(187,560,434)	(165,165,800)	(167,062,155)	(170,872,714)	(171,027,335)
Total Secured	$8,609,656,430	$8,343,932,881	$8,190,765,369	$8,117,510,494	$8,327,955,170
Unsecured					
Improvements	$ 582,332,761	$ 578,483,300	$ 543,340,708	$ 600,866,188	$ 580,498,111
Personal Property	433,242,126	390,250,030	372,499,878	360,432,399	361,445,553
Exemptions	(2,331,096)	(3,876,226)	(3,957,643)	(6,326,483)	(6,181,144)
Total Unsecured	$1,013,243,791	$ 964,857,104	$ 911,882,943	$ 954,972,104	$ 935,762,520
GRAND TOTAL	$9,622,900,221	$9,308,789,985	$9,102,648,312	$9,072,482,598	$9,263,717,690
Incremental Value:	$9,323,982,210	$9,009,871,974	$8,803,730,301	$8,773,564,587	$8,964,799,679
% Change:	0.17%	-3.37%	-2.29%	-0.34%	2.18%

(1) Secured values include state assessed non-unitary utility property.
Source: San Bernardino County Auditor-Controller; HdL Coren & Cone.

Property Taxes and Inflation Rates

The taxable values of property are established each year on the January 1 property tax lien date. Real property values reflect the reported assessed values for secured and unsecured land and improvements. The base year value of a parcel is the value established as the full market value upon a parcel's sale, improvement or other reassessment. Article XIIIA of the California Constitution (Proposition 13) provides that a parcel's base year value is established when locally assessed real property undergoes a change in ownership or when new construction occurs. Following the year a parcel's base year value is first enrolled, the parcel's value is factored annually for inflation. The term base year value does not, in this instance, refer to the base year value of the Project Area. Pursuant to Article XIIIA, Section 2(b) of the State Constitution and California Revenue and Taxation Code Section 51, the percentage increase in the parcel's value cannot exceed 2% of the prior year's value.

Secured property includes property on which any property tax levied by a county becomes a lien on that property. Unsecured property typically includes value for tenant improvements, fixtures, inventory and personal property. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other secured property owned by the taxpayer. The taxes levied on unsecured property are levied at the previous year's secured property tax rate. Utility property assessed by the State Board of Equalization (the "Board") may be revalued annually and such assessments are not subject to the inflation limitations established by Proposition 13. The taxable value of Personal Property is also established on the lien dates and is not subject to the annual 2% limit of locally assessed real property.

Each year the Board announces the applicable adjustment factor. Since the adoption of Proposition 13, inflation has, in most years, exceeded 2% and the announced factor has reflected the 2% cap. Through 2010-11 there were six occasions when the inflation factor has been less than 2%. Until 2010-11 the annual adjustment never resulted in a reduction to the base year values of individual parcels, however, the factor that was applied to real property assessed values for the January 1, 2010 assessment date was a -0.237% and this resulted in a reductions to the adjusted base year value of parcels. The changes in the California Consumer Price Index

(CCPI) from October of one year and October of the next year are used to determine the adjustment factor for the January assessment date. The table below reflects the inflation adjustment factors for the current fiscal year, ten prior fiscal years and the estimated adjustment factor for the next fiscal year.

Historical Inflation Adjustment Factors

Fiscal Year	Inflation Adj. Factor
2003-04	2.000%
2004-05	1.867
2005-06	2.000
2006-07	2.000
2007-08	2.000
2008-09	2.000
2009-10	2.000
2010-11	-0.237
2011-12	0.753
2012-13	2.000
2013-14	2.000
2014-15	0.454

Source: State of California Board of Equalization.

Supplemental Assessment Revenues

Chapter 498 of the Statutes of 1983 provides for the reassessment of property upon a change of ownership or completion of new construction. Such reassessment is referred to as the Supplemental Assessment and is determined by applying the current year's tax rate to the amount of the increase or decrease in a property's value and prorating the resulting property taxes to reflect the portion of the tax year remaining as determined by the date of the change in ownership or completion of new construction. Supplemental Assessments become a lien against Real Property.

Since 1984-85, revenues derived from Supplemental Assessments have been allocated to redevelopment agencies and taxing entities in the same manner as regularly collected property taxes. The receipt of Supplemental Assessment Revenues by taxing entities typically follows the change of ownership by a year or more. The Agency has not included revenues resulting from Supplemental Assessments in its projections.

Assessed Value Reduction – Proposition 8

Project Area taxable value reached its peak in fiscal year 2009-10 of $9,622,900,221 and the assessed value for 2013-14 area is $359.2 million (-3.73%) below that peak value. For 2013-14 there are 3,230 residential properties that have been reduced in value pursuant to Proposition 8 (Prop 8). Proposition 8 amended the Revenue and Taxable Code to allow for reduction of a property's taxable value when the property's market value drops below the inflation adjusted base value for that property. Once reduced, the Assessor is required to revalue the property each year and enroll the lesser of the current market value of the property or its original inflation adjusted base value. If a property that has been reduced in value under Prop 8 is sold, its value is reset based upon the sales price and this new value is no longer subject to annual revaluation under Prop 8.

The 3,230 residential properties in the Project Area that have been reduced in value under Prop 8 are enrolled at values that are a combined $563.6 million below the inflation adjusted base value for these properties. For 2013-14, there were 35 Prop 8 reduced properties that recovered $5.9 million in taxable value. There were 289 properties that were sold during 2012 and are no longer being revalued pursuant to Prop 8. Residential property sales for 2013 in Rancho Cucamonga reflected an increase in median sales price of 20.72 percent above sales for 2013. This strong growth in median sales prices should prompt the Assessor to begin a more aggressive process of recovering values reduced under Prop 8 over the past several years. The Agency has not included any estimate of revaluation of Prop 8 reduced properties in its projections.

Assessed Valuation Appeals

Pursuant to California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board.

After the applicant and the assessor have presented their arguments, the Appeals Board makes a final decision on the proper assessed value. The Appeals Board may rule in the assessor's favor, in the applicant's favor, or the Board may set their own opinion of the proper assessed value, which may be more or less than either the assessor's opinion or the applicant's opinion. Any reduction in the assessment ultimately granted applies to the year for which application is made and during which the written application was filed. The assessed value may be increased to its pre reduction level for fiscal years following the year for which the reduction application is filed if the real estate market recovers.

Appeals for reduction in the "base year" value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

Most of the appeals filed in the Project Area are based on Section 51 of the Revenue and Taxation Code which requires that for each lien date the value of real property shall be the lesser of its base year value annually adjusted by the inflation factor pursuant to Article XIIIA of the State Constitution or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. Significant reductions have taken place in some counties due to declining real estate values. Reductions made under this code section may be initiated by the County Assessor or requested by the property owner. After a roll reduction is granted under this section, the property is reviewed on an annual basis to determine its full cash value and the valuation is adjusted accordingly. This may result in further reductions or in value increases. Such increases must be in accordance with the full cash value of the property and it may exceed the maximum annual inflationary growth rate allowed on other properties under Article XIIIA of the State Constitution. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIIIA.

There are currently 264 pending appeals within the Project Area. In order to estimate the potential reduction in assessed value that may occur as a result of these pending appeals, the fiscal consultant reviewed the historical averages for the number of appeals allowed and the amount of assessed value removed and then applied those averages to the currently pending appeals and estimated the number of pending appeals that may be allowed and the amount of assessed value that may be removed as a result of the pending appeals.

Six of the Project Area's top ten taxpayers have pending appeals of their assessed value. Victoria Gardens Mall LLC, Catellus Development/Prologis, T-NAPF Meritage Ownership LLC, Knickerbocker Properties Inc. XLVII, RREEF America REIT II Corp. and UDR Rancho Cucamonga LP all have assessment appeals pending. The estimated impact of value losses resulting from these pending appeals has been incorporated into the projected revenues of the Project Area. See "ESTIMATED REVENUES AND BOND RETIREMENT," herein.

TABLE 4
SUCCESSOR AGENCY TO THE
RANCHO CUCAMONGA REDEVELOPMENT AGENCY
Rancho Redevelopment Project Area
Assessment Appeals by Large Taxpayers

Taxpayer	Fiscal Year of Appeal	No. of Parcels Under Appeal	Value Under Appeal	Owner Opinion of Value	Maximum Potential Value Reduction
Victoria Gardens Mall LLC	2012-13	4	$ 10,294,920	$ 4,900,000	$ 5,394,920
Catellus Development & Prologis	2013-14	3	79,378,825	53,100,000	26,278,825
T-NAPF Meritage Ownership	2012-13	3	117,364,505	105,990,000	11,374,505
Knickerbocker Prop. Inc. XLVII	2011-12	1	15,888,000	10,000,000	5,888,000
	2012-13	2	82,998,000	60,000,000	22,998,000
	2013-14	2	82,998,000	65,000,000	17,998,000
RREEF America REIT II Corp.	2013-14	2	82,368,000	49,925,000	32,443,000
UDR Rancho Cucamonga	2012-13	3	75,925,300	55,780,000	20,145,300

Source: San Bernardino County Assessor and HdL Coren & Cone.

The following table shows the amount of assessed value that is presently under appeal within the Project Area and the estimated reduction of value that has been factored into the projections for 2014-15. The assessment appeals data below reflects appeals filed for fiscal years 2009-10 through 2013-14.

TABLE 5
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF RANCHO CUCAMONGA
Rancho Redevelopment Project Area
Estimated Appeals Loss
Fiscal Year 2014-15

Total No. of Appeals	No. of Resolved Appeals	No. of Successful Appeals	Average Reduction	No. & Value of Appeals Pending	Est. No. of Appeals Allowed	Est. Reduction on Pending Appeals Allowed (2014-15 Value Adjustment)
1,396	1,132	690	24.49%	264 ($1,878,497,552)	161	$280,368,316

Sources: San Bernardino County Assessor 2013/14 Combined Tax Rolls & Most Recent Appeals Roll; Rancho Cucamonga Redevelopment Agency and HdL Coren & Cone.

Annual Tax Collections

The San Bernardino County Auditor-Controller apportions tax revenues to the RPTTF based upon the amount of the tax levy that is received from the taxpayers. Secured collection rates for the Project Area have been consistently high. The following table illustrates the final tax revenue collections for the previous five fiscal years.

TABLE 6
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF RANCHO CUCAMONGA
Rancho Redevelopment Project Area
Project Area Property Tax Collections History

Fiscal Year	Adjusted Tax Levy	Current Year Apportioned	Current Year Collection %	Prior Year Collections[(1)]	Total Apportioned	Total Collection %
2008-09	$94,621,888.80	90,597,114.52	95.54%	$6,460,655.57	$96,861,299.47	102.37%
2009-10	94,377,077.97	90,377,948.00	95.74	5,450,650.98	95,802,736.92	101.51
2010-11	91,226,926.00	84,817,130.27	92.72	2,461,278.46	87,043,485.70	95.41
2011-12	89,731,609.10	83,475,977.30	92.85	2,442,480.88	85,757,117.57	95.57
2012-13	89,591,385.55	81,639,243.36	91.32	2,293,496.69	84,110,888.88	93.88

(1) Prior Year Collections include Supplemental Revenue, reductions for taxpayer refunds and revenue from prior years.
Sources: San Bernardino County Auditor Controller's Office and HdL Coren & Cone.

Property Value by Land Use

Taxable values in the Project Area are diversified with residential property values making up 44.59% of all value. Industrial uses account for 22.67% of the Project Area taxable values and commercial uses account for 20.03%. Another 10.10% of taxable value is contained within the unsecured taxable values. Together, these four land use categories account for 97.39% of all taxable value in the Project Area.

The following table illustrates the land use of property within the entire Project Area and its assessed value.

TABLE 7
SUCCESSOR AGENCY TO THE
RANCHO CUCAMONGA REDEVELOPMENT AGENCY
Rancho Redevelopment Project Area
Land Use Statistics
(Fiscal Year 2013-14)

Land Use	No. Parcels	Assessed Value	Percent of Total
Residential	2,071	$4,130,824,600	44.59%
Commercial	649	1,855,146,315	20.03
Industrial	672	2,100,477,347	22.67
Recreational	8	32,564,404	0.35
Institutional	23	31,098,623	0.34
Government Owned	2	2,661,177	0.03
Miscellaneous	32	13,697,991	0.15
Vacant Land	171	135,106,537	1.46
Subtotal:	14,753	$8,301,576,994	89.61%
SBE Non-unitary		$ 26,358,176	0.28%
Unsecured		935,762,520	10.10
Subtotal:		$ 962,120,696	10.39%
Totals:	14,753	$9,263,717,690	100.00%

Source: HdL Coren & Cone.

The remaining area within the Project Area generally includes parcels which follow the major east/west arterial of Foothill Boulevard. Land use within this area are largely devoted to commercial and office uses with scattered sites of vacant land.

Plan Limitations

In 1993, the California Legislature enacted AB 1290. Among the changes to the Redevelopment Law accomplished by AB 1290 was a provision which limits the period of time for incurring and repaying loans, advances and indebtedness which are payable from tax increment revenues. In general, a redevelopment plan may terminate not more than 40 years following the date of original adoption, and loans, advances, and indebtedness may be repaid during a period extending not more than 10 years following the date of termination of the redevelopment plan.

In compliance with AB 1290, the City adopted Ordinance No. 537 on November 16, 1994 with respect to the Project Area, and enacted the limitations listed below. The Redevelopment Plan was extended an additional year in accordance with Paragraph (D) of Section 33333.6 (e) (2) with the adoption of Ordinance 742 on May 18, 2005, and further extended a year with the adoption of Ordinance 758 on May 3, 2006.

The Department of Finance has expressed the opinion that the tax increment limits within the former redevelopment plans that had not been reached prior to redevelopment dissolution are inconsistent with the purpose and intent of the redevelopment dissolution statutes; although this opinion has no force of law, it is possible that the annual tax increment limit contained in the redevelopment plan may not be applied by the County Auditor Controller.

Limit on annual tax increment revenues received in the Project Area: $100,000,000. Pass-through Agreements and statutory pass-through payments are payable from this amount, together with all other obligations of the Agency. The Fiscal Consultant has projected that the annual increment limit will be reached in Fiscal Year 2021/22, which could limit the amount of revenues the Successor Agency may have available in any one year to pay its obligations, including the Bonds. See, "ESTIMATED REVENUES AND BOND RETIREMENT," herein.

Time limit on incurring debt: As amended by Ordinance 657 adopted on June 20, 2001, the Redevelopment Plan provides that no loans, advance or indebtedness to be repaid from Project Area tax increments may be established or incurred by the Agency after January 1, 2014. This limitation is not applicable to the issuance of refunding bonds.

Maximum bonded indebtedness outstanding in the Project Area: principal amount of $500,000,000.

Last date to collect tax increment revenues: December 23, 2034.

Each successor agency only receives the amount necessary to pay enforceable obligations on the approved ROPS (see "SECURITY FOR THE BONDS – Recognized Obligation Payment Schedules") and it has become unclear whether a redevelopment plan's tax increment limit continues to be effective. For the purposes of this Official Statement and the calculation of Tax Revenues, the Successor Agency has assumed that all of the plan limits set forth in the Redevelopment Plan continue to be effective.

ESTIMATED REVENUES AND BOND RETIREMENT

The Successor Agency has retained HdL Coren & Cone, Diamond Bar, California (the "Fiscal Consultant"), to analyze the Project Area and to project future tax increment revenues for the Project Area. The Fiscal Consultant's report is included as Appendix A and should be read in its entirety.

The Successor Agency Tax Rate calculated by the City is $1.0035 per $100 of assessed value for the secured roll and the unsecured roll. In accordance with Health and Safety Code Section 33670(e) the Successor Agency Tax Rate excludes taxes related to bonded indebtedness of the City approved by the voters of the City on or after January 1, 1989, and issued for the acquisition or improvement of real property. Within the various tax-rate areas in the Project Area, there is only one applicable tax rate. This tax rate contains only the debt service over-ride rates that have been levied by the Metropolitan Water District, and which were approved by voters prior to January 1, 1989, and the revenue derived from it within Project Area tax rate areas is paid to the Agency. Due to the nature of the 2013-14 tax rate, it is expected that the currently levied over-ride tax rates will remain the same through Fiscal Year 2034-35.

The Project Area base year 2007-08 revised assessed valuation is $298,918,011. The assessed valuation for fiscal year 2013-14 is $9,263,718,000, which produces a total incremental value of $8,964,799,679. The total tax increment revenues for Fiscal Year 2013-14 are estimated to be approximately $91,370,000 and total Tax Revenues, excluding debt service on the Housing Obligations, are estimated to be approximately $43,274,000. Table 7 sets forth estimated Fiscal Year 2013-14 tax increment revenues, less County collection charges and less payments to affected taxing agencies for statutory tax sharing and existing pass-through agreements, and Tax Revenues and forecasts growth in tax increment revenues and Tax Revenues through Fiscal Year 2033-34, based upon the following assumptions:

(1) 2013-14 taxable values are as reported by San Bernardino County.

(2) Real property consists of land and improvements. Real property values are reduced for estimated value losses on pending appeals in the amount of $280.4 million for 2014-15. Real property values for 2014-15 are adjusted for transfers of ownership adding $1.008 billion and property values for fiscal year 2015-16 are adjusted for transfers of ownership adding $280,384. Assessed values are adjusted for inflation at 0.454% for 2014-15 and at 2% annually thereafter.

(3) Assessed value of personal property is held constant at 2013-14 level.

(4) For purposes of the projections, it is assumed that the tax increment cap for the Project Area is reached in Fiscal Year 2021/22 and that the pass-through amounts will not increase above the amounts warranted by the limitation on annual tax increment. Statutory pass-through payments are assumed to not increase as a result of assessed valuation where the annual tax increment limits are reached.

(5) Projected Adjusted Gross Tax Revenue is based upon incremental taxable values factored against an assumed Project Area tax rate and adjusted for indebtedness approved by voters after 1988 and limited by the annual limit on tax increment revenue. The assumed future tax rates remain constant at $1.0035 per $100 of taxable value through 2033-34, where the tax rate is held to $1.00 per $100 of taxable value thereafter.

(6) Unitary Revenue is actual for 2012-13 and is assumed to remain constant for the life of the plan.

(7) County SB 2557 Administrative charge is estimated at 0.68% of Gross Revenues.

(8) County Collection Charge is 0.25% of Gross Revenue.

(9) San Bernardino County receives its share (14.66%) of two percent growth on base year real property value. The County receives as part of its share a mitigation payment that is derived by calculating the population within the Project Area (52,223) and multiplying that amount by the county-wide per capita service cost for County supplied services ($87.01). The sum of all payments may never exceed the total County share of tax increment revenue which is 14.66%.

(10) Rancho Cucamonga Library receives tax sharing payments that reflect 1.4% of general levy tax increment revenue for provision of library services.

(11) San Bernardino County Flood Control District receives its share (2.76%) of general levy tax increment revenue.

(12) CUHSD receives a portion of the amount derived by calculating 17% of the current year general levy revenue in the Project Area and then subtracting 17% of the revenue received by the CUHSD in 1987-88. CUHSD received a 26% portion of this amount through 2002-03 and 11.5% thereafter.

(13) CESD boundaries include 16.23% of the Project Area incremental value. CESD receives a portion of the amount derived by calculating 17% of the general levy revenue in the Project Area and then subtracting 17% of the revenue received by CESD in 1987-88. The portion of this incremental increase in revenue paid to CESD is 26% through 2002-03 and 23% thereafter. Beginning in 2003-04, the CESD began to receive its proportionate share of an amount equivalent to 11.5% of CUHSD's payment.

(14) CuESD boundaries include 43.77% of the Project Area incremental value. CuESD receives a portion of the amount derived by calculating 17% of the general levy revenue in the Project Area and then subtracting 17% of the revenue received by CuESD in 1987-88. The portion of this incremental increase in revenue paid to CuESD was 26% through 2002-03 and 23% thereafter. Beginning in 2003-04, CuESD will additionally receive its proportionate share of an amount equivalent to 11.5% of the CUHSD'S payment.

(15) EESD boundaries include 36.09% of the Project Area incremental value. EESD receives a portion of the amount derived by calculating 17% of the general levy revenue in the Project Area and then subtracting 17% of the revenue received by EESD in 1987-88. The portion of this incremental increase in revenue paid to EESD was 26% through 2002-03 and 23% thereafter. Beginning in 2003-04, EESD will additionally receive its proportionate share of an amount equivalent to 11.5% of CUHSD's payment.

(16) Cucamonga Valley Water District was entitled to its full debt service tax rate revenue. This tax rate expired after the 2000-01 fiscal year and no further payments are to be made. Alta Loma Elementary School District entered into an agreement whereby it received a one-time payment and is not entitled to any further payment.

(17) Inland Empire Utilities Agency, formerly the Chino Basin MWD, receives its share (4.41%) of general levy tax increment revenue.

(18) Rancho Cucamonga Fire Protection District share (12.33%) of general levy tax increment revenue is deposited with the District and held for use in capital acquisition expenditures of the Fire Protection District.

(19) Due to the amendment of the Redevelopment Plan, taxing entities receive their shares of 25% of tax revenue on incremental value above the year 2004-05 value net of the former Low and Moderate Income Housing Fund. In addition, 11 years after initiation of Tier 1 and using the year 10 value as an adjusted base, Taxing Entities receive 21% of tax revenue on incremental value above the year 10 value net of Housing Set-Aside. Under the Law, the City is considered a taxing entity and may

elect to receive its share of the required tier 1 payments. The City may not, however, receive any share of the tier 2 and tier 3 payments. The City has elected to receive its share of all tier 1 payment amounts. Payments are made only to Taxing Entities with no tax sharing agreements and may be subordinated, but have not been, to debt service on the Bonds. Statutory tax sharing payments are projected through the last date to receive tax increment revenue.

Actual levels of future tax increment revenues will depend upon the rate of growth in tax increment resulting from new development, change of ownership and inflation, and changes in tax rates, and may differ from the projections presented herein. See the Fiscal Consultant's Report attached hereto as Appendix A.

TABLE 8
SUCCESSOR AGENCY TO THE
RANCHO CUCAMONGA REDEVELOPMENT AGENCY
Estimated Net Tax Increment Revenues
Fiscal Years 2013-14 through 2031-32
(In Thousands)

Year	Total Taxable Value	Taxable Value Over Base	Adjusted Gross Tax Revenue(1)	SB 2557 and County Collection Charges	County General Fund Tax Sharing	County Flood Control Tax Sharing	City Library Tax Sharing	Current City Fire Tax Sharing	Inland Empire Tax Sharing	Combined School Districts Tax Sharing	Stat. Tax Sharing Tier 1	Stat. Tax Sharing Tier 2	Less: Total Pass-Throughs	Net Adjusted Gross Tax Revenue
2013/14	$9,263,718	$8,964,800	$91,370	($839)	($4,855)	($2,516)	($1,279)	($11,224)	($4,013)	($5,869)	($3,011)	$ 0	($32,765)	$57,765
2014/15	9,023,369	8,724,451	88,958	(829)	(5,165)	(2,449)	(1,245)	(10,928)	(3,907)	(5,693)	(2,850)	0	(32,236)	55,892
2015/16	9,196,267	8,897,349	90,693	(845)	(5,473)	(2,497)	(1,270)	(11,141)	(3,983)	(5,820)	(2,965)	(82)	(33,230)	56,616
2016/17	9,372,383	9,073,465	92,461	(862)	(5,799)	(2,546)	(1,294)	(11,358)	(4,060)	(5,949)	(3,083)	(166)	(34,255)	57,342
2017/18	9,552,021	9,253,103	94,263	(879)	(6,145)	(2,595)	(1,320)	(11,580)	(4,140)	(6,081)	(3,203)	(252)	(35,313)	58,070
2018/19	9,735,251	9,436,333	96,102	(896)	(6,510)	(2,646)	(1,345)	(11,806)	(4,220)	(6,215)	(3,326)	(340)	(36,406)	58,798
2019/20	9,922,146	9,623,228	97,977	(913)	(6,897)	(2,698)	(1,372)	(12,036)	(4,303)	(6,352)	(3,451)	(429)	(37,535)	59,528
2020/21	10,112,780	9,813,862	99,890	(931)	(7,307)	(2,750)	(1,398)	(12,271)	(4,387)	(6,492)	(3,578)	(520)	(38,701)	60,256
2021/22	10,307,225	10,008,307	100,000	(932)	(7,742)	(2,763)	(1,400)	(12,327)	(4,407)	(6,525)	(3,640)	(601)	(39,402)	59,664
2022/23	10,505,560	10,206,642	100,000	(932)	(8,201)	(2,763)	(1,400)	(12,327)	(4,407)	(6,525)	(3,640)	(601)	(39,862)	59,204
2023/24	10,707,861	10,408,943	100,000	(932)	(8,689)	(2,763)	(1,400)	(12,327)	(4,407)	(6,525)	(3,640)	(601)	(40,349)	58,717
2024/25	10,914,209	10,615,291	100,000	(932)	(9,205)	(2,763)	(1,400)	(12,327)	(4,407)	(6,525)	(3,640)	(601)	(40,865)	58,201
2025/26	11,124,683	10,825,765	100,000	(932)	(9,751)	(2,763)	(1,400)	(12,327)	(4,407)	(6,525)	(3,640)	(601)	(41,412)	57,654
2026/27	11,339,367	11,040,449	100,000	(932)	(10,330)	(2,763)	(1,400)	(12,327)	(4,407)	(6,525)	(3,640)	(601)	(41,991)	57,075
2027/28	11,558,345	11,259,427	100,000	(932)	(10,944)	(2,763)	(1,400)	(12,327)	(4,407)	(6,525)	(3,640)	(601)	(42,604)	56,462
2028/29	11,781,702	11,482,784	100,000	(932)	(11,594)	(2,763)	(1,400)	(12,327)	(4,407)	(6,525)	(3,640)	(601)	(43,254)	55,811
2029/30	12,009,526	11,710,608	100,000	(932)	(12,283)	(2,763)	(1,400)	(12,327)	(4,407)	(6,525)	(3,640)	(601)	(43,943)	55,123
2030/31	12,224,294	11,925,376	100,000	(932)	(13,012)	(2,763)	(1,400)	(12,327)	(4,407)	(6,525)	(3,640)	(601)	(44,673)	54,393
2031/32	12,452,516	12,153,598	100,000	(932)	(13,786)	(2,763)	(1,400)	(12,327)	(4,407)	(6,525)	(3,640)	(601)	(45,446)	53,620

(1) See Table 1 in Report of Fiscal Consultant in Appendix A hereto, and discussion under "ESTIMATED REVENUES AND BOND RETIREMENT," herein.
Source: San Bernardino County Office of the Assessor; HdL Coren & Cone.

The following Table 9 shows a projection of the amounts allocable to pay the Housing Obligations from the money that, prior to the Dissolution Act, would have been deposited in the Low and Moderate Income Housing Fund. Tax Revenues include the remaining amounts after payment of the Housing Obligations.

TABLE 9
SUCCESSOR AGENCY TO THE
RANCHO CUCAMONGA REDEVELOPMENT AGENCY
Estimated Remaining Housing Tax Revenues
Fiscal Years 2013-14 through 2031-32
(In Thousands)

		Housing Bond/Loan Payments				
Year[1]	Former Housing Set Aside[2]	Less 2007A & 2007B Bond Debt Service[3]	Less Pacific Life Loan Payments[4]	Less Housing Pledge Agreement Payments[5]	Total Housing Obligations	Remaining after Housing Obligations
2014/15	$17,792	$10,880	$1,400	$339	$12,620	$5,172
2015/16	18,139	10,879	1,400	339	12,619	5,520
2016/17	18,492	10,883	1,400	339	12,622	5,870
2017/18	18,853	10,881	1,400	339	12,620	6,233
2018/19	19,220	10,883	1,400	339	12,622	6,598
2019/20	19,595	10,880	1,400	339	12,620	6,975
2020/21	19,978	10,881	1,400	339	12,621	7,357
2021/22	20,000	10,883	1,400	339	12,622	7,378
2022/23	20,000	10,883	1,400	339	12,622	7,378
2023/24	20,000	10,882	1,400	339	12,621	7,379
2024/25	20,000	10,883	1,400	339	12,622	7,378
2025/26	20,000	10,881	1,400	339	12,620	7,380
2026/27	20,000	12,279			12,279	7,721
2027/28	20,000	12,283			12,283	7,717
2028/29	20,000	12,280			12,280	7,720
2029/30	20,000	12,280			12,280	7,720
2030/31	20,000	12,285			12,285	7,715
2031/32	20,000	12,282			12,282	7,718

(1) Represents tax revenues for fiscal years and debt payments for bond years ending September 1 of each year.
(2) Represents 20% of the Adjusted Gross Tax Revenue shown in Table 8.
(3) Represents payments due each bond year ending September 1.
(4) Payments are due each March 20 and September 20 through the March 20, 2026 final maturity. Annual payments are aligned to match bond years ending September 1.
(5) Payments are due each March 1 and September 1 through the September 1, 2026 final maturity.
Source: San Bernardino County Office of the Assessor; HdL Coren & Cone.

The following Table 10 projects debt service coverage for the Bonds showing only projected Tax Revenue.

TABLE 10
SUCCESSOR AGENCY TO THE
RANCHO CUCAMONGA REDEVELOPMENT AGENCY
Estimated Debt Service Coverage
Fiscal Years 2014-15 through 2031-32
(In Thousands)

Year[1]	Net Tax Increment[2]	Less: Housing Obligations[3]	Estimated Tax Revenues	2014 Debt Service	Estimated Tax Revenue Coverage
2014/15	$55,892	($12,620)	$43,272	$14,945	290%
2015/16	56,616	(12,619)	43,998	14,943	294
2016/17	57,342	(12,622)	44,720	14,942	299
2017/18	58,070	(12,620)	45,449	14,946	304
2018/19	58,798	(12,622)	46,177	14,947	309
2019/20	59,528	(12,620)	46,908	14,944	314
2020/21	60,256	(12,621)	47,635	14,943	319
2021/22	59,664	(12,622)	47,042	14,942	315
2022/23	59,204	(12,622)	46,582	14,945	312
2023/24	58,717	(12,621)	46,096	14,946	308
2024/25	58,201	(12,622)	45,579	14,945	305
2025/26	57,654	(12,620)	45,034	14,944	301
2026/27	57,075	(12,279)	44,797	14,943	300
2027/28	56,462	(12,283)	44,179	14,945	296
2028/29	55,811	(12,280)	43,531	14,945	291
2029/30	55,123	(12,280)	42,843	14,945	287
2030/31	54,393	(12,285)	42,108	14,945	282
2031/32	53,620	(12,282)	41,337	14,947	277

(1) Represents tax revenues for fiscal years and debt payments for bond years ending September 1 of each year.
(2) See Table 8 for the calculation of Net Tax Increment.
(3) See Table 9 for detail on the Housing Obligations.
Source: San Bernardino County Office of the Assessor; Hdl Coren & Cone.

BOND OWNERS' RISKS

The following factors, along with all other information in this Official Statement, should be considered by potential investors in evaluating the Bonds and the credit quality of the Bonds. The following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to investing in the Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks. For a discussion of certain matters that will or could cause reductions in the Tax Revenues available in future years, see "LIMITATIONS ON TAX REVENUES" of this Official Statement.

Limited Special Obligations

The Bonds will be special obligations of the Agency, payable from and secured as to the payment of the principal thereof and the redemption premium, if any, and the interest thereon in accordance with their terms and the terms of the Indenture. Neither the State nor any public agency (other than the Agency) is obligated to pay the principal of or redemption premium, if any, or interest on the Bonds, and neither the faith and credit nor the taxing power of the State or any public agency thereof is pledged to the payment of the principal of or redemption premium, if any, or interest on the Bonds. The payment of the principal of or redemption premium, if any, or interest on the Bonds does not constitute a debt, liability or obligation of the State or any public agency (other than the Agency).

Recognized Obligation Payment Schedule

The Dissolution Act provides that only those payments listed in a ROPS may be made by the Successor Agency from the funds specified in the ROPS. Before each six-month period, the Dissolution Act requires the Successor Agency to prepare and submit to the Successor Agency's Oversight Board and the State Department of Finance for approval, a ROPS pursuant to which enforceable obligations (as defined in the Dissolution Act) of the Successor Agency are listed, together with the source of funds to be used to pay for each enforceable obligation. Tax Revenues will not be withdrawn from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller and remitted to the Successor Agency without a Recognized Obligation Payment Schedule approved by the State Department of Finance. See "SECURITY FOR THE BONDS – ROPS." If the Successor Agency were to fail to complete an approved a ROPS with respect to a six-month period, the availability of Tax Revenues to the Successor Agency could be adversely affected for such period.

If a successor agency fails to submit to the State Department of Finance an oversight board-approved Recognized Obligation Payment Schedule complying with the provisions of the Dissolution Act within five business days of the date upon which the ROPS is to be used to determine the amount of property tax allocations, the State Department of Finance may determine if any amount should be withheld by the applicable county auditor-controller for payments for enforceable obligations from distribution to taxing entities pursuant to clause (iv) in the following paragraph, pending approval of a ROPS. Upon notice provided by the State Department of Finance to the county auditor-controller of an amount to be withheld from allocations to taxing entities, the county auditor-controller must distribute to taxing entities any monies in the Redevelopment Property Tax Trust Fund in excess of the withholding amount set forth in the notice, and the county auditor-controller must distribute withheld funds to the successor agency only in accordance with a ROPS when and as approved by the State Department of Finance.

Typically, under the Redevelopment Property Tax Trust Fund distribution provisions of the Dissolution Act, the county auditor-controller is to distribute funds for each six-month period in the following order specified in Section 34183 of the Dissolution Act: (i) first, subject to certain adjustments for subordinations to the extent permitted under the Dissolution Act (as described above under "SECURITY FOR THE BONDS-Security for the Bonds") and no later than each January 2 and June 1, to each local agency and school entity, to the extent applicable, amounts required for pass-through payments such entity would have received under provisions of the Redevelopment Law, as those provisions read on January 1, 2011; (ii) second, on each January 2 and June 1, to a successor agency for payments listed in its ROPS, with debt service payments scheduled to be made for tax allocation bonds having the highest priority over payments scheduled for other debts and obligations listed on the ROPS; (iii) third, on each January 2 and June 1, to a successor agency for the administrative cost allowance, as defined in the Dissolution Act; and (iv) fourth, on each January 2 and June 1, to taxing entities any moneys remaining in its Redevelopment Property Tax Trust Fund after the payments and transfers authorized by clauses (i) through (iii), in an amount proportionate to such taxing entity's share of property tax revenues in the tax rate area in that fiscal year (without giving effect to any pass-through obligations that were established under the Redevelopment Law).

If the Successor Agency does not submit an Oversight-Board approved ROPS within five business days of the date upon which the ROPS is to be used to determine the amount of property tax allocations and the State Department of Finance does not provide a notice to the County Auditor-Controller to withhold funds from distribution to taxing entities, amounts in the Redevelopment Property Tax Trust Fund for such six-month period would be distributed to taxing entities pursuant to clause (iv) above. The Successor Agency has covenanted in the Indenture to take all actions required under the Dissolution Act to include scheduled debt service on the Bonds as well as any amount required under the Indenture to replenish the Reserve Fund, in ROPS for each six-month period to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Successor Agency's Redevelopment Obligation Retirement Fund on each January 2 and June 1 amounts required for the Successor Agency to pay principal of, and interest on, the Bonds coming due in the respective six-month period, including listing a reserve on the ROPS to the extent required by the Indenture or when the next property tax allocation is projected to be insufficient to pay all obligations due under the provisions of the Bonds for the next payment due in the following six-month period.

AB 1484 also added new provisions to the Dissolution Act implementing certain penalties in the event the Successor Agency does not timely submit a ROPS for a six-month period. Specifically, a ROPS must be submitted by the Successor Agency, after approval by the Oversight Board, to the County Administrative Officer, the County Auditor-Controller, the State Department of Finance, and the State Controller no later than by 90 days before the date of the next January 2 or June 1 property tax distribution with respect to each subsequent six-month period. If the Successor Agency does not submit a ROPS by such deadlines, the City will be subject to a civil penalty equal to $10,000 per day for every day the schedule is not submitted to the State Department of Finance. Additionally, the Successor Agency's administrative cost allowance is reduced by 25% if the Successor Agency does not submit an Oversight Board-approved ROPS by the 80th day before the date of the next January 2 or June 1 property tax distribution, as applicable, with respect to the ROPS for subsequent six-month periods.

Challenges to Dissolution Act

Several successor agencies, cities and other entities have filed judicial actions challenging the legality of various provisions of the Dissolution Act. One such challenge is an action filed on August 1, 2012, by Syncora Guarantee Inc. and Syncora Capital Assurance Inc. (collectively, "Syncora") against the State, the State Controller, the State Director of Finance, and the Auditor-Controller of San Bernardino County on his own behalf and as the representative of all other County Auditors in the State (Superior Court of the State of California, County of Sacramento, Case No. 34-2012-80001215). Syncora are monoline financial guaranty insurers domiciled in the State of New York, and as such, provide credit enhancement on bonds issued by state and local governments and do not sell other kinds of insurance such as life, health, or property insurance. Syncora provided bond insurance and other related insurance policies for bonds issued by former California redevelopment agencies.

The complaint alleged that the Dissolution Act, and specifically the "Redistribution Provisions" thereof (i.e., California Health and Safety Code Sections 34172(d), 34174, 34177(d), 34183(a)(4), and 34188) violate the "contract clauses" of the United States and California Constitutions (U.S. Const. art. 1, § 10, cl.1; Cal. Const. art. 1, § 9) because they unconstitutionally impair the contracts among the former redevelopment agencies, bondholders and Syncora. The complaint also alleged that the Redistribution Provisions violate the "Takings Clauses" of the United States and California Constitutions (U.S. Const. amend. V; Cal Const. art. 1 § 19) because they unconstitutionally take and appropriate bondholders' and Syncora's contractual right to critical security mechanisms without just compensation.

After hearing by the Sacramento County Superior Court on May 3, 2013, the Superior Court ruled that Syncora's constitutional claims based on contractual impairment were premature. The Superior Court also held that Syncora's takings claims, to the extent based on the same arguments, were also premature. Pursuant to a Judgment stipulated to by the parties, the Superior Court on October 3, 2013, entered its order dismissing the action. The Judgment, however, provides that Syncora preserves its rights to reassert its challenges to the Dissolution Act in the future. The Successor Agency does not guarantee that any reassertion of challenges by Syncora or that the final results of any of the judicial actions brought by others challenging the Dissolution Act will not result in an outcome that may have a material adverse effect on the Successor Agency's ability to timely pay debt service on the Bonds.

Reduction in Taxable Value

Tax increment revenues allocated to the Successor Agency are determined by the amount of incremental taxable value in the Project Area allocable to the Project Area and the current rate or rates at which property in the Project Area is taxed. The reduction of taxable values of property caused by economic factors beyond the Successor Agency's control, such as a relocation out of the Project Area by one or more major property owners, or the transfer, pursuant to California Revenue and Taxation Code Section 68, of a lower assessed valuation to property within the Project Area by a person displaced by eminent domain or similar proceedings, or the discovery of hazardous substances on a property within the Project Area (see "Hazardous Substances," below) or the complete or partial destruction of such property caused by, among other eventualities, an earthquake (see "Earthquake," below), flood or other natural disaster, could cause a reduction in the Tax Revenues securing the Bonds. Property owners may also appeal to the County Assessor for a reduction of their assessed valuations or the County Assessor could order a blanket reduction in assessed valuations based on then current economic conditions. See "APPENDIX A – Report of Fiscal Consultant - Assessment Appeals."

Risks of Real Estate Secured Investments Generally

The Owners and Beneficial Owners of the Bonds will be subject to the risks generally incident to an investment secured by real estate, including, without limitation, (a) adverse changes in local market conditions, such as changes in the market value of real property within and in the vicinity of the respective project areas, the supply of or demand for competitive properties in such project areas, and the market value of competitive properties in the event of sale or foreclosure, (b) changes in real estate tax rates and other operating expenses, governmental rules (including, without limitation, zoning laws and laws relating to endangered species and hazardous materials) and fiscal policies, and (c) natural disasters (including, without limitation, earthquakes, fires, droughts and floods), which may result in uninsured losses.

Reduction in Inflationary Rate and Changes in Legislation

As described in greater detail below (see "LIMITATIONS ON TAX REVENUES"), Article XIIIA of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis. Article XIIIA limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2% and there have been several years in which taxable values were adjusted by an actual inflationary rate that was less than 2%. The adjusted inflationary rate for fiscal year 2014-15 is 0.454%. The Successor Agency is unable to predict whether future annual inflationary adjustments to the taxable value base of real property within the Project Area will be in the amount of the full 2% permitted under Article XIIIA or will be in an amount less than 2%.

Change in Law

In addition to the other limitations on Tax Revenues, the California electorate or Legislature could adopt a constitutional or legislative property tax decrease with the effect of reducing Tax Revenues payable to the Successor Agency. There is no assurance that the California electorate or Legislature will not at some future time approve additional limitations that could reduce the Tax Revenues and adversely affect the security of the Bonds.

Bankruptcy of Landowners

The bankruptcy of a major assessee in the Project Area could delay and/or impair the collection of property taxes by the County with respect to properties in the bankruptcy estate. Although the Successor Agency is not aware of any major property owners in the Project Area that are in bankruptcy or threatening to declare bankruptcy, the Successor Agency cannot predict the effects on the collections of Tax Revenues if such an event were to occur.

Earthquake

There are no major faults in the Rancho Cucamonga city limits; however, there are several faults in the Rancho Cucamonga area that potentially could result in damage to buildings, roads, bridges, and property within the Project Area in the event of an earthquake. Past experiences, including the July 1992, Landers 7.5 and Big Bear 6.6 Richter Scale earthquakes, have not resulted in damage to infrastructure or property in Rancho Cucamonga. One fault that could affect the Project Area is the San Andreas Fault, which is located approximately 20 miles northeast of the City. Other faults in the vicinity of Rancho Cucamonga include the Cucamonga Fault and the Etiwanda Fault (also known as the Red Hill Fault).

If an earthquake were to substantially damage or destroy taxable property within the Project Area, the assessed valuation of such property would be reduced. Such a reduction of assessed valuations could result in a reduction of the Tax Revenues that secure the Bonds, which in turn could impair the ability of the Successor Agency to make payments of principal of and/or interest on the Bonds when due.

Levy and Collection of Taxes

The Successor Agency has no independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Tax Revenues and, accordingly, could have an adverse impact on the ability of the Successor Agency to make debt service payments on the Bonds. Likewise, delinquencies in the payment of property taxes could have an adverse effect on the Successor Agency's ability to make timely debt service payments on the Bonds.

Estimated Revenues

In estimating that Tax Revenues will be sufficient to pay debt service on the Bonds, the Successor Agency has made certain assumptions with regard to present and future assessed valuation in the Project Area, future tax rates and percentage of taxes collected. The Successor Agency believes these assumptions to be reasonable, but there is no assurance these assumptions will be realized and to the extent that the assessed valuation and the tax rates are less than expected, the Tax Revenues available to pay debt service on the Bonds will be less than those projected and such reduced Tax Revenues may be insufficient to provide for the payment of principal of, premium (if any) and interest on the Bonds.

Hazardous Substances

An additional environmental condition that may result in the reduction in the assessed value of property would be the discovery of a hazardous substance that would limit the beneficial use of taxable property within the Project Area. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The owner or operator may be required to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within the Project Area be affected by a hazardous substance, could be to reduce the marketability and value of the property by the costs of remedying the condition.

Direct and Overlapping Indebtedness

The ability of land owners within the respective project area to pay property tax installments as they come due could be affected by the existence of other taxes and assessments, imposed upon the land. In addition, other public agencies whose boundaries overlap those of the respective project area could, without consent of the Successor Agency, and in certain cases without the consent of the owners of the land within the Project Area, impose additional taxes or assessment liens on the property to finance public improvements.

Future Legislation and Initiatives

Article XIIIA, Article XIIIB and Proposition 218 were each adopted as measures that qualified for the ballot pursuant to California's initiative process. From time to time other initiative measures could be adopted, further affecting revenues of the Successor Agency or the Successor Agency's ability to expend revenues. In addition, there are currently a number of proposed legislative changes to the Dissolution Act which, if adopted, would also affect revenues of the Successor Agency or the Successor Agency ability to expend revenues. The nature and impact of these measures cannot currently be anticipated.

Assessment Appeals

Property taxable values may be reduced as a result of a successful appeal of the taxable value determined by the County Assessor. An appeal may result in a reduction to the County Assessor's original taxable value and a tax refund to the applicant property owner. A reduction in taxable values within the respective project area and the refund of taxes which may arise out of successful appeals by property owners will affect the amount of Tax Revenues and, potentially, Revenues under the Indenture. The Successor Agency has in the past experienced reductions in its tax increment revenues as a result of assessment appeals. The actual impact to tax increment is dependent upon the actual revised value of assessments resulting from values determined by the County Assessment Appeals Board or through litigation and the ultimate timing of successful appeals. For a discussion of historical assessment appeals in the Project Area and summary information regarding pending and resolved assessment appeals for the Successor Agency, see Appendix A - Fiscal Consultant's Report.

Bond Insurance Risk Factors

The Successor Agency has received a bond insurance policy (the "Policy") to guarantee the scheduled payment of principal and interest on the Insured Bonds. The following are risk factors relating to bond insurance.

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any Owner of the Bonds shall have a claim under the Policy for such payments. However, in the event of any acceleration of the due date of such principal by reason of optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the Successor Agency which is recovered by the Successor Agency from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by AGM (the "Bond Insurer") at such time and in such amounts as would have been due absence such prepayment by the Successor Agency unless the Bond Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Bond Insurer without appropriate consent. The Bond Insurer may direct and must consent to any remedies and the Bond Insurer's consent may be required in connection with amendments to any applicable bond documents.

In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the moneys received pursuant to the applicable bond documents. In the event the Bond Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The long-term ratings on the Bonds are dependent in part on the financial strength of the Bond Insurer and its claim paying ability. The Bond Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Bond Insurer and of the ratings on the Bonds insured by the Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See description of "OTHER INFORMATION – Ratings" herein.

The obligations of the Bond Insurer are contractual obligations and in an event of default by the Bond Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the Successor Agency nor the Underwriter has made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Successor Agency to pay principal and interest on the Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment. See "MUNICIPAL BOND INSURANCE" herein for further information provided by the Bond Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Bond Insurer.

Economic Risks

The Agency's ability to make payments on the respective Bonds will be partially dependent upon the economic strength of the Project Area. If there is a decline in the general economy of the Project Area, the owners of property may be less able or less willing to make timely payments of property taxes causing a delay or stoppage of tax increment revenues. In the event of decreased values, Tax Revenues may decline even if property owners make timely payment of taxes.

Investment Risk

Funds held under the Indenture are required to be invested in Permitted Investments as provided under the Indenture. See APPENDIX A attached hereto for a summary of the definition of Permitted Investments. The funds and accounts of the Successor Agency, into which a portion of the proceeds of the Bonds will be deposited and into which Tax Revenues are deposited, may be invested by the Successor Agency in any investment authorized by law. All investments, including the Permitted Investments and those authorized by law from time to time for investments by municipalities, contain a certain degree of risk. Such risks include, but are not limited to, a lower rate of return than expected and loss or delayed receipt of principal.

Further, the Successor Agency cannot predict the effects on the receipt of Tax Revenues if the County were to suffer significant losses in its portfolio of investments or if the County or the City were to become insolvent or declare bankruptcy. See "BONDOWNER'S RISKS – Bankruptcy."

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds, or, if a secondary market exists, that the Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon the then prevailing circumstances.

Bankruptcy

The rights of the Owners of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights under currently existing law or laws enacted in the future and may also be subject to the exercise of judicial discretion under certain circumstances. The opinions of Bond Counsel as to the enforceability of the obligation to make payments on the Bonds will be qualified as to bankruptcy and such other legal events. See "APPENDIX F – Form of Opinion of Bond Counsel."

Loss of Tax Exemption

As discussed under the caption "OTHER INFORMATION – Tax Matters," the interest on the Bonds could become includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds as the result of a failure of the Successor Agency to comply with certain provisions of the Internal Revenue Code of 1986, as amended. Should such an event of taxability occur, such Bonds are not subject to early redemption and will remain outstanding to maturity or until redeemed under the redemption provisions of the Indenture.

LIMITATIONS ON TAX REVENUES

Property Tax Limitations - Article XIIIA

Article XIIIA of the California Constitution. Section 1(a) of Article XIIIA of the California Constitution limits the maximum ad valorem tax on real property to one percent of full cash value, to be collected by the counties and apportioned according to law. Section 2 of Article XIIIA defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975/76 tax bill under full cash value or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or reduction in the consumer price index or comparable data for the area under taxing jurisdiction or reduced in the event of declining property value caused by substantial damage, destruction or other factors. Legislation enacted by the California Legislature to implement Article XIIIA provides that notwithstanding any other law, local agencies may not levy any ad valorem property tax except to pay debt service on indebtedness approved by the voters as described above.

In the general elections of 1986, 1988, and 1990, the voters of the State approved various measures which further amended Article XIIIA. One such amendment generally provides that the purchase or transfer of (i) real property between spouses or (ii) the principal residence and the first $1,000,000 of the full cash value of other real property between parents and children, do not constitute a "purchase" or "change of ownership" triggering reassessment under Article XIIIA. This amendment will reduce the tax increment of the Successor Agency. Other amendments permitted the Legislature to allow persons over 55 who sell their residence and on or after November 5, 1986, to buy or build another of equal or lesser value within two years in the same county, to transfer the old residence's assessed value to the new residence, and permitted the Legislature to authorize each county under certain circumstances to adopt an ordinance making such transfers or assessed value applicable to situations in which the replacement dwelling purchased or constructed after November 8, 1988, is located within that county and the original property is located in another county within California.

In the June 1990 election, the voters of the State approved additional amendments to Article XIIIA permitting the State Legislature to extend the replacement dwelling provisions applicable to persons over 55 to severely disabled homeowners for replacement dwellings purchased or newly constructed on or after June 5, 1990, and to exclude from the definition of "new construction" triggering reassessment improvements to certain dwellings for the purpose of making the dwelling more accessible to severely disabled persons. In the November 1990 election, the voters approved the amendment of Article XIIIA to permit the State Legislature to exclude from the definition of "new construction" seismic retrofitting improvements or improvements utilizing earthquake hazard mitigation technologies constructed or installed in existing buildings after November 6, 1990.

Both the California Supreme Court and the United States Supreme Court have upheld the constitutionality of Article XIIIA.

Article XIIIB of the California Constitution. On November 6, 1979, California voters approved Proposition 4, the Gann Initiative, which added Article XIIIB to the California Constitution. The principal effect of Article XIIIB is to limit the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the government entity.

Appropriations subject to Article XIIIB include generally the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds.

Effective September 30, 1980, the California Legislature added Section 33678 to the Law which provides that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness will not be deemed the receipt by the agency of proceeds of taxes levied by or on behalf of the agency within the meaning of Article XIIIB or any statutory provision enacted in implementation thereof, including Section 33678 of the Law. The constitutionality of Section 33678 has been upheld by the Second and Fourth District Courts of Appeal in two decisions: *Bell Community Redevelopment Agency v. Woosely and Brown v. Community Redevelopment Agency of the City of Santa Ana*. On the basis of these decisions, the Successor Agency has not adopted an appropriations limit.

Proposition 218. On November 5, 1996, the voters of the State approved Proposition 218, the "Right to Vote on Taxes Act." Proposition 218 added Articles XIIIC and XIIID to the State Constitution, which contain a number of provisions affecting the ability of the public agencies to levy and collect both existing and future taxes, assessments, fees and charges.

Article XIIIC removes limitations on the initiative power in matters of local taxes, special taxes, assessments, fees and charges. While the matter is not free from doubt, it is likely that a court would hold that the initiative power cannot be used to reduce or repeal the levy of property taxes or to materially affect the collection and pledge of Tax Revenues.

The interpretation and application of the initiative provisions of Proposition 218 will ultimately be determined by the courts with respect to a number of the matters discussed above, and while it is not possible at this time to predict with certainly the outcome of such determination, the Successor Agency does not believe that Proposition 218 will materially affect its ability to pay principal of or interest on the Bonds.

Implementing Legislation

Legislation enacted by the California Legislature to implement Article XIIIA provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value is shown at 100% of assessed value and all general tax rates reflect the $1.00 per $100 of taxable value. Tax rates for bond debt service and pension liability are also applied to 100% of assessed value.

Future assessed valuation growth allowed under Article XIIIA (new construction, change of ownership, 2% annual value growth) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and school districts will share the growth of "base" revenue from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year. The Successor Agency is not able to predict the nature or magnitude of future revenue sources which may be provided by the State to replace lost property tax revenues. Article XIIIA effectively prohibits the levying of any other ad valorem property tax above the 1% limit except for taxes to support indebtedness approved by the voters as described above.

Redevelopment Plan Limits

There is a question on the applicability of tax increment limits as to time and amounts established under redevelopment plans after the adoption of AB 26 and AB 1484. The matter remains subject to further guidance from legislation and interpretation by the courts. If the cumulative tax increment limit is deemed to no longer be applicable, no interruption of tax increment revenue will occur. For purposes of the projections in this Official Statement and in the Fiscal Consultant's Report appearing in Appendix A, it is assumed that all redevelopment plan limits will be enforced.

Unitary Property

Assembly Bill 2890 (Statutes of 1986, Chapter 1457), which added Section 98.9 to the California Revenue and Taxation Code, provided that, commencing with the Fiscal Year 1988-89, assessed value derived from State-assessed unitary property (consisting mostly of operational property owned by utility companies) was to be allocated county-wide as follows: (i) each tax rate area will receive the same amount from each assessed utility received in the previous fiscal year unless the applicable county-wide values are insufficient to do so, in which case values will be allocated to each tax rate area on a pro rata basis; and (ii) if values to be allocated are greater than in the previous fiscal year, each tax rate area will receive a pro rata share of the increase from each assessed utility according to a specified formula. Additionally, the lien date on State-assessed property was changed from March 1 to January 1.

Assembly Bill 454 (Statutes of 1987, Chapter 921) further modified the distribution of tax revenues derived from property assessed by the State Board of Equalization. Chapter 921 provided for the consolidation of all State-assessed property, except for regulated railroad property, into a single tax rate area in each county. Chapter 921 further provided for a new method of establishing tax rates on State-assessed property and distribution of property tax revenues derived from State-assessed property to taxing jurisdictions within each county as follows: for revenues generated from the 1% tax rate, each jurisdiction, including redevelopment project areas, will receive a percentage up to 102% of its prior year State-assessed unitary revenue; and if county-wide revenues generated for unitary property are greater than 102% of the previous year's unitary revenues, each jurisdiction will receive a percentage share of the excess unitary revenue generated from the application of the debt service tax rate to county-wide unitary taxable value, further, each jurisdiction will receive a percentage share of revenue based on the jurisdiction's annual debt service requirements and the percentage of property taxes received by each jurisdiction from unitary property taxes in accordance with a new formula. Railroads will continue to be assessed and revenues allocated to all tax rate areas where railroad property is sited.

The intent of Chapters 1457 and 921 was to provide redevelopment agencies with their appropriate share of revenue generated from the property assessed by the State Board of Equalization.

The Successor Agency has projected the amount of unitary revenues to be allocated for 2013-14 within the Project Area. The Successor Agency cannot predict the effect of any future litigation or settlement agreements on the amount of unitary tax revenues received or to be received nor the impact on unitary property tax revenues of any transfer of electrical transmission lines to tax-exempt agencies.

Tax Increment Limitation; Senate Bill 211

Assembly Bill 1290 ("AB 1290") was signed into law by the Governor in December 1993 and amends various provisions of the Law. AB 1290 provides for the placement of time limits on the effectiveness of every redevelopment plan, and provides that after 10 years from the termination date of a plan's effectiveness, no redevelopment agency, subject to certain exceptions, will pay indebtedness or receive property taxes in connection therewith. In addition, in connection with the shift of tax increment revenues, (i) SB 1045 allowed the Former Agency to extend the effective date of the related redevelopment plan, and the date to receive Tax Revenues in the Project Area, by one year, and (ii) SB 1096 allowed the Former Agency to extend the effective date of the related redevelopment plan, and the date to receive Tax Revenues, by two years subject to compliance with major housing requirements. The Former Agency has taken such action with respect to SB 1045, and the projections of Tax Revenues reflect such extensions. Pursuant to the related redevelopment plan, the expiration date of the related redevelopment plan is as described in "THE RANCHO REDEVELOPMENT PROJECT," herein.

On October 10, 2001 the Governor of the State signed into law Senate Bill 211 ("SB 211"), which allows redevelopment agencies to eliminate or extend the time limits on their ability to incur debt for project areas established prior to January 1, 1994. Additionally, SB 211 allows redevelopment agencies to extend the termination date of their redevelopment plans and the deadline for the receipt of tax increment for the repayment of debt by 10 years for project areas established prior to January 1, 1994. In order to extend the termination of the redevelopment plans or the deadline for the receipt of tax increment for the repayment of debt, the redevelopment agency must make certain findings of blight in the applicable project areas. Additionally, if a redevelopment agency elects to extend the time limits on the incurrence of debt, the termination of the redevelopment plans or the deadline for the receipt of tax increment for the repayment of debt, the redevelopment agency must make certain additional statutory pass-throughs to other taxing entities. The Former Agency did not extend any of the related redevelopment plan limitations with respect to the respective project area pursuant to SB 211.

Tax Collection Fees

Legislation enacted by the State Legislature authorizes county auditors to determine property tax administration costs proportionately attributable to local jurisdictions and to submit invoices to the jurisdictions for such costs. Subsequent legislation specifically includes redevelopment agencies among the entities which are subject to a property tax administration charge. The County administration fee amounts to approximately 2% of the tax increment revenues from a Project Area. The calculations of Tax Revenues take such administrative costs into account.

Future Initiatives

Article XIIIA, Article XIIIB and Proposition 218 were each adopted as measures that qualified for the ballot under California's initiative process. From time to time other initiative measures could be adopted, further affecting Agency revenues or the Agency's ability to expend revenues.

OTHER INFORMATION

Continuing Disclosure

Continuing Disclosure Certificate of Successor Agency. The Successor Agency will undertake all responsibilities for continuing disclosure to Owners of the Bonds as described below, and will act as Dissemination Agent, as described in the Continuing Disclosure Certificate. See "APPENDIX G - FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Historical Compliance by the City and Related Entities. In general, the City, the Rancho Cucamonga Redevelopment Agency (currently, the Successor Agency) and the Rancho Cucamonga Public Finance Authority complied with their continuing disclosure filing undertakings for fiscal year 2008-09 through fiscal year 2012-13. However, some of the filings for the City's land-secured bonds were filed late for fiscal years 2007-08 (1 day) and 2011-12 (35 days) and the audited financial statements of the City were filed late for fiscal year 2011-12 (34 days). In 2009-10, the City filed the annual disclosure report for its 1999 Subordinate Bonds 316 days late. In 2012-13 the annual disclosure report for bonds of Community Facilities District No. 2003-1 (Improvement Area No. 1) was 124 days late. In addition, the Public Finance Authority and Successor Agency failed to file notices of bond insurer-related rating upgrades and downgrades on a timely basis. Finally, the Successor Agency has omitted disclosures in its annual report regarding cumulative tax increment received in each fiscal year from 2007-08 to 2012-13. The Successor Agency does not have a cumulative tax increment receipt cap and therefore has filed a supplemental disclosure report explaining that there is no cumulative tax increment cap and disclosing information about the Successor Agency's annual tax increment limit of $100,000,000. The Continuing Disclosure Certificate will require annual information about the annual tax increment limit of $100,000,000. The City and the Successor Agency are in the process of developing policies and procedures regarding initial and continuing disclosure practices and designating a responsible officer to manage the debt disclosure program.

Litigation

At the time of delivery of and payment for the Bonds and the Successor Agency will certify that, except as disclosed herein, to its best knowledge there is no litigation, action, suit, proceeding or investigation, at law or in equity, before or by any court, governmental agency or body, pending against or threatened against the Successor Agency in any way affecting the existence of the Successor Agency or the titles of its officers to their offices or seeking to restrain or enjoin the issuance, sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Indenture, or the collection or application of Tax Revenues to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, the Indenture, or any action of the Successor Agency contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or the powers of the Successor Agency or its authority with respect to the Indenture or any action of the Successor Agency contemplated by said documents, or in any way contesting the completeness or accuracy of this Official Statement or the powers of the Successor Agency or its authority with respect to the Indenture or any action of the Successor Agency contemplated by said documents, or which would adversely affect the exclusion of interest paid on the Bonds from gross income for Federal income tax purposes or the exemption of interest paid on the Bonds from California personal income taxation, nor, to the knowledge of the Successor Agency, is there any basis therefor.

Tax Matters

In the opinion of Best Best & Krieger LLP, Riverside, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax. Bond Counsel notes that interest on the Bonds is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. Bond Counsel further notes, however, that, with respect to corporations, such interest may be included as an adjustment in the calculation of alternative minimum taxable income, which may affect the alternative minimum tax liability of corporations.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest on the Bonds is based upon certain representations of fact and certifications made by the City, the Underwriter and others and is subject to the condition that the City complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the Bonds to assure that interest on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The City has covenanted to comply with all such requirements.

Should the interest on the Bonds become includable in gross income for federal income tax purposes, the Bonds are not subject to early redemption as a result of such occurrence and will remain outstanding until maturity or until otherwise redeemed in accordance with the Fiscal Agent Agreement.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Bond Owners from realizing the full current benefit of the tax status of such interest. As one example, the Obama Administration announced a legislative proposal which, for tax years beginning on or after January 1, 2013, generally would limit the exclusion from gross income of interest on obligations like the Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Bonds. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Bond Counsel's opinion may be affected by action taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds. Bond Counsel has not undertaken to determine, or to inform any person, whether any such action or events are taken or do occur, or whether such actions or events may adversely affect the value or tax treatment of a Bond, and Bond Counsel expresses no opinion with respect thereto.

The Internal Revenue Service (the "IRS") has initiated an expanded program for auditing tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit (or by an audit of similar bonds).

Although Bond Counsel has rendered an opinion that interest on the Bonds is excluded from gross income for federal income tax purposes provided the City continues to comply with certain requirements of the Code, the accrual or receipt of interest on the Bonds may otherwise affect the tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status and other items of income or deductions. Bond Counsel expresses no opinion regarding any such consequences. Accordingly, all potential purchasers should consult their tax advisors before purchasing any of the Bonds.

A copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix F.

Legal Opinion

Best Best & Krieger LLP, Riverside, California, will render its opinion with respect to the validity of the Bonds in substantially the form set forth in Appendix F hereto. Copies of the approving opinion will be available at the time of delivery of the Bonds.

In addition, Best Best & Krieger LLP, as Disclosure Counsel, will deliver to the Agency and to the Underwriter a letter in customary form concerning the information set forth in this Official Statement.

Ratings

Standard & Poor's Rating Services, a Standard & Poor's Financial Services LLC business, a part of McGraw Hill Financial ("Standard & Poor's") has assigned to the Insured Bonds (being the Bonds maturing on September 1 in the years 2020 through and including 2032) its municipal bond rating of "AA" (stable outlook) with the understanding that the Policy insuring the payment when due of the principal of and interest on the Insured Bonds will be issued concurrently with the delivery of the Insured Bonds by AGM. The Bonds have received the underlying rating of "A+" by Standard & Poor's and "AA-" by Fitch Ratings ("Fitch").

The rating issued reflects only the view of such rating agency, and any explanation of the significance of such rating should be obtained from such rating agency. There is no assurance that such rating will be retained for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agency if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of any rating obtained may have an adverse effect on the market price of the Bonds.

Underwriting

Stifel, Nicolaus & Company, Incorporated (the "Underwriter") has agreed to purchase the Bonds at a price of $199,396,758.08 (being the principal amount of the Bonds, plus a net original issue premium of $26,125,154.95, less an underwriter's discount of $778,396.87) under a Bond Purchase Contract between the Successor Agency and the Underwriter.

The Underwriter may offer and sell the Bonds to certain dealers and others at a price lower than the offering price stated on the inside cover page hereof. The offering price may be changed from time to time by the Underwriter.

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Miscellaneous

All quotations from and summaries and explanations of the Indenture and other statutes and documents contained herein do not purport to be complete, and reference is made to such documents, Indenture and statutes for full and complete statements of their provisions.

This Official Statement is submitted only in connection with the sale of the Bonds by the Successor Agency. All estimates, assumptions, statistical information and other statements contained herein, while taken from sources considered reliable, are not guaranteed by the Successor Agency. The information contained herein should not be construed as representing all conditions affecting the Successor Agency or the Bonds.

SUCCESSOR AGENCY TO THE RANCHO
CUCAMONGA REDEVELOPMENT AGENCY

By: /s/ John R. Gillison
City Manager of the City of Rancho Cucamonga

APPENDIX A

REPORT OF THE FISCAL CONSULTANT

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SUCCESSOR AGENCY
TO THE
RANCHO CUCAMONGA REDEVELOPMENT AGENCY

Rancho Redevelopment Project

PROJECTED TAXABLE VALUES AND
ANTICIPATED TAX INCREMENT REVENUES

June 18, 2014

I. Introduction

On June 29, 2011, the California Legislature and Governor enacted Assembly Bill 1x 26 (AB 1x 26), which generally dissolved redevelopment agencies statewide as of February 1, 2012. The bill was challenged by a suit filed before the California Supreme Court, but was upheld by the Court on December 29, 2012. On June 27, 2012 Assembly Bill 1484 (AB 1484) was signed into law, modifying and supplementing AB 1x 26.

In accordance with Section 34177.5(g) of the California Health and Safety Code, the Successor Agency bonds shall be considered indebtedness incurred by the dissolved redevelopment agency, with the same legal effect as if the bonds, indebtedness, financing agreement, or amended enforceable obligation had been issued, incurred, or entered into prior to June 29, 2011, in full conformity with the applicable provisions of the California Community Redevelopment Law (being Part 1 of Division 24 of the Health and Safety Code and is being referred to herein as the "Law") that existed prior to that date, shall be included in the successor agency's Recognized Obligation Payment Schedule (the "ROPS"), and shall be secured by a pledge of, and lien on, and shall be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund (the "RPTTF").

The Successor Agency to the Rancho Cucamonga Redevelopment Agency (the Successor Agency) is proposing to issue Tax Allocation Refunding Bonds (the Bonds) to be secured by the pledge of Tax Revenues generated by the former Rancho Redevelopment Project (the Project Area). The Bonds will be used to refund the 1999, 2001 and 2004 Tax Allocation Bonds of the former Rancho Cucamonga Redevelopment Agency.

The Law provided for the creation of redevelopment agencies by cities and counties for the purpose of the elimination of blight. The Law, together with Article 16, Section 16 of the California Constitution, authorized redevelopment agencies to receive that portion of property tax revenue generated by project area taxable values that were in excess of the Base Year value. The Base Year value is defined as the amount of the taxable values within the project area boundaries on the last equalized tax roll prior to adoption of the project area. The amount of current year taxable value that is in excess of the Base Year value is referred to as incremental taxable value. Tax revenues generated from the incremental taxable value are, for purposes of this report, referred to as Gross Tax Increment Revenues. The Law provides that the tax increment revenues may be pledged by the redevelopment agency to the repayment of agency indebtedness.

In this report, Gross Tax Increment Revenue combined with Unitary Tax Revenue (see Section IV, Allocation of State Assessed Unitary Taxes) are referred to as Gross Tax Revenue. Gross Tax Revenue less any adjustments required by the annual tax increment limit in the redevelopment plan for the former redevelopment project area are referred to as Adjusted Gross Tax Revenue. For purposes of this report, Net Adjusted Gross Tax Revenue are defined as Adjusted Gross Tax Revenue less the SB 2557 County Administrative charges (see

Section IV, County Collection Charges) amounts owed, if any, to taxing entities pursuant to tax sharing agreements (see Section VII B) and for statutory tax sharing obligations (see Section VII A). Tax Revenue is herein defined as Net Adjusted Gross Tax Revenue less those payments required as Housing Obligations (See Section V).

Allocation of tax increment revenue has been significantly altered by the passage of AB1x 26 and AB 1489 by the California Legislature. This legislation has been designed to dissolve redevelopment agencies formed pursuant to the Law while assuring that the enforceable obligations incurred by the former redevelopment agencies are repaid (see Section VI Legislation). While tax increment revenues were previously allocated by the County Auditor-Controller over the period from November through July of each fiscal year, beginning with fiscal year 2012-13, revenues are only allocated on January 2 and June 1 of each year.

The purpose of this fiscal consultant report (the "Report") is to examine property tax information for the current fiscal year and to project the amount of tax increment revenues anticipated to be received by the Successor Agency from the Project Area for the current fiscal year and nine subsequent fiscal years. Provisions of the Law and the Redevelopment Plan for the Project Area determine the amount of Tax Revenue that the Successor Agency may utilize for purposes of making debt service payments and any payments on other obligations with a superior lien on Tax Revenues (see Section VII, Tax Sharing Agreements and Other Obligations, below). As a result of our research, we project that the Tax Revenues for the Project Area will be as shown in Table A below:

Table A
Project Area Tax Revenue
(000's omitted)

Fiscal Year	Incremental Value	Adjusted Gross Tax Revenue	County Admin. Charges	Combined Tax Sharing Payments	Net Adjusted Gross Tax Revenue	Housing Obligations	Tax Revenue
2013-14	$ 8,964,800	**$ 91,370**	($839)	($32,766)	**$57,765**	($12,622)	**$45,143**
2014-15	8,724,451	**88,958**	(829)	(32,237)	**55,892**	(12,620)	**43,272**
2015-16	8,897,349	**90,693**	(845)	(33,232)	**56,616**	(12,619)	**43,998**
2016-17	9,073,465	**92,461**	(862)	(34,257)	**57,342**	(12,622)	**44,720**
2017-18	9,253,103	**94,263**	(879)	(35,315)	**58,070**	(12,620)	**45,449**
2018-19	9,436,333	**96,102**	(896)	(36,408)	**58,798**	(12,622)	**46,177**
2019-20	9,623,228	**97,977**	(913)	(37,537)	**59,528**	(12,619)	**46,908**
2020-21	9,813,862	**99,890**	(931)	(38,703)	**60,256**	(12,620)	**47,635**
2021-22	10,008,307	**100,000**	(932)	(39,404)	**59,664**	(12,622)	**47,042**
2022-23	10,206,642	**100,000**	(932)	(39,864)	**59,204**	(12,622)	**46,582**

The taxable values of property and the resulting Tax Revenue for the Project Area summarized above are reflected on Tables 1 and 2 of the projection (attached). These projections are based on assumptions determined by our review of the taxable value history of the Project Area and the property tax assessment and property tax apportionment procedures of the San Bernardino County Assessor (the Assessor) and the San Bernardino County Auditor-Controller (the Auditor-Controller). Future year assessed values and Tax Revenue are projections based on the assumptions described in this Report and are not guaranteed as to accuracy. This Report is not to be construed as a representation of such by HdL Coren & Cone.

II. The Project Area

The City Council adopted the Redevelopment Plan by Ordinance No. 166 on December 23, 1981. The Project Area encompasses an irregularly bounded area of approximately 8,500 acres. The Project Area includes approximately 36 percent of the total acreage of the City. The northern portion of the Project Area contains two planned communities of approximately 3,196 acres. The southern portion of the Project Area contains a portion of the Industrial Specific Plan of approximately 4,155 acres. The remaining area within the Project Area includes parcels which follow the major east/west arterial of Foothill Boulevard. Land uses within this area are largely devoted to commercial and office uses with scatter sites of vacant land.

A. Land Use

Tables B represents the breakdown of land use in the Project Area by the number of parcels and by assessed value for fiscal year 2013-14. Unsecured and SBE non-unitary values are connected with parcels that are already accounted for in other categories. It should be noted that the Exempt category below includes parcels exempt from property taxes such as those owned by the City, Agency, State or other governmental agencies. Values shown in Table 3 (attached) for the Project Area projections do not include values for such exempt parcels. This information is based on County land use designations as provided by the County.

Table B
Land Use Summary

Category	No. Parcels	Assessed Value	% of Total
Residential	2,071	4,130,824,600	44.59%
Commercial	649	1,855,146,315	20.03%
Industrial	672	2,100,477,347	22.67%
Recreational	8	32,564,404	0.35%
Institutional	23	31,098,623	0.34%
Government Owned	2	2,661,177	0.03%
Miscellaneous	32	13,697,991	0.15%
Exempt	1,125	0	0.00%
Vacant Land	171	135,106,537	1.46%
Subtotal:	**14,753**	**8,301,576,994**	**89.61%**
SBE Non-unitary		26,358,176	0.28%
Unsecured		935,762,520	10.10%
Subtotal:		**$962,120,696**	**10.39%**
Totals:	**14,753**	**$9,263,717,690**	**100.00%**

B. Redevelopment Plan Limits

In accordance with the Redevelopment Law, a redevelopment plan adopted prior to January 1, 1994 is required to include a limitation on the number of tax increment dollars that may be allocated to the redevelopment agency; a time limit on the establishing of indebtedness to be repaid with tax increment; and a limit on the amount of bonded indebtedness to be repaid with tax increment that can be outstanding at one time. The City Council adopted the Project Area Redevelopment Plan (the Plan) through Ordinance 166 on December 23, 1981 containing the appropriate limitations for that time. On August 13, 1987 the City Council adopted Ordinance 316A increasing the tax increment limit to $100 million annually and the limit on outstanding indebtedness to be repaid with tax increment to $500 million. Based upon projected growth of values within the Project Area, it is anticipated to reach its annual limit by 2021-22 (See projection tables 1 and 2).

Chapter 942, Statutes of 1993 limits the life of existing redevelopment plans to 40 years from the date of adoption or January 1, 2009, whichever is later, and limits the period within which a redevelopment project area may receive tax increment to the life of the redevelopment plan plus ten years beyond the expiration of the redevelopment plan. Chapter 942 also limits the receipt of tax increment to ten years after the expiration of the redevelopment plan except for specific low and moderate-income housing obligations and any bond, indebtedness or other obligation authorized prior to January 1, 1994. Chapter 942 limits for redevelopment plans adopted prior to 1994 stipulate that the time limit for establishing indebtedness shall not exceed 20 years from the adoption of the redevelopment plan or January 1, 2004, whichever is later. These limits can be extended only by an amendment of the redevelopment plan.

The City Council adopted Ordinance No. 537 on November 16, 1994, amending the time limits of the Plan to be consistent with the provisions of Chapter 942. The Plan was further amended by the City Council with the adoption of Ordinance 657 on June 20, 2001 to extend the time for the Agency to incur indebtedness until January 1, 2014.

In 2001 the Legislature enacted SB 211 (Chapter 741, Statutes of 2001) allowing redevelopment agencies to eliminate the time limit for incurring indebtedness required by Chapter 942 for redevelopment plans adopted prior to 1994. The limit may be eliminated by an ordinance of the Agency's legislative body and without going through a formal redevelopment plan amendment. Redevelopment agencies that eliminate the time limit for incurring indebtedness are subject to the statutory tax sharing of Chapter 942 (See Section VII.B, Statutory Tax Sharing, below) beginning the year after the former limit would have taken affect. On June 20, 2001, the City Council adopted Ordinance 657 amending the Plan to extend the time limit for incurring indebtedness until January 1, 2014. By this amendment, the requirement for payment of statutory tax sharing payments pursuant to Section 33607.7 of the Law was established.

Paragraphs (C) and (D) of Section 33333.6 (e) (2) of the Law allow for the extension of the duration of redevelopment plans and time limits to repay indebtedness for redevelopment agencies that made payments to the Educational Revenue Augmentation Fund (ERAF, see Section VII Legislation). Paragraph (C) allows a one year extension, and Paragraph (D) allows two one year extensions for redevelopment plan with less than 10 years remaining effectiveness. For redevelopment plans with more than ten years and less that 20 years remaining effectiveness Paragraph (D), two one year extensions are allowed providing the agency can make specified findings regarding its compliance with the low and moderate income housing requirements of the Law. As part of Ordinance 721, mentioned above, the life of the Plan and the time to receive tax increment was extended by one year in accordance with Paragraph (C) of Section 33333.6 (e) (2). The Plan was extended an additional year in accordance with Paragraph (D) of Section 33333.6 (e) (2) with the adoption of Ordinance 742 on May 18, 2005, and further extended a year with the adoption of Ordinance 758 on May 3, 2006.

The redevelopment plan limits currently governing the component areas of the Project Area are summarized in Table C below:

Table C
Redevelopment Plan Limits

Termination of Project Activities	Last Date to Repay Debt with Tax Revenue	Last Date to Incur Indebtedness	Tax Increment Limit	Limit on Outstanding Bonded Debt
December 23, 2024	December 23, 2034	January 1, 2014	$100 Million per year	$500 million

Based on the projection of tax increment revenue, the Project Area is expected to reach its limit on annual tax increment revenue during fiscal year 2021-22. Once this limit is reached, any Gross Tax Revenue generated by the Project Area in excess of $100 million in any fiscal year will be allocated to the taxing entities and will not be available for payment of debt service on the Bonds. Growth in taxable value that is greater or less than projected may cause this annual limit to be reached earlier or later than projected.

On April 2, 2014, Justyn Howard, Assistant Program Budget Manager for the California Department of Finance, wrote a letter to Mary Jo Walker, the Auditor-Controller of the County of Santa Cruz, outlining the Department of Finance's opinion on the applicability of redevelopment plan tax increment limits for the former redevelopment project areas that were dissolved by State legislation in 2011 (see Section VI – Legislation Affecting Tax Revenues). It is the opinion of the Department of Finance (the DOF) that the tax increment limits within the former redevelopment plans that had not been reached prior to redevelopment dissolution are inconsistent with the purpose and intent of the redevelopment dissolution statutes. As a result, it is possible that the annual tax increment limit contained in the redevelopment plan may not be applied by the County Auditor Controller at such time as that annual limit on tax revenue is reached. The Auditor-Controller is, at this time, unsure of whether or not it will implement the annual tax increment limit contained in the redevelopment plan. In the interest of taking the most conservative approach to the issue, the projections have assumed that the limit will be applied. This is only the opinion of DOF and does not have any force of law.

III. Project Area Assessed Values

A. Assessed Values

Taxable values are prepared and reported by the County Auditor-Controller each fiscal year and represent the aggregation of all locally assessed properties that are part of the Project Area. The assessments are assigned to Tax Rate Areas (TRA) that are coterminous with the boundaries of the Project Area. The historic reported taxable values for the Project Area were reviewed in order to ascertain the rate of taxable property valuation growth over the ten most recent fiscal years beginning with 2004-05. Assessed values within the Project Area has followed a pattern of strong growth from 2004-05 through 2009-10. The average growth in incremental value for this period was 7.01 percent per year. Due to the impact of general economic stress in California, taxable values in the Project Area declined by -3.37 percent in 2010-11. The Project Area also experienced declines in incremental value of -2.29 percent for 2011-12 and -0.34 per cent for 2012-13. Values increased for 2013-14 by $191.2 million (2.18%). Growth in taxable values in the Project Area from 2004-05 to 2013-14 was $3.9 billion (73.16%). The base year value is 3.23% of the total taxable value in the Project Area for 2013-14.

Taxable values in the Project Area are well diversified with residential property values making up 44.59% of all value. Industrial uses account for 22.67% of the Project Area taxable values and commercial uses account for 20.03%. Another 10.10% of taxable value is contained within the unsecured taxable values. Together, these four land use categories account for 97.39% of all taxable value in the Project Area.

Project Area taxable value reached its peak in fiscal year 2009-10 and values for 2013-14 area $359.2 million (-3.73%) below that peak value. For 2013-14 there are 3,230 residential properties that have been reduced in value pursuant to Proposition 8 (Prop 8). Proposition 8 amended the Revenue and Taxable Code to allow for reduction of a property's taxable value when the property's market value drops below the inflation adjusted base value for that property. Once reduced, the Assessor is required to revalue the property each year and enroll the lesser of the current market value of the property or its original inflation adjusted base value. If a property that has been reduced in value under Prop 8 is sold, its value is reset based upon the sales price and this new value is no longer subject to annual revaluation under Prop 8.

The 3,230 properties in the Project Area that have been reduced in value under Prop 8 are enrolled at values that are a combined $563.6 million below the inflation adjusted base value for these properties. For 2013-14, there were 35 Prop 8 reduced properties that recovered $5.9 million in taxable value. There were 289 properties that were sold during 2012 and are no longer being revalued pursuant to Prop 8. Residential property sales for 2013 in Rancho Cucamonga reflected an increase in median sales price of 20.72% above sales for 2012. This strong growth in median sales prices should prompt the Assessor to begin a more aggressive process of recovering values reduced under Prop 8 over the past several years. We have no way to adequately project what amount of value might be recovered under this process and have not included any such estimates in the projection.

B. Top Ten Taxable Property Owners

A review of the top ten taxpayers in the Project Area for fiscal year 2013-14 was conducted and broken down by secured and unsecured value. Within the Project Area, the aggregate total taxable value for the ten largest taxpayers totaled $1,167,106,182. This amount is 13.02% of the $8,964,799,679 Project Area incremental value. The top taxpayer in the Project Area is Victoria Gardens Mall LLC, which controls ten secured parcels with a combined amount of $240,946,455. Victoria Gardens Mall LLC owns properties containing the Victoria Gardens Mall, a 1.5 million square foot open-air shopping center located north of Foothill Boulevard and east of Day Creek Boulevard. The value of this taxpayer's parcels is 2.69% of the Project Area total incremental value. The second largest taxpayer in the Project Area is Homecoming I at Terra Vista LLC that controls a total of $162,574,439 in secured and unsecured assessed value on eleven parcels. This taxpayer's property accounts for 1.81% of the Project Area incremental value and is a large residential apartment complex. Table D below illustrates the percentage of incremental value for the top ten taxpayers in the Project Area and their relative importance to the Project Area's incremental value.

Table D
Project Area Top Ten Taxpayers

Property Owner	Combined Value	% of Total Value	% of Inc. Value	Property Use
Victoria Gardens Mall LLC (1)	$240,946,455	2.60%	2.69%	Regional Retail Shopping Center
Homecoming I at Terra Vista LLC	162,574,439	1.75%	1.81%	Homecoming at Terra Vista Apartments
Catellus Development & Prologis (1)	131,250,269	1.42%	1.46%	Distribution/Industrial Buildings
T-NAPF Meritage Ownership LLC (1)	116,029,895	1.25%	1.29%	AMLI on Day Creek Apartments
WNG Rancho Cucamonga 496 LLC	100,872,016	1.09%	1.13%	Ironwood at Empire Lakes Apartments
Frito-Lay North America Inc.	90,278,520	0.97%	1.01%	Snack Food Manufacturing & Distribution
Knickerbocker Properties Inc. XLVII (1)	83,169,584	0.90%	0.93%	Barrington Place Apartments
RREEF America REIT II Corp. (1)	82,368,000	0.89%	0.92%	Waterbrook Apartments
PPF MF 9200 Milliken Avenue LP	80,251,804	0.87%	0.90%	AMLI at Empire Lakes Apartments
UDR Rancho Cucamonga LP (1)	79,365,200	0.86%	0.89%	Verano at Rancho Cucamonga Town Square Apartments
Top Property Owner Total Value	**$1,167,106,182**			
Project Area Assessed Value	**$9,263,717,690**	**12.60%**		
Project Area Incremental Value	**$8,964,799,679**		**13.02**	

(1) These taxpayers have pending assessment appeals on parcels owned (see Section IV F).

IV. Tax Allocation and Disbursement

A. Property Taxes

The taxable values of property are established each year on the January 1 property tax lien date. Real property values reflect the reported assessed values for secured and unsecured land and improvements. The base year value of a parcel is the value established as the full market value upon a parcel's sale, improvement or other reassessment. Article XIIIA of the California Constitution (Proposition 13) provides that a parcel's base year value is established when locally assessed real property undergoes a change in ownership or when new construction occurs. Following the year a parcel's base year value is first enrolled, the parcel's value is factored annually for inflation. The term base year value does not, in this instance, refer to the base year value of the Project Areas. Pursuant to Article XIIIA, Section 2(b) of the State Constitution and California Revenue and Taxation Code Section 51, the percentage increase in the parcel's value cannot exceed 2% of the prior year's value.

Secured property includes property on which any property tax levied by a county becomes a lien on that property. Unsecured property typically includes value for tenant improvements, fixtures, inventory and personal property. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other secured property owned by the taxpayer. The taxes levied on unsecured property are levied at the previous year's secured property tax rate. Utility property assessed by the State Board of Equalization (the Board) may be revalued annually and such assessments are not subject to the inflation limitations established by Proposition 13. The taxable value of Personal Property is also established on the lien dates and is not subject to the annual 2% limit of locally assessed real property.

Each year the Board announces the applicable adjustment factor. Since the adoption of Proposition 13, inflation has, in most years, exceeded 2% and the announced factor has reflected the 2% cap. Through 2010-11 there were six occasions when the inflation factor has been less than 2%. Until 2010-11 the annual adjustment never resulted in a reduction to the base year values of individual parcels, however, the factor that was applied to real property assessed values for the January 1, 2010 assessment date was a -0.237% and this resulted in a reductions to the adjusted base year value of parcels. The changes in the California Consumer Price Index (CCPI) from October of one year and October of the next year are used to determine the adjustment factor for the January assessment date. Table E below reflects the inflation adjustment factors for the current fiscal year, ten prior fiscal years and the adjustment factor for the next fiscal year.

Table E
Historical Inflation Adjustment Factors

Fiscal Year	Inflation Adj. Factor
2003-04	2.000%
2004-05	1.867%
2005-06	2.000%
2006-07	2.000%
2007-08	2.000%
2008-09	2.000%
2009-10	2.000%
2010-11	-0.237%
2011-12	0.753%
2012-13	2.000%
2013-14	2.000%
2014-15	0.454%

On December 11, 2013, the Board determined that the inflationary adjustment for 2014-15 would be 0.454%. For purposes of the projection we have assumed that the inflation adjustment factor for fiscal years beyond 2014-15 will be 2.00%. This assumption is based on the fact that the inflation adjustment factor has been at the maximum allowed amount of 2.00% in 31 of the 38 years since the adoption of Proposition 13. We believe that assuming the resumption of a 2.00% inflation adjustment factor is justified by historical experience.

B. Supplemental Assessment Revenues

Chapter 498 of the Statutes of 1983 provides for the reassessment of property upon a change of ownership or completion of new construction. Such reassessment is referred to as the Supplemental Assessment and is determined by applying the current year's tax rate to the amount of the increase or decrease in a property's value and prorating the resulting property taxes to reflect the portion of the tax year remaining as determined by the date of the change in ownership or completion of new construction. Supplemental Assessments become a lien against Real Property.

Since 1984-85, revenues derived from Supplemental Assessments have been allocated to redevelopment agencies and taxing entities in the same manner as regularly collected property taxes. The receipt of

Supplemental Assessment Revenues by taxing entities typically follows the change of ownership by a year or more. We have **not** included revenues resulting from Supplemental Assessments in the projections.

C. Tax Rates

Tax rates will vary from area to area within the State, as well as within a community and a project area. The tax rate for any particular parcel is based upon the jurisdictions levying the tax rate for the area where the parcel is located. The tax rate consists of the general levy rate of $1.00 per $100 of taxable value and the over-ride tax rate. The over-ride rate is that portion of the tax rate that exceeds the general levy tax rate and is levied to pay voter approved indebtedness or contractual obligations that existed prior to the enactment of Proposition 13.

A Constitutional amendment approved in June 1983 allows the levy of over-ride tax rates to repay indebtedness for the acquisition and improvement of real property, upon approval by a two-thirds vote. A subsequent amendment of the Constitution prohibits the allocation to redevelopment agencies of tax revenues derived from over-ride tax rates levied for repayment of indebtedness approved by the voters after December 31, 1988. Tax rates that were levied to support any debt approved by voters after December 31, 1988 were not allocated to redevelopment agencies. The over-ride tax rates typically decline each year as a result of (1) increasing property values (which would reduce the over-ride rate that must be levied to meet debt service) and (2) the eventual retirement of debt over time.

Section 34183(a)(1) of the Law as amended by AB1x 26 requires the Auditor Controller to allocate all revenues attributable to tax rates levied to make annual repayments of the principal and interest on any bonded indebtedness for the acquisition or improvement of real property to the taxing entity levying the tax rate. This has been interpreted by the County to include none of the revenues resulting from all over-ride tax rates that were previously being allocated to redevelopment agencies based on their determination that these tax rates are not being levied for repayment of indebtedness for acquisition or improvement of real property. As a result, the tax increment revenues being deposited into the RPTTF include all revenues derived from the general levy tax rate and all revenues derived from over-ride tax rates that had been included in tax increment revenues prior to the dissolution of redevelopment agencies.

The Project Area contains a total of 106 Tax Rate Areas (TRAs). A Tax Rate Area is a geographic area within which the taxes on all property are levied by a certain set of taxing entities. These taxing entities each receive a prorated share of the general levy and those taxing entities with voter approved over-ride tax rates receive the revenue resulting from that over-ride tax rate. The tax increment projections are based on the published tax rates for 2013-14. Within the various TRAs there is only one applicable tax rate. This tax rate contains only the debt service over-ride rates that have been levied by the Metropolitan Water District. Because this over-ride tax rates was approved by voters prior to January 1, 1989 the revenue derived from it within Project Area TRA's is paid to the Agency. Due to the nature of the 2013-14 tax rate it is expected that the currently levied over-ride tax rates will remain the same through fiscal year 2034-35. Beginning in fiscal year 2035-36 the override tax rate for the Metropolitan Water District will no longer be levied. School Districts within the Project Area levy over-ride tax rates that were approved by voters after January 1, 1989. Revenue from these tax rates are paid directly to the districts by the Auditor-Controller and have no effect on the revenues of the Agency. Table F illustrates the tax rate that is applicable to the TRAs within the Project Area.

Table F **Project Area Tax Rate for 2013-14**		
General Levy		$1.0000
Metropolitan Water District		0.0035
	RDA Tax Rate	**$1.0035 per $100 of Taxable Value**

D. Allocation of Taxes

Taxes on secured property values paid by property owners are due in two equal installments on November 1 and on February 1 and become delinquent on December 10 and April 10. Taxes on unsecured property are due March 1 and become delinquent August 31. Prior to dissolution of redevelopment agencies, the County disbursed secured tax increment revenue to all redevelopment agencies from November through July with approximately 45 percent of secured revenues apportioned by the end of December and a total of 98% of the secured revenues by the end of the following May. Unsecured revenues are disbursed from September through June of each fiscal year with approximately 85% of the unsecured revenues being apportioned in September. The San Bernardino County Auditor-Controller apportions tax increment revenue based on collections and **does not** utilize the alternative allocation method known as the Teeter Plan. The apportionment schedule described above and the apportionment of tax increment revenue based on collections was in use by San Bernardino County for many years prior to redevelopment dissolution and continues to be the pattern of tax increment revenue allocation.

As of February 1, 2012, the apportionment of tax increment revenue was dictated by the legislation adopted as ABx1 26 (See Legislation, Section VI). Revenue is now apportioned to Successor Agencies on January 2 and June 1 of each fiscal year. All tax increment revenue is accumulated by the County Auditor-Controller in the RPTTF for allocation on these two dates. The tax increment revenue available for allocation on January 2 consists of revenues collected after June 1 of the previous fiscal year and for collections in November and December of the current fiscal year. The tax increment revenues available for allocation on June 1 include revenues collected from January 1 to June 1 of the current fiscal year.

From the amounts accumulated in the RPTTF for each allocation date, the County Auditor-Controller is to deduct its own County administrative charges and is to calculate and deduct amounts owed, if any, to taxing entities for tax sharing agreements entered into pursuant to Section 33401 of the Law and for statutory tax sharing obligations required by Sections 33607.5 and 33607.7 of the Law. The amount remaining after these reductions, if any, is what is available for payment by the Successor Agency of debt obligations of the former redevelopment agency.

Prior to receiving revenues on January 2 and June 1, the Successor Agency must adopt a Recognized Obligation Payment Schedule (ROPS) that lists the debt obligations of the former redevelopment agency that must be paid during the upcoming six month periods of January 1 through June 30 and July 1 through December 31. There is a provision in the legislation for a Successor Agency to request additional amounts in one ROPS payment to allow it to make payments that may be beyond the revenues available in the upcoming allocation cycle. The ROPS must be submitted at least 90 days prior to each RPTTF allocation date and approved by the Successor Agency's Oversight Board that is established in the legislation with membership consisting of representatives from various taxing entities. The ROPS must also receive approval from the State Department of Finance (the

"DOF"). Filing ROPS statements is mandated by statute and penalties are incurred if they are filed late or if they are not filed at all.

The Successor Agency is entitled to receive an amount to cover the administrative costs of winding down the business of the former redevelopment agency. This amount is set by AB1x 26 at the greater of $250,000 per year or a maximum of 3% of the amount allocated from the RPTTF. AB 1484 added language that allowed the Oversight Board to reduce the amount of the minimum administrative allowance. To the extent that revenues are insufficient to pay all of the approved ROPS obligations, the Successor Agency's administrative allowance will be reduced or eliminated. Successor Agency administrative allowance amounts that have been approved but cannot be paid due to a lack of RPTTF revenue will be carried over to the next RPTTF allocation for payment as funds become available.

If there are RPTTF amounts remaining after reductions for County administrative charges, amounts owed, if any, to taxing entities for tax sharing agreements entered into pursuant to Section 33401 of the Law, enforceable obligations and Successor Agency administrative allowance, these remainder amounts are referred to as Residual Revenue. Residual Revenue for each allocation cycle is proportionately allocated to the taxing entities and to the Educational Revenue and Augmentation Fund (ERAF). The legislation stipulates that the combination of tax sharing payments and Residual Revenue payments to tax entities may not exceed that taxing entity's full share of tax increment revenue. In circumstances where a taxing entity receives all or most of its share of tax increment revenue as a result of its tax sharing agreement, that taxing entity's share of the Residual Revenue distribution may be reduced and the portions of Residual Revenue allocated to the other taxing entities will be proportionately increased. (See Section VII – Tax Sharing Agreements and Other Obligations, below)

The forms and procedures used by a successor agency to submit its ROPS to its Oversight Board and to the DOF are dictated by the legislation as interpreted by DOF.

E. Annual Tax Receipts to Tax Levy

The San Bernardino County Auditor-Controller apportions tax revenues to the RPTTF based upon the amount of the tax levy that is received from the taxpayers. Collection rates for the Project Area have been relatively consistent with collection rates experienced throughout the County. Calculation of collection rates after 2010-11 may be impacted by revised reporting by the County Auditor-Controller that occurred as a result of the dissolution of redevelopment agencies. The following table illustrates the final tax revenue collections for the previous five fiscal years.

Table G
Project Area Property Tax Collections History

Fiscal Year	Adjusted Tax Levy	Current Year Apportioned	Current Year Collection %	Prior Year Collections[1]	Total Apportioned	Total Collection %
2008-09	94,621,889	90,597,115	95.54%	6,460,656	96,861,299	102.37%
2009-10	94,377,078	90,377,948	95.74%	5,450,651	95,802,737	101.51%
2010-11	91,226,926	84,817,130	92.72%	2,461,278	87,043,486	95.41%
2011-12	89,731,609	83,475,977	92.85%	2,442,481	85,757,118	95.57%
2012-13	89,591,386	81,639,243	91.32%	2,293,497	84,110,889	93.88%

Source: San Bernardino County Auditor-Controller's Office.

[1] Prior Year Collections include Supplemental Revenue, reductions for taxpayer refunds and revenue from prior years.

F. Assessment Appeals

Assessment appeals data from San Bernardino County has been reviewed to determine the potential impact that pending appeals may have on the projected Tax Revenues. We have determined that there are 264 pending appeals within the Project Area. In order to estimate the potential reduction in assessed value that may occur as a result of these pending appeals, we have reviewed the historical averages for the number of appeals allowed and the amount of assessed value removed. We have then applied those averages to the currently pending appeals and estimated the number of pending appeals that may be allowed and the amount of assessed value that may be removed as a result of these pending appeals.

Six of the Project Area's top ten taxpayers have pending appeals of their assessed value. Victoria Gardens Mall LLC, Catellus Development/Prologis, T-NAPF Meritage Ownership LLC, Knickerbocker Properties Inc. XLVII, RREEF America REIT II Corp. and UDR Rancho Cucamonga LP all have assessment appeals pending.

Table H
Pending Assessment Appeals Among Top Ten Taxpayers

Taxpayer	FY of Appeal	No. Of Parcels Under Appeal	Value Under Appeal	Owner Opinion of Value	Maximum Potential Value Reduction
Victoria Gardens Mall LLC	2012-13	4	$10,294,920	$4,900,000	$5,394,920
Catellus Development & Prologis	2013-14	3	$79,378,825	$53,100,000	$26,278,825
T-NAPF Meritage Ownership	2012-13	3	$117,364,505	$105,990,000	$11,374,505
Knickerbocker Prop. Inc. XLVII	2011-12	1	$15,888,000	$10,000,000	$5,888,000
	2012-13	2	$82,998,000	$60,000,000	$22,998,000
	2013-14	2	$82,998,000	$65,000,000	$17,998,000
RREEF America REIT II Corp.	2013-14	2	$82,368,000	$49,925,000	$32,443,000
UDR Rancho Cucamonga	2012-13	3	$75,925,300	$55,780,000	$20,145,300

The estimated impact of value losses resulting from these pending appeals has been incorporated into the projected revenues of the Project Area.

The following table shows the amount of assessed value that is presently under appeal within the Project Area and the estimated reduction of value that has been factored into the projections for 2014-15. The assessment appeals data below reflects appeals filed for fiscal years 2009-10 through 2013-14.

Table I
Estimated Assessment Appeals Loss for FY 2014-15

Total No. of Appeals	No. of Resolved Appeals	No. of Successful Appeals	Average Reduction	No. & Value of Appeals Pending	Est. No. of Appeals Allowed	Est. Reduction on Pending Appeals Allowed (2014-15 Value Adjustment)
1,396	1,132	690	24.49%	264 ($1,878,497,552)	161	$280,368,316

G. County Collection Charges

Chapter 466 (SB 2557) allows counties to recover charges for property tax administration in an amount equal to their 1989-90 property tax administration costs, as adjusted annually. For fiscal year 2012-13, the County collection charges were 0.682% of Gross Revenue within the Project Area. Based on the collection charges for 2012-13, we have projected the charge for 2013-14 as a percentage of Gross Revenue to remain at 0.682%. For purposes of these projections, we have assumed that the County will continue to charge the Agency for property tax administration and that such charge will increase proportionally with any increases in revenue. In addition to the reimbursement allowed under SB 2557, the County levies a .25% collection charge for managing the property tax allocation process. This charge is calculated on the amount of gross property tax revenue allocated to the Successor Agency. This collection charge has been projected and included within calculation of Tax Revenue.

H. Allocation of State Assessed Unitary Taxes

Legislation enacted in 1986 (Chapter 1457) and 1987 (Chapter 921) provided for a modification of the distribution of tax revenues derived from utility property assessed by the State Board of Equalization, other than railroads. Prior to the 1988-89 fiscal year, property assessed by the SBE was assessed statewide and was allocated according to the location of individual components of a utility in a tax rate area. Commencing in 1988-89, tax revenues derived from unitary property and assessed by the SBE are accumulated in a single Tax Rate Area for the County. It is then distributed to each taxing entity in the County in the following manner: (1) each taxing entity will receive the same amount as in the previous year plus an increase for inflation of up to two percent; (2) if utility tax revenues are insufficient to provide the same amount as in the previous year, each taxing entity's share would be reduced pro-rata county wide; and (3) any increase in revenue above two percent would be allocated in the same proportion as the taxing entity's local secured taxable values are to the local secured taxable values of the County.

To administer the allocation of unitary tax revenues to redevelopment agencies, the County no longer includes the taxable value of utilities as part of the reported taxable values of a project area, therefore, the base year values of project areas have been reduced by the amount of utility value that existed originally in the base years. The Auditor Controller allocated an aggregate total of $1,408,345 of unitary tax revenue to the Project Area for 2012-13. For purposes of this projection, we have assumed that the aggregate amount of unitary revenue for 2012-13 will continue to be allocated to the Project Area in the same amount for the life of the projection. Table J below reflects the amount of unitary revenue allocated to the Agency from the Project Area for the most recent four fiscal years.

Table J
Project Area Unitary Revenue Allocations

Fiscal Year	Unitary Revenue Allocation
2009-10	1,105,147
2010-11	1,099,048
2011-12	1,439,638
2012-13	1,408,345
Total:	**$5,052,178**

V. Low and Moderate Income Housing Set-Aside

Sections 33334.2 and 33334.3 of the Law required redevelopment agencies to set aside not less than 20 percent of all tax increment revenues from project areas adopted after December 31, 1976 into a low and moderate income housing fund (the "Housing Set-Aside Requirement"). Sections 33334.3, 33334.6 and 33334.7 of the Law extend this requirement to redevelopment projects adopted prior to January 1, 1977. With the adoption of AB1x 26, the Housing Set-Aside Requirement was eliminated. The housing fund into which these set-aside amounts were formerly deposited has been eliminated and any unencumbered amounts remaining in that fund have been identified through a mandated Due Diligence Review. The amounts found to be unencumbered through this Due Diligence Review have been paid to the County and these funds have been allocated to the taxing entities within the former project area.

Prior to the dissolution of redevelopment agencies, obligations secured by the Housing Set-Aside Requirement were incurred. The obligations so incurred are include the debt service amounts for the former redevelopment agency's 2007A and 2007B Housing Bonds, its 1997 Loan Agreement and its Housing Pledge Agreement. The 1997 Loan Agreement was entered into as of December 15, 1997 by and among the former redevelopment agency, Northtown Housing Development Corporation and Pacific Life Insurance Company and includes a Guaranty Reimbursement Agreement dated as of December 15, 1997 by and among the Agency, Northtown Housing Development and MBIA Insurance Corporation, as successor in interest to Capital Markets Assurance Corporation. Payments pursuant to this agreement continue through fiscal year 2025-26.

The Housing Pledge Agreement is a Subordination Agreement (1994 Pledge Agreement, as Amended) dated as of November 8, 2007, between the former redevelopment agency and National Community Renaissance of California. Payments pursuant to this agreement continue through fiscal year 2025-26. These obligations have first call on those amounts that were formerly the Housing Set-Aside Requirement but any portion of the former Housing Set-Aside Requirement not needed for payment of these obligations is available for payment of debt service on the Bonds and is included in the Tax Revenue amount. As these obligations are satisfied, the entire amount of the former Housing Set-Aside Requirement will be available for payment of debt service on the Bonds.

VI. Legislation Affecting Tax Revenues

In order to address State Budget deficits, the Legislature enacted SB 614, SB 844 and SB 1135 that required payments from redevelopment agencies for the 1992-93, 1993-94 and 1994-95 fiscal years into a countywide ERAF. The Former Agency could have used any funds legally available and not legally obligated for other uses, including agency reserve funds, bond proceeds, earned income, and proceeds of land sales, but not moneys in the Low and Moderate Income Housing Fund (the "Housing Fund") to satisfy this obligation. From 1995-96 to 2001-02, state budgets were adopted with no additional shifting of tax increment revenues from redevelopment agencies, however, the 2002-03 State Budget required a shift of $75 million of tax increment revenues statewide from redevelopment agencies to ERAF to meet the state budget shortfall. AB 1768 (Chapter 1127, Statutes of 2002) was enacted by the Legislature and signed by the Governor and based upon the methodology provided in the 2002-03 budget, the shift requirement for the former redevelopment agencies to make payments into the ERAF was limited to fiscal year 2002-03 only.

As part of the State's 2003-04 budget legislation, SB 1045 (Chapter 260, Statutes of 2003) required redevelopment agencies statewide to contribute $135 million to local County ERAF which reduced the amount of State funding for schools. This transfer of funds was limited to fiscal year 2003-04 only. Under the Law as amended by SB 1045, the redevelopment agencies were authorized to use a simplified methodology to amend the individual redevelopment plans to extend by one year the effectiveness of the plan and the time during which the agencies could repay debt with tax increment revenues. In addition, the amount of this payment and the ERAF payments made in prior years were to be deducted from the cumulative tax increment amounts applied to a project area's cumulative tax increment revenue limit. The information shown in Table C above reflects the extension of the time limits and the credit to the cumulative tax increment amounts.

After the State's budget for 2004-05 was approved by the legislature and signed by the Governor, Senate Bill 1096 was adopted. Pursuant to SB 1096, redevelopment agencies within the State were required to pay a total of $250 million to ERAF for fiscal year 2004-05 and for 2005-06. The payments were due on May 10 of each fiscal year. As in previous years, payments were permitted to be made from any available funds other than the Housing Fund. If an agency was unable to make a payment, it was allowed to borrow up to 50% of the current year Housing Tax Set-Aside Requirement, however, the borrowed amount was required to be repaid to the Housing Fund within 10 years of the last ERAF payment (May 10, 2006). Under SB 1096, redevelopment plans with less than ten years of effectiveness remaining from June 30, 2005, could be extended by one year for each year that an ERAF payment is made. For redevelopment plans with 10 to 20 years of effectiveness remaining after June 30, 2005, the plans may be extended by one year for each year that an ERAF payment is made if the city council could find that the former redevelopment agency was in compliance with specified state housing requirements. These requirements are: 1) that the agency is setting aside 20% of gross tax increment revenues; 2) that housing implementation plans are in place; 3) that replacement housing and inclusionary housing requirements are being met; and, 4) that no excess surplus exists. Table C above reflects these time limit extensions. The former redevelopment agency did **not** borrow from the Housing Fund as authorized in order to make the required payments for ERAF. As outlined below, the method by which ERAF loans from the Housing Fund may be repaid has been modified by the adoption of AB 1484. The requirement for repayment of these loans by certain dates has been eliminated.

In July, 2009, the Legislature adopted AB 26 4x as a means of implementing a package of 30 bills that were adopted in order to close the State's budget deficit. Under this legislation the former redevelopment agencies statewide were required to pay into their county's "Supplemental" ERAF (the "SERAF"), $1.7 billion in fiscal year 2009-10 and were required to pay another $350 million in fiscal year 2010-11. Based on a State Controller formula, the former redevelopment agencies were required to pay the required amounts by May, 2010 and May, 2011 respectively.

Under this legislation, the former redevelopment agencies could use any available funds to make the SERAF payments. If Housing Set-Aside Requirement or Housing Fund amounts were borrowed to make the SERAF payment, the borrowed amounts were required to be repaid to the Housing Fund by June 30, 2015 and June 30, 2016 respectively. Under the requirements of Section 34191.4 amended by AB 1484, however, redevelopment agencies that borrowed from the Housing Fund to make the required SERAF payments for 2010 and for 2011 may only repay the borrowed amounts from annual amounts that are 50% of the increase in annual Residual Revenues that are above the Residual Revenue for fiscal year 2012-13. Repayment amounts are, under current legislation, to be repaid to the Successor Housing Agency established pursuant to AB 1x 26 and AB 1484 (see below). Repayment of SERAF payment amounts borrowed from the Housing Fund may only be repaid from growth in Residual Revenue. As a result, the repayment of these amounts will have no impact on the Successor

Agency's ability to repay indebtedness. The former redevelopment agency did not borrow from the Housing Fund to make the required SERAF payments.

AB 1x 26 and AB 1x 27 were introduced in May 2011 as placeholder bills and were substantially amended on June 14, 2011. These bills proposed to dramatically modify the Law as part of the fiscal year 2011-12 State budget legislation. AB 1x 26 would dissolve redevelopment agencies statewide effective October 1, 2011 and suspend all redevelopment activities as of its effective date. AB 1x 27 would allow redevelopment agencies to avoid dissolution by opting into a voluntary program requiring them to make substantial annual contributions to local school and special districts. The bills were signed by the Governor in late June, 2011 and were challenged by a suit filed before the California Supreme Court by the CRA. On December 29, 2011, the Supreme Court ruled that AB 1x 27 was unconstitutional and that AB 1x 26 was not unconstitutional. On June 27, 2012 the legislature passed and the Governor signed Assembly Bill 1484. This legislation made certain revisions to the language of AB 1x 26 based on experience after its implementation.

Once the obligations of the former redevelopment agencies have been recognized as Enforceable Obligations, the Successor Agency is obliged to manage the repayment of those Enforceable Obligations through the semiannual adoption of ROPS by the Oversight Board that is made up of representatives of taxing entities within the former redevelopment agency. Membership of the Oversight Board is dictated by Section 34179 of the Law. After 2016, there will be a single Oversight Board in each county that will be responsible for adoption of ROPS for all successor agencies in the county. The ROPS establishes the amounts that may be paid by the Successor Agency on the former redevelopment agency's debts during the six month periods following payments to the Successor Agency from the RPTTF by the County Auditor-Controller on January 2 and June 1 of each year.

Pursuant to Section 34187(b) of the Law, once the debts of the former redevelopment agency have been paid, the successor agency has one year to dispose of any remaining assets and terminate its existence notwithstanding the time and tax increment limits contained in redevelopment plans. The enforceability of time and tax increment limits contained in the redevelopment plans is unclear. The covenants in many bond offerings, including those of the Successor Agency, require adjustments to the deposit of tax increment revenues with the Trustee if the receipt of tax increment approaches the tax increment or time limits within the redevelopment plan. The County Auditor-Controller has indicated that it intends to abide by tax increment and time limits contained in the redevelopment plans. DOF has informally indicated that it believes the legislation intends for all enforceable obligations to be repaid notwithstanding redevelopment plan limits. If DOF's understanding of the legislation is applied, the ongoing repayment of enforceable obligations may be allowed to continue beyond the time that a project area's cumulative tax increment limit is reached. For purposes of the projections, we have assumed that all revenue and time limits in the redevelopment plan will be applied. As a result, if either legislative changes or DOF policy changes relaxes any or all of these limits, the debts of the Successor Agency will be more secure than under the present assumptions.

As mentioned above, issues involved in the dissolution of redevelopment agencies have yet to be resolved including the continuation of plan limits, override revenues and the treatment of ERAF. Additionally approximately 159 suits have been filed on various aspects of AB 1x 26 and AB 1484 which could impact the dissolution of redevelopment agencies. The Successor Agency has filed no lawsuits and is not involved in any current litigation in connection with the dissolution. Our projections could be impacted as a result of future court decisions in connection with lawsuits filed by other agencies.

VII. Tax Sharing Agreements and Other Obligations

As required by the Law as modified by AB 1x 26 and AB 1484, the County Auditor-Controller is responsible for administering all pass through payment calculations and payments. AB 1484 further requires that the calculation of pass through amounts be done as it was done prior to January 1, 2011. This means that where the payments are based on revenue reduced for the Housing Set-Aside Requirement, this reduction is to continue despite the fact that the Housing Set-Aside is no longer required. Based upon the flow of funds required after the dissolution of redevelopment agencies and because the Successor Agency did not take action to secure subordination of tax sharing payments to the payment of debt service on the Bonds, all tax sharing obligations are paid prior to the distribution of RPTTF Tax Revenue to the Successor Agency for payment of debt service on the Bonds. The pass through payment obligations that are required within the Project Area are described below.

A. Statutory Tax Sharing Payments

The Plan was amended to extend the limitation on the issuance of new indebtedness to be repaid with tax increment revenue. As a result, the Project Area is subject to the initiation of tax sharing payments that began with fiscal year 2004-05. Those taxing entities that have entered into negotiated tax sharing agreements continue to receive tax sharing payments in accordance with the terms of those agreements. The taxing entities without tax sharing agreements will receive their proportionate share of the statutory payments described below.

The payments to those taxing entities that do not have tax sharing agreements in place are made in accordance with the three-tiered formula for statutory tax sharing payments required outlined in Section 33607.7 of the Law. These taxing entities will receive their proportional shares of a tax sharing amount that is defined as being 25% of the revenue derived from the difference in assessed value in the current year and the assessed value in the adjusted base year and net of the 20% housing set-aside requirement. The adjusted base year value is, for purposes of the calculations in the Project Area, the Project Area taxable value for fiscal year 2004-05.

In 2015-16, the eleventh year after initiation of the statutory tax sharing payments, a second tier of tax sharing payments will be initiated using the assessed values of 2014-15, year ten, as an adjusted base year value. These taxing entities will then begin to receive their prorated shares of a tax sharing amount that is defined as being 21% of the revenue derived from the difference in assessed value in the current year and the assessed value in the second adjusted base year and net of the 20% housing set-aside requirement. A third tier statutory tax sharing payment is provided for in the Law but is not initiated until the 31st year after the initiation of the tax sharing payments. Payments required pursuant to this third tier of statutory tax sharing will not be initiated prior to expiration of the Project Area's ability to repay indebtedness.

Under the Law, the City is considered a taxing entity and may elect to receive its share of the required tier 1 payments. The City may not, however, receive any share of the tier 2 and tier 3 payments. The City has elected to receive its share of all tier 1 payment amounts.

B. Tax Sharing Agreements

Prior to January 1, 1994, tax sharing agreements were authorized by Section 33401 of the Law as a means of mitigating adverse impacts of a redevelopment project area on taxing entities. Such agreements are also referred to as pass through agreements. At the time that the Project Area was adopted, the former redevelopment agency entered into a number of tax sharing agreements. The agreements typically refer to a taxing entity's share of tax increment revenue. The taxing entity's share of tax increment revenue is based on the amount of tax increment revenue apportioned to the component project area that is attributable to that taxing entity's portion of the 1% general levy tax rate within the component project area. These agreements are described below.

Inland Empire Utilities Agency – The Inland Empire Utilities Agency was formerly known as the Chino Basin Municipal Water District. Pursuant to the terms of this agreement, the Inland Empire Utilities Agency receives its full share (4.41%) of general levy tax increment revenue allocated from the Project Area.

Cucamonga County Water District – The agreement with the Cucamonga County Water District requires the payment to the District of all revenues allocated from the Project Area that are derived from the District's debt service tax rate. The debt service tax rate levied by the District at the time of the Project Area's adoption has been amortized and is no longer levied. Payments to the District pursuant to this agreement are no longer required.

San Bernardino County Flood Control District - Pursuant to the terms of this agreement, the Flood Control District receives its full share (2.76%) of general levy tax increment revenue allocated from the Project Area.

Rancho Cucamonga Fire Protection District - The Fire Protection District receives its full share (12.33%) of general levy tax increment revenue allocated from the Project Area. The Rancho Cucamonga Fire Protection District is the successor to the Foothill Fire Protection District. The agreement with the Foothill Fire Protection District required that the District's share of tax increment revenue from within the Project Area would be used to pay for the capital costs of constructing Fire Station No. 4. After paying off these construction costs, the Foothill Fire Protection District's share of tax increment revenue would be retained by the former redevelopment agency to be used for funding of the operation and maintenance costs of Station No. 4 and to finance acquisition, construction or maintenance of fire facilities of benefit to the Project Area.

Rancho Cucamonga Library – The Rancho Cucamonga Library receives payments that are 1.4% of general levy tax increment revenue allocated from the Project Area. The tax sharing agreement for library services was originally made between the former redevelopment agency and the County Library System. After the City of Rancho Cucamonga began providing library services to the residents, the Rancho Cucamonga Library became the successor to the tax sharing that had previously gone to the County Library system.

School District Payments – The former redevelopment agency entered into a settlement agreement with the Chaffey Union High School District, the Central Elementary School District, the Cucamonga Elementary School District and the Etiwanda Elementary School District. Under the terms of this agreement, the school districts receive a prescribed share of a revenue amount derived by a formula contained in the agreement.

Chaffey Union High School District receives a portion of an amount derived by calculating 17% of the general levy tax increment revenue allocated from within the Project Area and then subtracting an amount that is 17% of the $10.6 million in tax revenue received by the District from within the boundaries of the Project Area in 1987-88. The District received 26% of this derived amount through fiscal year 2002-03. For 2003-04 and subsequent years, the District receives 11.5% of this amount.

Central Elementary School District receives a portion of an amount derived by calculating 17% of the revenue general levy tax increment revenue allocated from within the Project Area and then subtracting an amount that is 17% of the $2.4 million in tax revenue received by the District from within the boundaries of the Project Area in 1987-88. The District received 26% of this amount through fiscal year 2002-03. For 2003-04 and subsequent years, the District receives 23% of this amount. In addition, beginning with fiscal year 2003-04 the District began to receive its proportionate share of an amount that is 11.5% of the Chaffey Union High School District's tax sharing payment. The Central Elementary School District produces 16.23% of all Project Area tax revenue and, therefore, receives this percentage of the amount divided among the elementary school districts that is 11.5% of Chaffey Union High School District payment. The Central Elementary School District's share of this amount will vary somewhat over time based on growth within the Project Area but for purposes of this report, the percentage has been assumed to remain constant.

Cucamonga Elementary School District receives a portion of an amount derived by calculating 17% of the revenue general levy tax increment revenue allocated from within the Project Area and then subtracting an amount that is 17% of the $6.1 million in tax revenue received by the District from within the boundaries of the Project Area in 1987-88. The District received 26% of this amount through fiscal year 2002-03. For 2003-04 and subsequent years, the District receives 23% of this amount. In addition, beginning with fiscal year 2003-04 the District began to receive its proportionate share of an amount that is 11.5% of an amount equivalent to the Chaffey Union High School District's tax sharing payment. The Cucamonga Elementary School District produces 43.77% of all Project Area tax revenue and, therefore, receives this percentage of the amount divided among the elementary school districts that is 11.5% of Chaffey Union High School District payment. The Cucamonga Elementary School District's share of this amount will vary somewhat over time based on growth within the Project Area but for purposes of this report, the percentage has been assumed to remain constant.

Etiwanda Elementary School District receives a portion of an amount derived by calculating 17% of the revenue general levy tax increment revenue allocated from within the Project Area and then subtracting an amount that is 17% of the $1.7 million in tax revenue received by the District from within the boundaries of the Project Area in 1987-88. The District received 26% of this amount through fiscal year 2002-03. For 2003-04 and subsequent years, the District receives 11.5% of this amount. In addition, beginning with fiscal year 2003-04 the District began to receive its proportionate share of an amount that is 11.5% of an amount equivalent to the Chaffey Union High School District's tax sharing payment. The Etiwanda Elementary School District produces 36.09% of all Project Area tax revenue and, therefore, receives this percentage of the amount divided among the elementary school districts that is 11.5% of Chaffey Union High School District payment. The Etiwanda Elementary School District's share of this amount will vary somewhat over time based on growth within the Project Area but for purposes of this report, the percentage has been assumed to remain constant.

Alta Loma Elementary School District – The former redevelopment agency entered into an agreement with the Alta Loma Elementary School District whereby tax increment revenue was used to fund a one-time payment that was used for a mutually agreed upon projects. No further payments were required by the agreement.

San Bernardino County General Fund – Under the agreement with San Bernardino County, the County General Fund receives a Tax Base payment that is the County General Fund share (14.66%) of the general levy revenue attributable to inflation growth on the Project Area base year real property value (Section 3.1 of the agreement) and the balance of the County General Fund's share of tax increment revenue was retained by the former redevelopment agency until it had retained a cumulative total of $50 million. After the $50 million amount of cumulative tax increment was reached during FY 1996-97, in addition to the Tax Base payment, the County began to receive an amount described as a "mitigation" payment that is calculated by multiplying the population growth above the number of persons living within the Project at the time of adoption times a County-wide per capita service cost figure. As of 2012-13, the applicable population is 51,925 and the applicable per capita service cost is $87.01. The population of the Project Area is derived by factoring the number of dwelling units by the average population per dwelling unit. For 2013-14, the number of dwelling units is 19,940 and the average population per dwelling unit is 2.982. The base population that is subtracted from the current population for purpose of calculating the mitigation payment is 7,536. The figures for 2012-13 are used to compute the amount of the mitigation payment for 2013-14. The projections are based on estimated annual population growth of 2.5% per year and estimated annual service cost increases of 3.5% per year. The mitigation payments made to the County will increase over time but may never exceed the County General Fund's total share of Project Area incremental revenue. Once the Project Area annual tax increment limit is reached, the payment to the County General Fund may never exceed 14.66% of the $100 million annual maximum.

VIII. Transfers of Ownership

Since January 1, 2013, the lien date for fiscal year 2013-14, within the Project Area, there have been 700 transfers of real property ownership where the sales price can be confirmed. These transfers of ownership represent a combined increase of $1.008 billion in assessed value that is expected to be added to the tax rolls for 2014-15. Since January 1, 2014, the lien date for fiscal year 2014-15, within the Project Area, there have been 160 transfers of real property ownership where the sales price can be confirmed. These transfers of ownership represent a combined increase of $240,384 in assessed value that is expected to be added to the tax rolls for 2015-16. New development continues to occur within the Project Area but no additional value has been included in the projections for new construction.

IX. Trended Taxable Value Growth

In accordance with Proposition 13, growth in real property land and improvement values may reflect the year-to-year inflationary rate not to exceed 2% for any given year. A 2% growth rate is the maximum inflationary growth rate permitted by law and this rate of growth has been realized in all but eight years since 1981. The years in which less than two percent growth was realized included fiscal years 1983-84 (1.0%), 1995-96 (1.19%), 1996-97 (1.11%), 1999-00 (1.85%), 2004-05 (1.867%), 2010-11 (-0.237%), 2011-12 (0.753%) and 2014-15 (0.454%). We have used the announced factor to project the inflationary growth for 2014-15. We have assumed a resumption of 2% annual inflationary growth in all subsequent fiscal years. Future values will also be impacted by changes of ownership and new construction not reflected in our projections. In addition, the values of property previously reduced in value due to assessment appeals based on reduced market values could increase more than 2% when real estate values increase more than 2% (see Section IV A above). Seismic activity and environmental conditions such as hazardous substances that are not anticipated in this Report might also impact taxable assessed values and Gross Revenues. HdL Coren & Cone makes no representation that taxable assessed values will actually grow at the rate projected.

Anticipated revenues could be adjusted as a result of unidentified assessment appeal refunds, other Assessor corrections discussed previously, or unanticipated increases or decreases in property tax values. Estimated valuations from developments included in this analysis are based upon our understanding of the general practices of the County Assessor and County Auditor-Controller's Office. General assessment practices are subject to policy changes, legislative changes, and the judgment of individual appraisers. While we believe our estimates to be reasonable, taxable values resulting from actual appraisals may vary from the amounts assumed in the projections.

Rancho Cucamonga Successor Agency
Rancho Redevelopment Project
Projection of Incremental Taxable Value & Tax Increment Revenue
(000's Omitted)
Table 1

6/18/2014

Taxable Values (1)		**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**
Real Property (2)		8,873,228	8,632,879	8,805,777	8,981,893	9,161,531	9,344,761	9,531,657	9,722,290	9,916,736	10,115,070
Personal Property (3)		390,490	390,490	390,490	390,490	390,490	390,490	390,490	390,490	390,490	390,490
Total Projected Value		**9,263,718**	**9,023,369**	**9,196,267**	**9,372,383**	**9,552,021**	**9,735,251**	**9,922,146**	**10,112,780**	**10,307,225**	**10,505,560**
Taxable Value over Base	**298,918**	**8,964,800**	**8,724,451**	**8,897,349**	**9,073,465**	**9,253,103**	**9,436,333**	**9,623,228**	**9,813,862**	**10,008,307**	**10,206,642**
Gross Tax Increment Revenue (4)		89,962	87,550	89,285	91,052	92,855	94,694	96,569	98,482	100,433	102,424
Unitary Tax Revenue (5)		1,408	1,408	1,408	1,408	1,408	1,408	1,408	1,408	1,408	1,408
Gross Tax Revenues		**91,370**	**88,958**	**90,693**	**92,461**	**94,263**	**96,102**	**97,977**	**99,890**	**101,842**	**103,832**
Gross Tax Revenue above Annual Limit		0	0	0	0	0	0	0	0	(1,842)	(3,832)
Adjusted Gross Tax Revenue (6)		**91,370**	**88,958**	**90,693**	**92,461**	**94,263**	**96,102**	**97,977**	**99,890**	**100,000**	**100,000**
LESS:											
SB 2557 Admin. Fee (7)		(610)	(607)	(619)	(631)	(643)	(655)	(668)	(681)	(682)	(682)
County Collection Charge (8)		(228)	(222)	(227)	(231)	(236)	(240)	(245)	(250)	(250)	(250)
Pass Throughs											
San Bernardino Co. Inflation Payment (9)		(337)	(372)	(388)	(405)	(422)	(439)	(457)	(475)	(493)	(511)
San Bernardino Co. Mitigation Payment (9)		(4,518)	(4,793)	(5,085)	(5,394)	(5,723)	(6,071)	(6,441)	(6,833)	(7,249)	(7,690)
Rancho Cucamonga Library (10)		(1,279)	(1,245)	(1,270)	(1,294)	(1,320)	(1,345)	(1,372)	(1,398)	(1,400)	(1,400)
County Flood Control District (11)		(2,516)	(2,449)	(2,497)	(2,546)	(2,595)	(2,646)	(2,698)	(2,750)	(2,763)	(2,763)
Chaffey Joint Union High School Dist. (12)		(1,411)	(1,369)	(1,399)	(1,431)	(1,463)	(1,495)	(1,529)	(1,562)	(1,570)	(1,570)
Central Elementary School District (13)		(654)	(633)	(648)	(663)	(679)	(695)	(711)	(727)	(731)	(731)
Cucamonga Elementary School District (14)		(2,098)	(2,034)	(2,080)	(2,127)	(2,175)	(2,224)	(2,274)	(2,325)	(2,337)	(2,337)
Etiwanda Elementary School District (15)		(1,705)	(1,657)	(1,692)	(1,727)	(1,764)	(1,801)	(1,839)	(1,877)	(1,887)	(1,887)
Inland Empire Utilities Agency (16)		(4,013)	(3,907)	(3,983)	(4,060)	(4,140)	(4,220)	(4,303)	(4,387)	(4,407)	(4,407)
Rancho Cucamonga Fire District (17)		(11,224)	(10,928)	(11,141)	(11,358)	(11,580)	(11,806)	(12,036)	(12,271)	(12,327)	(12,327)
Cucamonga County Water District (18)		0	0	0	0	0	0	0	0	0	0
Alta Loma Elementary School District (18)		0	0	0	0	0	0	0	0	0	0
SB 211 Statutory Tax Sharing Tier 1 (19)		(3,011)	(2,850)	(2,965)	(3,083)	(3,203)	(3,326)	(3,451)	(3,578)	(3,640)	(3,640)
SB 211 Statutory Tax Sharing Tier 2 (19)		0	0	(82)	(166)	(252)	(340)	(429)	(520)	(601)	(601)
Net Adjusted Gross Tax Revenue		**57,765**	**55,892**	**56,616**	**57,342**	**58,070**	**58,798**	**59,528**	**60,256**	**59,664**	**59,204**
Less Housing Obligations (20)		(12,622)	(12,620)	(12,619)	(12,622)	(12,620)	(12,622)	(12,620)	(12,621)	(12,622)	(12,622)
Tax Revenue		**45,143**	**43,272**	**43,998**	**44,720**	**45,449**	**46,177**	**46,908**	**47,635**	**47,042**	**46,582**

Bond Services\Tax Allocation Bonds\Rancho Cucamonga - 2014 Refunding\RC 2014 Refunding v8

Footnotes 6/18/2014

(1) 2013-14 taxable values as reported by San Bernardino County.
(2) Real property consists of land and improvements. Real property values are reduced for estimated value losses on successful appeals in the amount of $14,764,028 for 2013-14. Real property values for 2014-15 are increased for transfers of ownership in the amount of $1,008,222 and decreased for losses due to appeals by $280,368,316. Real property values for 2015-16 are adjusted for transfers of ownership adding $240,384. Values are adjusted for inflation at 0.454% for 2014-15 and at 2% annually thereafter.
(3) Personal property is held constant at 2013-14 level.
(4) Projected Gross Tax Increment is based upon incremental taxable values factored against an assumed Project tax rate and adjusted for indebtedness approved by voters after 1988. The assumed future tax rates remain constant at $1.0035 per $100 of taxable value through 2034-35, where the tax rate is held to $1.00 per $100 of taxable value thereafter.
(5) Unitary Revenue is actual for 2012-13 and is assumed to remain constant for the life of the plan.
(6) Project Area annual tax increment limit is $100 million. It is projected that this limit will be reached during FY 2021-22. Gross Tax Revenue above this amount will not be allocated to the RPTTF.
(7) County SB 2557 Administrative charge is estimated at 0.68% of Adjusted Gross Revenue.
(8) County Collection Charge is 0.25% of Adjusted Gross Revenue.
(9) San Bernardino County receives its share (14.66%) of two percent growth on base year real property value. In addition, the County receives a mitigation payment that is derived by calculating the population within the Project Area (52,223) and multiplying that amount by the county-wide per capita service cost for County supplied services ($87.01). The sum of all payments may never exceed the total County share of tax increment revenue.
(10) Rancho Cucamonga Library receives tax sharing payments that reflect 1.4% of general levy tax increment revenue for provision of library services.
(11) San Bernardino County Flood Control District receives its share (2.76%) of general levy tax increment revenue.
(12) Chaffey Union High School Distict receives a portion of the amount derived by calculating 17% of the current year general levy revenue in the Project Area and then subtracting 17% of the revenue received by the District in 1987-88. The District received a 26% portion of this amount through 2002-03 and 11.5% thereafter.
(13) Central Elementary School Distict boundaries include 16.23% of the Project Area incremental value. District receives a portion of the amount derived by calculating 17% of the general levy revenue in the Project Area and then subtracting 17% of the revenue received by the District in 1987-88. The portion of this incremental increase in revenue paid to the District is 26% through 2002-03 and 23% thereafter. Beginning in 2003-04, the District began to receive its proportionate share of an amount equivalent to 11.5% of the Chaffey Union High School District's payment.
(14) Cucamonga Elementary School Distict boundaries include 43.77% of the Project Area incremental value. District receives a portion of the amount derived by calculating 17% of the general levy revenue in the Project Area and then subtracting 17% of the revenue received by the District in 1987-88. The portion of this incremental increase in revenue paid to the District was 26% through 2002-03 and 23% thereafter. Beginning in 2003-04, the District will additionally receive its proportionate share of an amount equivalent to 11.5% of the Chaffey Union High School District's payment.
(15) Etiwanda Elementary School Distict boundaries include 36.09% of the Project Area incremental value. District receives a portion of the amount derived by calculating 17% of the general levy revenue in the Project Area and then subtracting 17% of the revenue received by the District in 1987-88. The portion of this incremental increase in revenue paid to the District was 26% through 2002-03 and 23% thereafter. Beginning in 2003-04, the District will additionally receive its proportionate share of an amount equivalent to 11.5% of the Chaffey Union High School District's payment.
(16) Inland Empire Utilities Agency, formerly the Chino Basin MWD, receives its share (4.41%) of general levy tax increment revenue.
(17) Rancho Cucamonga Fire Protection District share (12.33%) of general levy tax increment revenue is deposited in an Agency fund and held for use in capital acquisition expenditures on behalf of the District.
(18) Cucamonga County W.D. was entitled to its full debt service tax rate revenue. This tax rate expired after the 2000-01 fiscal year and no further payments are to be made. Alta Loma Elementary School District entered into an agreement whereby they received a one-time payment and are entitled to no other payments.
(19) Due to the amendment of the Redevelopment Plan, taxing entites receive their shares of 25% of tax revenue on incremental value above the year 2004-05 value net of Housing Set-Aside. In addtion, 11 years after initiation of Tier 1 and using the year 10 value as an adjusted base, Taxing Entities receive 21% of tax revenue on incremental value above the year 10 value net of Housing Set-Aside. Payments are made only to Taxing Entities with no tax sharing agreements and may be subordinated. Statutory tax sharing payments are projected through to the last date to receive tax increment revenue.
(20) Housing Obligations include debt service payments on the Agency's 2007A and 2007B Housing Bonds, the Pacific Life loan payments and payments required pursuant to the Agency's housing pledge agreement. These amounts were payable from the Housing Set-Aside revenues prior to dissolution but are now paid from any revenues allocated to the Successor Agency. Portions of the former Housing Set-Aside revenues not needed to satisfy the Housing Obligations remain within the Tax Revenue amounts.

Rancho Cucamonga Successor Agency
Rancho Redevelopment Project
Projection of Incremental Value and Tax Increment Revenue
(000's omitted)
Table 2

6/18/2014

		Total Taxable Value	Taxable Value Over Base 298,918	Adjusted Gross Tax Revenue	SB 2557 & Co. Collection Charges	County General Fund Tax Sharing	Co. Flood Control Tax Sharing	City Library Tax Sharing	City Fire Tax Sharing	Inland Empire Utilities District	Combined School District Tax Sharing	Statutory Tax Sharing Tier 1	Statutory Tax Sharing Tier 2	Net Adjusted Gross Tax Revenue	Less Housing Obligations	Tax Revenue
1	2013-14	9,263,718	8,964,800	**91,370**	(839)	(4,855)	(2,516)	(1,279)	(11,224)	(4,013)	(5,869)	(3,011)	0	**57,765**	(12,622)	**45,143**
2	2014-15	9,023,369	8,724,451	**88,958**	(829)	(5,165)	(2,449)	(1,245)	(10,928)	(3,907)	(5,693)	(2,850)	0	**55,892**	(12,620)	**43,272**
3	2015-16	9,196,267	8,897,349	**90,693**	(845)	(5,473)	(2,497)	(1,270)	(11,141)	(3,983)	(5,820)	(2,965)	(82)	**56,616**	(12,619)	**43,998**
4	2016-17	9,372,383	9,073,465	**92,461**	(862)	(5,799)	(2,546)	(1,294)	(11,358)	(4,060)	(5,949)	(3,083)	(166)	**57,342**	(12,622)	**44,720**
5	2017-18	9,552,021	9,253,103	**94,263**	(879)	(6,145)	(2,595)	(1,320)	(11,580)	(4,140)	(6,081)	(3,203)	(252)	**58,070**	(12,620)	**45,449**
6	2018-19	9,735,251	9,436,333	**96,102**	(896)	(6,510)	(2,646)	(1,345)	(11,806)	(4,220)	(6,215)	(3,326)	(340)	**58,798**	(12,622)	**46,177**
7	2019-20	9,922,146	9,623,228	**97,977**	(913)	(6,897)	(2,698)	(1,372)	(12,036)	(4,303)	(6,352)	(3,451)	(429)	**59,528**	(12,620)	**46,908**
8	2020-21	10,112,780	9,813,862	**99,890**	(931)	(7,307)	(2,750)	(1,398)	(12,271)	(4,387)	(6,492)	(3,578)	(520)	**60,256**	(12,621)	**47,635**
9	2021-22	10,307,225	10,008,307	**100,000**	(932)	(7,742)	(2,763)	(1,400)	(12,327)	(4,407)	(6,525)	(3,640)	(601)	**59,664**	(12,622)	**47,042**
10	2022-23	10,505,560	10,206,642	**100,000**	(932)	(8,201)	(2,763)	(1,400)	(12,327)	(4,407)	(6,525)	(3,640)	(601)	**59,204**	(12,622)	**46,582**
11	2023-24	10,707,861	10,408,943	**100,000**	(932)	(8,689)	(2,763)	(1,400)	(12,327)	(4,407)	(6,525)	(3,640)	(601)	**58,717**	(12,621)	**46,096**
12	2024-25	10,914,209	10,615,291	**100,000**	(932)	(9,205)	(2,763)	(1,400)	(12,327)	(4,407)	(6,525)	(3,640)	(601)	**58,201**	(12,622)	**45,579**
13	2025-26	11,124,683	10,825,765	**100,000**	(932)	(9,751)	(2,763)	(1,400)	(12,327)	(4,407)	(6,525)	(3,640)	(601)	**57,654**	(12,620)	**45,034**
14	2026-27	11,339,367	11,040,449	**100,000**	(932)	(10,330)	(2,763)	(1,400)	(12,327)	(4,407)	(6,525)	(3,640)	(601)	**57,075**	(12,279)	**44,797**
15	2027-28	11,558,345	11,259,427	**100,000**	(932)	(10,944)	(2,763)	(1,400)	(12,327)	(4,407)	(6,525)	(3,640)	(601)	**56,462**	(12,283)	**44,179**
16	2028-29	11,781,702	11,482,784	**100,000**	(932)	(11,594)	(2,763)	(1,400)	(12,327)	(4,407)	(6,525)	(3,640)	(601)	**55,811**	(12,280)	**43,531**
17	2029-30	12,009,526	11,710,608	**100,000**	(932)	(12,283)	(2,763)	(1,400)	(12,327)	(4,407)	(6,525)	(3,640)	(601)	**55,123**	(12,280)	**42,843**
18	2030-31	12,224,294	11,925,376	**100,000**	(932)	(13,012)	(2,763)	(1,400)	(12,327)	(4,407)	(6,525)	(3,640)	(601)	**54,393**	(12,285)	**42,108**
19	2031-32	12,452,516	12,153,598	**100,000**	(932)	(13,786)	(2,763)	(1,400)	(12,327)	(4,407)	(6,525)	(3,640)	(601)	**53,620**	(12,282)	**41,337**
20	2032-33	12,689,882	12,390,964	**100,000**	(932)	(14,605)	(2,763)	(1,400)	(12,327)	(4,407)	(6,525)	(3,640)	(601)	**52,800**	(12,282)	**40,518**
21	2033-34	12,934,285	12,635,367	**100,000**	(932)	(14,658)	(2,763)	(1,400)	(12,327)	(4,407)	(6,525)	(3,640)	(601)	**52,748**	(12,280)	**40,468**
				2,051,715	(19,110)	(192,952)	(56,612)	(28,724)	(252,591)	(90,299)	(133,295)	(72,793)	(9,603)	**1,195,737**	(262,322)	**933,415**

Footnotes: see Table 1

Bond Services\Tax Allocation Bonds\Rancho Cucamonga - 2014 Refunding\RC 2014 Refunding v8

Rancho Cucamonga Successor Agency
Rancho Redevelopment Project
HISTORICAL VALUES (1)
Table 3

6/18/2014

Secured (2)	Base Year 1981-82	2004-05	2005-06	2006-07	Revised Base Year (2007-08)	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Land	261,863,056	1,327,230,498	1,598,375,362	1,887,952,033	261,863,056	2,201,884,226	2,437,687,045	2,467,581,233	2,381,212,683	2,302,390,408	2,280,721,037	2,372,869,953
Impts	642,400	3,385,757,990	4,102,701,692	5,180,282,623	176,055	5,849,471,384	6,265,184,466	6,277,626,318	6,079,589,860	6,009,489,388	5,967,174,160	6,090,887,274
Pers Prop	0	41,873,598	43,514,662	55,424,877	0	51,364,293	47,886,115	52,009,313	48,296,138	45,947,728	40,488,011	35,225,278
Exemptions	0	(27,160,501)	(39,363,698)	(56,165,768)	0	(112,324,489)	(117,026,690)	(187,560,434)	(165,165,800)	(167,062,155)	(170,872,714)	(171,027,335)
Total Secured	**262,505,456**	**4,727,701,585**	**5,705,228,018**	**7,067,493,765**	**262,039,111**	**7,990,395,414**	**8,633,730,936**	**8,609,656,430**	**8,343,932,881**	**8,190,765,369**	**8,117,510,494**	**8,327,955,170**
Unsecured												
Land	0	0	0	0	0	0	0	0	0	0	0	0
Impts	0	361,728,336	468,810,650	516,074,412	0	533,575,675	566,459,522	582,332,761	578,483,300	543,340,708	600,866,188	580,498,111
Pers Prop	36,878,900	261,948,174	285,974,318	330,498,332	36,878,900	363,583,210	409,628,695	433,242,126	390,250,030	372,499,878	360,432,399	361,445,553
Exemptions	0	(1,421,431)	(2,464,371)	(1,877,816)	0	(2,204,207)	(3,199,053)	(2,331,096)	(3,876,226)	(3,957,643)	(6,326,483)	(6,181,144)
Total Unsecured	**36,878,900**	**622,255,079**	**752,320,597**	**844,694,928**	**36,878,900**	**894,954,678**	**972,889,164**	**1,013,243,791**	**964,857,104**	**911,882,943**	**954,972,104**	**935,762,520**
GRAND TOTAL	**299,384,356**	**5,349,956,664**	**6,457,548,615**	**7,912,188,693**	**298,918,011**	**8,885,350,092**	**9,606,620,100**	**9,622,900,221**	**9,308,789,985**	**9,102,648,312**	**9,072,482,598**	**9,263,717,690**
	Incremental Value:	5,050,572,308	6,158,164,259	7,612,804,337		8,586,432,081	9,307,702,089	9,323,982,210	9,009,871,974	8,803,730,301	8,773,564,587	8,964,799,679
	% Change:		21.93%	23.62%		12.79%	8.40%	0.17%	-3.37%	-2.29%	-0.34%	2.18%

(1) Source: County of San Bernardino.
(2) Secured values include state assessed non-unitary utility property.

Bond Services\Tax Allocation Bonds\Rancho Cucamonga - 2014 Refunding\RC 2014 Refunding v8

Rancho Cucamonga Successor Agency
Rancho Redevelopment Project
TOP TEN TAXABLE PROPERTY OWNERS
Fiscal Year 2013-14
Table 4

6/18/2014

		Secured			Unsecured			Total			
		Assessed Value	Parcels	% of Projct Secured Value	Assessed Value	Parcels	% of Projct Unsecured Value	Assessed Value	% of Projct Taxable Value	% of Projct Inc. Value	**Property Uses**
1.	Victoria Gardens Mall LLC (Pending Appeals On Parcels)	$239,895,598	10	2.88%	$1,050,857	4	0.11%	$240,946,455	2.60%	2.69%	Regional Retail Shopping Center
2.	Homecoming I at Terra Vista LLC	$158,106,172	11	1.90%	$4,468,267	3	0.48%	$162,574,439	1.75%	1.81%	Homecoming at Terra Vista Apartments
3.	Catellus Development & Prologis (Pending Appeals On Parcels)	$131,250,269	6	1.58%	$0	0	0.00%	$131,250,269	1.42%	1.46%	Distribution/Industrial Buildings
4.	T-NAPF Meritage Ownership LLC (Pending Appeals On Parcels)	$116,029,895	3	1.39%	$0	0	0.00%	$116,029,895	1.25%	1.29%	AMLI on Day Creek Apartments
5.	WNG Rancho Cucamonga 496 LLC	$100,872,016	496	1.21%	$0	0	0.00%	$100,872,016	1.09%	1.13%	Ironwood at Empire Lakes Apartments
6.	Frito-Lay North America Inc.	$90,154,618	2	1.08%	$123,902	1	0.01%	$90,278,520	0.97%	1.01%	Snack Food Manufacturing & Distribution
7.	Knickerbocker Properties Inc. XLVII (Pending Appeals On Parcels)	$83,074,134	3	1.00%	$95,450	1	0.01%	$83,169,584	0.90%	0.93%	Barrington Place Apartments
8.	RREEF America REIT II Corp. (Pending Appeals On Parcels)	$82,368,000	2	0.99%	$0	0	0.00%	$82,368,000	0.89%	0.92%	Waterbrook Apartments
9.	PPF MF 9200 Milliken Avenue LP	$79,978,108	1	0.96%	$273,696	1	0.03%	$80,251,804	0.87%	0.90%	AMLI at Empire Lakes Apartments
10.	UDR Rancho Cucamonga LP (Pending Appeals On Parcels)	$79,313,920	3	0.95%	$51,280	1	0.01%	$79,365,200	0.86%	0.89%	Verano at Rancho Cucamonga Town Square Apartments
	Totals:	$1,161,042,730	537		$6,063,452	11		$1,167,106,182			
	Total Assessed Values:	$8,327,955,170		13.94%	$935,762,520		0.65%	$9,263,717,690	12.60%		
	Incremental Assessed Value:	8,065,916,059		14.39%	898,883,620		0.67%	8,964,799,679	13.02%		

Bond Services\Tax Allocation Bonds\Rancho Cucamonga - 2014 Refunding\RC 2014 Refunding v8

Rancho Cucamonga Successor Agency
Rancho Redevelopment Project
Transfers of Ownership/New Development
Table 5

06/18/14

000's omitted

Real Property Value	**SqFt/ Units**	**Value**	**Total Value**	**Less Existing**	**Total Value Added**	**Start**	**Complete**	**2013-14**	**2014-15**	**2015-16**	**2016-17**
	0	$0.00	$0	$0	$0			0	0	0	0
	0	$0.00	$0	$0	$0			0	0	0	0
Transfers of Ownership Jan.-Dec. 30, 2013	700	lump sum	$426,778,390	$581,444,047	$1,008,222			0	1,008,222	0	0
Transfers of Ownership after Jan.1, 2014	160	lump sum	$118,552,500	$117,118,352	$235,671			0	0	235,671	0
Total Real Property Value			**$545,330,890**	**$698,562,399**	**1,243,893**			**0**	**1,008,222**	**235,671**	**0**
Total Real Property inc. Inflation Adj. @ 2% per year								$0	$1,008,222	$240,384	$0

APPENDIX B

GENERAL INFORMATION CONCERNING THE CITY OF RANCHO CUCAMONGA

General

The City of Rancho Cucamonga (the "City") is located in the foothills of the Los Angeles-San Bernardino Basin in the western portion of San Bernardino County, approximately 40 miles east of the City of Los Angeles and 18 miles west of the City of San Bernardino. The City covers approximately 40.2 square miles and is bordered by Ontario on the south, Upland on the west and Fontana to the east; to the north are Cucamonga Peak and Mount Baldy. The City was incorporated on November 30, 1977, as a general law city operating under the council-manager form of government. It is governed by a five-member City Council (the "Council"), which includes a Mayor who is elected at large for a four-year term, and four Council Members are elected at large for staggered four-year terms. The Council appoints the City Manager and City Attorney. The City Manager is responsible for the daily administration of City affairs and for implementing Council policy and program decisions. The estimated population of the City was 171,058 as of January 1, 2013.

The City planned unit developments emphasize high end housing and public services, which are represented by large lot sizes and high quality construction for residences and ample open space for public recreation. Homes within the City sell for the higher prices among major inland cities. The City's government, retail, office and manufacturing centers also emphasize a prosperous and well-organized look and urban ambience.

Location is one of the City's principal advantages. Major ground transportation routes in and out of Southern California and the LA/Ontario International Airport are nearby. The City's office market experienced tremendous growth and added 1.9 million square feet of office space from 2003 to 2011. Retail trade per capita rose 31.7% from 2000-2010 within the City as a result of the 1.3-million-square-foot Victoria Gardens Regional Town Center. Retail, office, civic and cultural uses are contained in Victoria Gardens and it is home to sought-after retail tenants that had previously served inland cities from outlets in Southern California's coastal counties.

Community venues include an adult sports complex, community center, cultural center, two libraries, and over 150 miles of hiking, biking and equestrian trails which have attracted families to live in the City. Median household income in 2012 within the City is $74,118.

Population

Prior to incorporation, the area generally within the corporate boundaries of the City experienced a rapid growth in population. Population figures for the City, the County and the State for the last five years are shown in the following table.

CITY OF RANCHO CUCAMONGA AND
COUNTY OF SAN BERNARDINO
Population Estimates

Year	City of Rancho Cucamonga	County of San Bernardino	State of California
2009	164,764	2,019,432	36,966,713
2010	165,391	2,033,141	37,223,900
2011	167,701	2,046,619	37,427,946
2012	169,152	2,059,699	37,668,804
2013	171,058	2,076,274	37,966,471

Source: State Department of Finance estimates (as of January 1).

Employment

The City is included in the Riverside–San Bernardino–Ontario Metropolitan Statistical Area ("MSA"). The unemployment rate in the Riverside-San Bernardino-Ontario MSA was 9.5% in January 2014, up from 8.7% in December 2014, and below the year-ago estimate of 11.4%. This compares with an unadjusted unemployment rate of 8.5% for California and 6.6% for the nation during the same period. The unemployment rate was 9.5% in Riverside County, and 9.4% in San Bernardino County.

The following table summarizes the civilian labor force, employment and unemployment in the MSA for the calendar years 2009 through 2013. These figures are county-wide statistics and may not necessarily accurately reflect employment trends in the City.

RIVERSIDE–SAN BERNARDINO–ONTARIO METROPOLITAN STATISTICAL AREA
Civilian Labor Force, Employment and Unemployment
(Annual Averages)

	2009	2010	2011	2012	2013
Civilian Labor Force (1)	1,774,800	1,798,200	1,799,000	1,805,400	1,818,300
Employment	1,541,300	1,540,500	1,557,800	1,586,800	1,633,400
Unemployment	233,500	257,700	241,200	218,600	184,900
Unemployment Rate	13.2%	14.3%	13.4%	12.1%	10.2%
Wage and Salary Employment: (2)					
Agriculture	14,900	15,000	14,900	15,000	14,600
Mining and Logging	1,100	1,000	1,000	1,200	1,200
Construction	67,900	59,700	59,100	62,600	69,300
Manufacturing	88,700	85,100	85,100	86,700	86,800
Wholesale Trade	48,900	48,600	49,000	52,100	56,000
Retail Trade	156,200	155,500	158,500	162,300	164,800
Transportation, Warehousing, Utilities	66,800	66,600	68,800	73,800	78,600
Information	14,100	14,000	12,100	11,500	11,300
Finance and Insurance	26,000	25,500	25,300	26,000	26,400
Real Estate and Rental and Leasing	16,600	15,500	14,600	14,800	15,600
Professional and Business Services	125,200	123,400	125,800	127,100	132,600
Educational and Health Services	155,000	154,000	157,600	167,200	182,000
Leisure and Hospitality	123,800	122,800	124,000	129,300	136,200
Other Services	37,300	38,200	39,100	40,100	40,800
Federal Government	20,600	22,700	21,300	20,600	20,300
State Government	29,800	29,300	29,200	28,200	27,800
Local Government	184,900	182,300	177,100	175,800	176,900
Total, All Industries (3)	1,177,600	1,159,300	1,162,200	1,194,200	1,241,000

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(3) Totals may not add due to rounding.
Source: State of California Employment Development Department.

Between January 2013 and January 2014, total nonfarm employment increased by 37,400 jobs. Agricultural employment increased by 100 jobs.

- Information and Other Services posted the greatest year-over decline with a loss of 300 jobs, respectively. Finance and Insurance posted a decline with a loss of 200 jobs.

- Leisure and Hospitality reported the greatest year-over gain, adding 8,600 jobs. Education and Health Services increased by 6,600 jobs, Professional and Business Services gained 6,100 jobs, Transportation, Warehousing and Utilities gained 4,100 jobs and Retail Trade gained 3,800 jobs.

- The remaining industries all recorded year-over job gains, most significantly in Wholesale Trade (up 1,700 jobs) and State Government (up 1,300 jobs).

Major Employers

The following table shows the major manufacturing and non-manufacturing employers within the City and their estimated number of employees as of June 30, 2013:

CITY OF RANCHO CUCAMONGA
Major Employers
As of June 30, 2013

Company	Type of Business	No. of Employees
Chaffey Community College	Community College	1,229
Etiwanda School District	School District	1,058
Amphastar Pharmaceutical	Pharmaceutical Manufacturer	880
City of Rancho Cucamonga	City Government	838
Southern California Edison	Utilities	800
Alta Loma School District	School District	670
Mercury Casualty	Insurance	606
West Coast Liquidators	Variety Store	565
Frito-Lay, Inc.	Snack Foods Manufacturer	561
Central School District	School District	527

Source: City of Rancho Cucamonga, Finance Department, Comprehensive Annual Financial Report (CAFR), year ended June 30, 2013.

Commercial Activity

In 2009, the State Board of Equalization converted the business codes of sales and use tax permit holders to North American Industry Classification System codes. As a result of the coding change, retail stores data for 2009 and after is not comparable to that of prior years.

A summary of historic taxable sales within the City during the past five years in which data is available is shown in the following table.

CITY OF RANCHO CUCAMONGA
Taxable Transactions

	Retail Stores		Total All Outlets	
	Number of Permits on August 1	Taxable Transactions	Number of Permits on August 1	Taxable Transactions
2008	1,865	$1,632,054	3,741	$2,220,503
2009(1)	2,197	1,468,867	3,537	1,921,110
2010(1)	2,407	1,504,740	3,780	1,962,697
2011(1)	2,426	1,617,886	3,785	2,149,084
2012(1)(2)	2,558	1,736,078	3,951	2,284,432

(1) Not comparable to prior years. "Retail" category now includes "Food Services."
(2) Based on a tally from 1st quarter, 2nd quarter, 3rd quarter and 4th quarter reports.
Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

A summary of historic taxable sales within the County during the past five years in which data is available is shown in the following table.

COUNTY OF SAN BERNARDINO
Taxable Transactions
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits on August 1	Taxable Transactions	Number of Permits on August 1	Taxable Transactions
2008	25,076	$19,065,786	48,994	$27,777,703
2009(1)	31,676	16,330,138	45,062	23,652,433
2010(1)	34,068	17,308,880	47,562	24,687,862
2011(1)	34,140	18,736,053	47,791	27,322,980
2012(1)(2)	35,095	19,980,937	48,936	29,531,921

(1) Not comparable to prior years. "Retail" category now includes "Food Services."
(2) Based on a tally from 1st quarter, 2nd quarter, 3rd quarter and 4th quarter reports.
Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

Construction Activity

Provided below are the building permits and valuations for the City for calendar years 2009 through 2013.

CITY OF RANCHO CUCAMONGA
Total Building Permit Valuations
(Valuations in Thousands)

	2009	2010	2011	2012[1]	2013[1]
Permit Valuation					
New Single-family	$51,367.3	$36,885.0	$49,375.1	$12,467.3	$ 71,160.1
New Multi-family	43,595.7	0.0	25,990.9	10,951.1	45,177.0
Res. Alterations/Additions	3,416.5	3,818.2	7,533.5	11,192.9	10,073.8
Total Residential	$98,379.5	$40,703.2	$82,899.5	$34,611.3	$126,410.9
New Commercial/Industrial	$ 1,638.4	$ 529.6	$ 233.1	$ 3,855.7	$ 10,463.0
New Other	7,837.0	8,129.2	105.0	126.8	26,895.3
Com. Alterations/Additions	12,043.7	9,469.5	15,531.1	9,926.2	32,344.0
Total Nonresidential	$21,519.1	$18,128.4	$15,869.2	$13,908.7	$ 69,702.3
New Dwelling Units					
Single Family	280	144	177	251	311
Multiple Family	468	0	192	0	94
TOTAL	748	144	369	251	405

(1) 2012 and 2013 are estimates provided by City of Rancho Cucamonga.
Source: 2009-2011 Construction Industry Research Board, Building Permit Summary.

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APPENDIX C

CITY OF RANCHO CUCAMONGA
AUDITED FINANCIAL STATEMENTS FOR
FISCAL YEAR ENDED JUNE 30, 2013

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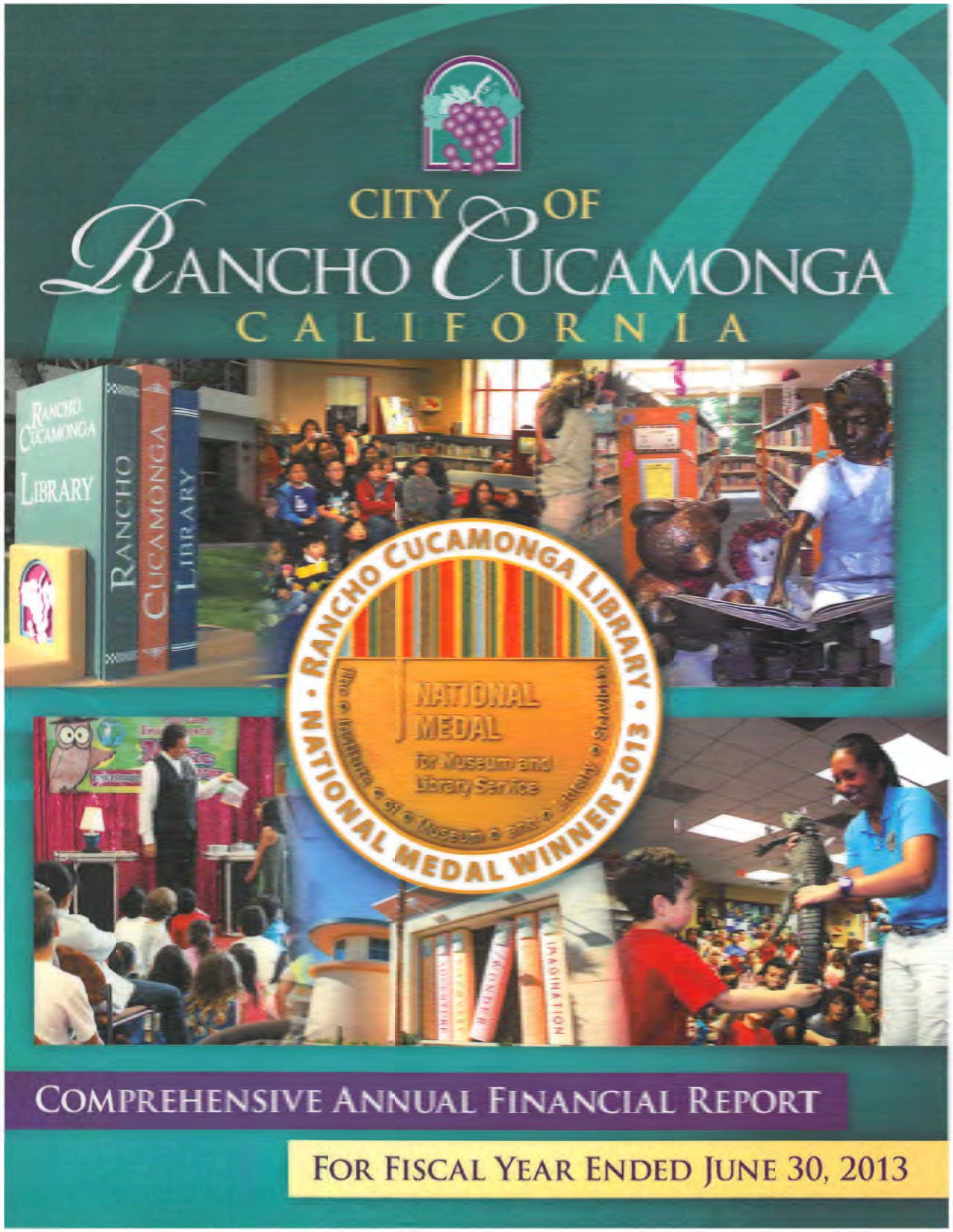

City of Rancho Cucamonga, California

Comprehensive Annual Financial Report

Year Ended June 30, 2013

Prepared by the

City of Rancho Cucamonga

Finance Department

Tamara L. Layne
Finance Director

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CITY OF RANCHO CUCAMONGA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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Comprehensive Annual Financial Report

June 30, 2013

Introductory Section

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RANCHO CUCAMONGA

Mayor L. DENNIS MICHAEL • *Mayor Pro Tem* SAM SPAGNOLO
Council Members WILLIAM J. ALEXANDER, MARC STEINORTH, DIANE WILLIAMS
City Manager JOHN R. GILLISON

THE CITY OF RANCHO CUCAMONGA

December 23, 2013

To the Honorable Mayor, Members of the City Council and Citizens of the City of Rancho Cucamonga:

It is with great pleasure that we present to you the City of Rancho Cucamonga's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013. The Comprehensive Annual Financial Report consists of three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, a list of principal officials, and the City's organizational chart. The financial section includes the independent auditors' report, management's discussion and analysis (MD&A), the basic financial statements, notes to the financial statements, and combining and individual fund statements and schedules. The statistical section sets forth relevant financial and non-financial data depicting the City's historical trends and other significant facts.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP). As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Rancho Cucamonga's financial statements have been audited by Lance, Soll and Lunghard, LLP, Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Rancho Cucamonga for the fiscal year ended June 30, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Rancho Cucamonga's financial statements for the fiscal year ended June 30, 2013, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Rancho Cucamonga was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Rancho Cucamonga's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Rancho Cucamonga's MD&A can be found immediately following the report of the independent auditors.

I. PROFILE OF THE CITY OF RANCHO CUCAMONGA

General Information:

The City of Rancho Cucamonga currently has an estimated population of 171,058 and encompasses approximately 40.2 square miles. It is located between the cities of Upland to the west, Ontario to the south, Fontana to the east and is in the western section of San Bernardino County which is in the southern part of the State of California. The local economy includes a diverse business base of office, light manufacturing and distribution, and retail which emphasizes the City's efforts at attracting and retaining sales tax generating businesses to help provide a stable financial base.

Government:

The City of Rancho Cucamonga (the City) was incorporated in 1977 as a general law city under the provisions of the Government Code of the State of California, and operates under the Council-Manager form of city government. The City officials elected at large include a Mayor and four City Council members, a City Clerk and a City Treasurer. The Mayor and Council members are elected on a staggered basis for a term of four years. There is no limit on the number of terms an individual can serve as Mayor or as Council members. The Mayor and City Council appoint the City Manager and City Attorney.

Reporting Entity and Its Services:

The City has included within its reporting entity for financial reporting purposes all agencies for which the City is financially accountable. These agencies include the Rancho Cucamonga Public Improvement Corporation, the Rancho Cucamonga Fire Protection District, the Rancho Cucamonga Library, and the Rancho Cucamonga Public Financing Authority. The City provides accounting services to all these agencies. Additional information on these agencies can be found in Note 1.a. in the notes to the financial statements.

The City of Rancho Cucamonga is a general law city governed by the State of California Government Code and local ordinances and provides quality service by blending the talents of City staff and utilizing other agencies. Certain services necessary to continue the high quality of life in Rancho Cucamonga such as water, sanitation (i.e., sewage) and police are furnished by the County of San Bernardino and other specialized agencies. The City provides building safety regulation and inspection, street lighting and beautification, land use planning and zoning, housing and community development services, maintenance and improvement of streets and related structures,

traffic safety maintenance and improvement, animal care and services, and a full range of recreational and cultural programs for citizen participation.

The Rancho Cucamonga Public Improvement Corporation was established for charitable purposes including rendering financial assistance to the City by financing, acquiring, constructing, improving and leasing public improvements for the benefit of residents of the City and the surrounding area. The Rancho Cucamonga Fire Protection District was taken over from the County of San Bernardino as a subsidiary district of the City in July 1989 for the purpose of fire suppression within its boundaries. The Rancho Cucamonga Library became a part of the City when it withdrew from the San Bernardino County Library System in July 1994. It strives to inform and enrich our community by providing access to traditional and technologically innovative resources. It also supports and encourages education and the love of reading in a welcoming atmosphere with a knowledgeable, service-oriented staff. The Rancho Cucamonga Public Financing Authority was established to facilitate the financing and the refinancing of construction, expansion, upgrading and improvement of the public capital facilities necessary to support the rehabilitation and construction of residential and economic development within the City.

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Rancho Cucamonga that previously had reported a redevelopment within the reporting entity of the City as a blended component unit. The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve at the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 11, 2012, the City elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill. See Note 14 for more information on the Successor Agency Trust for the Former Redevelopment Agency.

Local Economy:

The City is continuing to recover from past revenue declines with slow and gradual revenue growth. Key elements contributing to this growth include the following:

- Unemployment levels continue to improve within Rancho Cucamonga at a faster level and are more favorable than the County overall;
- Employers within the City reached a new peak level of employment in 2012, thereby fully recouping the substantial losses that occurred during the recent recession;
- Small but steady increases in taxable sales of general merchandise; and
- The housing market continues to recover with prices increasing, supply being at record lows, and strong demand occurring.

Historically, Rancho Cucamonga's economic base has been one of the Inland Empire's strongest. Job and payroll growth have far exceeded regional and California rates since 1990. The City's competitive lease rates, transportation network and community amenities continue to attract businesses of all types. In addition to its manufacturing and distribution sectors, the City's commercial office sector has grown and many new Class A facilities were constructed in the last few years to accommodate future growth. Rancho Cucamonga has also seen a migration of highly educated technicians, professionals and executives over the past few years and many of the City's resident workers have jobs in management, professional, and technical occupations.

The City is well underway in its economic development programs following the State of California's elimination of Redevelopment Agencies and tax increment financing statewide. The City is working with the business and real estate communities to maintain and rebuild effective economic development programs to promote private investment, job retention, and growth. A key City Council goal for FY 2013/14 is the creation of an Economic Development Plan and strategy for the City that takes into account the loss of redevelopment while recognizing both the changing nature of the marketplace as well as the City's transition to an in-fill community.

Budgetary Control:

The City adopts an annual budget where each department's budgeted appropriations are controlled at the character of expense level. These levels are defined as personnel services; operations and maintenance; capital outlay; debt service; and transfer out. Although the budget is monitored at the character of expense level, the legal level of budgetary control, that is the level at which expenditures cannot exceed appropriations, is the department level within the General Fund and at the function level for the Special Revenue, Debt Service and Capital Projects Funds. Budgetary control is further maintained by the use of an encumbrance system. Revenues are also estimated annually in the adoption of the annual budget. Revenues and expenditures are monitored throughout the year with quarterly updates provided to the City Council.

Long-term Financial Planning:

Annually, the City updates a five-year Capital Improvement Program (CIP). Planned capital expenditures from special, non-operational funds for FY 2013/14 total $53,473,540. The CIP includes the Civic Center's landscape and renovation design, parking and exterior lighting, and roof and patio replacement; the Fire District's Jersey Station 174 Training Facility; street lighting enhancements, utility underground on Base Line Road from Carnelian to Vineyard and Base Line Road at the I-15 Freeway; Base Line Road at I-15 Interchange capital improvements; and local street pavement at various locations. Funding comes from multiple sources including Gas Tax funds, Measure I funds, Park Development funds, Transportation funds, Special Districts funds, capital reserves, bond proceeds remaining from the former Redevelopment Agency, and various grants.

Cash Management Policies and Practices:

Cash not immediately needed to finance City operations during the year was invested in securities of the U.S. Government, or its agencies, e.g., bonds and notes of the Federal government and Federally-sponsored agencies, municipal bonds, commercial paper, and the State of California's Local Agency Investment Fund (LAIF) in accordance with State laws governing deposit of public funds. See Note 3 for a list of the City's authorized investments. The objective of the investment portfolio is to meet the short and long term cash flow demands of the City. To achieve this objective, the portfolio is structured to provide safety of principal and liquidity, while then providing a reasonable return on investments.

Debt Administration:

The City of Rancho Cucamonga, as a general law city, is restricted from incurring general obligation bonded indebtedness that would exceed 3.75% of the total assessed valuation of all real and personal property. As of June 30, 2013, the City of Rancho Cucamonga does not have any bonded indebtedness.

Risk Management:

During Fiscal Year 2012/13, the City of Rancho Cucamonga continued its commitment to risk management programs for safety, general liability, workers' compensation and loss prevention. Aggressive claims handling and a strong litigation stance have assisted in maintaining an appropriate reserve for current and future claims payments. Various risk control techniques, including employee accident prevention training, employee wellness seminars and fairs, safety programs and employee hazardous identification programs have continued to minimize accident-related losses and exposure by the public.

The City of Rancho Cucamonga is self-funded for the first $500,000 of loss for general liability claims and purchases coverage for losses ranging from $500,000 to $34 million. For workers' compensation claims, the City is self-funded for the first $250,000 and purchases coverage for losses ranging from $250,000 to $50 million. Additionally, the City is self-funded for the first $250,000 for employment practices liability claims and purchases coverage for losses ranging from $250,000 to $34 million.

Pension Benefits:

The City provides pension benefits for all employees through a statewide plan managed by the California Public Employees Retirement System (CalPERS). The City has no obligation in connection with employee benefits offered through this plan beyond its annual contractual payments to CalPERS. Additional information on the plan can be found in Note 9 in the notes to the financial statements.

II. HIGHLIGHTS OF FISCAL YEAR 2012/13

Redevelopment Agency:

On February 1, 2012, the Successor Agency to the Rancho Cucamonga Redevelopment Agency was formed as a result of the State's action to eliminate Redevelopment Agencies in California. The Successor Agency assumed all of the duties and responsibilities of the former Redevelopment Agency and is tasked with winding down the Agency's activities. Since June 2011, the Agency has been restricted from entering into any new contract. As a result of the elimination of redevelopment, the Agency has worked this past year to successfully complete existing projects and to maintain one affordable housing program.

Economic Development

The Community Development Group has become the lead for pursuing economic development programs and opportunities. Community Development currently provides coordination and support for companies and real estate professionals pursuing site acquisition, and business relocation and expansion. Also, within Community Development is the Rancho Cucamonga Municipal Utility (RCMU). The utility this past year has also played a role in economic development by creating an economic development incentive rate that targets high electric users that are also large employers.

The City also worked with the City of Ontario and the Ontario Convention and Visitors Bureau to establish the Greater Ontario Tourism Marketing District (TMD) with the hotels in the two cities. The TMD was established to create a dedicated revenue source for promoting tourism and travel to the area which in turn will increase hotel stays, patronage of local restaurants and retail stores, and provide a greater awareness of the recreation and business opportunities available in the area. The TMD was successfully established in June 2013 and is being managed by the Ontario Convention and Visitors Bureau.

In order to further stimulate economic development, the City Council/Fire Board authorized the suspension of Fire Inspection Fees in June 2013.

Affordable Housing

Due to the elimination of redevelopment, the Agency has limited affordable housing resources going forward and has had to make difficult decisions involving the termination of many of its successful programs.

Home Ownership:

Citywide First-Time Homebuyers Program: This program has been eliminated. Prior to elimination the Agency had provided loans up to $80,000 in the form of a silent second mortgage to qualifying low and moderate-income families. To date, the program had assisted over 117 families.

Northtown Home Ownership Program: This program has been eliminated. In past years the Redevelopment Agency had partnered with the Northtown Development Corporation to implement a home ownership program, which had assisted 48 families in their pursuit to become home owners.

Family/Senior Housing Rental Opportunities:

Housing that is affordable to families who want to live and work in Rancho Cucamonga continues to be a challenge. Affordable rents for family and senior housing range from $352-$604 for a studio apartment; $357-$662 for a one-bedroom unit; and $424-$811 for a two-bedroom unit.

On a go forward basis there will be limited resources available to address affordable housing needs. A portion of the loan between the City and the former Redevelopment Agency (see Note 14), as well as proceeds from housing bond funds, are the two primary sources of revenue available for housing programs and projects. These potential funding sources are significantly less than what

December 23, 2013
To the Honorable Mayor, Members of the City Council
and Citizens of the City of Rancho Cucamonga

the Agency has had access to in the past. Also, these sources are one time money and therefore cannot be used for on-going programs. Prior to the elimination of redevelopment, the following accomplishments were achieved.

Family Housing

- Las Casitas Apartments – 14 units
- Mountainside Apartments – 188 units
- Monterey Village Apts – 110 units
- Pepperwood Apartments – 228 units
- Rancho Verde East Expansion – 40 units
- San Sevaine Villas – 225 units
- Rancho Verde Apartments– 104 units
- Sycamore Springs Apartments – 96 units
- Villa del Norte Apartments – 88 units
- Sunset Heights Apartments – 116 units
- Villaggio at Route 66-131 units

Senior Housing

- Heritage Pointe Apartments – 48 units
- Olen Jones Apartments – 96 units
- Villa Pacifica Apartments – 158 units

Additional Housing Programs/Activities

The Agency has developed or participated in a number of other housing related programs which are listed below. At this time, the only program which the State is allowing to continue is the Mobile Home Rental Assistance Program. It should be noted that the funds for this program are provided every six months and the State has the opportunity to reject the funding of this program at any time in the future. This program provides up to $100 in assistance for the space rental payment for mobile home owners. The program operates in all eight of the mobile home parks located in the City and assists more than 120 families. Several other Housing Programs or Activities that remain ongoing are:

- Workforce Housing Marketing Strategy
- San Bernardino County Homeless Partnership
- Foreclosure Prevention Workshops

Capital Improvements

In the future, the Successor Agency will continue to fund capital improvement projects utilizing the remaining bond proceeds of the former Redevelopment Agency. Projects that will continue with this funding include the I-15 Interchange at Base Line Road improvements and, depending on funding, potential improvements to the westerly portion of Foothill Boulevard.

Prior to the elimination of redevelopment, the Agency was responsible for funding capital improvement projects to assist in the elimination of blighted conditions within the community and to encourage additional investment by the private sector. The more significant projects the Agency funded prior to its dissolution include:

- Upper Cucamonga Storm Drain and Hellman Avenue Widening Improvements
- East Avenue Master Plan Storm Drain
- Foothill Boulevard Improvements
- Etiwanda/San Sevaine Regional Storm Drain
- I-15/Base Line Interchange
- Pacific Electric Trail
- Corporate Yard Expansion
- Demens Basin/Hellman Fire Station Site Preparation

Engineering Services:

The Department is comprised of one lead section, the Engineering Administration Section, headed by the Director of Engineering Services/City Engineer, and five subordinate sections. The following provides highlights of the major accomplishments achieved during the reporting period and a description of the major capital projects completed.

Engineering Administration Section

In addition to overseeing the operations of the Engineering Services Department's full-time and part-time employees and $38 million in combined operating and capital budgets, the Engineering Administration Section managed several significant projects this year. Key items this year included updating the City's comprehensive Capital Improvement Program document, research and analysis of implementing a paid parking program at the Rancho Cucamonga Metrolink station, and a ribbon cutting ceremony for the completion of the Foothill Blvd. Improvements and Route 66 Trailhead.

Capital Improvements Section

The Capital Improvements Section is responsible for the development and implementation of the City's Capital Improvement Program and the design, inspection and contract administration of various City-funded public improvement projects including paving, curb and gutter, sidewalks, landscape and irrigation, storm drains, traffic signals, City buildings, and park facilities. A major accomplishment for the Capital Improvements Section for Fiscal Year 2012/13 was the completion of the Foothill Blvd. Bike and Pedestrian Bridge and the Route 66 Trailhead joining the seven miles of Pacific Electric Trail, and the master plan storm drains in East Avenue and Hellman Avenue making the drive and walking much safer during rain storms. The City utilized Local and Redevelopment Agency Funds to finance these spectacular projects. A continued priority for the Section has been maintaining the Annual Comprehensive Capital Improvement Program document which gives a five-year forecast for each active capital endeavor budgeted by the City. A total of 21 Capital Improvement Projects amounting to over $27 million dollars were completed during Fiscal Year 2012/13.

The following are other key capital projects that were completed during Fiscal Year 2012/13:

- ADA access ramps at various locations throughout the City along with the Konocit Cul-de-sac improvements joining Bear Gulch Park.
- Local Street Pavement Overlay and Slurry Seal.
- Pedestrian bridge replacements crossing over the Deer Creek Channel north of Church and Base Line.

- Manzanita Drive storm drain improvements from Beryl St westerly.
- Etiwanda Creek Park parking lot renovation and West Beryl Park ADA retrofit improvements.
- Traffic Signal improvements at Church and Terra Vista, Etiwanda and Garcia, and Wilson and Canistel.
- Solar Photovoltaic system installation at the Biane Library.
- Pavement rehabilitations at Lemon Ave between Sapphire and Carnelian, Archibald Ave. between Foothill and Base Line, Church St. between Hellman and Archibald, 4th St. between the I-15 and Santa Anita, Arrow Route between Baker and Archibald, and Milliken between Arrow and the 210 freeway.

Transportation Development Section

The Transportation Development Section oversees the design, installation, and operation of the City's traffic circulation and traffic control facilities, traffic studies, traffic counts, traffic permit issuance, and investigation of citizen concerns. The Transportation Development Section continues to coordinate with Caltrans and SANBAG on the I-15 / Base Line Road Interchange Improvements Project. This project involves the reconstruction of the interchange to improve safety and increase efficiency. The Section is currently managing the 19th Street Controller Replacement Project which includes upgrades to the traffic signal controller equipment along 19th Street, the installation of protected permissive left turns on Hermosa at the intersections with Base Line and Foothill, and installation of audible pedestrian signals at various locations.

Land Development Section

The Land Development Section is responsible for the review and conditioning of proposed developments, as well as the technical plan check, permit issuance, and construction inspection of developer-funded public improvements such as paving, curb and gutter, sidewalks, landscape and irrigation, storm drains, traffic signals, and park facilities. In addition to the normal Land Development responsibilities on the increase, staff has the task of working with Information Services in reviewing the new Accela land management software.

Environmental Programs Section

The Environmental Programs Section is responsible for administering the City's environmental programs which aim to encourage the preservation of natural resources and prevent stormwater pollution, thereby ensuring compliance with state and federal mandates such as AB 939 and the National Pollutant Discharge Elimination System (NPDES). Highlights for this year include the completion and opening of the new Household Hazardous Waste Collection Facility, permanent closure of the old HHW site, conducting over 900 storm water inspections, coordinating six used oil filter exchange events, and distribution of recycling containers to sports groups, schools, and businesses.

Municipal Utility Section

The Rancho Cucamonga Municipal Utility (the Utility) functions as a "spot utility" providing electric service to commercial developments including the Victoria Gardens Regional Center as well as surrounding retail and commercial developments that were built within RCMU's service territory. This fiscal year, the Utility embarked on its mission to be a greener utility by utilizing renewable energy. The Utility developed a 7.5 kW solar system and an interactive kiosk at the Victoria Garden's Library and Cultural Center, which coincided with a Renewable Energy Play and Learn Island™, a project intended to help create a dialog between parents and children regarding how renewable energy sources can be harnessed and distributed using hands-on, interactive play. The Utility also began receiving energy from two nearby landfill gas facilities to meet its State Renewable Portfolio Standard requirements.

Public Works Services:

The Public Works Services Department (PWSD) is the steward of the City's growing infrastructure of buildings, streets, storm drains, parks and landscape improvements. To fulfill its broad mandate, the Public Works Services Department is headed up by the Public Works Administration Division which is charged with the management of three subordinate divisions: Facilities Maintenance, Streets and Storm Drains Maintenance, and Parks and Landscaping Maintenance. The following are the highlights within the Public Works Services Department during Fiscal Year 2012/13:

Administration Division

- Construction of the new Public Works Services Center began in July 2011 and was completed in February 2013. This expansion provides the space greatly needed to accommodate the City shifting from a growth period to a maintenance mode. The Public Works Services Center has incorporated several "green" features such as California native/drought tolerant landscaping, subterranean and drip irrigation, large windows and light wells that take full advantage of natural lighting and allowing for daylight harvesting, LED parking lot lights, pervious pavement, the use of sustainable finishes throughout the building, solar panels cover 50% of the roofline for the generation of electricity, and a smaller solar panel system to supplement the heating of water.

- In addition to the Public Works Services building, a new Household Hazardous Waste (HHW) collection facility was constructed along the northeast corner of the site. This facility also has drought tolerant landscaping, solar lighting, and sky lights incorporated into its construction. The new HHW collection facility provides temporary storage of household hazardous materials collected from residents and has improved operations and customer service by reducing the number of severe weather closures by providing a workspace protected from weather conditions; increased storage space; and drive approach designed to handle a large volume of participants.

Facilities Maintenance Division

- Etiwanda Sports Lighting Replacement Project: As a part of the routine maintenance performed at Etiwanda Creek Park, the sports lighting at two sports fields was replaced since the previous light fixtures were at the end of their service life. The scope of work

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consisted of the removal and replacement of the existing twenty-four year old sports lighting fixtures and the installation of the new electrical wiring. The new sports lighting fixtures use less energy (1000-watt per fixture instead of original 1500-watt per fixture) and still provide the same level of illumination. Staff anticipates a reduction in energy consumption of 11% as well as a noticeable decrease in maintenance costs due to the increased longevity of the new fixtures. The contract was awarded in January 2013 and was completed in February 2013.

- Sports Complex Clarifier Replacement: After years of use, the existing Sports Complex clarifier had started to deteriorate and, in order to comply with environmental requirements, the clarifier had to be replaced. The scope of work included saw cutting and removing the concrete slab over the existing clarifier, disconnecting the pipes, removing the existing clarifier, installing the new sand oil interceptor, reconnecting the pipes and finally pouring a new concrete slab. The contract was awarded in January 2013 and the project was completed in July 2013.

- Central Park Boiler Replacement: In the fall of 2012 the City received written notice that the boiler located at Central Park was not compliant with AQMD rule 1146.1 and needed to be replaced with a boiler that meets these standards. The Public Works Services HVAC contractor removed the old Ajax boiler and installed a new Raypak boiler meeting all the new requirements of the AQMD.

- Many smaller projects were completed during FY 2012/13 including: painting of parking structures, Public Safety remodel and locker room carpet replacement at Victoria Gardens, and the installation of sports flooring in the wellness gym at City Hall.

Streets, Storm Drain, and Fleet Maintenance Division

- The Illuminated Street Name Sign Replacement program continued into FY 2012/13. The scope of work included retrofitting Illuminated Street Name Signs with LED lighting, replacement of damaged signs and/or individual sign panels, and relocation of complete illuminated street name signs from mast arm mounting to sign davit arm mounting. This project promotes energy efficiency by continuing to retrofit the illuminated street name signs with more energy efficient LED lighting. The majority of signs replaced during this cycle were on Archibald Ave. and Vineyard Ave. between 6th St. and Banyan St.

- CNG Station Expansion: The design for the CNG station expansion began in FY 2012/13, and construction is expected to occur sometime during FY 2013/14. As the budget allows, PWSD will take a phase approach to construction based on funding available. The base bid will consist of an additional compressor and a fuel management system that will make it possible to accommodate fast filling vehicles for other entities and back charging them for our costs. The additive bids will include the infrastructure for additional time-fill posts and associated hardware. We have had interest from a few public agencies wanting to use our fast-fill dispenser for mid-day fill ups of their vehicles.

- Vehicle Purchases: During FY 2012/13, five replacement vehicles were purchased and the City received delivery on two additional vehicles that were purchased the prior year. All seven vehicles are CNG powered and all will be partially funded through a grant from the

Mobile Source Air Pollution Reduction Review Committee (MSRC). To date, we have 20 CNG vehicles in service, 3 CNG sedans on order, 2 electric vehicles, and 31 hybrid (gas/electric) vehicles in our fleet.

The MSRC provides funds for the purchase of alternative fuel vehicles and infrastructure projects that reduce air pollution from motor vehicles within the South Coast Air District in Southern California pursuant to air quality and provisions of the California Clean Air Act AB 2766. Over the past few years, the City has been successful in obtaining funding for projects such as the Compressed Natural Gas (CNG) station, the CNG Station Expansion (mentioned above), Fleet Shop Modification, and the purchase of several new CNG vehicles. To date, we have received almost $1 million in MSRC grant funding.

- Sidewalk Inspection Program: In January of 2010, the PWSD developed a three-year citywide sidewalk inspection program to identify deflections on sidewalks within the public right-of-way which may cause someone to trip and fall. PWSD divided the city into twenty-four grids, which is on a two-year calendar rotation. One grid is inspected per month with crews scheduled to ramp or grind deflections found during the monthly inspection process. On year three we inspected City maintained paseos citywide and followed up with ramping and grinding as needed. In January of 2013, we started with the citywide sidewalk inspection program three year process once again. Our proactive approach to our aging sidewalk infrastructure has greatly reduced the City of Rancho Cucamonga's liability.

Parks and Landscape Maintenance Section

- For the 24th year, the City of Rancho Cucamonga was recognized by the Department of Forestry and Fire Protection for effectively managing public tree resources throughout the past year. The Tree City USA award was presented at a tree planting ceremony during the Arbor Day Festivity in May.

- Tennis Court Refinishing: The tennis courts at Lions East Park, Beryl Park and Day Creek were refinished during FY 2011/12 and completed in FY 2012/13. The existing surface of the tennis courts were worn and chipping away due to weather and normal use. This project resurfaced the courts by stripping away the old existing paint, grinding any high points and repainting the courts.

- Recycled Water Update: During FY 2011/12, Red Hill Park was retrofitted for recycled water and the final transfer of water to the recycled system occurred in April 2013, with a ribbon cutting on July 23, 2013. Twenty parkway and median islands sites in various landscape maintenance districts and 2 park sites (Victoria Arbors Park and the Adult Sports Complex) have already been connected to the recycled water system. Even though there are no new opportunities for the City to connect to existing recycled water supplies, the City is still eager and willing to do so in the future when they become available.

- Park and Landscape Update: Staff continues to increase the use of mulch to create an environment for healthier plants and lower water usage. Park crews along with NPDES and Burrtec have set up a program where the City's wood waste is being recycled and reused throughout the city as mulch. Mulch helps to reduce soil moisture evaporation,

cools the soil and allows beneficial micro-organisms to thrive and creates a weed barrier. The use of mulch is aesthetically appealing, improves the beauty of the landscape, and helps to reduce the cost of plant material, water and labor.

- In October 2011, bids were solicited for the replacement of several park lattice shade shelters at Red Hill, Heritage, and East Beryl Parks. These shade shelters were twenty year old structures that were exhibiting significant water and termite decay. In addition, the wood lattices were deteriorating and unattractive. This project removed and installed new lattices that will provide a structurally sound and aesthetically pleasing shade shelter. This project was completed early in FY 2012/13.

- Playground Rubberized Surface Repairs/Replacement: The City utilizes playground rubberized resilient surfacing at several park playgrounds throughout the City. Due to normal wear and tear, the playground surfaces at several parks throughout the City were repaired by removing worn and aged areas and replacing them with new rubberized material.

- Garcia Park and Parking Lot Light Upgrades: As part of the City's efforts to reduce costs and become more energy efficient, the park lights and parking lot lights were upgraded to induction type fixtures. The Parks Facility staff worked with several vendors to come up with an induction retrofit that can be installed into the existing pumpkin head type fixtures, as a plug and play installation. The pumpkin head fixture has been the "go to" fixture in the industry for its durability and light distribution, but uses a lot of electricity to operate. By converting these fixtures to induction, the electricity use could be reduced by 33-50% and still get the longevity of a great fixture.

- LMD4 Paseo Lighting Retrofit: Parks Facility staff identified and worked on a contract to retrofit the paseo lighting in LMD4 to LED type lighting fixtures. They were able to use the existing poles and electrical infrastructure, while collecting the old fixtures for future retrofit or temporary replacements at other locations. The new LED lights will provide more light with less spillover to the adjacent residents. They will also help reduce the electricity costs by 50% and minimize maintenance for a longer period of time.

- Day Creek Park Security Lighting Retrofit: As part of the ongoing efforts by the City to reduce costs and become more energy efficient, the first phase of retrofits were done to the park lights by retrofitting them with induction type fixtures. It is expected to take four phases with staff performing the installation as another means of cost savings to the district. Once completed, the energy savings is expected to be 33-50% of the present cost and maintenance intervals will be extended to a 4 to 7 year rotation.

Haven Median Landscape Retrofit Project: To achieve water and labor savings and along with working towards a 'green' environment, the City renovated the Haven Median landscape. Using the knowledge and experience of City staff and our current landscape maintenance contractor, the turf was removed along with some declining trees and low water use vegetation was planted with a water efficient irrigation system. The planting of Myoporum and Acacia ground cover where turf once existed still provides the aesthetic look of greenery without the excess water and maintenance labor need. These areas were retrofitted with a Netafim drip irrigation to distribute water at the plant, where it is needed, without wasting water. This is expected to provide a return on investment in 2.5 years with a savings of labor and water totaling approximately $90,000 in the first year alone.

Planning:

The Planning Department processed a wide variety of projects during the 2012/13 fiscal year. The following are the highlights of those activities.

Current Planning

In Current Planning, a number of major development projects, permit entitlements and special projects were processed. Some of the activities for FY 2012/13 include:

- A proposal to construct two industrial warehouse buildings of about 556,000 square feet (Building 1) and about 1,034,000 square feet (Building 2) on a property comprised of three parcels with a combined area of 74.7 acres by Goodman Rancho SPE, LLC, located at the southwest corner of Arrow Route and Etiwanda Avenue. This project will be constructed in two phases and is expected to begin construction by early 2014.

- An approval for a 291-lot residential subdivision of about 79.67-acres, by Lennar Homes of California, located approximately 525 feet east of Etiwanda Avenue at the north side of Arrow Route. This project is expected to begin construction by mid-2014.

- Planning staff continues to fine tune the development code to clarify standards, reinstate unintentional omissions and develop new amendments in response to changing land use conditions. Two separate code updates were approved by the City Council this year.

- Upgrading our land management software system from Tidemark to Accela has been started and is anticipated to be in effect in April 2014. This includes converting our existing data between systems as well as configuring the new system to meet current and anticipate future needs.

Advance Planning

The Advance Planning section was involved in the following special projects:

- A joint public meeting with the City Council and Planning Commission for the Compass Blueprint Demonstration Project (Foothill Boulevard Bus Rapid Transit Study) was conducted on December 18, 2012. The final study and PowerPoint was presented by the consultants and staff to the City Council in June 2013. Receiving positive feedback on the direction of the study. Staff is working on the appropriate next steps to continue this effort to encourage more sustainable types of development.

- Staff worked on completing the application for SCAG's FY 2013/14 Sustainability Program for the *Feasibility Analysis for the Relocation of the Metrolink Station in Rancho Cucamonga*. On September 12th, the SCAG Regional Council approved and awarded a Sustainability Program grant valued at approximately $150,000 in planning services. The project was ranked #58 on the priority list and will be initiated as funds become available.

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The project is estimated to start in late Spring to early Summer 2014, and project kick-off approximately three months following RFP release.

- The City is participating (along with 20 other local jurisdictions) in the San Bernardino County Regional Greenhouse Gas Reduction Plan sponsored by SANBAG. The GHG Reduction Plan addresses the requirements of AB32 and SB375 and could be used in the development of a local climate action plan. The Draft Environmental Impact Report (EIR) is available for a 60-day public review through December 19, 2013, with the anticipated release of the final Regional Plan in early 2014.

- The 2013 Housing Element update is currently being prepared by staff. This Housing Element update will focus on updating changed circumstances and revised data and submitting the document to the California Department of Housing and Community Development by the February 15, 2014 deadline.

Historic Preservation

Historic Preservation activities included the following:

- Historic Preservation Month for 2013 was celebrated throughout the month of May and consisted of activities such as the annual "Mother's Day Tea" hosted by the Etiwanda Historical Society; a local author book signing event at the Barnes and Noble store performed by local authors; and a "Local History Night" that was an evening event for the public that was hosted by the Library Services Department and the Planning Department on May 10, 2013. This year, we had a western theme and featured games, local authors, exhibits and live music.

Building and Safety:

The Building and Safety Department provides plan checking, inspection and permit activities for construction projects to meet State Model Codes including building, fire, ADA, energy, grading, plumbing, mechanical and electrical codes. The department also provides code enforcement of municipal code and property maintenance standards in a coordinated environment.

Building and Safety continues to enhance the use of permit software that helps to expand its use to on-line permit processing of fee payments. It also provides an interactive voice response system which allows customers to access permit and inspection information 24 hours a day, 7 days a week. The department conducted over 20,076 inspections, responded to over 715 complaints and investigations, and issued over 2,900 permits during the 2012/13 fiscal year.

Administration Services

The Administration Services Section continues to improve communication with customers by enhancing public relations through website development, providing user friendly forms online, creation and design of an informative department brochure, revision and updating forms and handouts, and the publication of a quarterly newsletter. An additional service provided by this division is the administration of the Mobile Home Accord Agreement program. The division works with the eight (8) mobile home park owners and managers to ensure rent stabilization for mobile home residents on fixed incomes.

The Department also continues to work on updating the current fee study. The new fees were adopted by the City Council in December 2012.

Building Inspection

The Building Inspection Section has assumed the enforcement responsibilities of mobile home parks and has been working with the parks to discuss outstanding issues and concerns, while assigning an Inspector to the parks that is responsible for ensuring the properties are maintained. In addition, this unit works with Code Enforcement to abate properties that are vacant and abandoned due to foreclosed residential and commercial properties.

Plan Check and Support Services

The Plan Check and Permit Section continue to address the reduction of projects by keeping all projects in-house for plan review and inspection services. Additionally, the Building Inspectors have enhanced their customer service to include over the counter plan review.

Fire Construction Services

Unique to Rancho Cucamonga is the Fire Construction Services Section located within Building and Safety. On behalf of the Rancho Cucamonga Fire Protection District, Fire Construction Services performs all development and technical review related to fire codes and standards for new proposed projects, plan review and permit issuance of all fire protection systems (automatic fire sprinklers, fire alarms/monitoring systems and hood suppression systems) and the section provides all fire inspections for new construction.

Additionally, this Section performs Wildland Interface reviews within the Very High Fire Hazard Severity Zones, and they continue to work diligently with the Fire District to help local business come into compliance with the current fire codes while minimizing the potential disruption to their business.

Grading Services

Our Grading Services Section provides review and approval of rough and precise grading plans for construction of residential and commercial projects. This section meets with developers, neighborhood groups and local residents to discuss plans and proposed projects, along with investigates complaints regarding a wide variety of building and construction.

Additionally, this section continues to provide cross department support to the Engineering and Planning Departments, with project review during the entitlement process, performing reviews of the Storm Water Quality documents, and acting as the City Land Surveyor for the Engineering Services Department.

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Code Enforcement

This section continues to provide services for enforcing requirements of municipal code, property maintenance standards, zoning related issues, and promoting and educating the general public to maintain healthy, safe, and clean living and working environments. Code Enforcement receives requests for service each year on certain areas of the Municipal Code, such as property maintenance and health and safety concerns.

This section has a comprehensive program which protects a property owner's investment, promotes public health and welfare, and enhances the quality of neighborhoods. It is an integral part of the City's commitment to neighborhood preservation. When homes and businesses are properly maintained, it has a positive effect on the appearance of our community.

During FY 2012/13, Code Enforcement continued to promote the volunteer program and had three (3) very active individuals who assisted staff with a variety of tasks. A Shopping Cart Retrieval Ordinance was adopted which required business owners to retrieve their carts within 48 hours of being removed from their premises. In addition, they continued their successful neighborhood clean-up efforts by assisting over 115 residents and collecting approximately 12-tons of garbage, and 1-ton of e-waste.

Finally, this section is responsible for enforcing municipal codes against owners who have abandoned or vacated their properties. During this year, Code Enforcement handled over 4,341 complaints.

Community Services:

Senior Services

The motto of the James L. Brulte Senior Center is *Stay Healthy, Live Longer*. Thousands of seniors in Rancho Cucamonga have embraced this philosophy for life and are active participants at our dynamic Senior Center. Offering a variety of recreation, education, fitness, cultural, nutrition, health and wellness programs and services, the Senior Center continues to be the focal point for older adult services in Rancho Cucamonga. The Senior Center is a place where senior adults can spend the best years of their lives!

At the core of the Senior Center's expansive program is the daily lunch program which provides inexpensive hot meals to over 190 seniors at the Center and in their homes. Another vital program for seniors, the Silver Fox Express Senior Transportation Service, provides essential transportation to the seniors in Rancho Cucamonga. The 18 member Senior Advisory Committee had one of its most productive years to date. Boasting several accomplishments and a successful year of fundraising for the Silver Fox Express, the Committee hopes to continue to build on past successes.

Cultural and Performing Arts

The Lewis Family Playhouse at the Victoria Gardens Cultural Center completed its seventh season presenting a wide variety of performances for all ages and interests, offering a great menu of entertainment options including music, dance, comedy, family theatre, and Broadway-style musicals.

The Rancho Cucamonga Community Theatre brought two delightful new productions to the stage this year: *To Kill A Mockingbird and The Fantasticks.* The City's own theatre company, MainStreet Theatre Company produced three shows including *Pinkalicious The Musical, Aladdin's Luck, and The Phantom Tollbooth.*

Special Events and Special Projects

Last year over 30,000 community members attended the Department's major community-wide special events. Last year's special events included: 4th of July Fireworks Spectacular, Movies and Concerts in the Park, World Music Concerts, Founders Festival Community Parade, Veteran's Day Celebration and Community Picnic, Cinco de Mayo Celebration, Cucamonga Challenge and Celebration of National Physical Fitness Month, and Springtime Movies in Town Square at Victoria Gardens.

Freedom Courtyard

January 2013 saw the dedication of Freedom Courtyard, a civic and cultural art project in the heart of the City of Rancho Cucamonga designed and built to strengthen the community and provide a centralized military tribute area honoring our veterans – past, present and future. Designed with significant community involvement and funded through a community-led fundraising campaign, Freedom Courtyard is a reflection area to contemplate and understand the invaluable service provided by active members and veterans of the United States Armed Forces; providing a place for visitors to reflect on those who have honorably served and continue to serve our country, and pay tribute to and honor those who have made the ultimate sacrifice.

Contract Classes

The Community Services Department has the largest contract class program in San Bernardino County. This year the program offered a variety of recreational, leisure time classes such as: Music, Dance, Fitness, Dog Obedience, Child Development, and Arts & Crafts. Classes were offered at City facilities and local studios. A total of 1,900 classes were offered during the past year with a focus on supporting a *Healthy RC* lifestyle.

Sports

The Sports Division provides a wide variety of Pee Wee, Youth and Adult activities for our residents. A Summer Sports Camp at Alta Loma High School was again offered this year for the community's youth. Our 'Learn to Swim' aquatics program taught over 2,000 participants new swimming skills. A wide variety of Adult Sports Leagues and Tournaments were available for adult community members as well. Finally, the Northtown Partnership, a collaboration between the City of Rancho Cucamonga Community Services Department and The Northtown Housing and Development Corporation, continues to provide recreation and sports activities in a safe environment to the residents in this portion of the city.

Youth and Family

The Community Services Department's Playschool program is for children ages one through five. Over 750 children attended classes focusing on building children's self-esteem, attention span and

social development. Playcamp is the summer version of our Playschool program with over 1,000 children attending this past summer. The Teen Center is located inside Lions West Community Center and provides a place for local teens to participate in activities, workshops, and special events after school and during the summer months. The Teen Recreation Activity Club (TRAC) is a year round volunteer/leadership club providing teens an opportunity to get involved in their community and make a difference.

RC Family Resource Center

The RC Family Resource Center provides a link to over 40 non-profit/social service organizations providing emergency food and clothing, counseling, General Education Development (GED) preparation, case management, family crisis intervention, domestic counseling, adult and youth life skill classes, parenting classes, support groups and much more. Once a month the Resource Center hosts 'Family Fun Night', with games, movies, food and more, with the goal of strengthening the family unit by creating an atmosphere of fun.

Park Development

Projects completed as of June 30, 2013 include:

- Replacement of play equipment and surfacing at Lions and Etiwanda Creek Parks;
- Replacement of the parking lot at Etiwanda Creek Park; and
- Completion of the Freedom Courtyard Project at Central Park

Projects awarded and/or started in Fiscal Year 2012/13 include:

- Replacement of play equipment and surfacing at Mountain View and Golden Oak and Coyote Canyon Parks;
- Re-carpeting the Goldy S. Lewis and James L. Brulte Community Center;
- Painting of the lobby at the Cultural Center;
- Purchase and installation of the Central Park Pavilion; and
- Design and construction of the Flag Retirement Urn for Freedom Courtyard at Central Park

Additional Department Activities

Volunteer opportunities continued to grow and expand this past year as staff continued to find new ways to utilize volunteers throughout the City. During the last year volunteers *worked* at numerous events and activities. Last year over 60,000 hours of volunteer services were provided by the Department's volunteer core. Providing opportunities for citizen involvement is an important aspect of the philosophy of the City and the Department.

The Rancho Cucamonga Epicenter is home to the highest attendance ranked Southern California team in the Single 'A' Baseball League, the Rancho Cucamonga Quakes. The team is a California Affiliate of the Los Angeles Dodgers. Quakes' baseball is played on the Stadium field between April and September each year. On non-game days and during the off-season, the facility is available for rent.

Police Department:

The City of Rancho Cucamonga contracts with the San Bernardino County Sheriff's Department for general law enforcement services. During FY 2012/13, the Police Department had 133 sworn officers, 58 general employees (including dispatchers) and 96 volunteers which include Reserves, Citizen Patrol, Equestrian Patrol and Explorers. In addition to basic patrol services the Rancho Cucamonga Police Department also provides the following: School Resource Officers; Bicycle Enforcement Team; Multiple Enforcement Team; Traffic Enforcement; Detective Unit; Alcohol Compliance Team; Threat Assessment Team and a Retail Theft Team.

The City of Rancho Cucamonga continues to hold a reputation as one of the premier cities in the Inland Empire (CQ Press-2012 City Crime Rate Rankings). The City of Rancho Cucamonga and its Police Department share a great deal of pride in this accomplishment and enjoy a great working relationship. Together, they provide residents and business owners with the type of safe community other cities envy. The following programs and projects for the 2012/13 fiscal year highlight the inter-department collaboration and community support that justifies such high ratings:

Threat Assessment Team

The Threat Assessment Team consists of two dedicated Deputy Sheriffs who conduct threat assessments of schools and other high value targets in the city of Rancho Cucamonga. Some of these targets include places of worship, day care facilities, and local businesses. The team evaluates the physical security as well as disaster preparedness plan. The team makes recommendations for hardening the target as well as providing other emergency response plans such as staging area for police and fire, landing zones, parent reunification and an area for public dissemination (PIO). The team also conducts assessments of local businesses which consist of collecting points of contact for security, department heads and key staff members.

The information is uploaded in the Digital Sandbox Program. This program is a nationwide critical infrastructure data base. The Digital Sandbox contains key information for all buildings and or locations that have had an assessment. The information is available on a phone app and can be used during a critical incident and provide intelligence such as photos or maps.

Bloodhounds

The Police Department acquired two Bloodhound trailing canines. The Bloodhounds are used to track missing juveniles and adults. They are also used to located criminal suspects. Trailing canines are taught to follow a specific scent unique to the person or object missing or lost.

Bloodhounds are friendly and sociable animals. They are a magnet for children, allowing them to be used in the delivery of a variety of messages. In addition, a high-visibility public relations program would provide an added benefit of a visual deterrent to criminals considering committing crime in the City of Rancho Cucamonga. Trailing Canines are never taught to be aggressive or to bite. They are taught to give a visual or audible response when locating a person or object.

Fire Department:

The Rancho Cucamonga Fire Protection District (District) is responsible for Community Risk Reduction, Emergency Response and Emergency Management. District personnel are dedicated to the preservation of life and property in service to the community. The continuous goal is to deliver these services in an effective, efficient and professional manner. The District emphasizes a risk reduction strategy to educate the community and enforce life safety regulations that are designed to protect natural resources, secure the economic vitality of the community and improve the quality of life for its citizens. The District emergency response platform consists of seven paramedic-staffed engine companies and two ladder companies operating out of seven fire stations. These crews are trained and equipped to handle a variety of emergency situations. They are strategically deployed throughout the City to ensure a rapid and effective response designed to quickly assess the emergency situation and initiate actions that will stop its escalation and bring it under control. In this way Fire District members save lives, reduce the impacts of injury and illness, preserve property and protect the environment. The Fire District supports the Citywide Emergency Management program. This program works with public and private stakeholders to improve the community's disaster resiliency through preparedness, mitigation, response and recovery planning.

Working in conjunction with other providers such as the San Bernardino County Sheriff Department's Rancho Cucamonga Station, the District has been a vital partner in public safety in the community since the formation of the Alta Loma Fire District in 1931. The District continues this tradition of service by constantly reviewing and refining its administrative and operational procedures and policies in order to ensure its resources are maximized in this effort.

During the 2012/13 fiscal year, District staff accomplished the following to maintain and improve existing services levels in accordance with Council approved goals:

- The sidewalk CPR program was launched in May 2013 and has trained people of all ages. It is now an ongoing program for the District.
- Emergency Management Program – Initiated the Business Emergency Response Team (BERT) program
- Suspended Fire Permit inspection fees
- Completed the process to become a signatory agency to the Joint Powers Agreement for the Consolidated Fire Agencies (CONFIRE) emergency dispatch center
- Held Community Facility District (CFD) fees flat for second year
- Purchased two Type I Fire Engines
- Continued training for Active Shooter program (in partnership with the Sheriff's department)
- Five new firefighters completed the 16th New-Recruit Fire Academy, completing 10 weeks of training instructed by District personnel.
- Completed the Wildland-Urban Interface Fire Safety Education Project at the Hellman Fire Station (177)

- Continued Architectural work for major Capital Maintenance Projects at the Jersey, Banyan, Amethyst and San Bernardino fire stations and the Fire Maintenance Facility

Library Services:

The Library Services Department was once again very busy in Fiscal Year 2012/13. In the past fiscal year, the Department checked out over 1.1 million books, DVDs, CDs and magazines, and issued over 15,000 new library cards. Over 120,000 people used a library computer or our Wi-Fi network, and over 36,000 youngsters attended a library program. Currently 185,000 borrowers own a Rancho Cucamonga library card and enjoy a collection of over 285,000 titles, 310 magazine and newspaper subscriptions and free access to over 70 PCs through "*The Three Amazing Libraries*" of Rancho Cucamonga.

It should also be noted that in 2013, the Rancho Cucamonga Public Library was named a recipient of the National Medal for Museum and Library Services. The National Medal is the highest honor the nation can confer on a museum or library. Out of 123,000 eligible libraries in the country, the Rancho Cucamonga Public Library was one of five recipients for this very prestigious national award, and City staff and officials were invited to the White House in May where the National Medal was presented by First Lady Michelle Obama.

Other Library highlights include:

Children's Services:

- More than 40,000 youngsters came to our libraries to enjoy the popular story time programs. Offered eighteen times each week at our two locations, the preschool, toddler, school-aged and teen programs offer something for children of every age.
- The Summer Reading Program had over 6,000 children and teens, helping them to maintain their reading skills during the summer months.
- The "Back to Basics" Children's Literacy Program served another class of 150 youngsters, improving the reading level of each child and promoting reading and literacy as a pathway to success.
- The popular "Kidsmobile" bookmobile provides service to elementary schools. Our distinctly-designed bookmobile visits children at their school sites. The "Kidsmobile" checked out almost 50,000 items to children during this past fiscal year.
- Thanks to grants received from the Southern California Gas Company and Southern California Edison Foundations, the Library was able to present a series of STEM (Science, Technology, Engineering and Mathematics) programs for children ages 6-12.

Senior Services:

- The Library's "Housecalls" outreach program delivers library materials via volunteers to community members who cannot come to the library. This service reaches more than 60 Rancho Cucamonga residents, and we deliver library materials ranging from books to DVDs to recorded books on CD.

Information and Virtual Library Services:

- Between the Adult and Children's Information Service desk and our Virtual Library, over 175,000 information questions were answered during the past fiscal year.
- Over 120,000 library customers used our free, public access computers or Wi-Fi network to search for jobs, send email, create resumes, type up school reports or just surf the Internet, while over 1,600 children, teens and adults took advantage of free, hands-on computer classes.
- Both the Biane and Archibald Libraries are now certified US Department of State Passport Acceptance Agencies, which add an addition revenue stream for the Library seven days a week.
- The Library was contracted by the California State Library to carry out the "Staff Innovation Fund" to libraries across the State of California. This grant created another new revenue stream for the Library as well as offering a new, innovative training program to other public libraries in California.

Literacy Services:

- Over fifty active literacy tutors and learner pairs call the Library their home to improve literacy skills. The continuation of this program is possible due to on-going support from the State Library, Community Development Block Grant funds, corporate and private donations.

Volunteer Services:

- Between the Friends of the Library and the regular volunteers, over 16,000 hours of volunteer time were donated in Fiscal Year 2012/13.
- The Friends of the Library volunteers accounted for 8,500 hours of volunteer time for sorting, staffing and managing the Friends Bookstore at both libraries. The Friends Bookstores raised over $120,000 for the Library in Fiscal Year 2012/13.

Library Foundation Highlights:

- In the past year, the Library Foundation donated over $60,000 towards various library programs. Matching grants the Library received this year were used to create more "Play and Learn Islands™".

Goals for Next Year

- The Library will continue to aggressively pursue grant funds from numerous agencies, in particular to continue work on the development of the second floor of the Biane Library.
- The Library is working with the California State Library on further expanding the "Staff Innovation Fund" program to make it available to more libraries on a statewide basis. The Library is also working with the State Library on a Digital Literacy Evaluation Grant, where the State Library will contract with the Library to evaluate

computer software and tablet apps for effectiveness in teaching literacy skills to young children and their caregivers.

City Manager's Office:

As the administrative head of city government, the City Manager is appointed by the City Council to enforce municipal laws, direct daily operations of the City, make recommendations to the Council, prepare and monitor the municipal budget, appoint and supervise all City department heads and employees, and supervise the operation of all City departments. The City Manager is responsible for implementing policies adopted by the City Council; preparing and submitting the annual budget and administering the day-to-day operations of the City.

As part of these responsibilities, the City Manager's Office oversees various citywide and interdepartmental projects and efforts. These include:

Healthy RC

Under the leadership of the City Manager's Office, Rancho Cucamonga has developed an innovative Healthy RC program. This program is unique in its holistic approach in encouraging residents, businesses, and our own organization to adopt healthy, active and sustainable lifestyles and practices. This approach brings together both new and existing efforts of each City Department with the goal of improving of the quality of life in our community.

Healthy RC highlights include:

- Over $660,000 was secured in federal, state, and private/foundational funds for Healthy RC programs.
- Two policies were approved by the City Council that directly address employee and resident health.
- Rancho Cucamonga was ranked #1 in the nation in First Lady Michelle Obama's *Let's Move!* Cities, Towns and Counties initiative.
- Bringing Health Home program assisted 319 families and provided $32,500 towards the purchase of fresh produce at local farmer's markets.
- Staff, community residents, and Healthy RC Youth Leaders presented at several conferences including the California Healthy Cities and Communities Conference in Los Angeles, the Childhood Obesity Conference in Long Beach, and the American Public Health Association's (APHA) Annual Meeting & Exposition in San Francisco.
- The Healthy RC Dining program increased the number of participants from 2 to 12 restaurants.

Green Sustainability

The City Manager's Office has led the citywide green sustainability efforts. The *Healthy Earth* program strives towards a greener, cleaner Rancho Cucamonga. Staff has identified efforts to minimize the City operations and the community's environmental impacts from City operations in the areas of water conservation, greenhouse gas reduction, energy efficiency, waste reduction, and transportation. The focus in FY 2012/13 was to continue identifying and implementing environmentally sustainable initiatives in City operations, establishing and leveraging partnerships,

and encouraging Rancho Cucamonga residents and businesses to be more environmentally conscious. Some of the accomplishments under this initiative include:

- Three additional public electric vehicle charging stations were installed at key locations throughout the City bringing the total number of city-owned charging stations to ten.
- The City received the Urban Land Institute *Best of the Best Award* for the Partnership for a Greener Northtown program, which provides energy efficient home improvements to low-income Northtown homeowners.
- The City continued its participation in the Institute for Local Government's Beacon Award Program and received two interim accomplishment awards for its progress in a number of environmentally sustainable efforts.
- The Green Business Recognition Program recognized four local businesses that have demonstrated green business practices.

Community Information Program

The City Manager's Office oversees the citywide Community Information Program. The mission of the Community Information Program is to provide accurate, open and comprehensive information about the City of Rancho Cucamonga and its programs, policies, services, and future plans in a timely manner to those who live, work and play in the city. It produces the quarterly community newsletter *Rancho Reporter*; prepares and distributes news releases; answers media inquiries; oversees all programming on the City's Government Access Channel RCTV-3; produces brochures, flyers, and other literature; promotes special events; and provides media relations and public relations counsel to City departments.

Legislative Affairs Program

The City Manager's Office coordinates a very active legislative program focused on protecting the interests of our community and identifying resources available to enhance City services and programs. Legislative efforts include researching and monitoring federal and state bills, preparing position papers and letters in response to proposed legislation, and working with legislative representatives and their staff to promote the interests of the community.

The 2013 Legislative Session was especially busy with the City tracking 54 state and federal bills and sending dozens of letters to state and federal legislators and the Governor advocating our position on certain legislation and issues.

Additionally, as the City Council actively participates in regional agencies and boards, the City Manager's Office provides assistance and support. The inter-governmental agencies the City of Rancho Cucamonga participates in include SANBAG, Omnitrans, SCAG, and Metrolink. City officials are also actively involved, and have taken on several leadership positions, in the League of California Cities, a statewide association that advocates for cities' interests. The City Manager's Office regularly coordinates regional meetings, providing topics and speakers that are of interest to city officials throughout the Inland Empire.

Ombudsman

The City Manager's Office strives to ensure that the City provides the highest level of customer service. The City Manager's Office is available to assist residents with any city-related issue. The staff in the City Manager's Office helps residents in person, over the phone, or via email through the City's General Information Email Account.

Cable Television Franchise Administration

The City Manager's Office oversees the non-exclusive cable television franchises through enforcement of the State-issued franchise agreements, with an emphasis on citizen concerns. Charter Communications, Time Warner Cable, and Verizon FIOS TV provide cable TV service in the City of Rancho Cucamonga under state franchise agreements from the California Public Utilities Commission (CPUC). The City Manager's Office works with the cable companies to resolve customer service issues and ensure the very best possible service to Rancho Cucamonga citizens.

Animal Care and Services:

As an open admission municipal Animal Center, the Animal Care and Services Department (AC&SD) provides care, shelter, and adoption services for more than 5,500 homeless, abandoned, and abused animals each year. The Department, which began operating in May 2006, relies on the support of the community to work towards achieving their mission of building a community in which every adoptable pet finds a responsible home.

The Animal Care and Services Department is also committed to protecting the health, safety and welfare of the community. The Field Services Department responds to more than 7,900 requests for service on a priority response basis such as vicious/aggressive animals, injured animals, confined strays, and the pick-up of stray deceased animals. Animal Services Officers are also empowered to investigate complaints such as nuisance animals, leash law violations, and inhumane conditions. The Department provides emergency services for injured or sick stray pets, vicious/aggressive animals, and police and fire assistance on a 24/7 basis.

Community involvement is an important component for the Animal Care and Services Department. This includes the development of a strong volunteer program, a foster care program, working with rescue groups and other Centers, attending community events, and adoption promotions.

Volunteers

The Department offers a wide variety of volunteer opportunities in areas such as dog walking, cat socialization, basic dog training, bathing and grooming, as well as traditional opportunities such as computer services, clerical and cleaning. Volunteers make an important contribution to the success of our programs. Some programs, such as dog walking and our foster care programs are run entirely with volunteers. They have contributed over 10,000 hours of service in FY 2012/13.

Increasing Adoptions

The Department increased adoption promotions using both value-added and price point strategies such as Home for the Holidays, Aye Chihuahua, Find Some Bunny to Love, $5 Feline Fridays and incentive adoptions like tickets to local community events with an adoption of one of the Center's pets.

The Department hosted onsite adoption events, like the Honda Pet Adoption Day, and partnered with community businesses and animal organizations to attend 31 offsite adoption events like the Del Mar Cat Show and Crown Your Pet Adoption Day at John Elway's Crown Toyota in Ontario.

The Animal Care and Adoptions Services Department continued its long standing relationship with PetSmart by featuring dogs and cats for adoption in two PetSmart stores. In addition, the department continued to increase its marketing of animals through photography, videos and networking via the website and social media.

In conjunction with the Administrative Services Departments "Biggest Loser Challenge" we instituted "Pack Walks", an opportunity for City Staff from all departments to join the Animal Center in taking our dogs out for a group walk. This program not only offered staff an opportunity to get fit during their lunch breaks, but it also provided our dogs additional opportunities for mental and physical stimulation. The Department also increased the number of dog play groups each week, yet another opportunity to enrich the lives of our dogs during their stay at the Animal Center. Both Pack Walks and Play Groups help to increase the marketability of each dog as we gain valuable information about their temperament. It also increases their adoptability as the mental and physical stimulation helps maintain a healthy balance for the dog.

Medical Services

The Center's veterinarian continued to expand the types of surgeries able to be performed (including orthopedic surgeries) and the types of critically injured or sick patients the Center is able to care for. The Department's surgical program averages about 55 to 60 spay and neuters a week plus restoration and corrective surgeries. To help with the work load without increasing costs, the Center's veterinarian maintains partnerships with the following educational institutions to provide students to help in the surgical and medical areas at no cost to the Department:

- Western University – 4th year veterinary students
- Fontana Unified School District – ROP Students
- Platt College – RVT students
- Cambridge College – RVT Students

The Department has also recruited additional part-time, contract veterinarians.

Community Resources

The Department sponsored several fundraising events this year and continued attempts to reach out to the community. They hosted their Furry Friends Flea Market, Bark in the Ballpark, and Furry Friends Festival and Pet Walk-A-Thon events, which raised over $20,000. Those funds will go directly back into more community programs in the upcoming Fiscal Year.

The Department continued the summer reading and humane education program called Puppy Rhymes and Story Times, a program giving children an opportunity to read to a Therapy Dog and improve their literacy skills while learning how to be humane and compassionate towards animals. In addition, the department hosted their first Open House in February, inviting the community to the Animal Center for a behind the scenes tour.

Program Growth

The Department continues to expand community programs that will contribute to placement of animals in new homes and reducing the number of animals that enter the Center annually. Using funds raised through fundraising events, the Department hosted its second annual free microchip and vaccination clinic in May and two Operation Cat Nip events during the year. Operation Cat Nip offers a free spay or neuter and vaccines for the outdoor/free roaming cats in Rancho Cucamonga.

Another program which is important to the placement of adoptable pets is the Department's rescue program. This program is a partnership with private, nonprofit groups who take pets from the Center and place them into suitable homes. The Department continues to expand its rescue and adoption partnerships with local and out of state Animal Shelters. This year, to help address the problem of high number of small dogs that enter the Center, the Department continued its partnership with an Animal Shelter in Maine that does not receive many small dogs and was able to send 20 of the Center's small dogs to them for adoption.

Administrative Services Group:

The Departments and Divisions of the Administrative Services Group are unique in comparison to other City departments, in that it is a "staff" department as opposed to a "line" department. While line departments typically provide services only to the public, the Administrative Services Group provides services and support primarily to internal staff (including the City Council, the City Manager, the various City departments and employees) with some service areas crossing over into the public arena. The group's major service areas are: Administration, Finance, Treasury Management, Personnel, Risk Management, Purchasing, Business Licenses, Special District Administration, Geographical Information Systems, and Information Services.

The Administrative Services Group continued making progress on projects that were started during the previous fiscal year as well as some new projects initiated during the 2012/13 fiscal year. A summary of each of these projects by division follows.

Administration Division: One of the responsibilities of the Administration Division is to facilitate and coordinate intra- and inter-departmental programs. During this fiscal year, the Division facilitated numerous training programs including the Leadership Academy and the Supervisory Training Program, and also continued to revamp the new employee orientation. For the upcoming fiscal year, efforts will be focused on supporting the City Manager's Office initiatives to develop mid-managers, improve employee communication efforts, and improve leadership through focused coaching and strategic goal setting efforts. The Division will also continue working on developing a plan for the long-term fiscal sustainability of the City's landscape maintenance and street lighting districts, working with the GIS/Special Districts Division and Public Works Services Department.

December 23, 2013
To the Honorable Mayor, Members of the City Council
and Citizens of the City of Rancho Cucamonga

Finance Department: The Finance Department of the Administrative Services Group provides for the administration of financial activities such as payroll, accounts payable, accounts receivable, audits, preparation and monitoring of the budget, revenue recording and tracking, preparation of financial statements, and the establishment and maintenance of a fixed asset inventory. Finance is also responsible for business licensing and treasury management.

The Finance Department applied for and received its 25th consecutive Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting (Certificate of Achievement). The Certificate of Achievement is an award designed to recognize and encourage excellence in financial reporting by state and local governments. It is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

The Department also submitted a newly designed budget document to the GFOA's Distinguished Budget Awards Program. The Department first submitted the budget in 2011 as a trial run, with the goal of receiving feedback. The FY 2012/13 budget was fine-tuned based on that feedback, and submitted again to the GFOA. The City was awarded the Distinguished Budget Presentation Award for its FY 2012/13 budget in January 2013. We believe the FY 2013/14 continues to conform to the program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

The Department continues to assist with the winding down operations of the RDA Successor Agency, with its own separate and new accounting needs. The Finance Department team has shouldered this additional responsibility while at the same time seeing the loss of one full-time and one part-time position as part of the RDA loss. This speaks to the professionalism and commitment of the staff who have stepped up to the plate during this very unusual and unfortunate time.

The Finance Department's Business License Division ensures compliance with City codes as they relate to business licenses, transient occupancy and admission taxes. During Fiscal Year 2012/13 staff processed approximately 9,477 business license applications (7,269 renewals and 2,208 new filings), inspected 378 businesses, and collected revenues totaling $2,110,275.

Human Resources Department: The Human Resources Department is responsible for managing a broad range of employment related services including employee recruitment, selection, classification, compensation, employee development and labor relations. In addition, the department provides risk management services including worker's compensation and general liability programs, employee wellness and safety.

Key accomplishments this year include the following:

- Implemented applicable provisions of the Affordable Health Care Act.
- Worked in conjunction with the Payroll and Information Services Divisions to implement the Public Employee Pension Reform Act (PEPRA).

Geographic Information Systems/Special Districts Division: The Geographic Information Systems/Special Districts Division of the Administrative Services Group manages all the City's special assessment districts and provides geographical mapping and application development for all City departments.

Division highlights this year include the following:

- Implemented the REGIS Connect Business Plan to enable the City to share its GIS services with other municipalities while offsetting some of the Division's costs.

- In support of the Police Department, the Division has worked to improve and add new and updated features to the "active shooter" mapping application that will be used for emergency situations in schools in the City.

With regard to Special Districts Administration, the Division managed the refinancing of a bond issue in Community Facilities District 2003-01 in order to take advantage of interest rate savings without extending out the life of the bonds. The transaction was completed in July 2013. These savings will go back to the property owners in these districts, lowering their assessments beginning with the December 2013 tax bill payments.

Information Services Division: The Information Services Division of the Administrative Services Group provides research and development in client server computer and personal computer applications. The Information Services Division continues to strive to be on the cutting edge of technology, thus increasing the productivity and service levels to the City users and patrons. The advances described are designed to progressively build upon the City's technology base to improve, expand and respond to the demands of the public for vital services in police, fire, safe roads, youth and adult recreation, tax and financial transactions, community and home development and many more.

In FY 2012/13, Information Services replaced aged equipment and upgraded applications to maintain reliable and progressive services for our staff and community. The Division also embarked upon the largest enterprise system implementation in the City's history – Accela Automation (the City's land management software). This project will span across two fiscal years with the anticipated completion date of April 2014. The Division also worked in conjunction with the GIS Division, Finance Division, and the Animal Care and Services Department to create a solution for taking payments from customers out in the field. The solution went live in September 2013.

Purchasing Division: The Purchasing Division of the Administrative Services Group is authorized to procure services or goods at the best price, from the most responsive and responsible vendor. It acts as the City's centralized procurement agent and authorizes all City purchases by ordinance requirements. It is also charged with the disposition of surplus or obsolete property as well as responsibility for the City's telecommunication needs.

Division highlights this year include the following:

- In May of 2013, the Purchasing Division submitted an application for the 2013 Achievement of Excellence in Procurement (AEP) award. Each year the criteria changes in order to keep up with innovations and best practices in public procurement. The Purchasing Division has once again received the award for the fifth year in a row.

December 23, 2013
To the Honorable Mayor, Members of the City Council
and Citizens of the City of Rancho Cucamonga

- Efficiently disposed of surplus City assets through online bidding applications to generate $57,700 in additional revenue for the City.

Risk Management Division: The Risk Management Division is responsible for ensuring employee safety, the prompt and fair delivery of workers compensation benefits, risk assessment and cost effective risk transfer when appropriate, litigation management, and the fair and fiscally responsible analysis of third-party claims.

Treasury Management Division: The Treasury Management Division, in accordance with the "Prudent Person Rule," invests and monitors all idle funds to maximize and safeguard taxpayer dollars. The Division continually monitors the various services provided by it financial institution to ensure that the City is receiving the most comprehensive services for the most economical price.

III. AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Rancho Cucamonga for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2012. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Rancho Cucamonga has received a Certificate of Achievement for the last twenty-five consecutive years. We believe that our current comprehensive annual report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the efficient and dedicated service of the entire staff of the Finance Department and the administrative staff of the Administrative Services Department. We appreciate and would like to commend all the City departments who assisted and contributed material to this document. We also recognize and would like to acknowledge the Mayor and members of the City Council for their interest, dedication, and constant support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

John R. Gillison
City Manager

Tamara L. Layne
Finance Director

CITY OF RANCHO CUCAMONGA

CITY OFFICIALS

JUNE 30, 2013

City Council

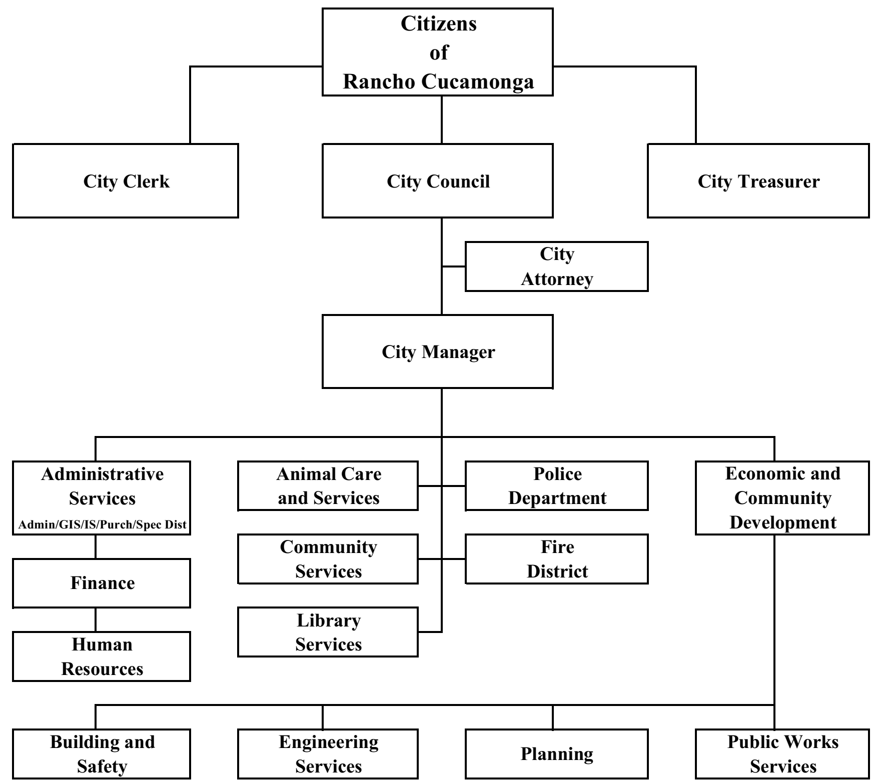
Name		Term Expires
L. Dennis Michael	Mayor	2014
Sam Spagnolo	Mayor Pro-Tem	2016
William J. Alexander	Council Member	2014
Marc Steinorth	Council Member	2016
Diane Williams	Council Member	2014

Administration and Department Heads

City Manager	John R. Gillison
Assistant City Manager	Linda Daniels
Deputy City Manager/Administrative Services	Lori Sassoon
Deputy City Manager/Economic and Community Development	Jeff Bloom
City Attorney	James L. Markman
Treasurer (term expires 2016)	James Frost
City Clerk (term expires 2016)	Janice C. Reynolds
Assistant City Clerk/Records Manager	Debra McNay
Animal Services Director	Veronica Fincher
Building and Safety Services Director	Trang Huynh
Community Services Director	Nettie Nielsen
Engineering Services Director/City Engineer	Mark Steuer
Finance Director	Tamara L. Layne
Fire Chief	Mike Bell
Human Resources Director	Chris Paxton
Library Director	Robert Karatsu
Police Chief	Anthony Onodera
Public Works Services Director	Bill Wittkopf

CITY OF RANCHO CUCAMONGA

ORGANIZATION CHART



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Rancho Cucamonga California

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

City of Rancho Cucamonga

Comprehensive Annual Financial Report

June 30, 2013

Financial Section

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LSL CERTIFIED PUBLIC ACCOUNTANTS
vpb A Division of LSL, CPAs
vilmure, peeler & boucher

• David E. Hale, CPA, CFP • Bryan S. Gruber, CPA
• Donald G. Slater, CPA • Deborah A. Harper, CPA
• Richard K. Kikuchi, CPA • Gary A. Cates, CPA
• Susan F. Matz, CPA • Michael D. Mangold, CPA
• Shelly K. Jackley, CPA • David S. Myers, CPA

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of Rancho Cucamonga, California

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Rancho Cucamonga, California, (the City) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Honorable Mayor and Members of the City Council
City of Rancho Cucamonga, California

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rancho Cucamonga, California, as of June 30, 2013, and, the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, the Citywide Infrastructure Improvement Fund and Fire District Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2013 the City adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Honorable Mayor and Members of the City Council
City of Rancho Cucamonga, California

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Lance, Soll & Lunghard, LLP

Brea, California
December 23, 2013

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CITY OF RANCHO CUCAMONGA
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Rancho Cucamonga ("City"), we provide for the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2013. Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, we encourage the readers to consider the information presented here in conjunction with additional information furnished in the Letter of Transmittal and the accompanying basic financial statements. This is the tenth consecutive year that the City has issued financial statements pursuant to Statement No. 34 of the Governmental Accounting Standards Board (GASB 34). Comparative data on the government-wide financial statements are only presented in the MD&A.

Overview of the Financial Statements

The City is required to present its financial statements in accordance with Generally Accepted Accounting Principles (GAAP), which includes complying with the Governmental Accounting Standards Board (GASB) pronouncements. The City adopted the provisions of Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*, as of July 1, 2012. As stated in Note 1, GASB No. 65, among other things, amends prior guidance with respect to the treatment of debt issuance costs. Debt issuance costs should be recognized in the period incurred rather than reported on the statement of net position as deferred charges and recognized systematically over the life of the debt. The accounting changes of this statement should be applied retroactive and therefore the City has reported a restatement of beginning net position for any unamortized debt issuance costs (deferred charges) previously reported on the statement of net position to conform. The City restated the July 1, 2012 net position of the Successor Agency of the Former RDA Private-Purpose Trust Fund to write off deferred cost of issuance on the 2004 and 2007 Tax Allocation Bonds as the result of the early implementation of GASB Statement No. 65. The total impact of this change was a $3,399,932 loss in the beginning net position. The 2012 financial statements were not restated.

Government-wide Financial Statements

Government-wide financial statements provide readers with a broad overview of the City's finances in a manner similar to that of a private-sector business. These statements include the City and its component units. As stated in Note 1.a. of the notes to the financial statements, the inclusion of an organization within the scope of the reporting entity of the City of Rancho Cucamonga, as either blended or separately shown, is based on the provisions of GASB Statement No. 14, *The Financial Reporting Entity,* and amended with GASB Statement No. 61, *The Financial Reporting Entity - Omnibus – An Amendment of GASB Statements No. 14 and No. 34*. Although legally separate, component units function for all practical purposes as departments of the City and, therefore, have been blended as part of the primary government. The City's component units are the Rancho Cucamonga Public Improvement Corporation, the Rancho Cucamonga Fire Protection District, the Rancho Cucamonga Library, and the Rancho Cucamonga Public Financing Authority.

These statements are designed to provide information about the activities of the City as a whole and present a longer-term view of the City's finances. This longer-term view is intended to illustrate the City's ability to continue functioning as a viable entity well beyond the next fiscal year's operations. The statements are prepared using the accrual basis of accounting. The accrual basis of accounting considers money available when earned and considers money spent when a liability is incurred. As such, this basis of accounting focuses on measuring economic resources that are available to the City regardless of the timing of the availability of those resources. For example, grant revenue may have been earned as of fiscal year end but may not be received until several months subsequent to fiscal year end. Under the accrual basis of accounting, this revenue would be recognized as a resource available to the City as of fiscal year end, even though the actual cash is not received for several months. An example related to expenditures would be the City's accrued interest liability. This liability is recognized as a usage of the City's resources as of fiscal year end, even though the actual cash payment will occur over an extended period of time. The accrual basis of accounting is similar to that used by most private sector companies. Accordingly, all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Additionally, these statements reflect the capitalization and depreciation of infrastructure and other capital assets (e.g., buildings, vehicles, furniture and fixtures, etc.) as well as the recognition of various long-term liabilities (e.g., bonds payable, accrued employee benefits, claims and judgments payable, etc.).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes, intergovernmental, and use of money and property revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety - police, public safety - fire protection, public safety – animal center, community development, community services, and engineering and public works. The City's business-type activities include the Sports Complex and Municipal Utility operations.

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the excess of total assets and deferred outflows of resources over total liabilities and deferred inflows of resources, reported as net position. This statement includes changes in "capitalized and depreciated" capital assets. The purpose behind the statement of net position is that, over time, increases or decreases in the net position are one potential useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows (both positive and negative) in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both the governmental activities and the business-type activities are presented on the accrual basis of accounting. Proprietary funds, discussed below, also follow the accrual basis of accounting.

The government-wide financial statements can be found on pages 19 through 21 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements provide detailed information about the most significant funds and other funds – not the City as a whole. Some funds are required by state law and by bond covenants. In addition, in order to meet legal responsibilities for using certain taxes, grants, and other resources, prudent fiscal management requires the establishment of other funds to help control and manage money. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

By contrast to the government-wide financial statements, the governmental fund financial statements, a part of the Fund Financial Statements, use the modified accrual basis of accounting which considers money available when it is collectible within the current period or soon enough thereafter (60 days after the end of the current fiscal period) to pay liabilities of the current period. Expenses are recorded when a liability is incurred. Debt service, claims and judgments, and accrued employee leave benefits are not recorded as liabilities, they are expensed at the time a payment is due. Note 1.c. of the notes to the Financial Statements more fully describes each basis of accounting.

Governmental funds. Most of the City's basic services are reported in governmental funds, which focus on how money flows in and out of those funds and the balances left at year-end that are available for spending. The governmental fund financial statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences between the results in the governmental fund financial statements and those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement (see pages 26 and 30 of this report).

The City maintains 70 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Citywide Infrastructure Improvement Special Revenue Fund, the Housing Special Revenue Fund, the Fire District Special Revenue Fund, all of which are considered major funds. Major funds determination is based on guidelines established by GASB 34. Data for the other 66 governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 22 through 30 of this report. Individual fund data for each of the non-major governmental funds is provided in the form of *combining statements* and can be found on pages 94 through 128 in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided to demonstrate compliance with this budget. This comparison can be found on page 31 of this report.

Proprietary funds. When the City charges its customers fees to cover the cost of the services it provides, these services are generally reported in proprietary funds. The City maintains two different types of proprietary funds: enterprise funds and internal service funds. *Enterprise funds* are used to report the same functions presented as *business-type* activities in the government-wide financial statements. *"Enterprise"* refers to the fund type while *"business-type"* refers to the activity type. The City uses enterprise funds to account for its Sports Complex and Municipal Utility operations.

Internal service funds by contrast are an accounting mechanism used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for vehicle/equipment replacement and computer equipment/technology replacement. Because these services predominantly involve governmental rather than business-type activities, this fund type has been included within *governmental activities* in the government-wide financial statements. Internal service funds are presented as proprietary funds because both enterprise and internal service funds follow the accrual basis of accounting.

In the fund financial statements section, proprietary funds provide similar information to that contained in the *business-type activities* in the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sports Complex and Municipal Utility operations, both of which are considered to be major funds of the City. All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements and can be found on pages 186 through 188 in this report.

The basic proprietary fund financial statements can be found on pages 34 through 36 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs. Activities reported in this category include special deposits, assessment districts, and the Successor Agency of the Former Redevelopment Agency. As of February 1, 2012, the City elected to serve as the Successor Agency of its former Redevelopment Agency which was dissolved by state law (see Note 14 to the financial statements). The Successor Agency activity is accounted for in a private purpose trust fund. In these cases, the City has a fiduciary responsibility and is acting as a *trustee*. The other activities reported in this category are accounted for in an agency fund. An agency fund is used to report resources held by the City in a *purely custodial* capacity. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of these funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position on page 37 of this report. Individual fund data for each agency funds is provided in the form of *combining statements* found on pages 192 through 204 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 39 of this report.

Government-wide Financial Analysis

Our analysis focuses on the City's net position (Table 1) and the changes in net position (Table 2) as a result of the City's activities. Comparative total data for the prior year has been presented. An analysis of the significant increases/decreases from the prior year is provided after each table.

TABLE 1
NET POSITION
(IN THOUSANDS)
As of June 30, 2013

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	$ 467,272	$ 393,632	$ 9,451	$ 7,229	$ 476,723	$ 400,861
Capital assets, net	690,455	683,207	26,159	27,166	716,614	710,373
TOTAL ASSETS	1,157,727	1,076,839	35,610	34,395	1,193,337	1,111,234
Long-term liabilities outstanding	17,939	15,554	-	-	17,939	15,554
Other liabilities	10,493	12,232	955	905	11,448	13,137
TOTAL LIABILITIES	28,432	27,786	955	905	29,387	28,691
Net position:						
Net investment in capital assets	687,839	683,207	26,159	27,166	713,998	710,373
Restricted	340,220	283,890	827	19	341,047	283,909
Unrestricted	101,236	81,956	7,669	6,305	108,905	88,261
TOTAL NET POSITION	$ 1,129,295	$ 1,049,053	$ 34,655	$ 33,490	$ 1,163,950	$ 1,082,543

Net position, the difference between a government's assets and deferred outflows and its liabilities and deferred inflows, may serve over time as one potential useful indicator of a government's financial position. The government-wide statement of net position for the City's governmental and business-type activities indicates that as of June 30, 2013, total assets and deferred outflows of resources (of which 60% represents net capital assets of the City, including infrastructure) exceed total liabilities and deferred

inflows of resources by $1,163,950,210. Of this amount, $108,905,070 represent unrestricted net position, which is comprised of a positive balance of $101,236,260 for governmental activities, and a positive balance of $7,668,810 for business-type activities. The unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

In addition, the City's restricted net position totals $341,047,016 ($340,219,852 for governmental activities and $827,164 for business-type activities) and is dedicated to specific purposes such as public safety, fire protection, capital projects and community services. Lastly, net position of $713,998,124 is the City's net investment in capital assets ($687,839,504 for governmental activities and $26,158,620 for business-type activities). A more detailed discussion of these financial data will be discussed in the following sections for both governmental and business-type activities.

The government's total net position increased by $81,407,047, or 7.5%, during the current fiscal year, reflecting positive changes in both governmental activities of $80,242,754 and business-type activities of $1,164,293. The following is an explanation of the major changes:

- Capital assets (e.g., infrastructure and other capital assets such as buildings, vehicles, furniture and fixtures, etc.) increased by $6,240,886, net of accumulated depreciation. The increase in capital assets is due primarily to the addition of capital constructions projects and infrastructure improvement to City's off-road trail systems, road and storm drain systems. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

- Long-term debt outstanding (e.g., bonds, Agency loans, claims and judgments payable, and accrued employee benefits) increased by $2,384,610. The increase is primarily due to the new capital lease obligations the City entered with Dell Financial Services (computer hardware), Government Capital Corporation (computer software and related implementation services), and Xerox (multi-function copiers). The combined long-term debt obligation for the claims and judgment payable and accrued employee benefits decreased by $231,098 while the capital lease additions mentioned above totaled $2,615,708 net of current year repayments.

- Other liabilities (e.g., accounts payable, accrued interest, due to other governments, etc.) decreased by $1,688,305. The decrease in other liabilities was primarily due to timing of payments at year end.

TABLE 2
CHANGES IN NET POSITION
(IN THOUSANDS)
Year ended June 30, 2013

	Governmental Activities		Business-Type Activity		Total	
	2013	2012	2013	2012	2013	2012
REVENUES:						
Program Revenues:						
Charges for services	$ 14,905	$ 14,422	$ 11,405	$ 11,851	$ 26,310	$ 26,273
Operating grants and contributions	6,572	9,858	-	-	6,572	9,858
Capital grants and contributions	13,440	4,501	-	-	13,440	4,501
General Revenues:						
Taxes:						
Property taxes	137,816	112,749	-	-	137,816	112,749
Admissions taxes	79	11	105	70	184	81
Transient occupancy taxes	2,057	1,928	-	-	2,057	1,928
Sales taxes	25,281	25,548	-	-	25,281	25,548
Franchise taxes	7,038	5,813	-	-	7,038	5,813
Intergovernmental	92	88	-	-	92	88
Use of money and property	2,872	20,205	157	310	3,029	20,515
Other	4,551	4,752	14	11	4,565	4,763
TOTAL REVENUES	214,703	199,875	11,681	12,242	226,384	212,117
EXPENSES:						
General government	18,009	38,659	-	-	18,009	38,659
Public safety - police	29,750	28,117	-	-	29,750	28,117
Public safety - fire protection	28,126	33,196	-	-	28,126	33,196
Public safety - animal center	2,796	2,532	-	-	2,796	2,532
Community development	15,782	16,244	-	-	15,782	16,244
Community services	13,193	12,452	-	-	13,193	12,452
Engineering and public works	26,364	30,000	-	-	26,364	30,000
Interest on long-term debt	203	4,403	-	-	203	4,403
Sports Complex	-	-	2,229	2,357	2,229	2,357
Municipal Utility	-	-	8,525	8,447	8,525	8,447
TOTAL EXPENSES	134,223	165,603	10,754	10,804	144,977	176,407
INCREASE (DECREASE) IN NET POSITION BEFORE TRANSFERS AND EXTRAORDINARY GAIN/(LOSS) ON DISSOLUTION OF REDEVELOPMENT AGENCY	80,480	34,272	927	1,438	81,407	35,710
TRANSFERS	(237)	(166)	237	166	-	-
EXTRAORDINARY GAIN/(LOSS) ON DISSOLUTION OF REDEVELOPMENT AGENCY	-	(11,296)	-	-	-	(11,296)
INCREASE (DECREASE) IN NET POSITION	80,243	22,810	1,164	1,604	81,407	24,414
Change in Net Position from Prior Year	$ 80,243	$ 22,810	$ 1,164	$ 1,604	$ 81,407	$ 24,414

The condensed statement of activities of the City's governmental and business-type operations for the period ended June 30, 2013, shows total net position increased by $81,407,047. Governmental activities increased the City of Rancho Cucamonga's net position by $80,242,754 accounting for approximately

98.5% of the total growth in net position, paired with an increase of $1,164,293 in the Business-Type activities' net position. Due to the dissolution of the former Redevelopment Agency, revenues and expenditures that used to be associated with the former Agency were accounted for in the Successor Agency effective February 1, 2012 and were no longer part of the City's financial statements.

In order of total dollar amount of change, the most significant changes in revenue were in the categories of property taxes; use of money and property; and franchise taxes.

- The increase in property taxes is primarily due to the City receiving two non-recurring distributions from the County of San Bernardino for its share of the low-moderate income housing fund unencumbered funds and the all other funds unencumbered funds. Additionally, the City received its share of the post redevelopment agency residual balance distributions to all taxing entities within the city. The residual balance is the amount remaining in the Redevelopment Property Tax Trust Fund (RPTTF) after the County has subtracted its administrative fee, statutory pass-throughs, negotiated pass-throughs, and ROPS payments.

- The decrease in use of money and property is due to both steady low interest rates and an unexpected change in investment valuation at the end of the fiscal year. Interest rates have reached low levels since the negative economic downturn which began in December 2008. The City's higher yielding long-term investments have either matured or have been called. In addition, the decrease in use of money is also due to unexpected macroeconomic factors that occurred in mid-to-late June of 2013, which had a significant disruption in the financial markets. The effect of the market's "overreaction" of these macroeconomic factors has negatively impacted the valuation of some of the City's investment holdings. The change in investment valuation at a point in time has been presented in the accompanying financial statements based on the provision stipulated by GASB 31, that is, a reduction in interest income with a corresponding temporary decrease in the valuation of the City's cash and investments.

- The franchise tax revenue category increased by approximately $1,225,654 due to the inclusion of the waste management franchise tax revenues in this category that were reported as charges for services in prior years.

The most significant changes in expenses were in general government, engineering and public works, and interest on long-term debt.

- General government expenses decreased by approximately $20,650,000 due to the refinancing of four special assessment districts or community facility districts during the prior fiscal year.

- Engineering and public works expenses decreased by approximately $3,635,720 from the prior year due to the reduction of capital outlay expenditures.

- Interest on long-term debt decreased by approximately $4,200,000 primarily due to the dissolution of the former Redevelopment Agency in the prior year. During Fiscal Year 2011/12, the first of two debt service payments was made by the Redevelopment Agency. Subsequent to the dissolution of the former Redevelopment Agency, the second debt service payment was paid by the Successor Agency and was not reflected in the governmental activities. Similarly, no debt service was reflected for governmental activities for the Successor Agency in the current fiscal year.

There were no significant changes for the business-type activities. The change in revenue from the prior fiscal year slightly decreased by approximately $560,883 while the expenses marginally decreased as well by $50,400 for a total net change of $510,483 for revenues and expenses. The net change of revenues and expenditures in comparison to the prior fiscal year represents approximately 1.5% to total net position.

The following presents the cost of each of the City's eight governmental activities: general government, public safety – police, public safety – fire protection, public safety – animal center, community development, community services, engineering and public works, and interest on long-term debt. Revenues generated by these programs consist of charges for services, operating contributions and grants, and capital contributions and grants. Expenses consist of the total expenses for the governmental activities which include expenses unrelated to program revenues. The net cost of services (total cost less revenues generated by the activities) is the amount that was paid from general revenues, i.e., revenues not related to a specific function or program.

Governmental Activities
(In Thousands)

	Total Cost of Services		Net Cost of Services	
	2013	2012	2013	2012
General government	$ 18,009	$ 38,659	$ (13,484)	$ (34,563)
Public safety - police	29,750	28,117	(28,502)	(26,831)
Public safety - fire protection	28,126	33,196	(26,231)	(29,289)
Public safety - animal center	2,796	2,532	(2,589)	(2,333)
Community development	15,782	16,244	(13,892)	(13,562)
Community services	13,193	12,452	(9,156)	(8,384)
Engineering and public works	26,364	30,000	(5,249)	(17,458)
Interest on long-term debt	203	4,403	(203)	(4,402)
Total	$ 134,223	$ 165,603	$ (99,306)	$ (136,822)

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The following financial analysis is performed only for the governmental and proprietary funds. The fiduciary funds are excluded from this analysis as they do not represent resources available to the City.

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, assigned and unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

On pages 22-25, the governmental funds balance sheet is shown. The combined fund balance of $384,389,105 increased by $67,102,038 or approximately 21.1%. This is a result of a combination of the following:

- The governmental funds cash and investments increased by $70,133,134 from the prior year primarily due to two non-recurring distributions from the County of San Bernardino for the City's share of the unencumbered funds from the Successor Agency as noted above. Additionally, the City received its share of the post redevelopment agency residual balance distributions from the County. As previously noted above, the residual balance distribution is the amount remaining in the Redevelopment Property Tax Trust Fund (RPTTF) after the County has subtracted its administrative fee, statutory pass-throughs, negotiated pass-throughs, and ROPS payments.

- The governmental funds liabilities increased by $4,029,448 which is a combination of a decrease of accounts payable in the General Fund of approximately $3,468,830, an increase in deferred inflows of resources in the Citywide infrastructure improvement fund of approximately $7,270,334, a decrease in due to other funds of approximately $1,064,199, an increase in due to successor agency for approximately $1,685,803, and a decrease of $393,660 in other liabilities such as accrued liabilities, unearned revenues, and due to other governments.

The combined fund balance of $384,389,105 represents the starting point for the reconciliation of the balance sheet of governmental funds to the statement of net position detailed on page 26 of this report. This total includes the General Fund balance of $100,126,503, which increased by $26,421,558 from the prior year. Of the total General Fund balance, $14,516,414 or 14.1% constitutes nonspendable reserves, which means that these reserves must be maintained intact; $1,853,526 or 1.9% are restricted fund balances which are the result of external limitations on spending; $66,508,246 or 66.4% are committed fund balances which have resulted in internally-imposed limitations placed upon the funds by the City Council; the assigned reserves of $17,248,317 or 17.2% are intended by the City Council for specific purposes, but are neither restricted nor committed, in accordance with City's policy.

The committed fund balances for the General Fund noted above are in accordance with the City's Fund Balance Policy. This policy ensures a prudent level of protection for the finances of the City in times of emergencies, revenue declines, and other unforeseen events. Certain committed funds enable the organization to operate in a business-like structure to address future liabilities while certain other committed funds help to support the City's credit rating which is also important to promote fiscal excellence. A brief description of the committed fund balances follows:

- ***Committed for changes in economic circumstances***: The fund balance committed for changes in economic circumstances is ***the reserve*** that is often referred to by the general public when a reference is made as to the amount of a City's reserve. This is the "savings account" of non-recurring revenue that would be utilized should an economic downturn or an emergency occur, and it is one of the major factors that rating agencies consider when rating a city's fiscal health.
- ***Committed for City facilities' capital repair***: The City facilities' capital repair funding goal mirrors the industry standard of 25% of capital asset value. All capital repairs for all City facilities and buildings are funded independently of the General Fund, which only pays for routine annual operational maintenance.
- ***Committed for self-insurance***: The fund balance commitment for self-insurance is for payment of general liability claims primarily through the use of interest earnings on the reserve but not limited to such in the event of an unfavorable interest rate environment.
- ***Committed for working capital***: The fund balance committed for working capital is intended to provide sufficient liquidity for the City's day-to-day operations so that fluctuations in revenue receipts throughout the year will not disrupt the City's investment portfolio. Thus, the City is able to avoid having to borrow for operations. The funding level for this commitment has been established by the City Council at 5% of the City's General Fund budget for the upcoming fiscal year.
- ***Committed for employee leave payouts***: This commitment sets aside funding for future employee leave payouts such as sick leave, vacation, etc., and is separate from recurring personnel costs.
- ***Committed for law enforcement***: This commitment represents Police Department fund balance used to facilitate unexpected equipment, facilities, or other law enforcement needs within the community.
- ***Committed for booking fees***: This commitment is to provide funding for an increase in the fees that the County of San Bernardino charges the City for the booking of prisoners. The amount of the increase was not readily determinable at the time of budget adoption due to the delay in the adoption of the State of California's budget.

The balance sheet presents three other major funds, the Citywide Infrastructure Improvement Special Revenue Fund, the Housing Special Revenue Fund, and the Fire District Special Revenue Fund.

The Citywide Infrastructure Improvement Special Revenue Fund has a fund balance of $3,710,779 which decreased by $4,939,242 from the prior year. The purpose of this fund is to account for capital improvement reimbursements from other governments such as from the San Bernardino Associated Governments (SANBAG). The funds will be used for general infrastructure improvements throughout the City.

The Housing Special Revenue Fund has a fund balance of $122,728,426. The City became the Housing Successor during the prior year after the dissolution of the former Redevelopment Agency.

The Fire District Special Revenue Fund (inclusive of the Fire District's General Fund, Community Facilities District (CFD) 85-1 Fund, and Community Facilities District (CFD) 88-1 Fund) has a fund balance of $62,680,831 which increased by $47,116,745 from the prior year. Revenues received were greater than the expenditures incurred by the District. Comparing current and prior year revenues and expenses, the District's revenues and expenses increased by $59,814,435 and $14,176,499, respectively. Revenue increased primarily due to a shift of property tax revenues that used to be received by the former Redevelopment Agency and are now directly received by the Fire District in accordance with a pass-through agreement. Current year revenues also include two distributions of one-time revenues from the Successor Agency as noted above. Expenditures increased mainly due to the repayment of funds advanced by the City to the District in prior years to fund ongoing operations.

It should be noted that the total fund balance for the Fire District Special Revenue Fund of $58,323,646 is $4,357,185 less than the total fund balance per the District's component unit financial statements of $62,680,831. This is due to differences in the reporting of the advance from the City to the District on the City's financial statements versus the District's component unit financial statements. On the City's financial statements, the advance is treated as an interfund liability since the District is basically viewed as one of the departments of the City. (There is an offsetting interfund asset (advances to other funds) in the General Fund). In order to reflect this liability on the District's balance sheet, resources must be allocated from the District's fund balance to provide funding for the liability for reporting purposes only. On the Fire District's component unit financial statements, the advance is treated as a long-term liability and does not require the allocation of fund balance to fund the liability. For the entity-wide financial statements, the advances to and from other funds are eliminated against each other as they both relate to the City as a whole.

The other governmental funds are what make up the remainder of the combined fund balance for all governmental funds. These funds consist of the City's 52 special revenue funds and 14 capital project funds. These funds have a combined fund balance of $95,142,566, which has decreased by $2,012,440 from the prior year, primarily due to revenue shortfall in the intergovernmental, developer participation, and use of money and property categories.

Proprietary Funds. The City's proprietary funds consist of two major enterprise funds and two internal service funds. The two major enterprise funds are the Sports Complex Fund, which accounts for the activities of the Sports Complex, and the Municipal Utility Fund, which accounts for the City's electric utility operations. The internal service funds are the Vehicle and Equipment Replacement Fund and the Computer Equipment/Technology Replacement Fund.

Net position for the enterprise funds is $34,654,594 of which $26,158,620 represents the amount invested in capital assets and $827,164 is restricted for the purpose of public benefit. Unrestricted net position amounts to $7,668,810. The increase in net position for the enterprise funds is $1,164,293, due to revenues exceeding expenditures during the year.

Net position for the internal service funds is $15,520,259, of which $2,147,093 represents the amount invested in capital assets. Unrestricted net position amounts to $13,373,166 which will be used to cover future vehicle and equipment and computer equipment/technology replacements. Total net position increased for these funds by $1,198,562 due to current year user charges exceeding the replacement needs and a one-time transfer in from the General Fund and Fire District Fund.

General Fund Budgetary Highlights

During the year, with the recommendation from the City's staff, the City Council may revise the City's budget as needed. Adjustments were made periodically as additional appropriations were necessary to cover the cost of projects that either had required change orders for additional work, or the estimated cost at the beginning of the project changed due to external factors. Adjustments were also made through increases or decreases to budgets in order to maintain the current level of services. For example, increased development activity may result in the need to utilize additional contract inspector services to handle the additional workload. All amendments that either increase or decrease appropriations are approved by the City Council.

For the City's General Fund, ending revenues of $97,266,032 were $10,944,244 more than the final budgeted revenues of $86,321,788. This positive variance was due to receipt of the two one-time distributions from the former Redevelopment agency for unencumbered funds that was mentioned earlier in this report which were not budgeted for.

The General Fund's actual ending expenditures of $72,070,765 were $951,627 more than the final budget of $71,119,138. The overall negative budget variance is due to year end transfers out to the internal service funds.

Capital Assets and Debt Administration

Capital Assets

As stated in the *Overview of the Financial Statements*, the financial statement format required by GASB 34 reflects the capitalization and depreciation of infrastructure and other capital assets (e.g., buildings, vehicles, furniture and fixtures, etc.).

At the end of the fiscal year, the City had $716,613,832 net of depreciation invested in a broad range of capital assets (see Table 3 below). This amount represents a net increase (including additions and deductions) of $6,240,886.

TABLE 3

CAPITAL ASSETS AT YEAR-END
(NET OF DEPRECIATION, IN THOUSANDS)

For the year ended June 30, 2013

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	$ 74,618	$ 74,543	$ 5,451	$ 5,451	$ 80,069	$ 79,994
Right-of-way	231,932	231,932	-	-	231,932	231,932
Construction in progress	18,265	33,015	-	-	18,265	33,015
Buildings and improvements	83,010	82,800	8,612	9,130	91,622	91,930
Equipment and vehicles	4,606	5,055	91	57	4,697	5,112
Furniture and fixtures	34	99	68	40	102	139
Infrastructure	275,704	255,136	11,931	12,480	287,635	267,616
Intangible	2,286	627	6	8	2,292	635
TOTALS	$ 690,455	$ 683,207	$ 26,159	$ 27,166	$ 716,614	$ 710,373

The most significant change in capital assets for governmental activities is the decrease in construction in progress (CIP) for projects that were completed during the fiscal year. Consequently, the increase in infrastructure relates to the completion of CIP projects that were capitalized during the year.

The business-type activity capital assets decreased slightly (including additions and deletions) primarily due to the annual depreciation.

Additional information on the City's capital assets can be found in Note 5 in the financial statements.

Debt Administration

At year end, the City's governmental activities had total debt outstanding in the amount of $17,938,631 for advances from Successor Agency, claims and judgments payable, and accrued employee benefits compared to $15,554,021 in the prior year, an increase of $2,384,610. (See Table 4 below).

TABLE 4

OUTSTANDING DEBT, AT YEAR END
(IN THOUSANDS)

For the year ended June 30, 2013

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Capital Lease	$ 2,615	$ -	$ -	$ -	$ 2,615	$ -
Advances from Successor Agency	3,954	3,954	-	-	3,954	3,954
Claims and Judgments Payable	3,763	4,077	-	-	3,763	4,077
Accrued Employee Benefits	7,607	7,523	-	-	7,607	7,523
TOTALS	$17,939	$15,554	$ -	$ -	$17,939	$15,554

Additional information on the City's outstanding debts can be found in the Note 7 to the financial statements of this report.

Economic Factors and Next Year's Budgets

Since the nationwide recession began in FY 2009/10, in its third quarterly report of 2013, the UCLA Anderson Forecast indicates that the U.S. economy is returning to normalcy. Although, the economy will not be normal by prior standards, it will be noticeably better than in recent years. The nation's Gross Domestic Product (GDP) is anticipated to grow at an annual rate of 2.5% by the end of 2013, 3% in 2014 and 3% in 2015, according to Forecast economists. The unemployment rate is expected to fall to 6.5% by the end of 2015. While the economy is returning to its new normal, it is still operating well below what would have been expected before the recession four years ago. Household spending is still constrained by unemployment issues, modest income growth, lower housing wealth, and tight credit availability. Uncertainty surrounding the federal budget deficit and Affordable Care Act provisions continues to affect investor and consumer decisions. Locally, Rancho Cucamonga is experiencing slow, gradual growth. The City continues to struggle from the effects of fiscal changes from recent years, the loss of Redevelopment revenues, loss of business, high unemployment, a stagnant housing market, rising utility costs and rising pension costs. Expected trends prepared for the City by its contracted economist suggest that the City's housing prices have stabilized and increased slightly. Based upon a Consensus forecast, housing prices, according to the most probable scenario, are expected to increase by 2.9% - 3.4% per year during 2013-2015 and then by 4.3% in 2016. Employment growth will, in turn, generate demand for housing and increase in household spending.

The Fiscal Year 2013/14 General Fund Budget of $65,240,470 was adopted without the use of reserves to fund recurring operations. It represents a $1,826,200 or 2.9% increase from FY 2012/13 mostly due to the increase in the contract services of the Police Department as public safety pension and labor costs rise. The FY 2013/14 Adopted Budget has dedicated $508,680 to go into the City's Capital Reserve to start to offset the impact of the prior year's dissolution of the Redevelopment Agency which had previously partnered with the City to fund capital expenditures. The recommended expenditure levels still provide for a continuation of essential public services, including critical public safety services.

Questions or requests for information regarding the City of Rancho Cucamonga's Fiscal Year 2013/14 Adopted Budget should be directed to the Finance Department at the address below.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City of Rancho Cucamonga's finances and to show the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department at the City of Rancho Cucamonga, 10500 Civic Center Drive, Rancho Cucamonga, CA 91730.

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CITY OF RANCHO CUCAMONGA

STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	$ 261,721,779	$ 7,826,476	$ 269,548,255
Receivables:			
Accounts	19,473,242	1,596,104	21,069,346
Taxes	6,998,240	21,000	7,019,240
Notes and loans	135,940,028	3,486	135,943,514
Accrued interest	179,503	3,865	183,368
Other loans	1,105,418	-	1,105,418
Grants	646,185	-	646,185
Prepaid costs	481,546	-	481,546
Deposits	32,274	-	32,274
Due from external parties/outside agencies	110,601	-	110,601
Advances to Successor Agency	9,521,227	-	9,521,227
Prepaid other post employment benefits	16,447,210	-	16,447,210
Prepaid PARS retirement enhancement plan	7,867,329	-	7,867,329
Land held for resale	4,550,043	-	4,550,043
Restricted assets:			
Cash with fiscal agent	2,197,606	-	2,197,606
Capital assets not being depreciated	324,814,981	5,451,015	330,265,996
Capital assets, net of depreciation	365,640,231	20,707,605	386,347,836
Total Assets	**1,157,727,443**	**35,609,551**	**1,193,336,994**
Liabilities:			
Accounts payable	4,966,349	731,425	5,697,774
Accrued liabilities	1,949,986	39,979	1,989,965
Unearned revenue	627,391	-	627,391
Deposits payable	42,959	183,553	226,512
Due to other governments	1,105,418	-	1,105,418
Due to Successor Agency	1,801,093	-	1,801,093
Noncurrent liabilities:			
Due within one year	6,287,850	-	6,287,850
Due in more than one year	11,650,781	-	11,650,781
Total Liabilities	**28,431,827**	**954,957**	**29,386,784**
Net Position:			
Net investment in capital assets	687,839,504	26,158,620	713,998,124
Restricted for:			
Community development projects	139,444,391	-	139,444,391
Public safety	5,569,763	-	5,569,763
Fire protection	62,680,831	-	62,680,831
Public works	11,152,157	-	11,152,157
Community services	11,287,420	-	11,287,420
Capital projects	110,085,290	-	110,085,290
Public benefit - Municipal Utility	-	827,164	827,164
Unrestricted	101,236,260	7,668,810	108,905,070
Total Net Position	**$ 1,129,295,616**	**$ 34,654,594**	**$ 1,163,950,210**

See Notes to Financial Statements

CITY OF RANCHO CUCAMONGA

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position — Primary Government		
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Governmental Activities	Business-Type Activities	Total
Functions/Programs							
Primary Government:							
Governmental Activities:							
General government	$ 18,009,415	$ 3,984,959	$ 540,195	$ -	$ (13,484,261)	$ -	$ (13,484,261)
Public safety - police	29,750,436	939,077	309,193	-	(28,502,166)	-	(28,502,166)
Public safety - fire protection	28,126,113	1,811,862	-	83,294	(26,230,957)	-	(26,230,957)
Public safety - animal center	2,795,585	206,758	-	-	(2,588,827)	-	(2,588,827)
Community development	15,781,913	984,400	896,085	8,991	(13,892,437)	-	(13,892,437)
Community services	13,193,275	3,317,910	719,496	-	(9,155,869)	-	(9,155,869)
Engineering and public works	26,363,913	3,660,502	4,107,356	13,347,240	(5,248,815)	-	(5,248,815)
Interest on long-term debt	202,737	-	-	-	(202,737)	-	(202,737)
Total Governmental Activities	**134,223,387**	**14,905,468**	**6,572,325**	**13,439,525**	**(99,306,069)**	**-**	**(99,306,069)**
Business-Type Activities:							
Sports Complex	2,229,025	319,764	-	-	-	(1,909,261)	(1,909,261)
Municipal Utility	8,524,944	11,085,315	-	-	-	2,560,371	2,560,371
Total Business-Type Activities	**10,753,969**	**11,405,079**	**-**	**-**	**-**	**651,110**	**651,110**
Total Primary Government	**$ 144,977,356**	**$ 26,310,547**	**$ 6,572,325**	**$ 13,439,525**	**(99,306,069)**	**651,110**	**(98,654,959)**
General Revenues:							
Taxes:							
Property taxes, levied for general purpose					137,816,507	-	137,816,507
Admissions tax					78,508	105,839	184,347
Transient occupancy taxes					2,056,597	-	2,056,597
Sales taxes					25,281,021	-	25,281,021
Franchise taxes					7,037,905	-	7,037,905
Motor vehicle in lieu - unrestricted					91,710	-	91,710
Use of money and property					2,872,457	156,824	3,029,281
Other					4,550,772	13,866	4,564,638
Transfers					(236,654)	236,654	-
Total General Revenues and Transfers					**179,548,823**	**513,183**	**180,062,006**
Change in Net Position					80,242,754	1,164,293	81,407,047
Net Position at Beginning of Year					1,049,052,862	33,490,301	1,082,543,163
Net Position at End of Year					**$ 1,129,295,616**	**$ 34,654,594**	**$ 1,163,950,210**

CITY OF RANCHO CUCAMONGA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

		Special Revenue Funds		
	General	Citywide Infrastructure Improvement	Housing	Fire District
Assets:				
Cash and investments	$ 82,349,846	$ 3,527,460	$ 802,426	$ 66,668,023
Receivables:				
Accounts	2,317,470	15,284,082	-	1,183,543
Taxes	6,229,793	-	-	72,855
Notes	-	-	135,940,028	-
Accrued interest	29,486	2,801	35,788	58,578
Deferred loans	-	-	-	-
Grants	-	-	-	-
Prepaid costs	318,002	-	4,710	85,234
Deposits	20,000	-	-	-
Due from other funds	1,001,094	-	-	-
Advances to other funds	4,657,185	-	-	-
Advances to successor agency	9,521,227	-	-	-
Due from external parties/outside agencies	110,601	-	-	-
Land held for resale	-	-	3,473,832	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	**$ 106,554,704**	**$ 18,814,343**	**$ 140,256,784**	**$ 68,068,233**
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	$ 1,710,242	$ 190,305	$ -	$ 209,540
Accrued liabilities	1,016,501	-	-	544,064
Unearned revenues	-	-	-	-
Deposits payable	42,959	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	276,613
Advances from other funds	-	-	-	4,357,185
Due to successor agency	1,800,293	-	800	-
Total Liabilities	**4,569,995**	**190,305**	**800**	**5,387,402**
Deferred Inflows of Resources:				
Unavailable revenues	1,858,206	14,913,259	17,527,558	-
Total Deferred Inflows of Resources	**1,858,206**	**14,913,259**	**17,527,558**	**-**

CITY OF RANCHO CUCAMONGA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013 **(CONTINUED)**

	Other Governmental Funds	Total Governmental Funds
Assets:		
Cash and investments	$ 94,648,653	$ 247,996,408
Receivables:		
Accounts	688,147	19,473,242
Taxes	695,592	6,998,240
Notes	-	135,940,028
Accrued interest	46,929	173,582
Deferred loans	1,105,418	1,105,418
Grants	646,185	646,185
Prepaid costs	73,600	481,546
Deposits	12,274	32,274
Due from other funds	-	1,001,094
Advances to other funds	-	4,657,185
Advances to successor agency	-	9,521,227
Due from external parties/outside agencies	-	110,601
Land held for resale	1,076,211	4,550,043
Restricted assets:		
Cash and investments with fiscal agents	2,197,606	2,197,606
Total Assets	**$ 101,190,615**	**$ 434,884,679**
Liabilities, Deferred Inflows of Resources, and Fund Balances:		
Liabilities:		
Accounts payable	$ 2,498,136	$ 4,608,223
Accrued liabilities	389,421	1,949,986
Unearned revenues	627,391	627,391
Deposits payable	-	42,959
Due to other governments	1,105,418	1,105,418
Due to other funds	724,481	1,001,094
Advances from other funds	300,000	4,657,185
Due to successor agency	-	1,801,093
Total Liabilities	**5,644,847**	**15,793,349**
Deferred Inflows of Resources:		
Unavailable revenues	403,202	34,702,225
Total Deferred Inflows of Resources	**403,202**	**34,702,225**

CITY OF RANCHO CUCAMONGA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

		Special Revenue Funds		
	General	Citywide Infrastructure Improvement	Housing	Fire District
Fund Balances:				
Nonspendable:				
Prepaid costs	318,002	-	4,710	85,234
Deposits	20,000	-	-	-
Notes and loans	-	-	118,412,470	-
Land held for resale	-	-	3,473,832	-
Advances to other funds	14,178,412	-	-	-
Restricted:				
Community development projects	-	-	837,414	-
Public safety - police	-	-	-	-
Parks and recreation	-	-	-	-
Engineering and public works	-	-	-	-
Capital improvement projects	-	-	-	-
Street lighting	-	-	-	-
Landscape maintenance	-	-	-	-
Library services	-	-	-	-
Underground utilities				
Information technology	572,976	-	-	-
Technology replacement	30,854	-	-	4,672
General plan update	101,384	-	-	-
Contractual obligation	624,901	-	-	125,338
Capital improvement projects	523,411	-	-	1,397,392
Committed:				
Capital improvement projects	-	3,710,779	-	-
Employee leave payouts	6,487,407	-	-	2,470,440
Vehicle and equipment replacement	-	-	-	3,630,871
PERS rate stabilization	-	-	-	3,799,274
Capital facilities repair	-	-	-	7,558,685
Working capital	3,262,024	-	-	12,472,602
Self insurance	7,583,333	-	-	-
Booking fees	1,391,059	-	-	-
City facilities repair	25,701,407	-	-	-
Changes in economic circumstances	16,526,373	-	-	10,154,076
Law enforcement	5,556,643	-	-	-
Assigned:				
Radio system acquisition	501,722	-	-	-
Communications	-	-	-	1,153,445
Dispatch system acquisition	-	-	-	420,613
City infrastructure	12,300,609	-	-	-
Capital projects	-	-	-	19,356,198
Economic and community development special services	1,536,703	-	-	-
Sphere of influence analysis	1,299,250	-	-	-
Multi-species habitat conservation plan	1,110,660	-	-	-
Animal center operations	349,332	-	-	-
Mobile home park program	72,155	-	-	-
Continuing operations	77,886	-	-	51,991
Unassigned	-	-	-	-
Total Fund Balances	**100,126,503**	**3,710,779**	**122,728,426**	**62,680,831**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 106,554,704**	**$ 18,814,343**	**$ 140,256,784**	**$ 68,068,233**

CITY OF RANCHO CUCAMONGA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	Other Governmental Funds	Total Governmental Funds
Fund Balances:		
Nonspendable:		
Prepaid costs	73,600	481,546
Deposits	12,274	32,274
Notes and loans	-	118,412,470
Land held for resale	1,076,211	4,550,043
Advances to other funds	-	14,178,412
Restricted:		
Community development projects	12,217,209	13,054,623
Public safety - police	932,065	932,065
Parks and recreation	2,778,240	2,778,240
Engineering and public works	38,870,099	38,870,099
Capital improvement projects	5,084,994	5,084,994
Street lighting	5,475,555	5,475,555
Landscape maintenance	12,163,158	12,163,158
Library services	6,359,526	6,359,526
Underground utilities	10,675,995	10,675,995
Information technology	-	572,976
Technology replacement	-	35,526
General plan update	-	101,384
Contractual obligation	-	750,239
Capital improvement projects	-	1,920,803
Committed:		
Capital improvement projects	-	3,710,779
Employee leave payouts	-	8,957,847
Vehicle and equipment replacement	-	3,630,871
PERS rate stabilization	-	3,799,274
Capital facilities repair	-	7,558,685
Working capital	-	15,734,626
Self insurance	-	7,583,333
Booking fees	-	1,391,059
City facilities repair	-	25,701,407
Changes in economic circumstances	-	26,680,449
Law enforcement	-	5,556,643
Assigned:		
Radio system acquisition	-	501,722
Communications	-	1,153,445
Dispatch system acquisition	-	420,613
City infrastructure	-	12,300,609
Capital projects	-	19,356,198
Economic and community development special services	-	1,536,703
Sphere of influence analysis	-	1,299,250
Multi-species habitat conservation plan	-	1,110,660
Animal center operations	-	349,332
Mobile home park program	-	72,155
Continuing operations	-	129,877
Unassigned	(576,360)	(576,360)
Total Fund Balances	**95,142,566**	**384,389,105**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 101,190,615**	**$ 434,884,679**

CITY OF RANCHO CUCAMONGA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

Fund balances of governmental funds		$ 384,389,105
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.		685,794,456
Long-term debt and compensated absences are not included in the governmental fund activity:		
Advances from Successor Agency	$ (3,953,624)	
Claims and judgments	(3,762,682)	
Capital leases	(102,045)	
Compensated absences	(7,606,617)	(15,424,968)
Governmental funds report all OPEB contributions as expenditures; however, in the statement of net position, any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as an asset or liability.		16,447,210
Governmental funds report all PARS contributions as expenditures; however, in the statement of net position, any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as an asset or liability.		7,867,329
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		34,702,225
Internal service funds are used by management to charge the costs of certain activities, such as equipment management, to individual funds. The assets and liabilities of the internal service funds are added to the statement of net position.		15,520,259
Net position of governmental activities		**$1,129,295,616**

See Notes to Financial Statements

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CITY OF RANCHO CUCAMONGA

STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

		Special Revenue Funds		
	General	**Citywide Infrastructure Improvement**	**Housing**	**Fire District**
Revenues:				
Taxes	$ 64,278,419	$ -	$ -	$ 93,055,622
Licenses and permits	3,346,189	-	-	549,909
Intergovernmental	1,415,105	1,265,840	-	-
Charges for services	2,955,873	-	-	46,952
Use of money and property	(74,199)	(25,191)	313,250	(507,746)
Fines and forfeitures	1,082,465	-	-	53,350
Contributions	457,479	-	-	-
Developer participation	-	-	-	-
Miscellaneous	22,775,645	224,228	13,419	974,326
Total Revenues	**96,236,976**	**1,464,877**	**326,669**	**94,172,413**
Expenditures:				
Current:				
General government	11,972,505	-	2,039	-
Public safety - police	29,187,126	-	-	-
Public safety - fire protection	-	-	-	45,724,657
Public safety - animal center	2,518,831	-	-	-
Community development	4,522,381	-	-	-
Community services	3,953,936	-	-	-
Engineering and public works	10,396,865	480	-	-
Capital outlay	4,257,939	6,403,639	-	414,807
Debt service:				
Principal retirement	1,681	-	-	591
Interest and fiscal charges	177	-	-	201,035
Total Expenditures	**66,811,441**	**6,404,119**	**2,039**	**46,341,090**
Excess (Deficiency) of Revenues Over (Under) Expenditures	29,425,535	(4,939,242)	324,630	47,831,323
Other Financing Sources (Uses):				
Transfers in	942,400	-	-	179,840
Transfers out	(4,033,033)	-	-	(928,700)
Capital leases	46,779	-	-	16,458
Proceeds from sale of capital asset	39,877	-	-	17,824
Total Other Financing Sources (Uses)	**(3,003,977)**	**-**	**-**	**(714,578)**
Net Change in Fund Balances	26,421,558	(4,939,242)	324,630	47,116,745
Fund Balances:				
Beginning of year, as originally reported	73,704,945	8,650,021	122,213,009	15,564,086
Restatements	-	-	190,787	-
Beginning of year, as restated	73,704,945	8,650,021	122,403,796	15,564,086
End of Year	**$ 100,126,503**	**$ 3,710,779**	**$ 122,728,426**	**$ 62,680,831**

CITY OF RANCHO CUCAMONGA

STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	Other Governmental Funds	**Total Governmental Funds**
Revenues:		
Taxes	$ 16,236,451	$ 173,570,492
Licenses and permits	875	3,896,973
Intergovernmental	8,955,592	11,636,537
Charges for services	3,319,492	6,322,317
Use of money and property	717,549	423,663
Fines and forfeitures	-	1,135,815
Contributions	623,851	1,081,330
Developer participation	3,295,120	3,295,120
Miscellaneous	1,143,971	25,131,589
Total Revenues	**34,292,901**	**226,493,836**
Expenditures:		
Current:		
General government	4,051,202	16,025,746
Public safety - police	144,335	29,331,461
Public safety - fire protection	72,213	45,796,870
Public safety - animal center	-	2,518,831
Community development	11,133,901	15,656,282
Community services	7,667,246	11,621,182
Engineering and public works	6,040,558	16,437,903
Capital outlay	7,310,944	18,387,329
Debt service:		
Principal retirement	1,531	3,803
Interest and fiscal charges	161	201,373
Total Expenditures	**36,422,091**	**155,980,780**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,129,190)	70,513,056
Other Financing Sources (Uses):		
Transfers in	1,217,217	2,339,457
Transfers out	(1,143,078)	(6,104,811)
Capital leases	42,611	105,848
Proceeds from sale of capital asset	-	57,701
Total Other Financing Sources (Uses)	**116,750**	**(3,601,805)**
Net Change in Fund Balances	(2,012,440)	66,911,251
Fund Balances:		
Beginning of year, as originally reported	97,155,006	317,287,067
Restatements	-	190,787
Beginning of year, as restated	97,155,006	317,477,854
End of Year	**$ 95,142,566**	**$ 384,389,105**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

Net change in fund balances - total governmental funds		$ 66,911,251
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.		
Capital outlay	$ 18,723,818	
Depreciation	(11,928,392)	
Gain/(loss) on sale of capital assets	(866,045)	5,929,381
The issuance of long-term debt provides current financial resources to governmental funds, while repayment of principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Capital lease	(105,848)	
Capital lease principal payments	3,803	
Change in claims and judgments payable	314,822	212,777
Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(83,724)
Governmental funds report all contributions in relation to the annual required contribution (ARC) for OPEB as expenditures; however, in the statement of activities, only the ARC is an expense.		(863,823)
Governmental funds report all contributions in relation to the annual required contribution (ARC) for PARS as expenditures; however, in the statement of activities, only the ARC is an expense.		(522,791)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		7,461,121
Internal service funds are used by management to charge the costs of certain activities, such as equipment management, to individual funds. The assets and liabilities of the internal service funds are added to the statement of net position.		1,198,562
Change in net position of governmental activities		**$ 80,242,754**

BUDGETARY COMPARISON STATEMENT (BUDGETARY BASIS)
GENERAL FUND
YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	$ 73,704,945	$ 73,704,945	$ 73,704,945	$ -
Resources (Inflows):				
Taxes	51,258,110	54,227,320	64,278,419	10,051,099
Licenses and permits	3,428,270	3,317,140	3,346,189	29,049
Intergovernmental	501,820	1,417,860	1,415,105	(2,755)
Charges for services	2,875,040	2,895,990	2,955,873	59,883
Use of money and property	1,073,940	831,620	(74,199)	(905,819)
Fines and forfeitures	1,059,590	1,047,350	1,082,465	35,115
Contributions	101,980	101,980	457,479	355,499
Miscellaneous	2,328,660	21,517,578	22,775,645	1,258,067
Transfers in	957,860	942,400	942,400	-
Capital leases	-	-	46,779	46,779
Proceeds from sale of capital asset	60,340	22,550	39,877	17,327
Amounts Available for Appropriations	**137,350,555**	**160,026,733**	**170,970,977**	**10,944,244**
Charges to Appropriations (Outflow):				
General government				
General overhead	2,764,820	2,688,300	2,651,970	36,330
Personnel overhead	485,030	1,332,060	1,182,466	149,594
City council	138,510	136,460	141,470	(5,010)
City manager	1,111,030	1,034,840	1,018,633	16,207
City clerk	2,290	2,300	2,148	152
Administrative services	256,940	252,970	249,746	3,224
Business licenses	301,780	266,480	269,374	(2,894)
City facilities	1,731,030	1,774,690	1,679,857	94,833
Finance	1,171,570	1,155,400	1,147,075	8,325
Geographic information systems	278,500	300,740	292,837	7,903
Management information services	2,412,690	2,365,100	2,297,515	67,585
Personnel	455,150	419,740	417,848	1,892
Purchasing	370,010	333,690	321,315	12,375
Risk management	232,910	225,110	203,566	21,544
Treasury management	19,830	17,480	17,253	227
Records management	548,810	532,070	451,817	80,253
Public safety - police				
Sheriff contract services	29,332,120	29,384,870	29,189,491	195,379
Public safety - animal center				
Animal center	2,686,320	2,627,370	2,518,831	108,539
Community development				
Planning	1,810,180	1,675,660	1,613,395	62,265
Planning commission	12,590	16,760	13,607	3,153
Code enforcement	747,440	756,940	755,630	1,310
Administration	650,850	598,000	576,359	21,641
Building and safety	1,913,670	1,948,674	1,949,158	(484)
Community services				
Administration	4,222,860	4,155,164	3,956,981	198,183
Park and recreation commission	3,080	3,100	3,045	55
Engineering and public works				
Engineering administration	538,870	497,730	458,628	39,102
Development management	595,210	568,640	517,874	50,766
NPDES	411,020	404,420	367,160	37,260
Project management	446,020	438,270	445,828	(7,558)
Traffic management	94,320	95,000	95,023	(23)
Street and park maintenance	4,426,240	4,437,060	4,285,507	151,553
Vehicle and equipment maintenance	1,064,620	1,054,010	988,387	65,623
Facilities maintenance	3,621,740	3,552,450	3,285,865	266,585
Capital outlay	718,250	4,563,120	4,666,313	(103,193)
Debt service:				
Principal retirement	-	5,500	5,583	(83)
Interest and fiscal charges	-	-	177	(177)
Transfers out	1,492,160	1,498,970	4,033,033	(2,534,063)
Total Charges to Appropriations	**67,068,460**	**71,119,138**	**72,070,765**	**(951,627)**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ 70,282,095**	**$ 88,907,595**	**98,900,212**	**$ 9,992,617**
Encumbrances			1,226,291	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ 100,126,503**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON STATEMENT (BUDGETARY BASIS)
CITYWIDE INFRASTRUCTURE IMPROVEMENT
YEAR ENDED JUNE 30, 2013

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	$ 8,650,021	$ 8,650,021	$ 8,650,021	$ -
Resources (Inflows):				
Intergovernmental	2,500,000	1,003,000	1,265,840	262,840
Use of money and property	83,410	63,060	(25,191)	(88,251)
Miscellaneous	-	203,300	224,228	20,928
Amounts Available for Appropriation	**11,233,431**	**9,919,381**	**10,114,898**	**195,517**
Charges to Appropriation (Outflow):				
Engineering and public works	480	480	480	-
Capital outlay	13,040,522	6,837,290	6,742,955	94,335
Total Charges to Appropriation	**13,041,002**	**6,837,770**	**6,743,435**	**94,335**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ (1,807,571)**	**$ 3,081,611**	**3,371,463**	**$ 289,852**
Encumbrances			339,316	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ 3,710,779**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON STATEMENT (BUDGETARY BASIS)
FIRE DISTRICT
YEAR ENDED JUNE 30, 2013

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	$ 15,564,086	$ 15,564,086	$ 15,564,086	$ -
Resources (Inflows):				
Taxes	32,189,270	38,550,710	93,055,622	54,504,912
Licenses and permits	662,460	677,910	549,909	(128,001)
Charges for services	42,500	42,500	46,952	4,452
Use of money and property	161,660	200,750	(507,746)	(708,496)
Fines and forfeitures	53,540	49,620	53,350	3,730
Contributions	3,000	3,000	-	(3,000)
Miscellaneous	665,590	812,710	974,326	161,616
Transfers in	179,840	179,840	179,840	-
Capital leases	-	-	16,458	16,458
Proceeds from sale of capital asset	-	-	17,824	17,824
Amounts Available for Appropriation	**49,521,946**	**56,081,126**	**109,950,621**	**53,869,495**
Charges to Appropriation (Outflow):				
Public safety - fire protection	27,057,380	46,923,441	46,104,791	818,650
Capital outlay	4,532,200	2,016,870	1,528,735	488,135
Debt service:				
Principal retirement	-	1,260	591	669
Interest and fiscal charges	200,970	200,970	201,035	(65)
Transfers out	-	928,700	928,700	-
Total Charges to Appropriation	**31,790,550**	**50,071,241**	**48,763,852**	**1,307,389**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ 17,731,396**	**$ 6,009,885**	**61,186,769**	**$ 55,176,884**
Encumbrances			1,494,062	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ 62,680,831**	

CITY OF RANCHO CUCAMONGA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	Business-Type Activities - Enterprise Funds			Governmental Activities-
	Sports Complex	Municipal Utility	Total	Internal Service Funds
Assets:				
Current:				
Cash and investments	$ 89,143	$ 7,737,333	$ 7,826,476	$ 13,725,371
Receivables:				
Accounts	20,648	1,575,456	1,596,104	-
Taxes	21,000	-	21,000	-
Notes and loans	-	3,486	3,486	-
Accrued interest	-	3,865	3,865	5,921
Total Current Assets	**130,791**	**9,320,140**	**9,450,931**	**13,731,292**
Noncurrent:				
Capital assets - net of accumulated depreciation	14,062,926	12,095,694	26,158,620	4,660,756
Total Noncurrent Assets	**14,062,926**	**12,095,694**	**26,158,620**	**4,660,756**
Total Assets	**$ 14,193,717**	**$ 21,415,834**	**$ 35,609,551**	**$ 18,392,048**
Liabilities and Net Position:				
Liabilities:				
Current:				
Accounts payable	$ 61,647	$ 669,778	$ 731,425	$ 358,126
Accrued liabilities	28,060	11,919	39,979	-
Deposits payable	-	183,553	183,553	-
Capital leases	-	-	-	518,942
Total Current Liabilities	**89,707**	**865,250**	**954,957**	**877,068**
Noncurrent:				
Capital leases	-	-	-	1,994,721
Total Noncurrent Liabilities	**-**	**-**	**-**	**1,994,721**
Total Liabilities	**89,707**	**865,250**	**954,957**	**2,871,789**
Net Position:				
Net investment in capital assets	14,062,926	12,095,694	26,158,620	2,147,093
Restricted for public benefit - Municipal Utility	-	827,164	827,164	-
Unrestricted	41,084	7,627,726	7,668,810	13,373,166
Total Net Position	**14,104,010**	**20,550,584**	**34,654,594**	**15,520,259**
Total Liabilities and Net Position	**$ 14,193,717**	**$ 21,415,834**	**$ 35,609,551**	**$ 18,392,048**

CITY OF RANCHO CUCAMONGA

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2013

	Business-Type Activities - Enterprise Funds			Governmental Activities-
	Sports Complex	Municipal Utility	Total	Internal Service Funds
Operating Revenues:				
Sales and service charges	$ 319,764	$ 11,085,315	$ 11,405,079	$ 136,770
Rent	168,857	-	168,857	-
Miscellaneous	11,209	2,657	13,866	-
Total Operating Revenues	**499,830**	**11,087,972**	**11,587,802**	**136,770**
Operating Expenses:				
Salaries and benefits	949,038	417,710	1,366,748	-
Maintenance and operations	524,639	6,920,240	7,444,879	805,136
Contractual services	211,859	501,149	713,008	-
Depreciation expense	543,489	685,845	1,229,334	1,643,243
Total Operating Expenses	**2,229,025**	**8,524,944**	**10,753,969**	**2,448,379**
Operating Income (Loss)	(1,729,195)	2,563,028	833,833	(2,311,609)
Nonoperating Revenues (Expenses):				
Admissions tax	105,839	-	105,839	-
Interest revenue	(529)	(11,504)	(12,033)	(17,165)
Interest expense	-	-	-	(1,364)
Total Nonoperating Revenues (Expenses)	**105,310**	**(11,504)**	**93,806**	**(18,529)**
Income (Loss) Before Transfers	(1,623,885)	2,551,524	927,639	(2,330,138)
Transfers in	1,179,054	-	1,179,054	3,528,700
Transfers out	-	(942,400)	(942,400)	-
Changes in Net Position	(444,831)	1,609,124	1,164,293	1,198,562
Net Position:				
Beginning of Year	14,548,841	18,941,460	33,490,301	14,321,697
End of Fiscal Year	**$ 14,104,010**	**$ 20,550,584**	**$ 34,654,594**	**$ 15,520,259**

CITY OF RANCHO CUCAMONGA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2013

	Business-Type Activities - Enterprise Funds			
	Sports Complex	Municipal Utility	Total	Governmental Activities- Internal Service Funds
Cash Flows from Operating Activities:				
Cash received from customers and users	$ 507,222	$ 10,932,754	$ 11,439,976	$ 136,770
Cash paid to suppliers for goods and services	(736,440)	(7,402,410)	(8,138,850)	(565,761)
Cash paid to employees for services	(949,281)	(416,002)	(1,365,283)	-
Net Cash Provided (Used) by Operating Activities	**(1,178,499)**	**3,114,342**	**1,935,843**	**(428,991)**
Cash Flows from Non-Capital Financing Activities:				
Cash transfers in	1,179,054	-	1,179,054	3,528,700
Cash transfers out	-	(942,400)	(942,400)	-
Amounts paid to other funds	(2,186)	-	(2,186)	-
Admissions tax received	104,839	-	104,839	-
Net Cash Provided (Used) by Non-Capital Financing Activities	**1,281,707**	**(942,400)**	**339,307**	**3,528,700**
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(22,500)	(199,435)	(221,935)	(371,655)
Principal paid on capital debt	-	-	-	(76,826)
Interest paid on capital debt	-	-	-	(1,364)
Net Cash Provided (Used) by Capital and Related Financing Activities	**(22,500)**	**(199,435)**	**(221,935)**	**(449,845)**
Cash Flows from Investing Activities:				
Interest received	(529)	(11,279)	(11,808)	(15,685)
Net Cash Provided (Used) by Investing Activities	**(529)**	**(11,279)**	**(11,808)**	**(15,685)**
Net Increase (Decrease) in Cash and Cash Equivalents	**80,179**	**1,961,228**	**2,041,407**	**2,634,179**
Cash and Cash Equivalents at Beginning of Year	8,964	5,776,105	5,785,069	11,091,192
Cash and Cash Equivalents at End of Year	**$ 89,143**	**$ 7,737,333**	**$ 7,826,476**	**$ 13,725,371**
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	$ (1,729,195)	$ 2,563,028	$ 833,833	$ (2,311,609)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	543,489	685,845	1,229,334	1,643,243
(Increase) decrease in accounts receivable	7,392	(193,937)	(186,545)	-
(Increase) decrease in notes and loans receivable	-	3,282	3,282	-
(Increase) decrease in prepaid expense	-	5,945	5,945	-
Increase (decrease) in accounts payable	58	13,034	13,092	239,375
Increase (decrease) in accrued liabilities	(243)	1,708	1,465	-
Increase (decrease) in deposits payable	-	35,437	35,437	-
Total Adjustments	**550,696**	**551,314**	**1,102,010**	**1,882,618**
Net Cash Provided (Used) by Operating Activities	**$ (1,178,499)**	**$ 3,114,342**	**$ 1,935,843**	**$ (428,991)**
Non-Cash Investing, Capital, and Financing Activities:				
Capital leases	$ -	$ -	$ -	$ 2,525,171

See Notes to Financial Statements

CITY OF RANCHO CUCAMONGA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013

	Agency Funds	Private-Purpose Trust Fund: Successor Agency of the Former RDA
Assets:		
Cash and investments	$ 23,770,348	$ 79,246,371
Receivables:		
Accounts	109,246	308,632
Taxes	86,037	-
Accrued interest	6,308	-
Developer loans	-	12,694,686
Prepaid costs	-	6,080
Prepaid bond insurance	-	1,826,342
Due from City	-	1,801,093
Advances to City	-	3,953,624
Land held for resale	-	937,997
Restricted assets:		
Cash and investments with fiscal agents	9,192,948	30,724,034
Capital assets:		
Capital assets, not being depreciated	-	16,211,895
Capital assets, net of accumulated depreciation	-	37,709,906
Total Assets	**$ 33,164,887**	**185,420,660**
Liabilities:		
Accounts payable	$ 82,793	315,336
Accrued liabilities	29,332	-
Accrued interest	-	6,437,048
Unearned revenues	-	305,314
Deposits payable	7,728,445	-
Payable to trustee	25,267,688	-
Due to external parties/other agencies	56,629	-
Long-term liabilities:		
Due in one year	-	10,868,194
Due in more than one year	-	397,903,854
Total Liabilities	**$ 33,164,887**	**415,829,746**
Net Position:		
Held in trust for other purposes		(230,409,086)
Total Net Position		**$ (230,409,086)**

See Notes to Financial Statements

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2013

	Private-Purpose Trust Fund
	Successor Agency of the Former RDA
Additions:	
Taxes	$ 34,580,146
Interest and change in fair value of investments	701,913
Miscellaneous	49,544
Total Additions	**35,331,603**
Deductions:	
Administrative expenses	23,436
Contractual services	4,050,738
Interest expense	20,410,358
Depreciation expense	1,885,683
Contributions to City	398,219
Reimbursement of prior taxes to County	233,812,615
Total Deductions	**260,581,049**
Changes in Net Position	**(225,249,446)**
Net Position:	
Beginning of year, as originally reported	(1,759,708)
Restatements	(3,399,932)
Beginning of fiscal year, as restated	(5,159,640)
Net Position - End of the Year	**$ (230,409,086)**

See Notes to Financial Statements

CITY OF RANCHO CUCAMONGA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Organization and Summary of Significant Accounting Policies

a. Description of Entity

The City of Rancho Cucamonga was incorporated on November 30, 1977, under the laws of the State of California and enjoys all the rights and privileges applicable to a General Law City. It is governed by an elected five-member board. As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Rancho Cucamonga (the City) and its component units, entities for which the City is considered financially accountable.

The inclusion of an organization within the scope of the reporting entity of the City of Rancho Cucamonga is based on the provisions of GASB Statement No. 14 and amended with GASB Statement No. 61. The blended component units discussed below, although legally separate entities, are in substance part of the government operation and so data from these component units has been combined herein. The following criteria were used in the determination of the blended component units:

1. The members of the City Council also act as the governing body of the the Rancho Cucamonga Public Improvement Corporation (the Improvement Corporation), the Rancho Cucamonga Fire Protection District (the Fire District), the Rancho Cucamonga Library (the Library) and the Rancho Cucamonga Public Financing Authority (the Financing Authority).

2. The Improvement Corporation, the Fire District, the Library and the Public Financing Authority are managed by employees of the City. A portion of the City's general overhead costs is allocated to the Fire District and the Library.

3. The City, the Improvement Corporation, the District, the Library and the Financing Authority are financially interdependent. They provide financial benefit/burden to the City.

Blended Component Units

The Rancho Cucamonga Public Improvement Corporation was incorporated on November 14, 1988, under the Non-Profit Public Benefit Corporation Law of the State of California. The Corporation was established for charitable purposes including rendering financial assistance to the City by financing, acquiring, constructing, improving and leasing public improvements for the benefit of residents of the City and the surrounding area. Separate financial statements are not available for the Corporation.

The Rancho Cucamonga Fire Protection District (formerly, Foothill Fire Protection District) was a special district formed by the County of San Bernardino for the purpose of fire suppression within its boundaries. Effective July 1, 1989, operations of this district were taken over by the City of Rancho Cucamonga. The district still operates as a separate special district; however, now it is under the control of the City of Rancho Cucamonga instead of the County of San Bernardino. Separate financial statements are available for the District.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

The Rancho Cucamonga Library was part of the San Bernardino County Library System in which the City of Rancho Cucamonga participated. Effective July 1, 1994, and pursuant to California Code Section 19104, the City withdrew from the County Library System. As of this date, the Library operates as a separate entity under the control of the City. Separate financial statements are not available for the Library.

The Rancho Cucamonga Public Financing Authority was established on April 21, 1999, pursuant to Article I (commencing with Section 6500) of Chapter 5 of Division 7 of Title I of the California Government Code. Its purpose is to facilitate the financing and the refinancing of construction, expansion, upgrading and improvement of the public capital facilities necessary to support the rehabilitation and construction of residential and economic development within the City. Separate financial statements are not available for the Public Financing Authority.

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues

are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City's fiduciary funds consist of agency funds and a private purpose trust fund. Agency funds are used to account for situations where the government's role is purely custodial. All assets reported in an agency fund are offset by a liability to the party on whose behalf they are held. Agency funds have no measurement focus. Private purpose trust fund funds are accounted for using the *"economic resources"* measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the government receives cash.

The City reports the following major governmental funds:

- The General Fund is the general operating fund of the City. All general tax receipts and fee revenue not allocated by law, Council policy or contractual agreement to other funds are accounted for in the General Fund. General Fund expenditures include operations traditionally associated with activities, which are not required to be accounted for or paid by another fund.

- The Citywide Infrastructure Improvement Fund accounts for capital improvement reimbursements from the San Bernardino Associated Governments (SANBAG). The funds will be used for general infrastructure improvements throughout the City.

- The Housing Fund accounts for the assets of the former Redevelopment Agency's Low and Moderate Income Housing Fund.

- The Fire District Fund accounts for the revenue and disbursement of funds received by the Rancho Cucamonga Fire Protection District in the course of that agency's fire protection services.

The City reports the following major proprietary funds:

- The Sports Complex Fund accounts for personnel and operating costs directly associated with the operation of the baseball facility, which is the home of the Rancho Cucamonga Quakes.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

- The Municipal Utility Fund accounts for the costs of labor and materials used in the operation, maintenance, construction and consumption of electric services to certain major commercial / industrial developments within the City.

Additionally, the City reports the following fund types:

- Internal service funds account for the financial transactions related to repair, replacement and maintenance of City-owned vehicles and equipment and the City's general information systems and telecommunications hardware and software.

- Agency funds are custodial in nature and do not involve the measurement of results of operations. The City's agency funds account for deposits held by the City in its fiduciary capacity and assessments received for various purposes which are restricted for payment of principal, interest and penalties on special obligation bonds.

- Private-purpose trust funds are used to account for the assets and liabilities of the former Redevelopment Agency and the allocated revenue to pay estimated installment payments of enforceable obligations until the obligations of the former Redevelopment Agency are paid in full and assets have been liquidated.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's proprietary funds functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds and of the Internal Service Funds are charges to customers for sales and services. Operating expenses for Enterprises Funds and Internal Service Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which established accounting and financial reporting standards for financial statements of state and local governments.

d. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity

Cash and Investments

All cash and investments, except those that are held by fiscal agents, are held in a City pool. These pooled funds are available upon demand and therefore are

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

considered cash and cash equivalents for purposes of the statement of cash flows. Investments held by fiscal agents with an original maturity of three months or less are also considered cash equivalents and are shown as restricted assets for financial statement presentation purposes.

Investments for the City, as well as for its component units, are reported at fair value. The City's policy is generally to hold investments until maturity.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of allowance for uncollectibles.

Prepaid Costs

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Land Held for Resale

Land purchased for resale is capitalized as inventory at acquisition costs as the City expects to sell this land with no decline in value.

Restricted Assets

Certain proceeds of debt issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure (e.g., roads, bridges, sidewalks and similar items) and intangible assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost when purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, equipment, and infrastructure of the primary government, as well as its component units, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Building improvements	10-50
Improvements other than buildings	10-40
Computer equipment and software	3-15
Equipment and vehicles	3-20
Furniture and fixtures	3-20
Infrastructure	10-75

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position and governmental fund balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position of fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government currently does not have items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position and governmental fund balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from the following sources: sales taxes, grant reimbursements and deferred loans. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Accrued Employee Benefits

The City's policy permits employees to accumulate earned but unused vacation and sick pay benefits. The total amount of liability for unused vacation and sick pay benefits is accrued when incurred in the government-wide financial statements. The City utilizes the General Fund and the Fire District Special Revenue Fund in the governmental fund financial statements to account for the short-term portion of its liability. The short-term portion is the unused reimbursable leave still outstanding following an employee's resignation or retirement.

CITY OF RANCHO CUCAMONGA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Vacation pay is payable to employees at the time a vacation is taken or upon termination of employment. Fire District employees cannot accrue more than one and one-half times their regular annual entitlement.

Sick leave is payable when an employee is unable to work because of illness. For City employees, those who terminate their employment after five years of continuous service and have at least 50% of five years sick leave accrued on the books upon termination may be paid for 120 hours of the accrued leave.

For Fire District employees, sick leave may be accumulated indefinitely or an employee with ten or more years of service is eligible to convert unused sick leave to vacation in accordance with the following and with any remainder of hours to still remain unused sick time:

Employee Type	Accumulated Sick Leave Balance Prior Calendar Year	Vacation Conversion Rate
shift	108 - 144 hours	one-half
shift	72 - 108 hours	one-fourth
40-hour	90 - 120 hours	one-half
40-hour	60 - 90 hours	one-fourth

Upon service retirement of a public safety employee, the option exists to sell back up to one-half of total accumulated sick time or have the time credited toward service in accordance with the Public Retirement Law. All unused sick leave is forfeited upon termination, other than for normal retirement.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance cost, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Fund Balance

Fund balance is essentially the difference between the assets, liabilities, and deferred inflows reported in a governmental fund. There are five separate components of fund balance, each of which identifies the extent to which the City is bound to honor constraints on the specific purposes for which amounts can be spent.

- Non-spendable fund balance *(inherently non-spendable)*
- Restricted fund balance *(externally enforceable limitations on use)*
- Committed fund balance *(self-imposed limitations on use)*
- Assigned fund balance *(limitation resulting from intended use)*
- Unassigned fund balance *(residual net resources)*

The City Council, as the City's highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by the adoption of a resolution. These committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use through the same type of formal action taken to establish the commitment. City Council action to commit fund balance needs to occur within the fiscal reporting period; however the amount can be determined subsequently. Fund balance commitments were as follows:

Changes in Economic Circumstances

The City's General Fund balance committed for changes in economic circumstances is established at a goal of a six month reserve, or 50% of the City General Fund operating budget for the upcoming fiscal year. The Fire District's fund balance committed for changes in economic circumstances is established at a goal of a six month reserve, or 50% of the Fire District's operating budget for the upcoming fiscal year. As defined in the resolution establishing this commitment, the specific uses are listed as the declaration of a state or federal state of emergency or a local emergency as defined in the Rancho Cucamonga Municipal Code Section 2.36.020; or a change in economic circumstances in a given fiscal year that results in revenues to the City/Fire District being insufficient to cover expenditures for one or more fiscal years. The City Council/Fire Board may, by the affirming vote of three members, change the amount of this commitment and/or the specific uses of these monies.

City Capital Facilities Repair

The City's General Fund balance committed for City facilities capital repair is established at a minimum goal of 25% of capital assets value comprised of construction in progress (excluding infrastructure), building improvements, and improvements other than building for governmental activities.

Fire District Capital Facilities Repair

The Fire District's fund balance committed for the Fire District facilities capital repair is hereby committed to a minimum goal of 50% of capital assets value comprised of construction in progress (excluding infrastructure), building improvements, and improvements other than building for public safety-fire activities.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Working Capital

The City's General Fund balance committed for Working Capital is established at a goal of a minimum of 5% of the City's General Fund operating budget for the upcoming fiscal year. The Fire District's fund balance committed for Working Capital is established at a goal of a minimum of 50% of the District's operating budget for the upcoming fiscal year.

Self-Insurance

The City's General Fund balance committed for payment of general liability claims primarily through the use of interest earnings on the reserve but not limited to such in the event of an unfavorable interest rate environment is established at a minimum goal of three times the City's total yearly SIR for all types of insurance coverage.

Employee Leave Payouts

The City's General Fund balance and the Fire District's fund balance committed for employee leave payouts as valued in accordance with the City's labor contracts as of the last day of the fiscal year.

PERS Rate Stabilization

The City's General Fund and Fire District's fund balance committed to offset projected rate increases identified in the respective annual CalPERS actuarial valuation for two fiscal years after the year of financial reporting.

Booking Fees

The City's General Fund balance committed to provide funding for an increase in the booking fees charged to the City by the County of San Bernardino not readily determinable at the time of budget adoption due to the delay in the adoption of the State of California's budget.

Vehicle and Equipment Replacement

The Fire District's fund balance committed for the replacement of fire safety vehicles and equipment as determined based on the District's replacement criteria is established at a minimum goal of 50% of District vehicle and equipment replacement value.

Law Enforcement

The City's General Fund balance committed for public safety purposes.

Economic and Community Development Special Services

The City's General Fund balance committed for economic and community development special services.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. Pursuant to the City's fund balance policy established by the City Council by resolution, it has delegated the authority to assign amounts to be used for specific purposes to the City Manager or Finance Director for the purpose of reporting these amounts on the annual financial statements.

Fund balance flow assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. The City considers restricted fund balance to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts.

Net Position

In the governmental-wide financial statements and proprietary fund financial statements, net position is classified as follows:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position – This amount is all net position that do not meet the definition of "net investment in capital assets" or "restricted net position."

Net position flow assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Property Tax

Property tax revenue is recognized on the modified accrual basis, that is, in the fiscal year for which the taxes have been levied providing they become available. Available means then due or past due and receivable within the current period and collected

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The County of San Bernardino collects property taxes for the City. Tax liens attach annually as of 12:01 A.M. on the first day in January proceeding the fiscal year for which the taxes are levied. Taxes are levied on both real and personal property as it exists on that date. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent, if unpaid, on August 31.

Functional Classifications

Expenditures of the governmental funds are classified by function. Functional classifications are defined as follows:

- General Government includes legislative activities, City Clerk, City Attorney, City Manager as well as management or supportive services across more than one functional area.
- Public Safety - Police includes those activities which involve police protection.
- Public Safety - Fire Protection includes activities of the fire protection district which involved in the protection of people and property from fire as well as emergency preparedness.
- Public Safety - Animal Center includes those activities which involve animal care and services.
- Community Development includes those activities which involve planning and redevelopment, as well as building and safety.
- Community Services includes activities which provide recreation, cultural and educational services.
- Engineering and Public Works includes all maintenance, engineering and capital improvements which relate to streets, parks, flood control and other public facilities.

The City implemented GASB Statement 65, *Items Previously Reported as Assets and Liabilities*. GASB 65, among other things, amends prior guidance with respect to the treatment of debt issuance costs. Debt issuance costs should be recognized in the period incurred rather than reported on the statement of net position as deferred charges and recognized systematically over the life of the debt. The accounting changes of this statement should be applied retroactive and therefore the City has reported a restatement of beginning net position for any unamortized debt issuance costs (deferred charges) previously reported on the statement of net position for fiduciary funds to conform.

II. STEWARDSHIP

Note 2: Stewardship, Compliance and Accountability

a. General Budget Policies

The annual budget adopted by the City Council provides for the general operation of the City. It includes proposed expenditures and the means of financing them. The City Council approves each year's budget submitted by the City Manager prior to the beginning of the new fiscal year. The Council conducts public hearings prior to its adoption, and when required during the period, also approves supplemental appropriations. There were several supplemental appropriations required during the year. A detailed mid-year review was conducted at which time a revised budget was adopted. There were no significant non-budgeted financial activities during the year.

The City Council may transfer funds between funds or activities set forth in the budget. The City Manager may transfer funds between line items within an appropriation as set forth in the budget and may transfer appropriations between activities within any fund. The level of budgetary control (that is the level at which expenditures cannot legally exceed the appropriated amount) is established at the department level within the General Fund and at the function level for Special Revenue, Capital Project Funds and Debt Service Funds.

Basis of Budgeting

Budgets for governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP) except that for budgeting purposes only encumbrances are treated as expenditures. A reconciliation has been provided on the applicable schedule when the basis of budgeting differs from GAAP.

For the fiscal year 2012-2013, the following funds had no adopted annual budgets:

Housing Fund
SB 140
Used Oil Recycling Grant
AB 2928 Traffic Congestion Fund
Drink, Drive, Lose Grant
Henderson/Wardman Drainage
Federal Grant Fund – Drier
OTS 2005 Seatbelt Grant
Senior Transportation Service
Assessment District 86-2
Public Library Bond Act - 2000

These funds had no adopted budget due to the timing of the usage of these grants and capital project funds. Money will be budgeted as needed based on specific projects.

Note 2: Stewardship, Compliance and Accountability (Continued)

b. Encumbrances

Encumbrances are estimations of costs related to unperformed contracts for goods and services. They represent the estimated amount of the expenditure ultimately to result if unperformed contracts in progress at year-end are completed. They do not constitute expenditures or estimated liabilities.

c. Deficit Fund Balances or Net Position

The following nonmajor funds have a deficit at June 30, 2013:

Special Revenue Funds:	
Pedestrian Grant	$ 80
Proposition 84 - Park Bond Act	4,377
Used Oil Recycling Grant	562
Litter Reduction Grant	316
Senior Outreach Grant	1,993
Safe Routes to School Program	31,240
COPS Secure our School Grant	28
CA State Library Staff Innovation	63,331
Department of Homeland Security Grant	29
Federal Grant Fund - Dreier	83
Freedom Courtyard Resources	148,803
Homeland Security Grant 2005	58,228
Used Oil Recycling Program	4,289
Capital Projects Funds:	
Assessment District 86-2	41,128
Public Library Bond Act - 2000	193

The City expects to eliminate these deficits with anticipated future revenues from grants, deferred payments and reimbursements.

III. DETAILED NOTES ON ALL FUNDS

Note 3: Cash and Investments

As of June 30, 2013, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	$ 263,919,385
Business-type activities	7,826,476
Fiduciary funds	142,933,701
Total Cash and Investments	$ 414,679,562

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under provisions of bond indentures. Interest income earned on pooled cash and investments is allocated quarterly to the various funds based on average daily cash balances. Interest Income from cash and investments with fiscal agents is credited directly to the related fund.

Deposits

At June 30, 2013, the carrying amount of the City's deposits was $56,682,787 and the bank balance was $58,192,820. The $1,510,033 difference represents outstanding checks and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits which are fully insured up to $250,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

Investments

Under provision of the City's investment policy, and in accordance with the California Government Code, the following investments are authorized:

- U.S. Government Agency Securities
- Municipals (Warrants, Notes and Bonds)
- Certificates of Deposit (or Time Deposits)
- Negotiable Certificates of Deposit
- FDIC Insured Certificates of Deposits
- Banker's Acceptances

Note 3: Cash and Investments (Continued)

- Commercial Paper
- Local Agency Investment Fund (State Pool)
- Joint Powers Auhtority (JPA) Investment Pool (short-term)
- Deposit of Funds
- Repurchase and Investment Agreements
- Meduim Term Corporate Notes

Investments Authorized by Debt Agreements

The above investments do not address investment of debt proceeds held by a bond trustee. Investments of debt proceeds held by a bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy.

Investments in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shares.

GASB Statement No. 31

The City adopted GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, as of July 1, 1997. GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the City reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

Credit Risk

The City's investment policy limits investments in medium-term notes (MTN's) in short-term rating of 'AA" or better. As of June 30, 2013, the City invested in Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corp. and Federal National Mortgage Association which were all rated "Aaa" and "AA+" by Moody's and by S&P at June 30, 2013. All securities were investment grade and were legal under State and City law. As of June 30, 2013, the City's investments in external investment pools and money market mutual funds are unrated.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

As of June 30, 2013, none of the City's deposits or investments were exposed to custodial credit risk.

Note 3: Cash and Investments (Continued)

Concentration of Credit Risk

The City is in compliance with restrictions imposed by its investment policy, which limits certain types of investments. As of June 30, 2013, in accordance with GASB Statement No. 40, if the City has invested more than 5% of its total investments in any one issuer, it is exposed to credit risk. The following investments are considered exposed to credit risk:

Federal Farm Credit Bank	19.85%
Federal Home Loan Bank	20.45%
Federal Home Loan Mortgage Corporation	17.66%
Federal National Mortgage Association	12.37%

Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this.

Interest Rate Risk

The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's investment policy establishes a maximum maturity of 180 days for Banker's Acceptances, 270 days for Commercial Paper, one year for Repurchase Agreements and five years for all other individual investments. The only exception to these maturity limits shall be the investment of the gross proceeds of tax-exempt bonds. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

As of June 30, 2013, the City had the following investments and original maturities:

	Investment Maturities (in Years)				
	6 months or less	6 months to 1 year	1 year to 3 years	3 Years to 5 years	Fair Value
Investments:					
Local Agency Investment Fund	$ 69,157,880	$ -	$ -	$ -	$ 69,157,880
US Treasury	-	-	-	1,955,858	1,955,858
Federal Governmental Agencies					
Federal Farm Credit Bank	-	-	12,042,227	46,403,015	58,445,242
Federal Home Loan Bank	-	9,092,783	13,666,552	38,819,763	61,579,098
Federal Home Loan Mortgage Corp.	-	-	26,101,635	18,110,040	44,211,675
Federal National Mortgage Assoc.	-	-	4,999,480	30,964,097	35,963,577
Municipal Bonds	-	2,535,825	-	-	2,535,825
Corporate Bonds	-	-	3,996,216	4,458,614	8,454,830
Commercial Paper	6,994,349	-	-	-	6,994,349
Money Market Mutual Funds	26,583,853	-	-	-	26,583,853
Investments with Fiscal Agents:					
Money Market Mutual Funds	42,114,588	-	-	-	42,114,588
	$ 144,850,670	$ 11,628,608	$ 60,806,110	$ 140,711,387	$ 357,996,775

Note 4: Notes and Loans Receivables

Notes and loans receivables consist of the following at June 30, 2013:

1. In January 1997, the former Rancho Cucamonga Redevelopment Agency (the Agency) entered into an agreement to loan Villa Pacifica Associates, a California Limited Partnership, up to $3,090,000 to develop senior rental housing for low and moderate income households. The term of the loan is 40 years, with simple interest accruing at 3% per annum on the outstanding principal balance. Payments of principal and interest on the loan are due and payable only to the extent that 50% of the net annual cash flow from the development is available. Upon dissolution of the Agency, the loan receivable was transferred to the Housing Fund of the City. As of June 30, 2013, the outstanding balance amounts to $3,683,026, including accrued interest of $593,026. Accrued interest is offset by deferred revenue.

2. On September 1, 2005, the Agency entered into a loan agreement with Northtown Housing Development Corporation for the purchase of undeveloped real property and the development of an apartment complex (San Sevaine) which will increase the supply of affordable housing to low and moderate income households for a period of ninety-nine (99) years. This loan is a line of credit not-to-exceed $40,700,000 with simple interest accruing at 1% per annum from the date of disbursement for a term of 55 years (2060), as modified on May 6, 2009, with Amendment #2. Upon dissolution of the Agency, the loan receivable was transferred to the Housing Fund of the City. As of June 30, 2013, the advances paid against this line of credit amount to $40,457,658 and accrued interest amounts to $1,853,537 for a total of $42,311,195. Accrued interest is offset by deferred revenue.

3. On April 19, 2006, the Agency entered into a loan agreement with LINC-Pepperwood Housing Investors, LP to provide financial assistance from the Low and Moderate Housing Set-aside Fund to purchase and rehabilitate the Pepperwood Apartment Homes, which will increase the supply of affordable housing to low and moderate income households, for not less than ninety-nine (99) years. The loan is in the form of a line of credit not-to-exceed $21,638,113, which includes the rollover of the BLT Partnership No. 1 loan of $2,350. The outstanding principal balance of the loan will accrue simple interest at 2% per annum from the date of disbursement for a term of 56 years (2062). In addition to the extent there are Residual Receipts, the Developer shall pay to the Agency 50% of the Residual Receipts from the preceding year. Upon dissolution of the Agency, the loan receivable was transferred to the Housing Fund of the City. As of June 30, 2013, advances paid against this line of credit amounts to $21,638,113 and accrued interest amounts to $2,841,107 for a total balance of $24,479,220. Accrued interest is offset by deferred revenue.

4. On September 1, 2005, the Agency entered into a loan agreement with HB Housing Partners, L.P. to provide financial assistance from the Low and Moderate Housing Set-aside Fund to purchase and rehabilitate the Woodhaven Manor Apartments, which will increase the supply of affordable housing to low and moderate income households for not less than ninety-nine (99) years. The loan is in the form of a line of credit not-to-exceed $9,000,000. Simple interest accrues on the advances as follows: 1) 3% per annum from the date of disbursement through and including the date immediately prior to September 21, 2022; and 2) 2% per annum from September 21, 2022 through September 21, 2060. In addition, to the extent there are Residual Receipts, the Developer shall pay to the Agency either 33% or 50% of the Residual Receipts from the preceding year. Upon dissolution of the Agency, the

Note 4: Notes and Loans Receivables (Continued)

loan receivable was transferred to the Housing Fund of the City. As of June 30, 2013, the advances paid against this line of credit amounted to $9,000,000 and accrued interest amounts to $1,821,736 for a total of $10,821,736. Accrued interest is offset by deferred revenue.

5. On March 9, 2006, the Agency entered into a loan agreement with The Southern California Housing Development Corporation for the acquisition, construction and operation of affordable housing apartments, referred to as the Rancho Verde Expansion project, which will increase the supply of very-low, low and moderate income households. This loan is a line of credit not-to-exceed $6,500,000 with simple interest accruing at 1.5% per annum until June 27, 2035, and 2% per annum thereafter and payable without demand or notice on June 27, 2060. Upon dissolution of the Agency, the loan receivable was transferred to the Housing Fund of the City. As of June 30, 2013, the advances paid against this line of credit amounted to $6,499,910 and accrued interest amounts to $476,420 for a total of $6,976,330. Accrued interest is offset by deferred revenue.

6. On December 1, 2001, the Agency entered into a residual receipts promissory note loan agreement in the form of a line of credit not-to-exceed $4,000,000 with Malvern Housing Partners, L.P. and Southern California Housing Development Corporation for the acquisition, construction and operation of a 49-unit senior multifamily apartment project, known as Heritage Pointe Senior Apartments. A portion of the necessary funding was provided from proceeds of a $4,000,000 bond issue by Southern California Housing Development Corporation. Funding provided by the Agency was in the form of semi-annual principal payments toward these bonds from the Agency's low and moderate income housing fund. As advances were made by the Agency, beginning April 1, 2003, these amounts were added to and became the principal balance of this Residual Receipts Note, and are accruing simple interest at 1% per annum from the date of payment through December 2056. Annual payments of principal and accrued interest shall not commence until the operation of the project has generated residual receipts. On December 5, 2007, the residual receipts promissory note was amended and restated in connection with the refunding of the Southern California Housing Development Corporation's bond with the proceed of the Agency Housing Set-Aside Tax Allocation Bonds, Series 2007A and Series 2007B. All residual receipts in excess of fifteen percent of the gross operating income of the project shall be paid to the Agency annually. All principal and accrued interest at the sinple interest rate of 1% per annum shall be due and payable in April 2056. Upon dissolution of the Agency, the loan receivable was transferred to the Housing Fund of the City. As of June 30, 2013, the advances paid against this line of credit amounted to $1,519,725 and accrued interest amounts to $60,480, for a total of $1,580,205. Accrued interest is offset by deferred revenue.

7. On September 1, 2008, the Agency entered into a residual receipts promissory note loan agreement in the form of a line of credit not-to-exceed $27,565,000 with Rancho Workforce Housing, L.P. for the acquisition, construction and development of a 166-unit rental housing development, including 131 residential units for low and moderate income residents. This loan bears simple interest of 2.386% compounded annually from the date of disbursement, with a term commencing on the date of this agreement and continuing for fifty-five (55) years from the date of the recordation of the Certificate of Completion. Commencing after Borrower's fiscal year first ending

after the completion of construction of the development, Borrower shall make repayments to the Agency equal to 50% of the Residual Receipts. Upon dissolution of the Agency, the loan receivable was transferred to the Housing Fund of the City. As of June 30, 2013, the advances paid against this line of credit amounted to $25,868,857, and accrued interest amounts to $2,394,642, for a total of $28,263,499.

8. On September 26, 1994, the Agency entered into a Disposition and Development Agreement (DDA) and loan agreement (as modified on March 22, 1996) for $5,929,181 with North Town Housing Partners for the acquisition of the 88-unit multifamily rental Villa Del Norte housing project for low and moderate income households. The term of the loan is 40 years, with simple interest accruing at 3% per annum on the outstanding principal balance. Payments of principal and interest on the loan are due and payable only to the extent that net annual cash flow from the development is available. Upon dissolution of the Agency, the loan receivable was transferred to the Housing Fund of the City. As of June 30, 2013, the outstanding balance amounts to $9,130,939, including accrued interest of $3,201,758. Accrued interest is offset by deferred revenue.

9. On June 6, 2001, the Agency entered into a loan agreement (as updated on December 1, 2002) for $4,700,000 with Northtown Housing Development Corp. for the development of the Olen Jones Senior Apartments. The term of the loan is 55 years, with zero interest accruing for the first 15 years, then accruing simple interest at 3% per annum for the remainder of the term. Payments of principal and interest on the loan are due and payable only to the extent that net annual cash flow from the development is available. Upon dissolution of the Agency, the loan receivable was transferred to the Housing Fund of the City. As of June 30, 2013, the outstanding balance amounts to $4,409,027.

10. First-time homebuyer loans represents the loans made under the First Time Homebuyer's Program. The payment of the loan is not due until the property is sold. As of June 30, 2013, the outstanding balance amounts to $4,284,852.

Total loans receivables for governmental activities at June 30, 2013, including accrued interest of $13,242,706, amounted to $135,940,029.

Note 5: Capital Assets

Governmental activities capital assets for the year ended June 30, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	$ 74,542,575	$ 75,247	$ -	$ -	$ 74,617,822
Right of way	231,931,613	-	-	-	231,931,613
Construction-in-progress	33,015,317	14,726,762	(419,633)	(29,056,900)	18,265,546
Total Capital Assets, Not Being Depreciated	339,489,505	14,802,009	(419,633)	(29,056,900)	324,814,981
Capital assets, being depreciated:					
Building Improvements	104,611,573	3,014,935	-	-	107,626,508
Improvement other than buildings	12,692,888	114,196	-	-	12,807,084
Equipment and vehicles	26,447,093	1,798,551	(264,110)	-	27,981,534
Furniture and fixtures	1,618,062	-	-	-	1,618,062
Infrastructure	438,891,265	-	(428,931)	29,056,900	467,519,234
Intangible	1,320,615	1,956,273	-	-	3,276,888
Total Capital Assets, Being Depreciated	585,581,496	6,883,955	(693,041)	29,056,900	620,829,310
Less accumulated depreciation:					
Building improvements	26,786,496	2,537,915	-	-	29,324,411
Improvement other than buildings	7,718,754	379,927	-	-	8,098,681
Equipment and vehicles	21,353,387	2,107,987	(86,459)	-	23,374,915
Furniture and fixtures	1,518,526	65,742	-	-	1,584,268
Infrastructure	183,792,502	8,183,366	(160,170)	-	191,815,698
Intangible	694,408	296,698	-	-	991,106
Total Accumulated Depreciation	241,864,073	13,571,635	(246,629)	-	255,189,079
Total Capital Assets, Being Depreciated, Net	343,717,423	(6,687,680)	(446,412)	29,056,900	365,640,231
Governmental Activities Capital Assets, Net	$ 683,206,928	$ 8,114,329	$ (866,045)	$ -	$ 690,455,212

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General government	$ 319,161
Public safety - police	411,847
Public safety - fire protection	637,934
Engineering and public works	8,859,738
Community development	85,407
Community services	1,614,305
Equipment and Vehicle Replacement Fund	1,134,192
Computer Equip./Technology Replacement Fund	509,051
Total Governmental Activities	$ 13,571,635

Note 5: Capital Assets (Continued)

Business-type activities capital assets for the year ended June 30, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	$ 5,451,015	$ -	$ -	$ -	$ 5,451,015
Total Capital Assets, Not Being Depreciated	5,451,015	-	-	-	5,451,015
Capital assets, being depreciated:					
Building improvements	17,203,473	22,500	-	-	17,225,973
Improvement other than buildings	3,797,414	-	-	-	3,797,414
Equipment and vehicles	417,729	75,000	-	(34,915)	457,814
Furniture and fixtures	82,374	-	-	34,915	117,289
Infrastructure	16,747,060	124,436	-	-	16,871,496
Intangible	25,856	-	-	-	25,856
Total Capital Assets, Being Depreciated	38,273,906	221,936	-	-	38,495,842
Less accumulated depreciation:					
Building improvements	8,183,987	430,074	-	-	8,614,061
Improvement other than buildings	3,686,657	110,758	-	-	3,797,415
Equipment and vehicles	360,319	6,520	-	-	366,839
Furniture and fixtures	42,622	7,023	-	-	49,645
Infrastructure	4,267,699	672,373	-	-	4,940,072
Intangible	17,619	2,586	-	-	20,205
Total Accumulated Depreciation	16,558,903	1,229,334	-	-	17,788,237
Total Capital Assets, Being Depreciated, Net	21,715,003	(1,007,398)	-	-	20,707,605
Business-Type Activities Capital Assets, Net	$ 27,166,018	$ (1,007,398)	$ -	$ -	$ 26,158,620

Depreciation expense was charged to functions/programs of the primary government as follows:

Business-Type Activities:	
Sports Complex	$ 543,489
Municipal Utility	685,845
Total Business-Type Activities	$ 1,229,334

Note 6: Interfund Receivable, Payable and Transfers

The composition of interfund balances as of June 30, 2013, was as follows:

Due To/From Other Funds

	Due to Other Funds		
Funds	Fire District	Nonmajor Governmental Funds	Total
Due From Other Funds:			
General Fund	$ 276,613	$ 724,481	$ 1,001,094

Due to/from other funds were the results of routine interfund transactions not cleared prior to the end of the fiscal year and were also made to cover negative cash balances at June 30, 2013.

Advances To/From Other Funds

	Advances from Other Funds		
Funds	Fire District	Nonmajor Governmental Funds	Total
Advances to Other Funds:			
General	$ 4,357,185	$ 300,000	$ 4,657,185

On June 21, 2012, the General Fund advanced $4,556,198 to the Fire District to provide funding for the prepayment of the Fire District's side fund liability with CalPERS. The advance bears interest at 4.5% and is payable in monthly installments of $33,332. The final payment will occur in July 2028. At June 30, 2013, the outstanding balance amounted to $4,357,185.

The $300,000 advance from the General Fund to the Park Development Fund was done on March 5, 1996, based upon Council approval. The advance was to provide funding for Phase I of the Northeast Community Park and is to be repaid in the future (no specific date).

CITY OF RANCHO CUCAMONGA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 6: Interfund Receivable, Payable and Transfers (Continued)

Interfund Transfers

	Transfers Out:					
Funds	General Fund	Fire District	Municipal Utility	Sports Complex	Nonmajor Governmental Funds	Total
Transfers in:						
General Fund	$ -	$ -	$ 942,400	$ -	$ -	$ 942,400
Fire District	179,840	-	-	-	-	179,840
Sport Complex	1,179,054	-	-	-	-	1,179,054
Internal Service Funds	2,600,000	928,700	-	-	-	3,528,700
Nonmajor Funds	74,139	-	-	-	1,143,078	1,217,217
Total	$ 4,033,033	$ 928,700	$ 942,400	$ -	$ 1,143,078	$ 7,047,211

The General Fund transferred $1,179,054 to the Sports Complex to cover the budgeted amount, $179,840 to the Fire District to fund the emergency preparedness program, and $2,600,000 to allocate surplus funding to the internal service fund.

The Fire District transferred $928,700 to the Computer/Equipment Technology Replacement Fund to cover the cost of lease purchase of computer software.

The Municipal Utility transferred $942,400 to the General Fund to cover the cost of operations.

Note 7: Long-Term Debt Obligations

a. Long-Term Debt – Governmental Activities

The following is a schedule of changes in governmental activities long-term debt for the fiscal year ended June 30, 2013:

	Balance July 1, 2012	Additions	Repayments	Outstanding June 30, 2013	Due Within One Year
Capital Leases					
Dell Financial Services	$ -	$ 313,981	$ 65,318	$ 248,663	$ 60,325
Government Capital Corp.	-	1,956,272	-	1,956,272	389,566
Xerox - Internal Service	-	320,236	11,508	308,728	69,051
Xerox - Governmental Funds	-	105,848	3,803	102,045	22,824
Total Capital Leases	-	2,696,337	80,629	2,615,708	541,766
Advances from Successor Agency	3,953,624	-	-	3,953,624	-
Claims and judgments payable	4,077,504	1,230,832	1,545,654	3,762,682	1,440,282
Accrued employee benefits	7,522,893	4,312,122	4,228,398	7,606,617	4,305,802
Total	$ 15,554,021	$ 8,239,291	$ 5,854,681	$ 17,938,631	$ 6,287,850

Note 7: Long-Term Debt Obligations (Continued)

A description of individual components of long-term debt outstanding as of June 30, 2013, is as follows:

Capital Leases Payable

On December 19, 2012, the City entered into a capital lease agreement with Dell Financial Services to acquire a Dell Blade Server Enclosure for $313,981. The agreement requires annual payments of $65,318 due February 1st of each year with the final payment due February 2017. The interest rate is fixed at 2.08%. At June 30, 2013, the outstanding amount due was $248,663.

The calculation of the present value of the future lease payments is as follows:

Year Ending June 30	
2014	$ 65,318
2015	65,318
2016	65,318
2017	65,318
Subtotal	261,272
Less: Amount representing interest	(12,609)
Total	$ 248,663

On December 27, 2012, the City entered into a capital lease agreement with Governmental Capital Coproration to acquire an Accela Software Technology for $1,956,272. The agreement requires annual payments of $424,092 due July 10th of each year with the final payment due July 2017. The interest rate is fixed at 3.22%. At June 30, 2013, the outstanding amount due was $1,956,272.

The calculation of the present value of the future lease payments is as follows:

Year Ending June 30	
2014	$ 424,092
2015	424,092
2016	424,092
2017	424,092
2018	424,092
Subtotal	2,120,460
Less: Amount representing interest	(164,188)
Total	$ 1,956,272

On December 20, 2012, the City entered into a capital lease agreement with Xerox to acquire multiple Xerox copiers and printers for $426,084. The agreement requires monthly payments of $7,656 starting in May 2013 with the final payment due in April 2018. The interest rate is fixed at 3.00%. At June 30, 2013, the outstanding amount due was $410,773.

Note 7: Long-Term Debt Obligations (Continued)

The calculation of the present value of the future lease payments is as follows:

Year Ending June 30	
2014	$ 91,872
2015	91,872
2016	91,872
2017	91,872
2018	76,562
Subtotal	444,050
Less: Amount representing interest	(33,277)
Total	$ 410,773

Advances from the Successor Agency

During the formation of Community Facilities District CFD 2000-01 (District), a number of meetings were held with property owners within the proposed boundaries to discuss participation in the District and benefits to their property. As a result of those meetings, the approved boundary map was modified at the landowners' request to exclude certain properties from the District boundaries. Property owners that were excluded from the District boundaries, but will be receiving direct benefit from the improvements constructed by CFD 2001-01, were advised that reimbursement would be required when their properties are developed. The Redevelopment Agency advanced the pro-rata share for properties that will receive benefit from the improvements, but are not participating in the District. At June 30, 2013, the advance was $3,953,624.

Claims and Judgments Payable

The City's liability regarding self insurance is described in Note 12 of the Notes to Financial Statements. The liability will be paid as it becomes due by the General Fund and the Fire District Fund.

Accrued Employee Benefits

The City's policies relating to compensated absences are described in Note 1 of the Notes to Financial Statements. The liability will be paid in future years by the General Fund and the Fire District Fund as it becomes due.

Note 8: Other Special Obligations

The following issues of Residential Mortgage Revenue Bonds, Special Assessment District Bonds, and Community Facility District Bonds are not reflected in the Statement of Net Position because these are special obligations payable solely from and secured by specific revenue sources described in the resolutions and official statements of the respective issues. Neither the faith and credit nor the taxing power of the City, the State of California or any political subdivision thereof, is pledged for the payment of these bonds.

Note 8: Other Special Obligations (Continued)

The outstanding amounts at June 30, 2013, were as follows:

	Outstanding Amount at June 30, 2013
City of Rancho Cucamonga:	
Assessment District 93-1	$ 1,745,000
Community Facilities District No. 93-3	2,355,000
Community Facilities District No. 88-2	1,440,000
Community Facilities District No. 2000-01	593,000
Community Facilities District No. 2000-02	5,144,000
Community Facilities District No. 2000-03	8,800,000
Community Facilities District No. 2001-01 Series A	8,741,000
Community Facilities District No. 2001-01 Series B	802,000
Community Facilities District No. 2003-01 Series A	14,215,000
Community Facilities District No. 2003-01 Series B	2,765,000
Community Facilities District No. 2004-01	37,987,600
Community Facilities District No. 2006-01	5,270,000
Community Facilities District No. 2006-02	2,695,000
Rancho Cucamonga Redevelopment Agency:	
Multi-Family Housing Revenue Bond:	
Series 1997A	2,703,530
Total	$ 95,256,130

IV. OTHER INFORMATION

Note 9: Pension Plan Obligations

a. City Miscellaneous Plan

Plan Description

The City of Rancho Cucamonga contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and City ordinance. Copies of PERS' annual financial report may be obtained from its executive office: 400 P Street, Sacramento, California 95814.

Funding Policy

Participants are required to contribute 8% of their annual covered salary. The City makes the contributions required of employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate as a percentage of annual covered payroll is 12.607%. The contribution requirements of plan members and the City are established and may be amended by PERS.

Note 9: Pension Plan Obligations (Continued)

Annual Pension Cost (APC) and Net Pension Obligation

For the year ended June 30, 2013, the City's annual pension cost of $5,375,484 was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2012, actuarial valuation using the entry age normal actuarial cost method.

A summary of principle assumptions and methods used to determine the APC is shown below:

Valuation Date	June 30, 2010
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	20 years as of the Valuation Date (Closed Period)
Asset Valuation Method	15-Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.50% (net of administrative expenses)
Projected Salary Increases	3.30% to 14.20% depending on age, service and type of employment
Inflation	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 2.75% and an annual production growth of 0.25%.

Initial unfunded liabilities are amortized over a closed period that depends on the Plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percent of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an amortization of about 6% of unamortized gains and losses each year. If the Plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30-year amortization period.

Three-Year Trend Information for PERS - City
(Amounts in Thousands)

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligations
6/30/2011	$ 5,593	100%	$ -
6/30/2012	5,946	100%	-
6/30/2013	5,375	100%	-

Note 9: Pension Plan Obligations (Continued)

Schedule of Funding Progress for PERS
Miscellaneous Plan of the City of Rancho Cucamonga
(Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
6/30/2010	$ 112,066	$ 128,533	$ (16,467)	87.2 %	$ 28,569	57.6 %
6/30/2011	121,597	138,584	(16,987)	87.7 %	27,988	60.7 %
6/30/2012	130,416	148,367	(17,951)	87.9 %	27,531	65.2 %

Fire District's Miscellaneous and Safety Plan

Plan Description

The Fire District contributes to the California Public Employees Retirement System (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement, disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and City ordinance. Copies of PERS annual financial report may be obtained from their executive office: 400 P Street, Sacramento, California 95814.

Funding Policy

Participants are required to contribute 8% (9% for safety employees) of their annual covered salary. The Fire District makes the contributions required of employees on their behalf and for their account. The Fire District is required to contribute at an actuarially determined rate; the current rate as a percentage of annual covered payroll is 13.914% for the non-safety employees and 24.706% for safety employees. The contribution requirements of plan members and the City are established and may be amended by PERS.

Annual Pension Cost (APC)

For the year ended June 30, 2013, the Fire District's annual pension cost for the miscellaneous and safety employees of $3,660,763 was equal to the Fire District's required and actual contributions. The required contribution was determined as part of the June 30, 2010, actuarial valuation using the entry age normal actuarial cost method.

Three-Year Trend Information for PERS - Fire District
(Amounts in Thousands)

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligations
6/30/2011	$ 3,603	100%	$ -
6/30/2012	4,097	100%	-
6/30/2013	3,661	100%	-

Note 10: PARS Retirement Enhancement Plan

Plan Description

The City of Rancho Cucamonga sponsors the PARS Retirement Enhancement Plan, a agent multiple-employer defined benefit pension plan. The Plan provides pension benefits to miscellaneous members (Tier 1) and city council members (Tier 2). Benefits are equal to a percentage of highest pay multiplied by years of service, with the percentage varying by retirement age based on a 3% at 60 target offset by CalPERS 2.5% at 55 formula. Sample rates are as follows:

Age	Tier 1
55	0.000%
56	0.100
57	0.200
58	0.300
59	0.400
60+	0.500

The City and the Fire District have the right to amend, modify or terminate the plan at any time. Separate audited financial statements are not prepared.

Benefits are increased by a 2% annual cost of living adjustment after retirement. There are no employee contributions for either tier.

Funding Policy

The City's funding policy is to contribute the annual required contribution. The annual required contribution equals the sum of the normal cost and the amortization of the unfunded actuarial accrued liability.

Annual Pension Cost (APC)

Government Accounting Standards Board Statement No. 27 (Statement 27) requires that the City determine the plan's annual pension cost based on the most recent actuarial valuation. The annual pension cost equals the plan's annual required contribution, adjusted for historical differences between the annual required contribution and amounts contributed. The actuary has determined the City's annual required contribution equal to the sum of (a) normal cost, and (b) amortization of the unfunded actuarial accrued liability.

For the year ending June 30, 2013, the City's annual required contribution was $1,022,000. The City contributed $817,533. The required contribution was based on the June 30, 2010, actuarial valuation using the entry age normal (level percentage of pay) actuarial cost method. The actuarial assumptions included 6.5% investment return (net of administrative expenses) and a general inflation rate of 3%. The prepaid PARS obligation is being amortized over a 20 year closed period.

Note 10: PARS Retirement Enhancement Plan (Continued)

Annual required contribution (ARC)	$ 1,022,000
Interest in net PARS asset	(293,654)
Adjustment to ARC	611,978
Annual PARS cost	1,340,324
Contribution made	817,533
Decrease/(Increase) in net PARS asset	522,791
Net PARS obligation (asset) June 30, 2012	(8,390,120)
Net PARS obligation (asset) June 30, 2013	$ (7,867,329)

The following table provides 3 years of historical information of the Annual Pension Cost:

Three-Year Trend Information - PARS
(Amount in Thousands)

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
6/30/2011	$ 10,201	702%	$ (8,747)
6/30/2012	1,299	73%	(8,390)
6/30/2013	1,340	61%	(7,867)

Schedule of Funding Progress
PARS Retirement Enhancement Plan
(Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
6/30/2008	$ 6,652	$ 13,118	$ 6,466	50.7%	$ 27,185	23.8%
6/30/2010	9,052	17,961	8,909	50.4%	27,663	32.2%
6/30/2012	21,930	19,447	(2,483)	112.8%	25,078	-9.9%

Actuarial valuation is performed every other year.

Note 11: Other Post-Employment Benefits

Plan Description

The City does not provide post-employment benefits; however, medical coverage is provided to Fire District personnel and their dependents upon retirement under the Rancho Cucamonga Fire Protection District Memorandum of Understanding. The Fire District provides other post-employment benefits (OPEB) through the California Employers' Retiree Benefit Fund (CERBT), an agent multiple-employer defined benefit healthcare plan administered by the California Public Employees' Retirement System (CalPERS). For Tier 1 employees, the Fire District pays 100% of the medical insurance premium for the participant and their family. For Tier 2 employees, the Fire District contributes a predetermined monthly maximum of $97-$101 for each eligible retiree towards health insurance. These benefits are provided per contract between the Fire District and the employee associations. Separate financial statements for the CERBT may be obtained by writing to CalPERS at Lincoln Plaza North 400 Q Street, Sacramento, California 95814 or by visiting the CalPERS website at www.calpers.ca.gov.

Note 11: Other Post-Employment Benefits (Continued)

Funding Policy

The contribution requirements of plan members and the Fire District are established and may be amended by the Fire District, City Council and/or the employee associations. Currently, contributions are not required from plan members. During fiscal year 2012-2013, the City paid $924,590 in premium for retiree insurance and was reimbursed $421,589 from the CERBT. The following table shows the components of the Fire District's annual OPEB cost for the year, the amount actually contributed to the plan, and the change in the net OPEB obligation (asset):

Annual required contribution (ARC)	$ 483,000
Interest in net OPEB asset	(1,083,504)
Adjustment to ARC	1,967,328
Annual OPEB cost	1,366,824
Contribution made	924,590
Reimbursement of contribution made	(421,589)
Decrease/(Increase) in net OPEB asset	863,823
Net OPEB obligation (asset) June 30, 2012	(17,311,033)
Net OPEB obligation (asset) June 30, 2013	$ (16,447,210)

The contribution rate of 1.8% is based on the ARC of $483,000, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover the annual normal cost and the amortization of unfunded actuarial liabilities (or funding excess) over a thirty year period.

Annual OPEB Costs and Net OPEB Obligation (Asset)

The City implemented the provision of GASB Statement 45 in fiscal year ended June 30, 2009. Information on the annual OPEB cost, percentage of annual OPEB cost contributed, and net OPEB obligation is available for the fiscal year ended June 30, 2009, and thereafter.

Three Year Trend Information - OPEB

Fiscal Year End	Annual OPEB Cost	Actual Contribution (Net of Adjustments)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2011	$ 333,749	$ 734,359	220.0%	$ (16,893,419)
6/30/2012	400,268	817,882	204.3%	(17,311,033)
6/30/2013	1,366,824 *	503,001	36.8%	(16,447,210)

* Amount was adjusted for 2011-2012 contribution reimbursements.

Note 11: Other Post-Employment Benefits (Continued)

Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the Fire District are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress below presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Schedule of Funding Progress
Other Post-Employment Benefits
(Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
6/30/2009	$ 2,798	$ 17,561	$ 14,763	15.9%	$ 8,021	184.1%
6/30/2011	21,547	22,544	997	95.6%	8,601	11.6%

Actuarial valuation is performed every other year.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in the actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2011 actuarial valuation, the entry age normal level percentage of pay actuarial cost method was used. The actuarial assumptions include a 6.50% discount rate of return, which is a blended rate of the expected long-term investment return on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, an inflation rate of 3%, projected salary increase of 3.25% and annual healthcare cost trend rate of between 4.5% and 9.3%. The actuarial value of assets is set equal to the reported market value of assets. The UAAL is being amortized as a level percentage of payroll over a 26-year fixed (closed) period for initial UAAL from June 30, 2013, (fresh start). The number of active and retiree participants is 99 and 51 respectively.

Note 12: Summary Disclosure of Self-Insurance Contingencies

City Disclosure of Self-Insurance Contingencies

The City is self-insured for the first $500,000 on each general liability claim and for the first $250,000 on each workers' compensation claim. The insurance coverage in excess of the self-insured amount is provided by the Public Agency Risk Sharing Authority of California (PARSAC) up to a limit of $34,000,000 and $50,000,000 for general liability and workers' compensation, respectively. Additionally, the City is self-funded for the first $250,000 for employment practices liability claims and purchases coverage for losses ranging from $250,000 to $34,000,000.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. The City funds all claims payable, including those incurred but not reported, in the yearly deposit it pays to PARSAC.

Effective June 1, 1986, the City became a member of the PARSAC, a public entity risk pool currently operating as a common risk management and insurance program for 36 California cities. The City pays an annual premium to the pool for its excess general liability insurance coverage. The agreement for information of the PARSAC provides that the pool will be self-sustaining through member premiums. The PARSAC will publish its own financial report for the year ended June 30, 2013, which can be obtained from Public Agency Risk Sharing Authority of California, Sacramento, California.

Fire District Disclosure of Self Insurance Contingencies

For general liability, the Fire District is covered through the Fire Agencies Insurance Risk Authority (FAIRA) on each general liability claim up to $1,000,000. The liability deductible is $0, except $5,000 for Management Liability claims, $1,000 for auto claims and $5,000 for property claims. The insurance coverage in excess of the $1,000,000, up to $10,000,000, is provided by American Alternative Insurance Corporation.

Effective, June 29, 1989, the Fire District became a member of FAIRA, a public entity risk pool currently operating as a common risk management and insurance program for 99 California Fire Protection Districts. The Fire District pays an annual premium to the pool for its excess general liability insurance coverage. The agreement for information of FAIRA provides that the pool will be self-sustaining through member premiums.

FAIRA publishes its own financial report for the year ended June 30, 2013, which can be obtained from the Fire Agencies Insurance Risk Authority, Novato, California.

For workers compensation, the Fire District is self-insured for the first $300,000 on each workers compensation claim as a member of the Public Agency Self-Insurance System (PASIS) of San Bernardino County. The insurance coverage in excess of the self-insured amount is provided by the California State Association of Counties Excess Insurance Authority (CSAC-EIA).

Effective, July 1, 2002, the Fire District became a member of CSAC-EIA, a public entity risk pool currently operating as a common risk management and insurance program for 145 California cities, counties, school districts, municipal services organizations, and joint power authorities. The Fire District pays an annual premium to the pool for its excess workers compensation insurance coverage. The agreement for information of the CSAC-EIA provides that the pool will be self-sustaining through member premiums.

Note 12: Summary Disclosure of Self-Insurance Contingencies (Continued)

CSAC-EIA publishes its own financial report for the year ended June 30, 2013, which can be obtained from the California State Association of Counties Excess Insurance Authority, Moraga, California.

Workers compensation claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. The Fire District funds all claims payable, including those incurred, but not reported, in the yearly deposit it pays to PASIS.

There have been no significant changes in insurance coverage from the prior year. During the past three fiscal years, the amount of settlements has not exceeded the amount of insurance coverage.

The City and the Fire District are involved in litigation arising in the normal course of business. Although the legal responsibility and financial impact with respect to such litigation cannot be presently ascertained, based on information from the service agent and others involved with the administration of the programs, the City believes that the self-insurance designation of $3,762,682 is adequate to cover such losses.

The following is a summary of the changes in the claims liability over the past two fiscal years for the City and the Fire District combined:

Fiscal Year	Beginning Balance	Current Year Claims and Changes in Estimates	Claim Payments	Ending Balance
2011-2012	$ 2,841,832	$ 2,365,660	$ (1,129,988)	$ 4,077,504
2012-2013	4,077,504	1,230,832	(1,545,654)	3,762,682

Note 13: Commitments and Contingencies

The following schedule summarizes the major contractual commitments by funds as of June 30, 2013:

General Fund	$ 110,500
Citywide Infrastructure Improvement	339,316
Fire District	1,094,494
Nonmajor Governmental Funds	6,711,375
Total	$ 8,255,685

Note 14: Successor Agency Trust For Assets of Former Redevelopment Agency

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Rancho Cucamonga that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On January 11, 2012, the City elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 12-001.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City’s position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

a. Cash and investments

Cash and investments reported in the accompanying financial statements consisted of the following:

Cash and investments pooled with the City	$ 79,246,371
Cash and investments with fiscal agent	30,724,034
	$ 109,970,405

Note 14: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

b. Loans Receivable

Notes and loans receivables consist of the following at June 30, 2013:

On July 21, 2003, the Agency entered into a Disposition and Developer Agreement with Victoria Gardens, LLC. The Agency conveyed 147 acres generally located north of Foothill Boulevard, west of the I-15 Freeway and east of Day Creek Road in the City of Rancho Cucamonga in order for the Developer to construct an open air mixed use complex. The Agency conveyed the site to the Developer upon the execution of a promissory note to pay a cumulative sum of $13,000,000 to the Agency over a term of thirty (30) years. The note stipulates the following payment structure: (1) the Developer shall make annual payments to the Agency equal to the amount required to amortize the excess return at the Agency's cost of funds; (2) the Developer shall pay the Agency fifteen percent (15%) of the difference between the net sale proceeds and the higher of the project cost, or the initial gross proceeds of any loan; and (3) the Developer shall pay the Agency fifteen percent (15%) of any positive net refinance proceeds. As of June 30, 2013, the outstanding balance was $12,694,686.

c. Capital Assets

An analysis of capital assets as of June 30, 2013, follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	$ 9,103,104	$ -	$ -	$ -	$ 9,103,104
Construction-in-progress	5,190,049	1,918,742	-	-	7,108,791
Total Capital Assets, Not Being Depreciated	14,293,153	1,918,742	-	-	16,211,895
Capital assets, being depreciated:					
Building improvements	41,908,229	-	-	(567,388)	41,340,841
Improvement other than buildings	492,505	-	-	567,388	1,059,893
Equipment and vehicles	10,188,801	-	108,932	-	10,079,869
Furniture and fixtures	1,393,069	-	-	-	1,393,069
Intangible	51,974	-	-	-	51,974
Total Capital Assets, Being Depreciated	54,034,578	-	108,932	-	53,925,646
Less accumulated depreciation:					
Building improvements	5,578,559	1,066,390	-	-	6,644,949
Improvement other than buildings	68,763	52,994	-	-	121,757
Equipment and vehicles	7,762,777	520,619	108,932	-	8,174,464
Furniture and fixtures	988,934	242,216	-	-	1,231,150
Intangible	39,956	3,464	-	-	43,420
Total Accumulated Depreciation	14,438,989	1,885,683	108,932	-	16,215,740
Total Capital Assets, Being Depreciated, Net	39,595,589	(1,885,683)	-	-	37,709,906
Business-Type Activities Capital Assets, Net	$ 53,888,742	$ 33,059	$ -	$ -	$ 53,921,801

Note 14: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

d. Long-Term Debt

A description of long-term debt outstanding (excluding defeased debt) of the Successor Agency as of June 30, 2013, follows:

	Balance July 1, 2012	Additions	Repayments	Outstanding June 30, 2013	Due Within One Year
Bonds:					
Tax Allocation Refunding Bonds - 1999 Issue	$ 30,805,000	$ -	$ 2,785,000	$ 28,020,000	$ 2,915,000
Tax Allocation Bonds 2001 Issue	71,760,000	-	10,000	71,750,000	10,000
Tax Allocation Bonds 2004 Issue	140,740,000	-	4,270,000	136,470,000	4,405,000
Tax Allocation Bonds 2007 Issue A & B	143,095,000	-	2,925,000	140,170,000	3,070,000
Total Bonds	386,400,000	-	9,990,000	376,410,000	10,400,000
Developer Loans:					
Price Club/Costco	7,932,502	111,379	67,635	7,976,246	-
Bank of New York	11,156,995	-	429,644	10,727,351	468,194
Total Developer Loans	19,089,497	111,379	497,279	18,703,597	468,194
Advances from City	9,521,227	-	-	9,521,227	-
Total	$ 415,010,724	$ 111,379	$ 10,487,279	404,634,824	$ 10,868,194
			Unamortized bond premium	4,137,224	
			Total	$ 408,772,048	

Tax Allocation Bonds

1. **Rancho Cucamonga Redevelopment Agency, Rancho Development Project, 1999 Tax Allocation Refunding Bonds, $54,945,000.** These bonds are dated August 30, 1999, and were issued in order to finance a portion of the Agency's Rancho Development Project, to currently refund the outstanding principal balance of $47,715,000 of the Rancho Development Project 1990 Tax Allocation Bonds and to fund redevelopment activities. Interest is payable semi-annually on March 1 and September 1, of each year commencing March 1, 2000. The bonds mature in annual installments ranging from $1,880,000 to $4,165,000 starting September 1, 2000 to September 1, 2020, and bear interest ranging from 4.25% to 5.25%.

   The bonds maturing before September 1, 2009, are not subject to call and redemption prior to their stated maturities. Bonds maturing on or after September 1, 2011, are subject at the option of the Agency, to redemption, in whole or in part, by lot, prior to their stated maturities on any date, commencing September 1, 2009. The bonds maturing on September 1, 2020, are subject to mandatory redemption in part from sinking account installments on September 1, 2015, and on each September 1 thereafter, up to and including September 1, 2020.

Note 14: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

Tax Revenues, except as provided below, are pledged in their entirety to the payment of principal and interest, and redemption premium if any, on the bonds listed above and are referred to in the applicable series resolutions, as "Pledged Tax Revenues." Pledged Tax Revenues do not include that portion of Tax Revenues derived from the Project Area which are required by Section 33334.2 of the Redevelopment Law to be set aside by the Agency in a separate low and moderate income housing fund and be used for the purpose of increasing and improving the community's supply of low and moderate income housing. Pledged Tax Revenues also do not include that portion of tax revenues derived from the Project Area which are required to be used by the Agency in accordance with the provisions of certain agreements entered into by the Agency. The Agency has entered into cooperative agreements with taxing agencies affected by the Redevelopment Project. Such agreements have been entered into with: a) the Chino Basin Municipal Water District, b) the County of San Bernardino on behalf of the County Free Library and the San Bernardino County Flood Control District, c) the Cucamonga County Water District, d) the Foothill Fire Protection District, and e) various school districts located within the project area. Under the terms of these agreements, the Agency has agreed that certain tax revenues attributable to those areas and which are allocated to the Agency pursuant to Section 33670(b), shall be pledged by the Agency to make certain cash payments or in lieu of contributions to each affected taxing agency. Such payments are to be made from tax revenues allocated to the Agency. Pledged Tax Revenues also do not include interest income on the various funds and accounts created by the series resolutions. Any such investment income is available to the Agency to meet debt service payments on the bonds but is not specifically pledged therefore.

In addition to providing for the pass-through of tax revenue to the County Free Library and the San Bernardino County Flood Control District, the agreement between the Agency and the County of San Bernardino also provides that tax revenues, which would have been allocated to the County had not the Redevelopment Plan been adopted, will be fully allocated to the Agency until fiscal year 1998-1999. The agreement, however, further provides that the Agency must use such tax revenues for the development of certain regional facilities, as agreed to between the County and the Agency. The Agency anticipates satisfying this regional facilities requirement with certain previously received bond proceeds. The balance at June 30, 2013, amounted to $28,020,000.

The following schedule illustrates the debt service requirements to maturity for the 1999 Tax Allocation Refunding Bonds as of June 30, 2013:

	Principal	Interest
2013-2014	$ 2,915,000	$ 1,386,290
2014-2015	3,065,000	1,235,258
2015-2016	3,210,000	1,072,838
2016-2017	3,385,000	899,719
2017-2018	3,570,000	717,150
2018-2022	11,875,000	956,681
Total	$ 28,020,000	$ 6,267,936

Note 14: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

2. **Rancho Cucamonga Redevelopment Agency, Rancho Development Project, 2001 Tax Allocation Bonds, $74,080,000.** These bonds are dated August 7, 2001, and were issued in order to finance a portion of the Agency's Rancho Development Project and to pay certain costs of issuance of the bonds. Interest is payable semi-annually on March 1 and September 1 of each year commencing March 1, 2002. The bonds mature in annual installments from $10,000 to $11,540,000 from September 1, 2002 to September 1, 2030, and bear interest ranging from 3.000% to 5.125%.

   The bonds maturing before September 1, 2011, are not subject to call and redemption prior to their stated maturities. The bonds maturing on or after September 1, 2012, are subject, at the option of the Agency to redemption, in whole or in part, by lot, prior to their stated maturities on any date, commencing September 1, 2011, among maturities at the discretion of the Agency and by lot within a maturity upon payment, from any source of funds available, of the principal amount and accrued interest payable thereon, without premium.

   Tax Revenues, except as provided below, are pledged in their entirety to the payment of principal, interest and redemption premium, if any, on the bonds listed above and are referred to in the applicable series resolutions as "Pledged Tax Revenues." Pledged Tax Revenues do not include that portion of Tax Revenues derived from the Project Area which are required by Section 33334.2 of the Redevelopment Law to be set aside by the Agency in a separate low and moderate income housing fund and be used for the purpose of increasing and improving the community's supply of low and moderate income housing. Pledged Tax Revenues also do not include that portion of tax revenues derived from the Project Area which are required to be used by the Agency in accordance with the provisions of certain agreements entered into by the Agency.

   The Agency has entered into cooperative agreements with taxing agencies affected by the Redevelopment Project. Such agreements have been entered into with: a) the Chino Basin Municipal Water District, b) the County of San Bernardino on behalf of the County Free Library and the San Bernardino County Flood Control District, c) the Cucamonga County Water District, d) the Foothill Fire Protection District, and e) various school districts located within the project area. Under the terms of these agreements, the Agency has agreed that certain tax revenues attributable to those areas and which are allocated to the Agency pursuant to Section 33670 (b), shall be pledged by the Agency to make certain cash payments or in lieu of contributions to each affected taxing agency. Such payments are to be made from tax revenues allocated to the Agency. Pledged Tax Revenues also do not include interest income on various funds and accounts created by the series resolutions.

   Any such investment income is available to the Agency to meet debt service payments on the bonds, but is not specifically pledged therefore. The balance at June 30, 2013, amounted to $71,750,000.

Note 14: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

The following schedule illustrates the debt service requirements to maturity for the 2001 Tax Allocation Bonds as of June 30, 2013:

	Principal	Interest
2013 - 2014	$ 10,000	$ 3,718,244
2014 - 2015	15,000	3,717,619
2015 - 2016	15,000	3,716,869
2016 - 2017	15,000	3,716,119
2017 - 2018	15,000	3,715,369
2018 - 2023	1,230,000	18,507,469
2023 - 2028	37,490,000	14,338,691
2028 - 2033	32,960,000	2,590,175
Total	$ 71,750,000	$ 54,020,555

3. **Rancho Cucamonga Redevelopment Agency, Rancho Redevelopment Project, 2004 Tax Allocation Bonds, $165,680,000.** These bonds are dated March 1, 2004, and were issued in order a.) to refund and defease the Agency's $52,225,000 outstanding principal amount Rancho Redevelopment Project 1994 Tax Allocation Refunding Bonds, and b.) to fund redevelopment activities. The issue consists of $109,690,000 Serial Bonds with maturities beginning September 1, 2005 through September 1, 2025, $12,210,000 Term Bonds due September 1, 2028, bearing interest at 4.45% per annum and $43,780,000 Term Bonds due September 1, 2032, bearing interest at 4.50% per annum. Interest is payable semi-annually on March 1 and September 1 of each year commencing September 1, 2004. The Serial Bonds mature in annual installments ranging from $2,950,000 to $10,955,000 starting September 1, 2005 to September 1, 2025, and bearing interest ranging from 2.00% to 5.00%.

   Bonds maturing on or before September 1, 2014, are not subject to call and redemption prior to their stated maturities. Bonds maturing on or after September 1, 2015, are subject, at the option of the Agency, to redemption in whole or in part, prior to their stated maturities on any date, commencing September 1, 2014. The bonds maturing on September 1, 2028 and September 1, 2032, are subject to mandatory redemption in part from sinking account installments on September 1, 2026 and September 1, 2029, respectively, and on each September 1 thereafter, at a redemption price equal to 100% of the principal amount plus accrued interest, if any, to the redemption date, without premium.

   The Agency has pledged for the repayment of the Bonds the Tax Revenues which constitute all taxes allocated to the Agency with respect to the Project, pursuant to Article 6 of Chapter 6 (commending with Section 33670) of the Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable state laws, and as provided in the Redevelopment Plan.

   Pledged Tax Revenues also do not include that portion of tax revenues derived from the Project Area which are required to be used by the Agency in accordance with the provisions of certain agreements entered into by the Agency.

Note 14: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

The Agency has entered into cooperative agreements with taxing agencies affected by the Redevelopment Project. Such agreements have been entered into with a.) the Chino Basin Municipal Water District, b.) the County of San Bernardino on behalf of the County Free Library and the San Bernardino County Flood Control District, c.) the Cucamonga County Water District, d.) the Foothill Fire Protection District, and e.) various school districts located within the project area. Under the terms of these agreements, the Agency has agreed that certain tax revenues attributable to those areas and which are allocated to the Agency pursuant to Section 33670 (b), shall be pledged by the Agency to make certain cash payments or in lieu of contributions to each affected taxing agency. Such payments are to be made from tax revenues allocated to the Agency. Pledged Tax Revenues also do not include interest income on various funds and accounts created by the series resolutions. Any such investment income is available to the Agency to meet debt service payments on the bonds but is not specifically pledged therefore. The bonds are further secured by a financial guarantee insurance policy in the event of nonpayment of principal and/or interest.

The balance at June 30, 2013, amounted to $136,470,000, plus unamortized bond premium of $3,416,331.

The following schedule illustrates the debt service requirements to maturity for the 2004 Tax Allocation Bonds as of June 30, 2013:

	Principal	Interest
2013 - 2014	$ 4,405,000	$ 5,917,115
2014 - 2015	4,620,000	5,691,490
2015 - 2016	4,860,000	5,454,490
2016 - 2017	5,100,000	5,205,490
2017 - 2018	5,345,000	4,975,099
2018 - 2023	37,905,000	21,082,783
2023 - 2028	26,205,000	13,094,909
2028 - 2033	48,030,000	7,180,938
Total	$ 136,470,000	$ 68,602,314

4. **Rancho Cucamonga Redevelopment Agency, Rancho Redevelopment Project, Housing Set-aside Tax Allocation Bonds, Tax Exempt Series 2007A and Taxable Series 2007B. $155,620,000.** In November 2007, the Rancho Cucamonga Redevelopment Agency issued $73,305,000 Rancho Redevelopment Project Housing Set-Aside Tax Allocation Bonds Tax-Exempt Series 2007A and $82,315,000 Rancho Redevelopment Project Housing Set-Aside Tax Allocation Bonds Taxable series 2007B to (a) refund and redeem the Agency's outstanding Rancho Redevelopment Project 1996 Housing Set-Aside Tax Allocation Bonds, (b) provide for the refunding and defeasance of the California Statewide Communities Development Authority Multifamily Housing Revenue Bonds, (c) extend set-aside and affordability restriction on 558 units within four apartment projects located in the City of Rancho Cucamonga pursuant to an Extended Affordability Agreement, and (d) finance other low and moderate income housing projects in or of benefit to the Project Area.

Note 14: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

The Series A issue consists of $29,950,000 in Serial bonds with maturities beginning September 1, 2008 through September 1, 2026, bearing interest ranging from 3.25% through 5.0%; and $43,355,000 in Term bonds due September 1, 2034, bearing interest at 5%. The Series B issue consists of $19,675,000 Term bonds due September 1, 2017, bearing interest at 5.529%; and $62,640,000 Term bonds due September 1, 2031, bearing interest at 6.262%. Interest on both Series A and B bonds is payable semi-annually on March 1 and September 1 of each year, commencing March 1, 2008.

The Series A Bonds maturing on or before September 1, 2017, are not subject to call and redemption prior to maturity. The Series A Bonds maturing on or after September 1, 2018, will be subject to call and redemption prior to maturity at the option of the Agency, on or after September 1, 2017. The Taxable Series B Bonds are subject to optional redemption, on any date prior to their maturity.

The 2007 bonds are secured and payable from Tax Revenues on a subordinate basis with respect to a Loan Agreement dated as of December 15, 1997, between the Agency, Northtown Housing Development Corporation and Pacific Life Insurance Company (Loan Payable-Bank of New York) – the Senior Loan. The Indenture does not permit additional senior obligations. The Agency is permitted under the Indenture to incur additional obligations – Parity Bonds – secured by a pledge of Tax Revenues on a parity basis with the pledge of Tax Revenues to the 2007 Bonds. Tax Revenues which secure the 2007 Bonds consist solely of the Housing Set-Aside.

The balance at June 30, 2013, amounted to $140,170,000, plus unamortized bond premium of $720,889.

	Principal	Interest
2013 - 2014	$ 3,070,000	$ 7,578,586
2014 - 2015	3,230,000	7,727,206
2015 - 2016	3,390,000	7,253,473
2016 - 2017	3,565,000	7,375,282
2017 - 2018	3,750,000	6,890,735
2018 - 2023	22,110,000	31,837,355
2023 - 2028	30,635,000	24,200,072
2028 - 2033	47,585,000	12,594,724
2033 - 2038	22,835,000	944,399
Total	$ 140,170,000	$ 106,401,832

Developer Loans Payable

1. In December 1990, the Rancho Cucamonga Redevelopment Agency entered into a Disposition and Development Agreement with The Price Company (Developer). In accordance with this agreement the Agency executed a 23-year note in the amount of $3,756,615. The note was issued to provide financing of certain redevelopment activities that included the acquisition of approximately 13 acres of land. The note bears interest at 9% per annum. The Agency shall pay the Developer quarterly payments amounting to 50% of taxes derived from the imposition of the Bradley Burns Uniform Local Sales and Use Tax Law commencing with Section 7200 of the

revenue and Taxation Code of the State of California, as amended, arising from all businesses and activities conducted on the Costco Parcel. The Note was renegotiated on July 18, 2002, as the Costco Note. The new loan principal of $6,347,171 included accrued interest through that date. In the event that the debt service payments are insufficient to fully discharge the principal and interest on this note with the 23 note years, then, in such event, the unpaid balance of principal and accrued interest, if any, shall be deemed forgiven. The balance at June 30, 2013, amounted to $7,976,246.

2. On August 21, 1996, the Agency executed a note payable to Pacific Life Insurance Company (subsequently assigned to Bank of New York) in the amount of $9,411,477. The proceeds of the note were paid directly to Northtown Housing Development Corporation for the development of the Northtown Housing project. The outstanding principal bears interest at 8.78% compounding semi-annually from the date of the note until paid. Interest was added to the principal on each March 15 and September 15 through March 15, 2002, amounting to $4,210,264 in addition to principal. Commencing on September 15, 2002, both principal and interest shall be due and payable semi-annually on March 15 and September 15, of each year through March 2026. The balance at June 30, 2013, amounted to $10,727,351.

   The following schedule illustrates the debt service requirements to maturity as of June 30, 2013:

	Principal	Interest
2013 - 2014	$ 468,194	$ 931,806
2014 - 2015	510,204	889,796
2015 - 2016	555,984	844,016
2016 - 2017	605,871	794,129
2017 - 2018	660,233	739,767
2018 - 2023	4,303,505	2,696,495
2023 - 2028	3,623,360	576,640
Total	$ 10,727,351	$ 7,472,649

Advances from the City

During the prior fiscal years, the City of Rancho Cucamonga loaned the Rancho Cucamonga Redevelopment Agency funds for use in financing various projects with interest at 12% per annum. At June 30, 2013, the principal balance on these loans amount to $9,521,227.

Pledged Revenue

The City pledged, as security for bonds issued, either directly or through the Financing Authority, a portion of tax increment revenue (including Low and Moderate Income Housing set-aside and pass through allocations) that it receives. The bonds issued were to provide financing for various capital projects, accomplish Low and Moderate Income Housing projects and to defease previously issued bonds. Assembly Bill 1X 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to

Note 14: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. Total principal and interest remaining on the debt is $611,702,637 with annual debt service requirements as indicated above. For the current year, the total property tax revenue recognized by the City for the payment of indebtedness incurred by the dissolved redevelopment agency was $34,580,146 and the debt service obligation on the bonds was $29,372,086.

e. Insurance

The Successor Agency is covered under the City of Rancho Cucamonga's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City also apply to the Successor Agency. Additional information as to coverage and self-insured retentions can be found in Note12.

f. Commitments and Contingencies

At June 30, 2013, the Successor Agency was involved as a defendant in several lawsuits arising out of the ordinary conduct of its affairs. It is the opinion of management that settlements of these lawsuits, including losses for claims that are incurred but not reported, if any, will not have a material effect on the financial position of the Successor Agency.

g. Participation Agreements

In August 2005, the Agency entered into a real estate tax, sales tax, tax increment and business license tax participation agreement with Bass Outdoor World, LLC (Bass Pro), 80 VGL, LLC and 20 VGL, LLC (80 VGL, LLC and 20 VGL, LLC are collectively referred to as Landlord). Under the terms of the agreement, the Agency is required to make annual payments equal to one hundred percent (100%) of the tax increment revenues, sales tax revenues and business license tax paid during each year. However, Landlord has the priority for reimbursements of real estate taxes paid for each year prior to any payments being made to Bass Pro. The total amount paid to Landlord and Bass Pro shall not exceed $1,100,000 in any given year. The agreement terminates in fiscal year 2032-2033. During the year ended June 30, 2013, the Agency made payments totaling $572,687.

h. Net Position Restatement

Beginning net position was restated by $3,399,932 to write off deferred cost of issuance on the 2004 and 2007 Tax Allocation Bonds as the result of the early implementation of GASB Statement No. 65.

Note 15: Fund Balance Restatement

Beginning fund balance in the Housing Fund has been restated by $190,787 to correct deferred accrued interest on a note receivable.

Note 16: Subsequent Events

On July 16, 2013, the City issued Special Tax Refunding Bonds, Series 2013 in the amount of $14,170,000. The proceeds of the bonds will be used to (i) refund in full the City of Rancho Cucamonga Community Facilities District No. 2003-01 Improvement Area No. 1 Special Tax Bonds, Series 2003-A; (ii) fund a reserve fund for the 2013 Bonds; and (iii) pay the costs of issuing the 2013 Bonds. The bonds mature on September 1, 2033. The bonds were issued with interest rates ranging from 2.00% to 5.75%.

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CITY OF RANCHO CUCAMONGA
Non-Major Governmental Funds
Special Revenue Funds

Special Revenue Funds account for revenues derived from specific sources which are required by law or administrative regulation to be accounted for in a separated fund. Funds included are:

Gas Tax Fund - Established to account for the revenue and disbursement of funds used for road construction and maintenance of the City network system. The City's share of state gasoline taxes provided the financing.

Recreation Fund - Established to account for the wide variety of classes, special events, and activities sponsored by the Community Services Department.

Park Development Fund - Established to account for the residential park development fees charged subdividers upon issuance of a building permit for development of future park or recreational sites.

Beautification Fund - Established to account for fees collected to provide proper landscaping and irrigation systems after parkway and median improvements are made.

Lighting Districts Fund - Established to account for the costs associated with providing street lights. Financing is provided by special assessments levied against the benefiting property owners.

Landscape Maintenance Fund - Established to account for the costs associated with providing landscape maintenance. Financing is provided by special assessments levied against the benefiting property owners.

Transportation Fund - Established to account for fees charged a subdivider for the construction and expansion of City streets and highways which provide additional capacity and safety.

Pedestrian Grant Fund - Established to account for the revenue and disbursement of funds received for the construction of facilities provided for the exclusive use of pedestrians and bicycles.

Community Development Block Grant Fund - Established to account for grants received from the Department of Housing and Urban Development. These revenues must be expended to accomplish one of the following objectives: elimination of slum or blight; or benefit to low and moderate income persons by providing loans and grants to owner-occupants and rental property owners to rehabilitate residential properties.

Assessment Administration Fund - Established to account for the revenue and disbursement of administration of assessment districts.

San Sevaine/Etiwanda Drainage Fund – Established to account for Development Impact fees collected in the San Sevaine/Etiwanda Drainage Assessment District for the construction of regional and mainline flood control projects in that district.

SB 140 Fund - Established to account for the revenue and disbursement of State matching funds for the construction of eligible street construction projects.

Air Quality Improvement Fund - Established to account for the revenue and disbursement of funds received as a result of Assembly Bill 2766 which imposed an additional registration fee on motor vehicles. These revenues are to be used to reduce air pollution from motor vehicles and for related planning, monitoring, enforcement, and technical studies (Vehicle Code Section 9250.17 and Health and Safety Code Chapter 7, Part 5 of Division 26, commencing with Section 44220).

South Etiwanda Drainage Fund - Established to account for monies deposited by property owners for initial consulting costs related to a possible formation of an assessment district for master planned drainage facilities.

Lower Etiwanda Drainage Fund - Established to account for development impact fees collected in the Etiwanda area south of Base Line Road for the construction of master plan storm drain projects.

Masi Commerce Center (Assessment District No. 93-1) Fund - Established to acquire the necessary infrastructure from the developer after the completion and acceptance of the approved improvements. Financing was provided by the sale of bonds pursuant to the provisions of the Improvement Act of 1915.

Measure I Fund - Established to account for the revenue and disbursement of county/local gasoline tax funds for the construction and maintenance of eligible street projects.

Library Services Fund - Established to account for services provided by the City of Rancho Cucamonga Library. Funding for this service is made possible through a transfer of San Bernardino County library tax revenues to the City of Rancho Cucamonga for library purposes. Some start-up costs were incurred during 1993/94; however, full implementation of City library services did not begin until September 1994.

California Literacy Program Fund - The California Literacy Campaign Grant is administered by the State Library of California for the purpose of promoting literacy.

Proposition 84 – Park Bond Act Fund- Prop 84 provides state funding, on a competitive basis, to local governments for the creation of new parks and recreation opportunities. The Statewide Park Program legislation requires projects to meet six eligibility requirements. The fund was established to account for the financial activities associated with the design and construction of the neighborhood park in southwest Rancho Cucamonga.

Asset Forfeiture Fund - Established to account for the funds received from the Federal and State government for the equitable transfer of forfeited property and cash in which the City directly participates in the law enforcement efforts leading to the seizure and forfeiture of the property.

Used Oil Recycling Grant Fund - In 1991, the Legislature passed AB 2076, the California Oil Recovery Enhancement Act. The act requires oil manufacturers to pay $0.04 to the California Integrated Waste Management Board for each quart of lubricating oil sold in the State of California. These grant funds are available to governmental agencies, based on population, for the purpose of establishing and administering used oil collection programs. These funds must be used expressly for oil recycling collection and educational programs.

COPS Program Grant Fund - Established to account for a grant awarded as the result of the approval of State Assembly Bill 3229. The grant is a one-year award with no matching fund requirements.

Drainage Facilities Fund - Established to account for fees charged developers for purposes of defraying the actual or estimated costs of constructing planned drainage or sewer facilities that are in the subdivision.

CA State Library Fund - This “Family Place” training grant from the California State Library provided funding for two Library staff to attend a one-week training that will enable them to develop special programs at the Biane Library and the Family Resource Center. This grant has no matching requirements.

Library Services and Technologies Act Fund - In fiscal year 1994/95, the City began providing library services to the residents of Rancho Cucamonga. In the fall of 1994, the City opened the interim municipal library facility with a 70,000 piece collection consisting of books, audio, video and reference materials. The 22,000 square foot facility doubled the amount of space previously available through the County system. The City's library collection and programs are designed to meet the needs of adults, young adults and children of Rancho Cucamonga. Funding for the library system comes from current taxes that are collected by the County for library services. The City's library system continues to operate from these same tax dollars and does not receive any additional funding from the City's general fund.

AB 2928 Traffic Congestion Relief - Established fund to account for the revenue and disbursement of funds received as a result of Assembly Bill 2928. The purpose of the Traffic Congestion Program was to provide funding for transportation projects that would relieve congestion, connect transportation systems, and provide for better goods movement.

Litter Reduction Grant Fund - Established to account for a grant from the State Department of Conservation. This grant will fund a program that will emphasize the collection and recycling of beverage containers at large venues, public areas, residential communities or schools.

Energy Efficient and Conservation Block Grant (EECBG) Fund – Through the American Recovery and Reinvestment Act of 2009, the U.S. Department of Energy issued formula-based grants under the EECBG program. The grant funds received by the City funded the following activities: 1) Civic Center Phase I – Replacement of HVAC Controls; 2) Home Improvement Program Energy Efficiency Revolving Loan; 3) Energy Efficient Appliances, Electrical, and Mechanical Equipment Program; and 4) partial funding for an Energy Efficiency Coordinator to oversee the City’s efforts to reduce energy consumption and conduct a public outreach campaign to promote energy efficiency.

Library Capital Fund – Established to account for the non-operating component of the Library Services Fund. Prior to the dissolution of the City’s Redevelopment Agency (RDA), capital funding was provided by the RDA for the Library. This fund was established to accumulate resources for future capital needs of the Library post-RDA.

Senior Outreach Grant Fund – This fund was established to account for funds passed through the San Bernardino County Department of Aging and Adult Services from the California Department of Aging to provide free recreation classes and programs for senior citizens in the City of Rancho Cucamonga. These recreation activities focused on physical, social, psychological, educational, and recreational needs of older persons. The City provided an in-kind match of $1,200 in the form of marketing, staff oversight, and supplies.

Underground Utilities Fund – This fund was established to account for fees collected from developers for future undergrounding of overhead utilities.

Safe Routes to School Program - The Safe Routes to School Program fund is a grant fund for monies provided by the State of California. The state funds are administered through Caltrans as part of the California Department of Health Services" "Safe Routes to School Program" and are available for transportation projects that increase the safety of pedestrians and bicyclists.

COPS Hiring Program Grant – This is a multi-year grant awarded by U.S. Department of Justice to provide partial supplementary funding to hire a new sworn officer. The grant must be used to enhance community policing activities.

Foothill Boulevard Maintenance Fund - This fund was established to account for funding provided by Cal Trans as part of their relinquishment of Foothill Boulevard to the City of Rancho Cucamonga. This limited funding source will be utilized to repair and maintain portions of Foothill Boulevard.

COPS Secure our School Grant Fund – This fund was established to account for the grant money use in partnership with public schools to improve school safety.

CA State Library Staff Innovation Grant Fund – This fund was established to account for the grant money awarded by California State Library. The purpose of the grant is to provide training for innovative writing skills for future grant writers.

The Big Read Library Grant Fund – This fund was established to account for the grant money receiving from the National Endowment for the Arts. The purpose of the grant is to emphasize a city wide media campaign through guest lectures, group discussions, film showings, and a community theater performance of a designated book.

Drink, Drive, Lose Grant Fund - This grant was awarded by the State of California Office of Traffic Safety to provide supplementary funding for overtime costs incurred during sobriety checkpoints. The overall goal of the project is to reduce the number of victims killed and injured as a result of alcohol-involved crashes.

Department of Homeland Security Grant Fund - This grant from the State Homeland Security Grant Program is administered by the San Bernardino County Office of Emergency Services. The grant is funded by the Federal Department of Homeland Security. The funds will be utilized to purchase terrorism and weapons of mass destruction (WMDs) response equipment and supplies in conjunction with an appropriate level of training cost funding for national security. There are no matching funds required for this grant.

Public Resource Grants Fund - The City had received and will continue to receive from various funding sources for the Healthy Cities concept, which was adopted by the Council in March 2008, as a means of integrating health concerns into a holistic approach to improving the overall quality of life in the community."

Proposition 1B Fund - Proposition 1B (Prop 1B) provides state funding to cities and counties to fund the maintenance and improvement of local transportation facilities. The funding is allocated based on population.

Henderson/Wardman Drainage Fund - The Henderson/Wardman Drainage fund is a developer impact fee supported fund for the construction of storm drain improvements in the Henderson/Wardman drainage area.

Integrated Waste Management Fund – Established to account for AB939 recycling fee revenues from the City's refuse haulers and can only be used for the City's Household Hazardous Waste Disposal program. Assembly Bill 939 is a law that was passed by the State of California that mandates that all cities divert a specified percentage of their solid waste from their landfills in accordance with established deadlines.

Federal Grant Fund – Dreier - Initially, this fund was established to account for a $50,000 grant from Congressman David Dreier. The funds were used to begin the preliminary design process for a new senior center facility in Central Park. During FY 2003/04, the grant was supplemented with an additional $804,000 from Congressman Dreier which will be used in conjunction with other funds to construct the new senior center facility in Central Park.

Proposition 42 - Traffic Congestion Relief Fund - This fund was established to account for gasoline sales tax revenue received from the State of California for transportation purposes, including city and county street and road repairs and maintenance. Proposition 42, a legislative constitutional amendment, permanently dedicated revenues from this sales tax on gasoline to transportation infrastructure needs.

Freedom Courtyard Resource Grant – This fund was established to account for revenues and expenditures strictly to support the operation and construction of the Freedom Courtyard.

Justice Assistance Grant Fund - Two Justice Assistance Grants (JAG) were awarded to the Police Department by the United States Department of Justice. The first was in 2005 in the amount of $30,833.00 to purchase police related equipment and technology. The second JAG grant was awarded in 2006 in the amount of $19,514.00. This grant will be used to purchase 14 radar guns for the Police Department's traffic division. This fund accounts for the revenues and expenditures associated with the JAG grants.

OTS 2005 State Seatbelt Grant Fund - This fund was established to account for the revenues and expenditures associated with the State of California's Office of Traffic Safety (OTS) Seat Belt Compliance Campaign grant. The grant provided funding for overtime for the Police Department to conduct a twenty-one day seat belt enforcement operation.

Senior Transportation Service Fund - Through funding from the County of San Bernardino/Department of Aging and Adult Services, the Senior Transportation Program provides funding for the continuation/enhancement of senior transportation services to homebound senior citizens in the community. Specifically, the program will bring homebound seniors to the James L. Brulte Senior Center (the Center) for the hot lunch program and will allow senior citizens to participate in classes, programs, and other activities at the Center that they may not have been able to participate in due to transportation needs. Funding provided by the County allows for the continuation of our current program, an expansion of services, or the purchase of vehicles, depending upon City needs.

Homeland Security Grant 2005 Fund - The City was awarded a $147,776 grant from the State Homeland Security Grant Program administered by the San Bernardino County Office of Emergency Services. The grant is funded by the Federal Department of Homeland Security. The funds will be utilized to purchase terrorism and weapons of mass destruction (WMD's) response equipment and supplies in conjunction with an appropriate level of training costs funding for national security. There are no matching funds required for this grant.

Used Oil Recycling Program - The California Integrated Waste Management allocates funding to governmental agencies on a population basis. The fund was established to administer the used oil collection programs. The fund must be used specifically for oil recycling collection and educational programs.

Assessment District 82-1 Fund - Established to account for the receipt and disbursement of funds used in the construction of streets, storm drainage and utility improvements within the project area. Financing was provided by the sale of bonds under the Refunding Act of 1984 for 1915 Improvement Act Bonds.

Assessment District 84-1 Fund - Established to account for the receipt and disbursement of funds used in the construction and installation of public capital drainage facilities, together with appurtenant work and incidental expenses, to serve and provide drainage protection to property located within Assessment District No. 84-1 (Day Creek Drainage System). Financing was provided by the sale of bonds under the Mello-Roos Community Facilities Act of 1982.

Assessment District 86-2 Fund - Established to account for the receipt and disbursement of funds used in construction and acquisition of drainage improvements together with appurtenances and appurtenant work, acquisition of real property, if necessary, and incidental expenses within the Assessment District No. 86-2. Financing was provided by the sale of limited obligation bonds under the Improvement Bond Act of 1915.

Community Facilities District 2000-01 South Etiwanda Fund – Established to account for the receipt and disbursement of funds used in the acquisition and construction of facilities consisting primarily of storm drain, sewer, water, landscaping, park facilities and improvements. Financing was provided by the sale of bonds under the Mello-Roos Community Facilities Act of 1982.

Community Facilities District 2000-02 Rancho Cucamonga Corporate Park Fund - Established to account for the receipt and disbursement of funds used in the acquisition and construction of facilities consisting primarily of improvements to Milliken Avenue, Arrow Route, and Foothill Boulevard, and water and sewer improvements to be acquired and operated by Cucamonga County Water District. Financing was provided by the sale of bonds under the Mello-Roos Community Facilities Act of 1982.

Community Facilities District 2000-03 Rancho Summit Fund – Established to account for monies deposited by developers for initial consulting and administrative costs and expenses related to a proposed public financing district.

Community Facilities District 2001-01 Fund - This CFD was established to fund the necessary infrastructure (streets, storm drains, sewer, water, landscaping, and traffic signals) integral to the proposed mall located at Foothill Blvd. and the I-15 Freeway. The improvements are located south of Base Line Rd., primarily north of Foothill Blvd., primarily east of Day Creek Channel, and west of Etiwanda Ave. Financing was provided by the sale of bonds under the Mello-Roos Community Facilities Act of 1982.

Community Facilities 2003-01 Project Fund – This CFD was established to fund the necessary infrastructure (streets, storm drains, sewer, water, landscaping, and traffic signals) integral to the proposed mall located at Foothill Blvd. and the I-15 Freeway. The improvements are generally bordered on the north by Church Street, on the east by Interstate 15, on the south by Arrow Route and on the west by a Southern California Edison easement from Arrow Route north to Foothill Boulevard and by Day Creek Boulevard from Foothill Boulevard north to Church Street. Financing will be provided by the sale of bonds under the Mello-Roos Community Facilities Act of 1982.

CITY OF RANCHO CUCAMONGA
Non-Major Governmental Funds
Capital Projects Funds
(Continued)

Public Library Bond Act 2000 Fund – This grant is from funds made available by the California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2000 for the construction of the Victoria Gardens Library.

Etiwanda Equestrian Facility – Established to account for monies paid by developers for the future construction of an equestrian facility in the Rancho Etiwanda Estates development.

Community Facilities District 2004-01 Rancho Etiwanda Fund – Established to account for monies deposited by developers for initial consulting and administrative costs and expenses related to the proposed public financing district. Financing was provided by the sale of bonds under the Mello-Roos Community Facilities Act of 1982.

Community Facilities District 2003-01 Cultural Center Fund - Established to account for the portion of the costs associated with the development of the City's Cultural Arts Center that is being funded by Community Facilities District (CFD) 2003-01. Financing for the CFD will be provided by the sale of bonds under the Mello-Roos Community Facilities Act of 1982.

Community Facilities District 2006-01 Vintner's Grove Fund - Established to account for monies deposited by developers for initial consulting and administrative costs and expenses related to a proposed public financing district.

Community Facilities District 2006-02 Amador on Route 66 Fund - Established to account for monies deposited by developers for initial consulting and administrative costs and expenses related to a proposed public financing district.

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CITY OF RANCHO CUCAMONGA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Special Revenue Funds			
	Gas Tax	Recreation	Park Development	Beautification
Assets:				
Cash and investments	$ 6,455,836	$ 2,673,836	$ 11,113,331	$ 1,125,717
Receivables:				
Accounts	344	12,868	-	-
Taxes	339,123	-	-	-
Accrued interest	3,113	1,157	6,251	592
Loans	-	-	-	-
Grants	-	-	-	-
Prepaid costs	-	24,284	-	-
Deposits	-	12,274	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	**$ 6,798,416**	**$ 2,724,419**	**$ 11,119,582**	**$ 1,126,309**
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	$ 575,036	$ 355,565	$ 17,644	$ -
Accrued liabilities	34,457	105,615	3,147	-
Unearned revenues	-	78,119	-	93,407
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	300,000	-
Total Liabilities	609,493	539,299	320,791	93,407
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Nonspendable:				
Prepaid costs	-	24,284	-	-
Deposits	-	12,274	-	-
Land held for resale	-	-	-	-
Restricted for:				
Community development projects	-	-	10,798,791	-
Public safety - police	-	-	-	-
Parks and recreation	-	2,148,562	-	-
Engineering and public works	6,188,923	-	-	1,032,902
Capital improvement projects	-	-	-	-
Street lighting	-	-	-	-
Underground utilities	-	-	-	-
Landscape maintenance	-	-	-	-
Library services	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	**6,188,923**	**2,185,120**	**10,798,791**	**1,032,902**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 6,798,416**	**$ 2,724,419**	**$ 11,119,582**	**$ 1,126,309**

	Special Revenue Funds			
	Lighting Districts	Landscape Maintenance Districts	Transportation	Pedestrian Grant
Assets:				
Cash and investments	$ 5,612,207	$ 12,965,859	$ 17,476,431	$ -
Receivables:				
Accounts	65	7,042	-	-
Taxes	17,347	81,417	-	-
Accrued interest	3,012	6,223	9,759	-
Loans	-	-	-	-
Grants	-	-	-	-
Prepaid costs	-	-	-	-
Deposits	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	**$ 5,632,631**	**$ 13,060,541**	**$ 17,486,190**	**$ -**
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	$ 134,546	$ 806,444	$ 59,440	$ -
Accrued liabilities	5,106	90,939	12,339	-
Unearned revenues	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	17,424	-	-	80
Advances from other funds	-	-	-	-
Total Liabilities	157,076	897,383	71,779	80
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Nonspendable:				
Prepaid costs	-	-	-	-
Deposits	-	-	-	-
Land held for resale	-	-	-	-
Restricted for:				
Community development projects	-	-	-	-
Public safety - police	-	-	-	-
Parks and recreation	-	-	-	-
Engineering and public works	-	-	17,414,411	-
Capital improvement projects	-	-	-	-
Street lighting	5,475,555	-	-	-
Underground utilities	-	-	-	-
Landscape maintenance	-	12,163,158	-	-
Library services	-	-	-	-
Unassigned	-	-	-	(80)
Total Fund Balances	**5,475,555**	**12,163,158**	**17,414,411**	**(80)**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 5,632,631**	**$ 13,060,541**	**$ 17,486,190**	**$ -**

CITY OF RANCHO CUCAMONGA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Special Revenue Funds			
	Community Development Block Grant	**Assessment Administration**	**San Sevaine/ Etiwanda Drainage**	**SB 140**
Assets:				
Cash and investments	$ -	$ 978,983	$ 1,450,935	$ 36,470
Receivables:				
Accounts	-	38	-	-
Taxes	-	-	-	-
Accrued interest	-	551	737	-
Loans	638,898	-	-	-
Grants	255,571	-	-	-
Prepaid costs	-	450	-	-
Deposits	-	-	-	-
Land held for resale	1,076,211	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	**$ 1,970,680**	**$ 980,022**	**$ 1,451,672**	**$ 36,470**
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	$ 4,538	$ 53,011	$ -	$ -
Accrued liabilities	10,142	4,124	-	-
Unearned revenues	-	-	-	-
Due to other governments	638,898	-	-	-
Due to other funds	235,521	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	889,099	57,135	-	-
Deferred Inflows of Resources:				
Unavailable revenues	226,449	-	-	-
Total Deferred Inflows of Resources	226,449	-	-	-
Fund Balances:				
Nonspendable:				
Prepaid costs	-	450	-	-
Deposits	-	-	-	-
Land held for resale	1,076,211	-	-	-
Restricted for:				
Community development projects	-	922,437	-	-
Public safety - police	-	-	-	-
Parks and recreation	-	-	-	-
Engineering and public works	-	-	-	36,470
Capital improvement projects	-	-	1,451,672	-
Street lighting	-	-	-	-
Underground utilities	-	-	-	-
Landscape maintenance	-	-	-	-
Library services	-	-	-	-
Unassigned	(221,079)	-	-	-
Total Fund Balances	**855,132**	**922,887**	**1,451,672**	**36,470**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 1,970,680**	**$ 980,022**	**$ 1,451,672**	**$ 36,470**

CITY OF RANCHO CUCAMONGA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013 **(CONTINUED)**

	Special Revenue Funds			
	Air Quality Improvement	**South Etiwanda Drainage**	**Lower Etiwanda Drainage**	**Masi Commerce Center**
Assets:				
Cash and investments	$ 283,074	$ 301,389	$ 470,536	$ 10,501
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Accrued interest	295	168	264	5
Loans	-	-	-	-
Grants	113,539	-	-	-
Prepaid costs	-	-	-	-
Deposits	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	290,297
Total Assets	**$ 396,908**	**$ 301,557**	**$ 470,800**	**$ 300,803**
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	$ 500	$ -	$ -	$ -
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	500	-	-	-
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Nonspendable:				
Prepaid costs	-	-	-	-
Deposits	-	-	-	-
Land held for resale	-	-	-	-
Restricted for:				
Community development projects	396,408	-	-	-
Public safety - police	-	-	-	-
Parks and recreation	-	-	-	-
Engineering and public works	-	301,557	470,800	-
Capital improvement projects	-	-	-	300,803
Street lighting	-	-	-	-
Underground utilities	-	-	-	-
Landscape maintenance	-	-	-	-
Library services	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	**396,408**	**301,557**	**470,800**	**300,803**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 396,908**	**$ 301,557**	**$ 470,800**	**$ 300,803**

CITY OF RANCHO CUCAMONGA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Special Revenue Funds			
	Measure I	Library Services	California Literacy Program	Proprosition 84 - Park Bond Act
Assets:				
Cash and investments	$ 5,206,458	$ 5,932,020	$ -	$ -
Receivables:				
Accounts	628,239	-	-	-
Taxes	-	8,966	-	-
Accrued interest	2,993	3,143	-	-
Loans	-	-	-	-
Grants	-	-	-	-
Prepaid costs	-	48,265	-	-
Deposits	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	**$ 5,837,690**	**$ 5,992,394**	**$ -**	**$ -**
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	$ 176,836	$ 61,655	$ -	$ -
Accrued liabilities	5,293	79,005	-	-
Unearned revenues	-	286	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	4,377
Advances from other funds	-	-	-	-
Total Liabilities	182,129	140,946	-	4,377
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Nonspendable:				
Prepaid costs	-	48,265	-	-
Deposits	-	-	-	-
Land held for resale	-	-	-	-
Restricted for:				
Community development projects	-	-	-	-
Public safety - police	-	-	-	-
Parks and recreation	-	-	-	-
Engineering and public works	5,655,561	-	-	-
Capital improvement projects	-	-	-	-
Street lighting	-	-	-	-
Underground utilities	-	-	-	-
Landscape maintenance	-	-	-	-
Library services	-	5,803,183	-	-
Unassigned	-	-	-	(4,377)
Total Fund Balances	**5,655,561**	**5,851,448**	**-**	**(4,377)**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 5,837,690**	**$ 5,992,394**	**$ -**	**$ -**

CITY OF RANCHO CUCAMONGA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013
(CONTINUED)

	Special Revenue Funds			
	Asset Forfeiture	Used Oil Recycling Grant	COPS Program Grant	Drainage Facilities
Assets:				
Cash and investments	$ 531,721	$ 64,536	$ 390,476	$ 3,625,236
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Accrued interest	80	-	-	2,043
Loans	-	-	-	-
Grants	-	-	-	-
Prepaid costs	-	-	-	-
Deposits	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	**$ 531,801**	**$ 64,536**	**$ 390,476**	**$ 3,627,279**
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ -
Accrued liabilities	-	-	-	3,523
Unearned revenues	-	65,098	-	5,102
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	-	65,098	-	8,625
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Nonspendable:				
Prepaid costs	-	-	-	-
Deposits	-	-	-	-
Land held for resale	-	-	-	-
Restricted for:				
Community development projects	-	-	-	-
Public safety - police	531,801	-	390,476	-
Parks and recreation	-	-	-	-
Engineering and public works	-	-	-	3,618,654
Capital improvement projects	-	-	-	-
Street lighting	-	-	-	-
Underground utilities	-	-	-	-
Landscape maintenance	-	-	-	-
Library services	-	-	-	-
Unassigned	-	(562)	-	-
Total Fund Balances	**531,801**	**(562)**	**390,476**	**3,618,654**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 531,801**	**$ 64,536**	**$ 390,476**	**$ 3,627,279**

CITY OF RANCHO CUCAMONGA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Special Revenue Funds			
	CA State Library	Library Services & Technologies Act	AB 2928 Traffic Congestion Relief	Litter Reduction Grant
Assets:				
Cash and investments	$ 24,753	$ 36,840	$ 292,663	$ 51,906
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Accrued interest	-	-	-	-
Loans	-	-	-	-
Grants	-	-	-	45,501
Prepaid costs	-	-	-	-
Deposits	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	**$ 24,753**	**$ 36,840**	**$ 292,663**	**$ 97,407**
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ 92
Accrued liabilities	1,340	-	-	-
Unearned revenues	13,796	-	-	97,631
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	15,136	-	-	97,723
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Nonspendable:				
Prepaid costs	-	-	-	-
Deposits	-	-	-	-
Land held for resale	-	-	-	-
Restricted for:				
Community development projects	-	-	-	-
Public safety - police	-	-	-	-
Parks and recreation	-	-	-	-
Engineering and public works	-	-	292,663	-
Capital improvement projects	-	-	-	-
Street lighting	-	-	-	-
Underground utilities	-	-	-	-
Landscape maintenance	-	-	-	-
Library services	9,617	36,840	-	-
Unassigned	-	-	-	(316)
Total Fund Balances	**9,617**	**36,840**	**292,663**	**(316)**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 24,753**	**$ 36,840**	**$ 292,663**	**$ 97,407**

CITY OF RANCHO CUCAMONGA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013
(CONTINUED)

	Special Revenue Funds			
	Energy Efficient & Conservation Block Grant	Library Capital Fund	Senior Outreach Grant	Undergound Utilities
Assets:				
Cash and investments	$ 19,621	$ 499,996	$ -	$ 10,672,500
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Accrued interest	-	14	-	3,495
Loans	466,520	-	-	-
Grants	-	-	3,738	-
Prepaid costs	-	-	-	-
Deposits	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	**$ 486,141**	**$ 500,010**	**$ 3,738**	**$ 10,675,995**
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ -
Accrued liabilities	500	-	-	-
Unearned revenues	-	-	-	-
Due to other governments	466,520	-	-	-
Due to other funds	-	-	3,738	-
Advances from other funds	-	-	-	-
Total Liabilities	467,020	-	3,738	-
Deferred Inflows of Resources:				
Unavailable revenues	-	-	1,993	-
Total Deferred Inflows of Resources	-	-	1,993	-
Fund Balances:				
Nonspendable:				
Prepaid costs	-	-	-	-
Deposits	-	-	-	-
Land held for resale	-	-	-	-
Restricted for:				
Community development projects	19,121	-	-	-
Public safety - police	-	-	-	-
Parks and recreation	-	-	-	-
Engineering and public works	-	-	-	-
Capital improvement projects	-	-	-	-
Street lighting	-	-	-	-
Underground utilities	-	-	-	10,675,995
Landscape maintenance	-	-	-	-
Library services	-	500,010	-	-
Unassigned	-	-	(1,993)	-
Total Fund Balances	**19,121**	**500,010**	**(1,993)**	**10,675,995**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 486,141**	**$ 500,010**	**$ 3,738**	**$ 10,675,995**

CITY OF RANCHO CUCAMONGA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Special Revenue Funds			
	Safe Routes to School Program	COPS Hiring Program Grant	Foothill Blvd. Maintenance	COPS Secure our School Grant
Assets:				
Cash and investments	$ -	$ -	$ 19,817	$ 5,469
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Accrued interest	-	-	-	-
Loans	-	-	-	-
Grants	100,551	15,000	-	4,029
Prepaid costs	-	-	-	-
Deposits	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	**$ 100,551**	**$ 15,000**	**$ 19,817**	**$ 9,498**
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	$ 465	$ -	$ -	$ -
Accrued liabilities	1,519	-	802	996
Unearned revenues	-	-	-	8,530
Due to other governments	-	-	-	-
Due to other funds	92,412	15,000	-	-
Advances from other funds	-	-	-	-
Total Liabilities	94,396	15,000	802	9,526
Deferred Inflows of Resources:				
Unavailable revenues	37,395	-	-	-
Total Deferred Inflows of Resources	37,395	-	-	-
Fund Balances:				
Nonspendable:				
Prepaid costs	-	-	-	-
Deposits	-	-	-	-
Land held for resale	-	-	-	-
Restricted for:				
Community development projects	-	-	-	-
Public safety - police	-	-	-	-
Parks and recreation	-	-	-	-
Engineering and public works	-	-	19,015	-
Capital improvement projects	-	-	-	-
Street lighting	-	-	-	-
Underground utilities	-	-	-	-
Landscape maintenance	-	-	-	-
Library services	-	-	-	-
Unassigned	(31,240)	-	-	(28)
Total Fund Balances	**(31,240)**	**-**	**19,015**	**(28)**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 100,551**	**$ 15,000**	**$ 19,817**	**$ 9,498**

CITY OF RANCHO CUCAMONGA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013
(CONTINUED)

	Special Revenue Funds			
	CA State Library Staff Innovation Fund Grant	The Big Read Library Grant	Drink, Drive, Lose Grant	Department of Homeland Security Grant
Assets:				
Cash and investments	$ 63,219	$ 19,690	$ 15,255	$ 5,762
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Accrued interest	18	-	-	-
Loans	-	-	-	-
Grants	-	-	-	-
Prepaid costs	-	-	-	601
Deposits	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	**$ 63,237**	**$ 19,690**	**$ 15,255**	**$ 6,363**
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	$ 1,525	$ -	$ -	$ -
Accrued liabilities	-	-	-	1,005
Unearned revenues	125,043	9,814	13,574	5,387
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	126,568	9,814	13,574	6,392
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Nonspendable:				
Prepaid costs	-	-	-	601
Deposits	-	-	-	-
Land held for resale	-	-	-	-
Restricted for:				
Community development projects	-	-	-	-
Public safety - police	-	-	1,681	-
Parks and recreation	-	-	-	-
Engineering and public works	-	-	-	-
Capital improvement projects	-	-	-	-
Street lighting	-	-	-	-
Underground utilities	-	-	-	-
Landscape maintenance	-	-	-	-
Library services	-	9,876	-	-
Unassigned	(63,331)	-	-	(630)
Total Fund Balances	**(63,331)**	**9,876**	**1,681**	**(29)**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 63,237**	**$ 19,690**	**$ 15,255**	**$ 6,363**

CITY OF RANCHO CUCAMONGA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Special Revenue Funds			
	Public Resource Grants	Proposition 1B	Henderson/ Wardman Drainage	Integrated Waste Management
Assets:				
Cash and investments	$ 51,722	$ 231,844	$ 802,989	$ 1,821,694
Receivables:				
Accounts	39,551	-	-	-
Taxes	-	-	-	248,739
Accrued interest	-	130	-	1,153
Loans	-	-	-	-
Grants	45,583	-	-	-
Prepaid costs	-	-	-	-
Deposits	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	**$ 136,856**	**$ 231,974**	**$ 802,989**	**$ 2,071,586**
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	$ 48,286	$ -	$ -	$ 107,700
Accrued liabilities	8,118	-	-	20,083
Unearned revenues	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	56,404	-	-	127,783
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Nonspendable:				
Prepaid costs	-	-	-	-
Deposits	-	-	-	-
Land held for resale	-	-	-	-
Restricted for:				
Community development projects	80,452	-	-	-
Public safety - police	-	-	-	-
Parks and recreation	-	-	-	-
Engineering and public works	-	231,974	802,989	1,943,803
Capital improvement projects	-	-	-	-
Street lighting	-	-	-	-
Underground utilities	-	-	-	-
Landscape maintenance	-	-	-	-
Library services	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	**80,452**	**231,974**	**802,989**	**1,943,803**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 136,856**	**$ 231,974**	**$ 802,989**	**$ 2,071,586**

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013 (CONTINUED)

	Special Revenue Funds			
	Federal Grant Fund - Dreier	Proposition 42 - Traffic Congestion Relief	Freedom Courtyard Resource Grants	Justice Assistance Grant
Assets:				
Cash and investments	$ 13,462	$ 863,214	$ -	$ 164,711
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Accrued interest	-	683	-	89
Loans	-	-	-	-
Grants	-	-	-	-
Prepaid costs	-	-	-	-
Deposits	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	**$ 13,462**	**$ 863,897**	**$ -**	**$ 164,800**
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	$ 13,545	$ 3,520	$ 11	$ 71,623
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	85,070
Due to other governments	-	-	-	-
Due to other funds	-	-	74,100	-
Advances from other funds	-	-	-	-
Total Liabilities	13,545	3,520	74,111	156,693
Deferred Inflows of Resources:				
Unavailable revenues	-	-	74,692	-
Total Deferred Inflows of Resources	-	-	74,692	-
Fund Balances:				
Nonspendable:				
Prepaid costs	-	-	-	-
Deposits	-	-	-	-
Land held for resale	-	-	-	-
Restricted for:				
Community development projects	-	-	-	-
Public safety - police	-	-	-	8,107
Parks and recreation	-	-	-	-
Engineering and public works	-	860,377	-	-
Capital improvement projects	-	-	-	-
Street lighting	-	-	-	-
Underground utilities	-	-	-	-
Landscape maintenance	-	-	-	-
Library services	-	-	-	-
Unassigned	(83)	-	(148,803)	-
Total Fund Balances	**(83)**	**860,377**	**(148,803)**	**8,107**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 13,462**	**$ 863,897**	**$ -**	**$ 164,800**

CITY OF RANCHO CUCAMONGA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Special Revenue Funds			
	OTS 2005 State Seatbelt Grant	Senior Transportation Service	Homeland Security Grant 2005	Used Oil Recycling Program
Assets:				
Cash and investments	$ -	$ 65	$ -	$ -
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Accrued interest	-	-	-	-
Loans	-	-	-	-
Grants	-	-	58,228	4,445
Prepaid costs	-	-	-	-
Deposits	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	**$ -**	**$ 65**	**$ 58,228**	**$ 4,445**
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ 26
Accrued liabilities	-	-	-	1,368
Unearned revenues	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	58,228	2,895
Advances from other funds	-	-	-	-
Total Liabilities	-	-	58,228	4,289
Deferred Inflows of Resources:				
Unavailable revenues	-	-	58,228	4,445
Total Deferred Inflows of Resources	-	-	58,228	4,445
Fund Balances:				
Nonspendable:				
Prepaid costs	-	-	-	-
Deposits	-	-	-	-
Land held for resale	-	-	-	-
Restricted for:				
Community development projects	-	-	-	-
Public safety - police	-	-	-	-
Parks and recreation	-	65	-	-
Engineering and public works	-	-	-	-
Capital improvement projects	-	-	-	-
Street lighting	-	-	-	-
Underground utilities	-	-	-	-
Landscape maintenance	-	-	-	-
Library services	-	-	-	-
Unassigned	-	-	(58,228)	(4,289)
Total Fund Balances	**-**	**65**	**(58,228)**	**(4,289)**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ -**	**$ 65**	**$ 58,228**	**$ 4,445**

CITY OF RANCHO CUCAMONGA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013
(CONTINUED)

	Capital Projects Funds			
	Assessment District 82-1	Assessment District 84-1	Assessment District 86-2	CFD 2000-01 South Etiwanda
Assets:				
Cash and investments	$ 12,633	$ 1,078,451	$ -	$ 76
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Accrued interest	7	602	-	-
Loans	-	-	-	-
Grants	-	-	-	-
Prepaid costs	-	-	-	-
Deposits	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	**$ 12,640**	**$ 1,079,053**	**$ -**	**$ 76**
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ -
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	41,128	-
Advances from other funds	-	-	-	-
Total Liabilities	-	-	41,128	-
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Nonspendable:				
Prepaid costs	-	-	-	-
Deposits	-	-	-	-
Land held for resale	-	-	-	-
Restricted for:				
Community development projects	-	-	-	-
Public safety - police	-	-	-	-
Parks and recreation	-	-	-	-
Engineering and public works	-	-	-	-
Capital improvement projects	12,640	1,079,053	-	76
Street lighting	-	-	-	-
Underground utilities	-	-	-	-
Landscape maintenance	-	-	-	-
Library services	-	-	-	-
Unassigned	-	-	(41,128)	-
Total Fund Balances	**12,640**	**1,079,053**	**(41,128)**	**76**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 12,640**	**$ 1,079,053**	**$ -**	**$ 76**

CITY OF RANCHO CUCAMONGA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Capital Projects Funds			
	CFD 2000-02 Rancho Cucamonga Corporate Park	CFD 2000-03 Rancho Summit	CFD 2001-01	CFD 2003-01 Project Fund
Assets:				
Cash and investments	$ -	$ 18,975	$ 475,633	$ 5,553
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Accrued interest	-	-	265	-
Loans	-	-	-	-
Grants	-	-	-	-
Prepaid costs	-	-	-	-
Deposits	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	169,304
Total Assets	**$ -**	**$ 18,975**	**$ 475,898**	**$ 174,857**
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ -
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	-	-	-	-
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Nonspendable:				
Prepaid costs	-	-	-	-
Deposits	-	-	-	-
Land held for resale	-	-	-	-
Restricted for:				
Community development projects	-	-	-	-
Public safety - police	-	-	-	-
Parks and recreation	-	-	-	-
Engineering and public works	-	-	-	-
Capital improvement projects	-	18,975	475,898	174,857
Street lighting	-	-	-	-
Underground utilities	-	-	-	-
Landscape maintenance	-	-	-	-
Library services	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	**-**	**18,975**	**475,898**	**174,857**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ -**	**$ 18,975**	**$ 475,898**	**$ 174,857**

CITY OF RANCHO CUCAMONGA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013
(CONTINUED)

	Capital Projects Funds			
	Public Library Bond Act - 2000	Etiwanda Equestrian Facility	CFD 2004-01 Rancho Etiwanda	CFD 2003-01 Cultural Center
Assets:				
Cash and investments	$ 32,469	$ 629,533	$ 4,908	$ -
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Accrued interest	-	80	3	-
Loans	-	-	-	-
Grants	-	-	-	-
Prepaid costs	-	-	-	-
Deposits	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	944,647	184,646
Total Assets	**$ 32,469**	**$ 629,613**	**$ 949,558**	**$ 184,646**
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	$ 6,128	$ -	$ -	$ -
Accrued liabilities	-	-	-	-
Unearned revenues	26,534	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	179,578
Advances from other funds	-	-	-	-
Total Liabilities	32,662	-	-	179,578
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Nonspendable:				
Prepaid costs	-	-	-	-
Deposits	-	-	-	-
Land held for resale	-	-	-	-
Restricted for:				
Community development projects	-	-	-	-
Public safety - police	-	-	-	-
Parks and recreation	-	629,613	-	-
Engineering and public works	-	-	-	-
Capital improvement projects	-	-	949,558	5,068
Street lighting	-	-	-	-
Underground utilities	-	-	-	-
Landscape maintenance	-	-	-	-
Library services	-	-	-	-
Unassigned	(193)	-	-	-
Total Fund Balances	**(193)**	**629,613**	**949,558**	**5,068**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 32,469**	**$ 629,613**	**$ 949,558**	**$ 184,646**

CITY OF RANCHO CUCAMONGA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Capital Projects Funds		
	CFD 2006-01 Vintner's Grove	CFD 2006-02 Amador on Route 66	Total Nonmajor Governmental Funds
Assets:			
Cash and investments	$ 1,825	$ 5,853	$ 94,648,653
Receivables:			
Accounts	-	-	688,147
Taxes	-	-	695,592
Accrued interest	1	3	46,929
Loans	-	-	1,105,418
Grants	-	-	646,185
Prepaid costs	-	-	73,600
Deposits	-	-	12,274
Land held for resale	-	-	1,076,211
Restricted assets:			
Cash and investments with fiscal agents	606,749	1,963	2,197,606
Total Assets	**$ 608,575**	**$ 7,819**	**$ 101,190,615**
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	$ -	$ -	$ 2,498,136
Accrued liabilities	-	-	389,421
Unearned revenues	-	-	627,391
Due to other governments	-	-	1,105,418
Due to other funds	-	-	724,481
Advances from other funds	-	-	300,000
Total Liabilities	-	-	5,644,847
Deferred Inflows of Resources:			
Unavailable revenues	-	-	403,202
Total Deferred Inflows of Resources	-	-	403,202
Fund Balances:			
Nonspendable:			
Prepaid costs	-	-	73,600
Deposits	-	-	12,274
Land held for resale	-	-	1,076,211
Restricted for:			
Community development projects	-	-	12,217,209
Public safety - police	-	-	932,065
Parks and recreation	-	-	2,778,240
Engineering and public works	-	-	38,870,099
Capital improvement projects	608,575	7,819	5,084,994
Street lighting	-	-	5,475,555
Underground utilities	-	-	10,675,995
Landscape maintenance	-	-	12,163,158
Library services	-	-	6,359,526
Unassigned	-	-	(576,360)
Total Fund Balances	**608,575**	**7,819**	**95,142,566**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 608,575**	**$ 7,819**	**$ 101,190,615**

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CITY OF RANCHO CUCAMONGA

COMBINING STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	Special Revenue Funds			
	Gas Tax	Recreation	Park Development	Beautification
Revenues:				
Taxes	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-
Intergovernmental	4,018,903	-	-	-
Charges for services	-	2,875,780	-	-
Use of money and property	(14,184)	873,356	(25,327)	(2,273)
Contributions	-	358,894	40,000	-
Developer participation	-	-	984,625	165,468
Miscellaneous	3,099	149,769	-	-
Total Revenues	**4,007,818**	**4,257,799**	**999,298**	**163,195**
Expenditures:				
Current:				
General government	-	-	-	-
Public safety - police	-	-	-	-
Public safety - fire protection	-	-	-	-
Community development	-	-	181,756	-
Community services	-	3,983,302	-	-
Engineering and public works	2,529,441	-	-	4,850
Capital outlay	827,815	-	343,717	17,649
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	**3,357,256**	**3,983,302**	**525,473**	**22,499**
Excess (Deficiency) of Revenues Over (Under) Expenditures	650,562	274,497	473,825	140,696
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	(632,000)	-
Capital leases	-	-	-	-
Total Other Financing Sources (Uses)	**-**	**-**	**(632,000)**	**-**
Net Change in Fund Balances	650,562	274,497	(158,175)	140,696
Fund Balances, Beginning of Year	5,538,361	1,910,623	10,956,966	892,206
Fund Balances, End of Year	**$ 6,188,923**	**$ 2,185,120**	**$ 10,798,791**	**$ 1,032,902**

CITY OF RANCHO CUCAMONGA

COMBINING STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013 **(CONTINUED)**

	Special Revenue Funds			
	Lighting Districts	Landscape Maintenance Districts	Transportation	Pedestrian Grant
Revenues:				
Taxes	$ 2,091,443	$ 10,006,032	$ -	$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Use of money and property	(16,738)	2,059	(37,985)	-
Contributions	-	-	-	-
Developer participation	1,957	-	1,154,496	-
Miscellaneous	-	-	-	-
Total Revenues	**2,076,662**	**10,008,091**	**1,116,511**	**-**
Expenditures:				
Current:				
General government	2,166,594	-	-	-
Public safety - police	-	-	-	-
Public safety - fire protection	-	-	-	-
Community development	-	10,482,203	-	80
Community services	-	-	-	-
Engineering and public works	-	-	905,751	-
Capital outlay	55,770	173,054	567,600	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	**2,222,364**	**10,655,257**	**1,473,351**	**80**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(145,702)	(647,166)	(356,840)	(80)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Capital leases	-	-	-	-
Total Other Financing Sources (Uses)	**-**	**-**	**-**	**-**
Net Change in Fund Balances	(145,702)	(647,166)	(356,840)	(80)
Fund Balances, Beginning of Year	5,621,257	12,810,324	17,771,251	-
Fund Balances, End of Year	**$ 5,475,555**	**$ 12,163,158**	**$ 17,414,411**	**$ (80)**

CITY OF RANCHO CUCAMONGA

COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE NONMAJOR GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2013

	Special Revenue Funds			
	Community Development Block Grant	Assessment Administration	San Sevaine/ Etiwanda Drainage	SB 140
Revenues:				
Taxes	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-
Intergovernmental	996,802	-	-	-
Charges for services	-	-	-	-
Use of money and property	(535)	(2,183)	(2,612)	(435)
Contributions	-	-	-	-
Developer participation	-	-	276,818	-
Miscellaneous	25,859	907,616	-	-
Total Revenues	**1,022,126**	**905,433**	**274,206**	**(435)**
Expenditures:				
Current:				
General government	-	1,086,976	-	-
Public safety - police	-	-	-	-
Public safety - fire protection	-	-	-	-
Community development	407,893	-	-	-
Community services	-	-	-	-
Engineering and public works	-	-	160	-
Capital outlay	395,274	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	**803,167**	**1,086,976**	**160**	**-**
Excess (Deficiency) of Revenues Over (Under) Expenditures	218,959	(181,543)	274,046	(435)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Capital leases	-	-	-	-
Total Other Financing Sources (Uses)	**-**	**-**	**-**	**-**
Net Change in Fund Balances	218,959	(181,543)	274,046	(435)
Fund Balances, Beginning of Year	636,173	1,104,430	1,177,626	36,905
Fund Balances, End of Year	**$ 855,132**	**$ 922,887**	**$ 1,451,672**	**$ 36,470**

CITY OF RANCHO CUCAMONGA

COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE NONMAJOR GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2013

(CONTINUED)

	Special Revenue Funds			
	Air Quality Improvement	South Etiwanda Drainage	Lower Etiwanda Drainage	Masi Commerce Center
Revenues:				
Taxes	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-
Intergovernmental	301,583	-	-	-
Charges for services	-	-	-	-
Use of money and property	(284)	(620)	(1,039)	(10)
Contributions	-	-	-	-
Developer participation	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	**301,299**	**(620)**	**(1,039)**	**(10)**
Expenditures:				
Current:				
General government	29,357	-	-	-
Public safety - police	-	-	-	-
Public safety - fire protection	-	-	-	-
Community development	-	-	-	-
Community services	-	-	-	-
Engineering and public works	-	30	90	-
Capital outlay	521,145	-	8,525	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	**550,502**	**30**	**8,615**	**-**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(249,203)	(650)	(9,654)	(10)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Capital leases	-	-	-	-
Total Other Financing Sources (Uses)	**-**	**-**	**-**	**-**
Net Change in Fund Balances	(249,203)	(650)	(9,654)	(10)
Fund Balances, Beginning of Year	645,611	302,207	480,454	300,813
Fund Balances, End of Year	**$ 396,408**	**$ 301,557**	**$ 470,800**	**$ 300,803**

CITY OF RANCHO CUCAMONGA

COMBINING STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	Special Revenue Funds			
	Measure I	Library Services	California Literacy Program	Proprosition 84 - Park Bond Act
Revenues:				
Taxes	$ -	$ 2,736,286	$ -	$ -
Licenses and permits	-	-	-	-
Intergovernmental	2,706,932	1,040	-	-
Charges for services	-	397,451	-	-
Use of money and property	(9,987)	(15,026)	24	23
Contributions	-	115,000	-	-
Developer participation	-	-	-	-
Miscellaneous	36,659	-	-	-
Total Revenues	**2,733,604**	**3,234,751**	**24**	**23**
Expenditures:				
Current:				
General government	-	-	-	-
Public safety - police	-	-	-	-
Public safety - fire protection	-	-	-	-
Community development	-	-	-	-
Community services	-	3,513,953	-	-
Engineering and public works	1,290,114	-	-	-
Capital outlay	1,001,394	42,611	-	-
Debt service:				
Principal retirement	-	1,531	-	-
Interest and fiscal charges	-	161	-	-
Total Expenditures	**2,291,508**	**3,558,256**	**-**	**-**
Excess (Deficiency) of Revenues Over (Under) Expenditures	442,096	(323,505)	24	23
Other Financing Sources (Uses):				
Transfers in	-	-	8,178	-
Transfers out	-	(511,078)	-	-
Capital leases	-	42,611	-	-
Total Other Financing Sources (Uses)	**-**	**(468,467)**	**8,178**	**-**
Net Change in Fund Balances	442,096	(791,972)	8,202	23
Fund Balances, Beginning of Year	5,213,465	6,643,420	(8,202)	(4,400)
Fund Balances, End of Year	**$ 5,655,561**	**$ 5,851,448**	**$ -**	**$ (4,377)**

CITY OF RANCHO CUCAMONGA

COMBINING STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013
(CONTINUED)

	Special Revenue Funds			
	Asset Forfeiture	Used Oil Recycling Grant	COPS Program Grant	Drainage Facilities
Revenues:				
Taxes	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-
Intergovernmental	4,227	-	201,328	-
Charges for services	-	-	-	-
Use of money and property	(5,276)	(705)	(2,609)	(18,095)
Contributions	-	-	-	-
Developer participation	-	-	-	711,756
Miscellaneous	-	-	-	-
Total Revenues	**(1,049)**	**(705)**	**198,719**	**693,661**
Expenditures:				
Current:				
General government	-	-	-	-
Public safety - police	30,070	-	1,200	-
Public safety - fire protection	-	-	-	-
Community development	-	-	-	-
Community services	-	-	-	-
Engineering and public works	-	-	-	174,046
Capital outlay	-	-	-	1,459,355
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	**30,070**	**-**	**1,200**	**1,633,401**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(31,119)	(705)	197,519	(939,740)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Capital leases	-	-	-	-
Total Other Financing Sources (Uses)	**-**	**-**	**-**	**-**
Net Change in Fund Balances	(31,119)	(705)	197,519	(939,740)
Fund Balances, Beginning of Year	562,920	143	192,957	4,558,394
Fund Balances, End of Year	**$ 531,801**	**$ (562)**	**$ 390,476**	**$ 3,618,654**

CITY OF RANCHO CUCAMONGA

COMBINING STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	Special Revenue Funds			
	CA State Library	Library Services & Technologies Act	AB 2928 Traffic Congestion Relief	Litter Reduction Grant
Revenues:				
Taxes	$ -	$ -	$ 294,506	$ -
Licenses and permits	-	-	-	-
Intergovernmental	18,016	2,500	-	23,857
Charges for services	-	-	-	-
Use of money and property	(275)	(503)	(1,843)	(769)
Contributions	-	-	-	-
Developer participation	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	**17,741**	**1,997**	**292,663**	**23,088**
Expenditures:				
Current:				
General government	-	-	-	-
Public safety - police	-	-	-	-
Public safety - fire protection	-	-	-	-
Community development	-	-	-	-
Community services	27,720	11,673	-	-
Engineering and public works	-	-	-	23,857
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	**27,720**	**11,673**	**-**	**23,857**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,979)	(9,676)	292,663	(769)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Capital leases	-	-	-	-
Total Other Financing Sources (Uses)	**-**	**-**	**-**	**-**
Net Change in Fund Balances	(9,979)	(9,676)	292,663	(769)
Fund Balances, Beginning of Year	19,596	46,516	-	453
Fund Balances, End of Year	**$ 9,617**	**$ 36,840**	**$ 292,663**	**$ (316)**

CITY OF RANCHO CUCAMONGA

COMBINING STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013 (CONTINUED)

	Special Revenue Funds			
	Energy Efficient & Conservation Block Grant	Library Capital Fund	Senior Outreach Grant	Undergound Utilities
Revenues:				
Taxes	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-
Intergovernmental	11,514	-	8,167	-
Charges for services	-	-	-	46,261
Use of money and property	(324)	(2,890)	-	13,783
Contributions	-	-	-	-
Developer participation	-	-	-	-
Miscellaneous	10,529	-	-	-
Total Revenues	**21,719**	**(2,890)**	**8,167**	**60,044**
Expenditures:				
Current:				
General government	-	-	-	-
Public safety - police	-	-	-	-
Public safety - fire protection	-	-	-	-
Community development	8,991	-	-	-
Community services	-	-	6,920	-
Engineering and public works	-	-	-	11,810
Capital outlay	-	-	-	62,457
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	**8,991**	**-**	**6,920**	**74,267**
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,728	(2,890)	1,247	(14,223)
Other Financing Sources (Uses):				
Transfers in	-	502,900	-	-
Transfers out	-	-	-	-
Capital leases	-	-	-	-
Total Other Financing Sources (Uses)	**-**	**502,900**	**-**	**-**
Net Change in Fund Balances	12,728	500,010	1,247	(14,223)
Fund Balances, Beginning of Year	6,393	-	(3,240)	10,690,218
Fund Balances, End of Year	**$ 19,121**	**$ 500,010**	**$ (1,993)**	**$ 10,675,995**

CITY OF RANCHO CUCAMONGA

COMBINING STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	Special Revenue Funds			
	Safe Routes to School Program	COPS Hiring Program Grant	Foothill Blvd. Maintenance	COPS Secure our School Grant
Revenues:				
Taxes	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-
Intergovernmental	63,156	30,000	-	13,670
Charges for services	-	-	-	-
Use of money and property	213	-	(441)	(708)
Contributions	-	-	-	-
Developer participation	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	**63,369**	**30,000**	**(441)**	**12,962**
Expenditures:				
Current:				
General government	-	-	-	-
Public safety - police	-	73,979	-	37,694
Public safety - fire protection	-	-	-	-
Community development	-	-	-	-
Community services	-	-	-	-
Engineering and public works	55,051	-	33,258	-
Capital outlay	-	-	-	6,136
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	**55,051**	**73,979**	**33,258**	**43,830**
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,318	(43,979)	(33,699)	(30,868)
Other Financing Sources (Uses):				
Transfers in	-	43,979	-	30,160
Transfers out	-	-	-	-
Capital leases	-	-	-	-
Total Other Financing Sources (Uses)	**-**	**43,979**	**-**	**30,160**
Net Change in Fund Balances	8,318	-	(33,699)	(708)
Fund Balances, Beginning of Year	(39,558)	-	52,714	680
Fund Balances, End of Year	**$ (31,240)**	**$ -**	**$ 19,015**	**$ (28)**

CITY OF RANCHO CUCAMONGA

COMBINING STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013 (CONTINUED)

	Special Revenue Funds			
	CA State Library Staff Innovation Fund Grant	The Big Read Library Grant	Drink, Drive, Lose Grant	Department of Homeland Security Grant
Revenues:				
Taxes	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-
Intergovernmental	34,088	9,412	-	83,294
Charges for services	-	-	-	-
Use of money and property	(180)	(203)	(186)	18
Contributions	-	-	-	-
Developer participation	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	**33,908**	**9,209**	**(186)**	**83,312**
Expenditures:				
Current:				
General government	-	-	-	-
Public safety - police	-	-	-	-
Public safety - fire protection	-	-	-	72,213
Community development	-	-	-	-
Community services	114,267	9,411	-	-
Engineering and public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	**114,267**	**9,411**	**-**	**72,213**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(80,359)	(202)	(186)	11,099
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Capital leases	-	-	-	-
Total Other Financing Sources (Uses)	**-**	**-**	**-**	**-**
Net Change in Fund Balances	(80,359)	(202)	(186)	11,099
Fund Balances, Beginning of Year	17,028	10,078	1,867	(11,128)
Fund Balances, End of Year	**$ (63,331)**	**$ 9,876**	**$ 1,681**	**$ (29)**

CITY OF RANCHO CUCAMONGA

COMBINING STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	Special Revenue Funds			
	Public Resource Grants	Proposition 1B	Henderson/ Wardman Drainage	Integrated Waste Management
Revenues:				
Taxes	$ -	$ -	$ -	$ 1,108,184
Licenses and permits	-	-	-	875
Intergovernmental	101,742	-	-	-
Charges for services	-	-	-	-
Use of money and property	(883)	(481)	(9,949)	(7,060)
Contributions	109,957	-	-	-
Developer participation	-	-	-	-
Miscellaneous	10,440	-	-	-
Total Revenues	**221,256**	**(481)**	**(9,949)**	**1,101,999**
Expenditures:				
Current:				
General government	224,278	-	-	-
Public safety - police	-	-	-	-
Public safety - fire protection	-	-	-	-
Community development	-	430	-	-
Community services	-	-	-	-
Engineering and public works	-	-	-	801,733
Capital outlay	-	-	-	1,084,335
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	**224,278**	**430**	**-**	**1,886,068**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,022)	(911)	(9,949)	(784,069)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Capital leases	-	-	-	-
Total Other Financing Sources (Uses)	**-**	**-**	**-**	**-**
Net Change in Fund Balances	(3,022)	(911)	(9,949)	(784,069)
Fund Balances, Beginning of Year	83,474	232,885	812,938	2,727,872
Fund Balances, End of Year	**$ 80,452**	**$ 231,974**	**$ 802,989**	**$ 1,943,803**

CITY OF RANCHO CUCAMONGA

COMBINING STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013 (CONTINUED)

	Special Revenue Funds			
	Federal Grant Fund - Dreier	Proposition 42 - Traffic Congestion Relief	Freedom Courtyard Resource Grants	Justice Assistance Grant
Revenues:				
Taxes	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	186,648
Charges for services	-	-	-	-
Use of money and property	(162)	(4,699)	581	(934)
Contributions	-	-	-	-
Developer participation	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	**(162)**	**(4,699)**	**581**	**185,714**
Expenditures:				
Current:				
General government	-	-	-	-
Public safety - police	-	-	-	1,392
Public safety - fire protection	-	-	-	-
Community development	-	-	-	-
Community services	-	-	-	-
Engineering and public works	-	210,367	-	-
Capital outlay	-	333,629	149,384	185,256
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	**-**	**543,996**	**149,384**	**186,648**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(162)	(548,695)	(148,803)	(934)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Capital leases	-	-	-	-
Total Other Financing Sources (Uses)	**-**	**-**	**-**	**-**
Net Change in Fund Balances	(162)	(548,695)	(148,803)	(934)
Fund Balances, Beginning of Year	79	1,409,072	-	9,041
Fund Balances, End of Year	**$ (83)**	**$ 860,377**	**$ (148,803)**	**$ 8,107**

CITY OF RANCHO CUCAMONGA

COMBINING STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	Special Revenue Funds			
	OTS 2005 State Seatbelt Grant	Senior Transportation Service	Homeland Security Grant 2005	Used Oil Recycling Program
Revenues:				
Taxes	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	90,680	48,033
Charges for services	-	-	-	-
Use of money and property	(34)	1	(34)	(225)
Contributions	-	-	-	-
Developer participation	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	**(34)**	**1**	**90,646**	**47,808**
Expenditures:				
Current:				
General government	-	-	-	-
Public safety - police	-	-	-	-
Public safety - fire protection	-	-	-	-
Community development	-	-	-	52,478
Community services	-	-	-	-
Engineering and public works	-	-	-	-
Capital outlay	-	-	75,838	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	**-**	**-**	**75,838**	**52,478**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(34)	1	14,808	(4,670)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Capital leases	-	-	-	-
Total Other Financing Sources (Uses)	**-**	**-**	**-**	**-**
Net Change in Fund Balances	(34)	1	14,808	(4,670)
Fund Balances, Beginning of Year	34	64	(73,036)	381
Fund Balances, End of Year	**$ -**	**$ 65**	**$ (58,228)**	**$ (4,289)**

CITY OF RANCHO CUCAMONGA

COMBINING STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013 (CONTINUED)

	Capital Projects Funds			
	Assessment District 82-1	Assessment District 84-1	Assessment District 86-2	CFD 2000-01 South Etiwanda
Revenues:				
Taxes	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Use of money and property	(7)	(2,287)	-	13
Contributions	-	-	-	-
Developer participation	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	**(7)**	**(2,287)**	**-**	**13**
Expenditures:				
Current:				
General government	-	150	-	-
Public safety - police	-	-	-	-
Public safety - fire protection	-	-	-	-
Community development	-	-	-	-
Community services	-	-	-	-
Engineering and public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	**-**	**150**	**-**	**-**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7)	(2,437)	-	13
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Capital leases	-	-	-	-
Total Other Financing Sources (Uses)	**-**	**-**	**-**	**-**
Net Change in Fund Balances	(7)	(2,437)	-	13
Fund Balances, Beginning of Year	12,647	1,081,490	(41,128)	63
Fund Balances, End of Year	**$ 12,640**	**$ 1,079,053**	**$ (41,128)**	**$ 76**

CITY OF RANCHO CUCAMONGA

COMBINING STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	Capital Projects Funds			
	CFD 2000-02 Rancho Cucamonga Corporate Park	CFD 2000-03 Rancho Summit	CFD 2001-01	CFD 2003-01 Project Fund
Revenues:				
Taxes	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Use of money and property	4	(222)	(1,009)	25,971
Contributions	-	-	-	-
Developer participation	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	**4**	**(222)**	**(1,009)**	**25,971**
Expenditures:				
Current:				
General government	399,968	143,879	-	-
Public safety - police	-	-	-	-
Public safety - fire protection	-	-	-	-
Community development	-	-	70	-
Community services	-	-	-	-
Engineering and public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	**399,968**	**143,879**	**70**	**-**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(399,964)	(144,101)	(1,079)	25,971
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Capital leases	-	-	-	-
Total Other Financing Sources (Uses)	**-**	**-**	**-**	**-**
Net Change in Fund Balances	(399,964)	(144,101)	(1,079)	25,971
Fund Balances, Beginning of Year	399,964	163,076	476,977	148,886
Fund Balances, End of Year	**$ -**	**$ 18,975**	**$ 475,898**	**$ 174,857**

(CONTINUED)

	Capital Projects Funds			
	Public Library Bond Act - 2000	Etiwanda Equestrian Facility	CFD 2004-01 Rancho Etiwanda	CFD 2003-01 Cultural Center
Revenues:				
Taxes	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Use of money and property	(5,108)	(2,387)	94	1,056
Contributions	-	-	-	-
Developer participation	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	**(5,108)**	**(2,387)**	**94**	**1,056**
Expenditures:				
Current:				
General government	-	-	-	-
Public safety - police	-	-	-	-
Public safety - fire protection	-	-	-	-
Community development	-	-	-	-
Community services	-	-	-	-
Engineering and public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	**-**	**-**	**-**	**-**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,108)	(2,387)	94	1,056
Other Financing Sources (Uses):				
Transfers in	-	632,000	-	-
Transfers out	-	-	-	-
Capital leases	-	-	-	-
Total Other Financing Sources (Uses)	**-**	**632,000**	**-**	**-**
Net Change in Fund Balances	(5,108)	629,613	94	1,056
Fund Balances, Beginning of Year	4,915	-	949,464	4,012
Fund Balances, End of Year	**$ (193)**	**$ 629,613**	**$ 949,558**	**$ 5,068**

CITY OF RANCHO CUCAMONGA

COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	Capital Projects Funds		
	CFD 2006-01 Vintner's Grove	CFD 2006-02 Amador on Route 66	Total Nonmajor Governmental Funds
Revenues:			
Taxes	$ -	$ -	$ 16,236,451
Licenses and permits	-	-	875
Intergovernmental	-	-	8,955,592
Charges for services	-	-	3,319,492
Use of money and property	81	(2)	717,549
Contributions	-	-	623,851
Developer participation	-	-	3,295,120
Miscellaneous	-	-	1,143,971
Total Revenues	**81**	**(2)**	**34,292,901**
Expenditures:			
Current:			
General government	-	-	4,051,202
Public safety - police	-	-	144,335
Public safety - fire protection	-	-	72,213
Community development	-	-	11,133,901
Community services	-	-	7,667,246
Engineering and public works	-	-	6,040,558
Capital outlay	-	-	7,310,944
Debt service:			
Principal retirement	-	-	1,531
Interest and fiscal charges	-	-	161
Total Expenditures	**-**	**-**	**36,422,091**
Excess (Deficiency) of Revenues Over (Under) Expenditures	81	(2)	(2,129,190)
Other Financing Sources (Uses):			
Transfers in	-	-	1,217,217
Transfers out	-	-	(1,143,078)
Capital leases	-	-	42,611
Total Other Financing Sources (Uses)	**-**	**-**	**116,750**
Net Change in Fund Balances	81	(2)	(2,012,440)
Fund Balances, Beginning of Year	608,494	7,821	97,155,006
Fund Balances, End of Year	**$ 608,575**	**$ 7,819**	**$ 95,142,566**

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
GAS TAX
YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 5,538,361	$ 5,538,361	$ 5,538,361	$ -
Resources (Inflows):				
Intergovernmental	4,640,840	4,480,850	4,018,903	(461,947)
Use of money and property	51,300	59,160	(14,184)	(73,344)
Miscellaneous	-	1,640	3,099	1,459
Amounts Available for Appropriation	**10,230,501**	**10,080,011**	**9,546,179**	**(533,832)**
Charges to Appropriation (Outflow):				
Engineering and public works	2,737,100	2,794,727	2,629,441	165,286
Capital outlay	2,108,200	1,978,090	1,311,638	666,452
Transfers out	-	84,610	-	84,610
Total Charges to Appropriation	**4,845,300**	**4,857,427**	**3,941,079**	**916,348**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ 5,385,201**	**$ 5,222,584**	**5,605,100**	**$ 382,516**
Encumbrances			583,823	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ 6,188,923**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
RECREATION
YEAR ENDED JUNE 30, 2013

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	$ 1,910,623	$ 1,910,623	$ 1,910,623	$ -
Resources (Inflows):				
Charges for services	3,002,520	2,946,000	2,875,780	(70,220)
Use of money and property	996,890	884,340	873,356	(10,984)
Contributions	345,110	357,720	358,894	1,174
Miscellaneous	128,740	131,550	149,769	18,219
Amounts Available for Appropriation	**6,383,883**	**6,230,233**	**6,168,422**	**(61,811)**
Charges to Appropriation (Outflow):				
Community services	4,694,980	4,581,649	4,026,962	554,687
Capital outlay	95,760	11,480	5,719	5,761
Total Charges to Appropriation	**4,790,740**	**4,593,129**	**4,032,681**	**560,448**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ 1,593,143**	**$ 1,637,104**	**2,135,741**	**$ 498,637**
Encumbrances			49,379	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ 2,185,120**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
PARK DEVELOPMENT
YEAR ENDED JUNE 30, 2013

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	$ 10,956,966	$ 10,956,966	$ 10,956,966	$ -
Resources (Inflows):				
Use of money and property	155,030	125,600	(25,327)	(150,927)
Contributions	-	-	40,000	40,000
Developer participation	89,000	89,000	984,625	895,625
Amounts Available for Appropriation	**11,200,996**	**11,171,566**	**11,956,264**	**784,698**
Charges to Appropriation (Outflow):				
Community development	201,750	191,810	181,756	10,054
Capital outlay	350,000	1,726,954	408,685	1,318,269
Transfers out	-	632,000	632,000	-
Total Charges to Appropriation	**551,750**	**2,550,764**	**1,222,441**	**1,328,323**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ 10,649,246**	**$ 8,620,802**	**10,733,823**	**$ 2,113,021**
Encumbrances			64,968	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ 10,798,791**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
BEAUTIFICATION
YEAR ENDED JUNE 30, 2013

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	$ 892,206	$ 892,206	$ 892,206	$ -
Resources (Inflows):				
Use of money and property	12,620	11,630	(2,273)	(13,903)
Developer participation	15,000	85,000	165,468	80,468
Amounts Available for Appropriation	**919,826**	**988,836**	**1,055,401**	**66,565**
Charges to Appropriation (Outflow):				
Engineering and public works	4,850	4,850	4,850	-
Capital outlay	75,850	275,850	63,626	212,224
Total Charges to Appropriation	**80,700**	**280,700**	**68,476**	**212,224**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ 839,126**	**$ 708,136**	**986,925**	**$ 278,789**
Encumbrances			45,977	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ 1,032,902**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
LIGHTING DISTRICTS
YEAR ENDED JUNE 30, 2013

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	$5,621,257	$ 5,621,257	$ 5,621,257	$ -
Resources (Inflows):				
Taxes	1,976,590	2,035,480	2,091,443	55,963
Use of money and property	76,400	60,120	(16,738)	(76,858)
Developer participation	2,900	2,900	1,957	(943)
Transfers in	-	84,610	-	(84,610)
Amounts Available for Appropriation	**7,677,147**	**7,804,367**	**7,697,919**	**(106,448)**
Charges to Appropriation (Outflow):				
General government	2,179,490	2,115,940	2,166,594	(50,654)
Capital outlay	-	110,064	55,770	54,294
Total Charges to Appropriation	**2,179,490**	**2,226,004**	**2,222,364**	**3,640**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$5,497,657**	**$ 5,578,363**	**5,475,555**	**$ (102,808)**
Encumbrances			-	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ 5,475,555**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
LANDSCAPE MAINTENANCE DISTRICTS
YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 12,810,324	$ 12,810,324	$ 12,810,324	$ -
Resources (Inflows):				
Taxes	9,539,720	9,760,470	10,006,032	245,562
Use of money and property	151,440	148,800	2,059	(146,741)
Miscellaneous	200	200	-	(200)
Amounts Available for Appropriation	**22,501,684**	**22,719,794**	**22,818,415**	**98,621**
Charges to Appropriation (Outflow):				
Community development	10,998,900	11,435,852	10,629,369	806,483
Capital outlay	733,000	693,000	330,614	362,386
Total Charges to Appropriation	**11,731,900**	**12,128,852**	**10,959,983**	**1,168,869**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ 10,769,784**	**$ 10,590,942**	**11,858,432**	**$ 1,267,490**
Encumbrances			304,726	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ 12,163,158**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
TRANSPORTATION
YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 17,771,251	$17,771,251	$ 17,771,251	$ -
Resources (Inflows):				
Use of money and property	223,510	195,330	(37,985)	(233,315)
Developer participation	371,000	656,500	1,154,496	497,996
Amounts Available for Appropriation	**18,365,761**	**18,623,081**	**18,887,762**	**264,681**
Charges to Appropriation (Outflow):				
Engineering and public works	982,590	977,460	905,751	71,709
Capital outlay	2,065,000	4,902,366	3,380,096	1,522,270
Total Charges to Appropriation	**3,047,590**	**5,879,826**	**4,285,847**	**1,593,979**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ 15,318,171**	**$12,743,255**	**14,601,915**	**$ 1,858,660**
Encumbrances			2,812,496	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ 17,414,411**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
PEDESTRIAN GRANT
YEAR ENDED JUNE 30, 2013

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	$ -	$ -	$ -	$ -
Resources (Inflows):				
Intergovernmental	215,870	215,880	-	(215,880)
Amounts Available for Appropriation	**215,870**	**215,880**	**-**	**(215,880)**
Charges to Appropriation (Outflow):				
Community development	80	80	80	-
Capital outlay	215,880	90,880	-	90,880
Total Charges to Appropriations	**215,960**	**90,960**	**80**	**90,880**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ (90)**	**$ 124,920**	**(80)**	**$ (125,000)**
Encumbrances			-	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ (80)**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
COMMUNITY DEVELOPMENT BLOCK GRANT
YEAR ENDED JUNE 30, 2013

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	$ 636,173	$ 636,173	$ 636,173	$ -
Resources (Inflows):				
Intergovernmental	1,034,580	1,034,580	996,802	(37,778)
Use of money and property	-	-	(535)	(535)
Miscellaneous	-	-	25,859	25,859
Amounts Available for Appropriation	**1,670,753**	**1,670,753**	**1,658,299**	**(12,454)**
Charges to Appropriation (Outflow):				
Community development	440,130	435,490	407,893	27,597
Capital outlay	594,450	595,386	468,104	127,282
Total Charges to Appropriation	**1,034,580**	**1,030,876**	**875,997**	**154,879**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ 636,173**	**$ 639,877**	**782,302**	**$ 142,425**
Encumbrances			72,830	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ 855,132**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
ASSESSMENT ADMINISTRATION
YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 1,104,430	$ 1,104,430	$ 1,104,430	$ -
Resources (Inflows):				
Use of money and property	13,960	11,380	(2,183)	(13,563)
Miscellaneous	915,110	1,052,450	907,616	(144,834)
Amounts Available for Appropriation	**2,033,500**	**2,168,260**	**2,009,863**	**(158,397)**
Charges to Appropriation (Outflow):				
General government	1,109,880	1,221,640	1,089,225	132,415
Total Charges to Appropriation	**1,109,880**	**1,221,640**	**1,089,225**	**132,415**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ 923,620**	**$ 946,620**	**920,638**	**$ (25,982)**
Encumbrances			2,249	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ 922,887**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
SAN SEVAINE / ETIWANDA DRAINAGE
YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 1,177,626	$ 1,177,626	$ 1,177,626	$ -
Resources (Inflows):				
Use of money and property	14,590	14,280	(2,612)	(16,892)
Developer participation	26,000	175,000	276,818	101,818
Amounts Available for Appropriation	**1,218,216**	**1,366,906**	**1,451,832**	**84,926**
Charges to Appropriation (Outflow):				
Engineering and public works	160	160	160	-
Capital outlay	-	604,480	495,000	109,480
Total Charges to Appropriation	**160**	**604,640**	**495,160**	**109,480**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ 1,218,056**	**$ 762,266**	**956,672**	**$ 194,406**
Encumbrances			495,000	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ 1,451,672**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
AIR QUALITY IMPROVEMENT
YEAR ENDED JUNE 30, 2013

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	$ 645,611	$ 645,611	$ 645,611	$ -
Resources (Inflows):				
Intergovernmental	203,320	203,320	301,583	98,263
Use of money and property	8,850	7,260	(284)	(7,544)
Amounts Available for Appropriation	**857,781**	**856,191**	**946,910**	**90,719**
Charges to Appropriation (Outflow):				
General government	37,090	35,000	31,107	3,893
Capital outlay	277,000	1,108,618	589,835	518,783
Total Charges to Appropriation	**314,090**	**1,143,618**	**620,942**	**522,676**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ 543,691**	**$ (287,427)**	**325,968**	**$ 613,395**
Encumbrances			70,440	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ 396,408**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
SOUTH ETIWANDA DRAINAGE
YEAR ENDED JUNE 30, 2013

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	$ 302,207	$ 302,207	$ 302,207	$ -
Resources (Inflows):				
Use of money and property	4,490	3,360	(620)	(3,980)
Amounts Available for Appropriation	**306,697**	**305,567**	**301,587**	**(3,980)**
Charges to Appropriation (Outflow):				
Engineering and public works	30	30	30	-
Total Charges to Appropriation	**30**	**30**	**30**	**-**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ 306,667**	**$ 305,537**	**301,557**	**$ (3,980)**
Encumbrances			-	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ 301,557**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
LOWER ETIWANDA DRAINAGE
YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 480,454	$ 480,454	$ 480,454	$ -
Resources (Inflows):				
Use of money and property	6,700	5,280	(1,039)	(6,319)
Amounts Available for Appropriation	**487,154**	**485,734**	**479,415**	**(6,319)**
Charges to Appropriation (Outflow):				
Engineering and public works	90	90	90	-
Capital outlay	-	69,460	8,525	60,935
Total Charges to Appropriation	**90**	**69,550**	**8,615**	**60,935**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ 487,064**	**$ 416,184**	**470,800**	**$ 54,616**
Encumbrances			-	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ 470,800**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
MASI COMMERCE CENTER
YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 300,813	$ 300,813	$ 300,813	$ -
Resources (Inflows):				
Use of money and property	130	100	(10)	(110)
Amounts Available for Appropriation	**300,943**	**300,913**	**300,803**	**(110)**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ 300,943**	**$ 300,913**	**300,803**	**$ (110)**
Encumbrances			-	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ 300,803**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
MEASURE I
YEAR ENDED JUNE 30, 2013

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	$5,213,465	$ 5,213,465	$ 5,213,465	$ -
Resources (Inflows):				
Intergovernmental	2,211,910	2,286,440	2,706,932	420,492
Use of money and property	55,630	59,800	(9,987)	(69,787)
Miscellaneous	-	36,650	36,659	9
Amounts Available for Appropriation	**7,481,005**	**7,596,355**	**7,947,069**	**350,714**
Charges to Appropriation (Outflow):				
Engineering and public works	1,415,900	1,497,412	1,337,154	160,258
Capital outlay	1,958,000	1,934,153	1,620,597	313,556
Total Charges to Appropriation	**3,373,900**	**3,431,565**	**2,957,751**	**473,814**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$4,107,105**	**$ 4,164,790**	**4,989,318**	**$ 824,528**
Encumbrances			666,243	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ 5,655,561**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
LIBRARY SERVICES
YEAR ENDED JUNE 30, 2013

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	$6,643,420	$ 6,643,420	$ 6,643,420	$ -
Resources (Inflows):				
Taxes	3,242,540	3,280,240	2,736,286	(543,954)
Intergovernmental	-	-	1,040	1,040
Charges for services	388,500	367,800	397,451	29,651
Use of money and property	67,290	61,620	(15,026)	(76,646)
Contributions	140,000	140,000	115,000	(25,000)
Capital leases	-	-	42,611	42,611
Amounts Available for Appropriation	**10,481,750**	**10,493,080**	**9,920,782**	**(572,298)**
Charges to Appropriation (Outflow):				
Community services	3,919,220	3,936,273	3,586,158	350,115
Capital outlay	5,760	22,110	42,611	(20,501)
Debt service:				
Principal retirement	-	3,009	3,001	8
Interest and fiscal charges	-	161	161	-
Transfers out	-	511,110	511,078	32
Total Charges to Appropriation	**3,924,980**	**4,472,663**	**4,143,009**	**329,654**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$6,556,770**	**$ 6,020,417**	**5,777,773**	**$ (242,644)**
Encumbrances			73,675	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ 5,851,448**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
CALIFORNIA LITERACY PROGRAM
YEAR ENDED JUNE 30, 2013

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	$ (8,202)	$ (8,202)	$ (8,202)	$ -
Resources (Inflows):				
Use of money and property	-	-	24	24
Transfers in	-	-	8,178	8,178
Amounts Available for Appropriation	**(8,202)**	**(8,202)**	**-**	**8,202**
Charges to Appropriation (Outflow):				
Community services	-	22	-	22
Total Charges to Appropriation	**-**	**22**	**-**	**22**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ (8,202)**	**$ (8,224)**	**-**	**$ 8,224**
Encumbrances			-	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ -**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
PROPOSITION 84 - PARK BOND ACT
YEAR ENDED JUNE 30, 2013

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	$ (4,400)	$ (4,400)	$ (4,400)	$ -
Resources (Inflows):				
Use of money and property	-	-	23	23
Amounts Available for Appropriation	**(4,400)**	**(4,400)**	**(4,377)**	**23**
Charges to Appropriation (Outflow):				
Capital outlay	283,500	-	-	-
Total Charges to Appropriation	**283,500**	**-**	**-**	**-**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ (287,900)**	**$ (4,400)**	**(4,377)**	**$ 23**
Encumbrances			-	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ (4,377)**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
ASSET FORFEITURE
YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 562,920	$ 562,920	$ 562,920	$ -
Resources (Inflows):				
Intergovernmental	-	-	4,227	4,227
Use of money and property	1,550	1,570	(5,276)	(6,846)
Amounts Available for Appropriation	**564,470**	**564,490**	**561,871**	**(2,619)**
Charges to Appropriation (Outflow):				
Public safety - Police	30,070	80,070	65,395	14,675
Capital outlay	146,140	37,767	37,767	-
Total Charges to Appropriation	**176,210**	**117,837**	**103,162**	**14,675**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ 388,260**	**$ 446,653**	**458,709**	**$ 12,056**
Encumbrances			73,092	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ 531,801**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
COPS PROGRAM GRANT
YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 192,957	$ 192,957	$ 192,957	$ -
Resources (Inflows):				
Intergovernmental	200,000	200,000	201,328	1,328
Use of money and property	-	-	(2,609)	(2,609)
Amounts Available for Appropriation	**392,957**	**392,957**	**391,676**	**(1,281)**
Charges to Appropriation (Outflow):				
Public safety - Police	401,200	201,200	1,200	200,000
Total Charges to Appropriation	**401,200**	**201,200**	**1,200**	**200,000**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ (8,243)**	**$ 191,757**	**390,476**	**$ 198,719**
Encumbrances			-	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ 390,476**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
DRAINAGE FACILITIES
YEAR ENDED JUNE 30, 2013

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	$ 4,558,394	$ 4,558,394	$ 4,558,394	$ -
Resources (Inflows):				
Use of money and property	66,160	41,540	(18,095)	(59,635)
Developer participation	260,000	360,000	711,756	351,756
Amounts Available for Appropriation	**4,884,554**	**4,959,934**	**5,252,055**	**292,121**
Charges to Appropriation (Outflow):				
Engineering and public works	199,290	176,770	174,046	2,724
Capital outlay	260,000	3,171,595	1,610,429	1,561,166
Total Charges to Appropriation	**459,290**	**3,348,365**	**1,784,475**	**1,563,890**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ 4,425,264**	**$ 1,611,569**	**3,467,580**	**$ 1,856,011**
Encumbrances			151,074	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ 3,618,654**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
CA STATE LIBRARY
YEAR ENDED JUNE 30, 2013

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	$ 19,596	$ 19,596	$ 19,596	$ -
Resources (Inflows):				
Intergovernmental	-	31,810	18,016	(13,794)
Use of money and property	-	-	(275)	(275)
Amounts Available for Appropriation	**19,596**	**51,406**	**37,337**	**(14,069)**
Charges to Appropriation (Outflow):				
Community services	6,610	45,850	27,720	18,130
Total Charges to Appropriation	**6,610**	**45,850**	**27,720**	**18,130**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ 12,986**	**$ 5,556**	**9,617**	**$ 4,061**
Encumbrances			-	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ 9,617**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
LIBRARY SERVICES & TECHNOLOGIES ACT
YEAR ENDED JUNE 30, 2013

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	$ 46,516	$ 46,516	$ 46,516	$ -
Resources (Inflows):				
Intergovernmental	-	-	2,500	2,500
Use of money and property	-	-	(503)	(503)
Amounts Available for Appropriation	**46,516**	**46,516**	**48,513**	**1,997**
Charges to Appropriation (Outflow):				
Community services	3,000	12,000	11,673	327
Total Charges to Appropriation	**3,000**	**12,000**	**11,673**	**327**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ 43,516**	**$ 34,516**	**36,840**	**$ 2,324**
Encumbrances			-	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ 36,840**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
LITTER REDUCTION GRANT
YEAR ENDED JUNE 30, 2013

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	$ 453	$ 453	$ 453	$ -
Resources (Inflows):				
Intergovernmental	44,020	44,590	23,857	(20,733)
Use of money and property	-	-	(769)	(769)
Amounts Available for Appropriation	**44,473**	**45,043**	**23,541**	**(21,502)**
Charges to Appropriation (Outflow):				
Engineering and public works	44,020	45,470	23,857	21,613
Total Charges to Appropriation	**44,020**	**45,470**	**23,857**	**21,613**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ 453**	**$ (427)**	**(316)**	**$ 111**
Encumbrances			-	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ (316)**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
ENERGY EFFICIENT & CONSERVATION BLOCK GRANT
YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 6,393	$ 6,393	$ 6,393	$ -
Resources (Inflows):				
Intergovernmental	18,480	18,480	11,514	(6,966)
Use of money and property	-	-	(324)	(324)
Miscellaneous	-	-	10,529	10,529
Amounts Available for Appropriation	**24,873**	**24,873**	**28,112**	**3,239**
Charges to Appropriation (Outflow):				
Community development	4,360	9,000	8,991	9
Capital outlay	4,370	4,370	-	4,370
Total Charges to Appropriation	**8,730**	**13,370**	**8,991**	**4,379**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ 16,143**	**$ 11,503**	**19,121**	**$ 7,618**
Encumbrances			-	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ 19,121**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
LIBRARY CAPITAL FUND
YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ -	$ -	$ -	$ -
Resources (Inflows):				
Use of money and property	-	-	(2,890)	(2,890)
Transfers in	-	502,900	502,900	-
Amounts Available for Appropriation	**-**	**502,900**	**500,010**	**(2,890)**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ -**	**$ 502,900**	**500,010**	**$ (2,890)**
Encumbrances			-	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ 500,010**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
SENIOR OUTREACH GRANT
YEAR ENDED JUNE 30, 2013

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	$ (3,240)	$ (3,240)	$ (3,240)	$ -
Resources (Inflows):				
Intergovernmental	-	6,920	8,167	1,247
Amounts Available for Appropriation	**(3,240)**	**3,680**	**4,927**	**1,247**
Charges to Appropriation (Outflow):				
Parks and recreation	-	6,920	6,920	-
Total Charges to Appropriation	**-**	**6,920**	**6,920**	**-**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ (3,240)**	**$ (3,240)**	**(1,993)**	**$ 1,247**
Encumbrances			-	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ (1,993)**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
UNDERGROUND UTILITIES
YEAR ENDED JUNE 30, 2013

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	$ 10,690,218	$ 10,690,218	$ 10,690,218	$ -
Resources (Inflows):				
Charges for services	100,000	50,000	46,261	(3,739)
Use of money and property	16,930	57,940	13,783	(44,157)
Amounts Available for Appropriation	**10,807,148**	**10,798,158**	**10,750,262**	**(47,896)**
Charges to Appropriation (Outflow):				
Engineering and public works	11,810	11,810	11,810	-
Capital outlay	1,373,930	100,000	62,457	37,543
Total Charges to Appropriation	**1,385,740**	**111,810**	**74,267**	**37,543**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ 9,421,408**	**$ 10,686,348**	**10,675,995**	**$ (10,353)**
Encumbrances			-	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ 10,675,995**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
SAFE ROUTES TO SCHOOL PROGRAM
YEAR ENDED JUNE 30, 2013

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	$ (39,558)	$ (39,558)	$ (39,558)	$ -
Resources (Inflows):				
Intergovernmental	316,790	770,390	63,156	(707,234)
Use of money and property	-	-	213	213
Amounts Available for Appropriation	**277,232**	**730,832**	**23,811**	**(707,021)**
Charges to Appropriation (Outflow):				
Engineering and public works	161,990	148,520	55,051	93,469
Capital outlay	316,790	445,790	403,157	42,633
Total Charges to Appropriation	**478,780**	**594,310**	**458,208**	**136,102**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ (201,548)**	**$ 136,522**	**(434,397)**	**$ (570,919)**
Encumbrances			403,157	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ (31,240)**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
COPS HIRING PROGRAM GRANT
YEAR ENDED JUNE 30, 2013

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	$ -	$ -	$ -	$ -
Resources (Inflows):				
Intergovernmental	-	45,000	30,000	(15,000)
Transfers in	-	57,460	43,979	(13,481)
Amounts Available for Appropriation	**-**	**102,460**	**73,979**	**(28,481)**
Charges to Appropriation (Outflow):				
Public safety	-	102,460	73,979	28,481
Total Charges to Appropriation	**-**	**102,460**	**73,979**	**28,481**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ -**	**$ -**	**-**	**$ -**
Encumbrances			-	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ -**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
FOOTHILL BLVD. MAINTNENANCE
YEAR ENDED JUNE 30, 2013

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	$ 52,714	$ 52,714	$ 52,714	$ -
Resources (Inflows):				
Use of money and property	-	-	(441)	(441)
Amounts Available for Appropriation	**52,714**	**52,714**	**52,273**	**(441)**
Charges to Appropriation (Outflow):				
Engineering and public works	33,220	33,220	33,258	(38)
Total Charges to Appropriation	**33,220**	**33,220**	**33,258**	**(38)**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ 19,494**	**$ 19,494**	**19,015**	**$ (479)**
Encumbrances			-	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ 19,015**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
COPS SECURE OUR SCHOOL GRANT
YEAR ENDED JUNE 30, 2013

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	$ 680	$ 680	$ 680	$ -
Resources (Inflows):				
Intergovernmental	1,560	20,280	13,670	(6,610)
Use of money and property	-	-	(708)	(708)
Transfers in	16,440	30,160	30,160	-
Amounts Available for Appropriation	**18,680**	**51,120**	**43,802**	**(7,318)**
Charges to Appropriation (Outflow):				
Public safety - Police	18,000	47,613	37,902	9,711
Capital outlay	-	12,276	6,136	6,140
Total Charges to Appropriation	**18,000**	**59,889**	**44,038**	**15,851**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ 680**	**$ (8,769)**	**(236)**	**$ 8,533**
Encumbrances			208	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ (28)**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
CA STATE LIBRARY STAFF INNOVATION FUND GRANT
YEAR ENDED JUNE 30, 2013

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	$ 17,028	$ 17,028	$ 17,028	$ -
Resources (Inflows):				
Intergovernmental	-	167,090	34,088	(133,002)
Use of money and property	-	-	(180)	(180)
Amounts Available for Appropriation	**17,028**	**184,118**	**50,936**	**(133,182)**
Charges to Appropriation (Outflow):				
Parks and recreation	16,350	127,780	114,267	13,513
Total Charges to Appropriation	**16,350**	**127,780**	**114,267**	**13,513**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ 678**	**$ 56,338**	**(63,331)**	**$ (119,669)**
Encumbrances			-	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ (63,331)**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
THE BIG READ LIBRARY GRANT
YEAR ENDED JUNE 30, 2013

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	$ 10,078	$ 10,078	$ 10,078	$ -
Resources (Inflows):				
Intergovernmental	15,000	15,000	9,412	(5,588)
Use of money and property	-	-	(203)	(203)
Amounts Available for Appropriation	**25,078**	**25,078**	**19,287**	**(5,791)**
Charges to Appropriation (Outflow):				
Parks and recreation	15,000	12,000	9,411	2,589
Total Charges to Appropriation	**15,000**	**12,000**	**9,411**	**2,589**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ 10,078**	**$ 13,078**	**9,876**	**$ (3,202)**
Encumbrances			-	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ 9,876**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
DEPARTMENT OF HOMELAND SECURITY GRANT
YEAR ENDED JUNE 30, 2013

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	$ (11,128)	$ (11,128)	$ (11,128)	$ -
Resources (Inflows):				
Intergovernmental	37,940	99,350	83,294	(16,056)
Use of money and property	-	-	18	18
Amounts Available for Appropriation	**26,812**	**88,222**	**72,184**	**(16,038)**
Charges to Appropriation (Outflow):				
Public safety - fire protection	37,940	104,350	72,213	32,137
Total Charges to Appropriation	**37,940**	**104,350**	**72,213**	**32,137**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ (11,128)**	**$ (16,128)**	**(29)**	**$ 16,099**
Encumbrances			-	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ (29)**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
PUBLIC RESOURCE GRANTS
YEAR ENDED JUNE 30, 2013

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	$ 83,474	$ 83,474	$ 83,474	$ -
Resources (Inflows):				
Intergovernmental	-	-	101,742	101,742
Use of money and property	-	-	(883)	(883)
Contributions	90,000	210,620	109,957	(100,663)
Miscellaneous	-	-	10,440	10,440
Amounts Available for Appropriation	**173,474**	**294,094**	**304,730**	**10,636**
Charges to Appropriation (Outflow):				
General government	157,890	288,810	241,082	47,728
Total Charges to Appropriation	**157,890**	**288,810**	**241,082**	**47,728**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ 15,584**	**$ 5,284**	**63,648**	**$ 58,364**
Encumbrances			16,804	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ 80,452**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
PROPOSITION 1B
YEAR ENDED JUNE 30, 2013

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	$ 232,885	$ 232,885	$ 232,885	$ -
Resources (Inflows):				
Use of money and property	2,340	2,590	(481)	(3,071)
Amounts Available for Appropriation	**235,225**	**235,475**	**232,404**	**(3,071)**
Charges to Appropriation (Outflow):				
Community development	430	62,930	430	62,500
Capital outlay	125,300	-	-	-
Total Charges to Appropriation	**125,730**	**62,930**	**430**	**62,500**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ 109,495**	**$ 172,545**	**231,974**	**$ 59,429**
Encumbrances			-	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ 231,974**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
INTEGRATED WASTE MANAGEMENT
YEAR ENDED JUNE 30, 2013

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	$ 2,727,872	$ 2,727,872	$ 2,727,872	$ -
Resources (Inflows):				
Taxes	1,048,320	1,106,290	1,108,184	1,894
Licenses and permits	-	-	875	875
Use of money and property	43,860	24,320	(7,060)	(31,380)
Amounts Available for Appropriation	**3,820,052**	**3,858,482**	**3,829,871**	**(28,611)**
Charges to Appropriation (Outflow):				
Engineering and public works	911,010	925,010	809,585	115,425
Capital outlay	45,520	2,305,401	1,084,335	1,221,066
Total Charges to Appropriation	**956,530**	**3,230,411**	**1,893,920**	**1,336,491**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ 2,863,522**	**$ 628,071**	**1,935,951**	**$ 1,307,880**
Encumbrances			7,852	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ 1,943,803**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
PROPOSITION 42 - TRAFFIC CONGESTION MITIGATION
YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 1,409,072	$ 1,409,072	$ 1,409,072	$ -
Resources (Inflows):				
Use of money and property	24,670	14,490	(4,699)	(19,189)
Amounts Available for Appropriation	**1,433,742**	**1,423,562**	**1,404,373**	**(19,189)**
Charges to Appropriation (Outflow):				
Engineering and public works	370	210,370	210,367	3
Capital outlay	697,000	1,572,872	838,938	733,934
Total Charges to Appropriation	**697,370**	**1,783,242**	**1,049,305**	**733,937**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ 736,372**	**$ (359,680)**	**355,068**	**$ 714,748**
Encumbrances			505,309	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ 860,377**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
FREEDOM COURTYARD RESOURCE GRANT
YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ -	$ -	$ -	$ -
Resources (Inflows):				
Use of money and property	-	-	581	581
Amounts Available for Appropriation	**-**	**-**	**581**	**581**
Charges to Appropriation (Outflow):				
Capital outlay	-	276,544	149,384	127,160
Total Charges to Appropriation	**-**	**276,544**	**149,384**	**127,160**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ -**	**$ (276,544)**	**(148,803)**	**$ 127,741**
Encumbrances			-	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ (148,803)**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
JUSTICE ASSISTANCE GRANT
YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 9,041	$ 9,041	$ 9,041	$ -
Resources (Inflows):				
Intergovernmental	40,000	214,800	186,648	(28,152)
Use of money and property	1,870	1,910	(934)	(2,844)
Amounts Available for Appropriation	**50,911**	**225,751**	**194,755**	**(30,996)**
Charges to Appropriation (Outflow):				
Public safety	280	16,160	16,156	4
Capital outlay	-	213,620	213,616	4
Total Charges to Appropriation	**280**	**229,780**	**229,772**	**8**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ 50,631**	**$ (4,029)**	**(35,017)**	**$ (30,988)**
Encumbrances			43,124	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ 8,107**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
HOMELAND SECURITY GRANT 2005
YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ (73,036)	$ (73,036)	$ (73,036)	$ -
Resources (Inflows):				
Intergovernmental	-	124,360	90,680	(33,680)
Use of money and property	-	-	(34)	(34)
Amounts Available for Appropriation	**(73,036)**	**51,324**	**17,610**	**(33,714)**
Charges to Appropriation (Outflow):				
Capital outlay	-	128,907	75,838	53,069
Total Charges to Appropriation	**-**	**128,907**	**75,838**	**53,069**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ (73,036)**	**$ (77,583)**	**(58,228)**	**$ 19,355**
Encumbrances			-	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ (58,228)**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
USED OIL RECYCLING PROGRAM
YEAR ENDED JUNE 30, 2013

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	$ 381	$ 381	$ 381	$ -
Resources (Inflows):				
Intergovernmental	49,260	39,260	48,033	8,773
Use of money and property	-	-	(225)	(225)
Amounts Available for Appropriation	**49,641**	**39,641**	**48,189**	**8,548**
Charges to Appropriation (Outflow):				
Community development	49,260	59,260	52,478	6,782
Total Charges to Appropriations	**49,260**	**59,260**	**52,478**	**6,782**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ 381**	**$ (19,619)**	**(4,289)**	**$ 15,330**
Encumbrances			-	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ (4,289)**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
ASSESSMENT DISTRICT 82-1
YEAR ENDED JUNE 30, 2013

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	$ 12,647	$ 12,647	$ 12,647	$ -
Resources (Inflows):				
Use of money and property	170	140	(7)	(147)
Amounts Available for Appropriation	**12,817**	**12,787**	**12,640**	**(147)**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ 12,817**	**$ 12,787**	**12,640**	**$ (147)**
Encumbrances			-	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ 12,640**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
ASSESSMENT DISTRICT 84-1
YEAR ENDED JUNE 30, 2013

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	$ 1,081,490	$ 1,081,490	$ 1,081,490	$ -
Resources (Inflows):				
Use of money and property	14,430	12,030	(2,287)	(14,317)
Amounts Available for Appropriation	**1,095,920**	**1,093,520**	**1,079,203**	**(14,317)**
Charges to Appropriation (Outflow):				
General government	150	150	150	-
Total Charges to Appropriation	**150**	**150**	**150**	**-**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ 1,095,770**	**$ 1,093,370**	**1,079,053**	**$ (14,317)**
Encumbrances			-	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ 1,079,053**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
CFD 2000-01 SOUTH ETIWANDA
YEAR ENDED JUNE 30, 2013

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	$ 63	$ 63	$ 63	$ -
Resources (Inflows):				
Use of money and property	10	10	13	3
Amounts Available for Appropriation	**73**	**73**	**76**	**3**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ 73**	**$ 73**	**76**	**$ 3**
Encumbrances			-	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ 76**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
CFD 2000-02 RANCHO CUCAMONGA CORPORATE PARK
YEAR ENDED JUNE 30, 2013

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	$ 399,964	$ 399,964	$ 399,964	$ -
Resources (Inflows):				
Use of money and property	60	60	4	(56)
Amounts Available for Appropriation	**400,024**	**400,024**	**399,968**	**(56)**
Charges to Appropriation (Outflow):				
General government	-	-	399,968	(399,968)
Total Charges to Appropriation	**-**	**-**	**399,968**	**(399,968)**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ 400,024**	**$ 400,024**	**-**	**$ (400,024)**
Encumbrances			-	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ -**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
CFD 2000-03 RANCHO SUMMIT
YEAR ENDED JUNE 30, 2013

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	$ 163,076	$ 163,076	$ 163,076	$ -
Resources (Inflows):				
Use of money and property	1,200	1,200	(222)	(1,422)
Amounts Available for Appropriation	**164,276**	**164,276**	**162,854**	**(1,422)**
Charges to Appropriation (Outflow):				
General government	-	-	143,879	(143,879)
Transfers out	-	143,879	-	143,879
Total Charges to Appropriation	**-**	**143,879**	**143,879**	**-**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ 164,276**	**$ 20,397**	**18,975**	**$ (1,422)**
Encumbrances			-	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ 18,975**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
CFD 2001-01
YEAR ENDED JUNE 30, 2013

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	$ 476,977	$ 476,977	$ 476,977	$ -
Resources (Inflows):				
Use of money and property	6,370	5,310	(1,009)	(6,319)
Amounts Available for Appropriation	**483,347**	**482,287**	**475,968**	**(6,319)**
Charges to Appropriation (Outflow):				
Community development	70	70	70	-
Total Charges to Appropriation	**70**	**70**	**70**	**-**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ 483,277**	**$ 482,217**	**475,898**	**$ (6,319)**
Encumbrances			-	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ 475,898**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
CFD 2003-01 PROJECT FUND
YEAR ENDED JUNE 30, 2013

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	$ 148,886	$ 148,886	$ 148,886	$ -
Resources (Inflows):				
Use of money and property	100	100	25,971	25,871
Amounts Available for Appropriation	**148,986**	**148,986**	**174,857**	**25,871**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ 148,986**	**$ 148,986**	**174,857**	**$ 25,871**
Encumbrances			-	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ 174,857**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE
ETIWANDA EQUESTRIAN FACILITY
YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ -	$ -	$ -	$ -
Resources (Inflows):				
Use of money and property	-	-	(2,387)	(2,387)
Transfers in	-	632,000	632,000	-
Amounts Available for Appropriation	**-**	**632,000**	**629,613**	**(2,387)**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ -**	**$ 632,000**	**629,613**	**$ (2,387)**
Encumbrances			-	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ 629,613**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
CFD 2004-01 RANCHO ETIWANDA
YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 949,464	$ 949,464	$ 949,464	$ -
Resources (Inflows):				
Use of money and property	190	170	94	(76)
Amounts Available for Appropriation	**949,654**	**949,634**	**949,558**	**(76)**
Charges to Appropriation (Outflow):				
Capital outlay	500,000	500,000	-	500,000
Total Charges to Appropriation	**500,000**	**500,000**	**-**	**500,000**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ 449,654**	**$ 449,634**	**949,558**	**$ 499,924**
Encumbrances			-	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ 949,558**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
CFD 2003-01 CULTURAL CENTER
YEAR ENDED JUNE 30, 2013

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	$ 4,012	$ 4,012	$ 4,012	$ -
Resources (Inflows):				
Use of money and property	130	130	1,056	926
Amounts Available for Appropriation	**4,142**	**4,142**	**5,068**	**926**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ 4,142**	**$ 4,142**	**5,068**	**$ 926**
Encumbrances			-	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ 5,068**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
CFD 2006-01 VINTNER'S GROVE
YEAR ENDED JUNE 30, 2013

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	$ 608,494	$ 608,494	$ 608,494	$ -
Resources (Inflows):				
Use of money and property	320	310	81	(229)
Amounts Available for Appropriation	**608,814**	**608,804**	**608,575**	**(229)**
Charges to Appropriation (Outflow):				
Capital outlay	100,000	100,000	-	100,000
Total Charges to Appropriation	**100,000**	**100,000**	**-**	**100,000**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ 508,814**	**$ 508,804**	**608,575**	**$ 99,771**
Encumbrances			-	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ 608,575**	

CITY OF RANCHO CUCAMONGA

BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
CFD 2006-02 AMADOR ON ROUTE 66
YEAR ENDED JUNE 30, 2013

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	$ 7,821	$ 7,821	$ 7,821	$ -
Resources (Inflows):				
Use of money and property	200	180	(2)	(182)
Amounts Available for Appropriation	**8,021**	**8,001**	**7,819**	**(182)**
Budgetary Fund Balance, June 30 (Budgetary Basis)	**$ 8,021**	**$ 8,001**	**7,819**	**$ (182)**
Encumbrances			-	
Budgetary Fund Balance, June 30 (GAAP Basis)			**$ 7,819**	

CITY OF RANCHO CUCAMONGA
Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Equipment and Vehicle Replacement – Established to account for the accumulation of user charges to various City departments and the costs associated with replacing the City's vehicles.

Computer Equipment/Technology Replacement – Established to account for the accumulation of resources and the costs associated with replacing the City's data processing equipment and maintaining current technology.

CITY OF RANCHO CUCAMONGA

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2013

	Equipment and Vehicle Replacement	Computer Equipment/ Technology Replacement	Total
Assets:			
Current:			
Cash and investments	$ 9,064,167	$ 4,661,204	$ 13,725,371
Receivables:			
Accrued interest	4,327	1,594	5,921
Total Current Assets	**9,068,494**	**4,662,798**	**13,731,292**
Noncurrent:			
Capital assets - net of accumulated depreciation	1,951,974	2,708,782	4,660,756
Total Noncurrent Assets	**1,951,974**	**2,708,782**	**4,660,756**
Total Assets	**$ 11,020,468**	**$ 7,371,580**	**$ 18,392,048**
Liabilities and Net Position:			
Liabilities:			
Current:			
Accounts payable	$ 236,134	$ 121,992	$ 358,126
Capital leases	69,051	449,891	518,942
Total Current Liabilities	**305,185**	**571,883**	**877,068**
Noncurrent:			
Capital leases	239,677	1,755,044	1,994,721
Total Noncurrent Liabilities	**239,677**	**1,755,044**	**1,994,721**
Total Liabilities	**544,862**	**2,326,927**	**2,871,789**
Net Position:			
Net investment in capital assets	1,643,246	503,847	2,147,093
Unrestricted	8,832,360	4,540,806	13,373,166
Total Net Position	**10,475,606**	**5,044,653**	**15,520,259**
Total Liabilities and Net Position	**$ 11,020,468**	**$ 7,371,580**	**$ 18,392,048**

CITY OF RANCHO CUCAMONGA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2013

	Equipment and Vehicle Replacement	Computer Equipment/ Technology Replacement	Total
Operating Revenues:			
Sales and service charges	$ 38,440	$ 98,330	$ 136,770
Total Operating Revenues	**38,440**	**98,330**	**136,770**
Operating Expenses:			
Maintenance and operations	232,987	572,149	805,136
Depreciation expense	1,134,192	509,051	1,643,243
Total Operating Expenses	**1,367,179**	**1,081,200**	**2,448,379**
Operating Income (Loss)	(1,328,739)	(982,870)	(2,311,609)
Nonoperating Revenues (Expenses):			
Interest revenue	(13,203)	(3,962)	(17,165)
Interest expense	(1,213)	(151)	(1,364)
Total Nonoperating Revenues (Expenses)	**(14,416)**	**(4,113)**	**(18,529)**
Income (Loss) Before Transfers	(1,343,155)	(986,983)	(2,330,138)
Transfers in	1,400,000	2,128,700	3,528,700
Changes in Net Position	56,845	1,141,717	1,198,562
Net Position:			
Beginning of Year	10,418,761	3,902,936	14,321,697
End of Fiscal Year	**$ 10,475,606**	**$ 5,044,653**	**$ 15,520,259**

CITY OF RANCHO CUCAMONGA

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2013

	Equipment and Vehicle Replacement	Computer Equipment/ Technology Replacement	Total
Cash Flows from Operating Activities:			
Cash received from customers and users	$ 38,440	$ 98,330	$ 136,770
Cash paid to suppliers for goods and services	(36,542)	(529,219)	(565,761)
Net Cash Provided (Used) by Operating Activities	**1,898**	**(430,889)**	**(428,991)**
Cash Flows from Non-Capital Financing Activities:			
Cash transfers in	1,400,000	2,128,700	3,528,700
Net Cash Provided (Used) by Non-Capital Financing Activities	**1,400,000**	**2,128,700**	**3,528,700**
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(270,441)	(101,214)	(371,655)
Principal paid on capital debt	(11,508)	(65,318)	(76,826)
Interest paid on capital debt	(1,213)	(151)	(1,364)
Net Cash Provided (Used) by Capital and Related Financing Activities	**(283,162)**	**(166,683)**	**(449,845)**
Cash Flows from Investing Activities:			
Interest received	(11,698)	(3,987)	(15,685)
Net Cash Provided (Used) by Investing Activities	**(11,698)**	**(3,987)**	**(15,685)**
Net Increase (Decrease) in Cash and Cash Equivalents	**1,107,038**	**1,527,141**	**2,634,179**
Cash and Cash Equivalents at Beginning of Year	7,957,129	3,134,063	11,091,192
Cash and Cash Equivalents at End of Year	**$ 9,064,167**	**$ 4,661,204**	**$ 13,725,371**
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	$ (1,328,739)	$ (982,870)	$ (2,311,609)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
Depreciation	1,134,192	509,051	1,643,243
Increase (decrease) in accounts payable	196,445	42,930	239,375
Total Adjustments	**1,330,637**	**551,981**	**1,882,618**
Net Cash Provided (Used) by Operating Activities	**$ 1,898**	**$ (430,889)**	**$ (428,991)**
Non-Cash Investing, Capital, and Financing Activities:			
Capital leases	$ 320,236	$ 2,204,935	$ 2,525,171

CITY OF RANCHO CUCAMONGA
Agency Funds

Agency funds are used to account for assets held by the City as trustee or agent for individuals, private organizations, or other governmental units, and/or other funds.

Special Deposits Fund - Established to account for all deposits held by the City in its fiduciary capacity.

Assessment District 82-1 Fund - Established to account for assessments received under the Refunding Act of 1984 for 1915 Improvement Act Bonds. Assessments received are restricted for payment of principal, interest and penalties thereon, upon presentation proper coupons.

Assessment District 84-2 Fund - Established to account for assessments received under the Improvement Bond Act of 1915. Assessments received are restricted for payment of principal, interest and penalties thereon, upon presentation of proper coupons.

Assessment District 85-PD Fund - Established to account for assessments received under the Refunding Act of 1984 for 1915 Improvement Act Bonds and Landscape/Lighting Act of 1972. Assessments received are restricted for payment of principal, interest and penalties thereon, upon presentation of proper coupons.

Community Facilities District 88-2 Fund - Established to account for assessments received under the Improvement Bond Act of 1915. Assessments received are restricted for payment of principal, interest and penalties thereon, upon presentation of proper coupons.

Assessment District 91-2 Fund - Established to account for assessments received under the Improvement Bond Act of 1915. Assessments received are restricted for payment of principal, interest and penalties thereon, upon presentation of proper coupons.

Community Facilities District 93-3 Fund - Established to account for assessments received under the Improvement Bond Act of 1915. Assessments received are restricted for payment of principal, interest and penalties thereon, upon presentation of proper coupons.

Assessment District 99-1 Fund - Established to account for assessments received under the Improvement Bond Act of 1915. Assessments received are restricted for payment of principal, interest and penalties thereon, upon presentation of proper coupons.

Community Facilities District 2000-01 South Etiwanda Fund – Established to account for assessments received under the Mello-Roos Community Facilities Act of 1982. Assessments received are restricted for payment of principal, interest and penalties thereon, upon presentation of proper coupons.

Community Facilities District 2000-02 Rancho Cucamonga Corporate Park Fund – Established to account for assessments received under the Mello-Roos Community Facilities Act of 1982. Assessments received are restricted for payment of principal, interest and penalties thereon, upon presentation of proper coupons.

Assessment District No. 93-1 Masi Commerce Center Fund - Established to account for assessments received under the Improvement Bond Act of 1915. Assessments received are restricted for payment of principal, interest and penalties thereon, upon presentation of proper coupons.

CITY OF RANCHO CUCAMONGA
Agency Funds
(Continued)

Community Facilities District No. 2001-01 Special Tax Bonds, Series 2001-A Fund - Established to account for assessments received under the Mello-Roos Community Facilities Act of 1982. Assessments received are restricted for payment of principal, interest and penalties thereon, upon presentation of proper coupons.

Community Facilities District No. 2001-01 Special Tax Bonds, Series 2001-B Fund - Established to account for assessments received under the Mello-Roos Community Facilities Act of 1982. Assessments received are restricted for payment of principal, interest and penalties thereon, upon presentation of proper coupons.

Community Facilities District 2003-01 Series A Fund - This fund is used for the Community Facilities District 2003-01 bond redemption process. The Bond Redemption fund is a short-term rotating fund, generally used to consolidate the collections received from the payments of the property owners upon payment of their annual assessments at the time of payment of their tax bills. Furthermore, the monies in this fund are used to meet the annual principal and semiannual interest payment on the bonds.

Community Facilities District 2003-01 Series B Fund - This fund is used for the Community Facilities District 2003-01 bond redemption process. The Bond Redemption fund is a short-term rotating fund, generally used to consolidate the collections received from the payments of the property owners upon payment of their annual assessments at the time of payment of their tax bills. Furthermore, the monies in this fund are used to meet the annual principal and semiannual interest payment on the bonds.

Community Facilities District 2000-03 Rancho Summit Redemption Fund - Established to account for assessments received under the Mello-Roos Community Facilities Act of 1982. Assessments received are restricted for payment of principal, interest and penalties thereon, upon presentation of proper coupons.

Community Facilities District 2000-03 Rancho Summit Reserve Fund - Established to account for the reserve fund held by the trustee.

Community Facilities District 2004-01 Fund - This fund is used for the Community Facilities District 2004-01 bond redemption process. The Bond Redemption fund is a short-term rotating fund, generally used to consolidate the collections received from the payments of the property owners upon payment of their annual assessments at the time of payment of their tax bills. Furthermore, the monies in this fund are used to meet the annual principal and semiannual interest payment on the bonds.

Community Facilities District 2000-03 Park Maintenance Fund - This fund is used for the maintenance of parks and parkways located within the Community Facilities District No. 2000-03. The District is located south of Summit Avenue on the east and west sides of Wardman Bullock Road.

Community Facilities District 2006-01 Redemption Fund - This fund was established to account for monies deposited by developers for initial consulting and administrative costs and expenses related to a proposed public financing district.

Community Facilities District 2006-02 Redemption Fund - This fund was established to account for monies deposited by developers for initial consulting and administrative costs and expenses related to a proposed public financing district.

Employee Deduction Account Fund - Established to account for the contribution by City employees towards specific employee-paid benefits.

Assessment District No. 82-2 - Established to account for assessments received under the Improvement Bond Act of 1915. Assessments received are restricted for payment of principal, interest and penalties thereon, upon presentation of proper coupons.

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CITY OF RANCHO CUCAMONGA

COMBINING BALANCE SHEET
ALL AGENCY FUNDS
JUNE 30, 2013

	Special Deposits	Assessment District 82-1	Assessment District 84-2	Assessment District 85-PD
Assets:				
Cash and investments	$ 7,692,320	$ 46	$ 46	$ 1,187,059
Receivables:				
Accounts	1,500	-	-	-
Taxes	47,637	-	-	13,775
Accrued interest	-	-	-	579
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	**$ 7,741,457**	**$ 46**	**$ 46**	**$ 1,201,413**
Liabilities:				
Accounts payable	$ 13,012	$ -	$ -	$ 44,139
Accrued liabilities	-	-	-	20,457
Deposits payable	7,728,445	-	-	-
Payable to trustee	-	46	46	1,136,817
Due to external parties/other agencies	-	-	-	-
Total Liabilities	**$ 7,741,457**	**$ 46**	**$ 46**	**$ 1,201,413**

	CFD 88-2	Assessment District 91-2	CFD 93-3	Assessment District 99-1
Assets:				
Cash and investments	$ 5,136,852	$ 124,630	$ 771,944	$ 289,352
Receivables:				
Accounts	-	-	-	7,746
Taxes	-	290	-	-
Accrued interest	1,935	71	322	193
Restricted assets:				
Cash and investments with fiscal agents	23,266	-	38,049	1,671,146
Total Assets	**$ 5,162,053**	**$ 124,991**	**$ 810,315**	**$ 1,968,437**
Liabilities:				
Accounts payable	$ 16,065	$ -	$ -	$ -
Accrued liabilities	-	1,187	-	-
Deposits payable	-	-	-	-
Payable to trustee	5,145,988	123,804	810,315	1,968,437
Due to external parties/other agencies	-	-	-	-
Total Liabilities	**$ 5,162,053**	**$ 124,991**	**$ 810,315**	**$ 1,968,437**

CITY OF RANCHO CUCAMONGA

COMBINING BALANCE SHEET
ALL AGENCY FUNDS
JUNE 30, 2013

	CFD 2000-01 South Etiwanda	CFD 2000-02 Rancho Cucamonga Corporate Park	AD 93-1 Masi Commerce Center	CFD 2001-01 Series A
Assets:				
Cash and investments	$ 83,492	$ 405,496	$ 473,567	$ 920,456
Receivables:				
Accounts	-	-	-	100,000
Taxes	127	1,194	-	5,647
Accrued interest	34	237	211	2
Restricted assets:				
Cash and investments with fiscal agents	90,290	540,709	242,500	776,190
Total Assets	**$ 173,943**	**$ 947,636**	**$ 716,278**	**$ 1,802,295**
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ -
Accrued liabilities	-	-	-	-
Deposits payable	-	-	-	-
Payable to trustee	173,943	947,636	716,278	1,802,295
Due to external parties/other agencies	-	-	-	-
Total Liabilities	**$ 173,943**	**$ 947,636**	**$ 716,278**	**$ 1,802,295**

CITY OF RANCHO CUCAMONGA

COMBINING BALANCE SHEET
ALL AGENCY FUNDS
JUNE 30, 2013 (CONTINUED)

	CFD 2001-01 Series B	CFD 2003-01 Series A	CFD 2003-01 Series B	CFD 2000-03 Rancho Summit Redemption
Assets:				
Cash and investments	$ 50,104	$ 831,478	$ 162,645	$ 1,288,035
Receivables:				
Accounts	-	-	-	-
Taxes	-	510	-	2,977
Accrued interest	-	441	60	526
Restricted assets:				
Cash and investments with fiscal agents	-	1,464,500	292,979	13
Total Assets	**$ 50,104**	**$ 2,296,929**	**$ 455,684**	**$ 1,291,551**
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ -
Accrued liabilities	-	-	-	-
Deposits payable	-	-	-	-
Payable to trustee	50,104	2,296,929	455,684	1,291,551
Due to external parties/other agencies	-	-	-	-
Total Liabilities	**$ 50,104**	**$ 2,296,929**	**$ 455,684**	**$ 1,291,551**

CITY OF RANCHO CUCAMONGA

COMBINING BALANCE SHEET
ALL AGENCY FUNDS
JUNE 30, 2013

	CFD 2000-03 Rancho Summit Reserve	CFD 2004-01	CFD 2000-03 Park Maintenance	CFD 2006-01
Assets:				
Cash and investments	$ -	$ 2,617,925	$ 771,807	$ 592,750
Receivables:				
Accounts	-	-	-	-
Taxes	-	8,821	3,651	-
Accrued interest	-	908	410	249
Restricted assets:				
Cash and investments with fiscal agents	665,453	2,810,462	-	379,650
Total Assets	**$ 665,453**	**$ 5,438,116**	**$ 775,868**	**$ 972,649**
Liabilities:				
Accounts payable	$ -	$ 1,700	$ 7,192	$ -
Accrued liabilities	-	-	7,688	-
Deposits payable	-	-	-	-
Payable to trustee	665,453	5,436,416	760,988	972,649
Due to external parties/other agencies	-	-	-	-
Total Liabilities	**$ 665,453**	**$ 5,438,116**	**$ 775,868**	**$ 972,649**

CITY OF RANCHO CUCAMONGA

COMBINING BALANCE SHEET
ALL AGENCY FUNDS
JUNE 30, 2013

	CFD 2006-02	Employee Deduction Account	Assessment District 82-2	Total
Assets:				
Cash and investments	$ 313,025	$ 57,314	$ 5	$ 23,770,348
Receivables:				
Accounts	-	-	-	109,246
Taxes	1,408	-	-	86,037
Accrued interest	130	-	-	6,308
Restricted assets:				
Cash and investments with fiscal agents	197,741	-	-	9,192,948
Total Assets	**$ 512,304**	**$ 57,314**	**$ 5**	**$ 33,164,887**
Liabilities:				
Accounts payable	$ -	$ 685	$ -	$ 82,793
Accrued liabilities	-	-	-	29,332
Deposits payable	-	-	-	7,728,445
Payable to trustee	512,304	-	5	25,267,688
Due to external parties/other agencies	-	56,629	-	56,629
Total Liabilities	**$ 512,304**	**$ 57,314**	**$ 5**	**$ 33,164,887**

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2013

	Balance 7/1/2012	Additions	Deductions	Balance 6/30/2013
Special Deposits				
Assets:				
Cash and investments	$ 7,693,676	$ 967,720	$ 969,076	$ 7,692,320
Receivables:				
Accounts	1,500	-	-	1,500
Taxes	-	47,637	-	47,637
Total Assets	**$ 7,695,176**	**$ 1,015,357**	**$ 969,076**	**$ 7,741,457**
Liabilities:				
Accounts payable	$ 12,942	$ 825,319	$ 825,249	$ 13,012
Deposits payable	7,682,234	1,366,856	1,320,645	7,728,445
Total Liabilities	**$ 7,695,176**	**$ 2,192,175**	**$ 2,145,894**	**$ 7,741,457**
Assessment District 82-1				
Assets:				
Cash and investments	$ 46	$ -	$ -	$ 46
Total Assets	**$ 46**	**$ -**	**$ -**	**$ 46**
Liabilities:				
Payable to trustee	$ 46	$ -	$ -	$ 46
Total Liabilities	**$ 46**	**$ -**	**$ -**	**$ 46**
Assessment District 84-2				
Assets:				
Cash and investments	$ 46	$ -	$ -	$ 46
Total Assets	**$ 46**	**$ -**	**$ -**	**$ 46**
Liabilities:				
Payable to trustee	$ 46	$ -	$ -	$ 46
Total Liabilities	**$ 46**	**$ -**	**$ -**	**$ 46**
Assessment District 85-PD				
Assets:				
Cash and investments	$ 1,525,747	$ 1,352,247	$ 1,690,935	$ 1,187,059
Receivables:				
Accounts	-	1,245	1,245	-
Taxes	12,110	13,775	12,110	13,775
Accrued interest	1,233	579	1,233	579
Total Assets	**$ 1,539,090**	**$ 1,367,846**	**$ 1,705,523**	**$ 1,201,413**
Liabilities:				
Accounts payable	$ 49,602	$ 630,856	$ 636,319	44,139
Accrued liabilities	17,860	20,457	17,860	20,457
Payable to trustee	1,471,628	1,386,905	1,721,716	1,136,817
Total Liabilities	**$ 1,539,090**	**$ 2,038,218**	**$ 2,375,895**	**$ 1,201,413**

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2013
(CONTINUED)

	Balance 7/1/2012	Additions	Deductions	Balance 6/30/2013
CFD 88-2				
Assets:				
Cash and investments	$ 5,094,391	$ 3,530,842	$ 3,488,381	$ 5,136,852
Receivables:				
Taxes	3,290	-	3,290	-
Accrued interest	2,752	1,935	2,752	1,935
Restricted assets:				
Cash and investments with fiscal agents	4,651	23,266	4,651	23,266
Total Assets	**$ 5,105,084**	**$ 3,556,043**	**$ 3,499,074**	**$ 5,162,053**
Liabilities:				
Accounts payable	$ -	$ 17,065	$ 1,000	$ 16,065
Payable to trustee	5,105,084	414,108	373,204	5,145,988
Total Liabilities	**$ 5,105,084**	**$ 431,173**	**$ 374,204**	**$ 5,162,053**
Assessment District 91-2				
Assets:				
Cash and investments	$ 143,298	$ 42,112	$ 60,780	$ 124,630
Receivables:				
Taxes	139	290	139	290
Accrued interest	113	71	113	71
Total Assets	**$ 143,550**	**$ 42,473**	**$ 61,032**	**$ 124,991**
Liabilities:				
Accrued liabilities	$ 1,004	$ 1,187	$ 1,004	$ 1,187
Payable to trustee	142,546	43,517	62,259	123,804
Total Liabilities	**$ 143,550**	**$ 44,704**	**$ 63,263**	**$ 124,991**
CFD 93-3				
Assets:				
Cash and investments	$ 746,190	$ 430,243	$ 404,489	$ 771,944
Receivables:				
Accrued interest	585	322	585	322
Restricted assets:				
Cash and investments with fiscal agents	7,764	38,049	7,764	38,049
Total Assets	**$ 754,539**	**$ 468,614**	**$ 412,838**	**$ 810,315**
Liabilities:				
Payable to trustee	$ 754,539	$ 468,292	$ 412,516	$ 810,315
Total Liabilities	**$ 754,539**	**$ 468,292**	**$ 412,516**	**$ 810,315**

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2013

	Balance 7/1/2012	Additions	Deductions	Balance 6/30/2013
Assessment District 99-1				
Assets:				
Cash and investments	$ 610,571	$ 4,029	$ 325,248	$ 289,352
Receivables:				
Accounts	-	7,746	-	7,746
Taxes	233	-	233	-
Accrued interest	480	193	480	193
Restricted assets:				
Cash and investments with fiscal agents	1,706,893	158	35,905	1,671,146
Total Assets	**$ 2,318,177**	**$ 12,126**	**$ 361,866**	**$ 1,968,437**
Liabilities:				
Payable to trustee	$ 2,318,177	$ 118,973	$ 468,713	$ 1,968,437
Total Liabilities	**$ 2,318,177**	**$ 118,973**	**$ 468,713**	**$ 1,968,437**
CFD 2000-01 South Etiwanda				
Assets:				
Cash and investments	$ 106,860	$ 83,120	$ 106,488	$ 83,492
Receivables:				
Taxes	250	127	250	127
Accrued interest	85	34	85	34
Restricted assets:				
Cash and investments with fiscal agents	90,299	5	14	90,290
Total Assets	**$ 197,494**	**$ 83,286**	**$ 106,837**	**$ 173,943**
Liabilities:				
Accounts payable	$ -	$ 3,000	$ 3,000	$ -
Payable to trustee	197,494	83,252	106,803	173,943
Total Liabilities	**$ 197,494**	**$ 86,252**	**$ 109,803**	**$ 173,943**
CFD 2000-02 Rancho Cucamonga Corporate Park				
Assets:				
Cash and investments	$ 391,303	$ 940,890	$ 926,697	$ 405,496
Receivables:				
Taxes	5,462	1,194	5,462	1,194
Accrued interest	307	237	307	237
Restricted assets:				
Cash and investments with fiscal agents	540,839	540,700	540,830	540,709
Total Assets	**$ 937,911**	**$ 1,483,021**	**$ 1,473,296**	**$ 947,636**
Liabilities:				
Payable to trustee	$ 937,911	$ 1,082,705	$ 1,072,980	$ 947,636
Total Liabilities	**$ 937,911**	**$ 1,082,705**	**$ 1,072,980**	**$ 947,636**

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2013

(CONTINUED)

	Balance 7/1/2012	Additions	Deductions	Balance 6/30/2013
AD 93-1 Masi Commerce Center				
Assets:				
Cash and investments	$ 473,463	$ 249,977	$ 249,873	$ 473,567
Receivables:				
Accrued interest	371	211	371	211
Restricted assets:				
Cash and investments with fiscal agents	242,500	4	4	242,500
Total Assets	**$ 716,334**	**$ 250,192**	**$ 250,248**	**$ 716,278**
Liabilities:				
Accounts payable	$ -	$ 2,500	$ 2,500	$ -
Payable to trustee	716,334	249,981	250,037	716,278
Total Liabilities	**$ 716,334**	**$ 252,481**	**$ 252,537**	**$ 716,278**
CFD 2001-01 Series A				
Assets:				
Cash and investments	$ 979,439	$ 794,935	$ 853,918	$ 920,456
Receivables:				
Accounts	-	100,000	-	100,000
Taxes	14,246	5,647	14,246	5,647
Accrued interest	1	2	1	2
Restricted assets:				
Cash and investments with fiscal agents	888,799	-	112,609	776,190
Total Assets	**$ 1,882,485**	**$ 900,584**	**$ 980,774**	**$ 1,802,295**
Liabilities:				
Accounts payable	$ -	$ 3,000	$ 3,000	$ -
Payable to trustee	1,882,485	800,626	880,816	1,802,295
Total Liabilities	**$ 1,882,485**	**$ 803,626**	**$ 883,816**	**$ 1,802,295**
CFD 2001-01 Series B				
Assets:				
Cash and investments	$ 26,016	$ 56,062	$ 31,974	$ 50,104
Total Assets	**$ 26,016**	**$ 56,062**	**$ 31,974**	**$ 50,104**
Liabilities:				
Payable to trustee	$ 26,016	$ 56,062	$ 31,974	$ 50,104
Total Liabilities	**$ 26,016**	**$ 56,062**	**$ 31,974**	**$ 50,104**

CITY OF RANCHO CUCAMONGA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2013

	Balance 7/1/2012	Additions	Deductions	Balance 6/30/2013
CFD 2003-01 Series A				
Assets:				
Cash and investments	$ 1,068,327	$ 1,065,151	$ 1,302,000	$ 831,478
Receivables:				
Taxes	996	510	996	510
Accrued interest	838	441	838	441
Restricted assets:				
Cash and investments with fiscal agents	1,464,501	23	24	1,464,500
Total Assets	**$ 2,534,662**	**$ 1,066,125**	**$ 1,303,858**	**$ 2,296,929**
Liabilities:				
Accounts payable	$ -	$ 221,427	$ 221,427	$ -
Payable to trustee	2,534,662	1,065,710	1,303,443	2,296,929
Total Liabilities	**$ 2,534,662**	**$ 1,287,137**	**$ 1,524,870**	**$ 2,296,929**
CFD 2003-01 Series B				
Assets:				
Cash and investments	$ 165,176	$ 206,301	$ 208,832	$ 162,645
Receivables:				
Accrued interest	130	60	130	60
Restricted assets:				
Cash and investments with fiscal agents	292,974	5	-	292,979
Total Assets	**$ 458,280**	**$ 206,366**	**$ 208,962**	**$ 455,684**
Liabilities:				
Accounts payable	$ -	$ 3,500	$ 3,500	$ -
Payable to trustee	458,280	206,306	208,902	455,684
Total Liabilities	**$ 458,280**	**$ 209,806**	**$ 212,402**	**$ 455,684**
CFD 2000-03 Rancho Summit Redemption				
Assets:				
Cash and investments	$ 1,064,810	$ 789,144	$ 565,919	$ 1,288,035
Receivables:				
Taxes	-	2,977	-	2,977
Accrued interest	835	526	835	526
Restricted assets:				
Cash and investments with fiscal agents	63	143,892	143,942	13
Total Assets	**$ 1,065,708**	**$ 936,539**	**$ 710,696**	**$ 1,291,551**
Liabilities:				
Accounts payable	$ -	$ 3,500	$ 3,500	$ -
Payable to trustee	1,065,708	936,024	710,181	1,291,551
Total Liabilities	**$ 1,065,708**	**$ 939,524**	**$ 713,681**	**$ 1,291,551**

CITY OF RANCHO CUCAMONGA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2013

(CONTINUED)

	Balance 7/1/2012	Additions	Deductions	Balance 6/30/2013
CFD 2000-03 Rancho Summit Reserve				
Assets:				
Restricted assets:				
Cash and investments with fiscal agents	$ 665,452	$ 1	$ -	$ 665,453
Total Assets	**$ 665,452**	**$ 1**	**$ -**	**$ 665,453**
Liabilities:				
Payable to trustee	$ 665,452	$ 11	$ 10	$ 665,453
Total Liabilities	**$ 665,452**	**$ 11**	**$ 10**	**$ 665,453**
CFD 2004-01				
Assets:				
Cash and investments	$ 2,375,193	$ 3,194,568	$ 2,951,836	$ 2,617,925
Receivables:				
Taxes	25,907	8,821	25,907	8,821
Accrued interest	1,844	908	1,844	908
Restricted assets:				
Cash and investments with fiscal agents	2,814,147	4,265	7,950	2,810,462
Total Assets	**$ 5,217,091**	**$ 3,208,562**	**$ 2,987,537**	**$ 5,438,116**
Liabilities:				
Accounts payable	$ 474	$ 12,748	$ 11,522	$ 1,700
Payable to trustee	5,216,617	3,207,935	2,988,136	5,436,416
Total Liabilities	**$ 5,217,091**	**$ 3,220,683**	**$ 2,999,658**	**$ 5,438,116**
CFD 2000-03 Park Maintenance				
Assets:				
Cash and investments	$ 868,416	$ 381,968	$ 478,577	$ 771,807
Receivables:				
Taxes	5,565	3,651	5,565	3,651
Accrued interest	694	410	694	410
Total Assets	**$ 874,675**	**$ 386,029**	**$ 484,836**	**$ 775,868**
Liabilities:				
Accounts payable	$ 3,055	$ 110,788	$ 106,651	$ 7,192
Accrued liabilities	6,506	7,688	6,506	7,688
Payable to trustee	865,114	396,379	500,505	760,988
Total Liabilities	**$ 874,675**	**$ 514,855**	**$ 613,662**	**$ 775,868**
CFD 2006-01				
Assets:				
Cash and investments	$ 529,384	$ 466,321	$ 402,955	$ 592,750
Receivables:				
Accounts	-	-	-	-
Taxes	2,774	-	2,774	-
Accrued interest	414	249	414	249
Restricted assets:				
Cash and investments with fiscal agents	379,647	38	35	379,650
Total Assets	**$ 912,219**	**$ 466,608**	**$ 406,178**	**$ 972,649**
Liabilities:				
Accounts payable	$ -	$ 3,500	$ 3,500	$ -
Payable to trustee	912,219	466,398	405,968	972,649
Total Liabilities	**$ 912,219**	**$ 469,898**	**$ 409,468**	**$ 972,649**

CITY OF RANCHO CUCAMONGA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2013

	Balance 7/1/2012	Additions	Deductions	Balance 6/30/2013
CFD 2006-02				
Assets:				
Cash and investments	$ 272,301	$ 257,090	$ 216,366	$ 313,025
Receivables:				
Taxes	4,105	1,408	4,105	1,408
Accrued interest	213	130	213	130
Restricted assets:				
Cash and investments with fiscal agents	197,792	70	121	197,741
Total Assets	**$ 474,411**	**$ 258,698**	**$ 220,805**	**$ 512,304**
Liabilities:				
Accounts payable	$ -	$ 3,500	$ 3,500	$ -
Payable to trustee	474,411	258,588	220,695	512,304
Total Liabilities	**$ 474,411**	**$ 262,088**	**$ 224,195**	**$ 512,304**
Employee Deduction Account				
Assets:				
Cash and investments	$ 64,319	$ 339,699	$ 346,704	$ 57,314
Total Assets	**$ 64,319**	**$ 339,699**	**$ 346,704**	**$ 57,314**
Liabilities:				
Accounts payable	$ 722	$ 4,218	$ 4,255	$ 685
Due to external parties/other agencies	63,597	208,808	215,776	56,629
Total Liabilities	**$ 64,319**	**$ 213,026**	**$ 220,031**	**$ 57,314**
Assessment District 82-2				
Assets:				
Cash and investments	$ 5	$ -	$ -	$ 5
Total Assets	**$ 5**	**$ -**	**$ -**	**$ 5**
Liabilities:				
Payable to trustee	$ 5	$ -	$ -	$ 5
Total Liabilities	**$ 5**	**$ -**	**$ -**	**$ 5**
Totals - All Agency Funds				
Assets:				
Cash and investments	$ 24,198,977	$15,152,419	$15,581,048	$ 23,770,348
Receivables:				
Accounts	1,500	108,991	1,245	109,246
Taxes	75,077	86,037	75,077	86,037
Accrued interest	10,895	6,308	10,895	6,308
Restricted assets:				
Cash and investments with fiscal agents	9,296,321	750,476	853,849	9,192,948
Total Assets	**$ 33,582,770**	**$16,104,231**	**$16,522,114**	**$ 33,164,887**
Liabilities:				
Accounts payable	$ 66,795	$ 1,844,921	$ 1,828,923	$ 82,793
Accrued liabilities	25,370	29,332	25,370	29,332
Deposits payable	7,682,234	1,366,856	1,320,645	7,728,445
Payable to trustee	25,744,774	11,241,772	11,718,858	25,267,688
Due to external parties/other agencies	63,597	208,808	215,776	56,629
Total Liabilities	**$ 33,582,770**	**$14,691,689**	**$15,109,572**	**$ 33,164,887**

City of Rancho Cucamonga

Comprehensive Annual Financial Report

June 30, 2013

Statistical Section

Certain schedules recommended for inclusion in Comprehensive Annual Financial Reports of Municipalities by the government Finance Officers Association have been omitted from this report. The omission of such schedules was made only after careful consideration of the merits of each recommended schedule by City management.

This part of the City of Rancho Cucamonga's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

Contents **Page(s)**

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.*

CITY OF RANCHO CUCAMONGA

Net Position by Component

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental activities:										
Net investment in capital assets	$ 687,839,504	$ 683,206,928	$ 392,183,411	$ 402,124,347	$ 421,373,661	$ 223,110,913	$ 284,189,698	$ 252,179,225	$ 173,946,989	$ 98,959,875
Restricted	340,219,852	284,653,397	551,039,162	473,380,645	401,458,846	535,665,172	429,254,008	375,758,005	376,096,419	397,653,555
Unrestricted	101,236,260	81,192,537	82,256,759	121,977,002	120,603,619	115,317,370	119,076,369	99,633,038	82,020,646	103,891,437
Total governmental activities net position	$ 1,129,295,616	$ 1,049,052,862	$ 1,025,479,332	$ 997,481,994	$ 943,436,126	$ 874,093,455	$ 832,520,075	$ 727,570,268	$ 632,064,054	$ 600,504,867
Business-type activities:										
Net investment in capital assets	$ 26,158,620	$ 27,166,018	$ 28,435,630	$ 29,732,535	$ 30,555,102	$ 30,588,075	$ 21,022,879	$ 27,333,959	$ 28,184,177	$ 27,066,800
Restricted	827,164	19,230	18,984	1,318,141	680,598	3,923,938	418,007	256,615	-	-
Unrestricted	7,668,810	6,305,053	3,431,455	2,133,975	1,458,603	1,606	11,518,699	2,967,744	2,915,713	2,279,621
Total business-type activities net position	$ 34,654,594	$ 33,490,301	$ 31,886,069	$ 33,184,651	$ 32,694,303	$ 34,513,619	$ 32,959,585	$ 30,558,318	$ 31,099,890	$ 29,346,421
Primary government:										
Net investment in capital assets	$ 713,998,124	$ 710,372,946	$ 420,619,041	$ 431,856,882	$ 451,928,763	$ 253,698,988	$ 305,212,577	$ 279,513,184	$ 202,131,166	$ 126,026,675
Restricted	341,047,016	284,672,627	551,058,146	474,698,786	402,139,444	539,589,110	429,672,015	376,014,620	376,096,419	397,653,555
Unrestricted	108,905,070	87,497,590	85,688,214	124,110,977	122,062,222	115,318,976	130,595,068	102,600,782	84,936,359	106,171,058
Total primary government net position	$ 1,163,950,210	$ 1,082,543,163	$ 1,057,365,401	$ 1,030,666,645	$ 976,130,429	$ 908,607,074	$ 865,479,660	$ 758,128,586	$ 663,163,944	$ 629,851,288

CITY OF RANCHO CUCAMONGA

Statement of Activities (Condensed)

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Expenses:										
Governmental activities:										
General government	$ 18,009,415	$ 38,658,739	$ 49,581,126	$ 81,909,949	$ 54,217,684	$ 47,391,797	$ 40,172,577	$ 39,749,329	$ 34,618,681	$ 33,250,080
Public safety-police	29,750,436	28,116,587	28,035,606	27,424,940	28,253,507	28,030,856	26,329,992	23,166,100	19,057,230	17,140,884
Public safety-fire protection	28,126,113	33,196,194	24,550,466	26,525,691	24,668,576	23,197,346	21,603,980	20,172,151	17,001,682	16,610,279
Public safety-animal center	2,795,585	2,532,280	2,492,725	2,475,862	2,611,744	2,731,829	-	-	-	-
Community development	15,781,913	16,244,217	19,073,512	22,427,741	20,986,288	60,637,449	53,119,509	16,087,789	15,027,950	16,285,163
Community services	13,193,275	12,452,334	12,715,076	13,065,728	14,445,691	13,742,620	12,391,620	9,279,222	7,806,258	7,469,609
Engineering and public works	26,363,913	29,999,633	30,466,021	33,090,795	31,015,846	34,717,941	16,848,905	16,517,301	34,841,336	25,698,369
Interest on long-term debt	202,737	4,402,503	28,464,743	28,386,763	23,945,249	23,869,542	19,705,818	20,828,531	20,375,890	17,405,099
Total governmental activities expenses	134,223,387	165,602,487	195,379,275	235,307,469	200,144,585	234,319,380	190,172,401	145,800,423	148,729,027	133,859,483
Business-type activities:										
Sports Complex	2,229,025	2,357,022	2,253,407	2,087,757	1,968,331	2,052,181	2,010,145	1,885,693	1,946,407	1,908,620
Municipal Utility	8,524,944	8,447,347	11,387,582	9,777,796	10,799,700	7,268,058	7,152,633	5,787,358	2,481,249	702,987
Total business-type activities expenses	10,753,969	10,804,369	13,640,989	11,865,553	12,768,031	9,320,239	9,162,778	7,673,051	4,427,656	2,611,607
Total primary government expenses	144,977,356	176,406,856	209,020,264	247,173,022	212,912,616	243,639,619	199,335,179	153,473,474	153,156,683	136,471,090
Program revenues:										
Governmental activities:										
Charges for services:										
General government	3,984,959	4,005,944	3,588,085	2,955,830	2,680,824	4,144,481	746,341	612,988	867,945	165,206
Public safety-police	939,077	999,851	1,131,794	1,258,742	1,154,126	1,187,255	1,242,344	950,340	1,136,856	1,104,284
Public safety-fire protection	1,811,862	1,817,225	1,000,930	1,420,881	1,080,125	967,359	393,119	157,346	377,478	377,630
Public safety-animal center	206,758	199,778	210,948	451,383	430,649	442,804	-	-	-	-
Community development	984,400	236,334	150,473	1,933,934	1,425,759	1,552,777	2,798,329	7,954,213	2,119,111	5,245,302
Community services	3,317,910	3,254,444	3,248,668	3,211,238	3,233,081	3,601,259	4,212,904	3,557,333	2,509,256	2,447,436
Engineering and public works	3,660,502	3,908,462	3,836,372	3,396,052	4,407,074	4,207,159	4,449,690	5,470,174	8,011,741	10,476,124
Operating contributions and grants	6,572,325	9,857,896	7,864,980	6,275,614	6,219,772	5,826,881	8,189,642	9,337,299	9,208,789	16,615,891
Capital contributions and grants	13,439,525	4,500,872	6,121,392	59,877,383	14,736,368	25,558,886	67,921,255	34,408,882	8,314,267	22,115,926
Total governmental activities program revenues	34,917,318	28,780,806	27,153,642	80,781,057	35,367,778	47,488,861	89,953,624	62,448,575	32,545,443	58,547,799
Business-type activities:										
Charges for services:										
Sports Complex	319,764	327,490	362,708	447,079	482,633	421,728	498,706	554,609	497,435	529,725
Municipal Utility	11,085,315	11,523,731	11,540,183	11,071,047	9,080,824	8,733,811	9,052,392	5,795,469	3,680,722	312,808
Total business-type activities program revenues	11,405,079	11,851,221	11,902,891	11,518,126	9,563,457	9,155,539	9,551,098	6,350,078	4,178,157	842,533
Total primary government program revenues	46,322,397	40,632,027	39,056,533	92,299,183	44,931,235	56,644,400	99,504,722	68,798,653	36,723,600	59,390,332

CITY OF RANCHO CUCAMONGA

Statement of Activities (Condensed)

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Net revenues (expenses):										
Governmental activities	(99,306,069)	(136,821,681)	(168,225,633)	(154,526,412)	(164,776,807)	(186,830,519)	(100,218,777)	(83,351,848)	(116,183,584)	(75,311,684)
Business-type activities	651,110	1,046,852	(1,738,098)	(347,427)	(3,204,574)	(164,700)	388,320	(1,322,973)	(249,499)	(1,769,074)
Total net revenues (expenses)	(98,654,959)	(135,774,829)	(169,963,731)	(154,873,839)	(167,981,381)	(186,995,219)	(99,830,457)	(84,674,821)	(116,433,083)	(77,080,758)
General revenues and other changes in net assets:										
Governmental activities:										
Taxes:										
Property taxes	137,816,507	112,748,776	143,094,069	152,192,987	155,631,274	150,978,393	140,516,465	118,431,406	87,090,523	78,057,324
Admissions tax	78,508	11,649	-	-	-	-	-	-	-	-
Transient occupancy taxes	2,056,597	1,927,812	1,827,439	1,586,652	1,694,489	1,762,291	1,745,060	628,991	191,207	254,538
Sales taxes	25,281,021	25,547,933	22,750,935	21,586,138	23,207,504	25,578,737	26,714,718	27,378,940	21,631,153	16,398,011
Franchise taxes	7,037,905	5,812,817	5,642,811	5,708,397	7,391,564	6,588,716	7,965,992	7,369,620	6,289,730	5,535,183
Business licenses and building permits*	-	-	-	-	-	-	4,307,742	3,890,016	4,835,514	5,055,660
Motor vehicle in lieu, unrestricted	91,710	88,508	812,616	522,294	640,046	689,020	996,688	1,123,537	13,797,086	6,515,014
Use of money and property	2,872,457	20,205,266	17,024,238	21,378,598	27,728,809	30,785,171	28,788,295	16,707,137	18,572,290	8,805,041
Other	4,550,772	4,751,712	5,093,895	5,053,904	5,073,973	4,730,412	5,738,325	4,809,611	3,807,373	5,186,203
(Loss)/gain on sale of capital assets	-	-	-	-	-	16,098	-	(632,922)	26,440	(312,458)
Loss on sale of land held for resale	-	-	-	-	-	-	-	-	-	(9,025,897)
Extraordinary gain/(loss) on dissolution of Redevelopment Agency	-	(11,296,301)	-	-	-	-	-	-	-	-
Transfers	(236,654)	(166,110)	(23,032)	66,911	(468,133)	(83,015)	(1,719,160)	(557,890)	(1,606,050)	(10,883,294)
Total governmental activities	179,548,823	159,632,062	196,222,971	208,095,881	220,899,526	221,045,823	215,054,125	179,148,446	154,635,266	105,585,325
Business-type activities:										
Admission tax	105,839	69,581	6,594	11,638	18,156	1,550	23,881	9,550	19,742	26,883
Use of money and property	156,824	310,237	334,044	383,583	488,998	457,593	254,344	200,335	223,885	178,753
Other	13,866	11,452	9,184	33,088	18,983	17,844	15,562	13,626	11,487	13,915
Loss on disposition of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers	236,654	166,110	23,032	(66,911)	468,133	83,015	1,719,160	557,890	1,606,050	10,883,294
Total business-type activities	513,183	557,380	372,854	361,398	994,270	560,002	2,012,947	781,401	1,861,164	11,102,845
Total primary government	180,062,006	160,189,442	196,595,825	208,457,279	221,893,796	221,605,825	217,067,072	179,929,847	156,496,430	116,688,170
Changes in net position:										
Governmental activities	80,242,754	22,810,381	27,997,338	53,569,469	56,122,719	34,215,304	114,835,348	95,796,598	38,451,682	30,273,641
Business-type activities	1,164,293	1,604,232	(1,365,244)	13,971	(2,210,304)	395,302	2,401,267	(541,572)	1,611,665	9,333,771
Total primary government	$ 81,407,047	$ 24,414,613	$ 26,632,094	$ 53,583,440	$ 53,912,415	$ 34,610,606	$ 117,236,615	$ 95,255,026	$ 40,063,347	$ 39,607,412

* Beginning FY 2007/08 now included in governmental activities; charges for services.

CITY OF RANCHO CUCAMONGA

Fund Balances of Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General fund:										
Reserved	$ -	$ -	$ -	$ 10,780,733	$ 12,807,973	$ 16,194,519	$ 17,878,512	$ 13,927,950	$ 15,126,963	$ 11,629,652
Unreserved	-	-	-	62,582,734	79,507,259	78,816,252	77,139,039	73,029,344	61,834,024	58,063,058
Nonspendable	14,516,414	15,006,552	10,409,332	-	-	-	-	-	-	-
Restricted	1,853,526	1,331,926	4,743,201	-	-	-	-	-	-	-
Committed	66,508,246	52,707,232	52,252,923	-	-	-	-	-	-	-
Assigned	17,248,317	4,659,235	4,604,598	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total general fund	$ 100,126,503	$ 73,704,945	$ 72,010,054	$ 73,363,467	$ 92,315,232	$ 95,010,771	$ 95,017,551	$ 86,957,294	$ 76,960,987	$ 69,692,710
All other governmental funds:										
Reserved	$ -	$ -	$ -	$ 151,167,736	$ 119,168,431	$ 148,330,633	$ 181,563,287	$ 117,714,655	$ 124,668,088	$ 101,773,597
Unreserved, reported in:										
Special revenue funds	-	-	-	106,099,897	87,633,424	49,089,518	45,911,910	53,959,047	39,666,462	43,806,876
Capital projects funds	-	-	-	147,358,727	190,040,086	210,751,308	96,985,959	129,186,661	144,300,892	209,888,139
Debt service funds	-	-	-	135,584,087	145,573,097	122,237,714	100,183,068	64,593,304	49,412,434	36,818,337
Nonspendable	123,138,331	123,034,481	140,149,487	-	-	-	-	-	-	-
Restricted	96,921,657	97,589,375	378,801,253	-	-	-	-	-	-	-
Committed	43,796,727	21,901,192	10,386,321	-	-	-	-	-	-	-
Assigned	20,982,247	1,677,804	22,778,312	-	-	-	-	-	-	-
Unassigned	(576,360)	(620,730)	(4,633,359)	-	-	-	-	-	-	-
Total all other governmental funds	$ 284,262,602	$ 243,582,122	$ 547,482,014	$ 540,210,447	$ 542,415,038	$ 530,409,173	$ 424,644,224	$ 365,453,667	$ 358,047,876	$ 392,286,949

CITY OF RANCHO CUCAMONGA

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:										
Taxes	$ 173,570,492	$ 145,260,709	$ 172,879,922	$ 180,707,125	$ 188,153,758	$ 185,191,954	$ 176,903,728	$ 152,502,083	$ 113,942,930	$ 100,482,113
Licenses and permits	3,896,973	3,877,269	3,729,732	4,046,186	3,680,746	4,058,508	4,479,101	3,890,016	4,835,514	5,055,660
Intergovernmental	11,636,537	14,533,427	17,805,586	15,682,887	13,851,464	15,285,929	12,123,472	20,530,213	23,881,601	26,348,063
Charges for services	6,322,317	6,941,778	7,272,362	6,444,400	6,752,534	8,836,034	10,808,207	10,645,020	7,814,531	8,581,890
Use of money and property	423,663	14,102,161	16,063,730	13,195,388	21,914,294	26,509,924	24,425,510	11,787,418	13,961,117	5,060,744
Fines and forfeitures	1,135,815	1,073,312	1,155,716	1,416,700	1,172,474	1,160,918	1,015,139	871,277	1,089,343	1,066,590
Contributions	1,081,330	2,724,115	861,906	782,251	784,324	18,374,453	294,836	484,612	157,276	14,410,325
Developer participation	3,295,120	2,197,474	2,233,351	3,925,926	3,694,404	4,149,416	13,181,438	23,834,796	10,497,490	17,456,333
Proceeds from non-committal debt	-	-	-	-	-	-	47,467,127	8,672,914	-	-
Miscellaneous	25,131,589	5,739,953	5,325,635	15,779,716	5,644,865	4,950,868	5,975,438	4,989,448	6,332,794	4,063,410
Total revenues	226,493,836	196,450,198	227,327,940	241,980,579	245,648,863	268,518,004	296,673,996	238,207,797	182,512,596	182,525,128
Expenditures										
Current:										
General government	16,025,746	32,711,300	55,514,685	78,583,947	50,420,699	42,067,194	36,465,738	37,304,593	33,252,219	30,100,380
Public safety-police	29,331,461	27,656,575	27,545,684	26,887,199	27,704,772	27,463,927	25,808,081	22,692,237	18,718,776	15,373,353
Public safety-fire protection	45,796,870	31,901,079	24,075,755	40,015,819	25,751,529	22,030,865	20,720,658	18,964,948	16,548,920	14,966,408
Public safety-animal center	2,518,831	2,532,280	2,492,725	2,475,862	2,608,654	2,731,829	-	-	-	-
Community development	15,656,282	15,024,831	17,005,761	20,175,681	20,862,198	60,547,847	53,028,611	15,254,966	14,503,251	12,907,073
Community services	11,621,182	12,151,003	12,179,582	12,492,261	13,734,630	13,068,606	11,693,666	8,900,046	7,059,052	5,941,578
Engineering and public works	16,437,903	16,917,057	18,440,038	20,962,876	26,272,689	17,832,677	15,626,770	14,719,435	13,560,413	12,412,987
Capital outlay	18,387,329	22,863,638	25,886,518	23,987,176	39,863,945	71,839,411	34,297,573	77,426,305	79,560,931	63,406,390
Debt service:										
Principal retirement	3,803	9,884,677	10,520,980	10,133,562	11,849,923	37,222,622	7,798,925	7,658,097	4,646,588	57,628,362
Interest and fiscal charges	201,373	11,092,047	28,649,033	28,411,349	24,138,754	21,607,166	19,828,904	20,922,421	20,069,910	16,354,837
Pass-through agreement payments	-	3,030,962	-	-	-	-	-	-	-	-
Total expenditures	155,980,780	185,765,449	222,310,761	264,125,732	243,207,793	316,412,144	225,268,926	223,843,048	207,920,060	229,091,368
Excess (deficiency) of revenues over (under) expenditures	70,513,056	10,684,749	5,017,179	(22,145,153)	2,441,070	(47,894,140)	71,405,070	14,364,749	(25,407,464)	(46,566,240)
Other financing sources (uses):										
Transfers in	2,339,457	1,280,073	10,767,048	26,146,697	16,306,386	13,776,675	21,480,334	6,479,847	11,658,124	10,926,010
Transfers out	(6,104,811)	(3,191,663)	(10,698,687)	(26,079,786)	(16,774,519)	(13,859,690)	(23,199,494)	(7,037,737)	(13,264,174)	(21,809,304)
Long-term debt issued	-	57,242	665,302	700,536	618,392	155,819,465	732,457	-	-	165,680,000
Bond Premium	-	-	-	-	-	919,360	-	-	-	4,776,363
Debt issuance cost	-	-	-	-	-	(2,809,033)	-	-	-	(4,087,476)
Capital leases	105,848	-	-	-	-	-	-	-	-	-
Proceeds from sale of fixed asset	57,701	52,819	167,312	221,350	208,950	1,685	-	-	-	163,578
Loss on sale of land held for resale	-	-	-	-	-	-	-	-	-	(9,025,897)
Total other financing sources (uses)	(3,601,805)	(1,801,529)	900,975	988,797	359,209	153,848,462	(986,703)	(557,890)	(1,606,050)	146,623,274
Extraordinary gain/(loss) on dissolution of RDA	-	(315,804,995)	-	-	-	-	-	-	-	-
Net change in fund balances	$ 66,911,251	$ (306,921,775)	$ 5,918,154	$ (21,156,356)	$ 2,800,279	$ 105,954,322	$ 70,418,367	$ 13,806,859	$ (27,013,514)	$ 100,057,034
Debt service as a percentage of noncapital expenditures*	0.15%	12.77%	19.96%	17.75%	18.36%	24.05%	14.47%	19.52%	19.26%	44.65%

*For 2009, 2010 & 2011 the amount excluded for capital outlay from total expenditures for this calculation was obtained from Note 1 to the financial statements.

CITY OF RANCHO CUCAMONGA

Assessed Value and Estimated Value of Taxable Property
(in thousands of dollars)
Last Ten Fiscal Years

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Residential	$13,346,484	$13,121,710	$12,893,924	$13,026,765	$14,162,263	$13,849,257	$12,332,500	$10,538,590	$ 8,956,678	$ 7,692,760
Commercial	2,318,264	2,385,782	2,515,904	2,487,441	2,291,045	1,866,145	1,401,926	1,038,305	837,973	733,757
Industrial	2,279,456	2,244,509	2,314,277	2,441,705	2,316,429	2,018,314	1,881,442	1,522,528	1,355,431	1,191,921
Dry Farm	902	884	878	880	863	846	829	1,236	1,319	1,353
Gov't Owned	4,613	4,080	4,050	4,059	3,980	3,901	4,056	3,685	3,613	4,489
Institutional	43,504	42,727	47,866	50,359	45,316	42,141	43,191	41,145	22,610	30,484
Irrigated	3,372	3,306	3,286	2,855	2,798	2,743	4,344	4,260	4,735	6,777
Miscellaneous	29,486	17,908	27,470	25,112	27,113	37,987	31,453	26,944	34,402	65,139
Recreational	47,419	52,076	42,123	48,077	47,071	51,361	46,524	29,661	29,716	24,451
Vacant	348,323	387,514	412,960	543,857	586,409	654,541	698,378	592,893	487,964	469,206
SBE Nonunitary	36,691	54,451	55,151	48,621	42,196	38,596	42,921	25,081	36,763	87,524
Unsecured	1,125,986	1,092,355	1,152,570	1,219,275	1,179,919	1,073,343	1,005,113	900,206	770,471	798,336
Unknown	16,326	49,698	-	-	-	-	-	-	-	-
TOTALS	$19,600,826	$19,457,000	$19,470,459	$19,899,006	$20,705,402	$19,639,175	$17,492,677	$14,724,534	$12,541,675	$11,106,197
Total Direct Rate	0.47780%	0.48250%	0.49229%	0.49807%	0.47994%	0.46829%	0.46645%	0.45051%	0.43603%	0.43815%

Notes:

Exempt values are not included in Total.

In 1978, the voters of the State of California passed Proposition 13 which limited taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Data Source: San Bernardino County Assessor 2003/04 - 2012/13 Combined Tax Rolls; HdL, Coren & Cone

CITY OF RANCHO CUCAMONGA

Direct and Overlapping Property Tax Rates
(Rate per $100 of taxable value)
Last Ten Fiscal Years

	Fiscal Year									
Agency	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Basic Levy[1]	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Alta Loma Elementary Bond	0.04580	0.04530	0.04510	0.03870	0.03010	0.03480	0.03770	0.04180	0.04600	0.03460
Central Elementary Bond	0.07270	0.06880	0.06900	0.05840	0.05690	0.05500	0.05530	0.07010	0.08100	0.08410
Chaffey Community College Bond	0.01110	0.01530	0.00910	0.01220	0.02090	0.01920	0.01670	0.02930	0.01080	0.01390
Chaffey High School Bond	0.01010	0.01940	0.01920	0.01680	0.01620	0.01690	0.01930	0.02260	0.02640	0.02940
Fontana Unified School Bond	0.15010	0.14600	0.13750	0.11350	0.10710	0.10540	0.10940	0.06810	0.07580	0.08560
Metropolitan Water Agency	0.00350	0.00370	0.00370	0.00430	0.00430	0.00450	0.00470	0.00520	0.00580	0.00610
Ontario-Montclair Elementary Bond	0.02740	0.02890	0.03360	0.02870	0.02380	0.01240	0.02220	0.02210	-	-
Upland Unified School Bond	0.05240	0.04740	0.04430	0.03810	0.03420	0.02610	0.02790	0.03540	0.03050	0.03160
Total Direct & Overlapping[2] Tax Rates	**1.37310**	**1.37480**	**1.36150**	**1.31070**	**1.29350**	**1.27430**	**1.29320**	**1.29460**	**1.27630**	**1.28530**
City Share of 1% levy per Prop 13[3]	0.17591	0.17591	0.17591	0.17591	0.17591	0.05190	0.05190	0.05190	0.05190	0.05190
Redevelopment Rate[4]	-	1.00370	1.00370	1.00430	1.00430	1.00450	1.00470	1.00520	1.00580	1.00610
Total Direct Rate[5]	0.47780	0.48250	0.49229	0.49807	0.47994	0.46829	0.46645	0.45051	0.43603	0.43815

Notes:

[1] In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

[2] Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.

[3] City's share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city. ERAF general fund tax shifts may not be included in tax ratio figures.

[4] Redevelopment Rate is based on the largest RDA tax rate area (TRA) and only includes rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years thereafter.

[5] Because basic and debt rates vary by tax rate area individual rates cannot be summed. The total Direct Rate is the weighted average of all individual direct rates for the City of Rancho Cucamonga.

Data Source: San Bernardino County Assessor 2003/04 - 2012/13 Tax Rate Table; HdL, Coren & Cone

CITY OF RANCHO CUCAMONGA

Principal Property Taxpayers

Current Year and Nine Years Ago

Taxpayer	2013 Assessed Value	2013 Percent of Total City Assessed Value	2004 Assessed Value	2004 Percent of Total City Assessed Value
Victoria Gardens Mall LLC	$ 239,479,427	1.22%	$ -	0.00%
Homecoming I at Terra Vista LLC	123,791,701	0.63%	-	0.00%
T Napf Meritage Ownership LLC	117,364,505	0.60%	-	0.00%
Catellus Development Corporation	101,216,200	0.52%	64,422,847	0.58%
Frito-Lay North America Inc	96,378,370	0.49%	-	0.00%
EQR-Fanwell 2007 LP	88,000,000	0.45%	-	0.00%
Knickerbocker Properties Inc XLVII	83,181,598	0.42%	-	0.00%
THM Ent LLC	79,914,830	0.41%	-	0.00%
PPF MF 9200 Milliken Ave LP	78,646,980	0.40%	68,000,000	0.61%
WNG Rancho Cucamonga 496 LLC	76,092,892	0.39%	-	0.00%
Western Land Properties	-	0.00%	101,176,275	0.91%
Reliant Energy Etiwanda, Inc	-	0.00%	95,075,561	0.86%
Recot, Inc.	-	0.00%	73,801,747	0.66%
Schlosser Forge Company	-	0.00%	63,366,690	0.57%
Tamco	-	0.00%	60,832,213	0.55%
TBC Rancho Cucamonga I Inc	-	0.00%	56,674,877	0.51%
West Coast Liquidators, Inc.	-	0.00%	56,095,246	0.51%
LDC Cougar LLC	-	0.00%	53,253,324	0.48%
	$ 1,084,066,503	5.53%	$ 692,698,780	6.24%

Source: San Bernardino County Assessor 2003/04 and 2012/13 Combined Tax Rolls and the SBE Non Unitary Tax Roll; HdL, Coren & Cone

CITY OF RANCHO CUCAMONGA

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy: Amount	Collected within the Fiscal Year of Levy: Percent of Levy	Collections in Subsequent Years[1]	Total Collections to Date: Amount	Total Collections to Date: Percent of Levy
2004	$ 48,523,843	$ 47,534,048	97.96%	N/A	$ 47,534,048	97.96%
2005	54,730,054	53,435,838	97.64%	N/A	53,435,838	97.64%
2006	66,676,852	65,853,106	98.76%	N/A	65,853,106	98.76%
2007	80,690,744	80,591,967	99.88%	N/A	80,591,967	99.88%
2008	91,354,251	90,692,622	99.28%	N/A	90,692,622	99.28%
2009	98,855,469	95,515,265	96.62%	N/A	95,515,265	96.62%
2010	98,181,404	95,149,733	96.91%	N/A	95,149,733	96.91%
2011	95,051,899	89,513,493	94.17%	N/A	89,513,493	94.17%
2012	93,318,030	86,742,369	92.95%	N/A	86,742,369	92.95%
2013	93,235,913	85,131,812	91.31%	N/A	85,131,812	91.31%

Note:
[1] Data provided by the San Bernardino County Auditor-Controller for collection of prior year taxes does not segregate the information by fiscal year. Therefore, the City is not able to provide this information in the above schedule.

Source: San Bernardino County Auditor-Controller/Treasurer/Tax Collector

CITY OF RANCHO CUCAMONGA

Principal Sales Tax Remitters

Current Year and Nine Years Ago

2013		2004	
Business Name	Business Category	Business Name	Business Category
Ameron International	Contractors	Albertsons	Grocery Stores Liquor
Apple	Electronics/Appliance Stores	Albertsons	Grocery Stores Liquor
Arco AM PM	Service Stations	Ameron International	Contractors
Bass Pro Shops Outdoor World	Sporting Goods/Bike Stores	Ameron Steel Pipe	Contractors
Best Buy	Electronics/Appliance Stores	Arco AM PM Mini Mart	Service Stations
Chevron	Service Stations	Best Buy	Electronics/Appliance Stores
Circle K	Service Stations	Chevron	Service Stations
Circle K	Service Stations	Circuit City	Electronics/Appliance Stores
Costco	Discount Department Stores	Costco	Discount Department Stores
Day Creek Arco	Service Stations	Edgepark Surgical	Medical/Biotech
Day Creek Shell	Service Stations	Home Depot	Lumber/Building Materials
Haven Mobil	Service Stations	Living Spaces Furniture	Home Furnishings
Home Depot	Lumber/Building Materials	Lowes	Lumber/Building Materials
JC Penney	Department Stores	McDonalds	Restaurants No Alcohol
Living Spaces Furniture	Home Furnishings	Mervyns	Department Stores
Lowes	Lumber/Building Materials	Novartis Animal Health	Medical/Biotech
Macys	Department Stores	Proficient Food	Food Manufacturing
Monoprice	Office Supplies/Furniture	Rancho Mobil	Service Stations
NIC Partners	Electrical Equipment	Ross	Family Apparel
Sears	Department Stores	Shell/Texaco	Service Stations
Sharp Electronics Corp	Electronics/Appliance Stores	Stater Bros	Grocery Stores Liquor
Shell	Service Stations	Tamco	Heavy Industrial
Southwire Company	Energy/Utilities	Target	Discount Department Stores
Target	Discount Department Stores	Walmart	Discount Department Stores
Walmart	Discount Department Stores	West End Material Supply	Lumber/Building Materials

* Firms listed alphabetically
Source: The HdL Companies; State Board of Equalization

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CITY OF RANCHO CUCAMONGA

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

	Governmental Activities				Business-type Activities					
Fiscal Year Ended June 30	General Obligation Bonds	Tax Allocation Bonds [1]	Loans	Total Governmental Activities	Utility Revenue Bonds	Certificates of Participation	Total Business-type Activities	Total Primary Government	Percentage of Personal Income [2]	Debt Per Capita [2]
2004	$ -	$ 320,180,000	$ 20,342,137	$ 340,522,137	$ -	$ -	$ -	$ 340,522,137	9.55%	$ 2,483
2005	-	317,135,000	18,740,549	335,875,549	-	-	-	335,875,549	8.57%	2,290
2006	-	311,005,000	17,212,452	328,217,452	-	-	-	328,217,452	7.58%	2,121
2007	-	304,685,000	23,102,037	327,787,037	-	-	-	327,787,037	6.81%	2,026
2008	-	424,060,000	21,705,050	445,765,050	-	-	-	445,765,050	8.63%	2,587
2009	-	413,655,000	20,754,833	434,409,833	-	-	-	434,409,833	7.91%	2,492
2010	-	404,990,000	20,005,200	424,995,200	-	-	-	424,995,200	7.67%	2,438
2011	-	395,920,000	19,238,811	415,158,811	-	-	-	415,158,811	7.15%	2,336
2012 [3]	-	-	-	-	-	-	-	-	0.00%	-
2013 [3]	-	-	-	-	-	-	-	-	0.00%	-

NOTES:
Details regarding the City's outstanding debt can be found in the notes to the financial statements

[1] The City issued over $155 million of new tax allocation bonds in 2008 and over $165 million of new tax allocation bonds in 2004.

[2] This ratio is calculated using personal income and population for the prior calendar year.

[3] As a result of the dissolution of the Redevelopment Agency on January 31, 2012, indebtedness was transferred to the Successor Agency.

CITY OF RANCHO CUCAMONGA

Ratio of General Bonded Debt Outstanding

Last Ten Fiscal Years
(In Thousands, except Per Capita)

Fiscal Year Ended June 30	Outstanding General Bonded Debt: General Obligation Bonds	Tax Allocation Bonds	Total	Percent of Assessed Value [1]	Percentage of Personal Income [2]	Per Capita [2]
2004	$ -	$ 320,180	$ 320,180	2.88%	8.17%	$ 2,183
2005	-	317,135	317,135	2.53%	7.32%	2,049
2006	-	311,005	311,005	2.11%	6.46%	1,922
2007	-	304,685	304,685	1.74%	5.96%	1,787
2008	-	424,060	424,060	2.16%	7.81%	2,461
2009	-	413,655	413,655	2.00%	7.47%	2,373
2010	-	404,990	404,990	2.04%	6.98%	2,279
2011	-	395,920	395,920	2.03%	7.30%	2,213
2012 [3]	-	-	-	0.00%	0.00%	-
2013 [3]	-	-	-	0.00%	0.00%	-

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

[1] Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

[2] These ratios are calculated using personal income and population for the prior calendar year. Information for calendar year 2012 per capita personal income was not available as of the CAFR publication date.

[3] As a result of the dissolution of the Redevelopment Agency on January 31, 2012, indebtedness was transferred to the Successor Agency.

CITY OF RANCHO CUCAMONGA

Direct and Overlapping Debt
June 30, 2013

City Assessed Valuation $19,600,826,000 [2]

	Percentage Applicable [1]	Total Debt 6/30/13	City Share of Debt
Overlapping Tax and Assessment Debt:			
Metropolitan Water District	0.934%	$ 165,085,000	$ 1,541,893
Chaffey Community College District	23.979%	166,063,348	39,820,330
Chaffey Joint Union High School District	44.013%	182,305,000	80,237,900
Alta Loma School District	98.741%	15,439,283	15,244,902
Central School District	98.024%	19,603,478	19,216,113
Etiwanda School District CFD Nos. 1, 2 & 3	100.000%	5,600,000	5,600,000
Etiwanda School District CFD No. 7	21.530%	13,275,000	2,858,108
Etiwanda School District CFD No. 8	68.006%	6,920,000	4,706,015
Etiwanda School District CFD No. 9	70.844%	9,620,000	6,815,193
Etiwanda School District CFD Nos. 2004-2 & 2007-1	100.000%	15,520,000	15,520,000
Etiwanda School District Rancho Etiwanda Public Facilities			-
Authority CFD No. 1	100.000%	18,650,000	18,650,000
Fontana Unified School District	0.442%	226,785,165	1,002,390
Upland Unified School District	0.119%	88,933,155	105,830
City of Rancho Cucamonga CFDs	100.000%	90,890,000	90,890,000
City of Rancho Cucamonga 1915 Act Bonds	100.000%	1,745,000	1,745,000
Total overlapping tax and assessment debt		1,026,434,429	303,953,674
Direct and Overlapping General Fund Debt			
San Bernardino County General Fund Obligations	11.988%	573,875,000	68,796,135
San Bernardino County Pension Obligations	11.988%	519,745,214	62,307,056
San Bernardino County Flood Control Dist General Fund Oblig	11.988%	104,705,000	12,552,035
Chaffey Community College District General Fund Obligations	23.979%	12,065,666	2,893,226
Cucamonga School District Certificates of Participation	40.761%	10,320,000	4,206,535
Fontana Unified School District Certificates of Participation	0.442%	48,675,000	215,144
Upland Unified School District General Fund Obligations	0.119%	575,000	684
City of Rancho Cucamonga General Fund Obligations	100.000%	-	-
West Valley Vector Control District Certificates of Participation	33.181%	3,295,000	1,093,314
Total gross direct and overlapping general fund debt		1,273,255,880	152,064,128
Overlapping Tax Increment Debt (Successor Agency)			376,410,000
Total overlapping debt		$ 2,299,690,309	832,427,802
City direct debt			-
Total direct and overlapping debt			$ 832,427,802

Notes:

[1] The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

[2] Includes aircraft values.

Source: California Municipal Statistics, The HdL Companies

CITY OF RANCHO CUCAMONGA

Legal Debt Margin Information

Last Ten Fiscal Years

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Debt limit	$ 735,030,975 [1]	$ 399,497,598	$ 392,269,488	$ 396,560,873	$ 427,275,583	$ 414,196,025	$ 370,340,380	$ 321,072,427	$ 280,523,308	$ 247,538,676
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	$ 735,030,975	$ 399,497,598	$ 392,269,488	$ 396,560,873	$ 427,275,583	$ 414,196,025	$ 370,340,380	$ 321,072,427	$ 280,523,308	$ 247,538,676
Total net debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Legal Debt Margin Calculation for Fiscal Year 2013:

Assessed value	$ 19,600,826,000
Debt limit (3.75% of assessed value)	735,030,975
Debt applicable to limit:	
General obligation bonds	-
Legal debt margin	$ 735,030,975

Note: The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). Although the statutory debt limit has not been amended by the State since this change, the percentages presented in the above computations have been proportionately modified to 3.75% (25% of 15%) for the purpose of this calculation in order to be consistent with the computational effect of the debt limit at the time of the State's establishment of the limit.

[1] As a result of the dissolution of the Redevelopment Agency on January 31, 2012, total assessed value for the City is no longer reduced by the incremental value of the redevelopment project areas.

Source: California Municipal Statistics, The Hdl Companies

CITY OF RANCHO CUCAMONGA

Pledged-Revenue Coverage

Last Ten Fiscal Years
(In Thousands)

Fiscal Year Ended June 30	Tax Allocation Bonds: Tax Increment [1]	Debt Service: Principal	Debt Service: Interest	Coverage
2004	$ 40,922	$ 3,830	$ 10,728	2.81
2005	45,909	3,045	14,397	2.63
2006	59,003	6,130	14,814	2.82
2007	71,985	6,320	14,577	3.44
2008	77,319	6,600	15,600	3.48
2009	77,581	10,405	20,994	2.47
2010	77,255	8,665	20,547	2.64
2011	69,583	9,070	20,122	2.38
2012 [2]	51,609	9,520	9,950	2.65
2013 [2]	n/a	n/a	n/a	n/a

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[1] Tax increment figures are net of related pass-through payments.

[2] As a result of the dissolution of the Redevelopment Agency on January 31, 2012 indebtedness was transferred to the Successor Agency.

CITY OF RANCHO CUCAMONGA

Demographic and Economic Statistics

Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income[1] (in thousands) (2)	Per Capita Personal Income[1] (2)	Unemployment Rate (3)
2003	146,666	$ 3,920,529	$ 26,731	3.5%
2004	154,780	4,330,435	27,978	3.2%
2005	161,830	4,814,281	29,749	2.8%
2006	170,479	5,110,790	29,979	2.8%
2007	172,331	5,431,528	31,518	3.9%
2008	174,308	5,540,903	31,788	5.1%
2009	177,736	5,804,680	32,659	8.6%
2010	178,904	5,423,296	30,314	9.4%
2011	168,181	4,854,040	28,862	8.7%
2012	169,498	-	-	7.8%

NOTES:
[1]2012 Personal Income unavailable as of the CAFR publication date.

Sources:
(1) State Department of Finance
(2) U.S. Census Bureau, American FactFinder
(3) State of California Employment Development Department

CITY OF RANCHO CUCAMONGA

Principal Employers

Current Year and Nine Years Ago*

Employer	2013 Number of Employees[1]	2013 Rank	2013 Percent of Total Income[1]	2005[2] Number of Employees[1]	2005[2] Rank	2005[2] Percent of Total Employment
Chaffey Community College	1,229	1	1.73%	1,100	1	1.45%
Etiwanda School District	1,058	2	1.49%	1,015	2	1.34%
Amphastar Pharmaceutical	880	3	1.24%	n/a	n/a	n/a
City of Rancho Cucamonga	838	4	1.18%	705	4	0.93%
Southern California Edison	800	5	1.13%	450	9	0.59%
Alta Loma School District	670	6	0.94%	920	3	1.22%
Mercury Casualty	606	7	0.85%	437	10	0.58%
West Coast Liquidators	565	8	0.80%	n/a	n/a	n/a
Frito-Lay, Inc.	561	9	0.79%	600	5	0.79%
Central School District	527	10	0.74%	500	7	0.66%
C.W. Construction	n/a	n/a	n/a	600	5	0.79%
Mission Foods	n/a	n/a	n/a	573	6	0.76%
Target	n/a	n/a	n/a	475	8	0.63%

Note: "Total Employment" as used above represents the total employment of all employers located within City limits.

[1] Includes full-time and part-time employees.
[2] City opted to provide data for 2005 as 2004 is not available.

*Only the top ten employers for each year presented have data displayed. If a company did not rank in the top ten employers for both years presented, then one of the two years will state "n/a".

Source: City Economic and Community Development Department

CITY OF RANCHO CUCAMONGA

Full-time and Part-time City Employees
by Function

Last Nine Fiscal Years*

Function	2013	2012	2011	2010	2009	2008	2007	2006	2005
General government	111	112	117	102	107	114	105	84	70
Public safety [1]	119	119	116	117	118	118	112	103	137
Engineering and public works	198	200	212	213	221	231	215	207	189
Community development	46	48	52	52	57	62	53	51	47
Community services	292	276	289	294	307	341	255	210	198
Library	72	81	88	89	91	82	94	68	58
Redevelopment	-	3	6	7	7	6	8	6	6
Total	838	839	880	874	908	954	842	729	705

*Data prior to 2005 not readily available.

NOTES:
[1] Police services provided by San Bernardino County with 136 sworn and 39 non-sworn employees for 2013. Effective 2006, crossing guards were contracted with a private company and are no longer part-time employees of the City.

Source: City Finance Department

CITY OF RANCHO CUCAMONGA

Operating Indicators
by Function

Last Nine Fiscal Years*

	Fiscal Year								
	2013	2012	2011	2010	2009	2008	2007	2006	2005
General government:									
Building permits issued	2,917	2,424	1,878	2,146	2,559	2,993	3,907	4,763	5,587
Building inspections conducted	20,076	16,452	16,467	21,722	22,662	35,572	52,185	82,166	85,225
Police:									
Arrests	4,617	4,344	6,447	4,988	4,898	5,857	5,379	5,306	5,608
Parking citations issued	4,806	3,460	2,233	3,964	4,300	3,481	4,492	3,846	3,508
Traffic citations issued	19,349	16,135	17,465	21,006	18,334	16,048	17,980	16,395	16,987
Fire:									
Number of emergency calls	13,477	12,761	12,003	11,600	11,419	12,056	11,704	11,430	10,855
Inspections	2,501	2,558	1,942	2,756	2,128	2,670	2,736	2,035	2,774
Public works:									
Number of potholes repaired	2,606	3,250	3,791	3,096	1,803	1,456	1,074	1,107	2,402
Parks and recreation:									
Number of recreation classes	8,321	8,301	8,245	8,196	6,761	4,717	3,524	2,866	2,315
Number of facility rentals	1,385	2,325	1,683	2,231	2,383	2,328	2,370	1,598	824
Library:									
Volumes in collection	301,939	298,985	297,457	291,762	280,712	268,061	257,629	215,606	181,029
Total volumes borrowed	1,107,211	1,163,021	1,221,376	1,227,540	1,120,866	1,024,670	931,031	715,431	737,635
Municipal utility:									
Number of customers	510	488	486	488	480	442	425	375	225
Peak demand (MW)	16	18	16	15	14	14	14	11	8

*Data prior to 2005 not readily available.

Source: Various City departments

CITY OF RANCHO CUCAMONGA

Capital Asset Statistics
by Function

Last Nine Fiscal Years*

	Fiscal Year								
	2013	2012	2011	2010	2009	2008	2007	2006	2005
Police:									
Stations	1	1	1	1	1	1	1	1	1
Patrol units	58	58	58	59	58	56	56	52	48
Fire:									
Fire stations	7	7	6	6	6	6	6	6	6
Public works:									
Streets (miles)	523	523	521	521	521	521	521	511	499
Streetlights	16,262	16,085	15,938	15,938	15,775	15,701	15,229	14,807	14,385
Traffic signals	219	213	209	209	201	201	189	182	170
Parks and recreation:									
Parks	31	31	31	31	31	30	28	28	26
Acreage	343	343	343	343	343	338	322	322	307
Community centers	6	6	6	6	6	6	6	5	5

*Data prior to 2005 not readily available.

Source: Various City departments

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS

The following is a summary of certain provisions of the Original Indenture and the Fifth Supplemental Indenture not otherwise described in the text of this Official Statement. This summary is not intended to be definitive, and reference is made to the text of the Original indenture and the Fifth Supplemental Indenture for the complete provisions thereof

DEFINITIONS

"Additional Allowance" means, as of the date of calculation the amount of Tax Revenues which, as shown in a Written Certificate of the Agency, are, based upon a certificate of the County Assessor as to assessed valuation to appear on the County's next certified tax roll, estimated to be receivable by the Agency in the next Bond Year (assuming a delinquency rate of two percent) as a result of increases in the assessed valuation of taxable property in the Redevelopment Project due to either (i) construction which has been completed but has not yet been reflected on the tax rolls, or (ii) transfer of ownership or any other interest in real property, which is not then reflected on the tax rolls.

"Agency" means the Successor Agency to the Rancho Cucamonga Redevelopment Agency, a public body, corporate and politic, established under the Dissolution Act.

"AGM" Assured Guaranty Municipal Corp., a New York stock insurance company, or any successor thereto or assignee thereof, as the issuer of the 2014 Series A Bonds Insurance Policy and the Series 2014 Surety Bond.

"Annual Debt Service" means, for each Bond Year, the sum of (a) the interest payable on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Serial Bonds are retired as scheduled and that the Outstanding Term Bonds are redeemed from sinking fund payments as scheduled, (b) the principal amount of the Outstanding Serial Bonds payable by their terms in such Bond Year, and (c) the principal amount of the Outstanding Term Bonds scheduled to be paid or redeemed from sinking fund payments in such Bond Year, excluding the redemption premiums, if any, thereon. For purposes of such calculation, there shall be excluded the principal of and interest on any Parity Bonds, determined among the maturities of such Parity Bonds in such manner as may be determined by the Agency in the Supplemental Indenture under which such Parity Bonds are issued, to the extent the proceeds thereof are then deposited in an escrow fund from which amounts may not be released to the Agency except in accordance with the provisions of the Indenture and a supplemental indenture relating to Parity Bonds.

"Bond Counsel" means any attorney or firm of attorneys nationally recognized for expertise in rendering opinions as to the legality and tax exempt status of securities issued by public entities and selected by the Agency.

"Bond Year" means the twelve-month period extending from September 2 in any year to the following September 1, both dates inclusive.

"Bonds" means the Series 2014 Bonds and, to the extent required by any Supplemental Indenture, any Parity Bonds authorized by, and at any time Outstanding pursuant to, the Indenture and such Supplemental Indenture.

"Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Los Angeles, California, San Francisco, California or Minneapolis, Minnesota are authorized or obligated by law to be closed.

"City" means the City of Rancho Cucamonga, California.

“City Representative” means the City Manager of the City or any other person authorized by resolution of the City Council of the City to act on behalf of the City.

“Closing Date” means, with respect to the Series 2014 Bonds, the date on which the Series 2014 Bonds are delivered by the Successor Agency to the Original Purchaser.

“Code” means the Internal Revenue Code of 1986, as amended. Any reference to a provision of the Code shall be deemed to include the applicable Tax Regulations promulgated with respect to such provision.

“Continuing Disclosure Certificate” means that certain Continuing Disclosure Certificate, if any, executed by the Successor Agency, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Costs of Issuance” means items of expense payable or reimbursable directly or indirectly by the Successor Agency and related to the authorization, sale and issuance of the Series 2014 Bonds, which items of expense shall include, but not be limited to, printing costs, costs of reproducing and binding documents, closing costs, filing and recording fees, initial fees and charges of the Trustee including its first annual administration fee, expenses incurred by the Successor Agency in connection with the issuance of the Series 2014 Bonds, fees and charges of the Trustee for paying and redeeming the outstanding 1999 Bonds, 2001 Bonds and the 2004 Bonds pursuant to the Refunding Instructions, underwriter’s discount, original issue discount, legal fees and charges, including bond counsel and financial consultants fees, costs of cash flow verification, premiums for any municipal bond insurance policy that may be purchased and for any reserve account surety bond the Successor Agency may purchase, rating agency fees, charges for execution, transportation and safekeeping of the Series 2014 Bonds and other costs, charges and fees in connection with the original issuance of the Series 2014 Bonds or any other expense directed by the Successor Agency to be paid from moneys in the Costs of Issuance Fund. “Costs of Issuance Fund” means the Fund by that name established in the Indenture.

“County” means the County of San Bernardino, California.

“County Assessor” means the person who holds the office in the County in which the Agency is located designated as the County Assessor, or one of his duly appointed deputies, or any person or persons performing substantially the same duties in the event said office is ever abolished or changed.

“County Auditor-Controller” means the person who holds the office in the County in which the Agency is located designated as the County Auditor-Controller, or one of his duly appointed deputies, or any person or persons performing substantially the same duties in the event said office is ever abolished or changed.

“Depository” means The Depository Trust Company, New York, New York, and its successors and assigns as securities depository for the Series 2014 Bonds, or any other securities depository acting as Depository under the Indenture.

“Dissolution Act” means the provisions of Assembly Bill X1 26, signed by the Governor June 28, 2011, and filed with the Secretary of State June 29, 2011, consisting of Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code, as amended by Assembly Bill 1484, signed by the Governor on June 27, 2012, and filed with the Secretary of State on June 27, 2012.

“DOF” means the California Department of Finance.

“Event of Default” means any of the events described in the Indenture.

“Federal Securities” mean any of the following:

(a) Direct general obligations of (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), or obligations, the payment of principal of and interest on which are directly or indirectly guaranteed by the United States of America (including state and local government series), including, without limitation, such of the foregoing which are commonly referred to as "stripped" obligations and coupons; or

(b) Any of the following obligations of the following agencies of the United States of America:

(i) direct obligations of the Export-Import Bank; and

(ii) certificates of beneficial ownership issued by the Farmers Home Administration, (iii) participation certificates issued by the General Services Administration, (iv) project notes issued by the United States Department of Housing and Urban Development, and (v) public housing notes and bonds guaranteed by the United States of America.

"Fifth Supplemental Indenture" means the Fifth Supplemental Indenture, dated as of July 1, 2014, by and between the Successor Agency and the Trustee.

"First Supplemental Indenture" means the First Supplemental Indenture dated as of February 1, 1994, entered into by and between the Former Agency and Bank of America National Trust and Savings Association, as trustee.

"Fiscal Year" means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both inclusive, or any other twelve-month period hereafter selected and designated by the Agency as its official fiscal year period.

"Former Agency" means the Rancho Cucamonga Redevelopment Agency, a public body corporate and politic duly organized and formerly existing under the Law and dissolved in accordance with the Dissolution Act.

"Fourth Supplemental Indenture" means the Fourth Supplemental Indenture, dated as of March 1, 2004, by and between the Former Agency and Wells Fargo Bank, N.A., as trustee.

"Housing Obligations" means, collectively, the Former Agency's (i) 1997 Loan Agreement, (ii) 2007 Bonds, and (iii) the Housing Pledge Agreement.

"Housing Pledge Agreement" means that Subordination Agreement (1994 Pledge Agreement, as Amended) dated as of November 8, 2007, between the Former Agency and National Community Renaissance of California.

"Indenture" means this Trust Indenture, entered into by the Agency pursuant to the Resolution and as it may be amended or supplemented by any Supplemental Indenture adopted pursuant to the provisions hereof.

"Independent Accountant" means any accountant or firm of such accountants duly licensed or registered or entitled to practice and practicing as such under the laws of the State, appointed by or acceptable to the Successor Agency, and who, or each of whom: (a) is in fact independent and not under domination of the Successor Agency; (b) does not have any substantial interest, direct or indirect, with the Successor Agency; and (c) is not connected with the Successor Agency as an officer or employee of the Successor Agency, but who may be regularly retained to make reports to the Successor Agency.

"Independent Fiscal Consultant" means any consultant or firm of such consultants appointed by or acceptable to the Successor Agency and who, or each of whom: (a) is judged by the Successor Agency to have experience in matters relating to the financing of redevelopment projects; (b) is in fact independent and not under domination of the Successor Agency; and (c) is not connected with the Successor Agency as an officer or employee of the Successor Agency, but who may be regularly retained to make reports to the Successor Agency.

"Information Services" means "EMMA" or the "Electronic Municipal Market Access" system of the Municipal Securities Rulemaking Board; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds as the Successor Agency may designate in a Written Certificate of the Successor Agency delivered to the Trustee.

"Insurance Policy" means the municipal bond insurance policy issued by AGM guaranteeing the scheduled payment of principal of and interest on the Series 2014 Bonds when due.

"Interest Account" means the Account by that name established in the Indenture

"Interest Payment Date" means March 1 and September 1 of each year, provided that the first Interest Payment Date with respect to the Series 2014 Bonds shall be March 1, 2015.

"Law" or "Redevelopment Law" means the Community Redevelopment Law of the State of California, constituting Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code of the State of California, and the acts amendatory thereof and supplemental thereto.

"Low and Moderate Income Housing Fund" means the fund of the Successor Agency by that name established pursuant to Section 33334.3 of the Redevelopment Law.

"Maximum Annual Debt Service means, as of any date of calculation, the largest amount of Annual Debt Service for the current or any future Bond Year on the Series 2014 Bonds.

"Moody's" means Moody's Investors Service and its successors and assigns.

"1997 Loan Agreement" means, collectively, that certain Loan Agreement dated as of December 15, 1997 by and among the Agency, Northtown Housing Development Corporation ("Northtown") and Pacific Life Insurance Company and that certain Guaranty Reimbursement Agreement dated as of December 15, 1997 by and among the Agency, Northtown and MBIA Insurance Corporation, as successor in interest to Capital Markets Assurance Corporation.

"1999 Bonds" means the outstanding Rancho Cucamonga Redevelopment Agency Rancho Redevelopment Project 1999 Tax Allocation Refunding Bonds authorized by the Second Supplemental Indenture.

"Nominee" means the nominee of the Depository, which may be the Cede & Co., as determined from time to time pursuant to the Indenture

"Office" means, with respect to the Trustee, the corporate trust office of the Trustee at 333 South Grand Avenue, 5th Floor, Los Angeles, California 90071, or at such other or additional offices as may be specified by the Trustee in writing to the Successor Agency, provided that for the purposes of maintenance of the Registration Books and presentation of Bonds for transfer, exchange or payment such term shall mean the office of the Trustee at which it conducts its corporate agency business.

"Original Indenture" means the Trust Indenture dated as of March 1, 1990, entered into by and between the Former Agency and Bank of America National Trust and Savings Association, as trustee.

"Original Purchaser" means Stifel, Nicolaus & Company, Incorporated as original purchaser of the Series 2014 Bonds.

"Oversight Board" means the oversight board duly constituted from time to time pursuant to Section 34179 of the Dissolution Act.

"Owner" or "Bondowner" means the person or persons whose name appears on the registration books maintained by the Trustee as the registered owner of a Bond or Bonds.

"Parity Bonds" means any bonds, notes, loans, advances or other indebtedness issued or incurred by the Agency on a parity with the Series 2014 Bonds in accordance with the Indenture.

"Participants" means those broker dealers, banks and other financial institutions from time to time for which the Depository holds Series 2014 Bonds as securities depository.

"Pass-Through Agreements" mean certain contractual and statutory obligations secured by a pledge or lien on Tax Revenues superior to the lien securing the Series 2014 Bonds and any Parity Bonds, as set forth in the agreements listed below:

(a) Agreement for Cooperation between Inland Empire Utilities Agency (formerly the Chino Basin Municipal Water District), Redevelopment Agency of the City of Rancho Cucamonga and the City of Rancho Cucamonga, dated March 24, 1982;

(b) Agreement Regarding the Rancho Redevelopment Project dated February 21, 1982, between the City of Rancho Cucamonga, the Rancho Cucamonga Redevelopment Agency, and the County of San Bernardino acting on behalf of itself, the County Free Library, and the San Bernardino County Flood Control District;

(c) Agreement for Cooperation among the Cucamonga Valley Water District (formerly Cucamonga County Water District), the Redevelopment Agency of the City of Rancho Cucamonga and the City of Rancho Cucamonga entered into on April 7, 1982;

(d) Agreement for Cooperation among the Rancho Cucamonga Fire Protection District (formerly the Foothill Fire Protection District), the Redevelopment Agency of the City of Rancho Cucamonga and the City of Rancho Cucamonga entered into on April 22, 1982; and

(e) Settlement Agreements among the Agency and the Chaffey Joint Union High School District, the Central School District, the Cucamonga Elementary School District and the Etiwanda School District, each dated in 2001, and the Alta Loma School District dated August 6, 1987.

"Permitted Investments" mean: (1) Federal Securities; (2) any of the following obligations of federal agencies not guaranteed by the United States of America: (a) debentures issued by the Federal Housing Administration; (b) participation certificates or senior debt obligations of the Federal Home Loan Mortgage Corporation; (c) senior debt obligations of the Federal Home Loan Bank System established under the Federal Home Loan Bank Act, (d) mortgage-backed securities and senior debt obligations issued by the Federal National Mortgage Association and (e) participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; (3) interest-bearing demand or time deposits (including certificates of deposit) in federal or State chartered banks (including the Trustee), provided that (i) in the case of a savings and loan association, such demand or time deposits shall be fully insured by the successor to the Federal Savings and Loan Insurance Corporation, and (ii) in the case of a bank, such demand or time deposits shall be fully insured by the Federal Deposit Insurance Corporation; (4) repurchase agreements which satisfy the following criteria: (1) Repurchase Agreements must be between the Agency and a dealer bank or securities firm which are (a) primary dealers on the Federal Reserve reporting dealer list which fall under the jurisdiction of the SIPC, or (b) banks rated "A" or above by Standard & Poor's Corporation and Moody's Investors Service; (2) The written repurchase contract must include the following:

(a) Securities which are obligations described in (1) above; and

(b) the term of the repurchase agreement may be up to 30 days; (c) the collateral must be delivered to the Trustee (if the Trustee is not supplying the collateral) or third party acting as agent for the Trustee (if the Trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities); (d) the Trustee has a perfected first priority security interest in the collateral; (e) collateral is free and clear of third-party liens; (f) failure to maintain the requisite collateral percentage will require the Trustee to liquidate collateral; (g) the securities must be valued weekly, marked-to-market at current market price plus secured interest; and (h) the value of collateral must be equal to 103% of the amount of cash transferred by the Agency to the dealer bank or security firm under the repurchase agreement plus accrued interest. If the value of securities held as collateral falls below 103% of the value of the cash transferred by the Agency, then additional cash and/or acceptable securities must be transferred; (3) a legal opinion must be delivered to the Agency stating that the repurchase agreement meets guidelines under state law for legal investment of public funds; (5) bankers acceptances with a maximum term of one year endorsed and guaranteed by banks which have an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's Investors Service and "A-1" or "A" or better by Standard & Poor's Corporation; (6) obligations, the interest on which is exempt from federal income taxation under Section 103 of the Code and is not subject to the alternative minimum tax imposed under Section 57(a)(5) of the Code, and which are rated in the one of the top two rating categories by Moody's Investors Service, Inc. or by Standard & Poor's Corporation; (7) money market funds registered under the federal Investment Company Act of 1940, whose shares are registered under the federal Securities Act of 1933, and having a rating by Standard & Poor's Corporation of "AAAm-G", " or "AAm"; (8) investment agreements, guaranteed investment contracts, funding agreements, or any other form of corporate note acceptable to the Insurer representing the unconditional obligations of entities: (a) the unsecured long-term debt obligations or claims-paying ability ratings (in the case of insurance entities) of which are rated in the top three categories by Moody's Investors Service, Inc. or by Standard & Poor's Corporation; or (b) the short-term debt obligation of which is rated in the two highest categories of either of such rating agencies; or (9) with respect to moneys in the Series 1990 Bonds Escrow Fund, the Series 1990 Bonds Escrow Fund Investment Agreement.

"Principal Account" means the Account by that name established pursuant to the Indenture.

"Principal Payment Date" means September 1 in each year in which any of the Series 1990 Bonds mature by their respective terms; and with respect to any Parity Bond means the stated maturity date of such Parity Bond.

"Project" or "Redevelopment Project" means the under-taking of the Agency pursuant to the Redevelopment Plan and the Law for the redevelopment of the Project Area, including the application of a portion of the proceeds of the Bonds to refund and defease the 1986 Bonds, the 1987 Bonds and the 1988 Certificates of Participation, all as provided herein.

"Project Area" or "Redevelopment Project Area" means the Project area described in the Redevelopment Plan.

"Purchase Price", for the purpose of computation of the Yield of the Bonds, has the same meaning as the term "issue price" in Section 1273(b) and 1274 of the Code, and, in general, means the initial offering price to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Bonds are sold or, if the Bonds are privately placed, the price paid by the original purchaser thereof or the acquisition cost of such original purchaser. The term "Purchase Price," for the purpose of computation of the Yield of Permitted Investments, means the fair market value of the Permitted Investments on the date of use of Bond proceeds for acquisition thereof, or if later, on the date that any Permitted Investment becomes a Nonpurpose Investment, as defined in the Code, of the Bonds.

"Rebate Account" means the Account by that name established and held by the Trustee pursuant to the Indenture.

"Record Date" means, with respect to any Interest Payment Date, the close of business the fifteenth calendar day of the month preceding such Interest Payment Date, whether or not such day is a Business Day.

"Redemption Fund" means the Fund by that name established by the Indenture.

"Record Date" means Record Date as defined in the Original Indenture as "with respect to any Interest Payment Date, the close of business the fifteenth (15th) calendar day of the month preceding such Interest Payment Date, whether or not such day is a Business Day."

"Recognized Obligation Payment Schedule" or "ROPS" means a Recognized Obligation Payment Schedule, each prepared and approved from time to time pursuant to subdivision (l) of Section 34177 of the California Health and Safety Code.

"Redevelopment Obligation Retirement Fund" means the fund by that name established pursuant to California Health and Safety Code Section 34170.5(b) and administered by the Successor Agency.

"Redevelopment Plan" means the "Rancho Redevelopment Project of the Rancho Cucamonga Redevelopment Agency Plan" approved and adopted by the City by Ordinance No. 145, and includes any amendment thereof made pursuant to the Redevelopment Law.

"Redevelopment Property Tax Trust Fund" or "RPTTF" means the fund by that name established pursuant to Health & Safety Code Sections 34170.5(a) and 34172(c) and administered by the County auditor-controller.

"Redevelopment Project" means the undertaking of the Successor Agency to redevelop the Project Area in accordance with the Redevelopment Plan.

"Refunding Fund" means the Series 2014 Refunding Fund established and held by the Trustee pursuant to the Indenture

"Refunding Instructions" means the Refunding Instructions dated July 1, 2014, of the Successor Agency to the Prior Trustee to defease and redeem the 1999 Bonds, the 2001 Bonds and the 2004 Bonds.

"Refunding Law" means Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State, and the acts amendatory thereof and supplemented thereto.

"Representation Letter" means a representation letter from the Agency and the Trustee to the Depository, as described in the Indenture.

"Report" means a Report in writing signed by an Independent Financial Consultant or Redevelopment Consultant and including-

(1) a statement that the person or firm making or giving such Report has read the pertinent provisions of the Indenture to which such Report relates;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the Report is based; and

(3) a statement that, in the opinion of such person or firm, sufficient examination or investigation was made as is necessary to enable said consultant to express an informed opinion with respect to the subject matter referred to in the Report.

"Reserve Account" means the account by that name established pursuant to the Indenture.

"Reserve Requirement" means, with respect to the Series 2014 Bonds as of the Closing Date, the least of (i) ten percent (10%) of the original issue price of the Series 2014 Bonds, (ii) Maximum Annual Debt Service with respect to the Series 2014 Bonds, or (iii) 125% of average Annual Debt Service on the Series 2014 Bonds; provided further that the Successor Agency may meet all or a portion of the Reserve Requirement by depositing a surety bond or insurance policy meeting the requirements of the Indenture. On any date of calculation, the Reserve Requirement may be reduced to meet the lesser of the three tests stated above.

"Resolution" means Resolution No. 14-071 adopted April 16, 2014 by Successor Agency authorizing the issuance of the Series 2014 Bonds.

"S&P" means Standard & Poor's Ratings Services, a service of Standard & Poor's Finance Services LLC, a part of McGraw Hill Financial, and its successors and assigns.

"Second Supplemental Indenture" means the Second Supplemental Indenture dated as of August 1, 1999, entered into by and between the Former Agency and U.S. Bank Trust National Association, as trustee.

"Series 2014 Insured Bonds" means the Series 2014 Bonds maturing September 1, 2020 through and including September 1, 2032.

"Special Fund" means the Fund by that name established by the Indenture.

"State" means the State of California. Supplemental Indenture

"Supplemental Indenture" means an agreement, resolution or other instrument then in full force and effect which has been duly adopted by the Agency, amendatory of or supplemental to the Indenture; but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

"Surety Bond" means the municipal bond debt service reserve insurance policy relating to the Bonds issued by AGM.

"Tax Regulations" means temporary and permanent regulations promulgated under Section 103 and related provisions of the Code.

"Tax Revenue Certificate" means a Written Certificate of the Agency identifying the amount of Tax Revenues as certified by the County Assessor to be received by the Agency in either the current Bond Year or the next Bond Year, and including the Additional Allowance in the case of a Tax Revenue Certificate relating to the next Bond Year.

"Tax Revenues" means all moneys deposited from time to time in the Redevelopment Property Tax Trust Fund as provided in Section 34183(a)(2) of the Dissolution Act, excluding (i) all other amounts which prior to the adoption of the Dissolution Act were required to be deposited into the Former Agency's Low and Moderate Income Housing Fund pursuant to Sections 33334.2, 33334.3 and 33334.6 of the Redevelopment Law, to the extent required to pay debt service on the Housing Obligations, and (ii) amounts which are required to be paid to any other public agency under Pass-Through Agreements, or pursuant to Section 33607.7 of the Redevelopment Law, except and to the extent that any amounts so payable are payable on a basis subordinate to the payment of the Bonds and any additional Parity Debt, as applicable. If and to the extent that the provision of Section 34172 or Section 34183(a)(2) are invalidated by a final judicial decision, then Tax Revenues means all taxes annually allocated to the Agency with respect to the Project Area following the Closing Date, pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State laws, and as provided in the Redevelopment Plan, including all payments, subventions and reimbursements (if any) to the Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations and including that portion of such taxes otherwise required by Section 33334.2 of the Redevelopment Law to be deposited in the Low and Moderate Income Housing Fund of the Agency established pursuant to Section 33334.3 of the Redevelopment Law, but only to the extent necessary to repay that portion of the proceeds, if any, of any Parity Bonds (including applicable reserves and financing costs) used to increase or improve the supply of low and moderate income housing within or of benefit to the Project Area; but excluding all other amounts of such taxes required to be deposited into the Low and Moderate Income Housing Fund and excluding amounts payable to entities other than the Agency under and pursuant to pass through agreements or similar tax sharing agreements entered into pursuant to Section 33401 of the Redevelopment Law existing on the Closing Date.

"Third Supplemental Indenture" means the Third Supplemental Indenture dated as of August 1, 2001 entered into by and between the Agency and Wells Fargo Bank, National Association.

"2001 Bonds" means the outstanding Rancho Cucamonga Redevelopment Agency Rancho Redevelopment Project 2001 Tax Allocation Bonds authorized by the Third Supplemental Indenture.

"2004 Bonds" means the outstanding Rancho Cucamonga Redevelopment Agency Rancho Redevelopment Project 2004 Tax Allocation Bonds authorized by the Fourth Supplemental Indenture.

"2007 Bonds" means the $73,305,000 Housing Set Aside Tax Allocation Bonds Tax-Exempt 2007 Series A and its $82,315,000 Housing Set Aside Tax Allocation Bonds Taxable 2007 Series B (the "2007 Housing Bonds").

"2007 Indenture" means the Trust Indenture dated as of December 1, 2007, by and between the Former Agency and Wells Fargo Bank, National Association, as Trustee.

"Treasurer" means the treasurer of the Agency appointed pursuant to the Law, or other duly appointed officer of the Agency authorized by the Agency by resolution or bylaw to perform the functions of the treasurer including, without limitation, the Assistant Treasurer of the Agency.

"Trustee" means the Trustee appointed by the Agency and acting as an independent trustee with the duties and powers herein provided, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in the Indenture.

"Written Request of the Agency" means an instrument in writing signed by the Chairman, the Executive Director or by any other officer of the Agency duly authorized by the Agency for that purpose and by the Secretary, with the seal of the Agency affixed.

"Yield" means that yield which, when used in computing the present worth of all payments of principal and interest (or other payments in the case of Permitted Investments which require payments in a form not characterized as principal and interest) on a Permitted Investment or on any series of the Bonds produces an amount equal to the Purchase Price of such Permitted Investment or any series of the Bonds, as the case may be, all computed as prescribed in the applicable Tax Regulations.

SUMMARY OF INDENTURE AND FIFTH SUPPLEMENTAL INDENTURE ESTABLISHMENT OF ACCOUNTS AND PARITY BONDS

Costs of Issuance Fund

The Indenture and Fifth Supplemental Indenture establish a separate fund to be known as the "Costs of Issuance Fund," which shall be held by the Trustee in trust. The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance upon submission of a Written Request of the Successor Agency stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. On or before January 1, 2015, or upon the earlier Written Request of the Successor Agency stating that all known Costs of Issuance have been paid, all amounts, if any, remaining in the Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and transferred to the Interest Account of the Bond Fund to be used to pay interest on the Series 2014 Bonds on March 1, 2015.

Refunding Fund

The Indenture and Fifth Supplemental Indenture establish the Series 2014 Refunding Fund (the "Refunding Fund"), which is held by the Trustee in trust for the benefit of the Successor Agency. The moneys in the Refunding Fund shall be maintained separate and apart from other moneys of the Successor Agency. The Trustee shall transfer all moneys on deposit in the Refunding Fund to the Prior Trustee for deposit and application under and pursuant to the Refunding Instructions. Upon making such transfers, the Refunding Fund shall be closed.

Issuance of Parity Bonds

(a) Parity Bonds. In addition to the Series 2014 Bonds, the Successor Agency may issue or incur additional Parity Bonds in such principal amount as shall be determined by the Successor Agency. The Successor Agency may issue and deliver any Parity Bonds for the purpose of refinancing the Housing Obligations or the Series 2014 Bonds, subject to the following specific conditions that are hereby made conditions precedent to the issuance and delivery of such Parity Bonds issued under the Indenture:

(i) (a) The issuance of the proposed Parity Bonds will meet the requirements of Section 34177.5 of the Dissolution Act, and (b) if the holder of any Parity Bonds is a commercial bank, savings bank, savings and loan association or other financial institution which is authorized by law to accept and hold deposits of money or issue certificates of deposit, and which purchases the Parity Bonds directly from the Agency, such holder must agree to waive any common law or statutory right of setoff with respect to any deposits of the Successor Agency maintained with or held by such holder;

(ii) The Successor Agency shall certify that the principal of and interest on the Series 2014 Bonds, the Housing Obligations and any Parity Bonds (including the Parity Bonds to be incurred) and Subordinate Debt coming due and payable in each year that the Parity Bonds will be outstanding will not exceed the annual tax increment revenues permitted under the annual tax increment Plan Limit after taking into account amounts described in clause (ii) of the definition of Tax Revenues that will be subject to the annual limit, to the extent such Plan Limit is applicable;

(iii) The Successor Agency may fund a reserve account relating to such Parity Bonds as described in the Supplemental Indenture; and

(iv) The Successor Agency shall deliver to the Trustee a Written Certificate of the Successor Agency certifying that the conditions precedent to the issuance of such Parity Bonds set forth above have been satisfied.

(b) Issuance of Subordinate Debt. The Successor Agency may issue or incur debt for any lawful purpose payable on a basis subordinate to the Series 2014 Bonds and any Parity Bonds ("Subordinate Debt") in such principal amount as shall be determined by the Successor Agency.

Proceedings for Issuance of Parity Bonds

Whenever the Agency shall determine to issue Parity Bonds pursuant to the Indenture, the Agency shall authorize the execution of a Supplemental Indenture specifying the principal amount and prescribing the forms of such Parity Bonds and providing the terms, conditions, distinctive designation, denominations, date, maturity date or dates, interest rate or rates (or the manner of determining same), redemption provisions and place or places of payment of principal or of premium (if any) and interest on such Parity Bonds, and any other provisions respecting the Parity Bonds not inconsistent with the terms of the Indenture.

Before such Parity Bonds shall be issued and delivered, the Agency shall file the following documents with the Trustee:

(a) An executed copy of the Supplemental Indenture authorizing such Bonds.

(b) A Written Certificate of the Agency stating that, to the knowledge of the Agency, no Event of Default has occurred and is then continuing.

(c) An opinion of Bond Counsel that the execution of the Supplemental Indenture has been duly authorized by the Agency in accordance with the Indenture; that the Parity Bonds, when duly executed by the Agency and authenticated and delivered by the Trustee, will be legally valid and binding limited obligations of the Agency; and that the issuance of such Parity Bonds will not in and of itself impair the exclusion for federal income tax purposes of interest on any Outstanding Bonds.

(d) A written certificate of the Agency certifying that the conditions precedent to the issuance of such Parity Bonds set forth in the Indenture have been satisfied.

THE TAX REVENUES; SPECIAL FUND AND ACCOUNTS; SURPLUS

Pledge of Tax Revenues

The Bonds shall be secured by a pledge (which pledge shall be effected in the manner and to the extent hereinafter provided) of all of the Tax Revenues (except as otherwise provided in the Indenture), and, by a pledge of all of the moneys in the Special Fund, the Interest Account, the Principal Account, the Reserve Account and the Redemption Account. The Tax Revenues shall be allocated solely to the payment of the principal and interest, and redemption premium, if any, of the Bonds and to the Reserve Account for the purposes set forth in the Indenture; except that out of the Tax Revenues may be apportioned in such amounts for such other purposes as are expressly permitted the Indenture. The pledge and allocation of Tax Revenues is for the exclusive benefit of the Bonds and shall be irrevocable until all of the Bonds have been paid and retired or until moneys have been set aside irrevocably for that purpose. Other than refunding bonds issued solely for the purpose of refunding all of the then Outstanding Bonds, the Agency will not issue any obligation or security superior to the Bonds howsoever denominated payable in whole or in part from the Tax Revenues which are hereby pledged to the payment of the principal of and interest on the Bonds (and any refunding bonds), until all of the Bonds have been paid and retired or until moneys have been set aside irrevocably for that purpose.

In consideration of the acceptance of the Bonds by those who shall own them from time to time, the Indenture shall be deemed to be and shall constitute a contract between the Agency and the Owners from time to time of the Bonds and the covenants and agreements herein set forth to be performed on behalf of the Agency shall be for the equal and proportionate security and protection of all Owners of the Bonds without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof, of the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

Special Fund; Deposit of Tax Revenues

There is hereby established a special fund to be known as the "Rancho Redevelopment Project Tax Allocation Bonds Special Fund: (the "Special Fund"), which shall be held by the Trustee. The Successor Agency shall transfer all of the Tax Revenues received from the RPTTF and deposited in the Redevelopment Obligation Retirement Fund, for debt service due in such six month period in accordance with the Dissolution Act to the Trustee for deposit in the Special Fund promptly upon receipt thereof by the Successor Agency. Any Tax Revenues received by the Successor Agency during any Bond Year in excess of the amounts required to be transferred to the Trustee for deposit into the Interest Account, the Principal Account and the Reserve Account (including amounts due to AGM pursuant to the Insurance Policy, the Surety Bond and Article VII of the Indenture) in such six month period pursuant to the Indenture, shall be released from the pledge and lien hereunder and may be used for any lawful purposes of the Successor Agency.

All Tax Revenues and any other amounts at any time paid by the Agency and designated in writing for deposit in the Special Fund shall be held by the Trustee solely for the uses and purposes hereinafter in this Article V set forth. So long as any of the Bonds are Outstanding, the Agency shall not have any beneficial right or interest in the Tax Revenues, except only as provided in the Indenture, and such moneys shall be used and applied as herein set forth.

Establishment and Maintenance of Accounts

All moneys in the Special Fund shall be transferred and set aside by the Trustee in the following respective special accounts of the Special Fund (each of which is hereby created to be held in trust by the Trustee) in the following order of priority:

(a) Interest Account. At least one Business Day prior to each Interest Payment Date, the Trustee shall transfer from the Special Fund and set aside in the Interest Account an amount which, when added to the amount contained in the Interest Account will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds on such Interest Payment Date. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Bonds issued hereunder and then Outstanding. The Trustee shall also deposit in the Interest Account any other moneys received by it from the Agency and designated in writing by the Agency for deposit in the Interest Account. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to the Indenture).

(b) Principal Account. At least one Business Day prior to each Principal Payment Date, the Trustee shall transfer from the Special Fund and set aside in the Principal Account an amount which, when added to the amount contained in the Principal Account will be equal to the principal becoming due and payable on the Bonds on such Principal Payment Date, whether by reason of scheduled maturity or mandatory sinking fund redemption pursuant to the Indenture. No deposit need be made into the Principal Account if the amount contained therein is at least equal to the principal to become due on such Principal Payment Date, whether by reason of scheduled maturity or mandatory sinking fund redemption. The Trustee shall also deposit in the Principal Account any other moneys received by it from the Agency and designated in writing by the Agency for deposit in the Interest Account. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal on the Bonds as it shall become due and payable, whether by reason of scheduled maturity or mandatory sinking fund redemption.

(c) Reserve Account. On each Interest Payment Date, the Trustee shall withdraw from the Special Fund and deposit in the Reserve Account an amount of money that shall be required to maintain in the Reserve Account an amount equal to the Reserve Requirement. No such deposit need be made to the Reserve Account so long as there shall be on deposit therein an amount, or a letter of credit, surety bond, bond insurance policy or other form of guaranty from a financial institution, as described below, or any combination thereof in a principal amount, at least equal to the Reserve Requirement. All money or letter of credit, surety bond, bond insurance policy or other form of guaranty from a financial institution, as described below, in the Reserve Account shall be used and withdrawn or drawn upon, as the case may be, by the Trustee (provided that the Trustee shall use the money in the subaccount of the Reserve Account relating to the Series 2014 Bonds prior to making any demand on the Reserve Account Surety Bond) solely for the purpose of making transfers to the Interest Account and the Principal Account, in such order, in the event of any deficiency at any time in any of such accounts with respect to amounts due on the Bonds or for the retirement of all of the Bonds, except that so long as the Agency is not in default hereunder, any amount in the Reserve Account in excess of an amount equal to the Reserve Requirement shall be withdrawn from the Reserve Account by the Trustee on the Business Day preceding each Interest Payment Date and deposited in the Interest Account to be used to make payment on the Bonds.

The Successor Agency shall deposit the Surety Bond in a subaccount for the Series 2014 Bonds within the Reserve Account (the "Series 2014 Bonds Reserve Subaccount"), established in the Special Fund pursuant to the Original Indenture with a face value equal to the 2014 Bonds Reserve Requirement and the Trustee shall credit the Surety Bond to the Series 2014 Bonds Reserve Subaccount; the Successor Agency shall maintain an amount equal to the Reserve Requirement with respect to the Series 2014 Bonds in the Series 2014 Bonds Reserve Requirement; provided, however, at any time, moneys on deposit in the Series 2014 Bonds Reserve Subaccount representing the Reserve Requirement, or any portion thereof, for the Series 2014 Bonds may be substituted by the Successor Agency with a letter of credit, surety bond, bond insurance policy or other form of guaranty from a financial institution, the long term, unsecured obligations of which are rated at the time of issuance of such instrument by S&P or Moody's is "A" (without regard to modifier) or higher, in an amount equal to the Reserve Requirement, or in an amount, which together with cash on deposit for such purpose, equals the Reserve Requirement, upon presentation to the Trustee of such letter of credit, surety bond, bond insurance policy or other form of guaranty from a financial institution, together with evidence, that such letter of credit, surety bond, bond insurance policy or other form of guaranty from a financial institution satisfies the rating requirement set forth above. Upon such substitution, the Trustee shall transfer amounts on deposit in the Series 2014 Bonds Reserve Subaccount representing the applicable portion of cash representing the Reserve Requirement for the Series 2014 Bonds to the Successor Agency to be applied for redevelopment purposes. Amounts on deposit in the Series 2014 Bonds Reserve Subaccount or any letter of credit, surety bond, bond insurance policy or other guarantee acquired by the Successor Agency to satisfy the Reserve Requirement for the Series 2014 Bonds shall only be used in connection with the Series 2014 Bonds and shall not be used as security for any other series of Bonds issued under the Original Indenture. All amounts in the Reserve Account established for Parity Bonds or any letter of credit, surety bond, bond insurance policy or other guarantee to satisfy the Reserve Requirement for Parity Bonds shall only be used in connection with Parity Bonds and shall not be used as security for the Series 2014 Bonds.

The Reserve Requirement with respect to the Series 2014 Bonds shall be satisfied by the delivery of the Surety Bond to the Trustee. The Trustee shall credit the Surety Bond to the Series 2014 Bonds Subaccount. Under the terms and conditions of the Surety Bond, the Trustee shall deliver to AGM a demand for payment under the Surety Bond in the required form at least five Business Days before the date on which funds are required for the purposes set forth in the Indenture. The Trustee shall comply with all of the terms and provisions of the Surety Bond for the purpose of assuring that funds are available thereunder when required for the purposes of the Reserve Account, within the limits of the coverage amount provided by the Surety Bond. All amounts drawn by the Trustee under the Surety Bond will be deposited into the Reserve Account and applied for the purposes thereof.

If on any date the moneys on deposit in or credited to the Reserve Account, the Interest Account and the Principal Account are sufficient to pay the principal, premium, if any, and interest on the Bonds, the Trustee shall, upon written direction from the Agency, transfer all amounts to the Interest Account or the Principal Account for the payment of principal and interest on the Bonds or to the Redemption Fund for the payment of principal of and premium, if any, on the Bonds to be redeemed pursuant to the Indenture. All amounts in the Reserve Account on the day preceding the final Principal Payment Date, except amounts represented by a letter of credit, surety bond, bond insurance policy or other form of guaranty from a financial institution, as described below, shall be withdrawn from the Reserve Account and transferred to the Interest Account and the Principal Account, in such order, to the extent required to make the deposits then required to be made with respect to amounts due on the Bonds. All amounts deposited into the Reserve Account to restore the amount on deposit in the Reserve Account to the Reserve Requirement shall be first applied by the Trustee to the repayment of the provider of any letter of credit, surety bond, bond insurance policy or other guarantee if required to reinstate such letter of credit, surety bond, bond insurance policy or other guarantee to its full stated amount and, second, to the replenishment of any cash to be deposited therein.

(d) Surplus. Except as may be otherwise provided in any Supplemental Indenture, the Agency shall not be obligated to transfer to the Trustee for deposit in the Special Fund in any Bond Year an amount of Tax Revenues which, together with other available amounts in the Special Fund, exceeds the amounts required in such Bond Year pursuant to the Indenture. In the event that for any reason whatsoever any amounts shall remain on deposit in the Special Fund on any September 2 after making all of the transfers theretofore required to be made pursuant to the preceding clauses (a), (b) and (c) and pursuant to any Supplemental Indenture, the Trustee shall withdraw such amounts from the Special Fund and transfer such amounts to the Agency, to be used ,for any lawful purposes of the Agency; provided that prior to such withdrawal and transfer, any amounts then owing to the Insurer as interest on the Financial Guaranty Agreement shall have first been paid.

Redemption Fund

The Redemption Fund shall be held by the Trustee. On or before the Business Day preceding any date on which the Bonds are to be redeemed pursuant to the Indenture, the Agency shall deposit with the Trustee for deposit in the Redemption Fund an amount required to pay the principal of and premium, if any, on the Bonds to be redeemed. All moneys in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the Bonds to be redeemed pursuant the Indenture on the date set for such redemption.

COVENANTS OF THE AGENCY

Punctual Payment. The Successor Agency shall punctually pay or cause to be paid the principal, premium (if any) and interest to become due in respect of all the Series 2014 Bonds and Parity Bonds in strict conformity with the terms of the Series 2014 Bonds and of the Original Indenture and the Fifth Supplemental Indenture. The Successor Agency shall faithfully observe and perform all of the conditions, covenants and requirements of this Supplemental Indenture. Nothing herein contained shall prevent the Successor Agency from making advances of its own moneys howsoever derived to any of the uses or purposes referred to in the Indenture.

Continuing Disclosure. The Successor Agency hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate, if any, executed and delivered by the Successor Agency. Notwithstanding any other provision hereof, failure of the Successor Agency to comply with such Continuing Disclosure Certificate shall not constitute an Event of Default hereunder; provided, however, that any Participating Underwriter (as such term is defined in such Continuing Disclosure Certificate) or any Owner or beneficial owner of the Series 2014 Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Successor Agency to comply with its obligations under the Indenture.

Limitation on Additional Indebtedness. The Successor Agency hereby covenants that so long as any of the Series 2014 Bonds remain Outstanding, the Successor Agency shall not issue any bonds, notes or other obligations payable from the RPTTF or which are otherwise secured on a basis which is senior to the pledge and lien which secures the Series 2014 Bonds. The Successor Agency hereby covenants that it shall not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Tax Revenues, excepting only the Series 2014 Bonds and Parity Bonds, any debt obligations subordinate to the Series 2014 Bonds, and any obligations entered into pursuant to the Indenture.

Extension of Payment of Series 2014 Bonds. The Successor Agency shall not directly or indirectly extend or assent to the extension of the maturity of any of the Series 2014 Bonds or the time of payment of any claims for interest by the purchase of such Series 2014 Bonds or by any other arrangement, and in case the maturity of any of the Series 2014 Bonds or the time of payment of any such claims for interest shall be extended, such Series 2014 Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of the Indenture, except subject to the prior payment in full of the principal of all of the Outstanding Bonds and of all claims for interest thereon which shall not have been so extended. Nothing in the Indenture shall be deemed to limit the right of the Successor Agency to issue bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Series 2014 Bonds.

Payment of Claims. The Successor Agency shall pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the Successor Agency or upon the Tax Revenues or any part thereof, or upon any funds held by the Trustee pursuant hereto, or which might impair the security of the Series 2014 Bonds or any Parity Bonds. Nothing herein contained shall require the Successor Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of said claims.

Books and Accounts; Financial Statements. The Successor Agency shall keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Successor Agency and the County, in which complete and correct entries shall be made of all transactions relating to the Redevelopment Project, the Tax Revenues, the Special Fund and the Redevelopment Obligation Retirement Fund. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Owners of not less than ten percent (10%) in aggregate principal amount of the Series 2014 Bonds then Outstanding, or their representatives authorized in writing.

The Successor Agency will cause to be prepared and delivered to the Trustee and the Insurer annually, within nine (9) months after the close of each Fiscal Year so long as any of the Series 2014 Bonds are Outstanding, complete audited financial statements with respect to such Fiscal Year including the balances in all funds and accounts relating to the Redevelopment Project, as of the end of such Fiscal Year. Such audited financial statements may be included in a combined statement with the City's comprehensive audited financial report. The Trustee shall not be responsible for reviewing such financial statements. The Successor Agency shall furnish a copy of such statements to any Owner upon reasonable request and at the expense of such Owner.

Protection of Security and Rights of Owners. The Successor Agency will preserve and protect the security of the Series 2014 Bonds and the rights of the Owners. From and after the date of issuance of any Series 2014 Bonds, such Series 2014 Bonds shall be incontestable by the Successor Agency.

Payments of Taxes and Other Charges. The Successor Agency will pay and discharge, or cause to be paid and discharged, all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the Successor Agency or the properties then owned by the Successor Agency in the Project Area, when the same shall become due. Nothing herein contained shall require the Successor Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of said taxes, assessments or charges. The Successor Agency will duly observe and conform with all valid requirements of any governmental authority relative to the Redevelopment Project or any part thereof.

Maintenance of Tax Revenues. The Successor Agency shall comply with all requirements of the Redevelopment Law and the Dissolution Act to insure the allocation and payment to it of the Tax Revenues, including without limitation the timely filing of any necessary statements or ROPS with appropriate officials of the County and appropriate officials of the State of California. The Successor Agency shall not enter into any agreement with the County or any other governmental unit which would have the effect of reducing the amount of Tax Revenues available to the Successor Agency for payment of the Series 2014 Bonds. The Successor Agency shall not undertake proceedings for amendment of the Redevelopment Plan if such amendment shall result in payments to one or more taxing entities pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law or Section 34183(a)(1) of the Dissolution Act unless the Successor Agency shall first obtain a written opinion of an Independent Redevelopment Consultant that such payments will not adversely impair the Successor Agency's ability to pay the Series 2014 Bonds and all Parity Bonds. Nothing herein is intended or shall be construed in any way to prohibit or impose any limitations on the entering into by the Successor Agency of any such agreement, amendment or supplement which by its term is subordinate to the payment of the Series 2014 Bonds and all Parity Bonds.

Compliance with the Law; Recognized Obligation Payment Schedules. The Successor Agency shall comply with all of the requirements of the Redevelopment Law and the Dissolution Act. Without limiting the generality of the foregoing, the Successor Agency covenants and agrees to file all required statements and hold all public hearings required under the Dissolution Act to assure compliance by the Successor Agency with its covenants hereunder. Further, it will take all actions required under the Dissolution Act to include scheduled debt service on the Series 2014 Bonds, Parity Bonds, and Housing Obligations, as well as any amount required under the Indenture to replenish the reserve account established thereunder or required under this Supplemental Indenture to replenish the Reserve Account and any sub-account thereof in the Special Fund (including amounts, if necessary, due to AGM pursuant to the Insurance Policy, the Surety Bond and Article VII of the Indenture), in Recognized Obligation Payment Schedules for each six-month period so as to enable the San Bernardino County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Successor Agency's Redevelopment Obligation Retirement Fund on each January 2 and June 1 amounts required for the Successor Agency to pay principal of, and interest on, the Series 2014 Bonds, Parity Bonds and Housing Obligations coming due in the respective six-month period, or such other period as may be determined by the State legislature. These actions will include, without limitation, placing on the periodic Recognized Obligation Payment Schedule for approval by the Oversight Board and State Department of Finance, to the extent necessary, the amounts to be held by the Successor Agency as a reserve until the next six-month period, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Dissolution Act, that are necessary to comply with the Indenture and to provide for the payment of principal and interest under the Indenture and to pay the Housing Obligations when the next property tax allocation is projected to be insufficient to pay all obligations due under the Indenture for the next payment due thereunder and hereunder in the following six-month period, or such other period as may be determined by the State legislature.

Notice of Insufficiency. The Successor Agency covenants that it will, on or before May 1 and December 1 of each year, file a Notice of Insufficiency with the County Auditor-Controller if the amount of Tax Revenues available to the Successor Agency from the Redevelopment Property Tax Trust Fund on the upcoming July 1 or January 2, as applicable, is insufficient to pay debt service on the 2014 Bonds, to pay debt service on any Parity Bonds, to deposit into the Reserve Account an amount required in order to maintain in the Reserve Account the amount of the Reserve Requirement and to pay amounts due and owing to AGM pursuant to the Insurance Policy, the Surety Bond and Article VII of the Indenture.

Tax Covenants Relating to the Series 2014 Bonds.

(a) Private Activity Bond Limitation. The Successor Agency shall assure that the proceeds of the Series 2014 Bonds are not so used as to cause Series 2014 Bonds to satisfy the private business tests of Section 141(b) of the Tax Code or the private loan financing test of Section 141(c) of the Tax Code.

(b) Federal Guarantee Prohibition. The Successor Agency shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Series 2014 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Tax Code.

(c) No Arbitrage. The Successor Agency shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Series 2014 Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Series 2014 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Tax Code.

(d) Maintenance of Tax-Exemption. The Successor Agency shall take all actions necessary to assure the exclusion of interest on the Series 2014 Bonds from the gross income of the Owners of the Series 2014 Bonds to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the Closing Date. This covenant shall remain in full force and effect following defeasance of Bonds pursuant to the Original Indenture.

(e) Rebate Requirement. The Successor Agency shall take any and all actions necessary to assure compliance with section 148(f) of the Tax Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Series 2014 Bonds.

The Trustee shall have no duty to monitor the compliance by the Successor Agency with any of the covenants contained in the Indenture.

Further Assurances. The Successor Agency will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture, and for the better assuring and confirming unto the Owners the rights and benefits provided in the Indenture.

Unclaimed Moneys. Anything in the Original Indenture to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of any of the Series 2014 Bonds or interest thereon which remain unclaimed for two years after the date when such Series 2014 Bonds or interest thereon have become due and payable, if such money was held by the Trustee at such date, or for two years after the date of deposit of such money if deposited with the Trustee after the date when such Series 2014 Bonds or interest thereon become due and payable, shall be repaid by the Trustee to the Successor Agency, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the Successor Agency for the payment of such Series 2014 Bonds; provided, however, that before being required to make any such payment to the Successor Agency, the Trustee shall, at the written request of the Successor Agency and at the expense of the Agency, cause to be mailed to the registered Owners of such Series 2014 Bonds at their addresses as they appear on the registration books of the Trustee a notice that said money remains unclaimed and that, after a date named in said notice, which date shall not be less than 30 days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the Successor Agency. Any money held by the Trustee in trust for the payment and discharge of any Series 2014 Bonds shall not bear interest or be otherwise invested from and after such maturity or redemption date.

Bank Owned Obligations. If the holder of any Bonds is a commercial bank, savings bank, savings and loan association or other financial institution which is authorized by law to accept and hold deposits of money or issue certificates of deposit, and which purchases the Bonds directly from the Agency, such holder must agree to waive any common law or statutory right of setoff with respect to any deposits of the Successor Agency maintained with or held by such holder.

Power to Issue Bonds and Make Pledge and Assignment. The Agency is duly authorized pursuant to law to issue the Bonds and to enter into the Indenture and to pledge and assign the Tax Revenues and other assets purported to be pledged and assigned, respectively, under the Indenture in the manner and to the extent provided in the Indenture. The Bonds and the provisions of the Indenture are and will be the legally valid and binding limited obligations of the Agency in accordance with their terms, and the Agency and Trustee shall at all times, to the extent permitted by law, defend, preserve and protect said pledge and assignment of Tax Revenues and other assets and all the rights of the Bondowners under the Indenture against all claims and demands of all persons whomsoever.

The Agency shall preserve and protect the security of the Bonds and the rights of the Owners and defend their rights against all claims and demands of all persons. Until such time as an amount has been set aside sufficient to pay at maturity, or to call and redeem prior to maturity, all Outstanding Bonds plus unpaid interest thereon to maturity, the Agency will (through its proper members, officers, agents or employees) faithfully perform and abide by all the covenants, undertakings and provisions contained in the Indenture or in any Bond issued hereunder for the benefit of the Owners.

Taxation of Leased Property. Whenever any property in the Redevelopment Project has been redeveloped and thereafter is leased by the Agency to any person or persons (other than the City) or whenever the Agency leases real property in the Redevelopment Project to any person or persons (other than the City) for redevelopment, the property shall be assessed and taxed in the same manner as privately owned property, as required by Section 33673 of the Law.

Disposition of Property. The Agency will not authorize the disposition (to the extent it has control over such disposition) of any land or real property in the Project Area to anyone which will result in such property becoming exempt from taxation because of public ownership or use or otherwise (except property dedicated for public right-of-way and except property planned for public ownership or use by the Redevelopment Plan in effect on the date of the Indenture) so that such disposition shall, when taken together with other such dispositions, aggregate more than ten percent (10%) of the land area in the Project Area unless such disposition is permitted as hereinafter provided in the Indenture. If the Agency proposes to make such a disposition, it shall thereupon appoint an Independent Financial Consultant to report on the effect of said proposed disposition. If the Report of the Independent Financial Consultant concludes that the security of the Bonds or the rights of the Bondowners will not be materially impaired by said proposed disposition, the Agency may thereafter make such disposition, upon notice to the Trustee. If said Report concludes that such security will be materially impaired by said proposed disposition, the Agency shall disapprove said proposed disposition.

Use of Proceeds. The Agency covenants and agrees that the proceeds of the sale of the Bonds will be deposited and used as provided in the Law.

Waiver of Laws. The Agency shall not at any time insist upon or plead in any manner whatsoever, or claim to take the benefit or advantage of, any stay or extension of law now or at any time hereafter in force that may affect the covenants and agreements contained in the Indenture or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the Agency to the extent permitted by law.

Further Assurances. The Agency will adopt, make, execute and deliver any and all such further resolutions instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in the Indenture.

MUNICIPAL BOND INSURANCE; SURETY BOND

Claims Upon the Insurance Policy. As long as the Insurance Policy shall be in full force and effect, and notwithstanding anything to the contrary set forth elsewhere in the Indenture, the Successor Agency and the Trustee shall comply with the following provisions:

(a) If, on the third Business Day prior to the related scheduled interest payment date or principal payment date ("Payment Date") there is not on deposit with the Trustee, after making all transfers and deposits required under the Indenture, moneys sufficient to pay the principal of and interest on the Series 2014 Insured Bonds due on such Payment. Date, the Trustee shall give notice to AGM and to its designated agent (if any) (the "AGM's Fiscal Agent") by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and Interest on the Series 2014 Insured Bonds due on such Payment Date, the Trustee shall make a claim under the Insurance Policy and give notice to AGM and the AGM's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Series 2014 Insured Bonds and the amount required to pay principal of the Series 2014 Insured Bonds, confirmed in writing to AGM and the AGM's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Insurance Policy.

(b) The Trustee shall designate any portion of payment of principal on Series 2014 Insured Bonds paid by AGM, whether by virtue of maturity or other advancement of maturity, on its books as a reduction in the principal amount of Series 2014 Insured Bonds registered to the then current Owner of such Series 2014 Insured Bonds, whether DTC or its nominee or otherwise, and shall issue a replacement Series 2014 Insured Bond to AGM, registered in the name of Assured Guaranty Municipal Corp. in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Series 2014 Insured Bond shall have no effect on the amount of principal or interest payable by the Successor Agency on any Series 2014 Insured Bond or the subrogation rights of AGM.

(c) The Trustee shall keep a complete and accurate record of all funds deposited by AGM into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Series 2014 Insured Bond. AGM shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

(d) Upon payment of a claim under the Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of Bondholders referred to herein as the "Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Insurance Policy in trust on behalf of the Owners of the Series 2014 Insured Bonds and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to the Owners of the Series 2014 Insured Bonds in the same manner as principal and interest payments are to be made with respect to the Series 2014 Bonds under the sections hereof regarding payment of Series 2014 Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything herein to the contrary, the Successor Agency agrees to pay to AGM (i) a sum equal to the total of all amounts paid by AGM under the Insurance Policy (the "Bond Insurer Advances"); and (ii) interest on such Bond Insurer Advances from the date paid by AGM until payment thereof in full, payable to AGM at the Late Payment Rate per annum (collectively, the "Bond Insurer Reimbursement Amounts"). `"Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Series 2014 Insured Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The Successor Agency hereby covenants and agrees that the Bond Insurer Reimbursement Amounts are secured by a lien on and pledge of the Tax Revenues and payable from such Tax Revenues on a parity with debt service due on the Bonds.

(e) Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the Policy Payments Account following a Payment Date shall promptly be remitted to AGM.

<u>Rights of AGM</u>. For so long as either the Insurance Policy or the Surety Bond is outstanding, notwithstanding anything to the contrary set forth in the Indenture, the Successor Agency agrees as follows:

(a) AGM shall be deemed to be the sole holder of the Series 2014 Insured Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Series 2014 Insured Bonds insured by it are entitled to take pursuant the Indenture pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee. In furtherance thereof and as a term of the Indenture and each Series 2014 Insured Bond, the Trustee and each Series 2014 Insured Bondholder appoint AGM as their agent and attorney-in-fact and agree that AGM may at any time during the continuation of any proceeding by or against the Issuer under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Trustee and each Bondholder delegate and assign to AGM, to the fullest extent permitted by law, the rights of the Trustee and each Series 2014 Insured Bondholder in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding. Remedies granted to the Series 2014 Insured Bondholders shall expressly include mandamus.

(b) In the event the maturity of the Series 2014 Insured Bonds is accelerated, AGM may elect, in its sole discretion, to pay accelerated principal and interest accrued, on such principal to the date of acceleration (to the extent unpaid by the Successor Agency) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, AGM's obligations under the Insurance Policy with respect to such Series 2014 Insured Bonds shall be fully discharged.

(c) AGM is a third party beneficiary under the Indenture.

(d) Upon the occurrence of an optional redemption in part, the selection of the Series 2014 Insured Bonds to be redeemed shall be subject to the approval of AGM.

(e) The rights granted to AGM under the Indenture to request, consent to or direct any action are rights granted to AGM in consideration of its issuance of the Insurance Policy. Any exercise by AGM of such rights is merely an exercise of AGM's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Owners of the Series 2014 Insured Bonds and such action does not evidence any position of AGM, affirmative or negative, as to whether the consent of the Owners of the Series 2014 Insured Bonds or any other person is required in addition to the consent of AGM.

(f) To accomplish defeasance of the Series 2014 Insured Bonds pursuant to the Indenture, the Successor Agency shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to AGM ("Accountant") verifying the sufficiency of the escrow established to pay the Series 2014 Insured Bonds in full on the maturity or redemption date ("Verification"), (ii) an Escrow Deposit Agreement (which shall be acceptable in form and substance to AGM), (iii) an opinion of nationally recognized bond counsel to the effect that the Series 2014 Insured Bonds are no longer "Outstanding" under the Indenture and (iv) a certificate of discharge of the Trustee with respect to the Series 2014 Insured Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Successor Agency, Trustee and AGM. AGM shall be provided with final drafts of the above-referenced documentation not less than five business days prior to the funding of the escrow. Series 2014 Insured Bonds shall be deemed "Outstanding" under the Indenture unless and until they are in fact paid and retired or the foregoing criteria with respect to the Indenture are met. Only (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of AGM, pre refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively, or (5) subject to the prior written consent of AGM, securities eligible for "AAA" defeasance under then existing criteria of S & P or any combination thereof, shall be used to effect defeasance of the Series 2014 Insured Bonds unless AGM otherwise approves.

(g) Amounts paid by AGM under the Insurance Policy shall not be deemed paid for purposes of the Indenture and the Series 2014 Insured Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the Successor Agency in accordance with the Indenture. The Indenture shall not be discharged unless all amounts due or to become due to AGM have been paid in full or duly provided for.

(h) Each of the Successor Agency and Trustee covenant and agree to take such action as is necessary from time to time under applicable law to preserve the priority of the pledge of the Tax Revenues and all other amounts pledged to the payment of the Series 2014 Insured Bonds pursuant to the Indenture.

(i) AGM shall, to the extent it makes any payment of principal of or interest on the Series 2014 Insured Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Insurance Policy. Each obligation of the Successor Agency to AGM under the Indenture shall survive discharge or termination thereof.

(j) The Successor Agency shall pay or reimburse AGM any and all charges, fees, costs and expenses that AGM may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in the Indenture; (ii) the pursuit of any remedies under the Indenture or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Indenture whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Indenture or the transactions contemplated thereby, other than costs resulting from the failure of AGM to honor its obligations under the Insurance Policy. AGM reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture.

(k) After payment of reasonable expenses of the Trustee, the application of funds realized upon default shall be applied to the payment of expenses of the Successor Agency or rebate only after the payment of past due and current debt service on the Series 2014 Insured Bonds and amounts required to restore the Reserve Account to the Reserve Requirement.

(l) AGM shall be entitled to pay principal or interest on Series 2014 Insured the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Successor Agency (as such terms are defined in the Insurance Policy) and any amounts due on the Series 2014 Insured Bonds as a result of acceleration of the maturity thereof in accordance with the Indenture, whether or not AGM has received a Notice of Nonpayment (as such terms are defined in the Insurance Policy) or a claim upon the Insurance Policy.

(m) The notice address of AGM is: Assured Guaranty Municipal Corp. 31 West 52nd Street, New York, New York 10019, Attention: Managing Director – Surveillance, Re: Policy No. 215632-N, Telephone: (212) 826-0100; Telecopier: (212) 339-3556. In each case in which notice or other communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

(n) AGM shall be provided with the following information by the Successor Agency or Trustee, as the case may be:

(i) Annual audited financial statements within 180 days after the end of the Successor Agency 's fiscal year (together with a certification of the Successor Agency that it is not aware of any default or Event of Default under the Indenture), and the Successor Agency 's annual budget within 30 days after the approval thereof together with such other information, data or reports as AGM shall reasonably request from time to time;

(ii) Notice of any draw upon the Series 2014 Bonds Reserve Subaccount within two Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Reserve Requirement and (ii) withdrawals in connection with a refunding of Series 2014 Bonds;

(iii) Notice of any default known to the Trustee or Successor Agency within five Business Days after knowledge thereof;

(iv) Prior notice of the advance refunding or redemption of any of the Series 2014 Insured Bonds, including the principal amount, maturities and CUSIP numbers thereof;

(v) Notice of the resignation or removal of the Trustee and the appointment of, and acceptance of duties by, any successor thereto;

(vi) Notice of the commencement of any proceeding by or against the Successor Agency commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding");

(vii) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Series 2014 Insured Bonds;

(viii) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Indenture; and

(ix) All reports, notices and correspondence to be delivered to Bondholders under the terms of the Indenture.

(x) All information furnished pursuant to the Successor Agency's undertaking pursuant to the Continuing Disclosure Certificate shall also be provided to AGM, simultaneously with the furnishing of such information.

(o) AGM shall have the right to receive such additional information as it may reasonably request.

(p) The Successor Agency and the City will permit AGM to discuss the affairs, finances and accounts of the Successor Agency and the City or any information AGM may reasonably request regarding the security for the Series 2014 Insured Bonds with appropriate officers of the Successor Agency and the City and will use commercially reasonable efforts to enable AGM to have access to the facilities, books and records of the Successor Agency and the City on any business day upon reasonable prior notice.

(q) The Trustee shall notify AGM of any failure of the Successor Agency to provide notices, certificates and other information under the Indenture.

(r) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Indenture would adversely affect the security for the Series 2014 Insured Bonds or the rights of the Owners of the Series 2014 Insured Bonds, the Trustee shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Insurance Policy.

(s) No contract shall be entered into or any action taken by which the rights of AGM or security for or sources of payment of the Series 2014 Insured Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of AGM.

Provisions Relating to the Surety Bond. So long as the Surety Bond remains in force and effect, the following provisions shall govern, notwithstanding anything to the contrary contained in the Indenture:

(a) The Successor Agency shall repay any draws under the Surety Bond and pay all related reasonable expenses incurred by AGM and shall pay interest thereon from the date of payment by AGM at the Late Payment Rate. "Late Payment Rate" means the lesser of (x) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Series 2014 Bonds and (y) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as AGM shall specify. If the interest provisions of this subparagraph (a) result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by AGM, with the same force and effect as if the Successor Agency had specifically designated such extra sums to be so applied and AGM had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw. The Successor Agency shall take all actions required by the Dissolution Act to ensure that Policy Costs are paid to AGM when due, including the submission of Recognized Obligation Payment Schedules providing for Policy Costs that are payable to AGM.

Amounts in respect of Policy Costs paid to AGM shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to AGM on account of principal due, the coverage under the Surety Bond will be increased by a like amount, subject to the terms of the Surety Bond. The obligation to pay Policy Costs shall be secured by a valid lien on all revenues and other collateral pledged as security for the Series 2014 Bonds (subject only to the priority of payment provisions set forth under the Indenture).

All cash and investments in the Series 2014 Bonds Reserve Subaccount relating to the Series 2014 Bonds shall be transferred to the Principal Account and the Interest Account for payment of debt service on the Series 2014 Bonds before any drawing may be made on the Surety Bond or any other credit facility credited to the Series 2014 Bonds Reserve Subaccount in lieu of cash (a "Credit Facility"). Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (including the Surety Bond) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Account. Payment of Policy Costs and reimbursement of amounts with respect to other Credit Facilities shall be made on a pro rata basis prior to replenishment of any cash drawn from the Reserve Account. For the avoidance of doubt, “available coverage” means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(b) If the Successor Agency fails to pay any Policy Costs in accordance with the requirements of this Section, AGM shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture other than (i) acceleration of the maturity of the Series 2014 Bonds or (ii) remedies which would adversely affect owners of the Series 2014 Bonds.

(c) The Indenture shall not be discharged until all Policy Costs owing to AGM have been paid in full. The Successor Agency's obligation to pay such amounts shall expressly survive payment in full of the Series 2014 Bonds. The Successor Agency shall include any Policy costs then due and owing AGM in determining whether Parity Debt may be issued pursuant to the Indenture.

(d) The Trustee shall ascertain the necessity for a claim upon the Surety Bond in accordance with the provisions of the foregoing subparagraph (a) and to provide notice to AGM in accordance with the terms of the Surety Bond at least five Business Days prior to each date upon which interest or principal is due on the Series 2014 Bonds. Where deposits are required to be made by the Successor Agency with the Trustee to the Special Fund more often than semiannually, the Trustee shall be instructed to give notice to AGM of any failure of the Successor Agency to make timely payment in full of such deposits within two Business Days of the date due.

(e) The Successor Agency will pay or reimburse AGM any and all charges, fees, costs, losses, liabilities and expenses which AGM may pay or incur, including, but not limited to, fees and expenses of attorneys, accountants, consultants and auditors and reasonable costs of investigations, in connection with (i) any accounts established to facilitate payments under the Surety Bond, (ii) the administration, enforcement, defense or preservation of any rights in respect of the Surety Bond, the Indenture or any other document executed in connection with the Series 2014 Bonds (the "Related Documents"), including defending, monitoring or participating in any litigation or proceeding (including any bankruptcy proceeding in respect of the Successor Agency) relating to the Indenture or any other Related Document, or the transactions contemplated by the Related Documents, (iii) the foreclosure against, sale or other disposition of any collateral securing any obligations under the Indenture or any other Related Document, if any, or the pursuit of any remedies under the Indenture or any other Related Document, to the extent such costs and expenses are not recovered from such foreclosure, sale or other disposition, (iv) any amendment, waiver or other action with respect to, or related to the Indenture, the Surety Bond or any other Related Document whether or not executed or completed, or (v) any action taken by AGM to cure a default or termination or similar event (or to mitigate the effect thereof) under the Indenture or any other Related Document; costs and expenses shall include a reasonable allocation of compensation and overhead attributable to time of employees of AGM spent in connection with the actions described in clauses (ii) (v) above. AGM reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture or any other Related Document. Amounts payable by the Successor Agency hereunder shall bear interest at the Late Payment Rate from the date such amount is paid or incurred by AGM until the date AGM is paid in full.

(f) The obligation of the Successor Agency to pay all amounts due to AGM shall be an absolute and unconditional obligation of the Successor Agency and will be paid or performed strictly in accordance with the provisions of the Indenture, irrespective of (i) any lack of validity or enforceability of or any amendment or other modifications of, or waiver with respect to the Series 2014 Bonds, the Indenture or any other Related Document, (ii) any amendment or other modification of, or waiver with respect to the Surety Bond; (iii) any exchange, release or non-perfection of any security interest in property securing the Series 2014 Bonds, the Indenture or any other Related Documents; (iv) whether or not such Bonds are contingent or matured, disputed or undisputed, liquidated or unliquidated; (v) any amendment, modification or waiver of or any consent to departure from the Surety Bond, the Indenture or all or any of the other Related Documents; (vi) the existence of any claim, setoff, defense (other than the defense of payment in full), reduction, abatement or other right which the Successor Agency may have at any time against the Trustee or any other person or entity other than AGM, whether in connection with the transactions contemplated herein, in the Indenture or in any other Related Documents or any unrelated transactions; (vii) any statement or any other document presented under or in connection with the Surety Bond proving in any and all respects invalid, inaccurate, insufficient, fraudulent or forged or any statement therein being untrue or inaccurate in any respect; or (viii) any payment by AGM under the Surety Bond against presentation of a certificate or other document which does not strictly comply with the terms of the Surety Bond.

(g) The prior written consent of AGM shall be a condition precedent to the deposit of any Credit Facility credited to the Series 2014 Bonds Reserve Subaccount in lieu of a cash deposit into the Series 2014 Bonds Subaccount. Amounts drawn under the Series 2014 Surety Bond shall be available only for the payment of scheduled principal and interest on the Series 2014 Bonds when due.

(h) The Successor Agency shall fully observe, perform, and fulfill each of the provisions (as each of those provisions may be amended, supplemented, modified or waived with the prior written consent of AGM) of the Indenture applicable to it, each of the provisions thereof being expressly incorporated into the Indenture by reference solely for the benefit of AGM as if set forth directly herein. No provision of the Indenture or any other Related Document shall be amended, supplemented, modified or waived, without the prior written consent of AGM, in any material respect or otherwise in a manner that could adversely affect the payment obligations of the Successor Agency hereunder or the priority accorded to the reimbursement of Policy Costs under the Indenture.

(i) The Successor Agency covenants to provide to AGM, promptly upon request, any information regarding the Series 2014 Bonds or the financial condition and operations of the Successor Agency as reasonably requested by AGM. The Successor Agency will permit AGM to discuss the affairs, finances and accounts of the Successor Agency or any information AGM may reasonably request regarding the security for the Series 2014 Bonds with appropriate officers of the Successor Agency and will use commercially reasonable efforts to enable AGM to have access to the facilities, books and records of the Successor Agency on any business day upon reasonable prior notice.

(j) Notices and other information to AGM shall be sent to the following address (or such other address as AGM may designate in writing): Assured Guaranty Municipal Corp., 31 West 52nd Street, New York, New York 10019, Attention: Managing Director – Surveillance. In each case in which notice of communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel of AGM and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

(k) The Trustee shall notify AGM of any failure of the Successor Agency to provide notices required to be given to AGM under the Indenture.

(l) Notwithstanding the satisfaction of the other conditions relating to the issuance of Parity Debt set forth in the Indenture, no such issuance may occur if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists.

THE TRUSTEE; INVESTMENT OF MONEYS

Duties, Immunities and Liabilities of Trustee

(a) The Trustee shall, prior to the occurrence of an Event of Default, and after the curing of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in the Indenture. The Trustee shall only be obligated to perform such duties as are expressly set forth herein, and no duties or obligations not expressly set forth herein shall be implied. The Trustee shall, during the existence of any Event of Default (which has not been cured), exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Agency may remove the Trustee, at any time, unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee (i) if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or (ii) if at any time the Trustee shall cease to be eligible in accordance with the Indenture, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation. In each case such removal shall be accomplished by the giving of written notice of such removal by the Agency to the Trustee, whereupon in the case of the Trustee, the Agency shall appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the Agency and by giving the Bondowners notice of such resignation by mail at their respective addresses shown on the Registration Books. Upon receiving such notice of resignation, the Agency shall promptly appoint a successor Trustee by an instrument in writing. The Trustee shall not be relieved of its duties until such successor Trustee has accepted such appointment.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within forty-five (45) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Bondowner (on behalf of himself and all other Bondowners), at the expense of the Agency, may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under the Indenture shall signify its acceptance of such appointment by executing and delivering to the Agency and to its predecessor Trustee a written acceptance thereof, and thereupon and upon receipt by the predecessor Trustee of all fees and expenses due and payable to it, such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the Request of the Agency or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under the Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the Agency shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection (d), the Agency shall mail a notice of the succession of such Trustee to the trusts hereunder to each rating agency which then has a current rating on the Bonds and to the Bondowners at their respective addresses shown on the Registration Books. If the Agency fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Agency.

(e) Any Trustee appointed under the provisions of the Indenture in succession to the Trustee shall be a corporation organized and doing business under the laws of any state, the District of Columbia or the United States of America, authorized under such laws to exercise corporate trust powers, which shall have (or, in the case of a corporation included in a bank holding company system, the related bank holding company shall have) a combined capital and surplus of at least fifty million dollars ($50,000,000), and subject to supervision or examination by federal or state authority, so long as any Bonds are Outstanding. If such corporation publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection (e) the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in Section (d).

Merger or Consolidation

Any bank or trust company into which the Trustee may be merged or converted or with which either of them may be consolidated or any bank or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any bank or trust company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank or trust company shall be eligible under the Indenture, shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Liability of Trustee

(a) The recitals of facts herein and in the Bonds contained shall be taken as statements of the Agency, and the Trustee shall not assume responsibility for the correctness of the same, nor make any representations as to the validity or sufficiency of the Indenture or of the Bonds nor shall incur any responsibility in respect thereof, other than as expressly stated herein. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct or breach. The Trustee shall not be liable for the acts of any agents of it selected by it with due care. The Trustee may become the Owner of Bonds with the same rights it would have if they were not Trustee and, to the extent permitted by law, may act as depositary for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondowners, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding.

(b) The Trustee shall not be liable for any error of judgment made in good faith by its officers, agents, directors or employees, unless it shall be proved that it was negligent in ascertaining the pertinent facts.

(c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture.

(d) The Trustee shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by the Indenture.

(e) The Trustee shall not be deemed to have knowledge of any Event of Default hereunder unless and until it shall have actual knowledge thereof, or shall have received written notice thereof, at its Corporate Trust Office in Los Angeles, California. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of an Event of Default thereunder. The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it. Without limiting the generality of the foregoing, the Trustee shall not be responsible for reviewing the contents of any financial statements furnished to the Trustee pursuant to the Indenture and may rely conclusively on the certificates accompanying such financial statements to establish the Agency's compliance with its financial covenants hereunder, including, without limitation, its covenants regarding the deposit of Tax Revenues into the Special Fund and the investment and application of moneys on deposit in the Special Fund (other than its covenants to transfer such moneys to the Trustee when due hereunder).

Right to Rely on Documents

The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, Bonds or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel of or to the Agency, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

The Trustee shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto is established to the satisfaction of the Trustee.

Whenever in the administration of the trusts imposed upon it by the Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Written Certificate of the Agency, which shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of the Indenture in reliance upon such Written Certificate.

No provision in the Indenture shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability hereunder if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity is not assured to it.

Preservation and Inspection of Documents

All documents received by the Trustee under the provisions of the Indenture shall be retained in its possession and shall be subject at all reasonable times upon reasonable notice to the inspection of the Agency and any Bondowner, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

Compensation and Indemnification

The Agency shall pay to the Trustee from time to time all compensation for all services rendered under the Indenture and also all reasonable expenses, charges, legal and consulting fees and other disbursements and those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties under the Indenture.

The Agency further covenants and agrees to indemnify and save the Trustee and its officers, directors, agents and employees harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise and performance of its powers and duties hereunder, including the costs and expenses of defending against any claim of liability, but excluding any and all losses, expenses and liabilities which are due to the negligence, willful misconduct or willful default of the Trustee, its officers, directors, agents or employees. The obligations of the Agency under this paragraph shall survive resignation or removal of the Trustee under the Indenture and payment of the Bonds and discharge of the Indenture.

Deposit and Investment of Moneys in Funds

Moneys in the Series 1990 Bonds Escrow Fund shall be Tited by the Trustee in the Series 1990 Bonds Escrow Fund Investment Agreement. Moneys in the Special Fund, the Interest Account, the Principal Account, the Reserve Account, the Redemption Account, the Acquisition and Construction Fund and the Costs of Issuance Fund shall be invested by the Trustee in Permitted Investments as specified by the Treasurer of the Agency and shall be promptly confirmed in writing by the Agency with the Trustee within at least five (5) Business Days. In the absence of any such direction provided by the Treasurer of the Agency, the Trustee shall invest any such moneys in Permitted Investments described in clause 7 of the definition thereof which by their terms mature prior to the date on which such moneys are required to be paid out hereunder.

Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account. Whenever in the Indenture any moneys are required to be transferred by the Agency to the Trustee, such transfer may be accomplished by transferring a like amount of Permitted Investments which by their terms mature prior to the date on which such moneys are required to be paid out hereunder. All interest or gain derived from the investment of amounts in any of the funds or accounts established hereunder (other than with respect to funds held by the Agency) shall be retained in the respective funds and accounts to be used for the purposes thereof; provided, however, that all interest or gain from the investment of amounts in the Reserve Account shall be deposited by the Trustee in the Interest Account, but only to the extent that the amount remaining in the Reserve Account following such deposit is equal to the Reserve Requirement.

For purposes of acquiring any investments hereunder, the Trustee may commingle funds held by it hereunder. The Trustee may act as principal or agent in the acquisition of any investment. The Trustee shall incur no liability for losses arising from any investments made pursuant to the indenture. For purposes of determining the amount on deposit in any fund or account held hereunder, all Permitted Investments credited to such fund or account shall be valued by the Trustee, at least annually, at the market value (excluding accrued interest and brokerage commissions, if any).

Accounting Records and Financial Statements

The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with industry standards, in which complete and accurate entries shall be made of all transactions relating to the proceeds of the Bonds and all funds and accounts established and held by the Trustee pursuant to the Indenture. Such books of record and account shall be available for inspection by the Agency at reasonable hours, upon reasonable notice and under reasonable circumstances. The Trustee shall furnish to the Agency, at least monthly, an accounting of all transactions relating to the proceeds of the Bonds and all funds and accounts established pursuant to the Indenture.

Appointment of Co-Trustee or Agent

It is the purpose of the Indenture that there shall be no violation of any law of any jurisdiction (including particularly the laws of the State) denying or restricting the right of banking corporations or associations to transact business as trustee in such jurisdiction. It is recognized that in case of litigation under the Indenture, and in particular, in case of the enforcement thereof or default thereunder, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise or it finds it impracticable to exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any action which may be desirable or necessary in connection therewith, it may be necessary that the Agency appoint an additional individual or institution as a separate or co-trustee. The following provisions of the Indenture are adapted to these ends.

In the event that the Agency appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest, duty, obligation and lien expressed or intended by the Indenture to be exercised by, or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

Should any instrument in writing from the Agency be required by the separate or co-trustee so appointed by the Agency for more fully and certainly vesting in and confirming to him or it, such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Agency. In case any separate or co-trustee or a successor to either shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new Trustee or successor to such separate or co-trustee.

In addition to the appointment of a co-Trustee hereunder, the Trustee may, at the expense and with the prior written consent of the Agency, appoint any agent of the Trustee in New York, New York for the purpose of administering the transfers or exchanges of Bonds or for the performance of any other responsibilities of the Trustee hereunder.

Rebate of Excess Investment Earnings to United States

(a) Obligation to Calculate Excess Investment Earnings. The Agency shall calculate or cause to be calculated, and shall provide or cause to be provided written notice to the Trustee of, the Excess Investment Earnings, as defined in the Code, at such times and in such manner as may be required pursuant to the Code. The Agency shall inform the Trustee how frequently calculations are to be made, and shall ensure that a copy of all such calculations is given promptly to the Trustee.

(b) Rebate to United States. The Agency agrees to deposit with the Trustee, promptly upon the receipt of any calculations made pursuant to the preceding subsection (a), the amount of Excess Investment Earnings so calculated. The Trustee shall deposit all amounts paid to it for such purpose by the Agency in the Rebate Account. The Trustee shall pay to the United States of America from the amounts on deposit in the Rebate Account such amounts as shall be identified pursuant to written notice filed with the Trustee by the Agency for such purpose from time to time. Payments to the United States of America shall be made to the address prescribed by the Tax Regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by such Tax Regulations. Following payment in full to the United States of America of all amounts due and owing under this subsection (b) and under the Code, the Trustee shall withdraw from the Rebate Account and transfer to the Agency all amounts remaining on deposit in the Rebate Account.

(c) Investment Transactions. The Agency shall assure that Excess Investment Earnings are not paid or disbursed except as required in the Indenture. To that end the Agency shall assure that investment transactions are on an arm's-length basis. In the event that Permitted Investments consist of certificates of deposit or investment contracts, investment in such Permitted Investments shall be made in accordance with the procedures described in the Tax Regulations.

(d) Maintenance of Records. The Agency shall keep, and retain for a period of six (6) years following the retirement of the Bonds, records of the determinations made pursuant to the Indenture.

(e) Engagement of Professional Services. In order to provide for the administration of the Indenture, the Agency may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Agency may deem appropriate.

(f) Trustee's Reliance on Agency. The Trustee shall conclusively be entitled to rely upon all calculations and directions made and furnished by the Agency under the Indenture, and the Trustee shall not incur any liability whatsoever in acting upon and as, instructed by such calculations and directions.

(g) Modification of this Section. Any of the provisions of this section may be amended, modified or deleted in any manner whatsoever in the event that the Agency shall cause to be filed with the Trustee written directions making such amendment, modification or deletion, which written directions are accompanied by an opinion of Bond Counsel stating that such amendment, modification or deletion will not cause interest on the Bonds to be includable in gross income of the Bondowners for federal income tax purposes.

MODIFICATION OR AMENDMENT OF THE INDENTURE

Amendments Permitted

The Indenture and the rights and obligations of the Agency and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Indenture with the consent of the Insurer, which consent shall not be unreasonably withheld, and pursuant to the affirmative vote at a meeting of Bondowners or with the written consent without a meeting of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in the Indenture. No such modification or amendment shall (1) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the Agency to pay the principal thereof, or interest thereon, or any premium payable on the redemption thereof, at the time and place and at the rate and in the currency provided therein without the express consent of the Owner of such Bond, or (2) permit the creation by the Agency of any mortgage pledge or lien upon the Tax Revenues superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as otherwise provided in the Indenture) or reduce the percentage of Bonds required for the affirmative vote or written consent to an amendment or modification or (3) modify any of the rights or obligations of the Trustee without its written assent thereto.

The Indenture and the rights and obligations of the Agency and of the Owners of the Bonds may also be modified or amended at any time by a Supplemental Indenture with the consent of the Insurer, which consent shall not be unreasonably withheld, but without the consent of any Bondowners, but only to the extent permitted by law and only for any one or more of the following purposes-

(a) to add to the covenants and agreements of the Agency in the Indenture contained, other covenants and agreements thereafter to be observed or to limit or surrender any right or power herein reserved to or conferred upon the Agency; or

(b) to make modifications not adversely affecting any Outstanding series of Bonds of the Agency in any material respect; or

(c) with the written consent of the Trustee to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Indenture, or in regard to questions arising under the Indenture, as the Agency and the Trustee may deem necessary or desirable and not inconsistent with the Indenture, and which shall not adversely affect the rights of the Owners of the Bonds; or

(d) to provide for the issuance of any Parity Bonds, and to provide the terms and conditions under which such Parity Bonds may be issued, subject to and in accordance with the provisions of the Indenture; or

(e) in any manner as the parties hereto may deem necessary or desirable and which shall not materially adversely affect the interest of the Owners of the Bonds.

Bondowners' Meetings

The Agency may at any time call a meeting of the Bondowners. In such event the Agency is authorized to fix the time and place of said meeting and to provide for the giving of notice thereof and to fix and adopt rules and regulations for the conduct of said meeting.

Procedure for Amendment with Written Consent of Bondowners

The Agency may at any time adopt a Supplemental Indenture amending the provisions of the Bonds or of the Indenture or any Supplemental Indenture, to the extent that such amendment is permitted by the Indenture, to take effect when and as provided in the Indenture. A copy of such Supplemental Indenture, together with a request to Bondowners for their consent thereto, shall be mailed by the Agency to each registered Owner of Bonds Outstanding, but failure to mail copies of such Supplemental Indenture and request shall not affect the validity of the Supplemental Indenture when assented to as in this section provided.

Such Supplemental Indenture shall not become effective unless there shall be filed with the Trustee the written consents of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding (exclusive of Bonds disqualified as provided in the Indenture) and a notice shall have been mailed as hereinafter in this section provided. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given which proof shall be such as is permitted by the Indenture. Any such consent shall be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this section provided for has been mailed.

After the Owners of the required percentage of Bonds shall have filed their consents to the Supplemental Indenture, the Agency shall mail a notice to the Bondowners in the manner hereinbefore provided in this section for the mailing of the Supplemental Indenture, stating in substance that the. Supplemental Indenture has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in this section (but failure to mail copies of said notice shall not affect the validity of the Supplemental Indenture or consents thereto). Proof of the mailing of such notice shall be filed with the Trustee. A record consisting of the papers required by this section to be filed with the Trustee shall be proof of the matters therein stated until the contrary is proved. The Supplemental Indenture shall become effective upon the filing with the Trustee of the proof of mailing of such notice, and the Supplemental Indenture shall be deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the Agency and the Owners of all Bonds at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty-day period.

Disqualified Bonds

Bonds owned or held for the account of the Agency or the City, excepting any pension or retirement fund, shall not be deemed Outstanding for the purpose of any vote, consent or other action or any calculation of Outstanding Bonds provided for in this Article VIII, and shall not be entitled to vote upon, consent to, or take any other action provided for in this Article VIII.

Effect of Supplemental Indenture

From and after the time any Supplemental Indenture becomes effective pursuant to this Article VIII, the Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations under the Indenture of the Agency and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of the Indenture for any and all purposes. A copy of each Supplemental Indenture shall be delivered to Standard & Poor's.

The Agency or the Trustee may adopt appropriate regulations to require each Bondowner before his consent provided for in this Article VIII shall be deemed effective to reveal if the Bonds as to which such consent is given are disqualified as provided in the indenture.

EVENTS OF DEFAULT AND REMEDIES OF BONDOWNERS

Events of Default and Acceleration of Maturities

The following events shall constitute Events of Default hereunder:

(a) if default shall be made in the due and punctual payment of the principal of or interest or redemption premium (if any) on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) if default shall be made by the Agency in the observance of any of the covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, other than a default described in the preceding clause (a), and such default shall have continued for a period of sixty (60) days following the receipt by the Agency of written notice from the Trustee or any Bondowner of the occurrence of such default; provided, however, that if in the reasonable opinion of the Agency the failure stated in such notice can be corrected, but not within such sixty (60)-day period, the Trustee shall not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Agency within such sixty (60)-day period and diligently pursued until such failure is corrected; or

(c) if the Agency shall file a petition or 'answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Agency, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Agency or of the whole or any substantial part of its property; or

(d) the receipt by the Trustee of notice from the Insurer that an event of default has occurred under the Financial Guaranty Agreement.

If an Event of Default has occurred under the Indenture and is continuing, the Trustee may (but only with the written consent of the Insurer so long as the Insurer's municipal bond insurance policy with respect to the Series 1990 Bonds remains in effect) and if requested in writing by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding the Trustee shall (but only with the written consent of the Insurer so long as the Insurer's municipal bond insurance policy with respect to the Series 1990 Bonds remains in effect), (a) declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in the Indenture or in the Bonds to the contrary notwithstanding, and (b) subject to the provisions of the Indenture, exercise any other remedies available to the Trustee, the Bondowners and the Insurer in law or at equity including the Insurer's rights, at the Insurer's direction, under the Financial Guaranty Agreement.

Immediately upon obtaining actual knowledge of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to the Agency and the Insurer by telephone confirmed in writing. Such notice shall also state whether the principal of the Bonds shall have been declared to be or have immediately become due and payable. With respect to any Event of Default described in clause (a) or (c) above the Trustee shall, and with respect to any Event of Default described in clause (b) above the Trustee in its sole discretion may, also give such notice to the Owners of the Bonds in the same manner as provided herein for notices of redemption of the Bonds.

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Agency shall deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal and interest at the net effective rate then borne by the Outstanding Bonds, and the reasonable expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Agency and to the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Provided that the Insurer is not then in default with respect to its payment obligations under its municipal bond insurance policy, the Insurer shall be deemed to be the Owner of the Bonds insured by the Insurer for purposes of the Indenture.

The Trustee agrees to, at the direction of the Insurer, enforce by mandamus, suit or other proceeding at law or in equity the covenants and agreements of the Agency.

Application of Funds Upon Acceleration

All of the Tax Revenues and all sums in the funds and accounts established and held by the Trustee hereunder upon the date of the declaration of acceleration (other than the Rebate Fund) as provided in the Indenture, and all sums thereafter received by the Trustee hereunder, shall be applied by the Trustee in the following order upon presentation of the several Bonds, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

First, to the payment of the fees, costs and expenses of the Trustee and thereafter of the Bondowners in declaring such Event of Default, including reasonable compensation to its or their agents, attorneys and counsel;

Second, to the payment of the whole amount then owing and unpaid upon the Bonds for principal and interest, with interest on the overdue principal and installments of interest at the net effective rate then borne by the Outstanding Bonds (to the extent that such interest on overdue installments of principal and interest shall have been collected), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such principal and interest without preference or priority of principal over interest, or interest over principal, or of any installment of interest over any other installment of interest, or any Bond over any other Bond, ratably to the aggregate of such principal and interest; and

Third, to the payment of any amounts then owing under the Financial Guaranty Agreement, whether as principal or interest thereon.

Power of Trustee to Control Proceedings

In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in principal amount of the Outstanding Bonds hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

Limitation on Bondowners' Right to Sue

No Owner of any Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity acceptable to the Trustee, which indemnity will not be unreasonably rejected, against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy hereunder, it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to enforce any right under the Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of the Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Bonds.

The right of any Owner of any Bond to receive payment of the principal of (and premium, if any) and interest on such Bond as herein provided or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of the Indenture.

Non-waiver

Nothing in this Article IX or in any other provision of the Indenture or in the Bonds, shall affect or impair the obligation of the Agency, which is absolute and unconditional, to pay from the Tax Revenues and other amounts pledged hereunder, the principal of and interest and premium (if any) on the Bonds to the respective Owners of the Bonds on the respective Interest Payment Dates, as herein provided, or affect or impair the right of action, which is also absolute and unconditional, of the Owners to institute suit to enforce such payment by virtue of the contract embodied in the Bonds.

A waiver of any default by any Bondowner shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of any Owner of any of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Bondowners by the Law or by this Article IX may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners of the Bonds.

If a suit, action or proceeding to enforce any right or exercise any remedy shall be abandoned or determined adversely to the Bondowners, the Agency and the Bondowners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

Actions by Trustee as Attorney in Fact

Any suit, action or proceeding which any Owner of Bonds shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners of Bonds similarly situated and the Trustee is hereby appointed (and the successive respective Owners of the Bonds issued hereunder, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney in fact of the respective Owners of the Bonds for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners of the Bonds as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney in fact; provided, however, the Trustee shall have no obligation to exercise any rights or remedies hereunder unless it has been indemnified to its satisfaction by the Owners from any liability or expense, including attorneys' fees. All rights of action under the Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of the Owners of such Bonds, subject to the provisions of the Indenture.

Remedies Not Exclusive

No remedy herein conferred upon or reserved to the Owners of Bonds is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law.

Discharge of Indenture

If the Agency shall pay and discharge the entire indebtedness on all Bonds Outstanding in any one or more of the following ways-

(1) by well and truly paying or causing to be paid the principal of and interest on all Bonds Outstanding, as and when the same become due and payable;

(2) by irrevocably depositing with the Trustee, in trust, at or before maturity money which, together with the amounts then on deposit in the funds and accounts established pursuant to the Indenture is fully sufficient to pay all Bonds Outstanding, including all principal, interest and redemption premiums; or

(3) by irrevocably depositing with the Trustee, in trust, non-callable Federal Securities in such amount as an Independent Financial Consultant shall certify to the Trustee, based upon a certificate of an Independent Certified Public Accountant, will together with the interest to accrue thereon and

moneys then on deposit in the funds and accounts established pursuant to the Indenture, be fully sufficient to pay and discharge the indebtedness on all Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption shall have been given as in the Indenture provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, and all amounts owing to the Insurer under the Financial Guaranty Agreement have been paid or provided for, then notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Tax Revenues and other funds provided for in the Indenture and all other obligations of the Agency under the Indenture with respect to all Bonds Outstanding shall cease and terminate, except only the obligation of the Agency to pay or cause to be paid to the Owners of the Bonds not so surrendered and paid all sums due thereon, and thereafter Tax Revenues shall not be payable to the Trustee. Notice of such election shall be filed with the Trustee.

If, subject to above conditions, the Agency shall pay or cause to be paid or make provision for the payment to the Owners of less than all of the Outstanding Bonds the principal of and premium, if any, and interest on such Bonds which is and shall thereafter become due and payable upon such Bonds in accordance with the provisions of clauses (1), (2) and (3) above, such Bonds, or portions thereof, shall cease to be entitled to any lien, benefit or security under the Indenture.

Any funds thereafter held by the Trustee which are not required for said purpose shall be paid over the Agency.

APPENDIX E

DTC AND THE BOOK ENTRY SYSTEM

The description that follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Bonds, payment of principal of, premium, if any, and interest on the Bonds to Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Bonds, and other related transactions by and between DTC, Participants and Beneficial Owners, is based on information furnished by DTC which the Successor Agency believes to be reliable, but the Successor Agency does not take responsibility for the completeness or accuracy thereof. The Successor Agency cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners either (a) payments of principal, premium, if any, and interest with respect to the Bonds or (b) certificates representing ownership interests in or other confirmation of ownership interests in the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond will be issued for each maturity (and each individual yield in the case of bifurcated maturities) of the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com; provided that nothing contained in such website is incorporated into this Official Statement.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2014 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Indenture. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit will agree to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Successor Agency as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Successor Agency or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Successor Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Successor Agency or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

The Successor Agency may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

NEITHER THE SUCCESSOR AGENCY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF BONDS FOR REDEMPTION.

DTC (or a successor securities depository) may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Successor Agency. The Successor Agency, in its sole discretion and without the consent of any other person, may terminate the services of DTC (or a successor securities depository) with respect to the Bonds. The Successor Agency undertakes no obligation to investigate matters that would enable the Successor Agency to make such a determination. In the event that the book-entry system is discontinued as described above, the requirements of the Indenture will apply.

THE SUCCESSOR AGENCY AND THE UNDERWRITER CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, THE PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL, INTEREST OR PREMIUM, IF ANY, WITH RESPECT TO THE BONDS PAID TO DTC OR ITS NOMINEE AS THE REGISTERED OWNER, OR WILL DISTRIBUTE ANY REDEMPTION NOTICES OR OTHER NOTICES, TO THE BENEFICIAL OWNERS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE SUCCESSOR AGENCY AND THE UNDERWRITER ARE NOT RESPONSIBLE OR LIABLE FOR THE FAILURE OF DTC OR ANY PARTICIPANT TO MAKE ANY PAYMENT OR GIVE ANY NOTICE TO A BENEFICIAL OWNER WITH RESPECT TO THE BONDS OR AN ERROR OR DELAY RELATING THERETO.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Successor Agency deems reliable, but the Successor Agency takes no responsibility for the accuracy thereof.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Successor Agency or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered as described in the Indenture.

The Successor Agency may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered as described in the Indenture and payment of interest to each Owner who owns of record $1,000,000 or more in aggregate principal amount of Bonds may be made to such Owner by wire transfer to such wire address within the United States that such Owner may request in writing for all Interest Payment Dates following the 15th day after the Trustee's receipt of such request.

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APPENDIX F

FORM OF OPINION OF BOND COUNSEL

[Closing Date]

Successor Agency to the
Rancho Cucamonga Redevelopment Agency
10500 Civic Center Drive
Rancho Cucamonga, CA 91730

Re: $174,050,000 Successor Agency to the Rancho Cucamonga Redevelopment Agency Rancho Redevelopment Project Area Tax Allocation Refunding Bonds, Series 2014

Ladies and Gentlemen:

We have reviewed the Constitution and laws of the State of California and certain proceedings taken by the Successor Agency to the Rancho Cucamonga Redevelopment Agency (the "Agency") in connection with the issuance by the Agency of the Successor Agency to the Rancho Cucamonga Redevelopment Agency Rancho Redevelopment Project Area Tax Allocation Refunding Bonds, Series 2014 (the "Bonds"), pursuant to the provisions of Article II (commencing with Section 53580) of Chapter 3 of Part I of Division 2 of Title 5 of the California Government Code (the "Refunding Law") and pursuant to a Trust Indenture, dated as of March 1, 1990 (the "Original Indenture") by and between the former Rancho Cucamonga Redevelopment Agency (the "Former Agency") and Wells Fargo Bank, N.A., as successor trustee thereto (the "Trustee"), and that Fifth Supplemental Indenture (the "Fifth Supplement," and together with the Original Indenture, the "Indenture") dated July 1, 2014, between the Agency and the Trustee. The proceeds of the Bonds have been applied by the Agency to refinance certain redevelopment activities of the Former Agency. We have also examined such certified proceedings and other papers and materials as we deem necessary to render this opinion.

In such connection, we have reviewed the Indenture, the tax certificate of the Agency for the Bonds dated the date hereof (the "Tax Certificate"), certificates of the Agency and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other events come to our attention after the date hereof. Accordingly, this opinion speaks only as of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Agency. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to ensure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Indenture and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against cities and their subordinate entities in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the documents mentioned in the preceding sentence. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering materials relating to the Bonds and express no opinion with respect thereto.

Based upon the foregoing, we are of the opinion, under existing law, that:

1. The Agency is a successor agency duly organized and validly existing under the laws of the State of California, with power to enter into the Indenture, to perform the agreements on its part contained therein and to issue the Bonds;

2. The Bonds constitute the valid and legally binding special obligations of the Agency enforceable in accordance with their terms and payable solely from the sources provided therefor in the Indenture;

3. The Indenture has been duly approved by the Agency and constitutes the valid and legally binding obligation of the Agency enforceable against the Agency in accordance with its terms except as such enforcement may be limited by bankruptcy, insolvency, moratorium, transfer or conveyance, or other laws affecting creditor's rights generally, or the exercise of judicial discretion in accordance with general principals of equity or otherwise in appropriate cases; provided, however, we express no opinion with respect to any indemnification, contribution, choice of law or waiver provisions contained therein;

4. The Indenture establishes a first lien on and pledge of the Tax Revenues (as such term is defined in the Indenture) and other funds pledged thereby for the security of the Bonds, in accordance with the terms of the Indenture;

5. Interest on the Bonds is exempt from California personal income taxation; and

6. Under existing statutes, regulations, rulings and court decisions, the interest on the Bonds is excluded from gross income for purposes of federal income taxation. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum tax provisions of the Code; it should be further noted, however, that, with respect to corporations, such interest will be included in adjusted current earnings when calculating corporate alternative minimum taxable income. Although the interest on the Bonds is excluded from gross income for purposes of federal income taxation, the accrual or receipt of interest on the Bonds, or any portion thereof, may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend on the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

Respectfully submitted,

APPENDIX G

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Successor Agency to the Rancho Cucamonga Redevelopment Agency (the "Agency") in connection with the issuance of $174,050,000 aggregate principal amount of Successor Agency of the Rancho Cucamonga Redevelopment Agency Rancho Redevelopment Project Area Tax Allocation Refunding Bonds, Series 2014 (the "Bonds"). The Bonds are being issued pursuant to a Trust Indenture, dated as of March 1, 1990, as amended and supplemented by a Fifth Supplemental Indenture, dated as of July 1, 2014, between the Agency and Wells Fargo Bank, N.A., as trustee (the "Trustee"), (together, the "Indenture"). The Agency covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Agency for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission ("S.E.C.") Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"City" means the City of Rancho Cucamonga.

"Dissemination Agent" shall mean the Agency, or any successor Dissemination Agent designated in writing by the Agency and which has filed with the Agency a written acceptance of such designation.

"Holder" shall mean the person in whose name any Bond shall be registered.

"Listed Events" shall mean any of the events listed in Section 5(a) or 5(b) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at http://emma.msrb.org.

"Participating Underwriter" shall mean the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Agency shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the Agency's fiscal year (which shall be April 1 of each year, so long as the Issuer's fiscal year ends on June 30), commencing with the report for the 2013-14 fiscal year (which shall be April 1, 2015), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure

Certificate. The Annual Report may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that the audited financial statements of the Agency may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Agency's fiscal year changes, it shall give notice of such change in a filing with the MSRB. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Bonds by name and CUSIP number.

(b) Not later than fifteen (15) Business Days prior to said date, the Agency shall provide the Annual Report to the Dissemination Agent (if other than the Agency). If the Agency is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Agency shall send or cause to be sent to the MSRB a notice in substantially the form attached as Exhibit A or such other form as prescribed or acceptable to the MSRB.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the Agency), file a report with the Agency certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

SECTION 4. Content of Annual Reports. The Agency's Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the Agency for the preceding fiscal year either as a separate audit of the Agency or as a combined statement with the City's comprehensive audited financial report, prepared in accordance with generally accepted accounting principles and the laws of the state of California, including all statements and information prescribed for inclusion therein by the Governmental Accounting Standards Board. If the audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available.

To the extent not included in the audited financial statement of the Agency, the Annual Report shall also include the following:

(b) Principal amount of Bonds outstanding.

(c) Agency outstanding debt, including without limitation any Parity Bonds and subordinate debt.

(d) Information regarding total assessed valuation of taxable properties within the Project Area, as set forth in Table 3 of the Official Statement of the Agency, dated June 26, 2014 (the "Official Statement"), if and to the extent provided to the Agency by the County of San Bernardino (the "County").

(e) Information regarding total secured tax charges and delinquencies on taxable properties within the Project Area, including without limitation the identities of any delinquent taxpayers that account for more than 10% of the total tax levy within the Project Area, if and to the extent provided to the Agency by the County.

(f) Information regarding the top ten (10) tax payers within the Project Area, as set forth in Table 1 of the Official Statement, if and to the extent provided to the Agency by the County.

(g) Information regarding assessment appeals by large taxpayers and the estimated loss on appeal as shown in Tables 4 and 5 in the Official Statement.

(h) Debt service coverage on the Bonds for the most recently completed fiscal year in substantially the form of Table 10 of the Official Statement; no projected coverage needs to be presented.

(i) Information on the total amount of tax increment allocated to the Successor Agency in such fiscal year and the annual maximum amount of tax increment which may be received by the Successor Agency in such fiscal year.

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the Agency or related public entities, which have been available to the public on the MSRB's website. The Agency shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;

2. Unscheduled draws on debt service reserves reflecting financial difficulties;

3. Unscheduled draws on credit enhancements reflecting financial difficulties;

4. Substitution of credit or liquidity providers, or their failure to perform;

5. Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

6. Tender offers;

7. Defeasances;

8. Rating changes; or

9. Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law, in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

1. Unless described in paragraph 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

2. Modifications to rights of Bondholders;

3. Optional, unscheduled or contingent Bond calls;

4. Release, substitution, or sale of property securing repayment of the Bonds;

5. Non-payment related defaults;

6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or

7. Appointment of a successor or additional trustee or the change of name of a trustee.

(c) Upon the occurrence of a Listed Event described in Section 5(a), or upon the occurrence of a Listed Event described in Section 5(b) which the Issuer determines would be material under applicable federal securities laws, the Agency shall within ten (10) Business Days of occurrence file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsection (b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Indenture.

SECTION 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Certificate must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Agency's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 8. Dissemination Agent. The Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Agency pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Agency.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Agency may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Agency shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Agency. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice required to be filed pursuant to this Disclosure Certificate, in addition to that which is required by this Disclosure Certificate. If the Agency chooses to include any information in any Annual Report or notice in addition to that which is specifically required by this Disclosure Certificate, the Agency shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

SECTION 11. Default. In the event of a failure of the Agency to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency to comply with its obligations under this Disclosure Certificate; provided, that any such action may be instituted only in Superior Court of the State of California in and for the County of San Bernardino or in U.S. District Court in or nearest to the County. The sole remedy under this Disclosure Certificate in the event of any failure of the Agency to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Agency, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: _____________, 2014.

SUCCESSOR AGENCY TO THE RANCHO CUCAMONGA REDEVELOPMENT AGENCY

By ____
Executive Director

CONTINUING DISCLOSURE EXHIBIT A

FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT

Name of Agency:	SUCCESSOR AGENCY TO THE RANCHO CUCAMONGA REDEVELOPMENT AGENCY
Name of Bond Issue:	SUCCESSOR AGENCY TO THE RANCHO CUCAMONGA REDEVELOPMENT AGENCY RANCHO REDEVELOPMENT PROJECT AREA TAX ALLOCATION REFUNDING BONDS, SERIES 2014
Date of Issuance:	__________________, 2014

NOTICE IS HEREBY GIVEN that the Agency has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Certificate of the Agency, dated the Date of Issuance. [The Agency anticipates that the Annual Report will be filed by _____________.]

Dated:_______________

SUCCESSOR AGENCY TO THE RANCHO CUCAMONGA
REDEVELOPMENT AGENCY

By __________[to be signed only if filed]_________

APPENDIX H

STATE DEPARTMENT OF FINANCE
DETERMINATION LETTER APPROVING THE BONDS

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May 28, 2014

Ms. Linda Daniels, Assistant City Manager
City of Rancho Cucamonga
10500 Civic Center Drive
Rancho Cucamonga, CA 91730

Dear Ms. Daniels:

Subject: Approval of Oversight Board Action

The City of Rancho Cucamonga Successor Agency (Agency) notified the California Department of Finance (Finance) of its April 17, 2014 Oversight Board (OB) resolution on April 17, 2014. Pursuant to Health and Safety Code (HSC) section 34179 (h), Finance has completed its review of the OB action.

Based on our review and application of the law, OB Resolution No. OB 14-08, approving the issuance of refunding bonds, making certain determinations with respect to the refunding bonds and providing other matters relating thereto, is approved.

Finance approval is conditioned on the understanding that no refunding bonds will be issued unless such bonds meet the limitations set forth in HSC section 34177.5 (a). Following the issuance of the bonds, the Agency's debt service payment obligations for the refunding bonds should be placed on a future Recognized Obligation Payment Schedule for Finance review and approval.

Please direct inquiries to Nichelle Thomas, Supervisor, or Michael Barr, Lead Analyst at (916) 445-1546.

Sincerely,

Jennifer for

JUSTYN HOWARD
Assistant Program Budget Manager

cc: Ms. Tamara Layne, Finance Director, City of Rancho Cucamonga
Ms. Linda Santillano, Property Tax Manager, San Bernardino County
California State Controller's Office

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APPENDIX I

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By ______________________________
Authorized Officer

Form 500NY (5/90)