

LANCASTER REDEVELOPMENT AGENCY
LANCASTER, CALIFORNIA

FINANCIAL STATEMENTS

JUNE 30, 2005



LANCASTER REDEVELOPMENT AGENCY

JUNE 30, 2005

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INDEPENDENT AUDITORS' REPORT

To the Honorable Chair and Members of the Governing Board
Lancaster Redevelopment Agency

We have audited the accompanying financial statements of the governmental activities and each major fund of the Lancaster Redevelopment Agency as of and for the year ended June 30, 2005, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Lancaster Redevelopment Agency's management. 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 *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 of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In accordance with *Government Auditing Standards* issued by the Comptroller General of the United States, we have also issued our report dated September 2, 2005 on our consideration of the Murrieta Redevelopment Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Agency has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Lancaster Redevelopment Agency as of June 30, 2005, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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To the Honorable Chair and Members of the Governing Board
Lancaster Redevelopment Agency

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The combining project area statements and computation of low and moderate income housing funds excess/surplus are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Lance, Soll & Lunghard, LLP

September 2, 2005



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Chair and Members of the Governing Board
Lancaster Redevelopment Agency

We have audited the financial statements of Lancaster Redevelopment Agency as of and for the year ended June 30, 2005 and have issued our report thereon dated September 2, 2005. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the Lancaster Redevelopment Agency are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Such provisions included those provisions of laws and regulations identified in the Guidelines for Compliance Audits of California Redevelopment Agencies, issued by the State Controller and as interpreted in the Suggested Auditing Procedures for Accomplishing Compliance Audits of California Redevelopment Agencies, issued by the Governmental Accounting and Auditing Committee of the California Society of Certified Public Accountants. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Lancaster Redevelopment Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.





To the Honorable Chair and Members of the Governing Board
Lancaster Redevelopment Agency

This report is intended for the information of the audit committee, management, and the State Controller.
However, this report is a matter of public record and its distribution is not limited.

Lance, Soll & Lunghard, LLP

September 2, 2005

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STATEMENT OF NET ASSETS
June 30, 2005

		<u>Governmental Activities</u>
Assets:		
Cash and investments		\$ 78,290,529
Receivables:		
Tax increment	\$ 1,451,249	
Accounts	738,212	
Interest	225,001	
Loans	<u>3,715,942</u>	
Total Receivables		6,130,404
Due from other governments		2,135,205
Land held for resale (net)		25,342,868
Deferred charges		7,077,836
Restricted assets:		
Cash and investments		2,954,611
Cash and investments with trustees		<u>21,365,489</u>
Total Assets		<u>143,296,942</u>
Liabilities:		
Accounts payable and accrued expenses		9,330,569
Due to other governments		8,824,650
Deposits from others		158,189
Long-term liabilities:		
Due within one year	\$ 4,910,000	
Due in more than one year	<u>317,372,651</u>	
Total Long-Term Liabilities		322,282,651
Total Liabilities		<u>340,596,059</u>
Net Assets:		
Restricted for:		
Community development		40,444,857
Debt service		17,661,877
Unrestricted		<u>(255,405,851)</u>
Total Net Assets		<u>\$ (197,299,117)</u>

See Notes to Financial Statements

Lancaster Redevelopment Agency

Exhibit B

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED June 30, 2005

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Assets Governmental Activities
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	
Governmental Activities:					
General government	\$ 4,134,612	\$ -	\$ -	\$ -	\$ (4,134,612)
Community development	26,060,636	-	-	-	(26,060,636)
Interest on long-term debt	12,334,592	-	-	-	(12,334,592)
Contributions to other governments	2,042,742	-	-	-	(2,042,742)
Total Governmental Activities	\$ 44,572,582	\$ -	\$ -	\$ -	(44,572,582)
General Revenues:					
Taxes (net of pass-through payments)					15,029,914
Intergovernmental					3,899,798
Use of money and property					21,472,735
Other					1,025,824
Total General Revenues					41,428,271
Change in Net Assets					(3,144,311)
Net Assets at Beginning of Year					(194,154,806)
Net Assets at End of Year					\$ (197,299,117)

See Notes to Financial Statements

Lancaster Redevelopment Agency

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2005**

	General Agency Fund	Central Business District Project Area	Amargosa Project Area	Amargosa Project Area	Project Area No. 6
	General Agency	Low and Moderate Housing	Project	Low and Moderate Housing	Project
Assets:					
Cash and investments	\$ 4,460,367	\$ -	\$ -	\$ 21,632,657	\$ 10,321,577
Cash and investments with trustee	-	-	-	-	1,954,490
Receivables:					
Tax increment	-	2,585	-	122,078	-
Accounts	-	-	729,231	-	-
Interest	225,001	-	-	-	-
Loans	-	-	199,830	7,925	-
Due from Capital Projects funds	-	-	-	-	2,880,851
Due from Debt Service funds	-	-	-	-	-
Due from Low and Moderate Housing Funds	-	-	-	2,381,134	-
Due from other governments	-	-	-	-	-
Due from City	-	-	-	-	1,746,009
Restricted cash	-	-	-	-	-
Advances to Tax Increment Fund	-	60,964	-	701,456	-
Land held for resale	-	2,581,953	5,007,131	2,476,313	989,220
Total Assets	4,685,368	\$ 2,645,502	\$ 5,936,192	\$ 27,321,563	\$ 17,892,147
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	893,942	\$ -	\$ 814,509	\$ -	\$ -
Deposits from others	90,320	-	-	-	-
Due to Capital Projects funds	-	-	730,737	-	-
Due to Debt Service funds	-	-	-	-	-
Due to Low and Moderate Housing Funds	-	5,778,974	-	-	1,795,545
Due to City	3,970,335	-	-	-	-
Due to other governments	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Advances from Low and Moderate Housing Funds	-	-	701,456	-	882,425
Total Liabilities	4,954,597	5,778,974	2,246,702	-	2,677,970
Fund Balances:					
Reserved:					
Land held for resale	-	2,581,953	5,007,131	2,476,313	989,220
Long-term loans	-	-	199,830	7,925	-
Unreserved:					
Designated:					
Debt service	-	-	-	-	-
Continuing projects	-	-	-	24,837,325	14,224,957
Undesignated	(269,229)	(5,715,425)	(1,517,471)	-	-
Total Fund Balances	(269,229)	(3,133,472)	3,689,490	27,321,563	15,214,177
Total Liabilities and Fund Balances	\$ 4,685,368	\$ 2,645,502	\$ 5,936,192	\$ 27,321,563	\$ 17,892,147

See Notes to Financial Statements

Exhibit C

Project Area No. 6 Low and Moderate Housing	Project Area No. 7 Project	Amargosa Project Area Tax Increment	Project Area No. 5 Tax Increment
\$ 15,981,415	\$ -	\$ 2,061,739	\$ -
-	-	-	-
122,078	-	488,312	343,283
-	-	-	-
670,321	-	-	-
1,795,545	-	-	-
-	-	786,978	-
1,759,097	-	-	-
389,196	-	-	-
-	-	-	-
13,533	-	191,555	1,017,204
882,425	-	-	-
-	-	-	-
<u>\$ 21,613,610</u>	<u>\$ -</u>	<u>\$ 3,528,584</u>	<u>\$ 1,360,487</u>
\$ 41,612	\$ 17,648	\$ 839,605	\$ 956,241
-	-	-	-
-	3,851,065	-	-
-	-	-	1,588,105
-	-	-	-
-	-	-	-
-	-	663,560	1,368,962
47,108	-	-	-
-	21,710	-	-
<u>88,720</u>	<u>3,890,423</u>	<u>1,503,165</u>	<u>3,913,308</u>
-	-	-	-
670,321	-	-	-
-	-	2,025,419	-
20,854,569	-	-	-
-	(3,890,423)	-	(2,552,821)
<u>21,524,890</u>	<u>(3,890,423)</u>	<u>2,025,419</u>	<u>(2,552,821)</u>
<u>\$ 21,613,610</u>	<u>\$ -</u>	<u>\$ 3,528,584</u>	<u>\$ 1,360,487</u>

See Notes to Financial Statements

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2005

	Project Area No. 6	Other Governmental Funds	Total Governmental Funds
	Tax Increment		
Assets:			
Cash and investments	\$ 2,086,217	\$ 21,746,557	\$ 78,290,529
Cash and investments with trustee	-	19,410,999	21,365,489
Receivables:			
Tax increment	117,594	255,319	1,451,249
Accounts	-	8,981	738,212
Interest	-	-	225,001
Loans	-	2,837,866	3,715,942
Due from Capital Projects funds	-	1,854,711	6,531,107
Due from Debt Service funds	796,322	81,465	1,664,765
Due from Low and Moderate Housing Funds	-	1,638,743	5,778,974
Due from other governments	-	-	389,196
Due from City	-	-	1,746,009
Restricted cash	1,312,118	420,201	2,954,611
Advances to Tax Increment Fund	-	1,223,820	2,868,665
Land held for resale	-	14,288,251	25,342,868
Total Assets	\$ 4,312,251	\$ 63,766,913	\$ 153,062,617
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 1,245,633	\$ 719,586	\$ 5,528,776
Deposits from others	-	67,869	158,189
Due to Capital Projects funds	-	153,760	4,735,562
Due to Debt Service funds	-	76,660	1,664,765
Due to Low and Moderate Housing Funds	-	-	7,574,519
Due to City	-	-	3,970,335
Due to other governments	1,811,067	1,010,726	4,854,315
Deferred revenue	-	-	47,108
Advances from Low and Moderate Housing Funds	-	1,263,074	2,868,665
Total Liabilities	3,056,700	3,291,675	31,402,234
Fund Balances:			
Reserved:			
Land held for resale	-	14,288,251	25,342,868
Long-term loans	-	2,837,866	3,715,942
Unreserved:			
Designated:			
Debt service	1,255,551	17,649,475	20,930,445
Continuing projects	-	26,984,940	86,901,791
Undesignated	-	(1,285,294)	(15,230,663)
Total Fund Balances	1,255,551	60,475,238	121,660,383
Total Liabilities and Fund Balances	\$ 4,312,251	\$ 63,766,913	\$ 153,062,617

See Notes to Financial Statements

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GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2005

Fund balances of governmental funds	\$ 121,660,383
Amounts reported for governmental activities in the statement of net assets are different because:	
Deferred revenue is present in governmental fund financial statements to indicate that receivables are not available currently; however, in the Statement of Net Assets these deferrals are eliminated.	47,108
Bond issuance costs is an expenditure in the governmental funds, but it is deferred charges in the statement of net assets:	
Debt issuance costs on bonds issued	7,518,502
Amortization over life of new bonds through end of fiscal year	(440,666)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds	
Bonds payable	(225,330,000)
Loans from City	(95,218,839)
Unamortized original issue discount or premium	(6,749,727)
Unamortized loss on bonds defeased	5,015,915
Accrued interest payable for the current portion of interest due on Tax Allocation Bonds has not been reported in the governmental funds.	(3,801,793)
Net assets of governmental activities	\$ (197,299,117)

See Notes to Financial Statements

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Lancaster Redevelopment Agency

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED June 30, 2005

	General Agency Fund	Central Business District Project Area	Amargosa Project Area	Amargosa Project Area	Project Area No. 6
	General Agency	Low and Moderate Housing	Project	Low and Moderate Housing	Project
Revenues:					
Taxes and assessments	\$ -	\$ 161,665	\$ -	\$ 2,182,048	\$ -
Use of money and property	20,434	9,488	1,329,348	13,237,497	221,715
Intergovernmental	-	-	-	-	-
Other revenue	111,954	-	374,733	99,887	-
Total Revenues	132,388	171,153	1,704,081	15,519,432	221,715
Expenditures:					
Current:					
General government	-	413,720	155,332	178,187	129,187
Community development	-	2,059,719	4,607,070	-	-
Capital outlay	-	-	3,644,083	-	112,510
Debt service	-	10,797	1,331,554	100,030	409,583
Total Expenditures	-	2,484,236	9,738,039	278,217	651,280
Excess (Deficiency) of Revenues Over (Under) Expenditures	132,388	(2,313,083)	(8,033,958)	15,241,215	(429,565)
Other Financing Sources (Uses):					
Transfers in	-	-	-	-	-
Transfers out	-	(84,812)	(7,878,246)	(898,589)	(18,446,594)
Long-term debt issued	-	242,797	10,870,790	2,209,633	23,775,271
Pass-through agreement payments	-	-	-	-	-
Payments for refunded bonds - current issue	-	-	-	-	-
Payment to Educational Revenue Augmentation Fund	-	-	(492,638)	-	(636,962)
Miscellaneous	-	-	11,722	146,247	(80,975)
Total Other Financing Sources (Uses):	-	157,985	2,511,628	1,457,291	4,610,740
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ 132,388	\$ (2,155,098)	\$ (5,522,330)	\$ 16,698,506	\$ 4,181,175
Fund Balances:					
Beginning of Year, as previously reported	\$ (401,617)	\$ (978,374)	\$ (39,178,306)	\$ 10,623,057	\$ 8,933,449
Restatements	-	-	48,390,126	-	2,099,553
Beginning of Year, as restated	(401,617)	(978,374)	9,211,820	10,623,057	11,033,002
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	132,388	(2,155,098)	(5,522,330)	16,698,506	4,181,175
End of Year	\$ (269,229)	\$ (3,133,472)	\$ 3,689,490	\$ 27,321,563	\$ 15,214,177

See Notes to Financial Statements

Exhibit E

Project Area No. 6	Project Area No. 7	Amargosa Project Area	Project Area No. 5
Low and Moderate Housing	Project	Tax Increment	Tax Increment
\$ 3,168,107	\$ -	\$ 8,728,192	\$ 9,742,701
1,468,556	29,887	-	-
-	-	-	383,800
55,251	-	-	-
<u>4,691,914</u>	<u>29,887</u>	<u>8,728,192</u>	<u>10,126,501</u>
182,915	6,565	142,552	169,892
715,745	62,403	-	-
794,368	2,922,486	-	-
913,967	13,797	-	-
<u>2,606,995</u>	<u>3,005,251</u>	<u>142,552</u>	<u>169,892</u>
<u>2,084,919</u>	<u>(2,975,364)</u>	<u>8,585,640</u>	<u>9,956,609</u>
-	-	-	-
(1,270,037)	(565,044)	(1,024,174)	(1,461,474)
5,822,708	545,129	-	-
-	-	(6,835,377)	(8,391,435)
-	-	-	-
-	(17,562)	-	-
1,416	-	-	-
<u>4,554,087</u>	<u>(37,477)</u>	<u>(7,859,551)</u>	<u>(9,852,909)</u>
<u>\$ 6,639,006</u>	<u>\$ (3,012,841)</u>	<u>\$ 726,089</u>	<u>\$ 103,700</u>
\$ 14,885,884	\$ (1,562,842)	\$ 1,299,330	\$ (2,656,521)
-	685,260	-	-
14,885,884	(877,582)	1,299,330	(2,656,521)
<u>6,639,006</u>	<u>(3,012,841)</u>	<u>726,089</u>	<u>103,700</u>
<u>\$ 21,524,890</u>	<u>\$ (3,890,423)</u>	<u>\$ 2,025,419</u>	<u>\$ (2,552,821)</u>

See Notes to Financial Statements

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED June 30, 2005**

	Project Area No. 6	Other Governmental Funds	Total Governmental Funds
	Tax Increment		
Revenues:			
Taxes and assessments	\$ 12,672,428	\$ 9,270,586	\$ 45,925,727
Use of money and property	-	5,155,810	21,472,735
Intergovernmental	-	3,515,998	3,899,798
Other revenue	-	383,999	1,025,824
Total Revenues	12,672,428	18,326,393	72,324,084
Expenditures:			
Current:			
General government	215,238	2,541,024	4,134,612
Community development	-	9,271,625	16,716,562
Capital outlay	-	1,870,627	9,344,074
Debt service	-	20,063,813	22,843,541
Total Expenditures	215,238	33,747,089	53,038,789
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,457,190	(15,420,696)	19,285,295
Other Financing Sources (Uses):			
Transfers in	-	52,906,171	52,906,171
Transfers out	(963,323)	(20,313,878)	(52,906,171)
Long-term debt issued	-	30,129,175	73,595,503
Pass-through agreement payments	(10,997,720)	(4,671,281)	(30,895,813)
Payments for refunded bonds - current issue	-	(37,616,830)	(37,616,830)
Payment to Educational Revenue Augmentation Fund	-	(895,580)	(2,042,742)
Miscellaneous	-	1,849,606	1,928,016
Total Other Financing Sources (Uses):	(11,961,043)	21,387,383	4,968,134
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ 496,147	\$ 5,966,687	\$ 24,253,429
Fund Balances:			
Beginning of Year, as previously reported	\$ 759,404	\$ 14,125,154	\$ 5,848,618
Restatements	-	40,383,397	91,558,336
Beginning of Year, as restated	759,404	54,508,551	97,406,954
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	496,147	5,966,687	24,253,429
End of Year	\$ 1,255,551	\$ 60,475,238	\$ 121,660,383

See Notes to Financial Statements

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Lancaster Redevelopment Agency

GOVERNMENTAL FUNDS
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED June 30, 2005

Net change in fund balances - total governmental funds **\$ 24,253,429**

Amounts reported for governmental activities in the statement of activities differs from the amounts reported in the statement of activities because:

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 3,385,000

Bond issuance costs is an expenditure in the governmental funds, but it is deferred charges in the statement of net assets:

Debt issuance costs on bonds issued	2,784,440
Amortization for current fiscal year	(239,982)

Unamortized premium or discounts on bonds issued are revenue or expenditures in the governmental funds, but these are spread to future periods over the life of the new bonds:

Current year original issuance premium on bonds issued	(1,928,016)
Amortization for current fiscal year	234,450

Proceeds of debt is revenue in the governmental funds, but these are additions to the statement of net assets. (73,595,503)

Defeasance of debt is expenditures in the governmental funds, but these are spread to future periods:

Payments to refunded bonds escrows	42,219,454
Amortization period over defeased bond lives computed through end of fiscal year	(288,222)

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:

Current accrual of interest due on bonds	(3,801,793)
Prior year accrual of interest due on bonds	3,832,432
	3,832,432

Change in net assets of governmental activities **\$ (3,144,311)**

See Notes to Financial Statements

LANCASTER REDEVELOPMENT AGENCY

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Organization and Summary of Significant Accounting Policies

a. Description of the Reporting Entity

The Lancaster Redevelopment Agency is a component unit of a reporting entity that consists of the following primary and component units:

Reporting Entity:

Primary Government:

City of Lancaster

Component Units:

Lancaster Redevelopment Agency
Lancaster Community Services Foundation
Lancaster Industrial Development Authority
Lancaster Financing Authority
Community Facilities Districts of the City of Lancaster

The attached basic financial statements contain information relative only to the Lancaster Redevelopment Agency as one component unit that is an integral part of the total reporting entity. They do not contain financial data relating to the other component units.

The Agency was established April 1979. As of June 30, 2003, seven project areas had been formed: the Residential Project Area, the Central Business District Project Area, the Fox Field Project Area, the Amargosa Project Area, Project Area Number 5, Project Area Number 6 and Project Area Number 7.

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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.

**Lancaster Redevelopment Agency
Notes to Financial Statements (Continued)**

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental 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. 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.

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 cash is received by the government.

The Agency reports the following major governmental funds:

Capital Projects Funds:

- General Agency Fund
- Amargosa Project Area - Project Fund
- Project Area Number 6 - Project Fund
- Project Area Number 7 - Project Fund

The Project Fund accounts for the financial resources segregated for the acquisition of major capital facilities.

- Central Business District Project Area - Low and Moderate Housing Fund
- Amargosa Project Area - Low and Moderate Housing Fund
- Project Area Number 6 - Low and Moderate Housing Fund

The Low and Moderate Housing Fund accounts for the financial resources segregated for the purpose of providing low and moderate income housing to the residents of the City.

Debt Service Funds:

- Amargosa Project Area - Tax Increment Fund
- Project Area Number 5 - Tax Increment Fund
- Project Area Number 6 - Tax Increment Fund

**Lancaster Redevelopment Agency
Notes to Financial Statements (Continued)**

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

The Tax Increment Fund and Tax Revenue Bond Fund account for the accumulation of resources for, and the payment of interest and principal of long-term debt.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

d. Assets, Liabilities and Net Assets or Equity

1. Investments

Investments for the Agency are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate State laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. 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".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Property tax revenue is recognized 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 within the current period or expected to be collected soon enough thereafter (not to exceed 60 days) to be used to pay liabilities of the current period. The County of Los Angeles collects property taxes for the Agency. Tax liens attach annually as of 12:01 A.M. on the first day in January preceding the fiscal year for which the taxes are levied. 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 on August 31.

3. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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.

**Lancaster Redevelopment Agency
Notes to Financial Statements (Continued)**

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

4. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In accordance with GASB Statement No. 34, the Agency is required to report general infrastructure assets. The Agency does not own any capital assets as of the date on this report.

5. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, 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 costs are reported as deferred charges and amortized over the term of the related debt.

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.

6. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

e. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of assets as well as certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities are detailed in the financial statements.

II. STEWARDSHIP

Note 2: Stewardship, Compliance and Accountability

a. Budgetary Data

General Budget Policies

The Governing Board approves each year's budget submitted by the Executive Director prior to the beginning of the new fiscal year. The Board conducts public meetings prior to its adoption. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. Supplemental appropriations, when required during the period, are also approved by the Board. Intradepartmental budget changes are approved by the Executive Director. In most cases, expenditures may not exceed appropriations at the departmental level. At fiscal year-end all operating budget appropriations lapse. During the year, several supplementary appropriations were necessary. In accordance with the requirements of GASB Statement 34, budgetary comparison statements are required for the General Fund and any Special Revenue Funds. Since these fund types are not present within the Agency, no budgetary comparison statements are presented in this report. Within the City of Lancaster's Comprehensive Annual Financial Report budgetary comparison statements have been presented.

Encumbrances

Encumbrances are estimations of costs related to unperformed contracts for goods and services. These commitments are recorded for budgetary control purposes in the General, Special Revenue and similar governmental funds. Encumbrances outstanding at year-end are reported as a reservation of fund balance. They represent the estimated amount of the expenditure ultimately to result if unperformed contracts in-process at year-end are completed. They do not constitute expenditures or estimated liabilities. At June 30, 2005, no encumbrances were present within the Agency.

Budget Basis of Accounting

Budgets for governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

III. DETAIL NOTES ON FUNDS

Note 3: Cash and Investments

Cash and investments reported in the accompanying financial statements consisted of the following:

Cash and investments pooled with the City	\$ 78,290,529
Restricted Cash and investments	2,954,611
Cash and investments with fiscal agent	<u>21,365,489</u>
Total Cash and Investments	<u>\$ 102,610,629</u>

The Agency's funds are pooled with the City of Lancaster's cash and investments in order to generate optimum interest income. During the current fiscal year, the City elected an early implementation of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. This new pronouncement is an amendment to GASB Statement No. 3. GASB No. 40 establishes and modifies disclosure requirements related to deposit and investment risks. The information required by GASB Statement No. 40 related to authorized investments, credit risk, etc. is available in the annual report of the City.

Note 4: Long-Term Debt

- a. A description of long-term debt outstanding (excluding defeased debt) of the Agency as of June 30, 2005 follows:

Loans From The City of Lancaster

During the current and previous fiscal years, the City of Lancaster has made loans to the Agency. These loans bear interest at rates up to 12% per annum depending upon when the loan was initiated. The City may demand payment of all or a portion of the principal balance at any time as funds become available; however, such demands are not anticipated with the next fiscal year. As of June 30, 2005, loans received from the City amounted to \$58,979,039 and accrued unpaid interest owed on those loans were \$36,889,800.

The Agency has advanced \$1,746,009 to the Traffic Impact Fee Fund to fund the Avenue L Overpass Project.

Bonds and Notes

A description of individual issues of bonds and notes (excluding defeased issues) outstanding as of June 30, 2005 follows:

Combined Tax Allocation Notes and Bonds

1. On December 15, 2004, the Agency issued \$10,200,000 of Combined Redevelopment Project Areas (Fire Protection Facilities Project), Tax Allocation Refunding Bonds, Issue of 2004. Interest on these bonds is payable semi-annually on June 1 and December 1 of each year, commencing June 1, 2005. Interest rates vary from 2.00% to 5.25%. Principal redemptions are payable starting December 1, 2005 through December 1, 2023. The proceeds of this bond issue were utilized to refund all of the Agency's outstanding Combined Redevelopment Project Areas (Fire Protection Facilities Project) Tax Allocation Bonds, Issue of

**Lancaster Redevelopment Agency
Notes to Financial Statements (Continued)**

Note 4: Long-Term Debt (Continued)

1993, pay costs of issuing the Bonds, and fund a debt service reserve account.

2. On December 15, 2004, the Agency issued \$21,540,000 of Combined Redevelopment Project Areas (Sheriff's Facility Project), Tax Allocation Refunding Bonds, Issue of 2004. Interest on these bonds is payable semi-annually on June 1 and December 1 of each year, commencing June 1, 2005. Interest rates vary from 2.00% to 5.25%. Principal redemptions are payable starting December 1, 2005 through December 1, 2019. The proceeds of this bond issue were utilized to refund all of the Agency's outstanding Combined Redevelopment Project Areas (Sheriff's Facility Project) Tax Allocation Bonds, Issue of 1993, pay costs of issuing the Bonds, and fund a debt service reserve account.
3. On December 15, 2004, the Agency issued \$5,135,000 of Combined Redevelopment Project Areas (Library Project), Tax Allocation Refunding Bonds, Issue of 2004. Interest on these bonds is payable semi-annually on June 1 and December 1 of each year, commencing June 1, 2005. Interest rates vary from 3.00% to 4.75%. Principal redemptions are payable starting December 1, 2005 through December 1, 2029. The proceeds of this bond issue were utilized to refund all of the Agency's outstanding Combined Redevelopment Project Areas (Library Project) Tax Allocation Bonds, Issue of 1993, and Combined Redevelopment Project Areas (Library Project) Subordinated Tax Allocation Refunding Bonds, Issue of 1999, pay costs of issuing the Bonds, and fund a debt service reserve account.
4. On September 9, 2004, the Agency issued \$7,830,000 of Lancaster Financing Authority, Tax Allocation Refunding Bonds (Lancaster Redevelopment Project No. 5 and Project No. 6 (School Districts), Issue of 2004. Interest on these bonds is payable semi-annually on February 1 and August 1 of each year, commencing February 1, 2005. Interest rates vary from 2.00% to 5.60%. Principal redemptions are payable starting February 1, 2005 through February 1, 2034. The proceeds of this bond issue were utilized to advance refund and defease all of the Agency's outstanding Lancaster Redevelopment Project No. 6, Tax Allocation Refunding Bonds (School District), Issue of 1996, finance school district projects pursuant to certain school district pass through agreements with respect to Redevelopment Project No. 5 and No. 6, pay costs of issuing the Bonds, and fund a debt service reserve account.
5. On November 9, 2004, the Agency issued \$13,575,000 of Combined Redevelopment Project Areas (Housing Programs), Subordinate Tax Allocation Bonds, Issue of 2004 (Taxable). This financing was undertaken to provide funding for certain low and moderate income housing projects of the Agency, fund a reserve account for the Bonds and to pay the costs of issuance. The principal portion of these bonds is payable from August 1, 2005 to 2035. Interest is payable semi-annually on February 1 and August 1 of each year commencing on February 1, 2005.
6. On November 9, 2004, the Agency issued \$11,005,000 of Lancaster Financing Authority, Subordinate Tax Allocation Revenue Bonds (Lancaster Residential, Amargosa, Project No. 5 and Project No. 6 Redevelopment Projects), Issue of 2004B. Interest on these bonds is payable semi-annually on February 1 and August 1 of each year,

**Lancaster Redevelopment Agency
Notes to Financial Statements (Continued)**

Note 4: Long-Term Debt (Continued)

commencing February 1, 2005. Interest rates vary from 2.35% to 5.00%. Principal redemptions are payable starting February 1, 2008 through February 1, 2035. The proceeds of this bond issue were utilized to finance redevelopment activities of the Agency with respect to four of its Project Areas, fund capitalized interest through August 1, 2007, pay costs of issuing the Bonds, and fund a debt service reserve account.

7. On June 11, 2003, the Agency issued \$101,575,000 of Series 2003 Bonds (\$60,980,000 Combined Housing Financing and \$40,595,000 of Combined Economic Development Financing). This financing was undertaken to refund \$75,065,000 in outstanding Agency debt and to provide the Agency with additional funds for projects. The principal portion of these bonds is payable from August 1, 2004 to 2034 on the Economic Development Financing (Combined Tax Allocation Bonds, Series 2003) and August 1, 2005 to 2033 on the Housing Financing (Combined Housing Bonds). Interest is payable semi-annually on February 1 and August 1 of each year commencing on August 1, 2004.
8. On December 12, 2003, the Agency issued \$34,640,000 of Series 2003 B Bonds (\$18,080,000 Combined Housing Financing and \$16,560,000 of Subordinate Tax Allocation Revenue Bonds). This financing was undertaken to refund \$13,375,000 in outstanding Agency debt and to provide the Agency with additional funds for projects. The principal portion of these bonds is payable from August 1, 2004 to 2034 on the Subordinate Tax Allocation Revenue Bonds and February 1, 2004 to 2034 on the Housing Financing (Combined Housing Bonds). Interest is payable semi-annually on February 1 and August 1 of each year commencing on February 1, 2004. The principal portion of these bonds has been allocated to the following project areas:

	<u>Economic Development</u>	<u>Housing</u>
Residential Area	\$ 1,805,000	\$ 3,372,853
Central Business District Area	-	175,098
Fox Field Area	-	173,720
Amargosa Area	10,305,000	4,687,320
Area Number 5	1,625,000	4,396,360
Area Number 6	2,825,000	4,704,068
Area Number 7	-	<u>570,581</u>
Total	<u>\$ 16,560,000</u>	<u>\$ 18,080,000</u>

9. On February 23, 1993, the Agency, City of Lancaster, Los Angeles County Public Library and the County of Los Angeles entered into a Memorandum of Understanding whereby the Agency will provide a contribution in the amount of \$1,500,000, and a loan to the Library in the approximate principal amount of \$5,870,000, for construction and development of the Library Project. The Agency contribution and loan amounts will be provided in addition to net proceeds from the Library Bonds and Subordinated Bonds for development and construction of the Library Project. The exact amount of the Agency loan will be determined by subtracting the amount of net bond proceeds, subordinated note proceeds and contributions proceeds from the total development and construction costs of the Library Project.

**Lancaster Redevelopment Agency
Notes to Financial Statements (Continued)**

Note 4: Long-Term Debt (Continued)

Central Business District Project Area

1. On January 1, 1994, the Agency issued \$3,065,000 of Lancaster Central Business District Redevelopment Project Area, Tax Allocation Refunding Bonds, Issue of 1994. The principal portion of these bonds is payable from August 1, 1994 to August 1, 2023. Interest is payable semi-annually on February 1 and August 1 each year commencing August 1, 1994 at rates of 3.00% to 6.125% per annum. The proceeds of these bonds was utilized to defease \$1,055,000 of the Tax Allocation Refunding Bonds, Issue of 1986 and \$1,900,000 of Subordinated Tax Allocation Refunding Notes, Issue of 1988.

Fox Field Redevelopment Project

1. On January 1, 1994, the Agency issued \$3,050,000 of Lancaster Fox Field Redevelopment Project, Tax Allocation Refunding Bonds, Issue of 1994. The principal portion of these bonds is payable from August 1, 1994 to August 1, 2022. Interest is payable semi-annually on February 1 and August 1 of each year at rates of 3.000% to 6.125% per annum, commencing August 1, 1994. These bonds defeased the \$1,600,000 Fox Field Subordinated Tax Allocation Refunding Notes, Issue of 1988.

Amargosa Redevelopment Project

1. On March 18, 1999, the Agency issued \$4,380,000 of Lancaster Redevelopment Agency, Amargosa Redevelopment Project, Tax Allocation Refunding Bonds, Issue of 1999. The purpose of these bonds was to defease a portion of the \$7,005,000 Tax Allocation Refunding Bonds, Issue of 1991. The principal portion of these bonds is payable from February 1, 2000 to February 1, 2024. Interest is payable semi-annually at rates of 3.0% to 5.0% per annum, commencing August 1, 1999.
2. On March 18, 1999, the Agency issue \$6,710,000 of Lancaster Redevelopment Agency, Lease Revenue Refunding Bonds (Lancaster Public Capital Improvement Projects), Issue of 1999. The purpose of these bonds was to defease \$7,475,000 of Lancaster Redevelopment Agency, Lease Revenue Notes (Lancaster Public Capital Improvement Projects), Issue of 1995. The principal portion of these bonds is payable from December 1, 1999 to December 1, 2028. Interest is payable semi-annually at rates of 2.9% to 5.0% per annum, commencing December 1, 1999. The Bonds are payable from Lease Payments to be made by the City of Lancaster to the Agency or its assignee. The property covered by the Lease consists of the Lancaster Performing Arts Center completed in November 1991 and developed by the Agency at a cost of \$8,024,000. Neither the Bonds nor the obligation of the City to make Lease Payments under the Lease Agreement constitutes an indebtedness of the City, the Agency, the State of California or any political subdivision thereof, within the meaning of the Constitution of the State of California or otherwise.

Project Area Number 5

1. On December 1, 1997, the Agency issued \$6,480,000 of Lancaster Redevelopment Project No. 5, Tax Allocation Refunding Bonds, Issue of 1997. The principal portion of these bonds is payable from February 1, 1998 to February 1, 2014. Interest is payable semi-annually at rates of

**Lancaster Redevelopment Agency
Notes to Financial Statements (Continued)**

Note 4: Long-Term Debt (Continued)

3.75% to 5.00% per annum, commencing February 1, 1998. These bonds are issued on a parity basis with the previously issued \$10,750,000 of Lancaster Redevelopment Agency, Lancaster Redevelopment Project No. 5, Tax Allocation Refunding Bonds, Issue of 1996 and the \$13,755,000 of Lancaster Redevelopment Agency, Lancaster Redevelopment Project No. 5, Tax Allocation Refunding Bonds, Issue of 1991. A portion of the proceeds of these bonds was utilized to defease the Lancaster Redevelopment Project No. 5, Tax Allocation Refunding Bonds, Issue of 1988.

Project Area Number 6

1. On February 28, 1996, the Agency issued \$3,650,000 of Lancaster Redevelopment Agency, Lancaster Redevelopment Project No. 6, Tax Allocation Refunding Bonds (School District), Issue of 1996. These Bonds were issued to refund the Agency's outstanding Lancaster Redevelopment Project No.6, School District Tax Allocation Notes, Issue of 1991 and to implement the School District Pass-Through Agreement. The principal portion of these bonds is payable from August 1, 1996 to August 1, 2025. Interest is payable semi-annually on February 1 and August 1 of each year at rates of 3.30% to 5.65% per annum, commencing August 1, 1996. These Bonds were defeased during the current year by the Project No. 5 and Project No. 6 (School Districts), Issue of 2004 discussed above.
2. On February 1, 2000, the Agency took over the operation of the Desert Sands Mobile Home Park Project. In connection with this, the agency is accomplishing the servicing of its previously issued Mobile Home Park Revenue Bonds (Desert Sands Mobile Home Park Project), Series 1997 A and B Bonds issued November 1, 1997. The bonds outstanding as of February 1, 2000 were \$3,280,000. The principal portion of these bonds is payable from May 1, 2000 to 2028. Interest is payable semi-annually on May 1 and November 1 of each year at rates of 4.0% to 7.5% per annum.

b. The following is a schedule of changes in long-term debt of the Agency for the fiscal year ended June 30:

	Balance July 1, 2004	Defeased	Additions	Repayments	Balance June 30, 2005	Due Within One Year
<u>Residential Project Area</u>						
City Loans - Principal	\$ 1,734,897	\$ -	\$ -	\$ -	\$ 1,734,897	\$ -
City Loans - Unpaid Interest	2,356,282	-	143,979	-	2,500,261	-
1993 Sheriff's Facilities	2,571,218	2,497,706	-	73,512	-	-
1993 Fire Facilities	1,455,305	1,412,558	-	42,747	-	-
1993 and 1999 Library	244,122	239,670	-	4,452	-	-
2003 Development and Housing	11,311,373	-	-	30,320	11,281,053	103,525
2003B Development and Housing	5,136,978	-	-	86,823	5,050,155	186,790
2004B Development and Housing	-	-	1,075,000	-	1,075,000	-
2004 Housing	-	-	1,140,571	-	1,140,571	37,600
2004 Sheriff's Facilities	-	-	2,474,946	-	2,474,946	93,069
2004 Fire Facilities	-	-	1,301,520	-	1,301,520	51,040
2004 Library	-	-	254,090	-	254,090	6,930
Total	24,810,175	4,149,934	6,390,106	237,854	26,812,493	478,954

**Lancaster Redevelopment Agency
Notes to Financial Statements (Continued)**

Note 4: Long-Term Debt (Continued)

	Balance July 1, 2004	Deceased	Additions	Repayments	Balance June 30, 2005	Due Within One Year
<u>Central Business District Project Area</u>						
City Loans - Principal	\$ 11,911,150	\$ -	\$ 432,409	\$ -	\$ 12,343,559	\$ -
City Loans - Unpaid Interest	7,192,902	-	549,955	-	7,742,857	-
1993 Sheriff's Facilities	655,647	636,901	-	18,746	-	-
1993 Fire Facilities	305,054	296,093	-	8,961	-	-
1993 and 1999 Library	46,859	45,997	-	862	-	-
1994	1,725,000	-	-	45,000	1,680,000	50,000
2003 Development and Housing	1,063,809	-	-	-	1,063,809	14,181
2003B Development and Housing	175,098	-	-	2,474	172,624	7,275
2004 Housing	-	-	242,797	-	242,797	9,400
2004 Sheriff's Facilities	-	-	631,122	-	631,122	23,733
2004 Fire Facilities	-	-	272,340	-	272,340	10,680
2004 Library	-	-	49,219	-	49,219	1,344
Total	23,075,519	978,991	2,177,842	76,043	24,198,327	116,613
<u>Fox Field Project Area</u>						
City Loans - Principal	\$ 6,288,069	\$ -	\$ -	\$ -	\$ 6,288,069	\$ -
City Loans - Unpaid Interest	4,536,379	-	580,852	-	5,117,231	-
1993 Sheriff's Facilities	438,255	425,725	-	12,530	-	-
1993 Fire Facilities	294,473	285,823	-	8,650	-	-
1993 and 1999 Library	42,468	41,698	-	770	-	-
1994	2,415,000	-	-	70,000	2,345,000	75,000
2003 Development and Housing	1,776,313	-	-	-	1,776,313	23,717
2003B Development and Housing	173,720	-	-	2,448	171,272	7,200
2004 Housing	-	-	288,747	-	288,747	9,400
2004 Sheriff's Facilities	-	-	422,184	-	422,184	15,876
2004 Fire Facilities	-	-	263,160	-	263,160	10,320
2004 Library	-	-	43,899	-	43,899	1,190
Total	15,964,677	753,246	1,598,842	94,398	16,715,875	142,703
<u>Amargosa Project Area</u>						
City Loans - Principal	\$ 31,292,149	\$ -	\$ 500,000	\$ -	\$ 31,792,149	\$ -
City Loans - Unpaid Interest	17,097,977	-	1,220,268	-	18,318,245	-
1993 Sheriff's Facilities	4,298,756	4,175,852	-	122,904	-	-
1993 Fire Facilities	2,402,990	2,332,406	-	70,584	-	-
1993 and 1999 Library	409,223	401,759	-	7,464	-	-
1999	4,230,000	-	-	80,000	4,150,000	85,000
1999 Lease Revenue	6,030,000	-	-	130,000	5,900,000	135,000
2003 Development and Housing	16,852,607	-	-	25,154	16,827,453	185,675
2003B Development and Housing	14,758,957	-	-	290,123	14,468,834	462,024
2004B Development and Housing	-	-	2,440,000	-	2,440,000	-
2004 Housing	-	-	2,209,633	-	2,209,633	75,200
2004 Sheriff's Facilities	-	-	4,135,680	-	4,135,680	155,520
2004 Fire Facilities	-	-	2,149,140	-	2,149,140	84,280
2004 Library	-	-	425,702	-	425,702	11,606
Total	97,372,659	6,910,017	13,080,423	726,229	102,816,836	1,194,305

**Lancaster Redevelopment Agency
Notes to Financial Statements (Continued)**

Note 4: Long-Term Debt (Continued)

	Balance July 1, 2004	Deceased	Additions	Repayments	Balance June 30, 2005	Due Within One Year
<u>Project Area No. 5</u>						
City Loans - Principal	\$ 3,978,783	\$ -	\$ -	\$ -	\$ 3,978,783	\$ -
City Loans - Unpaid Interest	2,384,935	-	183,509	-	2,568,444	-
1993 Sheriff's Facilities	6,576,550	6,388,522	-	188,028	-	-
1993 Fire Facilities	3,506,942	3,403,933	-	103,009	-	-
1993 and 1999 Library	640,687	629,030	-	11,657	-	-
1997	4,370,000	-	-	350,000	4,020,000	365,000
2003 Development and Housing	33,322,643	-	-	80,645	33,241,998	318,497
2003B Development and Housing	5,984,572	-	-	97,332	5,887,240	224,543
2004B Development and Housing	-	-	3,895,000	-	3,895,000	-
2004 School Refunding	-	-	2,125,000	9,499	2,115,501	28,497
2004 Housing	-	-	3,393,770	-	3,393,770	117,500
2004 Sheriff's Facilities	-	-	6,328,452	-	6,328,452	237,978
2004 Fire Facilities	-	-	3,137,520	-	3,137,520	123,040
2004 Library	-	-	665,157	-	665,157	18,130
Total	60,765,112	10,421,485	19,728,408	840,170	69,231,865	1,433,185
<u>Project Area No. 6</u>						
City Loans - Principal	\$ 1,533,488	\$ -	\$ 650,000	\$ 650,000	\$ 1,533,488	\$ -
City Loans - Unpaid Interest	566,065	-	34,657	-	600,722	-
1993 Sheriff's Facilities	7,447,158	7,234,240	-	212,918	-	-
1993 Fire Facilities	3,440,234	3,339,184	-	101,050	-	-
1993 and 1999 Library	3,412,742	3,350,558	-	62,184	-	-
1996 School	3,135,000	3,055,000	-	80,000	-	-
1997 Mobile Home	3,035,000	-	-	60,000	2,975,000	60,000
2003 Development and Housing	36,218,356	-	-	68,880	36,149,476	375,794
2003B Development and Housing	7,465,093	-	-	127,741	7,337,352	268,468
2004B Development and Housing	-	-	3,595,000	-	3,595,000	-
2004 School Refunding	-	-	5,705,000	25,501	5,679,499	76,503
2004 Housing	-	-	5,822,708	-	5,822,708	202,100
2004 Sheriff's Facilities	-	-	7,166,358	-	7,166,358	269,487
2004 Fire Facilities	-	-	3,076,320	-	3,076,320	120,640
2004 Library	-	-	3,547,936	-	3,547,936	96,740
Total	66,253,136	16,978,982	29,597,979	1,388,274	77,483,859	1,469,732
<u>Project Area No. 7</u>						
City Loans - Principal	\$ 658,094	\$ -	\$ -	\$ -	\$ 658,094	\$ -
City Loans - Unpaid Interest	27,166	-	14,874	-	42,040	-
1993 Sheriff's Facilities	397,422	386,059	-	11,363	-	-
1993 and 1999 Library	143,897	141,286	-	2,611	-	-
2003 Development and Housing	1,019,898	-	-	-	1,019,898	13,611
2003B Development and Housing	570,581	-	-	8,058	562,523	23,700
2004 Housing	-	-	476,774	-	476,774	18,800
2004 Sheriff's Facilities	-	-	381,258	-	381,258	14,337
2004 Library	-	-	148,997	-	148,997	4,060
Total	2,817,058	527,345	1,021,903	22,032	3,289,584	74,508
<u>Total - All Project Areas</u>						
City Loans - Principal	\$ 57,396,630	\$ -	\$ 1,582,409	\$ 650,000	\$ 58,329,039	\$ -
City Loans - Unpaid Interest	34,161,706	-	2,728,094	-	36,889,800	-
Bonds Payable	199,500,000	40,720,000	69,285,000	2,735,000	225,330,000	4,910,000
Total	\$ 291,058,336	\$ 40,720,000	\$ 73,595,503	\$ 3,385,000	\$ 320,548,839	\$ 4,910,000
Less:						
Unamortized original issue discount or premium					(6,749,727)	
Unamortized bond defeasance loss					5,015,915	
Net Long-term Debt					\$ 322,282,651	

**Lancaster Redevelopment Agency
Notes to Financial Statements (Continued)**

Note 4: Long-Term Debt (Continued)

c. The following schedule illustrates the debt service requirements to maturity for bonds outstanding as of June 30:

	CBD Area, Tax Allocation Refunding Bonds, Issue of 1994		Fox Field Area, Tax Allocation Refunding Bonds, Issue of 1994		Amargosa Project, Lease Revenue Refunding Bonds, Issue of 1999	
	Principal	Interest	Principal	Interest	Principal	Interest
2005 - 2006	\$ 50,000	\$ 101,263	\$ 75,000	\$ 141,175	\$ 135,000	\$ 286,843
2006 - 2007	50,000	98,306	80,000	136,588	145,000	281,310
2007 - 2008	55,000	95,091	85,000	131,534	150,000	275,335
2008 - 2009	55,000	91,722	90,000	126,175	155,000	269,005
2009 - 2010	60,000	88,200	95,000	120,509	160,000	261,750
2010 - 2015	375,000	377,453	570,000	505,313	930,000	1,177,000
2015 - 2020	505,000	243,316	765,000	301,503	1,190,000	913,250
2020 - 2025	530,000	67,375	585,000	54,972	1,525,000	575,625
2025 - 2030	-	-	-	-	1,510,000	155,500
2030 - 2035	-	-	-	-	-	-
2035 - 2040	-	-	-	-	-	-
Totals	\$ 1,680,000	\$ 1,162,726	\$ 2,345,000	\$ 1,517,769	\$ 5,900,000	\$ 4,195,618

	Amargosa Project, Tax Allocation Refunding Bonds, Issue of 1999		Area No. 5, Tax Allocation Refunding Bonds, Issue of 1997		Mobile Home Park Bonds (Desert Sands), Series 1997 A & B	
	Principal	Interest	Principal	Interest	Principal	Interest
2005 - 2006	\$ 85,000	\$ 205,165	\$ 365,000	\$ 197,655	\$ 60,000	\$ 186,539
2006 - 2007	85,000	201,765	380,000	181,230	65,000	182,959
2007 - 2008	90,000	198,280	400,000	163,750	70,000	179,009
2008 - 2009	95,000	194,500	415,000	143,750	75,000	174,694
2009 - 2010	100,000	189,750	445,000	123,000	75,000	170,053
2010 - 2015	820,000	868,250	2,015,000	258,500	465,000	768,347
2015 - 2020	1,635,000	520,500	-	-	635,000	594,309
2020 - 2025	1,240,000	248,000	-	-	865,000	357,159
2025 - 2030	-	-	-	-	665,000	65,184
2030 - 2035	-	-	-	-	-	-
2035 - 2040	-	-	-	-	-	-
Totals	\$ 4,150,000	\$ 2,626,210	\$ 4,020,000	\$ 1,067,885	\$ 2,975,000	\$ 2,678,253

	Combined Housing, Tax Allocation Bonds, Series 2003		Combined Tax Allocation, Series 2003		Combined Housing, Subordinated Refunding Bonds Issue of 2003 B	
	Principal	Interest	Principal	Interest	Principal	Interest
2005 - 2006	\$ 815,000	\$ 2,849,806	\$ 220,000	\$ 1,914,200	\$ 750,000	\$ 772,900
2006 - 2007	830,000	2,831,300	520,000	1,909,250	770,000	757,700
2007 - 2008	790,000	2,812,088	520,000	1,896,250	475,000	745,250
2008 - 2009	930,000	2,778,963	535,000	1,883,250	355,000	735,175
2009 - 2010	980,000	2,741,013	545,000	1,867,200	365,000	724,375
2010 - 2015	5,465,000	13,051,750	3,610,000	8,921,450	2,015,000	3,423,785
2015 - 2020	9,230,000	11,256,656	6,315,000	7,659,938	1,525,000	3,057,800
2020 - 2025	10,880,000	8,737,013	7,320,000	6,105,175	3,330,000	2,445,525
2025 - 2030	16,655,000	5,481,856	11,720,000	3,839,900	2,015,000	1,807,875
2030 - 2035	14,405,000	1,390,206	9,075,000	1,033,125	6,225,000	1,121,875
2035 - 2040	-	-	-	-	-	-
Totals	\$ 60,980,000	\$ 53,930,651	\$ 40,380,000	\$ 37,029,738	\$ 17,825,000	\$ 15,592,260

**Lancaster Redevelopment Agency
Notes to Financial Statements (Continued)**

Note 4: Long-Term Debt (Continued)

	Combined Subordinate Tax Allocation Bonds Issue of 2003 B		Combined Sheriff's Facility, Refunding Bonds, Issue of 2004		Combined Fire, Refunding Bonds, Issue of 2004	
	Principal	Interest	Principal	Interest	Principal	Interest
2005 - 2006	\$ 430,000	\$ 660,609	\$ 810,000	\$ 994,475	\$ 400,000	\$ 439,763
2006 - 2007	510,000	652,009	775,000	970,700	390,000	427,913
2007 - 2008	515,000	641,809	805,000	947,000	400,000	416,063
2008 - 2009	535,000	626,359	825,000	914,300	410,000	403,913
2009 - 2010	550,000	610,309	870,000	871,925	425,000	391,388
2010 - 2015	2,665,000	2,769,894	4,970,000	3,728,525	2,355,000	1,726,469
2015 - 2020	2,290,000	2,362,526	6,240,000	2,408,563	2,905,000	1,133,694
2020 - 2025	4,215,000	1,456,613	6,245,000	643,625	2,915,000	301,219
2025 - 2030	1,825,000	811,775	-	-	-	-
2030 - 2035	2,290,000	347,938	-	-	-	-
2035 - 2040	-	-	-	-	-	-
Totals	\$ 15,825,000	\$ 10,939,841	\$ 21,540,000	\$ 11,479,113	\$ 10,200,000	\$ 5,240,422

	Combined Library, Refunding Bonds, Issue of 2004		Combined Housing, Subordinate Revenue Bonds Issue of 2004		Combined Subordinate Tax Revenue Bonds, Issue of 2004 B	
	Principal	Interest	Principal	Interest	Principal	Interest
2005 - 2006	\$ 140,000	\$ 212,131	\$ 470,000	\$ 867,807	\$ -	\$ 507,005
2006 - 2007	135,000	208,006	245,000	719,203	-	507,005
2007 - 2008	140,000	203,881	200,000	710,192	185,000	507,005
2008 - 2009	140,000	199,681	210,000	701,890	190,000	502,658
2009 - 2010	145,000	195,406	215,000	693,283	200,000	496,958
2010 - 2015	800,000	900,238	1,255,000	3,294,023	1,040,000	2,381,243
2015 - 2020	955,000	729,771	1,330,000	2,962,175	1,145,000	2,171,190
2020 - 2025	1,195,000	496,686	1,655,000	2,560,130	1,295,000	1,920,650
2025 - 2030	1,485,000	182,756	2,035,000	2,030,081	2,465,000	1,535,788
2030 - 2035	-	-	2,305,000	1,390,813	4,485,000	898,000
2035 - 2040	-	-	3,655,000	105,630	-	-
Totals	\$ 5,135,000	\$ 3,328,556	\$ 13,575,000	\$ 16,035,227	\$ 11,005,000	\$ 11,427,502

	Project Areas No. 5 and No. 6 (School Districts), Issue of 2004		Total	
	Principal	Interest	Principal	Interest
2005 - 2006	\$ 105,000	\$ 403,960	\$ 4,910,000	\$ 10,741,296
2006 - 2007	100,000	401,440	5,080,000	10,466,684
2007 - 2008	105,000	398,540	4,985,000	10,321,077
2008 - 2009	110,000	395,390	5,125,000	10,141,425
2009 - 2010	110,000	391,540	5,340,000	9,936,659
2010 - 2015	630,000	1,886,240	29,980,000	46,038,480
2015 - 2020	800,000	1,726,970	37,465,000	38,042,161
2020 - 2025	1,030,000	1,497,600	44,825,000	27,467,367
2025 - 2030	2,385,000	1,082,770	42,760,000	16,993,485
2030 - 2035	2,420,000	348,600	41,205,000	6,530,557
2035 - 2040	-	-	3,655,000	105,630
Totals	\$ 7,795,000	\$ 8,533,050	\$ 225,330,000	\$ 186,784,821

**Lancaster Redevelopment Agency
Notes to Financial Statements (Continued)**

Note 4: Long-Term Debt (Continued)

d. Defeasance of Debt

During the current fiscal year, the Agency issued four bond issues (Combined Project Areas, Library Project - \$5,135,000, Combined Project Areas, Sheriff's Facility Project - \$21,540,000, Combined Project Areas, Fire Protection Facilities Project - \$10,200,000 and Tax Allocation Refunding Bonds (Lancaster Redevelopment Project No. 5 and Project No. 6 (School Districts -\$7,830,000) to refund the following bond issues:

Combined Library Project, Series 1999	\$ 1,780,000
Combined Library Project, Series 1993	3,070,000
Combined Sheriff's Project, Series 1993	21,745,000
Combined Fire Project, Series 1993	11,070,000
Tax Allocation Refunding Bonds (School District), Issue of 1996	<u>3,055,000</u>
Total	<u>\$ 40,720,000</u>

Amounts received from the refundings were used to purchase U.S. Government Securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the various bond issues noted above. As a result, the debt listed above are considered defeased in substance and the liability for these has been removed from the Agency's long-term debt.

The advance refundings resulted in increase and decreases in total debt service payments and created an economic gain (the difference between the present values of the debt service payments in the old and new debt) as follows:

	Debt Service Decrease (Increase)	Economic Gain (Loss)
Library Project Refunding	\$ 709,702	\$ 332,538
Sheriff's Project Refunding	692,026	176,535
Fire Project Refunding	579,174	(68,242)
School District Refunding	1,540,332	(189,909)
Total	<u>\$ 3,521,234</u>	<u>\$ 250,922</u>

In prior years, the Agency defeased certain tax allocation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Agency's financial statements. At June 30, 2005, the following bond issues are considered defeased.

<u>Combined Redevelopment Project Areas:</u>	<u>Original Amount</u>
Subordinated Tax Allocation Notes	\$ 7,000,000
Tax Allocation Refunding Notes, Issue of 1988	25,990,000
Housing Programs, Tax Allocation Bonds, Issue of 1993	32,000,000
Library Project, Issue of 1993	3,860,000
Sheriff's Facility Project, Issue of 1993	27,380,000
Fire Protection Facility Project, Issue of 1993	14,020,000
Library Project, Issue of 1999	1,780,000
<u>Residential Project Area:</u>	
Tax Allocation Refunding Notes, Issue of 1992	13,800,000
Subordinated Tax Allocation Refunding Bonds, Issue of 1997	3,065,000
<u>Central Business District Project Area:</u>	
Tax Allocation Refunding Bonds, Issue of 1986	1,800,000

**Lancaster Redevelopment Agency
Notes to Financial Statements (Continued)**

Note 4: Long-Term Debt (Continued)

	<u>Original Amount</u>
<u>Amargosa Redevelopment Project Area:</u>	
Tax Allocation Notes	5,400,000
Tax Allocation Refunding Notes, Issue of 1989	9,000,000
Subordinated Tax Allocation Refunding Notes, Issue of 1991	4,000,000
Tax Allocation Refunding Bonds, Issue of 1991	9,000,000
Tax Allocation Refunding Bonds	6,190,000
Tax Allocation Refunding Bonds (amount defeased)	2,590,000
Lease Revenue Notes, Issue of 1995	7,475,000
Tax Allocation Refunding Bonds, Issue of 1996	12,700,000
<u>Project Area Number 5:</u>	
Tax Allocation Notes	6,250,000
Subordinated Tax Allocation Refunding Notes, Issue of 1989	16,000,000
Subordinated Tax Allocation Refunding Notes, Issue of 1991	4,500,000
School District Tax Allocation Notes, Issue of 1991	4,250,000
Tax Allocation Refunding Bonds, Issue of 1991	13,755,000
Tax Allocation Refunding Bonds, Issue of 1996	10,750,000
<u>Project Area Number 6:</u>	
School District Tax Allocation Notes, Issue of 1991	3,250,000
Tax Allocation Refunding Bonds, Issue of 1993	14,100,000
Total	<u>\$ 259,905,000</u>

- e. The Agency has issued \$292,422,000 of Residential Mortgage Revenue Bonds that have not been reflected in Long-Term Debt. Because these bonds are special obligations payable solely from and secured by specific revenue sources described in the bond resolutions and official statements of the respective issues. Neither the faith and credit nor the taxing power of the City, the Redevelopment Agency, the State of California or any political subdivision thereof, is pledged for the payment of these bonds.

Lancaster Redevelopment Agency
Notes to Financial Statements (Continued)

IV. OTHER DISCLOSURES

Note 5: Interfund Receivable, Payable and Transfers

Due To/Due From

Interfund receivables and payables for the year ended June 30, 2005, represented short-term cash borrowings by various funds. These amounts were as follows:

Funds	Due to Other Funds					Total
	CBD Project Area - Low & Moderate Housing Fund	Amargosa Project Area - Project Fund	Project Area No. 7 - Project Fund	Project Area No. 5 - Tax Increment Fund	Nonmajor Governmental Funds	
Due From Other Funds:						
Project Area No. 6 - Project Fund	-	444,540	2,342,773	-	93,538	2,880,851
Amargosa Project Area - Low & Moderate Housing Fund	2,381,134	-	-	-	-	2,381,134
Project Area No. 6 - Low & Moderate Housing Fund	1,759,097	-	-	-	-	3,554,642
Amargosa Project Area - Bond Fund	-	-	-	750,739	36,239	786,978
Project Area No. 6 - Tax Increment Fund	-	-	-	759,653	36,669	796,322
Nonmajor Governmental Funds	1,638,743	286,197	1,508,292	77,713	63,974	3,574,919
Total	\$ 5,778,974	\$ 730,737	\$ 3,851,065	\$ 1,588,105	\$ 230,420	\$ 13,974,846

Advances To/From Other Funds

Advances to and from other funds related to loans made from Low and Moderate Housing Funds to Project Funds to assist in funding payments made to the Educational Revenue Augmentation Fund.

Funds	Advances to Other Funds				Total
	CBD Project Area - Low & Moderate Housing Fund	Amargosa Project Area - Low & Moderate Housing Fund	Project Area No. 6 - Low & Moderate Housing Fund	Nonmajor Governmental Funds	
Advances From Other Funds:					
Amargosa Project Area - Project Fund	\$ -	\$ 701,456	\$ -	\$ -	\$ 701,456
Project Area No. 6 - Project Fund	-	-	882,425	-	882,425
Project Area No. 7 - Project Fund	-	-	-	21,710	21,710
Nonmajor Governmental Funds	60,964	-	-	1,202,110	1,263,074
Total	\$ 60,964	\$ 701,456	\$ 882,425	\$ 1,223,820	\$ 2,868,665

Interfund Transfers

Interfund transfers are done to provide monies for debt servicing purposes and to fund capital projects. During the current fiscal year, the following transfers were made by the Agency:

Funds	Transfers Out					
	CBD Project Area - Low & Moderate Housing Fund	Amargosa Project Area - Project Fund	Project Area No. 6 - Project Fund	Project Area No. 7 - Project Fund	Amargosa Project Area - Low & Moderate Housing Fund	Project Area No. 6 - Low & Moderate Housing Fund
Transfers In						
Nonmajor Governmental Funds	\$ 84,812	\$ 7,878,246	\$ 18,446,594	\$ 565,044	\$ 898,589	\$ 1,270,037
Total	\$ 84,812	\$ 7,878,246	\$ 18,446,594	\$ 565,044	\$ 898,589	\$ 1,270,037
Funds	Transfers Out					
	Amargosa Project Area - Tax Increment Fund	Amargosa Project Area - Bond Fund	Project Area No. 5 - Tax Increment Fund	Project Area No. 6 - Tax Increment Fund	Nonmajor Governmental Funds	Total
Transfers In						
Nonmajor Governmental Funds	\$ 1,024,174	\$ -	\$ 1,461,474	\$ 963,323	\$ 20,313,878	\$ 52,906,171
Total	\$ 1,024,174	\$ -	\$ 1,461,474	\$ 963,323	\$ 20,313,878	\$ 52,906,171

**Lancaster Redevelopment Agency
Notes to Financial Statements (Continued)**

Note 6: Due To Other Governments

County of Los Angeles, Schools and Community College Districts

The Agency has various tax sharing agreements. As a result of these agreements, the Agency has agreed to remit to schools and community college districts a portion of its tax increment collections. Additionally, during the year, amounts were received from the County of Los Angeles in excess of transfers made on the Library issues.

As of June 30, 2005, the following funds owed amounts to these entities:

Residential Project Tax Increment Fund	\$ 162,178
Central Business District Tax Increment Fund	133,984
Fox Field Tax Increment Fund	132,184
Fox Field Project Fund	67,443
Fox Field Low and Moderate Housing Fund	4,568
Amargosa Tax Increment Fund	663,560
Area No. 5 Tax Increment Fund	1,368,962
Area No. 6 Tax Increment Fund	1,811,067
Area No. 7 Tax Increment Fund	<u>510,369</u>
Total	<u>\$ 4,854,315</u>

Note 7: Fund Equity and Net Assets Restatements

During the current fiscal year, the Governmental Accounting Standards Board issued an interpretation which requires that loan to the City of Lancaster be reported as a long-term liability instead of an obligation of the individual funds which received those proceeds. To accomplish this reporting, the Agency has reporting the following fund balance restatements to remove the opening balances of obligations for City loan and matured unpaid interest from its funds.

Fund Balance Restatements:

Residential Project - Project Fund	\$ 4,091,179
Central Business District - Project Fund	19,104,052
Fox Field - Project Fund	10,824,448
Amargosa - Project Fund	48,390,126
Area No. 5 - Project Fund	6,363,718
Area No. 6 - Project Fund	2,099,553
Area No. 7 - Project Fund	<u>685,260</u>
Total	<u>\$ 91,558,336</u>

Net Assets Restatements

As previously reported	\$ (194,157,896)
Adjustment of prior year amortization	<u>3,090</u>
As restated	<u>(194,154,806)</u>

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Lancaster Redevelopment Agency

COMBINING PROJECT AREA BALANCE SHEET
ALL DEBT SERVICE AND CAPITAL PROJECTS FUNDS
June 30, 2005

	Residential Project Area				
	Capital Projects	Debt Service	Debt Service	Capital Projects	Capital Projects
	General Agency Fund	Tax Increment	Tax Revenue Bonds	Tax Project	Low and Moderate Housing
	ASSETS				
Cash and investments	\$ 4,460,367	\$ -	\$ -	\$ 796,311	\$ 5,659,533
Cash and investments with trustee	-	-	1,638,427	1	-
Receivables:					
Tax increment	-	89,710	-	-	22,428
Accounts	-	-	-	-	-
Interest	225,001	-	-	-	-
Loans	-	-	-	-	115,319
Due from Capital Projects Funds	-	-	-	222,259	-
Due from Debt Service Funds	-	-	-	-	-
Due from Low and Moderate Housing Funds	-	-	-	-	622,950
Due from other governments	-	-	-	-	-
Due from City	-	-	-	-	-
Restricted cash	-	68,088	-	-	-
Advances to Tax Increment Fund	-	-	-	-	327,003
Land held for resale	-	-	-	-	-
Total Assets	<u>\$ 4,685,368</u>	<u>\$ 157,798</u>	<u>\$ 1,638,427</u>	<u>\$ 1,018,571</u>	<u>\$ 6,747,233</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 893,942	\$ 304,098	\$ -	\$ -	\$ -
Deposits from others	90,320	-	-	-	-
Due to Capital Projects Funds	-	-	-	-	-
Due to Debt Service Funds	-	76,660	-	-	-
Due to Low and Moderate Housing Funds	-	-	-	-	-
Due to City	3,970,335	-	-	-	-
Due to other governments	-	162,178	-	-	-
Deferred revenue	-	-	-	-	-
Advances from Low and Moderate Housing Funds	-	-	-	327,003	-
Total Liabilities	<u>4,954,597</u>	<u>542,936</u>	<u>-</u>	<u>327,003</u>	<u>-</u>
Fund Balances:					
Reserved:					
Land held for resale	-	-	-	-	-
Long-term loans	-	-	-	-	115,319
Unreserved:					
Designated:					
Debt service	-	-	1,638,427	-	-
Continuing projects	-	-	-	691,568	6,631,914
Undesignated	(269,229)	(385,138)	-	-	-
Total Fund Balances	<u>(269,229)</u>	<u>(385,138)</u>	<u>1,638,427</u>	<u>691,568</u>	<u>6,747,233</u>
Total Liabilities and Fund Balances	<u>\$ 4,685,368</u>	<u>\$ 157,798</u>	<u>\$ 1,638,427</u>	<u>\$ 1,018,571</u>	<u>\$ 6,747,233</u>

Central Business District Project Area

<u>Debt Service</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Capital Projects</u>
<u>Tax Increment</u>	<u>Tax Revenue Bonds</u>	<u>Project</u>	<u>Low and Moderate Housing</u>
\$ 71,100	\$ -	\$ 23,881	\$ -
-	401,483	-	-
10,340	-	-	2,585
-	-	-	-
-	-	-	-
-	-	6,663	-
27,139	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	60,964
-	-	2,720,060	2,581,953
<u>\$ 108,579</u>	<u>\$ 401,483</u>	<u>\$ 2,750,604</u>	<u>\$ 2,645,502</u>
\$ 64,328	\$ -	\$ 162,184	\$ -
-	-	1,627	-
-	-	-	-
-	-	-	-
-	-	-	5,778,974
-	-	-	-
133,984	-	-	-
-	-	-	-
-	-	60,964	-
<u>198,312</u>	<u>-</u>	<u>224,775</u>	<u>5,778,974</u>
-	-	2,720,060	2,581,953
-	-	-	-
-	401,483	-	-
-	-	-	-
<u>(89,733)</u>	<u>-</u>	<u>(194,231)</u>	<u>(5,715,425)</u>
<u>(89,733)</u>	<u>401,483</u>	<u>2,525,829</u>	<u>(3,133,472)</u>
<u>\$ 108,579</u>	<u>\$ 401,483</u>	<u>\$ 2,750,604</u>	<u>\$ 2,645,502</u>

Lancaster Redevelopment Agency

COMBINING PROJECT AREA BALANCE SHEET
ALL DEBT SERVICE AND CAPITAL PROJECTS FUNDS
June 30, 2005

	Fox Field Project Area			
	Debt Service	Debt Service	Capital Projects	Capital Projects
	Tax Increment	Tax Revenue Bonds	Project	Low and Moderate Housing
	ASSETS			
Cash and investments	\$ 27,516	\$ -	\$ -	\$ 789,029
Cash and investments with trustee	-	442,262	-	-
Receivables:				
Tax increment	12,768	-	-	3,192
Accounts	-	-	8,981	-
Interest	-	-	-	-
Loans	-	-	-	-
Due from Capital Projects Funds	-	-	-	-
Due from Debt Service Funds	10,503	-	-	-
Due from Low and Moderate Housing Funds	-	-	-	86,852
Due from other governments	-	-	-	-
Due from City	-	-	-	-
Restricted cash	-	-	-	-
Advances to Tax Increment Fund	-	-	-	90,879
Land held for resale	-	-	1,952,426	-
Total Assets	\$ 50,787	\$ 442,262	\$ 1,961,407	\$ 969,952
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 89,074	\$ -	\$ 8,473	\$ -
Deposits from others	-	-	63,742	-
Due to Capital Projects Funds	-	-	153,760	-
Due to Debt Service Funds	-	-	-	-
Due to Low and Moderate Housing Funds	-	-	-	-
Due to City	-	-	-	-
Due to other governments	132,184	-	67,443	4,568
Deferred revenue	-	-	-	-
Advances from Low and Moderate Housing Funds	-	-	90,879	-
Total Liabilities	221,258	-	384,297	4,568
Fund Balances:				
Reserved:				
Land held for resale	-	-	1,952,426	-
Long-term loans	-	-	-	-
Unreserved:				
Designated:				
Debt service	-	442,262	-	-
Continuing projects	-	-	-	965,384
Undesignated	(170,471)	-	(375,316)	-
Total Fund Balances	(170,471)	442,262	1,577,110	965,384
Total Liabilities and Fund Balances	\$ 50,787	\$ 442,262	\$ 1,961,407	\$ 969,952

Amargosa Project Area			
<u>Debt Service</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Capital Projects</u>
<u>Tax Increment</u>	<u>Tax Revenue Bonds</u>	<u>Project</u>	<u>Low and Moderate Housing</u>
\$ 2,061,739	\$ -	\$ -	\$ 21,632,657
-	3,722,401	-	-
488,312	-	-	122,078
-	-	729,231	-
-	-	-	-
-	-	199,830	7,925
-	-	-	-
786,978	-	-	-
-	-	-	2,381,134
-	-	-	-
191,555	-	-	-
-	-	-	701,456
-	-	5,007,131	2,476,313
<u>\$ 3,528,584</u>	<u>\$ 3,722,401</u>	<u>\$ 5,936,192</u>	<u>\$ 27,321,563</u>
\$ 839,605	\$ -	\$ 814,509	\$ -
-	-	-	-
-	-	730,737	-
-	-	-	-
-	-	-	-
663,560	-	-	-
-	-	-	-
-	-	701,456	-
<u>1,503,165</u>	<u>-</u>	<u>2,246,702</u>	<u>-</u>
-	-	5,007,131	2,476,313
-	-	199,830	7,925
2,025,419	3,722,401	-	-
-	-	-	24,837,325
-	-	(1,517,471)	-
<u>2,025,419</u>	<u>3,722,401</u>	<u>3,689,490</u>	<u>27,321,563</u>
<u>\$ 3,528,584</u>	<u>\$ 3,722,401</u>	<u>\$ 5,936,192</u>	<u>\$ 27,321,563</u>

Lancaster Redevelopment Agency

COMBINING PROJECT AREA BALANCE SHEET
ALL DEBT SERVICE AND CAPITAL PROJECTS FUNDS
June 30, 2005

	Project Area No. 5			
	Debt Service	Debt Service	Capital Projects	Capital Projects
		Tax Revenue Bonds		Low and Moderate Housing
	Tax Increment		Project	
ASSETS				
Cash and investments	\$ -	\$ -	\$ 5,824,920	\$ 6,438,000
Cash and investments with trustee	-	5,435,794	1,761,523	-
Receivables:				
Tax increment	343,283	-	-	85,821
Accounts	-	-	-	-
Interest	-	-	-	-
Loans	-	-	-	2,722,547
Due from Capital Projects Funds	-	-	1,625,789	-
Due from Debt Service Funds	-	-	-	-
Due from Low and Moderate Housing Funds	-	-	-	708,641
Due from other governments	-	-	-	-
Due from City	-	-	-	-
Restricted cash	1,017,204	-	-	-
Advances to Tax Increment Fund	-	-	-	784,228
Land held for resale	-	-	275,000	3,625,462
	\$ 1,360,487	\$ 5,435,794	\$ 9,487,232	\$ 14,364,699
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 956,241	\$ -	\$ 1,119	\$ -
Deposits from others	-	-	-	2,500
Due to Capital Projects Funds	-	-	-	-
Due to Debt Service Funds	1,588,105	-	-	-
Due to Low and Moderate Housing Funds	-	-	-	-
Due to City	-	-	-	-
Due to other governments	1,368,962	-	-	-
Deferred revenue	-	-	-	-
Advances from Low and Moderate Housing Funds	-	-	784,228	-
	3,913,308	-	785,347	2,500
Fund Balances:				
Reserved:				
Land held for resale	-	-	275,000	3,625,462
Long-term loans	-	-	-	2,722,547
Unreserved:				
Designated:				
Debt service	-	5,435,794	-	-
Continuing projects	-	-	8,426,885	8,014,190
Undesignated	(2,552,821)	-	-	-
	(2,552,821)	5,435,794	8,701,885	14,362,199
Total Fund Balances	(2,552,821)	5,435,794	8,701,885	14,362,199
Total Liabilities and Fund Balances	\$ 1,360,487	\$ 5,435,794	\$ 9,487,232	\$ 14,364,699

Project Area No. 6			
Debt Service	Debt Service	Capital Projects	Capital Projects
Tax Increment	Tax Revenue Bonds	Project	Low and Moderate Housing
\$ 2,086,217	\$ -	\$ 10,321,577	\$ 15,981,415
-	5,836,221	1,954,490	-
117,594	-	-	122,078
-	-	-	-
-	-	-	-
-	-	-	670,321
-	-	2,880,851	1,795,545
796,322	-	-	-
-	-	-	1,759,097
-	-	-	389,196
-	-	1,746,009	-
1,312,118	-	-	13,533
-	-	-	882,425
-	-	989,220	-
<u>\$ 4,312,251</u>	<u>\$ 5,836,221</u>	<u>\$ 17,892,147</u>	<u>\$ 21,613,610</u>
\$ 1,245,633	\$ -	\$ -	\$ 41,612
-	-	-	-
-	-	-	-
-	-	-	-
-	-	1,795,545	-
-	-	-	-
1,811,067	-	-	-
-	-	-	47,108
-	-	882,425	-
<u>3,056,700</u>	<u>-</u>	<u>2,677,970</u>	<u>88,720</u>
-	-	989,220	-
-	-	-	670,321
1,255,551	5,836,221	-	-
-	-	14,224,957	20,854,569
-	-	-	-
<u>1,255,551</u>	<u>5,836,221</u>	<u>15,214,177</u>	<u>21,524,890</u>
<u>\$ 4,312,251</u>	<u>\$ 5,836,221</u>	<u>\$ 17,892,147</u>	<u>\$ 21,613,610</u>

Lancaster Redevelopment Agency

COMBINING PROJECT AREA BALANCE SHEET ALL DEBT SERVICE AND CAPITAL PROJECTS FUNDS June 30, 2005

	Project Area No. 7			
	Debt Service	Debt Service	Capital Projects	Capital Projects
		Tax Revenue Bonds		Low and Moderate Housing
	Tax Increment		Project	
ASSETS				
Cash and investments	\$ 114,808	\$ -	\$ -	\$ 2,001,459
Cash and investments with trustee	-	172,887	-	-
Receivables:				
Tax increment	15,530	-	-	15,530
Accounts	-	-	-	-
Interest	-	-	-	-
Loans	-	-	-	-
Due from Capital Projects Funds	-	-	-	-
Due from Debt Service Funds	43,823	-	-	-
Due from Low and Moderate Housing Funds	-	-	-	220,300
Due from other governments	-	-	-	-
Due from City	-	-	-	-
Restricted cash	352,113	-	-	-
Advances to Tax Increment Fund	-	-	-	21,710
Land held for resale	-	-	-	5,715,303
	\$ 526,274	\$ 172,887	\$ -	\$ 7,974,302
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 86,310	\$ -	\$ 17,648	\$ 4,000
Deposits from others	-	-	-	-
Due to Capital Projects Funds	-	-	3,851,065	-
Due to Debt Service Funds	-	-	-	-
Due to Low and Moderate Housing Funds	-	-	-	-
Due to City	-	-	-	-
Due to other governments	510,369	-	-	-
Deferred revenue	-	-	-	-
Advances from Low and Moderate Housing Funds	-	-	21,710	-
	596,679	-	3,890,423	4,000
Fund Balances:				
Reserved:				
Land held for resale	-	-	-	5,715,303
Long-term loans	-	-	-	-
Unreserved:				
Designated:				
Debt service	-	172,887	-	-
Continuing projects	-	-	-	2,254,999
Undesignated	(70,405)	-	(3,890,423)	-
	(70,405)	172,887	(3,890,423)	7,970,302
Total Fund Balances	(70,405)	172,887	(3,890,423)	7,970,302
Total Liabilities and Fund Balances	\$ 526,274	\$ 172,887	\$ -	\$ 7,974,302

Schedule 1
(Continued)

TOTALS	
<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>
\$ 4,361,380	\$ 73,929,149
17,649,475	3,716,014
1,077,537	373,712
-	738,212
-	225,001
-	3,715,942
-	6,531,107
1,664,765	-
-	5,778,974
-	389,196
-	1,746,009
2,941,078	13,533
-	2,868,665
-	25,342,868
<u>\$ 27,694,235</u>	<u>\$ 125,368,382</u>
\$ 3,585,289	\$ 1,943,487
-	158,189
-	4,735,562
1,664,765	-
-	7,574,519
-	3,970,335
4,782,304	72,011
-	47,108
-	2,868,665
<u>10,032,358</u>	<u>21,369,876</u>
-	25,342,868
-	3,715,942
20,930,445	-
-	86,901,791
(3,268,568)	(11,962,095)
<u>17,661,877</u>	<u>103,998,506</u>
<u>\$ 27,694,235</u>	<u>\$ 125,368,382</u>

Lancaster Redevelopment Agency

COMBINING PROJECT AREA STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL DEBT SERVICE AND CAPITAL PROJECTS FUNDS
For the fiscal year ended June 30, 2005

	Residential Project Area			
	Debt Service	Debt Service	Capital Projects	Capital Projects
	Tax Increment	Tax Revenue Bonds	Project	Low and Moderate Housing
Revenues:				
Taxes and Assessments:				
Tax increment	\$ 3,082,613	\$ -	\$ -	\$ 770,653
Use of Money and Property:				
Interest Income	-	115,488	26,921	106,548
Rental income	-	-	-	-
Sale of real estate	-	-	-	-
Intergovernmental:				
Other intergovernmental	-	283,007	-	-
Other revenue:				
Other	-	-	-	-
Total Revenues	3,082,613	398,495	26,921	877,201
Expenditures:				
Current:				
General Government:				
Administrative costs	65,214	7,658	121,923	175,785
Professional services	-	-	-	780
Planning, survey and design	-	-	-	-
Community Development:				
Real estate acquisitions	-	-	-	-
Operation of acquired property	-	-	-	-
Relocation payments	-	-	-	-
Site clearance costs	-	-	-	-
Rehabilitation costs	-	-	-	-
Capital Outlay:				
Project improvement costs	-	-	-	-
Debt Service:				
Debt issuance costs	-	92,568	44,868	51,795
Payments for refunded bonds - prior issue(s)	-	840,681	-	-
Interest expense	-	979,065	143,979	-
Long-term debt repayments	-	237,854	-	-
Total Expenditures	65,214	2,157,826	310,770	228,360
Excess of Revenues over (under) Expenditures	\$ 3,017,399	\$ (1,759,331)	\$ (283,849)	\$ 648,841
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ 5,215,503	\$ -	\$ -
Transfers out	(376,788)	-	(4,413,813)	(424,902)
Long-term debt issued	-	-	5,249,535	1,140,571
Pass through agreement payments	(2,382,233)	-	-	-
Payments for refunded bonds - current issue	-	(3,489,022)	-	-
Payment to Educational Revenue Augmentation Fund	-	-	(231,652)	-
Bond issuance premium (discount)	-	213,192	4,708	-
Miscellaneous	-	-	-	18,000
Total Other Financing Sources (Uses)	(2,759,021)	1,939,673	608,778	733,669
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	\$ 258,378	\$ 180,342	\$ 324,929	\$ 1,382,510
Fund Balances				
Beginning of Year, as previously reported	\$ (643,516)	\$ 1,458,085	\$ (3,724,540)	\$ 5,364,723
Restatements	-	-	4,091,179	-
Beginning of Year, as restated	(643,516)	1,458,085	366,639	5,364,723
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	258,378	180,342	324,929	1,382,510
End of Year	\$ (385,138)	\$ 1,638,427	\$ 691,568	\$ 6,747,233

Central Business District Project Area

<u>Debt Service</u>	<u>Debt Service Tax Revenue Bonds</u>	<u>Capital Projects Project</u>	<u>Capital Projects Low and Moderate Housing</u>
\$ 646,658	\$ -	\$ -	\$ 161,665
-	23,330	9,995	9,488
-	-	21,858	-
-	-	49,438	-
-	69,421	-	-
-	-	-	-
<u>646,658</u>	<u>92,751</u>	<u>81,291</u>	<u>171,153</u>
12,517	1,798	123,432	175,785
-	-	45,568	237,935
-	-	-	-
-	-	-	1,988,081
-	-	3,323	-
-	-	279,923	20,558
-	-	-	51,080
-	-	-	-
-	-	432,409	-
-	17,277	-	10,797
-	87,273	-	-
-	212,518	543,729	-
-	76,043	-	-
<u>12,517</u>	<u>394,909</u>	<u>1,428,384</u>	<u>2,484,236</u>
<u>\$ 634,141</u>	<u>\$ (302,158)</u>	<u>\$ (1,347,093)</u>	<u>\$ (2,313,083)</u>
\$ -	\$1,199,234	\$ -	\$ -
(117,659)	-	(996,763)	(84,812)
-	-	1,935,045	242,797
(622,007)	-	-	-
-	(932,482)	-	-
-	-	(43,986)	-
-	52,317	-	-
-	-	-	-
<u>(739,666)</u>	<u>319,069</u>	<u>894,296</u>	<u>157,985</u>
<u>\$ (105,525)</u>	<u>\$ 16,911</u>	<u>\$ (452,797)</u>	<u>\$ (2,155,098)</u>
\$ 15,792	\$ 384,572	\$ (16,125,426)	\$ (978,374)
-	-	19,104,052	-
15,792	384,572	2,978,626	(978,374)
<u>(105,525)</u>	<u>16,911</u>	<u>(452,797)</u>	<u>(2,155,098)</u>
<u>\$ (89,733)</u>	<u>\$ 401,483</u>	<u>\$ 2,525,829</u>	<u>\$ (3,133,472)</u>

Lancaster Redevelopment Agency

COMBINING PROJECT AREA STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL DEBT SERVICE AND CAPITAL PROJECTS FUNDS
For the fiscal year ended June 30, 2005

	Fox Field Project Area			
	Debt Service	Debt Service	Capital Projects	Capital Projects
	Tax Increment	Tax Revenue Bonds	Project	Low and Moderate Housing
Revenues:				
Taxes and Assessments:				
Tax increment	\$ 867,590	\$ -	\$ -	\$ 216,898
Use of Money and Property:				
Interest income	-	25,163	-	21,539
Rental income	-	-	191,985	-
Sale of real estate	-	-	3,212,810	-
Intergovernmental:				
Other intergovernmental	-	52,147	-	-
Other revenue:				
Other	-	-	75,425	-
Total Revenues	867,590	77,310	3,480,220	238,437
Expenditures:				
Current:				
General Government:				
Administrative costs	17,145	887	123,673	175,785
Professional services	-	-	601,924	468
Planning, survey and design	-	-	395,471	-
Community Development:				
Real estate acquisitions	-	-	-	-
Operation of acquired property	-	-	52,251	-
Relocation payments	-	-	-	-
Site clearance costs	-	-	-	-
Rehabilitation costs	-	-	-	-
Capital Outlay:				
Project improvement costs	-	-	1,344,741	-
Debt Service:				
Debt issuance costs	-	16,695	-	13,217
Payments for refunded bonds - prior issue(s)	-	84,613	-	-
Interest expense	-	276,357	-	-
Long-term debt repayments	-	94,398	-	-
Total Expenditures	17,145	472,950	2,518,060	189,470
Excess of Revenues over (under) Expenditures	\$ 850,445	\$ (395,640)	\$ 962,160	\$ 48,967
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ 1,072,659	\$ -	\$ -
Transfers out	(187,287)	-	(774,051)	(111,321)
Long-term debt issued	-	-	1,310,095	288,747
Pass through agreement payments	(689,125)	-	-	-
Payments for refunded bonds - current issue	-	(695,590)	-	-
Payment to Educational Revenue Augmentation Fund	-	-	(61,663)	-
Bond issuance premium (discount)	-	37,755	-	-
Miscellaneous	-	-	-	-
Total Other Financing Sources (Uses)	(876,412)	414,824	474,381	177,426
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	\$ (25,967)	\$ 19,184	\$ 1,436,541	\$ 226,393
Fund Balances				
Beginning of Year, as previously reported	\$ (144,504)	\$ 423,078	\$(10,683,879)	\$ 738,991
Restatements	-	-	10,824,448	-
Beginning of Year, as restated	(144,504)	423,078	140,569	738,991
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(25,967)	19,184	1,436,541	226,393
End of Year	\$ (170,471)	\$ 442,262	\$ 1,577,110	\$ 965,384

Amargosa Project Area

<u>Debt Service</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Capital Projects</u>
<u>Tax Increment</u>	<u>Tax Revenue Bonds</u>	<u>Project</u>	<u>Low and Moderate Housing</u>
\$ 8,728,192	\$ -	\$ -	\$ 2,182,048
-	199,606	134,040	239,135
-	-	489,781	-
-	-	705,527	12,998,362
-	478,773	-	-
-	-	374,733	99,887
<u>8,728,192</u>	<u>678,379</u>	<u>1,704,081</u>	<u>15,519,432</u>
142,552	13,484	129,314	175,785
-	-	26,018	2,402
-	-	-	-
-	-	4,417,268	-
-	-	189,802	-
-	-	-	-
-	-	-	-
-	-	3,644,083	-
-	156,132	111,286	100,030
-	790,907	-	-
-	2,298,536	1,220,268	-
-	726,229	-	-
<u>142,552</u>	<u>3,985,288</u>	<u>9,738,039</u>	<u>278,217</u>
<u>\$ 8,585,640</u>	<u>\$ (3,306,909)</u>	<u>\$ (8,033,958)</u>	<u>\$ 15,241,215</u>
\$ -	\$ 9,801,009	\$ -	\$ -
(1,024,174)	-	(7,878,246)	(898,589)
-	-	10,870,790	2,209,633
(6,835,377)	-	-	-
-	(6,423,924)	-	-
-	-	(492,638)	-
-	355,505	11,722	146,247
-	-	-	-
<u>(7,859,551)</u>	<u>3,732,590</u>	<u>2,511,628</u>	<u>1,457,291</u>
<u>\$ 726,089</u>	<u>\$ 425,681</u>	<u>\$ (5,522,330)</u>	<u>\$ 16,698,506</u>
\$ 1,299,330	\$ 3,296,720	\$ (39,178,306)	\$ 10,623,057
-	-	48,390,126	-
1,299,330	3,296,720	9,211,820	10,623,057
726,089	425,681	(5,522,330)	16,698,506
<u>\$ 2,025,419</u>	<u>\$ 3,722,401</u>	<u>\$ 3,689,490</u>	<u>\$ 27,321,563</u>

Lancaster Redevelopment Agency

COMBINING PROJECT AREA STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL DEBT SERVICE AND CAPITAL PROJECTS FUNDS
For the fiscal year ended June 30, 2005

	Project Area No. 5			
	Debt Service	Debt Service	Capital Projects	Capital Projects
	Tax Increment	Tax Revenue Bonds	Project	Low and Moderate Housing
	Increment	Bonds	Project	Housing
Revenues:				
Taxes and Assessments:				
Tax increment	\$ 9,742,701	\$ -	\$ -	\$ 2,435,675
Use of Money and Property:				
Interest income	-	136,218	133,790	220,702
Rental income	-	-	79,599	-
Sale of real estate	-	-	-	-
Intergovernmental:				
Other intergovernmental	383,800	727,413	-	-
Other revenue:				
Other	-	-	-	-
Total Revenues	10,126,501	863,631	213,389	2,656,377
Expenditures:				
Current:				
General Government:				
Administrative costs	169,892	20,583	124,472	179,156
Professional services	-	-	24,184	258,157
Planning, survey and design	-	-	-	-
Community Development:				
Real estate acquisitions	-	-	1,521,367	6,657,702
Operation of acquired property	-	-	-	-
Relocation payments	-	-	13,940	110,346
Site clearance costs	-	-	40,048	222,493
Rehabilitation costs	-	-	-	298,811
Capital Outlay:				
Project improvement costs	-	-	93,477	-
Debt Service:				
Debt issuance costs	-	324,552	232,889	153,780
Payments for refunded bonds - prior issue(s)	-	1,175,065	-	-
Interest expense	-	2,570,305	183,509	-
Long-term debt repayments	-	840,170	-	-
Total Expenditures	169,892	4,930,675	2,233,886	7,880,445
Excess of Revenues over (under) Expenditures	\$ 9,956,609	\$ (4,067,044)	\$ (2,020,497)	\$ (5,224,068)
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ 14,283,147	\$ -	\$ -
Transfers out	(1,461,474)	-	(11,529,195)	(1,292,478)
Long-term debt issued	-	-	16,334,638	3,393,770
Pass through agreement payments	(8,391,435)	-	-	-
Payments for refunded bonds - current issue	-	(9,745,055)	-	-
Payment to Educational Revenue Augmentation Fund	-	-	(558,279)	-
Bond issuance premium (discount)	-	581,896	(5,569)	-
Miscellaneous	-	-	-	267,541
Total Other Financing Sources (Uses)	(9,852,909)	5,119,988	4,241,595	2,368,833
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	\$ 103,700	\$ 1,052,944	\$ 2,221,098	\$ (2,855,235)
Fund Balances				
Beginning of Year, as previously reported	\$ (2,856,521)	\$ 4,382,850	\$ 117,069	\$ 17,217,434
Restatements	-	-	6,363,718	-
Beginning of Year, as restated	(2,856,521)	4,382,850	6,480,787	17,217,434
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	103,700	1,052,944	2,221,098	(2,855,235)
End of Year	\$ (2,552,821)	\$ 5,435,794	\$ 8,701,885	\$ 14,362,199

Project Area No. 6			
<u>Debt Service</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Capital Projects</u>
<u>Tax Increment</u>	<u>Tax Revenue Bonds</u>	<u>Project</u>	<u>Low and Moderate Housing</u>
\$ 12,672,428	\$ -	\$ -	\$ 3,168,107
-	368,285	221,715	333,143
-	-	-	731,219
-	-	-	404,194
-	1,874,792	-	-
-	-	-	-
<u>12,672,428</u>	<u>2,243,077</u>	<u>221,715</u>	<u>4,636,663</u>
215,238	30,978	125,979	175,786
-	-	3,208	7,129
-	-	-	-
-	-	-	-
-	-	-	715,745
-	-	-	-
-	-	-	-
-	-	112,510	794,368
-	796,312	374,926	263,967
-	1,601,037	-	-
-	3,489,291	34,657	-
-	738,274	-	650,000
<u>215,238</u>	<u>6,655,892</u>	<u>651,280</u>	<u>2,606,995</u>
<u>\$ 12,457,190</u>	<u>\$ (4,412,815)</u>	<u>\$ (429,565)</u>	<u>\$ 2,029,668</u>
\$ -	\$ 20,679,954	\$ -	\$ -
(963,323)	-	(18,446,594)	(1,270,037)
-	-	23,775,271	5,822,708
(10,997,720)	-	-	-
-	(15,815,453)	-	-
-	-	(636,962)	-
-	635,830	(80,975)	1,416
-	-	-	55,251
<u>(11,961,043)</u>	<u>5,500,331</u>	<u>4,610,740</u>	<u>4,609,338</u>
<u>\$ 496,147</u>	<u>\$ 1,087,516</u>	<u>\$ 4,181,175</u>	<u>\$ 6,639,006</u>
\$ 759,404	\$ 4,748,705	\$ 8,933,449	\$ 14,885,884
-	-	2,099,553	-
759,404	4,748,705	11,033,002	14,885,884
<u>496,147</u>	<u>1,087,516</u>	<u>4,181,175</u>	<u>6,639,006</u>
<u>\$ 1,255,551</u>	<u>\$ 5,836,221</u>	<u>\$ 15,214,177</u>	<u>\$ 21,524,890</u>

Lancaster Redevelopment Agency

COMBINING PROJECT AREA STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL DEBT SERVICE AND CAPITAL PROJECTS FUNDS
For the fiscal year ended June 30, 2005

	Project Area No. 7			
	Debt Service	Debt Service	Capital Projects	Capital Projects
	Tax Increment	Tax Revenue Bonds	Project	Low and Moderate Housing
Revenues:				
Taxes and Assessments:				
Tax increment	\$ 1,000,399	\$ -	\$ -	\$ 250,100
Use of Money and Property:				
interest income	-	58,882	1,606	32,853
Rental income	-	-	-	120,800
Sale of real estate	-	-	28,281	-
Intergovernmental:				
Other intergovernmental	-	30,445	-	-
Other revenue:				
Other	-	-	-	23,033
	1,000,399	89,327	29,887	426,786
Expenditures:				
Current:				
General Government:				
Administrative costs	12,797	1,883	152	138
Professional services	-	-	6,413	5,164
Planning, survey and design	-	-	-	-
Community Development:				
Real estate acquisitions	-	-	-	-
Operation of acquired property	-	-	62,403	71,421
Relocation payments	-	-	-	-
Site clearance costs	-	-	-	-
Rehabilitation costs	-	-	-	-
Capital Outlay:				
Project improvement costs	-	-	2,922,486	-
Debt Service:				
Debt issuance costs	-	1,827	-	21,522
Payments for refunded bonds - prior issue(s)	-	23,048	-	-
Interest expense	-	105,466	13,797	-
Long-term debt repayments	-	22,032	-	-
	12,797	154,256	3,005,251	98,245
Excess of Revenues over (under) Expenditures	\$ 987,602	\$ (64,929)	\$ (2,975,364)	\$ 328,541
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ 654,665	\$ -	\$ -
Transfers out	(9,779)	-	(565,044)	(79,842)
Long-term debt issued	-	-	545,129	476,774
Pass through agreement payments	(977,916)	-	-	-
Payments for refunded bonds - current issue	-	(515,304)	-	-
Payment to Educational Revenue Augmentation Fund	-	-	(17,562)	-
Bond issuance premium (discount)	-	(26,028)	-	-
Miscellaneous	-	-	-	-
	(987,695)	113,333	(37,477)	396,932
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	\$ (93)	\$ 48,404	\$ (3,012,841)	\$ 725,473
Fund Balances				
Beginning of Year, as previously reported	\$ (70,312)	\$ 124,483	\$ (1,562,842)	\$ 7,244,829
Restatements	-	-	685,260	-
Beginning of Year, as restated	(70,312)	124,483	(877,582)	7,244,829
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(93)	48,404	(3,012,841)	725,473
End of Year	\$ (70,405)	\$ 172,887	\$ (3,890,423)	\$ 7,970,302

TOTALS	
Debt Service Funds	Capital Projects Funds
\$ 36,740,581	\$ 9,185,146
926,972	1,511,909
-	1,635,242
-	17,398,612
3,899,798	-
-	685,032
<u>41,567,351</u>	<u>30,415,941</u>
712,626	1,807,165
-	1,219,350
-	395,471
-	14,584,418
-	1,094,945
-	424,767
-	313,621
-	298,811
-	9,344,074
1,405,363	1,379,077
4,602,624	-
9,931,538	2,139,939
2,735,000	650,000
<u>19,387,151</u>	<u>33,651,638</u>
<u>\$ 22,180,200</u>	<u>\$ (3,235,697)</u>
\$ 52,906,171	\$ -
(4,140,484)	(48,765,687)
-	73,595,503
(30,895,813)	-
(37,616,830)	-
-	(2,042,742)
1,850,467	77,549
-	340,792
<u>(17,896,489)</u>	<u>23,205,415</u>
<u>\$ 4,283,711</u>	<u>\$ 19,969,718</u>
\$ 13,378,166	\$ (7,529,548)
-	91,558,336
13,378,166	84,028,788
<u>4,283,711</u>	<u>19,969,718</u>
<u>\$ 17,661,877</u>	<u>\$ 103,998,506</u>

**COMPUTATION OF LOW AND MODERATE
INCOME HOUSING FUNDS
EXCESS/SURPLUS**

	Low and Moderate Housing Funds - All Project Areas July 1, 2004	Low and Moderate Housing Funds - All Project Areas July 1, 2005
Opening Fund Balance	\$ 55,096,451	\$ 75,758,099
Less Unavailable Amounts:		
Land held for resale	\$ (14,399,032)	\$ (14,399,031)
Unspent debt proceeds (Section 33334.12 (g)(3)(B))	(27,045,489)	(35,313,242)
Rehabilitation loans	(3,523,187)	(3,516,112)
	(44,967,708)	(53,228,385)
Available Low and Moderate Income Housing Funds	10,128,743	22,529,714
Limitation (greater of \$1,000,000 or four years set-aside)		
Set-Aside for last four years:		
2004 - 2005	\$ -	\$ 9,185,146
2003 - 2004	7,474,821	7,474,821
2002 - 2003	6,416,829	6,416,829
2001 - 2002	5,595,490	5,595,490
2000 - 2001	4,995,848	-
Total	\$ 24,482,988	\$ 28,672,286
Base Limitation	\$ 1,000,000	\$ 1,000,000
Greater amount	24,482,988	28,672,286
Computed Excess/Surplus	None	None