

LANCASTER REDEVELOPMENT AGENCY  
LANCASTER, CALIFORNIA

FINANCIAL STATEMENTS

JUNE 30, 2006



LANCASTER REDEVELOPMENT AGENCY

JUNE 30, 2006

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*Certified Public Accountants*

**Brandon W. Burrows**  
**Donald L. Parker**  
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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, 2006, 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 October 26, 2006 on our consideration of the Lancaster 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, 2006, 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.





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*

October 26, 2006



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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, 2006 and have issued our report thereon dated October 26, 2006. 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*

October 26, 2006



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Lancaster Redevelopment Agency

STATEMENT OF NET ASSETS  
JUNE 30, 2006

	<u>Governmental Activities</u>
<b>Assets:</b>	
Cash and investments	\$ 49,997,463
Receivables:	
Tax increment	\$ 4,548,108
Accounts	254,822
Interest receivable	241,045
Loans	<u>3,405,685</u>
Total Receivables	8,449,660
Due from other governments	3,418,959
Land held for resale (net)	41,580,751
Deferred charges	6,808,344
Restricted assets:	
Cash and investments	4,275,248
Cash and investments with trustees	<u>20,588,339</u>
<b>Total Assets</b>	<b><u>135,118,764</u></b>
<b>Liabilities:</b>	
Accounts payable and accrued expenses	5,509,304
Due to other governments	12,110,471
Deposits from others	571,266
Long-term liabilities:	
Due within one year	\$ 5,080,000
Due in more than one year	<u>315,733,692</u>
Total Long-Term Liabilities	<u>320,813,692</u>
<b>Total Liabilities</b>	<b><u>339,004,733</u></b>
<b>Net Assets:</b>	
Restricted for:	
Community development	72,543,245
Debt service	19,532,229
Unrestricted	<u>(295,961,443)</u>
<b>Total Net Assets</b>	<b><u>\$ (203,885,969)</u></b>

See Notes to Financial Statements

Lancaster Redevelopment Agency

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Assets Governmental Activities
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	
<b>Functions/Programs</b>					
<b>Governmental Activities:</b>					
General government	\$ 3,690,463	\$ -	\$ -	\$ -	\$ (3,690,463)
Community development	14,431,041	-	-	-	(14,431,041)
Interest on long-term debt	14,151,839	-	-	-	(14,151,839)
Contributions to other governments	2,136,048	-	-	-	(2,136,048)
<b>Total Governmental Activities</b>	<b>\$ 34,409,391</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(34,409,391)</b>
<b>General Revenues:</b>					
Taxes (net of pass-through payments)					18,666,026
Intergovernmental					3,331,654
Use of money and property					9,623,863
Other					131,573
<b>Total General Revenues</b>					<b>31,753,116</b>
Change in Net Assets					(2,656,275)
Net Assets at Beginning of Year					(197,299,117)
Restatement of Net Assets					(3,930,577)
<b>Net Assets at End of Year</b>					<b>\$ (203,885,969)</b>

Lancaster Redevelopment Agency

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2006

	Capital Projects	Capital Projects	Capital Projects	Capital Projects
	Central Business District Project Area	Amargosa Project Area	Amargosa Project Area	Project Area No. 5
	Low and Moderate Housing	Project	Low and Moderate Housing	Low and Moderate Housing
<b>Assets:</b>				
Cash and investments	\$ -	\$ 493,613	\$ 14,706,517	\$ -
Cash and investments with trustee	-	6	-	-
Receivables:				
Tax increment	12,332	-	278,751	219,452
Accounts	-	228,714	-	-
Interest receivable	-	-	-	-
Loans	-	199,830	7,925	2,554,488
Due from Capital Projects funds	-	-	-	-
Due from Debt Service funds	-	-	-	-
Due from Low and Moderate Housing Funds	-	-	10,035,277	-
Due from other governments	-	-	-	-
Due from City	-	-	-	-
Restricted cash	-	-	-	-
Advances to Tax-Increment Fund	97,299	-	1,195,069	1,325,529
Land held for resale	4,778,051	5,437,176	2,476,313	23,243,733
Allowance for decline in value	-	-	-	-
<b>Total Assets</b>	<b>\$ 4,887,682</b>	<b>\$ 6,359,339</b>	<b>\$ 28,699,852</b>	<b>\$ 27,343,202</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 831,091	\$ -	\$ -
Deposits from others	-	-	-	2,500
Due to Capital Projects funds	-	3,708,580	-	-
Due to Debt Service funds	-	-	-	-
Due to Low and Moderate Housing Funds	8,913,374	-	-	13,099,278
Due to City	-	-	-	-
Due to other governments	-	-	-	-
Advances from Low and Moderate Housing Funds	-	1,195,069	-	-
<b>Total Liabilities</b>	<b>8,913,374</b>	<b>5,734,740</b>	<b>-</b>	<b>13,101,778</b>
<b>Fund Balances:</b>				
Reserved:				
Land held for resale	4,778,051	5,007,131	2,476,313	23,243,733
Long-term loans	97,299	199,830	1,202,994	3,880,017
Unreserved:				
Designated:				
Debt service	-	-	-	-
Continuing projects	-	-	25,020,545	-
Undesignated	(8,901,042)	(4,582,362)	-	(12,882,326)
<b>Total Fund Balances</b>	<b>(4,025,692)</b>	<b>624,599</b>	<b>28,699,852</b>	<b>14,241,424</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,887,682</b>	<b>\$ 6,359,339</b>	<b>\$ 28,699,852</b>	<b>\$ 27,343,202</b>

See Notes to Financial Statements

Lancaster Redevelopment Agency

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2006**

	<u>Capital Projects</u>	<u>Capital Projects</u>	<u>Capital Projects</u>	<u>Debt Service</u>
	<u>Project Area No. 6</u>	<u>Project Area No. 6 Low and Moderate Housing</u>	<u>Project Area No. 7</u>	<u>Amargosa Project Area</u>
	<u>Project</u>		<u>Project</u>	<u>Tax Increment</u>
<b>Assets:</b>				
Cash and investments	\$ 8,113,341	\$ 11,449,256	\$ 34,577	\$ 2,340,021
Cash and investments with trustee	1,673,782	-	-	-
Receivables:				
Tax increment	-	288,769	-	1,115,003
Accounts	-	-	-	-
Interest receivable	-	-	-	-
Loans	-	578,123	-	-
Due from Capital Projects funds	8,311,391	-	-	-
Due from Debt Service funds	-	-	-	927,921
Due from Low and Moderate Housing Funds	-	7,812,621	-	-
Due from other governments	-	389,196	-	-
Due from City	1,746,009	-	-	-
Restricted cash	-	37,629	-	170,315
Advances to Tax Increment Fund	-	3,366,122	-	-
Land held for resale	989,220	-	-	-
Allowance for decline in value	-	-	-	-
<b>Total Assets</b>	<b>\$ 20,833,743</b>	<b>\$ 23,921,716</b>	<b>\$ 34,577</b>	<b>\$ 4,553,260</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 107,094	\$ 1,240	\$ 43,834
Deposits from others	-	-	-	-
Due to Capital Projects funds	-	-	4,556,814	-
Due to Debt Service funds	-	-	-	-
Due to Low and Moderate Housing Funds	-	-	-	-
Due to City	-	-	-	-
Due to other governments	-	-	-	1,566,118
Advances from Low and Moderate Housing Funds	3,366,122	-	1,874,476	-
<b>Total Liabilities</b>	<b>3,366,122</b>	<b>107,094</b>	<b>6,432,530</b>	<b>1,609,952</b>
<b>Fund Balances:</b>				
Reserved:				
Land held for resale	989,220	-	-	-
Long-term loans	-	3,944,245	-	-
Unreserved:				
Designated:				
Debt service	-	-	-	2,943,308
Continuing projects	16,478,401	19,870,377	-	-
Undesignated	-	-	(6,397,953)	-
<b>Total Fund Balances</b>	<b>17,467,621</b>	<b>23,814,622</b>	<b>(6,397,953)</b>	<b>2,943,308</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 20,833,743</b>	<b>\$ 23,921,716</b>	<b>\$ 34,577</b>	<b>\$ 4,553,260</b>

See Notes to Financial Statements

Lancaster Redevelopment Agency

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2006**

	Debt Service	Debt Service		
	Project Area No. 5	Project Area No. 6	Other Governmental Funds	Total Governmental Funds
	Tax Increment	Tax Increment		
<b>Assets:</b>				
Cash and investments	\$ -	\$ 2,526,697	\$ 10,333,441	\$ 49,997,463
Cash and investments with trustee	-	-	18,914,551	20,588,339
Receivables:				
Tax increment	877,807	1,155,075	600,919	4,548,108
Accounts	-	-	26,108	254,822
Interest receivable	-	-	241,045	241,045
Loans	-	-	65,319	3,405,685
Due from Capital Projects funds	-	-	1,248,371	9,559,762
Due from Debt Service funds	-	1,001,946	128,771	2,058,638
Due from Low and Moderate Housing Funds	-	-	4,164,754	22,012,652
Due from other governments	-	-	712,527	1,101,723
Due from City	-	-	571,227	2,317,236
Restricted cash	1,359,084	2,043,249	664,971	4,275,248
Advances to Tax Increment Fund	-	-	2,540,380	8,524,399
Land held for resale	-	-	9,713,874	46,638,367
Allowance for decline in value	-	-	(5,057,616)	(5,057,616)
<b>Total Assets</b>	<b>\$ 2,236,891</b>	<b>\$ 6,726,967</b>	<b>\$ 44,868,642</b>	<b>\$ 170,465,871</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ 878,108	\$ 1,861,367
Deposits from others	-	-	568,766	571,266
Due to Capital Projects funds	-	-	1,294,368	9,559,762
Due to Debt Service funds	1,590,590	-	468,048	2,058,638
Due to Low and Moderate Housing Funds	-	-	-	22,012,652
Due to City	-	-	1,186,821	1,186,821
Due to other governments	2,743,183	4,736,900	1,877,449	10,923,650
Advances from Low and Moderate Housing Funds	-	-	2,088,732	8,524,399
<b>Total Liabilities</b>	<b>4,333,773</b>	<b>4,736,900</b>	<b>8,362,292</b>	<b>56,698,555</b>
<b>Fund Balances:</b>				
Reserved:				
Land held for resale	-	-	4,577,573	41,072,021
Long-term loans	-	-	2,605,699	11,930,084
Unreserved:				
Designated:				
Debt service	-	1,990,067	17,443,805	22,377,180
Continuing projects	-	-	13,257,671	74,626,994
Undesignated	(2,096,882)	-	(1,378,398)	(36,238,963)
<b>Total Fund Balances</b>	<b>(2,096,882)</b>	<b>1,990,067</b>	<b>36,506,350</b>	<b>113,767,316</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,236,891</b>	<b>\$ 6,726,967</b>	<b>\$ 44,868,642</b>	<b>\$ 170,465,871</b>

See Notes to Financial Statements

Lancaster Redevelopment Agency

**GOVERNMENTAL FUNDS  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2006**

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**Fund balances of governmental funds** **\$ 113,767,316**

Amounts reported for governmental activities in the statement of net assets are different because:

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	(710,158)

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	(220,420,000)
Loans from City	(98,650,360)
Unamortized original issue discount or premium	(6,471,025)
Unamortized loss on bonds defeased	4,727,693

Accrued interest payable for the current portion of interest due on Tax Allocation Bonds has not been reported in the governmental funds.

(3,647,937)

**Net assets of governmental activities** **\$ (203,885,969)**

Lancaster Redevelopment Agency

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Capital Projects	Capital Projects	Capital Projects	Capital Projects
	Central Business District Project Area	Amargosa Project Area	Amargosa Project Area	Project Area No. 5
	Low and Moderate Housing	Project	Low and Moderate Housing	Low and Moderate Housing
<b>Revenues:</b>				
Taxes and assessments	\$ 180,045	\$ -	\$ 2,541,151	\$ 3,055,489
Use of money and property	11,041	906,377	454,976	289,360
Intergovernmental	-	-	-	-
Other revenue	-	-	-	-
<b>Total Revenues</b>	<b>191,086</b>	<b>906,377</b>	<b>2,996,127</b>	<b>3,344,849</b>
<b>Expenditures:</b>				
Current:				
General government	177,342	337,514	213,554	476,239
Community development	756,633	1,260,249	-	1,189,765
Capital outlay	25,250	239,745	-	-
Debt service	-	2,125,134	-	-
<b>Total Expenditures</b>	<b>959,225</b>	<b>3,962,642</b>	<b>213,554</b>	<b>1,666,004</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(768,139)</b>	<b>(3,056,265)</b>	<b>2,782,573</b>	<b>1,678,845</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	(124,081)	(402,608)	(1,404,284)	(1,799,620)
Long-term debt issued	-	1,615,854	-	-
Pass-through agreement payments	-	-	-	-
Gain (loss) on sale of land held for resale	-	-	-	-
Payment to Educational Revenue Augmentation Fund	-	(516,347)	-	-
<b>Total Other Financing Sources (Uses):</b>	<b>(124,081)</b>	<b>696,899</b>	<b>(1,404,284)</b>	<b>(1,799,620)</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>\$ (892,220)</b>	<b>\$ (2,359,366)</b>	<b>\$ 1,378,289</b>	<b>\$ (120,775)</b>
<b>Fund Balances:</b>				
Beginning of Year, as previously reported	\$ (3,133,472)	\$ 3,689,492	\$ 27,321,563	\$ 14,362,199
Restatements	-	(705,527)	-	-
Beginning of Year, as restated	(3,133,472)	2,983,965	27,321,563	14,362,199
<b>Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>(892,220)</b>	<b>(2,359,366)</b>	<b>1,378,289</b>	<b>(120,775)</b>
<b>End of Year</b>	<b>\$ (4,025,692)</b>	<b>\$ 624,599</b>	<b>\$ 28,699,852</b>	<b>\$ 14,241,424</b>

See Notes to Financial Statements



Lancaster Redevelopment Agency

**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	Capital Projects	Capital Projects	Capital Projects	Debt Service
	Project Area No. 6	Project Area No. 6 Low and Moderate Housing	Project Area No. 7	Amargosa Project Area Tax Increment
	Project		Project	
<b>Revenues:</b>				
Taxes and assessments	\$ -	\$ 4,420,613	\$ -	\$ 10,164,602
Use of money and property	4,711,506	1,535,062	6,155	-
Intergovernmental	-	-	-	-
Other revenue	-	14,737	-	-
<b>Total Revenues</b>	<b>4,711,506</b>	<b>5,970,412</b>	<b>6,155</b>	<b>10,164,602</b>
<b>Expenditures:</b>				
Current:				
General government	205,564	235,435	4,692	132,449
Community development	15,333	1,062,834	386,071	-
Capital outlay	1,517,319	-	268,564	-
Debt service	59,387	-	25,488	-
<b>Total Expenditures</b>	<b>1,797,603</b>	<b>1,298,269</b>	<b>684,815</b>	<b>132,449</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>2,913,903</b>	<b>4,672,143</b>	<b>(678,660)</b>	<b>10,032,153</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	(2,382,411)	-	(1,103,321)
Long-term debt issued	59,387	-	25,488	-
Pass-through agreement payments	-	-	-	(8,010,943)
Gain (loss) on sale of land held for resale	-	-	-	-
Payment to Educational Revenue Augmentation Fund	(719,846)	-	(36,169)	-
<b>Total Other Financing Sources (Uses):</b>	<b>(660,459)</b>	<b>(2,382,411)</b>	<b>(10,681)</b>	<b>(9,114,264)</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>\$ 2,253,444</b>	<b>\$ 2,289,732</b>	<b>\$ (689,341)</b>	<b>\$ 917,889</b>
<b>Fund Balances:</b>				
Beginning of Year, as previously reported	\$ 15,214,177	\$ 21,524,890	\$ (3,890,423)	\$ 2,025,419
Restatements	-	-	(1,818,189)	-
Beginning of Year, as restated	15,214,177	21,524,890	(5,708,612)	2,025,419
<b>Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>2,253,444</b>	<b>2,289,732</b>	<b>(689,341)</b>	<b>917,889</b>
<b>End of Year</b>	<b>\$ 17,467,621</b>	<b>\$ 23,814,622</b>	<b>\$ (6,397,953)</b>	<b>\$ 2,943,308</b>

See Notes to Financial Statements

Lancaster Redevelopment Agency

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Debt Service	Debt Service		
	Project Area No. 5	Project Area No. 6	Other Governmental Funds	Total Governmental Funds
	Tax Increment	Tax Increment		
<b>Revenues:</b>				
Taxes and assessments	\$ 12,221,957	\$ 17,682,454	\$ 8,520,795	\$ 58,787,106
Use of money and property	-	-	1,709,386	9,623,863
Intergovernmental	440,782	261,539	2,629,333	3,331,654
Other revenue	-	-	163,944	178,681
<b>Total Revenues</b>	<b>12,662,739</b>	<b>17,943,993</b>	<b>13,023,458</b>	<b>71,921,304</b>
<b>Expenditures:</b>				
Current:				
General government	153,993	201,355	1,552,326	3,690,463
Community development	-	-	195,319	4,866,204
Capital outlay	-	-	1,381,045	3,431,923
Debt service	-	-	17,235,954	19,445,963
<b>Total Expenditures</b>	<b>153,993</b>	<b>201,355</b>	<b>20,364,644</b>	<b>31,434,553</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>12,508,746</b>	<b>17,742,638</b>	<b>(7,341,186)</b>	<b>40,486,751</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	46,961,513	46,961,513
Transfers out	(1,526,028)	(1,506,999)	(36,712,161)	(46,961,513)
Long-term debt issued	-	-	2,240,072	3,940,801
Pass-through agreement payments	(10,526,779)	(15,501,123)	(6,082,235)	(40,121,080)
Gain (loss) on sale of land held for resale	-	-	(6,132,914)	(6,132,914)
Payment to Educational Revenue Augmentation Fund	-	-	(863,686)	(2,136,048)
<b>Total Other Financing Sources (Uses):</b>	<b>(12,052,807)</b>	<b>(17,008,122)</b>	<b>(589,411)</b>	<b>(44,449,241)</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>\$ 455,939</b>	<b>\$ 734,516</b>	<b>\$ (7,930,597)</b>	<b>\$ (3,962,490)</b>
<b>Fund Balances:</b>				
Beginning of Year, as previously reported	\$ (2,552,821)	\$ 1,255,551	\$ 45,843,808	\$ 121,660,383
Restatements	-	-	(1,406,861)	(3,930,577)
Beginning of Year, as restated	(2,552,821)	1,255,551	44,436,947	117,729,806
<b>Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>455,939</b>	<b>734,516</b>	<b>(7,930,597)</b>	<b>(3,962,490)</b>
<b>End of Year</b>	<b>\$ (2,096,882)</b>	<b>\$ 1,990,067</b>	<b>\$ 36,506,350</b>	<b>\$ 113,767,316</b>

See Notes to Financial Statements

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, 2006**

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**Net change in fund balances - total governmental funds** **\$ (3,962,490)**

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. 5,419,280

Bond issuance costs is an expenditure in the governmental funds, but it is deferred charges in the statement of net assets:  
Amortization for current fiscal year (269,492)

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:  
Amortization for current fiscal year 278,702

Proceeds of debt is revenue in the governmental funds, but these are additions to the statement of net assets. (3,940,801)

Defeasance of debt is expenditures in the governmental funds, but these are spread to future periods:  
Amortization period over defeased bond lives computed through end of fiscal year (288,222)

Revenues reported in the governmental funds which were previously deferred and meet the revenue recognition criteria currently and, therefore, are not reported as revenues in the Statement of Activity (47,108)

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 (3,647,937)  
Prior year accrual of interest due on bonds 3,801,793

**Change in net assets of governmental activities** **\$ (2,656,275)**

**LANCASTER REDEVELOPMENT AGENCY**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006**

**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:**

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 5 - 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

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.

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

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

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.

**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

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

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

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, 2006, 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	\$ 49,997,463
Restricted Cash and investments	4,275,248
Cash and investments with fiscal agent	<u>20,588,339</u>
 Total Cash and Investments	 <u>\$ 74,861,050</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, 2006 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, 2006, loans received from the City amounted to \$58,329,039 and accrued unpaid interest owed on those loans were \$40,312,417.

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, 2006 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 1993, pay costs of issuing the Bonds, and fund a debt service reserve account.

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

**Note 4: Long-Term Debt (Continued)**

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, 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

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

**Note 4: Long-Term Debt (Continued)**

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:

	Economic Development	Housing
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	-	570,581
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.

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

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

**Note 4: Long-Term Debt (Continued)**

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 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

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

**Note 4: Long-Term Debt (Continued)**

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 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, 2005	Additions	Repayments	Balance June 30, 2006	Due Within One Year
<u>Residential Project Area</u>					
City Loans - Principal	\$ 1,734,897	\$ -	\$ -	\$ 1,734,897	\$ -
City Loans - Unpaid Interest	2,500,261	152,650	-	2,652,911	-
2003 Development and Housing	11,281,053	-	103,522	11,177,531	150,408
2003B Development and Housing	5,050,155	-	186,783	4,863,372	191,719
2004B Development	1,075,000	-	-	1,075,000	-
2004 Housing	1,140,571	-	39,480	1,101,091	20,585
2004 Sheriff's Facilities	2,474,946	-	93,019	2,381,927	89,049
2004 Fire Facilities	1,301,520	-	51,040	1,250,480	49,764
2004 Library	254,090	-	6,930	247,160	6,680
Total	26,812,493	152,650	480,774	26,484,369	508,205
<u>Central Business District Project Area</u>					
City Loans - Principal	\$ 12,343,559	\$ 518,184	\$ -	\$ 12,861,743	\$ -
City Loans - Unpaid Interest	7,742,857	707,643	-	8,450,500	-
1994 Refunding	1,680,000	-	50,000	1,630,000	50,000
2003 Development and Housing	1,063,809	-	14,263	1,049,546	14,123
2003B Development and Housing	172,624	-	7,263	165,361	6,519
2004 Housing	242,797	-	8,413	234,384	4,382
2004 Sheriff's Facilities	631,122	-	23,673	607,449	22,710
2004 Fire Facilities	272,340	-	10,680	261,660	10,413
2004 Library	49,219	-	1,344	47,875	1,294
Total	24,198,327	1,225,827	115,636	25,308,518	109,441
<u>Fox Field Project Area</u>					
City Loans - Principal	\$ 6,288,069	\$ -	\$ -	\$ 6,288,069	\$ -
City Loans - Unpaid Interest	5,117,231	633,952	-	5,751,183	-
1994 Refunding	2,345,000	-	75,000	2,270,000	80,000
2003 Development and Housing	1,776,313	-	23,717	1,752,596	23,583
2003B Development and Housing	171,272	-	7,206	164,066	6,468
2004 Housing	288,747	-	10,011	278,736	5,211
2004 Sheriff's Facilities	422,184	-	15,873	406,311	15,190
2004 Fire Facilities	263,160	-	10,320	252,840	10,062
2004 Library	43,899	-	1,190	42,709	1,154
Total	16,715,875	633,952	143,317	17,206,510	141,668

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

**Note 4: Long-Term Debt (Continued)**

	Balance July 1, 2005	Additions	Repayments	Balance June 30, 2006	Due Within One Year
<u>Amargosa Project Area</u>					
City Loans - Principal	\$ 31,792,149	\$ -	\$ -	\$ 31,792,149	\$ -
City Loans - Unpaid Interest	18,318,245	1,615,854	509,280	19,424,819	-
1999 Refunding	4,150,000	-	85,000	4,065,000	85,000
1999 Lease Revenue	5,900,000	-	135,000	5,765,000	145,000
2003 Development and Housing	16,827,453	-	185,668	16,641,785	223,936
2003B Development and Housing	14,468,834	-	462,022	14,006,812	552,163
2004B Development	2,440,000	-	-	2,440,000	-
2004 Housing	2,209,633	-	76,516	2,133,117	39,879
2004 Sheriff's Facilities	4,135,680	-	155,554	3,980,126	148,799
2004 Fire Facilities	2,149,140	-	84,281	2,064,859	82,173
2004 Library	425,702	-	11,606	414,096	11,192
<b>Total</b>	<b>102,816,836</b>	<b>1,615,854</b>	<b>1,704,927</b>	<b>102,727,763</b>	<b>1,288,142</b>
<u>Project Area No. 5</u>					
City Loans - Principal	\$ 3,978,783	\$ -	\$ -	\$ 3,978,783	\$ -
City Loans - Unpaid Interest	2,568,444	227,643	-	2,796,087	-
1997 Refunding	4,020,000	-	365,000	3,655,000	380,000
2003 Development and Housing	33,241,998	-	318,515	32,923,483	443,027
2003B Development and Housing	5,887,240	-	224,566	5,662,674	223,228
2004B Development	3,895,000	-	-	3,895,000	-
2004 School Refunding	2,115,501	-	28,497	2,087,004	27,139
2004 Housing	3,393,770	-	117,500	3,276,270	61,250
2004 Sheriff's Facilities	6,328,452	-	237,953	6,090,499	227,696
2004 Fire Facilities	3,137,520	-	123,039	3,014,481	119,964
2004 Library	665,157	-	18,130	647,027	17,487
<b>Total</b>	<b>69,231,865</b>	<b>227,643</b>	<b>1,433,200</b>	<b>68,026,308</b>	<b>1,499,791</b>
<u>Project Area No. 6</u>					
City Loans - Principal	\$ 1,533,488	\$ -	\$ -	\$ 1,533,488	\$ -
City Loans - Unpaid Interest	600,722	59,387	-	660,109	-
1997 Mobile Home	2,975,000	-	60,000	2,915,000	65,000
2003 Development and Housing	36,149,476	-	375,704	35,773,772	481,382
2003B Development and Housing	7,337,352	-	268,491	7,068,861	278,661
2004B Development	3,595,000	-	-	3,595,000	-
2004 School Refunding	5,679,499	-	76,503	5,602,996	72,861
2004 Housing	5,822,708	-	201,583	5,621,125	105,088
2004 Sheriff's Facilities	7,166,358	-	269,519	6,896,839	257,841
2004 Fire Facilities	3,076,320	-	120,640	2,955,680	117,624
2004 Library	3,547,936	-	96,740	3,451,196	93,276
<b>Total</b>	<b>77,483,859</b>	<b>59,387</b>	<b>1,469,180</b>	<b>76,074,066</b>	<b>1,471,733</b>
<u>Project Area No. 7</u>					
City Loans - Principal	\$ 658,094	\$ -	\$ -	\$ 658,094	\$ -
City Loans - Unpaid Interest	42,040	25,488	-	67,528	-
2003 Development and Housing	1,019,898	-	13,611	1,006,287	13,541
2003B Development and Housing	562,523	-	23,669	538,854	21,242
2004 Housing	476,774	-	16,497	460,277	8,605
2004 Sheriff's Facilities	381,258	-	14,409	366,849	13,715
2004 Library	148,997	-	4,060	144,937	3,917
<b>Total</b>	<b>3,289,584</b>	<b>25,488</b>	<b>72,246</b>	<b>3,242,826</b>	<b>61,020</b>

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

**Note 4: Long-Term Debt (Continued)**

	Balance July 1, 2005	Additions	Repayments	Balance June 30, 2006	Due Within One Year
<b>Total - All Project Areas</b>					
City Loans - Principal	\$ 58,329,039	\$ 518,184	\$ -	\$ 58,847,223	\$ -
City Loans - Unpaid Interest	36,889,800	3,422,617	509,280	39,803,137	-
Bonds Payable	225,330,000	-	4,910,000	220,420,000	5,080,000
<b>Total</b>	<b>\$ 320,548,839</b>	<b>\$ 3,940,801</b>	<b>\$ 5,419,280</b>	<b>\$ 319,070,360</b>	<b>\$ 5,080,000</b>
<b>Less:</b>					
Unamortized original issue discount or premium				(6,471,025)	
Unamortized bond defeasance loss				4,727,693	
<b>Net Long-term Debt</b>				<b>\$ 320,813,692</b>	

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
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 - 2011	65,000	84,372	100,000	114,538	170,000	253,500
2011 - 2016	400,000	353,719	605,000	469,328	975,000	1,129,375
2016 - 2021	535,000	211,466	815,000	253,116	1,250,000	852,250
2021 - 2026	410,000	38,588	400,000	24,806	1,600,000	497,500
2026 - 2031	-	-	-	-	1,160,000	88,750
2031 - 2036	-	-	-	-	-	-
<b>Totals</b>	<b>\$ 1,630,000</b>	<b>\$ 1,061,464</b>	<b>\$ 2,270,000</b>	<b>\$ 1,376,594</b>	<b>\$ 5,765,000</b>	<b>\$ 3,908,775</b>
	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
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 - 2011	105,000	184,750	465,000	100,750	80,000	165,113
2011 - 2016	1,090,000	827,250	1,550,000	157,750	495,000	737,747
2016 - 2021	1,260,000	438,750	-	-	675,000	552,553
2021 - 2026	1,240,000	186,000	-	-	925,000	300,103
2026 - 2031	-	-	-	-	455,000	29,484
2031 - 2036	-	-	-	-	-	-
<b>Totals</b>	<b>\$ 4,065,000</b>	<b>\$ 2,421,045</b>	<b>\$ 3,655,000</b>	<b>\$ 870,230</b>	<b>\$ 2,915,000</b>	<b>\$ 2,491,715</b>

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

**Note 4: Long-Term Debt (Continued)**

	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
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 - 2011	1,000,000	2,708,813	580,000	1,839,950	380,000	713,200
2011 - 2016	6,130,000	12,778,969	4,245,000	8,743,875	1,915,000	3,348,695
2016 - 2021	9,505,000	10,771,550	6,250,000	7,333,025	1,935,000	2,979,215
2021 - 2026	11,950,000	8,189,950	8,375,000	5,757,475	3,025,000	2,288,375
2026 - 2031	17,075,000	4,680,769	11,865,000	3,283,200	2,485,000	1,695,375
2031 - 2036	10,975,000	787,431	6,725,000	602,063	5,370,000	832,000
<b>Totals</b>	<b>\$ 60,165,000</b>	<b>\$ 51,080,846</b>	<b>\$ 40,160,000</b>	<b>\$ 35,115,538</b>	<b>\$ 17,075,000</b>	<b>\$ 14,819,360</b>

  

	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
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 - 2011	565,000	594,359	910,000	827,425	440,000	377,863
2011 - 2016	2,390,000	2,673,926	5,190,000	3,507,050	2,440,000	1,634,775
2016 - 2021	3,110,000	2,254,941	6,560,000	2,078,613	3,055,000	977,244
2021 - 2026	3,435,000	1,261,269	4,795,000	367,625	2,240,000	171,500
2026 - 2031	1,795,000	725,088	-	-	-	-
2031 - 2036	1,990,000	239,163	-	-	-	-
<b>Totals</b>	<b>\$ 15,395,000</b>	<b>\$ 10,279,232</b>	<b>\$ 20,730,000</b>	<b>\$ 10,484,638</b>	<b>\$ 9,800,000</b>	<b>\$ 4,800,659</b>

  

	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
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 - 2011	150,000	190,981	225,000	683,305	185,000	490,958
2011 - 2016	830,000	870,375	1,270,000	3,230,898	1,085,000	2,343,255
2016 - 2021	990,000	689,363	1,375,000	2,889,004	1,115,000	2,124,295
2021 - 2026	1,250,000	440,100	1,730,000	2,464,829	1,470,000	1,859,138
2026 - 2031	1,215,000	118,631	2,155,000	1,908,990	2,515,000	1,415,475
2031 - 2036	-	-	5,480,000	1,165,826	4,060,000	673,750
<b>Totals</b>	<b>\$ 4,995,000</b>	<b>\$ 3,116,424</b>	<b>\$ 13,105,000</b>	<b>\$ 15,167,420</b>	<b>\$ 11,005,000</b>	<b>\$ 10,920,497</b>



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

**Note 4: Long-Term Debt (Continued)**

	Project Areas No. 5 and No. 6 (School Districts), Issue of 2004		Total	
	Principal	Interest	Principal	Interest
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 - 2011	120,000	387,360	5,540,000	9,717,237
2011 - 2016	650,000	1,859,085	31,260,000	44,666,072
2016 - 2021	845,000	1,686,955	39,275,000	36,092,340
2021 - 2026	1,275,000	1,442,780	44,120,000	25,290,038
2026 - 2031	2,505,000	952,920	43,225,000	14,898,682
2031 - 2036	1,870,000	213,080	36,470,000	4,513,313
Totals	\$ 7,690,000	\$ 8,129,090	\$ 220,420,000	\$ 176,043,527

**d. Defeasance of Debt**

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.

	Original Amount
<u>Combined Redevelopment Project Areas :</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
<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

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

**Note 4: Long-Term Debt (Continued)**

	<u>Original Amount</u>
<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
School District Tax Allocation Refunding Bonds, Issue of 1996	3,650,000
Total	<u>\$ 263,555,000</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, 2006, 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. 5 - Low & Moderate Housing Fund	Project Area No. 5 - Tax Increment Fund	Nonmajor Governmental Funds		
<b>Due From Other Funds:</b>							
Project Area No. 5 - Project Fund	\$ -	\$ 350,835	\$ -	\$ -	\$ 553,528		\$ 904,363
Project Area No. 6 - Project Fund	-	3,224,291	-	-	5,087,100		8,311,391
Amargosa Project Area - Low & Moderate Housing Fund	4,063,489	-	5,971,788	-	-		10,035,277
Project Area No. 6 - Low & Moderate Housing Fund	3,163,490	-	4,649,131	-	-		7,812,621
Amargosa Project Area - Tax Increment Fund	-	-	-	716,951	210,970		927,921
Project Area No. 6 - Tax Increment Fund	-	-	-	774,145	227,801		1,001,946
Nonmajor Governmental Funds	1,686,395	133,454	2,478,359	99,494	239,831		4,637,533
<b>Total</b>	<b>\$ 8,913,374</b>	<b>\$ 3,708,580</b>	<b>\$ 13,099,278</b>	<b>\$ 1,590,590</b>	<b>\$ 6,319,230</b>		<b>\$ 33,631,052</b>

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. 5 - Low & Moderate Housing Fund	Project Area No. 6 - Low & Moderate Housing Fund	Nonmajor Governmental Funds		
<b>Advances From Other Funds:</b>							
Amargosa Project Area - Project Fund	\$ -	\$ 1,195,069	\$ -	\$ -	\$ -		\$ 1,195,069
Project Area No. 5 - Project Fund	-	-	1,325,529	-	-		1,325,529
Project Area No. 6 - Project Fund	-	-	-	3,366,122	-		3,366,122
Nonmajor Governmental Funds	97,299	-	-	-	2,540,380		2,637,679
<b>Total</b>	<b>\$ 97,299</b>	<b>\$ 1,195,069</b>	<b>\$ 1,325,529</b>	<b>\$ 3,366,122</b>	<b>\$ 2,540,380</b>		<b>\$ 8,524,399</b>

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

**Note 5: Interfund Receivable, Payable and Transfers (Continued)**

**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:

<b>Transfers Out</b>					
Funds	CBD Project Area - Low & Moderate Housing Fund	Amargosa Project Area - Project Fund	Amargosa Project Area - Low & Moderate Housing Fund	Project Area No. 5 - Low & Moderate Housing Fund	Project Area No. 6 - Low & Moderate Housing Fund
<b>Transfers In</b>					
Nonmajor Governmental Funds	\$ 124,081	\$ 402,608	\$ 1,404,284	\$ 1,799,620	\$ 2,382,411
Total	<u>\$ 124,081</u>	<u>\$ 402,608</u>	<u>\$ 1,404,284</u>	<u>\$ 1,799,620</u>	<u>\$ 2,382,411</u>
<b>Transfers Out</b>					
Funds	Amargosa Project Area - Tax Increment Fund	Project Area No. 5 - Tax Increment Fund	Project Area No. 6 - Tax Increment Fund	Nonmajor Governmental Funds	Total
<b>Transfers In</b>					
Nonmajor Governmental Funds	\$ 1,103,321	\$ 1,526,028	\$ 1,506,999	\$ 36,712,161	\$ 46,961,513
Total	<u>\$ 1,103,321</u>	<u>\$ 1,526,028</u>	<u>\$ 1,506,999</u>	<u>\$ 36,712,161</u>	<u>\$ 46,961,513</u>

**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, 2006, the following funds owed amounts to these entities:

Residential Project Tax Increment Fund	\$ 445,997
Central Business District Tax Increment Fund	144,923
Fox Field Tax Increment Fund	135,128
Fox Field Project Fund	67,443
Fox Field Low and Moderate Housing Fund	4,568
Amargosa Tax Increment Fund	1,566,118
Area No. 5 Tax Increment Fund	2,743,183
Area No. 6 Tax Increment Fund	4,736,900
Area No. 7 Tax Increment Fund	1,079,390
Total	<u>\$ 10,923,650</u>

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

**Note 7: Fund Equity and Net Assets Restatements**

During the current fiscal year, restatements were made to the opening balances of fund balances and net assets. These restatements were required to adjust prior year revenue recognition, shift the carrying values of land held for resale between project areas and to remove the carrying values of land held for resale which was sold in prior fiscal years. The following project areas had fund equity restatements:

**Fund Balance Restatements:**

**Revenue Recognition Restatements**

Residential Project - Project Fund	\$ (90,052)
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**Shift Land Held for Resale Between Projects**

Fox Field - Project Fund	705,527
Amargosa - Project Fund	(705,527)

**Remove Land Held for Resale Cost on Prior Sales**

Area No. 7 - Project Fund	(1,818,189)
Area No. 7 - Low and Moderate Housing Fund	(2,022,336)

Total	<u>\$ (3,930,577)</u>
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**Total Net Assets Restatements**

<u>\$ (3,930,577)</u>
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Lancaster Redevelopment Agency

COMBINING PROJECT AREA BALANCE SHEET  
 ALL GOVERNMENTAL FUNDS  
 JUNE 30, 2006

	Residential Project Area				
	Capital Projects	Debt Service	Debt Service	Capital Projects	Capital Projects
	General Agency Fund	Tax Increment	Tax Revenue Bonds	Project	Low and Moderate Housing
<b>ASSETS</b>					
Cash and investments	\$ 1,964,420	\$ 74,129	\$ -	\$ 503,133	\$ 3,749,946
Cash and investments with trustee	-	-	1,614,476	1	-
Receivables:					
Tax increment	-	229,762	-	-	57,440
Accounts	345	-	-	-	-
Interest receivable	241,045	-	-	-	-
Loans	-	-	-	-	65,319
Due from Capital Projects Funds	-	-	-	344,008	-
Due from Debt Service Funds	-	29,395	-	-	-
Due from Low and Moderate Housing Funds	-	-	-	-	2,558,849
Due from other governments	7,000	-	-	-	-
Due from City	-	-	-	-	-
Restricted cash	-	60,717	-	-	-
Advances to Tax Increment Fund	-	-	-	-	522,814
Land held for resale	-	-	-	-	-
Allowance for decline in value	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 2,212,810</b>	<b>\$ 394,003</b>	<b>\$ 1,614,476</b>	<b>\$ 847,142</b>	<b>\$ 6,954,368</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 684,522	\$ 22,358	\$ -	\$ -	\$ -
Deposits from others	495,281	-	-	-	-
Due to Capital Projects Funds	-	-	-	-	-
Due to Debt Service Funds	-	-	-	-	-
Due to Low and Moderate Housing Funds	-	-	-	-	-
Due to City	1,186,821	-	-	-	-
Due to other governments	-	445,997	-	-	-
Advances from Low and Moderate Housing Funds	-	-	-	522,814	-
<b>Total Liabilities</b>	<b>2,366,624</b>	<b>468,355</b>	<b>-</b>	<b>522,814</b>	<b>-</b>
<b>Fund Balances:</b>					
Reserved:					
Land held for resale	-	-	-	-	-
Long-term loans	-	-	-	-	588,133
Unreserved:					
Designated:					
Debt service	-	-	1,614,476	-	-
Continuing projects	-	-	-	324,328	6,366,235
Undesignated	(153,814)	(74,352)	-	-	-
<b>Total Fund Balances</b>	<b>(153,814)</b>	<b>(74,352)</b>	<b>1,614,476</b>	<b>324,328</b>	<b>6,954,368</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,212,810</b>	<b>\$ 394,003</b>	<b>\$ 1,614,476</b>	<b>\$ 847,142</b>	<b>\$ 6,954,368</b>

Lancaster Redevelopment Agency

COMBINING PROJECT AREA BALANCE SHEET  
 ALL GOVERNMENTAL FUNDS  
 JUNE 30, 2006

Central Business District Project Area				
	Debt Service	Debt Service	Capital Projects	Capital Projects
	Tax Increment	Tax Revenue Bonds	Project	Low and Moderate Housing
<b>ASSETS</b>				
Cash and investments	\$ -	\$ -	\$ 36,335	\$ -
Cash and investments with trustee	-	404,582	-	-
Receivables:				
Tax increment	49,327	-	-	12,332
Accounts	-	-	500	-
Interest receivable	-	-	-	-
Loans	-	-	-	-
Due from Capital Projects Funds	-	-	-	-
Due from Debt Service Funds	-	-	-	-
Due from Low and Moderate Housing Funds	-	-	-	-
Due from other governments	-	-	-	-
Due from City	-	-	518,184	-
Restricted cash	-	-	-	-
Advances to Tax Increment Fund	-	-	-	97,299
Land held for resale	-	-	1,635,756	4,778,051
Allowance for decline in value	-	-	-	-
<b>Total Assets</b>	<b>\$ 49,327</b>	<b>\$ 404,582</b>	<b>\$ 2,190,775</b>	<b>\$ 4,887,682</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 5,220	\$ -	\$ 159,394	\$ -
Deposits from others	-	-	1,627	-
Due to Capital Projects Funds	-	-	764,218	-
Due to Debt Service Funds	241,480	-	-	-
Due to Low and Moderate Housing Funds	-	-	-	8,913,374
Due to City	-	-	-	-
Due to other governments	144,923	-	-	-
Advances from Low and Moderate Housing Funds	-	-	97,299	-
<b>Total Liabilities</b>	<b>391,623</b>	<b>-</b>	<b>1,022,538</b>	<b>8,913,374</b>
<b>Fund Balances:</b>				
Reserved:				
Land held for resale	-	-	1,635,756	4,778,051
Long-term loans	-	-	-	97,299
Unreserved:				
Designated:				
Debt service	-	404,582	-	-
Continuing projects	-	-	-	-
Undesignated	(342,296)	-	(467,519)	(8,901,042)
<b>Total Fund Balances</b>	<b>(342,296)</b>	<b>404,582</b>	<b>1,168,237</b>	<b>(4,025,692)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 49,327</b>	<b>\$ 404,582</b>	<b>\$ 2,190,775</b>	<b>\$ 4,887,682</b>

Lancaster Redevelopment Agency

COMBINING PROJECT AREA BALANCE SHEET  
 ALL GOVERNMENTAL FUNDS  
 JUNE 30, 2006

	Fox Field Project Area			
	Debt Service	Debt Service	Capital Projects	Capital Projects
	Tax Increment	Tax Revenue Bonds	Project	Low and Moderate Housing
<b>ASSETS</b>				
Cash and investments	\$ -	\$ -	\$ 52,211	\$ 433,941
Cash and investments with trustee	-	445,264	-	-
Receivables:				
Tax increment	36,860	-	-	9,215
Accounts	-	-	25,263	-
Interest	-	-	-	-
Loans	-	-	-	-
Due from Capital Projects Funds	-	-	-	-
Due from Debt Service Funds	-	-	-	-
Due from Low and Moderate Housing Funds	-	-	-	296,108
Due from other governments	-	-	705,527	-
Due from City	-	-	-	-
Restricted cash	-	-	-	-
Advances to Tax Increment Fund	-	-	-	143,090
Land held for resale	-	-	1,972,999	-
Allowance for decline in value	-	-	-	-
<b>Total Assets</b>	<b>\$ 36,860</b>	<b>\$ 445,264</b>	<b>\$ 2,756,000</b>	<b>\$ 882,354</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 6,585	\$ -	\$ 29	\$ -
Deposits from others	-	-	71,858	-
Due to Capital Projects Funds	-	-	530,150	-
Due to Debt Service Funds	226,568	-	-	-
Due to Low and Moderate Housing Funds	-	-	-	-
Due to City	-	-	-	-
Due to other governments	135,128	-	67,443	4,568
Advances from Low and Moderate Housing Funds	-	-	143,090	-
<b>Total Liabilities</b>	<b>368,281</b>	<b>-</b>	<b>812,570</b>	<b>4,568</b>
<b>Fund Balances:</b>				
Reserved:				
Land held for resale	-	-	1,952,426	-
Long-term loans	-	-	-	143,090
Unreserved:				
Designated:				
Debt service	-	445,264	-	-
Continuing projects	-	-	-	734,696
Undesignated	(331,421)	-	(8,996)	-
<b>Total Fund Balances</b>	<b>(331,421)</b>	<b>445,264</b>	<b>1,943,430</b>	<b>877,786</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 36,860</b>	<b>\$ 445,264</b>	<b>\$ 2,756,000</b>	<b>\$ 882,354</b>



Lancaster Redevelopment Agency

COMBINING PROJECT AREA BALANCE SHEET  
ALL GOVERNMENTAL FUNDS  
JUNE 30, 2006

	Amargosa Project Area			
	Debt Service	Debt Service	Capital Projects	Capital Projects
	Tax Increment	Tax Revenue Bonds	Project	Low and Moderate Housing
<b>ASSETS</b>				
Cash and investments	\$ 2,340,021	\$ -	\$ 493,613	\$ 14,706,517
Cash and investments with trustee	-	3,674,910	6	-
Receivables:				
Tax increment	1,115,003	-	-	278,751
Accounts	-	-	228,714	-
Interest	-	-	-	-
Loans	-	-	199,830	7,925
Due from Capital Projects Funds	-	-	-	-
Due from Debt Service Funds	927,921	-	-	-
Due from Low and Moderate Housing Funds	-	-	-	10,035,277
Due from other governments	-	-	-	-
Due from City	-	-	-	-
Restricted cash	170,315	-	-	-
Advances to Tax Increment Fund	-	-	-	1,195,069
Land held for resale	-	-	5,437,176	2,476,313
Allowance for decline in value	-	-	-	-
<b>Total Assets</b>	<b>\$ 4,553,260</b>	<b>\$ 3,674,910</b>	<b>\$ 6,359,339</b>	<b>\$ 28,699,852</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 43,834	\$ -	\$ 831,091	\$ -
Deposits from others	-	-	-	-
Due to Capital Projects Funds	-	-	3,708,580	-
Due to Debt Service Funds	-	-	-	-
Due to Low and Moderate Housing Funds	-	-	-	-
Due to City	-	-	-	-
Due to other governments	1,566,118	-	-	-
Advances from Low and Moderate Housing Funds	-	-	1,195,069	-
<b>Total Liabilities</b>	<b>1,609,952</b>	<b>-</b>	<b>5,734,740</b>	<b>-</b>
<b>Fund Balances:</b>				
Reserved:				
Land held for resale	-	-	5,007,131	2,476,313
Long-term loans	-	-	199,830	1,202,994
Unreserved:				
Designated:				
Debt service	2,943,308	3,674,910	-	-
Continuing projects	-	-	-	25,020,545
Undesignated	-	-	(4,582,362)	-
<b>Total Fund Balances</b>	<b>2,943,308</b>	<b>3,674,910</b>	<b>624,599</b>	<b>28,699,852</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,553,260</b>	<b>\$ 3,674,910</b>	<b>\$ 6,359,339</b>	<b>\$ 28,699,852</b>

Lancaster Redevelopment Agency

COMBINING PROJECT AREA BALANCE SHEET  
 ALL GOVERNMENTAL FUNDS  
 JUNE 30, 2006

	Project Area No. 5			
	Debt Service	Debt Service	Capital Projects	Capital Projects
	Tax Increment	Tax Revenue Bonds	Project	Low and Moderate Housing
<b>ASSETS</b>				
Cash and investments	\$ -	\$ -	\$ 1,349,236	\$ -
Cash and investments with trustee	-	5,360,140	1,520,243	-
Receivables:				
Tax increment	877,807	-	-	219,452
Accounts	-	-	-	-
Interest	-	-	-	-
Loans	-	-	-	2,554,488
Due from Capital Projects Funds	-	-	904,363	-
Due from Debt Service Funds	-	-	-	-
Due from Low and Moderate Housing Funds	-	-	-	-
Due from other governments	-	-	-	-
Due from City	-	-	-	-
Restricted cash	1,359,084	-	-	-
Advances to Tax Increment Fund	-	-	-	1,325,529
Land held for resale	-	-	5,390,728	23,243,733
Allowance for decline in value	-	-	(5,057,616)	-
<b>Total Assets</b>	<b>\$ 2,236,891</b>	<b>\$ 5,360,140</b>	<b>\$ 4,106,954</b>	<b>\$ 27,343,202</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deposits from others	-	-	-	2,500
Due to Capital Projects Funds	-	-	-	-
Due to Debt Service Funds	1,590,590	-	-	-
Due to Low and Moderate Housing Funds	-	-	-	13,099,278
Due to City	-	-	-	-
Due to other governments	2,743,183	-	-	-
Advances from Low and Moderate Housing Funds	-	-	1,325,529	-
<b>Total Liabilities</b>	<b>4,333,773</b>	<b>-</b>	<b>1,325,529</b>	<b>13,101,778</b>
<b>Fund Balances:</b>				
Reserved:				
Land held for resale	-	-	275,000	23,243,733
Long-term loans	-	-	-	3,880,017
Unreserved:				
Designated:				
Debt service	-	5,360,140	-	-
Continuing projects	-	-	2,506,425	-
Undesignated	(2,096,882)	-	-	(12,882,326)
<b>Total Fund Balances</b>	<b>(2,096,882)</b>	<b>5,360,140</b>	<b>2,781,425</b>	<b>14,241,424</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,236,891</b>	<b>\$ 5,360,140</b>	<b>\$ 4,106,954</b>	<b>\$ 27,343,202</b>

Lancaster Redevelopment Agency

COMBINING PROJECT AREA BALANCE SHEET  
 ALL GOVERNMENTAL FUNDS  
 JUNE 30, 2006

	Project Area No. 6			
	Debt Service	Debt Service	Capital Projects	Capital Projects
	Tax Increment	Tax Revenue Bonds	Project	Low and Moderate Housing
<b>ASSETS</b>				
Cash and investments	\$ 2,526,697	\$ -	\$ 8,113,341	\$ 11,449,256
Cash and investments with trustee	-	5,722,993	1,673,782	-
Receivables:				
Tax increment	1,155,075	-	-	288,769
Accounts	-	-	-	-
Interest	-	-	-	-
Loans	-	-	-	578,123
Due from Capital Projects Funds	-	-	8,311,391	-
Due from Debt Service Funds	1,001,946	-	-	-
Due from Low and Moderate Housing Funds	-	-	-	7,812,621
Due from other governments	-	-	-	389,196
Due from City	-	-	1,746,009	-
Restricted cash	2,043,249	-	-	37,629
Advances to Tax Increment Fund	-	-	-	3,366,122
Land held for resale	-	-	989,220	-
Allowance for decline in value	-	-	-	-
<b>Total Assets</b>	<b>\$ 6,726,967</b>	<b>\$ 5,722,993</b>	<b>\$ 20,833,743</b>	<b>\$ 23,921,716</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 107,094
Deposits from others	-	-	-	-
Due to Capital Projects Funds	-	-	-	-
Due to Debt Service Funds	-	-	-	-
Due to Low and Moderate Housing Funds	-	-	-	-
Due to City	-	-	-	-
Due to other governments	4,736,900	-	-	-
Advances from Low and Moderate Housing Funds	-	-	3,366,122	-
<b>Total Liabilities</b>	<b>4,736,900</b>	<b>-</b>	<b>3,366,122</b>	<b>107,094</b>
<b>Fund Balances:</b>				
<b>Reserved:</b>				
Land held for resale	-	-	989,220	-
Long-term loans	-	-	-	3,944,245
<b>Unreserved:</b>				
Designated:				
Debt service	1,990,067	5,722,993	-	-
Continuing projects	-	-	16,478,401	19,870,377
Undesignated	-	-	-	-
<b>Total Fund Balances</b>	<b>1,990,067</b>	<b>5,722,993</b>	<b>17,467,621</b>	<b>23,814,622</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,726,967</b>	<b>\$ 5,722,993</b>	<b>\$ 20,833,743</b>	<b>\$ 23,921,716</b>

Lancaster Redevelopment Agency

COMBINING PROJECT AREA BALANCE SHEET  
ALL GOVERNMENTAL FUNDS  
JUNE 30, 2006

	Project Area No. 7			
	Debt Service	Debt Service	Capital Projects	Capital Projects
	Tax Increment	Tax Revenue Bonds	Project	Low and Moderate Housing
<b>ASSETS</b>				
Cash and investments	\$ 250,606	\$ -	\$ 34,577	\$ 1,919,484
Cash and investments with trustee	-	171,942	-	-
Receivables:				
Tax increment	174,652	-	-	43,663
Accounts	-	-	-	-
Interest	-	-	-	-
Loans	-	-	-	-
Due from Capital Projects Funds	-	-	-	-
Due from Debt Service Funds	99,376	-	-	-
Due from Low and Moderate Housing Funds	-	-	-	1,309,797
Due from other governments	-	-	-	-
Due from City	-	-	-	53,043
Restricted cash	604,254	-	-	-
Advances to Tax Increment Fund	-	-	-	1,874,476
Land held for resale	-	-	-	714,391
Allowance for decline in value	-	-	-	-
<b>Total Assets</b>	<b>\$ 1,128,888</b>	<b>\$ 171,942</b>	<b>\$ 34,577</b>	<b>\$ 5,914,854</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ 1,240	\$ -
Deposits from others	-	-	-	-
Due to Capital Projects Funds	-	-	4,556,814	-
Due to Debt Service Funds	-	-	-	-
Due to Low and Moderate Housing Funds	-	-	-	-
Due to City	-	-	-	-
Due to other governments	1,079,390	-	-	-
Advances from Low and Moderate Housing Funds	-	-	1,874,476	-
<b>Total Liabilities</b>	<b>1,079,390</b>	<b>-</b>	<b>6,432,530</b>	<b>-</b>
<b>Fund Balances:</b>				
Reserved:				
Land held for resale	-	-	-	714,391
Long-term loans	-	-	-	1,874,476
Unreserved:				
Designated:				
Debt service	49,498	171,942	-	-
Continuing projects	-	-	-	3,325,987
Undesignated	-	-	(6,397,953)	-
<b>Total Fund Balances</b>	<b>49,498</b>	<b>171,942</b>	<b>(6,397,953)</b>	<b>5,914,854</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,128,888</b>	<b>\$ 171,942</b>	<b>\$ 34,577</b>	<b>\$ 5,914,854</b>

Lancaster Redevelopment Agency

COMBINING PROJECT AREA BALANCE SHEET

ALL GOVERNMENTAL FUNDS

JUNE 30, 2006

	<b>TOTALS</b>	
	<b>Debt Service Funds</b>	<b>Capital Projects Funds</b>
<b>ASSETS</b>		
Cash and investments	\$ 5,191,453	\$ 44,806,010
Cash and investments with trustee	17,394,307	3,194,032
Receivables:		
Tax increment	3,638,486	909,622
Accounts	-	254,822
Interest	-	241,045
Loans	-	3,405,685
Due from Capital Projects Funds	-	9,559,762
Due from Debt Service Funds	2,058,638	-
Due from Low and Moderate Housing Funds	-	22,012,652
Due from other governments	-	1,101,723
Due from City	-	2,317,236
Restricted cash	4,237,619	37,629
Advances to Tax Increment Fund	-	8,524,399
Land held for resale	-	46,638,367
Allowance for decline in value	-	(5,057,616)
<b>Total Assets</b>	<b>\$ 32,520,503</b>	<b>\$ 137,945,368</b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 77,997	\$ 1,783,370
Deposits from others	-	571,266
Due to Capital Projects Funds	-	9,559,762
Due to Debt Service Funds	2,058,638	-
Due to Low and Moderate Housing Funds	-	22,012,652
Due to City	-	1,186,821
Due to other governments	10,851,639	72,011
Advances from Low and Moderate Housing Funds	-	8,524,399
<b>Total Liabilities</b>	<b>12,988,274</b>	<b>43,710,281</b>
<b>Fund Balances:</b>		
<b>Reserved:</b>		
Land held for resale	-	41,072,021
Long-term loans	-	11,930,084
<b>Unreserved:</b>		
<b>Designated:</b>		
Debt service	22,377,180	-
Continuing projects	-	74,626,994
Undesignated	(2,844,951)	(33,394,012)
<b>Total Fund Balances</b>	<b>19,532,229</b>	<b>94,235,087</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 32,520,503</b>	<b>\$ 137,945,368</b>

Lancaster Redevelopment Agency

COMBINING PROJECT AREA STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Residential Project Area				
	Capital	Debt	Debt	Capital	Capital
	Projects	Service	Service	Projects	Projects
General	Tax	Tax		Low and	
Agency	Increment	Revenue		Moderate	
Fund		Bonds	Project	Housing	
<b>Revenues:</b>					
Taxes and Assessments:					
Tax increment	\$ -	\$ 3,643,289	\$ -	\$ -	\$ 910,822
Use of Money and Property:					
Interest income	116,950	-	61,681	41,953	156,921
Rental income	-	-	-	-	-
Sale of real estate	-	-	-	-	-
Intergovernmental:					
Other intergovernmental	-	-	312,357	-	-
Other revenue:					
Other	88,519	-	-	-	-
<b>Total Revenues</b>	<b>205,469</b>	<b>3,643,289</b>	<b>374,038</b>	<b>41,953</b>	<b>1,067,743</b>
<b>Expenditures:</b>					
Current:					
General Government:					
Administrative costs	-	48,041	-	204,363	185,720
Professional services	-	-	-	-	1,556
Community Development:					
Real estate acquisitions:					
Acquisition cost	-	-	-	-	-
Operation of acquired property	-	-	-	-	-
Relocation costs	-	-	-	-	-
Relocation payments	-	-	-	-	-
Site clearance costs	-	-	-	-	-
Rehabilitation costs	-	-	-	-	-
Subsidy to low and moderate housing	-	-	-	-	-
Capital Outlay:					
Project improvement costs	-	-	-	-	-
Debt Service:					
Interest expense	-	-	1,039,155	152,650	-
Long-term debt repayments	-	-	480,774	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>48,041</b>	<b>1,519,929</b>	<b>357,013</b>	<b>187,276</b>
<b>Excess of Revenues over (under) Expenditures</b>	<b>\$ 205,469</b>	<b>\$ 3,595,248</b>	<b>\$ (1,145,891)</b>	<b>\$ (315,060)</b>	<b>\$ 880,467</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	\$ 34,960,447	\$ -	\$ 1,121,940	\$ -	\$ -
Transfers out	(34,960,447)	(448,608)	-	-	(673,332)
Long-term debt issued	-	-	-	152,650	-
Pass through agreement payments	-	(2,835,854)	-	-	-
Gain (Loss) on sale of land held	-	-	-	-	-
Payment to Educational Revenue	-	-	-	-	-
Augmentation Fund	-	-	-	(204,830)	-
Miscellaneous	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(3,284,462)</b>	<b>1,121,940</b>	<b>(52,180)</b>	<b>(673,332)</b>
<b>Excess of Revenues and Other Sources over (under) Expenditures and Other Uses</b>	<b>\$ 205,469</b>	<b>\$ 310,786</b>	<b>\$ (23,951)</b>	<b>\$ (367,240)</b>	<b>\$ 207,135</b>
<b>Fund Balances</b>					
Beginning of Year, as previously reported	\$ (269,231)	\$ (385,138)	\$ 1,638,427	\$ 691,568	\$ 6,747,233
Restatements	(90,052)	-	-	-	-
Beginning of Year, as restated	(359,283)	(385,138)	1,638,427	691,568	6,747,233
<b>Excess of Revenues and Other Sources over (under) Expenditures and Other Uses</b>	<b>205,469</b>	<b>310,786</b>	<b>(23,951)</b>	<b>(367,240)</b>	<b>207,135</b>
<b>End of Year</b>	<b>\$ (153,814)</b>	<b>\$ (74,352)</b>	<b>\$ 1,614,476</b>	<b>\$ 324,328</b>	<b>\$ 6,954,368</b>

Lancaster Redevelopment Agency

COMBINING PROJECT AREA STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<b>Central Business District Project Area</b>			
	<u>Debt</u>	<u>Debt</u>	<u>Capital</u>	<u>Capital</u>
	<u>Service</u>	<u>Service</u>	<u>Projects</u>	<u>Projects</u>
	<u>Tax</u>	<u>Tax</u>		<u>Low and</u>
<u>Increment</u>	<u>Revenue</u>	<u>Project</u>	<u>Moderate</u>	
			<u>Housing</u>	
<b>Revenues:</b>				
Taxes and Assessments:				
Tax increment	\$ 720,179	\$ -	\$ -	\$ 180,045
Use of Money and Property:				
Interest income	-	13,097	9,259	11,041
Rental income	-	-	14,716	-
Sale of real estate	-	-	-	-
Intergovernmental:				
Other intergovernmental	-	74,912	-	-
Other revenue:				
Other	-	-	-	-
<b>Total Revenues</b>	<b>720,179</b>	<b>88,009</b>	<b>23,975</b>	<b>191,086</b>
<b>Expenditures:</b>				
Current:				
General Government:				
Administrative costs	11,322	-	204,664	176,496
Professional services	-	-	121,781	846
Community Development:				
Real estate acquisitions	-	-	-	-
Acquisition cost	-	-	-	192,425
Operation of acquired property	-	-	4,449	-
Relocation costs	-	-	-	359,674
Relocation payments	-	-	-	-
Site clearance costs	-	-	4,169	129,611
Rehabilitation costs	-	-	-	74,923
Subsidy to low and moderate housing	-	-	-	-
Capital Outlay:				
Project improvement costs	-	-	806,721	25,250
Debt Service:				
Interest expense	-	214,435	707,643	-
Long-term debt repayments	-	115,636	-	-
<b>Total Expenditures</b>	<b>11,322</b>	<b>330,071</b>	<b>1,849,427</b>	<b>959,225</b>
<b>Excess of Revenues over (under) Expenditures</b>	<b>\$ 708,857</b>	<b>\$ (242,062)</b>	<b>\$ (1,825,452)</b>	<b>\$ (768,139)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ -	\$ 245,161	\$ -	\$ -
Transfers out	(121,080)	-	-	(124,081)
Long-term debt issued	-	-	1,225,827	-
Pass through agreement payments	(840,340)	-	-	-
Gain (Loss) on sale of land held	-	-	(719,958)	-
Payment to Educational Revenue Augmentation Fund	-	-	(38,009)	-
Miscellaneous	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(961,420)</b>	<b>245,161</b>	<b>467,860</b>	<b>(124,081)</b>
<b>Excess of Revenues and Other Sources over (under) Expenditures and Other Uses</b>	<b>\$ (252,563)</b>	<b>\$ 3,099</b>	<b>\$ (1,357,592)</b>	<b>\$ (892,220)</b>
<b>Fund Balances</b>				
Beginning of Year, as previously reported	\$ (89,733)	\$ 401,483	\$ 2,525,829	\$ (3,133,472)
Restatements	-	-	-	-
Beginning of Year, as restated	(89,733)	401,483	2,525,829	(3,133,472)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(252,563)	3,099	(1,357,592)	(892,220)
<b>End of Year</b>	<b>\$ (342,296)</b>	<b>\$ 404,582</b>	<b>\$ 1,168,237</b>	<b>\$ (4,025,692)</b>

Lancaster Redevelopment Agency

COMBINING PROJECT AREA STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Fox Field Project Area			
	Debt	Debt	Capital	Capital
	Service	Service	Projects	Projects
	Tax Increment	Tax Revenue Bonds	Project	Low and Moderate Housing
<b>Revenues:</b>				
Taxes and Assessments:				
Tax increment	\$ 914,536	\$ -	\$ -	\$ 228,634
Use of Money and Property:				
Interest income	-	15,687	-	25,497
Rental income	-	-	201,646	-
Sale of real estate	-	-	-	-
Intergovernmental:				
Other intergovernmental	-	56,524	-	-
Other revenue:				
Other	-	-	75,425	-
<b>Total Revenues</b>	<b>914,536</b>	<b>72,211</b>	<b>277,071</b>	<b>254,131</b>
<b>Expenditures:</b>				
Current:				
General Government:				
Administrative costs	13,411	-	204,787	176,991
Professional services	-	-	90,310	619
Community Development:				
Real estate acquisitions	-	-	-	-
Acquisition cost	-	-	-	-
Operation of acquired property	-	-	38,170	-
Relocation costs	-	-	-	-
Relocation payments	-	-	-	-
Site clearance costs	-	-	-	-
Rehabilitation costs	-	-	-	-
Subsidy to low and moderate housing	-	-	-	-
Capital Outlay:				
Project improvement costs	-	-	228,395	-
Debt Service:				
Interest expense	-	279,782	633,952	-
Long-term debt repayments	-	143,317	-	-
<b>Total Expenditures</b>	<b>13,411</b>	<b>423,099</b>	<b>1,195,614</b>	<b>177,610</b>
<b>Excess of Revenues over (under) Expenditures</b>	<b>\$ 901,125</b>	<b>\$ (350,888)</b>	<b>\$ (918,543)</b>	<b>\$ 76,521</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ -	\$ 353,890	\$ -	\$ -
Transfers out	(189,771)	-	-	(164,119)
Long-term debt issued	-	-	633,952	-
Pass through agreement payments	(872,304)	-	-	-
Gain (Loss) on sale of land held	-	-	-	-
Payment to Educational Revenue Augmentation Fund	-	-	(54,616)	-
Miscellaneous	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(1,062,075)</b>	<b>353,890</b>	<b>579,336</b>	<b>(164,119)</b>
<b>Excess of Revenues and Other Sources over (under) Expenditures and Other Uses</b>	<b>\$ (160,950)</b>	<b>\$ 3,002</b>	<b>\$ (339,207)</b>	<b>\$ (87,598)</b>
<b>Fund Balances</b>				
Beginning of Year, as previously reported	\$ (170,471)	\$ 442,262	\$ 1,577,110	\$ 965,384
Restatements	-	-	705,527	-
Beginning of Year, as restated	(170,471)	442,262	2,282,637	965,384
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(160,950)	3,002	(339,207)	(87,598)
<b>End of Year</b>	<b>\$ (331,421)</b>	<b>\$ 445,264</b>	<b>\$ 1,943,430</b>	<b>\$ 877,786</b>



Lancaster Redevelopment Agency

COMBINING PROJECT AREA STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<b>Amargosa Project Area</b>			
	Debt Service	Debt Service	Capital Projects	Capital Projects
	Tax Increment	Tax Revenue Bonds	Project	Low and Moderate Housing
<b>Revenues:</b>				
Taxes and Assessments:				
Tax increment	\$ 10,164,602	\$ -	\$ -	\$ 2,541,151
Use of Money and Property:				
Interest income	-	143,620	130,889	452,412
Rental income	-	-	518,436	-
Sale of real estate	-	-	257,052	2,564
Intergovernmental:				
Other intergovernmental	-	520,082	-	-
Other revenue:				
Other	-	-	-	-
<b>Total Revenues</b>	<b>10,164,602</b>	<b>663,702</b>	<b>906,377</b>	<b>2,996,127</b>
<b>Expenditures:</b>				
Current:				
General Government:				
Administrative costs	132,449	-	210,657	213,554
Professional services	-	-	126,857	-
Community Development:				
Real estate acquisitions	-	-	79,002	-
Acquisition cost	-	-	899,854	-
Operation of acquired property	-	-	111,633	-
Relocation costs	-	-	-	-
Relocation payments	-	-	-	-
Site clearance costs	-	-	169,760	-
Rehabilitation costs	-	-	-	-
Subsidy to low and moderate housing	-	-	-	-
Capital Outlay:				
Project improvement costs	-	-	239,745	-
Debt Service:				
Interest expense	-	2,425,759	1,615,854	-
Long-term debt repayments	-	1,195,647	509,280	-
<b>Total Expenditures</b>	<b>132,449</b>	<b>3,621,406</b>	<b>3,962,642</b>	<b>213,554</b>
<b>Excess of Revenues over (under) Expenditures</b>	<b>\$ 10,032,153</b>	<b>\$ (2,957,704)</b>	<b>\$ (3,056,265)</b>	<b>\$ 2,782,573</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ -	\$ 2,910,213	\$ -	\$ -
Transfers out	(1,103,321)	-	(402,608)	(1,404,284)
Long-term debt issued	-	-	1,615,854	-
Pass through agreement payments	(8,010,943)	-	-	-
Gain (Loss) on sale of land held	-	-	-	-
Payment to Educational Revenue Augmentation Fund	-	-	(516,347)	-
Miscellaneous	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(9,114,264)</b>	<b>2,910,213</b>	<b>696,899</b>	<b>(1,404,284)</b>
<b>Excess of Revenues and Other Sources over (under) Expenditures and Other Uses</b>	<b>\$ 917,889</b>	<b>\$ (47,491)</b>	<b>\$ (2,359,366)</b>	<b>\$ 1,378,289</b>
<b>Fund Balances</b>				
Beginning of Year, as previously reported	\$ 2,025,419	\$ 3,722,401	\$ 3,689,492	\$ 27,321,563
Restatements	-	-	(705,527)	-
Beginning of Year, as restated	2,025,419	3,722,401	2,983,965	27,321,563
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	917,889	(47,491)	(2,359,366)	1,378,289
<b>End of Year</b>	<b>\$ 2,943,308</b>	<b>\$ 3,674,910</b>	<b>\$ 624,599</b>	<b>\$ 28,699,852</b>

Lancaster Redevelopment Agency

COMBINING PROJECT AREA STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<b>Project Area No. 5</b>			
	<u>Debt</u>	<u>Debt</u>	<u>Capital</u>	<u>Capital</u>
	<u>Service</u>	<u>Service</u>	<u>Projects</u>	<u>Projects</u>
	<u>Tax</u>	<u>Tax</u>	<u>Project</u>	<u>Low and</u>
<u>Increment</u>	<u>Revenue</u>	<u>Bonds</u>	<u>Moderate</u>	
<u>Other</u>	<u>Revenue</u>	<u>Bonds</u>	<u>Housing</u>	
<b>Revenues:</b>				
Taxes and Assessments:				
Tax increment	\$ 12,221,957	\$ -	\$ -	\$ 3,055,489
Use of Money and Property:				
Interest income	-	189,460	336,395	289,360
Rental income	-	-	69,809	-
Sale of real estate	-	-	-	-
Intergovernmental:				
Other intergovernmental	440,782	783,685	-	-
Other revenue:				
Other	-	-	-	-
<b>Total Revenues</b>	<b>12,662,739</b>	<b>973,145</b>	<b>406,204</b>	<b>3,344,849</b>
<b>Expenditures:</b>				
Current:				
General Government:				
Administrative costs	153,993	-	206,883	216,148
Professional services	-	-	1,474	260,091
Community Development:				
Real estate acquisitions	-	-	-	-
Acquisition cost	-	-	-	-
Operation of acquired property	-	-	-	-
Relocation costs	-	-	-	724,087
Relocation payments	-	-	106,101	-
Site clearance costs	-	-	42,430	465,678
Rehabilitation costs	-	-	-	-
Subsidy to low and moderate housing	-	-	-	-
Capital Outlay:				
Project improvement costs	-	-	345,929	-
Debt Service:				
Interest expense	-	2,941,247	227,643	-
Long-term debt repayments	-	1,433,200	-	-
<b>Total Expenditures</b>	<b>153,993</b>	<b>4,374,447</b>	<b>930,460</b>	<b>1,666,004</b>
<b>Excess of Revenues over (under) Expenditures</b>	<b>\$ 12,508,746</b>	<b>\$ (3,401,302)</b>	<b>\$ (524,256)</b>	<b>\$ 1,678,845</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ -	\$ 3,325,648	\$ -	\$ -
Transfers out	(1,526,028)	-	-	(1,799,620)
Long-term debt issued	-	-	227,643	-
Pass through agreement payments	(10,526,779)	-	-	-
Gain (Loss) on sale of land held	-	-	(5,057,616)	-
Payment to Educational Revenue Augmentation Fund	-	-	(566,231)	-
Miscellaneous	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(12,052,807)</b>	<b>3,325,648</b>	<b>(5,396,204)</b>	<b>(1,799,620)</b>
<b>Excess of Revenues and Other Sources over (under) Expenditures and Other Uses</b>	<b>\$ 455,939</b>	<b>\$ (75,654)</b>	<b>\$ (5,920,460)</b>	<b>\$ (120,775)</b>
<b>Fund Balances</b>				
Beginning of Year, as previously reported	\$ (2,552,821)	\$ 5,435,794	\$ 8,701,885	\$ 14,362,199
Restatements	-	-	-	-
Beginning of Year, as restated	(2,552,821)	5,435,794	8,701,885	14,362,199
<b>Excess of Revenues and Other Sources over (under) Expenditures and Other Uses</b>	<b>455,939</b>	<b>(75,654)</b>	<b>(5,920,460)</b>	<b>(120,775)</b>
<b>End of Year</b>	<b>\$ (2,096,882)</b>	<b>\$ 5,360,140</b>	<b>\$ 2,781,425</b>	<b>\$ 14,241,424</b>

Lancaster Redevelopment Agency

COMBINING PROJECT AREA STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Project Area No. 6			
	Debt	Debt	Capital	Capital
	Service	Service	Projects	Projects
	Tax Increment	Tax Revenue Bonds	Project	Low and Moderate Housing
<b>Revenues:</b>				
Taxes and Assessments:				
Tax increment	\$ 17,682,454	\$ -	\$ -	\$ 4,420,613
Use of Money and Property:				
Interest income	-	199,194	361,449	388,062
Rental income	-	-	-	775,193
Sale of real estate	-	-	4,350,057	371,807
Intergovernmental:				
Other intergovernmental	261,539	849,512	-	-
Other revenue:				
Other	-	-	-	-
<b>Total Revenues</b>	<b>17,943,993</b>	<b>1,048,706</b>	<b>4,711,506</b>	<b>5,955,675</b>
<b>Expenditures:</b>				
Current:				
General Government:				
Administrative costs	201,355	-	205,564	223,029
Professional services	-	-	-	12,406
Community Development:				
Real estate acquisitions	-	-	15,333	-
Acquisition cost	-	-	-	-
Operation of acquired property	-	-	-	595,823
Relocation costs	-	-	-	-
Relocation payments	-	-	-	-
Site clearance costs	-	-	-	-
Rehabilitation costs	-	-	-	351,601
Subsidy to low and moderate housing	-	-	-	115,410
Capital Outlay:				
Project improvement costs	-	-	1,517,319	-
Debt Service:				
Interest expense	-	3,582,164	59,387	-
Long-term debt repayments	-	1,469,180	-	-
<b>Total Expenditures</b>	<b>201,355</b>	<b>5,051,344</b>	<b>1,797,603</b>	<b>1,298,269</b>
<b>Excess of Revenues over (under) Expenditures</b>	<b>\$ 17,742,638</b>	<b>\$ (4,002,638)</b>	<b>\$ 2,913,903</b>	<b>\$ 4,657,406</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ -	\$ 3,889,410	\$ -	\$ -
Transfers out	(1,506,999)	-	-	(2,382,411)
Long-term debt issued	-	-	59,387	-
Pass through agreement payments	(15,501,123)	-	-	-
Gain (Loss) on sale of land held	-	-	-	-
Payment to Educational Revenue Augmentation Fund	-	-	(719,846)	-
Miscellaneous	-	-	-	14,737
<b>Total Other Financing Sources (Uses)</b>	<b>(17,008,122)</b>	<b>3,889,410</b>	<b>(660,459)</b>	<b>(2,367,674)</b>
<b>Excess of Revenues and Other Sources over (under) Expenditures and Other Uses</b>	<b>\$ 734,516</b>	<b>\$ (113,228)</b>	<b>\$ 2,253,444</b>	<b>\$ 2,289,732</b>
<b>Fund Balances</b>				
Beginning of Year, as previously reported	\$ 1,255,551	\$ 5,836,221	\$ 15,214,177	\$ 21,524,890
Restatements	-	-	-	-
Beginning of Year, as restated	1,255,551	5,836,221	15,214,177	21,524,890
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	734,516	(113,228)	2,253,444	2,289,732
<b>End of Year</b>	<b>\$ 1,990,067</b>	<b>\$ 5,722,993</b>	<b>\$ 17,467,621</b>	<b>\$ 23,814,622</b>

Lancaster Redevelopment Agency

COMBINING PROJECT AREA STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Project Area No. 7			
	Debt Service	Debt Service	Capital Projects	Capital Projects
	Tax Increment	Tax Revenue Bonds	Project	Low and Moderate Housing
<b>Revenues:</b>				
Taxes and Assessments:				
Tax increment	\$ 1,682,668	\$ -	\$ -	\$ 420,667
Use of Money and Property:				
Interest income	-	5,760	6,155	69,066
Rental income	-	-	-	38,675
Sale of real estate	-	-	-	-
Intergovernmental:				
Other intergovernmental	-	32,261	-	-
Other revenue:				
Other	-	-	-	-
<b>Total Revenues</b>	<b>1,682,668</b>	<b>38,021</b>	<b>6,155</b>	<b>528,408</b>
<b>Expenditures:</b>				
Current:				
General Government:				
Administrative costs	19,253	-	-	5,140
Professional services	-	-	4,692	56,011
Community Development:				
Real estate acquisitions	-	-	-	-
Acquisition cost	-	-	103,439	-
Operation of acquired property	-	-	1,620	-
Relocation costs	-	-	-	-
Relocation payments	-	-	-	-
Site clearance costs	-	-	281,012	-
Rehabilitation costs	-	-	-	-
Subsidy to low and moderate housing	-	-	-	-
Capital Outlay:				
Project improvement costs	-	-	268,564	-
Debt Service:				
Interest expense	-	121,524	25,488	-
Long-term debt repayments	-	72,246	-	-
<b>Total Expenditures</b>	<b>19,253</b>	<b>193,770</b>	<b>684,815</b>	<b>61,151</b>
<b>Excess of Revenues over (under) Expenditures</b>	<b>\$ 1,663,415</b>	<b>\$ (155,749)</b>	<b>\$ (678,660)</b>	<b>\$ 467,257</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ -	\$ 154,804	\$ -	\$ -
Transfers out	(9,775)	-	-	(145,029)
Long-term debt issued	-	-	25,488	-
Pass through agreement payments	(1,533,737)	-	-	-
Gain (Loss) on sale of land held	-	-	-	(355,340)
Payment to Educational Revenue Augmentation Fund	-	-	(36,169)	-
Miscellaneous	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(1,543,512)</b>	<b>154,804</b>	<b>(10,681)</b>	<b>(500,369)</b>
<b>Excess of Revenues and Other Sources over (under) Expenditures and Other Uses</b>	<b>\$ 119,903</b>	<b>\$ (945)</b>	<b>\$ (689,341)</b>	<b>\$ (33,112)</b>
<b>Fund Balances</b>				
Beginning of Year, as previously reported	\$ (70,405)	\$ 172,887	\$ (3,890,423)	\$ 7,970,302
Restatements	-	-	(1,818,189)	(2,022,336)
Beginning of Year, as restated	(70,405)	172,887	(5,708,612)	5,947,966
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	119,903	(945)	(689,341)	(33,112)
<b>End of Year</b>	<b>\$ 49,498</b>	<b>\$ 171,942</b>	<b>\$ (6,397,953)</b>	<b>\$ 5,914,854</b>

Lancaster Redevelopment Agency

COMBINING PROJECT AREA STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	TOTALS	
	Debt Service Funds	Capital Projects Funds
<b>Revenues:</b>		
Taxes and Assessments:		
Tax increment	\$ 47,029,685	\$ 11,757,421
Use of Money and Property:		
Interest income	628,499	2,395,409
Rental income	-	1,618,475
Sale of real estate	-	4,981,480
Intergovernmental:		
Other intergovernmental	3,331,654	-
Other revenue:		
Other	-	163,944
<b>Total Revenues</b>	<b>50,989,838</b>	<b>20,916,729</b>
<b>Expenditures:</b>		
Current:		
General Government:		
Administrative costs	579,824	2,433,996
Professional services	-	676,643
Community Development:		
Real estate acquisitions	-	94,335
Acquisition cost	-	1,195,718
Operation of acquired property	-	751,695
Relocation costs	-	1,083,761
Relocation payments	-	106,101
Site clearance costs	-	1,082,660
Rehabilitation costs	-	426,524
Subsidy to low and moderate housing	-	115,410
Capital Outlay:		
Project improvement costs	-	3,431,923
Debt Service:		
Interest expense	10,604,066	3,422,617
Long-term debt repayments	4,910,000	509,280
<b>Total Expenditures</b>	<b>16,093,890</b>	<b>15,340,663</b>
<b>Excess of Revenues over (under) Expenditures</b>	<b>\$ 34,895,948</b>	<b>\$ 5,576,066</b>
<b>Other Financing Sources (Uses)</b>		
Transfers in	\$ 12,001,066	\$ 34,960,447
Transfers out	(4,905,582)	(42,055,931)
Long-term debt issued	-	3,940,801
Pass through agreement payments	(40,121,080)	-
Gain (Loss) on sale of land held	-	(6,132,914)
Payment to Educational Revenue	-	-
Augmentation Fund	-	(2,136,048)
Miscellaneous	-	14,737
<b>Total Other Financing Sources (Uses)</b>	<b>(33,025,596)</b>	<b>(11,408,908)</b>
<b>Excess of Revenues and Other Sources over (under) Expenditures and Other Uses</b>	<b>\$ 1,870,352</b>	<b>\$ (5,832,842)</b>
<b>Fund Balances</b>		
Beginning of Year, as previously reported	\$ 17,661,877	\$ 103,998,506
Restatements	-	(3,930,577)
Beginning of Year, as restated	17,661,877	100,067,929
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	1,870,352	(5,832,842)
<b>End of Year</b>	<b>\$ 19,532,229</b>	<b>\$ 94,235,087</b>

Lancaster Redevelopment Agency

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

	<u>Low and Moderate Housing Funds - All Project Areas July 1, 2005</u>	<u>Low and Moderate Housing Funds - All Project Areas July 1, 2006</u>
Opening Fund Balance	\$ 75,758,099	\$ 76,477,214
Less Unavailable Amounts:		
Land held for resale	\$ (14,399,031)	\$ (31,212,488)
ERAF loans	(1,223,820)	(3,865,909)
Unspent debt proceeds (Section 33334.12 (g)(3)(B))	(35,313,242)	(3,933,969)
Rehabilitation loans	(3,708,017)	(7,864,345)
	<u>(54,644,110)</u>	<u>(46,876,711)</u>
Available Low and Moderate Income Housing Funds	21,113,989	29,600,503
Limitation (greater of \$1,000,000 or four years set-aside)		
Set-Aside for last four years:		
2005 - 2006	\$ -	\$ 11,757,421
2004 - 2005	9,185,146	9,185,146
2003 - 2004	7,474,821	7,474,821
2002 - 2003	6,416,829	6,416,829
2001 - 2002	5,595,490	-
<b>Total</b>	<u><b>\$ 28,672,286</b></u>	<u><b>\$ 34,834,217</b></u>
<b>Base Limitation</b>	<u><b>\$ 1,000,000</b></u>	<u><b>\$ 1,000,000</b></u>
Greater amount	<u>28,672,286</u>	<u>34,834,217</u>
<b>Computed Excess/Surplus</b>	<u><b>None</b></u>	<u><b>None</b></u>