

LANCASTER REDEVELOPMENT AGENCY
LANCASTER, CALIFORNIA

FINANCIAL STATEMENTS

JUNE 30, 2007



LANCASTER REDEVELOPMENT AGENCY

JUNE 30, 2007

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities and each major fund of the Lancaster Redevelopment Agency, a component unit of City of Lancaster, California, as of and for the year ended June 30, 2007, 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 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, 2007, 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.

In accordance with *Government Auditing Standards* issued by the Comptroller General of the United States, we have also issued our reports dated December 28, 2007, 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.





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

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.

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, Soil & Lunghard, LLP

December 28, 2007



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REPORT 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
City of Lancaster, California

We have audited the financial statements of the governmental activities and each major fund of the Lancaster Redevelopment Agency as of and for the year ended June 30, 2007, which collectively comprise the Lancaster Redevelopment Agency's basic financial statements and have issued our report thereon dated December 28, 2007. 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's financial statements 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.

This report is intended for the information of the Governing Board, management and the State Controller and is not intended to be and should not be used by anyone other than these specified parties.

Lance, Soll & Lunghard, LLP

December 28, 2007



Lancaster Redevelopment Agency

**STATEMENT OF NET ASSETS
JUNE 30, 2007**

	<u>Governmental Activities</u>
Assets:	
Cash and investments	\$ 29,148,152
Receivables:	
Tax increment	\$ 3,904,042
Accounts	844,894
Interest receivable	521,611
Loans	<u>7,122,188</u>
Total Receivables	12,392,735
Due from other governments	1,206,359
Deposits with others	389,196
Land held for resale (net)	44,516,562
Deferred charges	7,664,296
Restricted assets:	
Cash and investments	3,305,981
Cash and investments with trustees	<u>72,485,704</u>
Total Assets	<u>171,108,985</u>
Liabilities:	
Accounts payable and accrued expenses	4,712,362
Due to other governments	11,239,961
Deposits from others	720,203
Long-term liabilities:	
Due within one year	\$ 5,280,000
Due in more than one year	<u>349,560,660</u>
Total Long-Term Liabilities	354,840,660
Total Liabilities	<u>371,513,186</u>
Net Assets:	
Restricted for:	
Community development	70,298,021
Debt service	23,233,762
Unrestricted	<u>(293,935,984)</u>
Total Net Assets	<u>\$ (200,404,201)</u>

Lancaster Redevelopment Agency

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Assets Governmental Activities
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	
Governmental Activities:					
General government	\$ 4,122,469	\$ -	\$ -	\$ -	\$ (4,122,469)
Community development	17,940,558	-	-	-	(17,940,558)
Interest on long-term debt	15,654,785	-	-	-	(15,654,785)
Total Governmental Activities	\$ 37,717,812	\$ -	\$ -	\$ -	(37,717,812)
General Revenues:					
Taxes (net of pass-through payments)					22,014,755
Intergovernmental					3,949,432
Use of money and property					14,506,657
Other					485,887
Total General Revenues					40,956,731
Change in Net Assets					3,238,919
Net Assets at Beginning of Year					(203,885,969)
Restatement of Net Assets					242,849
Net Assets at End of Year					\$ (200,404,201)

Lancaster Redevelopment Agency

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007**

	Capital Projects	Capital Projects	Capital Projects	Capital Projects	Debt Service
	Combined Low and Moderate Housing	Amargosa Project Area	Project Area No. 6	Project Area No. 7	Amargosa Project Area
	Low and Moderate Housing	Project	Project	Project	Tax Increment
Assets:					
Cash and investments	\$ 17,811,850	\$ -	\$ 876,524	\$ -	\$ 3,742,781
Cash and investments with trustee	12,203,544	6,915,743	23,737,592	-	-
Receivables:					
Tax increment	745,766	-	-	-	531,425
Accounts	5,788	21,096	-	-	-
Interest receivable	-	-	-	-	-
Loans	3,063,052	4,059,136	-	-	-
Due from Capital Projects funds	-	-	13,994,158	-	-
Due from Debt Service funds	-	-	-	-	307,951
Due from other governments	248,000	-	-	-	-
Due from City	-	-	946,009	-	-
Restricted cash	32,475	-	-	-	129,607
Advances to Tax Increment Fund	8,524,399	-	-	-	-
Deposits with others	389,196	-	-	-	-
Land held for resale	31,212,488	7,743,210	989,220	-	-
Allowance for decline in value	-	-	-	-	-
Total Assets	\$ 74,236,558	\$ 18,739,185	\$ 40,543,503	\$ -	\$ 4,711,764
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ -	\$ 25,511	\$ -	\$ -	\$ -
Deposits from others	-	-	-	-	-
Due to Capital Projects funds	-	5,134,470	-	5,029,512	-
Due to Debt Service funds	-	-	-	-	-
Due to other governments	4,568	-	-	-	1,241,537
Advances from Low and Moderate Housing Funds	-	1,195,069	3,366,122	1,874,476	-
Total Liabilities	4,568	6,355,050	3,366,122	6,903,988	1,241,537
Fund Balances:					
Reserved:					
Land held for resale	31,212,488	7,313,165	989,220	-	-
Long-term loans	11,587,451	4,059,136	-	-	-
Unreserved:					
Designated:					
Debt service	-	-	-	-	3,470,227
Continuing projects	31,432,051	1,011,834	36,188,161	-	-
Undesignated	-	-	-	(6,903,988)	-
Total Fund Balances	74,231,990	12,384,135	37,177,381	(6,903,988)	3,470,227
Total Liabilities and Fund Balances	\$ 74,236,558	\$ 18,739,185	\$ 40,543,503	\$ -	\$ 4,711,764

Lancaster Redevelopment Agency

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007**

	<u>Debt Service</u>	<u>Debt Service</u>		
	<u>Project Area No. 5</u>	<u>Project Area No. 6</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>Tax Increment</u>	<u>Tax Increment</u>		
Assets:				
Cash and investments	\$ -	\$ 5,434,990	\$ 1,282,007	\$ 29,148,152
Cash and investments with trustee	-	-	29,628,825	72,485,704
Receivables:				
Tax increment	789,996	1,477,098	359,757	3,904,042
Accounts	-	-	818,010	844,894
Interest receivable	-	-	521,611	521,611
Loans	-	-	-	7,122,188
Due from Capital Projects funds	-	-	-	13,994,158
Due from Debt Service funds	-	447,185	79,669	834,805
Due from other governments	-	-	12,350	260,350
Due from City	-	-	-	946,009
Restricted cash	863,349	1,426,176	854,374	3,305,981
Advances to Tax Increment Fund	-	-	-	8,524,399
Deposits with others	-	-	-	389,196
Land held for resale	-	-	9,629,260	49,574,178
Allowance for decline in value	-	-	(5,057,616)	(5,057,616)
Total Assets	<u>\$ 1,653,345</u>	<u>\$ 8,785,449</u>	<u>\$ 38,128,247</u>	<u>\$ 186,798,051</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 342,653	\$ 368,164
Deposits from others	-	-	720,203	720,203
Due to Capital Projects funds	-	-	3,830,176	13,994,158
Due to Debt Service funds	450,575	-	384,230	834,805
Due to other governments	2,410,827	5,421,549	2,161,480	11,239,961
Advances from Low and Moderate Housing Funds	-	-	2,088,732	8,524,399
Total Liabilities	<u>2,861,402</u>	<u>5,421,549</u>	<u>9,527,474</u>	<u>35,681,690</u>
Fund Balances:				
Reserved:				
Land held for resale	-	-	4,492,959	44,007,832
Long-term loans	-	-	-	15,646,587
Unreserved:				
Designated:				
Debt service	-	3,363,900	18,256,072	25,090,199
Continuing projects	-	-	7,576,568	76,208,614
Undesignated	(1,208,057)	-	(1,724,826)	(9,836,871)
Total Fund Balances	<u>(1,208,057)</u>	<u>3,363,900</u>	<u>28,600,773</u>	<u>151,116,361</u>
Total Liabilities and Fund Balances	<u>\$ 1,653,345</u>	<u>\$ 8,785,449</u>	<u>\$ 38,128,247</u>	<u>\$ 186,798,051</u>

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Lancaster Redevelopment Agency

**GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2007**

Fund balances of governmental funds **\$ 151,116,361**

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	8,677,436
Amortization over life of new bonds through end of fiscal year	(1,013,140)

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	(249,190,000)
Loans from City	(102,798,556)
Unamortized original issue discount or premium	(7,475,105)
Unamortized loss on bonds defeased	4,623,001

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

(4,344,198)

Net assets of governmental activities **\$ (200,404,201)**

Lancaster Redevelopment Agency

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Capital Projects	Capital Projects	Capital Projects	Capital Projects	Debt Service
	Combined Low and Moderat Housing Low and Moderate Housing	Amargosa Project Area Project	Project Area No. 6 Project	Project Area No. 7 Project	Amargosa Project Area Tax Increment
Revenues:					
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ 14,025,886
Use of money and property	2,427,339	9,249,517	1,262,918	30,247	-
Intergovernmental	248,000	-	-	-	-
Other revenue	309,842	-	-	-	-
Total Revenues	2,985,181	9,249,517	1,262,918	30,247	14,025,886
Expenditures:					
Current:					
General government	908,362	528,384	234,532	-	134,814
Community development	9,009,698	531,966	-	-	-
Capital outlay	857,816	1,143,808	2,589,439	536,281	-
Debt service	-	2,297,934	749,458	33,694	-
Total Expenditures	10,775,876	4,502,092	3,573,429	569,975	134,814
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,790,695)	4,747,425	(2,310,511)	(539,728)	13,891,072
Other Financing Sources (Uses):					
Transfers in	13,936,255	-	-	-	-
Transfers out	(8,388,761)	(189,447)	(1,103,457)	-	(4,407,533)
Long-term debt issued	-	7,001,703	22,288,515	33,694	-
Pass-through agreement payments	-	-	-	-	(8,956,620)
Payments for refunded bonds - current issue	-	-	-	-	-
Miscellaneous	-	199,854	835,213	-	-
Total Other Financing Sources (Uses):	5,547,494	7,012,110	22,020,271	33,694	(13,364,153)
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(2,243,201)	11,759,535	19,709,760	(506,034)	526,919
Fund Balances:					
Beginning of Year	76,475,191	624,600	17,467,621	(6,397,954)	2,943,308
End of Year	\$ 74,231,990	\$ 12,384,135	\$ 37,177,381	\$ (6,903,988)	\$ 3,470,227

Lancaster Redevelopment Agency

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Debt Service</u>	<u>Debt Service</u>		
	<u>Project Area No. 5</u>	<u>Project Area No. 6</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>Tax Increment</u>	<u>Tax Increment</u>		
Revenues:				
Taxes and assessments	\$ 17,658,534	\$ 28,088,661	\$ 9,908,192	\$ 69,681,273
Use of money and property	11,330	-	1,525,306	14,506,657
Intergovernmental	909,554	330,750	2,461,128	3,949,432
Other revenue	-	-	176,045	485,887
Total Revenues	18,579,418	28,419,411	14,070,671	88,623,249
Expenditures:				
Current:				
General government	212,476	361,949	1,112,373	3,492,890
Community development	-	-	408,835	9,950,499
Capital outlay	-	-	3,492,294	8,619,638
Debt service	-	-	18,533,415	21,614,501
Total Expenditures	212,476	361,949	23,546,917	43,677,528
Excess (Deficiency) of Revenues Over (Under) Expenditures	18,366,942	28,057,462	(9,476,246)	44,945,721
Other Financing Sources (Uses):				
Transfers in	-	-	18,575,828	32,512,083
Transfers out	(4,897,300)	(7,136,170)	(6,389,415)	(32,512,083)
Long-term debt issued	-	-	14,605,755	43,929,667
Pass-through agreement payments	(12,580,817)	(19,547,459)	(6,581,622)	(47,666,518)
Payments for refunded bonds - current issue	-	-	(5,180,403)	(5,180,403)
Miscellaneous	-	-	285,511	1,320,578
Total Other Financing Sources (Uses):	(17,478,117)	(26,683,629)	15,315,654	(7,596,676)
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	888,825	1,373,833	5,839,408	37,349,045
Fund Balances:				
Beginning of Year	(2,096,882)	1,990,067	22,761,365	113,767,316
End of Year	\$ (1,208,057)	\$ 3,363,900	\$ 28,600,773	\$ 151,116,361

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, 2007**

Net change in fund balances - total governmental funds **\$ 37,349,045**

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. 4,923,622

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	1,158,934
Amortization for current fiscal year	(302,982)

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

Current year original issuance premium on bonds issued	(1,320,578)
Amortization for current fiscal year	316,498

Proceeds of debt is revenue in the governmental funds, but these are additions to the statement of net assets. (43,929,667)

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

Payments to refunded bonds escrows	6,034,092
Amortization period over defeased bond lives computed through end of fiscal year	(293,784)

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	(4,344,198)
Prior year accrual of interest due on bonds	3,647,937

Change in net assets of governmental activities **\$ 3,238,919**

LANCASTER REDEVELOPMENT AGENCY

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

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.

Combined 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 proceeding 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.

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

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, 2007, 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).

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

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	\$ 29,148,152
Restricted Cash and investments	3,305,981
Cash and investments with fiscal agent/trustee	<u>72,485,704</u>
Total Cash and Investments	<u>\$ 104,939,837</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, 2007 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, 2007, loans received from the City amounted to \$59,259,703 and accrued unpaid interest owed on those loans was \$43,538,853.

The Agency has advanced \$946,009 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, 2007 follows:

Combined Tax Allocation Notes and Bonds

1. On December 7, 2006, the Agency issued \$25,660,000 of Tax Allocation Revenue Bonds, Issue of 2006. This financing was undertaken to refund \$5,845,000 in outstanding Agency bonds and to provide the Agency with additional funds for projects. The principal portion of these bonds is payable from February 1, 2008 to 2039. Interest is payable semi-annually on February 1 and August 1 of each year commencing on August 1, 2007. Interest rates vary from 3.80% to 5.00%. The principal portion of these bonds has been allocated to the following project areas:

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

Note 4: Long-Term Debt (Continued)

Residential Area	\$ 305,000
Fox Field Area	2,505,000
Amargosa Area	5,080,000
Area Number 5	4,320,000
Area Number 6	<u>13,450,000</u>
Total	<u>\$ 25,660,000</u>

2. On November 8, 2006, the Agency issued \$13,655,000 of Tax Allocation Bonds (School District Projects), Series 2006. This financing was undertaken to 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. The principal portion of these bonds is payable from February 1, 2008 to 2037. Interest is payable semi-annually on February 1 and August 1 of each year commencing on February 1, 2007. Interest rates vary from 4.00% to 5.00%. Project Area Number 5 received \$4,895,000 of the principal portion of these bonds with the remaining amount of \$8,760,000 being allocated to Project Area Number 6.

3. 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.

4. 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.

5. 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.

Lancaster Redevelopment Agency
Notes to Financial Statements (Continued)

Note 4: Long-Term Debt (Continued)

6. 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.
7. 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.
8. 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 Project Areas, fund capitalized interest through August 1, 2007, pay costs of issuing the Bonds, and fund a debt service reserve account.
9. 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.
10. 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

Lancaster Redevelopment Agency
Notes to Financial Statements (Continued)

Note 4: Long-Term Debt (Continued)

commencing on February 1, 2004. The principal portion of these bonds has been allocated to the following project areas:

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

- 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

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

Fox Field Redevelopment Project

- 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. These bonds were defeased during the current year by the Tax Allocation Revenue Bonds, Issue of 2006.

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

Note 4: Long-Term Debt (Continued)

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 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. These bonds were defeased during the current year by the Tax Allocation Revenue Bonds, Issue of 2006.

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.

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

Note 4: Long-Term Debt (Continued)

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, 2006	Adjustments	Defeased	Additions	Repayments	Balance June 30, 2007	Due Within One Year
Residential Project Area							
City Loans - Principal	\$ 1,734,897	\$ -	\$ -	\$ -	\$ -	\$ 1,734,897	\$ -
City Loans - Unpaid Interest	2,652,911	(3,346)	-	159,360	-	2,808,925	-
2003 Development and Housing	11,177,531	-	-	-	149,196	11,028,335	145,968
2003B Development and Housing	4,863,372	-	-	-	199,234	4,664,138	148,044
2004B Development	1,075,000	-	-	-	-	1,075,000	18,071
2004 Housing	1,101,091	-	-	-	20,580	1,080,511	16,804
2004 Sheriff's Facilities	2,381,927	-	-	-	89,124	2,292,803	92,493
2004 Fire Facilities	1,250,480	-	-	-	49,764	1,200,716	51,040
2004 Library	247,160	-	-	-	6,681	240,479	6,928
2006 Development	-	-	-	305,000	-	305,000	6,954
Total	26,484,369	(3,346)	-	464,360	514,579	26,430,804	486,302
Central Business District Project Area							
City Loans - Principal	\$ 12,861,743	\$ -	\$ -	\$ 636,102	\$ -	\$ 13,497,845	\$ -
City Loans - Unpaid Interest	8,450,500	(41,051)	-	848,529	-	9,257,978	-
1994 Refunding	1,630,000	-	-	-	50,000	1,580,000	55,000
2003 Development and Housing	1,049,546	-	-	-	14,525	1,035,021	13,699
2003B Development and Housing	165,361	-	-	-	7,457	157,904	5,012
2004 Housing	234,384	-	-	-	4,384	230,000	3,577
2004 Sheriff's Facilities	607,449	-	-	-	22,708	584,741	23,589
2004 Fire Facilities	261,660	-	-	-	10,413	251,247	10,680
2004 Library	47,875	-	-	-	1,296	46,579	1,342
Total	25,308,518	(41,051)	-	1,484,631	110,783	26,641,315	112,899
Fox Field Project Area							
City Loans - Principal	\$ 6,288,069	\$ -	\$ -	\$ -	\$ -	\$ 6,288,069	\$ -
City Loans - Unpaid Interest	5,751,183	(20,478)	-	675,007	-	6,405,712	-
1994 Refunding	2,270,000	-	2,190,000	-	80,000	-	-
2003 Development and Housing	1,752,596	-	-	-	24,153	1,728,443	22,877
2003B Development and Housing	164,066	-	-	-	7,398	156,668	4,973
2004 Housing	278,736	-	-	-	5,219	273,517	4,254
2004 Sheriff's Facilities	406,311	-	-	-	15,190	391,121	15,778
2004 Fire Facilities	252,840	-	-	-	10,062	242,778	10,320
2004 Library	42,709	-	-	-	1,148	41,561	1,197
2006 Development	-	-	-	2,505,000	-	2,505,000	57,109
Total	17,206,510	(20,478)	2,190,000	3,180,007	143,170	18,032,869	116,508
Amarigosa Project Area							
City Loans - Principal	\$ 31,792,149	\$ -	\$ -	\$ -	\$ 223,622	\$ 31,568,527	\$ -
City Loans - Unpaid Interest	19,424,819	(151,057)	-	1,921,703	-	21,195,465	-
1999 Refunding	4,065,000	-	-	-	85,000	3,980,000	90,000
1999 Lease Revenue	5,765,000	-	-	-	145,000	5,620,000	150,000
2003 Development and Housing	16,841,785	-	-	-	225,389	16,416,396	217,282
2003B Development and Housing	14,006,812	-	-	-	516,990	13,489,822	428,180
2004B Development	2,440,000	-	-	-	-	2,440,000	41,018
2004 Housing	2,133,117	-	-	-	39,886	2,093,231	32,554
2004 Sheriff's Facilities	3,980,126	-	-	-	148,800	3,831,326	154,559
2004 Fire Facilities	2,064,859	-	-	-	82,174	1,982,685	84,280
2004 Library	414,096	-	-	-	11,192	402,904	11,606
2006 Development	-	-	-	5,080,000	-	5,080,000	115,814
Total	102,727,763	(151,057)	-	7,001,703	1,478,053	108,100,356	1,325,293

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

Note 4: Long-Term Debt (Continued)

	Balance					Balance		Due Within
	July 1, 2006	Adjustments	Deceased	Additions	Repayments	June 30, 2007	One Year	
Project Area No. 5								
City Loans - Principal	\$ 3,978,783	\$ -	\$ -	\$ -	\$ -	\$ 3,978,783	\$ -	
City Loans - Unpaid Interest	2,796,087	(17,018)	-	261,757	-	3,040,826	-	
1997 Refunding	3,655,000	-	3,655,000	-	-	-	-	
2003 Development and Housing	32,923,483	-	-	-	440,828	32,482,655	429,930	
2003B Development and Housing	5,662,674	-	-	-	237,280	5,425,394	172,207	
2004B Development	3,895,000	-	-	-	-	3,895,000	65,477	
2004 School Refunding	2,087,004	-	-	-	27,140	2,059,864	28,496	
2004 Housing	3,276,270	-	-	-	61,250	3,215,020	50,000	
2004 Sheriff's Facilities	6,090,499	-	-	-	227,695	5,862,804	236,510	
2004 Fire Facilities	3,014,481	-	-	-	119,963	2,894,518	123,040	
2004 Library	647,027	-	-	-	17,483	629,544	18,135	
2006 Development	-	-	-	4,320,000	-	4,320,000	98,488	
2006 School	-	-	-	4,895,000	-	4,895,000	69,903	
Total	68,026,308	(17,018)	3,655,000	9,476,757	1,131,639	72,699,408	1,292,186	
Project Area No. 6								
City Loans - Principal	\$ 1,533,488	\$ -	\$ -	\$ -	\$ -	\$ 1,533,488	\$ -	
City Loans - Unpaid Interest	660,109	(9,538)	-	78,515	-	729,066	-	
1997 Mobile Home	2,915,000	-	-	-	65,000	2,850,000	70,000	
2003 Development and Housing	35,773,772	-	-	-	482,048	35,291,724	467,109	
2003B Development and Housing	7,068,861	-	-	-	287,341	6,781,520	215,252	
2004B Development	3,595,000	-	-	-	-	3,595,000	60,434	
2004 School Refunding	5,602,996	-	-	-	72,860	5,530,136	76,504	
2004 Housing	5,621,125	-	-	-	105,081	5,516,044	85,786	
2004 Sheriff's Facilities	6,896,839	-	-	-	257,843	6,638,996	267,822	
2004 Fire Facilities	2,955,680	-	-	-	117,624	2,838,056	120,640	
2004 Library	3,451,196	-	-	-	93,285	3,357,911	96,730	
2006 Development	-	-	-	13,450,000	-	13,450,000	306,635	
2006 School	-	-	-	8,760,000	-	8,760,000	125,097	
Total	76,074,066	(9,538)	-	22,288,515	1,481,082	96,871,961	1,892,009	
Project Area No. 7								
City Loans - Principal	\$ 658,094	\$ -	\$ -	\$ -	\$ -	\$ 658,094	\$ -	
City Loans - Unpaid Interest	67,528	(361)	-	33,694	-	100,861	-	
2003 Development and Housing	1,006,287	-	-	-	13,861	992,426	13,135	
2003B Development and Housing	538,854	-	-	-	24,300	514,554	16,332	
2004 Housing	460,277	-	-	-	8,600	451,677	7,025	
2004 Sheriff's Facilities	366,849	-	-	-	13,640	353,209	14,249	
2004 Library	144,937	-	-	-	3,915	141,022	4,062	
Total	3,242,826	(361)	-	33,694	64,316	3,211,843	54,803	
Total - All Project Areas								
City Loans - Principal	\$ 58,847,223	\$ -	\$ -	\$ 636,102	\$ 223,622	\$ 59,259,703	\$ -	
City Loans - Unpaid Interest	39,803,137	(242,849)	-	3,978,565	-	43,538,853	-	
Bonds Payable	220,420,000	-	5,845,000	39,315,000	4,700,000	249,190,000	5,280,000	
Total	\$ 319,070,360	\$ (242,849)	\$ 5,845,000	\$ 43,929,667	\$ 4,923,622	\$ 351,988,556	\$ 5,280,000	
Less:								
Unamortized original issue discount or (premium)						(7,475,105)		
Unamortized bond defeasance loss						4,623,001		
Net Long-term Debt						\$ 354,840,660		

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

Note 4: Long-Term Debt (Continued)

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		Amargosa Project, Lease Revenue Refunding Bonds, Issue of 1999		Amargosa Project, Tax Allocation Refunding Bonds, Issue of 1999	
	Principal	Interest	Principal	Interest	Principal	Interest
2007 - 2008	\$ 55,000	\$ 95,091	\$ 150,000	\$ 275,335	\$ 90,000	\$ 198,280
2008 - 2009	55,000	91,722	155,000	269,005	95,000	194,500
2009 - 2010	60,000	88,200	160,000	261,750	100,000	189,750
2010 - 2011	65,000	84,372	170,000	253,500	105,000	184,750
2011 - 2012	70,000	80,238	175,000	244,875	110,000	179,500
2012 - 2017	425,000	328,453	1,025,000	1,079,375	1,375,000	772,750
2017 - 2022	570,000	177,625	1,315,000	788,125	865,000	375,750
2022 - 2027	280,000	17,456	1,680,000	415,500	1,240,000	124,000
2027 - 2032	-	-	790,000	40,000	-	-
2032 - 2037	-	-	-	-	-	-
2037 - 2042	-	-	-	-	-	-
Totals	\$ 1,580,000	\$ 963,157	\$ 5,620,000	\$ 3,627,465	\$ 3,980,000	\$ 2,219,280

	Mobile Home Park Bonds (Desert Sands), Series 1997 A & B		Combined Housing, Tax Allocation Bonds, Series 2003		Combined Tax Allocation, Series 2003	
	Principal	Interest	Principal	Interest	Principal	Interest
2007 - 2008	\$ 70,000	\$ 179,009	\$ 790,000	\$ 2,812,088	\$ 520,000	\$ 1,896,250
2008 - 2009	75,000	174,694	930,000	2,778,963	535,000	1,883,250
2009 - 2010	75,000	170,053	980,000	2,741,013	545,000	1,867,200
2010 - 2011	80,000	165,113	1,000,000	2,708,813	580,000	1,839,950
2011 - 2012	85,000	159,853	1,040,000	2,665,313	600,000	1,816,750
2012 - 2017	530,000	705,075	6,845,000	12,462,106	4,915,000	8,528,750
2017 - 2022	715,000	508,247	9,790,000	10,274,650	6,185,000	7,012,238
2022 - 2027	985,000	239,222	13,065,000	7,595,844	9,480,000	5,359,863
2027 - 2032	235,000	7,491	17,515,000	3,859,256	12,015,000	2,719,613
2032 - 2037	-	-	7,380,000	351,500	4,265,000	282,625
2037 - 2042	-	-	-	-	-	-
Totals	\$ 2,850,000	\$ 2,308,757	\$ 59,335,000	\$ 48,249,546	\$ 39,640,000	\$ 33,206,289

	Combined Housing, Subordinated Refunding Bonds Issue of 2003 B		Combined Subordinate Tax Allocation Bonds Issue of 2003 B		Combined Sheriff's Facility, Refunding Bonds, Issue of 2004	
	Principal	Interest	Principal	Interest	Principal	Interest
2007 - 2008	\$ 475,000	\$ 745,250	\$ 515,000	\$ 641,809	\$ 805,000	\$ 947,000
2008 - 2009	355,000	735,175	535,000	626,359	825,000	914,300
2009 - 2010	365,000	724,375	550,000	610,309	870,000	871,925
2010 - 2011	380,000	713,200	565,000	594,359	910,000	827,425
2011 - 2012	385,000	700,955	580,000	575,996	955,000	785,575
2012 - 2017	1,820,000	3,273,025	2,115,000	2,584,721	5,415,000	3,271,025
2017 - 2022	2,370,000	2,879,805	3,965,000	2,107,619	6,900,000	1,730,813
2022 - 2027	2,700,000	2,145,250	2,625,000	1,101,588	3,275,000	165,875
2027 - 2032	2,435,000	1,572,375	1,750,000	639,825	-	-
2032 - 2037	5,020,000	572,250	1,685,000	144,638	-	-
2037 - 2042	-	-	-	-	-	-
Totals	\$ 16,305,000	\$ 14,061,660	\$ 14,885,000	\$ 9,627,223	\$ 19,955,000	\$ 9,513,938

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

Note 4: Long-Term Debt (Continued)

	Combined Fire, Refunding Bonds, Issue of 2004		Combined Library, Refunding Bonds, Issue of 2004		Combined Housing, Subordinate Revenue Bonds Issue of 2004	
	Principal	Interest	Principal	Interest	Principal	Interest
2007 - 2008	\$ 400,000	\$ 416,063	\$ 140,000	\$ 203,881	\$ 200,000	\$ 710,192
2008 - 2009	410,000	403,913	140,000	199,681	210,000	701,890
2009 - 2010	425,000	391,388	145,000	195,406	215,000	693,283
2010 - 2011	440,000	377,863	150,000	190,981	225,000	683,305
2011 - 2012	455,000	362,750	155,000	186,019	240,000	671,680
2012 - 2017	2,535,000	1,529,975	855,000	838,275	1,280,000	3,166,585
2017 - 2022	3,215,000	813,544	1,040,000	646,162	1,425,000	2,812,434
2022 - 2027	1,530,000	77,250	1,305,000	380,326	1,815,000	2,364,208
2027 - 2032	-	-	930,000	67,688	2,210,000	1,782,841
2032 - 2037	-	-	-	-	5,040,000	861,798
2037 - 2042	-	-	-	-	-	-
Totals	\$ 9,410,000	\$ 4,372,746	\$ 4,860,000	\$ 2,908,419	\$ 12,860,000	\$ 14,448,216

	Combined Subordinate Tax Revenue Bonds, Issue of 2004 B		Project Areas No. 5 and No. 6 (School Districts), Issue of 2004		Combined Tax Allocation Revenue Bonds, Issue of 2006	
	Principal	Interest	Principal	Interest	Principal	Interest
2007 - 2008	\$ 185,000	\$ 507,005	\$ 105,000	\$ 398,540	\$ 585,000	\$ 1,333,175
2008 - 2009	190,000	502,658	110,000	395,390	610,000	1,176,458
2009 - 2010	200,000	496,958	110,000	391,540	625,000	1,152,058
2010 - 2011	185,000	490,958	120,000	387,360	660,000	1,127,058
2011 - 2012	210,000	483,658	120,000	382,560	685,000	1,100,658
2012 - 2017	1,105,000	2,303,698	665,000	1,830,060	3,440,000	4,986,538
2017 - 2022	1,095,000	2,076,870	885,000	1,643,785	3,275,000	4,203,003
2022 - 2027	1,650,000	1,789,313	1,530,000	1,374,545	3,335,000	3,539,639
2027 - 2032	2,575,000	1,291,725	2,645,000	815,490	3,600,000	2,765,500
2032 - 2037	3,610,000	470,750	1,280,000	108,360	5,085,000	1,836,500
2037 - 2042	-	-	-	-	3,760,000	284,500
Totals	\$ 11,005,000	\$ 10,413,493	\$ 7,590,000	\$ 7,727,650	\$ 25,660,000	\$ 23,505,087

	Tax Allocation Bonds (School District Projects), Series 2006		Total	
	Principal	Interest	Principal	Interest
2007 - 2008	\$ 195,000	\$ 632,138	\$ 5,280,000	\$ 11,991,106
2008 - 2009	195,000	624,338	5,425,000	11,672,296
2009 - 2010	210,000	616,538	5,635,000	11,461,746
2010 - 2011	210,000	608,138	5,845,000	11,237,145
2011 - 2012	225,000	599,738	6,090,000	10,996,018
2012 - 2017	1,280,000	2,855,688	35,645,000	50,516,119
2017 - 2022	1,540,000	2,573,135	45,150,000	40,623,805
2022 - 2027	2,170,000	2,182,850	49,665,000	28,872,529
2027 - 2032	3,120,000	1,578,300	49,820,000	17,140,104
2032 - 2037	4,510,000	686,750	37,875,000	5,315,171
2037 - 2042	-	-	3,760,000	284,500
Totals	\$ 13,655,000	\$ 12,957,613	\$ 249,190,000	\$ 200,110,539

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

Note 4: Long-Term Debt (Continued)

d. Defeasance of Debt

During the current fiscal year, the Agency issued its Tax Allocation Revenue Bonds, Issue of 2006 to refund the Fox Field Project Area, Tax Allocation Refunding Bonds, Issue of 1994 and the Project Area No. 5, Tax Allocation Refunding Bonds, Issue of 1997.

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

The advance refunding resulted in an increase in total debt service payments of \$2,841,341.94 and created an economic gain (the difference between the present values of the debt service payments in the old and new debt) of \$252,197.86.

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, 2007, the following bond issues are considered defeased.

<u>Combined Redevelopment Project Areas:</u>	Original Amount
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>Fox Project Area:</u>	
Tax Allocation Refunding Bonds, Issue of 1984	3,050,000
<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

**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
Tax Allocation Refunding Bonds, Issue of 1997	6,480,000
<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>\$ 273,085,000</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.

IV. OTHER DISCLOSURES

Note 5: Interfund Receivable, Payable and Transfers

Due To/Due From

Interfund receivables and payables for the year ended June 30, 2007, represented short-term cash borrowings by various funds. These amounts were as follows:

Funds	Due to Other Funds				Total
	Amargosa Project Area - Project Fund	Project Area No. 5 - Tax Increment	Project Area No. 7 - Project Fund	Nonmajor Governmental Funds	
Due From Other Funds:					
Amargosa Project Area - Project Fund	\$ -	\$ 166,212	\$ -	\$ 141,739	\$ 307,951
Project Area No. 6 - Project Fund	5,134,470	-	5,029,512	3,830,176	13,994,158
Project Area No. 6 - Tax Increment Fund	-	241,362	-	205,823	447,185
Nonmajor Governmental Funds	-	43,001	-	36,668	79,669
Total	<u>\$5,134,470</u>	<u>\$450,575</u>	<u>\$5,029,512</u>	<u>\$4,214,406</u>	<u>\$14,828,963</u>

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 Combined Low & Moderate Housing Fund
Advances From Other Funds:	
Amargosa Project Area - Project Fund	\$ 1,325,529
Project Area No. 6 - Project Fund	3,366,122
Project Area No. 7 - Project Fund	1,874,476
Nonmajor Governmental Funds	1,958,272
Total	<u>\$ 8,524,399</u>

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:

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

Funds	Transfers Out				
	Combined Low & Moderate Housing Fund	Amargosa Project Area - Project Fund	Project Area No. 6 - Project Fund	Amargosa Project Area - Tax Increment Fund	Project Area No. 5 - Tax Increment Fund
Transfers In					
Combined Low and Moderate Housing Fund	\$ -	\$ -	\$ -	\$ 2,805,177	\$ 3,531,707
Nonmajor Governmental Funds	8,388,761	189,447	1,103,457	1,602,356	1,365,593
Total	<u>\$ 8,388,761</u>	<u>\$ 189,447</u>	<u>\$ 1,103,457</u>	<u>\$ 4,407,533</u>	<u>\$ 4,897,300</u>

Funds	Transfers Out		
	Project Area No. 6 - Tax Increment Fund	Nonmajor Governmental Funds	Total
Transfers In			
Combined Low and Moderate Housing Fund	\$ 5,617,732	\$ -	\$ 11,954,616
Nonmajor Governmental Funds	1,518,438	6,389,415	20,557,467
Total	<u>\$ 7,136,170</u>	<u>\$ 6,389,415</u>	<u>\$ 32,512,083</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, 2007, the following funds owed amounts to these entities:

General Agency Fund	\$ 27,414
Combined Low and Moderate Housing Fund	4,568
Residential Project Tax Increment Fund	400,727
Central Business District Tax Increment Fund	142,242
Fox Field Tax Increment Fund	149,750
Fox Field Project Fund	67,443
Amargosa Tax Increment Fund	1,241,537
Area No. 5 Tax Increment Fund	2,410,827
Area No. 6 Tax Increment Fund	5,421,549
Area No. 7 Tax Increment Fund	1,373,904
Total	<u>\$ 11,239,961</u>

Note 7: Net Assets Restatement

During the current fiscal year, restatements were made to the opening balances of net assets in the amount of \$242,849. These restatements were required to adjust prior years' computations of interest due on loans between the City of Lancaster and the Agency.

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Lancaster Redevelopment Agency

COMBINING PROJECT AREA BALANCE SHEET
ALL GOVERNMENTAL FUNDS
JUNE 30, 2007

	Capital Projects	Capital Projects	Residential Project Area		
			Debt Service	Debt Service	Capital Projects
			Tax Increment	Tax Revenue Bonds	Project
			General Agency Fund	Combined Housing Fund	
ASSETS					
Cash and investments	\$ 313,730	\$ 17,811,850	\$ 449,278	\$ -	\$ -
Cash and investments with trustee	(27,542)	12,203,544	-	1,558,088	1,151,289
Receivables:					
Tax increment	-	745,766	131,025	-	-
Accounts	65,135	5,788	-	-	-
Interest	521,611	-	-	-	-
Loans	-	3,063,052	-	-	-
Due from Capital Projects Funds	-	-	-	-	-
Due from Debt Service Funds	-	-	36,986	-	-
Due from other governments	12,350	248,000	-	-	-
Due from City	-	-	-	-	-
Restricted cash	-	32,475	46,379	-	-
Advances to Tax Increment Fund	-	8,524,399	-	-	-
Deposits with others	-	389,196	-	-	-
Land held for resale	-	31,212,488	-	-	-
Allowance for decline in value	-	-	-	-	-
Total Assets	\$ 885,284	\$ 74,236,558	\$ 663,648	\$ 1,558,088	\$ 1,151,289
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 342,653	\$ -	\$ -	\$ -	\$ -
Deposits from others	648,758	-	-	-	-
Due to Capital Projects Funds	-	-	-	-	157,553
Due to Debt Service Funds	-	-	-	-	-
Due to other governments	27,414	4,568	400,727	-	-
Advances from Low and Moderate Housing Funds	-	-	-	-	522,814
Total Liabilities	1,018,825	4,568	400,727	-	680,367
Fund Balances:					
Reserved:					
Land held for resale	-	31,212,488	-	-	-
Long-term loans	-	11,587,451	-	-	-
Unreserved:					
Designated:					
Debt service	-	-	262,921	1,558,088	-
Continuing projects	-	31,432,051	-	-	470,922
Undesignated	(133,541)	-	-	-	-
Total Fund Balances	(133,541)	74,231,990	262,921	1,558,088	470,922
Total Liabilities and Fund Balances	\$ 885,284	\$ 74,236,558	\$ 663,648	\$ 1,558,088	\$ 1,151,289

Lancaster Redevelopment Agency

COMBINING PROJECT AREA BALANCE SHEET
ALL GOVERNMENTAL FUNDS
JUNE 30, 2007

Central Business District Project Area			
	Debt Service	Debt Service	Capital Projects
	Tax Increment	Tax Revenue Bonds	Project
ASSETS			
Cash and investments	\$ -	\$ -	\$ -
Cash and investments with trustee	-	405,755	-
Receivables:			
Tax increment	22,594	-	-
Accounts	-	-	3,109
Interest	-	-	-
Loans	-	-	-
Due from Capital Projects Funds	-	-	-
Due from Debt Service Funds	-	-	-
Due from other governments	-	-	-
Due from City	-	-	-
Restricted cash	-	-	-
Advances to Tax Increment Fund	-	-	-
Deposits with others	-	-	-
Land held for resale	-	-	1,555,281
Allowance for decline in value	-	-	-
Total Assets	\$ 22,594	\$ 405,755	\$ 1,558,390
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Deposits from others	-	-	1,627
Due to Capital Projects Funds	-	-	847,088
Due to Debt Service Funds	313,614	-	-
Due to other governments	142,242	-	-
Advances from Low and Moderate Housing Funds	-	-	97,299
Total Liabilities	455,856	-	946,014
Fund Balances:			
Reserved:			
Land held for resale	-	-	1,555,281
Long-term loans	-	-	-
Unreserved:			
Designated:			
Debt service	-	405,755	-
Continuing projects	-	-	-
Undesignated	(433,262)	-	(942,905)
Total Fund Balances	(433,262)	405,755	612,376
Total Liabilities and Fund Balances	\$ 22,594	\$ 405,755	\$ 1,558,390

Lancaster Redevelopment Agency

COMBINING PROJECT AREA BALANCE SHEET
ALL GOVERNMENTAL FUNDS
JUNE 30, 2007

	Fox Field Project Area			Amargosa Project Area		
	Debt	Debt	Capital	Debt	Debt	Capital
	Service	Service	Projects	Service	Service	Projects
	Tax	Tax	Project	Tax	Tax	Project
	Increment	Revenue Bonds		Increment	Revenue Bonds	
ASSETS						
Cash and investments	\$ -	\$ -	\$ -	\$ 3,742,781	\$ -	\$ -
Cash and investments with trustee	-	326,321	768,771	-	3,711,878	6,915,743
Receivables:						
Tax increment	5,248	-	-	531,425	-	-
Accounts	-	-	749,766	-	-	21,096
Interest	-	-	-	-	-	-
Loans	-	-	-	-	-	4,059,136
Due from Capital Projects Funds	-	-	-	-	-	-
Due from Debt Service Funds	-	-	-	307,951	-	-
Due from other governments	-	-	-	-	-	-
Due from City	-	-	-	-	-	-
Restricted cash	-	-	-	129,607	-	-
Advances to Tax Increment Fund	-	-	-	-	-	-
Deposits with others	-	-	-	-	-	-
Land held for resale	-	-	1,972,999	-	-	7,743,210
Allowance for decline in value	-	-	-	-	-	-
Total Assets	\$ 5,248	\$ 326,321	\$ 3,491,536	\$ 4,711,764	\$ 3,711,878	\$ 18,739,185
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,511
Deposits from others	-	-	69,818	-	-	-
Due to Capital Projects Funds	-	-	798,420	-	-	5,134,470
Due to Debt Service Funds	70,616	-	-	-	-	-
Due to other governments	149,750	-	67,443	1,241,537	-	-
Advances from Low and Moderate Housing Funds	-	-	143,090	-	-	1,195,069
Total Liabilities	220,366	-	1,078,771	1,241,537	-	6,355,050
Fund Balances:						
Reserved:						
Land held for resale	-	-	1,952,426	-	-	7,313,165
Long-term loans	-	-	-	-	-	4,059,136
Unreserved:						
Designated:						
Debt service	-	326,321	-	3,470,227	3,711,878	-
Continuing projects	-	-	460,339	-	-	1,011,834
Undesignated	(215,118)	-	-	-	-	-
Total Fund Balances	(215,118)	326,321	2,412,765	3,470,227	3,711,878	12,384,135
Total Liabilities and Fund Balances	\$ 5,248	\$ 326,321	\$ 3,491,536	\$ 4,711,764	\$ 3,711,878	\$ 18,739,185

Lancaster Redevelopment Agency

COMBINING PROJECT AREA BALANCE SHEET
ALL GOVERNMENTAL FUNDS
JUNE 30, 2007

	Project Area No. 5			Project Area No. 6		
	Debt Service	Debt Service	Capital Projects	Debt Service	Debt Service	Capital Projects
	Tax Increment	Tax Revenue Bonds	Project	Tax Increment	Tax Revenue Bonds	Project
ASSETS						
Cash and investments	\$ -	\$ -	\$ -	\$ 5,434,990	\$ -	\$ 876,524
Cash and investments with trustee	-	4,979,295	9,939,839	-	6,643,182	23,737,592
Receivables:						
Tax increment	789,996	-	-	1,477,098	-	-
Accounts	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Due from Capital Projects Funds	-	-	-	-	-	13,994,158
Due from Debt Service Funds	-	-	-	447,185	-	-
Due from other governments	-	-	-	-	-	-
Due from City	-	-	-	-	-	946,009
Restricted cash	863,349	-	-	1,426,176	-	-
Advances to Tax Increment Fund	-	-	-	-	-	-
Deposits with others	-	-	-	-	-	-
Land held for resale	-	-	6,100,980	-	-	989,220
Allowance for decline in value	-	-	(5,057,616)	-	-	-
Total Assets	\$ 1,653,345	\$ 4,979,295	\$ 10,983,203	\$ 8,785,449	\$ 6,643,182	\$ 40,543,503
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deposits from others	-	-	-	-	-	-
Due to Capital Projects Funds	-	-	2,027,115	-	-	-
Due to Debt Service Funds	450,575	-	-	-	-	-
Due to other governments	2,410,827	-	-	5,421,549	-	-
Advances from Low and Moderate Housing Funds	-	-	1,325,529	-	-	3,366,122
Total Liabilities	2,861,402	-	3,352,644	5,421,549	-	3,366,122
Fund Balances:						
Reserved:						
Land held for resale	-	-	985,252	-	-	989,220
Long-term loans	-	-	-	-	-	-
Unreserved:						
Designated:						
Debt service	-	4,979,295	-	3,363,900	6,643,182	-
Continuing projects	-	-	6,645,307	-	-	36,188,161
Undesignated	(1,208,057)	-	-	-	-	-
Total Fund Balances	(1,208,057)	4,979,295	7,630,559	3,363,900	6,643,182	37,177,381
Total Liabilities and Fund Balances	\$ 1,653,345	\$ 4,979,295	\$ 10,983,203	\$ 8,785,449	\$ 6,643,182	\$ 40,543,503

Lancaster Redevelopment Agency

COMBINING PROJECT AREA BALANCE SHEET
ALL GOVERNMENTAL FUNDS
JUNE 30, 2007

	Project Area No. 7			TOTALS	
	Debt Service	Debt Service	Capital Projects	Debt Service Funds	Capital Projects Funds
	Tax Increment	Tax Revenue Bonds	Project		
ASSETS					
Cash and investments	\$ 518,999	\$ -	\$ -	\$ 10,146,048	\$ 19,002,104
Cash and investments with trustee	-	171,949	-	17,796,468	54,689,236
Receivables:					
Tax increment	200,890	-	-	3,158,276	745,766
Accounts	-	-	-	-	844,894
Interest	-	-	-	-	521,611
Loans	-	-	-	-	7,122,188
Due from Capital Projects Funds	-	-	-	-	13,994,158
Due from Debt Service Funds	42,703	-	-	834,805	-
Due from other governments	-	-	-	-	260,350
Due from City	-	-	-	-	946,009
Restricted cash	807,995	-	-	3,273,506	32,475
Advances to Tax Increment Fund	-	-	-	-	8,524,399
Deposits with others	-	-	-	-	389,196
Land held for resale	-	-	-	-	49,574,178
Allowance for decline in value	-	-	-	-	(5,057,616)
Total Assets	\$ 1,570,587	\$ 171,949	\$ -	\$ 35,209,103	\$ 151,588,948
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 368,164
Deposits from others	-	-	-	-	720,203
Due to Capital Projects Funds	-	-	5,029,512	-	13,994,158
Due to Debt Service Funds	-	-	-	834,805	-
Due to other governments	1,373,904	-	-	11,140,536	99,425
Advances from Low and Moderate Housing Funds	-	-	1,874,476	-	8,524,399
Total Liabilities	1,373,904	-	6,903,988	11,975,341	23,706,349
Fund Balances:					
Reserved:					
Land held for resale	-	-	-	-	44,007,832
Long-term loans	-	-	-	-	15,646,587
Unreserved:					
Designated:					
Debt service	196,683	171,949	-	25,090,199	-
Continuing projects	-	-	-	-	76,208,614
Undesignated	-	-	(6,903,988)	(1,856,437)	(7,980,434)
Total Fund Balances	196,683	171,949	(6,903,988)	23,233,762	127,882,599
Total Liabilities and Fund Balances	\$ 1,570,587	\$ 171,949	\$ -	\$ 35,209,103	\$ 151,588,948

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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, 2007

	Capital Projects General Agency Fund	Capital Projects Combined Housing Fund	Residential Project Area		
			Debt Service Tax Increment	Debt Service Tax Revenue Bonds	Capital Projects Project
Revenues:					
Taxes and Assessments:					
Tax increment	\$ -	\$ -	\$ 4,845,953	\$ -	\$ -
Use of Money and Property:					
Interest income	-	1,659,347	-	72,395	88,488
Rental income	-	767,992	-	-	-
Sale of real estate	-	-	-	-	-
Intergovernmental:					
Federal grants	-	248,000	-	-	-
Other intergovernmental	-	-	-	292,762	-
Other revenue:					
Other	94,335	68,762	-	-	-
Total Revenues	94,335	2,744,101	4,845,953	365,157	88,488
Expenditures:					
Current:					
General Government:					
Administrative costs	70,745	630,709	45,404	-	234,532
Professional services	-	160,527	-	-	-
Planning, survey and design	-	117,126	-	-	-
Community Development:					
Real estate acquisitions	-	5,719,499	-	-	-
Operation of acquired property	-	498,704	-	-	-
Relocation costs	-	224,190	-	-	-
Relocation payments	-	449,105	-	-	-
Site clearance costs	-	1,807,873	-	-	-
Rehabilitation grants	-	310,327	-	-	-
Capital Outlay:					
Project improvement costs	-	824,888	-	-	-
Acquisition of fixed assets	-	32,928	-	-	-
Debt Service:					
Debt issuance costs	-	-	-	-	9,736
Payments for refunded bonds - prior issue(s)	-	-	-	-	-
Interest expense	5,340	-	-	1,052,554	159,360
Long-term debt repayments	-	-	-	514,579	-
Total Expenditures	76,085	10,775,876	45,404	1,567,133	403,628
Excess of Revenues over (under) Expenditures	\$ 18,250	\$ (8,031,775)	\$ 4,800,549	\$ (1,201,976)	\$ (315,140)
Other Financing Sources (Uses)					
Transfers in	\$ -	\$ -	\$ -	\$ 1,145,589	\$ -
Transfers out	-	(8,388,761)	(476,730)	-	(11,374)
Housing set-aside transfers in	-	13,936,255	-	-	-
Housing set-aside transfers out	-	-	(969,190)	-	-
Long-term debt issued	-	-	-	-	464,360
Pass through agreement payments	-	-	(3,017,356)	-	-
Payments for refunded bonds - current issue	-	-	-	-	-
Bond issuance premium (discount)	-	-	-	-	8,748
Miscellaneous	-	241,080	-	-	-
Total Other Financing Sources (Uses)	-	5,788,574	(4,463,276)	1,145,589	461,734
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	18,250	(2,243,201)	337,273	(56,387)	146,594
Fund Balances					
Beginning of Year	(151,791)	76,475,191	(74,352)	1,614,475	324,328
End of Year	\$ (133,541)	\$ 74,231,990	\$ 262,921	\$ 1,558,088	\$ 470,922

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, 2007**

	Central Business District Project Area		
	<u>Debt Service</u>	<u>Debt Service Tax Revenue Bonds</u>	<u>Capital Projects</u>
	<u>Tax Increment</u>		<u>Project</u>
Revenues:			
Taxes and Assessments:			
Tax increment	\$ 1,048,628	\$ -	\$ -
Use of Money and Property:			
Interest income	-	18,178	10,030
Rental income	-	-	17,393
Sale of real estate	-	-	23,190
Intergovernmental:			
Federal grants	-	-	-
Other intergovernmental	-	70,068	-
Other revenue:			
Other	-	-	-
Total Revenues	<u>1,048,628</u>	<u>88,246</u>	<u>50,613</u>
Expenditures:			
Current:			
General Government:			
Administrative costs	8,773	-	234,532
Professional services	-	-	-
Planning, survey and design	-	-	-
Community Development:			
Real estate acquisitions	-	-	-
Operation of acquired property	-	-	-
Relocation costs	-	-	-
Relocation payments	-	-	-
Site clearance costs	-	-	371,941
Rehabilitation grants	-	-	-
Capital Outlay:			
Project improvement costs	-	-	636,102
Acquisition of fixed assets	-	-	-
Debt Service:			
Debt issuance costs	-	-	-
Payments for refunded bonds - prior issue(s)	-	-	-
Interest expense	-	209,589	848,529
Long-term debt repayments	-	110,783	-
Total Expenditures	<u>8,773</u>	<u>320,372</u>	<u>2,091,104</u>
Excess of Revenues over (under) Expenditures	<u>\$ 1,039,855</u>	<u>\$ (232,126)</u>	<u>\$ (2,040,491)</u>
Other Financing Sources (Uses)			
Transfers in	\$ -	\$ 233,299	\$ -
Transfers out	(114,879)	-	-
Housing set-aside transfers in	-	-	-
Housing set-aside transfers out	(209,726)	-	-
Long-term debt issued	-	-	1,484,631
Pass through agreement payments	(806,216)	-	-
Payments for refunded bonds - current issue	-	-	-
Bond issuance premium (discount)	-	-	-
Miscellaneous	-	-	-
Total Other Financing Sources (Uses)	<u>(1,130,821)</u>	<u>233,299</u>	<u>1,484,631</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	<u>(90,966)</u>	<u>1,173</u>	<u>(555,860)</u>
Fund Balances			
Beginning of Year	(342,296)	404,582	1,168,236
End of Year	<u>\$ (433,262)</u>	<u>\$ 405,755</u>	<u>\$ 612,376</u>

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, 2007**

	Fox Field Project Area			Amargosa Project Area		
	Debt Service	Debt Service	Capital Projects	Debt Service	Debt Service	Capital Projects
	Tax Increment	Tax Revenue Bonds	Project	Tax Increment	Tax Revenue Bonds	Project
Revenues:						
Taxes and Assessments:						
Tax increment	\$ 1,538,493	\$ -	\$ -	\$ 14,025,886	\$ -	\$ -
Use of Money and Property:						
Interest income	-	27,280	5,564	-	164,537	369,222
Rental income	-	-	192,436	-	-	494,312
Sale of real estate	-	-	-	-	-	8,385,983
Intergovernmental:						
Federal grants	-	-	-	-	-	-
Other intergovernmental	-	53,109	-	-	487,229	-
Other revenue:						
Other	-	-	81,710	-	-	-
Total Revenues	1,538,493	80,389	279,710	14,025,886	651,766	9,249,517
Expenditures:						
Current:						
General Government:						
Administrative costs	14,912	-	234,532	134,814	-	234,532
Professional services	-	-	-	-	-	-
Planning, survey and design	-	-	-	-	-	293,852
Community Development:						
Real estate acquisitions	-	-	-	-	-	438,219
Operation of acquired property	-	-	36,894	-	-	93,747
Relocation costs	-	-	-	-	-	-
Relocation payments	-	-	-	-	-	-
Site clearance costs	-	-	-	-	-	-
Rehabilitation grants	-	-	-	-	-	-
Capital Outlay:						
Project improvement costs	-	-	307,722	-	-	547,157
Acquisition of fixed assets	-	-	-	-	-	596,651
Debt Service:						
Debt issuance costs	-	-	77,222	-	-	152,609
Payments for refunded bonds - prior issue(s)	-	225,084	-	-	-	-
Interest expense	-	206,331	675,007	-	2,450,340	1,921,703
Long-term debt repayments	-	143,170	-	-	1,254,431	223,622
Total Expenditures	14,912	574,585	1,331,377	134,814	3,704,771	4,502,092
Excess of Revenues over (under) Expenditures	\$ 1,523,581	\$ (494,196)	\$ (1,051,667)	\$ 13,891,072	\$ (3,053,005)	\$ 4,747,426
Other Financing Sources (Uses)						
Transfers in	\$ -	\$ 2,394,556	\$ -	\$ -	\$ 3,089,973	\$ -
Transfers out	(130,481)	-	(1,753,383)	(1,602,356)	-	(189,447)
Housing set-aside transfers in	-	-	-	-	-	-
Housing set-aside transfers out	(307,699)	-	-	(2,805,177)	-	-
Long-term debt issued	-	-	3,180,007	-	-	7,001,703
Pass through agreement payments	(969,098)	-	-	(8,956,620)	-	-
Payments for refunded bonds - current issue	-	(2,019,304)	-	-	-	-
Bond issuance premium (discount)	-	-	94,376	-	-	199,854
Miscellaneous	-	-	-	-	-	-
Total Other Financing Sources (Uses)	(1,407,278)	375,252	1,521,000	(13,364,153)	3,089,973	7,012,110
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	116,303	(118,944)	469,333	526,919	36,968	11,759,536
Fund Balances						
Beginning of Year	(331,421)	445,265	1,943,432	2,943,308	3,674,910	624,600
End of Year	\$ (215,118)	\$ 326,321	\$ 2,412,765	\$ 3,470,227	\$ 3,711,878	\$ 12,384,136

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, 2007**

	Project Area No. 5			Project Area No. 6		
	Debt Service	Debt Service	Capital Projects	Debt Service	Debt Service	Capital Projects
	Tax Increment	Tax Revenue Bonds	Project	Tax Increment	Tax Revenue Bonds	Project
Revenues:						
Taxes and Assessments:						
Tax increment	\$ 17,658,534	\$ -	\$ -	\$ 28,088,661	\$ -	\$ -
Use of Money and Property:						
Interest income	11,330	209,035	356,556	-	294,700	1,262,918
Rental income	-	-	38,000	-	-	-
Sale of real estate	-	-	-	-	-	-
Intergovernmental:						
Federal grants	-	-	-	-	-	-
Other intergovernmental	909,554	733,922	-	330,750	794,383	-
Other revenue:						
Other	-	-	-	-	-	-
Total Revenues	18,579,418	942,957	394,556	28,419,411	1,089,083	1,262,918
Expenditures:						
Current:						
General Government:						
Administrative costs	212,476	-	234,532	361,949	-	234,532
Professional services	-	-	-	-	-	-
Planning, survey and design	-	-	-	-	-	-
Community Development:						
Real estate acquisitions	-	-	-	-	-	-
Operation of acquired property	-	-	-	-	-	-
Relocation costs	-	-	-	-	-	-
Relocation payments	-	-	-	-	-	-
Site clearance costs	-	-	-	-	-	-
Rehabilitation grants	-	-	-	-	-	-
Capital Outlay:						
Project improvement costs	-	-	2,548,470	-	-	2,589,439
Acquisition of fixed assets	-	-	-	-	-	-
Debt Service:						
Debt issuance costs	-	-	248,424	-	-	670,943
Payments for refunded bonds - prior issue(s)	-	628,605	-	-	-	-
Interest expense	-	2,944,816	261,757	-	3,710,927	78,515
Long-term debt repayments	-	1,131,639	-	-	1,481,082	-
Total Expenditures	212,476	4,705,060	3,293,183	361,949	5,192,009	3,573,429
Excess of Revenues over (under) Expenditures	\$ 18,366,942	\$ (3,762,103)	\$ (2,898,627)	\$ 28,057,462	\$ (4,102,926)	\$ (2,310,511)
Other Financing Sources (Uses)						
Transfers in	\$ -	\$ 6,542,358	\$ -	\$ -	\$ 5,023,115	\$ -
Transfers out	(1,365,593)	-	(1,911,383)	(1,518,438)	-	(1,103,457)
Housing set-aside transfers in	-	-	-	-	-	-
Housing set-aside transfers out	(3,531,707)	-	-	(5,617,732)	-	-
Long-term debt issued	-	-	9,476,757	-	-	22,288,515
Pass through agreement payments	(12,580,817)	-	-	(19,547,459)	-	-
Payments for refunded bonds - current issue	-	(3,161,099)	-	-	-	-
Bond issuance premium (discount)	-	-	182,387	-	-	835,213
Miscellaneous	-	-	-	-	-	-
Total Other Financing Sources (Uses)	(17,478,117)	3,381,259	7,747,761	(26,683,629)	5,023,115	22,020,271
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	888,825	(380,844)	4,849,134	1,373,833	920,189	19,709,760
Fund Balances						
Beginning of Year	(2,096,882)	5,360,139	2,781,425	1,990,067	5,722,993	17,467,621
End of Year	<u>\$ (1,208,057)</u>	<u>\$ 4,979,295</u>	<u>\$ 7,630,559</u>	<u>\$ 3,363,900</u>	<u>\$ 6,643,182</u>	<u>\$ 37,177,381</u>

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, 2007**

	Project Area No. 7				
	<u>Debt Service</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>TOTALS</u>	
	<u>Tax Increment</u>	<u>Tax Revenue Bonds</u>	<u>Project</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>
Revenues:					
Taxes and Assessments:					
Tax increment	\$ 2,475,118	\$ -	\$ -	\$ 69,681,273	\$ -
Use of Money and Property:					
Interest income	-	7,524	30,247	804,979	3,782,372
Rental income	-	-	-	-	1,510,133
Sale of real estate	-	-	-	-	8,409,173
Intergovernmental:					
Federal grants	-	-	-	-	248,000
Other intergovernmental	-	29,655	-	3,701,432	-
Other revenue:					
Other	-	-	-	-	244,807
Total Revenues	2,475,118	37,179	30,247	74,187,684	14,194,485
Expenditures:					
Current:					
General Government:					
Administrative costs	34,411	-	-	812,739	2,108,646
Professional services	-	-	-	-	160,527
Planning, survey and design	-	-	-	-	410,978
Community Development:					
Real estate acquisitions	-	-	-	-	6,157,718
Operation of acquired property	-	-	-	-	629,345
Relocation costs	-	-	-	-	224,190
Relocation payments	-	-	-	-	449,105
Site clearance costs	-	-	-	-	2,179,814
Rehabilitation grants	-	-	-	-	310,327
Capital Outlay:					
Project improvement costs	-	-	536,281	-	7,990,059
Acquisition of fixed assets	-	-	-	-	629,579
Debt Service:					
Debt issuance costs	-	-	-	-	1,158,934
Payments for refunded bonds - prior issue(s)	-	-	-	853,689	-
Interest expense	-	119,794	33,694	10,694,351	3,983,905
Long-term debt repayments	-	64,316	-	4,700,000	223,622
Total Expenditures	34,411	184,110	569,975	17,060,779	26,616,749
Excess of Revenues over (under) Expenditures	\$ 2,440,707	\$ (146,931)	\$ (539,728)	\$ 57,126,905	\$ (12,422,264)
Other Financing Sources (Uses)					
Transfers in	\$ -	\$ 146,938	\$ -	\$ 18,575,828	\$ -
Transfers out	(9,546)	-	-	(5,218,023)	(13,357,805)
Housing set-aside transfers in	-	-	-	-	13,936,255
Housing set-aside transfers out	(495,024)	-	-	(13,936,255)	-
Long-term debt issued	-	-	33,694	-	43,929,667
Pass through agreement payments	(1,788,952)	-	-	(47,666,518)	-
Payments for refunded bonds - current issue	-	-	-	(5,180,403)	-
Bond issuance premium (discount)	-	-	-	-	1,320,578
Miscellaneous	-	-	-	-	241,080
Total Other Financing Sources (Uses)	(2,293,522)	146,938	33,694	(53,425,371)	46,069,775
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	147,185	7	(506,034)	3,701,534	33,647,511
Fund Balances					
Beginning of Year	49,498	171,942	(6,397,954)	19,532,228	94,235,088
End of Year	\$ 196,683	\$ 171,949	\$ (6,903,988)	\$ 23,233,762	\$ 127,882,599

Lancaster Redevelopment Agency

COMPUTATION OF LOW AND MODERATE
INCOME HOUSING FUNDS
EXCESS/SURPLUS

	<u>Low and Moderate Housing Funds - All Project Areas July 1, 2006</u>	<u>Low and Moderate Housing Funds - All Project Areas July 1, 2007</u>
Opening Fund Balance	\$ 76,475,191	\$ 74,231,990
Less Unavailable Amounts:		
Land held for resale	\$ (31,212,488)	\$ (31,212,488)
ERAF loans	(8,524,399)	(8,524,399)
Unspent debt proceeds (Section 33334.12 (g)(3)(B))	(3,933,969)	(1,817,993)
Rehabilitation loans	<u>(3,203,832)</u>	<u>(3,063,052)</u>
	<u>(46,874,688)</u>	<u>(44,617,932)</u>
Available Low and Moderate Income Housing Funds	29,600,503	29,614,058
Limitation (greater of \$1,000,000 or four years set-aside)		
Set-Aside for last four years:		
2006 - 2007	\$ -	\$ 13,936,255
2005 - 2006	11,757,421	11,757,421
2004 - 2005	9,185,146	9,185,146
2003 - 2004	7,474,821	7,474,821
2002 - 2003	<u>6,416,829</u>	<u>-</u>
Total	<u>\$ 34,834,217</u>	<u>\$ 42,353,643</u>
Base Limitation	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Greater amount	<u>34,834,217</u>	<u>42,353,643</u>
Computed Excess/Surplus	<u>None</u>	<u>None</u>

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