



**LANCASTER REDEVELOPMENT AGENCY
LANCASTER, CALIFORNIA**

FINANCIAL STATEMENTS

JUNE 30, 2009

Lance Soll & Lunghard, LLP

203 North Brea Blvd
Suite 203
Brea, CA 92821

41185 Golden Gate Circle
Suite 103
Murrieta, CA 92562

LANCASTER REDEVELOPMENT AGENCY

JUNE 30, 2009

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CERTIFIED PUBLIC ACCOUNTANTS

- Brandon W. Burrows, C.P.A.
- Donald L. Parker, C.P.A.
- Michael K. Chu, C.P.A.
- David E. Hale, C.P.A., C.F.P.
A Professional Corporation
- Donald G. Slater, C.P.A.
- Richard K. Kikuchi, C.P.A.
- Susan F. Matz, C.P.A.

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, 2009, 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, 2009, 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 2, 2009, 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.



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 & Lingham, LLP

December 2, 2009



CERTIFIED PUBLIC ACCOUNTANTS

- Brandon W. Burrows, C.P.A.
- Donald L. Parker, C.P.A.
- Michael K. Chu, C.P.A.
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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, 2009, which collectively comprise the Lancaster Redevelopment Agency's basic financial statements and have issued our report thereon dated December 2, 2009. 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 2, 2009

LANCASTER REDEVELOPMENT AGENCY

**STATEMENT OF NET ASSETS
JUNE 30, 2009**

	<u>Governmental Activities</u>	
Assets:		
Cash and investments		\$ 24,528,473
Receivables:		
Tax increment	\$ 5,695,926	
Accounts	256,328	
Interest receivable	257,333	
Loans	<u>5,652,054</u>	
Total Receivables		11,861,641
Due from other governments		389,196
Land held for resale (net)		60,861,222
Deferred charges		7,051,836
Restricted assets:		
Cash and investments		775,379
Cash and investments with trustees		<u>48,195,890</u>
 Total Assets		 <u>153,663,637</u>
 Liabilities:		
Accounts payable and accrued expenses		5,215,903
Deferred revenue		175,280
Due to other governments		4,286,872
Deposits from others		95,561
Long-term liabilities:		
Due within one year	\$ 5,635,000	
Due in more than one year	<u>335,014,732</u>	
Total Long-Term Liabilities		<u>340,649,732</u>
 Total Liabilities		 <u>350,423,348</u>
 Net Assets:		
Restricted for:		
Community development		77,890,642
Debt service		32,425,515
Unrestricted		<u>(307,075,868)</u>
 Total Net Assets		 <u><u>\$ (196,759,711)</u></u>

LANCASTER REDEVELOPMENT AGENCY

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Assets Governmental Activities
		Charges for Services	Operating Contributions and Grants	
Functions/Programs				
Governmental Activities:				
General government	\$ 6,585,860	\$ -	\$ -	\$ (6,585,860)
Community development	16,852,096	197,596	5,432,998	(11,221,502)
Interest on long-term debt	13,574,006	-	-	(13,574,006)
Total Governmental Activities	\$ 37,011,962	\$ 197,596	\$ 5,432,998	\$ (31,381,368)
General Revenues:				
Taxes (net of pass-through payments)				26,314,135
Use of money and property				4,748,453
Other				307,342
Total General Revenues				31,369,930
Change in Net Assets				(11,438)
Net Assets at Beginning of Year				(199,850,184)
Restatement of Net Assets				3,101,911
Net Assets at End of Year				\$ (196,759,711)

LANCASTER REDEVELOPMENT AGENCY

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009**

	<u>Capital Projects</u>	<u>Capital Projects</u>	<u>Capital Projects</u>	<u>Capital Projects</u>	<u>Capital Projects</u>
	Combined Low and Moderat Housing	Central Business District Project Area	Amargosa Project Area	Project Area 6	Project Area 7
	Low and Moderate Housing	Project	Project	Project	Project
Assets:					
Cash and investments	\$ 18,553,127	\$ 2,609	\$ -	\$ 925,052	\$ -
Cash and investments with trustee	-	-	5,471,032	18,501,583	-
Receivables:					
Tax increment	-	-	-	-	-
Accounts	2,540	-	21,096	-	-
Interest receivable	93,986	-	-	-	-
Loans	1,794,920	175,280	3,681,854	-	-
Due from Capital Projects funds	-	-	-	21,819,779	-
Due from Debt Service funds	-	-	-	-	-
Due from City	389,196	-	-	-	-
Restricted cash	-	-	-	-	-
Advances to other funds	8,524,399	-	-	-	-
Land held for resale	48,622,888	1,555,281	7,743,210	989,220	-
Allowance for decline in value	-	-	-	-	-
Total Assets	<u>\$ 77,981,056</u>	<u>\$ 1,733,170</u>	<u>\$ 16,917,192</u>	<u>\$ 42,235,634</u>	<u>\$ -</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ 59,184	\$ -	\$ 25,510	\$ -	\$ -
Deposits from others	31,230	-	-	-	-
Due to Capital Projects funds	-	4,582,276	11,429,508	-	3,455,350
Due to Debt Service funds	-	-	3,477,550	427,870	1,874,592
Due to other governments	-	-	-	-	-
Deferred revenue	-	175,280	-	-	-
Advances from Low and Moderate Housing Funds	-	97,299	1,195,069	3,366,122	1,874,476
Total Liabilities	<u>90,414</u>	<u>4,854,855</u>	<u>16,127,637</u>	<u>3,793,992</u>	<u>7,204,418</u>
Fund Balances:					
Reserved:					
Encumbrances	3,146	-	-	-	-
Land held for resale	48,622,887	1,555,281	7,743,210	989,220	-
Long-term receivables	10,319,319	-	3,681,854	-	-
Unreserved:					
Designated:					
Debt service	-	-	-	-	-
Continuing projects	18,945,290	-	-	37,452,422	-
Undesignated	-	(4,676,966)	(10,635,509)	-	(7,204,418)
Total Fund Balances	<u>77,890,642</u>	<u>(3,121,685)</u>	<u>789,555</u>	<u>38,441,642</u>	<u>(7,204,418)</u>
Total Liabilities and Fund Balances	<u>\$ 77,981,056</u>	<u>\$ 1,733,170</u>	<u>\$ 16,917,192</u>	<u>\$ 42,235,634</u>	<u>\$ -</u>

LANCASTER REDEVELOPMENT AGENCY

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009**

	<u>Debt Service</u>	<u>Debt Service</u>	<u>Debt Service</u>		
	<u>Amargosa Project Area</u>	<u>Project Area 5</u>	<u>Project Area 6</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>Tax Increment</u>	<u>Tax Increment</u>	<u>Tax Increment</u>		
Assets:					
Cash and investments	\$ -	\$ -	\$ 5,020,764	\$ 26,921	\$ 24,528,473
Cash and investments with trustee	-	-	-	24,223,275	48,195,890
Receivables:					
Tax increment	1,439,796	1,403,497	2,187,675	664,958	5,695,926
Accounts	-	-	-	232,692	256,328
Interest receivable	-	1,635	979	160,733	257,333
Loans	-	-	-	-	5,652,054
Due from Capital Projects funds	3,477,550	-	427,870	3,304,178	29,029,377
Due from Debt Service funds	-	-	694,081	44,024	738,105
Due from City	-	-	-	-	389,196
Restricted cash	25,846	413,328	324,811	11,394	775,379
Advances to other funds	-	-	-	-	8,524,399
Land held for resale	-	-	-	7,008,239	65,918,838
Allowance for decline in value	-	-	-	(5,057,616)	(5,057,616)
Total Assets	<u>\$ 4,943,192</u>	<u>\$ 1,818,460</u>	<u>\$ 8,656,180</u>	<u>\$ 30,618,798</u>	<u>\$ 184,903,682</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ 23,400	\$ 24,418	\$ 43,747	\$ 922,092	\$ 1,098,351
Deposits from others	-	-	-	64,331	95,561
Due to Capital Projects funds	-	-	-	3,296,504	22,763,638
Due to Debt Service funds	-	66,957	-	1,156,875	7,003,844
Due to other governments	906,482	1,284,537	1,713,377	382,476	4,286,872
Deferred revenue	-	-	-	-	175,280
Advances from Low and Moderate Housing Funds	-	-	-	1,991,433	8,524,399
Total Liabilities	<u>929,882</u>	<u>1,375,912</u>	<u>1,757,124</u>	<u>7,813,711</u>	<u>43,947,945</u>
Fund Balances:					
Reserved:					
Encumbrances	-	-	-	1,450,194	1,453,340
Land held for resale	-	-	-	1,950,622	60,861,220
Long-term receivables	-	-	-	-	14,001,173
Unreserved:					
Designated:					
Debt service	4,013,310	442,548	6,899,056	21,697,375	33,052,289
Continuing projects	-	-	-	3,098,721	59,496,433
Undesignated	-	-	-	(5,391,825)	(27,908,718)
Total Fund Balances	<u>4,013,310</u>	<u>442,548</u>	<u>6,899,056</u>	<u>22,805,087</u>	<u>140,955,737</u>
Total Liabilities and Fund Balances	<u>\$ 4,943,192</u>	<u>\$ 1,818,460</u>	<u>\$ 8,656,180</u>	<u>\$ 30,618,798</u>	<u>\$ 184,903,682</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, 2009**

Fund balances of governmental funds **\$ 140,955,737**

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:

Unamortized debt issuance costs - amortized over life of new bonds 7,051,836

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 (238,485,000)

Loans from City (99,365,388)

Unamortized net original issue discounts and (premiums) (6,834,777)

Unamortized net (gain) loss on bonds defeased 4,035,433

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

(4,117,552)

Net assets of governmental activities **\$ (196,759,711)**

LANCASTER REDEVELOPMENT AGENCY

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Capital Projects	Capital Projects	Capital Projects	Capital Projects	Capital Projects
	Combined Low and Moderate Housing	Business District Project Area	Amargosa Project Area	Project Area 6	Project Area 7
	Low and Moderate Housing	Project	Project	Project	Project
Revenues:					
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money and property	1,397,167	4,161	775,230	1,654,560	-
Intergovernmental	-	-	-	-	-
Other revenue	65,787	17,776	92,708	3,593	4,562
Total Revenues	1,462,954	21,937	867,938	1,658,153	4,562
Expenditures:					
Current:					
General government	3,313,132	548,464	350,323	333,422	338,587
Community development	6,264,919	114	71,221	614	214
Capital outlay	1,569,447	1,114,141	5,064,422	1,578,063	-
Debt service	-	318,002	1,204,809	28,879	14,363
Total Expenditures	11,147,498	1,980,721	6,690,775	1,940,978	353,164
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,684,544)	(1,958,784)	(5,822,837)	(282,825)	(348,602)
Other Financing Sources (Uses):					
Transfers in	16,853,721	-	-	-	-
Transfers out	(7,410,270)	-	-	-	-
Long-term debt issued	-	864,798	934,256	28,878	14,363
Pass-through agreement payments	-	-	-	-	-
Gain (loss) on sale of land held for resale	-	-	-	-	-
Total Other Financing Sources (Uses):	9,443,451	864,798	934,256	28,878	14,363
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ (241,093)	\$ (1,093,986)	\$ (4,888,581)	\$ (253,947)	\$ (334,239)
Fund Balances:					
Beginning of Year, as previously reported	\$ 78,137,314	\$ (2,027,699)	\$ 5,276,467	\$38,695,589	\$ (6,870,179)
Restatements	(5,579)	-	401,669	-	-
Beginning of Year, as restated	78,131,735	(2,027,699)	5,678,136	38,695,589	(6,870,179)
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(241,093)	(1,093,986)	(4,888,581)	(253,947)	(334,239)
End of Year	\$ 77,890,642	\$ (3,121,685)	\$ 789,555	\$38,441,642	\$ (7,204,418)

LANCASTER REDEVELOPMENT AGENCY

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Debt Service</u>	<u>Debt Service</u>	<u>Debt Service</u>		
	<u>Amargosa Project Area</u>	<u>Project Area 5</u>	<u>Project Area 6</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>Tax Increment</u>	<u>Tax Increment</u>	<u>Tax Increment</u>		
Revenues:					
Taxes and assessments	\$16,009,617	\$22,127,991	\$34,699,967	\$ 11,431,030	\$ 84,268,605
Use of money and property	-	-	-	917,335	4,748,453
Intergovernmental	89,834	134,450	1,008,978	4,199,736	5,432,998
Other revenue	-	-	-	320,512	504,938
Total Revenues	<u>16,099,451</u>	<u>22,262,441</u>	<u>35,708,945</u>	<u>16,868,613</u>	<u>94,954,994</u>
Expenditures:					
Current:					
General government	126,593	188,081	283,445	1,103,813	6,585,860
Community development	-	-	-	20,164	6,357,246
Capital outlay	-	-	-	1,141,867	10,467,940
Debt service	-	-	-	18,885,261	20,451,314
Total Expenditures	<u>126,593</u>	<u>188,081</u>	<u>283,445</u>	<u>21,151,105</u>	<u>43,862,360</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>15,972,858</u>	<u>22,074,360</u>	<u>35,425,500</u>	<u>(4,282,492)</u>	<u>51,092,634</u>
Other Financing Sources (Uses):					
Transfers in	-	-	-	13,897,267	30,750,988
Transfers out	(5,188,470)	(5,891,480)	(9,156,290)	(3,104,478)	(30,750,988)
Long-term debt issued	-	-	-	397,819	2,240,114
Pass-through agreement payments	(10,818,262)	(15,472,955)	(24,095,972)	(7,567,281)	(57,954,470)
Gain (loss) on sale of land held for resale	-	-	-	(26,910)	(26,910)
Total Other Financing Sources (Uses):	<u>(16,006,732)</u>	<u>(21,364,435)</u>	<u>(33,252,262)</u>	<u>3,596,417</u>	<u>(55,741,266)</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ (33,874)</u>	<u>\$ 709,925</u>	<u>\$ 2,173,238</u>	<u>\$ (686,075)</u>	<u>\$ (4,648,632)</u>
Fund Balances:					
Beginning of Year, as previously reported	\$ 3,813,855	\$ (1,371,851)	\$ 3,591,854	\$ 23,257,108	\$ 142,502,458
Restatements	233,329	1,104,474	1,133,964	234,054	3,101,911
Beginning of Year, as restated	4,047,184	(267,377)	4,725,818	23,491,162	145,604,369
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(33,874)</u>	<u>709,925</u>	<u>2,173,238</u>	<u>(686,075)</u>	<u>(4,648,632)</u>
End of Year	<u>\$ 4,013,310</u>	<u>\$ 442,548</u>	<u>\$ 6,899,056</u>	<u>\$ 22,805,087</u>	<u>\$ 140,955,737</u>

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LANCASTER REDEVELOPMENT AGENCY

**GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Net change in fund balances - total governmental funds **\$ (4,648,632)**

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. 7,085,700

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 (306,230)

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 320,164

Proceeds of debt is revenue in the governmental funds, but these are additions to the statement of net assets. (2,240,114)

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 (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 (4,117,552)
Prior year accrual of interest due on bonds 4,189,010

Change in net assets of governmental activities **\$ (11,438)**

LANCASTER REDEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

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:

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.

Central Business District Project Area - Project Fund

Amargosa Project Area - Project Fund

Project Area Number 6 - Project Fund

Project Area Number 7 - Project Fund

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

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.

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.

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	\$ 24,528,473
Restricted Cash and investments	775,379
Cash and investments with fiscal agent/trustee	<u>48,195,890</u>
Total Cash and Investments	<u>\$ 73,499,742</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, 2009 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, 2009, loans received from the City amounted to \$50,387,709 and accrued unpaid interest owed on those loans was \$48,977,679.

Bonds and Notes

The Agency has pledged, as security for bonds it has issued, either directly or through the Financing Authority, a portion of the tax increment revenue (including Low and Moderate Income Housing set-aside and pass through allocations) that it receives. These bonds were to provide financing for various capital projects, accomplish Low and Moderate Income Housing projects and to defease previously issued bonds. The Agency has committed to appropriate each year, from these resources amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is \$414,932,139 with annual debt service requirements as indicated below. For the current year, the total tax increment revenue, net of pass through payments, recognized by the Agency was \$26,314,135 and the debt service obligation on the bonds was \$17,097,296.

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

Note 4: Long-Term Debt (Continued)

A description of individual issues of bonds and notes (excluding defeased issues) outstanding as of June 30, 2009 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:

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.

Lancaster Redevelopment Agency
Notes to Financial Statements (Continued)

Note 4: Long-Term Debt (Continued)

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.
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

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

Note 4: Long-Term Debt (Continued)

(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 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		

11. 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 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.

Lancaster Redevelopment Agency
Notes to Financial Statements (Continued)

Note 4: Long-Term Debt (Continued)

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

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.

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

Note 4: Long-Term Debt (Continued)

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, 2008	Additions	Repayments	Balance June 30, 2009	Due Within One Year
Residential Project Area					
City Loans - Principal	\$ 574,731	\$ -	\$ -	\$ 574,731	\$ -
City Loans - Unpaid Interest	2,964,305	20,063	-	2,984,368	-
2003 Development and Housing	10,882,623	-	160,124	10,722,499	169,977
2003B Development and Housing	4,519,391	-	124,540	4,394,851	137,198
2004B Development	1,056,926	-	18,563	1,038,363	19,537
2004 Housing	1,063,711	-	17,640	1,046,071	18,065
2004 Sheriff's Facilities	2,200,310	-	94,791	2,105,519	99,963
2004 Fire Facilities	1,149,676	-	52,316	1,097,360	54,230
2004 Library	233,551	-	6,928	226,623	7,174
2006 Development	298,039	-	7,259	290,780	7,428
Total	24,943,263	20,063	482,161	24,481,165	513,572
Central Business District Project Area					
City Loans - Principal	\$ 11,945,995	\$ 546,794	\$ -	\$ 12,492,789	\$ -
City Loans - Unpaid Interest	10,062,673	318,004	-	10,380,677	-
1994 Refunding	1,525,000	-	55,000	1,470,000	60,000
2003 Development and Housing	1,021,196	-	16,275	1,004,921	15,930
2003B Development and Housing	153,304	-	3,438	149,866	4,679
2004 Housing	226,420	-	3,759	222,661	3,845
2004 Sheriff's Facilities	561,154	-	24,173	536,981	25,494
2004 Fire Facilities	240,567	-	10,947	229,620	11,348
2004 Library	45,237	-	1,342	43,895	1,390
Total	25,781,546	864,798	114,934	26,531,410	122,686
Fox Field Project Area					
City Loans - Principal	\$ 5,260,099	\$ -	\$ 1,390,152	\$ 3,869,947	\$ -
City Loans - Unpaid Interest	7,056,357	296,886	-	7,353,243	-
2003 Development and Housing	1,705,454	-	27,063	1,678,391	26,607
2003B Development and Housing	152,104	-	3,411	148,693	4,642
2004 Housing	269,257	-	4,473	264,784	4,573
2004 Sheriff's Facilities	375,343	-	16,170	359,173	17,052
2004 Fire Facilities	232,458	-	10,578	221,880	10,965
2004 Library	40,364	-	1,197	39,167	1,240
2006 Development	2,447,904	-	59,536	2,388,368	61,015
Total	17,539,340	296,886	1,512,580	16,323,646	126,094

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

Note 4: Long-Term Debt (Continued)

	Balance July 1, 2008	Additions	Repayments	Balance June 30, 2009	Due Within One Year
<u>Amargosa Project Area</u>					
City Loans - Principal	\$ 28,834,938	\$ -	\$ 270,548	\$ 28,564,390	\$ -
City Loans - Unpaid Interest	22,992,748	934,256	-	23,927,004	-
1999 Refunding	3,890,000	-	95,000	3,795,000	100,000
1999 Lease Revenue	5,470,000	-	155,000	5,315,000	160,000
2003 Development and Housing	16,198,795	-	246,699	15,952,096	252,879
2003B Development and Housing	13,046,201	-	424,957	12,621,244	394,010
2004B Development	2,398,874	-	42,237	2,356,637	44,339
2004 Housing	2,060,671	-	34,188	2,026,483	34,995
2004 Sheriff's Facilities	3,676,766	-	158,400	3,518,366	167,038
2004 Fire Facilities	1,898,404	-	86,388	1,812,016	89,547
2004 Library	391,298	-	11,606	379,692	12,021
2006 Development	4,964,170	-	120,780	4,843,390	123,733
Total	105,822,865	934,256	1,645,803	105,111,318	1,378,562
<u>Project Area 5</u>					
City Loans - Principal	\$ 2,904,599	\$ -	\$ -	\$ 2,904,599	\$ -
City Loans - Unpaid Interest	3,282,337	80,870	-	3,363,207	-
2003 Development and Housing	32,053,211	-	475,190	31,578,021	500,587
2003B Development and Housing	5,259,357	-	138,820	5,120,537	159,853
2004B Development	3,829,547	-	67,222	3,762,325	70,787
2004 School Refunding	2,031,367	-	29,854	2,001,513	29,853
2004 Housing	3,165,020	-	52,500	3,112,520	53,750
2004 Sheriff's Facilities	5,626,295	-	242,385	5,383,910	255,607
2004 Fire Facilities	2,771,479	-	126,115	2,645,364	130,730
2004 Library	611,409	-	18,135	593,274	18,783
2006 Development	4,221,486	-	102,724	4,118,762	105,221
2006 School	4,825,093	-	69,907	4,755,186	75,280
Total	70,581,200	80,870	1,322,852	69,339,218	1,400,451
<u>Project Area 6</u>					
City Loans - Principal	\$ 1,323,159	\$ -	\$ -	\$ 1,323,159	\$ -
City Loans - Unpaid Interest	796,253	28,878	-	825,131	-
1997 Mobile Home	2,780,000	-	75,000	2,705,000	75,000
2003 Development and Housing	34,824,488	-	524,118	34,300,370	543,743
2003B Development and Housing	6,570,079	-	183,631	6,386,448	199,372
2004B Development	3,534,653	-	61,978	3,472,675	65,337
2004 School Refunding	5,453,633	-	80,146	5,373,487	80,147
2004 Housing	5,430,264	-	90,069	5,340,195	92,220
2004 Sheriff's Facilities	6,371,172	-	274,478	6,096,694	289,447
2004 Fire Facilities	2,717,416	-	123,656	2,593,760	128,180
2004 Library	3,261,181	-	96,730	3,164,451	100,185
2006 Development	13,143,401	-	319,701	12,823,700	327,603
2006 School	8,634,907	-	125,093	8,509,814	134,720
Total	94,840,606	28,878	1,954,600	92,914,884	2,035,954
<u>Project Area 7</u>					
City Loans - Principal	\$ 658,094	\$ -	\$ -	\$ 658,094	\$ -
City Loans - Unpaid Interest	129,686	14,363	-	144,049	-
2003 Development and Housing	979,233	-	15,531	963,702	15,277
2003B Development and Housing	499,564	-	11,203	488,361	15,246
2004 Housing	444,657	-	7,371	437,286	7,552
2004 Sheriff's Facilities	338,960	-	14,603	324,357	15,399
2004 Library	136,960	-	4,062	132,898	4,207
Total	3,187,154	14,363	52,770	3,148,747	57,681
<u>Total - All Project Areas</u>					
City Loans - Principal	\$ 51,501,615	\$ 546,794	\$ 1,660,700	\$ 50,387,709	\$ -
City Loans - Unpaid Interest	47,284,359	1,693,320	-	48,977,679	-
Bonds Payable	243,910,000	-	5,425,000	238,485,000	5,635,000
Total	\$ 342,695,974	\$ 2,240,114	\$ 7,085,700	\$ 337,850,388	\$ 5,635,000
Adjustments:					
Unamortized net original issue (discount) or premium				6,834,777	
Unamortized net bond defeasance gain or (loss)				(4,035,433)	
Net Long-term Debt				\$ 340,649,732	

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

Note 4: Long-Term Debt (Continued)

The following schedules 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
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 - 2013	75,000	75,797	185,000	235,875	115,000	174,000
2013 - 2014	80,000	71,050	195,000	226,375	130,000	168,250
2014 - 2019	475,000	273,328	1,135,000	971,375	1,995,000	620,250
2019 - 2024	645,000	103,359	1,450,000	650,000	1,240,000	310,000
2024 - 2029	-	-	1,845,000	239,375	-	-
Totals	<u>\$ 1,470,000</u>	<u>\$ 776,344</u>	<u>\$ 5,315,000</u>	<u>\$ 3,083,125</u>	<u>\$ 3,795,000</u>	<u>\$ 1,826,500</u>

	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
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 - 2013	95,000	154,116	1,090,000	2,612,063	630,000	1,786,750
2013 - 2014	100,000	147,900	1,145,000	2,559,050	650,000	1,755,250
2014 - 2019	595,000	633,516	8,385,000	11,707,900	6,370,000	7,989,738
2019 - 2024	815,000	410,709	10,420,000	9,257,675	6,020,000	6,396,600
2024 - 2029	860,000	113,794	15,420,000	6,243,638	11,870,000	4,403,725
2029 - 2034	-	-	18,135,000	2,163,031	11,320,000	1,570,825
Totals	<u>\$ 2,705,000</u>	<u>\$ 1,955,054</u>	<u>\$ 57,615,000</u>	<u>\$ 42,658,496</u>	<u>\$ 38,585,000</u>	<u>\$ 29,426,788</u>

	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
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 - 2013	400,000	686,410	605,000	555,986	1,000,000	748,975
2013 - 2014	415,000	670,110	630,000	533,904	1,030,000	708,300
2014 - 2019	1,630,000	3,127,610	1,520,000	2,428,619	5,940,000	2,718,469
2019 - 2024	3,295,000	2,607,700	4,950,000	1,689,506	7,620,000	991,969
2024 - 2029	2,020,000	1,908,750	1,750,000	894,900	-	-
2029 - 2034	2,305,000	1,335,125	2,685,000	475,475	-	-
2034 - 2039	4,280,000	107,000	-	-	-	-
Totals	<u>\$ 15,475,000</u>	<u>\$ 12,581,235</u>	<u>\$ 13,835,000</u>	<u>\$ 8,359,054</u>	<u>\$ 18,325,000</u>	<u>\$ 7,652,638</u>

**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
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 - 2013	470,000	346,563	160,000	180,506	250,000	659,430
2013 - 2014	485,000	329,244	165,000	174,613	265,000	646,555
2014 - 2019	2,770,000	1,279,506	915,000	768,014	1,310,000	3,032,416
2019 - 2024	3,555,000	465,456	1,145,000	549,849	1,530,000	2,649,009
2024 - 2029	-	-	1,420,000	251,750	2,000,000	2,146,377
2029 - 2034	-	-	325,000	7,719	2,275,000	1,523,175
2034 - 2039	-	-	-	-	4,140,000	330,905
Totals	<u>\$ 8,600,000</u>	<u>\$ 3,552,770</u>	<u>\$ 4,580,000</u>	<u>\$ 2,504,857</u>	<u>\$ 12,450,000</u>	<u>\$ 13,036,135</u>

	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
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	483,558	120,000	382,560	685,000	1,100,658
2012 - 2013	210,000	476,523	125,000	377,640	695,000	1,066,408
2013 - 2014	220,000	469,173	130,000	372,265	725,000	1,031,658
2014 - 2019	1,165,000	2,217,763	760,000	1,764,095	3,525,000	4,649,548
2019 - 2024	1,250,000	1,979,148	975,000	1,549,100	3,255,000	3,946,400
2024 - 2029	1,840,000	1,624,250	2,085,000	1,195,360	3,200,000	3,247,166
2029 - 2034	2,690,000	1,032,500	2,950,000	513,800	3,730,000	2,397,500
2034 - 2039	2,660,000	133,000	-	-	7,365,000	1,277,000
Totals	<u>\$ 10,630,000</u>	<u>\$ 9,403,831</u>	<u>\$ 7,375,000</u>	<u>\$ 6,933,720</u>	<u>\$ 24,465,000</u>	<u>\$ 20,995,454</u>

	Tax Allocation Bonds (School District Projects), Series 2006		Total	
	Principal	Interest	Principal	Interest
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 - 2013	230,000	590,738	6,335,000	10,727,780
2013 - 2014	250,000	581,538	6,615,000	10,445,235
2014 - 2019	1,375,000	2,750,938	39,865,000	46,933,085
2019 - 2024	1,690,000	2,436,235	49,855,000	35,992,715
2024 - 2029	2,610,000	1,965,175	46,920,000	24,234,260
2029 - 2034	3,415,000	1,280,850	49,830,000	12,300,000
2034 - 2039	3,050,000	271,250	21,495,000	2,119,155
Totals	<u>\$ 13,265,000</u>	<u>\$ 11,701,138</u>	<u>\$ 238,485,000</u>	<u>\$ 176,447,139</u>

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, 2009, the following bond issues are considered defeased.

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

Note 4: Long-Term Debt (Continued)

<u>Combined Redevelopment Project Areas:</u>	<u>Amount</u>
Subordinated Tax Allocation Notes	\$ 7,000,000
Tax Allocation Refunding Notes, Issue of 1988	25,990,000
Housing Programs, Tax Allocation Bonds, Issue of 1993	32,000,000
Library Project, Issue of 1993	3,860,000
Sheriff's Facility Project, Issue of 1993	27,380,000
Fire Protection Facility Project, Issue of 1993	14,020,000
Library Project, Issue of 1999	1,780,000
<u>Residential Project Area:</u>	
Tax Allocation Refunding Notes, Issue of 1992	13,800,000
Subordinated Tax Allocation Refunding Bonds, Issue of 1997	3,065,000
<u>Central Business District Project Area:</u>	
Tax Allocation Refunding Bonds, Issue of 1986	1,800,000
<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
Tax Allocation Refunding Bonds, Issue of 1996	12,700,000
<u>Project Area Number 5:</u>	
Tax Allocation Notes	6,250,000
Subordinated Tax Allocation Refunding Notes, Issue of 1989	16,000,000
Subordinated Tax Allocation Refunding Notes, Issue of 1991	4,500,000
School District Tax Allocation Notes, Issue of 1991	4,250,000
Tax Allocation Refunding Bonds, Issue of 1991	13,755,000
Tax Allocation Refunding Bonds, Issue of 1996	10,750,000
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, 2009, 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 Fund	Project Area No. 6 - Project Fund	Project Area No. 7 - Project Fund	Nonmajor Governmental Funds	
Due From Other Funds:						
Project Area No. 6 - Project Fund	\$ 10,955,601	\$ -	\$ -	\$ 3,312,079	\$ 7,552,099	\$ 21,819,779
Amargosa Project Area - Tax Increment Fund	3,477,550	-	-	-	-	3,477,550
Project Area No. 5 - Tax Increment Fund	-	-	427,870	-	-	427,870
Project Area No. 6 - Tax Increment Fund	-	66,957	-	-	627,124	694,081
Nonmajor Governmental Funds	473,907	-	-	2,017,863	856,432	3,348,202
Total	<u>\$ 14,907,058</u>	<u>\$ 66,957</u>	<u>\$ 427,870</u>	<u>\$ 5,329,942</u>	<u>\$ 9,035,655</u>	<u>\$ 29,767,482</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
	Low & Moderate Housing
Advances From Other Funds:	
CBD Project Area - Project Fund	\$ 97,299
Amargosa Project Area - Project Fund	1,195,069
Project Area No. 6 - Project Fund	3,366,122
Project Area No. 7 - Project Fund	1,874,476
Nonmajor Governmental Funds	1,991,433
Total	<u>\$ 8,524,399</u>

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

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

Interfund Transfers

Interfund transfers are done to accomplish the required set-aside to Low and Moderate Income Housing, provide monies for debt servicing purposes and to fund capital projects. During the current fiscal year, the following transfers were made by the Agency:

Funds	Transfers Out					Total
	Combined Low & Moderate Housing Fund	Amargosa Project Area - Tax Increment Fund	Project Area No. 5 - Tax Increment Fund	Project Area No. 6 - Tax Increment Fund	Nonmajor Governmental Funds	
Transfers In						
Combined Low and Moderate Housing Fund	\$ -	\$ 3,201,923	\$ 4,425,598	\$ 6,939,994	\$ 2,286,206	\$ 16,853,721
Nonmajor Governmental Funds	7,410,270	1,986,547	1,465,882	2,216,296	818,272	13,897,267
Total	<u>\$ 7,410,270</u>	<u>\$ 5,188,470</u>	<u>\$ 5,891,480</u>	<u>\$ 9,156,290</u>	<u>\$ 3,104,478</u>	<u>\$ 30,750,988</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, 2009, the following funds owed amounts to these entities:

Residential Project Tax Increment Fund	\$ 121,758
Central Business District Tax Increment Fund	39,081
Fox Field Tax Increment Fund	85,899
Amargosa Tax Increment Fund	906,482
Area No. 5 Tax Increment Fund	1,284,537
Area No. 6 Tax Increment Fund	1,713,377
Area No. 7 Tax Increment Fund	<u>135,738</u>
Total	<u>\$ 4,286,872</u>

Note 7: Beginning Fund Balance and Net Assets Restatement

During the current fiscal year, restatements were made to the opening balances of net assets and fund balances in the amount of \$3,101,911 for the following situations.

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

Note 7: Beginning Fund Balance and Net Assets Restatement (Continued)

Capital Projects Funds

Correct previous years' due to other government amounts	\$ 99,425
Correct developer obligation related to COSTCO project	401,669
Rehabilitation loan transactions coded to revenue and expenditures in prior years	16,956
Other correction of prior year revenue and expenditures	439
Total Capital Project Funds	<u>\$ 518,489</u>

Debt Service Funds

Correct previous years' due to other government amounts	\$ 2,579,739
Correct previous years' expenditures	3,683
Total Debt Service Funds	<u>\$ 2,583,422</u>

Total adjustments to opening fund balance	<u>\$ 3,101,911</u>
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Note 8: SERAF Tax Increment Revenue Shift for fiscal year 2009-2010 and 2010-2011

On July 23, 2009, the California Legislature passed SB 26, requiring a shift in tax increment revenues during fiscal years 2009-2010 and 2010-2011 to be deposited into the county "Supplemental" Educational Revenue Augmentation Fund (SERAF) and which is to be distributed to meet the State's Prop 98 obligations to schools. It is estimated that the Agency's share of the SERAF shift for fiscal year 2009-2010 and 2010-2011 will amount to approximately \$17,464,320 and \$3,595,595, respectively. In October 2009, the California Redevelopment Association and its member agencies filed a legal action in an attempt to stop these amounts from having to be paid. As of the date of this report, no legal determination has been made by the courts on that action.

LANCASTER REDEVELOPMENT AGENCY

COMBINING PROJECT AREA BALANCE SHEET

ALL GOVERNMENTAL FUNDS

JUNE 30, 2009

	<u>Residential Project Area</u>				
	<u>Capital</u>	<u>Capital</u>	<u>Debt</u>	<u>Debt</u>	<u>Capital</u>
	<u>Projects</u>	<u>Projects</u>	<u>Service</u>	<u>Service</u>	<u>Projects</u>
	<u>General</u>	<u>Combined</u>	<u>Tax</u>	<u>Tax</u>	<u>Project</u>
	<u>Agency</u>	<u>Housing</u>	<u>Increment</u>	<u>Revenue</u>	
	<u>Fund</u>	<u>Fund</u>		<u>Bonds</u>	
ASSETS					
Cash and investments	\$ 459,872	\$ 18,553,127	\$ 318,457	\$ -	\$ 2,027
Cash and investments with trustee	-	-	-	1,587,463	324,993
Receivables:					
Tax increment	65,904	-	199,877	-	-
Accounts	202,161	2,540	-	-	-
Interest	160,723	93,986	-	-	-
Loans	-	1,794,920	-	-	-
Due from Capital Projects Funds	-	-	485,727	-	-
Due from Debt Service Funds	-	-	44,024	-	-
Due from City	-	389,196	-	-	-
Restricted cash	-	-	967	-	-
Advances to other funds	-	8,524,399	-	-	-
Land held for resale	-	48,622,888	-	-	-
Allowance for decline in value	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 888,660</u>	<u>\$ 77,981,056</u>	<u>\$ 1,049,052</u>	<u>\$ 1,587,463</u>	<u>\$ 327,020</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 911,919	\$ 59,184	\$ 4,070	\$ -	\$ -
Deposits from others	39,319	31,230	-	-	-
Due to Capital Projects Funds	-	-	-	-	-
Due to Debt Service Funds	-	-	-	-	485,727
Due to other governments	-	-	121,758	-	-
Deferred revenue	-	-	-	-	-
Advances from Low and Moderate Housing Funds	-	-	-	-	522,814
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>951,238</u>	<u>90,414</u>	<u>125,828</u>	<u>-</u>	<u>1,008,541</u>
Fund Balances:					
Reserved:					
Encumbrances	1,450,194	3,146	-	-	-
Land held for resale	-	48,622,887	-	-	-
Long-term receivables	-	10,319,319	-	-	-
Unreserved:					
Designated:					
Debt service	-	-	923,224	1,587,463	-
Continuing projects	-	18,945,290	-	-	-
Undesignated	(1,512,772)	-	-	-	(681,521)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>(62,578)</u>	<u>77,890,642</u>	<u>923,224</u>	<u>1,587,463</u>	<u>(681,521)</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 888,660</u>	<u>\$ 77,981,056</u>	<u>\$ 1,049,052</u>	<u>\$ 1,587,463</u>	<u>\$ 327,020</u>

LANCASTER REDEVELOPMENT AGENCY

COMBINING PROJECT AREA BALANCE SHEET

ALL GOVERNMENTAL FUNDS

JUNE 30, 2009

	Central Business District Project Area		
	Debt Service	Debt Service Tax Revenue Bonds	Capital Projects Project
	Tax Increment		
ASSETS			
Cash and investments	\$ -	\$ -	\$ 2,609
Cash and investments with trustee	-	655,496	-
Receivables:			
Tax increment	52,664	-	-
Accounts	-	-	-
Interest	-	-	-
Loans	-	-	175,280
Due from Capital Projects Funds	-	-	-
Due from Debt Service Funds	-	-	-
Due from City	-	-	-
Restricted cash	-	-	-
Advances to other funds	-	-	-
Land held for resale	-	-	1,555,281
Allowance for decline in value	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 52,664</u>	<u>\$ 655,496</u>	<u>\$ 1,733,170</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,017	\$ -	\$ -
Deposits from others	-	-	-
Due to Capital Projects Funds	-	-	4,582,276
Due to Debt Service Funds	639,340	-	-
Due to other governments	39,081	-	-
Deferred revenue	-	-	175,280
Advances from Low and Moderate Housing Funds	-	-	97,299
	<u>-</u>	<u>-</u>	<u>97,299</u>
Total Liabilities	<u>679,438</u>	<u>-</u>	<u>4,854,855</u>
Fund Balances:			
Reserved:			
Encumbrances	-	-	-
Land held for resale	-	-	1,555,281
Long-term receivables	-	-	-
Unreserved:			
Designated:			
Debt service	-	655,496	-
Continuing projects	-	-	-
Undesignated	(626,774)	-	(4,676,966)
	<u>(626,774)</u>	<u>-</u>	<u>(4,676,966)</u>
Total Fund Balances	<u>(626,774)</u>	<u>655,496</u>	<u>(3,121,685)</u>
Total Liabilities and Fund Balances	<u>\$ 52,664</u>	<u>\$ 655,496</u>	<u>\$ 1,733,170</u>

LANCASTER REDEVELOPMENT AGENCY

COMBINING PROJECT AREA BALANCE SHEET

ALL GOVERNMENTAL FUNDS

JUNE 30, 2009

	Fox Field Project Area			Amargosa Project Area		
	Debt Service	Debt Service Tax Revenue Bonds	Capital Projects Project	Debt Service	Debt Service Tax Revenue Bonds	Capital Projects Project
	Increment			Increment		
ASSETS						
Cash and investments	\$ -	\$ -	\$ 12,807	\$ -	\$ -	\$ -
Cash and investments with trustee	-	311,968	850,509	-	4,728,675	5,471,032
Receivables:						
Tax increment	135,396	-	-	1,439,796	-	-
Accounts	-	-	30,531	-	-	21,096
Interest	-	-	-	-	-	-
Loans	-	-	-	-	-	3,681,854
Due from Capital Projects Funds	-	-	-	3,477,550	-	-
Due from Debt Service Funds	-	-	-	-	-	-
Due from City	-	-	-	-	-	-
Restricted cash	-	-	-	25,846	-	-
Advances to Tax Increment Fund	-	-	-	-	-	-
Land held for resale	-	-	907,259	-	-	7,743,210
Allowance for decline in value	-	-	-	-	-	-
Total Assets	\$ 135,396	\$ 311,968	\$ 1,801,106	\$ 4,943,192	\$ 4,728,675	\$ 16,917,192
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 1,017	\$ -	\$ -	\$ 23,400	\$ -	\$ 25,510
Deposits from others	-	-	25,012	-	-	-
Due to Capital Projects Funds	-	-	3,296,504	-	-	11,429,508
Due to Debt Service Funds	31,808	-	-	-	-	3,477,550
Due to other governments	85,899	-	-	906,482	-	-
Deferred revenue	-	-	-	-	-	-
Advances from Low and Moderate Housing Funds	-	-	143,090	-	-	1,195,069
Total Liabilities	118,724	-	3,464,606	929,882	-	16,127,637
Fund Balances:						
Reserved:						
Encumbrances	-	-	-	-	-	-
Land held for resale	-	-	907,258	-	-	7,743,210
Long-term receivables	-	-	-	-	-	3,681,854
Unreserved:						
Designated:						
Debt service	16,672	311,968	-	4,013,310	4,728,675	-
Continuing projects	-	-	-	-	-	-
Undesignated	-	-	(2,570,758)	-	-	(10,635,509)
Total Fund Balances	16,672	311,968	(1,663,500)	4,013,310	4,728,675	789,555
Total Liabilities and Fund Balances	\$ 135,396	\$ 311,968	\$ 1,801,106	\$ 4,943,192	\$ 4,728,675	\$ 16,917,192

LANCASTER REDEVELOPMENT AGENCY

COMBINING PROJECT AREA BALANCE SHEET

ALL GOVERNMENTAL FUNDS

JUNE 30, 2009

	Project Area 5			Project Area 6		
	Debt Service	Debt Service Tax	Capital Projects	Debt Service	Debt Service Tax	Capital Projects
	Tax Increment	Revenue Bonds	Project	Tax Increment	Revenue Bonds	Project
ASSETS						
Cash and investments	\$ -	\$ -	\$ (766,242)	\$ 5,020,764	\$ -	\$ 925,052
Cash and investments with trustee	-	4,704,750	4,246,633	-	6,670,387	18,501,583
Receivables:						
Tax increment	1,403,497	-	-	2,187,675	-	-
Accounts	-	-	-	-	-	-
Interest	1,635	-	-	979	-	-
Loans	-	-	-	-	-	-
Due from Capital Projects Funds	-	-	943,859	427,870	-	21,819,779
Due from Debt Service Funds	-	-	-	694,081	-	-
Due from City	-	-	-	-	-	-
Restricted cash	413,328	-	-	324,811	-	-
Advances to Tax Increment Fund	-	-	-	-	-	-
Land held for resale	-	-	6,100,980	-	-	989,220
Allowance for decline in value	-	-	(5,057,616)	-	-	-
Total Assets	\$ 1,818,460	\$ 4,704,750	\$ 5,467,614	\$ 8,656,180	\$ 6,670,387	\$ 42,235,634
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 24,418	\$ -	\$ -	\$ 43,747	\$ -	\$ -
Deposits from others	-	-	-	-	-	-
Due to Capital Projects Funds	-	-	-	-	-	-
Due to Debt Service Funds	66,957	-	-	-	-	427,870
Due to other governments	1,284,537	-	-	1,713,377	-	-
Deferred revenue	-	-	-	-	-	-
Advances from Low and Moderate Housing Funds	-	-	1,325,529	-	-	3,366,122
Total Liabilities	1,375,912	-	1,325,529	1,757,124	-	3,793,992
Fund Balances:						
Reserved:						
Encumbrances	-	-	-	-	-	-
Land held for resale	-	-	1,043,364	-	-	989,220
Long-term receivables	-	-	-	-	-	-
Unreserved:						
Designated:						
Debt service	442,548	4,704,750	-	6,899,056	6,670,387	-
Continuing projects	-	-	3,098,721	-	-	37,452,422
Undesignated	-	-	-	-	-	-
Total Fund Balances	442,548	4,704,750	4,142,085	6,899,056	6,670,387	38,441,642
Total Liabilities and Fund Balances	\$ 1,818,460	\$ 4,704,750	\$ 5,467,614	\$ 8,656,180	\$ 6,670,387	\$ 42,235,634

LANCASTER REDEVELOPMENT AGENCY

COMBINING PROJECT AREA BALANCE SHEET

ALL GOVERNMENTAL FUNDS

JUNE 30, 2009

	Project Area 7			TOTALS	
	Debt Service	Debt Service	Capital Projects	Debt Service Funds	Capital Projects Funds
	Tax Increment	Tax Revenue Bonds	Project		
ASSETS					
Cash and investments	\$ -	\$ -	\$ -	\$ 5,339,221	\$ 19,189,252
Cash and investments with trustee	-	142,401	-	18,801,140	29,394,750
Receivables:					
Tax increment	211,117	-	-	5,630,022	65,904
Accounts	-	-	-	-	256,328
Interest	10	-	-	2,624	254,709
Loans	-	-	-	-	5,652,054
Due from Capital Projects Funds	1,874,592	-	-	6,265,739	22,763,638
Due from Debt Service Funds	-	-	-	738,105	-
Due from City	-	-	-	-	389,196
Restricted cash	10,427	-	-	775,379	-
Advances to Tax Increment Fund	-	-	-	-	8,524,399
Land held for resale	-	-	-	-	65,918,838
Allowance for decline in value	-	-	-	-	(5,057,616)
Total Assets	\$ 2,096,146	\$ 142,401	\$ -	\$ 37,552,230	\$ 147,351,452
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 4,069	\$ -	\$ -	\$ 101,738	\$ 996,613
Deposits from others	-	-	-	-	95,561
Due to Capital Projects Funds	-	-	3,455,350	-	22,763,638
Due to Debt Service Funds	-	-	1,874,592	738,105	6,265,739
Due to other governments	135,738	-	-	4,286,872	-
Deferred revenue	-	-	-	-	175,280
Advances from Low and Moderate Housing Funds	-	-	1,874,476	-	8,524,399
Total Liabilities	139,807	-	7,204,418	5,126,715	38,821,230
Fund Balances:					
Reserved:					
Encumbrances	-	-	-	-	1,453,340
Land held for resale	-	-	-	-	60,861,220
Long-term receivables	-	-	-	-	14,001,173
Unreserved:					
Designated:					
Debt service	1,956,339	142,401	-	33,052,289	-
Continuing projects	-	-	-	-	59,496,433
Undesignated	-	-	(7,204,418)	(626,774)	(27,281,944)
Total Fund Balances	1,956,339	142,401	(7,204,418)	32,425,515	108,530,222
Total Liabilities and Fund Balances	\$ 2,096,146	\$ 142,401	\$ -	\$ 37,552,230	\$ 147,351,452

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LANCASTER REDEVELOPMENT AGENCY

COMBINING PROJECT AREA STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUNDS
FOR FISCAL YEAR ENDED JUNE 30, 2009

	Residential Project Area				
	<u>Capital Projects General Agency Fund</u>	<u>Capital Projects Combined Housing Fund</u>	<u>Debt Service Tax Increment</u>	<u>Debt Service Tax Revenue Bonds</u>	<u>Capital Projects Project</u>
Revenues:					
Taxes and Assessments:					
Tax increment	\$ -	\$ -	\$ 5,455,996	\$ -	\$ -
Use of Money and Property:					
Interest income	16,007	509,071	-	64,244	27,316
Rental income	-	845,385	-	-	-
Lease income	-	42,711	-	-	-
Intergovernmental:					
Contributions from other governments	-	-	31,920	292,050	-
Other revenue:					
Miscellaneous	-	65,787	-	-	68,529
Total Revenues	16,007	1,462,954	5,487,916	356,294	95,845
Expenditures:					
Current:					
General Government:					
Administrative costs	-	2,322,129	44,236	-	333,424
Professional services	-	866,490	-	-	1,673
Planning, survey and design	-	124,513	-	-	-
Community Development:					
Real estate acquisitions	-	345,525	-	-	-
Operation of acquired property	-	644,320	-	-	-
Relocation payments	-	310,899	-	-	-
Site clearance costs	-	190,400	-	-	-
Rehabilitation costs	-	667,939	-	-	-
Rehabilitation grants	-	4,105,836	-	-	-
Capital Outlay:					
Project improvement costs	-	1,569,447	-	-	-
Debt Service:					
Interest expense	-	-	-	1,014,526	20,063
Long-term debt repayments	-	-	-	482,161	-
Total Expenditures	-	11,147,498	44,236	1,496,687	355,160
Excess of Revenues over (under) Expenditures	\$ 16,007	\$ (9,684,544)	\$ 5,443,680	\$ (1,140,393)	\$ (259,315)

LANCASTER REDEVELOPMENT AGENCY

COMBINING PROJECT AREA STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUNDS
FOR FISCAL YEAR ENDED JUNE 30, 2009

	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
Other Financing Sources (Uses)					
Transfers in	\$ -	\$ -	\$ -	\$ 1,140,809	\$ -
Transfers out	-	(7,410,270)	(518,327)	-	-
Housing set-aside transfers in	-	16,853,721	-	-	-
Housing set-aside transfers out	-	-	(1,091,199)	-	-
Long-term debt issued	-	-	-	-	20,063
Pass through agreement payments	-	-	(3,575,292)	-	-
Developer participation	-	-	-	-	-
Gain (Loss) on sale of land held	-	-	-	-	-
Total Other Financing Sources (Uses)	-	9,443,451	(5,184,818)	1,140,809	20,063
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	\$ 16,007	\$ (241,093)	\$ 258,862	\$ 416	\$ (239,252)
Fund Balances					
Beginning of Year, as previously reported	\$ (133,541)	\$ 78,137,314	\$ 623,390	\$ 1,587,047	\$ (442,269)
Restatements	54,956	(5,579)	40,972	-	-
Beginning of Year, as restated	(78,585)	78,131,735	664,362	1,587,047	(442,269)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	16,007	(241,093)	258,862	416	(239,252)
End of Year	\$ (62,578)	\$ 77,890,642	\$ 923,224	\$ 1,587,463	\$ (681,521)

LANCASTER REDEVELOPMENT AGENCY

COMBINING PROJECT AREA STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUNDS
FOR FISCAL YEAR ENDED JUNE 30, 2009

	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	\$ 867,868	\$ -	\$ -
Use of Money and Property:			
Interest income	-	8,306	-
Rental income	-	-	4,161
Lease income	-	-	-
Intergovernmental:			
Contributions from other governments	31,297	69,904	-
Other revenue:			
Miscellaneous	-	-	8,517
	<u>899,165</u>	<u>78,210</u>	<u>12,678</u>
Total Revenues			
	899,165	78,210	12,678
Expenditures:			
Current:			
General Government:			
Administrative costs	11,668	-	333,422
Professional services	-	-	215,042
Planning, survey and design	-	-	-
Community Development:			
Real estate acquisitions	-	-	114
Operation of acquired property	-	-	-
Relocation payments	-	-	-
Site clearance costs	-	-	-
Rehabilitation costs	-	-	-
Rehabilitation grants	-	-	-
Capital Outlay:			
Project improvement costs	-	-	1,114,141
Debt Service:			
Interest expense	-	199,524	318,002
Long-term debt repayments	-	114,934	-
	<u>11,668</u>	<u>314,458</u>	<u>1,980,721</u>
Total Expenditures			
	11,668	314,458	1,980,721
Excess of Revenues over (under) Expenditures	\$ 887,497	\$ (236,248)	\$ (1,968,043)

LANCASTER REDEVELOPMENT AGENCY

COMBINING PROJECT AREA STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUNDS
FOR FISCAL YEAR ENDED JUNE 30, 2009

	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>
Other Financing Sources (Uses)			
Transfers in	\$ -	\$ 489,217	\$ -
Transfers out	(117,808)	-	-
Housing set-aside transfers in	-	-	-
Housing set-aside transfers out	(173,574)	-	-
Long-term debt issued	-	-	864,798
Pass through agreement payments	(706,844)	-	-
Developer participation	-	-	9,259
Gain (Loss) on sale of land held	-	-	-
Total Other Financing Sources (Uses)	<u>(998,226)</u>	<u>489,217</u>	<u>874,057</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	<u>\$ (110,729)</u>	<u>\$ 252,969</u>	<u>\$ (1,093,986)</u>
 Fund Balances			
Beginning of Year, as previously reported	\$ (529,874)	\$ 402,527	\$ (2,027,699)
Restatements	13,829	-	-
Beginning of Year, as restated	(516,045)	402,527	(2,027,699)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(110,729)	252,969	(1,093,986)
End of Year	<u>\$ (626,774)</u>	<u>\$ 655,496</u>	<u>\$ (3,121,685)</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, 2009**

	Fox Field Project Area			Amargosa Project Area		
	Debt Service	Debt Service	Capital Projects	Debt Service	Debt Service	Capital Projects
		Tax Revenue			Tax Revenue	
	Tax Increment	Bonds	Project	Tax Increment	Bonds	Project
Revenues:						
Taxes and Assessments:						
Tax increment	\$ 1,951,980	\$ -	\$ -	\$ 16,009,617	\$ -	\$ -
Use of Money and Property:						
Interest income	-	13,456	40,529	-	152,117	260,435
Rental income	-	-	-	-	-	398,967
Lease income	-	-	-	-	-	115,828
Intergovernmental:						
Contributions from other governments	44,734	52,976	-	89,834	486,047	-
Other revenue:						
Miscellaneous	-	-	60,053	-	-	92,708
Total Revenues	1,996,714	66,432	100,582	16,099,451	638,164	867,938
Expenditures:						
Current:						
General Government:						
Administrative costs	17,091	-	333,755	126,593	-	333,664
Professional services	-	-	966	-	-	16,659
Planning, survey and design	-	-	-	-	-	-
Community Development:						
Real estate acquisitions	-	-	-	-	-	352
Operation of acquired property	-	-	19,750	-	-	70,869
Relocation payments	-	-	-	-	-	-
Site clearance costs	-	-	-	-	-	-
Rehabilitation costs	-	-	-	-	-	-
Rehabilitation grants	-	-	-	-	-	-
Capital Outlay:						
Project improvement costs	-	-	32,911	-	-	5,064,422
Debt Service:						
Interest expense	-	247,752	296,885	-	2,552,126	934,261
Long-term debt repayments	-	122,428	1,390,152	-	1,375,255	270,548
Total Expenditures	17,091	370,180	2,074,419	126,593	3,927,381	6,690,775
Excess of Revenues over (under) Expenditures	\$ 1,979,623	\$ (303,748)	\$ (1,973,837)	\$ 15,972,858	\$ (3,289,217)	\$ (5,822,837)

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, 2009**

	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
Other Financing Sources (Uses)						
Transfers in	\$ -	\$ 303,752	\$ -	\$ -	\$ 4,498,256	\$ -
Transfers out	(172,638)	-	-	(1,986,547)	-	-
Housing set-aside transfers in	-	-	-	-	-	-
Housing set-aside transfers out	(390,396)	-	-	(3,201,923)	-	-
Long-term debt issued	-	-	296,886	-	-	934,256
Pass through agreement payments	(1,291,432)	-	-	(10,818,262)	-	-
Developer participation	-	-	174,904	-	-	-
Gain (Loss) on sale of land held	-	-	(26,910)	-	-	-
Total Other Financing Sources (Uses)	(1,854,466)	303,752	444,880	(16,006,732)	4,498,256	934,256
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	\$ 125,157	\$ 4	\$ (1,528,957)	\$ (33,874)	\$ 1,209,039	\$ (4,888,581)
Fund Balances						
Beginning of Year, as previously reported	\$ (124,451)	\$ 311,964	\$ (201,986)	\$ 3,813,855	\$ 3,519,636	\$ 5,276,467
Restatements	15,966	-	67,443	233,329	-	401,669
Beginning of Year, as restated	(108,485)	311,964	(134,543)	4,047,184	3,519,636	5,678,136
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	125,157	4	(1,528,957)	(33,874)	1,209,039	(4,888,581)
End of Year	\$ 16,672	\$ 311,968	\$ (1,663,500)	\$ 4,013,310	\$ 4,728,675	\$ 789,555

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, 2009**

	Project Area 5			Project Area 6		
	Debt Service	Debt Service	Capital Projects	Debt Service	Debt Service	Capital Projects
		Tax Revenue			Tax Revenue	
	Tax Increment	Bonds	Project	Tax Increment	Bonds	Project
Revenues:						
Taxes and Assessments:						
Tax increment	\$ 22,127,991	\$ -	\$ -	\$ 34,699,967	\$ -	\$ -
Use of Money and Property:						
Interest income	-	183,344	162,843	-	242,507	1,654,560
Rental income	-	-	-	-	-	-
Lease income	-	-	-	-	-	-
Intergovernmental:						
Contributions from other governments	134,450	1,603,777	-	1,008,978	1,490,783	-
Other revenue:						
Miscellaneous	-	-	3,593	-	-	3,593
Total Revenues	22,262,441	1,787,121	166,436	35,708,945	1,733,290	1,658,153
Expenditures:						
Current:						
General Government:						
Administrative costs	188,081	-	333,422	283,445	-	333,422
Professional services	-	-	-	-	-	-
Planning, survey and design	-	-	-	-	-	-
Community Development:						
Real estate acquisitions	-	-	414	-	-	614
Operation of acquired property	-	-	-	-	-	-
Relocation payments	-	-	-	-	-	-
Site clearance costs	-	-	-	-	-	-
Rehabilitation costs	-	-	-	-	-	-
Rehabilitation grants	-	-	-	-	-	-
Capital Outlay:						
Project improvement costs	-	-	1,108,956	-	-	1,578,063
Debt Service:						
Interest expense	-	3,073,405	80,870	-	4,468,735	28,879
Long-term debt repayments	-	1,322,852	-	-	1,954,600	-
Total Expenditures	188,081	4,396,257	1,523,662	283,445	6,423,335	1,940,978
Excess of Revenues over (under) Expenditures	\$ 22,074,360	\$ (2,609,136)	\$ (1,357,226)	\$ 35,425,500	\$ (4,690,045)	\$ (282,825)

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, 2009**

	Project Area 5			Project Area 6		
	Debt Service	Debt Service	Capital Projects	Debt Service	Debt Service	Capital Projects
		Tax Revenue			Tax Revenue	
	Tax Increment	Bonds	Project	Tax Increment	Bonds	Project
Other Financing Sources (Uses)						
Transfers in	\$ -	\$ 2,604,705	\$ -	\$ -	\$ 4,727,574	\$ -
Transfers out	(1,465,882)	-	-	(2,216,296)	-	-
Housing set-aside transfers in	-	-	-	-	-	-
Housing set-aside transfers out	(4,425,598)	-	-	(6,939,994)	-	-
Long-term debt issued	-	-	80,870	-	-	28,878
Pass through agreement payments	(15,472,955)	-	-	(24,095,972)	-	-
Developer participation	-	-	13,433	-	-	-
Gain (Loss) on sale of land held	-	-	-	-	-	-
Total Other Financing Sources (Uses)	(21,364,435)	2,604,705	94,303	(33,252,262)	4,727,574	28,878
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	\$ 709,925	\$ (4,431)	\$ (1,262,923)	\$ 2,173,238	\$ 37,529	\$ (253,947)
Fund Balances						
Beginning of Year, as previously reported	\$ (1,371,851)	\$ 4,709,181	\$ 5,405,008	\$ 3,591,854	\$ 6,632,858	\$ 38,695,589
Restatements	1,104,474	-	-	1,133,964	-	-
Beginning of Year, as restated	(267,377)	4,709,181	5,405,008	4,725,818	6,632,858	38,695,589
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	709,925	(4,431)	(1,262,923)	2,173,238	37,529	(253,947)
End of Year	\$ 442,548	\$ 4,704,750	\$ 4,142,085	\$ 6,899,056	\$ 6,670,387	\$ 38,441,642

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, 2009**

	Project Area 7				
	Debt Service	Debt Service	Capital Projects	T O T A L S	
	Tax Increment	Tax Revenue Bonds	Project	Debt Service Funds	Capital Projects Funds
	Tax Increment	Tax Revenue Bonds	Project	Debt Service Funds	Capital Projects Funds
Revenues:					
Taxes and Assessments:					
Tax increment	\$ 3,155,186	\$ -	\$ -	\$ 84,268,605	\$ -
Use of Money and Property:					
Interest income	-	6,666	-	670,640	2,670,761
Rental income	-	-	-	-	1,248,513
Lease income	-	-	-	-	158,539
Intergovernmental:					
Contributions from other governments	66,646	29,602	-	5,432,998	-
Other revenue:					
Miscellaneous	-	-	4,562	-	307,342
Total Revenues	3,221,832	36,268	4,562	90,372,243	4,385,155
Expenditures:					
Current:					
General Government:					
Administrative costs	27,578	-	333,422	698,692	4,656,660
Professional services	-	-	5,165	-	1,105,995
Planning, survey and design	-	-	-	-	124,513
Community Development:					
Real estate acquisitions	-	-	214	-	347,233
Operation of acquired property	-	-	-	-	734,939
Relocation payments	-	-	-	-	310,899
Site clearance costs	-	-	-	-	190,400
Rehabilitation costs	-	-	-	-	667,939
Rehabilitation grants	-	-	-	-	4,105,836
Capital Outlay:					
Project improvement costs	-	-	-	-	10,467,940
Debt Service:					
Interest expense	-	116,223	14,363	11,672,291	1,693,323
Long-term debt repayments	-	52,770	-	5,425,000	1,660,700
Total Expenditures	27,578	168,993	353,164	17,795,983	26,066,377
Excess of Revenues over (under) Expenditures	\$ 3,194,254	\$ (132,725)	\$ (348,602)	\$ 72,576,260	\$ (21,681,222)

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, 2009**

	Project Area 7			TOTALS	
	Debt Service	Debt Service	Capital Projects	Debt Service Funds	Capital Projects Funds
	Tax Increment	Tax Revenue Bonds	Project		
Other Financing Sources (Uses)					
Transfers in	\$ -	\$ 132,954	\$ -	\$ 13,897,267	\$ -
Transfers out	(9,499)	-	-	(6,486,997)	(7,410,270)
Housing set-aside transfers in	-	-	-	-	16,853,721
Housing set-aside transfers out	(631,037)	-	-	(16,853,721)	-
Long-term debt issued	-	-	14,363	-	2,240,114
Pass through agreement payments	(1,993,713)	-	-	(57,954,470)	-
Developer participation	-	-	-	-	197,596
Gain (Loss) on sale of land held	-	-	-	-	(26,910)
Total Other Financing Sources (Uses)	(2,634,249)	132,954	14,363	(67,397,921)	11,854,251
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	\$ 560,005	\$ 229	\$ (334,239)	\$ 5,178,339	\$ (9,826,971)
Fund Balances					
Beginning of Year, as previously reported	\$ 1,355,446	\$ 142,172	\$ (6,870,179)	\$ 24,663,754	\$ 117,838,704
Restatements	40,888	-	-	2,583,422	518,489
Beginning of Year, as restated	1,396,334	142,172	(6,870,179)	27,247,176	118,357,193
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	560,005	229	(334,239)	5,178,339	(9,826,971)
End of Year	\$ 1,956,339	\$ 142,401	\$ (7,204,418)	\$ 32,425,515	\$ 108,530,222

LANCASTER REDEVELOPMENT AGENCY

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

	<u>Low and Moderate Housing Funds - All Project Areas July 1, 2008</u>	<u>Low and Moderate Housing Funds - All Project Areas July 1, 2009</u>
Opening Fund Balance	\$ 78,137,314	\$ 77,890,642
Less Unavailable Amounts:		
Land held for resale	\$ (34,364,473)	\$ (48,622,888)
ERAF loans	(8,524,399)	(8,524,399)
Encumbrances (Section 33334.12 (g)(2))	-	(3,146)
Rehabilitation loans	<u>(2,094,391)</u>	<u>(1,794,920)</u>
	<u>(44,983,263)</u>	<u>(58,945,353)</u>
Available Low and Moderate Income Housing Funds	33,154,051	18,945,289
Limitation (greater of \$1,000,000 or four years set-aside)		
Set-Aside for last four years:		
2008 - 2009	\$ -	\$ 16,853,721
2007 - 2008	15,675,562	15,675,562
2006 - 2007	13,936,255	13,936,255
2005 - 2006	11,757,421	11,757,421
2004 - 2005	<u>9,185,146</u>	<u>-</u>
Total	<u>\$ 50,554,384</u>	<u>\$ 58,222,959</u>
Base Limitation	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Greater amount	<u>50,554,384</u>	<u>58,222,959</u>
Computed Excess/Surplus	<u>None</u>	<u>None</u>