## GLENDORA COMMUNITY REDEVELOPMENT AGENCY GLENDORA, CALIFORNIA

#### FINANCIAL STATEMENTS

**JUNE 30, 2008** 

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Certified Public Accountants

Brandon W. Burrows Donald L. Parker Michael K. Chu David E. Hale A Professional Corporation Donald G. Slater Richard K. Kikuchi

Retired
Robert C. Lance
1914-1994
Richard C. Soll
Fred J. Lunghard, Jr.
1928-1999

#### INDEPENDENT AUDITORS' REPORT

To the Honorable Chair and Members of the Governing Board Glendora Community Redevelopment Agency, California

We have audited the accompanying financial statements of the governmental activities and each major fund of the Glendora Community Redevelopment Agency (the Agency), a component unit of the City of Glendora, California, as of and for the year ended June 30, 2008, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Glendora Community 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 Glendora Community Redevelopment Agency as of June 30, 2008, 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 report dated December 8, 2008, on our consideration of the Glendora Community Redevelopment Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Glendora Community Redevelopment Agency, California Page 2

Lance, Soll & Lunghard, LLP

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.

December 8, 2008



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

To the Honorable Chair and Members of the Governing Board Glendora Community Redevelopment Agency, California

We have audited the financial statements of the governmental activities and each major fund of the Glendora Community Redevelopment Agency as of and for the year ended June 30, 2008, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated December 8, 2008. 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.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Glendora Community Redevelopment Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Glendora Community Redevelopment Agency's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Glendora Community Redevelopment Agency's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Glendora Community Redevelopment Agency's financial statements that is more than inconsequential will not be prevented or detected by the Glendora Community Redevelopment Agency's internal control. We noted no control deficiencies during the course of our engagement.





To the Honorable Chair and Members of the Governing Board Glendora Community Redevelopment Agency, California Page 2

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Agency's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we note no significant deficiencies that should be considered to be material weaknesses.

#### **Compliance and Other Matters**

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

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

December 8, 2008

Lance, Soll & Lunghard, LLP

### STATEMENT OF NET ASSETS JUNE 30, 2008

	Government	al Activities
Assets:		
Cash and investments		\$ 25,849,605
Receivables:		
Tax increment	\$ 387,812	
Interest receivable	219,305	
Loans	1,575,769	
Total Receivables		2,182,886
Due from other governments		3,222
Deferred charges		815,546
Restricted assets:		,
Cash and investments		1,030,605
Cash and investments with trustees		240,378
Total Assets		30,122,242
Liabilities:		
Accounts payable and accrued expenses		948,344
Other current liabilities		21,923
Long-term liabilities:		
Due within one year	1,535,000	
Due in more than one year	29,780,961	
Total Long-Term Liabilities		31,315,961
•		
Total Liabilities		32,286,228
Net Assets:		
Restricted for:		
Community development		5,812,617
Debt service		12,081,709
Unrestricted		(20,058,312)
Total Net Assets		\$ (2,163,986)

#### STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2008

				1	Program	Revenu	es		Re	t (Expense) venues and hanges in
		Expenses	Charg Serv	es for	Oper Contril	ating outions Grants	Cap Contril	oital outions Grants	N Go	let Assets evernmental Activities
Functions/Programs Governmental Activities:										
General government	\$	1,749,625	\$	_	\$	_	\$	_	\$	(1,749,625)
Community development	•	2,622,389	•	_	*	_	•	-	•	(2,622,389)
Interest on long-term debt		1,698,182		-				_		(1,698,182)
Total Governmental Activities	\$	6,070,196	\$		\$		\$			(6,070,196)
General Revenues:										
Taxes (net of pass-through payments)										6,579,719
Use of money and property										1,488,420
Other										322,691
Total General Revenues										8,390,830
Change in Net Assets										2,320,634
Net Assets at Beginning of Year										(4,437,875)
Restatement of Net Assets										(46,745)
Net Assets at End of Year									\$	(2,163,986)

#### BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2008

	Capital Projects Combined Low and Moderate Housing	Capital Projects Project Area #1	Capital Projects Project Area #3	Debt Service Project Area #1
	Low and			<u>πι</u>
	Moderate			Tax
	Housing	Project	Project	Increment
Assets:				
Cash and investments	\$ 5,676,684	\$ 5,060,950	\$ 4,164,373	\$ 5,360,712
Cash and investments with trustee	-	-	-	77,078
Receivables:				255 204
Tax increment Interest receivable	- 74,784	- 60,131	82,226	255,291
Loans	1,575,769	-	-	-
Due from Debt Service funds	82,878	-	-	-
Due from City	3,222	-	-	-
Restricted cash				
Total Assets	\$ 7,413,337	\$ 5,121,081	\$ 4,246,599	\$ 5,693,081
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 17,590	\$ 38,401	\$ 36,183	\$ 230,029
Accrued liabilties	7,361	7,121	4,539	-
Due to Low and Moderate				FF 063
Housing Funds Deferred revenue	1,575,769	_	-	55,063
Deletieu feveriue	1,373,709	<u>_</u>		<del></del>
Total Liabilities	1,600,720	45,522	40,722	285,092
Fund Balances:				
Reserved:				
Encumbrances Restricted Cash	27,229	6,662	186,772	-
Unreserved:	-	-	-	-
Designated:				
Debt service	-	-	-	4,407,989
Continuing projects	5,785,388	4,038,897	4,019,105	-
Traffic mitigation	-	30,000	-	-
Capital improvements	-	1,000,000		1,000,000
Total Fund Balances	5,812,617	5,075,559	4,205,877	5,407,989
Total Liabilities and				
Fund Balances	\$ 7,413,337	\$ 5,121,081	\$ 4,246,599	\$ 5,693,081

#### BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2008

	Service	_	
	Project Area #3	- Other	Total
	Tax Increment	Governmental Funds	
Assets: Cash and investments Cash and investments with trustee Receivables: Tax increment Interest receivable Loans Due from Debt Service funds Due from City	\$ 5,339,402 491 118,126 - -	\$ 247,484 162,809 14,395 2,164	\$ 25,849,605 240,378 387,812 219,305 1,575,769 82,878 3,222
Restricted cash	1,030,605		1,030,605
Total Assets	\$ 6,488,624	\$ 426,852	\$ 29,389,574
Liabilities and Fund Balances: Liabilities: Accounts payable Accrued liabilities Due to Low and Moderate Housing Funds Deferred revenue	\$ 191,054 - 25,199 -	\$ 11,574 2,902 2,616	\$ 524,831 21,923 82,878 1,575,769
Total Liabilities	216,253	17,092	2,205,401
Fund Balances: Reserved: Encumbrances Restricted Cash Unreserved:	1,030,605	- -	220,663 1,030,605
Designated: Debt service Continuing projects Traffic mitigation Capital improvements	3,241,766 - - 2,000,000	401,349 8,411 - -	8,051,104 13,851,801 30,000 4,000,000
Total Fund Balances	6,272,371	409,760	27,184,173
Total Liabilities and Fund Balances	\$ 6,488,624	\$ 426,852	\$ 29,389,574

Debt

#### GOVERNMENTAL FUNDS RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS JUNE 30, 2008

Fund balances of governmental funds	\$ 27,184,173
Amounts reported for governmental activities in the statement of net assets are different because:	
Deferred revenue is present in governmental fund financial statements to indicate that receivables are not available currently; however, in the Statement of Net Assets these deferrals are eliminated.	1,575,769
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	815,546
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	(27,715,000)
Loans from City	(3,714,400)
Unamortized net original issue discounts and (premiums)	113,439
Accrued interest payable for the current portion of interest due on Tax Allocation	
Bonds has not been reported in the governmental funds.	(423,513)
Net assets of governmental activities	\$ (2,163,986)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Capital Projects Combined	Capital Projects	Capital Projects	Debt Service
	Low and Moderate  Housing	Project Area #1	Project Area #3	Project Area #1
	Low and Moderate Housing	Project	Project	Tax Increment
Revenues: Taxes and assessments Use of money and property Other revenue	\$ - 332,728 106,462	\$ - 531,598 323	\$ - 584,666 5,323	\$ 4,089,622 18,594
Total Revenues	439,190	531,921	589,989	4,108,216
Expenditures: Current:				
General government Community development	334,234 637,987	659,909	477,657	46,786
Capital outlay Debt service	-	1,839,789	139,963	1,720,147
Total Expenditures	972,221	2,499,698	617,620	1,766,933
Excess (Deficiency) of Revenues Over (Under) Expenditures	(533,031)	(1,967,777)	(27,631)	2,341,283
Other Financing Sources (Uses): Transfers in Transfers out Long-term debt issued Pass-through agreement payments Miscellaneous	1,442,533 (300,074) - -	566,000 - - 1,826	- - - -	64,532 (1,383,924) - (275,313)
Total Other Financing Sources (Uses):	1,142,459	567,826		(1,594,705)
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ 609,428	\$ (1,399,951)	\$ (27,631)	\$ 746,578
Fund Balances: Beginning of Year, as previously reported Restatements	\$ 5,203,189	\$ 6,475,510 -	\$ 4,233,508	\$ 4,688,261 (26,850)
Beginning of Year, as restated	5,203,189	6,475,510	4,233,508	4,661,411
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	609,428	(1,399,951)	(27,631)	746,578
End of Year	\$ 5,812,617	\$ 5,075,559	\$ 4,205,877	\$ 5,407,989

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Debt Service		
	Project Area #3		
	Tax Increment	Other Governmental Funds	Total Governmental Funds
Revenues: Taxes and assessments Use of money and property Other revenue	\$ 2,723,228 439 -	\$ 399,817 20,395	\$ 7,212,667 1,488,420 112,108
Total Revenues	2,723,667	420,212	8,813,195
Expenditures:			
Current: General government Community development	35,824	195,215	1,749,625 637,987
Capital outlay Debt service	1,054,005	4,650 342,945	1,984,402 3,117,097
Total Expenditures	1,089,829	542,810	7,489,111
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,633,838	(122,598)	1,324,084
Other Financing Sources (Uses): Transfers in Transfers out Long-term debt issued Pass-through agreement payments Miscellaneous	189,371 (544,645) - (347,471) 114,933	46,171 (79,964) 118,000 (11,990)	2,308,607 (2,308,607) 118,000 (632,948) 114,933
Total Other Financing Sources (Uses):	(587,812)	72,217	(400,015)
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ 1,046,026	\$ (50,381)	\$ 924,069
Fund Balances: Beginning of Year, as previously reported Restatements	\$ 5,244,612 (18,267)	\$ 461,769 (1,628)	\$ 26,306,849 (46,745)
Beginning of Year, as restated	5,226,345	460,141	26,260,104
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	1,046,026	(50,381)	924,069
End of Year	\$ 6,272,371	\$ 409,760	\$ 27,184,173

# 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, 2008

Net change in fund balances - total governmental funds	\$ 924,069
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.	1,455,000
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	(51,262)
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	(01,202)
the new bonds: Amortization for current fiscal year	(6,816)
Proceeds of debt is revenue in the governmental funds, but these are additions to the statement of net assets.	(118,000)
Revenues reported in the governmental funds which were previously deferred and meet the revenue recognition criteria currently and, therefore, are not reported as revenues in the Statement of Activity.	95,650
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	(423,513)
Prior year accrual of interest due on bonds	445,506
Change in net assets of governmental activities	\$ 2,320,634

#### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008

#### I. SIGNIFICANT ACCOUNTING POLICIES

#### Note 1: Organization and Summary of Significant Accounting Policies

The basic financial statements of the Glendora Community Redevelopment Agency (the Agency) have been prepared in conformity with generally accepted accounting principals (GAAP). The Governmental Accounting Standards Boards (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Agency's accounting policies are described below.

#### a. Description of the Reporting Entity

The Glendora Community 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 Glendora

Component Units:

Glendora Community Redevelopment Agency Glendora Financing Authority

The attached basic financial statements contain information relative only to the Glendora Community Redevelopment Agency as one component unit, which 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 August 8, 1972, pursuant to the State of California Health and Safety Code, Section 33000 entitled "Community Redevelopment Law". Its purpose is to prepare and carry out plans for improvement, rehabilitation and development of blighted areas within the territorial limits of the City of Glendora (City). The City provides management assistance to the Agency and the members of the City Council also act as the governing body of the Agency.

In accordance with GASB Code Section 2100, *Defining the Reporting Entity*, the Agency's financial activities will be included with the financial activities of the City for reporting purposes.

#### b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements.

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

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.

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:

- Combined low and moderate housing capital project fund.
- Project Area #1:
   Capital project fund
   Tax increment fund
- Project Area #3:
   Capital project fund
   Tax increment fund

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

The Capital Project Funds account for the financial resources segregated for the acquisition of major capital facilities.

The Combined 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.

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, 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 "due to/from other funds" (i.e., the current portion of interfund loans).

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.

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

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 governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost 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. As of July 1, 2003, the Agency transferred its capital assets to the City. 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.

#### **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,

#### Note 2: Stewardship, Compliance and Accountability(Continued)

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.

#### 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

The Agency adopted GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, as of July 1, 1997. GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the Agency reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

Cash and investments pooled with city Restricted:	\$ 25,849,605
Cash and investments Cash and investments with fiscal agent	1,030,605 240,378
Total Cash and Investments	\$ 27,120,588

The Agency's funds are pooled with the City of Glendora's cash and investments in order to generate optimum interest income.

Interest income earned on pooled cash and investments is allocated to the various funds based on the cash balances. Interest income from cash and investment with fiscal agent and in the deferred compensation plan is credited directly to the related fund.

#### Note 3: Cash and Investments (Continued)

Cash and Investments with Fiscal Agent

The Agency has monies held by trustees or fiscal agents pledged to the payment or security of certain bonds, certificates of participation and lease obligations. The California Government Code provides these monies, in the absence of specific statutory provisions governing the issuance of bonds, certificates or leases, may be invested in accordance with the ordinance, resolutions or indentures specifying the types of investments its trustees or fiscal agents may make. These ordinances, resolutions and indentures are generally more restrictive than the Agency's general investment policy. In no instance have additional types of investments, not permitted by the Agency's general investment policy, been authorized.

#### Note 4: Loans Receivable

The Agency has provided financial assistance to qualifying low income households in connection with the City's housing rehabilitation program. The Agency has acquired corresponding deferred payment loans from the homeowners. Due to the long-term nature of the loans, the Agency, on the governmental fund financial statements, has deferred recognition of revenues until receipt. The total loans receivable at June 30, 2008, was \$1,575,769.

#### Note 5: Deferred Revenue

Deferred revenue in the governmental funds consisted of the following at June 30, 2008:

Deferred revenue - affordable housing program loans \$ 1,575,769

#### Note 6: Long-Term Debt

a. The Agency has pledged, as security for bonds it has issued, either directly or through the City's Financing Authority, a portion of the tax increment revenue, including Low and Moderate Income Housing set-aside, 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 \$39,894,693 with debt service requirements as indicated below. For the current year, the total tax increment revenue and the required 20% Low and Moderate Income Housing set-aside recognized by the Agency was \$7,212,667 and \$1,442,533, respectively.

	Tot	Total			
	Principal	Interest			
2008 - 2009	\$ 1,535,000	\$ 1,252,364			
2009 - 2010	2,020,000	1,170,896			
2010 - 2011	2,230,000	1,073,750			
2011 - 2012	1,055,000	1,000,592			
2012 - 2013	1,100,000	955,514			
2013 - 2018	6,255,000	3,992,631			
2018 - 2023	7,890,000	2,334,821			
2023 - 2028	5,630,000	399,125			
Totals	\$27,715,000	\$12,179,693			

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#### Note 6: Long-Term Debt (Continued)

**b.** A description of long-term debt outstanding (excluding defeased debt) of the Agency as of June 30, 2008, follows:

#### 2006 Revenue Tax Allocation Bonds, Series A

On March 29, 2006, the Agency issued \$6,945,000 in Series A Revenue Tax Allocation Bonds. The proceeds of the bonds were used to fund the completion of the infrastructure improvements related to the Diamond Ridge and Pompei Park projects within Project Area No. 1 boundaries.

Principal payments on the bonds are due annually beginning on September 1, 2009, and continuing through 2025, in installments ranging from \$235,000 to \$1,910,000. Interest is payable semi-annually with rates ranging from 3.25% to 4.50%. The balance outstanding at June 30, 2008, of the bonds was \$6,945,000 less original issue discount of \$80,755, for a total balance outstanding of \$6,864,245.

The annual debt service requirements to amortize the 2006 Revenue Tax Allocation Bonds outstanding at June 30, 2008, are as follows:

2006 Tax Allocation Bonds, Series A					
		Principal			Interest
2008 - 2009	\$	-		\$	287,113
2009 - 2010		410,000			280,450
2010 - 2011		235,000			269,822
2011 - 2012		240,000			261,056
2012 - 2013		250,000			251,256
2013 - 2018		1,405,000			1,104,225
2018 - 2023		1,705,000			793,603
2023 - 2028		2,700,000			250,875
Totals	\$	6,945,000		\$	3,498,400

#### 2003 Tax Allocation Bonds, Series A and B

On September 1, 2003, the Public Financing Authority issued on behalf of the Agency, \$11,255,000 in Series A Nontaxable Tax Allocation Bonds and \$4,815,000 in Series B Taxable Tax Allocation Bonds. The proceeds of the Series A bonds were used to redeem 1993 Revenue Tax Allocation Bonds relating to Project Area No. 1 in the amount of \$3,215,000, to finance redevelopment activities within Project Area No. 1, to satisfy costs of issuance and to set aside reserve requirements pursuant to escrow agreements.

Principal payments on the Series A bonds are due annually beginning on September 1, 2004, and continuing through 2024, in installments ranging from \$100,000 to \$1,500,000. Interest is payable semi-annually with rates ranging from 2.0% to 5.0%. The balance outstanding at June 30, 2008, of the Series A bonds was \$10,800,000, less unamortized original issue discount of \$17,901, for a total balance outstanding of \$10,782,099.

The annual debt service requirements to amortize the 2003 Tax Allocation Bonds, Series A outstanding at June 30, 2008, are as follows:

Note 6: Long-Term Debt (Continued)

		Nontaxable Series A					
		Principal	Interest				
2008 - 2009	\$	105,000	\$	498,483			
2009 - 2010		110,000		495,938			
2010 - 2011		295,000		490,083			
2011 - 2012		305,000		480,625			
2012 - 2013		310,000		470,013			
2013 - 2018		1,755,000		2,152,739			
2018 - 2023		4,990,000		1,482,118			
2023 - 2028		2,930,000		148,250			
Totals	\$ ^	10,800,000	\$	6,218,249			

Principal payments on the Series B bonds are due annually beginning on September 1, 2004 and continuing through 2019, in installments ranging from \$150,000 to \$480,000. Interest is payable semiannually with rates ranging from

3.79% to 5.62%. The balance outstanding at June 30, 2008, of Series B bonds was \$4,175,000, less unamortized original issue discount of \$14,783, for a total balance outstanding of \$4,160,217.

The annual debt service requirements to amortize the 2003 Tax Allocation Bonds, Series B outstanding at June 30, 2008, are as follows:

2003 Tax Allocation Bonds, Taxable

	 Series B						
	Principal		Interest				
2008 - 2009	\$ 170,000	\$	219,453				
2009 - 2010	175,000		211,839				
2010 - 2011	300,000		199,916				
2011 - 2012	315,000		184,480				
2012 - 2013	335,000		168,165				
2013 - 2018	1,945,000		546,479				
2018 - 2023	 935,000		53,250				
Totals	\$ 4,175,000	\$	1,583,582				

#### 1998 Revenue Tax Allocation Bonds, Series A

On October 1, 1998, the Authority issued \$7,570,000 1998 Series A Refunding Revenue Bonds. Bond proceeds were used to refund 1990 Series A Bonds incurred for Project Area No. 1 and Project Area No. 3, to satisfy cost of issuance and to set aside reserve requirements pursuant to the escrow agreement. Principal on the bonds is due annually in installments ranging from \$195,000 to \$585,000. Interest is payable semi-annually with rates ranging from 3.15% to 4.50%. The balance outstanding at June 30, 2008, amounted to \$3,495,000.

The annual debt service requirements to amortize the 1998 Revenue Tax Allocation Bonds, outstanding at June 30, 2008, are as follows:

Note 6: Long-Term Debt (Continued)

1998 Revenue Tax Allocation Bonds,
Series A (Refunding Loans)

		Principal	Interest		
2008 - 2009	\$	540,000	\$	135,943	
2009 - 2010		560,000		113,803	
2010 - 2011		585,000		90,470	
2011 - 2012		195,000		74,431	
2012 - 2013		205,000		66,080	
2013 - 2018		1,150,000		189,188	
2018 - 2023		260,000		5,850	
Totals	\$	3,495,000	\$	675,765	

#### 1993 Revenue Tax Allocation Bonds, Series A

On August 15, 1993, the Authority issued \$13,390,000 1993 Series A Refunding Revenue Bonds. Bond proceeds were used to refund 1990 Series B Bonds incurred for Project Area No. 1 and Project Area No. 3, including the prepayment price of the 1990 subordinated loans, to satisfy costs of issuance and to set aside reserve requirements pursuant to the escrow agreements. Principal on the bonds is due annually in installments ranging from \$195,000 to \$585,000. Interest is payable semi-annually with rates ranging from 3.15% to 4.50%. The balance outstanding at June 30, 2008, amounted to \$1,655,000.

The annual debt service requirements to amortize the 1993 Revenue Tax Allocation Bonds, outstanding at June 30, 2008, are as follows:

1993 Revenue Tax Allocation Bonds,

	 Series A						
	Principal		Interest				
2008 - 2009	\$ 525,000	\$	69,625				
2009 - 2010	550,000		42,750				
2010 - 2011	580,000		14,500				
Totals	\$ 1,655,000	\$	126,875				

#### 1990 Revenue Bonds, Series B

On February 1, 1990, the Authority issued \$9,485,000 in Series A Refunding Bonds and \$14,900,000 in Series B Subordinated Bonds for a total of \$24,385,000 Revenue Bonds. The proceeds of the Series A Refunding Loans were used to refund the Agency's Project Area No. 1 and Project Area No. 3 1983 and 1985 Tax Allocation Bonds. The proceeds of the Series B Subordinated Loans were used to fund certain capital projects in the Agency's Project Area No. 1, Project Area No. 2 and Project Area No. 3.

The Series A Refunding Loans were refunded by the 1998 Series A Revenue (Tax Allocation) Bonds. The Series B Subordinated Loans for Project Area No. 1 and Project Area No. 3 were refunded by the 1993 Series A Revenue (Tax Allocation) Bonds. At June 30, 2008, Series B Subordinated Bonds for Project Area No. 2 were still outstanding. The original issue of these bonds was \$2,035,000. Principal payments on the bonds are due annually in installments ranging from \$20,000 to \$235,000. Interest is payable semi-annually with rates ranging from 6.3% to 7.3%. The balance outstanding at June 30, 2008, amounted to \$645,000.

The annual debt service requirements to amortize the 1990 Revenue Tax Allocation Bonds, Series B, outstanding at June 30, 2008, are as follows:

Note 6: Long-Term Debt (Continued)

	1	1990 Revenue Tax Allocation Bonds, Series B							
	F	Principal	Interest						
2008 - 2009	\$	195,000	\$	41,747					
2009 - 2010		215,000		26,116					
2010 - 2011		235,000		8,959					
Totals	\$	645,000	\$	76,822					

Total bonds payable at June 30, 2008, including original issue discounts of \$113,439, amount to \$27,601,561.

#### Advances from City

The City advanced the Agency funds for operations at various times since the establishment of the Redevelopment Agency on August 8, 1972. These advances are payable upon demand with annual interest of \$347,200. There were no principal repayments made during fiscal year 2007-2008. The Agency expects to repay these advances from future tax increment funds when such funds become available; therefore, no retirement schedule has been prepared for repayment of these advances. The principal balance outstanding at June 30, 2008, was \$2,895,000 and the accrued, unpaid interest as of June 30, 2008, was \$819,400, for a total balance due of \$3,714,400.

**c.** The following is a schedule of changes in long-term debt of the Agency for the fiscal year ended June 30, 2008:

	Balance July 1, 2007	Additions	Repayments	Balance June 30, 2008	Due Within One Year
D :	July 1, 2007	Additions	терауттепт	Julie 30, 2000	One real
Project Area #1 City Loans - Principal City Loans - Unpaid Interest Bonds - 1998 Revenue Refunding Series Bonds - 2003 Nontaxable Series A	\$ 1,910,000 458,400 s 2,495,000 10,900,000	\$ - - - -	\$ - 160,000 100,000	\$ 1,910,000 458,400 2,335,000 10,800,000	\$ - 170,000 105,000
Bonds - 2003 Taxable Series B Bonds - 2006 Tax Allocation Series A	4,340,000 6,945,000		165,000	4,175,000 6,945,000	170,000 
Total	\$ 27,048,400	\$ -	\$ 425,000	\$ 26,623,400	\$ 445,000
Project Area #2 City Loans - Principal City Loans - Unpaid Interest Bonds - 1990 Revenue TAB Series B	\$ 985,000 243,000 820,000	\$ - 118,000	\$ - 175,000	\$ 985,000 361,000 645,000	\$ - 195,000
Total	\$ 2,048,000	\$ 118,000	\$ 175,000	\$ 1,991,000	\$ 195,000
Project Area #3 Bonds - 1998 Revenue Refunding Series Bonds - 1993 Revenue TAB Series A	s \$ 1,520,000 2,150,000	\$ - -	\$ 360,000 495,000	\$ 1,160,000 1,655,000	\$ 370,000 525,000
Total	\$ 3,670,000	\$ -	\$ 855,000	\$ 2,815,000	\$ 895,000
Total - All Project Areas City Loans - Principal City Loans - Unpaid Interest Bonds Payable	\$ 2,895,000 701,400 29,170,000	\$ - 118,000 -	\$ - 1,455,000	2,895,000 819,400 27,715,000	\$ -
Total	\$ 32,766,400	\$ 118,000	\$ 1,455,000	31,429,400	\$ 1,535,000
Adjustments: Unamortized net original issue (disco	ount) or premium			(113,439)	
Net Long-term Debt				\$ 31,315,961	

#### **IV. OTHER DISCLOSURES**

#### Note 7: Interfund Transfers

Interfund transfers for the year ended June 30, 2008, consisted of the following:

				Tra	nsfers In					
	Capital	Proj	ect	Debt Service			Nonmajor			
	Combined Housing	Pr	oject Area #1	Pro	ject Area #1	Pr	oject Area #3	gov	ernmental funds	Totals
Transfers Out:	<u>_</u>									
Debt Service Funds:										
Project Area # 1	\$ 817,924	\$	566,000	\$	-	\$	-	\$	-	\$ 1,383,924
Project Area # 3	544,645		-		-		-		-	544,645
Capital Project Funds:										
Combined Housing	-				64,532		189,371		46,171	300,074
Nonmajor										
governmental funds	 79,964				-		-		-	 79,964
Total	\$ 1,442,533	\$	566,000	\$	64,532	\$	189,371	\$	46,171	\$ 2,308,607

Transfers were made to move funds from debt service funds for the 20% low and moderate set-aside, and to move funds from combined low and moderate housing funds to cover debt service payments.

#### Note 8: Interfund Balances

Interfund balances consist of the following at June 30, 2008:

	Due	fron	n (receivab	ıle)
		Cc		
	_	Н	ousing	
Due to (payable)				
Debt Service:				
Project Area #1		\$	55,063	
Project Area #3			25,199	
Nonmajor governmental funds			2,616	
Total	:	\$	82,878	

Amounts due to the Combined Housing fund relate to the Tax Increment Set-aside amounts received subsequent to June 30, 2008.

#### Note 9: Fund Balance and Net Assets Restatements

Beginning fund balance and net assets have been restated as follows:

	Amount
Project Area # 1 Debt Service Fund	• • • • • • •
To transfer remaining pass-throughs to City	\$ 26,850
Project Area # 3 Debt Service Fund	
To transfer remaining pass-throughs to City	18,267
Nonmajor governmental funds	
Project Area # 2	
Debt Service Fund	
To transfer remaining pass-throughs to City	1,628
Total	\$ 46,745

#### Note 10: Owner Participation Agreements

The Agency has entered into owner participation agreements (OPAs) with certain businesses within Agency project areas. These agreements generally require the pledging of sales tax revenues generated by the local businesses. Details of these agreements are as follows:

#### Silletto Family Trust

On June 2004, the Agency entered into an OPA with the Silletto Family Trust. The purpose of the OPA was to assist Glendora Dodge with the retention and expansion of their existing facility. Specifically, Glendora Dodge proposed to retain the Dodge franchise and add two new car lines – Chrysler and Jeep.

Under the terms of the agreement, Glendora Dodge agreed to upgrade the interior and exterior of the existing Dodge facility and the Agency agrees to rebate Glendora Dodge an amount equal to 50% of the City's sale tax receipts (but not more than one percent) from project generated sale tax revenues over \$14,500,000 gross taxable sales. The total aggregate rebate is not to exceed \$546,100 over a 12.5 year period.

#### Seidner-Miller Trust

In May 2006, the Agency entered into an OPA with the Seinder-Miller Trust. The purpose of the OPA was to assist Glendora Toyota with the expansion of their existing facility to meet the standards that are promulgated by Toyota USA. Under the terms of the agreement, Glendora Toyota agreed to upgrade their facility and the Agency agrees to rebate Glendora Toyota an amount equal to one half of the sales tax in excess of \$863,000 per year received by the city from the taxable sales of cars, trucks and accessories. The total aggregate rebate is not to exceed \$5,000,000 over a 15 year period.

#### Note 11: Insurance Coverage

Insurance coverage has been obtained by the City of Glendora through the Independent Cities Risk Management Authority for the City of Glendora and all authorities under its control. Information related to the Agency's insurance coverage can be obtained by contacting the City.

#### Note 12: Commitments and Contingencies

In 2007, the Agency initiated a process with the County of Los Angeles to merge Project Areas #1, #2, and #3 into a single combined project area. The reasoning was the Project Area #1 enjoys a growing tax increment base, Project Area #2 is hindered by a slow-growing tax increment and meager reserves, and Project Area #3 will reach its collections cap (maximum that can be collected over the life of the project) in early fiscal year 2010. At the same time, the Agency petitioned to increase the collections cap for Project Area #3.

The County rejected the Agency's petition, reasoning that Project Area #3 was not sufficiently blighted to warrant the change. There was litigation. The Court's decision supported the County's argument. The Agency is continuing its efforts through Appeal of the court ruling. In the Agency's opinion, the future sustainability of Project Area #3 to support project work and administrative costs beyond fiscal year 2009 is of pressing concern. Currently, the City/Agency is using SB1096 that allows automatic 2-year extension of time limits on all 3 Project Areas.

The Agency is in the process of completing creation of Project Area #5, merger of existing redevelopment project areas into one large project area and various administrative amendments to three existing project areas. When approved by City Council in July 2006, the County of Los Angeles filed a lawsuit in connection with the actions. The Agency is defending such actions in Superior Court of California for Monterey County (County of Los Angeles v City of Glendora, Redevelopment Agency, Case #M8209). The Agency ability to execute redevelopment action will be "adversely impacted" by the pendency of the County suit.

#### Note 13: Subsequent Events

#### a. ERAF Shift for fiscal year 2008-2009

On September 30, 2008, the California Legislature passed AB 1389, requiring a shift in tax increment revenues during fiscal year 2008-2009 to the state Educational Revenue Augmentation Fund (ERAF). It is estimated that the Agency's share of the ERAF shift for fiscal year 2008-2009 will amount to approximately \$506,549.

#### b. Purchase of land held for resale

In August and September of 2008, the Agency purchased parcels of land totaling approximately \$1.56 million. Of these purchases, one parcel totaling \$285,000 is being funded with Low and Moderate Set-aside funds.

#### c. Subsequent Events – Financial Concerns Relating to the California Economy As indicated in the State of California's 2008-2009 Proposed Budget Summary – Economic Outlook:

"The California and national economies faced considerable headwinds -a deepening housing slump, a breakdown in mortgage markets, tighter credit, more volatile financial markets, and rising energy prices. Upward resets of subprime mortgage rates made payments unaffordable for many borrowers and helped push mortgage defaults and foreclosures to record levels. Several large financial institutions reported huge losses on subprime mortgages and securities backed by these mortgages. Uncertainty about how far the problems with these mortgages would spread increased financial market volatility and prompted lenders to tighten credit standards. The Federal Reserve injected liquidity into the financial markets and eased

#### Note 13: Subsequent Events (Continued)

monetary policy on a number of occasions in the second half of the year, but as year-end neared, financial markets were still not functioning normally."

While the values shown in the attached financial statements reflect those present at June 30, 2008, substantial changes have occurred in the economy in which the City and its component units operate. Therefore, the projection of the financial data for the City and its component units into future periods must recognize these factors and consider the effect of these on its operations and costs.

# COMBINING PROJECT AREA BALANCE SHEET ALL GOVERNMENTAL FUNDS JUNE 30, 2008

		Project	Area #1	Project Area #2			
	Capital	Debt	Capital	Debt	Capital		
	Projects	Service	Projects	Service	Projects		
	Combined						
	Housing	Tax		Tax			
	Fund	Increment	Project	Increment	Project		
ASSETS							
Cash and investments	\$ 5,676,684	\$ 5,360,712	\$ 5,060,950	\$ 238,335	\$ 9,149		
Cash and investments with trustee	-	77,078	-	162,809	-		
Receivables:							
Tax increment	-	255,291	-	14,395	-		
Interest receivable	74,784	-	60,131	-	2,164		
Loans	1,575,769	-	-	-	-		
Due from Debt Service Funds	82,878	-	-	-	-		
Due from City	3,222	-	-	-	-		
Restricted cash	-						
Total Assets	\$ 7,413,337	\$ 5,693,081	\$ 5,121,081	\$ 415,539	\$ 11,313		
				<del></del>			
LIABILITIES AND FUND BALANCES Liabilities:							
Accounts payable	\$ 17,590	\$ 230,029	\$ 38,401	\$ 11,574	\$ -		
Accrued liabilties	7,361	-	7,121	-	2,902		
Due to Low and Moderate							
Housing Funds	-	55,063	-	2,616	-		
Deferred revenue	1,575,769	<del></del>					
Total Liabilities	1,600,720	285,092	45,522	14,190	2,902		
Fund Balances:							
Reserved:							
Encumbrances	27,229	-	6,662	-	-		
Restricted Cash	-	-	-	-	-		
Unreserved:							
Designated:							
Debt service	-	4,407,989	-	401,349	-		
Continuing projects	5,785,388	-	4,038,897	-	8,411		
Traffic mitigation	-		30,000	-	-		
Capital improvements		1,000,000	1,000,000				
Total Fund Balances	5,812,617	5,407,989	5,075,559	401,349	8,411		
Total Liabilities and							
Fund Balances	\$ 7,413,337	\$ 5,693,081	\$ 5,121,081	\$ 415,539	<u>\$ 11,313</u>		

# COMBINING PROJECT AREA BALANCE SHEET ALL GOVERNMENTAL FUNDS JUNE 30, 2008

	Project Area #3						
	Debt	Capital					
	Service	Projects	TOTALS				
			Debt	Capital			
	Tax		Service	Projects Funds			
	Increment	Project	Funds				
ASSETS							
Cash and investments	\$ 5,339,402	\$ 4,164,373	\$ 10,938,449	\$ 14,911,156			
Cash and investments with trustee	491	-	240,378	-			
Receivables:							
Tax increment	118,126	-	387,812	-			
Interest	-	82,226	-	219,305			
Loans	-	-	-	1,575,769			
Due from Debt Service Funds	-	-	-	82,878			
Due from City	4 000 005	-	4 000 005	3,222			
Restricted cash	1,030,605	<del>-</del>	1,030,605				
Total Assets	\$ 6,488,624	\$ 4,246,599	\$ 12,597,244	\$ 16,792,330			
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 191,054	\$ 36,183	\$ 432,657	\$ 92,174			
Accrued liabilties	-	4,539	-	21,923			
Due to Low and Moderate							
Housing Funds	25,199	-	82,878	-			
Deferred revenue				1,575,769			
Total Liabilities	216,253	40,722	515,535	1,689,866			
Fund Balances:							
Reserved:							
Encumbrances	-	186,772	<b>-</b>	220,663			
Restricted Cash	1,030,605	-	1,030,605	-			
Unreserved:							
Designated:	2 244 700		0.054.404				
Debt service	3,241,766	- 4 010 10E	8,051,104	- 12 051 001			
Continuing projects Traffic mitigation	-	4,019,105	-	13,851,801 30,000			
Capital improvements	2,000,000	<u>-</u>	3,000,000	1,000,000			
Capital improvements	2,000,000		3,000,000	1,000,000			
Total Fund Balances	6,272,371	4,205,877	12,081,709	15,102,464			
Total Liabilities and							
Fund Balances	\$ 6,488,624	\$ 4,246,599	\$ 12,597,244	\$ 16,792,330			

#### COMBINING PROJECT AREA STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

		Project Area #1		Project Area #2			
	Capital	Debt	Capital	Debt	Capital		
	Projects	Service	Projects	Service	Projects		
	Combined	_					
	Housing	Tax	<b>5</b>	Tax	<b>5</b>		
Revenues:	Fund	Increment	Project	Increment	Project		
Taxes and Assessments:							
Tax increment	\$ -	\$ 4,089,622	\$ -	\$ 399,817	\$ -		
Use of Money and Property: Interest income	007.007	40.504	504 500	7.440	40.055		
Rental income	287,307 45,421	18,594	531,598 -	7,440 -	12,955		
Other revenue:	10, 121						
Other revenue	106,462		323				
Total Revenues	439,190	4,108,216	531,921	407,257	12,955		
Expenditures:							
Current:							
General Government: Administrative costs	272,326	46,786	543,745	6,592	187,506		
Professional services	61,908		116,164	-	1,117		
Community Development:	,		•		•		
Subsidy to low and moderate	007.007						
housing Capital Outlay:	637,987	-	-	-	-		
Project improvement costs	-	-	1,839,789	_	4,650		
Debt Service:			, ,		,		
Interest expense	-	1,295,147	-	167,945	-		
Long-term debt repayments		425,000		175,000			
Total Expenditures	972,221	1,766,933	2,499,698	349,537	193,273		
Excess of Revenues over							
(under) Expenditures	(533,031)	2,341,283	(1,967,777)	57,720	(180,318)		
Other Financing Sources (Uses)							
Transfers in	-	64,532	566,000	46,171	-		
Transfers out	(300,074)	(566,000)	-	-	-		
Housing set-aside transfers in Housing set-aside transfers out	1,442,533	(817,924)	-	(79.964)	-		
Long-term debt issued	-	-	-	118,000	-		
Pass through agreement payments		(275,313)	1,826	(11,990)			
<b>Total Other Financing Sources</b>							
(Uses)	1,142,459	(1,594,705)	567,826	72,217			
Excess of Revenues and							
Other Sources over (under)	¢ coo 400	¢ 740 570	f (4 200 0E4)	¢ 420 027	¢ (400.240)		
Expenditures and Other Uses	\$ 609,428	\$ 746,578	<u>\$ (1,399,951)</u>	\$ 129,937	<b>\$</b> (180,318)		
Fund Balances							
Beginning of Year, as previously	\$ 5,203,189	\$ 4,688,261	\$ 6,475,510	\$ 273,040	\$ 188,729		
reported Restatements	\$ 5,203,169 -	\$ 4,666,261 (26,850)	\$ 6,475,510 -	\$ 273,040 (1,628)	Ф 100,729 -		
Beginning of Year, as restated	5,203,189	4,661,411	6,475,510	271,412	188,729		
	-,,	, ,	-,,	.,			
Excess of Revenues and Other Sources over (under)							
Expenditures and Other Uses	609,428	746,578	(1,399,951)	129,937	(180,318)		
End of Year	\$ 5,812,617	\$ 5,407,989	\$ 5,075,559	\$ 401,349	\$ 8,411		

# COMBINING PROJECT AREA STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

,		Project Area #3						
	Debt Service Tax		Capital Projects					
					TOTALS			S
				-				Capital
					Service		Projects	
	!	Increment		Project		Funds		Funds
Revenues:								
Taxes and Assessments:								
Tax increment	\$	2,723,228	\$	-	\$	7,212,667	\$	-
Use of Money and Property:		420		F04 CCC		00.470		4 440 500
Interest income Rental income		439		584,666		26,473		1,416,526 45,421
Other revenue:								75,721
Other revenue		_		5,323		_		112,108
Total Revenues		2,723,667		589,989		7,239,140		1,574,055
Expenditures:				333,333	_	1,200,110		1,01 1,000
Current:								
General Government:								
Administrative costs		35,824		462,643		89,202		1,466,220
Professional services		-		15,014		-		194,203
Community Development:				10,011				10 1,200
Subsidy to low and moderate								
housing		_		_		_		637,987
Capital Outlay:								001,001
Project improvement costs		_		139,963		_		1,984,402
Debt Service:				100,000				1,001,102
Interest expense		199,005		_		1,662,097		_
Long-term debt repayments		855,000		_		1,455,000		_
Total Expenditures		1,089,829		617,620		3,206,299		4,282,812
-		1,009,029		017,020	_	3,200,299		4,202,012
Excess of Revenues over		4 622 020		(27 624)		4 022 044		(2 700 7EZ)
(under) Expenditures	-	1,633,838		(27,631)		4,032,841		(2,708,757)
Other Financing Sources (Uses)		100.074				000 074		=00.000
Transfers in		189,371		=		300,074		566,000
Transfers out		-		-		(566,000)		(300,074)
Housing set-aside transfers in Housing set-aside transfers out		(544,645)		<del>-</del>		(1,442,533)		1,442,533
Long-term debt issued		(344,043)		-		118,000		_
Pass through agreement payments		(347,471)		_		(634,774)		1,826
Miscellaneous		114,933		_		114,933		-
Total Other Financing Sources	-				_		_	
(Uses)		(587,812)		_		(2,110,300)		1,710,285
Excess of Revenues and		(001,012)			_	(=,:::0,000)	_	1,110,200
Other Sources over (under)								
Expenditures and Other Uses	\$	1,046,026	\$	(27,631)	\$	1,922,541	\$	(998,472)
•	<u>*</u>	1,010,020	<u> </u>	(21,001)	Ť	.,022,0	Ť	(000, 112)
Fund Balances Beginning of Year, as previously								
reported	\$	5,244,612	\$	4,233,508	Φ.	10,205,913	\$	16,100,936
Restatements	Ψ	(18,267)	Ψ	-,200,000	Ψ	(46,745)	Ψ	-
Beginning of Year, as restated		5,226,345		4,233,508		10,159,168		16,100,936
		0,220,010		.,200,000		. 5, 155, 165		. 5, 105,000
Excess of Revenues and								
Other Sources over (under) Expenditures and Other Uses		1,046,026		(27,631)		1,922,541		(998,472)
•	_		_		_		_	
End of Year	\$	6,272,371	\$	4,205,877	\$	12,081,709	\$	15,102,464

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

	Housing Funds -	Moderate All Project Areas , 2007	Low and Moderate sHousing Funds - All Project Areas July 1, 2008				
Opening Fund Balance		\$ 5,203,189		\$	5,812,617		
Less Unavailable Amounts:							
Encumbrances (Section 33334.12 (g)(2))	\$ (62,559)	(62,559)	\$ (27,229)		(27,229)		
Available Low and Moderate Income Housing F	unds	5,140,630			5,785,388		
Limitation (greater of \$1,000,000 or four years: Set-Aside for last four years: 2007 - 2008 2006 - 2007 2005 - 2006 2004 - 2005 2003 - 2004	1,230,648 1,221,163 1,192,092 1,106,380		1,442,533 1,230,648 1,221,163 1,192,092				
Total	\$ 4,750,283		\$ 5,086,436				
Base Limitation	\$ 1,000,000		\$ 1,000,000				
Greater amount		4,750,283			5,086,436		
Computed Excess/Surplus		\$ 390,347		\$	698,952		