

COMMUNITY DEVELOPMENT COMMISSION

Financial Statements & Supplemental Data



Escondido Creek

FOR THE SEVEN MONTHS ENDING JANUARY 31, 2012

CITY OF ESCONDIDO • CALIFORNIA

**CITY OF ESCONDIDO
COMMUNITY DEVELOPMENT COMMISSION**

ANNUAL FINANCIAL REPORT
For the Seven Months Ended January 31, 2012

Chairperson
Vice Chairperson
Member
Member
Member
Executive Director
Fiscal Officer
General Counsel
Secretary

Sam Abed, Mayor
Marie Waldron, Mayor Pro Tem
Olga Diaz, Council Member
Ed Gallo, Council Member
Michael Morasco, Council Member
Clay Phillips, City Manager
Gilbert Rojas, Director of Finance
Jeffrey Epp, City Attorney
Marsha Whalen, City Clerk

Prepared by
The Department of Finance

**CITY OF ESCONDIDO COMMUNITY DEVELOPMENT COMMISSION
ANNUAL FINANCIAL REPORT
January 31, 2012**

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CERTIFIED PUBLIC ACCOUNTANTS

- Brandon W. Burrows, CPA
- David E. Hale, CPA, CFP
A Professional Corporation
- Donald G. Slater, CPA
- Richard K. Kikuchi, CPA
- Susan F. Matz, CPA
- Shelly K. Jackley, CPA
- Bryan S. Gruber, CPA
- Deborah A. Harper, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the City of Escondido
Community Development Commission
Escondido, California

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Escondido Community Development Commission (the Commission), a component unit of the City of Escondido, California, as of and for the seven months ended January 31, 2012, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commission'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 the standards applicable to financial audits contained in *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 misstatement. 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 the 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 opinion.

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, as of January 31, 2012, 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.

We would like to draw the reader's attention to Note 9 – "California Redevelopment Agency Dissolution". The note provides information on two bills passed, ABX1 26 and ABX1 27 which dissolve redevelopment agencies as of January 31, 2012 based on the California Supreme Court ruling dated December 29, 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2012, on our consideration of the Commission'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 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's financial statements as a whole. The combining balance sheet and statement of revenues, expenditures, and changes in fund balance are presented for purposes of additional analysis and are not a required part of the financial statements. These are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial



To the Board of Directors of the City of Escondido
Community Development Commission
Escondido, California

statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The Commission has not presented a management's discussion and analysis or budgetary comparison schedules 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.

Lance, Soll & Lingham, LLP

Brea, California
May 23, 2012



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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 Board of Directors of the City of Escondido
Community Development Commission
Escondido, California

We have audited the financial statements of the governmental activities and each major fund of the City of Escondido Community Development Commission (the Commission), a component unit of the City of Escondido, California, as of and for the seven months ended January 31, 2012, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated May 23, 2012. 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 Commission'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 Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

A deficiency in internal control 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 *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Commission's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, 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. 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*.

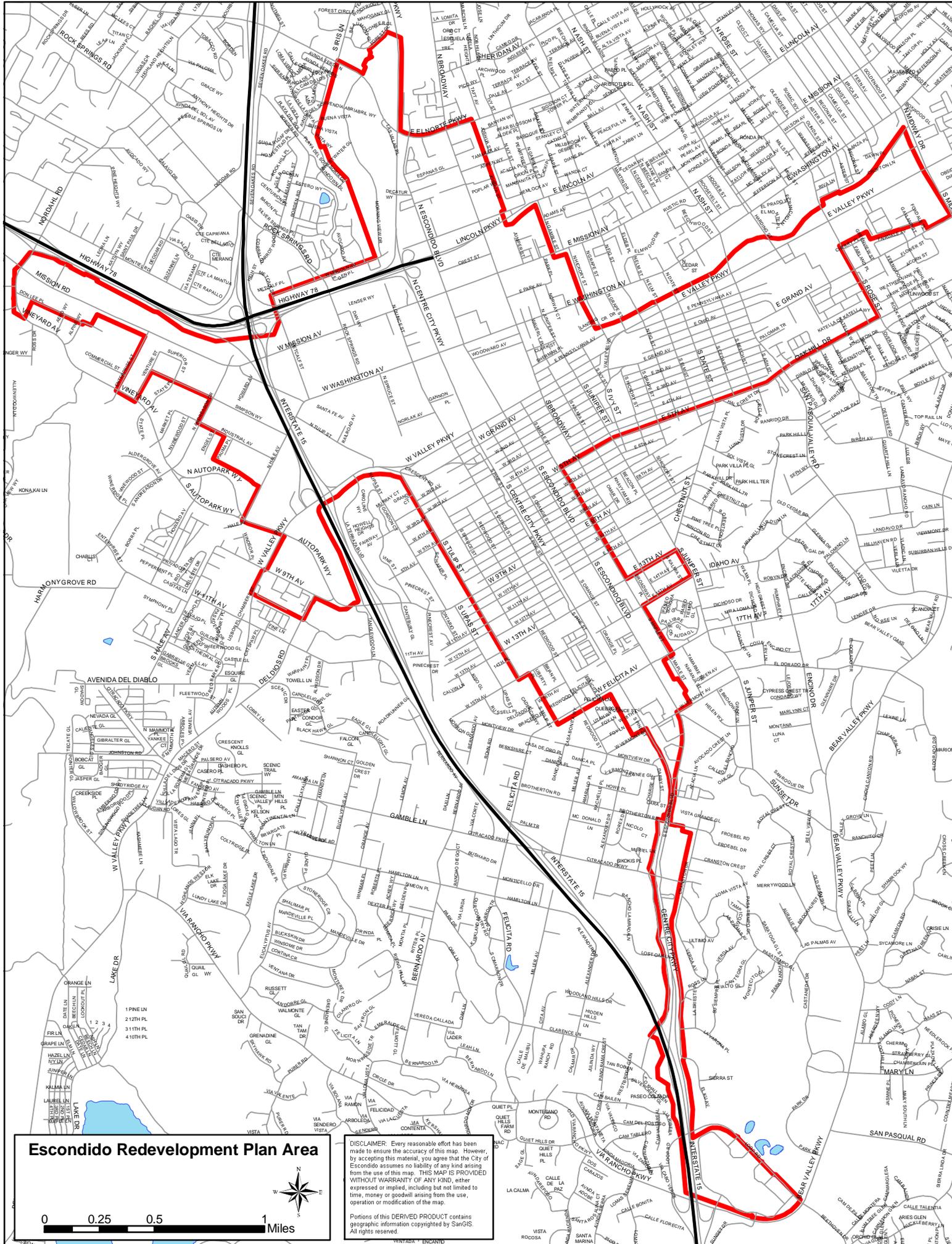


To the Board of Directors of the City of Escondido
Community Development Commission
Escondido, California

This report is intended solely for the information and use of management, the audit committee, the Board of Directors, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Lance, Soll & Luyhard, LLP

Brea, California
May 23, 2012



Escondido Redevelopment Plan Area



DISCLAIMER: Every reasonable effort has been made to ensure the accuracy of this map. However, by accepting this material, you agree that the City of Escondido assumes no liability of any kind arising from the use of this map. THIS MAP IS PROVIDED WITHOUT WARRANTY OF ANY KIND, either expressed or implied, including but not limited to time, money or goodwill arising from the use, operation or modification of the map.

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City of Escondido Community Development Commission
Statement of Net Assets
January 31, 2012

	<u>Governmental Activities</u>
<u>Assets</u>	
Current Assets:	
Cash and investments	\$ 6,484,142
Cash and investments with fiscal agent	347,801
Receivables	4,544,632
Total Current Assets	<u>11,376,575</u>
Non-Current Assets:	
Loans receivable	39,918,567
Loans receivable from the City of Escondido	469,988
Deferred bond issue costs	608,806
Land held for resale	2,600,477
Capital assets:	
Not being depreciated	2,766,714
Being depreciated, net	36,580,008
Total Non-Current Assets	<u>82,944,560</u>
Total Assets	<u>94,321,135</u>
<u>Liabilities</u>	
Current Liabilities:	
Accounts payable	4,469,595
Accrued expenses	14,897
Due to the City of Escondido	1,363,489
Interest payable	904,038
Total Current Liabilities	<u>6,752,019</u>
Non-Current Liabilities:	
Due within one year	8,960,284
Due in more than one year	59,424,867
Total Non-Current Liabilities	<u>68,385,151</u>
Total Liabilities	<u>75,137,170</u>
<u>Net Assets (Deficit)</u>	
Invested in capital assets, net of related debt	39,346,722
Restricted:	
Low and moderate housing	42,753,473
Debt Service	4,252,772
Community development	518,850
Unrestricted	<u>(67,687,852)</u>
Total Net Assets	<u>\$ 19,183,965</u>

**City of Escondido Community Development Commission
Statement of Activities
For the Seven Months Ended January 31, 2012**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Governmental Activities Total</u>
Governmental Activities:			
Community development	\$ 2,425,240	\$ 30,744	\$ (2,394,496)
Interest and fiscal charges	1,892,537		(1,892,537)
Total Governmental Activities	<u>\$ 4,317,777</u>	<u>\$ 30,744</u>	<u>(4,287,033)</u>
General Revenues			
Tax increment			7,170,543
Investment income, unrestricted			496,762
Miscellaneous			6,963
Total General Revenues			<u>7,674,268</u>
Change in Net Assets			3,387,235
Net Assets - Beginning of Year, as Restated			<u>15,796,730</u>
Net Assets - End of Seven Months			<u>\$ 19,183,965</u>

**City of Escondido Community Development Commission
Balance Sheet
Governmental Funds
January 31, 2012**

	Special Revenue	Debt Service	Capital Projects	
	Low and Moderate Income Housing	Community Development Commission	Capital Projects Fund	Total
Assets				
Cash and investments	\$ 2,208,598	\$ 4,226,990	\$ 48,554	\$ 6,484,142
Cash and investments with fiscal agent		347,801		347,801
Receivables (net):				
Interest	4,518,311	26,013	308	4,544,632
Loans	39,918,567			39,918,567
Loans receivable from the City of Escondido			469,988	469,988
Land held for resale, at cost	2,600,477			2,600,477
Advances to other funds	3,399,292			3,399,292
Total Assets	\$ 52,645,245	\$ 4,600,804	\$ 518,850	\$ 57,764,899
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 13,751	\$ 4,455,844	\$	\$ 4,469,595
Accrued expenditures	13,375	1,522		14,897
Due to the City of Escondido		1,363,489		1,363,489
Deferred revenue	4,511,802			4,511,802
Advances from other funds		3,399,292		3,399,292
Total Liabilities	4,538,928	9,220,147		13,759,075
Fund Balances:				
Nonspendable:			469,988	469,988
Loans	39,918,567			39,918,567
Land held for resale, at cost	2,600,477			2,600,477
Advances to other funds	3,399,292			3,399,292
Restricted:				
Low and moderate housing	2,187,981			2,187,981
Debt service		4,252,772		4,252,772
Community development			48,862	48,862
Unassigned		(8,872,115)		(8,872,115)
Total Fund Balances	48,106,317	(4,619,343)	518,850	44,005,824
Total Liabilities and Fund Balances	\$ 52,645,245	\$ 4,600,804	\$ 518,850	

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

Capital assets used in governmental activities are not financial resources and, are not reported in the funds	39,346,722
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	4,511,802
Long-term debt, including bonds payable, amortization, interest, and accretion, are not due and payable in the current period and therefore are not reported in the funds	
Principal payments	(66,654,872)
Interest payable	(904,038)
Premium on issuance of bond	(1,412,818)
Unamortized loss on refunding	281,681
Deferred bond issue costs	608,806
Issuance of long term liabilities	(599,142)
Net assets of governmental activities	\$ 19,183,965

City of Escondido Community Development Commission
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Seven Months Ended January 31, 2012

	Special Revenue	Debt Service	Capital Projects	
	Low and Moderate Income Housing	Community Development Commission	Capital Projects Fund	Total
Revenues:				
Tax increment	\$ 2,618,351	\$ 10,473,405	\$	\$ 13,091,756
Lease income	30,744			30,744
Investment income	55,678	167	445	56,290
Miscellaneous	6,964			6,964
Total Revenues	<u>2,711,737</u>	<u>10,473,572</u>	<u>445</u>	<u>13,185,754</u>
Expenditures:				
Community development	762,776	58,818	2,438	824,032
Debt service:				
Principal retirements		8,320,000		8,320,000
Interest and fiscal charges		1,273,636		1,273,636
Agency tax sharing agreement		5,921,213		5,921,213
Total Expenditures	<u>762,776</u>	<u>15,573,667</u>	<u>2,438</u>	<u>16,338,881</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,948,961</u>	<u>(5,100,095)</u>	<u>(1,993)</u>	<u>(3,153,127)</u>
Other Financing Sources (Uses):				
Transfers in	300,000	285		300,285
Transfers out	(300,000)		(285)	(300,285)
Total Other Financing Sources (Uses)	<u>-</u>	<u>285</u>	<u>(285)</u>	<u></u>
Net Change in Fund Balances	<u>1,948,961</u>	<u>(5,099,810)</u>	<u>(2,278)</u>	<u>(3,153,127)</u>
Fund Balances - Beginning of Year, as Restated	46,157,356	480,467	521,128	47,158,951
Fund Balances - End of Seven Months	<u>\$ 48,106,317</u>	<u>\$ (4,619,343)</u>	<u>\$ 518,850</u>	<u>\$ 44,005,824</u>
Amounts reported for governmental activities in the statement of net assets are different because:				
Net change in fund balances - total governmental funds				\$ (3,153,127)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays and retirements in the current period.				(1,596,009)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds				440,471
The issuance of long-term debt provides current financial resources of governmental funds while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are all deferred and amortized or accreted in the statement of activities. This amount is the net effect of those differences.				
Administrative expense				(5,200)
Principal expense				8,320,000
Interest and fiscal charges				55,343
Amortization expense				(75,101)
Issuance of long term liabilities				<u>(599,142)</u>
Change in net assets of governmental activities				<u>\$ 3,387,235</u>

City of Escondido Community Development Commission
Notes to the Basic Financial Statements
January 31, 2012

1. Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies of the City of Escondido Community Development Commission (Commission):

A. Reporting Entity - City of Escondido Community Development Commission

The Commission was established in 1984 and currently involves Civic Center development including a community theater, park and convention facilities. Other activities include providing housing financial assistance to increase and improve the community's supply of low and moderate-income housing. The original redevelopment plan is dated December 19, 1984 and has a life of 51 years.

The Commission is an integral part of the reporting entity of the City of Escondido (City). The funds of the Commission have been blended within the financial statements of the City because the City Council of the City of Escondido is the governing board of the Commission and exercises control over the operations of the Commission. The Commission does not have business-type activities and therefore only reports governmental activities. Only the funds of the Commission are included herein, therefore, these financial statements do not purport to represent the financial position or results of operations of the City of Escondido, California.

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 activities of the Commission. For the most part, the effect of the interfund activity has been removed from these statements.

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

Amounts paid to acquire capital assets are capitalized in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the reporting entity are reported as a reduction of the related liability, rather than as expenditures.

The underlying accounting system of the Commission is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity and expenditures or expenses, as appropriate.

Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

City of Escondido Community Development Commission
Notes to the Basic Financial Statements (Continued)
January 31, 2012

1. Summary of Significant Accounting Policies (Continued)

Fund financial statements for the Commission's governmental funds are presented after the government-wide financial statements. These statements normally display information about major funds individually and non-major funds in the aggregate for governmental funds.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Basis of accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting wherein revenues are recorded when they are both earned and realized, regardless of the timing of the related cash flows.

Governmental fund statements are reported using the modified accrual basis of accounting wherein revenues are recognized as soon as they are both measurable and available as a resource to finance operations of the current year. Under this method, revenues are recognized when 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 Commission considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures are recorded when incurred except that interest on long-term debt is recorded as an expenditure on its due date.

Property taxes and interest income associated with the current fiscal period are accrued and recognized as revenues of the current fiscal period to the extent it is collected within the availability period. Other revenue items are considered to be measurable and available when cash is received by the government.

Exchange transactions are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). Locally imposed tax revenues are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. Imposed non-exchange transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arise or when they are received, whichever occurs first. Government mandated and voluntary non-exchange transactions are recognized as revenues when all applicable eligibility requirements have been met.

In the fund financial statements, governmental funds are presented using the current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Non-current portions of long-term receivables due to governmental funds are reported on the balance sheet in spite of their spending measurement focus. However, special reporting treatments are used to indicate that they should not be considered "available spendable resources" since they do not represent net current assets. Recognition of governmental fund type revenue represented by a non-current receivable are deferred until they become current receivables. Non-current portions of other long-term receivables are offset by nonspendable fund balance.

City of Escondido Community Development Commission
Notes to the Basic Financial Statements (Continued)
January 31, 2012

1. Summary of Significant Accounting Policies (Continued)

As a result of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as another financing source rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

Tax increment revenue

The Commission has no power to levy and collect taxes, and any legislative property tax de-emphasis might necessarily reduce the amount of tax revenues that would otherwise be available to pay the principal of, and interest on loans from the City. Broadened property tax exemptions could have a similar effect. Conversely, any increase in the tax rate or assessed valuation, or any reduction or elimination of present exemptions would necessarily increase the amount of tax revenues that would be available to pay principal and interest on tax allocation bonds or loans from the Commission.

Tax increment levies attach as an enforceable lien on property as of January 1. Taxes are levied on July 1 and are payable in two installments on December 10 and April 10. The County of San Diego (County) bills and collects the tax increment and remits them to the Commission in installments during the year. Tax increment revenues are recognized when levied to the extent that they result in current receivables. Due to the dissolution of the Commission as of January 31, 2012, the Commission only received tax increment related to the first installment.

The Commission reports the following major governmental funds:

The Low and Moderate Income Housing Special Revenue Fund is used to account for the 20% portion of the Commission's tax increment revenue that is required to be set aside for low and moderate income housing and related expenditures, and other specific revenue sources that are legally restricted for specified purposes.

The Community Development Commission Debt Service Fund is used to account for the payment of interest and principal on long-term debt, and the accumulation of resources thereof.

The Community Development Commission Capital Projects Fund is used to account for the financial resources used in developing the project areas as well as the capital expenditures incurred in sustaining Commission activities.

D. Assets, Liabilities, and Net Assets or Equity

Cash and investments

Investments are reported in the accompanying financial statements at fair value, except for certain certificates of deposit and investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

City of Escondido Community Development Commission
Notes to the Basic Financial Statements (Continued)
January 31, 2012

1. Summary of Significant Accounting Policies (Continued)

The Commission's cash and investments held by fiscal agents are pledged to the payment or security of certain long-term debt issuances. The California Government Code provides that these monies, in the absence of specific statutory provisions governing the issuance of bonds, may be invested in accordance with the ordinance, resolutions or indentures specifying the types of investments its trustees or fiscal agents may make.

Cash and investments, except for cash and investments with fiscal agents, are pooled with other City of Escondido funds for investment purposes, with interest being allocated quarterly to all funds legally requiring allocation and to other various funds at the direction of management based on average month-end pooled funds cash and investment balances. Interest income for cash and investments excluded from pooled cash is credited directly to the related fund. Investment policies applicable to the Commission's funds are those of the City of Escondido and are included in the notes to the City's basic financial statements.

Land held for resale

Land acquired by the Commission and held for resale is recorded at cost unless market value is determined to be below cost.

Capital assets

Capital assets, which include property, plant, and equipment, of the Commission are reported in the governmental activities column in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are valued at the fair value of the assets on the date on which they were contributed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. The Commission utilizes a capitalization threshold of \$5,000 - \$10,000 depending on asset type.

Depreciation is charged to operations using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	20-40 Years
Machinery and equipment	3-15 Years
Land improvements	5 Years

Employee leave benefits

Depending upon length of employment, Commission employees earn 12 to 27 vacation days a year. Sick leave is accrued at the rate of 12 days per year. Employees can carry forward to subsequent years two to three years worth of earned but unused vacation leave benefits depending on employee group. Upon termination, the Commission is obligated to compensate employees for all earned but unused vacation days. The earned but unused sick leave benefits are not payable in the event of employee termination. These benefits are considered to be contingent liabilities subject to the continuation of the employee relationship. Such sick leave benefits are therefore not recorded as liabilities in the accompanying financial statements.

In the government-wide financial statements, a liability is accrued for all earned but unused vacation leave benefits relating to the operations of the funds. This liability will be liquidated as either additional cash payments in the event of employee termination or as part of budgeted salary expenditures if used by employees as compensated leave time while still employed by the

City of Escondido Community Development Commission
Notes to the Basic Financial Statements (Continued)
January 31, 2012

1. Summary of Significant Accounting Policies (Continued)

Commission. In the fund financial statement governmental funds accrue current liabilities for material vacation leave benefits due on demand to governmental fund employees that have terminated prior to year-end. Non-current amounts will be recorded as fund expenditures in the year in which they are paid or become due on demand to terminated employees.

Fund equity

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are not available for appropriation and restricted fund balance for amounts that are legally restricted by outside parties for use for a specific purpose. The Commission's Board of Directors adopts and amends committed fund balance amounts through a resolution. The Finance Director authorizes assigned amounts for specific purposes pursuant to the policy-making powers granted to him through a resolution.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted amounts to be used first, then unrestricted. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, they are considered to be spent in the order as follows: committed, assigned and then unassigned.

Use of estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date and revenue and expenses during the reporting period. Actual results could differ from those estimates.

2. Stewardship, Compliance and Accountability

A. Budgetary Data

The Commission adopts an annual budget prepared on the modified accrual basis for the Special Revenue and Debt Service Funds. The Executive Director is required to prepare and submit to the Commission's Board of Directors the annual budget of the Commission and administer it after adoption. Any revisions that alter the total appropriations of the fund must be approved by the Board of Directors. Prior year appropriations lapse unless they are encumbered at year-end or re-appropriated through the formal budget process.

3. Cash and Investments

Cash and investments as of January 31, 2012, are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and investments	\$ 6,484,142
Cash and investments with fiscal agent	<u>347,801</u>
Total cash and investments	<u><u>\$ 6,831,943</u></u>

City of Escondido Community Development Commission
Notes to the Basic Financial Statements (Continued)
January 31, 2012

3. Cash and Investments (Continued)

Cash and investments as of January 31, 2012, consisted of the following:

Equity in City investment pool	\$ 6,484,142
Investments	347,801
Total cash and investments	\$ 6,831,943

Equity in the Cash and Investment Pool of the City of Escondido

The Commission has no separate bank accounts or investments other than in equity investments held by fiscal agent (i.e. fiscal agent) and the Commission's equity in the cash and investment pool managed by the City of Escondido. The Commission is a voluntary participant in that pool. This pool is governed by and under the regulatory oversight of the investment policy adopted by the City Council of the City of Escondido. The Commission has not adopted an investment policy separate from that of the City of Escondido. The fair value of the Commission's investment in this pool is reported in the accompanying financial statements at amounts based upon the Commission's pro-rata share of the fair value calculated by the City for the entire City portfolio. The balance available for withdrawal is based on the accounting records maintained by the City, which are recorded on an original cost basis.

Investments Authorized by Debt Agreements

Investment of debt proceeds held by fiscal agents are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the Commission's investment policy. The table below identifies the investment types that are authorized for investments held by fiscal agent. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of credit risk.

Authorized Investment Types	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	360 days	20%	10%
Commercial Paper	270 days	15%	10%
Money Market Mutual Funds	N/A	20%	10%
Investment Contracts	30 years	None	None
Repurchase Agreements	None	None	None
State and Municipal Obligations	None	None	None
State and Pooled Investment Fund	None	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Commission manages exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

City of Escondido Community Development Commission
Notes to the Basic Financial Statements (Continued)
January 31, 2012

3. Cash and Investments (Continued)

Information about the Commission's exposure to interest rate risk as a result of its equity in the cash and investment pool of the City of Escondido is provided by disclosures in the notes to the basic financial statements of the City of Escondido that shows the distribution of the City's investments by maturity.

Information about the sensitivity of the fair values of the Commission's investments held by fiscal agent to market interest rate fluctuations is provided by the following table that shows the distribution of these investments by maturity:

<u>Investment Type</u>	<u>Remaining Maturity (in Months)</u>				<u>Total</u>
	<u>18 Months or Less</u>	<u>18 to 42 Months</u>	<u>42-66 Months</u>	<u>More Than 66 Months</u>	
Held by fiscal agents:					
Money market funds	\$ 347,801	\$ _____	\$ _____	\$ _____	\$ 347,801
Total	<u>\$ 347,801</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ 347,801</u>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, or debt agreements, and the actual rating as of year end for each investment type:

<u>Investment Type</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>Exempted From Disclosure</u>	<u>Rating as of Year End</u>	
				<u>AAA</u>	<u>Not Rated</u>
Held by fiscal agent:					
Money market funds	\$ 347,801	N/A	\$ _____	\$ 347,801	\$ _____
Total	<u>\$ 347,801</u>		<u>\$ _____</u>	<u>\$ 347,801</u>	<u>\$ _____</u>

Concentration of Credit Risk

There are no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and investment pools) that represent 5% or more of total investments for the entire entity (or for each separate major fund or for nonmajor funds in the aggregate).

City of Escondido Community Development Commission
Notes to the Basic Financial Statements (Continued)
January 31, 2012

3. Cash and Investments (Continued)

Custodial Credit Risk

The Commission does not have significant certificates of deposit or demand accounts held by fiscal agent that are subject to disclosable custodial credit risk (as defined by GASB Statement No. 40). The Commission does not have direct investments in securities subject to disclosable custodial credit risk (as defined by GASB Statement No. 40).

For the investments held by fiscal agent, the fiscal agent selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

4. Loan Receivables

The Commission has entered into agreements with the City of Escondido and various other parties to establish low and moderate income housing loans. At January 31, 2012, the outstanding loans receivables \$39,918,567.

Loans given to developers and non-profits	\$	29,133,540
Mobile home loan program		3,972,066
First-time homebuyer program		6,437,683
HOME loans		375,000
Various loans		278
Total loans receivable	\$	39,918,567

5. Interfund Transfers and Advances

Interfund Transfers

	Transfers In:			
Transfers Out:	Special Revenue Low and Moderate Income Housing	Debt Service Funds	Totals	
Special Revenue Funds:				
Low and Moderate Income Housing	\$ 300,000	\$	\$	300,000
Capital Projects Fund		285		285
	\$ 300,000	\$ 285	\$	300,285

Interfund transfers were primarily used to move receipts to the Community Development Commission Housing Capital Project Fund from the Low and Moderate Income Housing Fund to fund the Mobile Home Rental Subsidy and Apartment Rental Subsidy programs.

Interfund Advances:

		Advance From:
		Low and Moderate Income Housing
Advance To:		Income Housing
Community Development Commission Debt Service Fund	\$	3,399,292

City of Escondido Community Development Commission
Notes to the Basic Financial Statements (Continued)
January 31, 2012

5. Interfund Transfers and Advances (Continued)

The Low and Moderate Income Housing Fund entered into non-interest bearing agreements with the Community Development Commission Debt Service Fund for advances totaling \$3,399,292 for the Educational Revenue Augmentation Fund payments made for fiscal years 2003-2004 through 2005-2006.

6. Capital Assets

Changes in capital assets during the seven months ended January 31, 2012, were as follows:

	<u>Balance at July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at January 31, 2012</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	<u>\$ 2,766,714</u>	<u>\$</u>	<u>\$</u>	<u>\$ 2,766,714</u>
Capital assets, being depreciated:				
Land improvements	139,295			139,295
Buildings and improvements	82,080,470			82,080,470
Machinery and equipment	<u>276,473</u>			<u>276,473</u>
Total capital assets, being depreciated	<u>82,496,238</u>			<u>82,496,238</u>
Less accumulated depreciation:				
Land improvements	(139,295)			(139,295)
Buildings and improvements	(43,904,453)	(1,596,009)		(45,500,462)
Machinery and equipment	<u>(276,473)</u>			<u>(276,473)</u>
Total accumulated depreciation	<u>(44,320,221)</u>	<u>(1,596,009)</u>		<u>(45,916,230)</u>
Total capital assets, being depreciated, net	<u>38,176,017</u>	<u>(1,596,009)</u>		<u>36,580,008</u>
Governmental activities capital assets, net	<u>\$ 40,942,731</u>	<u>\$ (1,596,009)</u>	<u>\$</u>	<u>\$ 39,346,722</u>

Depreciation of \$1,596,009 was charged to community development.

City of Escondido Community Development Commission
Notes to the Basic Financial Statements (Continued)
January 31, 2012

7. Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the seven months ended January 31, 2012:

	Balance at July 1, 2011	Additions/ Accretion	Deletions	Balance at January 31, 2012	Due within One Year	Due Beyond One Year
Tax Allocation Bonds:						
January 1992	\$ 4,033,735	\$ 151,388	\$	\$ 4,185,123	\$ 2,240,000	\$ 4,185,123
Lease Revenue Bonds:						
December 2001	2,580,000		(2,580,000)			
January 2007A	34,005,000		(4,045,000)	29,960,000	4,735,000	25,225,000
January 2007B	13,995,000		(1,695,000)	12,300,000	1,980,000	10,320,000
Advances from						
City of Escondido	15,008,293	447,754		15,456,047		15,456,047
Loans payable						
	5,300,000			5,300,000		5,300,000
Employee leave benefits payable						
	47,644	25,956	(20,756)	52,844	5,284	47,560
Totals	<u>\$ 74,969,672</u>	<u>\$ 625,098</u>	<u>\$ (8,340,756)</u>	<u>67,254,014</u>	<u>\$ 8,960,284</u>	<u>\$ 60,533,730</u>
				Unamortized bond premium	1,412,818	
				Unamortized loss on refunding	<u>(281,681)</u>	
				Totals	<u>\$ 68,385,151</u>	

Tax Allocation Bonds:

In January 1992, the Escondido Joint Powers Financing Authority issued \$35,986,152 Revenue Bonds Series 1992 for the purpose of making a loan to the Commission. In December 2001, the Commission issued \$22,420,000 Revenue Bonds to advance refund \$23,585,000 of the bonds. The remaining bonds consist of capital appreciation bonds in the initial amounts of \$612,259 and \$568,893 due on September 1, 2012 and September 1, 2013, respectively, in the accreted amounts of \$2,240,000 each. The outstanding balance at January 31, 2012, includes \$2,982,151 of accreted value of the capital appreciation bonds. The outstanding balance at January 31, 2012, is \$4,185,123.

Lease Revenue Bonds

In December 2001, the Commission issued \$22,420,000 of Lease Revenue Bonds to refund \$22,005,000 of the 1992 Certificates of Participation which were issued to refund certain certificates of participation originally issued by the City of Escondido in 1986 to finance a portion of the construction of the City Hall. The Bonds are due in annual installments from 2002 through 2011, with interest rates ranging from 3% to 3.7% and annual installments of \$1,970,000 to \$2,580,000. The outstanding balance was paid in full at January 31, 2012.

City of Escondido Community Development Commission
Notes to the Basic Financial Statements (Continued)
January 31, 2012

7. Long-Term Liabilities (Continued)

In January 2007, the Escondido Joint Powers Financing Authority issued \$40,025,000 2007A Lease Revenue Refunding Bonds and \$16,525,000 2007B Taxable Lease Revenue Refunding Bonds to refund the 1995 Certificates of Participation (COP) Lease Revenue Bonds, originally issued in the principal amount of \$51,385,757 to provide financing for the Civic Center construction project. As a result, the 1995 COP is considered to be defeased and the respective liability has been removed from the statement of net assets.

The 2007A Lease Revenue Refunding Bonds bear interest rates between 3.75% to 5% payable semiannually on March 1 and September 1 of each year. The 2007A Lease Revenue Refunding Bonds mature between September 1, 2009 and September 1, 2018, in amounts ranging from \$2,205,000 to \$5,025,000. The 2007B Taxable Lease Revenue Refunding Bonds mature on September 1, 2018 at 5.53% rate. The 2007B bonds are subject to mandatory redemption from a sinking fund account in amounts ranging from \$930,000 to \$2,045,000 commencing September 1, 2009. Both 2007A and 2007B bonds are subject to mandatory redemption as a whole or in part on any date without premium, from unused insurance or condemnation proceed as described in the bond covenants. The reserve for 2007A and 2007B bonds was in the form of a surety bond and is fully funded. The outstanding balance at January 31, 2012, is \$42,260,000. Unamortized bond premium and loss on defeasance was \$1,412,818 and \$281,681, respectively, at January 31, 2012. Unamortized bond deferred charges were \$608,806 at January 31, 2012.

Employee Leave Benefits Payable

The Commission's policies relating to employee leave benefits are described in Note 1. This liability will be paid in future years from future resources primarily from the Low and Moderate Income Housing Fund. The balance at January 31, 2012, is \$52,844.

Advances from the City of Escondido

The Commission and the City have entered into a cooperative agreement to loan the Commission monies for general operations and authorized development activities. The agreement specifies that the loan will be reimbursed to the City from whatever revenues the Commission possesses, or is entitled to, including future tax increment funds. Interest was accrued at 6.78% per annum through February 1989, on funds the Commission expended for authorized purposes. Subsequent to February 1989, the interest accrued to the City was one percent plus the average annual AA Municipal General Obligation Bond rate for a twenty-year bond. The balance at January 31, 2012, including accrued unpaid interest of \$10,335,241 is \$15,456,047.

Loans Payable

In 2002, 2004, 2006 and 2008, the Commission of the City of Escondido received loans from the California Housing Finance Agency. The proceeds of the loans were used to finance the property acquisitions for the projects of Washington Plaza Apartments, Trinity Apartments, Brotherton, Las Ventanas, and SoCal Housing. The term of the loans are ten years with an annual interest rate of 3%. Payment is deferred for the term of the loans. The balance at January 31, 2012, is \$5,300,000.

Debt to Maturity Schedule

The annual requirements to amortize the tax allocation bonds and the lease revenue bonds, including accreted values, are as follows (in thousands):

City of Escondido Community Development Commission
Notes to the Basic Financial Statements (Continued)
January 31, 2012

7. Long-Term Liabilities (Continued)

Year Ending June 30	Bonds*		Revenue Bonds	
	Principal	Interest	Principal	Interest
2013	\$ 2,240	\$	\$ 6,715	\$ 2,000
2014	2,240		3,475	1,742
2015			5,785	1,503
2016			6,085	1,198
2017			6,400	876
2018-2019			13,800	720
Total	<u>\$ 4,480</u>	<u>\$</u>	<u>\$ 42,260</u>	<u>\$ 8,039</u>

*The above totals include capital appreciation of \$294,877 that will be accrued in future years.

Pledged Revenue

The Commission has outstanding debt issuances that are collateralized by pledged tax increment revenue. The term of the commitment of pledged revenues and the purposes for which the proceeds of these debt issuances were utilized are disclosed in the debt descriptions provided herein. The amount of the remaining commitment of the pledge is equal to the amount of the remaining debt service to maturity of the related debt issuances as disclosed above. For the current year, debt service payments as a percentage of the pledged revenue is indicated in the table below.

Description of Pledged Revenue	Annual Amount of Pledged Revenue (net of expenses, where required)	Annual Debt Service Payments (of all debt secured by this revenue)	Debt Service as a Percentage of Pledged Revenue
Tax increment revenue	\$ 4,552,192	\$	0%
Loan repayment revenue	10,665,187	10,665,187	100%

Prior Year Defeasance of Long-Term Debt

In prior years, the Commission defeased certain certificates of participation and tax allocation bonds by placing the proceeds of refunding the debt issues in an irrevocable trust to provide for all future debt service payments on the old debt issues. Accordingly, the trust account assets and the liability for the defeased debt issues are not included in the Commission's financial statements. As of January 31, 2012, \$4,095,000 of bonds outstanding are considered defeased.

City of Escondido Community Development Commission
Notes to the Basic Financial Statements (Continued)
January 31, 2012

8. Insurance

The Commission is covered under the City of Escondido's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City of Escondido also apply to the Commission. Additional information as to coverage and self-insured retentions can be obtained by contacting the City.

9. California Redevelopment Agency Dissolution

On July 18, 2011, the California Redevelopment Association ("CRA") and the League of California Cities ("League") filed a petition for writ of mandate with the California Supreme Court, requesting the Court to declare unconstitutional two bills that were passed as part of the 2011-12 State Budget, AB X1 26 and 27 (*California Redevelopment Association v. Matosantos*). AB X1 26 dissolves redevelopment agencies effective October 1, 2011. AB X1 27 gave redevelopment agencies an option to avoid dissolution if it commits to making defined payments for the benefit of the State, school districts and certain special districts. In 2011-12, these payments amounted to a state-wide total of \$1.7 billion. In 2012-13 and subsequent years, the payments totaled \$400 million, annually. Each city or county's share of these payments was determined based on its proportionate share of state-wide tax increment.

On August 17, 2011 the Supreme Court issued a stay of the implementation of AB X1 26 and 27 which allowed a redevelopment agency to continue if it adopted an AB X1 27 ordinance. However, because of the effect of the stay order, the authority for the Commission to engage in most activities was suspended.

The Supreme Court heard oral arguments on November 10, 2011 and on December 29, 2011 announced its decision in *California Redevelopment Association v. Matosantos*. The court upheld AB X1 26 which dissolves redevelopment agencies, but invalidated in its entirety AB X1 27 which allowed redevelopment agencies to continue as long as they made the required payments. AB X1 26 established deadlines for the process of Redevelopment Agency dissolution and the handling of existing obligations. The full text of AB X1 26 may be obtained from the California legislative information website maintained by the Legislative Counsel of the State of California at: <http://www.leginfo.ca.gov/bilinfo.html>.

As of January 31, 2012 the redevelopment activities of the Commission have been dissolved and the City of Escondido has elected to become the Successor Agency. The Successor Agency will be responsible for winding down the remaining activities of the dissolved Commission.

10. Subsequent Event

On April 20, 2012, pursuant to Health and Safety Code Section 34167.5, the California State Controller issued an order to Cities, Counties, and Agencies, directly or indirectly receiving assets from a redevelopment agency after January 1, 2011, to reverse the transfer and return assets to successor agency. The California State Controller will specifically review and audit cities, counties, and public agencies to ensure that all applicable asset transfers have been reversed. Any reversals of transfers are not reflected in the Agency's financial statements as of January 31, 2012. Upon the Controller's review, any assets, if applicable, would be transferred to the Successor Agency in accordance with the order.

11. Fund Balance and Net Asset Restatements

Fund Balance and Net assets were restated by \$1,012,355 to reflect the transfer of federal grant funds out of the Special Revenue Low and Moderate Income Housing Fund.

SUPPLEMENTARY INFORMATION

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**City of Escondido Community Development Commission
Combining Balance Sheet
Redevelopment Special Revenue Funds
January 31, 2012**

	Low and Moderate Income Housing	Mobile Home Park Operations	Housing Capital Project Fund	Total
<u>Assets</u>				
Cash and investments	\$ 1,889,479	\$ 31,941	\$ 287,178	\$ 2,208,598
Receivables (net):				
Interest	4,517,941	44	326	4,518,311
Loans	39,918,288	279		39,918,567
Land held for resale, at cost	2,438,712		161,765	2,600,477
Advances to other funds	3,399,292			3,399,292
Total Assets	<u>\$ 52,163,712</u>	<u>\$ 32,264</u>	<u>\$ 449,269</u>	<u>\$ 52,645,245</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 69	\$ 13,682	\$	\$ 13,751
Accrued expenditures	13,375			13,375
Deferred revenue	4,511,802			4,511,802
Total Liabilities	<u>4,525,246</u>	<u>13,682</u>	<u></u>	<u>4,538,928</u>
Fund Balances:				
Nonspendable:				
Loans	39,918,288	279		39,918,567
Land held for resale, at cost	2,438,712		161,765	2,600,477
Advances to other funds	3,399,292			3,399,292
Restricted:				
Low and moderate housing	1,882,174	18,303	287,504	2,187,981
Total Fund Balances	<u>47,638,466</u>	<u>18,582</u>	<u>449,269</u>	<u>48,106,317</u>
Total Liabilities and Fund Balances	<u>\$ 52,163,712</u>	<u>\$ 32,264</u>	<u>\$ 449,269</u>	<u>\$ 52,645,245</u>

City of Escondido Community Development Commission
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Redevelopment Special Revenue Funds
For the Seven Months Ended January 31, 2012

	<u>Low and Moderate Income Housing</u>	<u>Mobile Home Park Operations</u>	<u>Housing Capital Project Fund</u>	<u>Total</u>
Revenues:				
Tax increment	\$ 2,618,351	\$	\$	\$ 2,618,351
Lease income		30,744		30,744
Investment income	56,599	(53)	(868)	55,678
Miscellaneous	6,964			6,964
Total Revenues	<u>2,681,914</u>	<u>30,691</u>	<u>(868)</u>	<u>2,711,737</u>
Expenditures:				
Community development	<u>572,742</u>	<u>12,674</u>	<u>177,360</u>	<u>762,776</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,109,172</u>	<u>18,017</u>	<u>(178,228)</u>	<u>1,948,961</u>
Other Financing Sources (Uses):				
Transfers in			300,000	300,000
Transfers out	<u>(300,000)</u>			<u>(300,000)</u>
Total Other Financing Sources (Uses)	<u>(300,000)</u>		<u>300,000</u>	
Net Change in Fund Balances	1,809,172	18,017	121,772	1,948,961
Fund Balances -				
Beginning of Year, as Restated	<u>45,829,294</u>	<u>565</u>	<u>327,497</u>	<u>46,157,356</u>
Fund Balances - End of Seven Months	<u>\$ 47,638,466</u>	<u>\$ 18,582</u>	<u>\$ 449,269</u>	<u>\$ 48,106,317</u>

City of Escondido Community Development Commission
Combining Balance Sheet
Redevelopment Debt Service Funds
January 31, 2012

	Redevelopment Housing Debt Service	Redevelopment CDC Debt Service	Total
<u>Assets</u>			
Cash and investments	\$ 4,226,990	\$	\$ 4,226,990
Cash and investments with fiscal agent		347,801	347,801
Receivables (net):			
Interest	25,782	231	26,013
Total Assets	\$ 4,252,772	\$ 348,032	\$ 4,600,804
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable	\$	\$ 4,455,844	\$ 4,455,844
Accrued expenditures		1,522	1,522
Due to the City of Escondido		1,363,489	1,363,489
Advances from other funds		3,399,292	3,399,292
Total Liabilities		9,220,147	9,220,147
Fund Balances:			
Restricted:			
Debt service	4,252,772		4,252,772
Unassigned		(8,872,115)	(8,872,115)
Total Fund Balances	4,252,772	(8,872,115)	(4,619,343)
Total Liabilities and Fund Balances	\$ 4,252,772	\$ 348,032	\$ 4,600,804

City of Escondido Community Development Commission
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Redevelopment Debt Service Funds
For the Seven Months Ended January 31, 2012

	Redevelopment Housing Debt Service	Redevelopment CDC Debt Service	Total
Revenues:			
Tax increment	\$	\$ 10,473,405	\$ 10,473,405
Investment income	62,938	(62,771)	167
Total Revenues	<u>62,938</u>	<u>10,410,634</u>	<u>10,473,572</u>
Expenditures:			
Community development		58,818	58,818
Debt service:			
Principal retirements		8,320,000	8,320,000
Interest and fiscal charges		1,273,636	1,273,636
Agency tax sharing agreement		5,921,213	5,921,213
Total Expenditures		<u>15,573,667</u>	<u>15,573,667</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>62,938</u>	<u>(5,163,033)</u>	<u>(5,100,095)</u>
Other Financing Sources (Uses):			
Transfers in		285	285
Total Other Financing Sources (Uses)		<u>285</u>	<u>285</u>
Net Change in Fund Balances	62,938	(5,162,748)	(5,099,810)
Fund Balances - Beginning of Year	<u>4,189,834</u>	<u>(3,709,367)</u>	<u>480,467</u>
Fund Balances - End of Seven Months	<u>\$ 4,252,772</u>	<u>\$ (8,872,115)</u>	<u>\$ (4,619,343)</u>



Esccondido Creek

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