



**YORBA LINDA REDEVELOPMENT AGENCY
YORBA LINDA, CALIFORNIA**

FINANCIAL STATEMENTS

JUNE 30, 2009

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- Donald L. Parker, C.P.A.
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- David E. Hale, C.P.A., C.F.P.
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- Donald G. Slater, C.P.A.
- Richard K. Kikuchi, C.P.A.
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INDEPENDENT AUDITORS' REPORT

To the Honorable Chair and Members of the Governing Board
Yorba Linda Redevelopment Agency, California

We have audited the accompanying financial statements of the governmental activities and each major fund of the Yorba Linda Redevelopment Agency, a component unit of the City of Yorba Linda, California, as of and for the year ended June 30, 2009, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Yorba Linda 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 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 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 Yorba Linda Redevelopment Agency as of June 30, 2009, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards* issued by the Comptroller General of the United States, we have also issued our report dated September 30, 2009, on our consideration of the Yorba Linda 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
Yorba Linda Redevelopment Agency, California

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 schedules and the 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, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Lance, Soll & Lingham, LLP

September 30, 2009

- Brandon W. Burrows, C.P.A.
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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Chair and Members of the Governing Board
Yorba Linda Redevelopment Agency, California

We have audited the financial statements of the governmental activities and each major fund of the Yorba Linda Redevelopment Agency as of and for the year ended June 30, 2009, which collectively comprise the Yorba Linda Redevelopment Agency's basic financial statements and have issued our report thereon dated September 30, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Yorba Linda 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 Yorba Linda Redevelopment Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Yorba Linda Redevelopment Agency's internal control over financial reporting.

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 Yorba Linda 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 Yorba Linda Redevelopment Agency's financial statements that is more than inconsequential will not be prevented or detected by the Yorba Linda Redevelopment Agency's internal control.

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 Yorba Linda Redevelopment Agency's internal control.

Our consideration of 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 internal control that might be 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.



To the Honorable Chair and Members of the Governing Board
Yorba Linda Redevelopment Agency, California

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the Yorba Linda 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 instance 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 Audit committee, management and the State Controller. However, this report is a matter of public record and its distribution is not limited.

Lance, Soll & Lughard, LLP

September 30, 2009

YORBA LINDA REDEVELOPMENT AGENCY

STATEMENT OF NET ASSETS
JUNE 30, 2009

	<u>Governmental Activities</u>
Assets:	
Cash and investments	\$ 36,931,667
Receivables:	
Tax increment	\$ 131,862
Interest receivable	88,598
Loans	18,865,062
Total Receivables	<u>19,085,522</u>
Land held for resale (net)	22,251,146
Deferred charges	486,845
Restricted assets:	
Cash and investments	7,500
Cash and investments with trustees	22,063
Capital assets (Net of Depreciation):	
Land and improvements	364,593
Total Capital Assets	<u>364,593</u>
Total Assets	<u>79,149,336</u>
Liabilities:	
Accounts payable and accrued expenses	821,797
Due to other governments	708,365
Deposits from others	8,064
Other current liabilities	627,476
Long-term liabilities:	
Due within one year	2,535,000
Due in more than one year	79,686,674
Total Long-Term Liabilities	<u>82,221,674</u>
Total Liabilities	<u>84,387,376</u>
Net Assets:	
Invested in capital assets, net of related debt	364,593
Restricted for:	
Community development	44,309,547
Debt service	9,888,562
Unrestricted	<u>(59,800,742)</u>
Total Net Assets	<u>\$ (5,238,040)</u>

YORBA LINDA REDEVELOPMENT AGENCY

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

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenues and Changes in Net Assets Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>	
Functions/Programs					
Governmental Activities:					
General government	\$ 1,259,655	\$ -	\$ -	\$ -	\$ (1,259,655)
Community development	154,510	-	-	-	(154,510)
Interest on long-term debt	5,148,505	-	-	-	(5,148,505)
Other	324,689	-	-	-	(324,689)
Total Governmental Activities	\$ 6,887,359	\$ -	\$ -	\$ -	(6,887,359)
General Revenues:					
Taxes (net of pass-through payments)					12,395,497
Use of money and property					1,217,685
Total General Revenues					13,613,182
Change in Net Assets					6,725,823
Net Assets at Beginning of Year					(11,963,863)
Net Assets at End of Year					\$ (5,238,040)

YORBA LINDA REDEVELOPMENT AGENCY

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

	<u>Capital Projects</u>	<u>Capital Projects</u>	<u>Debt Service</u>	
	<u>Yorba Linda Redevelopment Project Area</u>	<u>Yorba Linda Redevelopment Project Area</u>	<u>Yorba Linda Redevelopment Project Area</u>	
		<u>Low and Moderate Housing</u>	<u>Tax Increment</u>	<u>Total Governmental Funds</u>
	<u>Project</u>			
Assets:				
Cash and investments	\$ 11,599,092	\$ 14,838,189	\$ 10,494,386	\$ 36,931,667
Cash and investments with trustee	-	-	22,063	22,063
Receivables:				
Tax increment	-	-	131,862	131,862
Interest receivable	26,400	31,686	30,512	88,598
Loans	-	18,865,062	-	18,865,062
Restricted cash	-	7,500	-	7,500
Land held for resale	11,103,962	11,147,184	-	22,251,146
Total Assets	\$ 22,729,454	\$ 44,889,621	\$ 10,678,823	\$ 78,297,898
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 20,673	\$ 14,775	\$ 81,896	\$ 117,344
Deposits from others	-	8,064	-	8,064
Due to other governments	-	-	708,365	708,365
Due to City	70,241	-	-	70,241
OPA/DDA Payable	-	557,235	-	557,235
Total Liabilities	90,914	580,074	790,261	1,461,249
Fund Balances:				
Reserved:				
Encumbrances	499,125	-	-	499,125
Land held for resale	11,103,962	11,147,184	-	22,251,146
Restricted cash	-	7,500	-	7,500
Long-term receivables	-	18,865,062	-	18,865,062
Unreserved:				
Designated:				
Debt service	-	-	9,888,562	9,888,562
Continuing projects	11,035,453	14,289,801	-	25,325,254
Undesignated	-	-	-	-
Total Fund Balances	22,638,540	44,309,547	9,888,562	76,836,649
Total Liabilities and Fund Balances	\$ 22,729,454	\$ 44,889,621	\$ 10,678,823	\$ 78,297,898

YORBA LINDA REDEVELOPMENT AGENCY

**GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009**

Fund balances of governmental funds **\$ 76,836,649**

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, therefore, are not reported in the funds. 364,593

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 486,845

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 (60,780,109)

Loans from City (6,015,560)

Other debt (15,374,745)

Unamortized net original issue discounts and (premiums) (51,260)

Accrued interest payable for the current portion of interest due on Tax Allocation Bonds has not been reported in the governmental funds. (704,453)

Net assets of governmental activities **\$ (5,238,040)**

YORBA LINDA REDEVELOPMENT AGENCY

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

	Capital Projects	Capital Projects	Debt Service	
	Yorba Linda Redevelopment Project Area	Yorba Linda Redevelopment Project Area	Yorba Linda Redevelopment Project Area	
	Project	Low and Moderate Housing	Tax Increment	Total Governmental Funds
Revenues:				
Taxes and assessments	\$ -	\$ 4,349,578	\$ 17,398,314	\$ 21,747,892
Use of money and property	443,433	489,875	284,377	1,217,685
Other revenue	16,872	-	-	16,872
Total Revenues	460,305	4,839,453	17,682,691	22,982,449
Expenditures:				
Current:				
General government	611,157	432,897	213,750	1,257,804
Community development	7,893	2,000	-	9,893
Capital outlay	144,617	1,851	-	146,468
Debt service	-	-	7,590,536	7,590,536
Total Expenditures	763,667	436,748	7,804,286	9,004,701
Excess (Deficiency) of Revenues Over (Under) Expenditures	(303,362)	4,402,705	9,878,405	13,977,748
Other Financing Sources (Uses):				
Long-term debt issued	-	-	2,904,953	2,904,953
Pass-through agreement payments	-	-	(9,352,395)	(9,352,395)
Miscellaneous	(341,561)	-	-	(341,561)
Total Other Financing Sources (Uses):	(341,561)	-	(6,447,442)	(6,789,003)
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(644,923)	4,402,705	3,430,963	7,188,745
Fund Balances:				
Beginning of Year	23,283,463	39,906,842	6,457,599	69,647,904
End of Year	\$ 22,638,540	\$ 44,309,547	\$ 9,888,562	\$ 76,836,649

YORBA LINDA REDEVELOPMENT AGENCY

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

Net change in fund balances - total governmental funds **\$ 7,188,745**

Amounts reported for governmental activities in the statement of activities differ 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. 2,425,000

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 (21,996)

Unamortized premium or discounts on bonds issued are revenue or expenditures in the governmental funds, but these are spread to future periods over the life of the new bonds:
Amortization for current fiscal year 2,316

Proceeds of debt is revenue in the governmental funds, but these are additions to the statement of net assets. (2,904,953)

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 (704,453)
Prior year accrual of interest due on bonds 741,164

Change in net assets of governmental activities **\$ 6,725,823**

YORBA LINDA REDEVELOPMENT AGENCY

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Organization and Summary of Significant Accounting Policies

a. Description of the Reporting Entity

The Yorba Linda Redevelopment Agency is a component unit of a reporting entity, which consists of the following primary, and component units:

Reporting Entity:

Primary Government:

City of Yorba Linda

Component Units:

Yorba Linda Redevelopment Agency
Yorba Linda Public Financing Authority

The attached basic financial statements contain information relative only to the Yorba Linda Redevelopment Agency as one component unit that is an integral part of the total reporting entity. They do not contain financial data relating to the other component units.

The Yorba Linda Redevelopment Agency (Agency) was established May 2, 1983, pursuant to the Community Redevelopment laws of the State of California. The Agency has established one redevelopment project area known as Project Area No. 1 (Yorba Linda Redevelopment Project Area), encompassing approximately 2,640 acres in the eastern portion of the City of Yorba Linda. The Project Area was amended on July 17, 1990, to include 344 acres in the commercial town center of the City. The total acreage in the project area is 2,984 acres. The City Council members act as the Agency directors, designate management and have full accountability for the Agency's fiscal matters.

The general objectives of the Agency are to eliminate and mitigate existing and anticipated blight within the Project Area. These objectives are to be attained by the development or encouragement thereof of residential, commercial, industrial, open space, recreational and public facilities in the Project Area. Projects undertaken by the Agency currently include economic development, recreational improvement projects, housing projects and other miscellaneous projects.

The Agency is a component unit of the City of Yorba Linda and its financial transactions are included in the comprehensive annual financial report of the City.

**Yorba Linda Redevelopment Agency
Notes to Financial Statements (Continued)**

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

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities and changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

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 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.

**Yorba Linda Redevelopment Agency
Notes to Financial Statements (Continued)**

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

The Agency reports the following major governmental funds:

Governmental Fund Types:

- The Debt Service Fund accounts for the accumulation of funds for interest and principal payments on general long-term obligations.
- The Capital Projects Funds were established to account for loans and advances from the City of Yorba Linda, bond proceeds available for project improvements, interest income on invested funds and certain miscellaneous income any. The funds are expended primarily for administrative, housing and community development costs.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

d. Assets, Liabilities and Net Assets or Equity

1. Investments

Investments for the Agency are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate State laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/due from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/due from other funds."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectible accounts.

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 Orange collects property taxes for the Agency. Tax liens attach annually as of 12:01 A.M. on the first day in January preceding the fiscal year for which the taxes are levied. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent if unpaid on December 10 and April 10, respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent on August 31.

**Yorba Linda Redevelopment Agency
Notes to Financial Statements (Continued)**

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

3. 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 columns in the government-wide financial statements. Capital assets are defined by the Agency as assets with an initial, individual cost of more than \$2,000 to \$100,000, dependent on asset class type (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.

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.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the Agency are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building and building improvements	7 - 50
Improvements other than building	7 - 50
Machinery and equipment	5 - 7
Furniture, fixtures and computers	1 - 10
Vehicles	5 - 10
Infrastructure	5 - 100

4. Land Held for Resale and Prepaid Costs

Land held for resale is valued at cost. The Agency expects to sell this land with no decline in value and thus, no deduction in its value has been reflected in the financial statements.

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.

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.

**Yorba Linda Redevelopment Agency
Notes to Financial Statements (Continued)**

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

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, 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, 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 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. DETAILED NOTES ON FUNDS

Note 3: Cash and Investments

Cash and investments reported in the accompanying financial statements consisted of the following:

Cash and investments pooled with the City	\$ 36,931,667
Restricted cash	7,500
Cash and investments with fiscal agent	<u>22,063</u>
	<u>\$ 36,961,230</u>

The Agency's funds are pooled with the City of Yorba Linda's cash and investments in order to generate optimum interest income. GASB Statement No. 40 establishes and modifies disclosure requirements related to deposit and investment risks. The information required by GASB Statement No. 40 related to authorized investments, credit risk, etc. is available in the annual report of the City.

Note 4: Loans Receivable

Disposition and Development Agreement

Southern California Housing Development Corporation

In March 1997, the Agency entered into a Disposition and Development Agreement (DDA) with Southern California Housing Development Corporation (the Corporation) for the sale of real property and the rehabilitation of a 70-unit apartment complex. To assist the developer in the acquisition of the property, the Agency provided a loan in the amount of \$2,418,000, which accrues interest at the rate of 10% per annum. The Corporation began making payments on this note in 2000-2001. The balance outstanding at June 30, 2009, was \$1,126,297.

Owner Participation Agreements

AHP Parkwood, L.P.

During fiscal year 2002-2003, the Agency entered into an Owner Participation Agreement (OPA) and Regulatory Agreement with developer AHP Parkwood, L.P. (AHP) for the development of a 101-unit housing project designed for low-income senior citizens. Ninety-nine of the units will be rent-restricted for 55 years. The Agency is providing \$3,100,000 toward the total development cost of \$11,570,000. In return, the Agency is granted a security interest pursuant to a deed of trust in the property where the project will be constructed. The developer is required to pay 12.75% of its net cash flow to the Agency over the 55 year covenant period; however, 1/55th of the debt and any accrued interest under this Residual Receipts Promissory note shall be forgiven each year provided AHP continues to operate the project as defined in the OPA. The documents were amended in April 2003 to defer the forgiveness of any debt during the first 15 years, thereby avoiding classification of the forgiveness as income under Internal Revenue Service regulations. Following this period, the amount due under the note during the first 15 years shall be forgiven and an additional 1/55th of the subsidy is forgiven each year thereafter at the request of AHP. During fiscal year 2003-2004, the Agency adopted a resolution approving the subordination of the Agency's trust deed, OPA, and Regulatory Agreement in order to facilitate obtaining construction financing by the developer. At June 30, 2009, the balance outstanding was \$3,100,000.

**Yorba Linda Redevelopment Agency
Notes to Financial Statements (Continued)**

Note 4: Loans Receivable (Continued)

Yorba Linda Family Partners, L.P.

In March 2004, the Agency entered into an Owner Participation Agreement (OPA) with Yorba Linda Family Partners, L.P. (Owner) for the construction of a 44-unit apartment complex designed for low-income families. The property is not located within the boundaries of the Project Area, but is located adjacent to the Project Area. The Redevelopment Plan is incorporated by reference and this OPA is subject to the provisions of the Redevelopment Plan. Subject to the terms, conditions and limitations of the Agreement, the Agency will provide the Owner with financial assistance in the form of a loan up to the maximum amount of \$2,200,000 toward the total development cost of \$11,025,000. This loan will bear simple interest at 3% per annum. In return, the Agency will be granted a security interest pursuant to a subordinated deed of trust in the property where the project will be constructed. The Owner will be required to pay 15% of all Residual Receipts (net cash flow) to the Agency over the 55 year covenant period. However, at any time on or after the 15th anniversary date of the Residual Receipts Promissory Note, the Owner may request that the Agency forgive all then-unpaid and accrued principal and interest of the note. At June 30, 2009, the outstanding balance was \$2,200,000.

Yorba Linda Housing Partners, L.P.

In May 2006, the Agency entered into an Owner Participation Agreement (OPA) and Affordable Housing Agreement with Yorba Linda Housing Partners, L.P. (Owner) for the purchase and rehabilitation of a multi-family apartment complex commonly known as "Linda Gardens Apartments." The Project will consist of substantially rehabilitating and developing the Property in order to create 76-unit multi-family affordable rental housing comprised of a new community center, 52 two-bedroom units and 24 three-bedroom units subject to affordable housing restrictions. The Property is adjacent to the Project Area and the Agency has determined that the Project will be of benefit to the Project Area for affordable housing and therefore the Agency will use its Low and Moderate Income Housing Funds for this purpose. Subject to the terms, conditions and limitations of the Agreement, the Agency will provide the Owner with financial assistance by providing: (1) a loan of \$7,400,000 to assist the Developer in financing the acquisition of the Property (Agency Acquisition Loan), and (2) a loan not to exceed \$5,376,000 to assist the Developer in financing the development of the Project (Agency Development Loan). In June 2008, the Owner was granted an additional \$200,000 in loan proceeds from the Agency to comply with additional requirements placed upon the project by the City relating to ADA accessibility requirements. This brings the total maximum loan to \$12,976,406. The Acquisition Loan will be rolled into the Development Loan. The loan will bear simple interest at 3% per annum and will be repaid over the 55 year covenant period. The Agreement also provides that payments toward principal and interest shall not commence until the operation of the Project has generated Residual Receipts calculated annually. The outstanding balance at June 30, 2009, is \$12,438,765.

Total loans receivable at June 30, 2009, amounted to \$18,865,062.

**Yorba Linda Redevelopment Agency
Notes to Financial Statements (Continued)**

Note 5: Capital Assets

An analysis of capital assets as of June 30, 2009 follows:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Depreciable Assets:				
Office equipment and furnishings	\$ 10,878	\$ -	\$ -	\$ 10,878
Nondepreciable Assets:				
Land - parking lot	364,593	-	-	364,593
Total Capital Assets	375,471	-	-	375,471
Less Accumulated Depreciation	(10,878)	-	-	(10,878)
Net Fixed Assets	<u>\$ 364,593</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 364,593</u>

Note 6: Long-Term Debt

A description of long-term debt outstanding (excluding defeased debt) of the Agency as of June 30, 2009, follows:

a. Tax Allocation Bonds Payable

The Agency has pledged a portion of the future property tax increment revenue, including Low and Moderate Income Housing set-aside, which it receives to repay tax allocation bonds that were issued to provide financing for various capital projects, accomplish Low and Moderate Income Housing projects and to defease previously issued bonds. The bonds are payable solely from the property tax increment generated by the Agency. 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 \$105,183,388 payable through 2033. For the current year, principal and interest paid and total property tax increment revenues were \$7,590,536 and \$21,747,892, respectively.

1993 Tax Allocation Bonds

On December 15, 1993, the Yorba Linda Redevelopment Agency issued \$35,686,002 in 1993 Tax Allocation Bonds with interest rates ranging from 3.50% to 5.25% to advance refund \$17,115,000, which represented a portion of the outstanding 1989 Tax Allocation Bonds and \$1,825,000 principal amount of 1986 Certificates of Participation.

Serial bonds totaling \$4,340,000 are payable in amounts ranging from \$265,000 to \$545,000 per year on September 1 of each year, commencing September 1, 1996 through September 1, 2008, and bear interest at rates from 3.50% to 5.10%. Term bonds totaling \$12,205,000 and \$14,000,000 are due on September 1, 2013 and 2023, respectively, at an interest rate of 5.25%.

Capital appreciation serial bonds with an original amount totaling \$2,826,489 are due on each September 1, commencing September 1, 2014 through 2016. Capital appreciation term bonds with an original amount totaling \$2,314,513 are due on September 1, 2019.

**Yorba Linda Redevelopment Agency
Notes to Financial Statements (Continued)**

Note 6: Long-Term Debt (Continued)

Bonds outstanding at June 30, 2009, total \$38,715,762 which includes the accreted value of the capital appreciation bonds in the amount of \$7,369,760.

1998 Tax Allocation Parity Refunding Bonds

On June 18, 1998, the Yorba Linda Redevelopment Agency issued \$17,131,503 in 1998 Tax Allocation Parity Refunding Bonds Series A, with interest rates ranging from 4.050% to 5.000% to advance refund the remaining \$15,890,000 of outstanding 1989 Tax Allocation Bonds with interest rates ranging from 6.750% to 7.125%.

Current interest serial bonds totaling \$12,645,000 are payable in amounts ranging from \$1,030,000 to \$2,025,000 per year on September 1 of each year, commencing September 1, 2002 through September 1, 2009, and bear interest at rates from 4.000% to 5.000%. Capital appreciation serial bonds with an original amount totaling \$4,486,503 are due on each September 1, commencing September 1, 2024 through 2028.

Bonds outstanding at June 30, 2009, total \$9,334,347, which includes the accreted value of the capital appreciation bonds in the amount of \$3,522,844.

2005 Taxable Tax Allocation Bonds (Subordinate Lien), Series A

On April 1, 2005, the Yorba Linda Redevelopment Agency issued \$9,855,000 in Taxable Tax Allocation Term Bonds (Subordinate Lien), Series A with interest rates at 5.25% for bonds maturing September 1, 2015, and 5.71% for bonds maturing September 1, 2031. The Bonds are special obligations of the Agency and are payable solely from and secured by a parity pledge of certain tax increment revenues of the Project Area on a basis subordinate to certain outstanding obligations of the Agency and a pledge of amounts in certain funds and accounts established under the Indenture of Trust. The bonds were issued to finance redevelopment activities of the Agency.

The Series A Term Bonds maturing on September 1, 2015, are subject to mandatory redemption, in part by lot, on September 1, in each year beginning September 1, 2007 through 2015 from mandatory annual sinking payments ranging from \$85,000 to \$355,000 per year.

The Series A Term Bonds maturing on September 1, 2031, are also subject to mandatory redemption, in part by lot, on September 1 in each year beginning September 1, 2016 through 2031, from mandatory sinking payments ranging from \$10,000 to \$3,340,000 per year.

The balance of the Series A bonds at June 30, 2009, amounts to \$9,585,000.

2005 Tax-Exempt Tax Allocation Bonds (Subordinate Lien), Series B

On April 1, 2005, the Yorba Linda Redevelopment Agency issued \$3,145,000 in Tax Exempt Tax Allocation Term Bonds (Subordinate Lien), Series B with interest at 5.00% for bonds maturing September 1, 2032. The Bonds are special obligations of the Agency and are payable solely from and secured by a parity pledge of certain tax increment revenues of the Project Area on a basis subordinate to certain outstanding obligations of the Agency, and a pledge of amounts in certain funds and accounts established under the Indenture of Trust. The Tax Exempt Bonds were issued to

**Yorba Linda Redevelopment Agency
Notes to Financial Statements (Continued)**

Note 6: Long-Term Debt (Continued)

finance redevelopment activities of the Agency, specifically to fund a fire station. The Series B Term Bonds maturing on September 1, 2032, are subject to mandatory redemption, in part by lot, on September 1 in each year beginning September 1, 2029 through 2032, from mandatory annual sinking payments ranging from \$135,000 to \$2,725,000 per year. In addition, the Series B bonds include an Original Issue Bond Premium of \$61,107. The balance of the Series B bonds at June 30, 2009, including unamortized bond premium of \$51,260, is \$3,145,000.

Total bonds payable at June 30, 2009, amounted to \$60,780,109.

b. Due to Government Agencies

Placentia-Yorba Linda Unified School District

On December 5, 1983, the Agency entered into a pass-through agreement with the Placentia Unified School District, predecessor of the Placentia-Yorba Linda Unified School District, whereby the Agency agreed to pass-through to the District certain tax increment revenue the Agency received as a result of the formation of the Agency and the adoption of its Redevelopment Plan.

In October 1999, a dispute regarding the pass-through agreement arose. In June 2004, the Agency and the Placentia-Yorba Linda Unified School District settled their dispute with the Agency agreeing to a settlement amount of \$6,569,106, which is to be paid as tax increment is available. Based on the annual pass-through calculation, there may be additional amounts deferred each year (added to this obligation). During fiscal year 2008-2009, an additional \$1,789,532 was added with zero payments made. As of June 30, 2009, the balance outstanding was \$15,374,745.

c. Advances from City

The City advanced the Agency funds for operations at various times since the establishment of the Redevelopment Agency on May 2, 1983. These advances are payable upon demand with interest accruing at the current investment rate (blended average LAIF yield rate, 4.019% at June 30, 2009) on the unpaid balance. There were no principal repayments made during fiscal year 2008-2009. However, the current year's accrued interest of \$50,863 was paid as of June 30, 2009. 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, 2009, was \$1,265,560.

During June 2004, the City and Agency entered into a loan agreement whereby the City advanced to the Agency funds to pay the County of Orange settlement, which was paid in full as of June 30, 2006, up to a maximum of \$6,750,000. Interest accrues on this advance based on the blended average LAIF yield rate (1.911% at June 30, 2009). As of June 30, 2009, the principal balance outstanding was \$4,750,000 and the annual accrued interest of \$62,261 had been paid.

Total Advances from City at June 30, 2009, amounted to \$6,015,560.

**Yorba Linda Redevelopment Agency
Notes to Financial Statements (Continued)**

Note 6: Long-Term Debt (Continued)

d. Schedule of changes in long-term debt

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

	Balance July 1, 2008	Additions	Repayments	Balance June 30, 2009	Due Within One Year
<u>Yorba Linda Redevelopment Project Area</u>					
City Loans - Principal	\$ 6,015,560	\$ -	\$ -	\$ 6,015,560	\$ -
Loans - Other Governments	13,585,213	1,789,532	-	15,374,745	-
Bonds - 1993 Tax Allocation	31,661,002	-	315,000	31,346,002	1,130,000
Bonds - 1993 Capital Appreciation	6,668,441	701,319	-	7,369,760	-
Bonds - 1998 Tax Allocation Parity Refunding	7,836,503	-	2,025,000	5,811,503	1,325,000
Bonds - 1998 Capital Appreciation	3,108,742	414,102	-	3,522,844	-
Bonds - 2005 Subordinate TAB, Series A	9,670,000	-	85,000	9,585,000	80,000
Bonds - 2005 Subordinate Tax Exempt, Series B	3,145,000	-	-	3,145,000	-
Total	\$ 81,690,461	\$ 2,904,953	\$ 2,425,000	\$ 82,170,414	\$ 2,535,000
<u>Total - All Project Areas</u>					
City Loans - Principal	\$ 6,015,560	\$ -	\$ -	\$ 6,015,560	\$ -
Loans - Other Governments	13,585,213	1,789,532	-	15,374,745	-
Bonds Payable	62,089,688	1,115,421	2,425,000	60,780,109	2,535,000
Total	\$ 81,690,461	\$ 2,904,953	\$ 2,425,000	82,170,414	\$ 2,535,000
Adjustments:					
Unamortized net original issue (discount) or premium				51,260	
Net Long-term Debt				\$ 82,221,674	

e. Debt service requirements

The following schedule illustrates the debt service requirements to maturity for long-term debt outstanding as of June 30:

	1993 Tax Allocation Bonds, Series A		1998 Tax Allocation Parity Refunding Bonds, Series A		2005 Subordinate Taxable Tax Allocation Bonds, Series A	
	Principal	Interest	Principal	Interest	Principal	Interest
2009 - 2010	\$ 1,130,000	\$ 1,346,100	\$ 1,325,000	\$ 33,125	\$ 80,000	\$ 541,133
2010 - 2011	2,560,000	1,249,238	-	-	95,000	536,539
2011 - 2012	2,695,000	1,111,294	-	-	90,000	531,683
2012 - 2013	2,835,000	966,131	-	-	90,000	526,958
2013 - 2014	2,985,000	1,931,594	-	-	85,000	522,364
2014 - 2019	4,414,065	15,583,699	-	-	675,000	2,480,271
2019 - 2024	14,726,937	3,506,282	-	-	140,000	2,393,347
2024 - 2029	-	-	4,486,503	15,388,497	220,000	2,350,236
2029 - 2034	-	-	-	-	8,110,000	643,517
Totals	\$ 31,346,002	\$ 25,694,338	\$ 5,811,503	\$ 15,421,622	\$ 9,585,000	\$ 10,526,048

**Yorba Linda Redevelopment Agency
Notes to Financial Statements (Continued)**

Note 6: Long-Term Debt (Continued)

	2005 Subordinate Tax Exempt Tax Allocation Bonds, Series B		Total	
	Principal	Interest	Principal	Interest
2009 - 2010	\$ -	\$ 157,250	\$ 2,535,000	\$ 2,077,608
2010 - 2011	-	157,250	2,655,000	1,943,027
2011 - 2012	-	157,250	2,785,000	1,800,227
2012 - 2013	-	157,250	2,925,000	1,650,339
2013 - 2014	-	157,250	3,070,000	2,611,208
2014 - 2019	-	786,250	5,089,065	18,850,220
2019 - 2024	-	786,250	14,866,937	6,685,879
2024 - 2029	-	786,250	4,706,503	18,524,983
2029 - 2034	3,145,000	508,875	11,255,000	1,152,392
Totals	<u>\$ 3,145,000</u>	<u>\$ 3,653,875</u>	<u>\$ 49,887,505</u>	<u>\$ 55,295,883</u>

IV. OTHER DISCLOSURES

Note 7: Other Special Obligations

During fiscal year 2000-2001, the Agency issued the Yorba Linda Redevelopment Agency Multi-Family Housing Revenue Bonds 2000 Series A in the principal amount of \$2,754,321. These bonds are not reflected in the financial statements because they are special obligations payable solely from and secured by specific revenue sources described in the resolution and official statement of the issue. Neither the faith and credit nor the taxing power of the City, the Redevelopment Agency, the State of California or any political subdivision thereof, is pledged for the payment of these bonds. The balance of these bonds as of June 30, 2009, amounts to \$2,410,584.

Note 8: Insurance Coverage

Insurance coverage has been obtained by the City of Yorba Linda for the City and all authorities under its control. Information related to the Agency's insurance coverage can be obtained by contacting the City.

Note 9: Subsequent Events

Subsequent Redevelopment Agency Legislation

On July 23, 2009, the California Legislature passed SB 26, requiring a shift in tax increment revenues during fiscal year 2009-2010 and 2010-2011 to be deposited into the county Supplemental Educational Revenue Augmentation Fund (SERAF) to be distributed to meet the State's Prop 98 obligations to schools. It is estimated that the Agency's share of the SERAF shift for fiscal years 2009-2010 and 2010-2011 will amount to approximately \$5,718,512 and \$1,177,341, respectively. In October 2009, the California Redevelopment Association and its member agencies filed a legal action in an attempt to stop these amounts from having to be paid. As of the date of this report, no legal determination has been made by the courts on that action.

YORBA LINDA REDEVELOPMENT AGENCY

COMBINING PROJECT AREA BALANCE SHEET
 ALL GOVERNMENTAL FUNDS
 JUNE 30, 2009

	Yorba Linda Redevelopment Project Area			TOTALS	
	Debt Service	Capital Projects	Capital Projects	Debt Service Funds	Capital Projects Funds
	Tax Increment	Project	Low and Moderate Housing		
ASSETS					
Cash and investments	\$ 10,494,386	\$ 11,599,092	\$ 14,838,189	\$ 10,494,386	\$ 26,437,281
Cash and investments with trustee	22,063	-	-	22,063	-
Receivables:					
Tax increment	131,862	-	-	131,862	-
Interest receivable	30,512	26,400	31,686	30,512	58,086
Loans	-	-	18,865,062	-	18,865,062
Restricted cash	-	-	7,500	-	7,500
Land held for resale	-	11,103,962	11,147,184	-	22,251,146
Total Assets	\$ 10,678,823	\$ 22,729,454	\$ 44,889,621	\$ 10,678,823	\$ 67,619,075
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 81,896	\$ 20,673	\$ 14,775	\$ 81,896	\$ 35,448
Deposits from others	-	-	8,064	-	8,064
Due to other governments	708,365	-	-	708,365	-
Due to City	-	70,241	-	-	70,241
OPA/DDA Payable	-	-	557,235	-	557,235
Total Liabilities	790,261	90,914	580,074	790,261	670,988
Fund Balances:					
Reserved:					
Encumbrances	-	499,125	-	-	499,125
Land held for resale	-	11,103,962	11,147,184	-	22,251,146
Restricted cash	-	-	7,500	-	7,500
Long-term receivables	-	-	18,865,062	-	18,865,062
Unreserved:					
Designated:					
Debt service	9,888,562	-	-	9,888,562	-
Continuing projects	-	11,035,453	14,289,801	-	25,325,254
Total Fund Balances	9,888,562	22,638,540	44,309,547	9,888,562	66,948,087
Total Liabilities and Fund Balances	\$ 10,678,823	\$ 22,729,454	\$ 44,889,621	\$ 10,678,823	\$ 67,619,075

YORBA LINDA REDEVELOPMENT AGENCY

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

	Yorba Linda Redevelopment Project Area			T O T A L S	
	Debt Service	Capital Projects	Capital Projects	Debt Service Funds	Capital Projects Funds
	Tax Increment	Project	Low and Moderate Housing		
Revenues:					
Taxes and Assessments:					
Tax increment	\$ 17,398,314	\$ -	\$ 4,349,578	\$ 17,398,314	\$ 4,349,578
Use of Money and Property:					
Interest income	284,377	334,306	356,702	284,377	691,008
Rental income	-	109,127	133,173	-	242,300
Other revenue:					
Miscellaneous reimbursements	-	16,872	-	-	16,872
Total Revenues	17,682,691	460,305	4,839,453	17,682,691	5,299,758
Expenditures:					
Current:					
General Government:					
Administrative costs	186,973	423,062	346,523	186,973	769,585
Professional services	26,777	188,095	86,374	26,777	274,469
Community Development:					
Real estate acquisitions	-	7,893	2,000	-	9,893
Capital Outlay:					
Project improvement costs	-	144,617	-	-	144,617
Acquisition of fixed assets	-	-	1,851	-	1,851
Debt Service:					
Interest expense	5,165,536	-	-	5,165,536	-
Long-term debt repayments	2,425,000	-	-	2,425,000	-
Total Expenditures	7,804,286	763,667	436,748	7,804,286	1,200,415
Excess of Revenues over (under) Expenditures	9,878,405	(303,362)	4,402,705	9,878,405	4,099,343
Other Financing Sources (Uses)					
Long-term debt issued	2,904,953	-	-	2,904,953	-
Pass through agreement payments	(9,352,395)	-	-	(9,352,395)	-
Developer participation	-	-	-	-	-
Contribution to City	-	(341,561)	-	-	(341,561)
Total Other Financing Sources (Uses)	(6,447,442)	(341,561)	-	(6,447,442)	(341,561)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	3,430,963	(644,923)	4,402,705	3,430,963	3,757,782
Fund Balances					
Beginning of Year	6,457,599	23,283,463	39,906,842	6,457,599	63,190,305
End of Year	\$ 9,888,562	\$ 22,638,540	\$ 44,309,547	\$ 9,888,562	\$ 66,948,087

YORBA LINDA REDEVELOPMENT AGENCY

COMPUTATION OF LOW AND MODERATE
INCOME HOUSING FUNDS
EXCESS/SURPLUS

	Low and Moderate Housing Funds - All Project Areas July 1, 2008	Low and Moderate Housing Funds - All Project Areas July 1, 2009
Opening Fund Balance	\$ 39,906,842	\$ 44,309,547
Less Unavailable Amounts:		
Land held for resale	\$ (11,020,013)	\$ (11,147,184)
Long-term loans receivable	<u>(18,865,062)</u>	<u>(18,865,062)</u>
	<u>(29,885,075)</u>	<u>(30,012,246)</u>
Available Low and Moderate Income Housing Funds	10,021,767	14,297,301
Limitation (greater of \$1,000,000 or four years set-aside)		
Set-Aside for last four years:		
2008 - 2009	-	4,349,578
2007 - 2008	4,588,981	4,588,981
2006 - 2007	3,970,267	3,970,267
2005 - 2006	3,722,925	3,722,925
2004 - 2005	<u>3,351,498</u>	<u>-</u>
Total	<u>\$ 15,633,671</u>	<u>\$ 16,631,751</u>
Base Limitation	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Greater amount	<u>15,633,671</u>	<u>16,631,751</u>
Computed Excess/Surplus	<u><u>None</u></u>	<u><u>None</u></u>