CITY OF EL CAJON
SUCCESSOR AGENCY

MEMORANDUM

DATE: January 18, 2017

TO: Oversight Board Members

FROM: Director of Finance

SUBJECT: Basic Financial Statements and Independent Auditor's Report for the Fiscal Year Ended June 30, 2016, and Written Communication Between Auditor and Client

---

The Basic Financial Statements are prepared annually to present the Successor Agency's financial condition and fiscal year end results of the Agency's activities and to comply with the bonds' continuing disclosure requirement to file an Annual Report that included audited financial statements. The financial statements have been audited by the firm of Rogers, Anderson, Malody & Scott, LLP, whose Independent Auditor's Report states that, in their opinion, the financial statements are presented fairly in all material respects and are in conformance with GAAP.

The Statement on Auditing Standards 114 (SAS114) requires communication between the auditor and client in relation to the audit of financial statements. SAS 114 identifies certain information that must be provided such as qualitative aspects of accounting practices, management representation, and other audit findings or issues, among others. This information is communicated to the Oversight Board in the attached auditor's letter dated December 15, 2016.

Clay Schoen
Director of Finance

RAMS

ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

735 E. Carnegie Dr. Suite 100
San Bernardino, CA 92408
909 889 0871 T
909 889 5361 F
ramscpa.net

To the Oversight Board
Successor Agency of the El Cajon Redevelopment Agency

We have audited the financial statements of the Successor Agency of the El Cajon Redevelopment Agency (Agency) for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 16, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative aspects of accounting practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are described in Note A to the financial statements. The Agency adopted Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*. The standard did not have a material effect on the Agencies financial statements. No new other accounting policies were adopted and the application of existing policies was not changed during the year to June 30, 2016 We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Agency's financial statements were:

> Prepaid bond insurance and amortization is based on the allocation of the asset over the life of the bond issue.
>
> Accrued interest payable and interest expense are based on the allocation of actual debt service payments to the proper reporting period in accordance with full accrual accounting.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

> The disclosure of the dissolution of the former Redevelopment Agency of the City of El Cajon in Note A to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and uncorrected misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no such misstatements.

Disagreements with management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated December 15, 2016.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other audit findings or issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of Oversight Board and management of Successor Agency and is not intended to be, and should not be, used by anyone other than these specified parties.

Rogers, Anderson, Malody & Scott, LLP

San Bernardino,CA
December 15, 2016

Successor Agency to the El Cajon Redevelopment Agency

Basic Financial Statements and Independent Auditor's Report

For the year ended June 30, 2016

RAMS

ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

Successor Agency to the
El Cajon Redevelopment Agency
Basic Financial Statements
Table of Contents

ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

735 E. Carnegie Dr. Suite 100
San Bernardino, CA 92408
909 889 0871 T
909 889 5361 F
ramscpa.net

To the Oversight Board
Successor Agency to the El Cajon Redevelopment Agency
El Cajon, California

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the Successor Agency to the El Cajon Redevelopment Agency (the Agency), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Successor Agency to the El Cajon Redevelopment Agency, as of June 30, 2016, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on summarized comparative information

We have previously audited the Agency's 2015 financial statements, and our report dated December 1, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other matters

Required supplementary information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Rogers, Anderson, Malody & Scott, LLP

San Bernardino, California
December 15, 2016

Successor Agency to the
El Cajon Redevelopment Agency
Statement of Fiduciary Net Position
June 30, 2016
(with comparative data for prior year)

	2016	2015
ASSETS		
Cash and investments	$ 2,075,654	$ 5,833,327
Cash and investments with fiscal agent	6,055,273	5,683,345
Receivables:		
Interest	7,085	1,670
Loans	2,550,000	2,550,000
Prepaid bond insurance	128,602	134,726
Assets held for resale	5,503,599	8,529,531
Total assets	16,320,213	22,732,599
LIABILITIES		
Accounts payable and accrued liabilities	24,359	203,875
Interest payable	767,544	786,163
Current portion of long-term debt	1,827,853	3,486,881
Long-term debt	56,759,472	58,314,946
Total liabilities	59,379,228	62,791,865
NET POSITION (DEFICIT)		
Held in trust for other purposes	$ (43,059,015)	$ (40,059,266)

The accompanying notes are an integral part of these financial statements.

Successor Agency to the
El Cajon Redevelopment Agency
Statement of Changes in Fiduciary Net Position
For the year ended June 30, 2016
(with comparative data for prior year)

	2016	2015
ADDITIONS		
Property taxes	$ 5,450,780	$ 6,418,028
Intergovernmental	22,689	36,112
Investment earnings	29,047	22,710
Loss from assets held for resale	(1,248,672)	(292,831)
Other	-	29,317
Total additions	4,253,844	6,213,336
DEDUCTIONS		
Administrative expenses	75,089	152,301
Program/project expenses	2,342,166	1,572,809
Disposition of capital assets	-	5,631,783
Payments to affected taxing entities	1,639,947	728,564
Interest and fiscal agency expenses	3,196,391	3,281,310
Total deductions	7,253,593	11,366,767
Change in net position	(2,999,749)	(5,153,431)
Net deficit, beginning of the fiscal year	(40,059,266)	(34,905,835)
Net deficit, ending of the fiscal year	$ (43,059,015)	$ (40,059,266)

The accompanying notes are an integral part of these financial statements.

Note A: Organization and Summary of Significant Accounting Policies

The basic financial statements of the Successor Agency of the El Cajon Redevelopment Agency (the Successor Agency) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Successor Agency's accounting policies are described below.

1. *Reporting entity*

On January 10, 2012, the City of El Cajon elected to be the successor agency to the former El Cajon Redevelopment Agency (the Agency). Upon the dissolution of California redevelopment agencies on February 1, 2012, the Successor Agency is tasked with the responsibility of winding down the dissolved redevelopment agency's affairs, continuing to meet the former agency's enforceable obligations, overseeing completion of redevelopment projects, and disposing of the assets and properties of the former redevelopment agency; all as directed and approved by the Oversight Board. Oversight Board members have a fiduciary responsibility to holders of enforceable obligations, as well as to the local agencies that would benefit from property tax distributions from the former redevelopment project area. The Oversight Board of the Successor Agency is comprised of seven members as follows:

- County Board of Supervisors (two members)
- Mayor of the City of El Cajon (one member)
- County Superintendent of Education (one member)
- Chancellor of California Community Colleges (one member)
- Largest special district taxing entity (one member); and
- Mayor of City of El Cajon representing the employees of the former redevelopment agency (one member).

City of El Cajon employees perform the necessary day-to-day activities of the Successor Agency to bring existing projects to completion, collect information and perform analysis regarding disposal of agency assets, and provide administrative support to the Oversight Board.

The Successor Agency's assets and activities are accounted for in a fiduciary fund (private-purpose trust fund), since the Successor Agency is not a component unit of the City of El Cajon's financial reporting entity.

Note A: Organization and Summary of Significant Accounting (continued)

2. *Basis of accounting and measurement focus*

The Successor Agency serves as the custodian of the assets for the dissolved redevelopment agency. Based on the nature of this custodial role, the assets and liabilities of the dissolved redevelopment agency are reported as a fiduciary fund (“private-purpose trust fund”). The private-purpose trust fund financial statements consist of a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

Private-purpose trust funds are accounted for using the “economic resources” measurement focus and accrual basis of accounting. Accordingly, all of the Successor Agency’s assets and liabilities (both current and noncurrent) are included in the Statement of Fiduciary Net Position. The Statement of Changes in Fiduciary Net Position presents additions to and deductions from the total net position. Deductions are recorded in the period in which the liability is incurred while additions are recognized in the period in which they are earned. Property taxes are recognized in the fiscal year for which they are levied.

3. *Property tax*

The Successor Agency’s primary source of funding is property taxes allocated by the San Diego County-Auditor’s Office (CAC) from the Redevelopment Property Tax Trust Fund (RPTTF). The allocation of property taxes is related to the repayment of the former redevelopment agency’s enforceable obligations. The Successor Agency prepares a Recognized Obligations Payment Schedule (ROPS) estimating the RPTTF funds required to pay its obligations for each six-month period (January-June and July-December.) The ROPS is subject to review and approval of the Oversight Board, CAC, and State Department of Finance (DOF).

The Successor Agency receives an allocation of property taxes for its approved ROPS items after payments of the County’s administrative costs and pass-through payments to affected taxing entities. In addition to the ROPS payments, the Successor Agency is allocated annually an administrative allowance equal to 3% of the approved RPTTF funding or the minimum amount of $250,000, whichever is greater.

The County of San Diego (County) assesses, bills, and collects property taxes on behalf of numerous special districts and incorporated cities. The County distributes property taxes collected and deposited in the RPTTF to the successor agencies and the residual balances to other taxing entities in January and June of each year.

The Successor Agency has no power to levy and collect taxes, and any legislative property tax reduction might decrease the amount of tax revenues that would otherwise be available to pay the principal and interest on bonds and other obligations. 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 increase the amount of tax revenues that would be available to pay enforceable obligations.

Note A: Organization and Summary of Significant Accounting Policies (continued)

4. *Annual budget*

Prior to the beginning of the fiscal year, the Oversight Board of the Successor Agency adopts an annual budget for the conduct of necessary activities, including administration, of the former redevelopment agency. Supplemental appropriations required during the period may also be approved by the Board.

5. *Cash and investments*

The cash and investments held by the Successor Agency are pooled in the City's cash and investments, except for cash held by the fiscal agents and funds invested in a Successor Agency Local Agency Investment Fund (LAIF) account. The Successor Agency's share in this pool is displayed in the accompanying basic financial statements as *cash and investments.* Based on monthly average cash and investment balances, investment income earned by the pooled investments is allocated quarterly to the various City funds, City component units, and for certain agencies, including the Successor Agency.

The Successor Agency participates in LAIF, an investment pool managed by the State of California. Investments are reported at fair value and changes in fair value that occur during a fiscal year are reported as *investment earnings* for that fiscal year. *Investment earnings* include interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

6. *Assets held for resale*

Assets held for resale, consisting of real property and equipment, are recorded at the lower of acquisition cost or estimated resale value.

7. *Liabilities*

Liabilities reflect the Successor Agency's financial obligations as of June 30, including the repayment of tax allocation bonds issued by the former redevelopment agency. Bond issuance and discount costs are deferred and amortized over the life of the bonds using the straight-line method. Long-term debt is reported net of bond discount.

8. *Use of estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the related reported amounts of revenue and expenses during the reporting period. Actual results could differ from estimates. Management believes that the estimates are reasonable.

Note A: Organization and Summary of Significant Accounting Policies (continued)

9. *Implementation of new pronouncements*

During the current fiscal year, the Agency adopted Governmental Accounting Standards Board Statement (GASBS) No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. GASBS 72 established a fair value hierarchy with Levels I, II and III.

Note B: Cash and investments

Cash and investments, as of June 30, 2016, are classified in the accompanying financial statements as follows:

Statement of Fiduciary Net Position:		
Cash and investments	$	2,075,654
Restricted cash and investments with fiscal agent		6,055,273
Total cash and investments	$	8,130,927

Cash and investments, as of June 30, 2016, consist of the following:

Cash on hand and deposits in City pool	$	1,184,703
Investments		6,946,224
Total cash and investments	$	8,130,927

Note B: Cash and investments (continued)

Equity in the cash and investment pool of the City of El Cajon

The Successor Agency participates in the cash and investment pool managed by the City of El Cajon. The pool is governed by and under the regulatory oversight of the investment policy adopted by the City Council. The Successor Agency did not adopt an investment policy separate from that of the City of El Cajon. The cash and investment pool, other than debt proceeds held in restricted accounts, may be invested in any instrument authorized by the California Government Code Section 53601 and by the City's investment policy. The list of investment types authorized for the City is provided in the cash and investment notes to the basic financial statements of the City.

The Successor Agency's cash and investment pooled in the City's cash and investment is reported in the accompanying financial statements at fair value amounts based upon the Successor Agency's pro-rata share of the fair value calculated for the entire City portfolio.

Investments authorized by debt agreements

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
General Obligations of States	None	None	None
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	360 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	30 years	None	None
Pre-Refunded Municipal Obligations	None	None	None
Local Agency Investment Fund (LAIF)*	N/A	None	$65,000,000

*LAIF policy permits up to $65,000,000 per entity

Note B: Cash and investments (continued)

Investment in State investment pool

The Successor Agency is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the investment in this pool is stated at amounts based upon the Successor Agency's pro-rata share of fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

LAIF is a governmental investment pool managed and directed by the California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee comprised of California State officials and various participants provide oversight to the management of the fund. The daily operations and responsibilities of LAIF fall under the auspices of the State Treasurer's office. The maximum investment in LAIF is $65,000,000.

Risk disclosures

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

The Successor Agency's exposure to interest rate risk as a result of its equity in the cash and investment pool of the City is provided by disclosures in the notes to the basic financial statements of the City that show the distribution of the City's investments by maturity.

The sensitivity of the Successor Agency's investments to market interest rate fluctuations is minimized with the following investments maturing at 12 months or less:

Investment Type	Maturity at 12 Months or Less
State Investment Pool	$ 890,951
Held by fiscal agent:	
Invesco Treasury	4,478,128
State Investment Pool	1,577,145
Total	$ 6,946,224

Note B: Cash and Investments (continued)

Risk disclosures (continued)

Credit risk – This is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented in the following table is the minimum rating required by (where applicable) the California Government Code, the Successor Agency's investment policy or debt agreements, and the actual rating as of June 30, 2016, for each investment type.

Investment Type	Amount	Minimum Legal Rating	Ratings at June 30, 2016 AAA	Not Rated
State Investment Pool	$ 890,951	N/A	$ -	$ 890,951
Held by fiscal agent:				
Invesco Treasury	4,478,128	AAA	4,478,128	-
State Investment Pool	1,577,145	N/A	-	1,577,145
Total	$ 6,946,224		$ 4,478,128	$ 2,468,096

Custodial credit risk – The custodial credit risk for *deposits* is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover deposits or collateral securities that are held by an outside party. As of June 30, 2016, none of the Successor Agency's deposits pooled with the City's deposits was held in uncollateralized accounts. The Successor Agency does not have significant separate certificates of deposit or demand accounts held by the fiscal agent that are subject to custodial credit risk disclosure.

The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Successor Agency does not have direct investments in securities subject to custodial credit disclosure. For the investments held by the 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.

Fair value measurement under GASBS 72

The Agency's investments are classified as follows:

- Local Agency Investment Fund in the amount of $2,468,096 is not subject to GASBS 72 hierarchy. Also, the Agency's share of the pooled investments held by the City are not subject to the disclosure requirements of the new pronouncement within these financial statements.
- The Invesco Treasury investments are valued using net asset value (NAV).

Note C: Loans receivable

The Successor Agency is tasked with monitoring the loan agreements entered into by the former El Cajon Redevelopment Agency for financing construction and tenant improvements of businesses in the project area. As of June 30, 2016, the Successor Agency had the following loans receivables:

	Balance at June 30, 2016
JKC Palm Springs Automotive, Inc. In March 2011, the former Agency entered into an Owner Participation Agreement with JKC Palm Springs Automotive, Inc. (Developer) to rehabilitate the real property, buildings, and facilities operated as the Team KIA El Cajon motorcar dealership (Site). The Agency loaned the Developer $650,000 for the Site improvements. The loan was secured by a Deed of Trust with interest accruing annually at 3% starting November 2015. Beginning on November 2016, the Agency shall forgive accrued interest first, then principal, in an amount equal to the sales taxes generated from the Site each operating year. The Developer must pay any balance of outstanding principal and accrued interest to the Agency by November 2022. As of June 30, 2016, the outstanding principal was $650,000.	$ 650,000
Inland Properties (US) Inc. In April 2011, the former Agency authorized the sale of the 440 and 542 N. Johnson Avenue property (Site) to Inland Properties (US) Inc. (Developer) for $2,500,000. The Developer made a down payment of $600,000 and a promissory note was executed for the remaining $1,900,000. The note was secured by a Deed of Trust. Repayment begins on July 2019 for a period of ten years, with interest accruing annually at a rate of 3.25% on the outstanding principal loan balance. The Agency shall forgive accrued interest first, then principal, in an amount equal to the sales and use taxes generated from sales occurring on the Site in each year. As of June 30, 2016, the outstanding principal was $1,900,000.	1,900,000
Total	$ 2,550,000

Note D: Long-term liabilities

The Successor Agency is required to make scheduled payments and perform obligations with respect to the long-term liabilities of the former El Cajon Redevelopment Agency. The following is a schedule of changes in long-term liabilities for the fiscal year ended June 30, 2016:

	Beginning balance	Additions	Deletions	Ending balance	Due within one year
Bonds:					
2000 Tax allocation refunding bonds	$ 15,810,000	$ -	$ 50,000	$ 15,760,000	$ 55,000
2005 Tax allocation refunding bonds	31,630,000	-	1,125,000	30,505,000	1,170,000
2007 Tax allocation bonds	13,340,000	-	355,000	12,985,000	375,000
Subtotal bonds	60,780,000	-	1,530,000	59,250,000	1,600,000
Less Unamortized discount	(935,054)	-	(44,526)	(890,528)	-
Total bonds	59,844,946	-	1,485,474	58,359,472	1,600,000
Due to the City of El Cajon	1,956,881	-	1,729,028	227,853	227,853
Total long-term debt	$ 61,801,827	$ -	$ 3,214,502	$ 58,587,325	$ 1,827,853

Note D: Long-term liabilities (continued)

2000 Tax allocation refunding bonds

On August 15, 2000, the former Agency issued $16,000,000 Taxable Tax Allocation Refunding Bonds, Issue of 2000, and (the Bonds) to refund the bank notes payable. The Bonds are being issued on a parity basis with the Agency's Tax Allocation Refunding Bonds, Issue of 1997. The Bonds are term bonds maturing on October 1, 2020, and October 1, 2031, and are subject to mandatory redemption from minimum sinking account payments, in part by lot, by October 1, 2006, and October 1, 2021, respectively, and on each October 1 thereafter at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date. The Bonds are subject to optional redemption prior to maturity, in whole or in part, on any date. Interest is payable semi-annually on April 1 and October 1 at interest rates ranging from 7.6% to 7.7%. The Agency pledged 100% of property tax from the RPTTF as security for the bonds.

The debt service requirements for the 2000 Bonds at June 30, 2016 were as follows:

Year Ending June 30,	Principal	Interest	Total
2017	$ 55,000	$ 1,211,145	$ 1,266,145
2018	55,000	1,206,965	1,261,965
2019	55,000	1,202,785	1,257,785
2020	55,000	1,198,605	1,253,605
2021	65,000	1,194,045	1,259,045
2022 – 2026	4,870,000	5,384,225	10,254,225
2027 – 2031	10,605,000	2,161,583	12,766,583
Totals	$ 15,760,000	$ 13,559,353	$ 29,319,353

Note D: Long-term liabilities (continued)

2005 Tax allocation refunding bonds

On October 1, 2005, the former Agency issued $40,000,000 Tax Allocation Refunding Bonds, Issue of 2005, (the Bonds) to advance refund the 1997 Tax Allocation Refunding Bonds, of which $29,440,000 were outstanding as of October 1, 2005. As of June 30, 2006, the 1997 bonds had been paid in full. This resulted in a present value cash flow savings of $1,070,000 and a deferred amount on refunding (difference between the present value of the new debt service payments and the old debt service payments) of $10,176,549. The Bonds are term bonds maturing on October 1, 2030 and October 1, 2036, and are subject to mandatory redemption from minimum sinking account payments, in part by lot, on October 1, 2023, and October 1, 2031, respectively, and on each October 1 thereafter at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date. Interest is payable semi-annually on April 1 and October 1 at interest rates ranging from 3.0% to 4.5%. The Agency pledged 100% of property revenues from the RPTTF as security for the bonds. The bonds are presented net of unamortized discount of $890,528.

The debt service requirements for the 2005 Bonds at June 30, 2016 were as follows:

Year Ending June 30,	Principal	Interest	Total
2017	$ 1,170,000	$ 1,325,118	$ 2,495,118
2018	1,225,000	1,272,693	2,497,693
2019	1,285,000	1,219,430	2,504,430
2020	1,340,000	1,165,590	2,505,590
2021	1,390,000	1,107,913	2,497,913
2022 – 2026	3,550,000	4,845,050	8,395,050
2027 – 2031	1,000,000	4,510,125	5,510,125
2032 – 2036	15,920,000	2,669,625	18,589,625
2037	3,625,000	81,563	3,706,563
	30,505,000	18,197,107	48,702,107
Less Unamortized Discount	(890,528)	-	(890,528)
Totals	$ 29,614,472	$ 18,197,107	$ 47,811,579

Note D: Long-term liabilities (continued)

2007 Tax allocation bonds

On October 1, 2006, the former Agency issued $15,750,000 Tax Allocation Bonds, Issue of 2007, (the Bonds) to finance redevelopment project activities within or for the benefit of the City of El Cajon Redevelopment Project Area of the Agency. The Bonds are being issued on a parity basis with the Agency's Taxable Tax Allocation Refunding Bonds, Issue of 2000, and Tax Allocation Refunding Bonds, Issue of 2005. The Bonds are term bonds maturing October 1, 2030, and October 1, 2038, and are subject to mandatory redemption from mandatory sinking account payments, in part by lot, on October 1, 2023, and October 1, 2031, respectively, and on each October 1 thereafter at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date. The Bonds are subject to optional redemption prior to maturity, in whole or in part, on any date. Interest is payable semi-annually on April 1 and October 1 at interest rates ranging from 3.45% to 4.25%. The Agency pledged 100% of property tax revenues from the RPTTF as security for the bonds.

The debt service requirements for the 2007 Bonds at June 30, 2016 were as follows:

Year Ending June 30,	Principal	Interest	Total
2017	$ 375,000	$ 548,975	$ 923,975
2018	390,000	532,719	922,719
2019	405,000	515,825	920,825
2020	425,000	498,188	923,188
2021	440,000	480,356	920,356
2022 – 2026	1,960,000	2,144,455	4,104,455
2027 – 2031	2,165,000	1,733,837	3,898,837
2032 – 2036	4,340,000	1,034,689	5,374,689
2037 – 2038	2,485,000	119,985	2,604,985
Totals	$ 12,985,000	$ 7,609,029	$ 20,594,029

Note D: Long-term liabilities (continued)

The annual requirements to amortize all bonds outstanding at June 30, 2016, including interest payments to maturity, are as follows:

Year Ending at June 30,	Principal	Interest	Total
2017	$ 1,600,000	$ 3,085,238	$ 4,685,238
2018	1,670,000	3,012,377	4,682,377
2019	1,745,000	2,938,040	4,683,040
2020	1,820,000	2,862,383	4,682,383
2021	1,895,000	2,782,314	4,677,314
2022 – 2026	10,380,000	12,373,730	22,753,730
2027 – 2031	13,770,000	8,405,545	22,175,545
2032 – 2036	20,260,000	3,704,314	23,964,314
2037 – 2038	6,110,000	201,548	6,311,548
	59,250,000	39,365,489	98,615,489
Less Unamortized Discount	(890,528)	-	(890,528)
Totals	$ 58,359,472	$ 39,365,489	$ 97,724,961

Due to the City of El Cajon, land purchase

The former El Cajon Redevelopment Agency entered into an agreement with the City of El Cajon to purchase the property at 100 Fletcher Parkway on June 15, 2011. The property was the site of the former police facility, and was a key parcel within the Project Area for future commercial development. The total outstanding principal due to the City at June 30, 2016 was $227,853.

Note E: Commitments and contingencies

Some enforceable obligations of the Successor Agency represent agreements, contracts, or other commitments for the expenditure of monies. They do not constitute as expense or liability for financial statement purposes because these commitments will be honored in subsequent years.