Successor Agency to the El Cajon Redevelopment Agency

Basic Financial Statements and Independent Auditor's Report

For the year ended June 30, 2018

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

RAMS
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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 Successor Agency), as of and for the year ended June 30, 2018, 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 Successor Agency'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 Successor Agency'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, 2018, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Prior year Comparative Information

We have previously audited the Successor Agency's 2017 financial statements, and we expressed an unmodified opinion in our report dated December 19, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 13, 2018

Successor Agency to the
El Cajon Redevelopment Agency
Statement of Fiduciary Net Position
June 30, 2018
(with comparative data for prior year)

		2018		2017
ASSETS				
Cash and investments	$	8,454,601	$	4,259,732
Cash and investments with fiscal agent		2,959,488		2,992,499
Receivables:				
Interest		21,505		9,696
Loans		1,900,000		2,145,462
Prepaid bond insurance		246,250		122,478
Assets held for resale		-		5,503,599
Total assets		13,581,844		15,033,466
DEFERRED OUTFLOW OF RESOURCES				
Deferred amount on refunding		918,860		-
Total deferred outflow of resources		918,860		-
Total assets and defrred outflows of resources		14,500,704		15,033,466
LIABILITIES				
Accounts payable and accrued liabilities		3,884,155		50,201
Deposits payable		5,000		5,000
Interest payable		689,501		750,078
Current portion of long-term debt		2,460,000		1,670,000
Long-term debt		55,214,172		55,133,999
Total liabilities		62,252,828		57,609,278
NET DEFICIT				
Held in trust for other purposes	$	(47,752,124)	$	(42,575,812)

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, 2018
(with comparative data for prior year)

	2018	2017
ADDITIONS		
Property taxes	$ 5,234,640	$ 5,081,316
Intergovernmental	42,414	266,185
Investment earnings	43,487	25,350
Loss from assets held for resale	(1,053,599)	-
Total additions	4,266,942	5,372,851
DEDUCTIONS		
Administrative expenses	151,746	56,790
Program/project expenses	1,438,559	1,714,143
Payments to affected taxing entities	4,171,264	-
Interest and fiscal agency expenses	3,681,685	3,118,715
Total deductions	9,443,254	4,889,648
Change in net position	(5,176,312)	483,203
Net deficit, beginning of the fiscal year	(42,575,812)	(43,059,015)
Net deficit, ending of the fiscal year	$ (47,752,124)	$ (42,575,812)

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 appointed by the:

- 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 fiduciary fund (private-purpose trust fund.) The private-purpose trust fund financial statements consist of a Statement of Fiduciary Net Position (“balance sheet’) and a Statement of Changes in Fiduciary Net Position (“income statement”.)

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 (revenues) and deductions from (expenses) the total net position. Expenses are recorded in the period in which the liability is incurred while revenues are recognized in the period in which they are earned. Property tax revenues 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 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*

The Successor Agency completed the disposition of the assets held for resale in fiscal year 2017-18. These assets consisted primarily of real properties that were sold pursuant to its approved Amended Long Range Property Management Plan.

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 costs and premium are deferred and amortized over the life of the bonds using the straight-line method. The bonds are reported net of unamortized premium.

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

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 B: Cash and Investments

Cash and investments, as of June 30, 2018, are classified in the accompanying financial statements as follows:

Statement of Fiduciary Net Position:		
Cash and investments	$	8,454,601
Restricted cash and investments with fiscal agent		2,959,488
Total cash and investments	$	11,414,089

Cash and investments, as of June 30, 2018, consist of the following:

Cash on hand and deposits in City pool	$	7,578,197
Investments		3,835,892
Total cash and investments	$	11,414,089

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 has a maximum transaction limit of 15 per month with a minimum amount of $5,000. Any withdrawal of $10,000,000 requires 24 hour notice.

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	$ 876,403
Held by fiscal agent:	
Invesco Treasury	2,113,682
State Investment Pool	845,807
Total	$ 3,835,892

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, 2018, for each investment type.

Investment Type	Amount	Minimum Legal Rating	Ratings at June 30, 2018 AAA	Ratings at June 30, 2018 Not Rated
State Investment Pool	$ 876,403	N/A	$ -	$ 876,403
Held by fiscal agent:				
Invesco Treasury	2,113,682	AAA	2,113,682	-
State Investment Pool	845,807	N/A	-	845,807
Total	$ 3,835,892		$ 2,113,682	$ 1,722,210

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, 2018, 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.

Concentration of credit risk – The investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The Agency did not have any investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represents 5% or more of total Agency investments.

Note B: Cash and Investments (continued)

Fair value of measurement under GASB 72 – The Agency's investments are classified as follows:

- Local Agency Investment Fund in the amount of $1,722,210 is not subject to GASB 72 hierarchy. In addition, the Agency's share of the pooled investments held by the City are not subject to the disclosure requirements of GASB 72 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, 2018, the Successor Agency had the following loans receivables:

	Balance at June 30, 2018
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. The Agency shall forgive accrued interest first, then principal, in an amount equal to the Site taxes generated each year. The Developer must pay any balance of outstanding principal and accrued interest to the Agency by November 2022. During the fiscal year, the Agency forgave $7,223 of accrued interest and $240,772 of principal. At June 30, 2018, there was no outstanding balance due to the Agency.	$ -
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 taxes generated from the Site each year. As of June 30, 2018, the outstanding principal was $1,900,000.	1,900,000
Total	$ 1,900,000

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, 2018:

	Beginning balance	Additions	Deletions	Ending balance	Due within one year
Bonds:					
2000 Tax allocation refunding bonds	$ 15,705,000	$ -	$ (55,000)	$ 15,650,000	$ 55,000
2005 Tax allocation refunding bonds	29,335,000	-	(29,335,000)	-	-
2007 Tax allocation bonds	12,610,000	-	(12,610,000)	-	-
2018 Tax allocation refunding bonds	-	38,815,000		38,815,000	2,405,000
Subtotal bonds	57,650,000	38,815,000	(42,000,000)	54,465,000	2,460,000
Add Unamortized premium	-	3,209,172	-	3,209,172	-
Less Unamortized discount	(846,001)	-	846,001	-	-
Total long-term debt	$ 56,803,999	$ 42,024,172	$(41,153,999)	$ 57,674,172	$ 2,460,000

On March 16, 2018, the Successor Agency issued Series 2018 Tax Allocation Refunding Bonds in the amount of $38,815,000. The proceeds from the bonds were used to refund the Tax Allocation Refunding Bonds, Issue of 2005 and the Tax Allocation Bonds, Issue of 2007. The anticipated cash flow savings on the refunding was approximately $4,128,467 over the remaining life of the bond. The present value of the savings to February 28, 2018 at 3.155986% was $3,061,692. The deferred amount resulting from the refunding was $932,399 to be amortized over the life of the bonds.

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 were 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, 2030, 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 until final maturity.

The debt service requirements for the 2000 Bonds at June 30, 2018 were as follows:

Year ending June 30,	Principal	Interest	Total
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	70,000	1,188,880	1,258,880
2023	85,000	1,182,913	1,267,913
2024 – 2028	8,495,000	4,359,933	12,854,933
2029 – 2033	6,825,000	814,083	7,639,083
Totals	$ 15,650,000	$ 11,141,244	$ 26,791,244

Note D: Long-Term Liabilities (continued)

2018 Tax allocation refunding bonds

On March 16, 2018, the Successor Agency issued Series 2018 Tax Allocation Refunding Bonds in the amount of $38,815,000 to refund the outstanding Tax Allocation Refunding Bonds, Issue of 2005 and Tax Allocation Bonds, Issue of 2007, of which $40,330,000 were the combined outstanding amounts. The Bonds are issued in parity with the Agency's Taxable Tax Allocation Refunding Bonds, Issue of 2000. The Bonds are term bonds maturing on or after October 1, 2029, and are subject to mandatory redemption from minimum sinking account payments, in part by lot, on or after October 1, 2028, 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 2% to 5%. The Agency pledged 100% of property revenues from the RPTTF as security for the bonds until final maturity.

The bonds are presented net of unamortized premium of $3,209,172. The bond also had $932,399 of deferred amount on refunding and $249,879 of deferred insurance charges, which were recorded on the statement of fiduciary net position and amortized over the life of the bond on a straight-line basis.

The debt service requirements for the 2018 Bonds at June 30, 2018 were as follows:

Year ending at June 30,	Principal	Interest	Total
2019	$ 2,405,000	$ 1,544,231	$ 3,949,231
2020	1,735,000	1,485,481	3,220,481
2021	1,795,000	1,414,881	3,209,881
2022	1,870,000	1,341,581	3,211,581
2023	1,935,000	1,265,481	3,200,481
2024 – 2028	2,440,000	5,974,241	8,414,241
2029 – 2033	8,910,000	5,338,206	14,248,206
2034 – 2038	17,725,000	1,890,081	19,615,081
Totals	38,815,000	20,254,183	59,069,183
Add: Unamortized premium	3,209,172	-	3,209,172
Totals	$ 42,024,172	$ 20,254,183	$ 62,278,355

Note D: Long-Term Liabilities (continued)

The annual requirements to amortize all bonds outstanding at June 30, 2018, including interest payments to maturity, are as follows:

Year ending at June 30,	Principal	Interest	Total
2019	$ 2,460,000	$ 2,747,016	$ 5,207,016
2020	1,790,000	2,684,086	4,474,086
2021	1,860,000	2,608,926	4,468,926
2022	1,940,000	2,530,461	4,470,461
2023	2,020,000	2,448,394	4,468,394
2024 – 2028	10,935,000	10,334,174	21,269,174
2029 – 2033	15,735,000	6,152,289	21,887,289
2034 – 2038	17,725,000	1,890,081	19,615,081
Totals	54,465,000	31,395,427	85,860,427
Add: Unamortized Premium	3,209,172	-	3,209,172
Totals	$ 57,674,172	$ 31,395,427	$ 89,069,599

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.

Note F: Tax Abatement

Prior to its dissolution in 2012, the former El Cajon Redevelopment Agency entered into participation agreements with local businesses for economic development purposes including business relocation, retention, and expansion. The former redevelopment agency entered into the agreements under the authority of the Community Redevelopment Law (Health and Safety Code Sections 3300, et seq.) The abatements were granted to any businesses located within or promising to relocate to the Agency's redevelopment geographic area. Under the agreements, the former agency provided financing to businesses located within or planning to relocate to the redevelopment project area. The agreements were negotiated on an individual basis.

The participation agreements provided abatement to the businesses in the form of a credit towards the repayment of the loans for a period of up to ten (10) years. The amount of abatement each year is based on the amount of taxes generated from the site, as specified in the agreement. Note C- Loans Receivables provides detailed information about the businesses, agreements and abatement amounts.

Note G: Subsequent Event

Pursuant to Health and Safety Code Section 34179 (j), on and after July 1, 2018 in each county where more than one oversight board was created, there shall be only one Countywide Oversight Board (Countywide OB). The Countywide OB shall be staffed by the County Auditor-Controller (CAC), by another county entity selected by the CAC, or by a city within the county that the CAC may select after consulting with the California Department of Finance (DOF). As of July 1, 2018, DOF will only recognize the newly-created Countywide OBs. The actions of the Successor Agency's ROPS or other OB required approved actions cannot be submitted without the Countywide OB's approval.

As of July 1, 2018, the Successor Agency to the El Cajon Redevelopment Agency will be under the oversight of the County of San Diego Countywide Redevelopment Successor Agency Oversight Board. The Countywide Oversight Board will oversee and approve certain actions of all the San Diego County area successor agencies, and will manage the assets of the former redevelopment agencies, the repayment of debts and the fulfillment of other redevelopment agency obligations.