Successor Agency to the El Cajon Redevelopment Agency

Basic Financial Statements and Independent Auditor's Report

For the year ended June 30, 2022

Successor Agency to the El Cajon Redevelopment Agency
Basic Financial Statements
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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying fiduciary fund financial statements of the Successor Agency to the El Cajon Redevelopment Agency (the Successor Agency), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Successor Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the Successor Agency, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Successor Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Successor Agency and do not purport to, and do not, present fairly the financial position of the City of El Cajon, as of June 30, 2022, the changes in its financial position, or where applicable, its cash flows, for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The Successor Agency's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Successor Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Successor Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Successor Agency's 2021 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated December 8, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, 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 are not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 23, 2022 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Commission's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
December 23, 2022

Successor Agency to the
El Cajon Redevelopment Agency
Statement of Fiduciary Net Position
June 30, 2022
(with comparative data for prior year)

	2022	2021
Assets:		
Cash and investments	$ 3,537,511	$ 3,733,244
Restricted cash and investments with fiscal agent	1,306,303	1,305,942
Receivables:		
Interest	4,426	5,220
Loans	1,585,949	1,747,361
Prepaid bond insurance	196,275	208,768
Total assets	6,630,464	7,000,535
Deferred outflows of resources:		
Deferred amount on refunding	732,380	779,000
Deferred outflows of resources	732,380	779,000
Liabilities:		
Accounts payable and accrued liabilities	6,444	9,177
Deposits payable	-	5,000
Interest payable	619,189	639,127
Current portion long-term debt	2,020,000	1,940,000
Long-term debt	46,962,337	49,142,796
Total liabilities	49,607,970	51,736,100
Net position (deficit):		
Held in trust for other purposes	(42,245,126)	(43,956,565)
Total net position	$ (42,245,126)	$ (43,956,565)

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, 2022
(with comparative data for prior year)

	2022	2021
Additions:		
Property taxes	$ 4,323,353	$ 4,152,507
Intergovernmental	64,386	71,925
Investment income	(33,325)	(19,278)
Interest on loan	51,774	55,637
Misellaneous	5,000	-
Total additions	4,411,188	4,260,791
Deductions:		
Administrative expenses	32,334	34,770
Program/project expenses	258,236	249,865
Interest and fiscal charges	2,409,179	2,488,501
Total deductions	2,699,749	2,773,136
Change in net position	1,711,439	1,487,655
Net deficit, beginning of year	(43,956,565)	(45,444,220)
Net deficit, end of year	$ (42,245,126)	$ (43,956,565)

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

Successor Agency to the El Cajon Redevelopment Agency
Notes to the Basic Financial Statements
June 30, 2022

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.

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 has been under the oversight of the County of San Diego Countywide Redevelopment Successor Agency Oversight Board. The Countywide Oversight Board oversees and approves certain actions of all the San Diego County area successor agencies, and manages the assets of the former redevelopment agencies, the repayment of debts and the fulfillment of other redevelopment agency obligations.

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 (the 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, if applicable. 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, from time to time, 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. *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.

7. *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.

Successor Agency to the
El Cajon Redevelopment Agency
Notes to the Basic Financial Statements
June 30, 2022

Note B: Cash and Investments

Cash and investments, as of June 30, 2022, are classified in the accompanying financial statements as follows:

Statement of Fiduciary Net Position:		
Cash and investments	$	3,537,511
Restricted cash and investments with fiscal agents		1,306,303
Total cash and investments	$	4,843,814

Cash and investments, as of June 30, 2022, consist of the following:

Equity in City's investment pool	$	3,537,511
Investments		1,306,303
Total cash and investments	$	4,843,814

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.

Successor Agency to the El Cajon Redevelopment Agency
Notes to the Basic Financial Statements
June 30, 2022

Note B: Cash and Investments (continued)

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	$75,000,000

*LAIF policy permits up to $75,000,000 per entity.

Investment in State investment pool

The Successor Agency from time to time, 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 $75,000,000.

The Successor Agency currently does not have an account in the State Investment Pool.

Note B: Cash and Investments (continued)

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
Held by fiscal agent:	
Invesco Treasury	$ 1,306,303

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, 2022, for each investment type.

Investment type	Amount	Minimum legal rating	Rating at June 30, 2022 AAA
Held by fiscal agent:			
Invesco Treasury	$ 1,306,303	AAA	$ 1,306,303

Note B: Cash and Investments (continued)

Risk Disclosures (continued)

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, 2022, 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 Successor 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 Successor Agency investments.

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

- The Invesco Treasury investments are valued using net asset value (NAV).

Successor Agency to the
El Cajon Redevelopment Agency
Notes to the Basic Financial Statements
June 30, 2022

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, 2022, the Successor Agency had the following loans receivables:

	Balance at June 30, 2022
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 began in 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, 2022, the outstanding principal was $1,535,725. As of July 2018, interest started accruing on the loan and accrued, unpaid interest was $50,224 as of June 30, 2022.	$ 1,585,949
Total	$ 1,585,949

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, 2022:

Description	Beginning balance	Additions	Deletions	Ending balance	Amount due in more than One Year	Amount due within one year
2000 Tax allocation refunding bonds	$ 15,475,000	$ -	$ (70,000)	$ 15,405,000	$ 15,320,000	$ 85,000
2018 Tax allocation refunding bonds	32,880,000	-	(1,870,000)	31,010,000	29,075,000	1,935,000
Subtotal bonds	48,355,000	-	(1,940,000)	46,415,000	44,395,000	2,020,000
Add unamortized premium	2,727,796	-	(160,459)	2,567,337	2,567,337	-
Total long-term debt	$ 51,082,796	$ -	$ (2,100,459)	$ 48,982,337	$ 46,962,337	$ 2,020,000

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, 2022 were as follows:

Year ending June 30,	Principal	Interest	Total
2023	$ 85,000	$ 1,182,912	$ 1,267,912
2024	1,455,000	1,123,622	2,578,622
2025	1,570,000	1,007,160	2,577,160
2026	1,690,000	881,650	2,571,650
2027	1,820,000	746,515	2,566,515
2028-2032	8,785,000	1,415,068	10,200,068
Totals	$ 15,405,000	$ 6,356,927	$ 21,761,927

Anything in the Indenture to the contrary notwithstanding, upon the occurrence and continuance of an event of default as described above, the bond insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the bond owners or the trustee for the benefit of the bond owners under the Indenture, including, without limitation, acceleration of the maturity of the bonds as described in the Indenture and the right to annul any declaration of acceleration, and the bond Insurer shall also be entitled to approve all waivers of events of default.

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 Successor 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 Successor Agency pledged 100% of property revenues from the RPTTF as security for the bonds until final maturity.

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.

The bonds are presented net of unamortized premium of $2,567,337. The bond also had $732,380 of deferred amount on refunding and $196,275 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, 2022 were as follows:

Year ending June 30,	Principal	Interest	Total
2023	$ 1,935,000	$ 1,265,481	$ 3,200,481
2024	470,000	1,222,081	1,692,081
2025	475,000	1,212,631	1,687,631
2026	480,000	1,198,281	1,678,281
2027	500,000	1,178,681	1,678,681
2028-2032	5,735,000	5,578,153	11,313,153
2033-2037	20,105,000	2,790,594	22,895,594
2038	1,310,000	22,106	1,332,106
Totals	31,010,000	14,468,009	45,478,009
Add: unamoritzed premium	2,567,337	-	2,567,337
Totals	$ 33,577,337	$ 14,468,009	$ 48,045,346

Note D: Long-Term Liabilities (continued)

2018 Tax allocation refunding bonds (continued)

If the Successor Agency shall fail to pay any policy costs in accordance with the requirements of the indenture, the municipal bond insurer will be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture other than (i) acceleration of the maturity of the bonds, or (ii) remedies which would adversely affect owners of the Bonds.

The annual requirements to amortize all bonds outstanding at June 30, 2022, including interest payments to maturity, are as follows:

Year ending June 30,	Principal	Interest	Total
2023	$ 2,020,000	$ 2,448,393	$ 4,468,393
2024	1,925,000	2,345,703	4,270,703
2025	2,045,000	2,219,791	4,264,791
2026	2,170,000	2,079,931	4,249,931
2027	2,320,000	1,925,196	4,245,196
2028-2032	14,520,000	6,993,221	21,513,221
2033-2037	20,105,000	2,790,594	22,895,594
2038	1,310,000	22,106	1,332,106
Totals	46,415,000	20,824,936	67,239,936
Add: unamoritzed premium	2,567,337	-	2,567,337
Totals	$ 48,982,337	$ 20,824,936	$ 69,807,273

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 ($213,186 in the current 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.