

**Redevelopment Agency of the City of Long Beach
(A Component Financial Reporting Unit of the
City of Long Beach, California)**

Annual Financial Report

For the Fiscal Year Ended September 30, 2008

CITY OF LONG BEACH, CALIFORNIA

Redevelopment Agency of the City of Long Beach
(A Component Financial Reporting Unit of the City of Long Beach, California)
September 30, 2008

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Members of the Redevelopment Agency Board

| | <u>Term Expires</u> |
|------------------------------------|----------------------------|
| William E. Baker, Chair | June 2011 |
| Diane L. Arnold, Vice Chair | June 2011 |
| John L. Cross | June 2011 |
| Thomas T. Fields | June 2008* |
| John W. Thomas | June 2011 |
| Vivian M. Tobias | June 2009 |
| “Vacant position” | |

Management

Craig Beck, Executive Director

Amy J. Bodek, Assistant Executive Director

* Term extended through September 2008

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KPMG LLP
Suite 2000
355 South Grand Avenue
Los Angeles, CA 90071-1568

Independent Auditors' Report

The Honorable Mayor and City Council
City of Long Beach, California

The Honorable Members of the Redevelopment Agency Board
City of Long Beach, California:

We have audited the accompanying combined financial statements of the government activities and each major fund of the Redevelopment Agency of the City of Long Beach (the Agency), a component financial reporting unit of the City of Long Beach, California (the City) and of the City of Long Beach Low- and Moderate-Income Housing Fund, as of and for the year ended September 30, 2008, which collectively comprise the Agency's combined financial statements as listed in the table of contents. These combined financial statements are the responsibility of the Agency's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed more fully in note 1 to the combined financial statements, the Agency has prepared these combined financial statements using accounting practices required by the State of California Health and Safety Code Section 33080.1, which practices differ from U.S. generally accepted accounting principles. The funds included in the Low- and Moderate-Income Housing Fund columns presented in these combined financial statements are not maintained by the Agency, and accordingly, are not includable in financial statements prepared in accordance with U.S. generally accepted accounting principles. However, State of California Health and Safety Code Section 33080.1 requires the Agency to prepare financial statements that include these funds. The effect on these combined financial statements of the inclusion of these funds is apparent in the columns labeled Low- and Moderate-Income Housing Fund.

In our opinion, because of the effects of including the Low- and Moderate-Income Housing Fund as a separate column in the Agency's combined financial statements, the combined financial statements referred to above do not present fairly, in conformity with U.S. generally accepted accounting principles, the financial position of the Agency as of September 30, 2008, or the changes in the Agency's financial position for the year then ended.

However, in our opinion, the combined financial statements referred to above do present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Agency and the Low- and Moderate-Income Housing Fund as of September 30, 2008, and the respective changes in financial position for the year then ended, on the basis of accounting described in note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2009 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope and our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 5 through 12 is not a required part of the financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation or the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purposes of forming opinions on the financial statements that collectively comprise the combined financial statements of the Redevelopment Agency of the City of Long Beach and the Low- and Moderate-Income Housing Fund. The accompanying information identified in the table of contents as supplementary financial information and general information is presented for the purposes of additional analysis and is not a required part of the combined financial statements. The accompanying statements and schedules included in the supplementary financial information section have been subjected to the auditing procedures applied in the audit of the combined financial statements and, in our opinion, are fairly stated in all material respects, in relation to the combined financial statements taken as a whole. The accompanying information in the general information section has not been subjected to the auditing procedures applied in the audit of the combined financial statements, and accordingly, we express no opinion on it.

KPMG LLP

July 17, 2009

Management's Discussion and Analysis

**Redevelopment Agency of the City of Long Beach
(A Component Financial Reporting Unit of the City of Long Beach, California)
Management's Discussion and Analysis
September 30, 2008**

The information presented in the "Management's Discussion and Analysis" (MD&A) is intended to be a narrative overview and analysis of the Redevelopment Agency of the City of Long Beach's (Agency) financial activities for the fiscal year ended September 30, 2008. We encourage readers to consider this information in conjunction with the accompanying combined financial statements. The MD&A includes only the activity of the Agency and excludes the Low- and Moderate-Income Housing Fund.

Financial Highlights

Government-wide

- The liabilities of the Agency exceeded its assets at September 30, 2008, by \$162,528,000. Of this amount \$2,383,000 is invested in capital assets, net of related debt and net assets totaling \$103,988,000 restricted for specific purposes. The Agency's accumulated net deficit of \$162,528,000 resulted mainly from long-term debt due to the City of Long Beach and bonds payable, both intended to be relieved from future tax increment revenues, as well as any other available revenue resources.
- The Agency's total net deficit increased by \$12,378,000. This is the result of total expenses of \$104,157,000 exceeding total revenues of \$91,779,000. The increase in revenues was primarily due to the increase in tax increment revenue of the Downtown, West Beach, West Long Beach Industrial, Poly High, Central Long Beach, and North Long Beach Project Areas, plus the increase in interest income. The \$22,310,000 in other expenses includes net operating transfers to the City of Long Beach of \$12,035,000, transfers from Low- and Moderate-Income Housing Fund of \$2,271,000, and land reconveyance of \$12,546,000.
- The Agency's net long-term debt increased by \$292,000 during the current fiscal year. The net increase is primarily due to accrued interest less principal payments on Agency bonds, plus \$7,959,000 Open Space Bonds Series 2006B proceeds the City advanced to the Agency for acquisition and design costs associated with the development of the following open spaces: Pacific Electric Right-of-Way, Craftsman Park, Drake Park, and Seaside Park.
- The Agency's current and other liabilities decreased by \$4,908,000 during the current fiscal year. The decrease is mainly due to the lower outstanding balances of accounts and vouchers payable and the payment of interim City advance to the Downtown Project area.

Fund basis

- As of September 30, 2008, the Agency's governmental funds reported an ending fund balance of \$321,818,000, a \$10,160,000 decrease from the prior fiscal year's fund balance of \$331,978,000. This is mainly due to the increase in net transfers to the City of Long Beach of \$15,503,000, an increase in reconveyance of land held for resale from the Agency to other funds of \$5,454,000, proceeds from long-term debt of \$8,239,000, and an increase in tax increment revenues of \$4,449,000.

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Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Agency's combined financial statements. The Agency's combined financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to combined financial statements. This report also contains other supplementary information in addition to the combined financial statements.

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private sector business.

The *statement of net assets* presents information on all of the Agency's assets and liabilities, with the difference reported as *net assets (deficit)*. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The statement of activities presents information showing how the Agency's net assets changed during the current fiscal year. Changes in net assets are reported as soon as the underlying event giving rise to change occurs, *regardless of the timing of the related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows for future fiscal periods. This statement shows the extent to which the various functions depend on general taxes and non-program revenues for support.

Governmental activities of the Agency include housing, community and economic development, public improvements, and debt service. The activities of the Agency are carried out in seven project areas.

The State of California Health and Safety Code Section 33080.1 requires every redevelopment agency to submit an annual audit of the financial statements of the agency, which presents the results of the operations and financial position of the agency, including all financial activities with moneys required to be held in a separate Low- and Moderate-Income Housing Fund pursuant to Section 33334.3. As such, the Agency has included in the accompanying combined financial statements the Low- and Moderate-Income Housing Fund, which represents funds recorded within the City of Long Beach and the Long Beach Housing Development Company for the purpose of recording the Agency's 20 percent set-aside tax increment revenues. The State of California Health and Safety code Section 33334.2 requires the 20 percent set-aside to be used to increase, improve, and preserve the supply of low- and moderate-income housing within the Agency's territorial jurisdiction.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other units of state and local government, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Agency are classified as governmental funds.

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Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, government fund financial statements focus on near-term *inflows* and *outflows* of *spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the Agency's financial resources that are available in the near future to finance the various activities.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Agency maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the capital projects fund and the debt service fund.

The Agency adopts an annual appropriated budget for all governmental funds. A budgetary comparison statement has been provided for governmental funds as supplementary information to demonstrate compliance with this budget.

Notes to Combined Financial Statements

The notes provide narrative information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information

In addition to the combined financial statements and accompanying notes, this report also includes other supplementary information relating to the Agency's fund financial statements and budgetary comparison to actual expenditures for each of the redevelopment project areas. A schedule of changes in long-term debt has been included in this report.

Government-wide Financial Analysis

The Agency presents its financial statements in accordance with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and related pronouncements, with the focus on the analysis of the current fiscal year's net assets and changes in net assets.

Analysis of Net Assets

Net assets may serve, over time, as a useful indicator of a government's financial position. At September 30, 2008, the Agency's liabilities exceeded its assets by \$162,528,000. Of this amount, \$2,383,000 is invested in capital assets, net of related debt

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and \$103,988,000 represents restricted net assets for capital projects, debt service, and other non-current receivables. The Agency's deficit is intended to be relieved from future Agency revenues. The Agency's deficit is caused from the issuance of long-term debt. This is primarily due to the nature of redevelopment financing, whereby the Agency issues bonds or incurs long-term debt to finance a substantial portion of its redevelopment activities, which include land acquisition, housing, public parking, commercial and retail projects, community development, and other activities. In some cases, assets may be transferred to the City of Long Beach (the City); however, the debt remains with the Agency. The Agency also provides "gap" financing in other types of redevelopment activities; any equity assumed in these projects is usually significantly less than the underlying expenditures. Redevelopment activities are designed to alleviate urban blight. Redevelopment activities often improve property values and, as a result, generate additional tax increment to service the Agency's debt and finance additional projects.

The Agency's current and other liabilities decreased by \$4,908,000 during the current fiscal year. The decrease is mainly due to the lower outstanding balances of accounts and vouchers payable and the payment of advances from the City to the Downtown Project area.

The following table summarizes the Agency's net assets (deficit) as of September 30, 2008, with comparative figures for 2007 (in thousands):

| | Governmental Activities | | |
|-------------------------------|-------------------------|---------------------|---------------|
| | 2008 | 2007 | % Change |
| ASSETS | | | |
| Current and other assets | \$ 328,572 | \$ 345,540 | (4.91) |
| Capital assets | 14,629 | 14,655 | (0.18) |
| Total assets | <u>343,201</u> | <u>360,195</u> | <u>(4.72)</u> |
| LIABILITIES | | | |
| Current and other liabilities | 18,840 | 23,748 | (20.67) |
| Noncurrent liabilities | 486,889 | 486,597 | 0.06 |
| Total liabilities | <u>505,729</u> | <u>510,345</u> | <u>(0.90)</u> |
| NET ASSETS | | | |
| Invested in capital assets | 2,383 | 2,241 | 6.34 |
| Restricted net assets | 103,988 | 144,769 | (28.17) |
| Unrestricted deficit | (268,899) | (297,160) | (9.51) |
| Total deficit | <u>\$ (162,528)</u> | <u>\$ (150,150)</u> | <u>8.24</u> |

Analysis of Changes in Net Assets

During fiscal year 2008, governmental activities increased the deficit by \$12,378,000 from the prior year to \$162,528,000. Key elements of the governmental activities are as follows:

Incremental property tax revenues are the Agency's major source of funding for redevelopment activities. For the year ended September 30, 2008, the Agency recognized \$77,460,000 in tax increment revenues. This represents 84.40 percent of the total revenues of \$91,779,000. The increase in current year total revenues of 7.83 percent is due to increase in tax increment revenues, charges for services, and interest income.

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Community and cultural expenditures totaled \$59,707,000 or 57.32 percent of the total expenses of the governmental activities of \$104,157,000. The 12.90 percent increase in community and cultural expenditures is mainly due to the increase in project improvement/construction, administrative, and acquisition costs. The \$22,310,000 in other expenses includes net operating transfers to the City of Long Beach of \$12,035,000, transfers from Low- and Moderate-Income Housing Fund of \$2,271,000, and land reconveyance of \$12,546,000.

Changes in Net Assets
Years Ended September 30
(In Thousands)

| | Governmental Activities | | |
|------------------------------------|----------------------------|----------------------------|--------------------|
| | 2008 | 2007 | % Change |
| REVENUES | | | |
| Program revenues: | | | |
| Operating grants and contributions | \$ 409 | \$ 873 | (53.15) |
| Charges for services | 2,286 | 1,116 | 104.84 |
| General revenues: | | | |
| Incremental property taxes | 77,460 | 73,011 | 6.09 |
| Interest income | 7,560 | 6,083 | 24.28 |
| Other | 4,064 | 4,033 | 0.77 |
| Total revenues | <u>91,779</u> | <u>85,116</u> | <u>7.83</u> |
| EXPENSES | | | |
| Program expenses: | | | |
| General government | 370 | 321 | 15.26 |
| Community/ economic development | 59,707 | 52,887 | 12.90 |
| Interest in long-term debt | 21,770 | 21,975 | (0.93) |
| Other | 22,310 | 276 | 7,983.33 |
| Total expenses | <u>104,157</u> | <u>75,459</u> | <u>38.03</u> |
| Change in net asset | (12,378) | 9,657 | (228.18) |
| Deficit, October 1 | <u>(150,150)</u> | <u>(159,807)</u> | <u>(6.04)</u> |
| Deficit, September 30 | <u><u>\$ (162,528)</u></u> | <u><u>\$ (150,150)</u></u> | <u><u>8.24</u></u> |

Community and economic development expenses shown on the statement of activities relate to activities intended to relieve urban blight and payments to other government entities. These expenses include costs for the acquisition and development of sites for needed public improvements such as libraries, parks, and street improvements. Other activities to remove blight include the assembly of sites for the private development of housing, commercial, and retail facilities. The Agency is also required by Community Redevelopment Law to provide statutory pass-through payments to other government entities.

Financial Analysis of the Agency's Governmental Funds

As noted earlier, the Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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Governmental Funds

The focus of the Agency's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Agency's financing requirements. In particular, the fund balance serves as a useful measure of the Agency's net resource available for spending at the end of the fiscal year.

At September 30, 2008, the Agency's governmental funds reported a combined accumulated ending fund balance of \$321,818,000, a decrease of \$10,160,000 from the prior fiscal year total of \$331,978,000. This amount consists of fund balance reserved for debt service, land held for resale, short-term investments non-performing, long-term receivables, and encumbrances; and fund balance designated for future projects. The portion of the fund balance that is available for spending has been appropriated in fiscal year 2009.

Capital Projects Fund – The Capital Projects Fund is used to account for redevelopment expenditures from tax increment, bond proceeds, federal grants and project area program income. The Capital Projects Fund is the Agency's principal fund. The accumulated fund balance at September 30, 2008 is \$187,710,000. The Capital Projects Fund fund balance of \$178,068,000 at September 30, 2007 increased by \$9,642,000 due to property tax increment revenues transferred to this fund from the Agency's Debt Service Fund and proceeds from long-term debt of \$8,239,000. The latter includes \$280,000 Los Altos Project Area tax increment revenue allocation to the Los Angeles County and \$7,959,000 of the City's Open Space Bonds Series 2006B proceeds advanced to the Agency for acquisition and design costs associated with the development of the following open spaces: Pacific Electric Right-of-Way, Craftsman Park, Drake Park, and Seaside Park.

Debt Service Fund – The Debt Service Fund is used to accumulate resources to pay principal and interest and other costs related to the Agency's long-term debt. At September 30, 2008, the Debt Service Fund had a total fund balance of \$134,108,000, of which \$61,193,000 was reserved for debt service, \$50,094,000 for redevelopment projects, and \$22,821,000 for long-term receivables. The net decrease in fund balance over the prior year of \$19,802,000 is primarily due to interfund transfers made to the Capital Projects Fund for redevelopment projects and the City.

Governmental Fund Budgetary Highlights

A comparison between the initial budget and the final amended budget for the Agency's governmental funds shows a net increase in expenditures from \$172,991,000 to \$180,367,000, or \$7,376,000. The increase is mainly due to anticipated expenditures for acquisition costs.

The Agency's governmental funds had a net fund balance variance of \$117,584,000. The entire amount is committed to be spent in various project areas in the next fiscal year. The budget variances by project area are summarized under the Supplementary Financial Information sections of this report.

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Capital Assets and Debt Administration

Capital Assets

The Agency's investments in capital assets for its governmental activities as of September 30, 2008 comprise of \$13,802,000 land and \$827,000 building, machinery and equipment, net of accumulated depreciation. Additional information on the Agency's capital assets can be found in Note 5 to the combined financial statements.

Long-term Liabilities

At September 30, 2008, the Agency's long-term liabilities totaled \$495,561,000. This amount includes the current portion of bond indebtedness and is net of unamortized bond discount and loss on defeasance. This is summarized as follows in the table below (in thousands).

| <u>Agency's Long-term Debt</u> | |
|---|-------------------|
| Tax allocation bonds | \$ 331,789 |
| Notes payable | 2,875 |
| Advances from the City of Long Beach | 143,604 |
| Advances from Low- and Moderate-Income Housing Fund | 17,293 |
| Total | <u>\$ 495,561</u> |

The Agency's total bonded indebtedness at September 30, 2008 was \$331,789,000. The bonds are secured solely by property tax increment.

Additional information on the long-term liabilities can be found in Notes 7, 8, and 9 of the combined financial statements.

As of September 5, 2004, Senate Bill 1096 amended Section 33333.6 of the Health and Safety Code to allow City Council, under certain circumstances, to extend by one year the time limit on the effectiveness of a redevelopment plan and the time limit on the receipt of tax increment and the payment of indebtedness to make up for required Education Revenue Augmentation Fund (ERAF) payments made in fiscal years 2005 and 2006. On January 18, 2005, the City Council approved extensions for the West Beach, Downtown, and Poly High Project Areas for the fiscal year 2005 ERAF payment. On December 6, 2006, the City Council approved extensions for the West Beach and Poly High Project Areas for the fiscal year 2006 ERAF payment. The time limits for the project areas as of September 30, 2008 are summarized in the following table:

| <u>Project Area</u> | <u>Date Adopted</u> | <u>Time Limit for Incurring Indebtedness</u> | <u>Termination Date</u> | <u>Time Limit for Repayment of Indebtedness</u> |
|----------------------------|---------------------|--|-----------------------------|---|
| Central Long Beach | 03/06/2001 | 03/06/2021 | 03/06/2032 | 03/06/2047 |
| Downtown | 06/17/1975 | 01/01/2004 | 06/17/2017 | 06/17/2027 |
| Los Altos | 12/10/1991 | 12/10/2011 | 12/10/2032 | 12/10/2042 |
| Poly High | 04/03/1973 | None | 04/03/2016 | 04/03/2026 |
| West Beach | 07/21/1964 | None | 01/01/2012 | 01/02/2022 |
| West Long Beach Industrial | 07/01/1975 | None | 07/01/2015 | 07/01/2025 |
| North Long Beach | 07/16/1996 | 07/16/2016 | 07/16/2027 | 07/16/2042 |

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GASB 48 Required Information

The Agency has pledged a portion of future tax increment revenues to repay tax allocation bonds issued between 1992 and 2005. The bonds were issued to finance either redevelopment activities within various project areas or to refinance existing debt that was originally issued for the same purpose. The bonds are payable solely from tax increment revenues. Tax increment revenues are projected to produce 419 percent of the debt service requirements over the life of the bonds. As of September 30, 2008, total principal and interest requirement for the bonds is \$591,386,000 (\$332,562,000 for principal and \$258,824,000 for interest), payable semiannually through 2040. For fiscal year 2008, principal and interest paid and tax increment revenues received were \$25,690,000 and \$77,460,000, respectively.

The Agency has pledged a portion of future tax increment revenues to repay advances from the City made in between 1974 and 2008. The advances were made to finance redevelopment activities within or of benefit to various project areas. The advances are payable solely from tax increment revenues. Tax increment revenues are projected to produce 2,267 percent of the debt service requirements over the life of the advances. As of September 30, 2008, the total principal and interest requirement for the advances is \$116,169,000 (\$69,195,000 for principal and \$46,974,000 for interest). At present, the Agency has a maximum termination date of December 2042. For fiscal year 2008, principal and interest paid and tax increment revenues received were \$1,710,000 and \$77,460,000, respectively.

Taken as a whole, the Agency has pledged \$707,555,000 (\$401,757,000 for principal and \$305,798,000 for interest) of future tax increment revenues resulting in a coverage ratio of tax increment revenues to debt of 372 percent.

The Agency has pledged a portion of future Transient Occupancy Tax (TOT) revenues to repay an advance from the Long Beach Harbor Department made in 1990. The advances were made to finance the expansion of the Long Beach Convention and Entertainment Center. The advances are payable solely from the Downtown Project Area's TOT revenues. TOT revenues are projected to produce 237 percent of the debt service requirements over the life of the advance. As of September 30, 2008, the total principal requirement for the advances is \$27,435,000. For fiscal year 2008, principal and interest paid and TOT revenues received were \$0 and \$4,064,000, respectively.

Request for Information

This financial report is designed to provide a general overview of the Agency's finances for all those with an interest in the Agency's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to:

City of Long Beach
Department of Financial Management
333 W. Ocean Boulevard, 6th Floor
Long Beach, California 90802

COMBINED FINANCIAL STATEMENTS

Redevelopment Agency of the City of Long Beach
(A Component Financial Reporting Unit of the City of Long Beach, California)
Combined Statement of Net Assets
September 30, 2008
(In Thousands)

| | Governmental Activities | | |
|---|--------------------------------|---|--------------------|
| | Governmental Activities | Low- and Moderate-Income Housing Fund | Total |
| ASSETS | | | |
| Current assets: | | | |
| Pooled cash and investments | \$ 47,577 | \$ 32,414 | \$ 79,991 |
| Non-pooled cash and investments | 79,368 | - | 79,368 |
| Interest receivable | 416 | - | 416 |
| Short-term investments (non-performing) | 111 | 84 | 195 |
| Accounts and loans receivables | 515 | 2 | 517 |
| Due from other governments | 63 | - | 63 |
| Other assets | 2,459 | - | 2,459 |
| Land held for resale | 161,935 | 7,838 | 169,773 |
| Noncurrent assets: | | | |
| Investments | 10,000 | - | 10,000 |
| Advances to the City of Long Beach | 22,821 | 856 | 23,677 |
| Advances to Housing Development Company | - | 1,440 | 1,440 |
| Advances to the Redevelopment Agency | - | 17,293 | 17,293 |
| Other non-current receivables | 1,600 | 30,920 | 32,520 |
| Capital assets: | | | |
| Land and other assets not being depreciated | 13,802 | 1,015 | 14,817 |
| Buildings, improvements, and equipment net of accumulated depreciation | 827 | 1,071 | 1,898 |
| Other assets | 1,707 | - | 1,707 |
| Total assets | <u>343,201</u> | <u>92,933</u> | <u>436,134</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts and vouchers payable | 3,737 | 853 | 4,590 |
| Accrued wages and other benefits | 163 | 84 | 247 |
| Accrued claims and judgments | 255 | - | 255 |
| Due to the City of Long Beach | 75 | 39 | 114 |
| Accrued interest payable | 4,766 | 475 | 5,241 |
| Deferred revenue, credits, and other payable | 1,172 | 31 | 1,203 |
| Bonds payable within one year | 8,672 | - | 8,672 |
| Noncurrent liabilities: | | | |
| Advances from the City of Long Beach | 143,604 | - | 143,604 |
| Advances from Low- and Moderate-Income Housing Fund | 17,293 | - | 17,293 |
| Bonds payable | 323,117 | - | 323,117 |
| Other long-term obligations | 2,875 | 1,015 | 3,890 |
| Total liabilities | <u>505,729</u> | <u>2,497</u> | <u>508,226</u> |
| NET ASSETS (DEFICIT) | | | |
| Invested in capital assets, net of related debt | 2,383 | 1,071 | 3,454 |
| Restricted for: | | | |
| Debt service | 51,193 | - | 51,193 |
| Operations and maintenance | - | 51 | 51 |
| Capital/Housing projects | 52,795 | 14 | 52,809 |
| Unrestricted (deficit) | (268,899) | 89,300 | (179,599) |
| Total net assets (deficit) | <u>\$ (162,528)</u> | <u>\$ 90,436</u> | <u>\$ (72,092)</u> |

The notes to the combined financial statements are an integral part of this statement.

Redevelopment Agency of the City of Long Beach
(A Component Financial Reporting Unit of the City of Long Beach, California)
Combined Statement of Activities
Year Ended September 30, 2008
(In Thousands)

| Governmental Activities | | | | | | |
|--|-----------------|-------------------------|--|--|---|---|
| | | | | | Net (Expense) and Changes in Net Assets | Total |
| <u>Program Revenues</u> | | | | | | |
| Functions/Programs | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities Total | Low- and Moderate-Income Housing Fund |
| Primary Government: | | | | | | |
| General government | \$ 370 | \$ - | \$ - | \$ - | \$ (370) | \$ - |
| Community and cultural | 59,707 | 2,286 | 409 | - | (57,012) | - |
| Interest on long-term debt | 21,770 | - | - | - | (21,770) | - |
| Total governmental activities | <u>81,847</u> | <u>2,286</u> | <u>409</u> | <u>-</u> | <u>(79,152)</u> | <u>-</u> |
| | | | | | | |
| Low-and moderate-income housing fund | <u>\$ 7,619</u> | <u>\$ 170</u> | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> | <u>(7,449)</u> |
| | | | | | | |
| General revenues: | | | | | | |
| Taxes: | | | | | | |
| Property tax increment | | | | | 77,460 | 19,365 |
| Other | | | | | 4,064 | - |
| Unrestricted investment earnings | | | | | 7,560 | 1,248 |
| Reconveyance of land | | | | | (12,546) | (750) |
| Transfers (to) from the Redevelopment Agency | | | | | 2,271 | (2,271) |
| Transfers to the City | | | | | (16,668) | - |
| Transfers from the City | | | | | 4,633 | 1,001 |
| Total general revenues and transfers | | | | | <u>66,774</u> | <u>18,593</u> |
| Change in net assets | | | | | <u>(12,378)</u> | <u>11,144</u> |
| Net assets (deficit)—October 1 | | | | | <u>(150,150)</u> | <u>79,292</u> |
| Net assets (deficit)—September 30 | | | | | <u>\$ (162,528)</u> | <u>\$ 90,436</u> |

The notes to the combined financial statements are an integral part of this statement.

Redevelopment Agency of the City of Long Beach
(A Component Financial Reporting Unit of the City of Long Beach, California)
Combined Balance Sheet—Governmental Funds
September 30, 2008
(In Thousands)

| | Capital Projects Funds | Debt Service Funds | Sub-Total | Low- and Moderate-Income Housing Fund | Total |
|---|---------------------------|-----------------------|-------------------|---|-------------------|
| ASSETS | | | | | |
| Pooled cash and investments | \$ 26,224 | \$ 21,353 | \$ 47,577 | \$ 32,414 | \$ 79,991 |
| Non-pooled cash and investments | - | 79,368 | 79,368 | - | 79,368 |
| Accounts and loans receivable | 9 | 506 | 515 | 2 | 517 |
| Interest receivable on investments | - | 416 | 416 | - | 416 |
| Short-term investments non-performing | 111 | - | 111 | 84 | 195 |
| Receivables from other governments | 63 | - | 63 | - | 63 |
| Investments | - | 10,000 | 10,000 | - | 10,000 |
| Advances to Housing Development Co. | - | - | - | 1,440 | 1,440 |
| Advances to the City of Long Beach | - | 22,821 | 22,821 | 856 | 23,677 |
| Land held for resale | 161,935 | - | 161,935 | 7,838 | 169,773 |
| Other assets | 4,166 | - | 4,166 | - | 4,166 |
| Long-term receivables | 1,600 | - | 1,600 | 30,920 | 32,520 |
| TOTAL ASSETS | \$ 194,108 | \$ 134,464 | \$ 328,572 | \$ 73,554 | \$ 402,126 |
| LIABILITIES | | | | | |
| Vouchers payable | \$ 2,510 | \$ 171 | \$ 2,681 | \$ - | \$ 2,681 |
| Accounts payable | 877 | 179 | 1,056 | 853 | 1,909 |
| Accrued wages payable | 163 | - | 163 | 84 | 247 |
| Accrued claims and judgments | 255 | - | 255 | - | 255 |
| Collections held in trust | 546 | - | 546 | 16 | 562 |
| Deferred revenue | 1,972 | 6 | 1,978 | 30,935 | 32,913 |
| Due to other funds | 75 | - | 75 | 39 | 114 |
| TOTAL LIABILITIES | 6,398 | 356 | 6,754 | 31,927 | 38,681 |
| FUND BALANCE | | | | | |
| Reserved: | | | | | |
| Land held for resale | 161,935 | - | 161,935 | 7,838 | 169,773 |
| Future projects | - | 50,094 | 50,094 | - | 50,094 |
| Short-term investments non-performing | 111 | - | 111 | 84 | 195 |
| Debt service | - | 61,193 | 61,193 | - | 61,193 |
| Long-term receivables | 1,781 | 22,821 | 24,602 | 2,296 | 26,898 |
| Encumbrances | 1,125 | - | 1,125 | 91 | 1,216 |
| Other | - | - | - | 51 | 51 |
| Unreserved: | | | | | |
| Designated for future projects | 22,758 | - | 22,758 | 31,267 | 54,025 |
| TOTAL FUND BALANCE | 187,710 | 134,108 | 321,818 | 41,627 | 363,445 |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 194,108 | \$ 134,464 | \$ 328,572 | \$ 73,554 | \$ 402,126 |

The notes to the combined financial statements are an integral part of this statement.

Redevelopment Agency of the City of Long Beach
(A Component Financial Reporting Unit of the City of Long Beach, California)
Reconciliation of Combined Balance Sheet of Governmental Fund Balance to the
Statement of Net Assets
September 30, 2008
(In Thousands)

| | <u>Capital Projects/Debt Service Funds</u> | <u>Low- and Moderate-Income Housing Fund</u> |
|---|--|--|
| Amounts reported for governmental activities in the statement of net assets (deficit) are different because: | | |
| Total governmental fund balance | \$ 321,818 | \$ 41,627 |
| Capital assets used in the governmental activities are not financial resources and, therefore, are not reported in the funds. | 14,629 | 2,086 |
| Advances due from/to the primary government is considered to be external activity that is reported only in the government-wide financial statements. | (160,897) | 17,293 |
| Because the focus of governmental funds is short-term financing, some assets will not be available for current period expenditures. Those assets are offset by deferred revenue in the funds. | 1,352 | 30,920 |
| Governmental long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. | <u>(339,430)</u> | <u>(1,490)</u> |
| Net assets (deficit) of governmental activities | <u>\$ (162,528)</u> | <u>\$ 90,436</u> |

The notes to the combined financial statements are an integral part of this statement.

Redevelopment Agency of the City of Long Beach
(A Component Financial Reporting Unit of the City of Long Beach, California)
Combined Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds
Year Ended September 30, 2008
(In Thousands)

| | Capital Projects Funds | Debt Service Funds | Sub-Total | Low- and Moderate-Income Housing Fund | Total |
|---|---------------------------|-----------------------|------------------|---|-------------------|
| REVENUES | | | | | |
| Property tax increment | \$ - | \$ 77,460 | \$ 77,460 | \$ 19,365 | \$ 96,825 |
| Interest income | 1,463 | 5,605 | 7,068 | 1,207 | 8,275 |
| Rental income | 1,650 | - | 1,650 | 126 | 1,776 |
| Transient occupancy tax | - | 4,064 | 4,064 | - | 4,064 |
| Other income | 1,288 | 563 | 1,851 | 2,443 | 4,294 |
| TOTAL REVENUES | 4,401 | 87,692 | 92,093 | 23,141 | 115,234 |
| EXPENDITURES | | | | | |
| Administrative costs | 8,654 | 1,708 | 10,362 | 3,471 | 13,833 |
| Professional services | 481 | - | 481 | 395 | 876 |
| Planning, survey, and design | 3,315 | - | 3,315 | 2 | 3,317 |
| Acquisition expense | 2,811 | - | 2,811 | - | 2,811 |
| Operation of acquired property | 3,175 | - | 3,175 | 266 | 3,441 |
| Relocation costs | 643 | - | 643 | - | 643 |
| Relocation payments | 3,079 | - | 3,079 | - | 3,079 |
| Site clearance costs | 788 | - | 788 | - | 788 |
| Project improvement/construction costs | 15,008 | - | 15,008 | 572 | 15,580 |
| Disposal costs | 14 | - | 14 | - | 14 |
| Interdepartmental charges | - | - | - | 601 | 601 |
| Loss on sale of land held for resale | 4,459 | - | 4,459 | - | 4,459 |
| Rehabilitation grants and loans | 774 | - | 774 | 14,920 | 15,694 |
| Furniture, fixtures, and equipment | 49 | - | 49 | - | 49 |
| Pass-through charges | 280 | 13,278 | 13,558 | - | 13,558 |
| Debt service payments: | | | | | |
| Bonds and notes payable–principal | - | 8,251 | 8,251 | - | 8,251 |
| U.S., State and other long-term debts–principal | 1,450 | - | 1,450 | - | 1,450 |
| City/County advances and loans–principal | 1,463 | - | 1,463 | - | 1,463 |
| Interest | 812 | 17,690 | 18,502 | - | 18,502 |
| TOTAL EXPENDITURES | 47,255 | 40,927 | 88,182 | 20,227 | 108,409 |
| Excess (deficiency) of Revenues over (under) Expenditures | (42,854) | 46,765 | 3,911 | 2,914 | 6,825 |
| OTHER FINANCING SOURCES AND (USES) | | | | | |
| Proceeds from issuance of long-term debt | 8,239 | - | 8,239 | - | 8,239 |
| Reconveyance of land | (12,546) | - | (12,546) | (750) | (13,296) |
| Transfers to Capital Projects from Debt Service | 55,056 | (55,056) | - | - | - |
| Transfers to/from Low- and Moderate-Income Housing Fund | (1,040) | 3,311 | 2,271 | (2,271) | - |
| Transfers to the City | (1,846) | (14,822) | (16,668) | - | (16,668) |
| Transfers from the City | 4,633 | - | 4,633 | 1,001 | 5,634 |
| TOTAL OTHER FINANCING SOURCES (USES) | 52,496 | (66,567) | (14,071) | (2,020) | (16,091) |
| Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Sources (Uses) | 9,642 | (19,802) | (10,160) | 894 | (9,266) |
| Fund Balance–October 1 | 178,068 | 153,910 | 331,978 | 40,733 | 372,711 |
| FUND BALANCE–SEPTEMBER 30 | \$ 187,710 | \$ 134,108 | \$321,818 | \$ 41,627 | \$ 363,445 |

The notes to the combined financial statements are an integral part of this statement.

Redevelopment Agency of the City of Long Beach
(A Component Financial Reporting Unit of the City of Long Beach, California)
Reconciliation of Combined Statement of Revenues, Expenditures, and
Changes in Fund Balance of Governmental Funds
to the Statement of Activities
Year Ended September 30, 2008
(In Thousands)

| | Capital Projects/Debt Service Funds | Low- and Moderate-Income Housing Fund |
|---|---|---|
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Excess of revenue and other sources over expenditures and other uses—total governmental funds. | \$ (10,160) | \$ 894 |
| Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful life and reported as depreciation expense. This is the depreciation amount in the current period, net of additions. | (26) | 436 |
| The Agency records advances from/to the primary government only in government-wide financial statements. Therefore, interest and principal thereon are eliminated in the governmental funds. | (10,064) | 31 |
| Revenue in the statement of activities that did not provide current financial resources was reported as deferred revenue in the governmental funds. Therefore, when received, it is recorded only in the governmental funds. | (1,432) | - |
| Governmental funds report expenditures pertaining to the establishment of certain long-term loans made. Payments on these long-term receivables are recorded as revenue in the governmental funds. These deferred credits are not reported on the statement of net assets and, therefore, the corresponding net expense is not reported on the statement of activities. | - | 9,814 |
| The issuance of long-term debt (for example, bonds and leases) provides current financial resources to governmental funds, while the payment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. | 9,335 | - |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | (31) | (31) |
| Change in net assets in governmental activities. | \$ (12,378) | \$ 11,144 |

The notes to the combined financial statements are an integral part of this statement.

Redevelopment Agency of the City of Long Beach
(A Component Financial Reporting Unit of the City of Long Beach, California)
Notes to Combined Financial Statements
September 30, 2008

Note 1 – Description of Entity, Funds, and Summary of Significant Accounting Policies

Reporting Entity

The Redevelopment Agency of the City of Long Beach (the Agency) was established by action of the City Council in 1961 under provisions of State Law. The Agency is an independent public agency governed by a board comprised of seven citizens who are appointed by the Mayor of the City of Long Beach and confirmed by the City Council. The City Council approves the Agency's annual budget and subsequent changes for the year. The City Council also approves all decisions that impact the Agency's fiscal operations, such as the determination of the redevelopment project areas and changes thereto, issuance of bonds, and sale of properties. The City has financial oversight responsibility over the Agency and provides all staff, treasury management and investment analysis, facilities, and administrative services to conduct the Agency's daily operations.

The Agency is a component financial reporting unit of the City of Long Beach, California (City). In accordance with the Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, the Agency's financial activities are included in the City's Comprehensive Annual Financial Report as a blended component unit.

The State of California Health and Safety Code Section 33080.1 requires every redevelopment agency to submit an annual audit of the financial statements of the agency, which presents the results of the operations and financial position of the agency, including all financial activities with moneys required to be held in a separate Low- and Moderate-Income Housing Fund pursuant to Section 33334.3. As such, the Agency has included in the accompanying combined financial statements the Low- and Moderate-Income Housing Fund, which represents funds recorded within the City of Long Beach and the Long Beach Housing Development Company for the purpose of recording the Agency's 20 percent set-aside tax increment revenues. The State of California Health and Safety Code Section 33334.2 requires the 20 percent set-aside tax increment revenues to be used to increase, improve, and preserve the supply of low- and moderate-income housing within the Agency's territorial jurisdiction.

Governmental Funds

The accounts of the Agency are organized and operated on the basis of separate funds, each of which is defined as a separate fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures.

Capital Projects Fund – set up to account for financial resources to be used for land acquisition, relocation, demolition, public improvements, and sale of properties within the redevelopment project areas in accordance with the California Redevelopment Law. Redevelopment projects are financed with property tax increment funds, developers' contributions, grant funds, loans and operating transfers from the City, and bond proceeds.

Redevelopment Agency of the City of Long Beach
(A Component Financial Reporting Unit of the City of Long Beach, California)
Notes to Combined Financial Statements
September 30, 2008

Debt Service Fund – set up to account for the accumulation of resources for, and the payment of, long-term debt principal and interest and other related costs, primarily from property tax increment revenues.

Low- and Moderate-Income Housing Fund

Low- and Moderate-Income Housing Fund was set up by the City to account primarily for the 20 percent tax increment housing set-aside revenue, used to provide housing for low- and moderate-income households, as required under California Redevelopment Law Section 33334.3.

Basis of Accounting and Measurement Focus and Financial Statement Presentation

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) are reported using the accrual basis of accounting and economic resources measurement focus. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

In the statement of net assets, the amounts paid to acquire capital assets are capitalized as assets, rather than reported as expenditures. Proceeds of long-term debt are recorded as liabilities, rather than as other financing sources. Amounts paid to reduce long-term indebtedness are reported as reductions of the related liability, rather than as expenditures.

In the statement of activities, expenses are directly identified with a specific function or segment and are offset by program revenues. Taxes and other resources not appropriately included among program income are reported as general revenues.

The governmental fund financial statements are reported using the modified accrual basis of accounting and the current financial resources measurement focus. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Agency considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting, other than debt service expenditures. The matured principal and accrued interest on long-term debt are recorded when payment is due.

Generally, only current assets and current liabilities are included on the governmental fund balance sheets. However, non-current portions of long-term receivables related to governmental funds are also reported on the balance sheets and are offset by deferred revenue or fund balance reserve accounts. Statements of revenues, expenditures, and changes in fund balances (deficit) for governmental funds generally present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

**Redevelopment Agency of the City of Long Beach
(A Component Financial Reporting Unit of the City of Long Beach, California)
Notes to Combined Financial Statements
September 30, 2008**

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Pooled Cash and Investments

In order to enhance investment return, the Agency pools its available cash with that of the City for investment purposes except for the funds held by the outside fiscal agents under the provisions of bond indentures. The cash management pool is used essentially as a demand deposit account by various funds; accordingly, the City has defined Cash and Investments as demand deposits plus all investments maintained in the cash management pool, regardless of maturity period. Investment decisions are made by the City Treasurer in accordance with the City's investment policy. Interest is allocated to the Agency based on the relationship of its daily cash balances to the total pooled cash and investments. Pooled cash and investments are stated at fair value at September 30, 2008.

Long-term Receivables

In the government-wide financial statements, the Agency's loans or long-term receivables are reported net of an allowance for uncollectible accounts. In the fund financial statements, these loans are shown in the balance sheet with an offset to a deferred revenue account or a reservation of fund balance. In the fund financial statements, loans are not available spendable resources and have been recorded as expenditures when the loan was disbursed. Repayments of principal and interest were recorded as revenues in the period received.

Long-term Obligations

In the government-wide financial statements, long-term debt and other liabilities are reported as liabilities in the statement of net assets. For bonds issued in fiscal year 2007 and prior, initial-issue bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line interest method. For bonds issued in fiscal year 2008 and future years, the City is using the effective-interest rate method. Bonds payable are reported net of the unamortized portion of applicable premium, discount, or deferred amount on refunding. Amortization of bond premiums or discounts and deferred amounts on refunding are included in interest expense.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and issuance costs during the period issued. The face amount of the debt is reported as other financing sources. Premiums received are reported as other financing sources, while discounts are reported as other financing uses. Bond issuance costs are reported as debt service expenditures, whether or not withheld from the actual bond proceeds.

Land Held for Resale

To aid in the elimination of blighted areas within the project areas, the Agency acquires selected parcels of land and makes such sites suitable for sale to recognized developers. The purchase price of the land acquired is capitalized as "Land Held for Resale" and the fund balance is reserved for the investment in the land.

**Redevelopment Agency of the City of Long Beach
(A Component Financial Reporting Unit of the City of Long Beach, California)
Notes to Combined Financial Statements
September 30, 2008**

Purchased land is recorded at the lower of cost or estimated fair market value excluding demolition and relocation costs, which are considered by the Agency to be expenditures in the year incurred.

Capital Assets

The Agency has adopted the City's policy regarding recordation of capital assets, which is defined as assets with initial individual costs of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost.

Capital assets are depreciated on a straight-line basis over the estimated useful lives of the assets as follows:

| | |
|---|-------------|
| Land Improvements | 15-35 years |
| Buildings | 20-50 years |
| Machinery and Equipment | 5-20 years |
| Office Furniture, Fixtures, and Equipment | 3-20 years |

Net Assets and Fund Equity

In the government-wide financial statements, net assets are reported in three categories: net assets invested in capital assets, net of related debt; restricted net assets; and, unrestricted deficit. Restricted net assets represent net assets restricted by parties outside of the Agency (such as investors, grantors, contributors, laws, and regulations of other governments) and include unspent proceeds of bonds issued to acquire or construct capital assets, to the extent that restricted net assets remain positive. The Agency's other restricted net assets are temporarily restricted (ultimately expendable assets). All other net assets are considered unrestricted.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not readily available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent Redevelopment Agency Board actions or policies that are subject to change.

Property Tax Increment Revenues

Property tax increment represents the property taxes paid on the increase in assessed property values that result from redevelopment. Tax increment revenue up to the amount necessary to make Agency debt payments reverts to the Agency for the life of the redevelopment project area or until the time limit for repayment of indebtedness established by state law.

Property Tax Calendar

Under the State Constitution, the property tax rate is limited to 1 percent of assessed value, but may be adjusted for specific voter-approved indebtedness. Property taxes are levied by the Los Angeles County (County) Tax Assessor and shared among all other local taxing authorities within the City. Accordingly, the County collects property taxes and distributes such taxes on the basis of the taxing authorities' tax rate percentages, allowing for such adjustments as may be authorized for voter-approved debt. Secured property

**Redevelopment Agency of the City of Long Beach
(A Component Financial Reporting Unit of the City of Long Beach, California)
Notes to Combined Financial Statements
September 30, 2008**

taxes are levied during September of every year and become a lien on real property on January 1 preceding the fiscal year for which taxes are levied. These tax payments can be made in two equal installments; the first is due November 1 and delinquent with penalties after December 10; the second is due February 1 and delinquent with penalties after April 10.

Budgetary Principles

The Agency is required to adopt an annual budget on or before September 30 for the ensuing fiscal year for all funds. From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the funds. During the fiscal year, the Board may amend its adopted budget by motion and subsequent approval by the City Council. The Agency's executive director may transfer appropriations from one program, activity, or object to another within the same fund type. All appropriations lapse at the end of the fiscal year to the extent they have not been expended or encumbered.

Budget information is presented on the budgetary basis of accounting for both the original and final amended budget.

Accounting for Encumbrances

The Agency utilizes an encumbrance system of accounting wherein encumbrances outstanding at year-end are not reported as expenditures, but are reported as a reservation of fund balance available for subsequent year expenditures based on the encumbered appropriation authority carried over to the next fiscal year.

Personnel

The Agency is supported by employees of the City and appropriate costs are then charged to the Agency. All employee-related costs are accounted for in the City's financial systems.

Estimates

The preparation of the Agency's combined financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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Note 2 – Cash and Investments

The Agency’s cash and investments are maintained by the City Treasurer and are pooled with other City funds and investments to enhance the investment returns for these funds. Interest income earned on pooled cash and investments is allocated monthly to the various participating entities based on their average daily cash balances. The City’s bank deposits are either covered by appropriate federal insurance, or are collateralized in accordance with the California Government Code. Pooled cash and investments for each fund type are included in the City’s Comprehensive Annual Financial Report, Statement of Net Assets, under the caption entitled “Pooled Cash and Investments”.

As a component financial reporting unit of the City, the Agency is authorized to participate in investments in obligations issued or guaranteed by the Federal Government, its agencies and instrumentalities, as well as in commercial paper rated A-1 by Standard and Poor’s Corporation or P-1 by Moody’s Commercial Paper Record, bankers’ acceptances, repurchase agreements, reverse repurchase agreements, bank certificates of deposit, the State Treasurer’s Local Agency Investment Fund, and shares of beneficial interest (mutual funds) issued by diversified management companies in accordance with the City’s general investment policy.

Cash with Fiscal Agents

Independent fiscal agents also hold the Agency’s funds. These funds are pledged to the payment of outstanding bonds and project costs eligible under the bond indenture for each project area related to the Tax Allocation Bonds 1992, 2002 Series A and B, and 2005 Series A, B, and C issuance. These funds are reserved in the Debt Service Fund amounting to \$79,368,000. Monies held by fiscal agents, unless otherwise required by statute, may be invested in accordance with the underlying bond indentures specifying the types of investments the Agency’s fiscal agents may make. These underlying indentures are generally more restrictive than the City’s general investment policy. Additional types of investments, not permitted by the City’s general investment policy, are not authorized.

Cash and Investments as of September 30, 2008 are classified in the Agency’s combined financial statements as follows (in thousands):

| | |
|---|--------------------------|
| Statement of net assets: | |
| Cash and investments in City pool | \$ 79,991 |
| Cash and investments held by bond trustee | 79,368 |
| Investments | <u>10,000</u> |
| Total cash and investments | <u><u>\$ 169,359</u></u> |

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Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the City's investment policy. The table also identifies certain provisions of the City's investment policy that address interest rate risk, credit risk, and concentration of credit risk. This table does not address debt proceeds held by bond trustee, which are governed by the provisions of debt agreements of the City, rather than the general provision of the California Government Code or the City's investment policy.

| Authorized Investment Type | Maximum Maturity | Maximum Percentage of Portfolio | Maximum Investment in One Issuer |
|---|------------------|---------------------------------|----------------------------------|
| Bonds issued by the City | 5 years * | 30% | None |
| U.S. Treasury notes, bonds, or bills | 5 years * | None | None |
| Registered state warrants or treasury notes or bonds of the State of California | 5 years * | 30% | None |
| Local agency bonds | 5 years * | 30% | None |
| Federal agency securities | 5 years * | 40% | None |
| Bankers acceptances | 180 days | 40% | 30% |
| Commercial paper | 270 days | 25% | 10% |
| Negotiable certificates of deposit | 5 years * | 30% | 10% |
| Time certificates of deposit | 5 years * | 100% | 10% |
| Repurchase agreements | 90 days | 100% | None |
| Reverse repurchase agreements | 92 days | 20% | None |
| Securities lending program | 92 days | 20% | None |
| Medium-term notes | 5 years * | 30% | 10% |
| Money market funds | N/A | 20% | 10% |
| Local agency investment fund (LAIF) | N/A | None | \$40 million per account |
| Asset-backed securities | 5 years | 20% | None |
| Mortgage-backed securities | 5 years | 20% | None |

* Maximum maturity of five (5) years unless a longer maturity is approved by the City Council, either specifically or as part of an investment program, at least three (3) months prior to purchase.

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustee is governed by provisions of the debt agreements.

Interest Rate Risk

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

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interest rate risk of the City's investments, which include the amount the Agency has invested with the City as of September 30, 2008 (in thousands):

| <u>Investment Type</u> | | <u>Weighted Average Maturity (in years)</u> |
|--------------------------------------|---------------------|---|
| Cash and Investments in City Pool: | | |
| Interdepartment Loan (Health SAVRS) | \$ 2,892 | 10.60 |
| U.S. Treasury Notes | 55,817 | 0.41 |
| Federal Agency Securities | 1,289,370 | 1.96 |
| Medium-term Notes | 84,148 | 0.99 |
| LAIF | 160,849 | 0.09 |
| Government Managed Rate Account | <u>69,931</u> | - |
| Subtotal City Pool | 1,663,007 | |
| Cash and Deposits | 60,313 | |
| Outstanding Checks | <u>(19,752)</u> | |
| Total City Pool | <u>\$ 1,703,568</u> | |
| Non-performing Short-term Investment | <u>\$ 3,963</u> | |

The Agency cash and investments amount of \$79,991,000 is 4.68 percent of the City's pooled cash and investments of \$1,707,531,000.

The Agency non-pooled cash and investments of \$89,368,000 consist of bond proceeds with the trustee and a certificate of deposit for the North Long Beach Project Area.

| <u>Agency Non-pooled Investment Type</u> | | <u>Weighted Average Maturity (in years)</u> |
|--|------------------|---|
| Guaranteed Investment Contracts | \$ 18,863 | - |
| Money Market Funds | 60,505 | - |
| Time Certificates of Deposit | <u>10,000</u> | 1.00 |
| Total held by Bond Trustee | <u>\$ 89,368</u> | |

Investments with Fair Values Highly Sensitive to Investment Risk

The City had no investments with values that were highly sensitive to investment risk as of September 30, 2008. Highly sensitive investments are investments whose sensitivity to market interest rate fluctuations are not fully addressed by use of one of the five methods for reporting interest rate risk.

Risks and Uncertainties

The City may invest in various types of investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

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The City invests in securities with contractual cash flows, such as asset-backed securities and mortgage-backed securities. The value, liquidity, and related income of these securities are sensitive to change in economic conditions, including real estate value, delinquencies of defaults, or both and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below through the following page is the minimum rating required by the California Government Code, the City's investment policy, and the actual rating as of year-end for each investment type (in thousands):

| City's Pooled Investments Investment Type | Minimum Legal Rating | | Rating as of Year-end | | | | | Unrated |
|--|----------------------------|--------------|-----------------------------|------|-----|-----------|-----|----------|
| | | | Not Required to Be Rated | A-1+ | A-1 | AAA | AA- | |
| Cash and Investments in City Pool: | | | | | | | | |
| Interdepartment Loan (Health SAVRS) | N/A | \$ 2,892 | 2,892 | - | - | - | - | - |
| U.S. Treasury Notes | N/A | 55,817 | 55,817 | - | - | - | - | - |
| Federal Agency Securities | N/A | 1,289,370 | - | - | - | 1,289,370 | - | - |
| Medium-term Notes | A | 84,148 | - | - | - | 84,148 | - | - |
| Short-term Commercial Paper | N/A | - | - | - | - | - | - | - |
| LAIF | N/A | 160,849 | 160,849 | - | - | - | - | - |
| Government Managed Rate Account | N/A | 69,931 | 69,931 | - | - | - | - | - |
| Subtotal City Pool | | 1,663,007 | 289,489 | - | - | 1,373,518 | - | - |
| Cash and Deposits | | 60,313 | - | - | - | - | - | 60,313 |
| Outstanding Checks | | (19,752) | - | - | - | - | - | (19,752) |
| Total City Pool | | \$ 1,703,568 | 289,489 | - | - | 1,373,518 | - | 40,561 |
| Non-performing Short-term Investment | N/A | \$ 3,963 | - | - | - | - | - | 3,963 |

| Agency Non-pooled Investment Type | Minimum Legal Rating | | Rating as of Year-end | | | | | Unrated |
|-----------------------------------|-------------------------|-----------|-----------------------------|------|-----|-----|-----|---------|
| | | | Not Required To Be Rated | A-1+ | A-1 | AAA | AA- | |
| Guaranteed Investment Contracts | N/A | \$ 18,863 | 18,863 | - | - | - | - | - |
| Money Market Funds | N/A | 60,505 | 60,505 | - | - | - | - | - |
| Time Certificates of Deposit | N/A | 10,000 | 10,000 | - | - | - | - | - |
| Total held by Bond Trustees | | \$ 89,368 | 89,368 | - | - | - | - | - |

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Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer that represent 5 percent or more of the City's total pooled investments are as follows (in thousands):

| Issuer | Investment Type | Reported Amount |
|--|-------------------------------|-----------------|
| Federal Farm Credit Bank | Federal agency securities | \$ 93,000 |
| Federal Home Loan Bank | Federal agency securities | 477,696 |
| Federal Home Loan Mortgage Association | Federal agency securities | 359,571 |
| Federal National Mortgage Association | Federal agency securities | 359,103 |
| U.S. Treasury | U.S. Treasury notes and bonds | 55,817 |
| LAIF | State pool investment | 160,849 |

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker/dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure City's deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits.

All securities owned by the City are deposited in trust for safekeeping with a custodial bank different from the City's primary bank except for one City-issued bond and investment in the State's LAIF.

As of September 30, 2008, the City reported deposits of \$60,313,000 less \$19,572,000 for checks outstanding.

Investment in State Investment Pool

The City is a voluntary participant in the LAIF that is regulated by the California Government Code section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the City's financial statements at amounts based upon the City's prorata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that

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maintained by LAIF, which are recorded on an amortized-cost basis. Included in LAIF's investment portfolio are mortgage-backed securities, loans to certain state funds, securities with interest rates that vary according to changes in rates greater than a one-for-one basis, and structured basis.

Reverse Repurchase Agreements

There were no transactions involving reverse repurchase agreements during the fiscal year ended September 30, 2008.

GASB 31

GASB Statement No. 31, *Certain Investments and External Investment Pools*, requires that certain investments and external investment pools be reported at fair value. At September 30, 2008, the effect of recording the City's investments at fair value did not have a material impact on the City's and Agency's financial position.

Securities-Lending

The City did not engage in any securities lending programs for the fiscal year ended September 30, 2008. Accordingly, in accordance with GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*, no assets or liabilities have been recorded in the accompanying financial statements. However, from time to time, the City engages in limited securities lending activities. These activities are governed by formal agreement with the City's contract bank. This agreement limits the nature and amount of the transactions and provides for full collateralization of each transaction.

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Non-pooled Restricted Cash and Investments

Non-pooled restricted cash and investments stated at fair value, in accordance with GASB Statement No. 31, *Certain Investments and External Investment Pools*, including accrued interest thereon, and net of premiums and discounts, consisted of the following at September 30, (in thousands):

| | Cash with Fiscal Agent | Investments | Total |
|--|---------------------------|------------------|------------------|
| <u>Tax Allocation Bonds:</u> | | | |
| 1992 Multiple Series: | | | |
| West Long Beach Industrial Project | \$ 2,578 | - | \$ 2,578 |
| Downtown Project-Series A | 5,701 | - | 5,701 |
| 2002 Multiple Series: | | | |
| 2002A Poly High Project | 112 | - | 112 |
| 2002A West Beach Project | 760 | - | 760 |
| 2002B West Long Beach Industrial Project | 554 | - | 554 |
| 2002A Downtown Project | 2,469 | - | 2,469 |
| 2002A North Long Beach Project | 3,334 | - | 3,334 |
| 2005 Multiple Series: | | | |
| 2005A-2 Poly High Project | 132 | - | 132 |
| 2005A-2 West Beach Project | 554 | - | 554 |
| 2005A-1 Los Altos Project | 408 | - | 408 |
| 2005A-1 Central Long Beach Project | 10,452 | - | 10,452 |
| 2005B Central Long Beach Project | 35 | - | 35 |
| 2005A-1 North Long Beach Project | 19,229 | - | 19,229 |
| 2005B North Long Beach Project | 1,683 | - | 1,683 |
| 2005B Housing Fund | 31,332 | - | 31,332 |
| 2005C Downtown Project | 35 | - | 35 |
| North Long Beach Project | - | \$ 10,000 | 10,000 |
| Total | <u>\$ 79,368</u> | <u>\$ 10,000</u> | <u>\$ 89,368</u> |

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Note 3 – Reconciliation of Government-wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net assets (deficit) – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains, “Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore not reported in the funds.” The details of the \$339,430,000 and \$1,490,000 differences are as follows (in thousands):

| | Capital Projects/Debt Service Funds | Low- and Moderate- Income Housing Fund |
|--|---|---|
| Bonds Payable | \$ 332,562 | \$ - |
| Less: Deferred charge for issuance costs (to be amortized over life of debt) | (6,878) | - |
| Unamortized loss on defeasance | (2,233) | - |
| Plus: Issuance premium, net (to be amortized as a reduction of interest expense) | 8,338 | - |
| Notes payable | 2,875 | 1,015 |
| Accrued interest payable | 4,766 | 475 |
| Net adjustment to reduce fund balance – total governmental funds to arrive at net assets (deficit) – governmental activities | <u>\$ 339,430</u> | <u>\$ 1,490</u> |

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-wide Statement of Activities

Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$9,335,000 difference are as follows (in thousands):

| | Capital Projects/Debt Service Funds |
|--|---|
| <u>Debt issued or incurred</u> | |
| Issuance of notes, certificates of participation commercial paper, and other long-term obligations | \$ 366 |
| <u>Principal payments</u> | |
| Tax Allocation Bonds obligation debt | (8,251) |
| Notes Payable | (1,450) |
| Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities | <u>\$ (9,335)</u> |

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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The details of the \$31,000 differences are as follows (in thousands):

| | Capital Projects/Debt Service Funds | Low- and Moderate- Income Housing Fund |
|------------------------------------|---|---|
| Accrued interest | \$ 46 | \$ 31 |
| Amortization of premium | (431) | - |
| Amortization of issuance cost | 313 | - |
| Amortization of loss on defeasance | 103 | - |
| Net adjustment | <u>\$ 31</u> | <u>\$ 31</u> |

Note 4 – Receivables

The following receivables are expected to be collected within one year. There are no allowances for uncollectable accounts. Current receivables at September 30, 2008 are as follows (in thousands):

| | Capital Projects/Debt Service Funds | Low- and Moderate- Income Housing Fund |
|-------------------------------|---|---|
| Interest | \$ 416 | \$ - |
| Accounts and loans receivable | 515 | 2 |
| Total | <u>\$ 931</u> | <u>\$ 2</u> |

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Note 5 – Capital Assets

Capital asset activity for the year ended September 30, 2008 is as follows (in thousands):

| <u>Capital Project/Debt Service Fund</u> | Balance at October 1, 2007 | Increase | Decrease | Balance at September 30, 2008 |
|---|-------------------------------|----------------|-------------|----------------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 13,802 | \$ - | \$ - | \$ 13,802 |
| Total capital assets not being depreciated | <u>13,802</u> | <u>-</u> | <u>-</u> | <u>13,802</u> |
| Capital assets, being depreciated: | | | | |
| Building | 483 | - | - | 483 |
| Machinery and equipment | 401 | 47 | - | 448 |
| | <u>884</u> | <u>47</u> | <u>-</u> | <u>931</u> |
| Less accumulated depreciation for: | | | | |
| Building | - | (32) | - | (32) |
| Machinery and equipment | (31) | (41) | - | (72) |
| | <u>(31)</u> | <u>(73)</u> | <u>-</u> | <u>(104)</u> |
| Total capital assets being depreciated, net | <u>853</u> | <u>(26)</u> | <u>-</u> | <u>827</u> |
| Redevelopment Agency capital assets, net | <u>\$ 14,655</u> | <u>\$ (26)</u> | <u>\$ -</u> | <u>\$ 14,629</u> |

Depreciation was charged to functions/programs of governmental activities as follows (in thousands):

| | |
|---|--------------|
| Community and cultural/housing Community development | <u>\$ 73</u> |
|---|--------------|

| <u>Low- and Moderate-Income Housing Fund</u> | Balance at October 1, 2007 | Increase | Decrease | Balance at September 30, 2008 |
|---|-------------------------------|---------------|-------------|----------------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 815 | \$ 200 | - | \$ 1,015 |
| Total capital assets not being depreciated | <u>815</u> | <u>200</u> | <u>-</u> | <u>1,015</u> |
| Capital assets, being depreciated: | | | | |
| Building | 236 | 300 | - | 536 |
| Improvements other than buildings | 1,053 | - | - | 1,053 |
| Total capital assets being depreciated | <u>1,289</u> | <u>300</u> | <u>-</u> | <u>1,589</u> |
| Less accumulated depreciation for: | | | | |
| Building | (93) | (19) | - | (112) |
| Improvements other than buildings | (361) | (45) | - | (406) |
| Total accumulated depreciation | <u>(454)</u> | <u>(64)</u> | <u>-</u> | <u>(518)</u> |
| Total capital assets being depreciated, net | <u>835</u> | <u>236</u> | <u>-</u> | <u>1,071</u> |
| Low- and Moderate-Income Housing Fund, governmental activities capital assets, net | <u>\$ 1,650</u> | <u>\$ 436</u> | <u>\$ -</u> | <u>\$ 2,086</u> |

Depreciation was charged to functions/programs of governmental activities as follows (in thousands):

| | |
|---|--------------|
| Community and cultural/housing Community and development | <u>\$ 64</u> |
|---|--------------|

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Note 6 – Due to/from and Advances from/to the City of Long Beach

The composition of receivables and payables to the City as of September 30, 2008 is as follows (in thousands):

Redevelopment Agency

Due to the City of Long Beach

| | |
|-------------------------------------|--------------|
| Internal Service Fund | \$ 75 |
| Total due to the City of Long Beach | <u>\$ 75</u> |

Advances from the City of Long Beach

| | |
|--|-------------------|
| General Fund | \$ 102,957 |
| Housing Development Fund 20% set-aside | 17,293 |
| Housing Development Fund other project costs | 3,795 |
| General Capital Projects | 9,417 |
| Harbor Fund | 27,435 |
| Total advances from the City of Long Beach | <u>\$ 160,897</u> |

Advances to the City of Long Beach

| | |
|--|------------------|
| Aquarium of the Pacific: | |
| Funds transfer | \$ 22,397 |
| Accrued interest | 424 |
| Total advances to the City of Long Beach | <u>\$ 22,821</u> |

Low- and Moderate-Income Housing Fund

Due to the City of Long Beach

| | |
|-------------------------------------|--------------|
| Internal Service Fund | \$ 39 |
| Total due to the City of Long Beach | <u>\$ 39</u> |

Advances to the Housing Development Fund

| | |
|--|-----------------|
| City of Long Beach | \$ 856 |
| Housing Development Company | 1,440 |
| Total advances to the Housing Development Fund | <u>\$ 2,296</u> |

Advances to the Redevelopment Agency

| | |
|--|------------------|
| 20% set-aside | \$ 16,361 |
| Project costs | 932 |
| Total advances to the Redevelopment Agency | <u>\$ 17,293</u> |

The advances from the City of Long Beach of \$160,897,000 are reported only in the government-wide financial statements as Advances from the City of Long Beach and Advances from Low- and Moderate-Income Housing Fund of \$143,604,000 and \$17,293,000, respectively.

Due to/from the City of Long Beach

Employee Benefit overhead costs of \$75,000, such as funding for health benefits and paid time of, relating to the wages and salaries accrued at September 30, 2008, are payable to the City's Employee Benefits Internal Service Fund at September 30, 2008.

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Advances from/to the City of Long Beach

The Agency records its debt owed to the City of Long Beach only in its government-wide financial statements. From 1974 to 2008, the City transferred funds to the Agency that included Federal grant monies for use on redevelopment projects. The Agency occasionally makes discretionary payments to the City, which in fiscal year 2008 amounted to \$1,710,000. At September 30, 2008, the outstanding balances of these transfers amounted to \$102,957,000, \$3,795,000, and \$8,115,000 in the City's General Fund, Housing Development Special Revenue Fund, and General Capital Projects Fund, respectively, for land acquisition, project, and administration costs. It is the intent of the Agency to repay these transfers as future property tax increment revenues permit. Due to the long-term nature of the repayment, the City has reserved these interfund receivables in the General Fund and established deferred revenue in the Housing Development Special Revenue Fund and General Capital Projects Fund.

In December 1993, the City agreed to convey to the Agency real property for the Central Long Beach Project equal to the fair market value less any costs of demolition and remediation of the property or \$1,877,000. Pursuant to the loan agreement, the Agency is required to make a loan repayment equal to at least 1 percent of the net tax increment received by the Agency for the Central Long Beach Project Area. The funds paid to the City are required to be utilized for gang prevention and other youth-related activities. In fiscal year 2008, the Agency made a loan repayment of \$168,000 to the City. The balance of this advance on September 30, 2008 was \$1,302,000.

In 1990, the Agency received an advance from the Long Beach Harbor Department (Port) for the expansion of the Long Beach Convention and Entertainment Center. The resulting note was previously scheduled to be repaid commencing on October 1, 1997. In August 1995, the agreement was amended to defer payment until a certificate of occupancy was issued for the Aquarium of the Pacific Project, which was completed in fiscal year 1998. In 2002, a subsequent amendment deferred further the scheduled quarterly payments of \$441,000 over 16 years. The advance is payable solely from the Downtown Project Area's transient occupancy taxes levied pursuant to the provisions of the California Revenue and Taxation Code. At September 30, 2008, the total aggregate balance outstanding was \$27,435,000.

The repayment to the Port is subordinated to a pledge to fund payments of the Aquarium of the Pacific Project bond issue in 2001. According to the Owner Participation Agreement by and among the Redevelopment Agency of the City of Long Beach, Long Beach Bond Finance Authority and the Aquarium of the Pacific, all Redevelopment Agency Fund transient occupancy taxes are pledged to fund the debt service payments of the Lease Revenue Refunding Bonds (Aquarium of the Pacific Project) Series 2001 if needed. The Redevelopment Agency will be reimbursed for any such advances together with accrued interest, at an interest rate equal to the rate earned on the City Treasurer's Investment Pool as monies are available. At September 30, 2008, the Redevelopment Agency had advanced \$22,821,000 to the City for the bond payment, including accrued interest of \$424,000.

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Low- and Moderate-Income Housing Fund

Effective in fiscal year 1986, the Agency was allowed to defer a portion or 100 percent of the housing set-aside based on the financial obligations existing prior to January 1986. There was no deferral of the 20 percent housing set-aside for the fiscal year ended September 30, 2008. The deferred payments for the Downtown Project Area of \$16,361,000 and the advances made to the Central Long Beach project Area for a residential construction project of \$932,000 at September 30, 2008 constitute a debt of the Agency to the Housing Development Fund. This total advances of \$17,293,000 is shown as offsetting components of the Statement of Net Assets, "Advances from Low- and Moderate-Income Housing Fund" and "Advances to the Redevelopment Agency".

In 2008, the Low- and Moderate-Income Housing Fund advanced \$2,296,000 to the City and the Long Beach Housing Development Company for the repayment of long-term notes payable to the California Housing Finance Agency. As of September 30, 2008, \$856,000 has been advanced to the City for the Parwood Project and \$1,440,000 advanced to the Housing Development Company for the Grisham Project.

Note 7 – Long-term Obligations

Long-Term Debt activity for the year ended September 30, 2008 was as follows (in thousands):

| | Balance at October 1, 2007 | Additions | Reductions | Balance at September 30, 2008 | Due within one year |
|---|-------------------------------|------------------|--------------------|----------------------------------|------------------------|
| Capital Project/Debt Service Fund | | | | | |
| Bonds payable: | | | | | |
| Tax allocation bonds: | \$ 340,813 | \$ - | \$ (8,251) | \$ 332,562 | \$ 8,672 |
| Add (less) deferred amounts: | | | | | |
| Premium | 9,380 | - | (453) | 8,927 | - |
| Discount | (611) | - | 22 | (589) | - |
| Issuance costs | (7,191) | - | 313 | (6,878) | - |
| Loss on defeasance | (2,336) | - | 103 | (2,233) | - |
| Total bonds payable | <u>340,055</u> | <u>-</u> | <u>(8,266)</u> | <u>331,789</u> | <u>8,672</u> |
| Notes payable | 3,959 | 366 | (1,450) | 2,875 | - |
| Advances from the City of Long Beach | 133,572 | 11,742 | (1,710) | 143,604 | - |
| Advances from Low- and Moderate-Income Housing Fund | 17,262 | 31 | - | 17,293 | - |
| Long-term liabilities | <u>\$ 494,848</u> | <u>\$ 12,139</u> | <u>\$ (11,426)</u> | <u>\$ 495,561</u> | <u>\$ 8,672</u> |

Low- and Moderate-Income Housing Fund

There was no activity in the long-term liabilities of the Low- and Moderate-Income Housing Fund (in thousands):

| | Balance at October 1, 2007 | Additions | Reductions | Balance at September 30, 2008 | Due within one year |
|---------------|-------------------------------|-----------|------------|----------------------------------|------------------------|
| Notes payable | <u>\$ 1,015</u> | <u>-</u> | <u>-</u> | <u>\$ 1,015</u> | <u>\$ -</u> |

**Redevelopment Agency of the City of Long Beach
(A Component Financial Reporting Unit of the City of Long Beach, California)
Notes to Combined Financial Statements
September 30, 2008**

Note 8 – Bonds Payable

At September 30, 2008, bonded indebtedness consisted of the following (in thousands):

| | <u>Date Issued</u> | <u>Final Maturity</u> | <u>Range of Semi-Annual Interest Rates</u> | <u>Authorized and Issued</u> | <u>Outstanding Balance September 30, 2008</u> |
|--|--------------------|-----------------------|--|------------------------------|---|
| Tax Allocation Bonds: | | | | | |
| 1992 Multiple Series: | | | | | |
| Downtown Project – Series A | 12/01/92 | 11/01/22 | 2.9 - 6.00% | \$ 81,020 | \$ 32,020 |
| West Long Beach Industrial Project | 12/01/92 | 11/01/22 | 2.9 - 6.00% | 36,470 | 14,420 |
| 2002 Multiple Series: | | | | | |
| 2002A Poly High Project | 06/25/02 | 08/01/12 | 4.809% | 1,710 | 780 |
| 2002A West Beach Project | 06/25/02 | 08/01/18 | 5.152% | 8,895 | 6,385 |
| 2002B West Long Beach Industrial Project | 12/05/02 | 11/01/24 | 2.00 - 5.50% | 21,860 | 19,420 |
| 2002A Downtown Project | 06/25/02 | 08/01/24 | 5.04 - 5.25% | 26,820 | 15,545 |
| 2002B Downtown Project | 12/05/02 | 11/01/22 | 2.25 - 5.50% | 25,920 | 22,615 |
| 2002A North Long Beach Project | 06/25/02 | 08/01/31 | 6.105% | 40,290 | 9,760 |
| 2005A-1 Los Altos Project | 03/02/05 | 08/01/20 | 2.20 - 4.00% | 4,685 | 3,895 |
| 2005A-1 Central Long Beach Project | 03/02/05 | 08/01/40 | 3.52 - 5.34% | 22,690 | 21,865 |
| 2005A-1 North Long Beach Project | 03/02/05 | 08/01/35 | 3.52 - 5.16% | 39,000 | 37,049 |
| 2005A-2 Poly High Project | 03/02/05 | 08/01/24 | 3.79 - 4.90% | 2,558 | 2,558 |
| 2005A-2 West Beach Project | 03/02/05 | 08/01/20 | 4.59 - 4.66% | 839 | 839 |
| 2005B Central Long Beach Project | 03/02/05 | 08/01/40 | 3.52 - 5.34% | 34,240 | 32,995 |
| 2005B North Long Beach Project | 03/02/05 | 08/01/35 | 3.52 - 5.16% | 25,080 | 23,826 |
| 2005B Housing Fund | 03/02/05 | 08/01/40 | 3.52 - 5.44% | 55,665 | 53,655 |
| 2005C Downtown Project | 02/01/06 | 08/01/24 | 3.25 - 5.50% | 7,900 | 7,790 |
| 2005C North Long Beach Project | 02/01/06 | 08/01/31 | 3.70 - 5.50% | 27,145 | 27,145 |
| Total Bonds Payable | | | | <u>\$ 462,787</u> | <u>\$ 332,562</u> |

Annual Payments

Combined annual debt-service payments to maturity for all bonds are as follows (in thousands):

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Debt Service</u> |
|--------------------|-------------------|-------------------|---------------------------|
| 2009 | \$ 8,672 | \$ 17,023 | \$ 25,695 |
| 2010 | 9,130 | 16,567 | 25,697 |
| 2011 | 9,593 | 16,084 | 25,677 |
| 2012 | 10,110 | 15,572 | 25,682 |
| 2013 | 10,842 | 15,135 | 25,977 |
| 2014 - 2018 | 62,868 | 67,004 | 129,872 |
| 2019 - 2023 | 75,488 | 50,858 | 126,346 |
| 2024 - 2028 | 52,375 | 31,792 | 84,167 |
| 2029 - 2033 | 45,389 | 19,357 | 64,746 |
| 2034 - 2038 | 35,060 | 8,403 | 43,463 |
| 2039 - 2040 | 13,035 | 1,029 | 14,064 |
| Totals | <u>\$ 332,562</u> | <u>\$ 258,824</u> | <u>\$ 591,386</u> |

**Redevelopment Agency of the City of Long Beach
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Notes to Combined Financial Statements
September 30, 2008**

Note 9 – Notes and Interest Payable

At September 30, 2008, the Agency had the following notes payable to land sellers, developers, and other governmental entities (in thousands):

| | <u>Date Issued</u> | <u>Final Maturity</u> | <u>Range of Interest Rates</u> | <u>Originally Issued</u> | <u>Outstanding at September 30, 2008</u> |
|--|--------------------|-----------------------|--------------------------------|--------------------------|--|
| <u>Redevelopment Capital Project Fund</u> | | | | | |
| Los Angeles County | 1/21/1992 | 12/10/2036 | 3.75% | <u>\$ 2,875</u> | <u>\$ 2,875</u> |
| <u>Low- and Moderate-Income Housing Fund</u> | | | | | |
| State of California | 1/23/1992 | 1/23/2022 | 3.00% | <u>\$ 1,015</u> | <u>\$ 1,015</u> |

Combined annual debt service payments to maturity for all notes are as follows (in thousands):

Capital Projects and Debt Service Funds

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Debt Service</u> |
|--------------------|------------------|-----------------|---------------------------|
| 2009 | \$ - | \$ - | \$ - |
| 2010 | - | - | - |
| 2011 | - | - | - |
| 2012 | - | - | - |
| 2013 | - | - | - |
| 2014-2023 | - | - | - |
| 2024-2036 | <u>2,875</u> | <u>2,537</u> | <u>5,412</u> |
| Totals | <u>\$ 2,875</u> | <u>\$ 2,537</u> | <u>\$ 5,412</u> |

Low- and Moderate-Income Housing Fund

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Debt Service</u> |
|--------------------|------------------|-----------------|---------------------------|
| 2009 | \$ - | \$ - | \$ - |
| 2010 | - | - | - |
| 2011 | - | - | - |
| 2012 | - | - | - |
| 2013 | - | - | - |
| 2014-2018 | - | - | - |
| 2019-2022 | <u>1,015</u> | <u>880</u> | <u>1,895</u> |
| Totals | <u>\$ 1,015</u> | <u>\$ 880</u> | <u>\$ 1,895</u> |

**Redevelopment Agency of the City of Long Beach
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Tax Increment Pass-Through Obligation

The Agency has an agreement to pay the County 49.44 percent of tax increment generated by the Los Altos Project Area, payable commencing in 2020 at a simple interest rate of 3.75 percent. The tax increment due to the County at September 30, 2008 totaled \$2,875,000.

Downtown Project Obligation

In June 2004, the Redevelopment Agency executed a promissory note with a principal sum of \$1,450,000 for real property purchased for the Downtown Project Area. The interest rate of the note is variable and set at 2 percent over prime with a minimum rate of 6 percent and a maximum rate of 8 percent. Interest-only payments are due quarterly until June 2009 when the principal amount is due and payable or when the property is sold by the Agency, whichever occurs first. The promissory note is secured by a deed of trust in favor of the lender. In February 2008, the property was sold and the obligation was paid accordingly.

Low- and Moderate-Income Housing Fund

In fiscal year 1992, the Fund entered into a loan agreement totaling \$1,015,000 with the State of California Department of Housing and Community Development (State) for construction and rehabilitation of the Fund property. The project was completed in fiscal year 1993. Interest on the loan accrues from the date the funds were disbursed by the State at an annual simple interest rate of 3 percent, with the interest payment due within 60 days of fiscal year end if sufficient funds are available. The Fund made an interest payment of \$14,108 in fiscal year 1997. The principal and any unpaid interest are due in January 2022. As of September 30, 2008, the entire amount remains payable to the State.

Note 10 – Other Assets

Other assets depicted in the Capital Projects/Debt Service Fund include the following at September 30, 2008 (in thousands):

| | |
|--|-----------------|
| Prepaid rent for the IDM structure | \$ 1,699 |
| Deposits with Superior Court | 1,224 |
| Deposits with State Treasurer's Office | 1,233 |
| Other | 10 |
| | <hr/> |
| Total Other Assets | <u>\$ 4,166</u> |

Note 11 – Low- and Moderate-Income Housing Set-aside

Community Redevelopment Law requires redevelopment agencies to set aside 20 percent of their property tax increment to increase or improve the supply of low- and moderate-income housing in the community. Agencies must deposit the housing set-aside funds in a low- and moderate-income housing fund. The Agency deposits its housing set-aside with the City.

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Effective January 1, 1986, the laws governing redevelopment were amended to include project areas created prior to 1977 into the low- and moderate-income housing set-aside program. However, the law allows pre-1977 projects to set aside less than 20 percent of tax increment revenue if the project area's obligations from programs, projects, and financial obligations existing prior to January 1, 1986 exceeded the tax increment revenue available. Beginning January 1, 1986, the portion of the set-aside not paid became indebtedness of the project area.

In fiscal year 1986, all Redevelopment Project Areas, except West Beach, qualified for reduced set-aside payments. In fiscal year 1988, only the Downtown Project Area qualified for a reduced payment but elected to recognize the amount as deferred rather than exempt. The Downtown Project Area qualified for and deferred a portion or the entire set-aside amount in fiscal years 1989 through 2002. Amendments in 1989 to the State Health and Safety Code Section 33334.6 (g) required redevelopment agencies to treat shortfalls in fiscal years 1986 and 1987 as deficits in the low- and moderate-income housing fund. As a result, in fiscal year 1995, the Agency recorded an additional \$1,821,000 as a liability in the City's Housing Development Fund; this amount was equal to the fiscal years 1986 and 1987 Downtown Project Area set-aside.

The deferred debt was previously accounted for as a current liability because it was payable from any excess funds that might have become available. However, it has been determined that projections of tax increment revenues in the immediate future made it unlikely that payments would begin soon. As a result, the Agency has determined it necessary to account for the deferred set-aside as a long-term liability beginning in fiscal year 1996. With the implementation of GASB Statement No. 34, the deferred set-aside of \$16,361,000 for the Downtown Project Area has been reclassified from the General Long-Term Debt Account Group to Advances from the City (see note 6). Effective October 1, 2004, the Agency changed its method of accounting for advances from the City based on additional guidance issued by the Governmental Accounting Standards Board (GASB). The Agency now records its debt owed to the City only in its government-wide financial statements. The Agency has adopted a "Downtown Project Area Housing Fund Deficit Reduction Plan" Resolution RA 21-95, which calls for an analysis of available tax increment and existing obligations beginning in 2010, and every two years thereafter, until reduction of the deferred debt is found feasible, and commences.

During fiscal year 2008, all seven Redevelopment Project Areas paid a full 20 percent of their tax increment revenue to the Housing Development Fund and no Project Area deferred a low- and moderate-income housing set-aside payment.

**Redevelopment Agency of the City of Long Beach
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The Agency deposits set-aside funds into the Low- and Moderate-Income Housing Fund (Housing Fund). The following table shows the amount deferred from prior years, the current fiscal year's 20 percent set-aside requirement, the current fiscal year's payment, and the total amount not yet paid to the City's Housing Fund at September 30, 2008, for each Project Area (in thousands):

| Project Area | Advances from Housing Fund October 1, 2007 | Current Year 20% Set Aside | Current Year Payment to Low- and Moderate-Income Housing Fund | Advances from Low- and Moderate-Income Housing Fund September 30, 2008 |
|----------------------------|--|----------------------------|---|--|
| Downtown | \$ 16,361 | \$ 4,055 | \$ (4,055) | \$ 16,361 |
| West Beach | - | 419 | (419) | - |
| West Long Beach Industrial | - | 2,320 | (2,320) | - |
| Poly High | - | 142 | (142) | - |
| Los Altos | - | 141 | (141) | - |
| Central Long Beach | - | 2,898 | (2,898) | - |
| North Long Beach | - | 9,390 | (9,390) | - |
| Total | <u>\$ 16,361</u> | <u>\$ 19,365</u> | <u>\$ (19,365)</u> | <u>\$ 16,361</u> |

Note 12 – Transfers from/to the City of Long Beach

For the fiscal year ended September 30, 2008, the City transferred \$6,904,000 to the Agency: \$1,651,000 from Housing Development Fund to the Central Long Beach Project Area for project development, \$3,311,000 for amortization payment on the 2005 Housing Bonds, and \$1,942,000 for land reconveyances (\$2,982,000 from Capital Projects Fund less \$1,040,000 to Low- and Moderate-Income Housing Fund).

Details of \$16,668,000 in funds transferred from the Agency to the City for the fiscal year ended September 30, 2008 were as follows (in thousands):

| Transfers to | Amount |
|-----------------------------|------------------|
| Business Assistance Program | \$ 1,200 |
| Capital Projects Fund | 23 |
| Tidelands Operating Fund | 523 |
| General Fund | 407 |
| Housing Development Fund | 14,299 |
| Special Revenue Fund | 216 |
| Total transfers to the City | <u>\$ 16,668</u> |

The Agency transferred \$1,200,000 to the City for the support and administration of the business loan program from the West Long Beach Industrial, Downtown, Central Long Beach, and North Long Beach Project Areas.

**Redevelopment Agency of the City of Long Beach
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The Agency transferred \$23,000 to the Capital Projects Fund of the City from the Central Long Beach Project Area City advance of Open Space Bonds 2006B proceeds.

The Agency transferred \$523,000 to the Tidelands Fund in fiscal year 2008 to supplement the debt service of the bonds issued for the construction of an energy plant at the Convention Center.

The Agency transferred \$407,000 to the General Fund in connection with the acquisition of certain real property from the City.

The Agency transferred \$14,299,000 of 2005 Housing Bond proceeds to the Housing Development Fund for various projects.

The Agency transferred \$216,000 to the Special Revenue Fund for the Urban Forestry Grant and General Plan Development.

Any redevelopment project area adopted after 1994 is required to share 20 percent of its tax increment with the taxing agencies affected by the adoption of the project area including city governments. As a result, the Central Long Beach and North Long Beach Project Areas paid \$1,003,000 and \$2,232,000, respectively, to the City.

In addition, an amendment to Section 33333.6 of the Health and Safety Code took effect on January 1, 2002, authorizing redevelopment agencies to eliminate the time limit for incurring indebtedness; if this time limit is eliminated for a project area that project area must commence statutory pass-through payments one year following the year its time limit for incurring indebtedness would have otherwise have been reached. On November 11, 2003, the Long Beach City Council adopted ordinances amending the Redevelopment Plans for the West Beach, Poly High, and West Long Beach Industrial Project Areas to eliminate their time limits for incurring indebtedness. Fiscal year 2008 is the fourth year these project areas are required to make statutory pass-through payments. The Poly High, West Beach, and West Long Beach Industrial Redevelopment Project Areas paid \$5,000, \$74,000, and \$124,000, respectively, to the City.

These payments are part of the pass-through charges expenditure category of \$13,278,000 under the Debt Service Fund in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance. The remaining balance of \$9,840,000 pass-through charges relate to money due to agencies other than the City.

**Redevelopment Agency of the City of Long Beach
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September 30, 2008**

Note 13 – Land Held for Resale

The Agency owns various parcels of land located within its various project areas. These properties have been recorded at the lower of cost or estimated fair market value, excluding demolition and relocation costs. Due to the potential long-term nature of these assets, the Agency has reserved fund balance for land held for resale. At September 30, 2008, the Agency had the following amount of land held for resale in each project area (in thousands):

| <u>Project Area</u> | <u>Value at Lower of Cost or Market Value</u> | |
|----------------------------|--|---|
| | <u>Capital Projects/Debt Service Funds</u> | <u>Low- and Moderate- Income Housing Fund</u> |
| Downtown | \$ 28,264 | \$ - |
| West Long Beach Industrial | 7,318 | - |
| Poly High | 2,203 | - |
| Central Long Beach | 60,754 | 7,838 |
| North Long Beach | 63,396 | - |
| Total | <u>\$ 161,935</u> | <u>\$ 7,838</u> |

Note 14 – Eliminations and Reclassifications of Interproject Loans

In prior years, interproject loans were recorded to allow one project area to invest excess cash in another project area. This practice is no longer used by the Agency. Existing loans are repayable by the project area if and when sufficient revenues for repayment are available or as provided for under the applicable loan agreement. The principal amount of the loan accrues interest at the various interest rates specified in the corresponding loan agreements.

The following schedule presents interproject loans outstanding as of September 30, 2008 (in thousands):

| <u>From Project</u> | <u>To</u> | | | | |
|-------------------------------|-------------------|------------------|------------------|-------------------|------------------|
| | <u>West Beach</u> | <u>Downtown</u> | <u>Los Altos</u> | <u>Central LB</u> | <u>Total</u> |
| West Long Beach Industrial | \$ 321 | \$ 13,992 | \$ 2,500 | \$ 2,295 | \$ 19,108 |
| Total | <u>\$ 321</u> | <u>\$ 13,992</u> | <u>\$ 2,500</u> | <u>\$ 2,295</u> | <u>\$ 19,108</u> |

**Redevelopment Agency of the City of Long Beach
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Advances between redevelopment project areas are as follows
(in thousands):

| | <u>Original</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Outstanding</u> |
|--|-----------------|------------------|-----------------|------------------------------|
| <p>In July 1980 and September 1982, the West Long Beach Industrial and Downtown Project Areas entered into a promissory note and temporary loan agreements for the West Long Beach Industrial Project Area to advance funds necessary to finance the project costs in the Downtown Project Area. The initial interest rates on the advances were 8 percent and 12 percent. Effective July 1, 1988, the rates were revised to equal that which is earned by the City Treasurer on the City of Long Beach pooled cash. Repayment of the advances will be made as funds become available.</p> | \$ 6,771 | \$ 4,743 | \$ 8,214 | \$ 12,957 |
| <p>In June 1995, the West Long Beach Industrial and Los Altos Project Areas entered into a promissory note and loan agreement for the West Long Beach Industrial Project Area to advance funds on an as needed basis to meet Los Altos acquisition and relocation expenses. The indebtedness accrued interest at a rate equal to that earned by the City Treasurer on the City of Long Beach pooled cash. The sales tax allocated to the Los Altos Project Area by the City of Long Beach and any surplus tax increment from the project are pledged to the West Long Beach Industrial Project Area loan repayment. There had been enough funds available to pay the accrued interest on the loan.</p> | 12,700 | 2,500 | - | 2,500 |
| <p>In July 1995, a promissory note and loan agreement was entered into by the West Long Beach Industrial Project Area and Poly High, West Beach, Downtown, and Central Long Beach Project Areas for the West Long Beach Industrial Project Area to advance for contributions to the development of the Long Beach Unified School District Transportation Facility. The indebtedness accrued interest at a rate equal to that which accrues on the Tax Anticipation Notes of the City of Long Beach. Repayment of the indebtedness will be made as future tax increments become available. However, in June 2002, the advance to Poly High Project Area was repaid from tax allocation bond proceeds.</p> | 2,626 | 2,572 | 1,079 | 3,651 |
| Totals | <u>\$22,097</u> | <u>\$ 9,815</u> | <u>\$ 9,293</u> | <u>\$ 19,108</u> |

Redevelopment Agency of the City of Long Beach
(A Component Financial Reporting Unit of the City of Long Beach, California)
Notes to Combined Financial Statements
September 30, 2008

Note 15 – Long-term Receivables, Reserved Fund Balance, and Deferred Revenue

In the accompanying fund financial statements, long-term receivables are offset by reserved fund balance-other or deferred revenue. The table below presents the detail components of the Agency's and the Low- and Moderate-Income Housing Fund's long-term receivables and corresponding offset accounts at September 30, 2008 (in thousands):

Governmental Funds:

| Description | Capital Projects/Debt Service Fund | | | Low- and Moderate-Income Housing Fund - Deferred Revenue |
|--|------------------------------------|--|------------------|--|
| | Long-term Receivables | Reserved Fund Balance- Long-term Receivables | Deferred Revenue | |
| Loans receivable: | | | | |
| Blk M | \$ 35 | \$ 35 | \$ - | \$ - |
| Olson, Downtown Promenade Land Sale | 1,352 | - | 1,352 | - |
| Delinquent Tax Los Angeles County | 24 | 24 | - | - |
| A & E Amador | 64 | 64 | - | - |
| Museum of Latin American Art-Property acquisition | 125 | - | 125 | 30,920 |
| Total Long-Term Receivables | \$ 1,600 | 123 | 1,477 | 30,920 |
| Additional components: | | | | |
| Prepaid rent for the IDM structure, non-current | | 1,658 | - | - |
| Early payment of accounts receivable | | - | 6 | - |
| Brownfields Clean-up revolving loan fund | | - | 22 | - |
| Advance to City for Aquarium of the Pacific debt service | | 22,821 | - | - |
| Cash-Deposits from contractors/developers | | - | 473 | 15 |
| Total Reserved/Deferred Revenues | | \$ 24,602 | \$ 1,978 | \$ 30,935 |

Note 16 – Other Reserved Fund Balances

Low- and Moderate-Income Housing Fund

At September 30, 2008, the reserved fund balance of \$51,000 has been accumulated for operating and maintenance reserves required under the Regulatory Agreement of the promissory note with the State for \$1,015,000.

Note 17 – Commitments and Contingencies

Litigation

The Agency is subject to claims and lawsuits arising from the normal course of business. Representatives of the City Attorney's Office routinely evaluate such claims. In the event of litigation, the Agency's management may make provision for probable losses if deemed appropriate on advice of legal counsel. In cases where such provision for damages would be considered necessary, appropriate amounts would be reflected in the accompanying combined financial statements. Based upon information obtained from the City Attorney with respect to the Agency, a liability of \$255,000 has been recorded for an existing claim and it is the opinion of the Agency's management that there is no other existing or potential liability for claims and suits, which could have a material impact on the Agency's combined financial statements.

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**Supplementary Financial Information
(Unaudited)**

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Redevelopment Agency of the City of Long Beach
(A Component Financial Reporting Unit of the City of Long Beach California)
Combining Balance Sheet—Governmental Funds
Capital Project Funds by Project Area
September 30, 2008
(In Thousands)

| | <u>Downtown Project Area</u> | <u>West Beach Project Area</u> | <u>West Long Beach Industrial Project Area</u> |
|---|----------------------------------|------------------------------------|--|
| ASSETS | | | |
| Pooled cash and investments | \$ 6,695 | \$ 49 | \$ 14,520 |
| Accounts receivable | 1 | - | - |
| Short-term investments non-performing | 33 | 3 | 42 |
| Receivables from other governments | 63 | - | - |
| Land held for resale | 28,264 | - | 7,318 |
| Other assets | 1,699 | - | 2 |
| Long-term receivables | 1,411 | - | 64 |
| Interproject loan and interest receivable | - | - | 19,108 |
| | <u> </u> | <u> </u> | <u> </u> |
| TOTAL ASSETS | <u>\$ 38,166</u> | <u>\$ 52</u> | <u>\$ 41,054</u> |
| LIABILITIES | | | |
| Voucher payables | \$ 1,143 | \$ - | \$ 224 |
| Accounts payable | 71 | - | 47 |
| Accrued wages payable | 27 | 3 | 32 |
| Accrued claims and judgments | 60 | - | - |
| Collections held in trust | 245 | - | 65 |
| Deferred revenues | 1,652 | - | 10 |
| Due to other funds—Current | 12 | 2 | 15 |
| Interproject loan and interest payable | 13,992 | 321 | - |
| | <u> </u> | <u> </u> | <u> </u> |
| TOTAL LIABILITIES | <u>17,202</u> | <u>326</u> | <u>393</u> |
| FUND BALANCE (ACCUMULATED DEFICIT) | | | |
| Reserved: | | | |
| Land held for resale | 28,264 | - | 7,318 |
| Short-term investments non-performing | 33 | 3 | 42 |
| Interproject Loans | (13,992) | (321) | 19,108 |
| Encumbrances | 329 | - | 26 |
| Long-term receivables | 1,717 | - | 64 |
| Unreserved: | | | |
| Designated for future projects | 4,613 | 44 | 14,103 |
| | <u> </u> | <u> </u> | <u> </u> |
| TOTAL FUND BALANCE (ACCUMULATED DEFICIT) | <u>20,964</u> | <u>(274)</u> | <u>40,661</u> |
| | <u> </u> | <u> </u> | <u> </u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 38,166</u> | <u>\$ 52</u> | <u>\$ 41,054</u> |

See accompanying independent auditors' report.

| Poly High Project Area | Project Income Fund | Los Altos Project Area | Central Long Beach Project Area | North Long Beach Project Area | Total |
|---------------------------|------------------------|---------------------------|---------------------------------------|-------------------------------------|-------------------|
| \$ 82 | \$ 2,887 | \$ 8 | \$ 719 | \$ 1,264 | \$ 26,224 |
| - | - | - | 5 | 3 | 9 |
| 1 | 7 | 1 | 3 | 21 | 111 |
| - | - | - | - | - | 63 |
| 2,203 | - | - | 60,754 | 63,396 | 161,935 |
| - | - | - | 1,232 | 1,233 | 4,166 |
| - | - | - | 125 | - | 1,600 |
| - | - | - | - | - | 19,108 |
| <u>\$ 2,286</u> | <u>\$ 2,894</u> | <u>\$ 9</u> | <u>\$ 62,838</u> | <u>\$ 65,917</u> | <u>\$ 213,216</u> |
| \$ 31 | \$ - | \$ - | \$ 319 | \$ 793 | \$ 2,510 |
| - | - | - | 165 | 594 | 877 |
| 7 | 1 | 3 | 38 | 52 | 163 |
| - | - | - | - | 195 | 255 |
| - | 1 | - | 174 | 61 | 546 |
| - | - | - | 160 | 150 | 1,972 |
| 3 | - | 2 | 17 | 24 | 75 |
| - | - | 2,500 | 2,295 | - | 19,108 |
| <u>41</u> | <u>2</u> | <u>2,505</u> | <u>3,168</u> | <u>1,869</u> | <u>25,506</u> |
| 2,203 | - | - | 60,754 | 63,396 | 161,935 |
| 1 | 7 | 1 | 3 | 21 | 111 |
| - | - | (2,500) | (2,295) | - | - |
| 12 | - | - | 339 | 419 | 1,125 |
| - | - | - | - | - | 1,781 |
| <u>29</u> | <u>2,885</u> | <u>3</u> | <u>869</u> | <u>212</u> | <u>22,758</u> |
| <u>2,245</u> | <u>2,892</u> | <u>(2,496)</u> | <u>59,670</u> | <u>64,048</u> | <u>187,710</u> |
| <u>\$ 2,286</u> | <u>\$ 2,894</u> | <u>\$ 9</u> | <u>\$ 62,838</u> | <u>\$ 65,917</u> | <u>\$ 213,216</u> |

Redevelopment Agency of the City of Long Beach
(A Component Financial Reporting Unit of the City of Long Beach California)
Combining Balance Sheet—Governmental Funds
Debt Service Funds by Project Area
September 30, 2008
(In Thousands)

| | <u>Downtown Project Area</u> | <u>West Beach Project Area</u> | <u>West Long Beach Industrial Project Area</u> |
|------------------------------------|----------------------------------|------------------------------------|--|
| ASSETS | | | |
| Pooled cash and investments | \$ 7,480 | \$ 1,190 | \$ 3,327 |
| Non-pooled cash and investments | 8,205 | 1,314 | 3,132 |
| Accounts and loans receivable | - | - | - |
| Interest receivable on investments | 163 | 2 | 39 |
| Investments | - | - | - |
| Advances to the City of Long Beach | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> |
| TOTAL ASSETS | <u>\$ 15,848</u> | <u>\$ 2,506</u> | <u>\$ 6,498</u> |
| LIABILITIES | | | |
| Vouchers payable | \$ - | \$ 52 | \$ 111 |
| Accounts payable | - | - | - |
| Deferred revenue | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> |
| TOTAL LIABILITIES | <u>-</u> | <u>52</u> | <u>111</u> |
| FUND BALANCE | | | |
| Reserved: | | | |
| Future projects | - | 555 | - |
| Long-term receivables | - | - | - |
| Debt service | 15,848 | 1,899 | 6,387 |
| | <u> </u> | <u> </u> | <u> </u> |
| TOTAL FUND BALANCE | <u>15,848</u> | <u>2,454</u> | <u>6,387</u> |
| | <u> </u> | <u> </u> | <u> </u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 15,848</u> | <u>\$ 2,506</u> | <u>\$ 6,498</u> |

See accompanying independent auditors' report.

| Poly High Project Area | Project Income Fund | Los Altos Project Area | Central Long Beach Project Area | North Long Beach Project Area | Housing Fund | Total |
|---------------------------|------------------------|---------------------------|---------------------------------------|-------------------------------------|-----------------|----------------|
| \$ 484 | \$ - | \$ 343 | \$ 641 | \$ 7,864 | \$ 24 | \$ 21,353 |
| 244 | - | 408 | 10,487 | 24,246 | 31,332 | 79,368 |
| - | 506 | - | - | - | - | 506 |
| 1 | - | 4 | 45 | 89 | 73 | 416 |
| - | - | - | - | 10,000 | - | 10,000 |
| - | 22,821 | - | - | - | - | 22,821 |
| <u>729</u> | <u>23,327</u> | <u>755</u> | <u>11,173</u> | <u>42,199</u> | <u>31,429</u> | <u>134,464</u> |
| \$ 4 | \$ - | \$ 4 | \$ - | \$ - | \$ - | \$ 171 |
| - | - | - | 1 | 178 | - | 179 |
| - | 6 | - | - | - | - | 6 |
| <u>4</u> | <u>6</u> | <u>4</u> | <u>1</u> | <u>178</u> | <u>-</u> | <u>356</u> |
| 18 | - | - | 6,287 | 16,009 | 27,225 | 50,094 |
| - | 22,821 | - | - | - | - | 22,821 |
| 707 | 500 | 751 | 4,885 | 26,012 | 4,204 | 61,193 |
| <u>725</u> | <u>23,321</u> | <u>751</u> | <u>11,172</u> | <u>42,021</u> | <u>31,429</u> | <u>134,108</u> |
| <u>729</u> | <u>23,327</u> | <u>755</u> | <u>11,173</u> | <u>42,199</u> | <u>31,429</u> | <u>134,464</u> |

Redevelopment Agency of the City of Long Beach
(A Component Financial Reporting Unit of the City of Long Beach California)
Combining Balance Sheet—Governmental Funds
Low- and Moderate-Income Housing by Project Area
September 30, 2008
(In Thousands)

| | <u>Downtown Project Area</u> | <u>West Beach Project Area</u> | <u>West Long Beach Industrial Project Area</u> |
|---|----------------------------------|------------------------------------|--|
| ASSETS | | | |
| Pooled cash and investments | \$ - | \$ - | \$ 12,814 |
| Short-term investments non-performing | - | - | 21 |
| Accounts and loans receivable | - | - | - |
| Advances to Housing Development Co. | - | - | - |
| Advances to the City of Long Beach | - | - | - |
| Land held for resale | - | - | - |
| Long-term receivable | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL ASSETS | \$ <u>-</u> | \$ <u>-</u> | \$ <u>12,835</u> |
| LIABILITIES | | | |
| Accounts payable | \$ - | \$ - | \$ 214 |
| Accrued wages payable | - | - | - |
| Collections held in trust | - | - | - |
| Deferred revenue | - | - | - |
| Due to other funds | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL LIABILITIES | <u>-</u> | <u>-</u> | <u>214</u> |
| FUND BALANCE | | | |
| Reserved: | | | |
| Land held for resale | - | - | - |
| Short-term investments non-performing | - | - | 21 |
| Long-term receivables | - | - | - |
| Encumbrances | - | - | - |
| Other | - | - | - |
| Unreserved: | | | |
| Designated for future projects | - | - | 12,600 |
| | <u>-</u> | <u>-</u> | <u>12,600</u> |
| TOTAL FUND BALANCE | <u>-</u> | <u>-</u> | <u>12,621</u> |
| TOTAL LIABILITIES AND FUND BALANCE | \$ <u>-</u> | \$ <u>-</u> | \$ <u>12,835</u> |

See accompanying independent auditors' report.

| <u>Poly High Project Area</u> | <u>Los Altos Project Area</u> | <u>Central Long Beach Project Area</u> | <u>North Long Beach Project Area</u> | <u>Totals</u> |
|-----------------------------------|-----------------------------------|--|--|------------------|
| \$ - | \$ - | \$ 144 | \$ 19,456 | \$ 32,414 |
| - | - | 21 | 42 | 84 |
| - | - | 2 | - | 2 |
| - | - | - | 1,440 | 1,440 |
| - | - | 856 | - | 856 |
| - | - | 7,838 | - | 7,838 |
| - | - | 30,385 | 535 | 30,920 |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 39,246</u> | <u>\$ 21,473</u> | <u>\$ 73,554</u> |
| \$ - | \$ - | \$ 427 | \$ 212 | \$ 853 |
| - | - | 84 | - | 84 |
| - | - | 16 | - | 16 |
| - | - | 30,401 | 534 | 30,935 |
| - | - | 39 | - | 39 |
| - | - | 30,967 | 746 | 31,927 |
| - | - | 7,838 | - | 7,838 |
| - | - | 21 | 42 | 84 |
| - | - | 856 | 1,440 | 2,296 |
| - | - | 91 | - | 91 |
| - | - | 51 | - | 51 |
| - | - | (578) | 19,245 | 31,267 |
| - | - | 8,279 | 20,727 | 41,627 |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 39,246</u> | <u>\$ 21,473</u> | <u>\$ 73,554</u> |

Redevelopment Agency of the City of Long Beach
(A Component Financial Reporting Unit of the City of Long Beach, California)
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit)
Capital Project Funds by Project Area
Year Ended September 30, 2008
(In Thousands)

| | Downtown Project Area | West Beach Project Area | West Long Beach Industrial Project Area |
|---|--------------------------|-------------------------------|--|
| REVENUES | | | |
| Interest income | \$ 321 | \$ (7) | \$ 561 |
| Rental income | 1,017 | - | - |
| Other income | 933 | - | 13 |
| TOTAL REVENUES | <u>2,271</u> | <u>(7)</u> | <u>574</u> |
| EXPENDITURES | | | |
| Administrative costs | 1,811 | 123 | 1,461 |
| Professional services | 70 | 3 | (1) |
| Planning, survey, and design | 1,251 | 55 | 296 |
| Acquisition expense | 549 | - | 190 |
| Operation of acquired property | 423 | 446 | 36 |
| Relocation costs | 74 | - | 35 |
| Relocation payments | 889 | - | 50 |
| Site clearance costs | 78 | - | 115 |
| Project improvement/construction costs | 2,127 | - | 822 |
| Disposal costs | 13 | - | 1 |
| Loss on sale of land held for resale | 3,647 | - | 812 |
| Rehabilitation grants and loans | (1) | - | 134 |
| Furniture, fixture, and equipment | 47 | - | - |
| Pass-through charges | - | - | - |
| Debt service payments: | | | |
| U.S., State, and other long-term debt | 1,450 | - | - |
| City/County advances and loans—principal | - | - | - |
| Interest | 395 | 1 | 108 |
| TOTAL EXPENDITURES | <u>12,823</u> | <u>628</u> | <u>4,059</u> |
| Excess (Deficiency) of Revenues over (under) Expenditures | <u>(10,552)</u> | <u>(635)</u> | <u>(3,485)</u> |
| OTHER FINANCING SOURCES AND (USES) | | | |
| Proceeds from issuance of long-term debt | - | - | - |
| Advances—capitalized interest | (260) | (8) | 460 |
| Reconveyance of land | 727 | - | - |
| Operating transfers from Debt Service | 7,541 | 633 | 4,516 |
| Operating transfers from (to) the other funds, net | 2,015 | - | (1,292) |
| Operating transfers to the City | (1,160) | - | (390) |
| Operating transfers from the City | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>8,863</u> | <u>625</u> | <u>3,294</u> |
| Excess (Deficiency) of Revenues and Other Sources over (under) Expenditures and Other Uses | <u>(1,689)</u> | <u>(10)</u> | <u>(191)</u> |
| Fund balance (accumulated deficit)—October 1 | <u>22,653</u> | <u>(264)</u> | <u>40,852</u> |
| FUND BALANCE (ACCUMULATED DEFICIT)—SEPTEMBER 30 | <u>\$ 20,964</u> | <u>\$ (274)</u> | <u>\$ 40,661</u> |

See accompanying independent auditors' report.

| Poly High Project Area | Project Income Fund | Los Altos Project Area | Central Long Beach Project Area | North Long Beach Project Area | Total |
|---------------------------|------------------------|---------------------------|---------------------------------------|-------------------------------------|-------------------|
| \$ 13 | \$ 55 | \$ - | \$ 193 | \$ 327 | \$ 1,463 |
| - | - | - | 351 | 282 | 1,650 |
| - | - | - | 338 | 4 | 1,288 |
| <u>13</u> | <u>55</u> | <u>-</u> | <u>882</u> | <u>613</u> | <u>4,401</u> |
| 225 | 29 | 110 | 2,046 | 2,849 | 8,654 |
| 9 | - | - | 171 | 229 | 481 |
| 35 | - | - | 805 | 873 | 3,315 |
| 289 | - | - | 352 | 1,431 | 2,811 |
| 23 | - | - | 220 | 2,027 | 3,175 |
| 2 | - | - | 154 | 378 | 643 |
| - | - | - | 1,007 | 1,133 | 3,079 |
| 62 | - | - | 153 | 380 | 788 |
| 101 | - | - | 4,385 | 7,573 | 15,008 |
| - | - | - | - | - | 14 |
| - | - | - | - | - | 4,459 |
| - | - | - | 136 | 505 | 774 |
| - | - | - | 1 | 1 | 49 |
| - | - | 280 | - | - | 280 |
| - | - | - | - | - | 1,450 |
| - | - | - | 1,463 | - | 1,463 |
| 2 | - | 2 | 131 | 173 | 812 |
| <u>748</u> | <u>29</u> | <u>392</u> | <u>11,024</u> | <u>17,552</u> | <u>47,255</u> |
| <u>(735)</u> | <u>26</u> | <u>(392)</u> | <u>(10,142)</u> | <u>(16,939)</u> | <u>(42,854)</u> |
| - | - | 280 | 7,946 | 13 | 8,239 |
| - | - | (137) | (55) | - | - |
| - | - | - | (8,378) | (4,895) | (12,546) |
| 888 | - | 656 | 12,749 | 28,073 | 55,056 |
| - | 188 | - | (394) | (517) | - |
| - | - | - | (721) | (615) | (2,886) |
| - | - | - | 4,633 | - | 4,633 |
| <u>888</u> | <u>188</u> | <u>799</u> | <u>15,780</u> | <u>22,059</u> | <u>52,496</u> |
| 153 | 214 | 407 | 5,638 | 5,120 | 9,642 |
| <u>2,092</u> | <u>2,678</u> | <u>(2,903)</u> | <u>54,032</u> | <u>58,928</u> | <u>178,068</u> |
| <u>\$ 2,245</u> | <u>\$ 2,892</u> | <u>\$ (2,496)</u> | <u>\$ 59,670</u> | <u>\$ 64,048</u> | <u>\$ 187,710</u> |

Redevelopment Agency of the City of Long Beach
(A Component Financial Reporting Unit of the City of Long Beach, California)
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
Debt Service Funds by Project Area
Year Ended September 30, 2008
(In Thousands)

| | Downtown Project Area | West Beach Project Area | West Long Beach Industrial Project Area | Poly High Project Area |
|---|--------------------------|-------------------------------|--|---------------------------|
| REVENUES | | | | |
| Property tax increment | \$ 16,219 | \$ 1,675 | \$ 9,282 | \$ 566 |
| Transient occupancy tax | - | - | - | - |
| Interest income | 669 | 100 | 301 | 37 |
| Other income | - | - | - | - |
| TOTAL REVENUES | 16,888 | 1,775 | 9,583 | 603 |
| EXPENDITURES | | | | |
| Administrative costs | 400 | 34 | 211 | 13 |
| Pass-through charges | - | 208 | 719 | 35 |
| Debt service payments: | | | | |
| Bonds and notes payable—principal | 2,930 | 478 | 1,155 | 174 |
| Interest | 4,384 | 353 | 1,925 | 46 |
| TOTAL EXPENDITURES | 7,714 | 1,073 | 4,010 | 268 |
| Excess (Deficiency) of Revenues over (under) Expenditures | 9,174 | 702 | 5,573 | 335 |
| OTHER FINANCING SOURCES AND (USES) | | | | |
| Operating transfers from (to) other funds, net | (27) | - | - | - |
| Operating transfers to Capital Projects | (7,541) | (633) | (4,516) | (888) |
| Operating transfers from the City | - | - | - | - |
| Operating transfers to the City | - | - | - | - |
| Payments to City, net | - | - | (523) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | (7,568) | (633) | (5,039) | (888) |
| Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Uses | 1,606 | 69 | 534 | (553) |
| Fund balance—October 1 | 14,242 | 2,385 | 5,853 | 1,278 |
| FUND BALANCE—SEPTEMBER 30 | \$ 15,848 | \$ 2,454 | \$ 6,387 | \$ 725 |

See accompanying independent auditors' report.

| Project Income Fund | Los Altos Project Area | Central Long Beach Project Area | North Long Beach Project Area | Housing Fund | Total |
|---------------------|------------------------|---------------------------------|-------------------------------|------------------|-------------------|
| \$ - | \$ 565 | \$ 18,093 | \$ 31,060 | \$ - | \$ 77,460 |
| 4,064 | - | - | - | - | 4,064 |
| 105 | 36 | 740 | 2,327 | 1,290 | 5,605 |
| - | 563 | - | - | - | 563 |
| <u>4,169</u> | <u>1,164</u> | <u>18,833</u> | <u>33,387</u> | <u>1,290</u> | <u>87,692</u> |
| - | 11 | 295 | 660 | 84 | 1,708 |
| - | 28 | 4,198 | 8,090 | - | 13,278 |
| - | 270 | 715 | 1,834 | 695 | 8,251 |
| - | 137 | 2,922 | 4,964 | 2,959 | 17,690 |
| <u>-</u> | <u>446</u> | <u>8,130</u> | <u>15,548</u> | <u>3,738</u> | <u>40,927</u> |
| <u>4,169</u> | <u>718</u> | <u>10,703</u> | <u>17,839</u> | <u>(2,448)</u> | <u>46,765</u> |
| - | - | - | 42 | (15) | - |
| - | (656) | (12,749) | (28,073) | - | (55,056) |
| - | - | - | - | 3,311 | 3,311 |
| - | - | - | - | (14,299) | (14,299) |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(523)</u> |
| <u>-</u> | <u>(656)</u> | <u>(12,749)</u> | <u>(28,031)</u> | <u>(11,003)</u> | <u>(66,567)</u> |
| 4,169 | 62 | (2,046) | (10,192) | (13,451) | (19,802) |
| <u>19,152</u> | <u>689</u> | <u>13,218</u> | <u>52,213</u> | <u>44,880</u> | <u>153,910</u> |
| <u>\$ 23,321</u> | <u>\$ 751</u> | <u>\$ 11,172</u> | <u>\$ 42,021</u> | <u>\$ 31,429</u> | <u>\$ 134,108</u> |

Redevelopment Agency of the City of Long Beach
(A Component Financial Reporting Unit of the City of Long Beach, California)
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
Low- and Moderate-Income Housing Funds by Project Area
Year Ended September 30, 2008
(In Thousands)

| | Downtown Project Area | West Beach Project Area | West Long Beach Industrial Project Area |
|--|--------------------------|-------------------------------|--|
| REVENUES | | | |
| Property tax increment | \$ 4,055 | \$ 419 | \$ 2,320 |
| Interest income | 262 | - | 150 |
| Rental income | - | - | - |
| Other income | - | - | - |
| TOTAL REVENUES | 4,317 | 419 | 2,470 |
| EXPENDITURES | | | |
| Administrative costs | 754 | - | 432 |
| Professional services | 395 | - | - |
| Planning, survey, and design | 2 | - | - |
| Operation of acquired property | 266 | - | - |
| Project improvement/construction costs | 124 | - | 71 |
| Interdepartmental charges | 126 | 13 | 72 |
| Rehabilitation grants and loans | 2,650 | 406 | - |
| TOTAL EXPENDITURES | 4,317 | 419 | 575 |
| Excess (Deficiency) of Revenues over (under) Expenditures | - | - | 1,895 |
| OTHER FINANCING SOURCES AND (USES) | | | |
| Reconveyance of land | - | - | - |
| Transfers from the City | - | - | - |
| Transfers to the Redevelopment Agency | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | - | - | - |
| Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Uses | - | - | 1,895 |
| Fund balance—October 1 | - | - | 10,726 |
| FUND BALANCE—SEPTEMBER 30 | \$ - | \$ - | \$ 12,621 |

See accompanying independent auditors' report.

| <u>Poly High Project Area</u> | <u>Los Altos Project Area</u> | <u>Central Long Beach Project Area</u> | <u>North Long Beach Project Area</u> | <u>Total</u> |
|-----------------------------------|-----------------------------------|--|--|------------------|
| \$ 142 | \$ 141 | \$ 2,898 | \$ 9,390 | \$ 19,365 |
| - | - | 188 | 607 | 1,207 |
| - | - | 126 | - | 126 |
| - | - | 2,443 | - | 2,443 |
| <u>142</u> | <u>141</u> | <u>5,655</u> | <u>9,997</u> | <u>23,141</u> |
| - | - | 539 | 1,746 | 3,471 |
| - | - | - | - | 395 |
| - | - | - | - | 2 |
| - | - | - | - | 266 |
| - | - | 89 | 288 | 572 |
| 5 | 4 | 90 | 291 | 601 |
| 137 | 137 | 3,449 | 8,141 | 14,920 |
| <u>142</u> | <u>141</u> | <u>4,167</u> | <u>10,466</u> | <u>20,227</u> |
| - | - | 1,488 | (469) | 2,914 |
| - | - | (750) | - | (750) |
| - | - | 595 | 406 | 1,001 |
| - | - | (2,271) | - | (2,271) |
| - | - | (2,426) | 406 | (2,020) |
| - | - | (938) | (63) | 894 |
| - | - | 9,217 | 20,790 | 40,733 |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 8,279</u> | <u>\$ 20,727</u> | <u>\$ 41,627</u> |

Redevelopment Agency of the City of Long Beach
(A Component Financial Reporting Unit of the City of Long Beach, California)
Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit)
Budget and Actual (Non-GAAP Budgetary Basis) Capital Projects Fund
Year Ended September 30, 2008
(In Thousands)

| | Budgeted Amounts | | Actual on Budgetary Basis | Variance with Final Budget |
|---|---------------------|---------------------|------------------------------|-------------------------------|
| | Original | Final | | Positive (Negative) |
| REVENUES | | | | |
| Interest income | \$ 1,105 | \$ 1,102 | \$ 1,463 | \$ 361 |
| Rental income | (311) | (311) | 1,650 | 1,961 |
| Land sale proceeds | (12,064) | (12,064) | 7,183 | 19,247 |
| Other income | 3,358 | 3,361 | 1,288 | (2,073) |
| TOTAL REVENUES | (7,912) | (7,912) | 11,584 | 19,496 |
| EXPENDITURES | | | | |
| Administration costs | 10,215 | 10,271 | 9,779 | 492 |
| Professional services | 5,485 | 5,459 | 481 | 4,978 |
| Planning survey and design | 1,170 | 2,455 | 3,315 | (860) |
| Acquisition costs | 12,622 | 13,136 | 2,811 | 10,325 |
| Operation of acquired property | 699 | (45) | 3,175 | (3,220) |
| Relocation costs | 492 | 477 | 643 | (166) |
| Relocation payments | (10,459) | (10,461) | 3,079 | (13,540) |
| Site clearance costs | (872) | (721) | 788 | (1,509) |
| Project improvement/construction costs | 26,770 | 25,333 | 15,008 | 10,325 |
| Disposal costs | (1,170) | (1,170) | 14 | (1,184) |
| Land purchases | 80,591 | 88,057 | 42,664 | 45,393 |
| Rehabilitation grants and loans | 4,322 | 4,450 | 774 | 3,676 |
| Furniture, fixture, and equipment | (393) | (393) | 49 | (442) |
| Pass throughs and ERAF payments | 243 | 243 | 280 | (37) |
| Debt service payments: | | | | |
| U.S., State, and other long-term debt principal | 1,848 | 1,848 | 1,450 | 398 |
| City/County advances and loan principal | 368 | 368 | 1,463 | (1,095) |
| Interest | 12 | 12 | 812 | (800) |
| TOTAL EXPENDITURES | 131,943 | 139,319 | 86,585 | 52,734 |
| Excess (Deficiency) of Revenues over (under) Expenditures | (139,855) | (147,231) | (75,001) | 72,230 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from other long-term debt | 3,654 | 3,654 | 8,239 | 4,585 |
| Transfers in (out), net | (50,736) | (44,524) | 55,056 | 99,580 |
| Interagency payments | 29,900 | 29,900 | - | (29,900) |
| Transfer to the City | 2,043 | 2,085 | (2,886) | (4,971) |
| Transfer from the City | (1,876) | (1,876) | 4,633 | 6,509 |
| TOTAL OTHER FINANCING SOURCES (USES) | (17,015) | (10,761) | 65,042 | 75,803 |
| Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Uses | (156,870) | (157,992) | (9,959) | 148,033 |
| Fund balance—October 1, budgetary basis | 34,428 | 34,428 | 34,428 | - |
| Encumbrances—beginning of the year | 181 | 181 | 181 | - |
| FUND BALANCE (DEFICIT)—SEPTEMBER 30, BUDGETARY BASIS | \$ (122,261) | \$ (123,383) | \$ 24,650 | \$ 148,033 |

See accompanying independent auditors' report and supplementary note on page 72.

Redevelopment Agency of the City of Long Beach
(A Component Financial Reporting Unit of the City of Long Beach, California)
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis) Debt Service Fund
Year Ended September 30, 2008
(In Thousands)

| | Budgeted Amounts | | Actual on Budgetary Basis | Variance with Final Budget Positive (Negative) |
|---|-------------------|-------------------|------------------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Property tax increment | \$ 69,181 | \$ 69,181 | \$ 77,460 | \$ 8,279 |
| Interest income | 3,589 | 3,589 | 5,605 | 2,016 |
| Transient occupancy tax | 4,180 | 4,180 | 4,064 | (116) |
| Other income | 605 | 605 | 563 | (42) |
| TOTAL REVENUES | 77,555 | 77,555 | 87,692 | 10,137 |
| EXPENDITURES | | | | |
| Administration costs | 2,278 | 2,278 | 1,708 | 570 |
| Pass throughs and ERAF payments | 11,828 | 11,828 | 13,278 | (1,450) |
| Debt service payments: | | | | |
| Bonds and notes payable—principal | 8,621 | 8,621 | 8,251 | 370 |
| Interest | 18,321 | 18,321 | 17,690 | 631 |
| TOTAL EXPENDITURES | 41,048 | 41,048 | 40,927 | 121 |
| Excess of Revenues over Expenditures | 36,507 | 36,507 | 46,765 | 10,258 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in (out), net | - | - | (55,056) | (55,056) |
| Transfer to the City | (28,842) | (28,842) | (14,299) | 14,543 |
| Transfer from the City | 3,521 | 3,521 | 3,311 | (210) |
| Payments to the City of Long Beach | (539) | (539) | (523) | 16 |
| TOTAL OTHER FINANCING SOURCES (USES) | (25,860) | (25,860) | (66,567) | (40,707) |
| Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Uses | 10,647 | 10,647 | (19,802) | (30,449) |
| Fund balance—October 1, budgetary basis | 153,910 | 153,910 | 153,910 | - |
| FUND BALANCE—SEPTEMBER 30, BUDGETARY BASIS | \$ 164,557 | \$ 164,557 | \$ 134,108 | \$ (30,449) |

See accompanying independent auditors' report and supplementary note on page 72.

Redevelopment Agency of the City of Long Beach
(A Component Financial Reporting Unit of the City of Long Beach, California)
Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit)
Budget and Actual (Non-GAAP Budgetary Basis) Low- and Moderate-Income Housing Fund
Year Ended September 30, 2008
(In Thousands)

| | Budgeted Amounts | | Actual on Budgetary Basis | Variance with Final Budget |
|---|------------------|------------------|------------------------------|-------------------------------|
| | Original | Final | | Positive (Negative) |
| REVENUES | | | | |
| Property tax increment | \$ 17,000 | \$ 19,800 | \$ 19,365 | \$ (435) |
| Interest income | 914 | 1,649 | 1,207 | (442) |
| Rental income | 72 | 112 | 126 | 14 |
| Other | 125 | 2,824 | 2,443 | (381) |
| TOTAL REVENUES | 18,111 | 24,385 | 23,141 | (1,244) |
| EXPENDITURES | | | | |
| Administration costs | 2,972 | 3,661 | 3,475 | 186 |
| Professional Services | 101 | 207 | 471 | (264) |
| Planning, survey, and design | - | - | 2 | (2) |
| Acquisition costs | - | (29) | - | (29) |
| Operation of acquired property | 66 | 108 | 266 | (158) |
| Project improvement/construction costs | 9,085 | 9,530 | 583 | 8,947 |
| Interdepartmental charges | 605 | 605 | 601 | 4 |
| Rehabilitation grants and loans | 50,160 | 53,270 | 14,920 | 38,350 |
| Debt service: | | | | |
| Principal | 1,791 | 65 | - | 65 |
| Interest | 80 | (490) | - | (490) |
| TOTAL EXPENDITURES | 64,860 | 66,927 | 20,318 | 46,609 |
| Excess (Deficiency) of Revenues over (under) Expenditures | (46,749) | (42,542) | 2,823 | 45,365 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer to other funds | (3,521) | (3,521) | (2,271) | 1,250 |
| Transfer Adjustment to/from other funds | (10,283) | 3,435 | - | (3,435) |
| Transfer from the City | 48,016 | 42,057 | 1,001 | (41,056) |
| TOTAL OTHER FINANCING SOURCES (USES) | 34,212 | 41,971 | (1,270) | (43,241) |
| Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Uses | (12,537) | (571) | 1,553 | 2,124 |
| Fund balance—October 1, budgetary basis | 31,820 | 31,820 | 31,820 | - |
| Encumbrances—beginning of the year | 325 | 325 | 325 | - |
| FUND BALANCE (DEFICIT)—SEPTEMBER 30, BUDGETARY BASIS | \$ 19,608 | \$ 31,574 | \$ 33,698 | \$ 2,124 |

See accompanying independent auditors' report and supplementary note on page 73.

Redevelopment Agency of the City of Long Beach
(A Component Financial Reporting Unit of the City of Long Beach, California)
Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit)
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended September 30, 2008
(In Thousands)

| | Downtown Project Area | | | |
|--|-----------------------|--------------------|---------------------------------|---|
| | Budgeted Amounts | | Actual on Budgetary Basis | Variance with Final Budget Positive (Negative) |
| | Original | Final | | |
| REVENUES | | | | |
| Property tax increment | \$ 12,015 | \$ 12,015 | \$ 16,219 | \$ 4,204 |
| Interest income | 435 | 435 | 990 | 555 |
| Rental income | 352 | 352 | 1,017 | 665 |
| Land sale proceeds | (5,781) | (5,781) | 7,137 | 12,918 |
| Other income | 70 | 70 | 933 | 863 |
| TOTAL REVENUES | 7,091 | 7,091 | 26,296 | 19,205 |
| EXPENDITURES | | | | |
| Administration costs | 1,649 | 1,609 | 2,540 | (931) |
| Professional services | 1,619 | 1,588 | 70 | 1,518 |
| Planning, survey, and design | 696 | 636 | 1,251 | (615) |
| Acquisition costs | - | 4 | 549 | (545) |
| Operation of acquired property | 1,454 | 1,449 | 423 | 1,026 |
| Relocation costs | (162) | (162) | 74 | (236) |
| Relocation payments | (493) | (495) | 889 | (1,384) |
| Site clearance costs | 23 | 174 | 78 | 96 |
| Project improvement/construction costs | 7,711 | 5,618 | 2,127 | 3,491 |
| Disposal costs | (59) | (59) | 13 | (72) |
| Land purchases | 10,390 | 12,716 | 9,013 | 3,703 |
| Rehabilitation grants and loans | - | - | (1) | 1 |
| Furniture and equipment | (393) | (393) | 47 | (440) |
| Debt service payments: | | | | |
| Bonds and notes payable—principal | 2,545 | 2,545 | 2,930 | (385) |
| City/County advances and loans—principal | 550 | 550 | - | 550 |
| U.S., State, and other long-term debt principal | (255) | (255) | 1,450 | (1,705) |
| Interest payments | 4,833 | 4,833 | 4,779 | 54 |
| TOTAL EXPENDITURES | 30,108 | 30,358 | 26,232 | 4,126 |
| Excess (Deficiency) of Revenues over (under) Expenditures | (23,017) | (23,267) | 64 | 23,331 |
| OTHER FINANCING SOURCES AND (USES) | | | | |
| Proceeds from long-term debt | 2,415 | 2,415 | - | (2,415) |
| Interproject loan—capitalized interest | - | - | (260) | (260) |
| Transfers in (out), net | (4,764) | (4,763) | - | 4,763 |
| Payment to/from Agency | 6,028 | 6,027 | 1,988 | (4,039) |
| Transfer to the City | (332) | (257) | (1,160) | (903) |
| Transfer from the City | 1,000 | 1,000 | - | (1,000) |
| TOTAL OTHER FINANCING SOURCES (USES) | 4,347 | 4,422 | 568 | (3,854) |
| Excess (Deficiency) of Revenues and Other Sources over (under) Expenditures and Other Uses | (18,670) | (18,845) | 632 | 19,477 |
| Fund balance—October 1, budgetary basis | 7,474 | 7,474 | 7,474 | - |
| Encumbrances—beginning of the Year | 113 | 113 | 113 | - |
| FUND BALANCE (DEFICIT)—SEPTEMBER 30, BUDGETARY BASIS | \$ (11,083) | \$ (11,258) | \$ 8,219 | \$ 19,477 |

See accompanying independent auditors' report.

Redevelopment Agency of the City of Long Beach
(A Component Financial Reporting Unit of the City of Long Beach, California)
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended September 30, 2008
(In Thousands)

| | West Beach Project Area | | | |
|---|-------------------------|------------------------|---------------------------------|---|
| | Budgeted Amounts | | Actual on Budgetary Basis | Variance with Final Budget Positive (Negative) |
| | Original | Final | | |
| REVENUES | | | | |
| Property tax increment | \$ 1,300 | \$ 1,300 | \$ 1,675 | \$ 375 |
| Interest income | 76 | 76 | 93 | 17 |
| TOTAL REVENUES | <u>1,376</u> | <u>1,376</u> | <u>1,768</u> | <u>392</u> |
| EXPENDITURES | | | | |
| Administration costs | 102 | 102 | 157 | (55) |
| Professional services | 4 | 4 | 3 | 1 |
| Planning, survey, and design | 40 | 40 | 55 | (15) |
| Operation of acquired property | (1) | (1) | 446 | (447) |
| Site clearance costs | (2) | (2) | - | (2) |
| Project improvement/construction costs | 800 | 800 | - | 800 |
| Pass throughs and ERAF payments | 31 | 31 | 208 | (177) |
| Debt service payments: | | | | |
| Bonds and notes payable—principal | 460 | 460 | 478 | (18) |
| Interest payments | 377 | 377 | 354 | 23 |
| TOTAL EXPENDITURES | <u>1,811</u> | <u>1,811</u> | <u>1,701</u> | <u>110</u> |
| Excess (Deficiency) of Revenues over (under) Expenditures | <u>(435)</u> | <u>(435)</u> | <u>67</u> | <u>502</u> |
| OTHER FINANCING SOURCES AND (USES) | | | | |
| Interproject loan—capitalized interest | - | - | (8) | (8) |
| Transfers in (out), net | (45) | (45) | - | 45 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(45)</u> | <u>(45)</u> | <u>(8)</u> | <u>37</u> |
| Excess (Deficiency) of Revenues and Other Sources over (under) Expenditures and Other Uses | <u>(480)</u> | <u>(480)</u> | <u>59</u> | <u>539</u> |
| Fund balance—October 1, budgetary basis | <u>2,121</u> | <u>2,121</u> | <u>2,121</u> | <u>-</u> |
| FUND BALANCE—SEPTEMBER 30, BUDGETARY BASIS | <u><u>\$ 1,641</u></u> | <u><u>\$ 1,641</u></u> | <u><u>\$ 2,180</u></u> | <u><u>\$ 539</u></u> |

See accompanying independent auditors' report.

Redevelopment Agency of the City of Long Beach
(A Component Financial Reporting Unit of the City of Long Beach, California)
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended September 30, 2008
(In Thousands)

| | West Long Beach Industrial Project Area | | | |
|--|---|------------------|---------------------------------|---|
| | Budgeted Amounts | | Actual on Budgetary Basis | Variance with Final Budget Positive (Negative) |
| | Original | Final | | |
| REVENUES | | | | |
| Property tax increment | \$ 9,362 | \$ 9,362 | \$ 9,282 | \$ (80) |
| Interest income | 1,548 | 1,548 | 862 | (686) |
| Rental income | (13) | (13) | - | 13 |
| Land sale proceeds | (3,190) | (3,190) | 46 | 3,236 |
| Other income | (23) | (23) | 13 | 36 |
| TOTAL REVENUES | 7,684 | 7,684 | 10,203 | 2,519 |
| EXPENDITURES | | | | |
| Administration costs | 2,978 | 2,978 | 1,698 | 1,280 |
| Professional services | 56 | 56 | (1) | 57 |
| Planning, survey, and design | 1,005 | 685 | 296 | 389 |
| Acquisition costs | 1,525 | 1,297 | 190 | 1,107 |
| Operation of acquired property | 4,012 | 4,013 | 36 | 3,977 |
| Relocation costs | 1,017 | 1,017 | 35 | 982 |
| Relocation payments | (96) | (96) | 50 | (146) |
| Site clearance costs | (18) | (18) | 115 | (133) |
| Project improvement/construction costs | 2,287 | 2,709 | 822 | 1,887 |
| Disposal costs | 7 | 7 | 1 | 6 |
| Land purchases | 2,851 | 2,851 | 3,710 | (859) |
| Rehabilitation grants and loans | (29) | 71 | 134 | (63) |
| Pass throughs and ERAF payments | 1,006 | 1,006 | 719 | 287 |
| Debt service payments: | | | | |
| Bonds and notes payable—principal | 1,096 | 1,096 | 1,155 | (59) |
| Interest payments | 2,039 | 2,039 | 2,033 | 6 |
| TOTAL EXPENDITURES | 19,736 | 19,711 | 10,993 | 8,718 |
| Excess (Deficiency) of Revenues over (under) Expenditures | (12,052) | (12,027) | (790) | 11,237 |
| OTHER FINANCING SOURCES AND (USES) | | | | |
| Interproject loan—capitalized interest | - | - | 460 | 460 |
| Transfers in (out), net | (5,317) | (5,317) | - | 5,317 |
| Payment to/from Agency | 4,865 | 4,865 | (1,292) | (6,157) |
| Transfer to the City | (539) | (564) | (390) | 174 |
| Transfer from the City | 419 | 419 | - | (419) |
| Payments to the City, net | (539) | (539) | (523) | 16 |
| TOTAL OTHER FINANCING SOURCES (USES) | (1,111) | (1,136) | (1,745) | (609) |
| Excess (Deficiency) of Revenues and Other Sources over (under) Expenditures and Other Uses | (13,163) | (13,163) | (2,535) | 10,628 |
| Fund balance—October 1, budgetary basis | 42,229 | 42,229 | 42,229 | - |
| Encumbrances—beginning of the Year | 10 | 10 | 10 | - |
| FUND BALANCE—SEPTEMBER 30, BUDGETARY BASIS | \$ 29,076 | \$ 29,076 | \$ 39,704 | \$ 10,628 |

See accompanying independent auditors' report.

Redevelopment Agency of the City of Long Beach
(A Component Financial Reporting Unit of the City of Long Beach, California)
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended September 30, 2008
(In Thousands)

Poly High Project Area

| | Budgeted Amounts | | Actual on Budgetary Basis | Variance with Final Budget Positive (Negative) |
|---|-------------------|-------------------|---------------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Property tax increment | \$ 530 | \$ 530 | \$ 566 | \$ 36 |
| Interest income | 84 | 84 | 50 | (34) |
| TOTAL REVENUES | 614 | 614 | 616 | 2 |
| EXPENDITURES | | | | |
| Administration costs | 113 | 113 | 250 | (137) |
| Professional services | - | 5 | 9 | (4) |
| Planning, survey, and design | 89 | 89 | 35 | 54 |
| Acquisition costs | 571 | 571 | 289 | 282 |
| Operation of acquired property | 3 | (2) | 23 | (25) |
| Relocation costs | (5) | (5) | 2 | (7) |
| Relocation payments | (40) | (40) | - | (40) |
| Site clearance costs | (1) | (1) | 62 | (63) |
| Project improvement/construction costs | (46) | (46) | 101 | (147) |
| Land purchases | 3,247 | 3,247 | 1,388 | 1,859 |
| Pass throughs and ERAF payments | 45 | 45 | 35 | 10 |
| Debt service payments: | | | | |
| Bonds and notes payable—principal | 166 | 166 | 174 | (8) |
| Interest payments | 62 | 62 | 48 | 14 |
| TOTAL EXPENDITURES | 4,204 | 4,204 | 2,416 | 1,788 |
| Excess (Deficiency) of Revenues over (under) Expenditures | (3,590) | (3,590) | (1,800) | 1,790 |
| OTHER FINANCING SOURCES AND (USES) | | | | |
| Transfers in (out), net | (1,807) | (1,807) | - | 1,807 |
| TOTAL OTHER FINANCING SOURCES (USES) | (1,807) | (1,807) | - | 1,807 |
| Excess (Deficiency) of Revenues and Other Sources over (under) Expenditures and Other Uses | (5,397) | (5,397) | (1,800) | 3,597 |
| Fund balance—October 1, budgetary basis | 2,555 | 2,555 | 2,555 | - |
| FUND BALANCE—SEPTEMBER 30, BUDGETARY BASIS | \$ (2,842) | \$ (2,842) | \$ 755 | \$ 3,597 |

See accompanying independent auditors' report.

Redevelopment Agency of the City of Long Beach
(A Component Financial Reporting Unit of the City of Long Beach, California)
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended September 30, 2008
(In Thousands)

| | Project Income | | | |
|---|------------------|------------------|---------------------------------|---|
| | Budgeted Amounts | | Actual on Budgetary Basis | Variance with Final Budget Positive (Negative) |
| | Original | Final | | |
| REVENUES | | | | |
| Interest income | \$ - | \$ - | \$ 160 | \$ 160 |
| Rental income | 5 | 5 | - | (5) |
| Transient occupancy tax | 4,180 | 4,180 | 4,064 | (116) |
| TOTAL REVENUES | 4,185 | 4,185 | 4,224 | 39 |
| EXPENDITURES | | | | |
| Administration costs | 63 | 63 | 29 | 34 |
| Operation of acquired property | 26 | 26 | - | 26 |
| Project improvement/construction costs | (1) | (1) | - | (1) |
| TOTAL EXPENDITURES | 88 | 88 | 29 | 59 |
| Excess of Revenues over Expenditures | 4,097 | 4,097 | 4,195 | 98 |
| OTHER FINANCING SOURCES AND (USES) | | | | |
| Transfers in (out), net | (10) | (10) | - | 10 |
| Payment to/from Agency | (6,214) | (6,214) | 188 | 6,402 |
| Transfer to the City | (4,270) | (4,270) | - | 4,270 |
| TOTAL OTHER FINANCING SOURCES (USES) | (10,494) | (10,494) | 188 | 10,682 |
| Excess (Deficiency) of Revenues and Other Sources over (under) Expenditures and Other Uses | (6,397) | (6,397) | 4,383 | 10,780 |
| Fund balance—October 1, budgetary basis | 21,830 | 21,830 | 21,830 | - |
| FUND BALANCE—SEPTEMBER 30, BUDGETARY BASIS | \$ 15,433 | \$ 15,433 | \$ 26,213 | \$ 10,780 |

See accompanying independent auditors' report.

Redevelopment Agency of the City of Long Beach
(A Component Financial Reporting Unit of the City of Long Beach, California)
Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit)
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended September 30, 2008
(In Thousands)

Los Altos Project Area

| | Budgeted Amounts | | Actual on Budgetary Basis | Variance with Final Budget Positive (Negative) |
|---|-------------------|-------------------|---------------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Property tax increment | \$ 456 | \$ 456 | \$ 565 | \$ 109 |
| Interest income | 32 | 32 | 36 | 4 |
| Other income | 605 | 605 | 563 | (42) |
| TOTAL REVENUES | 1,093 | 1,093 | 1,164 | 71 |
| EXPENDITURES | | | | |
| Administration costs | 132 | 132 | 121 | 11 |
| Professional services | 1 | 1 | - | 1 |
| Planning, survey, and design | 109 | 109 | - | 109 |
| Pass throughs and ERAF payments | 264 | 264 | 308 | (44) |
| Debt service payments: | | | | |
| Bonds and notes payable—principal | 265 | 265 | 270 | (5) |
| U.S., State, and other long-term debt—principal | 605 | 605 | - | 605 |
| Interest payments | 162 | 162 | 139 | 23 |
| TOTAL EXPENDITURES | 1,538 | 1,538 | 838 | 700 |
| Excess (Deficiency) of Revenues over (under) Expenditures | (445) | (445) | 326 | 771 |
| OTHER FINANCING SOURCES AND (USES) | | | | |
| Proceeds from long-term debt | 287 | 287 | 280 | (7) |
| Interproject loan—capitalized interest | - | - | (137) | (137) |
| Transfers in (out), net | (11) | (11) | - | 11 |
| TOTAL OTHER FINANCING SOURCES (USES) | 276 | 276 | 143 | (133) |
| Excess (Deficiency) of Revenues and Other Sources over (under) Expenditures and Other Uses | (169) | (169) | 469 | 638 |
| Fund deficit—October 1, budgetary basis | (2,214) | (2,214) | (2,214) | - |
| FUND DEFICIT—SEPTEMBER 30, BUDGETARY BASIS | \$ (2,383) | \$ (2,383) | \$ (1,745) | \$ 638 |

See accompanying independent auditors' report.

Redevelopment Agency of the City of Long Beach
(A Component Financial Reporting Unit of the City of Long Beach, California)
Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit)
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended September 30, 2008
(In Thousands)

| | Central Long Beach Project Area | | | Variance with Final Budget Positive (Negative) |
|---|---------------------------------|--------------------|---------------------------------|---|
| | Budgeted Amounts | | Actual on Budgetary Basis | |
| | Original | Final | | |
| REVENUES | | | | |
| Property tax increment | \$ 14,088 | \$ 14,088 | \$ 18,093 | \$ 4,005 |
| Interest income | (55) | (58) | 933 | 991 |
| Rental income | (145) | (145) | 351 | 496 |
| Land sale proceeds | (956) | (956) | - | 956 |
| Other income | 703 | 706 | 338 | (368) |
| TOTAL REVENUES | 13,635 | 13,635 | 19,715 | 6,080 |
| EXPENDITURES | | | | |
| Administration costs | 634 | 714 | 2,680 | (1,966) |
| Professional services | 2,635 | 2,637 | 171 | 2,466 |
| Planning, survey, and design | 1,217 | 1,217 | 805 | 412 |
| Acquisition costs | 3,516 | 3,512 | 352 | 3,160 |
| Operation of acquired property | (1,862) | (1,878) | 220 | (2,098) |
| Relocation costs | 167 | 152 | 154 | (2) |
| Relocation Payments | (6,358) | (6,358) | 1,007 | (7,365) |
| Site clearance costs | (462) | (462) | 153 | (615) |
| Project improvement/construction costs | 4,351 | 4,247 | 4,385 | (138) |
| Disposal costs | (3) | (3) | - | (3) |
| Land purchases | 49,179 | 49,179 | 13,461 | 35,718 |
| Rehabilitation grants and loans | (323) | (295) | 136 | (431) |
| Furniture and equipment | - | - | 1 | (1) |
| Pass throughs and ERAF payments | 3,503 | 3,503 | 4,198 | (695) |
| Debt service payments: | | | | |
| Bonds and notes payable—principal | 690 | 690 | 715 | (25) |
| City/County advances and loans—principal | (182) | (182) | 1,463 | (1,645) |
| U.S., State, and other long-term debt principal | 1,456 | 1,456 | - | 1,456 |
| Interest payments | 3,199 | 3,199 | 3,053 | 146 |
| TOTAL EXPENDITURES | 61,357 | 61,328 | 32,954 | 28,374 |
| Excess (Deficiency) of Revenues over (under) Expenditures | (47,722) | (47,693) | (13,239) | 34,454 |
| OTHER FINANCING SOURCES AND (USES) | | | | |
| Proceeds from long-term debt | 3,100 | 3,100 | 7,946 | 4,846 |
| Interproject loan—capitalized interest | - | - | (55) | (55) |
| Transfers in (out), net | (38,469) | (38,469) | - | 38,469 |
| Payment to/from Agency | 26,826 | 26,826 | (394) | (27,220) |
| Transfer to the City | 1,963 | 1,938 | (721) | (2,659) |
| Transfer from the City | (3,296) | (3,296) | 4,633 | 7,929 |
| TOTAL OTHER FINANCING SOURCES (USES) | (9,876) | (9,901) | 11,409 | 21,310 |
| Excess (Deficiency) of Revenues and Other Sources over (under) Expenditures and Other Uses | (57,598) | (57,594) | (1,830) | 55,764 |
| Fund balance—October 1, budgetary basis | 11,563 | 11,563 | 11,563 | - |
| Encumbrances—beginning of the Year | 16 | 16 | 16 | - |
| FUND BALANCE (DEFICIT)—SEPTEMBER 30, BUDGETARY BASIS | \$ (46,019) | \$ (46,015) | \$ 9,749 | \$ 55,764 |

See accompanying independent auditors' report.

Redevelopment Agency of the City of Long Beach
(A Component Financial Reporting Unit of the City of Long Beach, California)
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended September 30, 2008
(In Thousands)

| | North Long Beach Project Area | | | |
|---|-------------------------------|------------------|---------------------------------|---|
| | Budgeted Amounts | | Actual on Budgetary Basis | Variance with Final Budget Positive (Negative) |
| | Original | Final | | |
| REVENUES | | | | |
| Property tax increment | \$ 31,430 | \$ 31,430 | \$ 31,060 | \$ (370) |
| Interest income | 2,420 | 2,420 | 2,654 | 234 |
| Rental income | (510) | (510) | 282 | 792 |
| Land sale proceeds | (2,137) | (2,137) | - | 2,137 |
| Other income | 2,608 | 2,608 | 4 | (2,604) |
| TOTAL REVENUES | 33,811 | 33,811 | 34,000 | 189 |
| EXPENDITURES | | | | |
| Administration costs | 6,817 | 6,833 | 3,928 | 2,905 |
| Professional services | 1,170 | 1,168 | 229 | 939 |
| Planning, survey, and design | (1,986) | (321) | 873 | (1,194) |
| Acquisition costs | 7,010 | 7,752 | 1,431 | 6,321 |
| Operation of acquired property | (2,933) | (3,652) | 2,027 | (5,679) |
| Relocation costs | (525) | (525) | 378 | (903) |
| Relocation payments | (3,472) | (3,472) | 1,133 | (4,605) |
| Site clearance costs | (412) | (412) | 380 | (792) |
| Project improvement/construction costs | 11,668 | 12,006 | 7,573 | 4,433 |
| Disposal costs | (1,115) | (1,115) | - | (1,115) |
| Land purchases | 14,924 | 20,064 | 15,092 | 4,972 |
| Rehabilitation grants and loans | 4,674 | 4,674 | 505 | 4,169 |
| Furniture and equipment | - | - | 1 | (1) |
| Pass throughs and ERAF payments | 7,222 | 7,222 | 8,090 | (868) |
| Debt service payments: | | | | |
| Bonds and notes payable—principal | 2,729 | 2,729 | 1,834 | 895 |
| U.S., State, and other long-term debt principal | 42 | 42 | - | 42 |
| Interest payments | 4,676 | 4,676 | 5,137 | (461) |
| TOTAL EXPENDITURES | 50,489 | 57,669 | 48,611 | 9,058 |
| Excess (Deficiency) of Revenue: over (under) Expenditures | (16,678) | (23,858) | (14,611) | 9,247 |
| OTHER FINANCING SOURCES AND (USES) | | | | |
| Proceeds from long-term debt | (2,148) | (2,148) | 13 | 2,161 |
| Transfers in (out), net | (313) | 5,898 | - | (5,898) |
| Payment to/from Agency | (1,605) | (1,604) | (475) | 1,129 |
| Transfer to the City | 951 | 968 | (615) | (1,583) |
| TOTAL OTHER FINANCING SOURCES (USES) | (3,115) | 3,114 | (1,077) | (4,191) |
| Excess (Deficiency) of Revenues and Other Sources over (under) Expenditures and Other Uses | (19,793) | (20,744) | (15,688) | 5,056 |
| Fund balance—October 1, budgetary basis | 57,900 | 57,900 | 57,900 | - |
| Encumbrances—beginning of the Year | 42 | 42 | 42 | - |
| FUND BALANCE—SEPTEMBER 30, BUDGETARY BASIS | \$ 38,149 | \$ 37,198 | \$ 42,254 | \$ 5,056 |

See accompanying independent auditors' report.

Redevelopment Agency of the City of Long Beach
(A Component Financial Reporting Unit of the City of Long Beach, California)
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended September 30, 2008
(In Thousands)

| | Housing Fund | | | Variance with Final Budget Positive (Negative) |
|---|------------------|------------------|---------------------------------|---|
| | Budgeted Amounts | | Actual on Budgetary Basis | |
| | Original | Final | | |
| REVENUES | | | | |
| Interest income | \$ 154 | \$ 154 | \$ 1,290 | \$ 1,136 |
| TOTAL REVENUES | <u>154</u> | <u>154</u> | <u>1,290</u> | <u>1,136</u> |
| EXPENDITURES | | | | |
| Administration costs | 5 | 5 | 84 | (79) |
| Debt service payments: | | | | |
| Bonds and notes payable—principal | 670 | 670 | 695 | (25) |
| Interest payments | 2,985 | 2,985 | 2,959 | 26 |
| TOTAL EXPENDITURES | <u>3,660</u> | <u>3,660</u> | <u>3,738</u> | <u>(78)</u> |
| Excess (Deficiency) of Revenues over(under) Expenditures | <u>(3,506)</u> | <u>(3,506)</u> | <u>(2,448)</u> | <u>1,058</u> |
| OTHER FINANCING SOURCES AND (USES) | | | | |
| Payment to/from Agency | - | - | (15) | (15) |
| Transfer to the City | (24,572) | (24,572) | (14,299) | 10,273 |
| Transfer from the City | 3,522 | 3,522 | 3,311 | (211) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(21,050)</u> | <u>(21,050)</u> | <u>(11,003)</u> | <u>10,047</u> |
| Excess (Deficiency) of Revenues and Other Sources over (under) Expenditures and Other Uses | <u>(24,556)</u> | <u>(24,556)</u> | <u>(13,451)</u> | <u>11,105</u> |
| Fund balance—October 1, budgetary basis | <u>44,880</u> | <u>44,880</u> | <u>44,880</u> | <u>-</u> |
| FUND BALANCE—SEPTEMBER 30, BUDGETARY BASIS | <u>\$ 20,324</u> | <u>\$ 20,324</u> | <u>\$ 31,429</u> | <u>\$ 11,105</u> |

See accompanying independent auditors' report.

**Redevelopment Agency of the City of Long Beach
(A Component Financial Reporting Unit of the City of Long Beach, California)
Supplementary Financial Information
September 30, 2007**

Supplementary Note: Reconciliation of Actual Revenues and Expenditures to the Non-GAAP Budgetary Basis

For the Capital Project Funds, Debt Service Funds, and the Low- and Moderate-Income Housing Fund, budget information is presented on a non-GAAP budgetary basis. Appropriations represent budgeted amounts to be expended or encumbered during the period as presented on the Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual, pages 60 – 61.

Budgeted revenue amounts represent the original budget modified by adjustments authorized during the year. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year, which were contingent upon new, or additional revenue sources. Total expenditures of each governmental fund may not legally exceed fund appropriations.

The following reconciles actual revenues and expenditures for Agency funds to the non-GAAP budgetary basis by fund type for the fiscal year ended September 30, 2008 (in thousands):

| | Capital Project Funds | Debt Service Funds | Total |
|---|--------------------------|-----------------------|-------------------|
| Beginning fund balance at October 1, 2007, on an actual GAAP basis | \$ 178,068 | \$ 153,910 | \$ 331,978 |
| Encumbrances outstanding at October 1, 2007 | (181) | - | (181) |
| Cumulative effect of capitalization of land held for resale at October 1, 2007 | (143,459) | - | (143,459) |
| Beginning fund balance at October 1, 2007, on a budgetary basis | <u>34,428</u> | <u>153,910</u> | <u>188,338</u> |
| Actual GAAP basis revenue | 4,401 | 87,692 | 92,093 |
| Adjustment to GAAP basis revenues: | | | |
| Proceeds from the sale of land for resale | 7,183 | - | 7,183 |
| Revenues on a budgetary basis | <u>11,584</u> | <u>87,692</u> | <u>99,276</u> |
| Actual GAAP basis expenditures | 47,255 | 40,927 | 88,182 |
| Adjustments to GAAP basis expenditures: | | | |
| Encumbrances outstanding at October 1, 2007 | (181) | - | (181) |
| Encumbrances outstanding at September 30, 2008 | 1,125 | - | 1,125 |
| Loss on sale of land held for resale | (4,459) | - | (4,459) |
| Current effect of capitalization of land held for resale | 42,664 | - | 42,664 |
| Expenditures on a budgetary basis | <u>86,404</u> | <u>40,927</u> | <u>127,331</u> |
| Excess (Deficiency) of revenues over (under) expenditures on a budgetary basis | <u>(74,820)</u> | <u>46,765</u> | <u>(28,055)</u> |
| Other financing sources (uses), on an actual GAAP basis | 52,496 | (66,567) | (14,071) |
| Reconveyance of land held for resale | 12,546 | - | 12,546 |
| Other financing sources (uses) on a budgetary basis | <u>65,042</u> | <u>(66,567)</u> | <u>(1,525)</u> |
| Deficiency of revenues and other financing sources under expenditures and other uses, on a budgetary basis | <u>(9,778)</u> | <u>(19,802)</u> | <u>(29,580)</u> |
| Ending fund balance at September 30, 2008, on a budgetary basis | <u>\$ 24,650</u> | <u>\$ 134,108</u> | <u>\$ 158,758</u> |

**Redevelopment Agency of the City of Long Beach
(A Component Financial Reporting Unit of the City of Long Beach, California)
Supplementary Financial Information
September 30, 2007**

The following reconciles actual revenues and expenditures for the Low- and Moderate-Income Housing Fund to the non-GAAP budgetary basis for the fiscal year ended September 30, 2008 (in thousands):

| | |
|--|------------------------|
| Beginning fund balance at October 1, 2007, on an actual GAAP basis | \$40,733 |
| Encumbrances outstanding at October 1, 2007 | (325) |
| Cumulative effect of capitalization of land held for resale at October 1, 2007 | <u>(8,588)</u> |
| Beginning fund balance at October 1, 2007, on a budgetary basis | <u>31,820</u> |
| Actual GAAP basis revenue | <u>23,141</u> |
| Revenues on a budgetary basis | <u>23,141</u> |
| Actual GAAP basis expenditures | 20,227 |
| Adjustments to GAAP basis expenditures: | |
| Encumbrances outstanding at October 1, 2007 | (325) |
| Encumbrances outstanding at September 30, 2008 | <u>91</u> |
| Expenditures on a budgetary basis | <u>19,993</u> |
| Excess of revenues over expenditures on a budgetary basis | <u>3,148</u> |
| Other financing sources (uses), on an actual GAAP basis | (2,020) |
| Adjustment to GAAP basis other financing sources (uses): | |
| Reconveyance of land | <u>750</u> |
| Other financing sources (uses) on a budgetary basis | <u>(1,270)</u> |
| Excess of revenues and other financing sources over expenditures and other uses, on a budgetary basis | <u>1,878</u> |
| Ending fund balance at September 30, 2008, on a budgetary basis | <u><u>\$33,698</u></u> |

Redevelopment Agency of the City of Long Beach
(A Component Financial Reporting Unit of the City of Long Beach, California)
Schedule of Changes in Long-term Debt
Year Ended September 30, 2008
(In Thousands)

| | Balance September 30 2007 | Additions | Deductions | Balance September 30 2008 |
|--|---------------------------------|---------------|-----------------|---------------------------------|
| <u>Poly High Project</u> | | | | |
| Bonds–Tax Allocation Bonds 2002 | \$ 954 | \$ - | \$ 174 | \$ 780 |
| Bonds–Tax Allocation Bonds 2005A-2 | 2,558 | - | - | 2,558 |
| Total | 3,512 | - | 174 | 3,338 |
| <u>West Beach Project</u> | | | | |
| Bonds–Tax Allocation Bonds 2002 | 6,862 | - | 477 | 6,385 |
| Bonds–Tax Allocation Bonds 2005A-2 | 839 | - | - | 839 |
| Total | 7,701 | - | 477 | 7,224 |
| <u>West Long Beach Ind'l Proj.</u> | | | | |
| Bonds–Tax Allocation Bonds 1992 | 15,450 | - | 1,030 | 14,420 |
| Bonds–Tax Allocation Bonds 2002B | 19,545 | - | 125 | 19,420 |
| Total | 34,995 | - | 1,155 | 33,840 |
| <u>Downtown Project</u> | | | | |
| Bonds–Tax Allocation Bonds 1992A | 34,310 | - | 2,290 | 32,020 |
| Bonds–Tax Allocation Bonds 2002A | 16,141 | - | 596 | 15,545 |
| Bonds–Tax Allocation Bonds 2002B | 22,615 | - | - | 22,615 |
| Bonds–Tax Allocation Bonds 2005C | 7,835 | - | 45 | 7,790 |
| 419 West Broadway, LLC–West Gateway | 1,450 | - | 1,450 | - |
| Total | 82,351 | - | 4,381 | 77,970 |
| <u>Los Altos Project</u> | | | | |
| Bonds–Tax Allocation Bonds 2005A-1 | 4,165 | - | 270 | 3,895 |
| Notes–Los Angeles County–Share of Tax Increment: Principal | 2,119 | 278 | - | 2,397 |
| Interest Payable | 370 | 85 | - | 455 |
| Notes–Los Angeles County Office of Education–Share of Tax Increment: Principal | 17 | 2 | - | 19 |
| Interest Payable | 3 | 1 | - | 4 |
| Total | 6,674 | 366 | 270 | 6,770 |
| <u>Central Long Beach Proj</u> | | | | |
| Bonds–Tax Allocation Bonds 2005A-1 | 22,150 | - | 285 | 21,865 |
| Bonds–Tax Allocation Bonds 2005B | 33,425 | - | 430 | 32,995 |
| Total | 55,575 | - | 715 | 54,860 |
| <u>North Long Beach Project</u> | | | | |
| Bonds–Tax Allocation Bonds 2002 | 10,484 | - | 724 | 9,760 |
| Bonds–Tax Allocation Bonds 2005A-1 | 37,725 | - | 676 | 37,049 |
| Bonds–Tax Allocation Bonds 2005B | 24,260 | - | 434 | 23,826 |
| Bonds–Tax Allocation Bonds 2005C | 27,145 | - | - | 27,145 |
| Total | 99,614 | - | 1,834 | 97,780 |
| <u>Housing Fund</u> | | | | |
| Bonds–Tax Allocation Bonds 2005B | 54,350 | - | 695 | 53,655 |
| Total | 54,350 | - | 695 | 53,655 |
| TOTAL AGENCY LONG-TERM DEBT | \$ 344,772 | \$ 366 | \$ 9,701 | \$ 335,437 |
| Long-term Indebtedness is summarized as follows: | | | | |
| Notes | \$ 3,959 | \$ 366 | \$ 1,450 | \$ 2,875 |
| Bonds | 340,813 | - | 8,251 | 332,562 |
| Total | \$ 344,772 | \$ 366 | \$ 9,701 | \$ 335,437 |

See accompanying independent auditors' report.

Auditor's Report on Compliance



KPMG LLP
Suite 2000
355 South Grand Avenue
Los Angeles, CA 90071-1568

**Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards***

The Honorable Mayor and City Council
City of Long Beach, California

The Honorable Members of the Redevelopment Agency Board
City of Long Beach, California:

We have audited the combined financial statements of the governmental activities and each major fund of the Redevelopment Agency of the City of Long Beach (the Agency), a component financial reporting unit of the City of Long Beach, California (the City), and the City of Long Beach Low- and Moderate-Income Housing Fund, as of and for the year ended September 30, 2008, which collectively comprise the Agency's combined financial statements and have issued our report thereon dated July 17, 2009. The Agency's combined financial statements are prepared using accounting practices required by the State of California Health and Safety Code Section 33080.1, which practices differ from U.S. generally accepted accounting principles. As such, the combined financial statements do not present fairly, in conformity with U.S. generally accepted accounting principles, the financial position of the Agency as of September 30, 2008, or the changes in the Agency's financial position for the year then ended. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting. We consider the deficiency described in the accompanying schedule of findings and responses as Finding FS-08-01 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not considered to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's combined financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Agency's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Agency's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's mayor, City Council, the City's management, the Agency's board, the Agency's management, and the State Controller's Office and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

July 17, 2009

REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH

Schedule of Findings and Responses

September 30, 2008

Findings Related to the Financial Statements Reported in Accordance with *Government Auditing Standards*

FS-08-01: Accrued Liabilities

Criteria

A significant deficiency in internal controls is the result of a deficiency in internal controls, or a combination of deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is a more than remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected. We believe the control deficiency described below represents a significant deficiency in internal controls.

Condition and Context

The Agency does not have an effective process or controls in place to ensure that all expenses or liabilities are recorded in the proper fiscal year. During our audit we noted certain invoices for goods and services provided in fiscal year 2007 were recorded in fiscal year 2008. Additionally, we noted certain invoices for goods and services provided for in fiscal year 2008 have been recorded in fiscal year 2009. Reporting expenditures in a period other than the period of service may result in a potential misstatement of expenditures and liabilities.

Cause

Although the Agency has certain controls in place to approve valid expenditures, the control in place to properly post and review invoices for recording in the proper period is not occurring.

Effect of Potential Effect

The lack of effective controls over the recording of expenditures in the proper period based on the date goods or services are provided may result in the misstatement of expenditures and liabilities.

Recommendation

We recommend that management enhance its internal control procedures over the review of invoices received for goods and services prior to posting to the general ledger in the proper period.

Views of Responsible Officials

The Agency's Financial Management staff does review subsequent payments over \$10,000 to ensure that the transactions are posted in the appropriate fiscal period. Staff acknowledges that the invoices recorded incorrectly were an oversight due, in part, to the process being predominately manual in nature. The Agency will continue to enhance its internal control procedures related to the review of invoices received for goods and services to ensure that all expenses or liabilities are recorded in the proper fiscal year. During the current fiscal year, procedures were automated to assure that all invoices over \$10,000 are reviewed by the Agency's Financial Management staff prior to posting. The Agency's Financial Management staff will meet with Agency staff to review year-end procedures and the proper recording of expenditures and liabilities.

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General Information

**DOWNTOWN REDEVELOPMENT PROJECT AREA
COMPARISON OF GOALS FOR FY 2007-2008
WITH ACCOMPLISHMENTS FOR FY 2007-2008**

GOAL #1

Encourage neighborhood revitalization through commercial and mixed-use development in the Downtown in conformance with the Redevelopment Plan and the Downtown Strategy for Development.

- Provide incentives to appropriate retailers to locate in Downtown.
- Continue to facilitate development of the Hotel Esterel (formerly D'Orsay Hotel).
- Implement disposition and development agreements (DDAs) for Promenade sites with The Olson Company, Lyon Realty Advisors, and Lennar South Coast Homebuilding.
- Implement DDA for West Gateway Project with Lyon Realty Advisors.
- Negotiate DDA with Williams & Dame Development for the redevelopment of the block at Long Beach Boulevard and 3rd Street (Broadway Block).
- Negotiate owner participation agreement (OPA) with Urban Growth Long Beach and The Related Companies for mixed-use project along Long Beach Boulevard between 1st Street and Broadway (MTA Block).
- Negotiate OPA with Williams & Dame Development for the block bordered by 3rd and 4th streets and Pine and Pacific avenues, including public parking spaces.
- Work with the owner of Pine Square/Pacific Court on the conversion of underutilized AMC Theater space into condominiums.

ACCOMPLISHMENTS

- Worked in partnership with Downtown Long Beach Associates and the City's Economic Development Bureau to provide incentive packages for appropriate retailers to establish on Pine Avenue and engaged a retail recruitment firm to focus on targeted retailers.
- Worked with D'Orsay Hotel developer to approve project revisions, secure project financing and/or locate a hotel partner so that project can move forward.
- Monitored the construction and completion of The Olson Company and Lennar South Coast Homebuilding Promenade development projects in accordance with the terms of their respective DDAs.
- Monitored the construction of Lyon Realty Advisors' Promenade project in accordance with the terms of their DDA.
- Monitored the construction of Lyon Realty Advisors' West Gateway project in accordance with the terms of their DDA.
- Worked with Williams & Dame Development to prepare a development concept package and a financial pro forma for the Broadway Block. Initiated discussions with California State University, Long Beach (CSULB) related to graduate housing and a Downtown arts program.

- Terminated negotiations with Urban Growth Long Beach and The Related Companies for mixed-use project along Long Beach Boulevard between 1st Street and Broadway (MTA Block). Entered into an Exclusive Negotiating Agreement (ENA) with AloftLB, LLC for the development of a hotel on the corner of Broadway and Long Beach Boulevard. Entered into an ENA with Urban Growth Long Beach for the development of a hotel on the remainder of the site.
- Worked with Williams & Dame Development to prepare a development concept package and a financial pro forma for the block bordered by 3rd and 4th streets and Pine and Pacific Avenues
- The conversion of the Pine Square/Pacific Court underutilized AMC Theater space into condominiums proved to be unfeasible for the property owner. Worked with the owner to secure new retail or alternative uses for the space.

GOAL #2

Encourage open space and public art development in the Downtown in conformance with the Redevelopment Plan and the Downtown Strategy for Development

- Implement The Promenade Open Space Master Plan and public art installation on three blocks of The Promenade between Ocean Boulevard and 3rd Street.
- Redevelop the 3rd Street and Promenade site adjacent to the WPA Mosaic into open space.

ACCOMPLISHMENTS

- Demolished the mid-block of The Promenade, installed the storm drain, commenced and monitored construction of the improvements. Continued to work on conceptual plans for the north and south blocks.
- Continued to work with each of the artists selected for the three blocks to refine and implement their plans.
- Completed conceptual plans for the Promenade/3rd Street open space park area adjacent to the WPA Mosaic.

GOAL #3

Support the development of affordable housing in Long Beach.

- Transfer 20 percent of available Project Area tax increment to the Housing Development Fund.

ACCOMPLISHMENTS

- Transferred 20 percent of available increment to the Housing Development Fund.
- Monitored the construction of Lyon Realty Advisors' West Gateway project, which includes 26 affordable units.

GOAL #4

Encourage infrastructure and public improvements in conformance with the Redevelopment Plan and Downtown Strategy for Development.

- Begin construction of open space and pedestrian linkages through the West Gateway area to The Promenade and Long Beach Boulevard.

- Implement recommendations of the Downtown Parking Study.
- Implement DDA with Long Beach Transit on the redevelopment of the southeast corner of Pine Avenue and First Street with the new Long Beach Transit Visitor and Information Center.

ACCOMPLISHMENTS

- Refined conceptual plans for the open space and pedestrian linkages through the West Gateway area to The Promenade and Long Beach Boulevard.
- Enhanced directional signage to Downtown parking.
- Continued public information program on changes in Downtown parking, including working with the Downtown Long Beach Associates (DLBA) on the creation of a website to provide parking information and an online reservation system.
- Monitored the construction of Long Beach Transit's Visitor and Information Center project in accordance with the terms of their DDA.

GOAL #5

Encourage effective Project Area administration in conformance with the Redevelopment Plan and Downtown Strategy for Development.

- Participate in Downtown Visioning Master Plan, a comprehensive revision of PD30 Zoning for height and density flexibility and for mixed-use project standards.
- Participate in Pacific Avenue Visioning.
- Continue participation in General Plan update.
- Continue partnership with Downtown Long Beach Associates and Downtown businesses through contributions to marketing and economic development efforts.
- Provide staff support for the Downtown Property Based Improvement District (PBID) and the DLBA.
- Provide staff support to the Pine Avenue Task Force and the Downtown Business Advisory Committee.

ACCOMPLISHMENTS

- Participated in a strategic visioning process and presented the vision to stakeholders, Redevelopment Agency, Planning Commission and City Council.
- Participated in the General Plan update process.
- Contributed to Downtown marketing efforts.
- Attended DLBA meetings to report on Redevelopment activities.
- Participated in Pine Avenue Task Force meetings.
- Participated in Downtown Public Right-of-Way meetings.

**DOWNTOWN REDEVELOPMENT PROJECT AREA
GOALS AND WORK PLAN FOR FY 2008-2009**

- 1) **Encourage neighborhood revitalization through commercial and mixed-use development in the Downtown in conformance with the Redevelopment Plan and the Downtown Strategy for Development.**
 - Provide incentives to appropriate retailers to locate in Downtown.
 - Continue to facilitate development of the Hotel Esterel (formerly D'Orsay Hotel).
 - Implement DDA for Promenade site with Lyon Realty Advisors.
 - Implement DDA for West Gateway Project with Lyon Realty Advisors.
 - Negotiate/implement OPA with Williams & Dame Development for the block bordered by 3rd and 4th Streets and Pine and Pacific Avenues.
 - Negotiate DDA with Williams & Dame Development for the redevelopment of the block at Long Beach Boulevard and 3rd Street (Broadway Block).
 - Negotiate DDA with AloftLB, LLC for a hotel project along Long Beach Boulevard between Alta Way and Broadway.
 - Continue to work with the owner of Pine Square/Pacific Court on the conversion of underutilized AMC Theater space into condominiums.
 - Negotiate with developers for development of the southern portion of the block at 1st Street, Long Beach Boulevard and Alta Way.
 - Initiate dialog related to development of a new Civic Center/Library Master Plan in the Downtown area.
 - Continue to pursue development of sites along Ocean Blvd.

- 2) **Encourage open space and public art development in the Downtown in conformance with the Redevelopment Plan and the Downtown Strategy for Development.**
 - Implement The Promenade Open Space Master Plan and public art installation on three blocks of The Promenade between Ocean Boulevard and 3rd Street (focus on south block).
 - Implement public art on key corridors, with Ocean Boulevard as a priority.

- 3) **Encourage infrastructure and public improvements in conformance with the Redevelopment Plan and Downtown Strategy for Development.**
 - Begin construction of open space and pedestrian linkages through the West Gateway Area to The Promenade and Long Beach Boulevard.
 - Implement recommendations of the Downtown Parking Study.

- Implement DDA with Long Beach Transit on the redevelopment of the southeast corner of Pine Avenue and First Street with the new Long Beach Transit Visitor and Information Center.
 - Initiate plans to redevelop the 3rd Street and Promenade site adjacent to the WPA Mosaic into open space.
 - Initiate dialog related to a new Master Plan for the Convention Center.
 - Conduct feasibility study and investigate alternatives for improvements and additional parking spaces at CityPlace south garage.
- 4) **Support the development of affordable housing in Long Beach.**
- Transfer 20 percent of available project area tax increment to the Housing Development Fund.
- 5) **Encourage effective project area administration in conformance with Redevelopment Plan and Downtown Strategy for Development.**
- Participate in Downtown Visioning Master Plan, a comprehensive revision of PD30 Zoning for height and density flexibility and for mixed-use project standards.
 - Continue participation in General Plan update.
 - Continue partnership with Downtown Long Beach Associates (DLBA) and Downtown businesses through contributions to marketing and economic development efforts.
 - Provide staff support for the Downtown Property Based Improvement District (PBID) and the Downtown Long Beach Associates (DLBA).

**WEST BEACH REDEVELOPMENT PROJECT AREA
COMPARISON OF GOALS FOR FY 2007-2008
WITH ACCOMPLISHMENTS FOR FY 2007-2008**

GOAL #1

Continue to support development of the West Ocean commercial corridor.

- Continue to assist private sector developments in the Project Area in conformance with the Redevelopment Plan and Downtown Strategy for Development.

ACCOMPLISHMENT

- Staff has continued to assist private sector initiatives in the Project Area that conform to the Redevelopment Plan and Downtown Strategy for Development.

GOAL #2

Provide additional recreation opportunities or other infrastructure improvements to benefit the Project Area.

- Assist with infrastructure improvements that benefit the Project Area.

ACCOMPLISHMENT

- Staff has continued to provide support to the City of Long Beach in the redesign of Santa Cruz Park along Ocean Boulevard as part of the adjacent residential developments.

GOAL #3

Support the development of affordable housing in Long Beach.

- Transfer 20 percent of available Project Area tax increment to the Housing Development Fund.

ACCOMPLISHMENT

- The Housing Development Fund has received 20 percent of available increment.

GOAL #4

Administer the Project Area effectively.

- Provide staff support for the Downtown Property Based Improvement District (PBID) and the Downtown Long Beach Associates (DLBA).

ACCOMPLISHMENT

- Agency staff has continued to provide support to a variety of committees and organizations, including the DLBA and the Arts Council.

**WEST BEACH REDEVELOPMENT PROJECT AREA
GOALS AND WORK PLAN FOR FY 2008-2009**

- 1) Participate in the Golden Shore Master Plan and entitlement process.**
- 2) Continue to support development of the West Ocean commercial corridor.**
 - Continue to assist private sector developments in the Project Area in conformance with the Redevelopment Plan and Downtown Strategy for Development.
- 3) Provide additional recreation opportunities or other infrastructure improvements to benefit the project area.**
 - Assist with infrastructure improvements that benefit the project area.
- 4) Support the development of affordable housing in Long Beach.**
 - Transfer 20 percent of available project area tax increment to the Housing Development Fund.
- 5) Serve as staff support to various committees and organizations.**
 - Provide staff support for the Downtown Property Based Improvement District (PBID) and the Downtown Long Beach Associates (DLBA).

**WEST LONG BEACH INDUSTRIAL REDEVELOPMENT PROJECT AREA
COMPARISON OF GOALS FOR FY 2007 – 2008
WITH ACCOMPLISHMENTS FOR FY 2007 – 2008**

GOAL #1

Contribute to Neighborhood Revitalization

- Facilitate removal and conversion of non-conforming uses.
- Create new development opportunities.
- Ensure that adequate infrastructure is in place to support the growth of existing businesses and other future development.
- Introduce Community Code Enforcement Program.
- Address real and perceived safety by making the Westside a clean, safe and welcoming environment.
- Implement Commercial Façade Improvement Program (CFIP).
- Strengthen the industrial character of the Westside by retaining existing manufacturers and attracting new ones.

ACCOMPLISHMENTS

- Negotiated the acquisition of 1328 – 40 Canal Avenue.
- Recorded Certificate of Completion of disposition and development agreement (DDA) with Manana, LLC regarding the development at 2001 W. 14th Street.
- Executed First Amendment to the DDA with Everbright Management, LLC for the development of property at 1515 Judson Avenue.
- Executed a DDA with Glenn Dobbs for the development of a private parking lot for his properties.
- Executed a DDA with Cal-Can Holdings, LLC (also known as Redbarn Premium Pet Food Products) for the development of 2110 W. Cowles Street.
- Completed Public Works plan check process for phase one of Storm Drain and Pump Station Improvement Project.
- Renewed the CFIP allowing greater RDA contributions and brought on a roster of on-call architects, general contractors, and sign vendors.
- Completed design of 10 CFIP sites.
- Initiated the Commercial Fencing & Screening Program.
- Completed SnugTop Water Tower lighting project.
- Provided funding for the completion of Phase II of Pro-Active Code Enforcement Program.
- Provided funding for Neighborhood Services Bureau Commercial Exterior Rebates to business/property owners.

- Initiated land swap deal with 1650 Seabright Avenue to allow existing Westside businesses to expand within the Project Area.
- Initiated land swap deal with 1325 Harbor Avenue to allow existing Westside businesses to expand within the Project Area.
- Initiated land swap deal with 2144 W. 16th Street to allow existing Westside businesses to expand within the Project Area.
- Initiated the Street & Alley Solar Lighting Project to enhance public safety and promote green technology.
- Submitted a Request for Consideration of a Coastal Aquifer Variance and Basin Plan Amendment for the Westside to the Los Angeles Regional Water Quality Control Board for their Triennial Review.
- Continued implementation of the Westside Industrial Strategic Action Plan.
- Offered the Energy Solutions Business Loan Program

GOAL #2

Contribute to Corridor Revitalization

- Create a more pleasant urban environment through an attractive streetscape program.
- Facilitate removal and conversion of non-conforming property uses.
- Create new development opportunities.
- Introduce Community Code Enforcement Program.
- Implement Façade Improvement Program.

ACCOMPLISHMENTS

- Submitted Pacific Coast Highway streetscape improvement plans to Caltrans.
- Executed Purchase & Sale Agreement for 1545–1551 Santa Fe Avenue (also known as La Hacienda Night Club).
- Recorded Certificate of Completion of DDA with JCDS regarding the development at 2001 W. Anaheim Street.
- Conducted facade improvement project at 1467 Pacific Coast Highway.
- Initiated the Commercial Fencing & Screening Program.
- Completed Phase I of Pro-active Code Enforcement Program.
- Provided funding for Neighborhood Services Bureau Commercial Exterior Rebates to business/property owners.
- Initiated the Harbor Avenue Security Camera Project to enhance public safety.
- Released Request for Proposals for 1675 Santa Fe Avenue for development opportunities.
- Offered the Energy Solutions Business Loan Program.
- Continued implementation of the Westside Industrial Strategic Action Plan.

GOAL #3

Promote Open Space / Public Art Development

- Enhance the image and identity of the Westside as a prosperous industrial community through improved signage and other actions designed to change the perceptions of the area.

ACCOMPLISHMENTS

- Initiated new public art project for Bob Lee Commemorative Bus Shelter.
- Started Utility Box Art Project in conjunction with five Cabrillo High School student artists.
- Marketed Agency activities with banners and advertisements.
- Partnered with Arts Council for Long Beach regarding public art installations.

GOAL #4

Facilitate the Efficient Administration of the Project Area.

- Strengthen partnership with West Long Beach.
- Develop a comprehensive public relations, marketing and communications program to market the Westside as a dynamic industrial community.

ACCOMPLISHMENTS

- Approved West Long Beach Industrial Project Area Committee (WPAC) Administrative funding agreement for FY 2007 – 2008.
- Continue to provide staff support to the WPAC.
- Continue to provide staff support to the WPAC subcommittees.
- Promoted development sites throughout the Project Area.

WEST LONG BEACH INDUSTRIAL PROJECT AREA GOALS AND WORK PLAN FOR FY 2008-2009

1) Neighborhood Revitalization

- Facilitate the removal of non-conforming uses.
- Create new development opportunities.
- Advocate for superior building design.
 - Create Design Guidelines for Project Area
- Strengthen the industrial character of the Westside by retaining existing manufacturers and attracting new ones.
 - Economic Development Revolving Loan Program
- Maintain Pro-Active Code Enforcement Program.
 - West sub-area of Project Area
 - East sub-area of Project Area
- Address safety by making the Westside a clean, safe and welcoming environment.
- Maintain commercial façade improvement program.
- Implement the Industrial Strategic Action Plan

2) Corridor Revitalization.

- Facilitate removal and conversion of non-conforming uses.
- Address safety by making the Westside a clean, safe and welcoming environment.
- Create new development opportunities.
- Advocate for superior building design.
 - Create Design Guidelines for Project Area
- Maintain Pro-Active Code Enforcement Program.
 - Pacific Coast Highway
 - Santa Fe Avenue
 - Anaheim Street
- Maintain commercial façade improvement program.

3) Open Space / Public Art Development

- Enhance the image and identity of the Westside as a prosperous industrial community through improved signage and other actions designed to change the perceptions of the area.

- Streetscape Improvement Projects:
- Pacific Coast Highway
- Santa Fe Avenue
- Anaheim Street

4) Infrastructure/Public Improvements

- Improve infrastructure to support existing businesses.
 - Storm drain and pump station improvement project
- Create a more pleasant environment through an attractive streetscape program.
 - Pacific Coast Highway
 - Santa Fe Avenue
 - Anaheim Street
- Ensure that adequate infrastructure is in place to support future development.
 - Storm drain and pump station improvement project
 - Offsite improvements for California State University, Long Beach on Pacific Coast Highway

5) Housing

- Support the development of affordable housing in Long Beach.
 - Transfer 20 percent of project area tax increment to the Housing Development Fund.

6) Facilitate the Efficient Administration of the Project Area

- Continue to provide funding and staff support to the West Long Beach Industrial Project Area Committee.
- Develop a comprehensive public relations, marketing and communications program to market the Westside as a dynamic industrial community.

**POLY HIGH REDEVELOPMENT PROJECT AREA
COMPARISON OF GOALS FOR FY 2007-2008
WITH ACCOMPLISHMENTS FOR FY 2007-2008**

GOAL #1

Eliminate and prevent blight along the Project Area's commercial corridors.

- Acquire or provide rehabilitation assistance for commercial properties on Pacific Coast Highway.
- Explore the possibility of joint development of sites along Pacific Coast Highway with the Long Beach Unified School District.

ACCOMPLISHMENTS

- Completed design development of the Poly Gateway Open Space project and new right-turn lane at Atlantic Avenue and Pacific Coast Highway.
- Completed design development of the Poly Gateway Open Space project at Martin Luther King Jr. Boulevard and Pacific Coast Highway.

GOAL #2

Preserve the public amenities created as part of the redevelopment of the Poly High Project Area.

- Assist in the development of public infrastructure and open space development projects.

ACCOMPLISHMENTS

- Initiated the 14th Street alley reconstruction project.
- Completed design development of the Poly Gateway Open Space project and new right-turn lane at Atlantic Avenue and Pacific Coast Highway.
- Completed design development of the Poly Gateway Open Space project at Martin Luther King Jr. Boulevard and Pacific Coast Highway.
- Continued to provide funding for the development of public art.

GOAL #3

Continue to support the development of affordable housing by transferring 20% of Project Area tax increment to the Housing Development Fund.

- Provide 20 percent of Project Area tax increment for the development of affordable housing.

ACCOMPLISHMENTS

- Transferred 20 percent of Project Area tax increment to the Housing Development Fund.

**POLY HIGH REDEVELOPMENT PROJECT AREA
GOALS AND WORK PLAN FOR FY 2008-2009**

1) Contribute to corridor revitalization.

- Eliminate and prevent blight along the Project Area's commercial corridors.
 - Provide rehabilitation assistance for commercial properties along commercial corridors.
 - Explore the possibility of joint development of sites along Pacific Coast Highway with the Long Beach Unified School District.
 - Continue to support the Fence Enhancement Pilot Program with Poly High School.
 - Continue to support the Commercial Screening Program.

2) Contribute to open space and public art development.

- Support the creation and installation of public art.
- Creation of streetscape/open space improvements:
 - PCH and MLK Boulevard
 - PCH and Atlantic Avenue

3) Contribute to infrastructure and public improvements.

- Preserve the public amenities created as part of the redevelopment of the Poly High School Project Area:
 - Continue to assist in the development of public infrastructure and open space development projects.

4) Support the development of affordable housing in Long Beach.

- Continue to support the development of affordable housing by transferring 20 percent of project area tax increment to the Housing Development Fund.
 - Provide 20 percent of project area tax increment for the development of affordable housing.

**LOS ALTOS REDEVELOPMENT PROJECT AREA
COMPARISON OF GOALS FOR FY 2007-2008
WITH ACCOMPLISHMENTS FOR FY 2007-2008**

GOAL #1

Preserve the public amenities created as part of the redevelopment of the Los Altos Shopping Center.

- Maintain reserve for capital replacement.

ACCOMPLISHMENT

- Public amenities did not require expenditures for maintenance in FY07-08.

GOAL #2

Support the development of affordable housing in Long Beach.

- Transfer 20 percent of available Project Area tax increment to the Housing Development Fund.

ACCOMPLISHMENT

- Transferred 20 percent of available Project Area tax increment to the Housing Development Fund.

GOAL #3

Administer the Project Area's obligations effectively.

- Use sales tax revenue and tax increment for bond debt service, administrative expenses, public art maintenance, and repayment of the loan from the West Long Beach Industrial Project Area.

ACCOMPLISHMENT

- All of the Project Area's obligations were met.

**LOS ALTOS REDEVELOPMENT PROJECT AREA
GOALS AND WORK PLAN FOR FY 2008-2009**

- 1) Support the development of affordable housing in Long Beach.**
 - Transfer 20 percent of available project area tax increment to the Housing Development Fund.

- 2) Administer the Project Area's obligations effectively.**
 - Use sales tax revenue and tax increment for bond debt service, administrative expenses, public art maintenance, and repayment of the loan from the West Long Beach Industrial Project Area.

 - Maintain reserve for capital replacement to preserve the public amenities created as part of the redevelopment of the Los Altos Shopping Center.

**CENTRAL LONG BEACH REDEVELOPMENT PROJECT AREA
COMPARISON OF GOALS FOR FY 2007-2008
WITH ACCOMPLISHMENTS FOR FY 2007-2008**

GOAL #1

Contribute to Neighborhood Revitalization.

- Encourage human-scale, pedestrian-oriented developments.
- Encourage neighborhood identity initiatives.
- Support the preservation and enhancement of historic districts and structures.
- Support the development of market-rate housing developments.
 - Shoreline Gateway
 - West Gateway
 - Willmore City
 - Atlantic Avenue and Willow Street
- Develop programs for enhancing and rehabilitating existing housing stock.
- Continue to facilitate and encourage homeownership opportunities.
- Develop initiatives to reduce density in overcrowded neighborhoods.

ACCOMPLISHMENTS

- Supported the implementation strategies for the eight targeted Neighborhood Centers for concentrated redevelopment activities as identified in the Central Long Beach Strategic Guide for Development.
- Completed entitlements of a 35-story mixed-use development on Ocean Boulevard and Alamitos Avenue.
- Acquired 532-558 Willow Street as part of the land assembly for the Phase III development of Atlantic Avenue and Willow Street.
- Oversaw construction of a 65-unit affordable senior housing development on Atlantic Avenue at Vernon Street.
- Entered into an Exclusive Negotiating Agreement for the development of a Ronald McDonald House at Atlantic Avenue and Vernon Street.
- Furthered the entitlement of a 351 residential units and 42,000 square feet of ground floor retail in a mixed-used project at the southwest corner of Long Beach Boulevard and Anaheim Street.
- Entered into an Exclusive Negotiating Agreement for the development of live/work units at 825-837 E. 7th Street.
- Initiated efforts for the development of the Orizaba Design District.
- Incorporated the recommendations identified in the Central Design Guidelines into new construction projects to encourage pedestrian-oriented development within the Project Area.

- Completed site acquisition of 612 Sunrise Boulevard to provide a gateway entrance to the Sunrise Historic District.
- Facilitated owner-occupancy of four historic homes that were moved to the Willmore Historic District pursuant to the Willmore District Implementation Plan by releasing an RFP and selecting four homeowner/developers to work towards entry into Exclusive Negotiating Agreements.
- Initiated negotiations with the Garage Theatre for participation in the East Village Artist Loan Program.
- Leveraged Project Area funds with local, state and federal funds to support projects and initiatives.
- Provided funding to support code enforcement activities within the Wrigley and Hellmann neighborhoods.
- Completed historic rehabilitation of a historic home moved to 419 Daisy Avenue.

GOAL #2

Contribute to Corridor Revitalization.

- Continue redevelopment efforts along commercial corridors including transit-oriented developments.
- Initiate the Commercial Façade Improvement Program along target corridors.
 - West Willow Street
 - East Anaheim Street
 - West Anaheim Street
 - Pacific Avenue
- Facilitate the development of the Pacific Avenue and Pacific Coast Highway Node.
- Initiate the disposition and development of the Walnut Avenue and Anaheim Street Development Site.
- Complete construction of the Anaheim Street and Atlantic Avenue Development Site.
- Support the implementation of St. Mary and Memorial Hospital's master plans.
- Complete construction of exterior improvements to the Big Saver Center at Willow Street and Caspian Avenue.
- Initiate a Fence Enhancement Pilot Program with Long Beach Unified School District.
 - Burnett Elementary
 - Washington Elementary
 - Poly High
- Support the recruitment, retention and expansion of Project Area businesses.
- Support and encourage business assistance programs that focus on Central Long Beach businesses.
- Provide funding for economic development activities in Central Long Beach.

ACCOMPLISHMENTS

- Completed the Alamitos Corridor Street Enhancement Plan that identifies opportunity sites for streetscape improvements.
- Entered into an Exclusive Negotiating Agreement with the State of California for the development of a regional courthouse.
- Supported the long-range strategic planning study of Long Beach Boulevard.
- Continued facilitating façade improvements through the Commercial Façade Improvement Program.
- Continued center remodel to a commercial center at Willow Street and Caspian Avenue.
- Provided financial assistance to the City's Economic Development Bureau for business retention and attraction activities.
- Provided financial assistance to the City's Neighborhood Code Enforcement Program for effective code compliance monitoring and graffiti removal services in the Project Area.
- Commenced development of a Downtown Community Plan and Environmental Impact Report that will guide development in the downtown area.
- Supported the expansion of Long Beach Memorial Medical Center and Miller Children's Hospital at Long Beach Memorial.
- Provided funding for peer design review of non-Agency residential projects in the predevelopment phase.
- Assisted in the entitlement of a commercial development project at Atlantic Avenue and Anaheim Street.
- Assisted in the development of business recruitment and retention initiatives throughout the Project Area.
- Entered into an agreement with Long Beach City College to acquire blighted properties to allow for the expansion of the campus.
- Acquired a blighted liquor store at Martin Luther King Jr. Boulevard and Pacific Coast Highway to allow for the development of a new commercial development.
- Continued Wrigley Village Streetscape Improvements on Pacific Avenue between Pacific Coast Highway and Willow Street.
- Acquired a blighted motel at 1837 Pacific Avenue to allow for a new commercial development at Pacific Avenue and Pacific Coast Highway.
- Completed land assembly and site clearance of a blighted recycling center at 101 E. Pacific Coast Highway and 1814 Pine Avenue.

GOAL #3

Contribute to Open Space and Public Art Development.

- Facilitate the development of the Orizaba Park Expansion Project.
- Facilitate the development of the 15th Street and Alamitos Avenue Open Space.
- Facilitate the development and expansion of Chittick Field.
- Facilitate the development of the California Recreation Senior Center.
- Facilitate the development at the PE Right-of-Way-Bike Trail Project.

ACCOMPLISHMENTS

- Completed acquisition and site clearance of four targeted blighted properties to allow for the expansion of Orizaba Park.
- Completed the schematic design development for the expansion of Orizaba Park.
- Completed the design development for Rosa Parks Park at 15th and Alamitos Avenue.
- Entered into a lease agreement with the Los Angeles County Metropolitan Transportation Authority and completed design development for the Downtown Dog Park at Pacific Avenue and 9th Street.
- Assisted in the development of the conceptual design for the PE Right of Way Bike Trail Project.
- Provided funding to support land assembly for the expansion and development of open space and recreational opportunities at Drake Park.
- Provided funding to complete land assembly and the schematic design for the development of Seaside Park.
- Facilitate the development of the Homeland Cultural Center Improvement Project at MacArthur Park.
- Partnered with Cal State Long Beach graduate studies department for the design development of a large-scale public art project at Ocean Boulevard and Alamitos Avenue.
- Commissioned and installed temporary art throughout the Project Area's vacant lots and storefronts.
- Continue to partner with the Arts Council for Long Beach in implementing new public art.
- Selected artists through a Request for Qualifications for public artists in collaboration with the Arts Council for Long Beach for two sites in the Project Area.

GOAL #4

Contribute to Infrastructure and Public Improvements.

- Begin construction of the Magnolia Industrial Group Street Reconstruction Project - Phase I.
- Complete the construction of the Martin Luther King Median Islands.

- Initiate the development of the Burnett Library Expansion Plan.
- Begin pedestrian-oriented streetscape improvements within pedestrian-oriented retail districts:
 - East Village
 - Wrigley Village

ACCOMPLISHMENTS

- Completed the lighting plan for the installation of pedestrian streetlights in the East Village Arts District.
- Assisted in the design development of the First Street street reconstruction project.
- Completed the construction of Martin Luther King Jr. Boulevard Median Islands.
- Facilitated design for Phase I improvements to the Magnolia Industrial Area along Oregon Avenue between Anaheim Street and Pacific Coast Highway.
- Continued development of the Phase II Wrigley Village Streetscape Improvements on Pacific Avenue at 19th Street.

GOAL #5

Facilitate the efficient administration of the Project Area.

- Implement the Strategic Guide for Development for the Central Study Area.
- Implement the Willmore District Implementation Plan.
- Implement the Central Long Beach Design Guidelines.
- Continue to provide staff support to the Central Project Area Committee.
- Continue to provide staff support to the East Village Steering Committee and East Village Association.
- Continue to liaison with the Arts Council for Long Beach.

ACCOMPLISHMENTS

- Provided staff support to various committees and organizations.
 - Central Project Area Committee
 - East Village Steering Committee
 - Arts Council for Long Beach
- Supported the implementation strategies for the eight targeted Neighborhood Centers for concentrated redevelopment activities as identified in the Central Long Beach Strategic Guide for Development.
- Continued to apply the recommendations identified in the Central Design Guidelines to all new projects in the Project Area.
- Continue to partner with the Arts Council for Long Beach in implementing new public art.
- Continued support of events and organizations throughout the Project Area.

GOAL #6

Support the development of affordable housing in Long Beach.

- Transfer 20 percent of available Project Area tax increment to the Housing Development Fund.
- Continue to identify future opportunities for affordable housing within the Housing Action Plan target areas.
- Assist in site assembly to support affordable housing developments.
- Support the implementation of the goals identified in the Housing Action Plan.
- Support opportunities to incorporate affordable housing in residential or mixed-use developments.

ACCOMPLISHMENTS

- Provided 20 percent of the available Project Area tax increment to the Housing Development Fund.
- Facilitated construction of the Long Beach Senior Housing development that will provide 65 apartment units for very-low income seniors.
- Assisted in the design development of a workforce housing project located at 2000-2200 Atlantic Avenue.
- Assisted in the design development of a mixed-income housing project located at 1235 Long Beach Boulevard.
- Assisted in the implementation of the Housing Action Plan.

**CENTRAL LONG BEACH REDEVELOPMENT PROJECT AREA
GOALS AND WORK PLAN FOR FY 2008-2009**

1) Contribute to neighborhood revitalization.

- Encourage human-scale, pedestrian-oriented developments as well as neighborhood identity and streetscape improvement initiatives:
 - East Village
 - Wrigley Village
- Support the preservation and enhancement of the Willmore City Historic District with the rehabilitation of four vintage homes.
- Support the development of market-rate housing/mixed-use developments:
 - Shoreline Gateway
 - West Gateway
 - Willmore City
 - Atlantic Avenue and Willow Street
- Develop programs for enhancing and rehabilitating existing housing stock.
- Continue to facilitate and encourage homeownership opportunities.
- Develop initiatives to reduce density in overcrowded neighborhoods.
- Complete construction of the Long Beach Senior Housing Development.
- Development of the Willow Street and Atlantic Avenue Developable Site.
- Development of a Ronald McDonald House.
- Support Neighborhood Code Enforcement.

2) Contribute to corridor revitalization.

- Continue redevelopment efforts along commercial corridors including transit-oriented developments.
- Initiate the Commercial Façade Improvement Program along target corridors.
 - West Willow Street
 - East Anaheim Street
 - West Anaheim Street
 - Pacific Avenue
 - Pacific Coast Highway
- Facilitate the development of the Pacific Avenue and Pacific Coast Highway Node.
- Initiate the disposition and development of the Walnut Avenue and Anaheim Street Developable Site.

- Complete disposition and development agreements of developable property along commercial corridors:
 - Pine Avenue and PCH
 - East Anaheim Street and Lime Avenue
- Complete construction of the Anaheim Street and Atlantic Avenue Development Site.
- Continue to support the Commercial Screening Program.
- Support the implementation of St. Mary and Memorial Hospital's master plans.
- Continue to support the Fence Enhancement Pilot Program with Long Beach Unified School District.
 - Burnett Elementary
 - Washington Elementary
- Support the recruitment, retention and expansion of Project Area businesses through financial assistance to Economic Development.
- Support and encourage business assistance programs that focus on Central Long Beach businesses.

3) Contribute to open space and public art development.

- Begin construction of the Orizaba Park Expansion Project.
- Facilitate the development of Rosa Parks Park 15th Street and Alamitos Avenue Development.
- Facilitate the development of Craftsman Park Project.
- Facilitate the development and expansion of Drake/Chavez/Bhatti Park.
- Facilitate the development and expansion of California Recreation Senior Center.
- Facilitate the development and expansion at P E Right of Way Bike Trail.
- Facilitate the development and expansion of Seaside Park.
- Support the creation and installation of public art.

4) Contribute to infrastructure and public improvements.

- Complete Phase I construction of the Magnolia Industrial Group Street Reconstruction Project.
- Maintain the enhancements to the Martin Luther King Median Islands.
- Initiate the development of the Burnett Library Expansion Plan.

- Begin construction of the pedestrian oriented streetscape improvements within pedestrian oriented retail districts:
 - East Village
 - Wrigley Village

5) Support the development of affordable housing in Long Beach.

- Transfer 20 percent of available project area tax increment to the Housing Development Fund.
- Continue to identify future opportunities for affordable housing within the Housing Action Plan target areas.
- Assist in site assembly to support affordable housing developments.
- Support the implementation of the goals identified in the Housing Action Plan.
- Support opportunities to incorporate affordable housing in residential or mixed-use developments.

6) Facilitate the efficient administration of the Project Area.

- Implement the Strategic Guide for Development for the Central Project Area.
- Implement the Willmore District Implementation Plan.
- Implement the Central Long Beach Design Guidelines.
- Continue to provide staff support to the Central Project Area Committee.
- Continue to provide staff support to the East Village Steering Committee and East Village Association.
- Continue to liaison with the Arts Council of Long Beach.

**NORTH REDEVELOPMENT PROJECT AREA
COMPARISON OF GOALS FOR FY 2007 – 2008
WITH ACCOMPLISHMENTS FOR FY 2007 – 2008**

GOAL #1

Contribute towards neighborhood revitalization.

- Continue Neighborhood Enhancement Area program.
- Continue Multi-Family Improvement program.
- Continue Pro-active Code Enforcement program.
- Add work force housing.
- Add home ownership opportunities.
- Add senior housing near public transportation corridors.
- Implement one-way street couplet in Dairy Neighborhood.

ACCOMPLISHMENTS

- Provided funding to complete the following Neighborhood Enhancement Areas: Hamilton, California/Cherry, McKinley, Ramona and Del Amo.
- Provided funding to start the following Neighborhood Enhancement Areas: Coolidge, Jordan, Grant, Dairy, Sutter and Jane Adams.
- Analyzed the feasibility of initiating a Multi-Family Improvement program.
- Continued a Pro-active Code Enforcement program on all the major commercial corridors in North Long Beach.
- Executed an Exclusive Negotiating Agreement (ENA) with Golden Pacific Partners for the development of housing at 5060-5090 Long Beach Boulevard.
- Initiated the acquisition negotiations for 5100–5110 Long Beach Boulevard to expand the housing project at 5060–5090 Long Beach Boulevard.
- Identified Agency owned vacant lot at 306 Home Street for ACE Program.
- Facilitated the presentation of affordable senior housing at 3290 Artesia Boulevard.
- Continued the design of one-way street couplet in Dairy Neighborhood.

GOAL #2

Contribute towards corridor revitalization.

- Revitalize existing commercial/retail sites.
- Develop new commercial/retail sites.
- Add median and/or streetscape improvements.
- Add public facilities.
- Continue commercial façade renovations.

- Add public parking.
- Implement decorative fencing program.
- Continue business incentive program.
- Preserve buildings with historical or architectural significance.

ACCOMPLISHMENTS

- Completed working with existing property owner to facilitate redevelopment of the former Home Base site into a new Target Department Store.
- Initiated contract for exterior and public improvements for Long Beach BMW.
- Acquired 5301 Long Beach Boulevard for the expansion of El Ranchito Restaurant parking lot.
- Cleared blighted motel sites on 4800 block of Long Beach Boulevard.
- Approved Stage III design and completed first round of plan check for Marshall's Department Store development for the Bixby Knolls Shopping Center.
- Completed the City's conceptual site plan review, and Technical Advisory Committee. Initiated the CEQA Environmental Impact Report for the North Village Center development.
- Initiated ENA negotiations with development team regarding the Atlantic and Artesia site.
- Extended Cooperative Agreement with California State University, Long Beach (CSULB) for the development of the remaining development site at Technology Park.
- Initiated acquisition negotiations for 5738–5740 Atlantic Avenue.
- Acquired the following properties for future development:
 - 5369–5373 Long Beach Boulevard
 - 5941 Atlantic Avenue
 - 5616–5618 Atlantic Avenue
 - 5708–5710 Atlantic Avenue
 - 5936 Atlantic Avenue
 - 5948 Atlantic Avenue
 - 4321 Atlantic Avenue for future retail development
 - 5927 Atlantic Avenue
 - 5368 Long Beach Boulevard
- Continued construction of new medians on Atlantic Avenue in front of Jordan High School.
- Initiated designs for Del Amo Boulevard median improvement project Long Beach Boulevard to Cherry Avenue.
- Initiated designs for Atlantic Avenue median improvement project from Del Amo Boulevard to 56th Street.
- Initiated construction bid process for Long Beach Boulevard median improvement project from Bort Street to Victoria Street.

- Initiated designs for Atlantic Avenue median improvement project from Aloha Street to Poppy Street.
- Initiated designs for Artesia Boulevard median improvement project from Atlantic Avenue to Obispo Street.
- Advanced Fire Station 12 by obtained Planning Commission and City Council 2008 or 2009 approvals.
- Worked with the North Project Area Committee (NPAC) to identify new façade improvement on commercial corridors: Artesia Boulevard; Long Beach Boulevard from Del Amo Boulevard to 53rd Street; Santa Fe Avenue from Pacific Coast Highway to Hill Street; and various sites in the Bixby Knolls Business Improvement Area.
- Continued to negotiate façade renovation contracts with Virginia Village businesses.
- Conducted façade improvement at 6350–6380 Long Beach Boulevard.
- Initiated six commercial façade improvement projects.
- Completed design and first round of plan check for North Village public parking lot at southeast corner of South Street and Linden Avenue.
- Acquired 5640 Atlantic Avenue for the expansion of the planned North Village public parking lot at 5640–5648 Atlantic Avenue, and reconfigured parking lot to maximize spaces.
- Acquired 5400 and 5412 Long Beach Boulevard for the expansion of the planned Virginia Village Public Parking lot at the northeast corner of Long Beach Boulevard and Market Street.
- Initiated fourteen decorative fencing improvement projects.
- Funded Bixby Knolls Improvement Association beautification and promotions agreement.
- Supported the preservation of 620–638 E. South Street.

GOAL #3

Contribute towards open space/public art development.

- Continue development of additional open/park space.
- Continue development of public art.

ACCOMPLISHMENTS

- Provided funding for the completion of new teen center at Admiral Kidd Park.
- Provided funding for the design and construction drawings for Scherer Park.
- Provided funding for the conceptual designs for Houghton Park Community Center.
- Acquired 4951 Oregon Avenue for future park development.
- Initiated contracts for CEQA and landfill closure plan for the expansion of Pops Davenport Park.

- Supported neighborhood efforts to create beauty and pride through funding Neighborhood Partners Program grants and funding neighborhood murals, including the North Village Center mural.
- Continued to support NPAC by providing utility box art.
- Continued to support the NPAC with the installation of street pole banners.
- Continued to fund and work with Arts Council for Long Beach.

GOAL #4

Contribute towards infrastructure/public improvements.

- Add infrastructure improvements including reconstructing major streets, collector streets, local streets, curbs, gutters, alleys, sidewalks and other public works.

ACCOMPLISHMENTS

- Completed installation of new traffic control signals on Atlantic Avenue at the intersection of Cartagena Street and Marshall Street.
- Completed street improvement project on Long Beach Boulevard from Wardlow Road to San Antonio Drive.
- Completed street improvement project with new medians on Long Beach Boulevard from San Antonio Drive to Del Amo Boulevard.
- Initiated contract for Atlantic Avenue street work from Bixby Road. to San Antonio Drive and from 52nd Street to South Street.
- Completed installation of fencing at Orizaba Tunnel Mural Site.

GOAL #5

Facilitate efficient administration of the Project Area.

- Implement North Long Beach Strategic Guide for Redevelopment.
- Implement North Long Beach Street Enhancement Plan.
- Facilitate General Plan and Zoning Ordinance changes to implement Strategic Guide.
- Continue business attraction/retention in North Long Beach.
- Create job opportunities for residents of North Long Beach.
- Implement North Long Beach Design Guidelines.
- Identify sites for redevelopment consistent with the Strategic Guide.
- Provide support to the North Project Area Committee.

ACCOMPLISHMENTS

- Continued to work with Planning and Building Bureaus towards revising the General Plan and Zoning Ordinance for consistency with the North Long Beach Strategic Guide for Redevelopment.
- Continued design of streetscape improvements for Virginia Village.
- Continued construction contracts to repave or reconstruct 26 streets and Areas C, D and E.
- Continued to support Economic Development Bureau's business incentive programs.
- Continued implementation of the North Long Beach Design Guidelines.
- Identified southwest corner of Atlantic Avenue and 52nd Street as a potential development site. Initiated acquisition negotiations with various property owners at that site.
- Continued implementation of the Bixby Knolls Design Guidelines.
- Continue to provide staff support to the NPAC.
- Continue to provide staff support to the NPAC subcommittees.

**NORTH LONG BEACH REDEVELOPMENT PROJECT AREA
GOALS AND WORK PLAN FOR FY 2008-2009**

1) Contribute towards neighborhood revitalization.

- Continue Neighborhood Enhancement Area program
 - Sutter School & Coolidge Triangle
 - Jane Addams & Grant School
 - Dairy Avenue & Jordan High School
 - Lindbergh School & Bret Harte
 - DeForest Park & Cal-Cherry
- Continue Multi-Family Improvement program
- Continue Pro-active Code Enforcement program
- Create new home ownership opportunities with a focus on public transportation corridors
 - Waite Motel Site
 - Long Beach Boulevard Motels Site
- Address neighborhood traffic issues
 - One-Way Couplet Phase I

2) Contribute towards corridor revitalization.

- Revitalize existing commercial/retail sites
 - Bixby Knolls – General
 - Bixby Knolls Shopping Center
 - North Village Center
 - Virginia Village
- Develop new commercial/retail sites
 - North Village Center
 - NEC Atlantic Avenue and Artesia Boulevard
- Add median and/or streetscape improvements
 - Del Amo Boulevard
 - Atlantic Avenue and Southern Gateway
 - Artesia Boulevard
- Continue commercial façade program
- Add public parking
 - North Village Center
 - Virginia Village
 - Bixby Knolls
- Continue commercial fencing program

3) Contribute towards open space/public art development.

- Continue development of additional open/park space
 - Scherer Park facility improvements
 - Houghton Park facility improvements
 - Davenport Expansion
 - Del Amo West Gateway
- Continue development of public art

4) Contribute towards infrastructure/public improvements.

- Continue streetscape improvements
- Continue median improvements
- Fire Station 12
- North Village Library

5) Facilitate efficient administration of the Project Area.

- Implement North Long Beach Strategic Guide for Redevelopment
- Implement North Long Beach Street Enhancement Plan
- Facilitate General Plan and Zoning Ordinance changes to implement Strategic Guide
- Facilitate business attraction/retention in North Long Beach
- Create job opportunities for residents of North Long Beach
- Implement North Long Beach Design Guidelines
- Identify sites for redevelopment consistent with the Strategic Guide
- Provide support to the North Project Area Committee