

**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, 2011**



# Redevelopment Agency of the City of Long Beach

*A Component Financial Reporting Unit of the City of Long Beach, California*

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## MEMBERS OF THE REDEVELOPMENT AGENCY BOARD

	Term Expires
John W. Thomas, Chair	June 2015
Diane L. Arnold, Vice Chair	June 2015
John L. Cross	June 2015
Julie F. Heggeness	June 2014
Teer L. Strickland	June 2012
Vivian M. Tobias	June 2009*

## MANAGEMENT

Amy J. Bodek, Executive Director

Robert M. Zur Schmiede, Assistant Executive Director

*\* Is serving an expired term. Has not been reappointed since 6/30/09.*

# Redevelopment Agency of the City of Long Beach

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*A Component Financial Reporting Unit of the City of Long Beach, California*



**Building A Better Long Beach**



KPMG LLP  
Suite 700  
20 Pacifica  
Irvine, CA 92618-3391

## Independent Auditor's 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 governmental activities and each major fund of the Redevelopment Agency of the City of Long Beach (the Agency), a component 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, 2011, which collectively comprise the Agency's combined financial statements as listed in the table of contents. These financial statements are the responsibility of the Agency's and City'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, 2011, 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 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, 2011, and the respective changes in financial position for the year then ended, on the basis of accounting described in note 1.

As discussed in note 2 to the basic financial statements, the Agency adopted Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Application of this statement was effective as of October 1, 2010.

As described in note 19 to the combined financial statements, on June 29, 2011, the California State Legislature enacted legislation that was intended to provide for the dissolution of redevelopment agencies in the State of California (Assembly Bill 1X26) unless certain payments were made to the State of California (Assembly Bill 1X27). On December 29, 2011, the California Supreme Court upheld the passage of Assembly Bill 1X26 but overturned Assembly Bill 1X27. Accordingly, the Agency ceased to exist on February 1, 2012 and the guidelines for dissolution are set forth in the legislation. The accompanying combined financial statements do not include any adjustments as a result of the dissolution of the Agency.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2012 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 of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 5 through 12 are not a required part of the basic financial statements but are 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 of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose 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 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 were prepared using the basis of accounting described in note 1 and have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic 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 basic financial statements, and accordingly, we express no opinion on them.

KPMG LLP

August 22, 2012



# 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

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, 2011. 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.

### OVERVIEW OF THE COMBINED FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Agency's combined financial statements, which have 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 *combined statement of net assets* presents information on all of the Agency's assets and liabilities, with the difference reported as net assets. 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 *combined 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 combined statement for some items that will only result in cash flows for future fiscal periods. This combined statement shows the extent to which the various functions depend on general taxes and non-program revenues for support.

The Agency reports all of its financial transactions as governmental activities. Specific activities 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 to its legislative body an annual audit of the financial statements of the agency. Section 33334.3 of the Code requires that 20 percent of tax increment revenue be set-aside to increase, improve and preserve the supply of low- and moderate-income housing within the Agency's territorial jurisdiction. The Agency has also included in the accompanying combined financial statements the Low- and Moderate-Income Housing Fund, which is recorded with the City of Long Beach.

The government-wide financial statements can be found on pages 13 and 14 of this report.

#### 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.

# Redevelopment Agency of the City of Long Beach

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*A Component Financial Reporting Unit of the City of Long Beach, California*

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Governmental Funds

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 near-term financing requirements.

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 combined 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: capital projects and debt service. Information for these two funds is presented separately in the governmental fund balance sheet and in the governmental fund combined statement of revenues, expenditures, and changes in fund balance. The governmental funds financial statements can be found on pages 15 and 17 of this report.

The Agency adopts an annual appropriated budget for all governmental funds. A budgetary comparison statement has been provided for governmental funds to demonstrate compliance with this budget. These statements are included in the supplementary section of this report, beginning on page 58.

### 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. The notes to combined financial statements can be found beginning on page 19 of this report.

### 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. The supplementary section of this report begins on page 46.

# 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

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Agency presents its combined financial statements in accordance with Governmental Accounting Standards Board (GASB) guidance. The focus of the analysis is on the current fiscal year's net assets and changes in net assets.

	Summary of Net Assets (In Thousands)			
	Governmental Activities			
	2011	2010	Increase (Decrease)	
			Amount	Percentage
<b>Assets</b>				
Current and other assets	\$ 285,968	\$ 478,193	\$ (192,225)	(40.2)
Capital assets	32,019	22,060	9,959	45.2
Total assets	<u>317,987</u>	<u>500,253</u>	<u>(182,266)</u>	<u>(36.4)</u>
<b>Liabilities</b>				
Current and other liabilities	126,725	128,732	(2,007)	(1.6)
Noncurrent liabilities	363,933	526,941	(163,008)	(30.9)
Total liabilities	<u>490,658</u>	<u>655,673</u>	<u>(165,015)</u>	<u>(25.2)</u>
<b>Net Assets</b>				
Invested in capital assets	28,276	14,003	14,273	101.9
Restricted net assets	180,407	140,202	40,205	28.7
Unrestricted net assets	(381,354)	(309,625)	(71,729)	23.2
Total net assets	<u>\$ (172,671)</u>	<u>\$ (155,420)</u>	<u>\$ (17,251)</u>	<u>11.1</u>

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the Agency, at September 30, 2011, liabilities exceeded assets by \$172.7 million.

Of the total net assets, \$28.3 million represents the Agency's investment in capital assets, less any outstanding debt used to acquire these assets. The Agency uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Agency's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves are generally not used to liquidate these liabilities. The \$14.3 million increase in invested in capital assets, net of related debt, is attributable primarily to the capitalization of \$10 million construction work in progress (see Note 6 – Capital Assets, on page 32.). The remaining \$4.3 million increase results from the elimination of a City loan used to finance certain capital assets. For more information on this matter, see Note 19 – Subsequent Events on pages 43 and 44.

Restricted net assets represent \$180.4 million of the Agency's total net assets. This component of net assets represents external restrictions imposed by creditors and grantors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

There are several factors contributing to the Agency's \$381.4 million deficit in unrestricted net assets. The Agency issues bonds or incurs long-term debt to finance a substantial portion of its redevelopment activities. These activities include land acquisition, housing, public parking on future development sites,

# 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

commercial and retail projects, economic 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, thereby stimulating private investment and increased property values that generate additional tax increment to service the Agency's debt and finance additional projects. Payments associated with these obligations are an important factor contributing to the deficit in unrestricted net assets.

The \$192.2 million decrease in the Agency's current and other assets is primarily attributable \$157.0 million loss on transfers of land held for resale to the City, and \$23.0 million write down of advances and loans to the City. The primary factor contributing to the \$163 million decrease in total liabilities is primarily due to a \$148 million write down of loans payable to the City. The write down, or elimination, of loans and advances between the Agency and the City are discussed in Note 19 – Subsequent Events, on pages 43 and 44.

	Changes in Net Assets (In Thousands)			
	Governmental Activities			
	2011	2010	Change	
		Amount	Percentage	
<b>Revenues</b>				
Program revenues:				
Operating grants and contributions	\$ 1,131	\$ 762	\$ 369	48.4
Charges for services	2,784	2,161	623	28.8
General revenues:				
Property tax increment	77,470	83,610	(6,140)	(7.3)
Investment income	2,379	1,770	609	34.4
Transfers from the City	120,223	-	120,223	100.0
Other	7,372	2,794	4,578	163.9
Total revenues	<u>211,359</u>	<u>91,097</u>	<u>115,684</u>	<u>132.0</u>
<b>Expenses</b>				
Program expenses:				
General government	362	379	(17)	(4.5)
Community and cultural	27,697	81,038	(53,341)	(65.8)
Interest on long-term debt	22,451	18,234	4,217	23.1
Land Transfers	156,950	488	156,462	32,061.9
Capital assets contributed to the City	21,150	424	20,726	4,888.2
Transfers to the City	-	6,127	(6,127)	(100.0)
Total expenses	<u>228,610</u>	<u>106,690</u>	<u>121,920</u>	<u>114.3</u>
Change in net asset	(17,251)	(15,169)	(2,082)	13.7
Net Assets, October 1	<u>(155,420)</u>	<u>(140,251)</u>	<u>(15,169)</u>	<u>10.8</u>
Net Assets, September 30	<u>\$ (172,671)</u>	<u>\$ (155,420)</u>	<u>\$ (17,251)</u>	<u>11.1</u>

# Redevelopment Agency of the City of Long Beach

*A Component Financial Reporting Unit of the City of Long Beach, California*

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental activities decreased the Agency's net assets by \$17.3 million during fiscal year 2011. Key elements of the change in net assets are as follows:

- Operating grants and contributions increased \$369,000, or 48.4 percent, mostly due to federal interest subsidies received on the Build America and Recovery Zone Economic Development Bonds issued by the Agency in fiscal year 2010.
- Reimbursement from the City of Signal Hill for the Cherry Avenue widening project is the primary cause of the \$623,000, or 28.8 percent, increase in charges for services.
- Property tax increment revenue decreased \$6.1 million or 7.3 percent. This was mostly due to decreases in assessed property values in the various project areas, property tax appeals, and Los Angeles County Assessor adjustments for prior years' taxes.
- Interest income increased \$609,000, or 34.4 percent, primarily from earnings on 2010 Build America and Recovery Zone Economic Development Bond proceeds.
- The \$120.2 million increase in transfers from the City is attributable to the elimination of loans between the Agency and the City. The loans were eliminated in accordance with Assembly Bill 26 (AB26), which dissolved redevelopment agencies in the State.
- Other income increased \$4.6 million or 163.9 percent. The increase is primarily attributable to transfers from the Low- and Moderate Income Housing Fund.
- General government expense decreased by \$17,000, or 4.5 percent. This is attributable to reduced administrative costs.
- Community and cultural expenses decreased \$53.3 million, or 65.8 percent. The Agency made a \$29.5 million State Supplemental Educational Revenue Augmentation (SERAF) payment in fiscal year 2010, whereas the current fiscal year's payment was \$6 million.
- Interest on long-term debt increased \$4.2 million, or 23.1 percent, due in part to increased interest payments related to the issuance of \$33.0 million in new bonds during fiscal year 2010.
- Land transfers increased \$156.5 million. The Agency conveyed \$157 million land held for resale to the City at no cost, resulting in a loss equal to the carrying value of the assets. The transfers were made to the City to facilitate the implementation of projects.
- The \$20.7 increase in capital assets contributed to the City represents additional redevelopment projects that were completed during the year and subsequently transferred to the City.
- The Agency did not transfer funds to the City during the current fiscal year, resulting in a \$6.1 million, or 100 percent, decrease in transfers.

# 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

### FINANCIAL ANALYSIS OF GOVERNMENTAL ACTIVITIES

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

#### 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.

The fund financial statements distinguish between those fund balances that are *spendable* and those that are *nonspendable*. The nonspendable fund balance cannot be spent because it is not in spendable form. This includes those fund balances associated with inventory and prepaid expenditures. At September 30, 2011, the Agency's nonspendable fund balance was \$1.6 million.

At September 30, 2011, the Agency's spendable fund balance was \$169.5 million. All of the Agency's spendable fund balances are restricted for affordable housing, redevelopment activities, or for debt service.

The Agency's fund balances decreased by \$192.4 million, or about 52.9 percent from the prior fiscal year. Significant transactions contributing to the decrease are \$157 million transfer of land held for resale to the City, and a \$23 million write down of loans receivable from the City.

#### Capital Projects Fund

The Capital Projects Fund is used to account for redevelopment expenditures with the use of such funding sources as tax increment, bond proceeds, federal grants, and project area program income. The fund balance at September 30, 2011 amounted to \$60.7 million, which is a decrease of \$143 million or 70.2 percent from the prior fiscal year. The decrease is attributable to conveyance of land held for resale to the City at no cost, resulting in a loss equal to the carrying value of the assets.

Only a small portion, \$1.6 million or 2.6 percent, of the Capital Projects fund balance is nonspendable. This amount relates to prepaid expenditures.

#### Debt Service Fund

The Debt Service Fund is used to record debt-related activity such as debt service payments, investment activity for bond reserves held with fiscal agents, and other costs related to the Agency's long-term debt. In addition, the Debt Service Fund receives tax increment revenue for repayment of indebtedness related to the project areas.

At the end of the fiscal year, the Debt Service Fund reported a fund balance of \$110.4 million, which is a decrease of \$49.2 million or 30.8 percent from the prior fiscal year. This is primarily attributable to a current year decrease in proceeds from the issuance of long-term debt. All of the fund balance is restricted by California Redevelopment Law or by debt covenants imposed by creditors.

# Redevelopment Agency of the City of Long Beach

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

### CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets of governmental funds are capitalized at the government-wide level and not at the fund level. Differences between the fund and government-wide statement reporting for these governmental assets will be explained in both the reconciliation and the accompanying notes to the financial statements. The Agency's capital assets increased by \$10 million during the current fiscal year. The increase is primarily attributable to net increase in construction in progress. Construction in progress (CIP) records construction work on capital assets that are not yet completed. Once completed, CIP items are reclassified and the capitalized assets are depreciated. Information about the Agency's capital assets can be found in the accompanying notes to the financial statements (see Note 6 – Capital Assets on page 32).

Agency's Long-Term Liabilities (In Thousands)		2011	2010
Tax allocation bonds		\$ 336,467	\$ 346,581
Notes payable		4,259	3,841
Advances from the City of Long Beach		-	148,248
Advances from Low- and Moderate-Income Housing Fund		34,278	38,454
Total		<u>\$ 375,004</u>	<u>\$ 537,124</u>

At September 30, 2011, the Agency's long-term liabilities totaled \$375 million. Of this amount, \$336.5 represent tax allocation bonds which are secured by tax increment revenue. The remainder of the Agency's debt represents notes payable as well as advances from the Low- and Moderate Income Housing Fund. Additional information on the long-term liabilities can be found in the accompanying notes to the financial statements (see Note 7 – Advances on page 33, Note 8 – Long-term Obligations on page 34, Note 9– Bonds Payable on page 35, and Note 10 – Notes and Interest Payable on page 36).

Time limits related to debt for each project area are summarized in the following table:

Project Area	Date Adopted	Time Limit for Incurring Indebtedness	Termination Date	Time Limit for Repayment of Indebtedness
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

# Redevelopment Agency of the City of Long Beach

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*A Component Financial Reporting Unit of the City of Long Beach, California*

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **OTHER SIGNIFICANT MATTERS**

#### **Redevelopment Law Changes and Court Decision**

On June 29, 2011, the Governor signed into law AB1X 26 and AB1X 27, which respectively dissolved redevelopment agencies statewide and allowed them to elect to continue to operate upon payment of a defined sum. Pursuant to AB1X 26, the Agency ceased creating new or extending existing obligations. The City also elected to pay the fee necessary for the Agency to continue its activities. Following the State Supreme Court's injunction in August, the Agency maintained its course of financial status quo.

On December 29, 2011, the Supreme Court upheld AB1X 26 and nullified AB1X 27. As of February 1, 2012, the Agency has ceased to exist. The City Council elected the City to be the Successor Agency and staff is working to discharge the obligations of the former Redevelopment Agency and comply with the provisions of AB1X 26. The Successor Agency will work with its Oversight Board to honor the former Redevelopment Agency's obligations.

The State's dissolution of redevelopment agencies has interrupted the redevelopment of the City's most blighted areas and taken away its best economic development tool. The revitalization of these areas has been significantly delayed.

### **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, 6<sup>th</sup> Floor  
Long Beach, California 90802



## COMBINED FINANCIAL STATEMENTS



**Building A Better Long Beach**

# 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, 2011 (In Thousands)

	Governmental Activities		
	Governmental Activities	Low- and Moderate-Income Housing Fund	Total
<b>ASSETS</b>			
Current assets:			
Pooled cash and investments	\$ 81,809	\$ 37,549	\$ 119,358
Nonpooled cash and investments	30,683	19	30,702
Short-term investments (nonperforming)	110	84	194
Interest receivable	86	-	86
Taxes receivable	92,769	-	92,769
Accounts and loans receivables	499	3	502
Due from other governments	176	-	176
Due from the Redevelopment Agency	-	220	220
Land held for resale	33,148	496	33,644
Noncurrent assets:			
Nonpooled investments	41,005	-	41,005
Advances to the City of Long Beach	-	808	808
Advances to Housing Development Company	-	2,421	2,421
Advances to the Redevelopment Agency	-	34,058	34,058
Other noncurrent receivables	4,095	51,631	55,726
Other assets	1,588	-	1,588
Capital assets:			
Land and other assets not being depreciated	31,727	1,101	32,828
Buildings, improvements, and equipment, net of accumulated depreciation	292	1,037	1,329
Total assets	<u>317,987</u>	<u>129,427</u>	<u>447,414</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts and vouchers payable	16,762	3,761	20,523
Accrued wages and other benefits	72	41	113
Accrued claims and judgments	210	-	210
Accrued interest payable	5,263	567	5,830
Due to the City of Long Beach	30	17	47
Due to the Low- and Moderate-Income Housing Fund	220	-	220
Deferred revenue, credits, and other payable	93,317	11	93,328
Bonds payable within one year	10,705	-	10,705
Other long-term obligations-current	146	12	158
Noncurrent liabilities:			
Advances from Low- and Moderate-Income Housing Fund	34,058	-	34,058
Bonds payable	325,762	-	325,762
Other long-term obligations	4,113	1,015	5,128
Total liabilities	<u>490,658</u>	<u>5,424</u>	<u>496,082</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	28,276	1,123	29,399
Restricted for:			
Debt service	147,259	-	147,259
Capital/Housing projects	-	122,962	122,962
Land held for resale	33,148	496	33,644
Unrestricted	(381,354)	(578)	(381,932)
Total net assets	<u>\$ (172,671)</u>	<u>\$ 124,003</u>	<u>\$ (48,668)</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, 2011**  
(In Thousands)

Functions/Programs	Governmental Activities					Total
	Expenses	Program Revenues		Net (Expense) and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities Total	Low- and Moderate-Income Housing Fund	
Primary Government:						
General government	\$ 362	\$ -	\$ -	\$ (362)	\$ -	\$ (362)
Community and cultural	27,697	2,784	1,131	(23,782)	-	(23,782)
Interest on long-term debt	22,451	-	-	(22,451)	-	(22,451)
Total governmental activities	<u>50,510</u>	<u>2,784</u>	<u>1,131</u>	<u>(46,595)</u>	<u>-</u>	<u>(46,595)</u>
Low- and moderate-income housing fund	\$ 4,386	\$ 305	\$ -	\$ -	\$ (4,081)	\$ (4,081)
General revenues:						
Taxes:						
Property tax increment				77,470	19,369	96,839
Other				3,820	-	3,820
Investment income				2,379	284	2,663
Gain on sale of land held for resale				240	-	240
Capital assets transferred to the City				(21,150)	-	(21,150)
Loss on disposal of land held for resale					(255)	(255)
Land transfers				(156,950)	365	(156,585)
Transfers from/(to) from Low- and Moderate-Income Housing Fund				3,312	-	3,312
Transfers from/(to) from the Redevelopment Agency				-	(3,312)	(3,312)
Transfers from/(to) the City				120,223		120,223
Total general revenues and transfers				<u>29,344</u>	<u>16,451</u>	<u>45,795</u>
Change in net assets				(17,251)	12,370	(4,881)
Net assets – October 1				(155,420)	111,633	(43,787)
Net assets – September 30				<u>\$ (172,671)</u>	<u>\$ 124,003</u>	<u>\$ (48,668)</u>

# 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, 2011 (In Thousands)

	Capital Projects Funds	Debt Service Funds	Sub-Total	Low- and Moderate-Income Housing Fund	Total
<b>ASSETS</b>					
Pooled cash and investments	\$ 36,474	\$ 45,335	\$ 81,809	\$ 37,549	\$ 119,358
Nonpooled cash and cash equivalents	-	30,683	30,683	19	30,702
Short-term investments nonperforming	110	-	110	84	194
Interest receivable on investments	-	86	86	-	86
Taxes receivable	-	92,769	92,769	-	92,769
Accounts and loans receivable	58	441	499	3	502
Nonpooled investments	-	41,005	41,005	-	41,005
Advances to Housing Development Co.	-	-	-	2,421	2,421
Advances to the City of Long Beach	-	-	-	808	808
Advances to Redevelopment Agency	-	-	-	34,278	34,278
Land held for resale	33,148	-	33,148	496	33,644
Other assets	1,588	-	1,588	-	1,588
Long-term receivables	4,095	-	4,095	51,631	55,726
<b>TOTAL ASSETS</b>	<b>\$ 75,473</b>	<b>\$ 210,319</b>	<b>\$ 285,792</b>	<b>\$ 127,289</b>	<b>\$ 413,081</b>
<b>LIABILITIES</b>					
Vouchers payable	\$ 3,008	\$ 15	\$ 3,023	\$ 135	\$ 3,158
Accounts payable	6,795	6,944	13,739	3,626	17,365
Accrued wages payable	72	-	72	41	113
Accrued claims and judgments	10	200	210	-	210
Collections held in trust	208	-	208	11	219
Deferred revenue	4,479	92,725	97,204	51,631	148,835
Due to other funds	250	-	250	17	267
<b>TOTAL LIABILITIES</b>	<b>14,822</b>	<b>99,884</b>	<b>114,706</b>	<b>55,461</b>	<b>170,167</b>
<b>FUND BALANCE</b>					
Nonspendable					
Prepaid expenditures	1,588	-	1,588	-	1,588
Restricted:					
Future projects	25,915	62,075	87,990	34,045	122,035
Advances	-	-	-	37,287	37,287
Land held for resale	33,148	-	33,148	496	33,644
Debt service	-	48,360	48,360	-	48,360
<b>TOTAL FUND BALANCE</b>	<b>60,651</b>	<b>110,435</b>	<b>171,086</b>	<b>71,828</b>	<b>242,914</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 75,473</b>	<b>\$ 210,319</b>	<b>\$ 285,792</b>	<b>\$ 127,289</b>	<b>\$ 413,081</b>

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 Combined Statement of Net Assets  
September 30, 2011  
(In Thousands)**

	Capital Projects/Debt Service Funds	Low- and Moderate-Income Housing Fund
Amounts reported for governmental activities in the statement of net assets (deficit) are different because:		
Total governmental fund balance	\$ 171,086	\$ 71,828
Capital assets used in the governmental activities are not financial resources and, therefore, are not reported in the funds. (Note 6)	32,019	2,138
Advances due from/to the primary government are considered to be an external activity that is reported only in the government-wide financial statements. (Note 7)	(34,058)	-
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. (Note 16)	4,095	51,631
Governmental long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Liability amount has been reduced by interest receivables for federal subsidy on Build America bonds. (Note 4)	(345,813)	(1,594)
Net assets of governmental activities	\$ (172,671)	\$ 124,003

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, 2011 (In Thousands)

	Capital Projects Funds	Debt Service Funds	Sub-Total	Low- and Moderate-Income Housing Fund	Total
<b>REVENUES</b>					
Property tax increment	\$ -	\$ 77,470	\$ 77,470	\$ 19,369	\$ 96,839
Transient occupancy tax	-	3,820	3,820	-	3,820
Interest income	47	2,332	2,379	274	2,653
Rental income	993	-	993	107	1,100
Gain on sale of land held for resale	240	-	240	-	240
Other income	1,746	1,008	2,754	10,195	12,949
<b>TOTAL REVENUES</b>	<b>3,026</b>	<b>84,630</b>	<b>87,656</b>	<b>29,945</b>	<b>117,601</b>
<b>EXPENDITURES</b>					
Administrative costs	9,919	1,665	11,584	2,658	14,242
Professional services	503	38	541	215	756
Planning, survey, and design	2,374	-	2,374	-	2,374
Acquisition expense	183	-	183	5	188
Operation of acquired property	1,142	-	1,142	164	1,306
Relocation costs	22	-	22	12	34
Relocation payments	1,075	-	1,075	-	1,075
Disposition costs	5,932	-	5,932	-	5,932
Project improvement/construction costs	18,200	-	18,200	317	18,517
Disposal costs	2	-	2	-	2
Property and other taxes	-	-	-	21	21
Interdepartmental charges	-	-	-	771	771
Rehabilitation grants and loans	1,495	-	1,495	20,106	21,601
Furniture, fixtures, and equipment	67	-	67	-	67
Pass-through charges	297	18,482	18,779	-	18,779
Loss on sale of land held for resale	-	-	-	255	255
Debt service payments:					
Bonds and notes payable – principal	-	10,183	10,183	-	10,183
City/County advances and loans – principal	4,180	-	4,180	-	4,180
Interest	2,972	19,743	22,715	-	22,715
Fiscal agent fees	-	23	23	-	23
<b>TOTAL EXPENDITURES</b>	<b>48,363</b>	<b>50,134</b>	<b>98,497</b>	<b>24,524</b>	<b>123,021</b>
Excess (deficiency) of revenues over (under) expenditures	(45,337)	34,496	(10,841)	5,421	(5,420)
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from issuance of long-term debt	3,821	-	3,821	-	3,821
Land transfers, net	(156,950)	-	(156,950)	365	(156,585)
Transfers to Capital Projects from Debt Service	56,221	(56,221)	-	-	-
Transfers (to) from Low- and Moderate-Income Housing Fund	(21)	3,333	3,312	-	3,312
Transfers (to) from Redevelopment Agency	-	-	-	(3,312)	(3,312)
Transfers from the City	7,411	1,833	9,244	-	9,244
Transfers to the City	(8,375)	(32,633)	(41,008)	-	(41,008)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(97,893)</b>	<b>(83,688)</b>	<b>(181,581)</b>	<b>(2,947)</b>	<b>(184,528)</b>
Net change in fund balances	(143,230)	(49,192)	(192,422)	2,474	(189,948)
Fund Balance – October 1	203,881	159,627	363,508	69,354	432,862
<b>FUND BALANCE – SEPTEMBER 30</b>	<b>\$ 60,651</b>	<b>\$ 110,435</b>	<b>\$ 171,086</b>	<b>\$ 71,828</b>	<b>\$ 242,914</b>

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 Combined Statement of Activities  
Year Ended September 30, 2011  
(In Thousands)**

	Capital Projects/Debt Service Funds	Low- and Moderate-Income Housing Fund
Amounts reported for governmental activities in the combined statement of activities are different because:		
Excess of revenue and other sources over expenditures and other uses – total	\$ (192,422)	\$ 2,474
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost associated with the acquisition of those assets is allocated over their estimated useful life and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period. (Note 6)	9,959	(66)
The Agency records the elimination of long-term debt only in government-wide financial statements. This is the amount of the long-term advances written off in accordance with AB26.	152,643	-
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 combined statement of net assets, and therefore, the corresponding net expense is not reported on the combined statement of activities.	2,744	9,980
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 combined statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (Note 4)	9,886	-
Some expenses reported in the combined statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (Note 4)	(61)	(18)
Change in net assets in governmental activities.	\$ (17,251)	\$ 12,370

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



## NOTES TO COMBINED FINANCIAL STATEMENTS



**Building A Better Long Beach**

# 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

### NOTE 1 – 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 comprising 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 (GASB) 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 prepare an annual audit of the combined 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 statement the Low- and Moderate-Income Housing Fund 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 significant differences in accounting practices include the presentation of the Low- and Moderate-Income Housing Fund in the financial statements. The funds included in the Low- and Moderate-Income Housing Fund columns presented in these combined financial statements are recorded within the City of Long Beach and the Long Beach Housing Development Company pursuant to Agreement No. 20130 and are not maintained by the Agency. 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.

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.

# 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

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.

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Accounting and Measurement Focus and Financial Statement Presentation**

The government-wide financial statements (i.e., the combined statement of net assets and the combined 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 combined 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 combined 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, noncurrent 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. Combined 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.

#### **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, as amounts can be withdrawn from the pool on demand and without penalty. The City Treasurer makes investment decisions 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, 2011.

# 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

### Long-Term Receivables

In the government-wide combined 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 resources available to spend 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 combined financial statements, long-term debt and other liabilities are reported as liabilities in the statement of net assets. Initial-issue bond premiums and discounts, as well as issuance costs, as a policy, are amortized using the straight-line interest 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. 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 – 5 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

# 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

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, portions of fund equity of governmental funds have been classified in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This new standard has substantially changed the categories and terminology used to describe the components of fund balance. The Statement requires that fund balance for governmental funds be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

GASB Statement No. 54 distinguishes between those fund balances that are *spendable* and those that are *nonspendable*. Nonspendable amounts are those that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The Agency reports fund balance associated with working capital advances, advances to other agencies, and prepaid items and deposits as nonspendable because they are not in spendable form. The remaining fund balance is considered to be spendable.

All of the Agency's spendable fund balance is restricted by Community Redevelopment Law as codified in the State of California Health and Safety Code or by debt covenants imposed by creditors.

### 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 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 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. The Agency recognizes property tax receivable when levied and defers the portion that is neither intended nor available to finance current year expenditures. The deferred related to property tax revenues as of September 30, 2011 totaled \$92.8 million.

### Budgetary Principles

The Agency is required to adopt an annual budget on or before September 30 for the ensuing fiscal year for all funds. The legal level of the budgetary control is at the fund. During the fiscal year, the Board may amend its adopted budget by motion and subsequent approval by the City Council. The Agency's

# 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

executive director may transfer appropriations from one program, activity, or object to another within the same fund type. Budget information is presented on the budgetary basis of accounting for both the original and final amended budget.

### **Accounting for Encumbrances**

Encumbrances outstanding at year-end are not reported as expenditures. For budgetary purposes, the Agency records an encumbrance as a charge against appropriations in the accounting period in which a purchase order is issued, rather than in the accounting period when goods or services are received as required by GAAP.

### **Implementation of New Accounting Pronouncements**

The following summarizes implemented GASB pronouncements and their impact, if any, on the financial statements:

In March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). GASB 54 is intended to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. GASB 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB 54 also provides guidance for classifying stabilization amounts on the face of the balance sheet and requires disclosure of certain information about stabilization arrangements in the notes to the financial statements. Application of GASB 54 was effective for the Agency's fiscal year ending September 30, 2011 and its implementation has had an impact on the presentation of financial information as well as the classification of certain funds.

In June 2010, GASB issued Statement No. 59, *Financial Instruments Omnibus*. The Statement is intended to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The requirements of this Statement will improve financial reporting by providing more complete information, by improving consistency of measurements, and by providing clarifications of existing standards. Application of this Statement was effective for the Agency's fiscal year ending September 30, 2011 and did not materially impact the Agency's Financial Statements.

### **Personnel**

The Agency utilizes the services of City employees 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.

# 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

### NOTE 3 – CASH AND INVESTMENTS

The Agency pools its cash and investments with other City funds maintained by the City Treasurer. The Agency’s individual cash deposits and investments within this pool are not specifically segregated. Interest income earned on pooled cash and investments is allocated monthly to the various pool participants based on their average daily cash balances.

As a component financial reporting unit of the City, the Agency is authorized to invest in obligations issued or guaranteed by the federal government and its agencies and instrumentalities, high quality commercial paper and medium term corporate notes rated by Standard and Poor’s Corporation or Moody’s, 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 investment management companies. The City’s bank deposits are either covered by federal insurance or collateralized in accordance with the California Government Code. Pooled cash and investment detail is included in the City’s Consolidated Annual Financial Report (CAFR).

#### 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, 2005 Series A, B, and C, and 2010 Series A and B issuance. These funds are accounted for in the Debt Service Fund and amounted to \$ 61.7 million at September 30, 2011. Moneys 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, 2011 are classified in the Agency’s combined financial statements as follows (in thousands):

	Capital Projects and Debt Service Funds	Low- and Moderate- Income Housing Fund
Combined statement of net assets:		
Pooled cash and investments	\$ 81,809	\$ 37,549
Nonpooled cash, cash equivalents, and investments held by bond trustee	61,688	19
Time Certificate of Deposit	10,000	-
Total cash and investments	<u>\$ 153,497</u>	<u>\$ 37,568</u>

#### 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 Agency, rather than the general provision of the California Government Code or the City’s investment policy.



# 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

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 *	None	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

Provisions of the debt agreements govern investment of debt proceeds held by bond trustees.

### 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 short-term and long-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 interest rate risk of the City's investments, which include the amount the Agency has invested with the City as of September 30, 2011 (in thousands):

# 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

Investment Type	Fair Value	Weighted Average Maturity (in years)
Cash and Investments in City Pool:		
Interdepartment Loan (Health SAVRS)	\$ 2,111	7.564
U.S. Treasury Notes	224,058	1.020
Federal Agency Securities	1,199,476	1.090
Money Market Account	704	0.003
Local Agency Investment Fund (LAIF)	150,096	0.003
Subtotal City Pool	1,576,445	
Cash and Deposits	192,012	
Outstanding Checks	(14,303)	
Total City Pool	\$ 1,754,154	
Nonperforming Short-Term Investment	\$ 3,962	
Cash and Investments Held by Bond Trustee:		
Guaranteed Investment Contracts	\$ 44,249	26.15
Money Market Funds	69,009	-
U.S. Treasury Notes	58,144	1.66
Federal agency securities	47,340	2.40
Time Certificate of Deposit	10,000	1.00
Short-term Commercial Paper	3,165	0.75
City Bonds	2,164	9.68
Total Held by Bond Trustees	\$ 234,071	

The Agency pooled cash and investments amount of \$81.8 million is 4.5 percent of the City's pooled cash and investments of \$1.8 billion. The Low- and Moderate Income Housing Fund \$37.6 million pooled cash and investments is 2.1 percent of the City's pooled cash and investments.

The Agency's nonpooled cash and investments of \$71.7 million consist of bond proceeds with the trustee and a certificate of deposit for the North Long Beach Project Area.

Agency Nonpooled Investment Type		Weighted Average Maturity (in years)
Money Market Funds	\$ 30,136	-
Guaranteed Investment Contracts	13,108	22.75
U.S. Treasury Notes	13,066	1.00
Federal Agency Securities	5,378	1.00
Time Certificate of Deposit	10,000	1.00
Total Held by Bond Trustee	\$ 71,688	

# 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

### Investments with Fair Values Highly Sensitive to Interest Rate Risk

The City had no investments with values that were highly sensitive to interest rate risk as of September 30, 2011. Highly sensitive investments are investments whose sensitivity to market interest rate fluctuations are not fully addressed by the 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.

The City may invest 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 or 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. The minimum rating requirements for commercial paper, asset-backed securities, and medium term notes is an A rating. Mortgage-backed security issuers must have a minimum AAA rating. State warrants, state treasury notes, or bonds of the State are to be rated at a minimum of A1 / Sp-1 for short-term investments and Aa/AA for long-term investments. Presented on following table 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				
		Total	Not Required to Be Rated	AAA	AA+	Unrated
Cash and Investments in City Pool						
Interdepartmental Loan (Health SAVRS)	N/A	\$ 2,111	\$ 2,111	\$ -	\$ -	\$ -
U.S. Treasury Notes	N/A	224,058	224,058	-	-	-
Federal agency securities	N/A	1,199,476	-	-	1,199,476	-
Money Market Account	N/A	704	-	704	-	-
Local Agency Investment Fund (LAIF)	N/A	150,096	-	-	-	150,096
Subtotal City Pool		1,576,445	226,169	704	1,199,476	150,096
Cash and Deposits		192,012	192,012	-	-	-
Outstanding Checks		(14,303)	(14,303)	-	-	-
Total City Pool		\$ 1,754,154	\$ 403,878	\$ 704	\$ 1,199,476	\$ 150,096
Nonperforming Short-Term Investments	N/A	\$ 3,962	\$ -	\$ -	\$ -	\$ 3,962

# 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

Agency Nonpooled Investment Type	Rating as of Year-End					
	Minimum Legal Rating	Total	Not Required To Be Rated	AAA	AA+	Unrated
Money Market Funds	N/A	\$ 30,136	30,136	-	-	-
Guaranteed Investment Contracts	N/A	13,107	13,107	-	-	-
U.S. Treasury Notes	N/A	13,067	-	6,786	-	6,281
Federal Agency Securities	N/A	5,378	-	-	5,377	-
Time Certificate of Deposit	N/A	10,000	10,000	-	-	-
Total held by Bond Trustees		<u>\$ 71,688</u>	<u>53,243</u>	<u>6,786</u>	<u>5,377</u>	<u>6,281</u>

### 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	Amount
Federal Farm Credit Bank	Federal agency securities	\$ 241,381
Federal Home Loan Bank	Federal agency securities	365,100
Federal Home Loan Corporation	Federal agency securities	292,853
Federal National Mortgage Association	Federal agency securities	300,142
U.S. Treasury	U.S. Treasury notes and bonds	224,058
LAIF	State pool investment	150,096

### 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 government units by pledging securities in an undivided collateral pool held by a depository regulated under the 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 the 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.

As of September 30, 2011, the City reported deposits of \$192.0 million less \$14.3 million for checks outstanding.

# 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

### 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 pro rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized-cost basis. 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.

### Nonpooled Restricted Cash and Investments

Nonpooled restricted cash and investments stated at fair value, in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, including accrued interest thereon, consisted of the following at September 30, (in thousands):

	Cash with		
	Fiscal Agents	Investments	Total
<u>Tax Allocation Bonds:</u>			
1992 Multiple Series:			
West Long Beach Industrial Project	\$ 15	\$ 2,592	\$ 2,607
Downtown Project -Series A	32	5,753	5,785
2002 Multiple Series:			
2002A Poly High Project	1	109	110
2002A West Beach Project	4	769	773
2002B West Long Beach Industrial Project	550	-	550
2002A Downtown Project	20	2,377	2,397
2002A North Long Beach Project	163	3,288	3,451
2005 Multiple Series:			
2005A-2 Poly High Project	-	108	108
2005A-1 Los Altos Project	-	408	408
2005A-1 Central Long Beach Project	15	1,864	1,879
2005B Central Long Beach Project	127	2,145	2,272
2005A-1 North Long Beach Project	1,466	3,228	4,694
2005B North Long Beach Project	8	1,695	1,703
2005B Housing Fund	18,842	4,054	22,896
2005C West Beach	-	15	15
2005C Downtown Project	41	-	41
2010 Multiple Series:			
2010A North Long Beach Project	7,387	1,753	9,140
2010B North Long Beach Project	2,012	847	2,859
North Long Beach Project	-	10,000	10,000
Total	\$ 30,683	\$ 41,005	\$ 71,688

# 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

### NOTE 4 – RECONCILIATION OF GOVERNMENT-WIDE AND GOVERNMENTAL FUND FINANCIAL STATEMENTS

#### Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Combined 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 combined statement of net assets. One element of that reconciliation explains, “Governmental long-term liabilities are not due and payable in the current period and, therefore, not reported in the funds.” Details of the differences are as follows (in thousands):

	Capital Projects/Debt Service Funds	Low- and Moderate- Income Housing Fund
Bonds Payable	\$ 337,557	\$ -
Less: Deferred charge for issuance costs (to be amortized over life of debt)	(6,208)	-
Unamortized loss on defeasance	(1,925)	-
Issuance discount, net (to be amortized as an addition to interest expense)	(522)	-
Interest receivable for federal subsidy on bonds	(176)	-
Plus: Issuance premium, net (to be amortized as a reduction of interest expense)	7,565	-
Notes payable	4,259	1,015
Environmental remediation	-	12
Accrued interest payable	5,263	567
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets (deficit) – governmental activities	<u>\$ 345,813</u>	<u>\$ 1,594</u>

#### Explanation of Certain Differences between the Governmental Fund Combined Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-wide Combined 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 combined statement of activities. Details of the difference are as follows (in thousands):

	Capital Projects/Debt Service Funds
Debt issued or incurred	
Issuance of notes, certificates of participation commercial paper, and other long-term obligations	\$ 297
Principal payments	
Tax Allocation Bonds obligation debt	(10,183)
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (9,886)</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

Some expenses reported in the combined statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Details of the differences are as follows (in thousands):

	Capital Projects/Debt Service Funds	Low- and Moderate- Income Housing Fund
Accrued interest	\$ 8	\$ (18)
Amortization of premium	454	-
Amortization of discount	(22)	-
Amortization of issuance cost	(399)	-
Amortization of loss on defeasance	(102)	-
Net adjustment	<u>\$ (61)</u>	<u>\$ (18)</u>

### NOTE 5 – RECEIVABLES

The following receivables are expected to be collected within one year. There are no allowances for uncollectible accounts. Current receivables at September 30, 2011 are as follows (in thousands):

	Capital Projects/Debt Service Funds	Low- and Moderate- Income Housing Fund
Interest	\$ 86	\$ -
Property taxes	92,769	-
Accounts and loans receivable	499	3
Total	<u>\$ 93,354</u>	<u>\$ 3</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

### NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2011 is as follows (in thousands):

Capital Project / Debt Service activities	Balance at October 1, 2010	Increase	Decrease	Balance at September 30, 2011
Capital assets, not being depreciated:				
Land	\$ 13,598	\$ -	\$ -	\$ 13,598
Construction In Progress	8,120	31,159	(21,150)	18,129
Total capital assets not being depreciated	<u>21,718</u>	<u>31,159</u>	<u>(21,150)</u>	<u>31,727</u>
Capital assets, being depreciated:				
Machinery and equipment	491	-	-	491
Total capital assets being depreciated	<u>491</u>	<u>-</u>	<u>-</u>	<u>491</u>
Less accumulated depreciation for:				
Machinery and equipment	(149)	(50)	-	(199)
Total accumulated depreciation	<u>(149)</u>	<u>(50)</u>	<u>-</u>	<u>(199)</u>
Total capital assets being depreciated, net	<u>342</u>	<u>(50)</u>	<u>-</u>	<u>292</u>
Redevelopment Agency, governmental activities capital assets, net	<u>\$ 22,060</u>	<u>\$ 31,109</u>	<u>\$ (21,150)</u>	<u>\$ 32,019</u>

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

Community and cultural/housing:	
Community development	<u>\$ (50)</u>

Low- and Moderate-Income Housing activities:	Balance at October 1, 2010	Increase	Decrease	Balance at September 30, 2011
Capital assets, not being depreciated:				
Land	\$ 1,101	\$ -	\$ -	\$ 1,101
Total capital assets not being depreciated	<u>1,101</u>	<u>-</u>	<u>-</u>	<u>1,101</u>
Capital assets, being depreciated:				
Building	695	-	-	695
Improvements other than buildings	1,053	-	-	1,053
Total capital assets being depreciated	<u>1,748</u>	<u>-</u>	<u>-</u>	<u>1,748</u>
Less accumulated depreciation for:				
Building	(148)	(21)	-	(169)
Improvements other than buildings	(497)	(45)	-	(542)
Total accumulated depreciation	<u>(645)</u>	<u>(66)</u>	<u>-</u>	<u>(711)</u>
Total capital assets being depreciated, net	<u>1,103</u>	<u>(66)</u>	<u>-</u>	<u>1,037</u>
Low- and Moderate-Income Housing Fund, Governmental activities capital assets, net	<u>\$ 2,204</u>	<u>\$ (66)</u>	<u>\$ -</u>	<u>\$ 2,138</u>

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

Community and cultural/housing:	
Community development	<u>\$ (66)</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

### NOTE 7 – ADVANCES

The composition of payables and receivables to the City as of September 30, 2011 is (in thousands):

#### Redevelopment Agency

Due to the City of Long Beach	
Internal Service Fund	\$ 30
Total due to the City of Long Beach	<u>\$ 30</u>
Due to the Low- and Moderate Income Housing Fund	
Promissory Note	\$ 220
Total Due to the Low- and Moderate Income Housing Fund	<u>\$ 220</u>
Advances from the Low- and Moderate Income Housing Fund	
20% Tax increment set-aside	\$ 33,083
Project Costs	975
Total advances from Low- and Moderate Income Housing Fund	<u>\$ 34,058</u>

#### Low- and Moderate-Income Housing Fund

Due to the City of Long Beach	
Internal Service Fund	\$ 17
Total due to the City of Long Beach	<u>\$ 17</u>
Advances to the City of Long Beach	
Housing Development Fund	\$ 808
Housing Development Company	2,421
Total advances to the Housing Development Fund	<u>\$ 3,229</u>
Due from the Redevelopment Agency	
Promissory Note	\$ 220
Total due from the Redevelopment Agency	<u>\$ 220</u>
Advances to the Redevelopment Agency	
20% Tax increment set-aside	\$ 33,083
Project Costs	975
Total advances to the Redevelopment Agency	<u>\$ 34,058</u>

#### Due to the City of Long Beach

The Agency recorded \$30,000 payable to the City's Internal Service at fiscal year end for overhead costs related to wages and salaries. In the prior fiscal year, the Agency executed a promissory note in favor of the Long Beach Housing Development Company in exchange for land in the Central Project area. The \$220,000 balance on the note will be paid in fiscal year 2012.

#### Advances from the City of Long Beach

Advances from the Low- and Moderate Income Housing Fund in the amount of \$975,000 are for costs related to property acquisition and residential construction in the Central Long Beach Project Area. Prior year deferrals of 20 percent tax increment set-aside payments amounted to \$33.1 million at September 30, 2011. This amount is shown as offsetting components of the combined statement of net assets, "Advances from Low- and Moderate-Income Housing Fund" and "Advances to the Redevelopment Agency".

# 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

### Low- and Moderate-Income Housing Fund

As discussed above, the Agency has deferred payment of 20 percent tax increment set-aside to the Low- and Moderate-Income Housing Fund. The balance of the deferrals at September 30, 2011 is \$33.1 million. The balance outstanding on advances to the City's Housing Development Company for repayment of a note to the California Housing Finance Agency is \$2.4 million. The balance outstanding on advances to the Housing Development Fund is \$808,000.

### NOTE 8 – LONG-TERM OBLIGATIONS

Long-term debt activity for the year ended September 30, 2011 was as follows (in thousands):

	Balance at October 1, 2010	Additions	Reductions	Balance at September 30, 2011	Due within one year
Capital Project/Debt Service Fund					
Bonds payable:					
Tax allocation bonds:	\$ 347,740	\$ -	\$ (10,183)	\$ 337,557	\$ 10,705
Add (less) deferred amounts:					
Premium	8,019	-	(454)	7,565	-
Discount	(544)	-	22	(522)	-
Issuance costs	(6,607)	-	399	(6,208)	-
Loss on defeasance	(2,027)	-	102	(1,925)	-
Total bonds payable	346,581	-	(10,114)	336,467	10,705
Notes payable	3,841	418	-	4,259	146
Advances from the City of Long Beach	148,248	-	(148,248)	-	-
Advances from Low- and Moderate-Income Housing Fund	38,454	4	(4,180)	34,278	220
Long-term liabilities	\$ 537,124	\$ 422	\$ (162,542)	\$ 375,004	\$ 11,071
Low- and Moderate Income Housing Fund					
Notes payable	1,015	-	-	1,015	-
Environmental Remediation	23	-	(11)	12	12
Long-term liabilities	1,038	-	(11)	1,027	12

### Pledged Revenue

The Agency has pledged a portion of future tax increment revenues to repay tax allocation bonds issued in between 1992 and 2010. 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. As of September 30, 2011, tax increment revenues were projected to produce 408.2 percent of the debt service requirements over the life of the bonds. As of September 30, 2011, total principal and interest requirement for the bonds is \$594.2 million (\$337.5 million for principal and \$256.7 million for interest), payable semiannually through 2040. For the current year, principal and interest paid and tax increment revenues received, respectively, were \$29.9 million and \$77.5 million.

# 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

### NOTE 9 – BONDS PAYABLE

Bonded indebtedness at September 30, 2011 consisted of the following (in thousands):

	Date Issued	Final Maturity	Semi-Annual Interest Rates	Authorized and Issued	Outstanding Balance September 30, 2011
<u>Tax Allocation Bonds:</u>					
1992 Multiple Series:					
Downtown Project – Series A	12/01/92	11/01/22	2.90% – 6.00%	\$ 81,020	\$ 24,285
West Long Beach Industrial Project	12/01/92	11/01/22	2.90% – 6.00%	36,470	10,935
2002 Multiple Series:					
2002A Poly High Project	06/25/02	08/01/12	4.809%	1,710	206
2002A West Beach Project	06/25/02	08/01/18	5.152%	8,895	4,794
2002B West Long Beach Industrial Project	12/05/02	11/01/24	2.00% – 5.50%	21,860	19,025
2002A Downtown Project	06/25/02	08/01/24	5.04% – 5.25%	26,820	13,561
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	7,304
2005A-1 Los Altos Project	03/02/05	08/01/20	2.20% – 4.00%	4,685	3,050
2005A-1 Central Long Beach Project	03/02/05	08/01/40	3.52% – 5.34%	22,690	20,938
2005A-1 North Long Beach Project	03/02/05	08/01/35	3.52% – 5.16%	39,000	34,858
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	31,597
2005B North Long Beach Project	03/02/05	08/01/35	3.52% – 5.16%	25,080	22,417
2005B Housing Fund	03/02/05	08/01/40	3.52% – 5.44%	55,665	51,400
2005C Downtown Project	02/01/06	08/01/24	3.25% – 5.50%	7,900	7,640
2005C North Long Beach Project	02/01/06	08/01/31	3.70% – 5.50%	27,145	27,145
2010A North Long Beach Project	05/12/10	08/01/40	7.903% – 8.36%	22,235	22,235
2010B North Long Beach Project	05/12/10	08/01/25	2.386% – 7.903%	10,745	10,155
Total Bonds Payable				<u>\$ 495,767</u>	<u>\$ 337,557</u>

### Annual Payments

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

Fiscal Year	Principal	Interest	Total Debt Service
2012	\$ 10,705	\$ 18,072	\$ 28,777
2013	11,452	17,615	29,067
2014	12,000	17,053	29,053
2015	12,583	16,453	29,036
2016	13,197	15,829	29,026
2017 – 2021	74,488	69,321	143,809
2022 – 2026	71,883	48,189	120,072
2027 – 2031	52,274	31,936	84,210
2032 – 2036	46,875	17,313	64,188
2037 – 2041	32,100	4,878	36,978
Totals	<u>\$ 337,557</u>	<u>\$ 256,659</u>	<u>\$ 594,216</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

### NOTE 10 – NOTES AND INTEREST PAYABLE

At September 30, 2011, the Agency had the following notes payable (in thousands):

	Date Issued	Final Maturity	Interest Rate	Originally Issued	Outstanding at September 30, 2011
<b>Capital Project/Debt Service Fund</b>					
Los Angeles County	1/21/1992	12/10/2036	3.75%	\$ 4,113	\$ 4,113
Cal-Can Holdings, LLC	9/29/2009	9/29/2012	None	146	146
				<u>\$ 4,259</u>	<u>\$ 4,259</u>
<b>Low- and Moderate-Income Housing Fund</b>					
State of California	1/23/1992	1/23/2022	3.00%	\$ 1,015	\$ 1,015

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

Capital Projects and Debt Service Funds			
Fiscal Year	Principal	Interest	Total Debt Service
2012	\$ 146	\$ -	\$ 146
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017 – 2021	-	-	-
2022 – 2026	-	-	-
2027 – 2031	-	-	-
2032 – 2036	4,113	-	4,113
Totals	<u>\$ 4,259</u>	<u>\$ -</u>	<u>\$ 4,259</u>

Low- and Moderate-Income Housing Fund			
Fiscal Year	Principal	Interest	Total Debt Service
2012	\$ -	\$ -	\$ -
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017 – 2021	-	-	-
2022 – 2023	1,015	880	1,895
Totals	<u>\$ 1,015</u>	<u>\$ 880</u>	<u>\$ 1,895</u>

# Redevelopment Agency of the City of Long Beach

*A Component Financial Reporting Unit of the City of Long Beach, California*

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## NOTES TO COMBINED FINANCIAL STATEMENTS

### **Tax Increment Pass-Through Obligation**

The Agency has an agreement with The Los Angeles County Flood Control District and the County of Los Angeles (County Entities) whereby the County Entities' share of the net tax increment revenue generated by the Los Altos Project Area shall be deferred through 2020. The deferral accrues simple interest at a rate of 3.75%. The outstanding balance of the deferral and any interest accrued thereon are due prior to the termination of the project area, which is 2036. The balance of the deferral and accrued interest at September 30, 2011 amounted to \$4.1 million.

### **Promissory Note for the Purchase of Property**

In the fiscal year ended September 30, 2010, the Agency executed a promissory note for \$146,000 in favor of Cal-Can Holdings, LLC as partial consideration in the purchase of real property on 2144 W. 16<sup>th</sup> Street, Long Beach, California. This note is due and payable in full at the earlier of the resale of the real property or second anniversary of the date of the promissory note.

### **Low- and Moderate-Income Housing Fund**

In fiscal year 1992, the Low- and Moderate-Income Housing Fund (Fund) entered into a loan agreement totaling \$1.0 million with the State of California Department of Housing and Community Development (State) for construction and rehabilitation of 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, 2011, the balance remains payable to the State.

## **NOTE 11 – OTHER ASSETS**

In 1992, the Agency entered into a sixty-five year lease with IDM Corporation for parking spaces in a parking structure located in the Downtown project area. In accordance with the terms of the agreement, rent was prepaid for the entire term of the lease. That balance of prepaid rent at September 30, 2011 is \$1.6 million.

# 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

### NOTE 12 – LOW- AND MODERATE-INCOME HOUSING SET-ASIDE

Community Redevelopment Law requires agencies to deposit 20 percent of their property tax increment into a low- and moderate-income housing fund. The 20 percent set-aside funds are used to increase or improve the supply of low- and moderate-income housing in the community. The Agency deposits its set-aside funds into the City’s Low- and Moderate-Income Housing Fund (Housing Fund).

#### Deferrals of Tax Increment

Certain provisions within Community Redevelopment Law allow agencies to defer some or all of the 20 percent tax increment that is required to be set-aside, if the deferrals are needed to meet obligations of project areas approved before 1986. Any tax increment deferred from deposit to the Low- and Moderate Income Housing fund must be repaid. The Agency elected to defer set-aside for the Downtown Project Area for this purpose, and the balance of those deferrals at September 30, 2011 is \$16.3 million.

In fiscal year 2010, the Agency elected to defer its entire housing set-aside (\$20.9 million) for all the project areas to pay the Supplemental Educational Revenue Augmentation Fund (SERAF) as required by State of California Assembly Bill AB26 x4.

The following table shows the amount deferred from prior years, the current fiscal year’s payment, and the total amount not yet paid to the City’s Housing Fund at September 30, 2011, for each Project Area (in thousands):

Project Area	Advances from Low- and Moderate- Income Housing Fund October 1, 2010	Current Year Payment to Low- and Moderate- Income Housing Fund	Advances from Low- and Moderate-Income Housing Fund September 30, 2011
Downtown	\$ 20,605	\$ -	\$ 20,605
West Beach	404	81	323
West Long Beach Industrial	2,638	528	2,110
Poly High	147	29	118
Los Altos	151	30	121
Central Long Beach	4,265	2,300	1,965
North Long Beach	9,053	1,212	7,841
Total	<u>\$ 37,263</u>	<u>\$ 4,180</u>	<u>\$ 33,083</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

### NOTE 13 – CAPITAL ASSET CONTRIBUTIONS AND TRANSFERS FROM/TO THE CITY OF LONG BEACH

The Agency contributed \$21.2 million of capital assets to the City during the current fiscal year. The assets represent various redevelopment projects that were completed during the year.

The Agency received \$3 million transfers from the City in the current fiscal year. Significant transfers include: \$900,000 from the City's Transportation Fund, reimbursement for expenditures on the regional transit mall located in the Downtown Project Area, and \$1.9 million transient occupancy tax funds from the Tidelands Operating Fund. The latter are funds the Agency transferred to the City in excess of Aquarium of the Pacific bond debt service payments.

The Agency transferred \$11.6 million to the City in the current fiscal year. Significant transfers include: \$518,000 to the Tidelands Operating Fund to supplement the debt service of the bonds issued for the construction of an energy plant at the Convention Center; \$6.4 million to the General Fund. Of this amount, transient occupancy taxes in excess of necessary Aquarium of the Pacific bond debt service payments accounted for \$5.6 million and \$831,000 was transferred for CityPlace garage debt service payments; \$4.3 million to the Housing Fund for debt service payments on 2005 tax allocation bonds.

### NOTE 14 – 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. In the fund financial statements, the fund balance is restricted for the investment in the land. The Agency conveyed \$156.5 million land held resale to the City during the current fiscal year. The transfers were made to the City to facilitate the implementation of projects.

At September 30, 2011, the Agency had the following amount of land held for resale in each project area (in thousands):

Project Area	Value at Lower of Cost or Market Value	
	Capital Projects Funds	Low- and Moderate-Income Housing Fund
West Long Beach Industrial	\$ 2,377	\$ -
Central Long Beach	30,587	496
North Long Beach	184	-
Total	<u>\$ 33,148</u>	<u>\$ 496</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

### NOTE 15 – 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, 2011 (in thousands):

From Project Area	To				
	West Beach	Downtown	Los Altos	Central LB	Total
West Long Beach Industrial	\$ 330	\$ 1,061	\$ 2,042	\$ 2,354	\$ 5,787
Total	\$ 330	\$ 1,061	\$ 2,042	\$ 2,354	\$ 5,787

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 have been enough funds available to pay the accrued interest on the loan. At September 30, 2011, the principal balance of the loan is \$2.0 million.

In July 1995, the West Long Beach Industrial Project Area entered into loan agreement with the Poly High, West Beach, Downtown, and Central Long Beach Project Areas whereby the West Long Beach Industrial Project Area would advance funds for the development of the Long Beach Unified School District Transportation Facility. The indebtedness accrues interest at a rate equal to the rate 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. The principal balance at September 30, 2011 is \$2.5 million; accrued interest is \$1.1 million.

### NOTE 16 – LONG-TERM RECEIVABLES

In the accompanying fund financial statements, Agency and Low- and Moderate Income Housing fund monies loaned out are treated as expenditures when disbursed, as most of the proceeds from these loans will not be available to the Agency for a minimum of two years, if at all. For financial reporting purposes, loans for which repayment is reasonably expected have been recorded as receivables (assets) and deferred revenue (liabilities) on the balance sheet. In the entity-wide financial statements, no deferred revenue is recorded as the financial statements are on the full accrual basis of accounting.



# 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

### NOTE 17 – NET ASSETS AND FUND BALANCES

In the government-wide financial statements, net assets are categorized as follows:

- Invested in Capital Assets, Net of Related Debt consists of capital assets, net of accumulated depreciation, and reduced by outstanding debt attributed to the acquisition of these assets.
- Restricted Net Assets consist of assets, net of any related liabilities, which have restrictions imposed on them by external creditors, grantors, contributors, or laws or regulations of other governments or law through constitutional provisions or enabling legislation. All of the Agency's net assets, other than those invested in capital assets, are restricted.
- Unrestricted Net Assets consist of net assets that do not meet the definition of Invested in Capital Assets, Net of Related Debt or Restricted Net Assets. Because all of the Agency's assets are considered invested or restricted, this category is only used to report net asset deficits.

In the fund financial statements, portions of fund equity of governmental funds have been classified in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This new standard has substantially changed the categories and terminology used to describe the components of fund balance. The Statement requires that fund balance for governmental funds be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

GASB Statement No. 54 distinguishes between those fund balances that are *spendable* and those that are *nonspendable*. Nonspendable amounts are those that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The Agency reports fund balance associated with working capital advances, advances to other agencies, and prepaid items and deposits as nonspendable because they are not in spendable form. The remaining fund balance is considered to be spendable.

All of the Agency's spendable fund balance is restricted by Community Redevelopment Law as codified in the State of California Health and Safety Code or by debt covenants imposed by creditors. Fund balances are restricted for the following purposes:

- Fund balance reported in Low- and Moderate-Income Housing Fund is restricted by the California Health and Safety Code for the purpose of increasing, improving, and preserving the community's supply of low- and moderate-income housing at affordable housing costs.
- Fund balance reported in the Capital Projects Funds is restricted by California Health and Safety Code for the purpose of eliminating blight within the appropriate redevelopment project area.
- Fund balance reported in the Debt Service Funds is restricted by the California Health and Safety Code and by debt covenants imposed by creditors. The Agency maintains debt service reserves with trustees in accordance with bond indentures. The fund balance related to these accounts is reported in the debt service funds. Additionally, the agency collects tax increment revenue in debt service funds and uses some of it to make principal and interest payments.

# 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

### NOTE 18 – COMMITMENTS AND CONTINGENCIES

#### **Litigation**

The Agency is subject to claims and lawsuits arising from the normal course of business. Representatives of the City Attorneys' 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.

### NOTE 19 – SUBSEQUENT EVENTS

#### **California Supreme Court Decision on Redevelopment Agencies**

On June 29, 2011, the Governor of the State of California signed Assembly Bills 1X 26 (AB 26) as part of the State's budget package. AB 26 requires each California redevelopment agency to suspend nearly all activities except to implement existing contracts, meet already incurred obligations, preserve its assets and prepare for the impending dissolution of the agency. The League of California Cities and the California Redevelopment Association (CRA) filed a lawsuit on July 18, 2011 on behalf of cities, counties and redevelopment agencies petitioning the California Supreme Court to overturn AB 26 on the grounds the bill violated the California Constitution. On August 11, 2011, the California Supreme Court (Court) issued a stay of most of AB 26. On December 29, 2011, the Court upheld AB 26 resulting in the Agency ceasing to exist as of February 1, 2012. Consistent with the legislation, the City has elected to become the successor agency for both the Agency and the Authority. The City will continue to perform the mission of the Authority, although funding has not been identified.

AB 26 directs the State Controller to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by AB 26. The Agency transferred \$160 million land held for resale to the City on March 8, 2011. As of the date of this report, the State Controller has not reviewed any transfer of assets between the Agency and the City.

AB 26 also defines what obligations will be considered "enforceable obligations" and funded through future tax revenues. Unless a loan agreement was entered into between the City and the Agency within two years of the date of creation of the Agency, it is not considered an enforceable obligation. As of September 30, 2011, \$148 million advances provided by the City to the Agency, and \$23 million advances from the Agency to the City are considered uncollectible and have been written off in the accompanying financial statements based on the existing legislation.

Due to the perceived ambiguities within AB 26, "clean-up" legislation was adopted which could, among other things, reinstate some or all of the aforementioned receivables and advances written off by the City. The legislation, Assembly Bill 1484, was signed into law on June 27, 2012. The passage of the bill does not materially impact the Agency's financial statements for the year ended September 30, 2011.

## SUPPLEMENTARY FINANCIAL INFORMATION

# 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 Projects Funds by Project Area  
September 30, 2011  
(In Thousands)**

	Downtown Project Area	West Beach Project Area	West Long Beach Industrial Project Area	Poly High Project Area
<b>ASSETS</b>				
Pooled cash and investments	\$ 5,975	\$ 14	\$ 2,458	\$ 230
Short-term investment nonperforming	33	3	42	1
Accounts receivable	3	-	49	-
Land held for resale	-	-	2,377	-
Other assets	1,587	-	-	-
Long-term receivables	200	-	-	-
Interproject loan and interest receivable	-	-	5,787	-
<b>TOTAL ASSETS</b>	<u>\$ 7,798</u>	<u>\$ 17</u>	<u>\$ 10,713</u>	<u>\$ 231</u>
<b>LIABILITIES</b>				
Voucher payables	\$ 846	\$ -	\$ 167	\$ 119
Accounts payable	75	1	(5)	7
Accrued wages payable	3	-	11	1
Accrued claims and judgments	3	-	3	-
Collections held in trust	25	-	41	-
Deferred revenues	375	-	49	-
Due to other funds - current	1	-	5	1
Interproject loan and interest payable	1,061	330	-	-
<b>TOTAL LIABILITIES</b>	<u>2,389</u>	<u>331</u>	<u>271</u>	<u>128</u>
<b>FUND BALANCE (DEFICIT)</b>				
Nonspendable				
Prepaid Expenditures	1,587	-	-	-
Restricted:				
Future projects	3,822	(314)	8,065	103
Land held for resale	-	-	2,377	-
<b>TOTAL FUND BALANCE (DEFICIT)</b>	<u>5,409</u>	<u>(314)</u>	<u>10,442</u>	<u>103</u>
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	<u>\$ 7,798</u>	<u>\$ 17</u>	<u>\$ 10,713</u>	<u>\$ 231</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*

Project Income Fund	Los Altos Project Area	Central Long Beach Project Area	North Long Beach Project Area	Total
\$ 21	\$ 75	\$ 5,604	\$ 22,097	\$ 36,474
7	-	3	21	110
-	-	6	-	58
-	-	30,587	184	33,148
-	-	1	-	1,588
-	-	205	3,690	4,095
-	-	-	-	5,787
<u>\$ 28</u>	<u>\$ 75</u>	<u>\$ 36,406</u>	<u>\$ 25,992</u>	<u>\$ 81,260</u>
\$ -	\$ -	\$ 1,360	\$ 516	\$ 3,008
-	-	6,361	356	6,795
-	-	20	37	72
-	-	1	3	10
-	-	118	24	208
-	-	275	3,780	4,479
-	-	228	15	250
-	2,042	2,354	-	5,787
<u>-</u>	<u>2,042</u>	<u>10,717</u>	<u>4,731</u>	<u>20,609</u>
-	-	-	-	1,587
28	(1,967)	(4,898)	21,077	25,916
<u>-</u>	<u>-</u>	<u>30,587</u>	<u>184</u>	<u>33,148</u>
28	(1,967)	25,689	21,261	60,651
<u>\$ 28</u>	<u>\$ 75</u>	<u>\$ 36,406</u>	<u>\$ 25,992</u>	<u>\$ 81,260</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, 2011  
(In Thousands)**

	Downtown Project Area	West Beach Project Area	West Long Beach Industrial Project Area	Poly High Project Area
<b>ASSETS</b>				
Pooled cash and investments	\$ 6,899	\$ 784	\$ 9,910	\$ 290
Nonpooled cash and investments	93	4	565	1
Interest receivable on investments	38	4	12	1
Taxes receivable	19,094	1,588	12,320	741
Accounts and loans receivable	-	-	(49)	-
Investments	8,130	783	2,592	217
<b>TOTAL ASSETS</b>	<u>\$ 34,254</u>	<u>\$ 3,163</u>	<u>\$ 25,350</u>	<u>\$ 1,250</u>
<b>LIABILITIES</b>				
Voucher payables	\$ -	\$ -	\$ -	\$ -
Accounts payable	1	28	706	24
Accrued claims and judgments – Current	-	-	-	-
Deferred revenues	19,094	1,588	12,271	741
<b>TOTAL LIABILITIES</b>	<u>19,095</u>	<u>1,616</u>	<u>12,977</u>	<u>765</u>
<b>FUND BALANCE</b>				
Restricted:				
Future projects	5,727	195	6,161	50
Debt Service	9,432	1,352	6,212	435
<b>TOTAL FUND BALANCE</b>	<u>15,159</u>	<u>1,547</u>	<u>12,373</u>	<u>485</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 34,254</u>	<u>\$ 3,163</u>	<u>\$ 25,350</u>	<u>\$ 1,250</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*

Project Income Fund	Los Altos Project Area	Central Long Beach Project Area	North Long Beach Project Area	Housing Fund	Total
\$ -	\$ 301	\$ 7,060	\$ 20,069	\$ 22	\$ 45,335
-	-	142	11,036	18,842	30,683
-	-	-	31	-	86
-	683	18,178	40,165	-	92,769
490	-	-	-	-	441
-	408	4,009	20,812	4,054	41,005
<u>\$ 490</u>	<u>\$ 1,392</u>	<u>\$ 29,389</u>	<u>\$ 92,113</u>	<u>\$ 22,918</u>	<u>\$ 210,319</u>
\$ -	\$ -	\$ -	\$ 15	\$ -	\$ 15
-	-	1,941	4,244	-	6,944
-	-	-	200	-	200
5	683	18,178	40,165	-	92,725
5	683	20,119	44,624	-	99,884
485	-	1,521	29,186	18,750	62,075
-	709	7,749	18,303	4,168	48,360
485	709	9,270	47,489	22,918	110,435
<u>\$ 490</u>	<u>\$ 1,392</u>	<u>\$ 29,389</u>	<u>\$ 92,113</u>	<u>\$ 22,918</u>	<u>\$ 210,319</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 Funds by Project Area  
September 30, 2011  
(In Thousands)**

	Downtown Project Area	West Beach Project Area	West Long Beach Industrial Project Area	Poly High Project Area
<b>ASSETS</b>				
Pooled cash and investments	\$ 4,073	\$ 368	\$ 16,374	\$ 153
Nonpooled cash and investments				
Short-term investments – nonperforming	-	-	-	-
Accounts receivable	-	-	-	-
Receivables – loan, long-term, net	-	-	-	-
Advances to the Redevelopment Agency	20,605	323	2,110	117
Advances to the Housing Development Company	-	-	-	-
Advances to the City of Long Beach	-	-	-	-
Land held for resale	-	-	-	-
Total assets	<u>\$ 24,678</u>	<u>\$ 691</u>	<u>\$ 18,484</u>	<u>\$ 270</u>
<b>LIABILITIES</b>				
Liabilities				
Vouchers payable	\$ -	\$ -	\$ -	\$ -
Accounts payable	725	-	-	-
Accrued wages payable	-	-	-	-
Deferred revenues	-	-	-	-
Deposits/collections held in trust	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>725</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE</b>				
Restricted for:				
Future projects	3,348	368	16,374	153
Advances	20,605	323	2,110	117
Land held for resale	-	-	-	-
Total fund balance	<u>23,953</u>	<u>691</u>	<u>18,484</u>	<u>270</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 24,678</u>	<u>\$ 691</u>	<u>\$ 18,484</u>	<u>\$ 270</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*

Los Altos Project Area	Central Long Beach Project Area	North Long Beach Project Area	Total
\$ 155	\$ 6,539	\$ 9,887	\$ 37,549
	19		19
-	84	-	84
-	3	-	3
-	50,475	1,156	51,631
121	3,161	7,841	34,278
-	-	2,421	2,421
-	808	-	808
-	496	-	496
<u>\$ 276</u>	<u>\$ 61,585</u>	<u>\$ 21,305</u>	<u>\$ 127,289</u>
\$ -	\$ 135	\$ -	\$ 135
-	1,813	1,088	3,626
-	41	-	41
-	50,475	1,156	51,631
-	11	-	11
-	17	-	17
<u>-</u>	<u>52,492</u>	<u>2,244</u>	<u>55,461</u>
155	4,628	9,019	34,045
121	3,969	10,042	37,287
	496		496
<u>276</u>	<u>9,093</u>	<u>19,061</u>	<u>71,828</u>
<u>\$ 276</u>	<u>\$ 61,585</u>	<u>\$ 21,305</u>	<u>\$ 127,289</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  
Capital Projects Funds by Project Area  
Year Ended September 30, 2011  
(In Thousands)**

	Downtown Project Area	West Beach Project Area	West Long Beach Industrial Project Area	Poly High Project Area
<b>REVENUES</b>				
Interest income	\$ 23	\$ (2)	\$ 20	\$ 1
Rental income	550	-	3	-
Gain (loss) on land sale	(5)	-	(822)	(1,388)
Other income	179	-	8	-
<b>TOTAL REVENUES</b>	<b>747</b>	<b>(2)</b>	<b>(791)</b>	<b>(1,387)</b>
<b>EXPENDITURES</b>				
Administrative costs	1,975	72	1,132	71
Professional services	111	-	43	-
Planning, survey, and design	485	-	13	2
Acquisition expense	10	-	18	-
Operation of acquired property	140	-	68	6
Relocation costs	2	-	9	-
Relocation payments	11	-	54	-
Site clearance costs	28	-	9	-
Project improvement/construction costs	4,578	1,006	1,036	128
Disposal costs	-	-	1	-
Rehabilitation grants and loans	322	-	290	-
Furniture, fixture, and equipment	-	-	-	-
Pass-through charges	-	-	-	-
Debt service payments:				
City/County advances and loans—principal	-	81	528	29
Interest	2,861	1	4	1
<b>TOTAL EXPENDITURES</b>	<b>10,523</b>	<b>1,160</b>	<b>3,205</b>	<b>237</b>
<b>Deficiency of revenues under expenditures</b>	<b>(9,776)</b>	<b>(1,162)</b>	<b>(3,996)</b>	<b>(1,624)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from issuance of long-term debt	1,845	-	-	-
Land transfers	(37,231)	-	(5,831)	(815)
Transfers from Debt Service	15,573	528	(3,071)	335
Transfers (to) from Low- and Moderate Housing Fund	1	-	-	-
Transfers from the City of Long Beach	2,007	3	6,339	3
Transfers to the City of Long Beach	(1,781)	-	(6,284)	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>(19,586)</b>	<b>531</b>	<b>(8,847)</b>	<b>(477)</b>
<b>Net change in fund balances</b>	<b>(29,362)</b>	<b>(631)</b>	<b>(12,843)</b>	<b>(2,101)</b>
<b>Fund balance (deficit) – October 1</b>	<b>34,771</b>	<b>317</b>	<b>23,285</b>	<b>2,204</b>
<b>FUND BALANCE (DEFICIT) – SEPTEMBER 30</b>	<b>\$ 5,409</b>	<b>\$ (314)</b>	<b>\$ 10,442</b>	<b>\$ 103</b>

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*

Project Income Fund	Los Altos Project Area	Central Long Beach Project Area	North Long Beach Project Area	Total
\$ (6)	\$ -	\$ (38)	\$ 72	\$ 70
-	-	282	158	993
-	-	2,651	(196)	240
25	-	1,367	167	1,746
19	-	4,262	201	3,049
16	48	3,654	2,951	9,919
-	-	213	136	503
-	-	1,297	577	2,374
-	-	110	45	183
-	-	475	453	1,142
-	-	11	-	22
-	-	1,009	1	1,075
-	-	5,895	-	5,932
-	1	4,250	7,201	18,200
-	-	1	-	2
-	-	229	654	1,495
-	-	-	67	67
-	297	-	-	297
-	30	-	3,512	4,180
-	14	88	26	2,995
16	390	17,232	15,623	48,386
3	(390)	(12,970)	(15,422)	(45,337)
-	297	239	1,440	3,821
-	-	(35,260)	(77,813)	(156,950)
(3,159)	268	12,059	33,688	56,221
-	-	(22)	-	(21)
(1,199)	3	106	149	7,411
-	-	-	(310)	(8,375)
(4,358)	568	(22,878)	(42,846)	(97,893)
(4,355)	178	(35,848)	(58,268)	(143,230)
4,383	(2,145)	61,537	79,529	203,881
<u>\$ 28</u>	<u>\$ (1,967)</u>	<u>\$ 25,689</u>	<u>\$ 21,261</u>	<u>\$ 60,651</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, 2011  
(In Thousands)**

	Downtown Project Area	West Beach Project Area	West Long Beach Industrial Project Area	Poly High Project Area
<b>REVENUES</b>				
Property tax increment	\$ 16,109	\$ 1,398	\$ 9,003	\$ 602
Transient occupancy Tax	-	-	-	-
Interest income	917	18	73	5
Other income	-	-	-	-
<b>TOTAL REVENUES</b>	<u>17,026</u>	<u>1,416</u>	<u>9,076</u>	<u>607</u>
<b>EXPENDITURES</b>				
Administrative costs	330	29	217	12
Professional services	11	1	5	1
Pass-through charges	-	211	1,521	83
Debt service payments:				
Bonds and notes payable – principal	3,528	555	1,365	200
Interest	4,552	276	1,703	20
Fiscal agent fees	2	-	10	-
<b>TOTAL EXPENDITURES</b>	<u>8,423</u>	<u>1,072</u>	<u>4,821</u>	<u>316</u>
<b>Excess of revenues over expenditures</b>	<u>8,603</u>	<u>344</u>	<u>4,255</u>	<u>291</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers to Capital Projects	(8,273)	(526)	(2,872)	(335)
Transfers (to) from Low- and Moderate Housing Fund	-	-	-	-
Operating transfers from the City of Long Beach	-	-	-	-
Operating transfers to the City of Long Beach	(2)	-	(518)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(8,275)</u>	<u>(526)</u>	<u>(3,390)</u>	<u>(335)</u>
<b>Net change in fund balances</b>	328	(182)	865	(44)
Fund balance – October 1	14,831	1,729	11,508	529
<b>FUND BALANCE – SEPTEMBER 30</b>	<u>\$ 15,159</u>	<u>\$ 1,547</u>	<u>\$ 12,373</u>	<u>\$ 485</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*

Project Income Fund	Los Altos Project Area	Central Long Beach Project Area	North Long Beach Project Area	Housing Fund	Total
\$ -	\$ 601	\$ 17,965	\$ 31,792	\$ -	\$ 77,470
3,820	-	-	-	-	3,820
4	18	378	631	288	2,332
-	122	-	886	-	1,008
<u>3,824</u>	<u>741</u>	<u>18,343</u>	<u>33,309</u>	<u>288</u>	<u>84,630</u>
-	13	328	736	-	1,665
-	1	1	18	-	38
-	81	5,032	11,554	-	18,482
-	290	805	2,655	785	10,183
-	116	2,828	7,380	2,868	19,743
-	-	-	9	2	23
-	<u>501</u>	<u>8,994</u>	<u>22,352</u>	<u>3,655</u>	<u>50,134</u>
3,824	240	9,349	10,957	(3,367)	34,496
-	(269)	(10,298)	(33,648)	-	(56,221)
-	-	-	-	3,333	3,333
1,833	-	-	-	-	1,833
<u>(27,779)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,334)</u>	<u>(32,633)</u>
<u>(25,946)</u>	<u>(269)</u>	<u>(10,298)</u>	<u>(33,648)</u>	<u>(1,001)</u>	<u>(83,688)</u>
(22,122)	(29)	(949)	(22,691)	(4,368)	(49,192)
22,607	738	10,219	70,180	27,286	159,627
<u>\$ 485</u>	<u>\$ 709</u>	<u>\$ 9,270</u>	<u>\$ 47,489</u>	<u>\$ 22,918</u>	<u>\$ 110,435</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  
September 30, 2011  
(In Thousands)**

	Downtown Project Area	West Beach Project Area	West Long Beach Industrial Project Area	Poly High Project Area
<b>REVENUES</b>				
Property tax increment – 20% set-aside	\$ 4,027	\$ 349	\$ 2,251	\$ 150
Interest income	76	-	-	-
Rental income	-	-	-	-
Other income	-	-	-	-
<b>TOTAL REVENUES</b>	<u>4,103</u>	<u>349</u>	<u>2,251</u>	<u>150</u>
<b>EXPENDITURES</b>				
Administrative costs	526	48	309	21
Acquisition costs	-	-	-	-
Professional services	15	-	-	-
Operation of acquired property	13	-	-	-
Relocation costs	1	-	-	-
Project improvement/construction costs	22	-	-	-
Loss on disposal of land held for resale	18	-	-	-
Interdepartmental charges	160	14	90	6
Rehabilitation grants and loans	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>755</u>	<u>62</u>	<u>399</u>	<u>27</u>
Excess of revenues over expenditures	<u>3,348</u>	<u>287</u>	<u>1,852</u>	<u>123</u>
<b>OTHER FINANCING USES</b>				
Land transfers	-	-	-	-
Transfers to the Redevelopment Agency	-	-	-	-
<b>TOTAL OTHER FINANCING USES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<b>3,348</b>	<b>287</b>	<b>1,852</b>	<b>123</b>
Fund balance – October 1	<u>20,605</u>	<u>404</u>	<u>16,632</u>	<u>147</u>
<b>FUND BALANCE – SEPTEMBER 30</b>	<b><u>\$ 23,953</u></b>	<b><u>\$ 691</u></b>	<b><u>\$ 18,484</u></b>	<b><u>\$ 270</u></b>

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*

Los Altos Project Area	Central Long Beach Project Area	North Long Beach Project Area	Total
\$ 152	\$ 1,617	\$ 10,823	\$ 19,369
-	135	63	274
-	107	-	107
-	10,195	-	10,195
<u>152</u>	<u>12,054</u>	<u>10,886</u>	<u>29,945</u>
21	288	1,445	2,658
-	5	-	5
-	168	32	215
-	144	28	185
-	9	2	12
-	247	48	317
-	199	38	255
6	64	431	771
-	9,995	10,111	20,106
<u>27</u>	<u>11,119</u>	<u>12,135</u>	<u>24,524</u>
<u>125</u>	<u>935</u>	<u>(1,249)</u>	<u>5,421</u>
-	365	-	365
-	(3,312)	-	(3,312)
-	(2,947)	-	(2,947)
125	(2,012)	(1,249)	2,474
151	11,105	20,310	69,354
<u>\$ 276</u>	<u>\$ 9,093</u>	<u>\$ 19,061</u>	<u>\$ 71,828</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**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**Capital Projects Fund**  
**Year Ended September 30, 2011**  
**(In Thousands)**

	Budgeted Amounts		Actual	Encumbrance Ending	Land Held for Resale	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final					
<b>REVENUES</b>							
Interest income	\$ 1,118	\$ 1,118	\$ 47	\$ -	\$ -	\$ 47	\$ (1,071)
Rental income	1,066	1,066	993	-	-	993	(73)
Land sale proceeds	10,520	10,520	240	-	(240)	-	(10,520)
Other income	12,223	12,223	1,746	-	-	1,746	(10,477)
<b>TOTAL REVENUES</b>	<b>24,927</b>	<b>24,927</b>	<b>3,026</b>	<b>-</b>	<b>(240)</b>	<b>2,786</b>	<b>(22,141)</b>
<b>EXPENDITURES</b>							
Administration costs	7,816	7,861	9,919	39	-	9,958	(2,097)
Professional services	7,044	7,046	503	12	-	515	6,531
Planning survey and design	(2,489)	(2,489)	2,374	209	-	2,583	(5,072)
Acquisition costs	35,978	35,978	183	3	-	186	35,792
Operation of acquired property	608	608	1,142	38	-	1,180	(572)
Relocation costs	4,336	4,336	22	-	-	22	4,314
Relocation payments	4,112	4,112	1,075	-	-	1,075	3,037
Site clearance costs	(174)	(174)	5,932	-	-	5,932	(6,106)
Project improvement/construction costs	130,933	131,839	18,200	1,428	-	19,628	112,211
Disposal costs	(661)	(661)	2	-	-	2	(663)
Land purchases	20,298	20,298	-	-	-	-	20,298
Rehabilitation grants and loans	(4,464)	(4,464)	1,495	-	-	1,495	(5,959)
Furniture, fixture, and equipment	(32)	(32)	67	-	-	67	(99)
Pass-through charges	(589)	49,411	297	-	-	297	49,114
Debt service payments:							
U.S., state, and other long-term debt – principal	42	42	-	-	-	-	42
City/County advances and loan – principal	2,390	2,390	4,180	-	-	4,180	(1,790)
Interest	285	285	2,972	-	-	2,972	(2,687)
<b>TOTAL EXPENDITURES</b>	<b>205,433</b>	<b>256,386</b>	<b>48,363</b>	<b>1,729</b>	<b>-</b>	<b>50,092</b>	<b>206,294</b>
Deficiency of revenues under expenditures	(180,506)	(231,459)	(45,337)	(1,729)	(240)	(47,306)	184,153
<b>OTHER FINANCING SOURCES (USES)</b>							
Proceeds from other long-term debt	288	288	3,821	-	-	3,821	3,533
Land transfers	-	-	(156,950)	-	156,950	-	-
Transfers in (out), net	-	-	56,221	-	-	56,221	56,221
Interagency payments	(805)	5,395	-	-	-	-	(5,395)
Transfer from Low- and Moderate-Income Housing Fund	-	-	(21)	-	-	(21)	(21)
Transfer to the City	(1,367)	(1,367)	(8,375)	-	-	(8,375)	(7,008)
Transfer from the City	(415)	(5,715)	7,411	-	-	7,411	13,126
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,299)</b>	<b>(1,399)</b>	<b>(97,893)</b>	<b>-</b>	<b>156,950</b>	<b>59,057</b>	<b>60,456</b>
Net change in fund balances	(182,805)	(232,858)	(143,230)	(1,729)	156,710	11,751	244,609
Fund Balances							
October 1, budgetary basis	56,028	56,028	203,881	-	(147,854)	56,027	(1)
Encumbrances – beginning of year	(3,958)	(2,358)	-	2,992	-	2,992	5,350
<b>SEPTEMBER 30, BUDGETARY BASIS</b>	<b>\$ (130,735)</b>	<b>\$ (179,188)</b>	<b>\$ 60,651</b>	<b>\$ 1,263</b>	<b>\$ 8,856</b>	<b>\$ 70,770</b>	<b>\$ 249,958</b>

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)  
Debt Service Fund  
Year Ended September 30, 2011  
(In Thousands)**

	Budgeted Amounts		Actual	Encumbrance Ending	Land Held for Resale	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final					
<b>REVENUES</b>							
Property tax increment	\$ 80,339	\$ 80,339	\$ 77,470	\$ -	\$ -	\$ 77,470	\$ (2,869)
Transient occupancy tax	860	860	3,820	-	-	3,820	2,960
Interest income	3,588	3,588	2,332	-	-	2,332	(1,256)
Other income	(3,266)	(3,266)	1,008	-	-	1,008	4,274
<b>TOTAL REVENUES</b>	<b>81,521</b>	<b>81,521</b>	<b>84,630</b>	<b>-</b>	<b>-</b>	<b>84,630</b>	<b>3,109</b>
<b>EXPENDITURES</b>							
Administration costs	447	447	1,665	-	-	1,665	(1,218)
Professional services	-	-	38	-	-	38	(38)
Operation of acquired property	7,893	7,893	-	-	-	-	7,893
Pass-through charges	46,917	46,917	18,482	-	-	18,482	28,435
Debt service payments:							
Bonds and notes payable – principal	9,211	9,211	10,183	-	-	10,183	(972)
Interest	20,835	20,835	19,743	-	-	19,743	1,092
Fiscal agent fees	225	225	23	-	-	23	202
<b>TOTAL EXPENDITURES</b>	<b>85,528</b>	<b>85,528</b>	<b>50,134</b>	<b>-</b>	<b>-</b>	<b>50,134</b>	<b>35,394</b>
Excess of Revenues over Expenditures	(4,007)	(4,007)	34,496	-	-	34,496	38,503
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in (out), net	-	-	(56,221)	-	-	(56,221)	(56,221)
Transfer from Low- and Moderate-Income Housing Fund	-	-	3,333	-	-	3,333	3,333
Transfer to the City	(13,649)	(13,649)	(32,633)	-	-	(32,633)	(18,984)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(10,128)</b>	<b>(10,128)</b>	<b>(83,688)</b>	<b>-</b>	<b>-</b>	<b>(83,688)</b>	<b>(73,560)</b>
Net change in fund balances	(14,135)	(14,135)	(49,192)	-	-	(49,192)	(35,057)
Fund Balances							
October 1, budgetary basis	159,627	159,627	159,627	-	-	159,627	-
Encumbrances – beginning of year	-	-	-	-	-	-	-
<b>SEPTEMBER 30, BUDGETARY BASIS</b>	<b>\$ 145,492</b>	<b>\$ 145,492</b>	<b>\$ 110,435</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 110,435</b>	<b>\$ (35,057)</b>

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*

**Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Low- and Moderate-Income Housing Fund  
Fiscal Year Ended September 30, 2011  
(In Thousands)**

	Budgeted Amounts		Actual	Land Held for Resale	Actual On Budgetary Basis	Final Budget Positive (Negative)
	Original	Final				
<b>Revenues:</b>						
Property tax increment – 20% set-aside	\$ 20,085	\$ 20,085	\$ 19,369	\$ -	\$ 19,369	\$ (716)
Rental income	-	-	107	-	107	107
Interest income	325	325	274	-	274	(51)
Loan repayments – principal	4,106	17,409	10,083	-	10,083	(7,326)
Other	1	1	112	-	112	111
Total revenues	<u>24,517</u>	<u>37,820</u>	<u>29,945</u>	<u>-</u>	<u>29,945</u>	<u>(7,875)</u>
<b>Expenditures:</b>						
Administration costs	3,653	3,665	2,658	-	2,658	1,007
Acquisition costs	25	25	5	-	5	20
Relocation costs	-	-	12	-	12	(12)
Disposition costs	25	25	-	-	-	25
Professional services	855	856	215	-	215	641
Planning, survey, and design	13	13	-	-	-	13
Operation of acquired property	325	326	164	-	164	162
Low- and moderate-income housing loans/grants	48,529	52,573	20,106	-	20,106	32,467
Project improvement/construction costs	6,560	6,564	317	-	317	6,247
Interdepartmental charges	834	834	771	-	771	63
Loss on disposition of land	-	-	255	255	-	-
Land purchases	650	650	-	-	-	650
Property and other taxes	151	151	21	-	21	130
Total expenditures	<u>61,620</u>	<u>65,682</u>	<u>24,524</u>	<u>255</u>	<u>24,269</u>	<u>41,413</u>
Excess of revenues over expenditures	<u>(37,103)</u>	<u>(27,862)</u>	<u>5,421</u>	<u>(255)</u>	<u>5,676</u>	<u>33,538</u>
<b>Other financing sources (uses):</b>						
Land transfers, net	-	-	365	(365)	-	-
Transfers (to)/from the Redevelopment Agency	(8)	(8)	(3,312)	-	(3,312)	(3,304)
Transfers (to)/from the Housing Development Company	278	3,000	-	-	-	(3,000)
Transfers (to)/from the City	(4,101)	(5,286)	-	-	-	5,286
Total other financing sources (uses)	<u>(3,831)</u>	<u>(2,294)</u>	<u>(2,947)</u>	<u>(365)</u>	<u>(3,312)</u>	<u>(1,018)</u>
Net change in fund balances	(40,934)	(30,156)	2,474	(620)	2,364	32,520
Fund balance – October 1, budgetary basis	69,321	69,321	69,354	-	69,321	-
Encumbrances, beginning of year	33	33	-	-	33	-
Fund balance- September 30, budgetary basis	<u>\$ 28,420</u>	<u>\$ 39,198</u>	<u>71,828</u>	<u>\$ (620)</u>	<u>\$ 71,718</u>	<u>\$ 32,520</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) by Project Area and Project Income  
Downtown Project Area – Capital and Debt Service  
Year Ended September 30, 2011  
(In Thousands)**

	Budgeted Amounts		Actual	Encumbrance Ending	Land Held for Resale	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final					
<b>REVENUES</b>							
Property tax increment	\$ 16,747	\$ 16,747	\$ 16,109	\$ -	\$ -	\$ 16,109	\$ (638)
Interest income	445	445	940	-	-	940	495
Rental income	1,247	1,247	550	-	-	550	(697)
Land sale proceeds	10,520	10,520	(5)	-	-	(5)	(10,525)
Other income	11,588	11,588	179	-	-	179	(11,409)
<b>TOTAL REVENUES</b>	<b>40,547</b>	<b>40,547</b>	<b>17,773</b>	<b>-</b>	<b>-</b>	<b>17,773</b>	<b>(22,774)</b>
<b>EXPENDITURES</b>							
Administration costs	1,342	1,381	2,305	25	-	2,330	(949)
Professional services	484	484	122	-	-	122	362
Planning survey and design	(1,537)	(1,537)	485	-	-	485	(2,022)
Acquisition costs	2,113	2,113	10	1	-	11	2,102
Operation of acquired property	3,022	3,022	140	2	-	142	2,880
Relocation costs	(1)	(1)	2	-	-	2	(3)
Relocation payments	2,650	2,650	11	-	-	11	2,639
Site clearance costs	(7)	(7)	28	-	-	28	(35)
Project improvement/construction costs	29,164	30,064	4,578	114	-	4,692	25,372
Loss on sale of land held for resale	-	-	-	-	(5)	(5)	5
Land purchases	8,178	8,178	-	-	-	-	8,178
Rehabilitation grants and loans	(510)	(510)	322	-	-	322	(832)
Pass-through charges	7,633	7,633	-	-	-	-	7,633
Debt service payments:							
Bonds and notes payable – principal	2,546	2,546	3,528	-	-	3,528	(982)
Interest	5,108	5,108	7,413	-	-	7,413	(2,305)
Fiscal agent fees	83	83	2	-	-	2	81
<b>TOTAL EXPENDITURES</b>	<b>60,268</b>	<b>61,207</b>	<b>18,946</b>	<b>142</b>	<b>(5)</b>	<b>19,083</b>	<b>42,124</b>
Deficiency of revenues over under expenditures	(19,721)	(20,660)	(1,173)	(142)	5	(1,310)	19,350
<b>OTHER FINANCING SOURCES (USES)</b>							
Proceeds from other long-term debt	-	-	1,845	-	-	1,845	1,845
Land transfers	-	-	(37,231)	-	37,231	-	-
Transfers in (out), net	-	-	7,300	-	-	7,300	7,300
Interagency payments	6,000	6,000	-	-	-	-	(6,000)
Transfer to the City	-	-	(1,783)	-	-	(1,783)	(1,783)
Transfer from the City	-	900	2,007	-	-	2,007	1,107
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>6,000</b>	<b>6,900</b>	<b>(27,862)</b>	<b>-</b>	<b>37,231</b>	<b>9,369</b>	<b>2,469</b>
Net change in fund balances	(13,721)	(13,760)	(29,035)	(142)	37,236	8,059	21,819
Fund Balances							
October 1, budgetary basis	12,367	12,367	49,603	-	(37,236)	12,367	-
Encumbrances – beginning of year	(753)	(143)	-	753	-	753	896
<b>SEPTEMBER 30, BUDGETARY BASIS</b>	<b>\$ (2,107)</b>	<b>\$ (1,536)</b>	<b>\$ 20,568</b>	<b>\$ 611</b>	<b>\$ -</b>	<b>\$ 21,179</b>	<b>\$ 22,715</b>

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) by Project Area and Project Income  
West Beach Project Area – Capital and Debt Service  
Year Ended September 30, 2011  
(In Thousands)**

	Budgeted Amounts		Actual	Encumbrance Ending	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
<b>REVENUES</b>						
Property tax increment	\$ 1,614	\$ 1,614	\$ 1,398	\$ -	\$ 1,398	\$ (216)
Interest income	76	76	16	-	16	(60)
Other income	(73)	(73)	-	-	-	73
<b>TOTAL REVENUES</b>	<b>1,617</b>	<b>1,617</b>	<b>1,414</b>	<b>-</b>	<b>1,414</b>	<b>(203)</b>
<b>EXPENDITURES</b>						
Administration costs	118	118	101	-	101	17
Professional services	5	5	1	-	1	4
Planning survey and design	(33)	(33)	-	-	-	(33)
Operation of acquired property	1	2	-	-	-	2
Project improvement/construction costs	1,117	1,117	1,006	-	1,006	111
Pass-through charges	519	519	211	-	211	308
Debt service payments:						
Bonds and notes payable – principal	460	460	555	-	555	(95)
City/County advances and loan – principal	-	-	81	-	81	(81)
Interest	377	377	277	-	277	100
<b>TOTAL EXPENDITURES</b>	<b>2,564</b>	<b>2,565</b>	<b>2,232</b>	<b>-</b>	<b>2,232</b>	<b>333</b>
Deficiency of revenues under expenditures	(947)	(948)	(818)	-	(818)	130
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in (out), net	-	-	2	-	2	2
Transfer from the City	-	-	3	-	3	3
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>5</b>	<b>5</b>
Net change in fund balances	(947)	(948)	(813)	-	(813)	135
Fund Balances						
October 1, budgetary basis	2,046	2,046	2,046	-	2,046	-
Encumbrances – beginning of year	(1)	-	-	1	1	1
<b>SEPTEMBER 30, BUDGETARY BASIS</b>	<b>\$ 1,098</b>	<b>\$ 1,098</b>	<b>\$ 1,233</b>	<b>\$ 1</b>	<b>\$ 1,234</b>	<b>\$ 136</b>

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) by Project Area and Project Income  
West Long Beach Industrial Project Area – Capital and Debt Service  
Year Ended September 30, 2011  
(In Thousands)**

	Budgeted Amounts		Actual	Encumbrance Ending	Land Held for Resale	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final					
<b>REVENUES</b>							
Property tax increment	\$ 9,723	\$ 9,723	\$ 9,003	\$ -	\$ -	\$ 9,003	\$ (720)
Interest income	1,548	1,548	93	-	-	93	(1,455)
Rental income	-	-	3	-	-	3	3
Other income	(416)	(416)	8	-	-	8	424
<b>TOTAL REVENUES</b>	<b>10,855</b>	<b>10,855</b>	<b>9,107</b>	<b>-</b>	<b>-</b>	<b>9,107</b>	<b>(1,748)</b>
<b>EXPENDITURES</b>							
Administration costs	3,480	3,482	1,349	5	-	1,354	2,128
Professional services	(7)	(7)	48	-	-	48	(55)
Planning survey and design	(403)	(403)	13	8	-	21	(424)
Acquisition costs	6,007	6,007	18	2	-	20	5,987
Operation of acquired property	2,010	2,010	68	-	-	68	1,942
Relocation costs	4,638	4,638	9	-	-	9	4,629
Relocation payments	400	400	54	-	-	54	346
Site clearance costs	(87)	(87)	9	-	-	9	(96)
Project improvement/construction costs	4,122	4,122	1,036	370	-	1,406	2,716
Disposal costs	8	8	1	-	-	1	7
Loss on sale of land held for resale	-	-	822	-	(822)	-	-
Land purchases	8,046	8,046	-	-	-	-	8,046
Rehabilitation grants and loans	(1,163)	(1,163)	290	-	-	290	(1,453)
Pass-through charges	4,085	4,085	1,521	-	-	1,521	2,564
Debt service payments:							
Bonds and notes payable – principal	1,096	1,096	1,365	-	-	1,365	(269)
City/County advances and loan – principal	-	-	528	-	-	528	(528)
Interest	2,039	2,039	1,707	-	-	1,707	332
Fiscal agent fees	3	3	10	-	-	10	(7)
<b>TOTAL EXPENDITURES</b>	<b>34,274</b>	<b>34,276</b>	<b>8,848</b>	<b>385</b>	<b>(822)</b>	<b>8,411</b>	<b>25,865</b>
Deficiency of revenues under expenditures	(23,419)	(23,421)	259	(385)	822	696	24,117
<b>OTHER FINANCING SOURCES (USES)</b>							
Land transfers	-	-	(5,831)	-	5,831	-	-
Transfers in (out), net	-	-	(5,943)	-	-	(5,943)	(5,943)
Transfer to the City	(2,039)	(2,039)	(6,802)	-	-	(6,802)	(4,763)
Transfer from the City	-	-	6,339	-	-	6,339	6,339
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,039)</b>	<b>(2,039)</b>	<b>(12,237)</b>	<b>-</b>	<b>5,831</b>	<b>(6,406)</b>	<b>(4,367)</b>
Net change in fund balances	(25,458)	(25,460)	(11,978)	(385)	6,653	(5,710)	19,750
Fund Balances							
October 1, budgetary basis	34,793	34,793	34,793	-	-	34,793	-
Encumbrances – beginning of year	(544)	(384)	-	544	-	544	928
<b>SEPTEMBER 30, BUDGETARY BASIS</b>	<b>\$ 8,791</b>	<b>\$ 8,949</b>	<b>\$ 22,815</b>	<b>\$ 159</b>	<b>\$ 6,653</b>	<b>\$ 29,627</b>	<b>\$ 20,678</b>

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) by Project Area and Project Income  
Poly High Project Area – Capital and Debt Service  
Year Ended September 30, 2011  
(In Thousands)**

	Budgeted Amounts		Actual	Encumbrance Ending	Land Held for Resale	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final					
<b>REVENUES</b>							
Property tax increment	\$ 648	\$ 648	\$ 602	\$ -	\$ -	\$ 602	\$ (46)
Interest income	84	84	6	-	-	6	(78)
Other income	(34)	(34)	-	-	-	-	34
<b>TOTAL REVENUES</b>	<b>698</b>	<b>698</b>	<b>(780)</b>	<b>-</b>	<b>-</b>	<b>(780)</b>	<b>(1,478)</b>
<b>EXPENDITURES</b>							
Administration costs	(4)	(4)	83	-	-	83	(87)
Professional services	7	7	1	-	-	1	6
Planning survey and design	-	-	2	-	-	2	(2)
Acquisition costs	2,297	2,297	-	-	-	-	2,297
Operation of acquired property	15	15	6	-	-	6	9
Relocation payments	189	189	-	-	-	-	189
Project improvement/construction costs	26	26	128	-	-	128	(102)
Loss on sale of land held for resale	-	-	-	-	(1,388)	(1,388)	1,388
Pass-through charges	287	287	83	-	-	83	204
Debt service payments:							
Bonds and notes payable – principal	166	166	200	-	-	200	(34)
City/County advances and loan – principal	-	-	29	-	-	29	(29)
Interest	62	62	21	-	-	21	41
Fiscal agent fees	5	5	-	-	-	-	5
<b>TOTAL EXPENDITURES</b>	<b>3,050</b>	<b>3,050</b>	<b>553</b>	<b>-</b>	<b>(1,388)</b>	<b>(835)</b>	<b>3,885</b>
Excess of Revenues over Expenditures	(2,352)	(2,352)	(1,333)	-	1,388	55	2,407
<b>OTHER FINANCING SOURCES (USES)</b>							
Land transfers	-	-	(815)	-	815	-	-
Transfer from the City	-	-	3	-	-	3	3
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>(812)</b>	<b>-</b>	<b>815</b>	<b>3</b>	<b>3</b>
Net change in fund balances	(2,352)	(2,352)	(2,145)	-	2,203	58	2,410
Fund Balances							
October 1, budgetary basis	2,733	2,733	2,733	-	-	2,733	-
Encumbrances – beginning of year	-	-	-	-	-	-	-
<b>SEPTEMBER 30, BUDGETARY BASIS</b>	<b>\$ 381</b>	<b>\$ 381</b>	<b>\$ 588</b>	<b>\$ -</b>	<b>\$ 2,203</b>	<b>\$ 2,791</b>	<b>\$ 2,410</b>

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) by Project Area and Project Income  
Project Income Fund – Capital and Debt Service  
Year Ended September 30, 2011  
(In Thousands)**

	Budgeted Amounts		Actual	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final			
<b>REVENUES</b>					
Transient occupancy tax	\$ 860	\$ 860	\$ 3,820	\$ 3,820	\$ 2,960
Interest income	-	-	(2)	(2)	(2)
Other income	-	-	25	25	25
<b>TOTAL REVENUES</b>	<b>860</b>	<b>860</b>	<b>3,843</b>	<b>3,843</b>	<b>2,983</b>
<b>EXPENDITURES</b>					
Administration costs	11	11	16	16	(5)
Project improvement/construction costs	15	15	-	-	15
<b>TOTAL EXPENDITURES</b>	<b>26</b>	<b>26</b>	<b>16</b>	<b>16</b>	<b>10</b>
Excess of revenues over expenditures	834	834	3,827	3,827	2,993
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in (out), net	-	-	(3,159)	(3,159)	(3,159)
Interagency payments	(6,200)	-	-	-	-
Transfer to the City	(4,270)	(4,270)	(27,779)	(27,779)	(23,509)
Transfer from the City	-	(6,200)	634	634	6,834
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(10,470)</b>	<b>(10,470)</b>	<b>(30,304)</b>	<b>(30,304)</b>	<b>(19,834)</b>
Net change in fund balances	(9,636)	(9,636)	(26,477)	(26,477)	(16,841)
<b>Fund Balances</b>					
October 1, budgetary basis	26,990	26,990	26,990	26,990	-
Encumbrances – beginning of year	(4)	(4)	-	-	4
<b>SEPTEMBER 30, BUDGETARY BASIS</b>	<b>\$ 17,350</b>	<b>\$ 17,350</b>	<b>\$ 513</b>	<b>\$ 513</b>	<b>\$ (16,837)</b>

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) by Project Area and Project Income  
Los Altos Project Area – Capital and Debt Service  
Year Ended September 30, 2011  
(In Thousands)**

	Budgeted Amounts		Actual	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final			
<b>REVENUES</b>					
Property tax increment	\$ 606	\$ 606	\$ 601	\$ 601	\$ (5)
Interest income	33	33	18	18	(15)
Other income	576	576	122	122	(454)
<b>TOTAL REVENUES</b>	<b>1,215</b>	<b>1,215</b>	<b>741</b>	<b>741</b>	<b>(474)</b>
<b>EXPENDITURES</b>					
Administration costs	129	129	61	61	68
Professional services	-	-	1	1	(1)
Operation of acquired property	15	15	-	-	15
Project improvement/construction costs	1,008	1,008	1	1	1,007
Pass-through charges	413	413	378	378	35
Debt service payments:					
Bonds and notes payable – principal	265	265	290	290	(25)
City/County advances and loan – principal	-	-	30	30	(30)
Interest	163	163	130	130	33
<b>TOTAL EXPENDITURES</b>	<b>1,993</b>	<b>1,993</b>	<b>891</b>	<b>891</b>	<b>1,102</b>
Excess of revenues over expenditures	(778)	(778)	(150)	(150)	628
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from other long-term debt	288	288	297	297	9
Transfers in (out), net	-	-	(1)	(1)	(1)
Interagency payments	(605)	(605)	-	-	605
Transfer from the City	-	-	3	3	3
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(317)</b>	<b>(317)</b>	<b>299</b>	<b>299</b>	<b>616</b>
Net change in fund balances	(1,095)	(1,095)	149	149	1,244
Fund Balances					
October 1, budgetary basis	(1,407)	(1,407)	(1,407)	(1,407)	-
Encumbrances – beginning of year	(725)	(572)	-	-	572
<b>SEPTEMBER 30, BUDGETARY BASIS</b>	<b>\$ (3,227)</b>	<b>\$ (3,074)</b>	<b>\$ (1,258)</b>	<b>\$ (1,258)</b>	<b>\$ 1,816</b>

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) by Project Area and Project Income  
Central Long Beach Project Area – Capital and Debt Service  
Year Ended September 30, 2011  
(In Thousands)**

	Budgeted Amounts		Actual	Encumbrance Ending	Land Held for Resale	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final					
<b>REVENUES</b>							
Property tax increment	\$ 16,118	\$ 16,118	\$ 17,965	\$ -	\$ -	\$ 17,965	\$ 1,847
Interest income	59	59	340	-	-	340	281
Rental income	81	81	282	-	-	282	201
Other income	(981)	(981)	1,367	-	-	1,367	2,348
<b>TOTAL REVENUES</b>	<b>15,277</b>	<b>15,277</b>	<b>22,605</b>	<b>-</b>	<b>-</b>	<b>22,605</b>	<b>7,328</b>
<b>EXPENDITURES</b>							
Administration costs	629	631	3,982	7	-	3,989	(3,358)
Professional services	207	207	214	6	-	220	(13)
Planning survey and design	145	145	1,297	139	-	1,436	(1,291)
Acquisition costs	20,251	20,251	110	-	-	110	20,141
Operation of acquired property	945	945	475	16	-	491	454
Relocation costs	(137)	(137)	11	-	-	11	(148)
Relocation payments	(1,015)	(1,015)	1,009	-	-	1,009	(2,024)
Site clearance costs	(80)	(80)	5,895	-	-	5,895	(5,975)
Project improvement/construction costs	6,515	6,520	4,250	404	-	4,654	1,866
Disposal costs	(659)	(659)	1	-	-	1	(660)
Loss on sale of land held for resale	-	-	-	-	2,651	2,651	(2,651)
Land purchases	3,974	3,974	-	-	-	-	3,974
Rehabilitation grants and loans	(764)	(764)	229	-	-	229	(993)
Furniture, fixture, and equipment	(32)	(32)	-	-	-	-	(32)
Pass-through charges	11,176	11,176	5,032	-	-	5,032	6,144
Debt service payments:							
Bonds and notes payable – principal	690	690	805	-	-	805	(115)
U.S., State, and other long-term debt – principal	-	-	-	-	-	-	-
City/County advances and loan – principal	2,390	2,390	-	-	-	-	2,390
Interest	3,100	3,100	2,916	-	-	2,916	184
Fiscal agent fees	16	16	-	-	-	-	16
<b>TOTAL EXPENDITURES</b>	<b>47,351</b>	<b>47,358</b>	<b>26,226</b>	<b>572</b>	<b>2,651</b>	<b>29,449</b>	<b>17,909</b>
Excess of revenues over expenditures	(32,074)	(32,081)	(3,621)	(572)	(2,651)	(6,844)	25,237
<b>OTHER FINANCING SOURCES (USES)</b>							
Proceeds from other long-term debt	-	-	239	-	-	239	239
Land transfers	-	-	(35,260)	-	35,261	1	1
Transfers in (out), net	-	-	1,761	-	-	1,761	1,761
Interagency payments	1,300	-	(22)	-	-	(22)	(22)
Transfer to the City	272	272	-	-	-	-	(272)
Transfer from the City	(415)	885	106	-	-	106	(779)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,157</b>	<b>1,157</b>	<b>(33,176)</b>	<b>-</b>	<b>35,261</b>	<b>2,085</b>	<b>928</b>
Net change in fund balances	(30,917)	(30,924)	(36,797)	(572)	32,610	(4,759)	26,165
Fund Balances							
October 1, budgetary basis	39,147	39,147	71,756	-	(32,610)	39,146	(1)
Encumbrances – beginning of year	(966)	(628)	-	725	-	725	1,353
<b>SEPTEMBER 30, BUDGETARY BASIS</b>	<b>\$ 7,264</b>	<b>\$ 7,595</b>	<b>\$ 34,959</b>	<b>\$ 153</b>	<b>\$ -</b>	<b>\$ 35,112</b>	<b>\$ 27,517</b>

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) by Project Area and Project Income  
North Long Beach Project Area – Capital and Debt Service  
Year Ended September 30, 2011  
(In Thousands)**

	Budgeted Amounts		Actual	Encumbrance Ending	Land Held for Resale	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final					
<b>REVENUES</b>							
Property tax increment	\$ 34,883	\$ 34,883	\$ 31,792	\$ -	\$ -	\$ 31,792	\$ (3,091)
Interest income	2,309	2,309	703	-	-	703	(1,606)
Rental income	(262)	(262)	158	-	-	158	420
Other income	(1,704)	(1,704)	1,054	-	-	1,054	2,758
<b>TOTAL REVENUES</b>	<b>35,226</b>	<b>35,226</b>	<b>33,511</b>	<b>-</b>	<b>-</b>	<b>33,511</b>	<b>(1,715)</b>
<b>EXPENDITURES</b>							
Administration costs	2,558	2,561	3,687	2	-	3,689	(1,128)
Professional services	6,346	6,348	154	6	-	160	6,188
Planning survey and design	(661)	(661)	577	62	-	639	(1,300)
Acquisition costs	5,310	5,310	45	-	-	45	5,265
Operation of acquired property	2,492	2,492	453	21	-	474	2,018
Relocation costs	(163)	(163)	-	-	-	-	(163)
Relocation payments	1,889	1,889	1	-	-	1	1,888
Project improvement/construction costs	88,965	88,963	7,202	536	-	7,738	81,225
Disposal costs	(11)	(11)	-	-	-	-	(11)
Loss on sale of land held for resale	-	-	-	-	(196)	(196)	196
Land purchases	100	100	-	-	-	-	100
Rehabilitation grants and loans	(2,027)	(2,027)	654	-	-	654	(2,681)
Furniture, fixture, and equipment	-	-	67	-	-	67	(67)
Pass-through charges	22,214	72,214	11,554	-	-	11,554	60,660
Debt service payments:							
Bonds and notes payable – principal	3,320	3,320	2,655	-	-	2,655	665
U.S., State, and other long-term debt – principal	42	42	-	-	-	-	42
City/County advances and loan – principal	-	-	3,512	-	-	3,512	(3,512)
Interest	7,287	7,287	7,406	-	-	7,406	(119)
Fiscal agent fees	113	113	9	-	-	9	104
<b>TOTAL EXPENDITURES</b>	<b>137,774</b>	<b>187,777</b>	<b>37,976</b>	<b>627</b>	<b>(196)</b>	<b>38,407</b>	<b>149,370</b>
Excess of revenues over expenditures	(102,548)	(152,551)	(4,465)	(627)	196	(4,896)	147,655
<b>OTHER FINANCING SOURCES (USES)</b>							
Proceeds from other long-term debt	-	-	1,440	-	-	1,440	1,440
Land transfers	-	-	(77,813)	-	77,812	(1)	(1)
Transfers in (out), net	-	-	40	-	-	40	40
Interagency payments	(1,300)	-	-	-	-	-	-
Transfer to the City	(139)	(139)	(310)	-	-	(310)	(171)
Transfer from the City	-	(1,300)	149	-	-	149	1,449
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,439)</b>	<b>(1,439)</b>	<b>(76,494)</b>	<b>-</b>	<b>77,812</b>	<b>1,318</b>	<b>2,757</b>
Net change in fund balances	(103,987)	(153,990)	(80,959)	(627)	78,008	(3,578)	150,412
Fund Balances							
October 1, budgetary basis	71,700	71,700	149,709	-	(78,008)	71,701	1
Encumbrances – beginning of year	(966)	(628)	-	966	-	966	1,594
<b>SEPTEMBER 30, BUDGETARY BASIS</b>	<b>\$ (33,253)</b>	<b>\$ (82,918)</b>	<b>\$ 68,750</b>	<b>\$ 339</b>	<b>\$ -</b>	<b>\$ 69,089</b>	<b>\$ 152,007</b>

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) by Project Area and Project Income  
Housing Fund – Debt Service  
Year Ended September 30, 2011  
(In Thousands)**

	Budgeted Amounts		Actual	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final			
<b>REVENUES</b>					
Interest income	\$ 154	\$ 154	\$ 288	\$ 288	\$ 134
TOTAL REVENUES	154	154	288	288	134
<b>EXPENDITURES</b>					
Bonds and notes payable-principal	670	670	785	785	(115)
Interest	2,984	2,984	2,868	2,868	116
Fiscal agent fees	5	5	2	2	3
TOTAL EXPENDITURES	3,659	3,659	3,655	3,655	4
Excess of revenues over expenditures	(3,505)	(3,505)	(3,367)	(3,367)	138
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer to the City	(8,840)	(8,840)	(1,001)	(1,001)	7,839
Transfer from the City	3,521	3,521	-	-	(3,521)
TOTAL OTHER FINANCING SOURCES (USES)	(5,319)	(5,319)	(1,001)	(1,001)	4,318
Net change in fund balances	(8,824)	(8,824)	(4,368)	(4,368)	4,456
Fund Balances					
October 1, budgetary basis	27,286	27,286	27,286	27,286	-
SEPTEMBER 30, BUDGETARY BASIS	\$ 18,462	\$ 18,462	\$ 22,918	\$ 22,918	\$ 4,456

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 Changes in Long-Term Debt Year Ended September 30, 2011 (In Thousands)

	Balance September 30, 2010	Additions	Deductions	Balance September 30, 2011
<b><u>Poly High Project</u></b>				
Bonds-Tax Allocation Bonds 2002	\$ 406	\$ -	\$ 200	\$ 206
Bonds-Tax Allocation Bonds 2005A-2	2,558	-	-	2,558
<b>Total</b>	<u>2,964</u>	<u>-</u>	<u>200</u>	<u>2,764</u>
<b><u>West Beach Project</u></b>				
Bonds-Tax Allocation Bonds 2002	5,349	-	555	4,794
Bonds-Tax Allocation Bonds 2005A-2	839	-	-	839
<b>Total</b>	<u>6,188</u>	<u>-</u>	<u>555</u>	<u>5,633</u>
<b><u>West Long Beach Ind'l Proj.</u></b>				
Bonds-Tax Allocation Bonds 1992	12,165	-	1,230	10,935
Bonds-Tax Allocation Bonds 2002B	19,160	-	135	19,025
Note-Cal-Can Holdings, LLC	146	-	-	146
<b>Total</b>	<u>31,471</u>	<u>-</u>	<u>1,365</u>	<u>30,106</u>
<b><u>Downtown Project</u></b>				
Bonds-Tax Allocation Bonds 1992A	27,015	-	2,730	24,285
Bonds-Tax Allocation Bonds 2002A	14,259	-	698	13,561
Bonds-Tax Allocation Bonds 2002B	22,615	-	-	22,615
Bonds-Tax Allocation Bonds 2005C	7,690	-	50	7,640
<b>Total</b>	<u>71,579</u>	<u>-</u>	<u>3,478</u>	<u>68,101</u>
<b><u>Los Altos Project</u></b>				
Bonds-Tax Allocation Bonds 2005A-1	3,340	-	290	3,050
Note-Los Angeles County - Principal	3,006	295	-	3,301
- Interest	660	120	-	780
Note-LA County Office of Education - Principal	24	2	-	26
- Interest	5	1	-	6
<b>Total</b>	<u>7,035</u>	<u>418</u>	<u>290</u>	<u>7,163</u>
<b><u>Central Long Beach Proj</u></b>				
Bonds-Tax Allocation Bonds 2005A-1	21,259	-	321	20,938
Bonds-Tax Allocation Bonds 2005B	32,081	-	484	31,597
<b>Total</b>	<u>53,340</u>	<u>-</u>	<u>805</u>	<u>52,535</u>
<b><u>North Long Beach Project</u></b>				
Bonds-Tax Allocation Bonds 2002	8,169	-	865	7,304
Bonds-Tax Allocation Bonds 2005A-1	35,619	-	761	34,858
Bonds-Tax Allocation Bonds 2005B	22,906	-	489	22,417
Bonds-Tax Allocation Bonds 2005C	27,145	-	-	27,145
Bonds-Tax Allocation Bonds 2010A	22,235	-	-	22,235
Bonds-Tax Allocation Bonds 2010B	10,745	-	590	10,155
<b>Total</b>	<u>126,819</u>	<u>-</u>	<u>2,705</u>	<u>124,114</u>
<b><u>Housing Fund</u></b>				
Bonds-Tax Allocation Bonds 2005B	52,185	-	785	51,400
<b>Total</b>	<u>52,185</u>	<u>-</u>	<u>785</u>	<u>51,400</u>
<b>TOTAL AGENCY LONG-TERM DEBT</b>	<u>\$ 351,581</u>	<u>\$ 418</u>	<u>\$ 10,183</u>	<u>\$ 341,816</u>
<b>Long-term indebtedness is summarized as follows:</b>				
Notes	3,841	\$ 418	\$ -	4,259
Bonds	347,740	0	10,183	337,557
<b>Total</b>	<u>\$ 351,581</u>	<u>\$ 418</u>	<u>\$ 10,183</u>	<u>\$ 341,816</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*



**KPMG LLP**  
Suite 700  
20 Pacifica  
Irvine, CA 92618-3391

## **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, 2011, which collectively comprise the Agency's combined financial statements and have issued our report thereon dated August 22, 2012. 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, 2011, 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**

Management of the Agency is responsible for establishing and maintaining effective 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 opinion on the 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.

A deficiency in internal control over financial reporting 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 and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

# Redevelopment Agency of the City of Long Beach

*A Component Financial Reporting Unit of the City of Long Beach, California*



Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Agency's 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*.

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**

August 22, 2012

## GENERAL INFORMATION





# Redevelopment Agency of the City of Long Beach

*A Component Financial Reporting Unit of the City of Long Beach, California*

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## DOWNTOWN REDEVELOPMENT PROJECT AREA

### COMPARISON OF GOALS WITH ACCOMPLISHMENTS FOR FISCAL YEAR 2010-2011

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.
- Determine appropriate use and solicit development of the former D'Orsay Hotel site.
- Negotiate DDA with City Ventures for development of the half block bordered by 3rd Street, 4th Street, Pacific Avenue and Solana Court.
- Implement Memorandum of Understanding (MOU) between California State University, Long Beach (CSULB) and RDA to explore financial feasibility and conceptual design for the development of the CSULB Fine Arts Graduate Program facilities, including student and/or faculty housing on the half-block at Broadway and Long Beach Boulevard (Broadway Block).
- Determine appropriate use and solicit development of the southwest corner of Broadway and Long Beach Boulevard.
- Negotiate DDA with Urbana Development, LLC for the adaptive reuse of the American Hotel.
- Continue to pursue development of sites along Ocean Boulevard.
- Continue development of the Art Exchange, a 10,150 square foot art production and gallery facility at the southeast corner of Long Beach Boulevard and 3rd Street.
- Provide incentives for property owners to improve facades and screening in the area.
- Negotiate with developer for development of the half-block bordered by Broadway, Elm Avenue, 3rd Street and Alamo Court.
- Solicit developers for sale and activation of the Edison Theatre.
- Provide support to graffiti abatement program.

#### Accomplishments:

- Worked in partnership with Downtown Long Beach Associates and the City's Economic Development Bureau to attract and retain businesses in Downtown.
- Entered into an Agreement to Negotiate Exclusively with Forest City for the development site at the Promenade and Broadway (former D'Orsay Hotel site).
- Continued negotiations and design development through an Agreement to Negotiate Exclusively with City Ventures for the development of a mixed-use project at 3rd Street and Pacific Avenue.
- Negotiated with Metropolitan Transportation Authority (MTA) for a grant to incorporate 100 park-and-ride parking spaces into the development site at 3<sup>rd</sup> Street and Pacific Avenue.
- Continued negotiations and design development through an Agreement to Negotiate Exclusively with City Ventures for the development of a mixed-use project at Broadway and Elm Avenue.
- Extended for an additional year the term of the MOU with CSULB related to graduate housing and a Downtown arts program; continued to refine development concepts and financial pro formas for the project.
- Conducted the 2011 US Green Building Council Emerging Talent Design Competition for the Broadway and Long Beach Boulevard development site.

# Redevelopment Agency of the City of Long Beach

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*A Component Financial Reporting Unit of the City of Long Beach, California*

- Continued to work with the owner of Pine Square/Pacific Court to convert the underutilized AMC Theater space into market-rate residential units.
- Completed design development for the adaptive reuse of the American Hotel through an Agreement to Negotiate Exclusively with Urbana Development, LLC.
- Completed acquisition of the vacant property at 100 East Ocean Boulevard, which includes the historic Jergens Trust Tunnel.
- Completed construction drawings and obtained permit approvals for the Art Exchange development project, and prepared the specification package required to publicly bid the construction of the project. Continued to work with the Art Exchange Board on the development of their operations, programming, vision and fund-raising.
- Completed tenant improvements at 309 Pine Avenue to support the opening of the Long Beach City College Small Business Development Center.
- Provided a business loan to Beachwood BBQ for equipment and working capital to enable their business to expand into the Lofts at Promenade project.
- Continued to review proposals and solicit developers for sale and activation of the Edison Theatre.
- Continued to provide support to the graffiti abatement program.

Goal 2: Encourage open space and public art development in the Downtown in conformance with the Redevelopment Plan and the Downtown Strategy for Development.

- Begin construction of The Promenade South Block.
- Implement public art on key corridors with Ocean Boulevard as a priority.
- Continue to place temporary public art exhibits in vacant storefronts.
- Place art installations throughout Downtown, including utility boxes.
- Provide support for the Arts Council for Long Beach.

## Accomplishments

- Completed construction of a new permanent Bike Station facility adjacent to Promenade Square.
- Completed fabrication and installation of the Sea Grass public art sculpture on the Ocean Boulevard median between Magnolia and Chestnut Avenues.
- Completed construction of the *Image Emergence: Promenade of the Clouds* public art sculpture along with the Promenade South block improvements. Continued to work on conceptual plans for the Promenade North block.
- Provided temporary office space for the ARTX Annex, a center of operations for the fundraising and programming efforts in preparation for the opening of the Art Exchange facility.

# Redevelopment Agency of the City of Long Beach

*A Component Financial Reporting Unit of the City of Long Beach, California*

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- Completed the installation of the mural, entitled *Welcome to Long Beach*, an 18- by 60-foot mural on a west-facing wall of the gallery421 mixed-use project as part of the developer's Percent for Public Art contribution.
- Continued to work with Lyon Communities, the Arts Council for Long Beach, and the Museum of Latin American Art to program exhibits at The Collaborative art gallery in the gallery421 project as part of the developer's Percent for Public Art contribution.
- Continued partnership with Phantom Galleries to place temporary art installations in empty storefronts in Downtown Long Beach.
- Continued to provide support for the Arts Council for Long Beach.

Goal 3: Encourage infrastructure and public improvements in conformance with the Redevelopment Plan and Downtown Strategy for Development

- Install cameras on the Promenade Mid-block (1st Street to Broadway).
- Upgrade and expand the existing CityPlace Garage C.
- Finalize plans and begin construction of the Pine Avenue Streetscape Improvement Project.
- Provide local match for the Downtown Parking Wayfinding Grant.

Accomplishments

- In conjunction with completing construction of the Promenade South Block improvements, continued to refine plans for the North block and Mural Park.
- Continued work on the Pine Avenue Streetscape Improvement Project by refining plans in response to input from community outreach sessions.
- Installed a Police Video Surveillance Camera System on the Promenade Mid-Block (Ocean Blvd. to Broadway).
- Continued public information program on changes to Downtown parking, including working with the Downtown Long Beach Associates (DLBA) on updates to the web site to provide parking information and an online reservation system.
- Implemented a new Downtown parking program at CityPlace providing improved security features and a more accessible payment process.

Goal 4: 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% of available tax increment to the Housing Development Fund.

Goal 5: Encourage effective project area administration in conformance with Redevelopment Plan and Downtown Strategy for Development.

- Continue partnership with Downtown Long Beach Associates (DLBA) and Downtown businesses through contributions to marketing and economic development efforts.

# Redevelopment Agency of the City of Long Beach

*A Component Financial Reporting Unit of the City of Long Beach, California*

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- Provide support for special events in the Downtown.
- Provide staff support for the Downtown Property Based Improvement District (PBID) and the DLBA.
- Offer small design competition award to attract and spur new and creative design throughout the Downtown.

## Accomplishments

- Continued to provide support for the completion of the Downtown Community Plan and Program Environmental Impact Report.
- Continued agreement with DLBA to conduct economic development program.
- Contributed to Downtown marketing efforts.
- Provided staff support to DLBA's Economic Development and Capital Improvement Project subcommittees.
- Partnered with the Los Angeles Chapter of the U.S. Green Building Council (USGBC) to host the 5<sup>th</sup> Annual Emerging Talent Design Competition to provide an innovative design utilizing shipping containers as the primary building material.

## WEST BEACH REDEVELOPMENT PROJECT AREA

### COMPARISON OF GOALS WITH ACCOMPLISHMENTS FOR FISCAL YEAR 2010-2011

Goal 1: Encourage open space and public art development to benefit the project area.

- Assist with construction of the Promenade South Block.

Accomplishment:

- Completed construction of the Promenade South Block.

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: Facilitate efficient administration of the Project Area.

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

Accomplishment:

- Continued to provide support to a variety of committees and organizations, including the DLBA and the Arts Council.

# Redevelopment Agency of the City of Long Beach

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*A Component Financial Reporting Unit of the City of Long Beach, California*

## WEST LONG BEACH INDUSTRIAL REDEVELOPMENT PROJECT AREA COMPARISON OF GOALS WITH ACCOMPLISHMENTS FOR FISCAL YEAR 2010-2011

### Goal 1: Contribute to Neighborhood Revitalization.

- Facilitate the removal of non-conforming uses.
- Create new development opportunities.
- Maintain pro-active Code Enforcement Program.
- Maintain pro-active Graffiti Abatement Program.
- Enhance safety:
  - Surveillance cameras
  - Solar lighting

### Accomplishments:

- Completed negotiation and acquisition of nonconforming use at 1440 Hayes and 1350 Seabright Avenue.
- Completed negotiation and acquisition of nonconforming use at 2120 Gaylord Avenue.
- Continued negotiations of the OPA with 1600 Seabright, LLC (Parker Diving) for the development of 1650 Seabright Avenue and 1881 W. 16<sup>th</sup> Street facilitating the company's Phase II expansion.
- Completed and executed OPA with Lester Box Inc. for the development of 1463 Cota Avenue for the purpose of business expansion.
- Continued implementing the Commercial Fencing & Screening Program.
- Birrieria Tepechi Restaurant, 1440 Santa Fe Avenue
- Continued to provide funding for the proactive Code Enforcement Program.
- Provided funding for Commercial Exterior Rebates to business and property owners.
- Completed and maintained the Street & Alley Solar Lighting Project to enhance public safety and promote green technology.
- Maintained and expanded the Security Camera project along Harbor Avenue to enhance public safety.
- Funded graffiti abatement program.
- Continued implementation of the Westside Industrial Strategic Action Plan.

### Goal 2: Contribute to Corridor Revitalization.

- Facilitate removal and conversion of non-conforming uses.
- Create new development opportunities.
- Maintain pro-active Code Enforcement Program.
- Maintain commercial façade improvement program.

# Redevelopment Agency of the City of Long Beach

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*A Component Financial Reporting Unit of the City of Long Beach, California*

## Accomplishments:

- Completed negotiation and acquisition of a nonconforming use at 1440 Hayes and 1350 Seabright Avenue.
- Completed negotiation and acquisition of a nonconforming use at 2120 Gaylord Avenue.
- Maintained the Commercial Fencing & Screening Program.
- Continued to provide funding for the proactive Code Enforcement Program.
- Provided funding for Commercial Exterior Rebates to business and property owners.
- Maintained the Harbor Avenue Security Camera Project to enhance public safety.
- Continued implementation of the Westside Industrial Strategic Action Plan.

## Goal 3: Contribute to Open Space / Public Art Development.

- Enhance the image and identity of the Westside as a prosperous industrial community.

## Accomplishment:

- Continued to implement the Utility Box Art Project with local artists.

## Goal 4: Contribute to Infrastructure/Public Improvements.

- Improve infrastructure to support existing businesses:
  - Storm drain and pump station improvement project
    - Ensure that adequate infrastructure is in place to support future development
  - Assessment of conditions of streets, alleys, sidewalks and ADA access
- Create a more pleasant environment through an attractive streetscape program:
  - Pacific Coast Highway
  - Santa Fe Avenue median and street enhancement

## Accomplishments:

- Began construction on Phase 2 of the Westside Storm Drain/Pump Station project.
- Completed the design modification and permit procurement process for the Pacific Coast Highway Streetscape Improvement Project.

## Goal 5: Support the development of affordable housing in Long Beach.

- Transfer 20 percent of project area tax increment to the Housing Development Fund.

## Accomplishment:

- Transferred 20 percent of project area tax increment to the Housing Development Fund.

## Goal 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.

## Accomplishments:

- Approved West Long Beach Industrial Project Area Committee (WPAC) Administrative Funding Agreement for FY 2010-2011.
- Continued to provide staff support to the WPAC.
- Continued to provide staff support to the WPAC subcommittees.
- Continued to promote development sites throughout the Project Area.

# Redevelopment Agency of the City of Long Beach

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*A Component Financial Reporting Unit of the City of Long Beach, California*

## POLY HIGH REDEVELOPMENT PROJECT AREA

### COMPARISON OF GOALS WITH ACCOMPLISHMENTS FOR FISCAL YEAR 2010-2011

Goal 1: Contribute to open space and public art development.

- Support the creation and installation of public art.
  - Poly Walk of Fame
- Support the creation of streetscape/open space improvements.
  - Poly High Gateway Signage
  - Poly High Gateway Landscaping Project

Accomplishments:

- Continued to provide funding for the development of public art.
- Completed design and installation of the Poly Walk of Fame Project at Poly High School on Martin Luther King Jr. Avenue and 16th Street.
- Completed construction of the Poly Gateway Landscaping Project at Martin Luther King Jr. Avenue and Pacific Coast Highway.
- Finalized design and construction documents for the Poly Gateway marquee signs for Atlantic Avenue and Pacific Coast Highway, and Atlantic Avenue and Martin Luther King Jr. Avenue.

Goal 2: Contribute to infrastructure and public improvements.

- Preserve the public amenities created as part of the redevelopment of the Poly High School Redevelopment Project Area:
- Continue to assist in the development of public infrastructure projects.
  - Pacific Coast Highway and Atlantic Right-Turn Lane
  - Poly High Fence of Champions

Accomplishments:

- Continued to support infrastructure improvements at Atlantic Avenue and Pacific Coast Highway.

Goal 3: 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.

Accomplishments:

- Provided 20 percent of the available Project Area tax increment to the Housing Development Fund for use in construction/development of affordable housing.

Goal 4: Facilitate efficient administration of the Project Area.

Accomplishments:

- Continued support of events and organizations throughout the Project Area

# Redevelopment Agency of the City of Long Beach

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*A Component Financial Reporting Unit of the City of Long Beach, California*

## LOS ALTOS REDEVELOPMENT PROJECT AREA COMPARISON OF GOALS WITH ACCOMPLISHMENTS FOR FISCAL YEAR 2010-2011

Goal 1: 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% of available increment to the Housing Development Fund.

Goal 2: Facilitate the efficient administration of the Project Area.

- 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.

Accomplishments:

- Used sales tax revenue and tax increment for bond debt service, administrative expenses, and repayment of the loan from the West Long Beach Industrial Project Area.
- Maintained reserve for capital replacement to preserve public amenities.



# Redevelopment Agency of the City of Long Beach

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*A Component Financial Reporting Unit of the City of Long Beach, California*

## CENTRAL REDEVELOPMENT PROJECT AREA COMPARISON OF GOALS WITH ACCOMPLISHMENTS FOR FISCAL YEAR 2010-2011

Goal 1: Contribute to open space and public art development.

- Support the creation and installation of public art.
  - Poly Walk of Fame
- Support the creation of streetscape/open space improvements.
  - Poly High Gateway Signage
  - Poly High Gateway Landscaping Project

Accomplishments:

- Continued to provide funding for the development of public art.
- Completed design and installation of the Poly Walk of Fame Project at Poly High School on Martin Luther King Jr. Avenue and 16th Street.
- Completed construction of the Poly Gateway Landscaping Project at Martin Luther King Jr. Avenue and Pacific Coast Highway.
- Finalized design and construction documents for the Poly Gateway marquee signs for Atlantic Avenue and Pacific Coast Highway, and Atlantic Avenue and Martin Luther King Jr. Avenue.

Goal 2: Contribute to infrastructure and public improvements.

- Preserve the public amenities created as part of the redevelopment of the Poly High School Redevelopment Project Area:
- Continue to assist in the development of public infrastructure projects.
  - Pacific Coast Highway and Atlantic Right-Turn Lane
  - Poly High Fence of Champions

Accomplishments:

- Continued to support infrastructure improvements at Atlantic Avenue and Pacific Coast Highway.

Goal 3: 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.

Accomplishments

- Provided 20 percent of the available Project Area tax increment to the Housing Development Fund for use in construction/development of affordable housing.

Goal 4: Facilitate efficient administration of the Project Area.

Accomplishments

- Continued support of events and organizations throughout the Project Area.

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## NORTH REDEVELOPMENT PROJECT AREA

### COMPARISON OF GOALS WITH ACCOMPLISHMENTS FOR FISCAL YEAR 2010-2011

#### Goal 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 proactive Code Enforcement program:
  - Sutter School & Coolidge Triangle
  - Artesia Boulevard
  - Atlantic Avenue
  - Long Beach Boulevard
  - Paramount Boulevard
  - South Street

#### Accomplishments:

- Provided funding to complete the following Neighborhood Enhancement Areas: Coolidge, Jordan, Grant, Dairy, Sutter and Jane Adams.
- Provided funding to begin the following Neighborhood Enhancement Areas: Hamilton, California/Cherry, McKinley, Ramona and Del Amo.
- Provided funding to commence improvement projects for eligible property in the project area.
- Acquired the blighted property at 34 W. Sunset to complete land assemblage for a mixed-use project.
- Funded graffiti abatement program.
- Continued a proactive Code Enforcement program on major commercial corridors in North Long Beach.

#### Goal 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 – West Block
  - North Village Center – East Block
  - North Village Center – Atlantic & 61st

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- NEC Atlantic Avenue and Artesia Boulevard
- 5100 Long Beach Blvd.
- Continue Commercial Façade Program:
  - 5414 Long Beach Blvd.
  - 5420 Long Beach Blvd.
  - 5422 Long Beach Blvd.
  - 5438 Long Beach Blvd.
- Create new home ownership opportunities with a focus on public transportation:
  - Waite Motel Site (5100 Long Beach Boulevard)
  - Motel Block Site (4800 Long Beach Boulevard)

## Accomplishments:

- Completed a façade improvement at EJ Malloy’s (4306 Atlantic Avenue).
- Completed the LaShell Theater façade improvements at 5376-5390 Atlantic Avenue.
- Completed the Dave’s Burger façade project at 3396 Atlantic Avenue.
- Continued negotiations in cooperation with the Long Beach Housing Development Company for development of a multifamily residential property at 5100 Long Beach Boulevard.
- Commenced remediation of contaminated property at 5301 Long Beach Boulevard in preparation for development of off-street public parking.
- Closed escrow on the Marshall’s Department Store Loan Agreement (4450 Atlantic Ave.)
- Continued negotiations for development of commercial property at 6101 Atlantic Avenue.
- Continued negotiations for development of commercial property at 5800 Atlantic Avenue.
- Continued negotiations for development of commercial property at 6600 Atlantic Avenue.
- Continued to negotiate façade renovation contracts with Virginia Village businesses.
- Continued to support the Bixby Knolls Business Improvement Association for economic development and marketing services.
- Continued to lease 4321 Atlantic Avenue to the Bixby Knolls Business Improvement Association for public community events programming.

## Goal 3: Contribute towards open space/public art development

- Continue development of additional open/park space:
  - Houghton Park facility improvements
  - Davenport Expansion
  - Oregon Park
- Continue development of public art:
  - Utility boxes
  - Artesia Corridor art
  - Mobile exhibits

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## Accomplishments:

- Completed construction of Admiral Kidd Park at 2125 Santa Fe Avenue.
- Completed construction of the Paseo at 5368 Long Beach Boulevard.
- Completed the installation of the *Concert for the Wind* art piece in Grace Park.
- Completed the installation of the *Playing Chase* art piece in Burton Chace Park.
- Completed the installation of the *Urban Totems* art piece in the median on the 5600 block of Atlantic Avenue.
- Continued the design of Davenport Park Phase II at 5550 W. Paramount
- Completed construction documents for the park at Oregon & Del Amo.
- Completed installation of five new Mobile Art storefront art exhibits in North Village in cooperation with the Arts Council.
- Continued CEQA and landfill closure plan for the expansion of Pops Davenport Park.
- Continued to support Neighborhood Partners Program grants and provided funding for neighborhood murals, including the North Village Center mural.
- Continued to support the North Project Area Committee by providing funding for public artwork on designated traffic signal controller cabinets.
- Continued to support the North Project Area Committee with the installation of street pole banners.
- Continued to fund and work with the Arts Council for Long Beach.

## Goal 4: Contribute towards infrastructure/public improvements

- Complete planned streetscape improvements:
  - Long Beach Boulevard
- Complete planned median improvements:
  - Del Amo Boulevard
  - Atlantic Avenue
  - Artesia Boulevard
- Construct Fire Station 12
- Complete design for North Village Library

## Accomplishments:

- Completed Streetscape Improvements on Long Beach Blvd. between Del Amo Boulevard & 56<sup>th</sup> St.
- Completed one-way couplets along 56<sup>th</sup> St. and Ellis St. at Long Beach Blvd.
- Completed landscape improvements around the Orange Twist art piece along the 4700 block of Atlantic Ave.

# Redevelopment Agency of the City of Long Beach

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- Completed the design of new neighborhood street banners on Atlantic Ave. in North Village and along Long Beach Blvd. in Virginia Village
- Completed Street Improvement work along Atlantic Ave between Del Amo Blvd. & 52<sup>nd</sup> St.
- Completed construction documents for Atlantic Median improvements between 52<sup>nd</sup> and 56<sup>th</sup> and 59<sup>th</sup> to Aloha Circle.
- Completed construction documents for Artesia Median improvements between Atlantic and Obispo.
- Continued the construction of Fire Station 12 at 1199 Orange Ave.
- Continued the design of the new North Neighborhood Library at 5870 Atlantic Ave.
- Approved the matching funds to an MTA grant for construction of a new bike path along the South Waterfront.
- Continued the Installation of surveillance cameras along the Union Pacific Right-of-Way.
- Began construction of a dedicated bike lane along Artesia Blvd. east of Atlantic as a result of a Walk Audit grant prepared in conjunction with the Planning Department.
- Completed construction of one-way street couplet in the Dairy neighborhood.
- Continued a cooperation agreement with the Board of Harbor Commissioners to provide funding for the construction of public improvements.

## 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 business attraction/retention in 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 the Planning and Building Bureaus to revise the General Plan and Zoning Ordinance for consistency with the North Long Beach Strategic Guide for Redevelopment.
- Supported economic development programs throughout the Project Area, including business incentive programs.
- Completed an urban design and community planning lab with urban planning students from Cal Poly San Luis Obispo focusing on the North Village Project.
- Continued implementation of the North Long Beach Design Guidelines.
- Continued implementation of the Bixby Knolls Design Guidelines.
- Continue to provide staff support to the North Project Area Committee.
- Continue to provide staff support to the North Project Area Committee subcommittees.