

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

**Annual Financial Report**

**Fiscal Year Ended September 30, 2006**

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**CITY OF LONG BEACH, CALIFORNIA**



**Redevelopment Agency of the City of Long Beach**  
**(A Component Financial Reporting Unit of the City of Long Beach, California)**  
**September 30, 2006**

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**Members of the Redevelopment Agency Board**

	<u>Term Expires</u>
Thomas T. Fields, Chair	June 2007
Neil E. McCrabb, Vice Chair	June 2007
Diane L. Arnold	June 2007
William E. Baker	June 2007
Terry G. Jensen	June 2009
Rick Meghiddo	June 2007
Vivian M. Tobias	June 2009

**Management**

Patrick H. West, Executive Director

Craig Beck, Manager

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

## Independent Auditors' Report

The Honorable Mayor and City Council of the City of Long Beach, California  
The Honorable Members of the Redevelopment Agency Board  
The Citizens of the City of Long Beach, California:

We have audited the accompanying financial statements of the governmental activities and each major fund of the Redevelopment Agency of City of Long Beach (the Agency), a component financial reporting unit of the City of Long Beach, California, (the City) and of the Low- and Moderate-Income Housing fund, as of and for the year ended September 30, 2006, which collectively comprise the Agency's combined financial statements as listed in the table of contents. These combined financial statements are the responsibility of the Agency's management. Our responsibility is to express opinions on these combined 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 described more fully in note 1, 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, 2006, or the changes in the Agency's financial position for the year then ended.

However, in our opinion, the combined financial statements referred to above do present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Agency and the Low- and Moderate-Income Housing Fund as of September 30, 2006, and the respective changes in financial position for the year then ended, on the basis of accounting described in note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2007 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 13 is not a required part of the basic combined financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

KPMG LLP

January 31, 2007



## Management's Discussion and Analysis



**Redevelopment Agency of the City of Long Beach**  
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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, 2006. We encourage readers to consider this information in conjunction with the accompanying combined financial statements. The MD&A includes only the activity of the Agency and excludes the Low- and Moderate-Income Housing Fund.

**Financial Highlights**

**Government-wide**

- The liabilities of the Agency exceeded its assets at September 30, 2006, by \$159,807,000. Of this amount \$1,244,000 is invested in capital assets, net of related debt and assets totaling \$156,179,000 restricted for specific purposes. The Agency's accumulated net deficit of resulted mainly from long-term debt due to the City of Long Beach and bonds payable, both intended to be relieved from future tax increment revenues, as well as any other available revenue resources.
- The Agency's total net assets increased by \$12,737,000. This is the result of total revenues of \$82,593,000 exceeding program expenses of \$69,856,000. The increase in revenues were primarily in tax increment revenues of the West Beach, West Long Beach Industrial, Central Long Beach and North Long Beach Project Areas.
- The Agency's net long-term debt decreased by \$6,524,000 during the current fiscal year. The decrease is due to repayments net of advance refunding of Downtown and North Long Beach project areas Series 2002A bonds.
- The Agency's current and other liabilities decreased by \$9,016,000 during the current fiscal year. The decrease is mainly due to interim advances from the City of Long Beach which is significantly lower at the end of the current year.

**Fund basis**

- As of September 30, 2006 the Agency's governmental funds reported an ending fund balance of \$328,520,000, a \$5,685,000 improvement from the prior fiscal year's restated fund balance of \$322,835,000 due to the increase in tax increment revenues primarily in the West Long Beach Industrial, Central Long Beach and North Long Beach Project Areas.

**Overview of the Financial Statements**

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

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Government-wide financial statements

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

**Notes to Combined Financial Statements**

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

**Other information**

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

**Government-wide Financial Analysis**

The Agency presents its financial statements in accordance with GASB Statement No. 34, and its related pronouncements, with the focus on the analysis of the current fiscal year's net assets and changes in net assets.

**Analysis of Net Assets**

Net assets may serve, over time, as a useful indicator of a government's financial position. At September 30, 2006 the Agency's liabilities exceeded its assets by \$159,807,000. Of this amount, \$1,244,000 is invested in capital assets, net of related debt and \$156,179,000 represents restricted net assets for capital projects, low- and moderate-income housing activities and debt service. The Agency's deficit is intended to be relieved from future Agency revenues. The Agency's deficit is caused from the issuance of long-term debt instead of capital contributions. This is primarily due to the nature of redevelopment financing, whereby the Agency issues bonds or incurs long-term debt to finance a substantial portion of its redevelopment activities which include land acquisition, housing, public parking, commercial and retail projects, community development activities and others. In some cases, assets may be transferred to the City of Long Beach; however,

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the debt remains with the Agency. The Agency also provides "gap" financing in other types of redevelopment activities; any equity assumed in these projects is usually significantly less than the underlying expenditures. Redevelopment activities are designed to alleviate urban blight. Redevelopment activities often improve property values and as a result generate additional tax increment to service the Agency's debt and finance additional projects.

The following table summarizes the Agency's net assets (net deficit) as of September 30, 2006, with comparative figures for 2005 (in thousands):

	Governmental Activities		
	2006	2005	% Change
<b>ASSETS</b>			
Current and other assets	\$ 353,796	\$ 356,996	(0.90)
Capital assets	13,802	13,802	-
Total assets	<u>367,598</u>	<u>370,798</u>	<u>(0.86)</u>
<b>LIABILITIES</b>			
Current and other liabilities	34,971	43,987	(20.50)
Noncurrent liabilities	492,434	499,355	(1.39)
Total liabilities	<u>527,405</u>	<u>543,342</u>	<u>(2.93)</u>
<b>NET ASSETS</b>			
Invested in capital assets	1,244	13,802	(90.99)
Restricted net assets	156,179	214,622	(27.23)
Unrestricted deficit	<u>(317,230)</u>	<u>(400,968)</u>	<u>(20.88)</u>
Total deficit	<u>\$ (159,807)</u>	<u>\$ (172,544)</u>	<u>(7.38)</u>

Analysis of Changes in Net Assets

During fiscal year 2006, governmental activities decreased the deficit by \$12,737,000 from the prior year to \$159,807,000. Key elements of the governmental activities are as follows:

Incremental property tax revenues are the Agency's major source of funding for redevelopment activities. For the year ended September 30, 2006, the Agency recognized \$63,406,000 in tax increment revenues. This represents 77% of the total revenues and transfers of the governmental activities of \$82,593,000. The increase in current year total revenues of 42% is due to the increase in tax increment revenues resulting from higher assessed valuation of properties within the West Long Beach Industrial, Central Long Beach and North Long Beach Project Areas; interest income; and other revenues. The increase in interest income is mainly on pooled cash and cash with fiscal agents which increased by \$576,000 and \$4,809,000 respectively. The increase in other revenues is mainly due to the transfers from Low- and Moderate-Income Housing Fund which increased by \$2,563,000 and land reconveyance of \$3,419,000 reported as a reduction in general revenues of the prior year.

Community and cultural expenditures totaled \$48,978,000 or 70% of the total expenses of the governmental activities of \$69,856,000. The 45% increase in community and cultural

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expenditures is mainly due to the increases in relocation payments/benefits, other construction services, property tax statutory pass-throughs, and property operation/management. The 33% increase in interest on long-term debt is mainly on tax allocation bonds.

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

	Governmental Activities		
	2006	2005	% Change
<b>REVENUES</b>			
Program revenues:			
Operating grants and contributions	\$ 62	\$ 210	(70.48)
Charges for services	3,805	2,942	29.33
General revenues:			
Incremental property taxes	63,406	50,977	24.38
Interest income	12,106	6,623	82.79
Other	3,214	(2,474)	229.91
Total revenues	<u>82,593</u>	<u>58,278</u>	<u>41.72</u>
<b>EXPENDITURES</b>			
Program expenses:			
General government	268	222	20.72
Community/ economic development	48,978	33,850	44.69
Interest in long-term debt	<u>20,610</u>	<u>15,470</u>	<u>33.23</u>
Total expenses	<u>69,856</u>	<u>49,542</u>	<u>41.00</u>
Change in net asset	12,737	8,736	45.80
Deficit, October 1	<u>(172,544)</u>	<u>(181,280)</u>	<u>(4.82)</u>
Deficit, September 30	<u><u>\$ (159,807)</u></u>	<u><u>\$ (172,544)</u></u>	<u><u>(7.38)</u></u>

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

### **Financial Analysis of the Agency's Governmental Funds**

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

#### **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

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useful measure of the Agency's net resource available for spending at the end of the fiscal year.

At September 30, 2006, the Agency's governmental funds reported a combined accumulated ending fund balance of \$328,520,000, an increase of \$5,685,000 over the prior fiscal year of \$322,835,000. This amount consists of fund balance reserved for debt service, land held for resale, future projects, long-term receivables and encumbrances. The portion of the fund balance that is available for spending has been appropriated in fiscal year 2007.

*Capital Projects Fund* - The Capital Projects Fund is used to account for redevelopment expenditures from tax increment, bond proceeds, federal grants and project area program income. The Capital Projects Fund is the Agency's principal fund. The accumulated fund balance at September 30, 2006 aggregated \$166,941,000. The Capital Projects Fund fund balance of \$102,451,000 at September 30, 2005 increased by \$64,490,000 due to increased property tax increment revenues transferred to this fund from the Agency's Debt Service Fund and transfers received from the City to this fund for the acquisition of real property for housing development projects.

*Debt Service Fund* - The Debt Service Fund is used to accumulate resources to pay principal and interest and other costs related to the Agency's long-term debt. At September 30, 2006, the Debt Service Fund had a total fund balance of \$161,579,000, of which \$48,534,000 was reserved for debt service and \$113,045,000 for redevelopment projects. The net decrease in fund balance over the prior year of \$58,805,000 is primarily due to interfund transfers made to the Capital Projects Fund for redevelopment projects and to the City to supplement the debt service for bonds.

### **Governmental Fund Budgetary Highlights**

A comparison between the initial budget and the final amended budget for the Agency's governmental funds shows a net increase in expenditures from \$199,023,000 to \$236,020,000, or \$36,997,000. The increase is mainly due to the anticipated expenditures for project improvement costs, land acquisition, debt issuance costs and debt service payments.

The Agency's governmental funds combined positive ending fund balance variance of \$128,448,000 is committed to be spent in various project areas in the next fiscal year. The budget variances by project area are summarized under the Supplementary Financial Information sections of this report.

### **Capital Assets and Debt Administration**

#### **Capital Assets**

The Agency's investments in capital assets for its governmental activities as of September 30, 2006 is comprised of land totaling \$13,802,000. Additional information on the Agency's capital assets can be found in Note 5 to the combined financial statements.



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Long-Term Liabilities

At September 30, 2006, the Statement of Net Assets included the Agency's long-term liabilities in the amount of \$500,246,000, which includes the current portion of bond indebtedness and is net of unamortized bond discount. This is summarized as follows in the table below (in thousands).

<u>Agency's Long-Term Debt</u>	
Tax allocation bonds	\$ 347,881
Notes payable	3,592
Advances from the City of Long Beach	131,536
Advances from Low- and Moderate-Income Housing Fund	17,237
Total	<u>\$ 500,246</u>

The Agency's total bonded indebtedness at September 30, 2006, was \$347,881,000. The bonds are secured solely by specified revenue sources (i.e., property tax increment).

In February 2006, the Agency issued \$35,045,000 in Long Beach Bond Finance Authority Revenue Bonds 2005 Series C bonds to purchase a portion of the outstanding principal amount of Downtown Redevelopment Project 2002 Subordinate Tax Allocation Bonds, effectuate a purchase on August 1, 2012 of a portion of the outstanding principal amount of the North Long Beach Project 2002 Tax Allocation Bonds, finance certain Downtown Project Area redevelopment projects, pay the financial guaranty insurance premiums and pay issuance costs of the bonds. (See Note 8 for additional details).

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

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

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

**Future Outlook - Economic Factors and Next Year's Budget**

- Rising property values in Long Beach have increased tax increment revenues in the North Long Beach and Central Long Beach Project Areas. New residential and retail developments in the Downtown Project Area have also increased its tax increment revenues.
- The State passed legislation requiring redevelopment agencies to shift, in aggregate, \$250,000,000 in property tax revenues during the fiscal years 2005 and 2006 to the Education Revenue Augmentation Fund (ERAF) for K-12 schools and community colleges. The Agency remitted \$2,901,000 into ERAF in May 2005 and \$2,921,000 in May 2006. The Agency will not be required to make payment related to ERAF in fiscal year 2007, allowing more funds available for the elimination of blight.
- The requirements for the redevelopment agencies to provide payments to ERAF in fiscal year 2005 and 2006 are contained in Senate Bill 1096 (SB1096). The Redevelopment Agency Board and City Council used the legislation to extend the debt repayment and redevelopment plan effectiveness time limits for the West Beach, Downtown, and Poly High Project Areas in fiscal year 2005 as a result of the 2005 payment. The Redevelopment Agency Board intends to use the legislation to extend the debt repayment and redevelopment plan effectiveness time limits for the West Beach and Poly High Project Areas in fiscal year 2007 as a result of the fiscal year 2006 ERAF payment. Extending the limits gives the Redevelopment Agency additional time to implement projects and programs to remove blight in the aforementioned project areas.

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All of the above economic factors were considered in preparing the Agency's budget for fiscal year 2007.

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**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

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## COMBINED FINANCIAL STATEMENTS



**Redevelopment Agency of the City of Long Beach**  
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**Combined Statement of Net Assets (Deficit)**  
**September 30, 2006**  
**(In Thousands)**

	<b>Governmental Activities</b>		
	<b>Governmental Activities</b>	<b>Low- and Moderate-Income Housing Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Pooled cash and cash equivalents	\$ 39,680	\$ 22,201	\$ 61,881
Non-pooled cash and cash equivalents	141,959	1,040	142,999
Interest receivable	2,601	10	2,611
Accounts and loans receivables	360	1	361
Due from the City of Long Beach	303	-	303
Due from other governments	16	-	16
Other assets	23,715	-	23,715
Land held for resale	116,505	995	117,500
Noncurrent assets:			
Investments	10,000	-	10,000
Advances to the City of Long Beach	14,591	322	14,913
Advances to Housing Development Company	-	630	630
Advances to the Redevelopment Agency	-	17,237	17,237
Other non-current receivables	4,066	17,434	21,500
Capital assets			
Land and other assets not being depreciated	13,802	815	14,617
Buildings, improvements and equipment net of accumulated depreciation	-	893	893
Other assets	-	1	1
Total assets	<u>367,598</u>	<u>61,579</u>	<u>429,177</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts and vouchers payable	2,451	653	3,104
Accrued wages and other benefits	62	36	98
Due to the City of Long Beach	3,370	18	3,388
Accrued interest payable	4,667	413	5,080
Deferred revenue, credits and other payable	16,609	16	16,625
Bonds payable within one year	7,812	-	7,812
Noncurrent liabilities:			
Advances from the City of Long Beach	131,536	-	131,536
Advances from Low- and Moderate-Income Housing Fund	17,237	-	17,237
Bonds payable	340,069	-	340,069
Other long-term obligations	3,592	1,015	4,607
Total liabilities	<u>527,405</u>	<u>2,151</u>	<u>529,556</u>
<b>NET ASSETS (DEFICIT)</b>			
Invested in capital assets,			
Net of related debt	1,244	693	1,937
Restricted for:			
Debt service	43,866	-	43,866
Operations and maintenance	-	31	31
Capital/Housing projects	112,313	1,040	113,353
Unrestricted (deficit)	(317,230)	57,664	(259,566)
Total net assets (deficit)	<u>\$ (159,807)</u>	<u>\$ 59,428</u>	<u>\$(100,379)</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, 2006**  
**(In Thousands)**

Governmental Activities						
	Program Revenues				Net (Expense) and Changes in Net Assets	Total
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities Total	Low-and Moderate-Income Housing Fund
Primary Government:						
General government	\$ 268	\$ -	\$ -	\$ -	\$ (268)	\$ -
Community and cultural	48,978	3,805	62	-	(45,111)	-
Interest on long-term debt	20,610	-	-	-	(20,610)	-
Total governmental activities	<u>69,856</u>	<u>3,805</u>	<u>62</u>	<u>-</u>	<u>(65,989)</u>	<u>-</u>
Low-and moderate-income housing fund	<u>\$ 2,136</u>	<u>\$ 598</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>(1,538)</u>
General revenues						
Taxes:						
Property tax increment					63,406	15,852
Other					3,634	-
Unrestricted investment earnings					12,106	902
Gain on sale of land held for resale					1,001	-
Transfers to/from the Redevelopment Agency					5,741	(5,741)
Transfers to/from the City					(7,162)	2
Total general revenues and transfers					<u>78,726</u>	<u>11,015</u>
Change in net assets					<u>12,737</u>	<u>9,477</u>
Net assets (deficit) - October 1					<u>(172,544)</u>	<u>49,951</u>
Net assets (deficit) - September 30					<u>\$ (159,807)</u>	<u>\$ 59,428</u>
						<u>\$(100,379)</u>

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



**Redevelopment Agency of the City of Long Beach**  
**(A Component Financial Reporting Unit of the City of Long Beach, California)**  
**Combined Balance Sheet - Governmental Funds**  
**September 30, 2006**  
**(In Thousands)**

	Capital Projects Funds	Debt Service Funds	Sub-Total	Low-and Moderate-Income Housing Fund	Total
<b>ASSETS</b>					
Pooled cash	\$ 31,470	\$ 8,210	\$ 39,680	\$ 22,201	\$ 61,881
Non-pooled cash and cash equivalents	1,388	140,571	141,959	1,040	142,999
Accounts and loans receivable	2	358	360	1	361
Interest receivable on investments	-	2,601	2,601	10	2,611
Receivables from other governments	16	-	16	-	16
Investments	-	10,000	10,000	-	10,000
Due from the City of Long Beach	303	-	303	-	303
Advances to the City of Long Beach	-	14,591	14,591	-	14,591
Land held for resale	116,505	-	116,505	995	117,500
Other assets	23,683	32	23,715	1	23,716
Long-term receivables	4,066	-	4,066	17,434	21,500
<b>TOTAL ASSETS</b>	<b>\$ 177,433</b>	<b>\$ 176,363</b>	<b>\$ 353,796</b>	<b>\$ 41,682</b>	<b>\$ 395,478</b>
<b>LIABILITIES</b>					
Vouchers payable	\$ 659	\$ -	\$ 659	\$ 653	\$ 1,312
Accounts payable	1,613	179	1,792	-	1,792
Accrued wages payable	62	-	62	36	98
Collections held in trust	605	-	605	15	620
Deferred revenue	4,197	14,591	18,788	17,435	36,223
Due to other funds	3,356	14	3,370	18	3,388
<b>TOTAL LIABILITIES</b>	<b>10,492</b>	<b>14,784</b>	<b>25,276</b>	<b>18,157</b>	<b>43,433</b>
<b>FUND BALANCE</b>					
Reserved:					
Land held for resale	116,505	-	116,505	995	117,500
Future projects	47,792	113,045	160,837	22,499	183,336
Debt service	-	48,534	48,534	-	48,534
Long-term receivables	1,912	-	1,912	-	1,912
Encumbrances	732	-	732	-	732
Other	-	-	-	31	31
<b>TOTAL FUND BALANCE</b>	<b>166,941</b>	<b>161,579</b>	<b>328,520</b>	<b>23,525</b>	<b>352,045</b>
<b>TOTAL LIABILITIES, AND FUND BALANCE</b>	<b>\$ 177,433</b>	<b>\$ 176,363</b>	<b>\$ 353,796</b>	<b>\$ 41,682</b>	<b>\$ 395,478</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**  
**Statement of Net Assets (Deficit)**  
**September 30, 2006**  
**(In Thousands)**

	<u>Capital Projects/Debt Service Funds</u>	<u>Low- and Moderate-Income Housing Fund</u>
Amounts reported for governmental activities in the statement of net assets (deficit) are different because:		
Total governmental fund balance	\$ 328,520	\$ 23,525
Capital assets used in the governmental activities are not financial resources and, therefore, are not reported in the funds.	13,802	1,708
Advances due from/to the primary government is considered to be external activity that is reported only in the government-wide financial statements.	(148,773)	18,189
Because the focus of governmental funds is short-term financing, some assets will not be available to pay for current period expenditures. Those assets are offset by deferred revenue in the funds.	2,784	17,434
Governmental long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.	<u>(356,140)</u>	<u>(1,428)</u>
Net assets (deficit) of governmental activities	<u>\$ (159,807)</u>	<u>\$ 59,428</u>

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

**Redevelopment Agency of the City of Long Beach**  
**(A Component Financial Reporting Unit of the City of Long Beach, California)**  
**Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds**  
**Year Ended September 30, 2006**  
**(In Thousands)**

	Capital Projects Funds	Debt Service Funds	Sub-Total	Low-and Moderate-Income Housing Fund	Total
<b>REVENUES</b>					
Property tax increment	\$ -	\$ 63,406	\$ 63,406	\$ 15,852	\$ 79,258
Interest income	1,044	11,063	12,107	940	13,047
Rental income	1,795	-	1,795	80	1,875
Transient occupancy tax	-	3,634	3,634	-	3,634
Gain on sale of land held for resale	716	-	716	-	716
Other income	1,708	677	2,385	1,022	3,407
<b>TOTAL REVENUES</b>	<b>5,263</b>	<b>78,780</b>	<b>84,043</b>	<b>17,894</b>	<b>101,937</b>
<b>EXPENDITURES</b>					
Administrative costs	6,177	992	7,169	1,510	8,679
Professional services	514	-	514	191	705
Planning, survey and design	1,539	-	1,539	-	1,539
Acquisition expense	1,760	-	1,760	7	1,767
Operation of acquired property	4,153	-	4,153	109	4,262
Relocation costs	920	-	920	-	920
Relocation payments	5,661	-	5,661	-	5,661
Site Clearance costs	101	-	101	-	101
Project improvement/construction costs	11,674	-	11,674	169	11,843
Disposal costs	9	-	9	-	9
Interdepartmental charges	-	-	-	408	408
Rehabilitation grants and loans	1,150	-	1,150	6,780	7,930
Furniture, fixture and equipment	6	-	6	-	6
Pass-through charges	220	14,302	14,522	-	14,522
Debt issuance costs	-	1,165	1,165	-	1,165
Debt service payments:					
Bonds and notes payable - principal	-	7,430	7,430	-	7,430
City/County advances and loans - principal	1,264	-	1,264	-	1,264
Interest	500	18,985	19,485	-	19,485
<b>TOTAL EXPENDITURES</b>	<b>35,648</b>	<b>42,874</b>	<b>78,522</b>	<b>9,174</b>	<b>87,696</b>
Excess (deficiency) of Revenues over Expenditures	(30,385)	35,906	5,521	8,720	14,241
<b>OTHER FINANCING SOURCES AND (USES)</b>					
Other deferred payments	220	-	220	-	220
Proceeds from issuance of long-term debt	-	35,045	35,045	-	35,045
Bond Premium	-	2,455	2,455	-	2,455
Payment to refunded bond escrow agent	-	(36,135)	(36,135)	-	(36,135)
Transfer to Capital Projects from Debt Service	95,253	(95,253)	-	-	-
Transfer to/from Redevelopment Agency	2,330	3,411	5,741	(5,741)	-
Transfers to the City	(2,928)	(4,234)	(7,162)	-	(7,162)
Transfers from the City	-	-	-	2	2
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>94,875</b>	<b>(94,711)</b>	<b>164</b>	<b>(5,739)</b>	<b>(5,575)</b>
Excess (deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Sources (Uses)	64,490	(58,805)	5,685	2,981	8,666
Fund Balance - October 1	102,451	220,384	322,835	20,544	343,379
<b>FUND BALANCE SEPTEMBER 30</b>	<b>\$ 166,941</b>	<b>\$ 161,579</b>	<b>\$328,520</b>	<b>\$ 23,525</b>	<b>\$ 352,045</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 Statement of Activities**  
**Year Ended September 30, 2006**  
**(In Thousands)**

	<u>Capital Projects/Debt Service Funds</u>	<u>Low-and Moderate-Income Housing Fund</u>
Amounts reported for governmental activities in the statement of activities are different because:		
Excess of revenue and other sources over expenditures and other uses - total governmental funds.	\$ 5,685	\$ 2,981
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful life and reported as depreciation expense. This is the depreciation amount in the current period.	(1)	(56)
The Agency records advances from/to the primary government only in government-wide financial statements. Therefore, interest and principal thereon are eliminated in the governmental funds.	(443)	970
Revenue in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.	285	-
Governmental funds report expenditures pertaining to the establishment of certain long-term loans made. Payments on these long-term receivables are recorded as revenue in the governmental funds. These deferred credits are not reported on the statement of net assets and, therefore, the corresponding net expense is not reported on the statement of activities.	-	5,598
The issuance of long term debt (for example, bonds and leases) provides current financial resources to governmental funds, while the payment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	7,750	-
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(539)	(16)
Change in net assets in governmental activities.	<u>\$ 12,737</u>	<u>\$ 9,477</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)**  
**Notes to Combined Financial Statements**  
**September 30, 2006**

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

**Reporting Entity**

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

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

The State of California Health and Safety Code Section 33080.1 requires every redevelopment agency to submit an annual audit of the financial statements of the agency which presents the results of the operations and financial position of the agency, including all financial activities with moneys required to be held in a separate Low- and Moderate-Income Housing Fund pursuant to Section 33334.3. As such, the Agency has included in the accompanying combined financial statements the Low- and Moderate-Income Housing Fund which represents funds recorded within the City of Long Beach and the Long Beach Housing Development Company for the purpose of recording the Agency's 20% set aside tax increment revenues that the State of California Health and Safety Code Section 33334.2 requires 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 Funds – were 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 Funds – were 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  
September 30, 2006**

Low- and Moderate-Income Housing Fund

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

Basis of Accounting and Measurement Focus and Financial Statement Presentation

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

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

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

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

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

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

**Redevelopment Agency of the City of Long Beach**  
**(A Component Financial Reporting Unit of the City of Long Beach, California)**  
**Notes to Combined Financial Statements**  
**September 30, 2006**

Pooled Cash, Cash Equivalents 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 Cash Equivalents as demand deposits plus all investments maintained in the cash management pool, regardless of maturity period. Investment decisions are made by the City Treasurer in accordance with the City's investment policy. Interest is allocated to the Agency based on the relationship of its daily cash balances to the total pooled cash and investments. Pooled cash and investments are stated at fair value at September 30, 2006.

Long-Term Receivables

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

Long-Term Obligations

In the government-wide financial statements, long-term debt and other liabilities are reported as liabilities in the statement of net assets (deficit). Initial-issue bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line 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 market value (when a definite market value can be determined) excluding demolition and relocation costs, which are considered by the Agency to be expenditures in the year incurred.

**Redevelopment Agency of the City of Long Beach**  
**(A Component Financial Reporting Unit of the City of Long Beach, California)**  
**Notes to Combined Financial Statements**  
**September 30, 2006**

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 costs.

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

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

Net Assets and Fund Equity

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

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

Property Tax Increment Revenues

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

Property Tax Calendar

Under the State Constitution, the property tax rate is limited to 1% 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.



**Redevelopment Agency of the City of Long Beach  
(A Component Financial Reporting Unit of the City of Long Beach, California)  
Notes to Combined Financial Statements  
September 30, 2006**

Budgetary Principles

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

Accounting for Encumbrances

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

Personnel

The Agency is supported by employees of the City and all employee-related costs are accounted for in the City's financial systems.

Implementation of New Accounting Standards

For the fiscal year ended September 30, 2006, the Agency adopted new accounting standards in order to conform to the following Government Accounting Standards Board (GASB) Statements:

GASB Statement No. 42 Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries establishes accounting and financial reporting standards for impairment of capital assets. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. This Statement also clarifies and establishes accounting requirements for insurance recoveries.

GASB Statement No. 46 Net Assets Restricted by Enabling Legislation addresses selected issues and amends GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. The Statement enhances the usefulness and comparability of new asset information and clarifies the meaning of legal enforceability. The Statement also specified accounting and financial reporting requirements for restricted net assets.

GASB Statement No. 47 Accounting for Termination Benefits provides accounting guidance for state and local governmental employers regarding benefits (such as early-retirement incentives and severance benefits) provided to employees that are terminated. The Statement requires recognition of the cost of involuntary termination benefits in the period in which a government becomes obligated to provide benefits to terminated employees.

**Redevelopment Agency of the City of Long Beach**  
**(A Component Financial Reporting Unit of the City of Long Beach, California)**  
**Notes to Combined Financial Statements**  
**September 30, 2006**

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.

**Note 2 - 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 cannot be specifically identified. 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 participate in investments in obligations issued or guaranteed by the Federal Government, its agencies and instrumentalities, as well as in commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, reverse repurchase agreements, bank certificates of deposit, the State Treasurer's Local Agency Investment Fund, and shares of beneficial interest (mutual funds) issued by diversified management companies in accordance with the City's general investment policy.

Cash and Investments

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

Cash with Fiscal Agents

The Agency's funds are also held by independent fiscal agents. These funds are pledged to the payment of outstanding bonds and project costs eligible under the bond indenture for each project area related to the Tax Allocation Bonds 1992, 2002 Series A and B, and 2005 Series A, B and C issuance. These funds are reserved in the Debt Service Fund amounting to \$141,953,000. Monies held by fiscal agents, unless otherwise required by statute, may be invested in accordance with the underlying bond indentures specifying the types of investments the Agency's fiscal agents may make. These underlying indentures are generally more restrictive than the City's general investment policy. Additional types of investments, not permitted by the City's general investment policy, are not authorized.

**Redevelopment Agency of the City of Long Beach**  
**(A Component Financial Reporting Unit of the City of Long Beach, California)**  
**Notes to Combined Financial Statements**  
**September 30, 2006**

Cash and Investments as of September 30, 2006 are classified in the Agency's combined financial statements as follows (in thousands):

Statement of net assets:	
Cash and investments in City pool	\$ 61,881
Cash and investments held by bond trustee	152,999
Total cash and investments	<u>\$ 214,880</u>

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

The following table 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 trustees that are governed by the provisions of debt agreements of the City, rather than the general provision of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Bonds issued by the City	5 years *	30%	None
U.S. Treasury notes, bonds, or bills	5 years *	None	None
Registered state warrants or treasury notes or bonds of the State of California	5 years *	30%	None
Local Agency Bonds	5 years *	30%	None
Federal agency securities	5 years *	None	None
Banker's 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.

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Investments Authorized by Debt Agreements

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

Disclosures Relating to Interest Rate Risk

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

The following schedule indicates the interest rate risk of the City's investments as of September 30, 2006 (in thousands):

<u>City Pooled Investment Type</u>		<u>Weighted Average Maturity (in years)</u>
Inter-Department Loan (Health Savrs)	\$ 3,297	12.600
U.S. Treasury Notes	214,467	1.542
Federal agency securities	1,042,876	1.572
Medium-Term Notes	33,464	1.609
Short-term Commercial Paper	132,731	0.013
Local Agency Investment Fund (LAIF)	2,921	0.003
Subtotal City Pool	1,429,756	
Cash on Hand	26,811	
Outstanding Checks	(18,043)	
Total City Pool	<u>\$ 1,438,524</u>	

The Agency pooled cash and investments amount of \$61,881,000 is 4.30% of the City's pooled cash and investments of \$1,438,524,000.

<u>Agency Non-Pooled Investment Type</u>		<u>Weighted Average Maturity (in years)</u>
Guaranteed Investment Contracts	\$ 122,684	-
Money Market Funds	20,315	-
Time Certificates of Deposit	10,000	1.00
Total held by Bond Trustee	<u>\$ 152,999</u>	

Investments with Fair Values Highly Sensitive to Investment Risk

The City had no investments with values that were highly sensitive to investment risk as of September 30, 2006.

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Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below 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 Pooled Investment Type	Rating as of Year End						
	Minimum Legal Rating	Not Required To Be Rated	A-1+	A-1	AAA	AA-	Unrated
Inter-Department Loan (Health Savrs)	\$ 3,297	N/A	\$ 3,297	\$ -	\$ -	\$ -	\$ -
U.S. Treasury Notes	214,467	N/A	214,467	-	-	-	-
Federal agency securities	1,042,876	N/A	-	-	1,042,876	-	-
Medium-Term Notes	33,464	A	-	-	28,445	5,019	-
Short-term Commercial Paper	132,731	N/A	-	75,773	56,958	-	-
Local Agency Investment Fund (LAIF)	2,921	N/A	2,921	-	-	-	-
Subtotal City Pool	1,429,756		220,685	75,773	56,958	1,071,321	5,019
Cash on Hand	26,811		-	-	-	-	26,811
Outstanding Checks	(18,043)		-	-	-	-	(18,043)
Total City Pool	<u>\$ 1,438,524</u>		<u>\$ 220,685</u>	<u>\$ 75,773</u>	<u>\$ 56,958</u>	<u>\$ 1,071,321</u>	<u>\$ 5,019</u>
							<u>\$ 8,768</u>

Agency Non-Pooled Investment Type	Rating as of Year End						
	Minimum Legal Rating	Not Required To Be Rated	A-1+	A-1	AAA	AA-	Unrated
Guaranteed Investment Contracts	\$ 122,684	N/A	\$ 122,684	\$ -	\$ -	\$ -	\$ -
Money Market Funds	20,315	N/A	20,315	-	-	-	-
Time Certificates of Deposit	10,000	N/A	10,000	-	-	-	-
Total held by Bond Trustees	<u>\$ 152,999</u>		<u>\$ 152,999</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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% or more on total City's pooled investments are as follows (in thousands):

Issuer	City Pooled Investment Type	Reported Amount
FFCB Total	Federal Agency Securities	\$ 181,052
FHLB Total	Federal Agency Securities	241,246
FHLMC Total	Federal Agency Securities	266,937
FNMA Total	Federal Agency Securities	353,641
U.S. Treasuries	U.S. Treasury Notes & bonds	214,467
Commercial Paper	Unsecured Corporate debt	132,731

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

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

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

As of September 30, 2006, the City reports cash deposits of \$26,811,000 less \$18,043,000 for checks outstanding.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (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 accompanying 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.

GASB 31

GASB 31 requires that certain investments and external investment pools be reported at fair value. At September 30, 2006 and 2005, the effect of valuating the City's investments as fair value did not have a material impact on its financial position.

Securities-Lending

The City did not engage in any securities lending programs for the fiscal year ending September 30, 2006. The City may enter into securities lending agreements up to 20% of the investment portfolio. Securities to be sold in a lending agreement must be owned and fully paid for by the agency for a minimum of 30 days prior to the sale. The term of the securities lending agreement cannot exceed 92 days.

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Non-Pooled Restricted Cash and Investments

Non-pooled restricted cash and investments stated at fair value, in accordance with GASB Statement No. 31, including accrued interest thereon, and net of premiums and discounts, consisted of the following at September 30<sup>th</sup>, (in thousands):

	Cash with Fiscal Agent	Non-pooled Cash	Investments	Total
<u>Tax Allocation Bonds:</u>				
1992 Multiple Series:				
West Long Beach Beach Industrial Project	\$ 2,598	-	-	\$ 2,598
Downtown Project - Series A	5,715	-	-	5,715
2002 Multiple Series:				
2002A Poly High Project	122	-	-	122
2002A West Beach Project	726	-	-	726
2002B West Long Beach Industrial Project	562	1,040	-	1,602
2002A Downtown Project	2,489	-	-	2,489
2002B Downtown Project	540	-	-	540
2002A Central Long Beach Project	1,382	-	-	1,382
2002A North Long Beach Project	3,454	-	-	3,454
2005 Multiple Series:				
2005A-2 Poly High Project	2,613	-	-	2,613
2005A-2 West Beach Project	860	-	-	860
2005A-1 Los Altos Project	408	-	-	408
2005A-1 Central Long Beach Project	20,562	-	-	20,562
2005B Central Long Beach Project	7,119	-	-	7,119
2005A-1 North Long Beach Project	34,016	-	-	34,016
2005B North Long Beach Project	1,896	-	-	1,896
2005B Housing Fund	56,735	-	-	56,735
2005C Downtown Project	156	-	-	156
North Long Beach Project	-	6	10,000	10,006
Total	<u>\$ 141,953</u>	<u>\$ 1,046</u>	<u>\$ 10,000</u>	<u>\$ 152,999</u>

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

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

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net assets (deficit) – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore not reported in the funds.” The details of the \$356,140,000 and \$1,429,000 differences are as follows (in thousands):

	Capital Projects/Debt Service Funds	Low- and Moderate- Income Housing Fund
Bonds Payable	\$ 348,625	\$ -
Less: Deferred charge for issuance costs (to be amortized over life of debt)	(7,506)	-
Unamortized loss on defeasance	(2,439)	
Plus: Issuance premium, net (to be amortized as a reduction of interest expense)	9,201	-
Notes payable	3,592	1,015
Accrued interest payable	4,667	414
Net adjustment to reduce fund balance-total governmental funds to arrive at net assets (deficit) - governmental activities	<u>\$ 356,140</u>	<u>\$ 1,429</u>

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

Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$7,750,000 difference are as follows (in thousands):



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	Capital Projects/Debt Service Funds
<u>Debt issued or incurred</u>	
Issuance of tax allocation bonds	\$ 35,045
Plus premium, less discount and issuance costs	1,290
Loss on bond defeasance	(2,507)
Issuance of notes, certificates of participation commercial paper, and other long-term obligations	285
<u>Principal payments</u>	
Tax Allocation Bonds obligation debt	(7,430)
Payment to escrow agent for refunding	(34,433)
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (7,750)</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details of such \$539,000 and \$16,000 differences are as follows (in thousands):

	Capital Projects/Debt Service Funds	Low- and Moderate- Income Housing Fund
Accrued interest	\$ (176)	\$ 16
Amortization of premium	(791)	-
Amortization of issuance cost	1,506	-
Net adjustment	<u>\$ 539</u>	<u>\$ 16</u>

**Note 4 - Receivables**

The following receivables are expected to be collected within one year. There are no allowances for uncollectable accounts.

Current receivables at September 30, 2006, are as follows (in thousands):

	Capital Projects/Debt Service Funds	Low- and Moderate- Income Housing Fund
Interest	\$ 2,601	\$ 10
Accounts and loans receivable	360	1
Total	<u>\$ 2,961</u>	<u>\$ 11</u>

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**Note 5 - Capital Assets**

Capital asset activity for the year ended September 30, 2006 is as follows (in thousands):

<u>Capital Project/Debt Service Fund</u>	Balance at October 1, 2005	Increase	Decrease	Balance at September 30, 2006
Capital assets, not being depreciated:				
Land	\$ 13,801	\$ 1	\$ -	\$ 13,802
Total capital assets not being depreciated	13,801	1	-	13,802
Capital assets, being depreciated:				
Machinery and equipment	8	-	-	8
Less accumulated depreciation for:				
Machinery and equipment	(7)	(1)	-	(8)
	(7)	(1)	-	(8)
Total capital assets being depreciated, net	1	(1)	-	-
Redevelopment Agency capital assets, net	\$ 13,802	\$ -	\$ -	\$ 13,802
Depreciation was charged to functions/programs of governmental activities as follows (in thousands):				
Community and cultural/housing				
Community development	\$ 1			

<u>Low- and Moderate-Income Housing Fund</u>	Balance at October 1, 2005	Increase	Decrease	Balance at September 30, 2006
Capital assets, not being depreciated:				
Land	\$ 815	\$ -	\$ -	\$ 815
Total capital assets not being depreciated	815	-	-	815
Capital assets, being depreciated:				
Building	236	-	-	236
Improvements other than buildings	1,053	-	-	1,053
Total capital assets being depreciated	1,289	-	-	1,289
Less accumulated depreciation for:				
Building	(70)	(11)	-	(81)
Improvements other than buildings	(270)	(45)	-	(315)
Total accumulated depreciation	(340)	(56)	-	(396)
Total capital assets being depreciated, net	949	(56)	-	893
Low- and Moderate-Income Housing Fund, Governmental activities capital assets, net	\$ 1,764	\$ (56)	\$ -	\$ 1,708

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

Community and cultural/housing	
Community and development	\$ 56

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

The composition of receivables and payables to the City as of September 30, 2006 is as follows (in thousands):

Redevelopment Agency

Due from the City of Long Beach

Special Revenue Fund	\$ 303
Total due from the City of Long Beach	<u>\$ 303</u>

Due to the City of Long Beach

General Fund	\$ 3,325
Internal Service Fund	31
Housing Development Fund	14
Total due to the City of Long Beach	<u>\$ 3,370</u>

Advances from the City of Long Beach

General Fund	\$ 98,923
Housing Development Fund	20,801
General Capital Projects	1,614
Harbor Fund	27,435
Total advances from the City of Long Beach	<u>\$ 148,773</u>

Advances to the City of Long Beach

Aquarium of the Pacific	
Funds transfer	\$ 14,390
Accrued interest	201
Total advances to the City of Long Beach	<u>\$ 14,591</u>

Low- and Moderate-Income Housing Fund

Due to the City of Long Beach

Internal Service Fund	\$ 18
Total due to the City of Long Beach	<u>\$ 18</u>

Advances to the Housing Development Fund

City of Long Beach	\$ 322
Housing Development Company	630
Total advances to the Housing Development Fund	<u>\$ 952</u>

Advances to the Redevelopment Agency

20% set-aside	\$ 16,361
Project costs	876
Total advances to the Redevelopment Agency	<u>\$ 17,237</u>

The advances from/to the City of Long Beach of \$131,536,000 and \$17,237,000, respectively, are reported only in the government-wide financial statements.

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Due to/from the City of Long Beach

At September 30, 2006, the Agency owed the City's General Fund \$3,325,000 for an interim loan to fund estimated Redevelopment Agency operating costs. This loan will be paid in the next fiscal year as tax increment revenues are received.

Employee Benefit overhead costs of \$31,000, such as funding for health benefits and paid time of, relating to the wages and salaries accrued at September 30, 2006, are payable to the City's Employee Benefits Internal Service Fund at September 30, 2006.

At September 30, 2006, the City owed the Redevelopment Agency \$303,000 for reimbursement of expenditures incurred for the construction and administration of a bike station in the Downtown Project Area.

Advances from/to the City of Long Beach

The Agency records its debt owed to the City of Long Beach only in its government-wide financial statements. From 1974 to 2006, the City transferred funds to the Agency, including Federal grant monies for use on redevelopment projects. The Agency occasionally makes discretionary payments to the City which in fiscal year 2006 amounted to \$1,418,000. At September 30, 2006, the outstanding balances of these transfers amounted to \$98,923,000, \$4,440,000 and \$1,614,000 in the City's General Fund, Housing Development Special Revenue Fund, and General Capital Projects Fund, respectively, for land acquisition, project and administration costs. It is the intent of the Agency to repay these transfers as future property tax increment revenues permit. Due to the long-term nature of the repayment, the City has reserved these interfund receivables in the General Fund and established deferred revenue in the Housing Development Special Revenue Fund and General Capital Projects Fund.

Effective in fiscal year 1986, the Agency was allowed to defer a portion or 100% of the housing set-aside based on the financial obligations existing prior to January 1986. The deferred payments of \$16,361,000 at September 30, 2006, are considered "Advances from the Housing Development Fund" and constitute a debt of the project area to the Housing Development Fund. There was no deferral of the 20% housing set-aside for the Downtown Project Area for the fiscal year ending September 30, 2006. Advances from the Housing Development Fund at September 30, 2006, is a component of the Statement of Net Assets, "Advances from the City of Long Beach" showing a total of \$17,237,000.

In December 1993, the City agreed to convey to the Agency real property for the Central Long Beach Project equal to the fair market value less any costs of demolition and remediation of the property or \$1,877,000. Pursuant to the loan agreement, the Agency is required to make a loan repayment equal to at least 1% of the net tax increment received by the Agency for the Central Long Beach Project Area. The funds paid to the City are required to be utilized for gang prevention and other youth-related activities. In fiscal year 2006, the Agency made a loan repayment of \$118,000 to the City. The balance of this advance on September 30, 2006 was \$1,614,000.

In 1990, the Agency received an advance from the Long Beach Harbor Department for the expansion of the Long Beach Convention and Entertainment Center. The resulting note was previously scheduled to be repaid commencing on October 1, 1997. In August 1995

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the agreement was amended to defer payment until a certificate of occupancy was issued for the Aquarium of the Pacific Project, which was completed in fiscal year 1998. In 2002 a subsequent amendment deferred further the scheduled quarterly payments of \$441,000 over 16 years. The advance is payable solely from the Downtown Project Area's transient occupancy taxes levied pursuant to the provisions of the California Revenue and Taxation Code. At September 30, 2006, the total aggregate balance outstanding was \$27,435,000.

The repayment to the Port is subordinated to a pledge to fund payments of the Aquarium of the Pacific Project bond issue in 2001. According to the Owner Participation Agreement by and among the Redevelopment Agency of the City of Long Beach, Long Beach Bond Finance Authority and the Aquarium of the Pacific, all Redevelopment Agency Fund transient occupancy taxes are pledged to fund the debt service payments of the Lease Revenue Refunding Bonds (Aquarium of the Pacific Project) Series 2001 if needed. The Redevelopment Agency will be reimbursed for any such advances together with accrued interest, at an interest rate equal to the rate earned on the City Treasurer's Investment Pool as monies are available. At September 30, 2006, the Redevelopment Agency advanced \$14,591,000 to the City for the bond payment, including accrued interest of \$201,000 through fiscal year 2006.

Low-and Moderate-Income Housing Fund

The advances to the Agency of \$17,237,000 consist of the prior years deferred payments for the Downtown Project Area housing set-aside of \$16,361,000 and advances made to the Central Long Beach Project Area of \$876,000 for a residential construction project.

In 2006, the Low and Moderate Income Housing Fund advanced \$952,000 to the City and the Long Beach Housing Development Company for the repayment of long-term notes payable to the California Housing Finance Agency. As of September 30, 2006, \$322,000 has been advanced to the City for the Parwood Project and \$630,000 advanced to the Housing Development Company for the Grisham Project.

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**Note 7 - Long-Term Obligations**

Long-Term Debt activity for the year ended September 30, 2006, was as follows (in thousands):

	Balance at October 1, 2005	Additions	Reductions	Balance at September 30, 2006	Due within one year
Capital Project/Debt Service Fund					
Bonds payable					
Tax allocation bonds	\$ 355,443	\$ 35,045	\$ (41,863)	\$ 348,625	\$ 7,812
Add (less) deferred amounts					
Premium	8,192	2,455	(813)	9,834	-
Discount	(655)	-	22	(633)	-
Issuance costs	(7,847)	(1,165)	1,506	(7,506)	-
Loss on defeasance	-	(2,507)	68	(2,439)	-
Total bonds payable	\$ 355,133	\$ 33,828	\$ (41,080)	\$ 347,881	\$ 7,812
Notes payable	3,307	285	-	3,592	-
Advances from the City of Long Beach	131,111	1,854	(1,429)	131,536	-
Advances from Low- and Moderate-Income Housing Fund	17,219	18	-	17,237	-
Long-term liabilities	\$ 506,770	\$ 35,985	\$ (42,509)	\$ 500,246	\$ 7,812

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

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

	Balance at October 1, 2005	Additions	Reductions	Balance at September 30, 2006	Due within one year
Notes payable	\$ 1,015	-	-	\$ 1,015	\$ -

**Note 8 - Bonds Payable**

At September 30, 2006, bonded indebtedness consisted of the following (in thousands):

	Date Issued	Final Maturity	Range of Semi- Annual Interest Rates	Authorized and Issued	Outstanding Balance September 30, 2006
<b><u>Tax Allocation Bonds:</u></b>					
1992 Multiple Series:					
Downtown Project - Series A	12/01/92	11/01/22	2.9 - 6.00%	\$ 81,020	\$ 36,475
West Long Beach Beach Industrial Project	12/01/92	11/01/22	2.9 - 6.00%	36,470	16,425
2002 Multiple Series:					
2002A Poly High Project	06/25/02	08/01/12	4.809%	1,710	1,120
2002A West Beach Project	06/25/02	08/01/18	5.152%	8,895	7,322
2002B West Long Beach Industrial Project	12/05/02	11/01/24	2.00 - 5.50%	21,860	19,660
2002A Downtown Project	06/25/02	08/01/24	5.04 - 5.25%	26,820	16,651
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	11,170
2005A-1 Los Altos Project	03/02/05	08/01/20	2.20 - 4.00%	4,685	4,430
2005A-1 Central Long Beach Project	03/02/05	08/01/40	3.52 - 5.34%	22,690	22,425
2005A-1 North Long Beach Project	03/02/05	08/01/35	3.52 - 5.16%	39,000	38,373
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	33,840
2005B North Long Beach Project	03/02/05	08/01/35	3.52 - 5.16%	25,080	24,677
2005B Housing Fund	03/02/05	08/01/40	3.52 - 5.44%	55,665	55,020
2005C Downtown Project	02/01/06	08/01/24	3.25 - 5.50%	7,900	7,880
2005C North Long Beach Project	02/01/06	08/01/31	3.70 - 5.50%	27,145	27,145
Total Bonds Payable				\$ 462,787	\$ 348,625

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In February 2006, the Agency issued \$35,045,000 in Long Beach Bond Finance Authority Revenue Bonds 2005 Series C to advance refund a portion of the Downtown and North Long beach Project Areas 2002 Series A bonds. These refunding bonds consist of two separate issues namely: (a) the \$7,900,000 Series 2005C Downtown Bonds and (b) the \$27,145,000 Series 2005C North Long Beach Bonds. The refunded bonds are the \$7,450,000 of the 2002 Series A Downtown Bonds (Downtown Project) and \$26,983,000 of the 2002 Series A North Long Beach Bonds (North Long Beach Project).

The net proceeds of these Agency refunding bond issues have been placed in escrow accounts administered by an independent bank fiscal agent. These proceeds are invested by the trustee in various securities under a flexible draw investment agreement executed for these bond issues. The investments and the interest earned thereon are earmarked to finance future payments of interest, principal and redemption premium on the refunded Series 2002A Bonds; and the Series 2005C North Long Beach Bonds until its crossover date in year 2012. At September 30, 2006, the outstanding balances of the defeased 2002 Series A Downtown Bonds and North Long Beach Bonds are \$7,445,000 and \$26,983,000, respectively.

**Annual Payments**

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2007	\$ 7,812	\$ 18,254	\$ 26,066
2008	8,251	17,857	26,108
2009	8,672	17,428	26,100
2010	9,130	16,971	26,101
2011	9,593	16,491	26,084
2012 - 2016	56,797	76,347	133,144
2017 - 2021	70,713	63,267	133,980
2022 - 2026	67,118	39,595	106,713
2027 - 2031	46,309	24,262	70,571
2032 - 2036	39,420	12,339	51,759
2037 - 2040	24,810	3,320	28,130
<b>Totals</b>	<b>\$348,625</b>	<b>\$ 306,131</b>	<b>\$ 654,756</b>

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**Note 9 - Notes and Interest Payable**

At September 30, 2006, the Agency had the following notes payable to land sellers, developers, and other governmental entities (in thousands):

	Date Issued	Final Maturity	Range of Interest Rates	Originally Issued	Outstanding at September 30, 2006
Capital Project/Debt Service Fund					
Los Angeles County	1/21/1992	12/10/2036	3.75%	\$ 2,142	\$ 2,142
419 West Broadway, LLC	6/3/2004	6/18/2009	6.00-8.00%	1,450	1,450
Total Redevelopment Capital Project Fund				<u>\$ 3,592</u>	<u>\$ 3,592</u>
Low- and Moderate-Income Housing Fund					
State of California	1/23/1992	1/23/2022	3.00%	<u>\$ 1,015</u>	<u>\$ 1,015</u>

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

Capital Projects / Debt Service Funds

Fiscal Year	Principal	Interest	Total Debt Service
2007	\$ -	\$ 87	\$ 87
2008	-	87	87
2009	1,450	65	1,515
2010	-	-	-
2011	-	-	-
2012-2021	-	-	-
2022-2036	2,142	2,075	4,217
Totals	<u>\$ 3,592</u>	<u>\$ 2,314</u>	<u>\$ 5,906</u>

Low- and Moderate-Income Housing Fund

Fiscal Year	Principal	Interest	Total Debt Service
2007	\$ -	\$ 30	\$ 30
2008	-	30	30
2009	-	30	30
2010	-	30	30
2011	-	30	30
2012-2016	-	152	152
2017-2021	-	152	152
2022	1,015	447	1,462
Totals	<u>\$ 1,015</u>	<u>\$ 901</u>	<u>\$ 1,916</u>



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**Tax Increment Pass-Through Obligation**

The Agency has an agreement to pay Los Angeles County 49.44% of tax increment generated by the Los Altos Project Area, payable commencing in 2020 at a simple interest rate of 3.75%. The tax increment due to the County at September 30, 2006, totaled \$2,142,000.

**Downtown Project Obligation**

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

**Note 10 - Other Assets**

Other current assets depicted in the Capital Projects/Debt Service Fund include the following at September 30, 2006 (in thousands):

Prepaid rent for the IDM structure	\$ 1,764
Deposits with Superior Court	8,827
Deposits with State Treasurer's Office	12,905
Prepaid expense	214
Other	5
Total Other Assets	<u>\$ 23,715</u>

Other non-current assets of \$1,000 depicted in the Low- and Moderate-Income Housing Fund represent loan repayments that are to be remitted by the collection agency.

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

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

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

In fiscal year 1986, all Redevelopment Project Areas, except West Beach, qualified for reduced set-aside payments. In fiscal year 1988, only the Downtown Project Area qualified

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

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

During fiscal year 2006, all seven Redevelopment Project Areas paid a full 20% of their tax increment revenue to the Housing Development Fund and no Project Area deferred a low- and moderate-income housing set-aside payment.

The Agency deposits set-aside funds into the Low- and Moderate-Income Housing Fund (Housing Fund). The following table shows the amount deferred from prior years, the current fiscal year's 20% set-aside requirement, the current fiscal year's payment, and the total amount not yet paid to the City's Housing Fund at September 30, 2006, for each Project Area (in thousands):

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Project Area	Advances from Housing Fund October 1, 2005	Current Year 20% Set Aside	Current Year Payment to Low- and Moderate- Income Housing Fund	Advances from Low- and Moderate- Income Housing Fund September 30, 2006
Downtown	\$ 16,361	\$ 2,649	\$ (2,649)	\$ 16,361
West Beach	-	258	(258)	-
West Long Beach Industrial	-	2,249	(2,249)	-
Poly High	-	26	(26)	-
Los Altos	-	111	(111)	-
Central Long Beach	-	1,638	(1,638)	-
North Long Beach	-	8,921	(8,921)	-
Total	<u>\$ 16,361</u>	<u>\$ 15,852</u>	<u>\$ (15,852)</u>	<u>\$ 16,361</u>

**Note 12 - Transfers from/to the City of Long Beach**

For the fiscal year ended September 30, 2006, the City transferred \$5,741,000 from the Low- and Moderate-Income Housing Fund to the Central Long Beach Project Area: \$2,330,000 for project development and \$3,411,000 for amortization payment on the 2005 Housing Bonds.

Details of \$7,162,000 in funds transferred from the Agency to the City for the fiscal year ended September 30, 2006 were as follows (in thousands):

Transfers to	Amount
Capital Projects Fund	\$ 2,928
Tidelands Operating Fund	535
Aquarium of the Pacific	3,685
Housing Development Fund	14
Total transfers to the City	<u>\$ 7,162</u>

The Agency transferred \$2,928,000 to the Capital projects Fund of the City from the Central Long Beach and North Long Beach Project Areas 2005 bond proceeds.

The Agency transferred \$535,000 to the Tidelands Fund in fiscal year 2006 to supplement the debt service of the bonds issued for the construction of an energy plant at the Convention Center.

The Agency transferred \$3,685,000 from transient occupancy taxes (TOT) generated by Agency-sponsored hotels to the Tidelands Fund. In prior years, the TOT revenues were paid to the Port of Long Beach. However, from fiscal years 2002 to 2006, the Port of Long Beach loan repayment from the TOT revenues was subordinated to the bond payment for the Aquarium of the Pacific.

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The Agency transferred \$14,000 of 2005 Housing Bond proceeds to the Housing Development Fund for the Washington School Focus Area project.

Any redevelopment project area adopted after 1994 is required to share 20% of its tax increment with the taxing agencies affected by the adoption of the project area including city governments. As a result, the Central Long Beach and North Long Beach Project Areas paid \$701,000 and \$2,109,000, respectively, to the City of Long Beach.

In addition, an amendment to Section 33333.6 of the Health and Safety Code took effect on January 1, 2002, authorizing redevelopment agencies to eliminate the time limit for incurring indebtedness; if this time limit is eliminated for a project area that project area must commence statutory pass-through payments one year following the year its time limit for incurring indebtedness would have otherwise have been reached. On November 11, 2003, the Long Beach City Council adopted ordinances amending the Redevelopment Plans for the West Beach, Poly High and West Long Beach Industrial Project Areas to eliminate their time limits for incurring indebtedness. Fiscal year 2006 is the second year these project areas are required to make statutory pass-through payments. The West Beach and West Long Beach Industrial Redevelopment Project Areas paid \$13,000 and \$180,000, respectively, to the City. The Poly High Redevelopment Project Area did not have a sufficient increase in tax increment revenue to make a pass-through payment.

These payments are part of the pass-through charges expenditure category of \$14,302,000 under the Debt Service Fund in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance. The remaining balance of \$11,299,000 pass-through charges relate to money due to agencies other than the City.

**Note 13 - Land Held for Resale**

The Agency owns various parcels of land located within its various project areas. These properties have been recorded at the lower of cost or market value (when a definite market value can be determined), excluding demolition and relocation costs. Due to the potential long-term nature of these assets, the Agency has reserved fund balance for land held for resale. At September 30, 2006, 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/Debt Service Funds	Low- and Moderate-Income Housing Fund
Downtown	\$ 33,772	\$ -
West Long Beach Industrial	3,090	-
Central Long Beach	37,663	-
North Long Beach	41,980	995
Total	\$ 116,505	\$ 995

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Low- and Moderate-Income Housing Fund

There was no change in land held for resale during fiscal year 2006. The total amount of land held for resale as of September 30, 2006 was \$995,000.

**Note 14 - Eliminations and Reclassifications of Interproject Loans**

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

The following schedule presents interproject loans outstanding as of September 30, 2006 (in thousands):

From Project	To				
	West Beach	Downtown	Los Altos	Central LB	Total
West Long Beach Industrial	\$ 306	\$ 14,718	\$ 3,475	\$ 2,186	\$ 20,685
Total	<u>\$ 306</u>	<u>\$ 14,718</u>	<u>\$ 3,475</u>	<u>\$ 2,186</u>	<u>\$ 20,685</u>

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Advances between redevelopment project areas are as follows  
(in thousands):

	<u>Original</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Outstanding</u>
In July 1980 and September 1982, the West Long Beach Industrial and Downtown Project Areas entered into a promissory note and temporary loan agreements for the West Long Beach Industrial Project Area to advance funds necessary to finance the project costs in the Downtown Project Area. The initial interest rates on the advances were 8% and 12%. Effective July 1, 1988, the rates were revised to equal that which is earned by the City Treasurer on the City of Long Beach pooled cash. Repayment of the advances will be made as funds become available.	\$ 6,771	\$ 4,743	\$ 7,818	\$ 12,561
In April 1995, the West Long Beach Industrial Project Area exchanged a certain property owned by the City of Long Beach in the Downtown Project Area. The purchase price of the West Long Beach Industrial Project Area was agreed to be indebtedness of Downtown and West Long Beach Industrial Project Areas. The indebtedness accrued interest at a rate equal to that which accrued on the Tax Anticipation Notes of the City of Long Beach. Repayment of the indebtedness will be made solely from the proceeds of sale of property.	861	861	310	1,171
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.	12,700	3,475	-	3,475
In July 1995 a promissory note and loan agreement was entered into by the West Long Beach Industrial Project Area and Poly High, West Beach, Downtown, and Central Long Beach Project Areas for the West Long Beach Industrial Project Area to advance for contributions to the development of the Long Beach Unified School District Transportation Facility. The indebtedness accrued interest at a rate equal to that which accrues on the Tax Anticipation Notes of the City of Long Beach. Repayment of the indebtedness will be made as future tax increments become available. However, in June 2002, the advance to Poly High Project Area was repaid from tax allocation bond proceeds.	2,571	2,572	906	3,478
Totals	<u>\$22,903</u>	<u>\$11,651</u>	<u>\$ 9,034</u>	<u>\$ 20,685</u>

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**Note 15 - Long-Term Receivables, Reserved Fund Balance and Deferred Revenue**

Long-term receivables are offset by either reserved fund balance-other or deferred revenue in the accompanying fund financial statements. The table below presents the detail components of the Agency's and the Low-and Moderate-Income Housing Fund's long-term receivables and corresponding offset accounts at September 30, 2006 (in thousands):

**Governmental Funds:**

Description	Capital Projects / Debt Service Fund			Low- and Moderate-Income Housing Fund - Deferred Revenue
	Long-Term Receivables	Reserved Fund Balance-Long Term Receivables	Deferred Revenue	
<b>Loans receivable:</b>				
Blk M	\$ 35	\$ 35	\$ -	\$ -
Olson, Downtown Promenade Land Sale	2,499	-	2,499	-
Lennar LB, Downtown Promenade-Land Sale	285	-	285	-
Delinquent Tax Los Angeles County	24	24	-	-
A & E Amador	124	124	-	-
C & P Thomas-Purchase of Replacement Home	174	-	174	-
Central LB Commercial Facade Improvement	6	-	6	-
North LB Commercial Facade Improvement	919	-	919	-
Low-and moderate-income housing loans	-	-	-	17,434
<b>Total Long-Term Receivables</b>	<b>\$ 4,066</b>	<b>183</b>	<b>3,883</b>	<b>17,434</b>
<b>Additional components:</b>				
Prepaid rent for the IDM structure, non-current		1,729	-	-
Accounts receivable		-	17	-
Transfer of TOT funds for the Aquarium of the Pacific bond payment		-	14,591	-
Brownfields Clean-up revolving loan fund		-	22	-
Cash-Deposits from contractors/developers		-	275	-
Prepaid rent from LOIS Apartment tenant		-	-	1
<b>Total Reserved / Deferred Revenues</b>		<b>\$ 1,912</b>	<b>\$ 18,788</b>	<b>\$ 17,435</b>

**Note 16 - Other Reserved Fund Balances**

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

At September 30, 2006, the reserved fund balance of \$31,000 has been accumulated for operating and maintenance reserves required under the Regulatory Agreement of the promissory note with the State for \$1,015,000.

**Note 17 - Commitments and Contingencies**

**Litigation**

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

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**Note 18 - Education Revenue Augmentation Fund (ERAF) Payments**

The Agency made an additional ERAF payment of \$2,921,000 in May 2006, in addition to the ERAF payment in May 2005 of \$2,901,000. This is pursuant to the State requiring redevelopment agencies to shift, in aggregate, \$250,000,000 in property tax revenues to the ERAF for K-12 schools and community colleges during fiscal years 2005 and 2006. This payment is shown as a pass-through expenditure.



## Supplementary Financial Information



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Redevelopment Agency of the City of Long Beach  
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Combining Balance Sheet - Governmental Funds  
Capital Project Funds by Project Area  
September 30, 2006  
(In Thousands)

	Downtown Project Area	West Beach Project Area	West Long Beach Industrial Project Area
<b>ASSETS</b>			
Pooled cash and cash equivalents	\$ 7,772	\$ 20	\$ 15,187
Non-pooled cash and cash equivalents	-	-	-
Accounts receivable	-	-	-
Receivables from other governments	16	-	-
Due from the City of Long Beach	303	-	-
Land held for resale	33,772	-	3,090
Other assets	2,356	-	5
Long-term receivables	2,843	-	124
Interproject loan and interest receivable	-	-	20,685
<b>TOTAL ASSETS</b>	<b>\$ 47,062</b>	<b>\$ 20</b>	<b>\$ 39,091</b>
<b>LIABILITIES</b>			
Voucher payables	\$ 274	\$ -	\$ 35
Accounts payable	23	-	10
Accrued wages payable	10	1	14
Collections held in trust	412	-	66
Deferred revenues	3,016	-	40
Due to other funds-Current	3,330	-	7
Interproject loan and interest payable	14,718	306	-
<b>TOTAL LIABILITIES</b>	<b>21,783</b>	<b>307</b>	<b>172</b>
<b>FUND BALANCE (ACCUMULATED DEFICIT)</b>			
Reserved:			
Land held for resale	33,772	-	3,090
Future projects	4,375	19	15,014
Interproject Loans	(14,718)	(306)	20,685
Encumbrances	62	-	6
Other	1,788	-	124
<b>TOTAL FUND BALANCE</b>			
<b>(ACCUMULATED DEFICIT)</b>	<b>25,279</b>	<b>(287)</b>	<b>38,919</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 47,062</b>	<b>\$ 20</b>	<b>\$ 39,091</b>

See accompanying independent auditors' report

Poly High Project Area	Project Income Fund	Los Altos Project Area	Central Long Beach Project Area	North Long Beach Project Area	Total
\$ 7	\$ 4,044	\$ 83	\$ 14	\$ 4,343	\$ 31,470
-	-	-	1,382	6	1,388
-	-	-	2	-	2
-	-	-	-	-	16
-	-	-	-	-	303
-	-	-	37,663	41,980	116,505
925	-	-	7,491	12,906	23,683
-	-	-	182	917	4,066
-	-	-	-	-	20,685
<u>\$ 932</u>	<u>\$ 4,044</u>	<u>\$ 83</u>	<u>\$ 46,734</u>	<u>\$ 60,152</u>	<u>\$ 198,118</u>
\$ -	\$ -	\$ -	\$ 227	\$ 123	\$ 659
1	-	-	378	1,201	1,613
2	-	1	13	21	62
-	1	-	70	56	605
-	-	-	224	917	4,197
1	1	1	6	10	3,356
-	-	3,475	2,186	-	20,685
<u>4</u>	<u>2</u>	<u>3,477</u>	<u>3,104</u>	<u>2,328</u>	<u>31,177</u>
-	-	-	37,663	41,980	116,505
928	4,042	81	7,999	15,334	47,792
-	-	(3,475)	(2,186)	-	-
-	-	-	154	510	732
-	-	-	-	-	1,912
<u>928</u>	<u>4,042</u>	<u>(3,394)</u>	<u>43,630</u>	<u>57,824</u>	<u>166,941</u>
<u>\$ 932</u>	<u>\$ 4,044</u>	<u>\$ 83</u>	<u>\$ 46,734</u>	<u>\$ 60,152</u>	<u>\$ 198,118</u>

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**Combining Balance Sheet - Governmental Funds**  
**Debt Service Funds by Project Area**  
**September 30, 2006**  
**(In Thousands)**

	Downtown Project Area	West Beach Project Area	West Long Beach Industrial Project Area
<b>ASSETS</b>			
Pooled cash and cash equivalents	\$ 1,198	\$ 467	\$ 2,215
Non-pooled cash and cash equivalents	8,901	1,586	3,160
Accounts and loans receivable	-	-	-
Interest receivable on investments	176	21	45
Investments	-	-	-
Other assets	32	-	-
Advances to the City of Long Beach	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 10,307</b>	<b>\$ 2,074</b>	<b>\$ 5,420</b>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
Advances from the City of Long Beach	-	-	-
Deferred revenue	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE</b>			
Reserved:			
Future projects	705	878	-
Debt service	9,602	1,196	5,420
<b>TOTAL FUND BALANCE</b>	<b>10,307</b>	<b>2,074</b>	<b>5,420</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 10,307</b>	<b>\$ 2,074</b>	<b>\$ 5,420</b>

See accompanying independent auditors' report

Poly High Project Area	Project Income Fund	Los Altos Project Area	Central Long Beach Project Area	North Long Beach Project Area	Housing Fund	Total
\$ 107	\$ -	\$ 147	\$ 731	\$ 3,332	\$ 13	\$ 8,210
2,735	-	408	27,680	39,366	56,735	140,571
-	358	-	-	-	-	358
35	-	4	442	748	1,130	2,601
-	-	-	-	10,000	-	10,000
-	-	-	-	-	-	32
-	14,591	-	-	-	-	14,591
<u>\$ 2,877</u>	<u>\$ 14,949</u>	<u>\$ 559</u>	<u>\$ 28,853</u>	<u>\$ 53,446</u>	<u>\$ 57,878</u>	<u>\$ 176,363</u>
\$ -	\$ -	\$ -	\$ 1	\$ 178	\$ -	\$ 179
-	-	-	-	-	14	14
-	14,591	-	-	-	-	14,591
-	14,591	-	1	178	14	14,784
2,548	-	-	23,413	31,854	53,647	113,045
329	358	559	5,439	21,414	4,217	48,534
2,877	358	559	28,852	53,268	57,864	161,579
<u>\$ 2,877</u>	<u>\$ 14,949</u>	<u>\$ 559</u>	<u>\$ 28,853</u>	<u>\$ 53,446</u>	<u>\$ 57,878</u>	<u>\$ 176,363</u>

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**Combining Balance Sheet - Governmental Funds**  
**Low-and Moderate-Income Housing by Project Area**  
**September 30, 2006**  
**(In Thousands)**

	Downtown Project Area	West Beach Project Area	West Long Beach Industrial Project Area
<b>ASSETS</b>			
Pooled cash and cash equivalents	\$ -	\$ -	\$ 8,752
Non-pooled cash and cash equivalents	-	-	388
Accounts and loans receivable	-	-	-
Interest receivable on investments	-	-	-
Land held for resale	-	-	-
Other assets	-	-	-
Long-term receivable	-	-	6,637
	<u>-</u>	<u>-</u>	<u>6,637</u>
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,777</u>
<b>LIABILITIES</b>			
Voucher payables	\$ -	\$ -	\$ -
Accrued wages payable	-	-	-
Collections held in trust	-	-	-
Deferred revenue	-	-	6,636
Due to other funds	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>6,636</u>
<b>FUND BALANCE</b>			
Reserved	-	-	-
Land held for resale	-	-	-
Future projects	-	-	9,110
Other	-	-	31
	<u>-</u>	<u>-</u>	<u>9,141</u>
<b>TOTAL FUND BALANCE</b>	<u>-</u>	<u>-</u>	<u>9,141</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,777</u>

See accompanying independent auditors' report



<u>Poly High Project Area</u>	<u>Los Altos Project Area</u>	<u>Central Long Beach Project Area</u>	<u>North Long Beach Project Area</u>	<u>Totals</u>
\$ -	\$ -	\$ 705	\$ 12,744	\$ 22,201
-	-	-	652	1,040
-	-	-	1	1
-	-	-	10	10
-	-	-	995	995
-	-	-	1	1
-	-	3,777	7,020	17,434
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,482</u>	<u>\$ 21,423</u>	<u>\$ 41,682</u>
\$ -	\$ -	\$ 653	\$ -	\$ 653
-	-	36	-	36
-	-	15	-	15
-	-	3,778	7,021	17,435
-	-	-	18	18
-	-	4,482	7,039	18,157
-	-	-	995	995
-	-	-	13,389	22,499
-	-	-	-	31
-	-	-	14,384	23,525
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,482</u>	<u>\$ 21,423</u>	<u>\$ 41,682</u>

Redevelopment Agency of the City of Long Beach  
(A Component Financial Reporting Unit of the City of Long Beach, California)  
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit)  
Capital Project Funds by Project Area  
Year Ended September 30, 2006  
(In Thousands)

	Downtown Project Area	West Beach Project Area	West Long Beach Industrial Project Area
<b>REVENUES</b>			
Interest income	\$ 181	\$ 3	\$ 547
Rental income	1,136	-	-
Gain on land sale	1,157	-	-
Other income	122	-	-
<b>TOTAL REVENUES</b>	<b>2,596</b>	<b>3</b>	<b>547</b>
<b>EXPENDITURES</b>			
Administrative costs	1,745	104	903
Professional services	69	-	9
Planning, survey and design	349	2	71
Acquisition expense	38	-	13
Operation of acquired property	181	-	416
Relocation costs	35	-	3
Relocation payments	470	-	109
Site clearance costs	-	-	-
Project improvement/construction costs	172	-	48
Disposal costs	6	-	-
Loss on sale of land held for resale	-	-	-
Rehabilitation grants and loans	-	-	-
Furniture, fixture and equipment	-	-	-
Pass-through charges	-	-	-
Debt service payments:			
City/County advances and loans - principal	-	-	-
Interest	199	1	68
<b>TOTAL EXPENDITURES</b>	<b>3,264</b>	<b>107</b>	<b>1,640</b>
Excess of Revenues over/(under) Expenditures	(668)	(104)	(1,093)
<b>OTHER FINANCING SOURCES AND (USES)</b>			
Other deferred payments	-	-	-
Advances-capitalized interest	(152)	(4)	289
Operating transfers from Debt Service	5,406	108	3,184
Operating transfers from/(to) the other funds, net	(463)	-	(24)
Operating transfers to the City of Long Beach	-	-	-
Operating transfers from the City of Long Beach	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>4,791</b>	<b>104</b>	<b>3,449</b>
Excess of Revenues and Other Sources over Expenditures and Other Uses	4,123	-	2,356
Fund balance (accumulated deficit)-October 1	21,156	(287)	36,563
<b>FUND BALANCE (ACCUMULATED DEFICIT) - SEPTEMBER 30</b>	<b>\$ 25,279</b>	<b>\$ (287)</b>	<b>\$ 38,919</b>

See accompanying independents auditors' report.

Poly High Project Area	Project Income Fund	Los Altos Project Area	Central Long Beach Project Area	North Long Beach Project Area	Total
\$ 26	\$ 143	\$ 4	\$ 82	\$ 58	\$ 1,044
-	(2)	-	357	304	1,795
-	-	-	-	-	1,157
-	20	-	56	1,510	1,708
26	161	4	495	1,872	5,704
103	31	32	1,205	2,054	6,177
1	-	-	210	225	514
2	-	1	625	489	1,539
11	-	-	1,198	500	1,760
-	-	-	1,191	2,365	4,153
2	-	-	575	305	920
-	-	-	2,143	2,939	5,661
-	-	-	15	86	101
-	-	-	1,690	9,764	11,674
-	-	-	3	-	9
-	-	-	240	201	441
-	-	-	-	1,150	1,150
-	-	-	-	6	6
-	-	220	-	-	220
-	-	-	1,264	-	1,264
12	-	1	169	50	500
131	31	254	10,528	20,134	36,089
(105)	130	(250)	(10,033)	(18,262)	(30,385)
-	-	220	-	-	220
-	-	(108)	(25)	-	-
322	-	774	24,932	60,527	95,253
490	(9)	-	6	-	-
-	-	-	(928)	(2,000)	(2,928)
-	-	-	2,330	-	2,330
812	(9)	886	26,315	58,527	94,875
707	121	636	16,282	40,265	64,490
221	3,921	(4,030)	27,348	17,559	102,451
\$ 928	\$ 4,042	\$ (3,394)	\$ 43,630	\$ 57,824	\$ 166,941

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, 2006  
(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	\$ 10,594	\$ 1,030	\$ 8,997	\$ 104
Transient occupancy tax	-	-	-	-
Interest income	1,007	100	256	129
Other income	-	-	-	-
<b>TOTAL REVENUES</b>	<b>11,601</b>	<b>1,130</b>	<b>9,253</b>	<b>233</b>
<b>EXPENDITURES</b>				
Administrative costs	180	21	121	13
Pass-through charges	607	93	1,259	21
Debt issuance costs	245	-	-	-
Debt service payments:				
Bonds and notes payable - principal	2,560	436	1,035	158
Interest	4,714	400	2,047	61
<b>TOTAL EXPENDITURES</b>	<b>8,306</b>	<b>950</b>	<b>4,462</b>	<b>253</b>
Excess of Revenues over (under) Expenditures	3,295	180	4,791	(20)
<b>OTHER FINANCING SOURCES AND (USES)</b>				
Proceeds from issuance of long term debt	7,900	-	-	-
Bond premium	192	-	-	-
Payment to refunded bond escrow agent	(7,659)	-	-	-
Operating transfers from (to) other funds, net	(185)	16	-	9
Operating transfers to Capital Projects	(5,406)	(108)	(3,184)	(322)
Operating transfers from the City of Long Beach	-	-	-	-
Operating transfers to the City of Long Beach	-	-	-	-
Payments to City of Long Beach, net	-	-	(535)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(5,158)</b>	<b>(92)</b>	<b>(3,719)</b>	<b>(313)</b>
Excess (deficiency) of Revenues and Other Financing Sources over Expenditures and Other Uses	(1,863)	88	1,072	(333)
Fund balance-October 1	12,170	1,986	4,348	3,210
<b>FUND BALANCE - SEPTEMBER 30</b>	<b>\$ 10,307</b>	<b>\$ 2,074</b>	<b>\$ 5,420</b>	<b>\$ 2,877</b>

See accompanying independent auditors' report.

Project Income Fund	Los Altos Project Area	Central Long Beach Project Area	North Long Beach Project Area	Housing Fund	Total
\$ -	\$ 443	\$ 13,054	\$ 29,184	\$ -	\$ 63,406
3,634	-	-	-	-	3,634
18	31	2,772	3,782	2,968	11,063
-	677	-	-	-	677
<u>3,652</u>	<u>1,151</u>	<u>15,826</u>	<u>32,966</u>	<u>2,968</u>	<u>78,780</u>
-	7	178	472	-	992
-	58	3,246	9,018	-	14,302
-	-	-	920	-	1,165
-	255	665	1,676	645	7,430
-	149	2,970	5,638	3,006	18,985
-	<u>469</u>	<u>7,059</u>	<u>17,724</u>	<u>3,651</u>	<u>42,874</u>
<u>3,652</u>	<u>682</u>	<u>8,767</u>	<u>15,242</u>	<u>(683)</u>	<u>35,906</u>
-	-	-	27,145	-	35,045
-	-	-	2,263	-	2,455
-	-	-	(28,476)	-	(36,135)
-	-	-	160	-	-
-	(774)	(24,932)	(60,527)	-	(95,253)
-	-	-	-	3,411	3,411
(3,685)	-	-	-	(14)	(3,699)
-	-	-	-	-	(535)
<u>(3,685)</u>	<u>(774)</u>	<u>(24,932)</u>	<u>(59,435)</u>	<u>3,397</u>	<u>(94,711)</u>
(33)	(92)	(16,165)	(44,193)	2,714	(58,805)
<u>391</u>	<u>651</u>	<u>45,017</u>	<u>97,461</u>	<u>55,150</u>	<u>220,384</u>
<u>\$ 358</u>	<u>\$ 559</u>	<u>\$ 28,852</u>	<u>\$ 53,268</u>	<u>\$ 57,864</u>	<u>\$ 161,579</u>

**Redevelopment Agency of the City of Long Beach**  
**(A Component Financial Reporting Unit of the City of Long Beach, California)**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Low-and Moderate-Income Housing Funds by Project Area**  
**Year Ended September 30, 2006**  
**(In Thousands)**

	Downtown Project Area	West Beach Project Area	West Long Beach Industrial Project Area
<b>REVENUES</b>			
Property tax increment	\$ 2,649	\$ 258	\$ 2,249
Interest income	161	-	137
Rental income	-	-	-
Other income	-	-	-
<b>TOTAL REVENUES</b>	<u>2,810</u>	<u>258</u>	<u>2,386</u>
<b>EXPENDITURES</b>			
Administrative costs	1,298	-	-
Professional services	191	-	-
Acquisition expense	-	-	-
Operation of acquired property	109	-	-
Project improvement/construction costs	169	-	-
Interdepartmental charges	69	7	57
Rehabilitation grants and loans	974	251	827
<b>TOTAL EXPENDITURES</b>	<u>2,810</u>	<u>258</u>	<u>884</u>
Excess of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>1,502</u>
<b>OTHER FINANCING</b>			
<b>SOURCES AND (USES)</b>			
Transfers from the City	-	-	-
Transfer to the Redevelopment Agency	-	-	-
<b>TOTAL OTHER FINANCING SOURCES/(USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Financing Sources over Expenditures and Other Uses	<u>-</u>	<u>-</u>	<u>1,502</u>
Fund balance-October 1	<u>-</u>	<u>-</u>	<u>7,639</u>
<b>FUND BALANCE - SEPTEMBER 30</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,141</u></u>

See accompanying independent auditors' report.

Poly High Project Area	Los Altos Project Area	Central Long Beach Project Area	North Long Beach Project Area	Total
\$ 26	\$ 111	\$ 1,638	\$ 8,921	\$ 15,852
-	-	99	543	940
-	-	80	-	80
-	-	1,022	-	1,022
<u>26</u>	<u>111</u>	<u>2,839</u>	<u>9,464</u>	<u>17,894</u>
-	-	-	212	1,510
-	-	-	-	191
-	-	-	7	7
-	-	-	-	109
-	-	-	-	169
1	3	42	229	408
<u>25</u>	<u>108</u>	<u>502</u>	<u>4,093</u>	<u>6,780</u>
<u>26</u>	<u>111</u>	<u>544</u>	<u>4,541</u>	<u>9,174</u>
-	-	2,295	4,923	8,720
-	-	2	-	2
-	-	(2,297)	(3,444)	(5,741)
-	-	(2,295)	(3,444)	(5,739)
-	-	-	1,479	2,981
-	-	-	12,905	20,544
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,384</u>	<u>\$ 23,525</u>

Redevelopment Agency of the City of Long Beach  
(A Component Financial Reporting Unit of the City of Long Beach, California)  
Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit)  
Budget and Actual (Non-GAAP Budgetary Basis) Capital Projects Fund  
Year Ended September 30, 2006  
(In Thousands)

	Budgeted Amounts		Actual on	Variance with
	Original	Final	Budgetary Basis	Final Budget Positive (Negative)
<b>REVENUES</b>				
Interest income	\$ 912	\$ 912	\$ 1,044	\$ 132
Rental income	255	255	1,795	1,540
Land sale proceeds	(1,009)	(1,009)	1,434	2,443
Other income	(343)	(343)	1,708	2,051
<b>TOTAL REVENUES</b>	<b>(185)</b>	<b>(185)</b>	<b>5,981</b>	<b>6,166</b>
<b>EXPENDITURES</b>				
Administration costs	7,479	7,734	6,909	825
Professional services	4,184	4,184	514	3,670
Planning survey and design	25,108	25,108	1,539	23,569
Acquisition costs	122,352	148,625	1,760	146,865
Operation of acquired property	6,141	6,141	4,153	1,988
Relocation costs	1,419	1,419	920	499
Relocation payments	(4,566)	(4,566)	5,661	(10,227)
Site clearance costs	(311)	(311)	101	(412)
Project improvement/construction costs	18,706	19,051	11,674	7,377
Disposal costs	(1,146)	(1,146)	9	(1,155)
Land purchases	(24,955)	(24,955)	44,267	(69,222)
Rehabilitation grants and loans	4,137	4,137	1,150	2,987
Furniture, fixture and equipment	100	100	6	94
Pass through's and ERAF payments	258	258	220	38
Debt service payments:				
City/County advances and loan principal	436	1,736	1,264	472
U.S., State and other long-term debt principal	282	282	-	282
Interest	(95)	(94)	500	(594)
<b>TOTAL EXPENDITURES</b>	<b>159,529</b>	<b>187,703</b>	<b>80,647</b>	<b>107,056</b>
Deficiency of Revenues over Expenditures	(159,714)	(187,888)	(74,666)	113,222
<b>OTHER FINANCING SOURCES (USES)</b>				
Other deferred payments	-	-	220	220
Proceeds from other long-term debt	3,625	3,625	-	(3,625)
Transfers in, net	42,001	42,001	95,253	53,252
Interagency payments	39,494	39,494	-	(39,494)
Transfer to the City	(2,661)	(2,661)	(2,928)	(267)
Transfer from the City	4,170	6,970	2,330	(4,640)
Payments to the City of Long Beach	524	524	-	(524)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>87,153</b>	<b>89,953</b>	<b>94,875</b>	<b>4,922</b>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(72,561)	(97,935)	20,209	118,144
Fund balance-October 1, budgetary basis	28,644	28,644	28,644	-
Encumbrances-beginning of the year	851	851	851	-
<b>FUND BALANCE (DEFICIT)-SEPTEMBER 30, BUDGETARY BASIS</b>	<b>\$ (43,066)</b>	<b>\$ (68,440)</b>	<b>\$ 49,704</b>	<b>\$ 118,144</b>

See accompanying independent auditors' report and supplementary note on page 74.



**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, 2006**  
**(In Thousands)**

	Budgeted Amounts		Actual on	Variance with
	Original	Final	Budgetary Basis	Final Budget Positive (Negative)
<b>REVENUES</b>				
Property tax increment	\$ 51,721	\$ 51,721	\$ 63,406	\$ 11,685
Interest income	2,080	4,535	11,063	6,528
Transient occupancy tax	3,358	3,358	3,634	276
Other income	530	530	677	147
<b>TOTAL REVENUES</b>	<b>57,689</b>	<b>60,144</b>	<b>78,780</b>	<b>18,636</b>
<b>EXPENDITURES</b>				
Administration costs	1,386	1,386	992	394
Pass through's and ERAF payments	10,964	10,964	14,302	(3,338)
Debt issuance costs	-	1,165	1,165	-
Debt service payments:				
Bonds and notes payable-principal	7,415	14,865	7,430	7,435
Interest	19,729	19,937	18,985	952
<b>TOTAL EXPENDITURES</b>	<b>39,494</b>	<b>48,317</b>	<b>42,874</b>	<b>5,443</b>
<b>Excess of Revenues over Expenditures</b>	<b>18,195</b>	<b>11,827</b>	<b>35,906</b>	<b>24,079</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from other long-term debt	-	35,045	35,045	-
Bond premium	-	-	2,455	2,455
Advance refunding	-	-	(36,135)	(36,135)
Transfers in (out), net	(60,718)	(60,718)	(95,253)	(34,535)
Payment from RDA	(29,500)	(29,500)	-	29,500
Transfer to the City	(28,758)	(28,758)	(3,699)	25,059
Transfer from the City	3,519	3,519	3,411	(108)
Payments to the City of Long Beach	(524)	(524)	(535)	(11)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(115,981)</b>	<b>(80,936)</b>	<b>(94,711)</b>	<b>(13,775)</b>
<b>Deficiency of Revenues and Other Financing Sources Over Expenditures and Other Uses</b>	<b>(97,786)</b>	<b>(69,109)</b>	<b>(58,805)</b>	<b>10,304</b>
<b>Fund balance - October 1, budgetary basis</b>	<b>220,384</b>	<b>220,384</b>	<b>220,384</b>	<b>-</b>
<b>FUND BALANCE - SEPTEMBER 30, BUDGETARY BASIS</b>	<b>\$ 122,598</b>	<b>\$ 151,275</b>	<b>\$ 161,579</b>	<b>\$ 10,304</b>

See accompanying independent auditors' report and supplementary note on page 74.

**Redevelopment Agency of the City of Long Beach**  
**(A Component Financial Reporting Unit of the City of Long Beach, California)**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit)**  
**Budget and Actual (Non-GAAP Budgetary Basis) Low- and Moderate-Income Housing Fund**  
**Year Ended September 30, 2006**  
**(In Thousands)**

	Budgeted Amounts		Actual on	Variance with
	Original	Final	Budgetary Basis	Final Budget Positive (Negative)
<b>REVENUES</b>				
Property tax increment	\$ 11,625	\$ 13,042	\$ 15,852	\$ 2,810
Interest income	(12)	(12)	940	952
Rental income	448	353	80	(273)
Proceeds from land sales	321	321	-	(321)
Other	(1,343)	(1,343)	1,022	2,365
<b>TOTAL REVENUES</b>	<b>11,039</b>	<b>12,361</b>	<b>17,894</b>	<b>5,533</b>
<b>EXPENDITURES</b>				
Administration costs	1,746	1,835	1,510	325
Professional Services	(605)	(481)	191	(672)
Planning, survey & design	(49)	(49)	-	(49)
Acquisition costs	(16)	(6)	7	(13)
Operation of acquired property	257	232	109	123
Relocation costs	(79)	(79)	-	(79)
Project improvement/construction costs	1,646	1,777	169	1,608
Disposal costs	(30)	(30)	-	(30)
Land purchases	(249)	(249)	-	(249)
Interdepartmental charges	379	555	408	147
Rehabilitation grants and loans	27,464	23,638	6,780	16,858
Furniture and fixture	(52)	(52)	-	(52)
Debt service:				
Principal	229	788	-	788
Interest	-	393	-	393
<b>TOTAL EXPENDITURES</b>	<b>30,641</b>	<b>28,272</b>	<b>9,174</b>	<b>19,098</b>
Excess (deficiency) of Revenues Over Expenditures	(19,602)	(15,911)	8,720	24,631
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from other long-term debt	(21)	(21)	-	21
Transfer to other funds	(4,694)	(8,213)	(5,741)	2,472
Transfer to the City	(4,423)	(886)	-	886
Transfer from the City	8,745	7,194	2	(7,192)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(393)</b>	<b>(1,926)</b>	<b>(5,739)</b>	<b>(3,813)</b>
Excess (deficiency) of Revenues and Other Financing Sources Over (under) Expenditures and Other Uses	(19,995)	(17,837)	2,981	20,818
Fund balance-October 1, budgetary basis	2,330	2,330	2,330	-
<b>FUND BALANCE (DEFICIT)-SEPTEMBER 30, BUDGETARY BASIS</b>	<b>\$ (17,665)</b>	<b>\$ (15,507)</b>	<b>\$ 5,311</b>	<b>\$ 20,818</b>

See accompanying independent auditors' report and supplementary note on page 75.

**Redevelopment Agency of the City of Long Beach**  
**(A Component Financial Reporting Unit of the City of Long Beach, California)**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit)**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended September 30, 2006**  
**(In Thousands)**

Downtown Project Area				
	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property tax increment	\$ 11,549	\$ 11,549	\$ 10,594	\$ (955)
Interest income	658	850	1,188	338
Rental income	86	86	1,136	1,050
Land sale proceeds	-	-	1,350	1,350
Other income	(1,055)	(1,055)	122	1,177
<b>TOTAL REVENUES</b>	<b>11,238</b>	<b>11,430</b>	<b>14,390</b>	<b>2,960</b>
<b>EXPENDITURES</b>				
Administration costs	1,460	1,523	1,987	(464)
Professional services	4,333	1,133	69	1,064
Planning, survey and design	751	751	349	402
Acquisition costs	11,899	12,899	38	12,861
Operation of acquired property	286	286	181	105
Relocation costs	(76)	(76)	35	(111)
Relocation Payments	(728)	(728)	470	(1,198)
Site clearance costs	(190)	(190)	-	(190)
Project improvement/construction costs	5,856	5,856	172	5,684
Disposal costs	(42)	(42)	6	(48)
Land purchases	773	773	1,900	(1,127)
Pass through's and ERAF payments	603	603	607	(4)
Debt issuance costs	-	245	245	-
Debt service payments:				
Bonds and notes payable-principal	2,545	9,995	2,560	7,435
City/County advances and loans-principal	550	550	-	550
U.S., State and other long-term debt principal	(255)	(255)	-	(255)
Interest payments	5,064	5,273	4,913	360
<b>TOTAL EXPENDITURES</b>	<b>32,829</b>	<b>38,596</b>	<b>13,532</b>	<b>25,064</b>
Excess (deficiency) of Revenues Under Expenditures	(21,591)	(27,166)	858	28,024
<b>OTHER FINANCING</b>				
<b>SOURCES AND (USES)</b>				
Proceeds from long term debt	2,415	10,315	7,900	(2,415)
Bond premium	-	-	192	192
Interproject loan-capitalized interest	-	-	(152)	(152)
Advance refunding	-	-	(7,659)	(7,659)
Payment to/from Redevelopment Agency	4,907	4,907	(648)	(5,555)
Transfer to the City	(266)	(266)	-	266
Transfer from the City	1,000	1,000	-	(1,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>8,056</b>	<b>15,956</b>	<b>(367)</b>	<b>(16,323)</b>
Excess (deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(13,535)	(11,210)	491	11,701
Fund balance-October 1, budgetary basis	1,229	1,229	1,229	-
Encumbrances, beginning of the Year	32	32	32	-
<b>FUND BALANCE (DEFICIT)-SEPTEMBER 30, BUDGETARY BA</b>	<b>\$ (12,274)</b>	<b>\$ (9,949)</b>	<b>\$ 1,752</b>	<b>\$ 11,701</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)**  
**Year Ended September 30, 2006**  
**(In Thousands)**

West Beach Project Area				
	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property tax increment	\$ 1,006	\$ 1,006	\$ 1,030	\$ 24
Interest income	61	61	103	42
<b>TOTAL REVENUES</b>	<b>1,067</b>	<b>1,067</b>	<b>1,133</b>	<b>66</b>
<b>EXPENDITURES</b>				
Administration costs	111	115	125	(10)
Professional services	4	4	-	4
Planning, survey and design	2	2	2	-
Project improvement/construction costs	800	800	-	800
Pass through's and ERAF payments	65	65	93	(28)
Debt service payments:				
Bonds and notes payable-principal	436	436	436	-
Interest payments	400	400	401	(1)
<b>TOTAL EXPENDITURES</b>	<b>1,818</b>	<b>1,822</b>	<b>1,057</b>	<b>765</b>
Excess (deficiency) of Revenues				
Over (under) Expenditures	(751)	(755)	76	831
<b>OTHER FINANCING</b>				
<b>SOURCES AND (USES)</b>				
Interproject loan-capitalized interest	-	-	(4)	(4)
Payments to/from Redevelopment Agency funds	-	-	16	16
<b>TOTAL OTHER FINANCING</b>				
<b>SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>12</b>	<b>12</b>
Excess (deficiency) of Revenues and Other Sources				
Over Expenditures and Other Uses	(751)	(755)	88	843
Fund balance-October 1, budgetary basis	1,699	1,699	1,699	-
<b>FUND BALANCE - SEPTEMBER 30, BUDGETARY BASIS</b>	<b>\$ 948</b>	<b>\$ 944</b>	<b>\$ 1,787</b>	<b>\$ 843</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)**  
**Year Ended September 30, 2006**  
**(In Thousands)**

West Long Beach Industrial Project Area				
	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property tax increment	\$ 6,384	\$ 6,384	\$ 8,997	\$ 2,613
Interest income	876	876	803	(73)
Rental income	(4)	(4)	-	4
Other income	(2,913)	(2,913)	-	2,913
<b>TOTAL REVENUES</b>	<b>4,343</b>	<b>4,343</b>	<b>9,800</b>	<b>5,457</b>
<b>EXPENDITURES</b>				
Administration costs	1,276	1,315	1,030	285
Professional services	113	113	9	104
Planning, survey and design	356	356	71	285
Acquisition costs	5,482	5,482	13	5,469
Operation of acquired property	2,212	2,212	416	1,796
Relocation costs	(115)	(115)	3	(118)
Relocation payments	(61)	(61)	109	(170)
Project improvement/construction costs	119	119	48	71
Disposal costs	10	10	-	10
Land purchases	(632)	(632)	-	(632)
Rehabilitation grants and loans	151	151	-	151
Pass through's and ERAF payments	522	522	1,259	(737)
Debt service payments:				
Bonds and notes payable-principal	1,035	1,035	1,035	-
Interest payments	2,062	2,062	2,115	(53)
<b>TOTAL EXPENDITURES</b>	<b>12,530</b>	<b>12,569</b>	<b>6,108</b>	<b>6,461</b>
Excess (deficiency) of Revenues Over (under) Expenditures	(8,187)	(8,226)	3,692	11,918
<b>OTHER FINANCING</b>				
<b>SOURCES AND (USES)</b>				
Interproject loan-capitalized interest	-	-	289	289
Transfers in (out), net	(2,766)	(2,766)	-	2,766
Payment to/from Redevelopment Agency	2,878	2,878	(24)	(2,902)
Transfer to the City	(1,096)	(1,096)	-	1,096
Transfer from the City	419	419	-	(419)
Payments to the City of Long Beach, net	-	-	(535)	(535)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(565)</b>	<b>(565)</b>	<b>(270)</b>	<b>295</b>
Excess (deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(8,752)	(8,791)	3,422	12,213
Fund balance-October 1, budgetary basis	37,819	37,819	37,819	-
Encumbrances, beginning of the Year	2	2	2	-
<b>FUND BALANCE - SEPTEMBER 30, BUDGETARY BASIS</b>	<b>\$ 29,069</b>	<b>\$ 29,030</b>	<b>\$ 41,243</b>	<b>\$ 12,213</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)**  
**Year Ended September 30, 2006**  
**(In Thousands)**

	Poly High Project Area			
	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property tax increment	\$ 424	\$ 424	\$ 104	\$ (320)
Interest income	40	40	155	115
<b>TOTAL REVENUES</b>	<b>464</b>	<b>464</b>	<b>259</b>	<b>(205)</b>
<b>EXPENDITURES</b>				
Administration costs	80	85	116	(31)
Professional services	-	-	1	(1)
Planning, survey and design	15	15	2	13
Acquisition costs	3,498	3,498	11	3,487
Operation of acquired property	5	5	-	5
Relocation costs	-	-	2	(2)
Pass through's and ERAF payments	46	46	21	25
Debt service payments:				
Bonds and notes payable-principal	158	158	158	-
Interest payments	62	62	73	(11)
<b>TOTAL EXPENDITURES</b>	<b>3,864</b>	<b>3,869</b>	<b>384</b>	<b>3,485</b>
Excess (deficiency) of Revenues Over (under) Expenditures	(3,400)	(3,405)	(125)	3,280
<b>OTHER FINANCING SOURCES AND (USES)</b>				
Operating transfers in (out), net	(3)	(3)	-	3
Payments to/from Redevelopment Agency funds	-	-	499	499
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(3)</b>	<b>(3)</b>	<b>499</b>	<b>502</b>
Excess (deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(3,403)	(3,408)	374	3,782
Fund balance-October 1, budgetary basis	3,431	3,431	3,431	-
<b>FUND BALANCE - SEPTEMBER 30, BUDGETARY BASIS</b>	<b>\$ 28</b>	<b>\$ 23</b>	<b>\$ 3,805</b>	<b>\$ 3,782</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)**  
**Year Ended September 30, 2006**  
**(In Thousands)**

	Project Income			
	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest income	\$ 46	\$ 46	\$ 161	\$ 115
Rental income	5	5	(2)	(7)
Transient occupancy tax	3,358	3,358	3,634	276
Other income	-	-	20	20
TOTAL REVENUES	3,409	3,409	3,813	404
EXPENDITURES				
Administration costs	33	33	31	2
Operation of acquired property	26	26	-	26
Project improvement/construction costs	(1)	(1)	-	(1)
TOTAL EXPENDITURES	58	58	31	27
Excess of Revenues Over Expenditures	3,351	3,351	3,782	431
OTHER FINANCING SOURCES AND (USES)				
Transfers in (out), net	(11)	(11)	-	11
Payment to/from Redevelopment Agency	11	11	(9)	(20)
Transfer to the City	(3,358)	(3,358)	(3,685)	(327)
TOTAL OTHER FINANCING SOURCES (USES)	(3,358)	(3,358)	(3,694)	(336)
Excess (deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(7)	(7)	88	95
Fund balance-October 1, budgetary basis	4,312	4,312	4,312	-
FUND BALANCE - SEPTEMBER 30, BUDGETARY BASIS	\$ 4,305	\$ 4,305	\$ 4,400	\$ 95

See accompanying independent auditors' report.

**Redevelopment Agency of the City of Long Beach**  
**(A Component Financial Reporting Unit of the City of Long Beach, California)**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit)**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended September 30, 2006**  
**(In Thousands)**

Los Altos Project Area			
	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original	Final	
<b>REVENUES</b>			
Property tax increment	\$ 431	\$ 431	\$ 443
Interest income	6	6	35
Other income	530	530	677
<b>TOTAL REVENUES</b>	<b>967</b>	<b>967</b>	<b>1,155</b>
<b>EXPENDITURES</b>			
Administration costs	71	73	39
Professional services	1	1	-
Planning, survey and design	10	10	1
Pass through's and ERAF payments	311	311	278
Debt service payments:			
Bonds and notes payable-principal	255	255	255
U.S., State & other L-T Debt-principal	429	429	-
Interest payments	150	150	150
<b>TOTAL EXPENDITURES</b>	<b>1,227</b>	<b>1,229</b>	<b>723</b>
Excess (deficiency) of Revenues Over (under) Expenditures	(260)	(262)	432
<b>OTHER FINANCING SOURCES AND (USES)</b>			
Other deferred payments	-	-	220
Proceeds from long-term debt	257	257	-
Interproject loan-capitalized interest	-	-	(108)
Transfers in (out), net	(11)	(11)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>246</b>	<b>246</b>	<b>112</b>
Excess (deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(14)	(16)	544
Fund deficit-October 1, budgetary basis	(3,379)	(3,379)	(3,379)
<b>FUND DEFICIT - SEPTEMBER 30, BUDGETARY BASIS</b>	<b>\$ (3,393)</b>	<b>\$ (3,395)</b>	<b>\$ (2,835)</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 (Deficit)**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended September 30, 2006**  
**(In Thousands)**

	Central Long Beach Project Area			Variance with
	Budgeted Amounts		Actual on	Final Budget
	Original	Final	Budgetary	Positive
			Basis	(Negative)
REVENUES				
Property tax increment	\$ 9,176	\$ 10,476	\$ 13,054	\$ 2,578
Interest income	6	6	2,854	2,848
Rental income	96	96	357	261
Land sale proceeds	(872)	(872)	84	956
Other income	1,005	1,005	56	(949)
TOTAL REVENUES	9,411	10,711	16,405	5,694
EXPENDITURES				
Administration costs	549	610	1,537	(927)
Professional services	(410)	2,790	210	2,580
Planning, survey and design	(193)	(193)	625	(818)
Acquisition costs	51,571	79,844	1,198	78,646
Operation of acquired property	(1,075)	(1,075)	1,191	(2,266)
Relocation costs	1,633	1,633	575	1,058
Relocation Payments	(3,674)	(3,674)	2,143	(5,817)
Site clearance costs	(112)	(112)	15	(127)
Project improvement/construction costs	4,561	4,606	1,690	2,916
Disposal costs	-	-	3	(3)
Land purchases	(9,954)	(9,954)	16,049	(26,003)
Rehabilitation grants and loans	(323)	(323)	-	(323)
Pass through's and ERAF payments	2,600	2,600	3,246	(646)
Debt service payments:				
Bonds and notes payable-principal	665	665	665	-
City/County advances and loans-principal	(114)	1,186	1,264	(78)
U.S., State and other long-term debt principal	66	66	-	66
Interest payments	3,128	3,128	3,139	(11)
TOTAL EXPENDITURES	48,918	81,797	33,550	48,247
Deficiency of Revenues				
Under Expenditures	(39,507)	(71,086)	(17,145)	53,941
OTHER FINANCING				
SOURCES AND (USES)				
Proceeds from long term debt	3,101	3,101	-	(3,101)
Interproject loan-capitalized interest	-	-	(25)	(25)
Transfers in (out), net	(20,530)	(20,530)	-	20,530
Payment to/from Redevelopment Agency	2,503	2,503	6	(2,497)
Transfer to the City	(266)	(266)	(928)	(662)
Transfer from the City	2,751	5,551	2,330	(3,221)
TOTAL OTHER FINANCING				
SOURCES (USES)	(12,441)	(9,641)	1,383	11,024
Excess (deficiency) of Revenues and Other Sources				
Over Expenditures and Other Uses	(51,948)	(80,727)	(15,762)	64,965
Fund balance-October 1, budgetary basis	50,395	50,395	50,395	-
Encumbrances, beginning of the Year	32	32	32	-
FUND BALANCE (DEFICIT)-SEPTEMBER 30, BUDGETARY B/ \$	(1,521)	\$ (30,300)	\$ 34,665	\$ 64,965

See accompanying independent auditors' report.

Redevelopment Agency of the City of Long Beach  
(A Component Financial Reporting Unit of the City of Long Beach, California)  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended September 30, 2006  
(In Thousands)

	North Long Beach Project Area			
	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property tax increment	\$ 22,751	\$ 21,451	\$ 29,184	\$ 7,733
Interest income	1,299	3,562	3,840	278
Rental income	72	72	304	232
Land sale proceeds	(137)	(137)	-	137
Other income	2,620	2,620	1,510	(1,110)
<b>TOTAL REVENUES</b>	<b>26,605</b>	<b>27,568</b>	<b>34,838</b>	<b>7,270</b>
<b>EXPENDITURES</b>				
Administration costs	5,285	5,366	3,036	2,330
Professional services	143	143	225	(82)
Planning, survey and design	24,167	24,167	489	23,678
Acquisition costs	49,902	46,902	500	46,402
Operation of acquired property	4,687	4,687	2,365	2,322
Relocation costs	(23)	(23)	305	(328)
Relocation payments	(103)	(103)	2,939	(3,042)
Site clearance costs	(9)	(9)	86	(95)
Project improvement/construction costs	7,371	7,671	9,764	(2,093)
Disposal costs	(1,114)	(1,114)	-	(1,114)
Land purchases	(15,142)	(15,142)	26,318	(41,460)
Rehabilitation grants and loans	4,309	4,309	1,150	3,159
Furniture and equipment	100	100	6	94
Pass through's and ERAF payments	7,075	7,075	9,018	(1,943)
Debt issuance costs	-	920	920	-
Debt service payments:				
Bonds and notes payable-principal	1,676	1,676	1,676	-
U.S., State and other long-term debt principal	42	42	-	42
Interest payments	5,894	5,894	5,688	206
<b>TOTAL EXPENDITURES</b>	<b>94,260</b>	<b>92,561</b>	<b>64,485</b>	<b>28,076</b>
Deficiency of Revenues				
Under Expenditures	(67,655)	(64,993)	(29,647)	35,346
<b>OTHER FINANCING</b>				
<b>SOURCES AND (USES)</b>				
Proceeds from long term debt	(2,148)	24,997	27,145	2,148
Bond premium	-	-	2,263	2,263
Advance refunding	-	-	(28,476)	(28,476)
Transfers in (out), net	4,604	4,604	-	(4,604)
Payment to/from Redevelopment Agency	(305)	(305)	160	465
Transfer to the City	(1,033)	(1,033)	(2,000)	(967)
<b>TOTAL OTHER FINANCING</b>				
<b>SOURCES (USES)</b>	<b>1,118</b>	<b>28,263</b>	<b>(908)</b>	<b>(29,171)</b>
Deficiency of Revenues and Other Sources				
Over Expenditures and Other Uses	(66,537)	(36,730)	(30,555)	6,175
Fund balance-October 1, budgetary basis	98,372	98,372	98,372	-
Encumbrances, beginning of the Year	785	785	785	-
<b>FUND BALANCE - SEPTEMBER 30, BUDGETARY BASIS</b>	<b>\$ 32,620</b>	<b>\$ 62,427</b>	<b>\$ 68,602</b>	<b>\$ 6,175</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)**  
**Year Ended September 30, 2006**  
**(In Thousands)**

	Housing Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual on Budgetary Basis	
	Original	Final		
REVENUES				
Interest income	\$ -	\$ -	\$ 2,968	\$ 2,968
TOTAL REVENUES	-	-	2,968	2,968
EXPENDITURES				
Debt service payments:				
Bonds and notes payable-principal	645	645	645	-
Interest payments	2,874	2,874	3,006	(132)
TOTAL EXPENDITURES	3,519	3,519	3,651	(132)
Deficiency of Revenues Under Expenditures	(3,519)	(3,519)	(683)	2,836
OTHER FINANCING				
SOURCES AND (USES)				
Transfer to the City	(25,400)	(25,400)	(14)	25,386
Transfer from the City	3,519	3,519	3,411	(108)
TOTAL OTHER FINANCING	(21,881)	(21,881)	3,397	25,278
SOURCES (USES)				
Excess (deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(25,400)	(25,400)	2,714	28,114
Fund balance-October 1, budgetary basis	55,150	55,150	55,150	-
FUND BALANCE - SEPTEMBER 30, BUDGETARY BASIS	\$ 29,750	\$ 29,750	\$ 57,864	\$ 28,114

See accompanying independent auditors' report.

Redevelopment Agency of the City of Long Beach  
(A Component Financial Reporting Unit of the City of Long Beach, California)  
Supplementary Financial Information  
September 30, 2006

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

Budget information is presented on a non-GAAP budgetary basis, for the Capital Project and Debt Service Funds as well as the Low- and Moderate-Income Housing Fund, wherein appropriations represent budgeted amounts to be expended or encumbered during the period as presented on the Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual, pages 62 – 64.

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

The following reconciles actual revenues and expenditures for Agency funds to the non-GAAP budgetary basis by fund type for the fiscal year ended September 30, 2006 (in thousands):

	Capital Project Funds	Debt Service Funds	Total
Beginning fund balance at October 1, 2005, on an actual GAAP basis	\$ 102,451	\$ 220,384	\$ 322,835
Encumbrances outstanding at October 1, 2005	(851)	-	(851)
Cumulative effect of capitalization of land held for resale at October 1, 2005	(72,956)	-	(72,956)
Beginning fund balance at October 1, 2005, on a budgetary basis	28,644	220,384	249,028
Actual GAAP basis revenue	5,263	78,780	84,043
Adjustment to GAAP basis revenues:			
Proceeds from the sale of land for resale	1,434	-	1,434
Gain on sale of land held for resale	(716)	-	(716)
Revenues on a budgetary basis	5,981	78,780	84,761
Actual GAAP basis expenditures	35,648	42,874	78,522
Adjustments to GAAP basis expenditures:			
Encumbrances outstanding at October 1, 2005	(851)	-	(851)
Encumbrances outstanding at September 30, 2006	732	-	732
Current effect of capitalization of land held for resale	44,267	-	44,267
Expenditures on a budgetary basis	79,796	42,874	122,670
Excess of revenues over (under) expenditures on a budgetary basis	(73,815)	35,906	(37,909)
Other financing sources (uses), on an actual GAAP basis	94,875	(94,711)	164
Other financing sources (uses) on a budgetary basis	94,875	(94,711)	164
Excess of revenues and other sources over (under) expenditures and other uses, on a budgetary basis	21,060	(58,805)	(37,745)
Ending fund balance at September 30, 2006, on a budgetary basis	\$ 49,704	\$ 161,579	\$ 211,283

**Redevelopment Agency of the City of Long Beach**  
**(A Component Financial Reporting Unit of the City of Long Beach, California)**  
**Supplementary Financial Information**  
**September 30, 2006**

The following reconciles actual revenues and expenditures for the Low- and Moderate-Income Housing Fund to the non-GAAP budgetary basis for the fiscal year ended September 30, 2006 (in thousands):

Beginning fund balance at October 1, 2005, on an actual GAAP basis	\$20,544
Adjustment to record advances from the City of Long Beach	(17,219)
Cumulative effect of capitalization of land held for resale at October 1, 2005	<u>(995)</u>
Beginning fund balance at October 1, 2005, on a budgetary basis	<u>2,330</u>
Actual GAAP basis revenue	<u>17,894</u>
Revenues on a budgetary basis	<u>17,894</u>
Actual GAAP basis expenditures	<u>9,174</u>
Expenditures on a budgetary basis	<u>9,174</u>
Excess of revenues over (under) expenditures on a budgetary basis	<u>8,720</u>
Other financing sources (uses), on an actual GAAP basis	<u>(5,739)</u>
Other financing sources (uses) on a budgetary basis	<u>(5,739)</u>
Excess of revenues and other sources over expenditures and other uses, on a budgetary basis	<u>2,981</u>
Ending fund balance at September 30, 2006, on a budgetary basis	<u><u>\$ 5,311</u></u>

Redevelopment Agency of the City of Long Beach  
(A Component Financial Reporting Unit of the City of Long Beach, California)  
Schedule of Changes in Long-Term Debt  
Year Ended September 30, 2006  
(In Thousands)

	Balance September 30 2005	Additions	Deductions	Balance September 30 2006
<b><u>Poly High Project</u></b>				
Bonds-Tax Allocation Bonds 2002	\$ 1,278	\$ -	\$ 158	\$ 1,120
Bonds-Tax Allocation Bonds 2005A-2	2,558	-	-	2,558
<b>Total</b>	<b>3,836</b>	<b>-</b>	<b>158</b>	<b>3,678</b>
<b><u>West Beach Project</u></b>				
Bonds-Tax Allocation Bonds 2002	7,757	-	435	7,322
Bonds-Tax Allocation Bonds 2005A-2	839	-	-	839
<b>Total</b>	<b>8,596</b>	<b>-</b>	<b>435</b>	<b>8,161</b>
<b><u>West Long Beach Ind'l Proj.</u></b>				
Bonds-Tax Allocation Bonds 1992	17,345	-	920	16,425
Bonds-Tax Allocation Bonds 2002B	19,775	-	115	19,660
<b>Total</b>	<b>37,120</b>	<b>-</b>	<b>1,035</b>	<b>36,085</b>
<b><u>Downtown Project</u></b>				
Bonds-Tax Allocation Bonds 1992A	38,520	-	2,045	36,475
Bonds-Tax Allocation Bonds 2002A	24,597	-	7,946	16,651
Bonds-Tax Allocation Bonds 2002B	22,615	-	-	22,615
Bonds-Tax Allocation Bonds 2005C	-	7,900	20	7,880
419 West Broadway, LLC-West Gateway	1,450	-	-	1,450
<b>Total</b>	<b>87,182</b>	<b>7,900</b>	<b>10,011</b>	<b>85,071</b>
<b><u>Los Altos Project</u></b>				
Bonds-Tax Allocation Bonds 2005A-1	4,685	-	255	4,430
Notes-Los Angeles County-Share of Tax Increment: Principal	1,612	218	-	1,830
Interest Payable	230	65	-	295
Notes-Los Angeles County Office of Education- Share of Tax Increment: Principal	13	2	-	15
Interest Payable	2	-	-	2
<b>Total</b>	<b>6,542</b>	<b>285</b>	<b>255</b>	<b>6,572</b>
<b><u>Central Long Beach Proj</u></b>				
Bonds-Tax Allocation Bonds 2005A-1	22,690	-	265	22,425
Bonds-Tax Allocation Bonds 2005B	34,240	-	400	33,840
<b>Total</b>	<b>56,930</b>	<b>-</b>	<b>665</b>	<b>56,265</b>
<b><u>North Long Beach Project</u></b>				
Bonds-Tax Allocation Bonds 2002	38,799	-	27,629	11,170
Bonds-Tax Allocation Bonds 2005A-1	39,000	-	627	38,373
Bonds-Tax Allocation Bonds 2005B	25,080	-	403	24,677
Bonds-Tax Allocation Bonds 2005C	-	27,145	-	27,145
<b>Total</b>	<b>102,879</b>	<b>27,145</b>	<b>28,659</b>	<b>101,365</b>
<b><u>Housing Fund</u></b>				
Bonds-Tax Allocation Bonds 2005B	55,665	-	645	55,020
<b>Total</b>	<b>55,665</b>	<b>-</b>	<b>645</b>	<b>55,020</b>

<b>TOTAL AGENCY LONG-TERM DEBT</b>	<b>\$ 358,750</b>	<b>\$ 35,330</b>	<b>\$ 41,863</b>	<b>\$ 352,217</b>
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Long-term Indebtedness is summarized as follows:

Notes	\$ 3,307	\$ 285	\$ -	\$ 3,592
Bonds	355,443	35,045	41,863	348,625
<b>Total</b>	<b>\$ 358,750</b>	<b>\$ 35,330</b>	<b>\$ 41,863</b>	<b>\$ 352,217</b>

See accompanying independent auditors' report.

## Auditor's Report on Compliance







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

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

The Honorable Members of the Redevelopment Agency Board  
The Honorable Mayor and City Council of the City of Long Beach, California  
The Citizens of the City of Long Beach, California:

We have audited the 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 of the Low- and Moderate-Income Housing Fund as of and for the year ended September 30, 2006, which collectively comprise the Agency's combined financial statements, and have issued our report thereon dated January 31, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the combined financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

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

This report is intended solely for the information and use of the Mayor of the City, the City Council, and management, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

January 31, 2007

## General Information



**DOWNTOWN REDEVELOPMENT PROJECT AREA  
COMPARISON OF GOALS FOR FY 2005-2006  
WITH ACCOMPLISHMENTS FOR FY 2005-2006**

**GOAL #1**

**Encourage commercial development in the Downtown in conformance with the Redevelopment Plan and Downtown Strategy for Development.**

- Provide incentives to appropriate retailers to locate in Downtown.
- Implement D'Orsay Hotel OPA (Long Beach Plaza Associates).

**ACCOMPLISHMENTS**

- Worked in partnership with Downtown Long Beach Associates and the City's Economic Development Bureau to provide incentive packages for appropriate retailers to establish on Pine Avenue.
- Worked with D'Orsay Hotel to approve project revisions so that project can move forward.
- Participated in City Hall East developer selection to ensure appropriate development for this key Downtown crossroads.
- Assisted with the creation of a Downtown Entertainment District.

**GOAL #2**

**Encourage residential development in the Downtown in conformance with the Redevelopment Plan and the Downtown Strategy for Development.**

- Implement DDAs for Promenade sites with The Olson Company, Lyon Realty Advisors, and Lennar Southcoast.
- Implement DDAs for West Gateway Projects with The Olson Company, Lennar Southcoast, Lyon Realty Advisors, and Jamboree Housing Company.
- Implement CityPlace OPA for 3<sup>rd</sup> Street Lofts and for 4<sup>th</sup> Street Lofts.
- Assist with development of the Press-Telegram block.
- Assist with development of the Post Office block.
- Negotiate OPA/DDA for a mixed-use project at Ocean Boulevard and Alamitos Avenue.
- Negotiate OPA/DDA for mixed-use projects along Long Beach Boulevard between 1<sup>st</sup> Street and 3<sup>rd</sup> Street.

**ACCOMPLISHMENTS**

- Continued construction on The Olson Company Promenade project.
- Executed DDAs for Lennar Southcoast's and Lyon Realty Advisors' Promenade projects and commenced construction on Lennar development.
- Completed Insurance Exchange Project.
- Commenced construction on Jamboree Housing Company project in the West Gateway area.

- Executed West Gateway DDAs with The Olson Company and Lennar Southcoast; cleared sites; and began utility relocation work.
- Completed 4<sup>th</sup> Street Lofts Phase 1 construction with Phase II well underway.
- Commenced construction on the Standard Pacific lofts north of the Post Office.
- Executed Owner Participation Agreement for a mixed-use project known as Shoreline Gateway at Ocean Boulevard and Alamitos Avenue and commenced site assembly.
- Executed Exclusive Negotiation Agreements for the development of the block bordered by 6<sup>th</sup> and 7<sup>th</sup> Streets and Pine and Pacific Avenues.
- Provided staff input into the development of the Press Telegram block.
- Completed design review on Cedar Court.
- Issued Certificate of Completion for Aqua.

### **GOAL #3**

#### **Pursue planning initiatives in conformance with the Redevelopment Plan and Downtown Strategy for Development.**

- Implement recommendations of the Downtown Parking Study.
- Participate in comprehensive revision of PD-30 Zoning for height and density flexibility and for mixed-use project standards.

### **ACCOMPLISHMENTS**

- Enhanced directional signage to Downtown parking.
- Enhanced parking garage signage.
- Replaced Promenade parking removed for new development.
- Commissioned a three-dimensional model of Downtown to assist with the assessment of development options.
- Revised PD-30 to change density requirements for Mixed Use areas and to allow flexibility in building height.
- Participated in the General Plan update process.
- Released RFP and began developer selection for the development of land, including public parking garage, generally bordered by 3<sup>rd</sup> and 4<sup>th</sup> Streets and Pine and Pacific Avenues.
- Executed Exclusive Negotiation Agreement for development of half block along Long Beach Boulevard between 1<sup>st</sup> Street and Broadway including public parking garage.
- Completed Master EIR for Downtown projects.

### **GOAL #4**

#### **Support activities that foster an inviting, safe pedestrian environment in the Downtown.**

- Contribute to Downtown marketing efforts.
- Continue support for alley cleaning.
- Support weekly Farmers' Market and Craft Fair.

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

#### ACCOMPLISHMENTS

- Continued public information program on changes in Downtown parking.
- Continued support for alley cleaning.
- Supported the relocation of the Farmers' Market and Craft Fair to City Place.
- Completed design of open space and pedestrian linkages through the West Gateway Area to The Promenade and Long Beach Boulevard.
- Relocated the Bikestation.

#### GOAL #5

##### **Support the development of affordable housing in Long Beach.**

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

#### ACCOMPLISHMENTS

- Transferred 20% of available increment to the Housing Development Fund.
- Incorporated workforce housing provisions into Disposition and Development Agreements for the West Gateway Project.

#### GOAL #6

##### **Serve as staff support to various committees and organizations.**

- Provide staff support for the Downtown Property Based Improvement District (PBID) and the Downtown Long Beach Associates (DLBA).
- Provide staff support to the Pine Avenue Task Force and to the Downtown Business Advisory Committee.

#### ACCOMPLISHMENTS

- Attended DLBA meetings to report on Redevelopment activities.
- Participated in Pine Avenue Task Force meetings.
- Participated in Downtown Public Right of Way meetings.

**DOWNTOWN REDEVELOPMENT PROJECT AREA  
GOALS FOR FY 2006-2007**

- (1) Encourage commercial development in the Downtown in conformance with the Redevelopment Plan and Downtown Strategy for Development.**

  - Provide incentives to appropriate retailers to locate in Downtown.
  - Continue to facilitate development of the D'Orsay Hotel.
  - Provide support for the redevelopment of the block at Long Beach Boulevard and 3<sup>rd</sup> Street.
  - Implement mixed-use projects (see Residential Development below).
- (2) Encourage residential development in the Downtown in conformance with the Redevelopment Plan and the Downtown Strategy for Development.**

  - Implement DDAs for Promenade sites with The Olson Company, Lyon Realty Advisors, and Lennar Southcoast.
  - Implement DDAs for West Gateway Projects with The Olson Company, Lennar Southcoast, and Jamboree Housing Company.
  - Implement CityPlace OPA for 4<sup>th</sup> Street Lofts.
  - Assist with development of the Press-Telegram block.
  - Implement OPA for a mixed-use project at Ocean Boulevard and Alamitos Avenue.
  - Implement OPA for mixed-use project along Long Beach Boulevard between 1<sup>st</sup> Street and Broadway.
  - Implement OPA for Cedar Court.
  - Negotiate development agreements for the block bordered by 6<sup>th</sup> and 7<sup>th</sup> Streets and Pine and Pacific Avenues.
- (3) Pursue planning initiatives in conformance with the Redevelopment Plan and Downtown Strategy for Development.**

  - Implement recommendations of the Downtown Parking Study.
  - Participate in a comprehensive revision of PD30 Zoning for height and density flexibility and for mixed-use project standards.
  - Continue participation in General Plan update.
  - Negotiate development agreement for the block bordered by 3<sup>rd</sup> and 4<sup>th</sup> Streets and Pine and Pacific Avenues, including a public parking garage.
- (4) Support activities that foster an inviting, safe pedestrian environment in the Downtown.**

  - Contribute to Downtown marketing efforts.
  - Support the weekly Farmers' Market and Craft Fair.
  - Begin construction of open space and pedestrian linkages through the West Gateway Area to The Promenade and Long Beach Boulevard.



- (5) **Support the development of affordable housing in Long Beach.**
- Transfer 20% of available project area tax increment to the Housing Development Fund.
- (6) **Serve as staff support to various committees and organizations.**
- Provide staff support for the Downtown Property Based Improvement District (PBID) and the Downtown Long Beach Associates (DLBA).
  - Provide staff support to the Pine Avenue Task Force and the Downtown Business Advisory Committee.

**WEST BEACH REDEVELOPMENT PROJECT AREA  
COMPARISON OF GOALS FOR FY 2005-2006  
WITH ACCOMPLISHMENTS FOR FY 2005-2006**

**Goal #1**

**Continue to support development of the West Ocean commercial corridor.**

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

**ACCOMPLISHMENT**

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

**Goal #2**

**Support the development of affordable housing in Long Beach.**

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

**ACCOMPLISHMENT**

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

**Goal #3**

**Serve as staff support to various committees and organizations.**

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

**ACCOMPLISHMENT**

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

**Goal #4**

**Provide additional recreation opportunities or other infrastructure improvements to benefit the project area.**

- Assist with infrastructure improvements that benefit the project area.

**ACCOMPLISHMENT**

- Staff has provided support to the City of Long Beach in developing plans to redesign Lincoln Park.

**WEST BEACH PROJECT AREA  
GOALS FOR FY 2006-2007**

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

**WEST LONG BEACH INDUSTRIAL PROJECT AREA  
COMPARISON OF GOALS FOR FY 2005-2006  
WITH ACCOMPLISHMENTS FOR FY 2005-2006**

**GOAL #1**

**Facilitate the replanning, redesign and redevelopment of the Project Area.**

- Continue to Implement the West Long Beach Industrial Strategy Action Plan.
- Work with PAC and the Public Works Department to identify and address local flood control issues.
- Work with PAC to address priorities for undergrounding of utilities and abandonment of alleys.
- Work with PAC to address priorities for acquisition through voluntary sales of available motel/residential and other remaining nonconforming properties.
- Work with PAC to address truck and parking issues.

**ACCOMPLISHMENTS**

- Worked with the Public Works Department to hire DMJM Harris, an engineering firm, to research, design and prepare construction plans as Phase 1 of the Westside Storm Drain Improvement Project.
- Examined alternatives to control truck parking on local streets.
- Worked with the PAC to help coordinate a survey and distribute information to truck drivers and the public regarding the Oversize Vehicle Parking Ordinance for Pacific Coast Highway.

**GOAL #2**

**Contribute to project area revitalization.**

- Facilitate removal and conversion of non-conforming residential uses to industrial uses.
- Implement Agency approved Disposition and Development Agreements and Owner Participation Agreements.
- Revised the Exterior Improvement Program (EIP).
- Facilitate relocation and retention of existing businesses in West Long Beach.

**ACCOMPLISHMENTS**

- Monitor construction of new industrial projects approved under Disposition and Development Agreements including:
  - Long Beach Iron Works at northwest corner of 14th Street and Hayes Avenue (Site Q1)
  - JCDS, Sudduth Tire Company at 2001 West Anaheim Street (Site Q2)
  - Roberts Construction at 2151 West Gaylord Street (Site K)
  - Roberts Construction at 2115 West 16th Street (Site L)
  - Smith-Co Construction at North West Corner of Hayes Avenue and 14th Street (Site F)
  - JC Express at 2001-2011 West Cowles Street (Site B)

- Purchased and installed surveillance cameras to deter dumping in Westside Project Area.
- Removed visual blight by screening roof top equipment at the Police Crime Laboratory at 1400 Canal Avenue.
- Coordination with Southern California Edison Company to consider the relocation of existing power poles in the Project Area.

### **GOAL #3**

#### **Strengthen the economic base of the Project Area.**

- Issue Annual Request for Proposals for available Agency-owned properties.
- Encourage growth and development of small businesses in West Long Beach.
- Support projects that provide for expanded industrial development and additional employment opportunities.
- Reserved \$300,000 in loan funds to assist Westside businesses to acquire new properties.

#### **ACCOMPLISHMENTS**

- Issued Annual Request for Proposals for the following available Agency-owned properties.
  - 1709 Santa Fe Avenue (Site H)
  - 2110 West Cowles Street (Site E)
  - 2136 West 16<sup>th</sup> Street (Site T)
- Entered into Exclusive Negotiation Agreements with the following: Redbarn Pet Products at 2110 West Cowles Street (Site E); Dream Space Productions at 1709 Santa Fe Avenue (Site H); PAC Design at 1881 and 1891 West 16<sup>th</sup> Street (Site R); and Marinus Scientific at 1662-1666 Seabright Avenue (Site S).
- Provided funding for economic development activities in West Long Beach.
- Provided funding for small business assistance programs in West Long Beach.
- Provided funding for environmental clean up of Site Q1, including re-abandonment of a closed oil well.
- Created 53,000 sq. ft. of new construction.
- Created 17 new jobs in the West Long Beach Industrial Redevelopment Project Area.

### **GOAL #4**

#### **Provide staff support to various committees and organizations.**

- Continue to provide staff support to the West Long Beach Subcommittee.
- Continue to provide staff support and funding to the Westside Project Area Committee.
- Continue to provide staff support in implementing the Industrial Strategy Action Plan.
- Formation of the Westside Business Industrial Coordinating Committee (WBIC) and facilitation of meetings to discuss Westside issues.

#### **ACCOMPLISHMENTS**

- Continued to provide staff support to the West Long Beach Subcommittee.
- Continued to provide staff support and funding to the Westside Project Area Committee.
- Formed the Westside Business Industrial Coordinating Committee to improve coordination between the Agency, Port of Long Beach, CSULB Technology Park and the Magnolia Industrial Group.

#### **GOAL #5**

##### **Support the development of affordable housing in Long Beach.**

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

#### **ACCOMPLISHMENT**

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

**WEST LONG BEACH INDUSTRIAL PROJECT AREA  
GOALS FOR FY 2006-2007**

- (1) Facilitate the replanning, redesign and redevelopment of the Project Area.**

  - Implement the Industrial Strategy Action Plan.
  - Revise the Targhee Westside Basin Study in cooperation with the Regional Water Quality Control Board.
  - Study the opportunities for undergrounding utilities and providing fiber-optic cable service.
- (2) Contribute to project area revitalization.**

  - Facilitate removal and conversion of non-conforming residential and motel uses to industrial uses.
  - Implement Agency approved Disposition and Development Agreements and Owner Participation Agreements.
  - Implement the revised Exterior Improvement Program (EIP).
  - Explore the expansion of the EIP along major corridors.
  - Enhance the pedestrian environment.
  - Complete project design of the Westside Storm Drain Improvement project.
  - Explore feasibility of Canal-Caspian diagonal parking demonstration project.
  - Increase street and alley security through additional lighting and surveillance equipment.
- (3) Strengthen the economic base of the Project Area.**

  - Issue Annual Request for Proposals for available Agency-owned properties.
  - Support projects that provide for expanded industrial development and additional employment opportunities.
  - Provide funding for small business assistance programs in West Long Beach.
  - Provide funding for economic development activities in West Long Beach.
  - Provide opportunities to retain existing businesses in West Long Beach.
- (4) Provide staff support to various committees and organizations.**

  - Continue to provide staff support to the West Long Beach Subcommittee.
  - Continue to provide funding and staff support to the West Long Beach Project Area Committee.
  - Provide staff support to the Westside Business Industrial Coordinating Committee (WBICC).
- (5) Support the development of affordable housing in Long Beach.**

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

**POLY HIGH REDEVELOPMENT PROJECT AREA  
COMPARISON OF GOALS FOR FY 2005-2006  
WITH ACCOMPLISHMENTS FOR FY 2005-2006**

**GOAL #1**

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

**ACCOMPLISHMENT**

- Acquired property at Atlantic Avenue and Pacific Coast Highway to eliminate blight and allow for traffic improvements and open space development.

**GOAL # 2**

**Continue to support the development of affordable housing by transferring 20% of project area tax increment to the Housing Development Fund.**

**ACCOMPLISHMENT**

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

**GOAL #3**

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

**ACCOMPLISHMENT**

- Acquired property at Atlantic Avenue and Pacific Coast Highway to eliminate blight and allow for traffic improvements and open space development.



**POLY HIGH REDEVELOPMENT PROJECT AREA  
GOALS FOR FY 2006-2007**

- (1) Preserve the public amenities created as part of the redevelopment of the Poly High Project Area.**
  - Assist in the development of public infrastructure and open space development projects.
- (2) Continue to support the development of affordable housing by transferring 20% of project area tax increment to the Housing Development Fund.**
  - Provide 20% of project area tax increment for the development of affordable housing.
- (3) Eliminate and prevent blight along the Project Area's commercial corridors.**
  - Acquire or provide rehabilitation assistance for commercial properties on Pacific Coast Highway.
  - Explore the possibility of joint development of sites along Pacific Coast Highway with the Long Beach Unified School District.

**LOS ALTOS REDEVELOPMENT PROJECT AREA  
COMPARISON OF GOALS FOR FY 2005-2006  
WITH ACCOMPLISHMENTS FOR FY 2005-2006**

**GOAL #1**

**Fully meet all of the financial obligations of the Project Area.**

- Use all sales tax revenues for repayment of the loan from the West Long Beach Industrial Redevelopment Project Area.
- Use all tax increment, less expenses for project area administration, housing set aside, and public art maintenance, for repayment of the loan from the West Long Beach Industrial Redevelopment Project Area.

**ACCOMPLISHMENTS**

- Used 2005 tax allocation bond proceeds to eliminate almost 50% of the principal of the loan to the West Long Beach Industrial Project Area.
- Used sales tax revenue to provide payments to the West Long Beach Industrial Project Area.

**GOAL #2**

**Support the development of affordable housing in Long Beach.**

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

**ACCOMPLISHMENTS**

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

**GOAL#3**

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

- Maintain reserve for capital replacement.

**ACCOMPLISHMENTS**

- Public amenities did not require expenditures maintenance in FY05-06.

**LOS ALTOS PROJECT AREA  
GOALS FOR FY 2005-2006**

- (1) Fully meet all of the financial obligations 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.
- (2) Support the development of affordable housing in Long Beach.**
  - Transfer 20% of available project area tax increment to the Housing Development Fund.
- (3) Preserve the public amenities created as part of the redevelopment of the Los Altos Shopping Center.**
  - Maintain reserve for capital replacement.

**CENTRAL LONG BEACH REDEVELOPMENT PROJECT AREA  
COMPARISON OF GOALS FOR FY 2005-2006  
WITH ACCOMPLISHMENTS FOR FY 2005-2006**

**GOAL #1**

**Facilitate the replanning, redesign and redevelopment of the Project Area.**

- Implement the Strategic Guide for Development for the Central Study Area.
- Implement the Willmore District Implementation Plan.
- Develop the Central Long Beach Design Guidelines.
- Update Atlantic Avenue Master Plan.
- Identify priority sites for redevelopment consistent with the Strategic Guide.
- Support the revision of planned development district ordinances to further redevelopment efforts in the Project Area.
- Continue to identify and provide solutions for blighting influences.
- Continue to explore alternative funding sources that would assist in funding future development of the Central Project Area.

**ACCOMPLISHMENTS**

- Initiated the implementation strategies for the eight targeted Neighborhood Centers for concentrated redevelopment activities as identified in the Central Long Beach Strategic Guide for Development.
- Incorporated the recommendations identified in the Central Design Guidelines into all new construction projects in the Project Area.
- Identified and acquired sites for historic home relocation as identified in the Willmore District Implementation Plan.
  - 539-543 Daisy Avenue
  - 226 West 10<sup>th</sup> Street
  - 326 West 10<sup>th</sup> Street
  - 618 Chestnut Avenue
- Revised the Downtown and East Village planned development district ordinance (PD-30).
- Completed site acquisition of targeted blighted parcels to allow for future development opportunities.
  - 1500 Alamitos Avenue
  - 1500 East Anaheim Street
  - 1501 East Anaheim Street
- Leveraged project area funds with local, state and federal funds to support projects and initiatives.
  - Menorah Senior Housing Project
  - Atlantic Avenue Façade Program
  - Renaissance Square – Second Floor Improvements

## **GOAL #2**

### **Contribute to neighborhood revitalization.**

- Continue redevelopment efforts along commercial corridors including transit-oriented developments.
- Encourage human-scale, pedestrian-oriented developments.
- Encourage neighborhood identity initiatives.
- Support the preservation and enhancement of historic districts.
- Support the development and expansion of open space.
- Develop programs for enhancing and rehabilitating existing housing stock.
- Continue to facilitate and encourage homeownership opportunities.
- Develop initiatives to reduce density in overcrowded neighborhoods.
- Facilitate the development of the Mark Twain Library.

### **ACCOMPLISHMENTS**

- Identified target properties at 20<sup>th</sup> Street and Atlantic Avenue for participation in the Commercial Façade Improvement Program.
- Provided funding to support targeted code enforcement activities in the Wrigley and Hellman neighborhoods.
- Completed site assembly for the development of an affordable senior housing development on Atlantic Avenue at Vernon Street.
- Provided funding to support land assembly for the expansion and development of open space and recreational opportunities throughout the Project Area.
  - Orizaba Park
  - Drake Park
  - Pacific Electric Right-of-Way
  - California Recreation Senior Center
- Completed the construction of Daryle W. Black Memorial Park.

## **GOAL #3**

### **Strengthen the economic base of the Project Area.**

- Encourage small business growth and development.
- Support and encourage business assistance programs that focus on Central Long Beach businesses.
- Provide funding for economic development activities in Central Long Beach.
- Support projects that provide for expanded business development and additional employment opportunities.

### **ACCOMPLISHMENTS**

- Assisted in the expansion of Faith Chapel Mortuary, 1870 Atlantic Avenue.
- Assisted in the development of business recruitment and retention initiatives throughout the Project Area.
- Provided funding to support economic development activities in the Project Area.
- Assisted in the implementation of the St. Mary and Memorial Hospitals' long-range strategic plans.
- Supported the expansion of Memorial Hospital.

#### **GOAL #4**

##### **Continue to support the implementation of the East Village Guide for Development.**

- Support the long-range strategic planning of the East Village Arts District.
- Assist in the adaptive reuse of existing structures.
- Facilitate the development of an arts entertainment complex.
- Administer the East Village Artist Loan Program to assist in the development of artist live/work units and studio space.

##### **ACCOMPLISHMENTS**

- Continued facilitating the adaptive reuse of existing structures and development of new buildings that enhance the East Village Arts District.
  - 837 East 7<sup>th</sup> Street
  - 825 East 7<sup>th</sup> Street
- Monitored the process of selling the eight affordable units in the Lofts on 4<sup>th</sup> residential project located at the southwest corner of 4<sup>th</sup> Street and Alamos Avenue.
- Assisted in the predevelopment of a new 30-unit residential development located at 125 Linden Avenue.
- Incorporated the development of the East Village Art Exchange in the 1<sup>st</sup> and Long Beach Boulevard Request for Proposals.

#### **GOAL #5**

##### **Continue the development of the West Gateway District.**

- Work with developers, after selection, to establish a residential community in West Gateway.

##### **ACCOMPLISHMENTS**

- Selected four residential developers to construct over 600 residential units in West Gateway:
  - Jamboree Housing
  - Lennar Communities
  - The Olson Company
  - Lyon Development
- Began construction of Puerto del Sol (Jamboree Housing) – 64 workforce-housing units.
- Prepared the site for the development of three residential projects along Broadway between Maine and Chestnut Avenues.
- Completed the West Gateway Landscaping Master Plan.

## **GOAL #6**

### **Serve as staff support to various committees and organizations.**

- Continue to provide staff support to the Central Project Area Committee.
- Continue to provide staff support to the East Village Steering Committee.
- Continue to liaison with the Public Corporation for the Arts in implementing new public art.
- Continue to explore alternative funding sources that would assist in funding future development of the Central Project Area.

### **ACCOMPLISHMENTS**

- Continued support of the East Village Association.
- Continued providing staff support to the Central Project Area Committee.
- Assisted in preparing the CDBG Open Space Bond proposal for City Council consideration.

## **GOAL #7**

### **Support the Long Beach Unified School District's efforts to identify school sites to relieve overcrowding in the Project Area.**

### **ACCOMPLISHMENTS**

- Assisted in the identification of proposed school sites along Pacific Coast Highway and along Long Beach Boulevard.
- Identified sites for potential school expansions in the Central Long Beach Strategic Guide for Development.

## **GOAL #8**

### **Support the development of affordable housing in Long Beach.**

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

### **ACCOMPLISHMENTS**

- Provided 20% of the available project area tax increment to the Housing Development Fund.
- Assisted in the developer selection for a 58-unit affordable housing project located at 2000-2200 Atlantic Avenue.
- Assisted in the development and implementation of the Housing Action Plan.

**CENTRAL LONG BEACH REDEVELOPMENT PROJECT AREA  
GOALS FOR FY 2006-2007**

- (1) Facilitate the replanning, redesign and redevelopment of the Project Area.**

  - Implement the Strategic Guide for Development for the Central Study Area.
  - Implement the Willmore District Implementation Plan.
  - Implement the Central Long Beach Design Guidelines.
  - Update Atlantic Avenue Master Plan.
  - Support the long-range strategic planning of Long Beach Boulevard.
  - Identify priority sites for redevelopment consistent with the Strategic Guide.
  - Support the revision of planned development district ordinances to further redevelopment efforts in the Project Area.
- (2) Contribute to neighborhood revitalization.**

  - Continue redevelopment efforts along commercial corridors including transit-oriented developments.
  - Encourage human-scale, pedestrian-oriented developments.
  - Support the preservation and enhancement of historic districts.
  - Support the development and expansion of open space.
  - Support the development of public infrastructure improvements.
  - Develop programs for enhancing and rehabilitating existing housing stock.
  - Continue to facilitate and encourage homeownership opportunities.
  - Develop initiatives to reduce density in overcrowded neighborhoods.
- (3) Strengthen the economic base of the Project Area.**

  - Support the recruitment, retention and expansion of project area businesses.
  - Support and encourage business assistance programs that focus on Central Long Beach businesses.
  - Provide funding for economic development activities in Central Long Beach.
  - Support the implementation of St. Mary and Memorial Hospital's master plans.
- (4) Continue to support the implementation of the East Village Guide for Development.**

  - Support the long-range strategic planning of the East Village Arts District.
  - Facilitate the adaptive reuse of existing structures.
  - Facilitate the development of an arts entertainment complex.
  - Administer the East Village Artist Loan Program to assist in the development of artist live/work units and studio space.
- (5) Continue the development of the West Gateway district.**

  - Work with selected developers to establish a cohesive residential community.
  - Complete site assembly for targeted blocks and in-fill sites.
  - Implement the streetscape master plan.
  - Monitor construction.



- (6) **Serve as staff support to various committees and organizations.**
- Continue to provide staff support to the Central Project Area Committee.
  - Continue to provide staff support to the East Village Steering Committee.
  - Continue to liaison with the Arts Council for Long Beach in implementing new public art.
- (7) **Support the Long Beach Unified School District**
- Support joint-use agreements to increase open space and recreational opportunities.
- (8) **Support the development of affordable housing in Long Beach.**
- Transfer 20% of available project area tax increment to the Housing Development Fund.
  - Continue to identify future opportunities for affordable housing within Housing Action Plan target areas.
  - Assist in site assembly to support affordable housing developments.
  - Support opportunities to incorporate affordable housing in residential or mixed-use developments.

**NORTH LONG BEACH PROJECT AREA  
COMPARISON OF GOALS FOR FY 2005-2006  
WITH ACCOMPLISHMENTS FOR FY 2005-2006**

**GOAL #1**

**Facilitate the replanning, redesign and redevelopment of the Project Area.**

- Implement the North Long Beach Strategic Guide for Redevelopment.
- Implement the North Long Beach Street Enhancement Master Plan.
- Implement the Village Center and Historic Node Implementation Plan.
- Implement results of the Community Needs Assessment.
- Implement the North Long Beach Design Guidelines.
- Implement the Bixby Knolls Design Guidelines.
- Implement the Commercial Facade Improvement Program.
- Identify priority sites for redevelopment consistent with the Strategic Guide.
- Work with the Planning and Building Department to revise General Plan and Zoning Ordinance for consistency with the Strategic Guide and Street Enhancement Master Plan.

**ACCOMPLISHMENTS**

- Continued working with Planning and Building Department towards revising General Plan and Zoning Ordinance for consistency with Strategic Guide.
- Completed four commercial façade projects:
  - 1707-1727 South Street
  - 4320 Atlantic Avenue
  - 4335 Atlantic Avenue
  - 4343 Atlantic Avenue
- Acquired three properties in the Village Center for use as parking:
  - 5564 Atlantic Avenue
  - 5648 Atlantic Avenue
  - 5722-5730 Linden Avenue
- Acquired 37 properties in the two northern blocks of the Village Center (i.e., the blocks bounded by Linden Avenue on the west, Lime Avenue on the east, 59<sup>th</sup> Street on the north and South Street on the south) for a future mixed-use development.

**GOAL #2**

**Contribute to neighborhood revitalization.**

- Implement the Commercial Facade Improvement Program.
- Provide median and/or streetscape improvements at Market Street and Long Beach Boulevard, the North Village and North Long Beach gateways.
- Provide funding for local street improvements (including curbs, gutters and sidewalks), storm drain improvements and other public works infrastructure.
- Facilitate the development of a new North Long Beach Library Branch.
- Add new public parking (i.e., North Village, Historic Core, Bixby Knolls)
- Facilitate the development of a new North Long Beach Community Center.
- Provide funding for the Grant, Lindbergh, Bret Harte and Deforest Park Neighborhood Enhancement Areas.
- Support neighborhood efforts to create beauty and pride.

- Identify opportunities for and facilitate development of additional and existing park open space.
- Support the preservation of buildings of historical or architectural significance.

#### ACCOMPLISHMENTS

- Completed construction of Paramount Boulevard median extension (Artesia Boulevard to 68<sup>th</sup> Street).
- Completed construction of new gateway medians on Long Beach Boulevard, Atlantic Avenue and Cherry Avenue.
- Completed design of streetscape improvements for the Historic Core at Market Street and Long Beach Boulevard.
- Completed design of streetscape improvements for the North Village at South Street and Atlantic Avenue.
- Completed reconstruction and replanting of four existing gateway median projects on Artesia Boulevard and Del Amo Boulevard.
- Awarded construction contracts to repave or reconstruct 26 streets in North Long Beach and completed construction (Areas C and D) consistent with the Street Enhancement Master Plan.
- Continued implementation of the North Long Beach Design Guidelines.
- Continued implementation of the Bixby Knolls Design Guidelines.
- Completed construction of a new mini-park at Plymouth Street and Elm Avenue.
- Completed construction of a new park on 55<sup>th</sup> Way.
- Provided funding for several Neighborhood Enhancement Areas (Jane Addams, Dairy, Coolidge Triangle, and Jordan neighborhoods).
- Supported neighborhood efforts to create beauty and pride through funding of Neighborhood Partners Program grants and funding of neighborhood murals, including the Orizaba Tunnel North Face Mural and Andy Street Mural.
- Completed acquisition of a blighted motel on Atlantic Avenue for new development.

#### GOAL #3

##### **Strengthen the economic base of the Project Area.**

- Revitalize commercial/retail areas consistent with the Strategic Guide for Redevelopment (i.e., former Home Base, Kmart and Bixby Knolls Center).
- Facilitate development of new commercial/retail areas consistent with the Strategic Guide for Redevelopment (i.e., Atlantic Boulevard Motel, Waite Motel, northeast corner of Atlantic Avenue and Artesia Boulevard).
- Provide funding for economic development activities in North Long Beach.
- Provide funding for small business assistance programs in North Long Beach.
- Support projects that provide for expanded business development and additional employment opportunities.

#### ACCOMPLISHMENTS

- Continued implementation of a Commercial Area Litter Abatement demonstration project.
- Continued implementation of a Commercial Area Graffiti Removal demonstration project.
- Provided funding for economic development activities in North Long Beach.
- Provided funding for small business assistance programs in North Long Beach.

- Worked with the PAC and the Economic Development Bureau to develop targeted business assistance programs and marketing activities in North Long Beach.

#### **GOAL #4**

##### **Market the North Long Beach Community and provide community outreach.**

- Develop and implement a marketing program to advertise the qualities of North Long Beach (i.e., North Village/Historic Core Newsletter, street banners, utility box art, anti-litter program, graffiti removal program).
- Extend community outreach to disenfranchised neighborhoods.
- Inform the public as to Market the vital role of Redevelopment in removing blight, reversing deterioration, building partnerships between local businesses and the community, implementing the community's vision, and strengthening neighborhoods
- Build partnerships with property owners and local businesses.
- Implement the community's vision and strengthen neighborhoods.
- Promote livable and walkable communities.

##### **ACCOMPLISHMENTS**

- Worked with PAC to implement marketing program for North Village and Historic Core including publication of North Village/Historic Core Newsletters, display of street banners, utility box art, anti-litter program and graffiti removal program.
- Assisted PAC with publication of four issues of the North PAC Review newsletter.

#### **GOAL #5**

##### **Provide staff support to various committees and organizations.**

- Continue to provide staff support to the North Long Beach Subcommittee.
- Continue to provide staff support to the North Long Beach Project Area Committee.

##### **ACCOMPLISHMENTS**

- Provided staff support to the North Long Beach Subcommittee.
- Provided staff support to the North Long Beach Project Area Committee.

#### **GOAL #6**

##### **Support the development of affordable housing in Long Beach.**

- Transfer 20% of project area tax increment to the Housing Development Fund.
- Acquire priority sites for new market rate housing.
- Promote quality housing development and home ownership opportunities.

##### **ACCOMPLISHMENTS**

- Transferred 20% of project area tax increment to the Housing Development Fund for the purpose of increasing or enhancing affordable housing in North Long Beach.
- Prioritized potential sites for development of new market rate housing and began site acquisition.

**NORTH LONG BEACH REDEVELOPMENT PROJECT AREA  
GOALS FOR FY 2006-2007**

- (1) Facilitate the replanning, redesign and redevelopment of the Project Area.**

  - Implement the North Long Beach Strategic Guide for Redevelopment.
  - Implement the North Long Beach Street Enhancement Master Plan.
  - Implement the Village Center and Historic Node Implementation Plan.
  - Select a developer for negotiations for a mixed-use project, which covers two blocks of the Village Center.
  - Implement the North Long Beach Design Guidelines.
  - Implement the Bixby Knolls Design Guidelines.
  - Identify priority sites for redevelopment consistent with the Strategic Guide.
  - Work with the Planning and Building Department to revise the General Plan and Zoning Ordinance for consistency with the Strategic Guide.
  
- (2) Contribute to neighborhood revitalization.**

  - Implement the Commercial Facade Improvement Program in the North Village and Historic Core.
  - Complete approved streetscape improvements along North Long Beach corridors.
  - Complete approved street improvements in North Long Beach neighborhood corridors.
  - Add new public parking in the North Village and Historic Core.
  - Provide funding for the Neighborhood Enhancement Areas, including multi-family housing.
  - Support neighborhood efforts to create beauty and pride.
  - Facilitate development of additional park open space.
  - Support the preservation of buildings of key historical or architectural significance.
  
- (3) Strengthen the economic base of the Project Area.**

  - Revitalize commercial/retail areas consistent with the Strategic Guide (i.e., former Home Base and Bixby Knolls Shopping Center).
  - Facilitate development of new commercial/retail areas consistent with the Strategic Guide (i.e., Atlantic Boulevard Motel, Waite Motel, northeast corner of Atlantic Avenue and Artesia Boulevard).
  - Provide funding for economic development activities in North Long Beach.
  - Support projects that provide for expanded small business development and additional employment opportunities.
  - Address parking concerns in commercial areas, specifically Bixby Knolls and the Village Center.

**(4) Market the North Long Beach Community and provide community outreach.**

- Implement a marketing program to promote the qualities of North Long Beach (i.e., North Long Beach newsletter, street banners, utility box art, anti-litter program and graffiti removal program).
- Inform the public as to the vital role of redevelopment in removing blight, reversing deterioration, building partnerships between local businesses and the community, implementing the community's vision, and strengthening neighborhoods.
- Implement the Agency's Communications and Public Outreach Plan.

**(5) Provide staff support to various committees and organizations.**

- Continue to provide staff support to the North Long Beach Subcommittee.
- Continue to provide staff support to the North Long Beach Project Area Committee.

**(6) Support the development of affordable housing in Long Beach.**

- Transfer 20% of project area tax increment to the Housing Development Fund.
- Acquire priority sites in North Long Beach for new market rate housing development and home ownership opportunities.