

Basic Financial Statements



The Bolero Festival in the Central Avenue Jazz Park is great for the entire family, and the CRA/LA is one of its proud sponsors. The attendees are treated to tango, salsa, and mariachi music and the vibrant sounds and unique movement of the Bolero.

**THE COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF LOS ANGELES, CALIFORNIA**

Statement of Net Assets

**June 30, 2007
(In Thousands)**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 162,547	\$ 401	\$ 162,948
Unrestricted investments	253,816	-	253,816
Receivables:			
Incremental property taxes	11,135	-	11,135
Grants	5,438	-	5,438
Accrued interest	3,571	-	3,571
Other, net of uncollectibles of \$196	829	58	887
Loans receivable, net of allowance for market value write-downs and uncollectibles of \$483,998	67,141	-	67,141
Restricted assets	78,829	6,347	85,176
Deferred charges	15,699	2,031	17,730
Court and other deposits for land acquisition	10,708	-	10,708
Land held for redevelopment	56,981	-	56,981
Capital assets, net of accumulated depreciation and amortization of \$24,034:			
Land	57,537	10,428	67,965
Building and improvements	6,654	22,244	28,898
Equipment	1,795	12	1,807
Other assets	1,130	1	1,131
	<u>733,810</u>	<u>41,522</u>	<u>775,332</u>
LIABILITIES			
Accounts payable and accrued liabilities	9,040	572	9,612
Interest payable	19,396	2,556	21,952
Deferred revenue	3,012	-	3,012
Deposits and other liabilities	35,938	50	35,988
Noncurrent liabilities:			
Due within one year	21,220	760	21,980
Due in more than one year	697,099	43,577	740,676
	<u>785,705</u>	<u>47,515</u>	<u>833,220</u>
NET ASSETS (DEFICIT)			
Invested in capital assets, net of related debt	65,986	(9,622)	56,364
Restricted for:			
Capital projects	257,086	-	257,086
Low and moderate-income housing activities	143,342	-	143,342
Debt service	67,801	6,347	74,148
Unrestricted	(586,110)	(2,718)	(588,828)
	<u>\$ (51,895)</u>	<u>\$ (5,993)</u>	<u>\$ (57,888)</u>

See accompanying notes to basic financial statements.

**THE COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF LOS ANGELES, CALIFORNIA**

Statement of Activities

**For the Fiscal Year Ended June 30, 2007
(In Thousands)**

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Change in Net Assets		
		Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Program expenses:						
Housing	\$ 46,747	\$ -	\$ 16,229	\$ (30,518)	\$ -	\$ (30,518)
Community and economic development	29,471	4,574	7,930	(16,967)	-	(16,967)
Public improvement	11,242	-	2,283	(8,959)	-	(8,959)
Project general	31,496	-	2,945	(28,551)	-	(28,551)
Interest on long-term debt	35,600	-	-	(35,600)	-	(35,600)
Total governmental activities	154,556	4,574	29,387	(120,595)	-	(120,595)
Business-type activities:						
Parking activities	5,137	4,222	-	-	(915)	(915)
Total business-type activities	5,137	4,222	-	-	(915)	(915)
Total government-wide	\$ 159,693	\$ 8,796	\$ 29,387	(120,595)	(915)	(121,510)
General revenues:						
Incremental property taxes				161,300	-	161,300
Interest income				24,441	306	24,747
Other				3,915	581	4,496
Total general revenues				189,656	887	190,543
Special item:						
Net change in loan valuation				7,691	-	7,691
Change in net assets				76,752	(28)	76,724
Net assets (deficit) - beginning of year				(128,647)	(5,965)	(134,612)
Net assets (deficit) - end of year				\$ (51,895)	\$ (5,993)	\$ (57,888)

See accompanying notes to basic financial statements.

**THE COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF LOS ANGELES, CALIFORNIA**

**Balance Sheet
Governmental Funds**

**June 30, 2007
(In Thousands)**

	Capital Projects	Debt Service	Housing	Special Revenue	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,465	\$ -	\$ 23	\$ 43	\$ 1,531
Unrestricted investments	-	-	-	1,098	1,098
Receivables:					
Incremental property taxes	11,135	-	-	-	11,135
Grants	5,376	-	-	62	5,438
Accrued interest	93	-	-	2	95
Other, net of uncollectibles of \$196	637	9	86	78	810
Due from other funds	217,192	9,343	143,511	30,211	400,257
Loans receivable, net of allowance for market value write-downs and uncollectibles of \$483,998	23,372	-	42,588	1,181	67,141
Restricted assets	11,592	61,585	-	1,494	74,671
Advances to other funds	11,240	-	-	-	11,240
Other assets	6	-	-	113	119
Total assets	\$ 282,108	\$ 70,937	\$ 186,208	\$ 34,282	\$ 573,535
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 4,477	\$ -	\$ 264	\$ 1,048	\$ 5,789
Due to other funds	5,118	409	-	107	5,634
Advances from other funds	9,285	-	-	160	9,445
Deferred revenue	26,030	-	42,602	1,521	70,153
Other liabilities	10,083	2,727	-	1,475	14,285
Total liabilities	54,993	3,136	42,866	4,311	105,306
Fund balances:					
Reserved for:					
Debt service	-	67,801	-	-	67,801
Low and moderate-income housing activities	-	-	123,566	-	123,566
Advances to other funds	11,240	-	-	-	11,240
Encumbrances	23,692	-	19,776	925	44,393
Unreserved, designated for continuing work programs	192,183	-	-	29,046	221,229
Total fund balances	227,115	67,801	143,342	29,971	468,229
Total liabilities and fund balances	\$ 282,108	\$ 70,937	\$ 186,208	\$ 34,282	\$ 573,535

See accompanying notes to basic financial statements.

**THE COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF LOS ANGELES, CALIFORNIA**

**Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of
Net Assets of Governmental Activities**

**June 30, 2007
(In Thousands)**

Amounts reported for governmental activities in the statement of net assets are different because:

Fund balances of all governmental funds (page 23)		\$ 468,229
Long-term receivables are not available to pay for current expenditures and are deferred on the modified accrual basis.		
Loans receivable		67,141
Deposits held by the Los Angeles County Court and other deposits for land acquisition are not spendable financial resources, therefore, are not reported in governmental funds.		10,708
Land held for redevelopment are not spendable financial resources, therefore, are not reported in governmental funds.		56,981
Land, building and improvements are not spendable financial resources, therefore, are not reported in governmental funds.		64,191
Interfund receivable/payable between the enterprise fund and the capital projects fund in governmental funds have been eliminated for financial statement presentation. This interfund receivable/payable do not affect the governmental activities.		7
Debt issuance costs are expended in governmental funds when paid, however, are capitalized and amortized over the life of the corresponding debt for purposes of the statement of net assets.		
Unamortized debt issuance costs		15,699
Interest payable on long-term debt does not require the use of current financial resources, therefore, is not accrued as a liability in the balance sheet of governmental funds.		(19,396)
Long-term debt is not due and payable in the current period, therefore, is not reported in governmental funds.		
Long-term debt	\$ (716,991)	
Unamortized premiums, discounts, and deferred amounts on refunding	<u>1,536</u>	<u>(715,455)</u>
Deficit of governmental activities (page 21)		<u><u>\$ (51,895)</u></u>

See accompanying notes to basic financial statements.

**THE COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF LOS ANGELES, CALIFORNIA**

**Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds**

**For the Fiscal Year Ended June 30, 2007
(In Thousands)**

	Capital Projects	Debt Service	Housing	Special Revenue	Total Governmental Funds
Revenues:					
Incremental property taxes	\$ 161,300	\$ -	\$ -	\$ -	\$ 161,300
Grants	19,730	-	-	260	19,990
Interest income	12,349	1,778	8,929	1,385	24,441
Loan repayments	1,238	-	2,779	11	4,028
Rental income	4,529	-	6	39	4,574
Developer participation	60	-	-	1,652	1,712
City participation	262	-	-	7,423	7,685
Other	1,332	-	1,502	352	3,186
Total revenues	200,800	1,778	13,216	11,122	226,916
Expenditures:					
Current:					
Program salaries and administrative costs, including technical and professional personnel	32,000	-	4,855	-	36,855
Real estate and other acquisition costs	24,117	-	2,647	665	27,429
Housing	8,173	-	17,867	1,495	27,535
Rehabilitation	5,602	-	1,301	-	6,903
Public improvement	5,632	-	-	1,804	7,436
Relocation	1,855	-	76	600	2,531
Development loans	1,136	-	7,665	-	8,801
Community service	4,615	-	894	1,168	6,677
Tax increment administrative fees	2,559	-	815	-	3,374
Other	13,642	-	377	1,006	15,025
Debt service:					
Principal	-	18,423	-	-	18,423
Interest expense	-	32,707	-	-	32,707
Payment to refunded bond escrow agent	-	2,139	-	-	2,139
Debt issuance costs	-	1,935	-	-	1,935
Total expenditures	99,331	55,204	36,497	6,738	197,770
Revenues over (under) expenditures	101,469	(53,426)	(23,281)	4,384	29,146
Other financing sources (uses):					
Issuance of long-term debt	30,540	-	-	1,495	32,035
Issuance of refunding bonds	-	17,250	-	-	17,250
Premium (discount) on issuance of debt	(80)	(32)	-	-	(112)
Payment to refunded bond escrow agent	-	(13,296)	-	-	(13,296)
Other financing sources	-	729	-	-	729
Transfers in	49,316	92,563	55,939	75	197,893
Transfers out	(146,797)	(36,999)	(13,742)	(355)	(197,893)
Total other financing sources (uses)	(67,021)	60,215	42,197	1,215	36,606
Net change in fund balances	34,448	6,789	18,916	5,599	65,752
Fund balances, beginning of year	192,667	61,012	124,426	24,372	402,477
Fund balances, end of year	\$ 227,115	\$ 67,801	\$ 143,342	\$ 29,971	\$ 468,229

See accompanying notes to basic financial statements.

**THE COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF LOS ANGELES, CALIFORNIA**

**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities of Governmental Activities**

**For the Fiscal Year Ended June 30, 2007
(In Thousands)**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - governmental funds (page 25)		\$ 65,752
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New loans, loan repayments, and related items recognized in governmental funds are reported in the statement of net assets as increases (decreases) in the loans receivable.

New loans given during the fiscal year		\$ 28,340	
Loan repayments received:			
Retained by the Agency	\$ (4,028)		
Payable to the City	<u>(2,459)</u>	(6,487)	
Write-offs		(5,860)	
Adjustments		389	
Net change in fair market value		<u>(8,691)</u>	7,691

The net effect of various transactions involving court and other deposits and land held for redevelopment is to increase (decrease) net assets.

Change in court and other deposits for land acquisition		974	
Change in land held for redevelopment		<u>21,102</u>	22,076

The net effect of various transactions involving capital assets is to decrease net assets.

Acquisition of land		380	
Conveyance of land		<u>(621)</u>	(241)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of these assets are allocated over their estimated useful lives and reported as depreciation or amortization expense.

Amortization of leasehold improvements			(473)
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Governmental funds report the effect of issuance costs when debt is first issued, whereas these amounts are deferred and amortized over the life of the debt in the statement of activities.

Debt issuance costs		1,935	
Amortization of debt issuance costs		<u>(810)</u>	1,125

Continued...

**THE COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF LOS ANGELES, CALIFORNIA**

**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities of Governmental Activities - (Continued)**

**For the Fiscal Year Ended June 30, 2007
(In Thousands)**

Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized over the life of the debt in the statement of activities.		525	
Principal repayment of long-term debt is reported as an expenditure in the governmental funds, thus, has the effect of reducing fund balance because current financial resources have been used. However, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities.			
Principal payment on long-term debt		18,423	
Principal amount paid to refunded bond escrow agent		14,577	33,000
Accrued interest expense on long-term debt is reported in the statement of activities, but does not require the use of current financial resources. This amount represents the increase in accrued interest expense not reported in governmental funds.			
			(3,418)
Proceeds from issuance of debt are reported as other financing sources in governmental funds and, thus, contribute to the change in fund balances. However, issuing debt increases long-term liabilities in the statement of net assets and does not affect the statement of activities.			
Proceeds were received from:			
Tax allocation bonds		(30,540)	
Refunding bonds		(17,250)	
Notes payable		(1,495)	(49,285)
Change in net assets of governmental activities (page 22)			\$ 76,752

See accompanying notes to basic financial statements.

**THE COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF LOS ANGELES, CALIFORNIA**

Proprietary Funds

Statement of Net Assets

**June 30, 2007
(In Thousands)**

	Governmental Activities Internal Service	Business-type Activities Enterprise Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 161,016	\$ 401
Unrestricted investments	252,718	-
Receivables:		
Accrued interest	3,476	-
Other	19	51
Due from other funds	7,501	7
Other assets	1,011	1
Total current assets	425,741	460
Noncurrent assets:		
Restricted assets	4,158	6,347
Deferred charges	-	2,031
Capital assets:		
Land	-	10,428
Building and improvements	-	25,534
Equipment	13,312	67
Less accumulated depreciation	(11,517)	(3,345)
Total capital assets, net of accumulated depreciation	1,795	32,684
Total noncurrent assets	5,953	41,062
Total assets	431,694	41,522
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	3,251	572
Interest payable	-	2,556
Due to other funds	419,985	-
Compensated absences	1,862	-
Matured bonds payable	-	760
Other liabilities	3,799	50
Total current liabilities	428,897	3,938
Noncurrent liabilities:		
Advances from other funds	1,795	-
Compensated absences	1,002	-
Notes payable	-	4,037
Bonds payable	-	39,540
Total noncurrent liabilities	2,797	43,577
Total liabilities	431,694	47,515
NET ASSETS (DEFICIT)		
Invested in capital assets, net of related debt	1,795	(9,622)
Restricted for:		
Debt service	-	6,347
Unrestricted	(1,795)	(2,718)
Total net assets (deficit)	\$ -	\$ (5,993)

See accompanying notes to basic financial statements.

**THE COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF LOS ANGELES, CALIFORNIA**

Proprietary Funds

Statement of Revenues, Expenses, and Changes in Fund Net Assets

**For the Fiscal Year Ended June 30, 2007
(In Thousands)**

	<u>Governmental Activities Internal Service</u>	<u>Business-type Activities Enterprise Fund</u>
Operating revenues:		
Parking receipts	\$ -	\$ 4,222
Applied charges	36,855	-
Total operating revenues	<u>36,855</u>	<u>4,222</u>
Operating expenses:		
Personnel compensation	20,796	-
Employee benefits	8,413	-
Central office expenses	3,960	-
Depreciation expense	604	651
Other administrative costs	3,082	1,682
Total operating expenses	<u>36,855</u>	<u>2,333</u>
Net income from operating activities	<u>-</u>	<u>1,889</u>
Nonoperating revenues:		
Interest income	39,933	306
Other revenue	-	581
Total nonoperating revenues	<u>39,933</u>	<u>887</u>
Nonoperating expenses:		
Interest on long-term debt	-	2,723
Amortization of bond issuance costs	-	81
Interest income allocated to participating funds	39,933	-
Total nonoperating expenses	<u>39,933</u>	<u>2,804</u>
Net loss from nonoperating activities	<u>-</u>	<u>(1,917)</u>
Total deficit - beginning of year	<u>-</u>	<u>(5,965)</u>
Total deficit - end of year	<u>\$ -</u>	<u>\$ (5,993)</u>

See accompanying notes to basic financial statements.

**THE COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF LOS ANGELES, CALIFORNIA**

Proprietary Funds

Statement of Cash Flows

**For the Fiscal Year Ended June 30, 2007
(In Thousands)**

	Governmental Activities Internal Service	Business-type Activities Enterprise Fund
Cash flows from operating activities:		
Reimbursements for applied charges	\$ 36,855	\$ -
Parking receipts	-	4,256
Payments to employees	(29,209)	-
Payments to other vendors	(6,733)	(2,650)
Net cash provided by operating activities *	913	1,606
Cash flows from capital and related financing activities:		
Proceeds from issuance of pooled financing bonds	8,000	-
Purchase of Agency bonds	(8,000)	-
Costs of issuance	(429)	-
Original bond issue premiums and discounts	40	-
Reimbursement for applied charges	389	-
Acquisition of capital assets	(956)	(3)
Principal paid on capital debt	-	(1,052)
Interest paid on capital debt	-	(2,362)
Deposits from other funds for capital and financing activities	280,106	1,564
Payments for capital and financing activities	(238,779)	-
Net cash provided (used) by capital and related financing activities	40,371	(1,853)
Cash flows from investing activities:		
Proceeds from sale of investments	1,227,327	7,977
Purchase of investments	(1,289,387)	(8,332)
Interest income	38,817	306
Interest income allocated to other funds	(38,817)	-
Net cash used by investing activities	(62,060)	(49)
Net decrease in cash and cash equivalents	(20,776)	(296)
Cash and cash equivalents, beginning of year	181,792	697
Cash and cash equivalents, end of year	\$ 161,016	\$ 401
* Reconciliation of operating income to net cash provided by operating activities:		
Net income from operating activities	\$ -	\$ 1,889
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization expenses	604	651
Decrease in other receivables	8	33
Increase in due from other funds	(44)	-
(Increase) decrease in other assets	152	(1)
Decrease in accounts payable and accrued liabilities	(516)	(977)
Increase in compensated absences	66	-
Increase in other liabilities	291	11
Increase in advance from other funds	352	-
Net cash provided by operating activities	\$ 913	\$ 1,606

See accompanying notes to basic financial statements.

THE COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF LOS ANGELES, CALIFORNIA

Fiduciary Funds

Statement of Fiduciary Net Assets - Agency Funds

June 30, 2007
(In Thousands)

ASSETS

Due from other funds	\$	17,854
Restricted assets		<u>2,540</u>
Total assets	\$	<u>20,394</u>

LIABILITIES

Construction disbursements payable	\$	15,962
Other liabilities:		
Good faith deposits payable		3,359
Unclaimed properties		251
Restitution of wages payable		568
Security deposits		<u>254</u>
Total liabilities	\$	<u>20,394</u>

See accompanying notes to basic financial statements.