

## Required Supplementary Information



The Wilshire Vermont Project is a great example of public/private partnerships creating Green Urbanism within the City of Los Angeles. The Wilshire Vermont Project created a sustainable, mixed-use, transit-oriented development that is built to be energy efficient and created 1,330 construction jobs and nearly 200 permanent jobs for local residents.

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

**Employees' Pension Plan**

**Schedule of Funding Progress  
(In Thousands)**

Actuarial Valuation Date	Actuarial Asset Value	Actuarial Accrued Liability (AAL)	(Overfunded) Unfunded AAL	Funded Ratio	Covered Payroll	(Overfunded) Unfunded AAL as a Percentage of Covered Payroll
6/30/04	\$ 108,016	\$ 125,842	\$ 17,826	85.8%	\$ 15,244	116.9%
6/30/05	114,728	130,467	15,739	87.9%	16,359	96.2%
6/30/06	123,768	137,943	14,175	89.7%	17,498	81.0%

See accompanying independent auditor's report.

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

**Housing Fund**

**Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual**

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

	Initial Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Interest income	\$ 3,316	\$ 3,845	\$ 8,929	\$ 5,084
Loan repayments	1,781	2,961	2,779	(182)
Rental income	-	-	6	6
Other	-	-	1,502	1,502
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	5,097	6,806	13,216	6,410
Expenditures:				
Current:				
Program salaries and administrative costs, including technical and professional personnel	5,098	5,660	4,855	805
Real estate and other acquisition costs	6,664	9,834	2,647	7,187
Housing	41,654	47,593	17,867	29,726
Rehabilitation	10,981	5,610	1,301	4,309
Relocation	2,330	211	76	135
Development loans	11,812	23,959	7,665	16,294
Community service	15	1,436	894	542
Tax increment administrative fees	817	817	815	2
Other	7,524	3,770	377	3,393
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	86,895	98,890	36,497	62,393
Revenues over (under) expenditures	<hr/>	<hr/>	<hr/>	<hr/>
	(81,798)	(92,084)	(23,281)	68,803
Other financing sources (uses):				
Transfers in	42,202	42,202	55,939	13,737
Transfers out	(13,054)	(13,054)	(13,742)	(688)
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	29,148	29,148	42,197	13,049
Net change in fund balances	<hr/>	<hr/>	<hr/>	<hr/>
	(52,650)	(62,936)	18,916	81,852
Fund balances, beginning of year	<hr/>	<hr/>	<hr/>	<hr/>
	87,605	124,426	124,426	-
Fund balances, end of year	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 34,955	\$ 61,490	\$ 143,342	\$ 81,852

See accompanying independent auditor's report and note to required supplementary information.

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

**Special Revenue Fund**

**Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual**

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

	<u>Initial Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Grants	\$ -	\$ 4	\$ 260	\$ 256
Interest income	291	291	1,385	1,094
Loan repayments	50	50	11	(39)
Rental income	-	-	39	39
Developer participation	250	787	1,652	865
City participation	4,923	5,079	7,423	2,344
Other	300	300	352	52
	<u>5,814</u>	<u>6,511</u>	<u>11,122</u>	<u>4,611</u>
Total revenues				
Expenditures:				
Current:				
Program salaries and administrative costs, including technical and professional personnel	227	73	-	73
Real estate and other acquisition costs	-	2,633	665	1,968
Housing	-	1,900	1,495	405
Rehabilitation	639	92	-	92
Public improvement	3,058	6,587	1,804	4,783
Relocation	50	650	600	50
Community service	-	1,514	1,168	346
Other	10,524	14,407	1,006	13,401
	<u>14,498</u>	<u>27,856</u>	<u>6,738</u>	<u>21,118</u>
Total expenditures				
Revenues over (under) expenditures	<u>(8,684)</u>	<u>(21,345)</u>	<u>4,384</u>	<u>25,729</u>
Other financing sources (uses):				
Issuance of long-term debt	-	1,900	1,495	(405)
Transfers in	75	75	75	-
Transfers out	(273)	(2,892)	(355)	2,537
	<u>(198)</u>	<u>(917)</u>	<u>1,215</u>	<u>2,132</u>
Total other financing sources (uses)				
Net change in fund balances	(8,882)	(22,262)	5,599	27,861
Fund balances, beginning of year	10,712	24,372	24,372	-
Fund balances, end of year	<u>\$ 1,830</u>	<u>\$ 2,110</u>	<u>\$ 29,971</u>	<u>\$ 27,861</u>

See accompanying independent auditor's report and note to required supplementary information.

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

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

**Note to Required Supplementary Information**

**June 30, 2007**

**STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgetary Accounting**

The Agency's annual budget is prepared under guidelines established by State redevelopment law and the City of Los Angeles Budget Ordinance and is presented for reporting purposes on a basis consistent with generally accepted accounting principles. The budget is approved by the City Council and adopted by the Agency Board before the beginning of the new fiscal year. In addition, because the Agency's budget is prepared well in advance of the fiscal year to which it relates, the budget is regularly amended for changes in available resources and project objectives, with the approval of the Agency Board and City Council.

The Agency's annual budget is more comparable to a capital improvement budget, whereby projects are not typically proposed, started, and completed in one fiscal year. Therefore, funds available in a fiscal year may be allocated for expenditure over a multi-year period. Certain funds are therefore allocated to "carryover" into future years beyond the fiscal year of the budget. These future year allocations along with any unexpended revenue from prior years are analyzed at year-end as part of the annual budget process called the carryover amendment.

The carryover amendment amends the new year budget for any unexpended revenues from prior years that have not been previously estimated in the new year budget. The process occurs as of June 30, after the traditional accounting close. Once the prior year is closed, an analysis of encumbrances, contracts, commitments, and other existing activities is performed and evaluated against original program objectives and resources. Any excess of revenues over expenditures for the prior year is credited to the fund balance of the respective funds and is considered as part of the carryover revenue in the new year.

After carryover revenue is determined, the Agency performs a complete re-examination of the purposes of each project objective without any reference to what has gone before. Previously approved spending levels, including future year allocations, are reviewed in detail and are not automatically carried over into the next fiscal year. Work program objectives and commitments must be justified to warrant allocation of carryover revenue.

This concept of "zero based budgeting" has been successfully applied to the Agency's unique business structure and provides a timely opportunity to review the status of objectives in each redevelopment area. By this method, prior year revenues are reallocated to either pre-existing or new objectives, in new and updated amounts, through the carryover process.