



James Scott, tenant of Hikari Apartments

Annual Financial Report

## Required Supplementary Information

James Scott, a musician and former employee of the U.S. Department of Homeland Security, was born and raised in downtown Los Angeles. When he retired in 2005, James' health began to rapidly decline and he began to struggle financially.

It was around this time that James saw an article in the newspaper about Hikari and applied for one of their affordable housing units. It took him almost two years on a waiting list before he was accepted, a day James considers one of the luckiest of his life.

*"This place saved my life. If I hadn't gotten into Hikari, I wouldn't be here today."*

Today, James is a vegan and credits the easy accessibility to the Hikari gym and being able to walk everywhere downtown, as central to his ability to regaining his health. "Hikari is central to everything I care about. Hikari and the CRA/LA really did save my life."

**Community Redevelopment Agency**  
*of the* CITY OF LOS ANGELES

*A Component Unit of the City of  
Los Angeles, California*

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

**Required Supplementary Information  
Schedule of Funding Progress**

**For the Fiscal Year Ended June 30, 2009  
(In Thousands)  
(Unaudited)**

**Employees' Pension Plan**

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
6/30/06	\$ 123,768	\$ 137,943	\$ 14,175	89.7%	\$ 17,498	81.0%
6/30/07	135,101	149,785	14,684	90.2%	19,588	75.0%
6/30/08	143,042	158,915	15,873	90.0%	22,920	69.3%

**Other Postemployment Benefits**

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
1/1/2008	\$ -	\$ 37,572	\$ 37,572	0.0%	\$ 21,835	172.1%

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, 2009**

**(In Thousands)  
(Unaudited)**

	<u>Initial Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Interest income	\$ 5,022	\$ 5,022	\$ 4,294	\$ (728)
Loan repayments	2,200	2,200	946	(1,254)
Rental income	-	23	100	77
Other	-	-	91	91
Total revenues	<u>7,222</u>	<u>7,245</u>	<u>5,431</u>	<u>(1,814)</u>
Expenditures:				
Current:				
Program salaries and administrative costs, including technical and professional personnel	15,132	15,614	7,362	8,252
Real estate and other acquisition costs	15,444	15,985	11,028	4,957
Housing	60,931	61,519	20,339	41,180
Rehabilitation	6,661	5,940	111	5,829
Relocation	2,265	2,741	2,176	565
Development loans	22,659	45,136	26,378	18,758
Community service	3,448	918	86	832
Tax increment administrative fees	1,104	1,144	1,203	(59)
Other	2,619	4,648	1,460	3,188
Total expenditures	<u>130,263</u>	<u>153,645</u>	<u>70,143</u>	<u>83,502</u>
Revenues over (under) expenditures	<u>(123,041)</u>	<u>(146,400)</u>	<u>(64,712)</u>	<u>81,688</u>
Other financing sources (uses):				
Transfers in	52,840	52,979	55,012	2,033
Transfers out	<u>(14,700)</u>	<u>(15,025)</u>	<u>(16,155)</u>	<u>(1,130)</u>
Total other financing sources (uses)	<u>38,140</u>	<u>37,954</u>	<u>38,857</u>	<u>903</u>
Net change in fund balances	(84,901)	(108,446)	(25,855)	82,591
Fund balances, beginning of year	<u>127,373</u>	<u>143,415</u>	<u>143,415</u>	<u>-</u>
Fund balances, end of year	<u>\$ 42,472</u>	<u>\$ 34,969</u>	<u>\$ 117,560</u>	<u>\$ 82,591</u>

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, 2009**

**(In Thousands)  
(Unaudited)**

	<u>Initial Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Grants	\$ -	\$ 169	\$ 1,406	\$ 1,237
Interest income	1,011	1,417	959	(458)
Proceeds from sale of land	-	1,000	2,360	1,360
Loan repayments	-	-	8	8
Rental income	-	-	40	40
Developer participation	500	1,852	1,876	24
City participation	9,408	10,113	12,584	2,471
Other	300	2,800	380	(2,420)
	<u>11,219</u>	<u>17,351</u>	<u>19,613</u>	<u>2,262</u>
Total revenues				
Expenditures:				
Current:				
Program salaries and administrative costs, including technical and professional personnel	-	94	94	-
Real estate and other acquisition costs	8	12	3	9
Housing	-	935	773	162
Rehabilitation	-	306	-	306
Public improvement	1,761	13,864	9,899	3,965
Relocation	3	334	330	4
Development loans	258	5,390	6,473	(1,083)
Community service	1,298	2,770	418	2,352
Other	41,615	28,631	2,533	26,098
	<u>44,943</u>	<u>52,336</u>	<u>20,523</u>	<u>31,813</u>
Total expenditures				
Revenues over (under) expenditures	<u>(33,724)</u>	<u>(34,985)</u>	<u>(910)</u>	<u>34,075</u>
Other financing sources (uses):				
Transfers in	94	294	335	41
Transfers out	<u>(663)</u>	<u>(684)</u>	<u>(718)</u>	<u>(34)</u>
Total other financing sources (uses)	<u>(569)</u>	<u>(390)</u>	<u>(383)</u>	<u>7</u>
Net change in fund balances	<u>(34,293)</u>	<u>(35,375)</u>	<u>(1,293)</u>	<u>34,082</u>
Fund balances, beginning of year	<u>41,497</u>	<u>39,181</u>	<u>39,181</u>	<u>-</u>
Fund balances, end of year	<u>\$ 7,204</u>	<u>\$ 3,806</u>	<u>\$ 37,888</u>	<u>\$ 34,082</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, 2009**

**STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgetary Accounting**

The CRA/LA'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 CRA/LA Board before the beginning of the new fiscal year. In addition, because the CRA/LA'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 CRA/LA Board and City Council.

The CRA/LA'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 from 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 CRA/LA 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 CRA/LA'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.