

CULVER CITY REDEVELOPMENT AGENCY

FINANCIAL STATEMENTS

JUNE 30, 2011



CULVER CITY REDEVELOPMENT AGENCY
 FINANCIAL STATEMENTS
 JUNE 30, 2011

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INDEPENDENT AUDITOR'S REPORT

Honorable Chair and Members of the Governing Board
Culver City Redevelopment Agency
Culver City, California

We have audited the accompanying financial statements of the governmental activities and each major fund of the Culver City Redevelopment Agency, a component unit of the City of Culver City, California, as of and for the fiscal year ended June 30, 2011, which collectively comprise the Agency's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the management of the Culver City Redevelopment Agency. Our responsibility is to express opinions on these financial statements based on our audit. The prior year comparative information has been derived from the financial statements of the Culver City Redevelopment Agency for the fiscal year ended June 30, 2010, which was audited by other auditors whose report dated December 7, 2010, expressed an unqualified opinion on those financial statements.

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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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.

The Agency adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definition*, and Statement No. 59, *Financial Instruments Omnibus*, effective July 1, 2010.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Culver City Redevelopment Agency, a component unit of the City of Culver City, California, as of June 30, 2011, and the respective changes in financial position of the Culver City Redevelopment Agency for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 29, 2011 on our consideration of the Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

Management has omitted *Management's Discussion and Analysis* that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information of page 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's financial statements as a whole. The Calculation of Excess Surplus on page 44 and the Budgetary Comparison Schedules of the Major Debt Service and Capital Projects funds on pages 42 and 43 are presented for purposes of additional analysis and are not required parts of the financial statements. The Calculation of Excess Surplus and the Budgetary Comparison Schedules for the Major Debt Service and Capital Projects Funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
November 29, 2011

BASIC FINANCIAL STATEMENTS

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CULVER CITY REDEVELOPMENT AGENCY

Statement of Net Assets

June 30, 2011

Comparative Totals as of June 30, 2010

	Governmental Activities	
	2011	2010
ASSETS		
Cash and investments (Note 2)	\$ 5,928,519	\$ 54,121,674
Cash with fiscal agent (Note 2)	18,238,470	13,338,220
Accounts receivable		57,531
Interest receivable	25,958	170,190
Due from other governments	2,516,073	2,565,757
Loans receivable (Note 5)		3,019,269
Land held for resale		49,036,454
Unamortized issuance costs	1,831,226	1,242,292
Capital assets (Note 6)		
Non depreciable	224,065	710,310
Capital assets, net	<u>6,027,072</u>	<u>19,283,598</u>
TOTAL ASSETS	<u>34,791,383</u>	<u>143,545,295</u>
LIABILITIES		
Accounts payable	15,534	209,585
Accrued interest	2,032,807	1,220,404
Due to the City of Culver City	11,821	205,407
Deposits payable	129,633	136,686
Noncurrent liabilities (Note 3)		
Due within one year	6,813,013	10,262,948
Due in more than one year	<u>184,059,836</u>	<u>144,242,640</u>
TOTAL LIABILITIES	<u>193,062,644</u>	<u>156,277,670</u>
NET ASSETS (DEFICIT)		
Restricted for:		
Debt service	16,206,727	12,117,816
Affordable housing	13,526,039	34,787,934
Unrestricted	<u>(188,004,027)</u>	<u>(59,638,125)</u>
TOTAL NET ASSETS (DEFICIT)	<u>\$ (158,271,261)</u>	<u>\$ (12,732,375)</u>

See accompanying notes to the basic financial statements

CULVER CITY REDEVELOPMENT AGENCY

Statement of Activities

Fiscal Year Ended June 30, 2011
 Comparative Totals for the Fiscal Year Ended June 30, 2010

	Program Revenues				Total	
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	2011	2010
Governmental Activities:						
Pass-through payments	\$ (9,431,406)	\$ -	\$ -	\$ -	\$ (9,431,406)	\$ (16,494,751)
Community development	(45,740,526)	2,060,680	20,472		(43,659,374)	(5,283,604)
Public works	(1,134,838)				(1,134,838)	(2,195,957)
Interest and fiscal charges	(8,703,746)				(8,703,746)	(8,149,733)
Total Governmental Activities	\$ (65,010,516)	\$ 2,060,680	\$ 20,472	\$ -	(62,929,364)	(32,124,045)
General Revenues						
Tax increment					36,320,903	37,249,668
Investment income					455,249	1,888,439
Total General Revenues and Transfers					36,776,152	39,138,107
Special item - Cooperation Agreement					(118,835,674)	
Change in Net Assets					(144,988,886)	7,014,062
Net Assets (Deficit), Beginning of Fiscal Year					(12,732,375)	(19,746,437)
Prior Period Adjustment					(550,000)	
Net Assets (Deficit), Beginning of the Fiscal Year, Restated					(13,282,375)	(19,746,437)
Net Assets (Deficit), End of the Fiscal Year					\$ (158,271,261)	\$ (12,732,375)

See accompanying notes to the basic financial statements

CULVER CITY REDEVELOPMENT AGENCY

Governmental Funds - Balance Sheet

June 30, 2011

Comparative Totals as of June 30, 2010

	Special Revenue	Debt Service	Capital	Total	
	Fund	Fund	Projects Fund	2011	2010
	Low/Mod Housing	Debt Service	Capital Fund		
ASSETS					
Cash and investments	\$ 3,065,824	\$ 1,061	\$ 2,861,634	\$ 5,928,519	\$ 54,121,674
Cash with fiscal agent		18,230,214	8,256	18,238,470	13,338,220
Accounts receivable					57,531
Interest receivable	6,366	3	19,589	25,958	170,190
Due from the City of Culver City			258,717	258,717	562,104
Due from other governments			2,516,073	2,516,073	2,565,757
Loans receivable					3,019,269
Advances to other funds	10,464,970			10,464,970	13,034,970
Land held for resale					49,036,454
TOTAL ASSETS	\$ 13,537,160	\$ 18,231,278	\$ 5,664,269	\$ 37,432,707	\$ 135,906,169
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 1,499	\$ -	\$ 14,035	\$ 15,534	\$ 209,585
Due to the City of Culver City	2,937		267,601	270,538	767,511
Advances from other funds			10,464,970	10,464,970	13,034,970
Deposits payable	6,685		122,948	129,633	136,686
TOTAL LIABILITIES	11,121		10,869,554	10,880,675	14,148,752
Fund Balances (Deficit):					
Nonspendable	10,464,970			10,464,970	65,090,693
Restricted	3,061,069	18,231,278	8,256	21,300,603	30,907,488
Unassigned			(5,213,541)	(5,213,541)	25,759,236
TOTAL FUND BALANCES (DEFICIT)	13,526,039	18,231,278	(5,205,285)	26,552,032	121,757,417
TOTAL LIABILITIES AND FUND BALANCES	\$ 13,537,160	\$ 18,231,278	\$ 5,664,269	\$ 37,432,707	\$ 135,906,169

See accompanying notes to the basic financial statements

CULVER CITY REDEVELOPMENT AGENCY

Governmental Funds

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

June 30, 2011

Fund Balances of Governmental Funds		\$ 26,552,032
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets, net of depreciation, have not been reported as financial resources in Governmental Fund Activity		6,251,137
Long-term debt that has not been included in the governmental fund activity		
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Bonds payable	\$ (191,015,232)	
Unamortized net original issue discounts (premiums)	(935,406)	
Unamortized net (gain) loss on bonds defeased	<u>1,077,789</u>	(190,872,849)
Unamortized original issuance costs on long term debt that have not been included in the governmental funds		1,831,226
Accrued interest payable for the current portion of interest due on long term liabilities has not been reported in the governmental funds		<u>(2,032,807)</u>
NET ASSETS (DEFICIT) OF GOVERNMENTAL ACTIVITIES		<u>\$ (158,271,261)</u>

See accompanying notes to the basic financial statements

CULVER CITY REDEVELOPMENT AGENCY

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

For the Fiscal Year Ended June 30, 2011
Comparative Totals for the Fiscal Year Ended June 30, 2010

	Special Revenue	Debt Service	Capital	Total	
	Fund	Fund	Projects Fund	2011	2010
	Low/Mod	Debt	Capital		
	Housing	Service	Fund		
REVENUES:					
Tax increment	\$ -	\$ -	\$ 36,320,903	\$ 36,320,903	\$ 37,249,668
Charges for services	51,000		2,009,680	2,060,680	4,101,540
Intergovernmental					13,684
Investment income	50,150	160,308	244,791	455,249	1,888,439
Other revenue			20,472	20,472	364,481
TOTAL REVENUES	101,150	160,308	38,595,846	38,857,304	43,617,812
EXPENDITURES:					
Current:					
Community development	2,618,895		20,526,213	23,145,108	9,333,419
Public works			1,134,838	1,134,838	1,877,398
Pass-through payments			7,177,761	7,177,761	5,548,474
SERAF payment			2,253,645	2,253,645	10,946,277
Capital outlay	401		1,223,673	1,224,074	548,785
Debt service:					
Bond issue costs			692,083	692,083	
Principal		6,650,000		6,650,000	7,980,236
Interest and fiscal charges		7,151,937	138,284	7,290,221	7,980,545
Repayment of advance			3,500,000	3,500,000	3,500,000
TOTAL EXPENDITURES	2,619,296	13,801,937	36,646,497	53,067,730	47,715,134
Excess of revenues over (under) expenditures	(2,518,146)	(13,641,629)	1,949,349	(14,210,426)	(4,097,322)
OTHER FINANCING SOURCES (USES):					
Proceeds from debt issue			47,412,887	47,412,887	
Transfers in	7,264,181	18,274,764	652,037	26,190,982	21,166,242
Transfers out	(652,037)		(25,538,945)	(26,190,982)	(21,166,242)
Original issue discount			(642,847)	(642,847)	
TOTAL OTHER FINANCING SOURCES (USES)	6,612,144	18,274,764	21,883,132	46,770,040	
Special items - Cooperation Agreement	(25,355,893)		(94,230,533)	(119,586,426)	
Net change in fund balances	(21,261,895)	4,633,135	(70,398,052)	(87,026,812)	(4,097,322)
FUND BALANCES, JULY 1, 2010	34,787,934	13,598,143	73,371,340	121,757,417	125,854,739
PRIOR PERIOD ADJUSTMENTS			(8,178,573)	(8,178,573)	
FUND BALANCES, JULY 1, 2010, RESTATED	34,787,934	13,598,143	65,192,767	113,578,844	125,854,739
FUND BALANCES (DEFICIT), JUNE 30, 2011	\$ 13,526,039	\$ 18,231,278	\$ (5,205,285)	\$ 26,552,032	\$ 121,757,417

See accompanying notes to the basic financial statements

CULVER CITY REDEVELOPMENT AGENCY

Governmental Funds

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

For the Fiscal Year Ended June 30, 2011

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		\$ (87,026,812)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Accreted interest payable on Capital Appreciation Bonds is accrued and reflected as long-term debt in the Statement of Net Assets		(347,345)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capital outlay expenditures are, therefore, added back	\$ 1,162,296	
Depreciation expense	<u>(362,777)</u>	799,519
Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Principal expense	6,650,000	
Payment of advances	<u>3,500,000</u>	10,150,000
Bond issuance costs, discounts, premiums, and deferred loss on refunding are recorded as an expenditure/revenues in the governmental funds, but appear as deferred charges in the statement of net assets. These are amortized over the the lives of the respective debt:		
Amortization of bond issuance costs	(103,149)	
Amortization of original issue premiums/discounts	109,892	
Amortization of deferred loss on bond refunding	<u>(260,520)</u>	(253,777)
Proceeds from long-term debt issuance are reported as other financing sources on the governmental funds but are liabilities in the Statement of Net Assets.		(47,412,887)
Costs of debt issues are reported either as other financing uses or expenditures in the governmental funds, however, those costs are capitalized and amortized on the Statement of Activities.		
Bond issuance costs	692,083	
Original issue discount	<u>642,847</u>	1,334,930
Interest payable on long-term debt is accrued for Statement of Net Assets. The net change during the period.		(812,403)
Disposition of capital assets and long-term debt per a Cooperation Agreement are not recorded in the governmental funds statements.		
Adjusted basis of capital assets contributed or sold	(22,170,863)	
Balance of developer loan contributed	<u>750,752</u>	<u>(21,420,111)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u>\$ (144,988,886)</u>

See accompanying notes to the basic financial statements

CULVER CITY REDEVELOPMENT AGENCY

Notes to the Basic Financial Statements

June 30, 2011

Note 1 Summary of Significant Accounting Policies, (Continued)

(b) Basis of Accounting and Measurement Focus (Continued)

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. *Basis of accounting* refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 33.

Program revenues include charges for services and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are deducted from program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

Fund Financial Statements

The underlying accounting system of the Agency is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental funds are presented after the government-wide financial statements.

CULVER CITY REDEVELOPMENT AGENCY

Notes to the Basic Financial Statements

June 30, 2011

Note 1 Summary of Significant Accounting Policies, (Continued)

(b) Basis of Accounting and Measurement Focus (Continued)

In the fund financial statements, governmental funds are presented using the *modified-accrual basis of accounting*. Revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The Agency uses a sixty day availability period.

Revenue recognition is subject to the *measurable* and *available* criteria for the governmental funds in the fund financial statements. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. *Imposed non-exchange* transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary non-exchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources," since they do not represent net current assets. Recognition of governmental fund type revenues represented by noncurrent that resources were expended, rather than as fund assets. The proceeds of long-term receivables are deferred until they become current receivables. Noncurrent portions of other long-term receivables are offset by nonspendable fund balance accounts.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

CULVER CITY REDEVELOPMENT AGENCY

Notes to the Basic Financial Statements

June 30, 2011

Note 1 Summary of Significant Accounting Policies, (Continued)

(b) Basis of Accounting and Measurement Focus (Continued)

Amounts expended to acquire capital assets are recorded as *expenditures*. In the year debt is issued, it is recorded as *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

(c) Activities in Major Funds

The following funds are presented as major funds in the accompanying basic financial statements:

Special Revenue Fund — Low/Moderate-Income Housing — This fund is used to account for the 20% set aside for low and moderate income housing.

Debt Service Fund — This fund is used to account for the payment of principal, interest, and associated expenses related to the Agency's bonded indebtedness.

Capital Projects Fund — This fund is used to account for all of the Agency's capital projects and their administration.

(d) Tax Increment Revenue

The Agency has no power to levy and collect taxes, and any legislative property tax de-emphasis might reduce the amount of tax revenues that would otherwise be available to pay the principal of, and interest on, advances from the City of Culver City. Broadened property tax exemptions could have a similar effect. Conversely, any increase in the tax rate or assessed valuation, or any reduction or elimination of present exemptions, would increase the amount of tax revenues that would be available to pay principal and interest on tax allocation bonds and advances from the City and Public Financing Authority.

(e) Cash and Investments

Investments are reported in the accompanying balance sheet at fair value. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

CULVER CITY REDEVELOPMENT AGENCY

Notes to the Basic Financial Statements

June 30, 2011

Note 1 Summary of Significant Accounting Policies, (Continued)

(f) New Accounting Pronouncements

Government Accounting Standards Board Statement No. 54

For the fiscal year ended June 30, 2011, the Agency implemented Government Accounting Standards Board Statement No. 54 (GASB 54), "*Fund Balance Reporting and Governmental Fund Type Definitions*," The requirements of this statement are effective for financial statement periods beginning after June 15, 2010.

GASB 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied, and clarifies the existing governmental fund type definitions. It establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications are described in the Fund Equity section of this footnote.

The definitions of the special revenue fund type, capital projects fund type, and debt service fund type are also clarified by the provisions on this statement.

Government Accounting Standards Board Statement No. 59

For the fiscal year ended June 30, 2011, the Agency implemented GASB Statement No. 59, "*Financial Instrument Omnibus*". This Statement establishes standards to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The implementation of this Statement did not have an effect on these financial statements.

(g) Fund Equity

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the Agency is bound to honor constraints on how specific amounts can be spent.

- Nonspendable fund balance – amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.
- Restricted fund balance – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed fund balance – amounts that can only be used for specific purposes determined by formal action of the Agency's highest level of decision-making authority (the Board of Directors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

CULVER CITY REDEVELOPMENT AGENCY

Notes to the Basic Financial Statements

June 30, 2011

Note 1 Summary of Significant Accounting Policies, (Continued)

(g) Fund Equity (Continued)

- Assigned fund balance – amounts that are constrained by the Agency’s intent to be used for specific purposes. The intent can be established at either the highest level of decision making, or by a body or an official designated for that purpose.
- Unassigned fund balance – the residual classification for the Agency’s funds that include amounts not contained in the other classifications.

The Board of Directors establishes, modifies or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget amendments that occur throughout the fiscal year.

(h) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses, during the reporting period. Actual results could differ from those estimates.

(i) Prior Fiscal Year Information

Selected information regarding the prior fiscal year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Agency’s prior fiscal year financial statements, from which the selected financial data was derived.

Note 2 Cash and Investments

Cash and investments as of June 30, 2011 are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and investments	\$ 5,928,519
Cash and investments held by fiscal agents	<u>18,238,470</u>
Total cash and investments	<u>\$ 24,166,989</u>

Cash and investments as of June 30, 2011 consist of the following:

Deposits with financial institutions	\$ 4,400,164
Investments	<u>19,766,825</u>
Total cash and investments	<u>\$ 24,166,989</u>

CULVER CITY REDEVELOPMENT AGENCY

Notes to the Basic Financial Statements

June 30, 2011

Note 2 Cash and Investments, (Continued)

Investments Authorized by the California Government Code and the Agency's Investment Policy

This table identifies the investment types that are authorized for the Agency by the California Government Code and the Agency's investment policy. The table also identifies certain provisions of the California Government Code (or the Agency's investment policy, if more restrictive) that address interest rate risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the Agency, rather than the general provisions of the California Government Code or the Agency's investment policy.

<u>Investment Types</u> <u>Authorized by State Law</u>	<u>Authorized</u> <u>By Investment</u> <u>Policy</u>	<u>*Maximum</u> <u>Maturity</u>	<u>Maximum</u> <u>Percentage</u> <u>of Portfolio</u>	<u>*Maximum</u> <u>Investment</u> <u>in One Issuer</u>
Local Agency Bonds	Yes	3-5 years	None	None
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Agency Securities	Yes	5 years	None	30%
Banker's Acceptances	Yes	180 days	25%	5%
Commercial Paper	Yes	270 days	15%	5%
Negotiable Certificates of Deposit	No	2 years	30%	None
Repurchase Agreements	Yes	75 days	25%	None
Reverse Repurchase Agreements	Yes	75 days	15% of base value	None
Medium-Term Notes	Yes	3-5 years	20%	5%
Mutual Funds	No	N/A	20%	10%
Money Market Mutual Funds	Yes	N/A	20%	10%
Mortgage Pass-Through Securities	Yes	5 years	None	30%
County Pooled Investment Funds	No	N/A	None	None
Local Agency Investment Fund (LAIF)	Yes	N/A	None	None
JPA Pools (other investment pools)	No	N/A	None	None

*Based on state law requirements or investment policy requirements, whichever is more restrictive.

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the Agency's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of credit risk.

CULVER CITY REDEVELOPMENT AGENCY

Notes to the Basic Financial Statements

June 30, 2011

Note 2 Cash and Investments, (Continued)

Investments Authorized by Debt Agreements (Continued)

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	360 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	None	None	None
Investment Agreements	None	None	None
Local Agency Bonds	None	None	None
Medium Term Notes	None	None	None
Negotiable Certificate of Deposits	None	None	None
Local Agency Investment Fund (LAIF)	None	None	None

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 Agency 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 close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the Agency's investments and those held by bond trustees to market interest rate fluctuations is provided by the following table that shows the distribution of the Agency's investments by maturity.

Investment Type	Totals	Remaining maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
State Investment Pool	\$ 1,528,355	\$ 1,528,355	\$ -	\$ -	\$ -
Held by Fiscal Agents:					
Money Market Funds	8,460,327	8,460,327			
Investment Agreements	2,110,328		2,110,328		
Commercial Paper	3,363,054	3,363,054			
Federal Agencies	4,304,761			4,304,761	
	<u>\$ 19,766,825</u>	<u>\$ 13,351,736</u>	<u>\$ 2,110,328</u>	<u>\$ 4,304,761</u>	<u>\$ -</u>

CULVER CITY REDEVELOPMENT AGENCY

Notes to the Basic Financial Statements

June 30, 2011

Note 2 Cash and Investments, (Continued)

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 (where applicable) the California Government Code, the Agency's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

Investment Type	Amount	Minimum Legal Rating	Rating as of Fiscal Year End			
			AAA	AA+/A	B	Not Rated
State Investment Pool	\$ 1,528,355	N/A	\$ -	\$ -	\$ -	\$ 1,528,355
Held by Fiscal Agents:		N/A				
Money Market Funds	8,460,327	N/A	8,460,327			
Investment Agreements	2,110,328	N/A				2,110,328
Commercial Paper	3,363,054	N/A		3,363,054		
Federal Agencies	4,304,761	N/A	4,304,761			
Total	\$ 19,766,825		\$ 12,765,088	\$ 3,363,054	\$ -	\$ 3,638,683

Concentration of Credit Risk

The investments in any one issuer (other than U.S. Treasury securities, mutual funds, and investment pools) that represent 5% or more of total investments for the entire entity (or for each separate major fund or for nonmajor funds in the aggregate) are as follows:

Investments that represent more than 5% of total Agency investments in the Governmental Activities and the Agency's Debt Service Funds are:

- 1) Federal Agency Security – FNMA with a carrying value of \$4,304,761 and a maturity date of August 20, 2013.
- 2) Investment Agreement with FSA Capital Management. The carrying value is \$2,110,328 and matures on November 1, 2012.
- 3) Commercial Paper – U. S. Bank N.A. – open 16 month manual sweep. Carrying value is \$3,363,054.

Custodial Credit Risk

For the investments held by bond trustees, the bond trustee selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

CULVER CITY REDEVELOPMENT AGENCY

Notes to the Basic Financial Statements

June 30, 2011

Note 2 Cash and Investments, (Continued)

Investment in State Investment Pool

The Agency is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Agency's investment in this pool is reported in the accompanying financial statements at amounts based upon the Entity'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. LAIF is not rated.

Note 3 Long-Term Liabilities

Changes in long-term liabilities for the fiscal year ended June 30, 2011 are as follows:

	Balance at July 1, 2010	Additions	Amortization/ Deletion	Transfers per Cooperative Agreement	Balance at June 30, 2011	Due Within One Year
1993 Tax Allocation Refunding Revenue Bonds	\$ 24,125,000	\$ -	\$ (4,325,000)	\$ -	\$ 19,800,000	\$ 4,560,000
1999 Tax Allocation Refunding Revenue Bonds Series A	22,390,000		(1,005,000)		21,385,000	1,055,000
2002 Tax Allocation Bonds	20,675,000		(1,025,000)		19,650,000	1,070,000
2004 Tax Allocation Refunding Revenue Bonds Series A	66,145,000		(110,000)		66,035,000	115,000
2005 Tax Allocation Refunding Bonds	16,570,000		(185,000)		16,385,000	195,000
2011 Taxable Tax Allocation Revenue Bonds		33,585,000			33,585,000	
2011 Tax Exempt Tax Allocation Revenue Bonds		13,827,887			13,827,887	
Advance from City	3,500,000		(3,500,000)			
Developer Loan Payable	750,752			(750,752)		
Accreted Interest on 2011 Series A Tax Allocation Bonds		347,345			347,345	
Total long-term liabilities	154,155,752	47,760,232	(10,150,000)	(750,752)	191,015,232	6,995,000
Unamortized Original Issue Premium	1,688,145		(125,571)		1,562,574	125,571
Unamortized Original Issue Discount		(642,847)	15,679		(627,168)	(47,038)
Unamortized Bond Defeasance Loss	(1,338,309)		260,520		(1,077,789)	(260,520)
Net Long-Term Liabilities	\$ 154,505,588	\$ 47,117,385	\$ (9,999,372)	\$ (750,752)	\$ 190,872,849	\$ 6,813,013

CULVER CITY REDEVELOPMENT AGENCY

Notes to the Basic Financial Statements

June 30, 2011

Note 3 Long-Term Liabilities (Continued)

1993 Tax Allocation Refunding Revenue Bonds

In November 1993, the Culver City Redevelopment Financing Authority (Authority) issued \$128,070,000 of Revenue Bonds. The net proceeds of these bonds were used to provide loans to the Agency. The proceeds of such loans were used to advance refund a portion of the Agency's outstanding 1989 Series A and Series B Revenue Bonds.

Loans to the Agency from the Authority are at rates and payment terms identical to the underlying Revenue Bonds of the Authority; the required Reserve and Debt Service Funds for the Revenue bonds are maintained by the Agency; and the Agency reimburses the Authority for all of its other net costs, expenses or losses; therefore, the transactions of the Authority are included in the financial statements of the Agency and the transactions between the Agency and the Authority are eliminated for financial statement purposes.

In April 2004, the Agency issued \$83,470,000 in Tax Allocation Refunding Bonds 2004 Series A to advance refund \$81,790,000 of outstanding 1993 Tax Allocation Refunding Revenue Bonds.

The remaining outstanding term bonds are maturing in 2014 and are secured by pledged tax revenues. They are subject to mandatory redemption in part by lot on November 1 of each year commencing November 1, 2009, through maturity from sinking fund payments, in the amounts of \$4,100,000 to \$5,355,000 with an interest rate of 5.50%.

The aggregate amount of 1993 Tax Allocation Refunding Bonds outstanding at June 30, 2011 was \$19,800,000.

1999 Tax Allocation Refunding Bonds Series A and B

In October 1999, the Agency issued a total of \$51,475,000 in bonds consisting of \$31,940,000 in 1999 Series A Bonds (FSA Insured) and \$19,535,000 in 1999 Series B Bonds (uninsured). The Agency sold the bonds to the Financing Authority which then resold the bonds to affect a negotiated bond sale. The 1999 bonds were issued to refinance most of the remaining outstanding 1989 Bonds and generate new bond proceeds to finance redevelopment project activities within the merged Culver City Redevelopment Project. The bonds are secured by and payable from tax revenues from the Agency's merged Culver City Redevelopment Project.

CULVER CITY REDEVELOPMENT AGENCY

Notes to the Basic Financial Statements

June 30, 2011

Note 3 Long-Term Liabilities, (Continued)

1999 Tax Allocation Refunding Bonds Series A and B (Continued)

1999 Series A Tax Allocation Refunding Bonds (FSA Insured) — The outstanding \$21,385,000 of 1999 Series A Revenue bonds consist of \$3,330,000 of serial bonds that mature on November 1 in the years 2011 through 2013, in amounts from \$1,055,000 to \$1,170,000 and at interest rates of from 5.0% in 2011 to 5.200% in 2013; \$3,260,000, 5.375% term bonds maturing November 1, 2016; \$2,485,000, 5.600% term bonds maturing November 1, 2019; and \$12,310,000, 5.600% term bonds maturing November 1, 2025. Interest is payable on May 1 and November 1 of each year. The Series A bonds maturing on or after November 1, 2010, are subject to redemption as a whole or in part, by such maturities as the Agency designates, prior to their respective maturities at the option of the Agency on any date on or after November 1, 2009, from funds derived by the Agency from any source, at the following redemption prices (expressed as percentages of the principal amount of the Series A Bonds called for redemption) together with accrued interest thereon to the date fixed for redemption.

<u>Redemption Period</u>	<u>Redemption Price</u>
November 1, 2010 through October 31, 2011	101%
November 1, 2011 and thereafter	100%

The Series A Bonds maturing on November 1, 2016, November 1, 2019, and November 1, 2025, are also subject to redemption prior to their stated maturity, in part by lot from Series A sinking Account Installments deposited in the Series A sinking Account at the principal amount thereof and interest accrued thereon to the date fixed for redemption without premium in amounts from \$740,000 to \$4,870,000.

1999 Series B Tax Allocation Refunding Bonds (uninsured) — The outstanding 1999 Series B Revenue Bonds were redeemed through the issuance of the 2005 Tax Allocation Refunding Bonds in November 2005.

The aggregate amount of 1999 Tax Allocation Refunding Bonds — Series A outstanding at June 30, 2011 was \$21,385,000.

2002 Series A Tax Allocation Bonds

In April 2002, the Agency issued \$28,280,000 of Series A Bonds (MBIA insured) to finance eligible projects within the merged Culver City Redevelopment Project. The Bonds are secured by and payable from tax revenues from the Agency's merged Culver City Redevelopment Project.

The bonds consist of serial bonds that mature on November 1 as follows: a total of \$17,225,000 that matures from 2007 to 2020, in amounts from \$910,000 to \$1,665,000 and at interest rates from 4% in 2007 to 5.5% in 2020 and term bonds for \$6,290,000 maturing in 2025, at an interest rate of 5.125%. Interest is payable on May 1 and November 1 of each year.

CULVER CITY REDEVELOPMENT AGENCY

Notes to the Basic Financial Statements

June 30, 2011

Note 3 Long-Term Liabilities, (Continued)

2002 Series A Tax Allocation Bonds (Continued)

The 2002 Bonds maturing on or before November 1, 2011, are not subject to optional redemption prior to maturity. Those maturing on or after November 1, 2012, are subject to redemption as a whole or in part, by such maturities as the Agency designates, prior to their respective maturities, at the option of the Agency, on any date on or after May 1, 2011, at the following redemption prices (expressed as percentages of the principal amount of the bonds called for redemption) together with accrued interest thereon to the date fixed for redemption.

<u>Redemption Period</u>	<u>Redemption Price</u>
May 1, 2011 through April 30, 2012	101%
May 1, 2012 and thereafter	100%

The term bonds maturing on November 1, 2025 are also subject to mandatory redemption prior to their maturity, in part by lot, from sinking account installments deposited in the Sinking Account, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium, in amounts from \$1,015,000 to \$1,760,000.

In lieu of redemption of any term bond, amounts on deposit in the Special fund or in the Sinking Account therein may be used and withdrawn by the Trustee at any time, upon the written request of the Agency, for the purchase of such term bonds.

The aggregate amount of 2002 Series A Tax Allocation Bonds outstanding at June 30, 2011 was \$19,650,000.

2004 Series A Tax Allocation Refunding Bonds (insured)

The 2004 Series A Tax Allocation Refunding Bonds were issued for a total of \$83,470,000, to defease 1993 bonds consisting of Serial bonds that mature on November 1 in the years 2007 through 2023, in amounts from \$105,000 to \$8,630,000 and at interest rates from 2.5% to 5.0%. The bonds are secured by and payable from tax revenues from the Agency's merged Culver City Redevelopment Project.

The 2004 Bonds maturing on or before November 1, 2014, are not subject to optional redemption prior to maturity. Those maturing on and after November 1, 2015, are subject to redemption as a whole or in part, by such maturities as the Agency designates, prior to their respective maturities, at the option of the Agency, on any date on or after November 1, 2014, at the following redemption prices (expressed as percentages of the principal amount of the bonds called for redemption) together with accrued interest thereon to the date fixed for the redemption.

<u>Redemption Period</u>	<u>Redemption Price</u>
November 1, 2015 and thereafter	100%

The aggregate amount of 2004 Tax Allocation Refunding Revenue Bonds Series A outstanding at June 30, 2011 was \$66,035,000.

CULVER CITY REDEVELOPMENT AGENCY

Notes to the Basic Financial Statements

June 30, 2011

Note 3 Long-Term Liabilities, (Continued)

2005 Tax Allocation Refunding Bonds

On November 1, 2005, the Culver City Redevelopment Agency issued \$17,315,000 of Tax Allocation Refunding Bonds. These bonds were issued to redeem outstanding Subordinate Tax Allocation Refunding Bonds 1999 Series B. A total of \$16,956,394 was placed in escrow and invested in securities pending the December 28, 2005, redemption date. At the time of redemption, the requisition price exceeded the net carrying amount of the old debt by \$261,394. This amount is being netted against the new debt and amortized over the remaining life of the new debt, which is the same as the remaining life of the old debt.

The bonds are secured by and payable from tax revenues from the Agency's merged Culver City Redevelopment Project and were issued in denominations of \$5,000 with interest rates ranging from 3.50% to 5.0%. Interest payments are payable semiannually on May 1 and November 1, of each year, and commenced May 1, 2006. Principal payments are made on November 1 of each year and range from \$180,000 to \$290,000 through the year 2021.

Optional Redemption: The 2005 Bonds maturing on or before November 1, 2015, are not subject to optional redemption prior to maturity. The 2005 Bonds maturing on and after November 1, 2015, are subject to redemption as a whole or in part, by such maturities as the Agency designates, prior to their respective maturities at the option of the Agency on any date on or after November 1, 2014, from funds derived by the Agency from any source, at a redemption price equal to the principal amount of the 2005 Bonds called for redemption together with interest accrued thereon, without premium.

Mandatory redemption: The 2005 bond maturing on November 1, 2023 and November 1, 2025, are also subject to redemption prior to their stated maturity, in part by lot, from Sinking Account Installments deposited in the Sinking Account, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium.

The aggregate amount of 2005 Tax Allocation Refunding Revenue Bonds outstanding at June 30, 2011 was \$16,385,000.

2011 Tax Allocation Revenue Bonds

Series A

On March 4, 2011, the Agency issued \$13,827,887 of Series A Tax Allocation Capital Appreciation Bonds. The proceeds were used to: 1) pay costs of issuance, 2) provide a reserve, and 3) finance certain redevelopment activity within the project area.

These bonds are secured and payable from tax increment revenue of the Agency.

The bonds mature beginning November 1, 2019 with final payment of principal due on November 1, 2028. Interest is payable each November 1 beginning in 2019.

CULVER CITY REDEVELOPMENT AGENCY

Notes to the Basic Financial Statements

June 30, 2011

Note 3 Long-Term Liabilities, (Continued)

2011 Tax Allocation Revenue Bonds (Continued)

Series A (Continued)

Only the bonds maturing after November 1, 2024 are subject to redemption. These bonds may be redeemed in whole or in part beginning on or after November 1, 2021 at the accreted value at no premium.

The outstanding balance as of June 30, 2011 was \$13,827,887. The accreted interest amount on the Capital Appreciation Bonds at June 30, 2011 was \$374,345.

Series B

On March 4, 2011, the Agency issued \$33,585,000 of 2011 Series B Tax Allocation Bonds. The proceeds of the debt were used to: 1) fund a reserve, 2) pay for costs of issuance, and 3) finance certain projects within the project area. The bonds are secured by a pledge of tax increment revenue derived from the Agency.

Interest will be due semiannually each May 1 and November 1 with principal being due each November 1 beginning in 2012 with final maturity in 2024. Bonds maturity on or before November 1, 2020 are not subject to optional redemption, however those maturing on November 1, 2024 are subject to redemption in whole or part. Term bonds maturing on November 1, 2020 and 2024 are subject to redemption from sinking fund installments without premium beginning on November 1, 2016 through 2024. Interest rates vary from 3.00% to 6.00% on serial bonds due through November 1, 2015. Interest rates from 8.00% to 8.50% for term bonds due in 2020 and 2024.

The outstanding balance as of June 30, 2011 of the Series B 2010 Tax Appreciation Revenue bonds was \$33,585,000.

Pledged Revenues for Tax Allocation Bonds

The Agency has a number of debt issuances outstanding that are collateralized by the pledging of tax revenues. The amount and term of the remainder of these commitments are indicated in the debt service to maturity tables presented below. The purposes for which the proceeds of the related debt issuances were utilized are disclosed in the debt descriptions in the accompanying notes. For the current fiscal year, debt service payments as a percentage of the pledged gross revenue (or net of certain expenses where so required by the debt agreement) are indicated in the table below. These percentages also approximate the relationship of debt service to pledged revenue for the remainder of the term of the commitment:

<u>Description of Pledged Revenue</u>	<u>Annual Amount of Pledged Revenue (net of expenses, where required)</u>	<u>Annual Debt Service Payments (of all debt secured by this revenue)</u>	<u>Debt Service as a Percentage of Pledged Revenue</u>
Tax revenues	\$26,889,497	\$13,801,938	51%

CULVER CITY REDEVELOPMENT AGENCY

Notes to the Basic Financial Statements

June 30, 2011

Note 3 Long-Term Liabilities, (Continued)

Future annual requirements to amortize Tax Allocation Bonds are as follows:

Fiscal Year Ending June 30,	1993 Tax Allocation Bonds		
	Principal	Interest	Total
2012	\$ 4,560,000	\$ 963,600	\$ 5,523,600
2013	4,815,000	705,788	5,520,788
2014	5,070,000	433,950	5,503,950
2015	5,355,000	147,262	5,502,262
	<u>\$ 19,800,000</u>	<u>\$ 2,250,600</u>	<u>\$ 22,050,600</u>

Fiscal Year Ending June 30,	1999 A Tax Allocation Bonds		
	Principal	Interest	Total
2012	\$ 1,055,000	\$ 1,147,315	\$ 2,202,315
2013	1,105,000	1,092,763	2,197,763
2014	1,170,000	1,034,165	2,204,165
2015	1,225,000	970,823	2,195,823
2016	1,295,000	903,098	2,198,098
2017-2021	4,150,000	3,794,007	7,944,007
2022-2026	11,385,000	2,263,380	13,648,380
	<u>\$ 21,385,000</u>	<u>\$ 11,205,551</u>	<u>\$ 32,590,551</u>

Fiscal Year Ending June 30,	2002 A Tax Allocation Bonds		
	Principal	Interest	Total
2012	\$ 1,070,000	\$ 986,875	\$ 2,056,875
2013	1,115,000	937,713	2,052,713
2014	1,170,000	884,837	2,054,837
2015	1,225,000	827,956	2,052,956
2016	1,280,000	766,862	2,046,862
2017-2021	7,500,000	2,686,788	10,186,788
2022-2026	6,290,000	763,367	7,053,367
	<u>\$ 19,650,000</u>	<u>\$ 7,854,398</u>	<u>\$ 27,504,398</u>

CULVER CITY REDEVELOPMENT AGENCY

Notes to the Basic Financial Statements

June 30, 2011

Note 3 Long-Term Liabilities, (Continued)

Future annual requirements to amortize Tax Allocation Bonds are as follows:

Fiscal Year Ending June 30,	2004 A Tax Allocation Bonds		
	Principal	Interest	Total
2012	\$ 115,000	\$ 2,910,273	\$ 3,025,273
2013	115,000	2,906,708	3,021,708
2014	120,000	2,902,843	3,022,843
2015	125,000	2,898,553	3,023,553
2016	5,775,000	2,751,913	8,526,913
2017-2021	36,535,000	9,125,899	45,660,899
2022-2026	23,250,000	1,455,892	24,705,892
	<u>\$ 66,035,000</u>	<u>\$ 24,952,081</u>	<u>\$ 90,987,081</u>

Fiscal Year Ending June 30,	2005 Tax Allocation Bonds		
	Principal	Interest	Total
2012	\$ 195,000	\$ 792,401	\$ 987,401
2013	200,000	784,988	984,988
2014	210,000	776,788	986,788
2015	220,000	768,188	988,188
2016	225,000	758,726	983,726
2017-2021	1,285,000	3,641,400	4,926,400
2022-2026	14,050,000	2,128,662	16,178,662
	<u>\$ 16,385,000</u>	<u>\$ 9,651,153</u>	<u>\$ 26,036,153</u>

Fiscal Year Ending June 30,	2011 A Tax Allocation Bonds		
	Principal	Interest	Total
2012	\$ -	\$ -	\$ -
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017-2021	2,824,801	2,325,199	5,150,000
2022-2026	4,747,294	7,042,706	11,790,000
2027-2029	6,255,792	17,879,208	24,135,000
	<u>\$ 13,827,887</u>	<u>\$ 27,247,113</u>	<u>\$ 41,075,000</u>

CULVER CITY REDEVELOPMENT AGENCY

Notes to the Basic Financial Statements

June 30, 2011

Note 3 Long-Term Liabilities, (Continued)

Future annual requirements to amortize Tax Allocation Bonds are as follows:

Fiscal Year Ending June 30,	2011 B Tax Allocation Bonds		
	Principal	Interest	Total
2012	\$ -	\$ 2,952,476	\$ 2,952,476
2013	265,000	2,544,925	2,809,925
2014	265,000	2,535,650	2,800,650
2015	3,255,000	2,448,975	5,703,975
2016	3,425,000	2,264,850	5,689,850
2017-2021	15,955,000	7,229,500	23,184,500
2022-2025	10,420,000	1,851,725	12,271,725
	<u>\$ 33,585,000</u>	<u>\$ 21,828,101</u>	<u>\$ 55,413,101</u>

Advance from City of Culver City

In June 2007, the City made a \$9,000,000 cooperation loan to the Agency with a one year term at a rate of 5.7% per annum. Due to the existing economic environment in June 2008, the City approved a deferment of loan payment at the request of the Agency. In June 2009, the Agency and City extended the maturity date subject to the condition of the Agency making a partial payment of \$3,500,000 plus accrued interest by June 2010. The outstanding loan balance is \$0 as of June 30, 2011.

Developer Loan Payable

In August 2004, the Agency received a loan of \$1,200,000 secured by a deed of trust on real property pursuant to a Disposition and Development Agreement to provide funding for the Town Plaza Project, which includes a movie theater. The loan accrues interest at 12% and is repaid monthly from proceeds from the theater operations. Residuals following the loan payment are paid to the Agency to reimburse the cost of construction per a monthly schedule including interest on an unsecured basis. Remaining theater cash flows following the above expenditures are paid 75% to the Agency and 25% to the developer. At June 30, 2011, the outstanding amount payable is \$0 as the Agency transferred the liability to the City as part of a Cooperation Agreement in 2011.

Note 4 Advances To/From Other Funds

For the three fiscal years ending June 30, 2006, the State of California required the Redevelopment Agency to pay a total of \$5,498,000 to the County of Los Angeles administrated Education Revenue Augmentation Fund (ERAF). It also allowed the Redevelopment Agency to borrow 50% of that amount from the Agency's Low/Moderate Income Housing Fund. The Low/Moderate Income Housing Fund loaned the Capital Projects Fund \$2,088,693 to be repaid at a term no longer than ten (10) years without interest. Additionally, for the fiscal year ended June 30, 2010 the Low/Moderate Income Housing fund loaned the Capital Projects Fund \$10,946,277 to fund the Supplemental Education Revenue Augmentation Fund. The balance due and owed is as follows:

<u>Advances To Other Funds</u>	<u>Advances From Other Funds</u>	<u>Amount</u>
Low/Mod Housing Fund	Capital Projects Fund	\$10,464,970

CULVER CITY REDEVELOPMENT AGENCY

Notes to the Basic Financial Statements

June 30, 2011

Note 5 Loans Receivable

The Agency offers an economic development incentive program to provide financial assistance to property and business owners for physical improvements to existing buildings located within a redevelopment component area in the city. The amount of such financial assistance loans are not intended to be more than is needed to "close the gap" for funding meaningful improvements or more than the economic benefit to be realized by the City and Agency in new or increased taxes. The Agency has made a total of seven such loans. These loans are deferred and may be forgiven, if certain economic performance benchmarks are achieved. In 2011, the Agency transferred these loans to the City as part of the Cooperation Agreement.

The total amount of loans receivable for the above programs at June 30, 2011 was \$0.

Note 6 Capital Assets

Capital asset activity for the fiscal year ended June 30, 2011 is as follows:

	Balance at July 1, 2010	Prior Period Adjustments	Additions	Transfers Per Cooperation Agreement	Balance at June 30, 2011
Buildings	\$ 18,605,595	\$ -	\$ 6,020	\$ (15,181,877)	\$ 3,429,738
Improvements	355,498		8,100		363,598
Equipment	11,516				11,516
Infrastructure	2,314,649		299,223	(7,500)	2,606,372
Total cost of depreciable assets	21,287,258		313,343	(15,189,377)	6,411,224
Less accumulated depreciation:					
Buildings	(1,915,670)		(292,997)	1,981,460	(227,207)
Improvements	(33,939)		(18,112)		(52,051)
Equipment	(7,196)		(1,439)		(8,635)
Infrastructure	(46,855)		(50,229)	825	(96,259)
Total accumulated depreciation	(2,003,660)		(362,777)	1,982,285	(384,152)
Net depreciable assets	19,283,598		(49,434)	(13,207,092)	6,027,072
Capital assets, not depreciated:					
Land	710,310	7,628,573	624,888	(8,963,771)	
Construction in progress			224,065		224,065
Total capital assets	\$ 19,993,908	\$ 7,628,573	\$ 799,519	\$ (22,170,863)	\$ 6,251,137

CULVER CITY REDEVELOPMENT AGENCY

Notes to the Basic Financial Statements

June 30, 2011

Note 6 Capital Assets (Continued)

Depreciation expense of \$362,777 was charged to community development expense in the statement of activities.

Note 7 Transfers

The following schedule summarizes the Agency's transfer activity:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Low/Mod Housing Fund	Capital Projects Fund	\$ 7,264,181 (a)
Debt Service Fund	Capital Projects Fund	18,274,764 (b)
Capital Projects Fund	Low/Mod Housing Fund	<u>652,037</u>
	Total	<u>\$ 26,190,982</u>

(a) Transfers were made to set aside 20% of the total tax increment for low/moderate income housing as required by State Redevelopment Law.

(b) Transfers were made for the payment of principal, interest, and associated expenses related to the Agency's bonded indebtedness.

Note 8 Contingencies

When adopting its budget for fiscal year 2009-10, the State of California reflected in that budget a shift of a significant portion of tax increment revenue from redevelopment agencies to school districts for fiscal years 2009-10 and 2010-11. The California Redevelopment Association filed a lawsuit challenging the legality of this tax shift. The lawsuit is currently in appeals court following an initial verdict in favor of the defendant.

While a decision on the matter is still pending, the Agency was required to make the fiscal year 2010 payment of \$10,964,277. The payment made in fiscal year 2011 was \$2,253,645.

The Agency is involved in litigation arising in the normal course of business. In the opinion of the Agency's counsel and management, this litigation will not have a material adverse effect on the financial condition on the Agency.

The Redevelopment Agency operates pursuant to the provisions of California Redevelopment Law (Health & Safety Code Section 33000 et seq.). On June 28, 2011, the California Legislature adopted Assembly Bill XI 26 (Dissolution Act) and Assembly Bill XI 27 (Continuation Act). The express purpose of the Dissolution Act was to provide for the elimination of redevelopment agencies, and to direct the orderly distribution of a former redevelopment agency's assets and liabilities. The purpose of Continuation Act was to provide a voluntary alternative for local governments to continue redevelopment activities. Taken together, these Acts require the Agency and its sponsoring community (the City) to take several legislative actions to implement their various provisions.

CULVER CITY REDEVELOPMENT AGENCY

Notes to the Basic Financial Statements

June 30, 2011

Note 8 Contingencies (Continued)

If the City, as the Agency's sponsoring community, does not elect to continue the Agency under the provisions of the Continuation Act, the Agency will be deemed dissolved effective October 1, 2011. Under the provisions of the Dissolution Act, an "Enforceable Payment Obligation Schedule" (EOPS) will be adopted by the Agency and presented to the County Auditor-Controller for certification. The last official act of the Agency will be to provide a draft "Recognized Obligation Payment Schedule" (ROPS) to a successor agency. The ROPS is subject to an independent audit and a review by an independent oversight board. Once audited and accepted by the oversight board, the County Auditor & Controller is directed to retain an amount of tax increment sufficient to meet the ongoing cost of enforceable obligations, and then distribute the remainder of revenues to the affected taxing agencies.

If the City elects to continue the Agency, the City Council must enact a non-binding resolution of its intent to continue the Agency no later than October 1, 2011, and it must also enact an ordinance agreeing to comply with the Continuation Act no later than November 1, 2011. Pursuant to the Continuation Act, the City must then make an annual payment, which may be reimbursed by the Agency. The required payment, which was calculated by the State Department of Finance and released to the City on August 1, 2011, will be \$12,044,227 for FY 2011-12. Subsequent remittance payments will be calculated using a statutory ratio that will be applied to the FY 2011-12 payment and adjusted for inflation and other items. The Agency estimates that the payment for FY 2012-13 will be \$2,300,000.

The City has not recorded any liability related to these Acts in these financial statements. At the close of FY 2010-11 the amount of the required payment was not yet known. The California Redevelopment Association, the League of California Cities, and two cities have sued to prevent enforcement of the Acts. On August 11, 2011, the Supreme Court of California (Supreme Court) agreed to hear the lawsuit and committed to issuing a decision by January 15, 2012. The Supreme Court also issued a stay of many elements of the Acts, including dissolution, County actions required for continuation, and the required payment, until the Supreme Court rules on the merits of the case. The deadlines imposed by the Acts with respect to affirmation of continuation are expected to be re-set by the Supreme Court at that time, depending on its decision. If the Supreme Court upholds these Acts, the realization of any costs related to the Continuation Act is subject to an action by the City Council taken subsequent to the issuance of this report.

Should the City Council elect to discontinue the Agency, it would then be dissolved and its rights, obligations and responsibilities would be assigned to a successor agency. If the Supreme Court upholds these Acts, the City Council will consider the ordinance required for continuation of the Agency subsequent to the issuance of this report.

CULVER CITY REDEVELOPMENT AGENCY

Notes to the Basic Financial Statements

June 30, 2011

Note 9 Subsequent Events

The City introduced the Continuation Ordinance on July 11, 2011. On June 28, 2011, the California Legislature adopted Assembly Bill XI 26 (Dissolution Act) and Assembly Bill XI 27 (Continuation Act) (additional information on this legislation is available in Note 12). On August 22, 2011, the Board of Directors of the Redevelopment Agency adopted the Enforceable Obligation Payment schedule and, on September 26, 2011, the Recognized Obligation Payment Schedule and an amended Enforceable Obligation Schedule. Both schedules are required by the Dissolution Act. No other actions have been taken in light of the stay orders issued by the California Supreme Court California Redevelopment Assn. v. Matosantos (SI94861). If the Dissolution Act and Continuation Act are upheld, the Agency will be required to make a determination to continue or to dissolve the Agency. These actions will be taken subsequent to the issuance of this report.

Note 10 Net Assets and Fund Balances

GASB Statement No. 34 adds the concept of Net Assets, which is measured on the full accrual basis, to the concept of Fund Balance, which is measured on the modified accrual basis.

A. **Net Assets**

Net Assets are divided into three captions under GASB Statement No. 34. These captions apply only to Net Assets as determined at the Government-wide level, and are described below:

Invested in Capital Assets, net of related debt describes the portion of Net Assets which is represented by the current net book value of the Agency's capital assets, less the outstanding balance of any debt issued to finance these capital assets.

Restricted describes the portion of Net Assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the Agency cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, and redevelopment funds restricted to low and moderate income housing purposes.

Unrestricted describes the portion of Net Assets which is not restricted as to use.

B. **Fund Balances**

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, committed, assigned, and unassigned fund balance. The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balances are those that have externally imposed restrictions on their usage by creditors, such as through debt covenants, grantors, contributors, or laws and regulations. The Agency does not have any committed or assigned fund balances at June 30, 2011.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, followed by the unrestricted, committed, assigned and unassigned resources as they are needed.

CULVER CITY REDEVELOPMENT AGENCY

Notes to the Basic Financial Statements

June 30, 2011

Note 10 Net Assets and Fund Balances (Continued)

The following are descriptions of the fund balances of the Agency at June 30, 2011,

a) Nonspendable

The Agency has classified as nonspendable that portion of fund balance in its Low/Mod Housing Special Revenue Fund that represents \$10,464,970 of advances for other funds. These funds are not available for spending.

b) Restricted

The Agency's Low/Mod Housing Special Revenue Fund reports \$3,061,069 as restricted fund balance as the amount of available balance in this fund can only be spent for affordable housing per the California Health and Safety Code.

The Agency's Debt Service Fund reports \$18,231,278 as restricted fund balance as these are reserves required by the various debt indentures.

The Capital Projects Fund reflects a deficit fund balance in the amount of \$5,205,285. This was due to the fund transferring assets to the City per the Cooperative Agreement. Future tax increment revenue will offset the deficit.

Note 11 Related Party Transactions

On January 15, 2011, the Agency and the City of Culver City (City) entered into a purchase and sale agreement whereby the Agency (as buyer) purchased a property located at 3846 Cardiff Ave., Culver City, CA from the City (Seller). The purchase/sale price was \$14 million. As the Agency is a Component Unit of the City, the transaction is one between related entities and no gain or loss is recognized. The difference between the carrying value and the current fair value of the property is \$8,081,889. The City earned \$403 in interest as a result of this transaction. The Agency transferred the Cardiff Parking Property to the Culver City Parking Authority shortly after purchase for no consideration.

The Agency has no employees and utilizes the staff of the City of Culver City. Such staff personnel are members of the Public Employees' Retirement System (PERS) administered by the State of California into which the City and its employees contribute. Specific attribution of the Agency's retirement obligation is not possible. Reference is made to the notes to the basic financial statements in the Comprehensive Annual Financial Report of the City of Culver City for a detailed discussion of the status of the City's retirement plan and funding capabilities.

The Agency indirectly reimburses the City for unemployment and workers' compensation insurance costs incurred.

The Agency rents its office space within City Hall from the City. The annual amount of rent paid is approximately \$225,000.

In January and February 2011, the Agency and the City entered into Cooperation Agreements whereby the City will purchase and receive certain assets, liabilities, options, rents, leases, and other agreements. Under these Cooperation Agreements, the City will be able to assist the Agency in carrying out its intended purpose – revitalize and eliminate blight in certain areas within the Agency as well as provide affordable housing.

CULVER CITY REDEVELOPMENT AGENCY

Notes to the Basic Financial Statements

June 30, 2011

Note 11 Related Party Transactions (Continued)

Under these agreements, the City purchased each piece of property for \$10. The City will record each piece at its original cost basis to the Agency with the difference as a transfer. The Agency's and City's intent is to be able to continue the projects, agreements, and plans of the Agency.

Note 12 Prior Period Adjustments

During the fiscal year ended June 30, 2011, the Agency reviewed its capital assets and land held for resale and determined that 15 parcels previously reported as land held for resale were actually capital assets of the Agency. The parcels' cost and respective prior period adjustment amounts to \$7,628,573. The Agency also sold a parcel of Land Held for Resale in a prior year but did not delete this from its asset holdings in the amount of \$550,000.

Note 13 Financial Condition

At June 30, 2011, the Agency has a deficit net assets in the amount of \$158,271,261. Management has considered this deficit and believes that future tax increment will be enough to alleviate this deficit.

Note 14 Cooperation Agreement

During the fiscal year ended June 30, 2011, the Agency entered into a Cooperative Agreement with the City of Culver City. Per the Agreement, the Agency was to transfer certain assets, liabilities, options, rents, leases, and other agreements to the City. The City will then be able to assist the Agency in carrying out its intended purpose.

The Agency transferred loans and notes receivable, land held for resale, cash, capital assets, and a developer loan payable to the City. The total amount of assets and liabilities transferred by the governmental funds was \$119,586,426. The total transferred by the governmental activities was \$118,835,674 which also included the transfer of the developer loan payable of \$750,752.

Note 15 Low and Moderate Income Housing

According to Health and Safety Code Section 33334.2, the Redevelopment Agency is required to set aside 20% of its tax increment into a fund for low and moderate income housing. In accordance with Health and Safety Code Section 33334.6, due to pre-existing obligations, between FY 1985-86 and FY 1995-96, the Agency was able to defer setting aside tax increment into the Low and Moderate Income Housing Fund in order to provide for the orderly and timely completion of public and private projects, programs activities. The amount deferred became an indebtedness of the Agency. On June 2, 1997, the Culver City Redevelopment Agency adopted a motion stating that the Housing deficit in the Low and Moderate Income Housing Funds be satisfied in future years, after existing bonded indebtedness has been repaid, and that the deficit will be repaid in then current dollars at the various times of repayment based on the amount of the deficit increasing annually at a rate equal to the City's annual investment rate. As of June 30, 2011, the amount of that deficit, plus accrued interest, was \$34,887,844.

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REQUIRED SUPPLEMENTARY INFORMATION

CULVER CITY REDEVELOPMENT AGENCY

Notes to the Required Supplementary Information

For the Fiscal Year Ended June 30, 2011

Note 1 Budgets and Budgetary Data

The adopted budget of the Redevelopment Agency consists of a resolution specifying the total appropriation for each program activity.

Total appropriations for each fund may only be increased or decreased by the Agency Board by passage of a budget amendment, with the exception of budget adjustments which involve offsetting revenues and expenditures. In cases involving offsetting revenues and expenditures, the Chief Financial Officer is authorized to increase or decrease an appropriation for a specific purpose where said appropriation is offset by unbudgeted revenue which is designated for said specific purpose.

The Executive Director and Assistant Executive Director have authority to adjust the amounts appropriated between the departments and activities of a fund, objects within each departmental activity and between accounts within the objects, provided, however, that the total appropriations for each fund may not exceed the amounts provided in the budget resolution.

The level on which expenditures may not legally exceed appropriations is the fund level.

All appropriations lapse at fiscal year-end unless Agency Board takes formal action in the form of a resolution to continue the appropriation into the following fiscal year.

Budgets for the various funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (US GAAP). Annual appropriated budgets are legally adopted for the special revenue, capital projects, and debt service funds.

CULVER CITY REDEVELOPMENT AGENCY

Low/Moderate Income Housing Special Revenue Fund

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

For the Fiscal Year Ended June 30, 2011

Comparative Totals for the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Prior Year Actual
	Original	Final		Positive (Negative)	
REVENUE:					
Investment income	\$ 200,000	\$ 200,000	\$ 50,150	\$ (149,850)	\$ 457,790
Charges for services	75,000	75,000	51,000	(24,000)	67,000
Intergovernmental					1,684
TOTAL REVENUE	275,000	275,000	101,150	(173,850)	526,474
EXPENDITURES:					
Current:					
Community development	5,074,923	5,139,207	2,618,895	2,520,312	2,842,937
Capital outlay	2,412,200	2,487,179	401	2,486,778	5,734
TOTAL EXPENDITURES	7,487,123	7,626,386	2,619,296	5,007,090	2,848,671
Excess of revenues over (under) expenditures	(7,212,123)	(7,351,386)	(2,518,146)	4,833,240	(2,322,197)
OTHER FINANCING SOURCES (USES):					
Transfers in	10,273,800	9,552,000	7,264,181	(2,287,819)	7,449,933
Transfers out	(652,483)	(652,483)	(652,037)	446	(652,295)
TOTAL OTHER FINANCING SOURCES (USES)	9,621,317	8,899,517	6,612,144	(2,287,373)	6,797,638
Special Item - Cooperation Agreements		(25,100,000)	(25,355,893)	(255,893)	
Net change in fund balance	2,409,194	(23,551,869)	(21,261,895)	2,289,974	4,475,441
FUND BALANCE, BEGINNING OF THE FISCAL YEAR	34,787,934	34,787,934	34,787,934		30,312,493
FUND BALANCE, END OF THE FISCAL YEAR	\$ 37,197,128	\$ 11,236,065	\$ 13,526,039	\$ 2,289,974	\$ 34,787,934

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OTHER SUPPLEMENTARY INFORMATION

CULVER CITY REDEVELOPMENT AGENCY

Debt Service Fund

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

For the Fiscal Year Ended June 30, 2011

Comparative Totals for the Fiscal Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	Prior Year Actual
REVENUE:				
Investment income	\$ -	\$ 160,308	\$ 160,308	\$ 151,938
TOTAL REVENUE		<u>160,308</u>	<u>160,308</u>	<u>151,938</u>
EXPENDITURES:				
Debt Service:				
Principal	6,424,500	6,650,000	(225,500)	6,330,000
Interest and fiscal charges	7,547,923	7,151,937	395,986	7,482,512
TOTAL EXPENDITURES	<u>13,972,423</u>	<u>13,801,937</u>	<u>170,486</u>	<u>13,812,512</u>
Excess of revenues over (under) expenditures	<u>(13,972,423)</u>	<u>(13,641,629)</u>	<u>330,794</u>	<u>(13,660,574)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>13,972,423</u>	<u>18,274,764</u>	<u>4,302,341</u>	<u>13,064,014</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>13,972,423</u>	<u>18,274,764</u>	<u>4,302,341</u>	<u>13,064,014</u>
Net change in fund balance		<u>4,633,135</u>	<u>4,633,135</u>	<u>(596,560)</u>
FUND BALANCE, BEGINNING OF THE FISCAL YEAR	<u>13,598,143</u>	<u>13,598,143</u>		<u>14,194,703</u>
FUND BALANCE, END OF THE FISCAL YEAR	<u>\$ 13,598,143</u>	<u>\$ 18,231,278</u>	<u>\$ 4,633,135</u>	<u>\$ 13,598,143</u>

CULVER CITY REDEVELOPMENT AGENCY

Capital Projects Fund

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

For the Fiscal Year Ended June 30, 2011

Comparative Totals for the Fiscal Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	Prior Year Actual
REVENUE:				
Tax increment	\$ 35,010,000	\$ 36,320,903	\$ 1,310,903	\$ 37,249,668
Charges for services	2,815,120	2,009,680	(805,440)	4,046,540
Investment income	817,000	244,791	(572,209)	1,278,711
Other	17,450	20,472	3,022	364,481
TOTAL REVENUE	38,659,570	38,595,846	(63,724)	42,939,400
EXPENDITURES:				
Current:				
Community development	31,381,972	20,526,213	10,855,759	6,490,482
Public works	1,074,259	1,134,838	(60,579)	1,877,398
Pass-through payments	8,699,418	7,177,761	1,521,657	5,548,474
SERAF payments	2,253,645	2,253,645		10,946,277
Capital outlay	13,321,778	1,223,673	12,098,105	543,051
Debt service:				
Bond issuance costs	71,000	692,083	(621,083)	
Principal				1,650,236
Interest and fiscal charges	105,000	138,284	(33,284)	498,033
Repayment of advance	3,500,000	3,500,000		3,500,000
TOTAL EXPENDITURES	60,407,072	36,646,497	23,760,575	31,053,951
Excess of revenues over (under) expenditures	<u>(21,747,502)</u>	<u>1,949,349</u>	<u>23,696,851</u>	<u>11,885,449</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from debt issuance		47,412,887	47,412,887	
Original issue discount		(642,847)	(642,847)	
Transfers in	652,483	652,037	(446)	652,295
Transfers out	(23,524,423)	(25,538,945)	(2,014,522)	(20,513,947)
TOTAL OTHER FINANCING SOURCES (USES)	(22,871,940)	21,883,132	44,755,072	(19,861,652)
Special Items - Cooperation Agreements	<u>(66,800,000)</u>	<u>(94,230,533)</u>	<u>(27,430,533)</u>	
Net change in fund balance	<u>(111,419,442)</u>	<u>(70,398,052)</u>	<u>41,021,390</u>	<u>(7,976,203)</u>
FUND BALANCE, BEGINNING OF THE FISCAL YEAR	73,371,340	73,371,340		81,347,543
PRIOR PERIOD ADJUSTMENTS		<u>(8,178,573)</u>	<u>(8,178,573)</u>	
FUND BALANCE, BEGINNING OF THE FISCAL YEAR, RESTATED	73,371,340	65,192,767	(8,178,573)	81,347,543
FUND BALANCE, END OF THE FISCAL YEAR	<u>\$ (38,048,102)</u>	<u>\$ (5,205,285)</u>	<u>\$ 32,842,817</u>	<u>\$ 73,371,340</u>

CULVER CITY REDEVELOPMENT AGENCY

Computation of Low and Moderate Income Housing Fund Excess/Surplus

For the Fiscal Year Ended June 30, 2011

	Low and Moderate Housing Funds All Project Funds
Fund balance at July 1, 2011	\$ 13,526,039
Less unavailable amounts:	
SERAF/ERAF loans	<u>(10,464,970)</u>
	(10,464,970)
Available low and moderate income housing funds	3,061,069
Limitation (greater of \$1,000,000 or four years set-aside)	
Set-aside for last four years:	
2010-2011	7,264,181
2009-2010	7,449,933
2008-2009	7,602,922
2007-2008	<u>6,277,543</u>
Total set-aside	<u>28,594,579</u>
Base limitation	<u>\$ 1,000,000</u>
Greater amount	<u>\$ 28,594,579</u>
Computed Excess/Surplus	<u>NONE</u>



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND OTHER MATTERS
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

Honorable Chair and Members of the Governing Board
Culver City Redevelopment Agency
Culver City, California

We have audited the financial statements of the Culver City Redevelopment Agency ("Agency") as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated November 29, 2011. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Such provisions include those provisions of laws and regulations identified in the *Guidelines for Compliance Audits of California Redevelopment Agencies* issued by the California State Controller. 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 instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters we reported to the management of the Agency and the City of Culver City in a separate letter dated November 29, 2011.

This report is intended solely for the information of the Agency's Board of Directors, Management of the Agency, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
November 29, 2011



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**INDEPENDENT AUDITOR'S REPORT ON
CALIFORNIA REDEVELOPMENT AGENCIES COMPLIANCE**

Members of the Governing Board
Culver City Redevelopment Agency
Culver City, California

Compliance

We have audited the Culver City Redevelopment Agency's (Agency) compliance with the *Guidelines for Compliance Audits of California Redevelopment Agencies* issued by the California State Controller applicable to the Agency for the fiscal year ended June 30, 2011. Compliance with the requirements referred to above is the responsibility of Agency's management. Our responsibility is to express an opinion on Agency's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Guidelines for Compliance Audits of California Redevelopment Agencies* issued by the California State Controller. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on State laws and regulations occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Agency's compliance with those requirements.

In our opinion, the Culver City Redevelopment Agency complied, in all material respects, with the compliance requirements referred to above that are applicable to the compliance requirements for the fiscal year ended June 30, 2011.

Internal Control Over Compliance

Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered Agency's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the Agency's Board of Directors, management, and the California State Controller's Office Division of Accounting and Reporting, and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Levy & Hartzheim

MOSS, LEVY & HARTZHEIM, LLP
Culver City, California
November 29, 2011