



Comprehensive Annual Financial Report

City of Redondo Beach, California
For the year ending June 30, 2009



City of Redondo Beach

Redondo Beach, California

Comprehensive Annual Financial Report

For the year ended June 30, 2009

PREPARED BY THE CITY OF REDONDO BEACH, CALIFORNIA

FINANCIAL SERVICES DEPARTMENT

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December 15, 2009

Honorable Mayor, City Council and
Citizens of the City of Redondo Beach:

The Financial Principles of the City of Redondo Beach require we issue the Comprehensive Annual Financial Report by the second Council meeting in December of each year. Pursuant to this requirement, we hereby submit the Comprehensive Annual Financial Report (CAFR) of the City of Redondo Beach, California (City), for the fiscal year ended June 30, 2009. These financial statements are presented in conformance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by an independent firm of licensed certified public accountants.

The primary purpose in providing this report, as defined by the City Charter, is to inform the Mayor and City Council of all financial and administrative activities of the previous fiscal year. In addition, this report is directed to two other groups: the citizens of Redondo Beach and the financial community. For the citizens, the report provides an opportunity to correlate City services and accomplishments with the expenditure of financial resources. For the financial community, this report provides information necessary to evaluate financial practices of the City, assure their soundness in accordance with GAAP, and determine the financial capacity of the City to incur and service debt for long-range capital planning.

Responsibility for the accuracy of the data presented and completeness and fairness of the presentation, including disclosures, rests with the City. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed to protect the City's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformance with GAAP. Because the cost of internal controls should not outweigh the benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

GAAP requires that management provide a narrative introduction, i.e., overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors in the financial section of the CAFR.

PROFILE OF THE CITY OF REDONDO BEACH

The City of Redondo Beach, incorporated in 1892, is located in the South Bay part of Los Angeles County and spans 6.3 square miles. According to the State of California's Department of Finance, Redondo Beach has a population of 67,646 as of January 1, 2009, remaining relatively flat with 2008. The City remains a highly residential, non-industrial community. It is a highly-educated, upscale community where the median cost of a home is \$751,200.

Redondo Beach has significant concentrations of employment and retail activity in the northern industrial complex anchored by Northrop Grumman, while the South Bay Galleria anchors the east end of the City. The Harbor/Pier area also contributes to the City's economy, and an eclectic mix of specialty shops and services known as the Riviera Village is located at the south end. Based on the number of full-time employees, the top ten employers in Redondo Beach are Northrop Grumman, Beach Cities Health District, the City, Nordstrom, Redondo Beach Unified School District, Macy's, Crown Plaza, Target, DHL Global Forwarding, and the U.S. Post Office.

The City is divided into five districts and operates under a Council-Manager form of government. One councilperson is elected from each district and serves a term of four years, with a limit of two full terms. The Mayor is elected by the City at large, also limited to serving two full terms of four years each. Other elected officials are the City Treasurer, City Attorney and City Clerk - all serving terms of four years, but can be re-elected an unlimited number of times. The City Council is responsible for, among other things, passing ordinances, adopting the budget, establishing policy, appointing committees/commissions and appointing a City Manager.

In addition to sitting as the governing board of the City, the Mayor and City Council act as the Board of Directors for various component units of the City: the Redondo Beach Housing Authority, the Redondo Beach Public Financing Authority, the Parking Authority of the City of Redondo Beach, and the Redevelopment Agency of the City of Redondo Beach. The City Manager is responsible for carrying out the policies and ordinances of the City Council and for appointing the heads of the City's various departments. In May 2008, the Mayor and City Council established an audit committee to enhance the City's communication with its independent accounting firm, ensuring increased involvement by the governing board in City's accounting processes.

The City provides a full range of municipal services. These include public safety (police and fire protection), recreation and community services, library, parks, maintenance and improvement of streets and infrastructure, planning and zoning, housing, economic development, transit, and general government. The City also operates and maintains a harbor under a trust agreement with the State of California.

The annual budget serves as the foundation for the City's financial planning and control. The City Council is required to adopt an annual budget on or before June 30 of each year for the General Fund, Special Revenue Funds, Enterprise Funds, Capital Projects Fund and Internal Service Funds. The City also adopts a five-year capital improvement program and a redevelopment agency budget.

The level of appropriated budgetary control is the total adopted budget, which is defined as the total budget for all funds and divisions, and all revisions and amendments approved by the City Council subsequent to the initial budget adoption. The City Manager may authorize transfers within each fund and between line items or programs within each department; however, supplemental appropriations and transfers between funds during the budget year must be approved by four affirmative votes of the City Council. Unexpended or unencumbered appropriations expire at the end of each fiscal year. Encumbered appropriations and appropriations related to grants and donations are re-appropriated in the ensuing year's budget by action of the City Council. The City utilizes an encumbrance system, whereby commitments, such as purchase orders and unperformed contracts, are recorded as reserved fund balances at year end.

FACTORS AFFECTING FINANCIAL CONDITION

Economic Outlook

Although Redondo Beach saw an increase of 1.1% in real property assessed valuations for FY 2008-2009, other areas of the local economy provided evidence of the continuing recession. For example, transient occupancy rates declined from 79% in FY 2007-2008 to 76% in FY 2008-2009, and sales tax revenue was 13.0% less than projected in the FY 2008-2009 adopted budget and 3.7% less than projected in the FY 2008-2009 revised budget, a result of reduced consumer confidence and weaker consumer spending. Still, Redondo Beach continues to exceed the countywide average in total taxable retail sales, ranking 31 out of 89 cities. Fortunately, the local economy has not seen massive job losses, as evidenced in other parts of the state. In fact, Redondo Beach experienced a slight decrease in its unemployment rate from 2.9% in 2007 to 2.6% in 2008.

Economic Development

All sectors of the national and regional economy have been impacted by the current recession. Fortunately, the South Bay region has not been impacted as nearly as other areas of Southern California. While the economy is in a recessionary period, opportunities still exist to minimize the impacts and set the stage for improvement.

The City's emphasis on economic development is targeted on a number of key strategic goals:

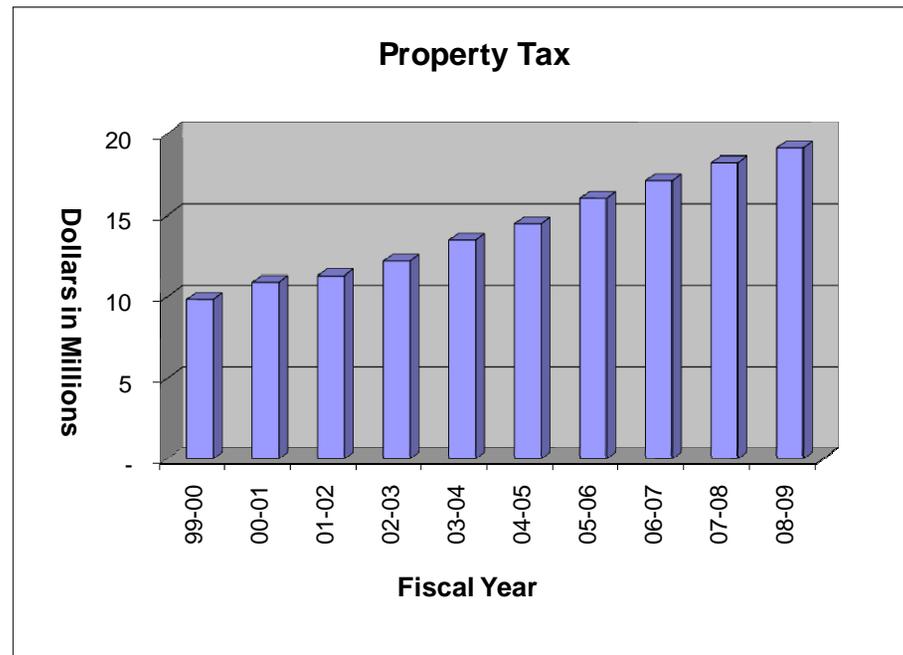
- Revitalization of the Harbor and Pier with a new lease for a boutique hotel, enhanced signage, and public improvements having been completed.
- Reinforcing the desirability of the Riviera Village as a destination for shopping, dining, and services through a variety of activities, including a pilot streetscape project.
- Encouraging the continued success of the Galleria and Artesia Boulevard business districts with a new Kohl's having replaced Mervyn's and a significant investment being planned for the southern portion of the Galleria.
- Leveraging public assets to facilitate economic development such as the proposed reuse of the City's Marine Avenue parcel to encourage the development of two new hotels.
- Ensuring growth in the business community through business retention, expansion, and attraction such as with Del Amo Motor Sports and Land Rover.
- Making investments in infrastructure such as public facilities and road improvements to support the local economy.

Redondo Beach is better off than most cities; however, the City has experienced declines in many of its major revenue categories. Five of the City's largest revenue sources are property tax, sales tax, utility users' tax, motor vehicle in lieu tax, and transient occupancy tax. These major sources are discussed in more detail below.

Property Tax

The City's largest revenue source, property tax, is imposed on real property (land and permanently attached improvements, such as buildings) and tangible personal property (moveable property) located within the City. Property is initially assessed by the County Assessor at a tax rate of 1.0% of the assessed value and rising no more than 2.0% each year. The City receives revenues equal to 16.6% of the tax rate from the County of Los Angeles - Auditor/Controller's Office.

Property tax revenues and real estate sales are weakening as FY 2008-2009 citywide assessed valuation increased only \$131 million, or 1.1%, to \$11.66 billion. The City's assessed valuation is derived 84.6% from single-family residential properties, 11.1% from residential income properties, and the remaining 4.3% is derived from commercial and industrial properties. During FY 2008-2009, the growth in property tax revenue also slowed, yet still increased 4.91%, or \$897,423, to \$19.16 million. While still positive, the pace of the annual increase in property tax revenue continues to slow, influenced by the recessionary economy, tightened credit conditions, and supply demand factors. More positively, property tax valuations, while slowing, continue to be positively impacted due to the desirable location of Redondo Beach real estate, continued low mortgage interest rates, and increased levels of real estate exchange rebounding from recessionary lows.

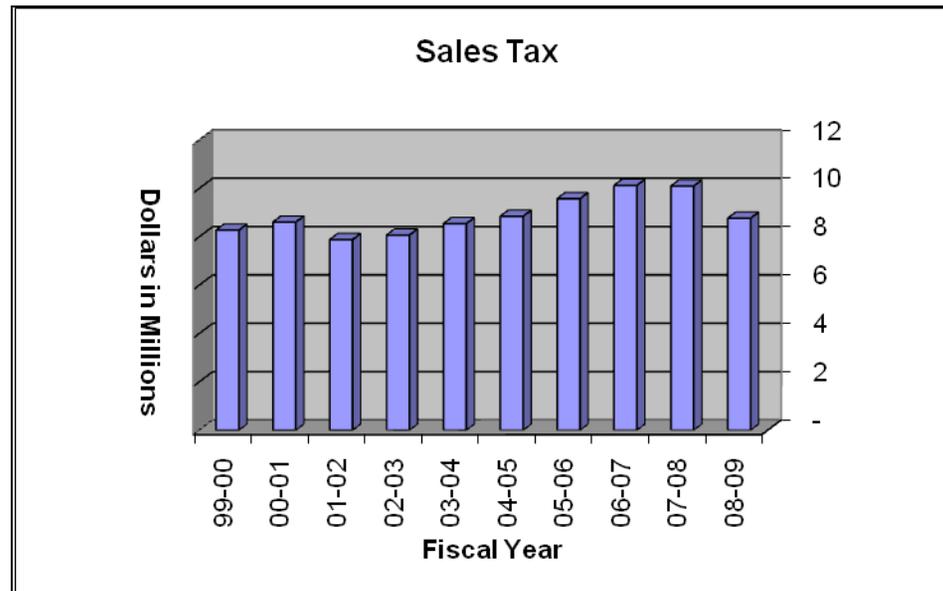


Sales Tax

The City's second largest revenue source is sales tax. Sales tax in Los Angeles County is 9.75% of the sale price of taxable goods and services sold at retail. Redondo Beach receives 1% of taxable sales from the State Board of Equalization.

During the five-year period spanning FY 2002-2003 through FY 2007-2008, local sales tax revenue had shown a consistent strengthening trend, increasing from \$8.07 million in FY 2002-2003 to \$10.10 million in FY 2007-2008, an increase of 25.15%. During FY 2008-2009, the City received only \$8.77 million in sales tax revenue, reflecting a reduction of \$1.33 million, or 13.18%, from FY 2007-2008. Components of sales tax revenue for this year consisted of \$6.38 million in local sales tax revenue and \$2.39 million in State "triple flip" sales tax in lieu from education relief augmentation funds. Twenty-seven percent of the City's FY 2008-2009 traditional sales tax base is now committed by State legislative action to secure State deficit reduction bonds. Stagnant population growth, declines in consumer confidence, and rising unemployment have negatively impacted this key tax-based operating revenue.

The City is committed to re-establishing a strong local economy through both business retention and business expansion, thereby enhancing the community's overall economic base. Retail businesses are likely to realize a reduction in sales as the economy remains in a recession, decreasing City sales tax revenue further in the coming year. The City continues to closely monitor progress with respect to the streamlined sales tax project, designed to simplify and modernize sales and use tax collection and administration for both traditional "Main Street" and remote sellers for all types of commerce, with particular attention to internet sales transactions.

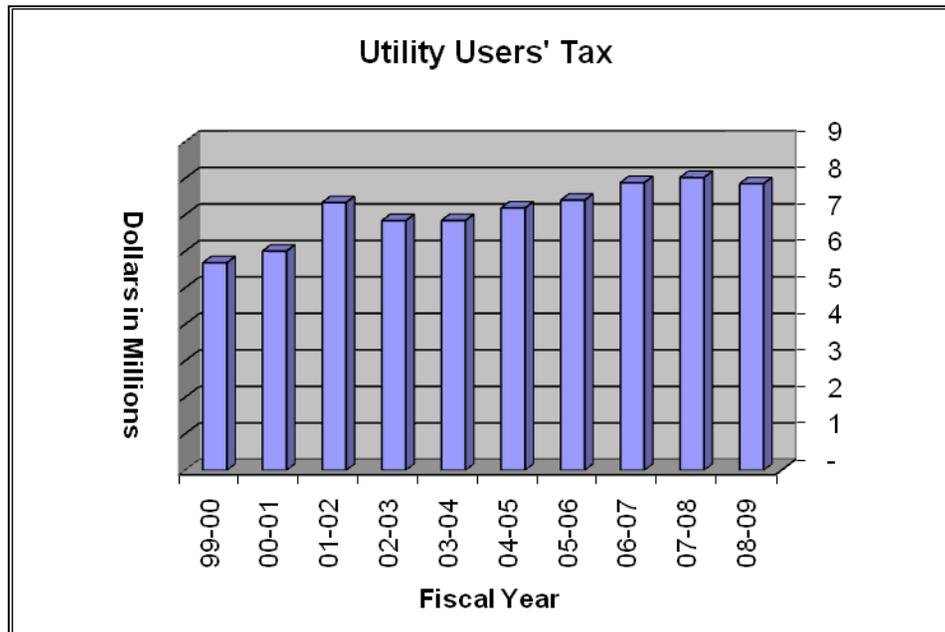


Utility Users' Tax

The City's third largest revenue source, utility users' tax (UUT), is imposed on consumers of electric, gas, cable services, water and telephone services. Federal and state governmental agencies and pay telephone users are exempt. UUT consists of approximately 34% telecommunications and 37% electricity. Redondo Beach's UUT rate is 4.75%.

For fiscal years 1999 through 2001, revenues derived from UUT were fairly level. The spike in UUT revenue for FY 2001-2002 reflects the impact of the energy shortage in California and the corresponding dramatic short term increase in energy rates. UUT revenue was reduced in FY 2002-2003 due to utility rate reductions and State mandated energy rebates to consumers. During FY 2003-2004, increases in UUT telecommunications revenue resulted from application of UUT to wireless communications services. These increases were offset by reductions in energy-related UUT sources, flattening the overall performance of UUT for FY 2003-2004.

UUT revenue for FY 2008-2009 totaled \$7.85 million, reflecting a slight decrease of \$170,407, or 2.13%. With 34%, or \$2.67 million of the City's UUT revenue derived from telecommunications services, this source has faced a number of threats challenging the continuing viability of these revenues. The combination of hostile litigation, technology changes, and adverse legislation placed UUT telecommunications-based revenues at risk. The City successfully addressed these challenges by placing a measure on the March 2009 ballot to modernize the City's UUT ordinance, therefore, securing these important tax-based resources. This important ballot measure protecting the long-term viability of telecommunications-based UUT revenue was strongly endorsed by the citizens, who passed it by 75%.



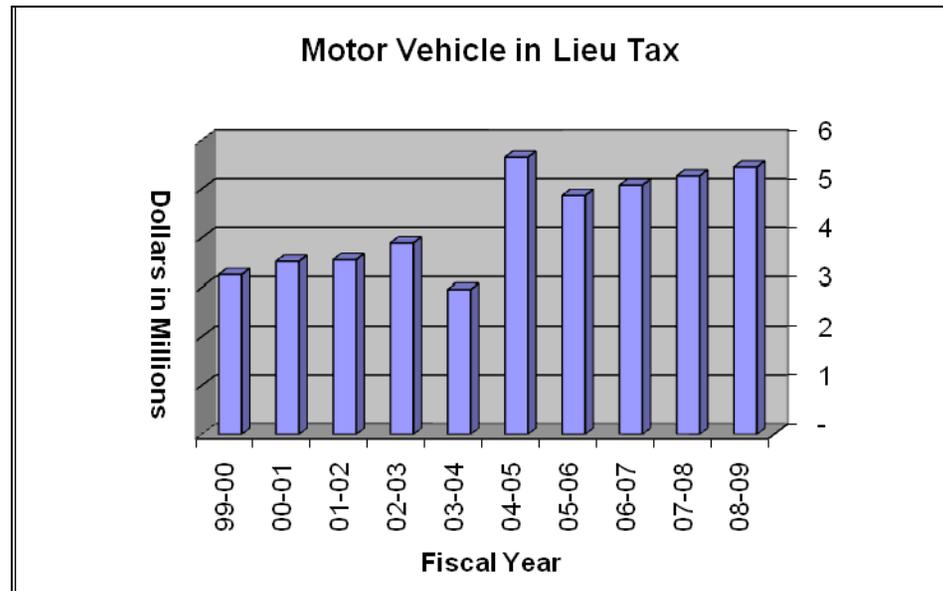
Motor Vehicle in Lieu Tax

The City's fourth largest revenue source (including property tax in lieu) is motor vehicle in lieu tax (MVIL) and is imposed on ownership of a registered vehicle for the privilege of operating the vehicle on public highways. A portion of the tax is disbursed to the cities based on the proportion that the population of each city bears to the total population of all cities (a per capita formula). The license fee paid to the state by vehicle owners is 0.65% of the market value of the motor vehicle; however, the City is due 2% of the market value of the motor vehicle. Therefore, the State backfills the additional 1.35% out of its General Fund in the form of MVIL. For each year the vehicle is owned, the assessed fee declines in accordance with a depreciation schedule reflecting the decreased value of the vehicle.

In FY 2003-2004, the State Budget Act of 2004 substantially changed the allocation of Vehicle Licenses Fee (VLF) revenues to cities and counties. The state VLF backfill was eliminated and the formula allocating the remaining VLF revenues to cities and counties was altered. A new revenue, the Property Tax In Lieu of VLF, effectively compensated cities and counties for the funding they would have received at the full 2% VLF tax rate.

The formula for allocating the remaining VLF revenues consists of a monthly allocation to cities and counties in proportion to population. The total VLF revenue collected by the State under the 0.65% tax rate for FY 2008-2009 was \$2.1 billion, with state and county programs receiving over 75% of these revenues.

Since FY 1998-1999, the City experienced a steady increase in VLF until FY 2003-2004, when revenue decreased by \$937,000 as the result of State budgetary realignment reducing the MVIL apportionment. In FY 2004-2005, the MVIL revenue increased by \$2.7 million to \$5.7 million. This increase was attributed to the State's advance repayment of \$1.1 million in MVIL funds loaned to the State from prior year, adjustments to prior period apportionments, and implementation of a revised State VLF allocation formula establishing the Property Tax in Lieu of VLF revenue. In FY 2008-2009, MVIL revenue totaled \$5.45 million, increasing \$181,610 from prior year and consisting of \$5.25 million of property tax in lieu of VLF revenue and \$205,000 in MVIL revenue.

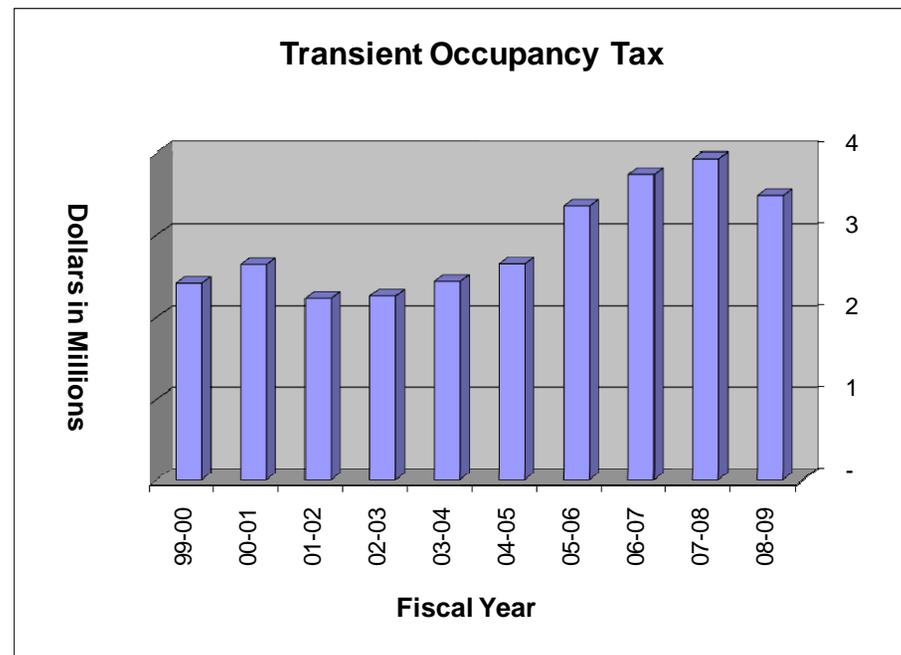


Transient Occupancy Tax

The City's fifth largest revenue source, transient occupancy tax (TOT), is imposed on occupants of hotel, motel, inn, tourist home or other lodging facilities unless such occupancy is for 30 days or longer. The tax is applied to the customer's lodging bill at a rate of 12%, which increased 2% in July 2005, and substantially enhanced revenues. One percent (1%) of the TOT collected is contributed to the Redondo Beach Chamber of Commerce and Visitors Bureau to support marketing and tourism in the City. This 1% is not netted against revenues, but rather reflected in the City's expenditures.

In FY 1995-1996, the City revised the TOT ordinance to streamline collection and reporting on hotel room rentals associated with the airline industry. This ordinance revision served to significantly enhance the performance of this tax-based operating revenue. This favorable trend was offset by the adverse impact of 9/11 during FY 2001-2002, in which TOT revenue declined by 15.7% from the prior fiscal year.

From FY 2003-2004 through FY 2007-2008, TOT revenues more than recovered from the adverse impacts of 9/11, reflecting an increase of 61.2% over the five-year period. However, in FY 2008-2009, Redondo Beach tourism demand did not escape the affect of the global recession. From FY 2007-2008 to FY 2008-2009, TOT revenues reflected a decrease of 11.4%, or \$447,719. The current recessionary economy, although improving, will continue to impact hotel room rates and occupancy, especially from the business traveler segment of the market.



LONG-TERM CAPITAL IMPROVEMENT PLANNING

The City annually adopts a Five-Year Capital Improvement Program. The first year funding of capital improvement projects is included in the fiscal year 2008-2009 adopted budget. These projects, however, should not be viewed as immediate resolution to existing infrastructure problems, but instead as part of “setting the table” for the future. It will take time to rehabilitate the City’s capital assets, and we anticipate our long-range replacement program will protect the City’s valuable assets for future generations. Meanwhile, the City continues to invest in a number of significant projects:

Street Resurfacing

- ♦ Residential Street Rehabilitation - In FY 2008-2009, the City spent \$1.3 million on its multi-year residential street rehabilitation program. In addition, the City spent \$158,000 to improve sidewalks and curb ramps throughout the City. For FY 2009-2010, the City has budgeted an additional \$575,000 to continue the residential resurfacing effort.
- ♦ Arterial Street Resurfacing - In FY 2008-2009, the City spent over \$450,000 resurfacing City arterials. For FY 2009-2010, the City budget includes almost \$6 million for additional arterial resurfacing, including \$2 million in federal stimulus funds.
- ♦ Traffic Calming – The City spent over \$300,000 on traffic calming projects in FY 2008-2009, including Axenty Way and the intersection at PCH/Sapphire/Francisca. In addition, the City’s first traffic circle was completed at Calle Miramar and Paseo de la Playa. The FY 2009-2010 budget includes \$50,000 for additional traffic calming projects.
- ♦ Pacific Coast Highway/Catalina Avenue Intersection Improvements – In February 2005, work began to restore the five point intersection at Pacific Coast Highway and Catalina Avenue. The project landscaping component was completed in February 2009.

Storm Drain System Improvements

- ♦ Water Quality Improvements - The City is continuing to implement an aggressive program to improve the quality of the water discharged from the City’s storm drain system. In FY 2005-2006, a “Water Quality Task Force” was formed to find solutions to recurring “red tides” and water quality issues in the City’s harbor. The Task Force completed an extensive list of short and long-term action recommendations, with several items considered in the City’s Capital Improvement Program. The FY 2008-2009 budget included \$175,000 to implement three of the Task Force’s recommendations. Plans for two of the projects have been finalized and construction will be completed in FY 2009-2010.
- ♦ Storm Drain Line Replacement – In FY 2008-2009, the City awarded a contract for \$100,000 for storm drain improvements and replacements. The FY 2009-2010 budget includes roughly \$2.4 million for additional storm drain improvements, including \$1.7 million in federal stimulus funds.

Sewer Improvements

- ♦ Sewer Line Replacement - In FY 2008-2009, the City spent \$445,000 to install smart manhole covers. The City also awarded a contract for \$946,227 to continue upgrading the City’s sewer system. The FY 2009-2010 budget includes over \$7 million in new and continuing funding for sewer facility improvements.

Facility Improvements

- ♦ City Facility Improvements - In FY 2008-2009, the City completed several projects to improve City facilities. The roof on the Veterans Park Historic Library was replaced at a cost of \$85,000. Also, the City spent over \$225,000 to replace the carpeting in the Main Library. \$140,000 in major renovations were completed at the Historical Museum using community volunteers.
- ♦ Park Improvements – In FY 2008-2009, the City completed \$478,000 of improvements at Aviation Park. In addition, volunteers completed \$100,000 in improvements at the Alta Vista Concession building.

CASH MANAGEMENT POLICIES AND PRACTICES

Under the direction of the elected City Treasurer, cash temporarily idle during the year is invested in securities as specified in the City's investment policy. The Treasurer's cash management philosophy is to buy and hold both Federal Agency instruments and high-grade Corporate Medium-Term notes within a structured investment maturity ladder of one to five years. Complimenting these investment instruments, the Treasurer ensures sufficient investment portfolio liquidity by maintaining approximately 33% of the portfolio's assets in the state managed Local Agency Investment Fund (LAIF).

All investments comply with state law and the City's Statement of Investment Policy, which is reviewed and approved by the City Council and the Budget and Finance Commission on an annual basis. In addition, the City's Statement of Investment Policy was recertified for excellence by the Association of Public Treasurers of the United States and Canada (APT-US&C) in August 2007. This recertification insures that the investment policy is in full legal and reporting compliance.

The policy's established investment performance benchmark is the one-year moving average of the Constant Maturity Treasury (CMT) index. In the periodic purchase of investments, the rate of return provided by LAIF, and the yield on the U.S. Treasury Security of closest maturity to the purchased investment, also serve as investment performance indicators. The Treasurer is required to submit a quarterly investment report to the City Council and Budget and Finance Commission that provides a summary of the status of the current portfolio and material transactions.

In order to ensure liquidity within the investment portfolio, the City maintains \$15 million to \$30 million in LAIF, on average. The yield provided by LAIF over the past year has decreased in line with the overall decline in interest rates available in the marketplace. Excess investment funds above the liquidity threshold are placed primarily in Federal Agency investments within the one-to-five-year investment maturity range. The decrease in market interest rates experienced during fiscal year 2008-2009 constrained investment opportunities that would have served to improve the overall investment yield on the portfolio. As of June 30, 2009, the City's idle funds were invested as follows:

Investment	Market Value*	% of Portfolio	Yield to Maturity
Federal Agency Issues - Coupon	\$ 16,111,640	24.8%	3.42%
LAIF	32,000,000	49.3%	1.26%
Corporate Medium-Term Notes	16,645,230	25.6%	4.77%
Municipal Bonds	175,000	00.3%	5.42%
Total Investments/Averages	\$ 64,931,870	100.0%	2.72%
Average Term of Investments			1.54 years

*As required by GASB 31, the City recorded the unrealized loss on certain investments to account for the market value on June 30, 2009. The amount, \$325,423, represents less than 5/10ths of 1% of the current market value of the investments within the City's investment portfolio – an insignificant unrealized diminishment in the City's overall level of financial resources. This unrealized diminishment in the value of investments results from the uncertainty facing the financial marketplace over the past year impacting the market valuation of the City's Federal Agency and Corporate Medium Term Notes. The value of the City's fixed income investments have an inverse relationship to market interest rates, i.e., when market rates rise, investment valuations fall. As stated in the City's Investment Policy, the City utilizes a buy and hold investment strategy, whereby fixed income investments are held to maturity. This results in the return of the full value of the original investment, including associated interest, at the maturity date of the investment.

Investment Portfolio value is enhanced by maintaining a well diversified mix of investments consisting of AAA rated Federal Agency Issues, AA rated Corporate Medium-Term Notes, liquid investments within the state's LAIF Investment pool, and participation in the California Statewide Communities Development Authority Tax and Revenue Anticipation Note (TRAN) financing program. TRAN allows participants the opportunity to borrow funds at tax exempt market rates to increase cash resources needed to fund temporary cash shortfalls in the General Fund. These shortfalls arise due to the timing differential of monthly cash receipts and disbursements. The financing program provides an additional source of revenue for the City because the cost of borrowing is less than the reinvestment earnings generated by TRAN. For the fiscal year 2008-2009 the City issued \$5 million in TRAN, maturing on June 30, generating additional interest income of \$265,383.

RISK MANAGEMENT

The City maintains a self-insurance program for workers' compensation and liability claims. The program accumulates resources in the Self-Insurance Program internal service fund to meet potential losses. For fiscal year 2008-2009, the self-insurance retention (SIR) is \$750,000 for workers' compensation and \$500,000 for liability. Excess coverage up to \$100,000,000 for each workers' compensation claim is provided by a third-party private insurer, and excess liability up to \$20,000,000 each occurrence is covered by the Independent Cities Risk Management Authority (ICRMA).

ICRMA is a joint powers authority for medium-sized California municipalities which have agreed to pool risks and losses. Each member's share of pooled costs depends on the losses of all members as well as the member's own loss experience. Both the workers' compensation and liability claims programs are managed by a third-party claims administrator under the direction of the Risk Management Division of the Human Resources Department.

The amounts included in the Self-Insurance Program internal service fund are significant partly due to requirements of Government Accounting Standards Board (GASB) Statement No.10. In complying with GASB 10, the City must record as a liability and expenditure not only actual risk/loss experienced in the areas of workers' compensation and liability, but also claims incurred but not reported (IBNR). IBNR claims include exposure for losses that a city is not yet aware of, as well as any statistically probable increase in costs for accidents that are already known to the City. The appropriate amount to include on the financial statements for IBNR claims is typically developed by an actuary.

As of June 30, 2009, the City recorded the following:

Workers' Compensation Claim

Claims payable totaled \$13,827,918, representing a decrease of \$1.0 million, or 6.84%, from the prior period. This decrease is attributable to a decrease in reserves and IBNR over a one-year period.

Liability Claims

Claims payable totaled \$ 2,335,705, representing a decrease of \$262,932, or 10.12%, from the prior period. This decrease is attributable to a decrease in estimated reserves.

Unemployment Insurance

The City participates in a direct-cost reimbursement method for unemployment insurance. This program is administered by the State Employment Development Department to provide salary continuance for employees who were terminated involuntarily. For fiscal year 2008-2009, the total reimbursed cost was \$33,927.

PENSION AND OTHER POST-EMPLOYMENT BENEFITS

The City provides three defined benefit pension plans - two for safety employees (3% at 55 for Fire and 3% at 50 for Police) and one for miscellaneous employees (2% at 55). These plans are part of the California Public Employees Retirement System (CalPERS), which acts as a common investment and administrative agent for participating public employers within the State of California. The City makes contributions to the plans based on amounts determined by CalPERS actuaries. The City also contributes the employees' required contributions on their behalf and for their account.

After a number of years of rate volatility given a variety of causes, the CalPERS Board adopted a Rate Stabilization Plan in April, 2005. This Rate Stabilization Plan provides for a more manageable ability to fund pension obligations over short and long terms. The Rate Stabilization Plan features an asset smoothing method, an amortization period for gains and losses, and a minimum contribution when the Plan has a surplus. The Rate Stabilization Plan resulted in a reduction in the City's PERS employer contribution rates, after a number of years with significant increases. The rate for safety employees in fiscal year 2008-2009 was 32.849%, up from 32.210% in 2007-2008, with the miscellaneous employees' rate decreasing from 11.610% to 11.485%. Rates are projected to increase from 2008-2009 levels for the 2009-2010 and 2010-2011 fiscal years to 32.091% and 32.713% respectively for safety employees and 11.671% and 11.804% respectively for miscellaneous employees.

The total contribution paid by the City toward pension benefits was \$10.6 million, which includes the employer and employer-paid member contributions, along with prior-period adjustments determined by CalPERS. Approximately 79.2%, or \$8.4 million, was charged to the General Fund. The anticipated total contribution, excluding prior-period CalPERS adjustments, for fiscal year 2009-2010 is estimated to be approximately \$10.1 million.

Aside from contributing to CalPERS, the City also contributes to Social Security. The fiscal year 2008-2009 total cost for Social Security and Medicare coverage was \$1.7 million, of which \$1.2 million, or 67.1%, is from the General Fund. Safety employees do not participate in Social Security and Medicare, except for those employees hired after 1986, which are required to participate in Medicare.

The City also provides post-retirement health care benefits to its employees in accordance with agreements reached with various employee bargaining groups. The City pays for retirees' health care premiums in these plans up to limits established in the agreements with the bargaining units. These payments are financed through a drawdown of the City's Other Post Employment Benefits (OPEB) trust. Established in FY 2008-2009 to comply with GASB 45, the OPEB trust allows the City to prefund actuarially derived OPEB costs that are expected to be incurred in future periods. As of June 30, 2009, the City was providing benefits to an average of 99 participants at an annualized cost of \$540,237.

AWARDS

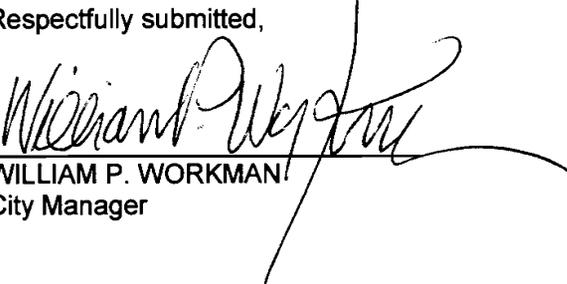
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Redondo Beach for its Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2008. In order to be awarded this certificate, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

For FY 2008-2009, the City will again apply to the GFOA for the Certificate of Achievement for Excellence in Financial Reporting. We believe that our current comprehensive annual financial report continues to meet the criteria to receive this certificate, and we will be submitting it to GFOA for consideration.

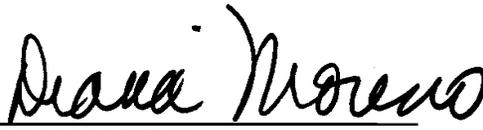
ACKNOWLEDGMENTS

The timely preparation of this report has been accomplished with the efficient and dedicated services of the staff of the Financial Services and Treasury Departments. We also thank the City's independent auditors, Caporicci & Larson Certified Public Accountants, for their assistance and expertise and all City departments for their cooperation during the audit engagement and their participation in preparing this report. We would like to express our appreciation to the Mayor and City Council and the Budget and Finance Commission for their interest and support in planning and conducting the City's financial affairs in a responsible and progressive manner.

Respectfully submitted,



WILLIAM P. WORKMAN
City Manager



DIANA MORENO
Financial Services Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Redondo Beach
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "M. L. R. M.", written in a cursive style.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Egan", written in a cursive style.

Executive Director

CITY OF REDONDO BEACH

MAYOR AND CITY COUNCIL



Michael A. Gin
Mayor



Steve Aspel
Councilmember
District 1



Bill Brand
Councilmember
District 2



Pat Aust
Councilmember
District 3



Steven Diels
Councilmember
District 4



Matt Kilroy
Councilmember
District 5

CITY OFFICIALS

William P. Workman
City Manager

David Biggs
Assistant City Manager



Michael Webb
City Attorney



Eleanor Manzano
City Clerk



Ernie O'Dell
City Treasurer

Michael Witzansky
Director of Recreation & Community Services

Daniel P. Madrigal
Fire Chief

Steve Huang
City Engineer/Chief Building Official

Gwendolyn Parker
Harbor, Business and Transit Director

Chris Benson
Information Technology Director

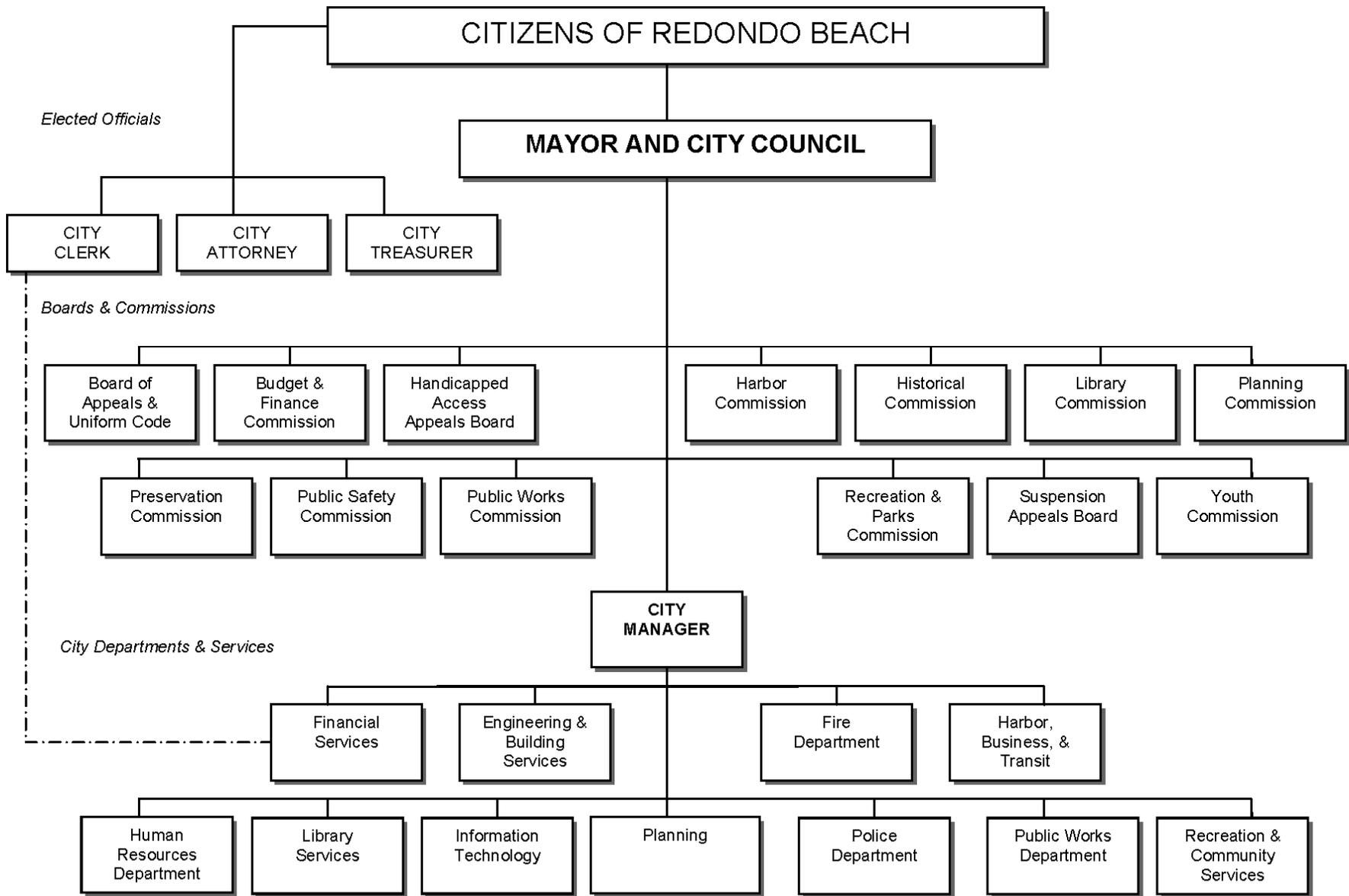
Aaron Jones
Planning Director

W. Joseph Leonardi
Chief of Police

Jean Scully
Director of Library Services

Sylvia Glazer
Public Works Director

Diana Moreno
Financial Services Director



ORGANIZATIONAL CHART
FY 2008-2009

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
of the City of Redondo Beach
Redondo Beach, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Redondo Beach, California (City), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States 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 basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

On August 4, 2009, the City declared a fiscal emergency. For more detailed information, see Note 16 in the Notes to the Financial Statements.

Subsequent to the financial statements date of June 30, 2009 and the year then ended, the State of California (State) has borrowed, deferred paying certain revenues and proposed taking other funds from local governments including cities, counties, districts and agencies. These actions by the State include:

- o 8% of Property Taxes borrowed -- to be repaid in 3 years
- o Redevelopment Agency funds -- prepared to be taken for fiscal year 2010

These above amounts are significant to the City and may affect its ongoing operations. Certain lawsuits are in process to stop such State actions. State legislation is also in process to aid local governments to be able to borrow from a Joint Powers Authority the 8% of property taxes borrowed by the State. For more detailed information, see Note 16 in the Notes to the Financial Statements.

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Toll Free Fax: (866) 436-0927

Oakland
180 Grand Ave., Suite 1365
Oakland, California 94612

Orange County
9 Corporate Park, Suite 100
Irvine, California 92606

Sacramento
777 Campus Commons Rd., Suite 200
Sacramento, California 95825

San Diego
4858 Mercury, Suite 106
San Diego, California 92111

To the Honorable Mayor and Members of the City Council
of the City of Redondo Beach
Redondo Beach, California

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with generally accepted accounting principles in the United States.

As described in Note 1 to the basic financial statements, the City adopted Statement of Governmental Accounting Standards Board No. 45, *Financial Reporting for Postemployment Benefit Plans (OPEB) other than Pension Plans*, No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* and No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2009 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. 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 read in conjunction with this report in considering the results of our audit.

The accompanying Required Supplementary Information, such as Management's Discussion and Analysis and other information as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the Required Supplementary Information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information is presented for purpose of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory and Statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Irvine, California
December 9, 2009

CITY OF REDONDO BEACH
MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the City of Redondo Beach (the "City") provides the Management Discussion and Analysis of the City's Comprehensive Annual Financial Report (CAFR) for readers of the City's financial statements. This narrative overview and analysis of the financial activities of the City is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the additional information that is furnished in the letter of transmittal, which can be found preceding this narrative, and with the City's financial statements, which follow. Keep in mind that the Financial Highlights, immediately following, are strictly snapshots of information. Net assets, changes in net assets, and fund disclosures are discussed in more detail later in the report.

Financial Highlights - Primary Government

♦ *Government-Wide Highlights*

Net Assets - Assets of the City exceeded its liabilities at fiscal year ending June 30, 2009 by \$214.9 million - assets for governmental activities exceeded liabilities by \$153.9 million and assets for business-type activities exceeded liabilities by \$61.0 million.

Changes in Net Assets - The City's net assets decreased \$2.0 million in fiscal year 2008-2009. Net assets of governmental activities decreased \$747,703, while net assets of business-type activities decreased \$1.2 million.

♦ *Fund Highlights*

Governmental Funds - At the close of fiscal year 2008-2009, the City's total governmental funds reported a fund balance of \$38.0 million, a decrease of \$5.3 million from the prior year. Highlighted below are this year's six major funds included in this grouping.

General Fund - The fund balance of the General fund on June 30, 2009 was \$10.0 million, a decrease of \$2.6 million from the prior year.

Special Revenue – Other Intergovernmental Grants Fund - The fund balance of the Special Revenue – Other Intergovernmental Grants fund on June 30, 2009 was (\$1.1) million, decreasing the negative fund balance by \$669,697 when compared to prior year.

Special Revenue – Redevelopment Agency Fund – The fund balance of the Special Revenue – Redevelopment Agency Fund on June 30, 2009 was \$12.7 million, an increase of \$1.2 million from the prior year.

Capital Projects – Capital Improvement Projects Fund - The fund balance of the Capital Projects – Capital Improvement Projects Fund on June 30, 2009, was \$12.5 million, a decrease of \$1.6 million from the prior year.

Debt Service – Public Financing Authority Fund - The fund balance of the Debt Service – Public Financing Authority Fund on June 30, 2009, was \$9.7 million, a decrease of \$2.9 million from the prior year.

Debt Service - Redevelopment Agency Fund - The fund balance of the Debt Service - Redevelopment Agency Fund on June 30, 2009, was (\$15.4) million, decreasing the negative fund balance by \$1.2 million when compared to prior year.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

- ♦ *Statement of Net Assets*

The Statement of Net Assets presents summarized information of all the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. This financial statement combines and consolidates governmental funds' current financial resources with capital assets and long-term obligations.

- ♦ *Statement of Activities and Changes in Net Assets*

The Statement of Activities and Changes in Net Assets presents information showing how the government's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused, vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, cultural and leisure services and housing and community development. Business type activities include operations of the harbor, sewers (wastewater), and solid waste.

The government-wide financial statements include not only the City itself (known as the primary government), but also the activities of legally separate component units: the Parking Authority of the City of Redondo Beach, the Redondo Beach Public Financing Authority (PFA), the Redevelopment Agency of the City of Redondo Beach (RDA), and the Redondo Beach Housing Authority. Because the City Council acts as the governing board for each of these component units and because they function as part of the City government, their activities are blended with those of the primary government.

The government-wide financial statements can be found behind the tab section titled Government-Wide Financial Statements.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: Governmental funds, proprietary funds, and fiduciary funds.

The fund financial statements provide detail information about each of the City's most significant funds, called Major Funds. The concept of Major Funds, and the determination of which are major funds, was established by GASB Statement No. 34 (GASB 34) and replaces the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually, while all Non-Major Funds are summarized and presented in a single column.

- ♦ *Governmental Funds*

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. A reconciliation of both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balance with the government-wide financial statements can be found on pages behind the tab section titled Government-Wide Financial Statements.

The City has 26 governmental funds, of which six are considered major funds for presentation purposes. Each major fund is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances. The City's six major funds are: General Fund, Special Revenue – Other Intergovernmental Grants Fund, Special Revenue – Redevelopment Agency Fund, Capital Projects – Capital Improvement Projects Fund, Debt Service - Public Financing Authority Fund, and Debt Service - Redevelopment Agency Fund. Data from the non-major governmental funds (e.g., State Gas Tax Fund, Local Transit Fund, Storm Drain Fund, Disaster Recovery Fund) are combined into a single, aggregated presentation. The governmental funds financial statements can be found on pages behind the tab section titled Fund Financial Statements. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages behind the tab section titled Non-Major Governmental Funds.

- ◆ *Proprietary Funds*

The City maintains two types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Enterprise funds are used to account for harbor activities, solid waste (i.e., collection, recycling and hazardous waste disposal), and operations and maintenance of City sewers. Internal service funds are used to accumulate and account for the City's vehicles, building maintenance and repair, graphics and printing, information technology, emergency communications, and insurance. Because internal services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds' financial statements provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary funds' financial statements use the accrual basis of accounting. Separate financial statements are provided for Harbor Uplands, Harbor Tidelands, Solid Waste and Wastewater. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for each internal service fund is provided in the form of combining statements in the Internal Service Funds section of this report.

The basic proprietary funds financial statements can be found behind the tab section titled Fund Financial Statements.

- ◆ *Fiduciary Funds*

Fiduciary (Agency) funds are used to account for resources held for the benefit of parties outside the government. Agency funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support City programs.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found behind the tab section titled Notes to the Financial Statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The required supplementary information includes disclosure of the modified approach for the city pavement infrastructure and budgetary and pension plan information. This information can be found behind the tab section titled Required Supplementary Information.

City of Redondo Beach's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008
Current and Other Assets	\$ 67,145,078	\$ 71,601,562	\$ 36,137,332	\$ 36,746,638	\$ 103,282,410	\$ 108,348,200
Capital Assets, net depre	136,668,830	134,588,982	39,243,111	40,212,474	175,911,941	174,801,456
Total assets	<u>203,813,908</u>	<u>206,190,544</u>	<u>75,380,443</u>	<u>76,959,112</u>	<u>279,194,351</u>	<u>283,149,656</u>
Long-Term Liabilities						
Outstanding	43,229,908	46,829,653	13,313,353	13,582,592	56,543,261	60,412,245
Other Liabilities	6,708,642	4,737,830	1,088,205	1,181,665	7,796,847	5,919,495
Total Liabilities	<u>49,938,550</u>	<u>51,567,483</u>	<u>14,401,558</u>	<u>14,764,257</u>	<u>64,340,108</u>	<u>66,331,740</u>
Investments in Capital						
Net of Related Debt	136,635,661	134,543,764	35,414,035	36,923,208	172,049,696	171,466,972
Restricted	17,475,836	34,884,364	-	-	17,475,836	34,884,364
Unrestricted	(236,139)	(14,805,067)	25,564,850	25,271,647	25,328,711	10,466,580
Total Net Assets	<u>\$ 153,875,358</u>	<u>\$ 154,623,061</u>	<u>\$ 60,978,885</u>	<u>\$ 62,194,855</u>	<u>\$ 214,854,243</u>	<u>\$ 216,817,916</u>

Total Assets:

Current and Other Assets include: Cash and Investments; Accounts Receivable and Receivables for Taxes, Interest, and Loans; Prepaid costs; Unamortized debt issuance costs; Deposits; Due from other governments; and Restricted assets of Cash with fiscal agent; and Internal Balances (Due to/from and Advances between the business activities and governmental activities).

Capital Assets include: Assets net of depreciation as well as assets not being depreciated (e.g., Streets, Land, Construction in progress).

Total Liabilities:

Long-Term Liabilities Outstanding include: Compensated absences payable, Claims and judgments payable, and Long-term debt payable.

Other Liabilities include: Accounts payable; Accrued interest; Unearned revenue; Deposits Payable; Due to other governments.

Net Assets

The chart above reflects the City's combined net assets (governmental and business-type activities) of \$214.9 million at the close of fiscal year ending June 30, 2009.

The largest portion of the City's total net assets (80.0%) reflects investment in capital assets (e.g., land, streets, sewers, buildings, machinery, and equipment) net of outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining City net assets (20.0%) represent resources that are subject to external restrictions (e.g., certain capital projects, community development, debt services).

Changes in Net Assets

As noted in the chart above, the City's fiscal year 2008-2009 total net assets decreased by \$2.0 million, or 1.0%, from the prior year. The governmental activities net assets decreased \$747,703, or 0.5%, while the business-type activities net assets decreased \$1.2 million, or 2.0%.

The decrease in net assets of governmental activities of \$747,703 was due to a decrease in total assets of \$2.4 million offset by a decrease in liabilities of \$1.6 million. Within total assets, the decrease in current and other assets was attributable to decreases in revenues. Significant decreases to program revenues were mainly due to both operating grants and contributions and capital grants and contributions related to public safety, public works, cultural and leisure services, and housing and community development. The offset to these program revenue reductions was an increase in general revenues, primarily driven by increases in property tax revenues, the release of the Heritage Pointe bond reserve proceeds, and transfers. The bond reserve proceeds were released to the Redevelopment Agency's low and moderate housing income fund, increasing other revenues by \$907,318. Additional increases to other revenues resulted from transfers into the governmental activities from the business-type activities of \$1.07 million, which is comprised of an \$877,000 transfer from the Solid Waste Fund to the General Fund and a \$200,313 transfer from the Wastewater Fund to the General Fund. The decrease in total liabilities was principally attributable to long-term liabilities outstanding, primarily long-term debt payable, due to the retirement of the outstanding Public Financing Authority 2000 Tax Allocation Bonds. Other liabilities, specifically accounts payable and accrued liabilities, increased mainly due to the timing of payments to vendors and the increase in number of days worked included in the year-end payroll accrual. Business-type activities showed a 2.0% decrease in net assets primarily due to reduced revenue from charges for services, lower investment earnings, and a reduction in harbor rental revenues.

City of Redondo Beach's Changes in Net Assets
Fiscal Year Ended June 30, 2009 and 2008

	Governmental Activities		Business-Type Activities		Total	
	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008
Revenues:						
Program revenues:						
Charges for services	\$ 17,262,299	\$ 16,443,203	\$ 14,668,889	\$ 15,070,853	\$ 31,931,188	\$ 31,514,056
Operating grants and contributions	9,137,687	14,480,137	162,512	70,150	9,300,199	14,550,287
Capital grants and contributions	3,486,113	4,863,545	-	-	3,486,113	4,863,545
Total program revenues	29,886,099	35,786,885	14,831,401	15,141,003	44,717,500	50,927,888
General revenues:						
Property taxes	28,612,395	27,311,112	-	-	28,612,395	27,311,112
Sales taxes	9,329,872	9,635,626	-	-	9,329,872	9,635,626
Utilities users taxes	7,848,157	8,018,564	-	-	7,848,157	8,018,564
Motor vehicle license	205,403	293,685	-	-	205,403	293,685
Transient occupancy taxes	3,485,290	3,933,009	-	-	3,485,290	3,933,009
Franchise taxes	1,970,548	1,807,308	-	-	1,970,548	1,807,308
Business license taxes	1,293,056	1,385,726	-	-	1,293,056	1,385,726
Use of money and property ¹	4,596,559	4,264,527	938,657	1,329,922	5,535,216	5,594,449
Other revenues	1,779,388	443,706	125,896	141,621	1,905,284	585,327
Gain on sale of capital asset	28,288	34,735	-	-	28,288	34,735
Transfers	1,142,313	(146,710)	(1,142,313)	146,710	-	-
Total general revenues	60,291,269	56,981,288	(77,760)	1,618,253	60,213,509	58,599,541
Total revenue	90,177,368	92,768,173	14,753,641	16,759,256	104,931,009	109,527,429
Expenses:						
General government	9,234,672	10,234,450	-	-	9,234,672	10,234,450
Public safety	42,293,976	40,835,961	-	-	42,293,976	40,835,961
Public works	12,538,423	13,601,505	-	-	12,538,423	13,601,505
Cultural and leisure services	7,586,649	10,143,340	-	-	7,586,649	10,143,340
Housing and community development	17,473,218	14,063,015	-	-	17,473,218	14,063,015
Interest on long-term debt	1,798,133	2,419,799	-	-	1,798,133	2,419,799
Harbor Tidelands	-	-	5,360,523	5,075,571	5,360,523	5,075,571
Harbor Uplands	-	-	5,288,345	5,416,019	5,288,345	5,416,019
Solid Waste	-	-	3,228,498	3,129,337	3,228,498	3,129,337
Wastewater	-	-	2,092,245	1,853,206	2,092,245	1,853,206
Total expenses	90,925,071	91,298,070	15,969,611	15,474,133	106,894,682	106,772,203
Change in net assets	(747,703)	1,470,103	(1,215,970)	1,285,123	(1,963,673)	2,755,226
Net assets, beginning of year	154,623,061	153,294,181	62,194,855	60,909,732	216,817,916	214,203,913
Restatement of net assets	-	(141,223)	-	-	-	(141,223)
Net assets, end of year	\$ 153,875,358	\$ 154,623,061	\$ 60,978,885	\$ 62,194,855	\$ 214,854,243	\$ 216,817,916

¹ Includes investment earnings

Levels of revenues and expenditures also impact current assets and other liabilities and, therefore, cause changes in net assets. As reflected above, total revenues decreased in fiscal year 2008-2009 by \$4.6 million, or 4.2%. The decrease in revenues was mainly due to both operating grants and contributions and capital grants and contributions. The major decrease in operating grants and contributions resulted from numerous grants the City received for youth projects, workforce reinvestment, and transit activities in the previous fiscal year that were not received in fiscal year 2008-2009. Capital Grants and Contribution decreased for two reasons: (1) the City received less grant funding related to Homeland Security programs and the Bike Path Improvement Project than it had in the prior year and (2) the City completed the 190th Street resurfacing project in fiscal year 2007-2008 and did not receive additional funding for that project in fiscal year 2008-2009. Use of money and property increased as a result of correctly including rents and percentages revenues in this classification, whereas in the previous fiscal years these revenues were included in the program revenues as charges for services. Transfers into the governmental activities from the business-type activities are mostly comprised of an \$877,000 transfer from the Solid Waste Fund to the General Fund and a \$200,313 transfer from the Wastewater Fund to the General Fund for the fiscal year 2009-2010 budget.

Citywide total expenses remained relatively flat when compared to fiscal year 2007-2008; however, expenses in the five primary governmental activities reflect variances between prior-year and current year. The decrease in general government resulted primarily from reductions in personnel related costs as a result of a citywide hiring freeze, decreased attorneys fees, and lower transient occupancy tax payments to the Redondo Beach Visitors Bureau. To properly compare public works, cultural and leisure services, and housing and community development from fiscal year 2007-2008 to fiscal year 2008-2009, you must combine all variances. The total change for all three areas is a decrease of \$209,570. The reason for combining public works, cultural and leisure services, and housing and community development is that many expenditures were reclassified in each area to properly reflect the area's activities. Further analysis is provided in the governmental and business-type activity sections below.

	Expenses		Percent Increase (Decrease)
	2008-2009	2007-2008	
Governmental Activities:			
<i>Combined Expenses</i>			
Public works	12,538,423	13,601,505	(7.8%)
Cultural and leisure services	7,586,649	10,143,340	(25.2%)
Housing and community development	17,473,218	14,063,015	24.2%
Public works, cultural and leisure services, and housing and community development	\$ 37,598,290	\$ 37,807,860	(0.6%)

Governmental Activities

As reflected in the Changes in Net Assets schedule above, the total governmental activity expenses were \$90.9 million in fiscal year 2008-2009; whereas, total revenues from governmental activities were \$90.2 million, of which 33.1% were derived from program revenues consisting of charges for services and grants.

On the following chart, the governmental activity expenses net of program revenues, increased \$5.5 million, or 10.0%, in fiscal year 2008-2009. Net expenses related to public safety remained relatively flat versus prior year. To properly compare public works, cultural and leisure services, and housing and community development from fiscal year 2007-2008 to fiscal year 2008-2009, you must combine all variances. The total change for all three areas is a decrease of \$524,310. The reason for combining public works, cultural and leisure services, and housing and community development is that many expenditures were reclassified in each area to properly reflect the area's activities. Making a prior year comparison of these areas as a whole will provide the user of the financial statements with a more accurate depiction of the City's activities from year-to-year. General government net expenses increased due to a reduction in charges for services specifically related to construction/excavation permits. Interest on long-term debt decreased due to the retirement of the outstanding Public Financing Authority 2000 Tax Allocation Bonds.

Governmental Activities:	Impact to Net Assets		Percent Increase (Decrease)
	2008-2009	2007-2008	
<i>Expenses Net of Program Revenues*</i>			
General government	\$ (4,435,073)	\$ (3,671,132)	20.8%
Public safety	(38,574,472)	(38,073,767)	1.3%
Public works, cultural and leisure, and housing and community development ¹	(16,231,294)	(11,346,487)	43.1%
Interest on long-term debt	(1,798,133)	(2,419,799)	(25.7%)
Total Governmental Activity Expenses Net of Program Revenues	\$ (61,038,972)	\$ (55,511,185)	10.0%

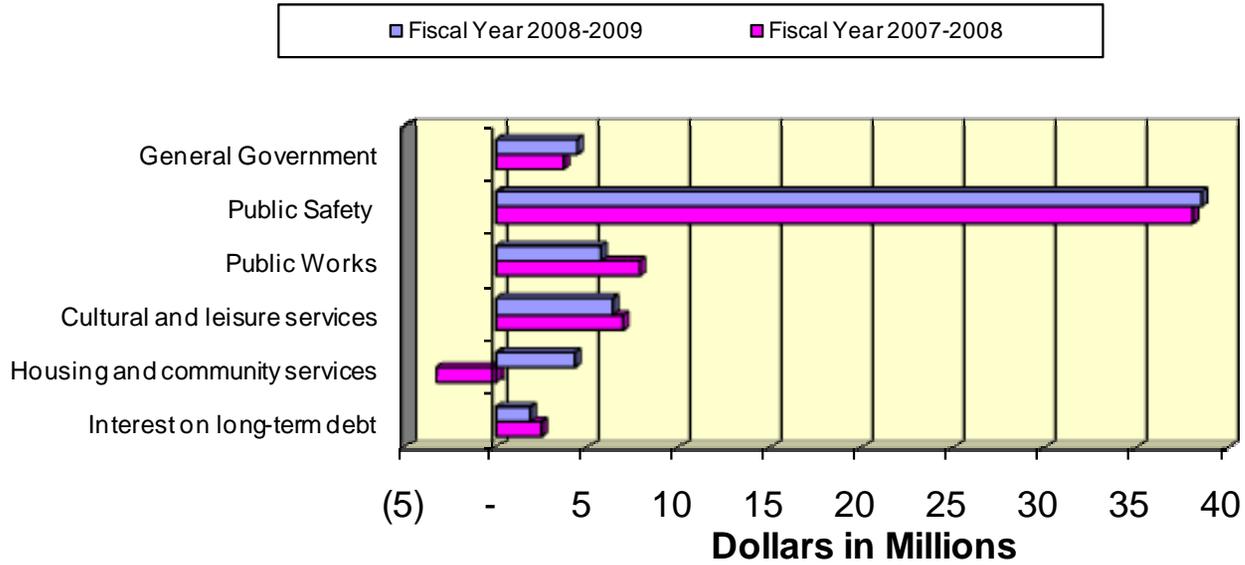
*Program revenues are derived directly from the program itself or from parties outside the reporting government's taxpayers or citizenry. They reduce the net cost of the function to be financed from the government's general revenues.

¹ The following table reflects a breakdown of the combined activity areas of public works, cultural and leisure services, and housing and community development to reflect the net effect of the changes from year to year as a whole.

Governmental Activities:	Impact to Net Assets		Percent Increase (Decrease)
	2008-2009	2007-2008	
<i>Expenses Net of Program Revenues*</i>			
Public works	(5,638,152)	(7,816,112)	(27.9%)
Cultural and leisure services	(6,293,912)	(6,878,230)	(8.5%)
Housing and community development	(4,299,230)	3,347,855	228.4%
Total Activity Expenses Net of Program Revenues	\$ (16,231,294)	\$ (11,346,487)	43.1%

The chart below is a graphical representation of the schedule above.

EXPENSES NET OF PROGRAM REVENUES



General Revenues Related to Governmental Activities

<u>General Revenues</u>	<u>2008-2009</u>	<u>2007-2008</u>
Taxes ¹	\$ 52,744,721	\$ 52,385,030
Use of money and property ²	4,596,559	4,264,527
Other revenues ³	2,949,989	331,731
Total General Revenues	<u>\$ 60,291,269</u>	<u>\$ 56,981,288</u>

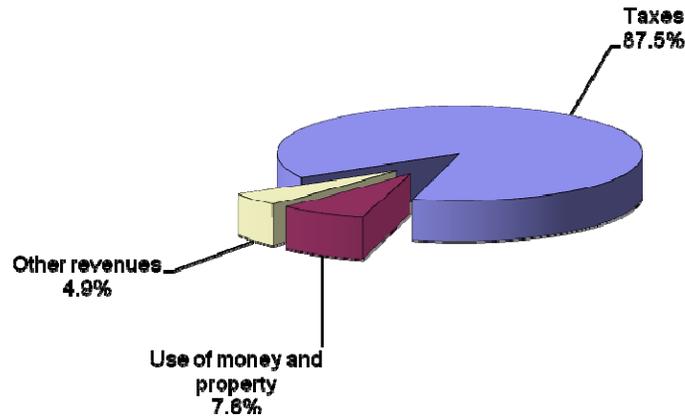
¹ Includes sales tax receivable of \$414,704

² Includes investment earnings

³ Includes gain (loss) on sale of assets and transfers

General revenues are all other revenues not attributable to a specific program and, therefore, not categorized as program revenues. These revenues include taxes, use of money and property, and other revenues. Total general revenues from governmental activities were \$60.3 million in fiscal year 2008-2009. The largest percentage of these revenues for fiscal year 2008-2009 (87.5%) was derived from taxes, remaining relatively flat versus prior year. This includes property taxes, transient occupancy taxes, sales taxes, franchise taxes, business license taxes, utility users' taxes, and motor vehicle in lieu license fees. Although the remaining items makeup only 12.5% of General Revenues, these items in total reflected an increase of 64.2% over the prior year. The largest increase was experienced in other revenues, primarily resulting for two reasons: (1) the release of the Heritage Pointe bond reserve proceeds to the Redevelopment Agency's low and moderate housing income fund, increasing other revenues by \$907,318 and (2) transfers into the governmental activities from the business-type activities mostly comprised of an \$877,000 transfer from the Solid Waste Fund to the General Fund and a \$200,313 transfer from the Wastewater Fund to the General Fund.

GENERAL REVENUES



Business-Type Activities

The City has four business-type activities: Harbor Tidelands, Harbor Uplands, Wastewater, and Solid Waste. These business-type activities decreased the City's total assets by \$1.5 million from the prior year.

Harbor Tidelands is used for the operations of small boat harbor facilities available to the general public, including related pier activities. This fund is restricted under the City Tidelands Trust Agreement with the State of California. In fiscal year 2008-2009, the assets of the Harbor Tidelands increased \$399,481 from prior year.

Harbor Uplands is also used for the operations of small boat harbor facilities available to the general public, including related pier activities. However, the use of these funds is subject only to the decisions of the City Council. In fiscal year 2008-2009, the assets of Harbor Uplands decreased by \$1.1 million, from prior year. The major causes for the decrease were related to depreciation of capital assets and a reduction in cash and investments. Reduction in cash and investments is due to decreases in investment earnings of \$108,488, harbor rentals of \$383,268, and cash outlay of \$140,927 for increased accounts payable. The remaining decrease was due to depreciation.

Wastewater is funded by a capital facility charge, or more commonly referred to as a sewer user fee. These funds are substantially used to service the City's debt relative to the sewer bond, which is restricted to sewer infrastructure improvements. The assets of Wastewater decreased \$111,395 from the prior year.

Solid Waste is the City's comprehensive solid waste program, which includes refuse collection, recycling, and hazardous waste disposal services. The solid waste program is supported through user service fees. The assets of Solid Waste decreased \$759,204 from prior year.

INTERNAL SERVICE FUNDS

The City has six internal service funds: Vehicle Replacement, Building Occupancy, Information Technology, Self-Insurance Program, Printing and Graphics, and Emergency Communications. These funds are used to account for interdepartmental operations where the costs of services provided to the departments is financed or recovered by charging the user department.

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS

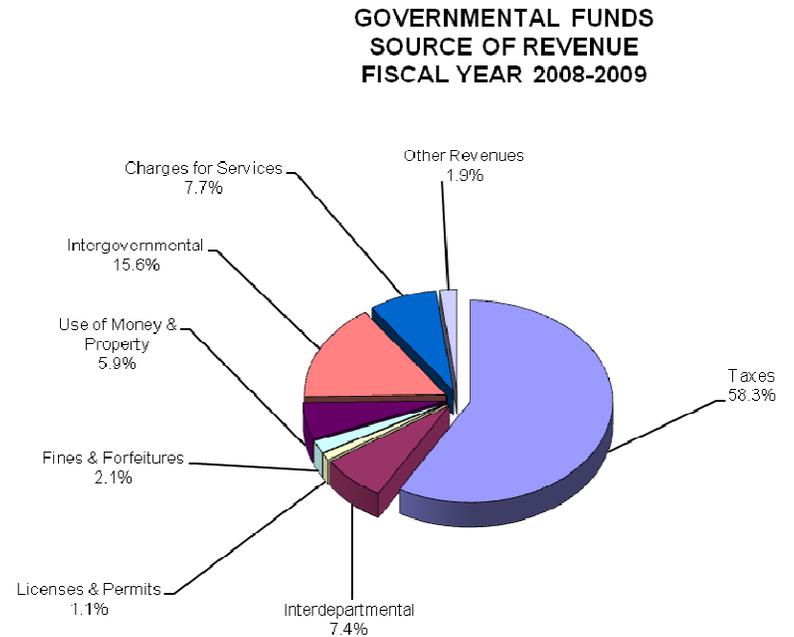
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Please note that unlike the Government-Wide financial statements displayed previously, the fund financial statements which follow are not reflected on a full accrual basis. Therefore, amounts reflected in the fund financial statements versus the Government-Wide statements may differ due to this change in accounting methodology.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financial requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Governmental Funds - The following schedule is a summary of governmental fund revenues for fiscal year ended June 30, 2009, and includes Major and Non-Major Funds. It reflects the amount and percent of increase or decrease of each source of revenue compared to the prior year.

Source of Revenue	Amount FY 08-09	Percent of Total	Increase (Decrease) FY 07-08	Percent Increase (Decrease)
Taxes	\$ 52,330,017	58.3%	\$ (722,473)	(1.4%)
Interdepartmental	6,655,458	7.4%	340,708	5.4%
Licenses & permits	1,006,075	1.1%	(299,950)	(23.0%)
Fines & forfeitures	1,845,838	2.1%	(138,845)	(7.0%)
Use of money & property	5,280,991	5.9%	(998,661)	(15.9%)
Intergovernmental	13,991,411	15.6%	(2,668,957)	(16.0%)
Charges for services	6,947,073	7.7%	132,806	1.9%
Other revenues	1,751,149	1.9%	1,192,056	213.2%
Total	\$ 89,808,012	100.0%	\$ (3,163,316)	(3.2%)

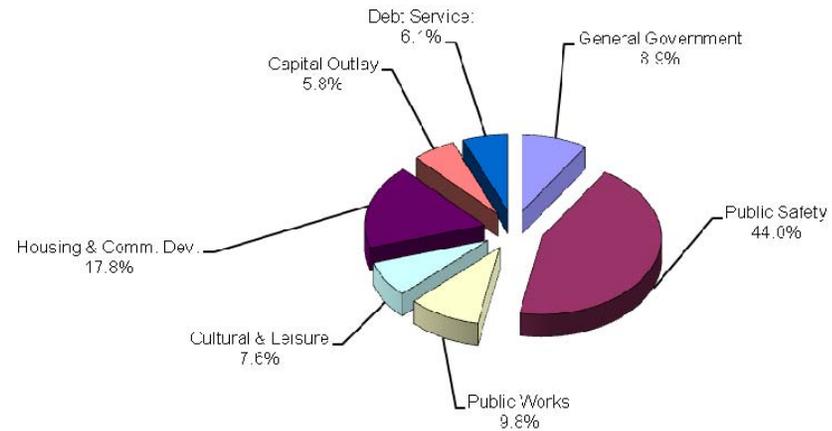


Total governmental fund revenues decreased \$3.2 million, or 3.2%, from fiscal year 2007-2008. The largest source of revenue was taxes, which decreased \$722,473, or 1.4%, which was primarily due to decreases in sales tax, transient occupancy tax, and utility users' tax resulting from the recessionary economy. Interdepartmental increased \$340,708, or 5.4%, due to personnel driven cost of living adjustments. Licenses and permits revenue decreased \$299,950, or 23.0%, due entirely to a substantial decrease in construction and excavation permits. Fines and forfeitures revenue decreased substantially due to parking citations. Use of money and property revenue decreased \$1.0 million, or 15.9%, due to decreased investment earnings and three one-time payments from the Redevelopment Agency to the Public Financing Authority in FY 2007-2008 that were not repeated in the current fiscal year. Intergovernmental decreased \$2.7 million, or 16.0%, due to a reduction in operating grants and contributions pertaining to youth projects, workforce reinvestment, and transit activities. Charges for services increased \$132,806 due to slight increases in fare revenues and advanced life support fees. Other revenues increased \$1.2 million due primarily from the release of the Heritage Pointe bond reserve proceeds to the Redevelopment Agency's low and moderate housing income fund and the reclassification of housing authority income at a gross amount rather than netting the revenue against expenditures.

The following schedule is a summary of governmental fund expenditures by function category for fiscal year ended June 30, 2009, and includes both Major and Non-Major Funds. It reflects the amount and percent of increase or decrease for each functional category of expenditures compared to the prior year.

Expenditures	Amount FY 08-09	Percent Total	Increase (Decrease) FY 07-08	Percent Increase (Decrease)
Current:				
General government	\$ 8,693,889	8.9%	\$ (339,129)	(3.8%)
Public safety	42,869,798	44.0%	1,959,885	4.8%
Public works	9,554,993	9.8%	(1,491,778)	(13.5%)
Cultural and leisure services	7,372,691	7.6%	(2,408,219)	(24.6%)
Housing and community development	17,346,166	17.8%	3,375,687	24.2%
Capital outlay	5,683,727	5.8%	1,562,015	37.9%
Debt service	5,938,067	6.1%	1,508,495	34.1%
Total	\$ 97,459,331	100.0%	\$ 4,166,956	4.5%

**GOVERNMENTAL FUNDS
EXPENDITURES BY CATEGORIES
FISCAL YEAR 2008-2009**



Total governmental fund expenditures increased \$4.2 million or 4.5% from fiscal year 2007-2008. As mentioned earlier, the variances are attributable to:

- Public safety increased by \$2.0 million, or 4.8%, due primarily to cost of living related personnel costs and increased workers' compensation insurance expenses.
- To properly compare public works, cultural and leisure services, and housing and community development from fiscal year 2007-2008 to fiscal year 2008-2009, you must combine all variances. The total change for all three areas is a decrease of \$524,310, or 0.2%. The reason for combining public works, cultural and leisure services, and housing and community development is that many expenditures were reclassified in each area to properly reflect the areas activities.
- Capital outlay expenditures increased \$1.6 million, or 37.9%, primarily due to the use of Capital Projects and Traffic Congestion Relief Funds towards the City's Residential Street Rehabilitation Project.
- Debt service expenditures increased by \$1.5 million or 34.1% due to the retirement of the outstanding Public Financing Authority 2000 Tax Allocation Bonds.

Offsetting these increases is a decrease in general government expenditures. The decrease in general government of \$339,129 or 3.8% is primarily due to a hiring freeze resulting in lower personnel costs.

The six major funds are Special Revenue – Other Intergovernmental Grants Fund, Special Revenue – Redevelopment Agency Fund, Capital Projects – Capital Improvement Projects Fund, Debt Service - Public Financing Authority Fund, Debt Service - Redevelopment Agency Fund, and General Fund.

Special Revenue – Other Intergovernmental Grants Fund - The fund balance of the Special Revenue – Other Intergovernmental Grants fund on June 30, 2009 was (\$1.1) million, decreasing the negative fund balance by \$669,697 from the prior year. The decrease in negative fund balance is due to an increase in intergovernmental revenues and a substantial decrease in capital outlay and public works expenditures versus prior year.

Special Revenue – Redevelopment Agency Fund – The fund balance of the Special Revenue – Redevelopment Agency Fund on June 30, 2009 was \$12.7 million, an increase of \$1.2 million from the prior year. The increase is due to a substantial increase in intergovernmental revenues versus prior year.

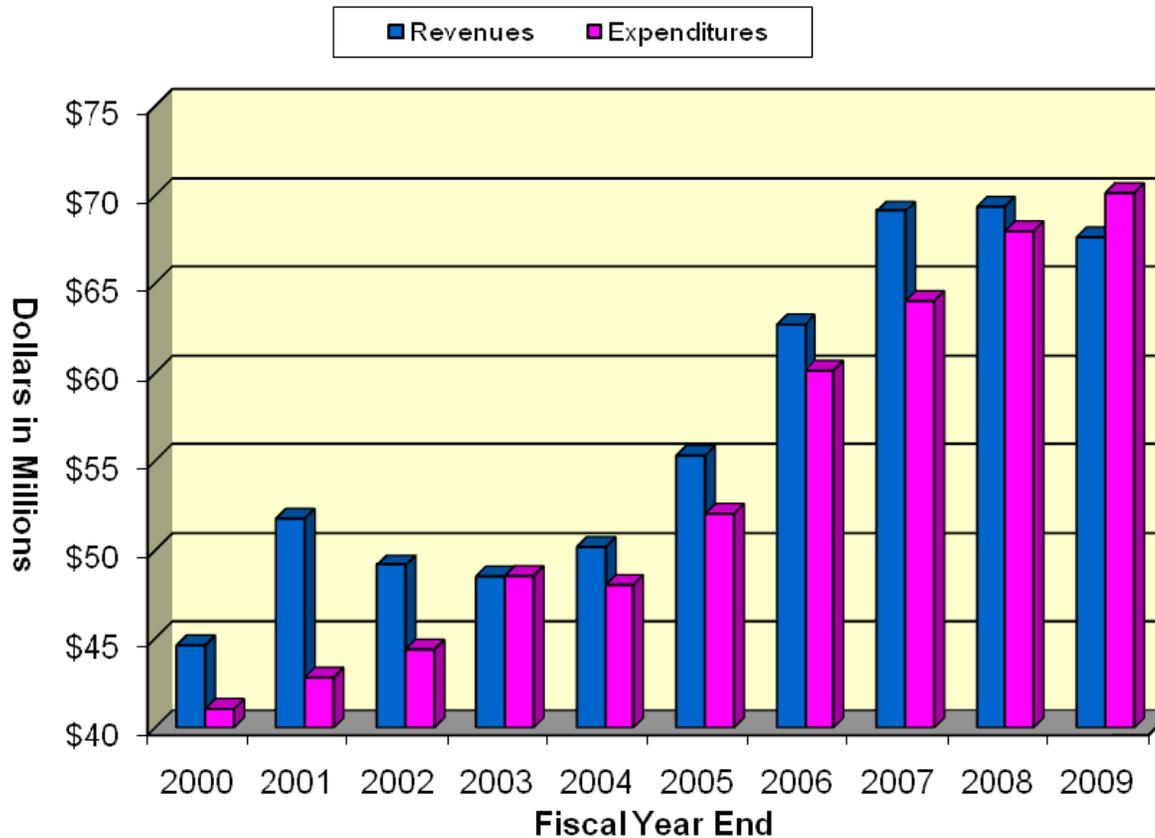
Capital Projects – Capital Improvement Projects Fund - The fund balance of the Capital Projects – Capital Improvement Projects Fund on June 30, 2009, was \$12.5 million, a decrease of \$1.6 million from the prior year. The decrease is primarily due to a substantial decrease in intergovernmental revenues and a substantial increase in capital outlay expenditures versus prior year.

Debt Service – Public Financing Authority Fund - The fund balance of the Debt Service – Public Financing Authority Fund on June 30, 2009, was \$9.7 million, a decrease of \$2.9 million from the prior year. The decrease is primarily due to the retirement of the Public Financing Authority 2000 Tax Allocation Bonds.

Debt Service - Redevelopment Agency Fund - The fund balance of the Debt Service - Redevelopment Agency Fund on June 30, 2009, was (\$15.4) million, decreasing the negative fund balance by \$1.2 million when compared to prior year. The decrease in the negative fund balance is primarily due to a decrease in interest and fiscal charges related to the City's Redevelopment Agency bonds.

General Fund - The following graph illustrates the ten-year trend of General Fund revenues and expenditures. Interfund transfers have been excluded from this graphic presentation. The discussion which follows focuses on changes from fiscal year 2007-2008 to fiscal year 2008-2009.

**REVENUES VS. EXPENDITURES
General Fund – Last Ten Years**



Impacts of both increases and decreases to General Fund revenues resulted in a net decrease of \$1.8 million, or 2.6%, from fiscal year 2007-2008. The majority of the decrease in revenue was due to declines in taxes, specifically sales tax, transient occupancy tax, and utility users' tax and a significant reduction in construction/excavation permits resulting from the recessionary economy. The decrease in these revenues was slightly offset by an increase in revenues related to interdepartmental charges.

General Fund expenditures increased by \$2.2 million, or 3.3%. As mentioned earlier, increases were due primarily to cost of living adjustments and increased workers' compensation insurance expenses attributable to the police and fire departments.

General Fund Balance

The fund balance of the General Fund, which includes net transfers out of \$10,693, as of June 30, 2009 was \$10.0 million, a decrease of \$2.6 million, when compared to the prior year. The City Council approved the designations of the General Fund balance reflected below.

	<u>FY 06-07</u>	<u>FY 07-08</u>	<u>FY 08-09</u>
General Fund Contingency	\$ 5,647,843	\$ 5,773,725	\$ 5,673,587
Compensated Absences	975,405	179,361	1,004,104
Carryover Designations	1,350,448	1,265,352	814,129
Retiree Medical Insurance	406,000	-	-
Self-Insurance Program Fund Allocation	-	-	1,010,000
Economic Contingency	-	332,897	-
Street Landscaping & Lighting	-	200,000	-
Health Ins Premium Increases	274,000	186,000	180,000
Future Labor Negotiations	800,000	840,000	-
Future Years' Appropriations	672,517	2,569,817	653,982
Undesignated Balance	235,132	331,726	37,327

As part of year-end activities, the City Council reviews the General Fund balance and determines how the City should designate the unreserved portion. As illustrated above, Council designations of General Fund balance over the past several years reflect the City's Strategic Plan. Aside from policy-designated amounts (i.e., contingency reserve and compensated absences), much of the money is set aside to accomplish strategic goals.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended fiscal year 2008-2009 budget totaled \$73.7 million, including net amendments of \$4,399,433 to the originally adopted budget. The City Council adopts budget adjustments during the year to reflect both changed priorities and consideration of events that took place subsequent to the budget adoption. The amendments can be briefly summarized as follows:

- Appropriation of \$843,371 for labor agreement modifications.
- Appropriation of \$7,000 for professional services related to Other Postemployment Benefits (OPEB).
- Appropriation of \$7,700 for Public Library part-time staffing.
- Appropriation of \$475,000 for Fire Department overtime.
- Funding of prior-year encumbrances of \$801,298.
- Funding of carry-over appropriations of \$1,265,352.
- Funding of mid-year appropriations of \$1,002,712.
- Negative appropriation of \$3,000 to move funding for the historical museum from the General Fund to the Capital Projects Fund.

Budget amendments were funded from/credited to available fund balance. During the year, however, revenues exceeded budgetary estimates by approximately \$125,000 and expenditures were \$2.8 million less than budgetary estimates, primarily due to personnel vacancies and contractual services that were not completed by year-end.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Capital assets of the City, including infrastructure assets are those assets used in the performance of the City's functions. At June 30, 2009, net capital assets of the governmental and business-type activities totaled \$136.7 million and \$39.2 million, respectively. Depreciation on capital assets is recognized in the Government-Wide financial statements.

The City has elected to use the "Modified Approach" as defined by GASB 34 for infrastructure reporting for its paving system (streets). Under GASB 34, eligible infrastructure capital assets are not required to be depreciated as long as:

- The City manages the eligible infrastructure capital assets using an asset management system with characteristics of: 1) an up-to-date inventory, 2) condition assessments which summarize the results using a measurement scale, and 3) estimated annual amounts budgeted to maintain and preserve an established condition assessment level.
- The City documents the eligible infrastructure capital assets being preserved approximately at the established and disclosed condition assessment level.

Prior to FY 2008-2009, the City's PQI rating, an amalgam of the PCR and the International Roughness Index (IRI) established by the World Bank, was based on a 10.0 scale; however, the PQI rating was converted to a 100 point scale to make it more comparable to the aforementioned alternative pavement rating methods. City policy is to achieve an average rating of 80 for all streets by fiscal year 2008-2009. This rating allows minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling at posted speeds. As of fiscal year 2003, the City established the standard rate of 70, and as of June 30, 2009 the City's street system was rated at a PQI of 79.

The City's budget for street maintenance for the fiscal year ended June 30, 2009 was \$10.8 million. Actual expenditures were \$3.9 million, with the remaining budget carried forward as continuing appropriations. The City is judiciously investing in this infrastructure asset as part of the five-year Capital Improvement Program and will continue to rehabilitate and maintain its streets in order to achieve this goal. The expenditure required to maintain and improve the overall condition of the streets from July 1, 2009 through June 30, 2011 is a minimum of \$10.2 million.

More information on the modified approach for City streets infrastructure capital assets is behind the tab section titled Required Supplementary Information.

Description	Original Cost	Accumulated Depreciation	Book Value
Capital Assets - Governmental Activities			
Land	\$ 16,522,947	\$ -	\$ 16,522,947
Buildings and Improvements	37,694,084	(12,863,036)	24,831,049
Equipment, Vehicles, Machinery	20,342,381	(12,214,572)	8,127,809
Work in Progress	1,003,491	-	1,003,491
Construction in Progress	833,053	-	833,053
Infrastructure	122,766,783	(37,416,304)	85,350,479
Total	\$ 199,162,739	\$ (62,493,911)	\$ 136,668,828
Capital Assets - Business-Type Activities			
Land	\$ 11,323,255	\$ -	\$ 11,323,255
Buildings and Improvements	27,969,308	(12,801,108)	15,168,199
Equipment, Vehicles, Machinery	1,025,451	(782,846)	242,605
Construction in Progress	-	-	-
Infrastructure	22,060,032	(9,550,983)	12,509,049
Total	\$ 62,378,046	\$ (23,134,937)	\$ 39,243,108

For more information on the City's capital assets, refer to Note 6 of the Notes to Financial Statements and also the tab section titled Capital Assets Used in the Operation of Governmental Funds.

DEBT ADMINISTRATION

Debt service funds are used to account for the accumulation of resources for payment of interest and principal on bonds issued by the City. The ratio of net bonded debt to assessed valuation and the amount of bonded debt per capita for the fiscal year 2008-2009 are provided below. These indicators provide important information for management and concerned citizens, as well as potential investors.

	<u>Amount</u>	<u>Ratio of Debt to Assessed Value of Property</u>	<u>Debt per Capita</u>
Net Direct: Bonded Debt	\$ 18,954,921	0.16%	\$ 280.21

The bonds issued by the Redevelopment Agency, a component unit of the City, were issued to provide financing of improvements within the South Bay Center project area. Additionally, bonds were issued to refinance the Public Financing Authority’s Aviation Bonds. Bonds issued by the Public Financing Authority (PFA), also a component unit of the City, were originally issued to provide funds to acquire the 1996 Tax Allocation Bonds of the Redevelopment Agency, to finance certain redevelopment activities with respect to the South Bay Center project area and to provide new monies for certain public capital improvements within the City. In addition, bonds were issued to refinance the Redevelopment Agency’s Pier Reconstruction bonds and to finance various improvements to, and to remedy a variety of deficiencies in the facilities of the Wastewater Enterprise. The City has no general obligation bond indebtedness.

For a complete listing of the City’s long-term debt obligations, refer to Note 8 of the notes to financial statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

Because the economic upswings of the past few years have subsided and the economy has recessed, the City developed its fiscal year 2009-2010 budget projecting General Fund revenues from outside sources to decrease \$433,261 from the fiscal year 2008-2009 final budget. Budgetary expectations reflect:

- Property tax revenue for FY 2009-10 is projected to decrease by \$94,000, or 0.5%, to \$18,621,000, excluding property tax in lieu of VLF and homeowners’ exemptions. This slight decrease in FY 2009-10 has its roots in a general devaluation of the housing market and a weakening economy. Redondo Beach revenue loss reflects only modest decreases in the value of coastal dwellings due to location advantages. Property tax should continue to decrease into 2011 as more properties are adjusted down in value. Property tax revenue is the City’s number one source of operating revenue.
- Sales and use tax revenue is projected to decline \$599,000, or 6.6%, to \$8,508,000. Sales tax revenue is generally down due to reductions in consumer spending. Following the national trend, the South Bay Galleria has had declining sales and, as a result, closing of businesses. A major business loss was Mervyn’s, which fortunately will be replaced by Kohl’s, although not until October 2009. Redondo Beach also lost Home Depot Expo, another large sales tax generator. This projection is conservatively based on analysis of current trends, including annual adjustments to the State “triple flip” sales tax apportionment, receipts from our largest sales tax sources, levels of consumer disposable income, heightened regional sales tax competition and moderating consumer confidence.

- Utility users' tax (UUT) revenue is projected to remain flat at \$8,000,000. This estimate is based upon analysis of the projected performance from each of the categorical components of the City's UUT tax base, including electricity, natural gas, telecommunications, water, and cable television. In FY 2008-09 the citizens of Redondo Beach overwhelmingly (75%) passed a measure to maintain the UUT at the current rate. Based on FY 2007-08 fees, UUT on electricity services represents about \$2.5 million, or 32% of this revenue source; while approximately \$3.4 million or 43% is provided from the UUT on telecommunications services, which includes both land and wireless services. Competition among utility providers and growth in the overall demand for utilities services will continue to gradually increase the level of UUT revenue provided to support the provision of essential City operational services. The City continues its proactive efforts addressing the challenges impacting this key tax-based operating revenue source.
- Franchise fees are projected to increase by \$181,000, or 11.3%, to \$1,785,000 for FY 2009-10. Components of franchise fee revenue include Time Warner cable television operations, Southern California Edison electricity franchise, Southern California Gas operations, Verizon, and taxicab franchise operations. With the exception of revenues from Southern California Gas, revenues from franchise fees reflect moderate increases, which is in line with growth in local operations. Cable television franchise revenue represents 48% of the overall franchise fee revenue estimate for FY 2009-10, while projected revenue from the electricity franchise represents 22%. The franchise revenue generated from the sale and transport of natural gas utilized to power the local AES power plant represents 26% of the total franchise fee estimate. Cyclical uncertainties of the deregulated energy environment and their impact upon the productive utilization rate of the AES power plant require a conservative estimate from this revenue source.
- Investment earnings for the General Fund for FY 2009-10 are projected to decrease by \$246,500, or 15.6%, to \$1,322,000. This decline is attributable to lower interest rates within the investment marketplace. The three major components of the portfolio are: liquid investments with the State Local Agency Investment Fund, and both Federal Agency and high-grade corporate Medium-Term Note Investments structured with a 1 to 5 year investment maturity matrix. Enhanced cash management activities, coupled with the City's continued participation in the California Statewide Communities Tax and Revenue Anticipation Note (TRAN) program, serve as core elements of the City Treasurer's comprehensive cash management program. In addition, implementation of a strategically focused capital improvement program (CIP) cash management plan will serve to enhance investment returns from CIP funding sources, while ensuring CIP program liquidity.
- Motor vehicle fees are projected in two parts – One part, the Motor Vehicle in-lieu fees (VLF), are included in intergovernmental revenues and are projected to decrease by \$62,500, or 20.7%, to \$239,500. The projected decline in the amount of motor vehicle license fee revenue is attributable to the apportionment of current revenue from the State net of withholding for various State administrative costs. The other part of this fee is allocated to the City through property tax. This is called the Property Tax in Lieu of Vehicle License Fee (VLF) revenue is projected to increase very slightly by \$50,000 or 1.0 % to \$5,255,000 in FY 2009-10. VLF revenue closely parallels growth in City property tax revenue.

Budgeted General Fund appropriations decreased 7.7%, or \$5.8 million, to \$69,194,495, from the prior final budget. Personnel costs decreased 8.7%, primarily due to the employee bargaining units foregoing cost of living increases, staff reductions, and a citywide hiring freeze. Internal service fund allocations increased 4.5%, or \$770,314; however, the allocation will be adjusted at the midyear review. There is a significant decrease in maintenance and operations expenditures of 23.0% from the prior year's final budget due to the prior year's final budget reflecting carryover appropriations of \$2.1 million, including carryover encumbrances of about \$820,000. Carryovers are not included in the FY 2009-2010 budget. While longer term projections indicate that the City must continue to keep a tight reign on spending, no reductions in City services are anticipated.

Although Redondo Beach saw an increase of 1.1% in real property assessed valuations for FY 2008-2009, other areas of the local economy provided evidence of the continuing recession. For example, transient occupancy rates declined from 79% in FY 2007-2008 to 76% in FY 2008-2009, and sales tax revenue was 13.0% less than projected in the FY 2008-2009 adopted budget and 3.7% less than projected in the FY 2008-2009 revised budget, a result of reduced consumer confidence and weaker consumer spending. Still, Redondo Beach continues to exceed the countywide average in total taxable retail sales, ranking 31 out of 89 cities. Fortunately, the local economy has not seen massive job losses, as evidenced in other parts of the state. In fact, Redondo Beach experienced a slight decrease in its unemployment rate from 2.9% in 2007 to 2.6% in 2008.

All sectors of the national and regional economy have been impacted by the current recession. Fortunately, the South Bay region has not been negatively impacted nearly as much as other areas of Southern California. Even though the economy is in a recessionary period, opportunities still exist to minimize the impacts and set the stage for improvement.

In order to continue to retain and attract business and stimulate tourism, the City must strive to maintain a business friendly attitude and to provide the highest quality in municipal services.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Financial Services Department at 415 Diamond Street, Redondo Beach CA 90277, phone 310-318-0683, or e-mail FinanceMail@redondo.org

BASIC FINANCIAL STATEMENTS



BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS



GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Redondo Beach
Statement of Net Assets
June 30, 2009

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 61,557,732	\$ 19,597,989	\$ 81,155,721
Receivables:			
Accounts	1,394,265	522,384	1,916,649
Interest	495,591	122,658	618,249
Taxes	3,934,649	119,722	4,054,371
Notes and loans	4,197,822	258,823	4,456,645
Internal balances	(8,877,431)	8,877,431	-
Due from other governments	2,478,287	7,101	2,485,388
Prepaid items	112,286	2,553	114,839
Deferred charges	247,837	317,832	565,669
Restricted cash and investments with fiscal agents	1,604,040	6,310,839	7,914,879
Capital assets:			
Nondepreciable	72,413,527	11,323,255	83,736,782
Depreciable, net	64,255,303	27,919,856	92,175,159
Total capital asset	136,668,830	39,243,111	175,911,941
Total assets	203,813,908	75,380,443	279,194,351

City of Redondo Beach
Statement of Net Assets
June 30, 2009

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
LIABILITIES			
Accounts payable	3,691,631	626,550	4,318,181
Accrued liabilities	1,908,887	210,293	2,119,180
Pollution remediation liability	100,000	-	100,000
Accrued interest	133,800	-	133,800
Unearned revenue	654,560	183,884	838,444
Deposits payable	95,090	67,478	162,568
Due to other governments	124,674	-	124,674
Noncurrent liabilities:			
Due within one year:			
Compensated absences payable	12,130	12,921	25,051
Claims and judgements payable	2,690,237	-	2,690,237
Other long-term debt	861,759	456,259	1,318,018
Due in more than one year:			
Compensated absences payable	2,388,215	259,233	2,647,448
Claims and judgements payable	13,473,386	-	13,473,386
Other long-term debt	23,804,181	12,584,940	36,389,121
Total noncurrent liabilities	43,229,908	13,313,353	56,543,261
Total liabilities	49,938,550	14,401,558	64,340,108
NET ASSETS			
Invested in capital assets, net of related debt	135,170,376	35,414,035	170,584,411
Restricted for:			
Capital projects	5,493,161	-	5,493,161
Debt service	10,091,920	-	10,091,920
Public safety	2,242,932	-	2,242,932
Total restricted	17,828,013	-	17,828,013
Unrestricted	876,969	25,564,850	26,441,819
Total net assets	\$ 153,875,358	\$ 60,978,885	\$ 214,854,243

See accompanying Notes to the Financial Statements.

City of Redondo Beach
Statement of Activities and Changes in Net Assets
For the year ended June 30, 2009

Functions/Programs	Expenses	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Governmental Activities	Business-Type Activities	Total
Primary government:								
Governmental activities:								
General government	\$ 9,234,672	\$ 4,798,599	\$ 1,000	\$ -	\$ 4,799,599	\$ (4,435,073)	\$ -	\$ (4,435,073)
Public safety	42,293,976	2,669,185	951,771	98,548	3,719,504	(38,574,472)	-	(38,574,472)
Public works	12,538,423	4,518,076	638,660	1,743,535	6,900,271	(5,638,152)	-	(5,638,152)
Cultural and leisure services	7,586,649	1,219,916	72,821	-	1,292,737	(6,293,912)	-	(6,293,912)
Housing and community development	17,696,101	4,056,523	7,473,435	1,644,030	13,173,988	(4,522,113)	-	(4,522,113)
Interest on long-term debt	1,747,427	-	-	-	-	(1,747,427)	-	(1,747,427)
Total governmental activities	91,097,248	17,262,299	9,137,687	3,486,113	29,886,099	(61,211,149)	-	(61,211,149)
Business-type activities:								
Harbor tidelands	5,360,523	5,270,090	99,181	-	5,369,271	-	8,748	8,748
Harbor uplands	5,288,345	4,038,226	-	-	4,038,226	-	(1,250,119)	(1,250,119)
Wastewater	2,092,245	2,293,090	-	-	2,293,090	-	200,845	200,845
Solid waste	3,228,498	2,992,476	63,331	-	3,055,807	-	(172,691)	(172,691)
Total business-type activities	15,969,611	14,593,882	162,512	-	14,756,394	-	(1,213,217)	(1,213,217)
Total primary government	\$ 107,066,859	\$ 31,856,181	\$ 9,300,199	\$ 3,486,113	\$ 44,642,493	(61,211,149)	(1,213,217)	(62,424,366)

City of Redondo Beach
Statement of Activities and Changes in Net Assets
For the year ended June 30, 2009

General Revenues and Transfers:

Taxes:

Property taxes	28,612,395	-	28,612,395
Transient occupancy taxes	3,485,290	-	3,485,290
Sales taxes	9,329,872	-	9,329,872
Franchise taxes	1,970,548	-	1,970,548
Business licenses taxes	1,293,056	-	1,293,056
Utilities users taxes	7,848,157	-	7,848,157
Motor vehicle license in lieu - unrestricted	205,403	-	205,403
Use of money and property	4,948,736	944,480	5,893,216
Other	1,599,388	195,080	1,794,468
Gain (loss) on sale of assets	28,288	-	28,288
Transfers	1,142,313	(1,142,313)	-
Total general revenues and transfers	60,463,446	(2,753)	60,460,693
Change in net assets	(747,703)	(1,215,970)	(1,963,673)
Net assets - beginning of year	154,623,061	62,194,855	216,817,916
Net assets - end of year	\$ 153,875,358	\$ 60,978,885	\$ 214,854,243

See accompanying Notes to the Financial Statements.

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FUND FINANCIAL STATEMENTS



FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Proprietary Fund Financial Statements

Fiduciary Fund Financial Statements

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

General Fund - The General Fund is used to account for all revenues and expenditures that are not required to be accounted for in another fund.

Other Intergovernmental Grants Fund - To account for federal, state and other governmental agencies grant funding that supplements local funding.

Redevelopment Agency Special Revenue Fund - To account for the accumulation of resources for, and the payment of, interest and principal on tax allocation bonds and other debt issued to finance redevelopment activities within the project areas and to account for the general redevelopment operations of the Redevelopment Agency of the City.

Capital Improvement Projects Fund - To account for capital improvements of the City.

Public Financing Authority Debt Service Fund - To account for the payment of interest and principal on tax allocation bonds and other debt issued to finance City and redevelopment activities.

Redevelopment Agency Debt Service Fund - To account for the accumulation of resources for, and the payment of, interest and principal on tax allocation bonds and other debt issued to finance redevelopment activities within the projects areas.

Total Non-Major Funds is the aggregate of all the non-major governmental funds.

City of Redondo Beach
Balance Sheet
Governmental Funds
June 30, 2009

	Special Revenue Fund			Capital	Debt Service Funds		Total Non-Major Funds	Total Governmental Funds
	General	Other	Redevelopment	Projects Fund	Public	Redevelopment		
		Intergovernmental Grants	Agency	Capital Improvement Projects	Financing Authority	Agency		
ASSETS								
Pooled cash and investments	\$ 7,240,551	\$ -	\$ 9,842,158	\$ 12,684,288	\$ 357,945	\$ 1,257,422	\$ 9,577,691	\$ 40,960,055
Receivables:								
Accounts	860,883	37,552	-	-	13,949	-	471,939	1,384,323
Interest	377,460	1,061	56,935	-	2,639	-	57,496	495,591
Taxes	3,326,595	-	165,475	-	-	316,697	125,882	3,934,649
Notes and loans	8,391	-	3,696,568	-	-	-	492,863	4,197,822
Prepaid costs	108,936	-	-	-	-	-	171	109,107
Due from other funds	1,882,750	-	170,443	-	148,105	-	490,148	2,691,446
Due from other governments	58,381	1,339,661	134	-	-	-	1,080,111	2,478,287
Advances to other funds	-	-	-	-	8,360,345	-	-	8,360,345
Restricted assets:								
Cash and investments with fiscal agents	-	-	-	-	1,604,040	-	-	1,604,040
Total assets	\$ 13,863,947	\$ 1,378,274	\$ 13,931,713	\$ 12,684,288	\$ 10,487,023	\$ 1,574,119	\$ 12,296,301	\$ 66,215,665
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 974,370	\$ 347,295	\$ 159,891	\$ 186,675	\$ 23,865	\$ -	\$ 1,112,346	\$ 2,804,442
Accrued liabilities	1,696,470	10,831	-	2,792	-	-	60,793	1,770,886
Pollution remediation liability	100,000	-	-	-	-	-	-	100,000
Unearned revenues	478,911	159,439	-	-	-	-	16,210	654,560
Deposits payable	95,090	-	-	-	-	-	-	95,090
Due to other funds	25,820	956,391	192,384	-	376,290	548,052	984,538	3,083,475
Due to other governments	-	-	-	-	-	123,008	1,666	124,674
Deferred revenue	467,964	985,584	896,724	-	-	-	594,743	2,945,015
Advances from other funds	-	-	-	-	-	16,636,807	-	16,636,807
Total liabilities	3,838,625	2,459,540	1,248,999	189,467	400,155	17,307,867	2,770,296	28,214,949

City of Redondo Beach
Balance Sheet
Governmental Funds
June 30, 2009

	Special Revenue Fund		Capital	Debt Service Funds		Total Non-Major Funds	Total Governmental Funds	
	Other	Redevelopment Agency	Projects Fund	Public	Redevelopment Agency			
	Intergovernmental Grants		Capital Improvement Projects	Financing Authority				
General								
Fund Balances:								
Reserved:								
Encumbrances	517,416	-	203,392	286,380	-	-	613,512	1,620,700
Prepaid costs	108,936	-	-	-	-	-	171	109,107
Notes and loans	8,391	-	3,696,568	-	-	-	492,863	4,197,822
Advances to other funds	-	-	-	-	8,360,345	-	-	8,360,345
Low income programs	-	-	1,898,017	-	-	-	-	1,898,017
Unreserved:								
Unreserved, reported in nonmajor:								
Special revenue funds	-	-	-	-	-	-	4,494,765	4,494,765
Capital projects funds	-	-	-	-	-	-	5,052	5,052
Debt service funds	-	-	-	-	-	-	1,222,686	1,222,686
Future years' appropriations	653,982	-	-	-	-	-	-	653,982
Contingencies	5,673,587	-	-	-	-	-	-	5,673,587
Compensated absences	1,004,104	-	-	-	-	-	-	1,004,104
Petty cash	17,450	-	-	-	-	-	-	17,450
Continuing appropriations	814,129	-	-	9,891,290	-	-	2,696,956	13,402,375
Self insurance program	1,010,000	-	-	-	-	-	-	1,010,000
Health insurance premiums	180,000	-	-	-	-	-	-	180,000
Undesignated	37,327	(1,081,266)	6,884,737	2,317,151	1,726,523	(15,733,748)	-	(5,849,276)
Total fund balances	10,025,322	(1,081,266)	12,682,714	12,494,821	10,086,868	(15,733,748)	9,526,005	38,000,716
Total liabilities and fund balances	\$ 13,863,947	\$ 1,378,274	\$ 13,931,713	\$ 12,684,288	\$ 10,487,023	\$ 1,574,119	\$ 12,296,301	\$ 66,215,665

See accompanying Notes to the Financial Statements.

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City of Redondo Beach
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2009

Total Fund Balances - Total Governmental Funds \$ 38,000,716

Amounts reported for governmental activities in the Statement of Net Assets were different because:

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the governmental funds. Except for the internal service funds reported below, the capital assets were as follows:

	Government- Wide Statement of Net Assets	Internal Service Funds	
Non-depreciable	\$ 72,413,527	\$ -	72,413,527
Depreciable, net	64,255,303	(4,468,526)	59,786,777
Total capital assets	\$ 136,668,830	\$ (4,468,526)	132,200,304

Accrued interest payable on long-term debt did not require current financial resources. Therefore, accrued interest payable was not reported as a liability in governmental funds. (133,800)

Bond issuance costs from issuing debt were expenditures in the fund financial statements. However, they were deferred and subject to capitalization and amortization in the Government-Wide Financial Statements. 247,837

Revenues were recorded as deferred revenue in the governmental funds because they did not meet the revenue recognition criteria. However, they were reclassified as revenues in the Government-Wide Financial Statements. 2,945,015

Internal Service funds were used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The assets and liabilities of the Internal Service funds were included in governmental activities in the Government-Wide Statement of Net Assets. 7,393,011

Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the governmental funds:

	Government- Wide Statement of Net Assets	Internal Service Funds	
Other long-term debt - due within one year	\$ (3,551,996)	\$ 2,703,007	(848,989)
Other long-term debt - due in more than one year	(37,277,567)	13,493,785	(23,783,782)
Compensated absences payable - due within one year	(12,130)	12,130	-
Compensated absences payable - due in more than one year	(2,388,215)	243,261	(2,144,954)
Total long-term liabilities	\$ (43,229,908)	\$ 16,452,183	(26,777,725)

Net Assets of Governmental Activities \$ 153,875,358

See accompanying Notes to the Financial Statements.

City of Redondo Beach
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2009

	Special Revenue Fund		Capital	Debt Service Funds		Total Non-Major Funds	Total Governmental Funds	
	Other	Redevelopment Agency	Projects Fund	Public	Redevelopment Agency			
	Intergovernmental Grants		Improvement Projects	Financing Authority				
General								
REVENUES:								
Taxes	\$ 49,621,621	\$ -	\$ 869,732	\$ -	\$ -	\$ 1,827,464	\$ 11,200	\$ 52,330,017
Interdepartmental	6,655,458	-	-	-	-	-	-	6,655,458
Licenses and permits	1,006,075	-	-	-	-	-	-	1,006,075
Intergovernmental	278,225	2,598,584	-	-	-	-	11,114,602	13,991,411
Charges for services	4,810,548	-	-	103,527	-	-	2,032,998	6,947,073
Use of money and property	3,127,757	-	416,223	-	1,513,911	32	622,410	5,680,333
Fines and forfeitures	1,845,838	-	-	-	-	-	-	1,845,838
Miscellaneous	252,210	-	907,319	61,500	-	-	482,955	1,703,984
Total revenues	67,597,732	2,598,584	2,193,274	165,027	1,513,911	1,827,496	14,264,165	90,160,189
EXPENDITURES:								
Current:								
General government	8,693,889	-	-	-	-	-	-	8,693,889
Public safety	42,237,762	552,589	-	-	-	-	79,447	42,869,798
Housing and community development	5,936,851	8,837	987,671	-	234,738	70,596	10,330,356	17,569,049
Public works	5,683,859	47,931	-	121,140	-	-	3,702,063	9,554,993
Cultural and leisure services	7,372,691	-	-	-	-	-	-	7,372,691
Capital outlay	218,424	1,319,530	-	2,333,894	-	-	1,811,879	5,683,727
Debt service:								
Principal retirement	-	-	-	-	2,801,824	647,005	-	3,448,829
Interest and fiscal charges	-	-	-	-	420,000	1,318,532	-	1,738,532
Total expenditures	70,143,476	1,928,887	987,671	2,455,034	3,456,562	2,036,133	15,923,745	96,931,508
EXCESS (DEFICIENCY) OF REVENUES								
OVER (UNDER) EXPENDITURES	(2,545,744)	669,697	1,205,603	(2,290,007)	(1,942,651)	(208,637)	(1,659,580)	(6,771,319)

City of Redondo Beach
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2009

	Special Revenue Fund			Capital	Debt Service Funds		Total Non-Major Funds	Total Governmental Funds
	Other		Projects Fund	Public	Redevelopment Agency			
	General	Intergovernmental Grants	Redevelopment Agency	Capital Improvement Projects		Financing Authority		
OTHER FINANCING SOURCES (USES):								
Transfers in	1,588,314	-	-	703,000	165,712	551,966	2,473,669	5,482,661
Transfers out	(1,599,007)	-	-	(45,320)	(17,279)	(700,399)	(2,233,663)	(4,595,668)
Refunding bonds issued	-	-	-	-	-	700,000	-	700,000
Refunding bonds redeemed	-	-	-	-	(700,000)	-	-	(700,000)
Other debt issued	-	-	-	-	-	547,789	-	547,789
Total other financing sources (uses)	(10,693)	-	-	657,680	(551,567)	1,099,356	240,006	1,434,782
Net change in fund balances	(2,556,437)	669,697	1,205,603	(1,632,327)	(2,494,218)	890,719	(1,419,574)	(5,336,537)
FUND BALANCES:								
Beginning of year	12,581,759	(1,750,963)	11,477,111	14,127,148	12,581,086	(16,624,467)	10,945,579	43,337,253
End of year	<u>\$ 10,025,322</u>	<u>\$ (1,081,266)</u>	<u>\$ 12,682,714</u>	<u>\$ 12,494,821</u>	<u>\$ 10,086,868</u>	<u>\$ (15,733,748)</u>	<u>\$ 9,526,005</u>	<u>\$ 38,000,716</u>

See accompanying Notes to the Financial Statements.

City of Redondo Beach

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets

For the year ended June 30, 2009

Net Change in Fund Balances - Total Governmental Funds \$ (5,336,537)

Amounts reported for governmental activities in the Statement of Activities and Changes in Net Assets were different because:

	Funds Capital Outlay	Government-Wide Expenses	
Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period.	\$ 5,683,727	\$ 336,199	5,347,528
The net effect of sales transactions involving capital assets is to decrease net assets.			(22,702)
	Government- Wide Statement of Net Assets	Internal Service Funds	
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the governmental funds.	\$ (4,825,355)	\$ 889,622	(3,935,733)
Long-term compensated absences was reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it did not require the use of current financial resources. Therefore, long-term compensated absences was not reported as expenditures in the governmental funds.			(507,170)
Issuance of long-term debt (e.g. bonds, leases) provided current financial resources to governmental funds, but issuing debt increased long-term liabilities in the Government-Wide Statement of Net Assets:	Refunding bonds issued	Other debt issued	
Refunding bonds issued	\$ (700,000)	\$ (547,789)	(1,247,789)
Other debt issued			
Repayment of principal of long-term debt was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Assets:			
Principal retirement			3,448,829
Refunding bonds redeemed			700,000

City of Redondo Beach

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in

Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets

For the year ended June 30, 2009

Amortization expense was reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it did not require the use of current financial resources. Therefore, amortization expense was not reported as an expenditure in the governmental funds:

Amortization of bond premium	18,989
Amortization of deferred charges	(27,537)

Interest expense on long-term debt was reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it did not require the use of current financial resources. Therefore, interest expense was not reported as expenditures in governmental funds. The following amount represented the change in accrued interest from the prior year.

5,935

Certain revenues were recorded as deferred revenue in the governmental funds because they did not meet the revenue recognition criteria of availability. However, they were included as revenue in the Governmental-Wide Statement of Activities and Changes in Net Assets under the full accrual basis.

(1,074,546)

Internal service funds were used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net revenue of the internal service funds was reported with governmental activities.

1,883,030

Change in Net Assets of Governmental Activities

\$ (747,703)

See accompanying Notes to the Financial Statements.

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PROPRIETARY FUND FINANCIAL STATEMENTS

Harbor Tidelands Fund - To account for the operations of small boat harbor facilities available to the general public, including related pier activities. The use of this fund is restricted under the City Tideland Trust Agreement with the State of California.

Harbor Uplands Fund - To account for the operations of small boat harbor facilities available to the general public, including related pier activities. The use of this fund is subject only to the decisions of the City Council.

Wastewater Fund - To account for the capital facility charge, more commonly referred to as a sewer user fee. The capital facility charge is designed to reimburse the City's wastewater system for the capital costs to provide wastewater capacity to new system users. This charge is associated with the expansion of the system required over time to address increases in wastewater flow generated by new development.

Solid Waste Fund - To account for revenues and expenses related to the City's comprehensive solid waste program, including AB 939 funds.

Internal Service Funds - These funds are used to account for interdepartmental operations where it is the stated intent that costs of providing services to the departments of the City on a continuing basis be financed or recovered primarily by charges to the user departments.

City of Redondo Beach
Statement of Net Assets
Proprietary Funds
June 30, 2009

	Business-Type Activities - Enterprise Funds					Governmental
	Harbor Tidelands	Harbor Uplands	Wastewater	Solid Waste	Total	Activities Internal Service Funds
ASSETS						
Current assets:						
Cash and investments	\$ 12,356,085	\$ 2,851,397	\$ 3,539,520	\$ 850,987	\$ 19,597,989	\$ 20,597,677
Receivables:						
Accounts	302,702	154,109	29,874	35,699	522,384	9,942
Interest	99,016	23,540	-	102	122,658	-
Taxes	-	-	63,461	56,261	119,722	-
Notes and loans	258,823	-	-	-	258,823	-
Due from other funds	600,969	-	-	-	600,969	-
Due from other governments	-	-	-	7,101	7,101	-
Prepaid items	1,310	1,109	109	25	2,553	3,179
Deferred charges	-	-	317,832	-	317,832	-
Restricted:						
Cash with fiscal agent	-	-	6,310,839	-	6,310,839	-
Total current assets	13,618,905	3,030,155	10,261,635	950,175	27,860,870	20,610,798
Noncurrent assets:						
Advances to other funds	6,200,547	2,075,915	-	-	8,276,462	-
Capital assets:						
Non-depreciable	3,776,802	7,546,453	-	-	11,323,255	-
Depreciable, net	14,121,420	5,745,354	7,992,735	60,347	27,919,856	4,468,526
Total capital assets	17,898,222	13,291,807	7,992,735	60,347	39,243,111	4,468,526
Total noncurrent assets	24,098,769	15,367,722	7,992,735	60,347	47,519,573	4,468,526
Total assets	37,717,674	18,397,877	18,254,370	1,010,522	75,380,443	25,079,324

City of Redondo Beach
Statement of Net Assets
Proprietary Funds
June 30, 2009

	Business-Type Activities - Enterprise Funds					Governmental
	Harbor Tidelands	Harbor Uplands	Wastewater	Solid Waste	Total	Activities Internal Service Funds
LIABILITIES						
Current liabilities:						
Accounts payable	164,554	173,780	79,672	208,544	626,550	887,189
Accrued liabilities	89,918	82,384	21,862	16,129	210,293	138,001
Deposits payable	63,837	3,641	-	-	67,478	-
Due to other funds	-	-	-	-	-	208,940
Unearned revenue	133,516	26,718	16,039	7,611	183,884	-
Accrued compensated absences	5,963	3,955	2,364	639	12,921	12,130
Accrued claims and judgments	-	-	-	-	-	2,690,237
Bonds, notes, and capital leases	248,633	-	207,626	-	456,259	12,770
Total current liabilities	706,421	290,478	327,563	232,923	1,557,385	3,949,267
Noncurrent liabilities:						
Accrued claims and judgments	-	-	-	-	-	13,473,386
Accrued compensated absences	119,634	79,358	47,422	12,819	259,233	243,261
Bonds, notes, and capital leases	3,466,920	-	9,118,020	-	12,584,940	20,399
Total noncurrent liabilities	3,586,554	79,358	9,165,442	12,819	12,844,173	13,737,046
Total liabilities	4,292,975	369,836	9,493,005	245,742	14,401,558	17,686,313
NET ASSETS						
Invested in capital assets, net of related debt	17,083,953	13,291,807	4,977,928	60,347	35,414,035	4,435,357
Unrestricted	16,340,746	4,736,234	3,783,437	704,433	25,564,850	2,957,654
Total net assets	\$ 33,424,699	\$ 18,028,041	\$ 8,761,365	\$ 764,780	\$ 60,978,885	\$ 7,393,011

See accompanying Notes to the Financial Statements.

City of Redondo Beach

Statement of Revenues, Expenses and Changes in Net Assets

Proprietary Funds

For the year ended June 30, 2009

	Business-Type Activities - Enterprise Funds				Total	Governmental
	Harbor Tidelands	Harbor Uplands	Wastewater	Solid Waste		Internal Service Funds
OPERATING REVENUES:						
Sales and service charges	\$ -	\$ -	\$ 2,293,090	\$ 2,992,476	\$ 5,285,566	\$ 15,934,730
Harbor rentals	4,586,217	2,279,011	-	-	6,865,228	-
Use of property	683,873	1,759,215	-	-	2,443,088	-
Miscellaneous	33,215	39,990	15,000	106,875	195,080	93,301
Total operating revenues	5,303,305	4,078,216	2,308,090	3,099,351	14,788,962	16,028,031
OPERATING EXPENSES:						
Personnel services	2,838,193	3,020,883	654,343	572,380	7,085,799	4,847,322
Contractual services	664,187	734,153	376,954	2,399,772	4,175,066	5,148,376
Administrative and general expenses	1,214,039	1,158,903	265,634	251,674	2,890,250	3,537,007
Depreciation expense	466,197	374,406	268,901	4,672	1,114,176	889,622
Total operating expenses	5,182,616	5,288,345	1,565,832	3,228,498	15,265,291	14,422,327
OPERATING INCOME (LOSS)	120,689	(1,210,129)	742,258	(129,147)	(476,329)	1,605,704
NONOPERATING REVENUES EXPENSES:						
Intergovernmental	99,181	-	-	63,331	162,512	-
Investment income	575,014	161,544	207,922	-	944,480	-
Interest expense	(177,907)	-	(526,413)	-	(704,320)	(6,282)
Gain (loss) on sale of fixed assets	-	-	-	-	-	28,288
Total nonoperating revenues (expenses)	496,288	161,544	(318,491)	63,331	402,672	22,006

City of Redondo Beach

Statement of Revenues, Expenses and Changes in Net Assets

Proprietary Funds

For the year ended June 30, 2009

	Business-Type Activities - Enterprise Funds					Governmental
	Harbor Tidelands	Harbor Uplands	Wastewater	Solid Waste	Total	Activities Internal Service Funds
INCOME (LOSS) BEFORE TRANSFERS	616,977	(1,048,585)	423,767	(65,816)	(73,657)	1,627,710
Transfers in	120,000	-	-	-	120,000	255,320
Transfers out	-	-	(385,313)	(877,000)	(1,262,313)	-
Total transfers	<u>120,000</u>	<u>-</u>	<u>(385,313)</u>	<u>(877,000)</u>	<u>(1,142,313)</u>	<u>255,320</u>
Change in net assets	736,977	(1,048,585)	38,454	(942,816)	(1,215,970)	1,883,030
NET ASSETS:						
Beginning of year	<u>32,687,722</u>	<u>19,076,626</u>	<u>8,722,911</u>	<u>1,707,596</u>	<u>62,194,855</u>	<u>5,509,981</u>
End of year	<u>\$ 33,424,699</u>	<u>\$ 18,028,041</u>	<u>\$ 8,761,365</u>	<u>\$ 764,780</u>	<u>\$ 60,978,885</u>	<u>\$ 7,393,011</u>

See accompanying Notes to the Financial Statements.

City of Redondo Beach
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2009

	Business-Type Activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Harbor Tidelands	Harbor Uplands	Wastewater	Solid Waste	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers and users	\$ 5,379,772	\$ 4,050,897	\$ 2,323,825	\$ 3,099,429	\$ 14,853,923	\$ 16,020,116
Cash payments to suppliers for goods and services	(2,059,937)	(2,035,092)	(636,017)	(2,456,186)	(7,187,232)	(9,542,344)
Cash payments to employees for services	(2,749,855)	(2,969,116)	(620,085)	(564,014)	(6,903,070)	(4,742,481)
Net cash provided (used) by operating activities	569,980	(953,311)	1,067,723	79,229	763,621	1,735,291
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Transfers in	120,000	-	-	-	120,000	255,320
Transfers out	-	-	(385,313)	(877,000)	(1,262,313)	-
Repayment received from other funds	(187,792)	-	-	-	(187,792)	68,586
Repayment made to other funds	-	-	-	-	-	-
Advance from other funds	-	-	-	-	-	-
Advance to other funds	76,394	(51,422)	-	-	24,972	-
Subsidy from grants	99,181	-	-	66,936	166,117	-
Net cash provided (used) by noncapital financing activities	107,783	(51,422)	(385,313)	(810,064)	(1,139,016)	323,906
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Acquisition and construction of capital assets	(61,957)	(60,770)	(22,086)	-	(144,813)	(1,580,377)
Principal paid on capital debt	(237,927)	-	(184,913)	-	(422,840)	(12,049)
Interest paid on capital debt	(177,907)	-	(526,413)	-	(704,320)	(6,282)
Proceeds from sales of capital assets	-	-	-	-	-	28,288
Net cash provided (used) by capital and related financing activities	(477,791)	(60,770)	(733,412)	-	(1,271,973)	(1,570,420)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Loan collections	22,311	-	-	-	22,311	-
Interest received	582,878	173,689	207,922	219	964,708	-
Net cash provided (used) by investing activities	605,189	173,689	207,922	219	987,019	-
Net increase (decrease) in cash and cash equivalents	\$ 805,161	\$ (891,814)	\$ 156,920	\$ (730,616)	\$ (660,349)	\$ 488,777

City of Redondo Beach
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2009

	Business-Type Activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Harbor Tidelands	Harbor Uplands	Wastewater	Solid Waste	Total	
CASH AND CASH EQUIVALENTS:						
Beginning of year	\$ 11,550,924	\$ 3,743,211	\$ 9,693,439	\$ 1,581,603	\$ 26,569,177	\$ 20,108,900
End of year	\$ 12,356,085	\$ 2,851,397	\$ 9,850,359	\$ 850,987	\$ 25,908,828	\$ 20,597,677
FINANCIAL STATEMENT PRESENTATION:						
Cash and investments	\$ 12,356,085	\$ 2,851,397	\$ 3,539,520	\$ 850,987	\$ 19,597,989	\$ 20,597,677
Cash with fiscal agent	-	-	6,310,839	-	6,310,839	-
Total cash, cash equivalents, and investments	\$ 12,356,085	\$ 2,851,397	\$ 9,850,359	\$ 850,987	\$ 25,908,828	\$ 20,597,677
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:						
Operating income (loss)	\$ 120,689	\$ (1,210,129)	\$ 742,258	\$ (129,147)	\$ (476,329)	\$ 1,605,704
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation expense	466,197	374,406	268,901	4,672	1,114,176	889,622
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	83,723	(57,513)	35,445	26,172	87,827	(7,963)
(Increase) decrease in taxes receivable	-	-	(26,549)	(6,055)	(32,604)	-
(Increase) decrease in due from other governments	-	-	-	-	-	48
(Increase) decrease in prepaid expense	(1,060)	(1,109)	(109)	(25)	(2,303)	(3,066)
Increase (decrease) in accounts payable	(180,651)	(140,927)	6,680	195,285	(119,613)	424,231
Increase (decrease) in due to other governments	-	-	-	-	-	(28)
Increase (decrease) in deposits payable	34,789	3,641	-	-	38,430	-
Increase (decrease) in accrued liabilities	12,496	1,165	4,041	(1,287)	16,415	1,580
Increase (decrease) in claims and judgments	-	-	-	-	-	(1,278,098)
Increase (decrease) in compensated absences	75,842	50,602	30,217	9,653	166,314	103,261
Increase (decrease) in unearned revenue	(42,045)	26,553	6,839	(20,039)	(28,692)	-
Total adjustments	449,291	256,818	325,465	208,376	1,239,950	129,587
Net cash provided (used) by operating activities	\$ 569,980	\$ (953,311)	\$ 1,067,723	\$ 79,229	\$ 763,621	\$ 1,735,291

See accompanying Notes to the Financial Statements.

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FIDUCIARY FUND FINANCIAL STATEMENTS

Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They are used to account for assets held in an agency capacity for others and therefore cannot be used to support the City's programs.

City of Redondo Beach
Statement of Fiduciary Net Assets
Agency Funds
June 30, 2009

	Agency Funds
ASSETS	
Pooled cash and investments	\$ 431,602
Receivables:	
Accounts	32,262
Interest	1,129
Due from other governments	540,237
Total assets	\$ 1,005,230
LIABILITIES	
Accounts payable	\$ 151,679
Accrued liabilities	46,930
Deposits payable	799,811
Deferred revenue	6,810
Total liabilities	\$ 1,005,230

See accompanying Notes to the Financial Statements.

NOTES TO FINANCIAL STATEMENTS



City of Redondo Beach
Notes to the Financial Statements
For the year ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Redondo Beach, California (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Financial Reporting Entity

The City was incorporated on April 29, 1892, under the laws of the State of California and enjoys all the rights and privileges applicable to a Charter City. It is governed by an elected Mayor and a five-member council.

As required by GAAP, the financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and data from these units are combined with data of the City. Each blended component unit has a June 30 year-end. The City had no discretely presented component units. The following entities are reported as blended component units:

The Redevelopment Agency of the City of Redondo Beach (Agency) was established on April 30, 1962, pursuant to the State of California Health and Safety Code, Section 33000. Its purpose is to prepare and carry out plans for the improvement, rehabilitation, and development for blighted areas within the territorial limits of the City. The Agency has the same governing board as the City, which also performs all accounting and administrative functions for the Agency.

The Parking Authority of the City of Redondo Beach (Parking Authority) was established on March 3, 1969, pursuant to the provisions of the Streets and Highway Code of the State of California. The principal purpose of the Parking Authority is to provide public off-street parking within the City. The Parking Authority serves all the citizens of the government and is governed by a board comprised of the government's elected council.

The Redondo Beach Housing Authority (Housing Authority) was formed on June 2, 1975, for the purpose of providing affordable, decent housing for lower income residents of the City. The Housing Authority operates the Fair Housing and Section 8 housing programs. The Housing Authority serves all the citizens of the government and is governed by a board comprised of the government's elected council.

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

A. Financial Reporting Entity, Continued

The Redondo Beach Public Financing Authority (Financing Authority), a joint powers authority, was formed on June 25, 1996, to provide financing for capital improvement projects. The Agency joined with the City to form the Financing Authority, which is accounted for as a component unit of the Agency. The Financing Authority operates rental property and issues bonds to provide funds for public capital improvements. The Financing Authority has the same governing board as the City, which also performs all accounting and administrative functions for the Financing Authority.

The Agency's financial statements, as well as financial information relating to the other component units, can be obtained from the City Clerk's Office or Financial Services Department located at City Hall.

B. Basis of Accounting and Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered 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.

Government - Wide Financial Statements

The City's government-wide financial statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

These basic financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets (as well as infrastructure assets) and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs are included in the program expenses reported for specific functions.

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Certain types of transactions are reported as program revenues for the City in three categories:

- ◆ Charges for services
- ◆ Operating grants and contributions
- ◆ Capital grants and contributions

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities and Changes in Net Assets, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- ◆ Due to/from other funds
- ◆ Advances to/from other funds
- ◆ Transfers in/out

The City applies all applicable GASB pronouncements (including all National Council on Governmental Accounting (NCGA) Statements and Interpretations currently in effect), as well as the following pronouncements issued on or before November 30, 1989, to the business-type activities, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the committee on Accounting Procedure. The City applies all applicable FASB Statements and Interpretations issued after November 30, 1989 except those that conflict with or contradict GASB pronouncements.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. The City has presented all major funds that have met the applicable criteria.

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except for revenues subject to accrual (generally 60 days after year-end), which are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property taxes, sales taxes, franchise taxes, special assessments, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Deferred revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the government has a legal claim to the resources, the deferred revenue is removed and revenue is recognized.

The reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences created by the integrated approach of GASB Statement No. 34.

The City reports the following major governmental funds:

- General Fund - the City's primary operating fund that accounts for all financial resources of the general government except those required to be accounted for in another fund.
- Other Intergovernmental Grants Fund - accounts for federal, state and other governmental agencies grant funding that supplements local funding.
- Redevelopment Agency Special Revenue Fund - accounts for the accumulation of, and the payments of, redevelopment activities within the project areas and to account for the general redevelopment operation of the Agency of the City.

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

- Capital Improvement Projects Fund – accounts for capital improvements for the City.
- Public Financing Authority Debt Service Fund – accounts for the payment of interest and principal on tax allocation bonds and other debt issued to finance city and redevelopment activities.
- Redevelopment Agency Debt Service Fund – accounts for the accumulation of resources for, and the payment of, interest and principal on tax allocation bonds and other debt issued to finance redevelopment activities within the project areas.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets, and a Statement of Cash Flows for each proprietary fund.

A separate column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the government-wide financial statements.

Proprietary funds are accounted for using the "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts. In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Government Entities that Use Proprietary Fund Accounting*, the City applies all GASB pronouncements currently in effect as well as Financial Accounting Standard Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

The City reports all of its enterprise funds as major proprietary funds:

- Harbor Tidelands Fund - accounts for the operations of small boat harbor facilities available to the general public, including related pier activities. The use of this fund is restricted under the City Tideland Trust Agreement with the State of California.
- Harbor Uplands Fund - accounts for the operations of small boat harbor facilities available to the general public, including related pier activities. The use of this fund is subject only to the decisions of the City Council.
- Wastewater Fund - accounts for the capital facility charge, more commonly referred to as a sewer user fee. The capital facility charge is designed to reimburse the City's wastewater system for the capital costs to provide wastewater capacity to new system users. This charge is associated with the expansion of the system required over time to address increases in wastewater flow generated by new development.
- Solid Waste Fund - accounts for the revenues and expenses related to the City's comprehensive solid waste program, including AB 939 funds.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Fiduciary Net Assets. The City's fiduciary funds represent agency funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are accounted for using the accrual basis of accounting.

C. Use of Restricted/Unrestricted Net Assets

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to apply restricted net assets first.

D. Cash, Cash Equivalents and Investments

The City pools its available cash for investment purposes. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as Cash and Investments.

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Cash, Cash Equivalents and Investments, Continued

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The City participates in an investment pool managed by the State of California, titled Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to change in interest rates.

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures (an amendment of GASB No. 3)*, certain disclosure requirements, if applicable, are provided for deposit and investment risk in the following areas:

- Interest Rate Risk
- Credit Risk
 - ◆ Overall
 - ◆ Custodial Credit Risk
 - ◆ Concentration of Credit Risk
- Foreign Currency Risk

For purposes of reporting cash flows, the City considers each fund's share in the cash and investments pool to be cash and cash equivalents including cash and investments with fiscal agents.

E. Restricted Cash and Investments

Certain restricted cash and investments are held by fiscal agents for the redemption of bonded debt and for acquisition and construction of capital projects. Cash and investments are also restricted for deposits held for others within the enterprise funds.

F. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans)." Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances."

H. Capital Assets

Capital assets, which include land, buildings, improvements, equipment, furniture, and infrastructure assets (e.g. roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities in the Government-Wide Financial Statements. Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated assets are valued at their estimated fair value on the date donated.

City policy has set the capitalization threshold for reporting capital assets at the following:

General Capital Assets	\$	5,000
Infrastructure Capital Assets		25,000
Buildings, Parking Structures and Parking Lots		100,000

The City has chosen the Modified Approach for reporting of the Street Pavement Subsystem infrastructure assets, and as a result no depreciation is recorded for that system. For all other assets, depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

Asset	Years
Buildings and Improvements	45
Equipment	5 - 20
Vehicles	4 - 20
Infrastructure	5 - 60

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Capital Assets, Continued

In accordance with GASB Statement No. 34, the City has included the value of all infrastructure into its financial statements.

The City defines infrastructure as the physical assets that allow the City to function. These assets include:

- ◆ Streets system
- ◆ Site amenities such as parking and landscaped areas used by the City in the conduct of its business
- ◆ Underground utilities

Each major infrastructure system can be divided into subsystems. For example, the street system can be divided into concrete and asphalt pavements, concrete curb and gutters, sidewalks, medians, etc. Subsystem detail is not presented in these financial statements; however, the City maintains detailed information on these subsystems.

In June 2009, a visual survey of all pavement segments was conducted to assess the existing surface condition of each of the individual pavement segments. Upon completion of the study, a Pavement Quality Index (PQI) was calculated for each segment in the City's pavement network to reflect the overall pavement condition. Ratings ranged from 0 to 10. A PQI of 0 would correspond to badly deteriorated pavement with virtually no remaining life; a PQI of 10 would correspond to pavement with proper engineering design and construction at the beginning of its life cycle. During the year, the visual survey is updated to reflect the pavement's current condition.

The following conditions were defined:

<u>Condition</u>	<u>Rating</u>
Very Good	90 - 100
Good	70 - 89
Fair	50 - 69
Poor	0 - 49

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Capital Assets, Continued

In line with the Capital Improvement Program and as presented to City Council on December 17, 2002, City policy is to achieve an average rating of 80 for all streets by fiscal year 2008-09. This rating allows minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling at posted speeds. For 2003, the City established the standard of 70; for 2007, 2008, and 2009, the City's street system was rated at a PQI of 80 on the average.

For a detailed description of the Modified Approach, see the Required Supplementary Information section of this report.

For all other infrastructure systems, the City elected to use the Basic Approach as defined by GASB Statement No. 34 for infrastructure reporting.

Interest accrued during capital assets construction, if any, is capitalized for the business-type and proprietary funds as part of the asset cost.

Fund Financial Statements

In the governmental fund financial statements, capital assets are not presented. Consequently, capital assets are a reconciling item and are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.

I. Interest Payable

In the government-wide financial statements, interest payable on long-term debt is recognized as the liability is incurred for governmental fund types and proprietary fund types.

In the fund financial statements, governmental fund types do not recognize interest payable, while proprietary fund types recognize the interest payable when the liability is incurred.

J. Unearned Revenue and Deferred Revenue

In the government-wide financial statements, unearned revenue is recognized for transactions in which revenue has not yet been earned. Typical transactions recorded as unearned revenues in the government-wide financial statements are long-term loans receivable and prepaid charges for services.

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. Unearned Revenue and Deferred Revenue, Continued

In the fund financial statements, deferred revenue is recorded when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. The City records deferred revenue for transactions in which revenues have not been earned, or in which funds are not available to meet current financial obligations. Typical transactions in which deferred revenue is recorded are grants received but not yet earned or available.

K. Compensated Absences Payable

Only the short-term liability for compensated absences (the amount due to employees for future absences, such as vacation and compensatory time, which are attributable to services already rendered) is reported as a current liability in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements; the long-term liability is reported in the government-wide financial statements. The short-term liability is the amount that will be liquidated with current financial resources and is expected to be paid during the next fiscal year. All of the liability for compensated absences applicable to proprietary funds is reported in those funds.

Vacation pay is payable to employees at the time a vacation is taken or upon termination of employment. Employees may accrue from two to three times their annual accrual rate. Upon termination an employee will be paid for any unused accrued vacation pay. Sick leave is payable when an employee is unable to work because of illness. Unused sick leave is forfeited upon termination.

L. Claims and Judgments Payable

The short-term and long-term claims are reported as liabilities in the Self-Insurance Program Internal Service Fund. The short-term liability which will be liquidated with *current financial resources* is the amount of settlement reached, but unpaid, related to claims and judgments entered.

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

M. Long-Term Debt

Government-Wide Financial Statements

Long-term debt and other long-term obligations are reported as liabilities in the appropriate activities.

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Fund Financial Statements

The fund financial statements do not present long-term debt. Consequently, long-term debt is a reconciling item and is shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.

Bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as other financing sources net of the applicable premium or discount.

Issuance costs, whether or not withheld from the actual net proceeds received, are reported as debt service expenditures.

N. Net Assets

In the government-wide financial statements, net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Assets - This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted Net Assets - This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets."

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

O. Fund Balances - Reservations and Designations

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

P. Property Taxes

Under California law, property taxes are assessed and collected by the counties on up to 1% of assessed property value, plus other increases approved by the voters. Property taxes collected are pooled and then allocated to the cities based on complex formulas.

January 1	Lien Date
June 30	Levy Date
November 1 and February 1	Due Dates
December 10 and April 10	Collection Dates

Distribution Dates:

November 20, 2008	Unsecured, redemptions, and SB813 taxes
December 19, 2008	Homeowners' exemption, secured, and SB813 taxes
January 20, 2009	Homeowners' exemption, secured, and SB813 taxes
February 20, 2009	Redemptions, secured, and SB813 taxes
March 20, 2009	Secured and SB813 taxes
April 20, 2009	Secured and SB813 taxes Redemptions, homeowners' exemption, secured, and
May 20, 2009	SB813 taxes
June 19, 2009	Homeowners' exemption, SB813 taxes
July 20, 2009	Secured and SB813 taxes
August 20, 2009	Secured, redemptions, unsecured, and SB813 taxes

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Q. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

R. Implementation of New GASB Pronouncements

In 2009, the City adopted new accounting standards in order to conform to the following GASB Statements:

- GASB Statement No. 45, *Financial Reporting for Postemployment Benefit Plans (OPEB) other than Pension Plans* - The Statement establishes uniform financial reporting standards for OPEB plans. The standards in this statement apply for OPEB Trust Funds included in the financial reports of Plan sponsors or employers, as well as for the stand-alone financial reports of OPEB plans or the public employee retirement systems, or other third parties, that administer time.
- GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* - This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups.
- GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* - The Statement incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB's authoritative literature.
- GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards* - This Statement incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants (AICPA) auditing literature into the GASB's accounting and financial reporting literature for state and local governments.

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Excess of expenditures over appropriations in individual funds is as follows:

Fund	Appropriations	Expenditures	Excess
Major Funds:			
General Fund:			
Capital outlay	\$ 169,034	\$ 218,424	\$ (49,390)
Transfer out	1,244,500	1,599,007	(354,507)
Other Intergovernmental Grants:			
Public works	45,291	47,931	(2,640)
Public Financing Authority:			
Housing and community development	11,395	234,738	(223,343)
Principal retirement	386,774	3,501,824	(3,115,050)
Transfers out	-	17,279	(17,279)
Redevelopment Agency - Debt Service:			
Housing and community development	-	70,596	(70,596)
Principal retirement	-	647,005	(647,005)
Transfers out	-	700,399	(700,399)
Non-Major Funds:			
Proposition A:			
Transfers out	1,532,917	1,722,662	(189,745)
Proposition C:			
Housing and community development	-	8,841	(8,841)
Local Transit:			
Capital outlay	16,305	38,092	(21,787)
Storm Drain:			
Transfers out	-	6,574	(6,574)
South Bay Youth Project:			
Housing and community development	-	18,708	(18,708)
Transfers out	-	39,778	(39,778)
Workforce Investment Act:			
Housing and community development	-	21,565	(21,565)
Transfers out	-	14,649	(14,649)
Disaster Recovery:			
Housing and community development	73,642	102,580	(28,938)
Transfers out	-	450,000	(450,000)
Housing Authority:			
Housing and community development	5,582,561	5,937,523	(354,962)
Redevelopment Agency - Capital Projects			
Housing and community development	533,952	795,067	(261,115)

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, Continued

B. Deficit Fund Balance

The following funds had a deficit balance as of June 30, 2009:

Major Funds:		
Other Intergovernmental Grants	\$	(1,081,266)
Redevelopment Agency - Debt Service Fund		(15,733,748)
Non-Major Funds:		
Transit Fund		(62,731)
Local Transit		(628)
Community Development Block Grant		(81,524)
Disaster Recovery		(32,774)

The deficit fund balances are expected to be recovered through grant and other revenues and inter-fund transfers.

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

3. CASH AND INVESTMENTS

Cash and investments are presented on the Statement of Net Assets as follows at June 30, 2009:

	Government-Wide Statement of Net Assets			Fiduciary Funds	
	Governmental Activities	Business- Type Activities	Total	Statement of Net Assets	Total
Cash and investments	\$ 61,557,732	\$ 19,597,989	\$ 81,155,721	\$ 431,602	\$ 81,587,323
Restricted cash and investments with fiscal agents	1,604,040	6,310,839	7,914,879	-	7,914,879
Total	\$ 63,161,772	\$ 25,908,828	\$ 89,070,600	\$ 431,602	\$ 89,502,202

Cash, cash equivalents, and investments consisted of the following at June 30, 2009:

Cash and cash equivalents:	
Petty cash	\$ 17,450
Demand deposits	4,210,289
Total cash and cash equivalents	4,227,739
Investments:	
Local Agency Investment Fund (LAIF)	40,376,255
Certificates of deposits	1,000,000
Corporate Bonds	17,653,840
Municipal Bonds	175,000
U.S. Government Securities	18,154,489
Total investments	77,359,584
Total cash and investments	81,587,323
Cash and investments with fiscal agent	7,914,879
Total	\$ 89,502,202

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

3. CASH AND INVESTMENTS, Continued

A. Cash Deposits

The carrying amounts of the City's cash deposits were \$4,210,289 at June 30, 2009. Bank balances at June 30, 2009, were \$4,483,591 which were fully insured or collateralized with securities held by the pledging financial institutions in the City's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The fair value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The City, however, has not waived the collateralization requirements.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

B. Investments

Under the provisions of the City's investment policy, and in accordance with California Government Code, the following investments are authorized:

- ◆ United States Treasury Bills, Notes and Bonds
- ◆ Obligations issued by the Federal Government
- ◆ Bankers' Acceptances with a maturity of 180 days or less
- ◆ Time Certificates of Deposits
- ◆ Negotiable Certificates of Deposit
- ◆ Commercial Paper with a maturity of 270 days or less
- ◆ Local Agency Investment Fund (LAIF)
- ◆ Medium-Term Notes (5 year maturity or less) of domestic Corporations or Depository Institutions
- ◆ Mutual Funds
- ◆ Guaranteed Investment Contracts not to exceed \$5 million annually

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

3. CASH AND INVESTMENTS, Continued

B. Investments, Continued

The City investment policy applies to all financial assets, investment activities and debt issues of the City (including funds which are invested by trustees appointed under debt trust indentures, with direction from the City Treasurer).

The City is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments with LAIF at June 30, 2009, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities:

Structured Notes, debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities, generally mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2009, the City had \$40,376,255 invested in LAIF, which had invested 14.71% of the pool investment funds in Structured Notes and Asset-Backed Securities as compared to 14.72% in the previous year. The LAIF fair value factor of 1.001304743 was used to calculate the fair value of the investments in LAIF.

C. Deposit and Investment Risk

Credit Risk

The City's investment policy limits investments in medium-term notes (MTN's) to those rated "AA" or higher by Standard and Poor's (S&P) or by Moody's. As of June 30, 2009, all MTN's were rated "BAA2" or higher by Moody's. As of June 30, 2009, the City's Federal Agency investments were rated AAA by Moody's and S&P. All securities were investment grade and were in accordance with State and City law. Investments in U.S. government securities are not considered to have credit risk; therefore, their credit quality is not disclosed. As of June 30, 2009, the City's investments in external investment pools are unrated.

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

3. CASH AND INVESTMENTS, Continued

C. Deposit and Investment Risk, Continued

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

As of June 30, 2009, none of the City's deposits or investments was exposed to custodial credit risk.

Concentration of Credit Risk

The City's investment policy imposes restrictions on the maximum percentage it can invest in a single type of investment. Investments in Federal Agencies have the implied guarantee of the United States government. While all the City's investments are in compliance with the City's investment policy, as of June 30, 2009, in accordance with GASB Statement No. 40, if a City has invested more than 5% of its total investments in any one issuer, they are exposed to concentration of credit risk.

The City has invested more than 5% of the total investment value with the following issuers:

Federal Home Loan Bank	\$	8,136,060	10.52%
Federal Home Loan Mortgage Corp.	\$	5,004,750	6.47%

Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement.

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

3. CASH AND INVESTMENTS, Continued

C. Deposit and Investment Risk, Continued

Interest Rate Risk

The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's investment policy states that at least 50% of the City's portfolio shall mature in three years or less; and at least 25% in one year or less. The only exception to these maturity limits shall be the investment of the gross proceeds of tax exempt bonds. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk. As of June 30, 2009, the City had the following investments and remaining maturities:

Investment Types	Investment Maturities					Fair value
	6 months or less	6 months to 1 year	1 to 3 years	3 to 5 years	More than 5 years	
External Investment Pools -						
Local Agency Investment Fund	\$ 40,376,255	\$ -	\$ -	\$ -	\$ -	\$ 40,376,255
Certificate of Deposit	-	-	1,000,000	-	-	1,000,000
Federal Agencies -						
Federal Farm Credit Bank	-	-	-	3,009,380	-	3,009,380
Federal Home Loan Bank	-	-	4,122,620	4,013,440	-	8,136,060
Federal Home Loan Mortgage Corp.	-	-	-	5,004,750	-	5,004,750
Federal National Mortgage Assoc.	-	-	15,859	1,988,440	-	2,004,299
Municipal Bonds	-	-	-	175,000	-	175,000
Corporate Bonds	-	2,036,230	10,977,240	4,640,370	-	17,653,840
Total Investments	<u>\$ 40,376,255</u>	<u>\$ 2,036,230</u>	<u>\$ 16,115,719</u>	<u>\$ 18,831,380</u>	<u>\$ -</u>	<u>\$ 77,359,584</u>

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

4. RECEIVABLES

The following is a summary of receivables net of allowances for uncollectible amounts at June 30, 2009:

	Government-Wide Statement of Net Assets		Fiduciary Funds	Total
	Governmental Activities	Business-Type Activities	Statement of Net Assets	
Accounts Receivable	\$ 1,394,265	\$ 522,384	\$ 32,262	\$ 1,948,911
Interest Receivable	495,591	122,658	1,129	619,378
Taxes Receivable	3,934,649	119,722	-	4,054,371
Loans Receivable	4,197,822	258,823	-	4,456,645
Total	\$ 10,022,327	\$ 1,023,587	\$ 33,391	\$ 11,079,305

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

4. RECEIVABLES, Continued

A. Fund Financial Statements

At June 30, 2009, the Fund Financial Statements show the following receivables:

Accounts Receivable

Accounts receivable consisted of amounts accrued in separate funds in the ordinary course of operations. The total amount of accounts receivable for each major fund and non-major fund in the aggregate as of June 30, 2009, was as follows:

Governmental Funds:	
General Fund	\$ 860,883
Other Intergovernmental Grants	37,552
Public Financing Authority - Debt Service	13,949
Non-Major Funds	471,939
Total Governmental Funds	<u>1,384,323</u>
Proprietary Funds:	
Harbor Tidelands Enterprise Fund	302,702
Harbor Uplands Enterprise Fund	154,109
Wastewater Fund - Enterprise Fund	29,874
Non-Major Funds	35,699
Internal Service Funds	9,942
Total Proprietary Funds	<u>532,326</u>
Fiduciary Funds:	
Agency Funds	<u>32,262</u>
Total Fiduciary Funds	<u>32,262</u>
Total Accounts Receivable	<u><u>\$ 1,948,911</u></u>

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

4. RECEIVABLES, Continued

B. Interest Receivable

Interest receivable consists of interest from investments pooled by the City and is distributed among the funds according to their ending cash balances. The interest receivable as of June 30, 2009, was as follows:

Governmental Funds:	
General Fund	\$ 377,460
Other Intergovernmental Grants - Special Revenue	1,061
Redevelopment Agency Fund - Special Revenue	56,935
Public Financing Authority - Debt Service	2,639
Non-Major Funds	<u>57,496</u>
Total Governmental Funds	<u>495,591</u>
Proprietary Funds:	
Harbor Tidelands Enterprise Fund	99,016
Harbor Uplands Enterprise Fund	23,540
Non-Major Funds	<u>102</u>
Total Proprietary Funds	<u>122,658</u>
Fiduciary Funds:	
Agency Funds	<u>1,129</u>
Total	<u><u>\$ 619,378</u></u>

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

4. RECEIVABLES, Continued

C. Taxes Receivable

At June 30, 2009, the City had the following taxes receivable:

	Governmental Funds				Proprietary Funds		Total
	General	Redevelopment Agency Fund	Redevelopment Agency Fund	Non-Major Governmental	Waste-	Solid	
	Fund	Special Revenue	Debt Service	Funds	Water	Waste	
Type of Taxes:							
Property Taxes	\$ 756,913	\$ 165,475	\$ 316,697	\$ 38,107	\$ 63,461	\$ 56,261	\$ 1,396,914
Sales Taxes	1,486,698	-	-	-	-	-	1,486,698
Transient Occupancy Taxes	274,390	-	-	-	-	-	274,390
Utility Users Taxes	631,917	-	-	-	-	-	631,917
Transfer Taxes	125,135	-	-	-	-	-	125,135
Gas Taxes	-	-	-	87,775	-	-	87,775
Motor Vehicle License	51,542	-	-	-	-	-	51,542
Total taxes	\$ 3,326,595	\$ 165,475	\$ 316,697	\$ 125,882	\$ 63,461	\$ 56,261	\$ 4,054,371

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

4. RECEIVABLES, Continued

D. Loans Receivable

At June 30, 2009, the City had the following loans receivable:

	Governmental Funds			Proprietary	Total
	General Fund	Redevelopment Agency Special Revenue Fund	Non-Major Governmental Funds	Harbor Tidelands Enterprise Fund	
Home Rehabilitation Loans	\$ -	\$ 896,724	\$ 199,513	\$ -	\$ 1,096,237
Rental Rehab Program	-	-	271,682	-	271,682
Landlord Program	-	-	21,668	-	21,668
Senior Housing Program	-	2,799,844	-	-	2,799,844
Computer Loan Program	8,391	-	-	-	8,391
Harbor Area Business Loans	-	-	-	258,823	258,823
Total	\$ 8,391	\$ 3,696,568	\$ 492,863	\$ 258,823	\$ 4,456,645

Home Rehabilitation Loans

At June 30, 2009, the City was owed, in its Redevelopment Agency Special Revenue Fund, \$896,724 for various home rehabilitation loans made by the City. The terms of repayment vary. Because the notes do not meet the City's availability criteria for revenue recognition, the City has deferred the revenue related to these loans in the government funds. Revenue is recognized in the year of repayment. All loans are secured by trust deeds.

Housing Assistance Loans

At June 30, 2009, the City was owed, in its Community Development Block Grant Special Revenue Fund, \$492,863 for various housing assistance loans made by the City. The terms of repayment vary. Because the notes do not meet the City's availability criteria for revenue recognition, the City has deferred the revenue related to these loans. Revenue is recognized in the year of repayment. All loans are secured by trust deeds.

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

4. RECEIVABLES, Continued

D. Loans Receivable, Continued

Harbor Area Business Loans

At June 30, 2009, the City's Harbor Tidelands Enterprise Fund was owed \$200,291 for repairs made on behalf of a harbor area business subsequent to the storms of 1988. The terms of the twenty-eight year \$488,871 contract call for interest at 1.6% per annum. Principal and accrued interest are payable annually.

In addition, the City's Harbor Tidelands Enterprise Fund was owed another \$58,532 for repairs made on behalf of a harbor area business subsequent to the storms of 1988. The terms of the twenty-seven year \$104,844 contract call for interest at 4.7% per annum. Principal and accrued interest are payable annually.

Senior Housing Program

On September 1, 2004, the Agency loaned \$2,500,000 to Redondo Beach HP Seniors, LP, a senior housing complex. The loan term is for 55 years and bears interest at 3% per annum. Repayments will be made from residual receipts to the housing complex. The loan is secured by a leasehold interest trust deed. During the fiscal year, the loan was paid off.

On June 21, 1995, the Agency loaned \$2,200,000 to the Corporate Fund for Housing (a California non-profit public benefit corporation), the McCandless senior housing complex. The loan term is for 45 years and bears interest at 2% per annum. Any portion of the Agency loan remaining unpaid upon the 45th anniversary of completion shall be forgiven. Repayments will be made from residual receipts of the housing complex. The loan is secured by the Agency Deed of Trust. At June 30, 2009, the loan receivable, including accrued interest of \$599,844 and a corresponding fund balance reservation was \$2,799,844.

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

5. INTERFUND TRANSACTIONS

A. Government-Wide Financial Statements

Internal Balances

At June 30, 2009, the City had the following internal receivables and payables for covering cash shortfalls:

	Internal Balances Receivable
	Business-Type Activities
Internal Balances Payable	_____
Governmental Activities	\$ 8,877,431
	=====

Transfers

The City had the following transfers as of June 30, 2009:

	Transfers In
	Governmental Activities
Transfers Out	_____
Business-Type Activities	\$ 1,142,313
	=====

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

5. INTERFUND TRANSACTIONS, Continued

B. Fund Financial Statements

Due to/from Other Funds

The City had the following due to/from other funds as of June 30, 2009:

	Due from Other Funds					Total
	General Fund	Redevelopment Agency Fund Special Revenue	Public Financing Authority	Non-Major Governmental Funds	Harbor Tidelands Enterprise Fund	
General Fund	\$ -	\$ 6,244	\$ 81	\$ 19,495	\$ -	\$ 25,820
Other Intergovernmental Grants	956,391	-	-	-	-	956,391
Redevelopment Agency Fund - Special Revenue	192,384	-	-	-	-	192,384
Public Financing Authority	11,150	-	-	-	365,140	376,290
Redevelopment Agency Fund - Debt Service	-	164,199	148,024	-	235,829	548,052
Non-Major Governmental Funds	513,885	-	-	470,653	-	984,538
Internal Service Funds	208,940	-	-	-	-	208,940
Total	\$ 1,882,750	\$ 170,443	\$ 148,105	\$ 490,148	\$ 600,969	\$ 3,292,415

The General Fund has a due from the Other Intergovernmental Grants Fund of \$956,391, from the Non-Major Governmental Funds of \$453,043, and from the Internal Service Funds of \$208,940 for temporary cash deficits.

The General Fund has a due from the Redevelopment Agency - Special Revenue Fund of \$192,384 to reimburse the City for expenditures made on the Agency's behalf.

The General Fund has a due from the Financing Authority of \$11,150 to reimburse the City for expenditures made on the Financing Authority's behalf.

The General Fund has a due from Non-Major Governmental Funds of \$60,842 to reimburse the City for expenditures made on the Housing Authority's behalf.

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

5. INTERFUND TRANSACTIONS, Continued

B. Fund Financial Statements, Continued

The Redevelopment Agency - Special Revenue Fund has a due from the General Fund of \$6,244 for reimbursement of expenditures made on the Agency's behalf.

The Redevelopment Agency - Special Revenue Fund has a due from the Redevelopment Agency Debt Service Fund of \$164,199 for temporary cash deficits.

The Financing Authority has a due from other funds of \$148,024 which consists of debt service payments paid on the Agency's behalf. The Financing Authority also has a due from other funds of \$81 from the General Fund which relates to reimbursement of expenditures incurred on the behalf of other funds.

The Non-Major Governmental Funds has a due from General Fund of \$19,495 for reimbursement of expenditures made on the Housing Authority's behalf.

The Non-Major Governmental Funds has a due from Non-Major Governmental Fund of \$470,653 for temporary deficits in cash balances and set-asides.

The Harbor Tidelands Enterprise Fund has a due from the Financing Authority of \$365,140 which was a result of Kincaid's Restaurant rental income in excess of Financing Authority obligations passed through to the Harbor Tidelands.

The Harbor Tidelands Enterprise Fund has a due from the Redevelopment Agency Debt Service Fund of \$235,829 for payments made by the Agency on the 1990 cooperation agreement in connection with the Harbor Center Project Area.

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

5. INTERFUND TRANSACTIONS, Continued

B. Fund Financial Statements, Continued

Long-Term Advances

The City had the following long-term advances as of June 30, 2009:

	Advances To Other Funds			Total
	Governmental Funds	Enterprise Funds		
	Public Financing Authority	Harbor Tidelands	Harbor Uplands	
Advances From Other Funds				
Redevelopment Agency				
Debt Service Fund	\$ 8,360,345	\$ 6,200,547	\$ 2,075,915	\$ 16,636,807

During the current and previous fiscal years, the City has made loans to the Agency. These loans bear interest at rates up to 12% per annum depending upon when the loan was initiated. The City may demand payment of all or a portion of the principal balance at any time as funds become available; however, such demands are not anticipated within the next fiscal year. As of June 30, 2009, loans and accrued unpaid interest owed on those loans were \$8,276,462.

During the current and previous fiscal year, the Financing Authority has made loans to the Agency for various bonds. The Agency's balances as of June 30, 2009, were as follows:

1996 Revenue Bond	\$ 7,175,000
2001 Pier Refinancing Bond	1,185,345
Total	<u>\$ 8,360,345</u>

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

5. INTERFUND TRANSACTIONS, Continued

B. Fund Financial Statements, Continued

Transfers

The City had the following transfers as of June 30, 2009:

		Transfers In							
		General	Capital	Public	Redevelopment	Non-Major	Harbor	Internal	
		Fund	Improvement	Financing	Agency	Governmental	Tidelands	Service	
			Projects	Authority	Debt Service	Funds	Fund	Funds	Total
			Fund						
Transfers Out	General Fund	\$ -	\$ 703,000	\$ -	\$ -	\$ 751,007	\$ 120,000	\$ 25,000	\$ 1,599,007
	Capital Improvement								
	Projects Fund	-	-	-	-	-	-	45,320	45,320
	Public Financing Authority	-	-	-	17,279	-	-	-	17,279
	Redevelopment Agency - Debt Service	-	-	165,712	534,687	-	-	-	700,399
	Non-Major								
	Governmental Funds	511,001	-	-	-	1,722,662	-	-	2,233,663
	Enterprise Funds:								
	Wastewater	200,313	-	-	-	-	-	185,000	385,313
	Solid Waste	877,000	-	-	-	-	-	-	877,000
Total	\$ 1,588,314	\$ 703,000	\$ 165,712	\$ 551,966	\$ 2,473,669	\$ 120,000	\$ 255,320	\$ 5,857,981	

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

5. INTERFUND TRANSACTIONS, Continued

B. Fund Financial Statements, Continued

The General Fund transferred out a total of \$1,599,007 to various funds consisting of \$751,007 to cover expenditures in the Street Landscaping and Lighting Non-major fund and \$120,000 to the Harbor Tidelands Fund to reclass harbor patrol overtime.

Transfers between the General Fund and Capital Improvement Fund of \$703,000 were for Domiguez Park Restroom funds to the Historical Museum project and to fund future capital improvement projects.

Transfers between the Non-major governmental funds and General Fund of \$511,001 were to return and correct prior year expenditures, program subsidies and wildfire response reimbursements.

Transfers between the Enterprise Funds and the General Fund of \$1,077,313 were for transfers for the fiscal year 2009-2010 budget.

Transfers between the Public Financing Authority Fund and the RDA Debt Service Fund of \$17,279 and \$165,712 pertained to debt service.

Transfers within the RDA Debt Service Fund of \$534,687 pertained to the Aviation Project Area bonds.

Transfers were made within Non-major governmental funds of \$1,722,662 which consisted of Proposition A revenues to cover Transit Fund expenditures.

Transfers out of the Vehicle Replacement Internal Service Fund of \$185,000 were to transfer a vactor truck to the Non-major Solid Waste fund.

Transfers out of the Building Occupancy Internal Service Fund of \$25,000 were to cover Anderson Park electrical expenses in the General Fund.

Transfers between the Building Occupancy and Capital Improvement Projects Fund of \$45,320 were for fumigation.

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

6. CAPITAL ASSETS

The City elected to use the “Modified Approach” as defined by GASB Statement No. 34 for infrastructure reporting for its street pavement system. As a result, no accumulated depreciation or depreciation expense has been recorded for this system. A more detailed discussion of the “Modified Approach” is presented in the Required Supplementary Information section of this report. All other capital assets including other infrastructure systems were reported using the Basic Approach whereby accumulated depreciation and depreciation expense have been recorded.

A. Government-Wide Financial Statements

At June 30, 2009, the City’s capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Non-depreciable assets:			
Land	\$ 16,522,947	\$ 11,323,255	\$ 27,846,202
Construction in progress	833,053	-	833,053
Work in progress	1,003,491	-	1,003,491
Infrastructure - streets	54,054,036	-	54,054,036
Total non-depreciable assets	<u>72,413,527</u>	<u>11,323,255</u>	<u>83,736,782</u>
Depreciable assets:			
Buildings and improvements	37,694,084	27,969,309	65,663,393
Furniture and equipment	8,908,356	648,679	9,557,035
Automotive equipment	11,378,975	376,774	11,755,749
Leased equipment	55,051	-	55,051
Infrastructure	68,712,747	22,060,032	90,772,779
Total depreciable assets	<u>126,749,213</u>	<u>51,054,794</u>	<u>177,804,007</u>
Less accumulated depreciation:			
Buildings and improvements	(12,863,036)	(12,801,109)	(25,664,145)
Furniture and equipment	(5,727,068)	(535,481)	(6,262,549)
Automotive equipment	(6,487,503)	(247,367)	(6,734,870)
Leased equipment	-	-	-
Infrastructure	(37,416,303)	(9,550,981)	(46,967,284)
Total accumulated depreciation	<u>(62,493,910)</u>	<u>(23,134,938)</u>	<u>(85,628,848)</u>
Total depreciable assets, net	<u>64,255,303</u>	<u>27,919,856</u>	<u>92,175,159</u>
Total capital assets	<u>\$ 136,668,830</u>	<u>\$ 39,243,111</u>	<u>\$ 175,911,941</u>

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

6. CAPITAL ASSETS, Continued

A. Government-Wide Financial Statements, Continued

The following is a summary of changes in the capital assets for governmental activities during the fiscal year:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Non-depreciable assets:				
Land	\$ 16,522,947	\$ -	\$ -	\$ 16,522,947
Construction in progress	268,180	564,873	-	833,053
Work in progress	1,003,491	-	-	1,003,491
Infrastructure - streets	54,054,036	-	-	54,054,036
Total non-depreciable assets	<u>71,848,654</u>	<u>564,873</u>	<u>-</u>	<u>72,413,527</u>
Depreciable assets:				
Buildings and improvements	37,274,147	419,937	-	37,694,084
Furniture and equipment	7,299,357	1,646,837	(37,838)	8,908,356
Automotive equipment	10,314,132	1,625,683	(560,840)	11,378,975
Leased equipment	55,051	-	-	55,051
Infrastructure	66,116,458	2,672,264	(75,975)	68,712,747
Total depreciable assets	<u>121,059,145</u>	<u>6,364,721</u>	<u>(674,653)</u>	<u>126,749,213</u>
Less accumulated depreciation:				
Buildings and improvements	(11,900,776)	(962,260)	-	(12,863,036)
Furniture and equipment	(4,767,281)	(997,029)	37,242	(5,727,068)
Automotive equipment	(6,108,907)	(933,451)	554,855	(6,487,503)
Infrastructure	(35,541,853)	(1,932,615)	58,165	(37,416,303)
Total accumulated depreciation	<u>(58,318,817)</u>	<u>(4,825,355)</u>	<u>650,262</u>	<u>(62,493,910)</u>
Total depreciable assets, net	<u>62,740,328</u>	<u>1,539,366</u>	<u>(24,391)</u>	<u>64,255,303</u>
Governmental activities capital assets, net	<u>\$ 134,588,982</u>	<u>\$ 2,104,239</u>	<u>\$ (24,391)</u>	<u>\$ 136,668,830</u>

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

6. CAPITAL ASSETS, Continued

A. Government-Wide Financial Statements, Continued

Depreciation expense was charged to functions/programs of governmental activities for the fiscal year ended June 30, 2009 as follows:

Governmental Activities:	
General government	\$ 576,650
Public safety	223,691
Public works	2,782,166
Culture and leisure services	145,933
Housing and community development	207,293
Internal Service Funds:	
Vehicle Replacement	766,752
Building Occupancy	3,139
Information Technology	63,083
Printing and Graphics	6,036
Communications Equipment Replacement	50,612
Total depreciation expense	\$ 4,825,355

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

6. CAPITAL ASSETS, Continued

A. Government-Wide Financial Statements, Continued

The following is a summary of changes in the capital assets for business-type activities for the year ended June 30, 2009:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Non-depreciable assets:				
Land	\$ 11,323,255	\$ -	\$ -	\$ 11,323,255
Total non-depreciable assets	11,323,255	-	-	11,323,255
Depreciable assets:				
Buildings and improvements	27,947,225	22,084	-	27,969,309
Furniture and equipment	648,679	-	-	648,679
Automotive equipment	376,774	-	-	376,774
Infrastructure	21,937,303	122,729	-	22,060,032
Total depreciable assets	50,909,981	144,813	-	51,054,794
Less accumulated depreciation:				
Buildings and improvements	(12,187,985)	(613,124)	-	(12,801,109)
Furniture and equipment	(420,808)	(114,673)	-	(535,481)
Automotive equipment	(226,380)	(20,987)	-	(247,367)
Infrastructure	(9,185,589)	(365,392)	-	(9,550,981)
Total accumulated depreciation	(22,020,762)	(1,114,176)	-	(23,134,938)
Total depreciable assets, net	28,889,219	(969,363)	-	27,919,856
Business-type activities capital assets, net	\$ 40,212,474	\$ (969,363)	\$ -	\$ 39,243,111

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

6. CAPITAL ASSETS, Continued

A. Government-Wide Financial Statements, Continued

Depreciation expense for business-type activities for the fiscal year ended June 30, 2009 was charged as follows:

Harbor Tidelands	\$ 466,197
Harbor Uplands	374,406
Wastewater	268,901
Solid Waste	4,672
Total depreciation expense	\$ 1,114,176

B. Fund Financial Statements

In the governmental fund financial statements, capital assets are not presented. Consequently, capital assets are a reconciling item and are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.

7. COMPENSATED ABSENCES PAYABLE

The following is a summary of compensated absences payable transactions for the year ended June 30, 2009:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009	Classification	
					Amounts Due Within One Year	Amounts Due in More than One Year
Governmental Activities:						
Compensated absences payable	\$ 1,789,913	\$ 5,280,352	\$ (4,669,920)	\$ 2,400,345	\$ 12,130	\$ 2,388,215
Business-Type Activities:						
Compensated absences payable	105,840	758,723	(592,409)	272,154	12,921	259,233
Total	\$ 1,895,753	\$ 6,039,075	\$ (5,262,329)	\$ 2,672,499	\$ 25,051	\$ 2,647,448

The long-term portion of compensated absences payable has been accrued for the Governmental Activities on the Government-Wide Financial Statement. Also, compensated absences are generally liquidated by the General Fund. There is no fixed payment schedule to pay these liabilities.

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

8. LONG-TERM DEBT

The following is a summary of long-term debt transactions for the year ended June 30, 2009:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009	Classification	
					Amounts Due Within One Year	Amounts Due in More than One Year
Governmental Activities:						
PFA 2000 Tax Allocation Bonds	\$ 2,930,000	\$ -	\$ (2,930,000)	\$ -	\$ -	\$ -
PFA 2001 Refunding Revenue Bonds	2,260,000	-	(125,000)	2,135,000	125,000	2,010,000
PFA 2008 Refunding Revenue Bonds	7,645,000	-	(385,000)	7,260,000	570,000	6,690,000
Unamortized bond premium	208,873	-	(18,989)	189,884	18,989	170,895
RDA 2008 Tax Allocation Refunding Bonds	-	700,000	(525,000)	175,000	135,000	40,000
South Bay Bank Loan	1,527,109	-	(61,824)	1,465,285	-	1,465,285
County deferral loans	12,981,818	547,789	(122,005)	13,407,602	-	13,407,602
Capital Leases	45,219	-	(12,050)	33,169	12,770	20,399
Total governmental activities	\$ 27,598,019	\$ 1,247,789	\$ (4,179,868)	\$ 24,665,940	\$ 861,759	\$ 23,804,181
Business-Type Activities:						
Wastewater Revenue Bond 2004, Series A	\$ 9,585,000	\$ -	\$ (200,000)	\$ 9,385,000	\$ 210,000	\$ 9,175,000
Unamortized bond discount	(61,728)	-	2,374	(59,354)	(2,374)	(56,980)
Boating and Waterways						
Construction Loan 88-21-84	1,178,959	-	(76,240)	1,102,719	79,671	1,023,048
Boating and Waterways						
Construction Loan 89-21-147	2,774,521	-	(161,687)	2,612,834	168,962	2,443,872
Total business-type activities	\$ 13,476,752	\$ -	\$ (435,553)	\$ 13,041,199	\$ 456,259	\$ 12,584,940

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

8. LONG-TERM DEBT, Continued

Public Financing Authority 2000 Tax Allocation Bonds

The Financing Authority issued variable rate demand tax allocation bonds dated December 1, 2000, totaling \$4,735,000. The purpose of the bonds was to provide funds to finance redevelopment projects, including but not limited to, the acquisition, construction, expansion, improvement or rehabilitation of real or personal property and public improvements within or of benefit to the Agency's Aviation High School Redevelopment Project Area. The interest on the bonds is payable at an adjustable interest rate. The interest is payable on the first day of each month commencing January 1, 2001. The bonds are subject to optional and mandatory early redemption provisions. The bonds are payable from and secured by a pledge of tax revenues. Principal is due annually beginning on July 1, 2001, in amounts ranging from \$90,000 to \$250,000. The bonds mature on July 1, 2030. At June 30, 2009, the bonds had been called in full.

Public Financing Authority 2001 Refunding Revenue Bonds

The Financing Authority issued refunding revenue bonds dated November 1, 2001, totaling \$2,965,000. The purpose of the bonds was to fund a loan by the Financing Authority to the Agency pursuant to a loan agreement (Loan), dated November 1, 2001, by and between the Financing Authority and Agency. The proceeds of the Loan are used to provide funds to refinance certain redevelopment activities of the Agency within or benefit of the Agency's Harbor Center Redevelopment Project Area (Project Area) and to refund the Agency's outstanding Tax Allocation and Revenue Bonds issued in 1993. As of June 30, 2009, the balance outstanding was \$2,135,000.

The interest on the bonds is payable at a fixed interest rate until September 2, 2006 and then converts to an adjustable interest rate. The interest rate as of June 30, 2009 was 0.18%. Interest on the bonds during the initial interest period and from and after the conversion date, is payable on each March 1 and September 1, commencing March 1, 2002 and after the initial interest period is payable on the first day of each month, commencing November 1, 2006. The bonds are payable from and secured by a pledge of tax revenues within the Project Area. Principal is due annually beginning on September 1, 2002, in amounts ranging from \$65,000 to \$195,000. The bonds mature on September 1, 2022. The bonds are subject to optional and mandatory early redemption provisions.

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

8. LONG-TERM DEBT, Continued

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2009, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2010	\$ 125,000	\$ 3,618	\$ 128,618
2011	135,000	3,375	138,375
2012	135,000	3,132	138,132
2013	140,000	2,880	142,880
2014	150,000	2,610	152,610
2015-2019	820,000	8,703	828,703
2020-2023	630,000	1,395	631,395
Total	\$ 2,135,000	\$ 25,713	\$ 2,160,713

Public Financing Authority 2008 Refunding Revenue Bonds

The Financing Authority issued refunding revenue bonds dated January 2008, totaling \$7,645,000. The proceeds of the bonds were used to refund the Financing Authority's 1996 Revenue Bonds and pay the costs of issuance of the bonds. As of June 30, 2009, the balance outstanding was \$7,260,000, with an unamortized premium of \$189,884.

The Bonds shall bear interest at rates between 3.00% and 4.00% and is payable on each January 1 and July 1, commencing July 1, 2008. The bonds are payable from and a pledge of revenues consisting primarily of payments to be made by the City of Redondo Beach under a lease agreement. Principal is due annually beginning on July 1, 2008, in amounts ranging from \$385,000 to \$805,000. The bonds mature on July 1, 2019. The bonds are subject to optional and mandatory early redemption provisions.

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

8. LONG-TERM DEBT, Continued

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2009, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2010	\$ 570,000	\$ 277,575	\$ 847,575
2011	590,000	255,800	845,800
2012	615,000	231,700	846,700
2013	640,000	206,600	846,600
2014	665,000	620,300	1,285,300
2015-2019	3,735,000	42,800	3,777,800
2020	445,000	-	445,000
Total	\$ 7,260,000	\$ 1,634,775	\$ 8,894,775

The following is a summary of the 2008 Refunding Revenue unamortized premium outstanding at June 30, 2009:

Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
\$ 208,873	\$ -	\$ (18,989)	\$ 189,884

For the 2001 and 2008 Refunding Bonds, the City has pledged, as security for bonds it has issued through the Financing Authority, a portion of the tax increment revenue, including Low and Moderate Income Housing set-aside that it receives. The City has committed to appropriate each year, from these resources, amounts sufficient to cover the principal and interest requirements on the debt. The remaining principal and interest on such debt is reflected in bond issues described above and amounted to \$11,055,488. For the current year, the total tax increment revenue and the required 20% Low and Moderate Income Housing set-aside recognized by the City was \$3,478,930 and \$869,732, respectively. Principal and interest paid for the current year and total tax increment revenues were \$842,596 and \$4,348,662, respectively, 19.38%.

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

8. LONG-TERM DEBT, Continued

Redevelopment Agency 2008 Tax Allocation Refunding Bonds

The Agency issued tax allocation refunding bonds dated October 2008, totaling \$700,000. The proceeds of the bonds were used to refund the Financing Authority's 2000 Tax Allocation Bonds. The Bonds shall mature on August 1, 2010, and shall bear interest at the rate of 5.43% per annum, payable on each February 1 and August 1, commencing February 1, 2009. The Bonds shall be subject to redemption as set forth in the Bond Resolution. As of June 30, 2009, the balance outstanding was \$175,000. Principal and interest paid for the current year and total tax increment revenues were \$534,687 and \$3,478,930, respectively, 15.37%.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2009, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2010	\$ 135,000	\$ 9,503	\$ 144,503
2011	40,000	2,172	42,172
Total	\$ 175,000	\$ 11,675	\$ 186,675

The purpose of the refunding was based on necessity resulting from termination of a renewable letter of credit due to the dollar amount requested being below the financial institution's minimum amounts. Additionally, because of variable interest rate factors, the economic gain/loss was not determinable.

South Bay Bank Loan

On April 21, 1999, the Financing Authority entered into a \$1,750,000 loan agreement with South Bay Bank which is amortized at an interest rate of 8.750%. In January 2003, the Financing Authority refinanced the loan at a rate of 7%. Proceeds of the original loan were used to purchase a building on the Redondo Beach Municipal Pier Deck, leased by Kincaid's Restaurant. There is no fixed payment schedule to repay this loan. As of June 30, 2009, the balance outstanding was \$1,465,285.

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

8. LONG-TERM DEBT, Continued

County Deferral Loans

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
1983 Tax Increment Deferral	\$ 7,265,748	\$ -	\$ (122,005)	\$ 7,143,743
1984 Tax Increment Deferral	5,716,070	547,789	-	6,263,859
Total	\$ 12,981,818	\$ 547,789	\$ (122,005)	\$ 13,407,602

1983 Tax Increment Deferral - On November 15, 1983, the Agency and the County of Los Angeles (County) entered into an agreement for reimbursement of tax increment funds. It was recognized that the South Bay Center Project Area needed to utilize a substantial portion of the annual tax increment in the early years to finance its redevelopment activities. Therefore, the County taxing entities agreed to defer receipt of tax increment reimbursement from the Agency. This deferral is debt of the Agency to be repaid only from the Agency's share of future tax increment. There is no fixed payment schedule to repay this loan and is non-interest bearing. The balance outstanding at June 30, 2009, was \$7,143,743.

1984 Tax Increment Deferral - On February 14, 1984, the Agency and the County entered into an agreement for reimbursement of tax increment funds. It was recognized that the Aviation High School Project Area needed to utilize a substantial portion of the annual tax increment in the early years to finance its redevelopment activities. Therefore, the County taxing entities agreed to defer receipt of tax increment reimbursement from the Agency. This deferral is debt of the Agency to be repaid only from the Agency's share of future tax increment. There is no fixed payment schedule to repay this loan and is non-interest bearing. The balance outstanding at June 30, 2009, was \$6,263,859.

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

8. LONG-TERM DEBT, Continued

Capital Leases

The City has entered into various lease purchase agreements for equipment. These leases have been classified as capital leases. The related assets have been capitalized in the government-wide financial statements at the initial present value of the lease payments. The balance outstanding at June 30, 2009, was \$33,169.

The total leased assets by major asset class consisted of the following:

	<u>June 30, 2009</u>
Equipment	<u>\$ 55,051</u>
Equipment under capitalized lease, at cost	55,051
Accumulated depreciation	-
Equipment under capitalized lease, net	<u><u>\$ 55,051</u></u>

The annual debt service requirements outstanding at June 30, 2009 were as follows:

<u>For the Years</u> <u>Ending June 30,</u>	<u>Payment</u> <u>Amount</u>
2010	\$ 12,770
2011	20,399
Total	<u><u>\$ 33,169</u></u>

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

8. LONG-TERM DEBT, Continued

Wastewater Revenue Bonds, 2004, Series A

The City issued revenue bonds dated May 12, 2004, totaling \$10,335,000. The purpose of the bonds was to finance certain improvements and related facilities that constitute part of the Wastewater Enterprise. The bond proceeds used are capital related. The serial bonds in the amount of \$5,230,000 mature through May 1, 2024, and bear a variable interest rate ranging from 2.50% to 5.00% per annum. Term bonds in the amount of \$5,105,000 mature through May 1, 2034, and bear interest at the rate of 5.00%. The serial bonds maturing on or after May 1, 2015, are subject to optional redemption provisions. The term bonds are subject to optional and mandatory redemption provisions. The bonds are payable solely from and secured by a pledge of and lien upon the net revenues of the Wastewater Enterprise Fund. As of June 30, 2009, the balance outstanding was \$9,385,000, with an unamortized bond discount of \$59,354. Principal and interest paid for the current year and total revenues for the Wastewater Fund were \$660,963 and \$2,516,012, respectively, 26.27%.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2009, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2010	\$ 210,000	\$ 452,963	\$ 662,963
2011	215,000	444,563	659,563
2012	225,000	435,963	660,963
2013	235,000	426,963	661,963
2014	245,000	417,269	662,269
2015-2019	1,390,000	1,913,981	3,303,981
2020-2024	1,760,000	1,547,700	3,307,700
2025-2029	2,240,000	1,063,500	3,303,500
2030-2034	2,865,000	443,500	3,308,500
Total	\$ 9,385,000	\$ 7,146,402	\$ 16,531,402

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

8. LONG-TERM DEBT, Continued

The following is a summary of the 2004 Revenue Bond Series A unamortized discount outstanding at June 30, 2009:

Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
\$ (61,728)	\$ -	\$ 2,374	\$ (59,354)

Boating and Waterways Construction Loan 88-21-84

On July 25, 1988, the City entered into a \$2,000,000 loan agreement with the California Department of Boating and Waterways (Contract No. 88-21-84). Proceeds of the loan were used to finance harbor dredging, storm recovery repairs and hazard-mitigation projects. The loan bears interest at 4.5%. As of June 30, 2009, the balance outstanding was \$1,102,719.

The annual debt service requirements for the Boating and Waterways Construction indebtedness outstanding at June 30, 2009, are as follows:

Year Ending June 30,	Principal	Interest	Total
2010	\$ 79,671	\$ 49,622	\$ 129,293
2011	83,256	46,037	129,293
2012	87,002	42,291	129,293
2013	90,917	38,376	129,293
2014	95,009	34,284	129,293
2015-2019	543,154	103,310	646,464
2020	123,710	5,567	129,277
Total	\$ 1,102,719	\$ 319,487	\$ 1,422,206

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

8. LONG-TERM DEBT, Continued

Boating and Waterways Construction Loan 89-21-147

In 1989, the City entered into a \$4,500,000 construction loan agreement with the California Department of Boating and Waterways (Contract No. 89-21-147) at an interest rate of 4.5%. Proceeds of the loan were used to finance the City's cost-sharing obligations in connection with the Federal breakwater improvement program, storm repairs and hazard-mitigation projects. As of June 30, 2009, the balance outstanding was \$2,612,834.

The annual debt service requirements for the Boating and Waterways Construction indebtedness outstanding at June 30, 2009, are as follows:

Year Ending			
June 30,	Principal	Interest	Total
2010	\$ 168,962	\$ 117,578	\$ 286,540
2011	176,566	109,974	286,540
2012	184,511	102,029	286,540
2013	192,814	93,726	286,540
2014	201,491	85,049	286,540
2015-2019	1,151,902	280,798	1,432,700
2020-2021	536,588	36,485	573,073
Total	\$ 2,612,834	\$ 825,639	\$ 3,438,473

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

9. NON-CITY OBLIGATIONS

The following bond issues are not reported in the City's financial statements because these are special obligations payable solely from and secured by specific revenue sources described in the resolutions and official statements of the respective issues. Neither the faith and credit nor the taxing power of the City, the Agency, the State of California or any political subdivision thereof, is pledged for payment of these bonds.

	<u>Original Amount</u>	<u>Outstanding June 30, 2009</u>
<i>A. Redevelopment Agency of the City of Redondo Beach Residential Mortgage Revenue Refunding Bonds:</i>		
1993 Series B	\$ 5,315,000	\$ 220,000
 <i>B. Multifamily Housing Revenue Bonds /Notes Heritage Pointe Project:</i>		
Series 2004A	\$ 11,390,000	\$ 10,890,000
 <i>C. Multifamily Housing Revenue Refunding Bonds SEASONS at Redondo Beach</i>		
Series 2008 A	\$ 6,425,000	\$ 6,118,107

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

10. OPERATING LEASES

A. Computer Equipment Operating Leases

The City entered into various non-cancellable operating lease agreements with Dell Marketing, L.P. In fiscal year 2007-2008, the City had leased equipment that included 374 Dell Optiplex computers, 56 Dell Latitude laptops, 20 monitors, and 4 printers. The current year rental cost was \$363,689. The terms of the lease agreements range from ending September 1, 2010 to ending February 1, 2011, as follows.

Year Ending June 30,	Minimum Future Lease Rentals
2010	\$ 314,600
2011	124,000
Total	\$ 438,600

B. Harbor Enterprise Operating Leases

The Harbor Uplands Enterprise Fund was created by ordinance of the City Council on July 11, 1960. Its purpose is to provide small boat harbor facilities to the general public. The Harbor Tidelands and Harbor Uplands Enterprise Funds operate as landlords, assigning or leasing facilities and land area. Principal sources of income are from rental of land and facilities.

A major portion of the operating revenue of the Harbor Enterprise Funds arises from long-term leases of land, pier space, waterways and other facilities which require the lessees to make substantial investments in leasehold improvements. These leases are accounted for as operating leases.

The total cost of the assets leased was \$10,406,895, less accumulated depreciation of \$824,020 for those assets giving a carrying amount of \$9,581,975 at June 30, 2009.

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

10. OPERATING LEASES, Continued

B. Harbor Enterprise Operating Leases, Continued

The following is a schedule, by year, of minimum future lease rentals on non-cancellable operating leases as of June 30, 2009:

Year Ending June 30,	Minimum Future Lease Rentals
2010	\$ 3,334,459
2011	3,252,179
2012	3,179,949
2013	3,053,410
2014	3,053,410
2015-2019	15,521,298
2020-2024	13,805,486
2025-2029	11,247,772
2030-2034	9,605,216
2035-2039	9,186,522
2040-2044	8,726,742
2045-2049	6,082,902
2050-2054	6,082,902
2055-2059	6,082,902
2060-2063	3,425,818
Total	\$ 105,640,967

The above accounts do not include lease rentals based on a percentage of a lessee's gross revenues that may be received under the leases.

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

11. RISK MANAGEMENT

The City is exposed to risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters; and currently reports all of its risk management activities in its Self-Insurance Program Internal Service Fund.

The City has adopted a self-insurance workers' compensation program, which is administered by a third-party agent, AdminSure. The self-insurance coverage for each claim is limited to \$750,000. Excess coverage of up to \$5,000,000 for each claim is provided by the Independent Cities Risk Management Authority (ICRMA), an insurance pool, in which a consortium of cities has agreed to share risks and losses. As of June 30, 2009, the estimated claims payable for workers' compensation was \$13,827,918, which included claims incurred but not reported (IBNR) of \$5,317,660. The current year's portion of the claims was \$820,709.

For general liability claims, the City is also self-insured up to \$500,000 for each occurrence. The self-insurance program is administered by a third-party agent, AdminSure. Each claim in excess of the self-insured retention of up to \$2,000,000 is covered by the ICRMA. There is also excess coverage in the amount of \$18 million.

As of June 30, 2009, the estimated claims payable for general liability was \$2,335,705, which included Incurred But Not Reported (IBNR) estimates of \$957,049. The current year's portion was \$109,583. Governmental activities claims and judgments are generally liquidated by the general fund.

	Liability on June 30, 2009
General Liability	\$ 2,335,705
Workers' Compensation	<u>13,827,918</u>
Total	<u>\$ 16,163,623</u>

Settled claims have not exceeded any of the City's coverage amounts in any of the last three fiscal years and there was no reductions in the City's coverage during the year.

The estimated claims payable for workers' compensation and general liability is based on estimates provided by the third-party administrator, the City Attorney, the Risk Management staff, and ICRMA's actuary.

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

11. RISK MANAGEMENT, Continued

Changes in the reported liability resulted from the following:

Year Ended June 30,	Liability on July 1,	Additions	Deletions	Liability on June 30,	Amounts Due Within One Year	Amounts Due in More than One Year
2007	\$ 16,163,560	\$ 3,603,007	\$ (3,007,794)	\$ 16,758,773	\$ 1,243,304	\$ 15,515,469
2008	16,758,773	2,829,649	(2,146,701)	17,441,721	1,280,329	16,161,392
2009	17,441,721	620,390	(1,898,488)	16,163,623	2,690,237	13,473,386

Effective July 17, 1990, the City became a member of the Independent Cities Risk Management Authority (ICRMA), a public entity risk pool currently operating as a common risk management and insurance program for 29 California cities. The City pays an annual premium to the pool for its excess general liability insurance coverage. The agreement for formation of the ICRMA provides that the pool will be self-sustaining through member premiums. The City continues to carry insurance from commercial companies for all other risks of loss, including coverage for property, earthquake and flood, automobile, physical damage and special events.

Condensed Financial Information of the ICRMA

Condensed audited financial information of ICRMA as of June 30, 2009 (most recent information available) is as follows:

	Total
Assets	<u>\$ 60,175,337</u>
Liabilities of member cities	\$ 27,354,364
Net assets	<u>32,820,973</u>
Total liabilities and net assets	<u>\$ 60,175,337</u>
Revenues	\$ 21,148,449
Cost and expenses	<u>19,308,178</u>
Net income	1,840,271
Net assets - July 1, 2008	<u>30,980,702</u>
Net assets - June 30, 2009	<u>\$ 32,820,973</u>

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

12. EMPLOYEE RETIREMENT PLANS

A. Pension Plan

Plan Description - The City contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office located at 400 P Street, Sacramento, California 95814.

Funding Policy - Active plan members are required by State statute to contribute 7% for miscellaneous and 9% for safety employees of their annual covered salary. The City, as employer, makes the contributions required of City employees on their behalf and for their account, which amounted to \$2,882,236 for the year ended June 30, 2009. The City is required to contribute for fiscal year 2008-2009 at an actuarially determined rate of 11.485% and 32.849% of annual covered payroll for miscellaneous and safety employees, respectively.

Annual Pension Cost - For 2008-2009, the City's annual pension cost of \$10,576,990 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2006, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases ranging from 3.25% to 14.45% for miscellaneous employees and from 3.25% to 13.15% for safety employees depending on age, service, and type of employment, and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.0%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis. The average remaining amortization period at June 30, 2006, was 22 years for miscellaneous and 32 years for safety employees for prior and current service unfunded liability.

THREE-YEAR TREND INFORMATION FOR PERS

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/07	\$ 7,366,175	100%	\$ -
6/30/08	10,130,700	100%	-
6/30/09	10,576,990	100%	-

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

12. EMPLOYEE RETIREMENT PLANS, Continued

A. Pension Plan, Continued

Funding Status as of the Most Recent Actuarial Date:

The amounts reflected herein represent the City's portion as reported by CalPERS.

<u>Safety Plan</u>						
(A)	(B)	(C)	(D)	(E)	(F)	
Actuarial Valuation Date*	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Unfunded (Overfunded) Actuarial Accrued Liability (B-A)	Funded Ratio (A/B)	Covered Payroll	Unfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll (C/E)
6/30/2008	\$ 195,959,373	\$ 232,567,064	\$ 36,607,691	84.3%	\$ 15,118,770	242.1%

<u>Miscellaneous Plan</u>						
(A)	(B)	(C)	(D)	(E)	(F)	
Actuarial Valuation Date*	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Unfunded (Overfunded) Actuarial Accrued Liability (B-A)	Funded Ratio (A/B)	Covered Payroll	Unfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll (C/E)
6/30/2008	\$ 114,865,498	\$ 124,542,795	\$ 9,677,297	92.2%	\$ 20,641,265	46.9%

* Most recent information available

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

12. EMPLOYEE RETIREMENT PLANS, Continued

B. Other Post Employment Benefits

Plan Descriptions and Eligibility. In addition to the pension benefits described above, the City provides certain health insurance benefits, in accordance with memorandums of understanding, to retired employees. The City provides medical insurance for all employees who retire with a minimum of 20 years of full-time public agency service. The City shall pay the single retiree medical premium rate, for qualified retirees, for a medical insurance plan in which the retiree is enrolled from among those medical plans provided by the City. These contributions of the City for such medical premiums shall cease on the date the retiree becomes eligible to enroll in the Federal Medicare program and/or any Medicare supplemental plans. At June 30, 2009, approximately 99 employees are eligible to receive post-employment benefits.

Funding Policy. The required contribution of the City is based on a percentage of PERSable payroll. For fiscal year 2009, the City contributed \$1,643,640 to the plan.

Annual OPEB Cost and Net OPEB Obligation. The City's annual Other Postemployment Benefit (OPEB) cost (expense) is calculated based on the *Annual Required Contribution of the Employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excesses) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB Obligation to the Plan:

	<u>Total</u>
Annual required contribution	\$ 1,643,640
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>1,643,640</u>
Contributions made	<u>(1,643,640)</u>
Increase in net OPEB obligation	-
Net OPEB obligation - beginning of year	-
Net OPEB obligation - end of year	<u><u>\$ -</u></u>

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

12. EMPLOYEE RETIREMENT PLANS, Continued

B. Other Post Employment Benefits, Continued

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Annual Contribution</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2009	\$ 1,643,640	\$ 1,643,640	100.0%	\$ -

Funded Status and Funding Progress. As of June 30, 2008, the most recent actuarial valuation date, the plan was zero percent funded. The Actuarial Accrued Liability for benefits was \$14,474,000, and the actuarial value of assets was \$0, resulting in an UAAL of \$14,474,000. The covered payroll (annual payroll of active employees covered by the plan) was \$36,525,000 and the ratio of UAAL to the covered payroll was 39.63%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The table below shows a one-year analysis of the actuarial value of assets as a percentage of the actuarial accrual liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll as of June 30, 2009. This is the first year of the post employment obligation information being presented and so prior year's information is not available.

	(A)	(B)	(C)	(D)	(E)	(F)
	Actuarial	Actuarial	(Unfunded)	Funded	Covered	Unfunded
	Asset	Accrued	Actuarial	Ratio	Payroll	Actuarial
	Value	Liability	Accrued	(A / B)		Liability as
	(A)	Entry Age	Liability			Percentage of
<u>Actuarial Valuation Date</u>	<u>(A)</u>	<u>(B)</u>	<u>(A - B)</u>	<u>(A / B)</u>	<u>Payroll</u>	<u>(C / E)</u>
6/30/2008	\$ -	\$ 14,474,000	\$ (14,474,000)	0.0%	\$ 36,525,000	39.63%

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

12. EMPLOYEE RETIREMENT PLANS, Continued

B. Other Post Employment Benefits, Continued

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2008, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions include a 7.75% investment rate of return which is based on the expected return on funds invested by CalPERS, and an annual healthcare cost trend rate of 9.1 and 9.8% initially and reduced to an ultimate rate of 4.5% thereafter. The actuarial assumption for inflation was 3 percent, and the aggregate payroll increases was 3.25 percent used in the actuarial valuation. The UAAL is being amortized as level percentage of projected payroll over a 30 year period. The remaining amortization period at June 30, 2008, was 30 years.

13. COMMITMENTS AND CONTINGENCIES

A. Lawsuits

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

B. Federal and State Grant Programs

The City participates in Federal and State grant programs. These programs are subject to audit. No cost disallowance is expected as a result of any audits. Expenditures which may be disallowed, if any, by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

C. Commitments

As of June 30, 2009, in the opinion of City management, there were no outstanding matters that would have a significant effect on the financial position of the funds of the City.

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

14. SHORT-TERM BORROWING

The City participated in the California Statewide Communities Development Authority's issuance of Tax and Revenue Anticipation Notes. The City's proceeds of \$5,000,000 were used to meet the City's anticipated cash flow needs for the fiscal year. As of June 30, 2009, the Notes were paid off.

Balance, July 1, 2008	\$	-
Additions		5,000,000
Deletions		<u>(5,000,000)</u>
Balance, June 30, 2009	\$	<u>-</u>

15. POLLUTION REMEDIATION OBLIGATIONS

The Department of Toxic Substances Control (DTSC) has filed regulatory Notice of Violations against the City regarding the Redondo Beach Police Department's gun range concerning issues with lead bullet fragments. As the totality of the DTSC's concerns are yet unknown at this time, current cleanup, fines and assessments are estimated at \$100,000.

16. SUBSEQUENT EVENTS

A. Declaration of Fiscal Emergency

On August 4, 2009, the City declared a fiscal emergency. The City faces an approximate \$5.5 million General Fund operating deficit for the 2009-2010 fiscal year due to the unprecedented downturn in the national and regional economies.

City of Redondo Beach
Notes to the Financial Statements, Continued
For the year ended June 30, 2009

16. SUBSEQUENT EVENTS, Continued

B. State of California Condition

Subsequent to June 30, 2009, the State of California has decided to borrow, to defer certain revenue payments and to take certain funds from local governments including the City. These amounts are significant to the City and are as follows:

8% of Property Taxes	\$2,136,807
Redevelopment Agency	\$1,691,071

Property Taxes borrowed by the State for fiscal year 2009-2010 were nearly \$2 billion statewide to help the State's budget shortfall. Legislators and the Governor promised to allow local agencies to sell their eventual repayment from the State to investors to cover the property taxes and to pay the full cost of the sale, known as securitization.

Redevelopment Agency funds have been estimated for a two year takeaway by the State. This decision is to be litigated by the California Redevelopment Association and other parties with hope that this will be considered unconstitutional as was last year's State proposed takeaway.

REQUIRED SUPPLEMENTAL INFORMATION



REQUIRED SUPPLEMENTARY INFORMATION

City of Redondo Beach
Required Supplementary Information
For the year ended June 30, 2009

1. BUDGETARY INFORMATION

Through the budget, the City Council sets the direction of the City, allocates its resources and establishes its priorities. The Annual Budget assures the efficient and effective uses of the City's economic resources, as well as establishing that the highest priority objectives are accomplished.

The Annual Budget serves from July 1 to June 30, and is a vehicle that openly communicates these priorities to the community, businesses, vendors, employees and other public agencies. Additionally, it establishes the foundation of effective financial planning by providing resource planning, performance measures and controls that permit the evaluation and adjustment of the City's performance.

The City follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. The City Council approves each year's budget submitted by the City Manager prior to the beginning of the new fiscal year.
2. The City Council's policy is to adopt an annual line-item budget for the general, special revenue, debt service, and capital projects funds.
3. Public hearings are conducted prior to its adoption by the Council.
4. Supplemental appropriations, when required during the period, are also approved by the Council. Intradepartmental budget changes are approved by the City Manager.
5. Expenditures may not exceed appropriations at the departmental level, which is the legal level of control.
6. Budgets are created in accordance with GAAP.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the general, special revenue, debt service, and capital projects funds. Unexpended and unencumbered appropriations of these governmental funds automatically lapse at the end of the fiscal year. Encumbrances outstanding at year-end are reported as a reservation of fund balances. They do not constitute expenditures or estimated liabilities.

The following are the budget comparison schedules for General Fund, Other Intergovernmental Grants Fund and Redevelopment Agency Special Revenue Fund.

City of Redondo Beach
Required Supplementary Information, Continued
For the year ended June 30, 2009

1. BUDGETARY INFORMATION, Continued

Budget Comparison Schedule, General Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance - Beginning	\$ 12,581,759	\$ 12,581,759	\$ 12,581,759	\$ -
Resources (inflows):				
Taxes	50,096,000	49,646,000	49,621,621	(24,379)
Interdepartmental	6,536,862	7,281,059	6,655,458	(625,601)
Licenses and permits	1,349,650	944,970	1,006,075	61,105
Intergovernmental	515,800	360,000	278,225	(81,775)
Charges for services	5,412,292	4,845,079	4,810,548	(34,531)
Use of money and property	2,719,200	2,790,898	3,127,757	336,859
Fines and forfeitures	1,644,000	1,429,000	1,845,838	416,838
Miscellaneous	182,300	180,300	252,210	71,910
Transfers in	-	-	1,588,314	1,588,314
Amount available for appropriation	81,037,863	80,059,065	81,767,805	1,708,740
Charges to appropriations (outflows):				
Current:				
General government	9,020,731	10,805,481	8,693,889	2,111,592
Public safety	41,052,832	42,704,807	42,237,762	467,045
Housing and community development	8,544,636	8,905,928	5,936,851	2,969,077
Public works	5,753,830	5,999,143	5,683,859	315,284
Cultural and leisure services	7,138,241	7,502,422	7,372,691	129,731
Capital outlay	50,000	169,034	218,424	(49,390)
Transfers out	1,121,500	1,244,500	1,599,007	(354,507)
Total charges to appropriations	72,681,770	77,331,315	71,742,483	5,588,832
Fund Balance - Ending	\$ 8,356,093	\$ 2,727,750	\$ 10,025,322	\$ 7,297,572

City of Redondo Beach
Required Supplementary Information, Continued
For the year ended June 30, 2009

1. BUDGETARY INFORMATION, Continued

Budget Comparison Schedule, Other Intergovernmental Grants

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance - Beginning	\$ (1,750,963)	\$ (1,750,963)	\$ (1,750,963)	\$ -
Resources (inflows):				
Intergovernmental	2,286,679	3,848,638	2,598,584	(1,250,054)
Amount available for appropriation	535,716	2,097,675	847,621	(1,250,054)
Charges to appropriations (outflows):				
Current:				
Public safety	189,694	565,388	552,589	12,799
Housing and community development	-	8,837	8,837	-
Public works	128,315	45,291	47,931	(2,640)
Capital outlay	1,968,670	5,687,143	1,319,530	4,367,613
Total charges to appropriations	2,286,679	6,306,659	1,928,887	4,377,772
Fund Balance - Ending	\$ (1,750,963)	\$ (4,208,984)	\$ (1,081,266)	\$ 3,127,718

City of Redondo Beach
Required Supplementary Information, Continued
For the year ended June 30, 2009

1. BUDGETARY INFORMATION, Continued

Budget Comparison Schedule, Redevelopment Agency Special Revenue

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance - Beginning	\$ 11,477,111	\$ 11,477,111	\$ 11,477,111	\$ -
Resources (inflows):				
Taxes	822,600	822,600	869,732	47,132
Use of money and property	360,739	360,739	416,223	55,484
Miscellaneous	-	-	907,319	907,319
Amount available for appropriation	12,660,450	12,660,450	13,670,385	1,009,935
Charges to appropriations (outflows):				
Current:				
Housing and community development	1,106,641	1,106,641	987,671	118,970
Total charges to appropriations	1,106,641	1,106,641	987,671	118,970
Fund Balance - Ending	\$ 11,553,809	\$ 11,553,809	\$ 12,682,714	\$ 1,128,905

City of Redondo Beach
Required Supplementary Information, Continued
For the year ended June 30, 2009

2. DEFINED PENSION PLAN

A schedule of funding progress for the past three actuarial valuations is presented below.

Actuarial Valuation Date*	(A) Actuarial Asset Value	(B) Entry Age Actuarial Accrued Liability	<u>Safety Plan</u>		(E) Covered Payroll	(F) Unfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll (C/E)
			(C) Unfunded (Overfunded) Actuarial Accrued Liability (B-A)	(D) Funded Ratio (A/B)		
6/30/2006	\$ 173,773,778	\$ 206,971,506	\$ 33,197,728	84.0%	\$ 13,871,365	239.3%
6/30/2007	185,561,290	220,319,464	34,758,174	84.2%	14,969,425	232.2%
6/30/2008	195,959,373	232,567,064	36,607,691	84.3%	15,118,770	242.1%

Actuarial Valuation Date*	(A) Actuarial Asset Value	(B) Entry Age Actuarial Accrued Liability	<u>Miscellaneous Plan</u>		(E) Covered Payroll	(F) Unfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll (C/E)
			(C) Unfunded (Overfunded) Actuarial Accrued Liability (B-A)	(D) Funded Ratio (A/B)		
6/30/2006	\$ 99,965,770	\$ 108,578,292	\$ 8,612,522	92.1%	\$ 18,128,139	47.5%
6/30/2007	107,468,916	117,169,713	9,700,797	91.7%	20,093,839	48.3%
6/30/2008	114,865,498	124,542,795	9,677,297	92.2%	20,641,265	46.9%

* Latest information available.

City of Redondo Beach
Required Supplementary Information, Continued
For the year ended June 30, 2009

3. OTHER POST EMPLOYMENT BENEFITS

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress for the City's Plan

	(A)	(B)	(C)	(D)	(E)	(F)
		Actuarial	(Unfunded)			Unfunded
Actuarial	Actuarial	Accrued	Actuarial	Funded		Actuarial
Valuation	Asset	Liability	Accrued	Ratio	Covered	Liability as
Date	Value	Entry Age	Liability	(A / B)	Payroll	Percentage of
	(A)	(B)	(A - B)			Covered
						Payroll
						(C / E)
6/30/2008	\$ -	\$ 14,474,000	\$ (14,474,000)	0.0%	\$ 36,525,000	39.63%

City of Redondo Beach
Required Supplementary Information, Continued
For the year ended June 30, 2009

4. MODIFIED APPROACH FOR CITY STREETS INFRASTRUCTURE CAPITAL ASSETS

In accordance with GASB Statement No. 34, the City is required to account for and report infrastructure capital assets. GASB Statement No. 34 defines infrastructure assets as "... long-lived capital assets that are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets..." Major infrastructure systems include the street system, storm water system, sewer system, and traffic control system. Each major infrastructure system can be divided into subsystems. For example, the street system can be divided into concrete and asphalt pavements, concrete curb and gutters, sidewalks, medians, etc. Subsystem detail is not presented in these basic financial statements; however, the City maintains detailed information on these subsystems.

The City has elected to use the "Modified Approach" as defined by GASB Statement No. 34 for infrastructure reporting for its Streets Pavement System. Under GASB Statement No. 34, eligible infrastructure capital assets are not required to be depreciated under the following requirements:

- ◆ The City manages the eligible infrastructure capital assets using an asset management system with characteristics of (1) an up-to-date inventory; (2) condition assessments which summarize results using a measurement scale; and (3) estimated annual amounts budgeted to maintain and preserve an established condition assessment level.
- ◆ The City documents that the eligible infrastructure capital assets are being preserved approximately at or above the established and disclosed condition assessment level.

The City commissioned a physical assessment of the street conditions as of June 30, 2008. The study assisted the City by providing inspection data used to evaluate pavement condition. This helped to establish a City-defined target level of pavement performance, while optimizing the expenditure of limited fiscal resources. The entire pavement network within the City is composed of approximately 125 centerline miles of paved surfaces. The City's street system can be grouped by function class as follows: 22 centerline miles of arterial, 5 centerline miles of collector and 98 centerline miles of residential.

In June 2009, a visual survey of all pavement segments was conducted to assess the existing surface condition of each of the individual pavement segments. Upon completion of the study, a Pavement Quality Index (PQI) was calculated for each segment in the City's pavement network to reflect the overall pavement condition. Rating ranged from 0 and 100. A PQI of 0 would correspond to badly deteriorated pavement with virtually no remaining life; a PQI of 100 would correspond to pavement with proper engineering design and construction at the beginning of its life cycle. During the year, the visual survey is updated to reflect the pavement's current condition.

City of Redondo Beach
Required Supplementary Information, Continued
For the year ended June 30, 2009

4. MODIFIED APPROACH FOR CITY STREETS INFRASTRUCTURE CAPITAL ASSETS, Continued

The following conditions were defined:

<u>Condition</u>	<u>Rating</u>
Very Good	90 - 100
Good	70 - 89
Fair	50 - 69
Poor	0 - 49

In line with the Capital Improvement Program and as presented to City Council on December 2002, City policy is to achieve an average rating of 80 for all streets by fiscal year 2008-2009. This rating allows minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling at posted speeds.

The City established the standard of 70 for the fiscal years of 2007, 2008, and 2009. The condition assessments for the most recent years since implementation are as follows:

<u>Year</u>	<u>PQI rate</u>	<u>Condition</u>	<u>% of Streets</u>
2006	76	Very Good	19%
		Good	55%
		Fair	13%
		Poor	13%
2007	77	Very Good	26%
		Good	51%
		Fair	11%
		Poor	12%
2008	84	Very Good	47%
		Good	37%
		Fair	10%
		Poor	6%
2009	79	Very Good	21%
		Good	61%
		Fair	8%
		Poor	10%

City of Redondo Beach
Required Supplementary Information, Continued
For the year ended June 30, 2009

4. MODIFIED APPROACH FOR CITY STREETS INFRASTRUCTURE CAPITAL ASSETS, Continued

The City expended \$3,894,595 on street improvement projects for the fiscal year ended June 30, 2009. These capital improvement expenditures enhanced the condition of many streets and delayed deterioration on others. The estimated expenditures required to maintain and improve the overall condition of the streets from July 1, 2009 through June 30, 2011 is a minimum of \$10,200,000.

A schedule of budget versus actual for the most recent years since implementation, which preserved City streets at the current 79 rating is presented below.

<u>Fiscal Year</u>	<u>Final Budget</u>	<u>Funded by General Fund</u>	<u>Funded by Other Funds</u>	<u>Total Expenditures</u>
2004-2005	\$ 5,267,860	\$ 1,283,225	\$ 1,062,881	\$ 2,346,106
2005-2006	5,576,360	110,527	991,714	1,102,241
2006-2007	6,493,717	1,292,207	569,668	1,861,875
2007-2008	11,633,589	154,835	2,824,248	2,979,083
2008-2009	10,835,819	1,543,773	2,350,822	3,894,595

As of June 30, 2009, 29% of City streets were rated below the targeted average condition level of 80. However, as noted above, the City is investing in this infrastructure asset as part of the five-year Capital Improvement Program and will continue to rehabilitate and maintain its streets in order to achieve this goal.

City of Redondo Beach
Required Supplementary Information, Continued
For the year ended June 30, 2009

4. MODIFIED APPROACH FOR CITY STREETS INFRASTRUCTURE CAPITAL ASSETS, Continued

<u>Project</u>	<u>Project #</u>	<u>Budget</u>	<u>General Fund Expenditures</u>	<u>Other Fund Expenditures</u>	<u>Total Expenditures</u>
Catalina Avenue Slurry Seal	40101	\$ 554,000	\$ 65,161	\$ 392,223	\$ 457,384
High Lane Traffic Program	40110	7,647	-	-	-
Bus Shelters & Benches	40120	600,000	-	408	408
Pavement & Sidewalk Repairs	40140	201,627	158,195	-	158,195
Pavement Management Study	40170	129,648	30,006	13,005	43,011
Residential Street Rehabilitation	40190	1,749,230	496,438	814,429	1,310,868
Catalina/PCH Intersection Improvement	40220	1,045,962	158,662	941,296	1,099,959
Calle Miramar/Paseo De La Playa	40300	187,622	204,377	-	204,377
Torrance Blvd/PCH Left Turn Signal	40320	89,232	-	33,595	33,595
Esplanade Streetscape Improvements	40380	2,968,165	231,946	(36)	231,910
Citywide Curb Ramp Improvements	40399	-	-	287	287
Artesia Boulevard Landscaping	40400	-	24	-	24
Torrance Blvd Streetscape Master Plan	40410	6,544	-	-	-
190th St. Resurf-Cluster to Hawthorne	40430	21,958	322	-	322
Catalina Corridor Beautification	40450	6,123	-	-	-
Target Community Improvements	40460	91,090	-	-	-
Traffic Calming Project	40470	72,033	61,743	-	61,743
School Safety Zone Program	40480	217,654	-	2,135	2,135
Catalina At Emerald Accessible Ped	40490	16,305	-	37,805	37,805
Bicycle Trans Plan Implementation	40510	50,708	-	12,000	12,000
Camino Real - Juanita to Ecl	40520	(1,966)	-	-	-
182nd St - Hawthorne to Kingsdale	40530	1,966	-	-	-
Main Library Parking Garage Co Sensor	40560	26,635	26,635	-	26,635
PCH/Sapphire/Francisa Traffic Calm	40570	119,688	-	77,243	77,243
Aviation Blvd Resurf-Carnegie/Harpr	40580	610,000	132	-	132
PV Blvd Resurf-Ave F/E City Limit	40590	475,611	162	-	162
Catalina/Harbor Advd Traf Sig Mgmt	40600	417,500	-	960	960
No Redondo Bikeway Light & Amenities	40610	175,000	-	11,010	11,010
RB Ave - Marine Ave to MBB	40620	800,000	-	5,624	5,624
Torrance Blvd Streetscape Improv	40630	95,837	77,056	8,837	85,893
Riviera Village Improvements	40640	100,000	32,912	-	32,912
		<u>\$ 10,835,819</u>	<u>\$ 1,543,773</u>	<u>\$ 2,350,822</u>	<u>\$ 3,894,595</u>

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES



SUPPLEMENTARY INFORMATION

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MAJOR GOVERNMENTAL FUNDS

The following Governmental Funds have been classified as major funds in the accompanying financial statements:

Capital Improvement Projects Fund - To account for capital improvements of the City.

Public Financing Authority Debt Service Fund - To account for the payment of interest and principal on tax allocation bonds and other debt issued to finance City and redevelopment activities.

Redevelopment Agency Debt Service Fund - To account for the accumulation of resources for, and the payment of, interest and principal on tax allocation bonds and other debt issued to finance redevelopment activities within the projects areas.

City of Redondo Beach

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

Capital Improvement Projects Capital Projects Fund (Major Fund)

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
FUND BALANCE - BEGINNING	\$ 14,127,148	\$ 14,127,148	\$ 14,127,148	\$ -
RESOURCES (INFLOWS):				
Charges for services	-	-	103,527	103,527
Miscellaneous	908,000	908,000	61,500	(846,500)
Transfers in	-	3,000	703,000	700,000
Amount available for appropriation	15,035,148	15,038,148	14,995,175	(42,973)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Public works	118,325	130,622	121,140	9,482
Capital outlay	3,305,191	13,574,980	2,333,894	11,241,086
Transfers out	-	45,320	45,320	-
Total charges to appropriations	3,423,516	13,750,922	2,500,354	11,250,568
FUND BALANCE - ENDING	\$ 11,611,632	\$ 1,287,226	\$ 12,494,821	\$ 11,207,595

City of Redondo Beach

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

Public Financing Authority Debt Service Fund (Major Fund)

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
FUND BALANCE - BEGINNING	\$ 12,581,086	\$ 12,581,086	\$ 12,581,086	\$ -
RESOURCES (INFLOWS):				
Use of money and property	812,513	812,513	1,513,911	701,398
Transfer in	1,094,166	1,094,166	165,712	(928,454)
Amount available for appropriation	14,487,765	14,487,765	14,260,709	(227,056)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Housing and community development	11,395	11,395	234,738	(223,343)
Debt service:				
Principal retirement	386,774	386,774	2,801,824	(2,415,050)
Interest and fiscal charges	1,213,236	1,213,236	420,000	793,236
Transfers out	-	-	17,279	(17,279)
Total charges to appropriations	1,611,405	1,611,405	3,473,841	(1,862,436)
FUND BALANCE - ENDING	\$ 12,876,360	\$ 12,876,360	\$ 10,786,868	\$ (2,089,492)

City of Redondo Beach

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

Redevelopment Agency Debt Service Fund (Major Fund)

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
FUND BALANCE - BEGINNING	\$ (16,624,467)	\$ (16,624,467)	\$ (16,624,467)	\$ -
RESOURCES (INFLOWS):				
Taxes	3,290,400	3,290,400	1,827,464	(1,462,936)
Use of money and property	72,897	72,897	32	(72,865)
Refunding bonds issued	-	-	700,000	700,000
Other debt issued	913,477	913,477	547,789	(365,688)
Transfer in	-	-	551,966	551,966
Amount available for appropriation	(12,347,693)	(12,347,693)	(12,997,216)	(649,523)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Housing and community development	-	-	70,596	(70,596)
Debt service:				
Principal retirement	-	-	647,005	(647,005)
Interest and fiscal charges	1,379,962	1,379,962	1,318,532	61,430
Transfers out	-	-	700,399	(700,399)
Total charges to appropriations	1,379,962	1,379,962	2,736,532	(1,285,974)
FUND BALANCE - ENDING	\$ (13,727,655)	\$ (13,727,655)	\$ (15,733,748)	\$ (2,006,093)

NON-MAJOR GOVERNMENTAL FUNDS



NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Traffic Congestion Relief Fund - To account for monies originating from AB 2928, a fiscal year 2000-2001 State budget trailer bill for the transportation finance package. The funds are to be used for maintenance and rehabilitation projects.

State Gas Tax Fund - To account for the City's share of State gas tax allocations. Gasoline taxes must be used for maintenance and improvement of City streets.

Parks and Recreation Facilities Fund - To account for revenues assessed on the construction of new residential units. Revenue is used solely for the acquisition, improvement and expansion of public parks and recreational facilities.

Narcotic Seizure/Forfeiture Fund - To account for the City's portion of monies seized during arrests and expenditures for related enforcement activities.

Transit Fund - To account for transportation activities of the City.

Proposition A Fund - To account for the operations of transit-related projects funded by a voter-approved, one-half cent sales tax levied within Los Angeles County.

Proposition C Fund - To account for the operations of transit-related projects funded by a voter-approved, one-half cent sales tax levied within Los Angeles County.

Local Transit Fund - To account for the operation of transportation services in the City and the Dial-A-Ride Program which provides transportation to Redondo Beach and Hermosa Beach residents.

Air Quality Improvement Fund - To account for monies received from the South Coast Air Quality Management District, which are used to reduce air pollution from motor vehicles.

Storm Drain Fund - To account for the receipt of the storm drain impact fees and the related National Pollutant Discharge Elimination System implementation and enforcement costs.

Street Landscaping and Lighting District Fund - To account for the costs of establishing, improving and maintaining street landscaping and lighting in certain areas of the City. Costs of the projects are estimated and property owners are assessed their proportionate share.

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

South Bay Youth Project Fund - To account for the South Bay Youth Project grant revenues. These revenues finance various delinquency prevention programs, including counseling, crisis centers, parent education and positive alternative activities.

Workforce Investment Act Fund - To account for grant revenues and expenditures for various job training and work experience programs.

Community Development Act Fund - To account for Community Development Block Grant revenues and expenditures. Such revenues are restricted to the revitalization of low and moderate income areas within the City.

Disaster Recovery Fund - To account for monies received from agencies of the Federal and State governments for disaster recovery assistance.

Housing Authority Fund - To account for revenues and expenditures relating to low-cost housing for individuals meeting criteria established by the U.S. Department of Housing and Urban Development (HUD).

Subdivision Park Trust - To account for revenues and expenditures relating to Quimby Fees.

DEBT SERVICE FUND

Parking Authority Fund - To account for the remaining funds from the matured revenue bonds originally issued to purchase land and finance construction of a public parking facility and for the cooperation agreement with the Redevelopment Agency in connection with the Aviation High School Redevelopment Project Area.

CAPITAL PROJECTS FUNDS

Pier Parking Structure Rehabilitation Fund - To account for the costs to rehabilitate the publicly owned pier parking structure.

Redevelopment Agency (Capital Projects) Fund - To account for capital projects within the project areas.

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City of Redondo Beach
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2009

	Special Revenue							
	Traffic Congestion Relief	State Gas Tax	Parks and Recreation Facilities	Narcotic Seizure/ Forfeiture	Transit Fund	Proposition A	Proposition C	Local Transit
ASSETS								
Pooled cash and investments	\$ 519,066	\$ 617,089	\$ 210,217	\$ 1,005,507	\$ -	\$ 1,243,600	\$ 2,501,433	\$ -
Receivables:								
Accounts	-	-	-	-	59,083	-	-	-
Taxes	-	87,775	-	-	-	-	-	-
Notes and loans	-	-	-	-	-	-	-	-
Accrued interest	4,208	3,441	-	8,432	-	10,377	19,766	-
Prepaid costs	-	171	-	-	-	-	-	-
Due from other governments	136,320	-	-	10,462	733,585	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Total assets	\$ 659,594	\$ 708,476	\$ 210,217	\$ 1,024,401	\$ 792,668	\$ 1,253,977	\$ 2,521,199	\$ -
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 58,581	\$ 29,236	\$ 7,530	\$ 4,149	\$ 669,997	\$ -	\$ (48,256)	\$ -
Accrued liabilities	-	20,420	1,233	-	5,295	-	953	-
Deferred revenue	-	-	-	-	-	-	-	-
Unearned revenues	-	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	180,107	-	-	628
Total liabilities	58,581	49,656	8,763	4,149	855,399	-	(47,303)	628
Fund Balances:								
Reserved:								
Encumbrances	-	100	150,000	-	16,872	-	80,600	-
Unreserved:								
Designated:								
Continuing appropriation	39,443	35,380	48,599	195,638	-	-	1,610,548	-
Undesignated, reported in:								
Special revenue funds	561,570	623,340	2,855	824,614	(79,603)	1,253,977	877,354	(628)
Debt service funds	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-
Total fund balances	601,013	658,820	201,454	1,020,252	(62,731)	1,253,977	2,568,502	(628)
Total liabilities and fund balances	\$ 659,594	\$ 708,476	\$ 210,217	\$ 1,024,401	\$ 792,668	\$ 1,253,977	\$ 2,521,199	\$ -

(Continued)

City of Redondo Beach
Combining Balance Sheet
Non-Major Governmental Funds, Continued
June 30, 2009

	Special Revenue							
	Air Quality Improvement	Storm Drain	Street Landscaping and Lighting	South Bay Youth Project	Workforce Investment Act	Community Development Block Grant	Disaster Recovery	Housing Authority
ASSETS								
Pooled cash and investments	\$ 160,923	\$ 416,605	\$ 157,440	\$ -	\$ -	\$ -	\$ -	\$ 721,660
Receivables:								
Accounts	-	377,458	5,888	-	-	-	-	-
Taxes	-	-	38,107	-	-	-	-	-
Notes and loans	-	-	-	-	-	492,863	-	-
Accrued interest	1,219	-	-	-	-	-	-	319
Prepaid costs	-	-	-	-	-	-	-	-
Due from other governments	21,099	-	-	-	-	178,111	-	-
Due from other funds	-	-	-	-	-	-	-	19,280
Total assets	\$ 183,241	\$ 794,063	\$ 201,435	\$ -	\$ -	\$ 670,974	\$ -	\$ 741,259
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 59,537	\$ 28,289	\$ 173,363	\$ -	\$ -	\$ 53,775	\$ -	\$ 2,274
Accrued liabilities	91	211	28,057	-	-	2,529	-	-
Deferred revenue	21,099	-	-	-	-	573,644	-	-
Unearned revenues	-	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	122,550	32,774	60,842
Total liabilities	80,727	28,500	201,420	-	-	752,498	32,774	63,116
Fund Balances:								
Reserved:								
Encumbrances	-	277,405	72,408	-	-	-	-	-
Unreserved:								
Designated:								
Continuing appropriation	-	461,816	-	-	-	-	-	-
Undesignated, reported in:								
Special revenue funds	102,514	26,342	(72,393)	-	-	(81,524)	(32,774)	678,143
Debt service funds	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-
Total fund balances	102,514	765,563	15	-	-	(81,524)	(32,774)	678,143
Total liabilities and fund balances	\$ 183,241	\$ 794,063	\$ 201,435	\$ -	\$ -	\$ 670,974	\$ -	\$ 741,259

(Continued)

City of Redondo Beach
Combining Balance Sheet
Non-Major Governmental Funds, Continued
June 30, 2009

	Special Revenue	Debt Service	Capital Projects		Total Non-Major Funds
	Subdivision Park Trust	Parking Authority	Pier Parking Structure Rehabilitation	Redevelopment Agency	
ASSETS					
Pooled cash and investments	\$ 623,725	\$ 5,035	\$ 760	\$ 1,394,631	\$ 9,577,691
Receivables:					
Accounts	-	-	-	29,510	471,939
Taxes	-	-	-	-	125,882
Notes and loans	-	-	-	-	492,863
Accrued interest	-	17	6	9,711	57,496
Prepaid costs	-	-	-	-	171
Due from other governments	-	-	-	534	1,080,111
Due from other funds	-	-	-	470,868	490,148
Total assets	\$ 623,725	\$ 5,052	\$ 766	\$ 1,905,254	\$ 12,296,301
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ (3,950)	\$ -	\$ -	\$ 77,821	\$ 1,112,346
Accrued liabilities	2,004	-	-	-	60,793
Deferred revenue	-	-	-	-	594,743
Unearned revenues	-	-	-	16,210	16,210
Due to other governments	-	-	-	1,666	1,666
Due to other funds	-	-	-	587,637	984,538
Total liabilities	(1,946)	-	-	683,334	2,770,296
Fund Balances:					
Reserved:					
Encumbrances	16,127	-	-	-	613,512
Unreserved:					
Designated:					
Continuing appropriation	305,532	-	-	-	2,696,956
Undesignated, reported in:					
Special revenue funds	304,012	-	-	-	4,987,799
Debt service funds	-	5,052	-	-	5,052
Capital projects funds	-	-	766	1,221,920	1,222,686
Total fund balances	625,671	5,052	766	1,221,920	9,526,005
Total liabilities and fund balances	\$ 623,725	\$ 5,052	\$ 766	\$ 1,905,254	\$ 12,296,301

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City of Redondo Beach
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2009

	Special Revenue							Local Transit
	Traffic Congestion Relief	State Gas Tax	Parks and Recreation Facilities	Narcotic Seizure/ Forfeiture	Transit Fund	Proposition A	Proposition C	
REVENUES:								
Taxes	\$ -	\$ -	\$ 11,200	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money and property	18,742	18,997	-	32,081	-	56,951	83,940	-
Intergovernmental	512,768	1,066,706	-	-	1,324,574	898,553	749,854	-
Charges for services	-	-	-	415,115	-	-	-	-
Miscellaneous	-	-	-	-	17,090	-	-	-
Total revenues	531,510	1,085,703	11,200	447,196	1,341,664	955,504	833,794	-
EXPENDITURES:								
Current:								
Public safety	-	-	-	79,447	-	-	-	-
Public works	-	1,260,623	-	-	-	-	-	-
Housing and community development	-	-	-	-	2,934,383	-	8,841	-
Capital outlay	800,557	-	79,237	20,848	129,943	-	578,687	38,092
Total expenditures	800,557	1,260,623	79,237	100,295	3,064,326	-	587,528	38,092
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(269,047)	(174,920)	(68,037)	346,901	(1,722,662)	955,504	246,266	(38,092)
OTHER FINANCING SOURCES (USES):								
Transfers in	-	-	-	-	1,722,662	-	-	-
Transfers out	-	-	-	-	-	(1,722,662)	-	-
Total other financing sources (uses)	-	-	-	-	1,722,662	(1,722,662)	-	-
Net change in fund balances	(269,047)	(174,920)	(68,037)	346,901	-	(767,158)	246,266	(38,092)
FUND BALANCES:								
Beginning of year	870,060	833,740	269,491	673,351	(62,731)	2,021,135	2,322,236	37,464
End of year	\$ 601,013	\$ 658,820	\$ 201,454	\$ 1,020,252	\$ (62,731)	\$ 1,253,977	\$ 2,568,502	\$ (628)

(Continued)

City of Redondo Beach
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds, Continued
For the year ended June 30, 2009

	Special Revenue							
	Air Quality Improvement	Storm Drain	Street Landscaping and Lighting	South Bay Youth Project	Workforce Investment Act	Community Development Block Grant	Disaster Recovery	Housing Authority
REVENUES:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money and property	4,704	-	108	-	-	-	-	4,135
Intergovernmental	-	-	-	137,096	89,935	442,886	-	5,892,230
Charges for services	78,771	4,520	1,534,592	-	-	-	-	-
Miscellaneous	-	-	18,141	-	-	22,800	261,415	86,509
Total revenues	83,475	4,520	1,552,841	137,096	89,935	465,686	261,415	5,982,874
EXPENDITURES:								
Current:								
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	2,441,440	-	-	-	-	-
Housing and community development	46,003	-	-	18,708	21,565	465,686	102,580	5,937,523
Capital outlay	50,699	(287,253)	-	-	-	-	-	-
Total expenditures	96,702	(287,253)	2,441,440	18,708	21,565	465,686	102,580	5,937,523
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(13,227)	291,773	(888,599)	118,388	68,370	-	158,835	45,351
OTHER FINANCING SOURCES (USES):								
Transfers in	-	-	751,007	-	-	-	-	-
Transfers out	-	(6,574)	-	(39,778)	(14,649)	-	(450,000)	-
Total other financing sources (uses)	-	(6,574)	751,007	(39,778)	(14,649)	-	(450,000)	-
Net change in fund balances	(13,227)	285,199	(137,592)	78,610	53,721	-	(291,165)	45,351
FUND BALANCES:								
Beginning of year	115,741	480,364	137,607	(78,610)	(53,721)	(81,524)	258,391	632,792
End of year	<u>\$ 102,514</u>	<u>\$ 765,563</u>	<u>\$ 15</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (81,524)</u>	<u>\$ (32,774)</u>	<u>\$ 678,143</u>

(Continued)

City of Redondo Beach
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds, Continued
For the year ended June 30, 2009

	Special Revenue	Debt Service	Capital Projects		
	Subdivision Park Trust	Parking Authority	Pier Parking Structure Rehabilitation	Redevelopment Agency	Total Non-Major Funds
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 11,200
Use of money and property	1,052	24	26	401,650	622,410
Intergovernmental	-	-	-	-	11,114,602
Charges for services	-	-	-	-	2,032,998
Miscellaneous	75,000	-	-	2,000	482,955
Total revenues	<u>76,052</u>	<u>24</u>	<u>26</u>	<u>403,650</u>	<u>14,264,165</u>
EXPENDITURES:					
Current:					
Public safety	-	-	-	-	79,447
Public works	-	-	-	-	3,702,063
Housing and community development	-	-	-	795,067	10,330,356
Capital outlay	401,069	-	-	-	1,811,879
Total expenditures	<u>401,069</u>	<u>-</u>	<u>-</u>	<u>795,067</u>	<u>15,923,745</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(325,017)</u>	<u>24</u>	<u>26</u>	<u>(391,417)</u>	<u>(1,659,580)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	2,473,669
Transfers out	-	-	-	-	(2,233,663)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>240,006</u>
Net change in fund balances	<u>(325,017)</u>	<u>24</u>	<u>26</u>	<u>(391,417)</u>	<u>(1,419,574)</u>
FUND BALANCES:					
Beginning of year	950,688	5,028	740	1,613,337	10,945,579
End of year	<u>\$ 625,671</u>	<u>\$ 5,052</u>	<u>\$ 766</u>	<u>\$ 1,221,920</u>	<u>\$ 9,526,005</u>

(Concluded)

City of Redondo Beach

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

Traffic Congestion Relief Special Revenue Fund

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
FUND BALANCE - BEGINNING	\$ 161,309	\$ 161,309	\$ 870,060	\$ 708,751
RESOURCES (INFLOWS):				
Use of money and property	19,000	17,100	18,742	1,642
Intergovernmental	-	581,000	512,768	(68,232)
Amount available for appropriation	180,309	759,409	1,401,570	642,161
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Capital outlay	50,000	840,000	800,557	39,443
Total charges to appropriations	50,000	840,000	800,557	39,443
FUND BALANCE - ENDING	\$ 130,309	\$ (80,591)	\$ 601,013	\$ 681,604

City of Redondo Beach

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

State Gas Tax Special Revenue Fund

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
FUND BALANCE - BEGINNING	\$ 833,740	\$ 833,740	\$ 833,740	\$ -
RESOURCES (INFLOWS):				
Intergovernmental	1,208,300	1,243,091	1,066,706	(176,385)
Use of money and property	15,000	13,500	18,997	5,497
Amount available for appropriation	2,057,040	2,090,331	1,919,443	(170,888)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Public works	1,475,849	1,527,365	1,260,623	266,742
Total charges to appropriations	1,475,849	1,527,365	1,260,623	266,742
FUND BALANCE - ENDING	\$ 581,191	\$ 562,966	\$ 658,820	\$ 95,854

City of Redondo Beach

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

Parks and Recreation Facilities Special Revenue Fund

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
FUND BALANCE - BEGINNING	\$ 269,491	\$ 269,491	\$ 269,491	\$ -
RESOURCES (INFLOWS):				
Taxes	30,000	10,800	11,200	400
Amount available for appropriation	299,491	280,291	280,691	400
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Capital outlay	50,000	269,551	79,237	190,314
Total charges to appropriations	50,000	269,551	79,237	190,314
FUND BALANCE - ENDING	\$ 249,491	\$ 10,740	\$ 201,454	\$ 190,714

City of Redondo Beach

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

Narcotic Seizure/Forfeiture Special Revenue Fund

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
FUND BALANCE - BEGINNING	\$ 673,351	\$ 673,351	\$ 673,351	\$ -
RESOURCES (INFLOWS):				
Use of money and property	15,000	13,500	32,081	18,581
Charges for services	50,000	294,000	415,115	121,115
Amount available for appropriation	<u>738,351</u>	<u>980,851</u>	<u>1,120,547</u>	<u>139,696</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Public safety	64,890	90,045	79,447	10,598
Capital outlay	-	159,063	20,848	138,215
Total charges to appropriations	<u>64,890</u>	<u>249,108</u>	<u>100,295</u>	<u>148,813</u>
FUND BALANCE - ENDING	<u>\$ 673,461</u>	<u>\$ 731,743</u>	<u>\$ 1,020,252</u>	<u>\$ 288,509</u>

City of Redondo Beach

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

Transit Fund Special Revenue Fund

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
FUND BALANCE - BEGINNING	\$ (62,731)	\$ (62,731)	\$ (62,731)	\$ -
RESOURCES (INFLOWS):				
Intergovernmental	1,727,712	1,892,158	1,324,574	(567,584)
Miscellaneous	-	375	17,090	16,715
Transfer in	1,282,817	1,532,917	1,722,662	189,745
Amount available for appropriation	2,947,798	3,362,719	3,001,595	(361,124)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Housing and community development	3,010,529	3,424,389	2,934,383	490,006
Capital outlay	-	320,600	129,943	190,657
Total charges to appropriations	3,010,529	3,744,989	3,064,326	680,663
FUND BALANCE - ENDING	\$ (62,731)	\$ (382,270)	\$ (62,731)	\$ 319,539

City of Redondo Beach

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

Proposition A Special Revenue Fund

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
FUND BALANCE - BEGINNING	\$ 2,021,135	\$ 2,021,135	\$ 2,021,135	\$ -
RESOURCES (INFLOWS):				
Use of money and property	31,000	27,900	56,951	29,051
Intergovernmental	1,100,000	1,350,100	898,553	(451,547)
Amount available for appropriation	3,152,135	3,399,135	2,976,639	(422,496)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Transfers out	1,282,817	1,532,917	1,722,662	(189,745)
Total charges to appropriations	1,282,817	1,532,917	1,722,662	(189,745)
FUND BALANCE - ENDING	\$ 1,869,318	\$ 1,866,218	\$ 1,253,977	\$ (612,241)

City of Redondo Beach

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

Proposition C Special Revenue Fund

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
FUND BALANCE - BEGINNING	\$ 2,322,236	\$ 2,322,236	\$ 2,322,236	\$ -
RESOURCES (INFLOWS):				
Use of money and property	59,000	53,100	83,940	30,840
Intergovernmental	907,000	907,000	749,854	(157,146)
Amount available for appropriation	3,288,236	3,282,336	3,156,030	(126,306)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Housing and community development	-	-	8,841	(8,841)
Capital outlay	1,275,000	1,003,402	578,687	424,715
Total charges to appropriations	1,275,000	1,003,402	587,528	415,874
FUND BALANCE - ENDING	\$ 2,013,236	\$ 2,278,934	\$ 2,568,502	\$ 289,568

City of Redondo Beach

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

Local Transit Special Revenue Fund

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
FUND BALANCE - BEGINNING	\$ 37,464	\$ 37,464	\$ 37,464	\$ -
Amount available for appropriation	37,464	37,464	37,464	-
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Capital outlay	-	16,305	38,092	(21,787)
Total charges to appropriations	-	16,305	38,092	(21,787)
FUND BALANCE - ENDING	\$ 37,464	\$ 21,159	\$ (628)	\$ (21,787)

City of Redondo Beach

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

Air Quality Improvement Special Revenue Fund

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
FUND BALANCE - BEGINNING	\$ 115,741	\$ 115,741	\$ 115,741	\$ -
RESOURCES (INFLOWS):				
Use of money and property	2,000	1,800	4,704	2,904
Charges for services	70,000	70,000	78,771	8,771
Amount available for appropriation	187,741	187,541	199,216	11,675
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Housing and community development	48,458	48,330	46,003	2,327
Capital outlay	-	125,000	50,699	74,301
Total charges to appropriations	48,458	173,330	96,702	76,628
FUND BALANCE - ENDING	\$ 139,283	\$ 14,211	\$ 102,514	\$ 88,303

City of Redondo Beach

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

Storm Drain Special Revenue Fund

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
FUND BALANCE - BEGINNING	\$ 480,364	\$ 480,364	\$ 480,364	\$ -
RESOURCES (INFLOWS):				
Charges for services	42,000	6,500	4,520	(1,980)
Amount available for appropriation	522,364	486,864	484,884	(1,980)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Capital outlay	53,000	534,447	(287,253)	821,700
Transfers out	-	-	6,574	(6,574)
Total charges to appropriations	53,000	534,447	(280,679)	815,126
FUND BALANCE - ENDING	\$ 469,364	\$ (47,583)	\$ 765,563	\$ 813,146

City of Redondo Beach

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

Street Landscaping and Lighting

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
FUND BALANCE - BEGINNING	\$ 137,607	\$ 137,607	\$ 137,607	\$ -
RESOURCES (INFLOWS):				
Charges for services	1,551,000	1,577,000	1,534,592	(42,408)
Use of money and property	-	-	108	108
Miscellaneous	20,000	68,000	18,141	(49,859)
Transfers in	1,096,500	1,096,500	751,007	(345,493)
Amount available for appropriation	2,805,107	2,879,107	2,441,455	(437,652)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Public works	2,606,089	2,661,972	2,441,440	220,532
Total charges to appropriations	2,606,089	2,661,972	2,441,440	220,532
FUND BALANCE - ENDING	\$ 199,018	\$ 217,135	\$ 15	\$ (217,120)

City of Redondo Beach

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

South Bay Youth Project Special Revenue Fund

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
FUND BALANCE - BEGINNING	\$ (78,610)	\$ (78,610)	\$ (78,610)	\$ -
RESOURCES (INFLOWS):				
Intergovernmental	-	-	137,096	137,096
Amount available for appropriation	(78,610)	(78,610)	58,486	137,096
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Housing and community development	-	-	18,708	(18,708)
Transfers out	-	-	39,778	(39,778)
Total charges to appropriations	-	-	58,486	(58,486)
FUND BALANCE - ENDING	\$ (78,610)	\$ (78,610)	\$ -	\$ 78,610

City of Redondo Beach

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

Workforce Investment Act Special Revenue Fund

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
FUND BALANCE - BEGINNING	\$ (53,721)	\$ (53,721)	\$ (53,721)	\$ -
RESOURCES (INFLOWS):				
Intergovernmental	-	-	89,935	89,935
Amount available for appropriation	<u>(53,721)</u>	<u>(53,721)</u>	<u>36,214</u>	<u>89,935</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Housing and community development	-	-	21,565	(21,565)
Transfers out	-	-	14,649	(14,649)
Total charges to appropriations	<u>-</u>	<u>-</u>	<u>36,214</u>	<u>(36,214)</u>
FUND BALANCE - ENDING	<u>\$ (53,721)</u>	<u>\$ (53,721)</u>	<u>\$ -</u>	<u>\$ 53,721</u>

City of Redondo Beach

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

Community Development Block Grant Special Revenue Fund

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
FUND BALANCE - BEGINNING	\$ (81,524)	\$ (81,524)	\$ (81,524)	\$ -
RESOURCES (INFLOWS):				
Intergovernmental	409,725	409,725	442,886	33,161
Miscellaneous	30,000	30,000	22,800	(7,200)
Amount available for appropriation	358,201	358,201	384,162	25,961
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Housing and community development	481,725	693,139	465,686	227,453
Total charges to appropriations	481,725	693,139	465,686	227,453
FUND BALANCE - ENDING	\$ (123,524)	\$ (334,938)	\$ (81,524)	\$ 253,414

City of Redondo Beach

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

Disaster Recovery

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
FUND BALANCE - BEGINNING	\$ 258,391	\$ 258,391	\$ 258,391	\$ -
RESOURCES (INFLOWS):				
Miscellaneous	50,000	284,540	261,415	(23,125)
Amount available for appropriation	308,391	542,931	519,806	(23,125)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Housing and community development	-	73,642	102,580	(28,938)
Transfers out	-	-	450,000	(450,000)
Total charges to appropriations	-	73,642	552,580	(478,938)
FUND BALANCE - ENDING	\$ 308,391	\$ 469,289	\$ (32,774)	\$ (502,063)

City of Redondo Beach

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

Housing Authority Special Revenue Fund

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
FUND BALANCE - BEGINNING	\$ 632,792	\$ 632,792	\$ 632,792	\$ -
RESOURCES (INFLOWS):				
Intergovernmental	5,564,683	5,564,683	5,892,230	327,547
Use of money and property	-	-	4,135	4,135
Miscellaneous	-	-	86,509	86,509
Amount available for appropriation	<u>6,197,475</u>	<u>6,197,475</u>	<u>6,615,666</u>	<u>418,191</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Housing and community development	<u>5,582,531</u>	<u>5,582,561</u>	<u>5,937,523</u>	<u>(354,962)</u>
Total charges to appropriations	<u>5,582,531</u>	<u>5,582,561</u>	<u>5,937,523</u>	<u>(354,962)</u>
FUND BALANCE - ENDING	<u>\$ 614,944</u>	<u>\$ 614,914</u>	<u>\$ 678,143</u>	<u>\$ 63,229</u>

City of Redondo Beach

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

Subdivision Park Trust Special Revenue Fund

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
FUND BALANCE - BEGINNING	\$ 950,688	\$ 950,688	\$ 950,688	\$ -
RESOURCES (INFLOWS):				
Use of money and property	-	-	1,052	1,052
Miscellaneous	150,000	90,000	75,000	(15,000)
Amount available for appropriation	1,100,688	1,040,688	1,026,740	(13,948)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Capital outlay	65,000	1,014,345	401,069	613,276
Total charges to appropriations	65,000	1,014,345	401,069	613,276
FUND BALANCE - ENDING	\$ 1,035,688	\$ 26,343	\$ 625,671	\$ 599,328

City of Redondo Beach

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

Parking Authority Debt Service Fund

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
FUND BALANCE - BEGINNING	\$ 5,028	\$ 5,028	\$ 5,028	\$ -
RESOURCES (INFLOWS):				
Use of money and property	-	-	24	24
Amount available for appropriation	<u>5,028</u>	<u>5,028</u>	<u>5,052</u>	<u>24</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Housing and community development	-	-	-	-
Total charges to appropriations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 5,028</u>	<u>\$ 5,028</u>	<u>\$ 5,052</u>	<u>\$ 24</u>

City of Redondo Beach

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

Pier Parking Structure Rehabilitation Capital Projects Fund

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
FUND BALANCE - BEGINNING	\$ 740	\$ 740	\$ 740	\$ -
RESOURCES (INFLOWS):				
Use of money and property	-	-	26	26
Amount available for appropriation	740	740	766	26
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Capital outlay	-	-	-	-
Total charges to appropriations	-	-	-	-
FUND BALANCE - ENDING	\$ 740	\$ 740	\$ 766	\$ 26

City of Redondo Beach

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

Redevelopment Agency Capital Projects Fund

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
FUND BALANCE - BEGINNING	\$ 1,613,337	\$ 1,613,337	\$ 1,613,337	\$ -
RESOURCES (INFLOWS):				
Use of money and property	405,426	405,426	401,650	(3,776)
Miscellaneous	-	-	2,000	2,000
Amount available for appropriation	2,018,763	2,018,763	2,016,987	(1,776)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Housing and community development	533,952	533,952	795,067	(261,115)
Total charges to appropriations	533,952	533,952	795,067	(261,115)
FUND BALANCE - ENDING	\$ 1,484,811	\$ 1,484,811	\$ 1,221,920	\$ (262,891)

INTERNAL SERVICE FUNDS



INTERNAL SERVICE FUNDS

Vehicle Replacement Fund - To account for the cost of maintaining and replacing City vehicles. Such costs are billed to City departments at a rate that which provides the future acquisition and operating costs of City vehicles.

Building Occupancy Fund - To account for the cost of maintaining and improving City buildings. Such costs are billed to City departments at a rate which provides for the annual maintenance and improvement costs.

Information Technology Fund - To account for the cost of maintaining and replacing City computer and telecommunications equipment. Such costs are billed to City departments at a rate which provides for the annual maintenance and replacement costs.

Self-Insurance Program Fund - To account for the costs of providing liability, workers' compensation and unemployment insurance to all City departments. Such costs are billed to City departments at a rate which provides for the annual insurance costs.

Printing and Graphics Fund - To account for the costs of providing printing and graphics services to all City departments. Such costs are billed to City departments at a rate which provides for the annual printing costs.

Emergency Communications Fund - To account for the cost of maintaining and replacing various City communication equipment, primarily for Public Safety. Such costs are billed to the City's designated departments at a rate that provides for the annual maintenance and replacement costs.

City of Redondo Beach
Combining Statement of Net Assets
All Internal Service Funds
June 30, 2009

	Vehicle Replacement	Building Occupancy	Information Technology	Self-Insurance Program	Printing and Graphics	Emergency Communications	Total
ASSETS							
Current assets:							
Cash and investments	\$ 4,871,757	\$ -	\$ 150,205	\$ 15,184,482	\$ -	\$ 391,233	\$ 20,597,677
Accounts receivable	9,942	-	-	-	-	-	9,942
Prepaid costs	-	652	556	-	1,971	-	3,179
Total current assets	4,881,699	652	150,761	15,184,482	1,971	391,233	20,610,798
Noncurrent assets:							
Capital assets - net of accumulated depreciation	3,383,929	23,641	363,020	-	60,752	637,184	4,468,526
Total noncurrent assets	3,383,929	23,641	363,020	-	60,752	637,184	4,468,526
Total assets	8,265,628	24,293	513,781	15,184,482	62,723	1,028,417	25,079,324
LIABILITIES							
Liabilities:							
Current liabilities:							
Accounts payable	220,490	188,260	131,518	307,095	16,737	23,089	887,189
Accrued liabilities	12,527	30,820	27,474	4,372	4,552	58,256	138,001
Due to other funds	-	193,627	-	-	15,313	-	208,940
Accrued compensated absences	833	2,602	3,199	743	1,009	3,744	12,130
Accrued claims and judgments	-	-	-	2,690,237	-	-	2,690,237
Bonds, notes, and capital leases	-	-	-	-	12,770	-	12,770
Total current liabilities	233,850	415,309	162,191	3,002,447	50,381	85,089	3,949,267
Noncurrent liabilities:							
Accrued compensated absences	16,704	52,182	64,180	14,852	20,232	75,111	243,261
Accrued claims and judgments	-	-	-	13,473,386	-	-	13,473,386
Bonds, notes, and capital leases	-	-	-	-	20,399	-	20,399
Total noncurrent liabilities	16,704	52,182	64,180	13,488,238	40,631	75,111	13,737,046
Total liabilities	250,554	467,491	226,371	16,490,685	91,012	160,200	17,686,313
NET ASSETS							
Invested in capital assets	3,383,929	23,641	363,020	-	27,583	637,184	4,435,357
Unrestricted	4,631,145	(466,839)	(75,610)	(1,306,203)	(55,872)	231,033	2,957,654
Total net assets	\$ 8,015,074	\$ (443,198)	\$ 287,410	\$ (1,306,203)	\$ (28,289)	\$ 868,217	\$ 7,393,011

City of Redondo Beach
Combining Statement of Revenues, Expenses and Changes in Net Assets
All Internal Service Funds
For the year ended June 30, 2009

	Vehicle Replacement	Building Occupancy	Information Technology	Self- Insurance Program	Printing and Graphics	Emergency Communications	Total
OPERATING REVENUES:							
Sales and service charges	\$ 2,783,767	\$ 2,683,393	\$ 2,564,268	\$ 5,072,527	\$ 316,472	\$ 2,514,303	\$ 15,934,730
Miscellaneous	84,766	-	2,910	5,625	-	-	93,301
Total operating revenues	2,868,533	2,683,393	2,567,178	5,078,152	316,472	2,514,303	16,028,031
OPERATING EXPENSES:							
Administrative and general expenses	1,071,292	1,094,069	1,158,745	-	54,073	158,828	3,537,007
Personnel services	481,152	1,191,745	911,607	177,770	211,798	1,873,250	4,847,322
Contractual services	204,483	538,129	862,360	3,008,534	102,188	432,682	5,148,376
Depreciation	766,752	3,139	63,083	-	6,036	50,612	889,622
Total operating expenses	2,523,679	2,827,082	2,995,795	3,186,304	374,095	2,515,372	14,422,327
OPERATING INCOME (LOSS)	344,854	(143,689)	(428,617)	1,891,848	(57,623)	(1,069)	1,605,704
NONOPERATING REVENUES EXPENSES:							
Interest expenses	-	-	-	-	(6,282)	-	(6,282)
Gain (loss) on sale of capital assets	28,288	-	-	-	-	-	28,288
Total nonoperating revenues (expenses)	28,288	-	-	-	(6,282)	-	22,006
INCOME (LOSS) BEFORE TRANSFERS	373,142	(143,689)	(428,617)	1,891,848	(63,905)	(1,069)	1,627,710
Transfers in	185,000	70,320	-	-	-	-	255,320
Change in net assets	558,142	(73,369)	(428,617)	1,891,848	(63,905)	(1,069)	1,883,030
NET ASSETS:							
Beginning of year	7,456,932	(369,829)	716,027	(3,198,051)	35,616	869,286	5,509,981
End of year	\$ 8,015,074	\$ (443,198)	\$ 287,410	\$ (1,306,203)	\$ (28,289)	\$ 868,217	\$ 7,393,011

City of Redondo Beach
Combining Statement of Cash Flows
All Internal Service Funds
For the year ended June 30, 2009

	Vehicle Replacement	Building Occupancy	Information Technology	Self-Insurance Program	Printing and Graphics	Emergency Communications	Total
CASH FLOWS FROM OPERATING ACTIVITIES:							
Cash received from customers and users	\$ 2,860,570	\$ 2,683,393	\$ 2,567,178	\$ 5,078,200	\$ 316,472	\$ 2,514,303	\$ 16,020,116
Cash payments to suppliers for goods and services	(1,160,673)	(1,615,985)	(1,906,403)	(4,141,565)	(148,102)	(569,616)	(9,542,344)
Cash payments to employees for services	(468,949)	(1,191,001)	(876,149)	(175,637)	(198,192)	(1,832,553)	(4,742,481)
Net cash provided (used) by operating activities	1,230,948	(123,593)	(215,374)	760,998	(29,822)	112,134	1,735,291
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Transfers in	185,000	70,320	-	-	-	-	255,320
Repayment received from other funds	-	53,273	-	-	15,313	-	68,586
Net cash provided (used) by noncapital financing activities	185,000	123,593	-	-	15,313	-	323,906
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Acquisition and construction of capital assets	(1,117,949)	-	(201,124)	-	-	(261,304)	(1,580,377)
Principal paid of capital debt	-	-	-	-	(12,049)	-	(12,049)
Interest paid on capital debt	-	-	-	-	(6,282)	-	(6,282)
Proceeds from sales of capital assets	28,288	-	-	-	-	-	28,288
Net cash provided (used) by capital and related financing activities	(1,089,661)	-	(201,124)	-	(18,331)	(261,304)	(1,570,420)
Net increase (decrease) in cash and cash equivalents	326,287	-	(416,498)	760,998	(32,840)	(149,170)	488,777
CASH AND CASH EQUIVALENTS:							
Beginning of year	4,545,470	-	566,703	14,423,484	32,840	540,403	20,108,900
End of year	\$ 4,871,757	\$ -	\$ 150,205	\$ 15,184,482	\$ -	\$ 391,233	\$ 20,597,677

City of Redondo Beach
Combining Statement of Cash Flows
All Internal Service Funds
For the year ended June 30, 2009

	Vehicle Replacement	Building Occupancy	Information Technology	Self-Insurance Program	Printing and Graphics	Emergency Communications	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:							
Operating income (loss)	\$ 344,854	\$ (143,689)	\$ (428,617)	\$ 1,891,848	\$ (57,623)	\$ (1,069)	\$ 1,605,704
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation	766,752	3,139	63,083	-	6,036	50,612	889,622
Changes in assets and liabilities:							
(Increase) decrease in accounts receivable	(7,963)	-	-	-	-	-	(7,963)
(Increase) decrease in due from other governments	-	-	-	48	-	-	48
(Increase) decrease in prepaid expense	-	(652)	(556)	113	(1,971)	-	(3,066)
Increase (decrease) in accounts payable	115,102	16,865	115,286	144,954	10,130	21,894	424,231
Increase (decrease) in due to other governments	-	-	(28)	-	-	-	(28)
Increase (decrease) in accrued liabilities	(1,379)	(4,372)	1,488	75	(1,068)	6,836	1,580
Increase (decrease) in claims and judgments	-	-	-	(1,278,098)	-	-	(1,278,098)
Increase (decrease) in compensated absences	13,582	5,116	33,970	2,058	14,674	33,861	103,261
Total adjustments	886,094	20,096	213,243	(1,130,850)	27,801	113,203	129,587
Net cash provided (used) by operating activities	\$ 1,230,948	\$ (123,593)	\$ (215,374)	\$ 760,998	\$ (29,822)	\$ 112,134	\$ 1,735,291

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FUDUCIARY FUNDS



FIDUCIARY FUNDS

AGENCY FUNDS

The agency funds are used to account for assets held by the City as an agent. Agency funds include the following:

Deposits Fund - To account for monies received and disbursed by the City in its capacity as an agent, including refundable deposits and payroll.

Assessment District 92-1 Fund - To account for monies held for debt service transactions of the Manhattan Beach Boulevard Assessment District (District 92-1) Bonds for which the City is not obligated.

City of Redondo Beach
Combining Statement of Fiduciary Net Assets
All Agency Funds
June 30, 2009

	Deposits	Assessment District 92-1	Total Agency Funds
ASSETS			
Pooled cash and investments	\$ 253,590	\$ 178,012	\$ 431,602
Receivables:			
Accounts	32,262	-	32,262
Interest	1,129	-	1,129
Due from other governments	540,237	-	540,237
Total assets	\$ 827,218	\$ 178,012	\$ 1,005,230
LIABILITIES			
Accounts payable	\$ 151,679	\$ -	\$ 151,679
Accrued liabilities	46,930	-	46,930
Deposits payable	621,799	178,012	799,811
Deferred revenue	6,810	-	6,810
Total liabilities	\$ 827,218	\$ 178,012	\$ 1,005,230

City of Redondo Beach
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the year ended June 30, 2009

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
<u>Deposits</u>				
Assets:				
Pooled cash and investments	\$ -	\$ 61,153,940	\$ (60,900,350)	\$ 253,590
Receivables:				
Accounts	32,805	721,833	(722,376)	32,262
Interest	1,272	1,129	(1,272)	1,129
Due from other governments	-	540,237	-	540,237
Restricted cash and investments	59,813,693	439,792	(60,253,485)	-
Total assets	\$ 59,847,770	\$ 62,856,931	\$ (121,877,483)	\$ 827,218
Liabilities:				
Accounts payable	\$ 16,276	\$ 60,670,022	\$ (60,534,619)	\$ 151,679
Accrued liabilities	58,887,137	134,465	(58,974,672)	46,930
Deposits payable	811,159	2,149,431	(2,338,791)	621,799
Deferred revenue	-	6,810	-	6,810
Due to external parties	133,198	-	(133,198)	-
Total liabilities	\$ 59,847,770	\$ 62,960,728	\$ (121,981,280)	\$ 827,218
<u>Assessment District 92-1</u>				
Assets:				
Pooled cash and investments	\$ 178,012	\$ -	\$ -	\$ 178,012
Total assets	\$ 178,012	\$ -	\$ -	\$ 178,012
Liabilities:				
Deposits payable	\$ 178,012	\$ -	\$ -	\$ 178,012
Total liabilities	\$ 178,012	\$ -	\$ -	\$ 178,012

City of Redondo Beach
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the year ended June 30, 2009

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
<u>Total - All Agency Funds</u>				
Assets:				
Pooled cash and investments	\$ 178,012	\$ 61,153,940	\$ (60,900,350)	\$ 431,602
Receivables:				
Accounts	32,805	721,833	(722,376)	32,262
Accrued interest	1,272	1,129	(1,272)	1,129
Due from other governments	-	540,237	-	540,237
Restricted cash and investments	59,813,693	439,792	(60,253,485)	-
Total assets	\$ 60,025,782	\$ 62,856,931	\$ (121,877,483)	\$ 1,005,230
Liabilities:				
Accounts payable	\$ 16,276	\$ 60,670,022	\$ (60,534,619)	\$ 151,679
Accrued liabilities	58,887,137	134,465	(58,974,672)	46,930
Deposits payable	989,171	2,149,431	(2,338,791)	799,811
Deferred revenue	-	6,810	-	6,810
Due to external parties	133,198	-	(133,198)	-
Total liabilities	\$ 60,025,782	\$ 62,960,728	\$ (121,981,280)	\$ 1,005,230

STATISTICAL SECTION



CITY OF REDONDO BEACH

Statistical Section
(Not covered by Independent Auditor's Report)

June 30, 2009

Overview of the Five Categories Presented in the City's Statistical Section

<u>Contents</u>	<u>Page</u>
<i>Financial Trends</i> Presented are schedules containing trend information to assist in the reader's understanding of how the City's financial performance has changed over time.	175
<i>Revenue Capacity</i> Presented are schedules to assist the reader's assessment of the factors affecting the City's ability to generate revenue through property taxes.	181
<i>Debt Capacity</i> Presented are schedules to assist the reader's understanding of the City's current level of outstanding debt and its ability to issue additional debt in the future.	185
<i>Demographic and Economic Information</i> Presented are schedules to assist the reader's understanding of the socioeconomic environment within which the City operates and to help make comparisons over time and with other governments.	189
<i>Operating & Other Information</i> Presented are schedules to assist the reader's understanding of how the City's financial information relates to the services provided by the City and the activities it performs.	191

City of Redondo Beach
Net Assets by Component
Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Governmental Activities:							
Invested in capital assets, net of related debt	\$ 132,056,720	\$ 131,553,186	\$ 131,738,853	\$ 131,382,820	\$ 135,153,851	\$ 134,543,764	\$ 135,170,376
Restricted	24,444,604	18,585,387	32,636,751	29,022,856	34,504,525	34,884,364	17,828,013
Unrestricted	1,138,486	(3,642,292)	(22,641,897)	(15,492,009)	(16,364,199)	(14,805,067)	876,969
Total governmental activities net assets	<u>157,639,810</u>	<u>146,496,281</u>	<u>141,733,707</u>	<u>144,913,667</u>	<u>153,294,177</u>	<u>154,623,061</u>	<u>153,875,358</u>
Business-type activities:							
Invested in capital assets, net of related debt	28,749,590	25,572,316	39,409,701	39,151,202	38,139,435	36,923,208	35,414,035
Restricted	190,050	-	-	-	-	-	-
Unrestricted	17,787,346	30,464,219	19,380,216	20,013,129	22,770,297	25,271,647	25,564,850
Total business-type activities net assets	<u>46,726,986</u>	<u>56,036,535</u>	<u>58,789,917</u>	<u>59,164,331</u>	<u>60,909,732</u>	<u>62,194,855</u>	<u>60,978,885</u>
Primary government:							
Invested in capital assets, net of related debt	160,806,310	157,125,502	171,148,554	170,534,022	173,293,286	171,466,972	170,584,411
Restricted	24,634,654	18,585,387	32,636,751	29,022,856	34,504,525	34,884,364	17,828,013
Unrestricted	18,925,832	26,821,927	(3,261,681)	4,521,120	6,406,098	10,466,580	26,441,819
Total primary government net assets	<u>\$ 204,366,796</u>	<u>\$ 202,532,816</u>	<u>\$ 200,523,624</u>	<u>\$ 204,077,998</u>	<u>\$ 214,203,909</u>	<u>\$ 216,817,916</u>	<u>\$ 214,854,243</u>

NOTE: The City of Redondo Beach has elected to present seven years of data since the implementation of GASB 34 in fiscal year 2002/2003.

Source: City of Redondo Beach Comprehensive Annual Financial Report, Government-Wide Financial Statements

City of Redondo Beach
Changes in Net Assets
Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Expenses							
Government activities:							
General government	\$ 8,246,966	\$ 8,182,895	\$ 10,427,561	\$ 10,638,910	\$ 10,019,467	\$ 10,234,450	\$ 9,234,672
Public Safety	28,238,180	28,889,848	32,490,257	35,772,948	38,269,521	40,835,961	42,293,976
Housing and community development	12,290,418	11,746,765	11,797,139	11,749,944	12,194,088	14,063,015	17,696,101
Cultural and leisure services	7,693,999	7,673,578	8,204,892	8,812,584	9,499,827	10,143,340	7,586,649
Public works	17,324,480	14,478,369	14,212,509	12,936,637	14,986,259	13,601,505	12,538,423
Interest on long-term debt	2,246,326	1,377,259	1,956,707	2,122,317	1,696,368	2,419,799	1,747,427
Total governmental activities expenses	76,040,369	72,348,714	79,089,065	82,033,340	86,665,530	91,298,070	91,097,248
Business-type activities:							
Harbor Tidelands	4,193,713	4,474,733	5,142,991	4,447,965	4,902,841	5,075,571	5,360,523
Harbor Uplands	3,945,726	4,682,845	4,071,680	4,466,239	4,503,160	5,416,019	5,288,345
Solid Waste	-	2,901,712	3,001,525	3,225,121	3,493,852	3,129,337	3,228,498
Wastewater	-	886,466	1,350,156	2,686,646	2,122,793	1,853,206	2,092,245
Total business-type activities expenses	8,139,439	12,945,756	13,566,352	14,825,971	15,022,646	15,474,133	15,969,611
Total primary government expenses	84,179,808	85,294,470	92,655,417	96,859,311	101,688,176	106,772,203	107,066,859
Component Units:							
Program Revenues							
Governmental activities:							
Charges for Services:							
General government	705,541	176,191	218,476	4,732,359	6,434,951	6,337,391	4,798,599
Public Safety	1,099,904	1,226,777	1,357,045	1,353,696	1,290,081	1,437,688	2,669,185
Housing and community development	4,288,421	5,233,846	5,091,922	5,425,840	4,989,531	5,186,896	4,056,523
Cultural and leisure services	1,444,730	1,462,232	1,743,838	1,864,303	1,842,631	1,747,849	1,219,916
Public works	4,230,641	1,746,110	1,866,308	1,879,095	1,771,922	1,733,379	4,518,076
Operating grants and contributions	12,610,308	13,548,374	14,385,755	11,403,631	12,366,720	14,480,137	9,137,687
Capital grants and contributions	953,264	507,063	715,672	2,856,548	4,916,505	4,863,545	3,486,113
Total governmental activities program revenues	25,332,809	23,900,593	25,379,016	29,515,472	33,612,341	35,786,885	29,886,099

City of Redondo Beach
Changes in Net Assets
Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Business-type activities:							
Charges for services:							
Harbor Tidelands	4,561,567	4,938,355	4,976,742	4,797,346	5,067,315	6,084,834	5,270,090
Harbor Uplands	3,590,837	3,554,528	3,526,424	3,858,007	4,103,636	4,400,815	4,038,226
Solid Waste	-	2,464,184	2,462,684	3,184,481	3,481,133	2,845,736	2,992,476
Wastewater	-	236,675	2,487,868	2,135,108	1,842,479	1,739,468	2,293,090
Operating grants and contributions	1,105	36,362	49,717	73,035	68,841	70,150	162,512
Capital grants and contributions	-	-	-	-	-	-	-
Total business-type activities program revenues	8,153,509	11,230,104	13,503,435	14,047,977	14,563,404	15,141,003	14,756,394
Total primary government program revenues	33,486,318	35,130,697	38,882,451	43,563,449	48,175,745	50,927,888	44,642,493
Net (expense)/revenue							
Governmental activities	(50,707,560)	(48,448,121)	(53,710,049)	(52,517,868)	(53,053,189)	(55,511,185)	(61,211,149)
Business-type activities	14,070	(1,715,652)	(62,917)	(777,994)	(459,242)	(333,130)	(1,213,217)
Total primary government net expense	(50,693,490)	(50,163,773)	(53,772,966)	(53,295,862)	(53,512,431)	(55,844,315)	(62,424,366)
General Revenues and Other Changes in Net Assets							
Governmental Activities							
Taxes							
Property taxes, levied for general purpose	16,751,767	18,058,184	19,524,448	25,617,618	27,136,137	27,311,112	28,612,395
Transient occupancy taxes	2,257,526	2,439,439	2,648,323	3,354,138	3,738,839	3,933,009	3,485,290
Sales taxes	8,073,176	8,544,764	9,408,574	9,906,235	10,205,436	9,635,626	9,329,872
Franchise taxes	1,321,287	1,842,050	1,761,441	1,767,452	1,685,711	1,807,308	1,970,548
Business licenses taxes	1,278,607	1,302,614	1,323,345	1,376,117	1,289,608	1,385,726	1,293,056
Utility users taxes	6,835,864	6,841,854	7,184,530	7,398,984	7,878,429	8,018,564	7,848,157
Motor vehicle in lieu	3,897,644	2,959,364	5,653,644	453,645	429,612	293,685	205,403
Investment earnings	3,719,297	1,729,697	2,595,528	3,349,037	4,687,909	4,264,527	4,948,736
Other revenues	926,203	1,248,023	1,980,160	1,340,746	1,626,971	443,706	1,599,388
Loss on disposal of capital assets	(121,086)	(12,125)	-	-	-	34,735	28,288
Transfers	429,460	(5,308,676)	473,040	-	-	(146,710)	1,142,313
Total governmental activities	45,369,745	39,645,188	52,553,033	54,563,972	58,678,652	56,981,288	60,463,446

City of Redondo Beach
Changes in Net Assets
Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Business-type activities:							
Investment earnings	770,111	295,611	810,422	839,082	1,439,428	1,329,922	944,480
Loss on disposal of capital assets	(18,048)	-	-	-	-	-	-
Other revenues	369,246	760,920	1,032,553	204,761	138,877	141,621	195,080
Transfers	(429,460)	5,308,676	(473,040)	-	-	146,710	(1,142,313)
Total business-type activities	691,849	6,365,207	1,369,935	1,043,843	1,578,305	1,618,253	(2,753)
Total primary government	46,061,594	46,010,395	53,922,968	55,607,815	60,256,957	58,599,541	60,460,693
Change in Net Assets							
Governmental activities	(5,337,815)	(8,802,933)	(1,157,016)	2,046,104	5,625,463	1,470,103	(747,703)
Business-type activities	705,919	4,649,555	1,307,018	265,849	1,119,063	1,285,123	(1,215,970)
Totally primary government	\$ (4,631,896)	\$ (4,153,378)	\$ 150,002	\$ 2,311,953	\$ 6,744,526	\$ 2,755,226	\$ (1,963,673)

NOTE: The City of Redondo Beach has elected to present seven years of data since the implementation of GASB 34 in fiscal year 2002/2003.

Source: City of Redondo Beach Comprehensive Annual Financial Report, Government-Wide Financial Statements

City of Redondo Beach
Fund Balances of Governmental Funds
Last Seven Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
General fund							
Reserved	\$ 1,118,553	\$ 532,612	\$ 1,229,239	\$ 759,733	\$ 781,710	\$ 902,881	\$ 634,743
Unreserved:							
Designated	11,802,290	11,942,979	9,144,315	9,383,713	10,143,013	11,363,952	9,353,252
Undesignated	(83,439)	3,692	1,028,448	2,680,196	214,115	314,926	37,327
Total general fund	<u>12,837,404</u>	<u>12,479,283</u>	<u>11,402,002</u>	<u>12,823,642</u>	<u>11,138,838</u>	<u>12,581,759</u>	<u>10,025,322</u>
All other governmental funds							
Reserved	9,649,967	5,770,495	3,156,012	7,519,312	21,109,217	21,158,335	15,551,248
Unreserved, reported in:							
Special revenue funds	5,486,190	5,089,794	5,941,612	4,485,135	8,108,628	7,429,282	4,494,765
Capital projects funds	630	2,284,886	2,085,674	1,763,987	1,581,516	1,614,077	5,052
Debt service funds	4,779	4,822	4,819	5,021	5,028	5,028	1,222,686
Designated, reported in:							
Special revenue funds	2,698,080	3,010,610	-	2,070,751	2,948,322	3,567,481	2,696,956
Capital projects funds	12,304,702	8,142,187	5,233,040	6,250,116	6,326,050	8,926,207	9,891,290
Undesignated, reported in:							
Special revenue funds	-	(1,670,397)	3,215,250	218	(2,831,086)	(2,368,822)	5,803,471
Capital projects funds	-	4,400,944	2,629,467	1,424,414	4,050,994	3,414,086	2,317,151
Debt service funds	-	(2,620,107)	(3,278,401)	(3,714,945)	(13,958,851)	(12,990,180)	(14,007,225)
Total all other governmental funds	<u>\$ 30,144,348</u>	<u>\$ 24,413,234</u>	<u>\$ 18,987,473</u>	<u>\$ 19,804,009</u>	<u>\$ 27,339,818</u>	<u>\$ 30,755,494</u>	<u>\$ 27,975,394</u>

NOTE: The City of Redondo Beach has elected to present seven years of data since the implementation of GASB 34 in fiscal year 2002/2003.

Source: City of Redondo Beach Comprehensive Annual Financial Report, Governmental Fund Financial Statements

City of Redondo Beach
Changes in Fund Balances of Governmental Funds
Last Seven Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Revenues:							
Taxes	\$ 35,772,421	\$ 39,678,946	\$ 47,416,940	\$ 49,809,201	\$ 52,569,593	\$ 53,052,490	\$ 52,330,017
Interdepartmental	-	-	-	4,298,260	6,314,753	6,314,750	6,655,458
Licenses and permits	1,241,136	1,513,226	1,713,598	2,006,686	1,660,339	1,306,025	1,006,075
Intergovernmental	15,566,321	16,208,575	13,322,228	14,196,236	15,771,721	16,660,368	13,991,411
Charges for services	7,870,593	7,193,850	7,738,642	8,673,373	7,627,197	6,814,267	6,947,073
Use of money and property	6,638,379	2,178,640	3,834,831	3,458,204	5,228,621	6,279,652	5,680,333
Fines and forfeitures	1,612,480	1,069,909	942,598	889,437	1,117,196	1,984,683	1,845,838
Other revenues	1,551,978	784,325	697,856	760,816	787,722	559,093	1,703,984
Total Revenues	70,253,308	68,627,471	75,666,693	84,092,213	91,077,142	92,971,328	90,160,189
Expenditures:							
Current:							
General government	7,858,215	8,134,136	10,291,155	10,531,849	9,878,387	9,033,018	8,693,889
Public safety	27,905,212	28,548,022	31,357,941	35,109,834	38,254,942	40,909,913	42,869,798
Housing and community development	12,272,712	11,753,095	11,134,350	11,341,953	11,960,230	13,970,479	17,569,049
Cultural and leisure services	6,892,592	7,565,264	7,446,505	8,658,356	9,120,765	9,780,910	7,372,691
Public works	9,429,422	11,866,239	7,404,995	9,409,898	10,218,116	11,046,771	9,554,993
Capital outlay	7,987,598	1,884,946	10,024,176	3,356,314	5,318,230	4,121,712	5,683,727
Debt service:							
Principal	394,798	395,046	420,069	1,984,826	757,671	1,526,811	3,448,829
Interest	2,232,047	1,389,640	1,958,332	2,130,871	1,698,884	2,902,761	1,738,532
Debt issuance costs	21,157	-	-	-	-	-	-
Total Expenditures	74,993,753	71,536,388	80,037,523	82,523,901	87,207,225	93,292,375	96,931,508
Excess of Revenues Over (Under) Expenditures	(4,740,445)	(2,908,917)	(4,370,830)	1,568,312	3,869,917	(321,047)	(6,771,319)
Other Financing Sources (Uses):							
Transfers in	5,277,409	3,548,964	3,194,254	3,296,665	6,611,051	11,074,552	5,482,661
Transfers out	(6,077,949)	(4,194,424)	(6,007,674)	(4,496,995)	(7,853,397)	(6,630,271)	(4,595,668)
Refunding bonds issued	-	-	-	-	-	7,645,000	700,000
Other debts issued	450,140	655,879	926,685	736,338	476,292	648,720	547,789
Bond premium	-	-	-	-	-	227,862	-
Refunding bonds redeemed	-	-	-	-	-	(7,645,000)	(700,000)
Total Other Financing Sources (Uses)	(350,400)	10,419	(1,886,735)	(463,992)	(766,054)	5,320,863	1,434,782
Net Change in Fund Balances	\$ (5,090,845)	\$ (2,898,498)	\$ (6,257,565)	\$ 1,104,320	\$ 3,103,863	\$ 4,999,816	\$ (5,336,537)
Debt service as a percentage of noncapital expenditures	4.11%	2.63%	3.52%	5.48%	3.09%	5.23%	6.03%

NOTE: The City of Redondo Beach has elected to present seven years of data since the implementation of GASB 34 in fiscal year 2002/2003.

Source: City of Redondo Beach Comprehensive Annual Financial Report, Government-Wide Financial Statements

City of Redondo Beach
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30	City				Redevelopment				Total Direct Tax Rate
	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Secured	Unsecured	Exemptions	Taxable Assessed Value	
2000	\$ 5,262,052,616	\$ 331,387,664	\$ (45,294,211)	\$ 5,548,146,069	\$ 219,585,657	\$ 59,626,162	\$ -	\$ 279,211,819	0.193%
2001	5,897,945,763	312,563,883	(43,819,866)	6,166,689,780	241,493,805	54,167,424	(313,342)	295,347,887	0.191%
2002	6,385,716,954	324,592,746	(37,669,872)	6,672,639,828	246,801,085	57,023,707	(319,608)	303,505,184	0.198%
2003	6,828,949,516	359,752,562	(55,603,784)	7,133,098,294	253,875,110	56,736,856	(325,999)	310,285,967	0.225%
2004	7,506,186,983	361,472,965	(60,856,425)	7,806,803,523	253,975,182	66,824,277	(332,518)	320,466,941	0.222%
2005	7,919,761,315	349,465,981	(43,088,228)	8,226,139,068	277,594,347	59,467,281	-	337,061,628	0.228%
2006	8,791,344,602	347,996,542	(69,771,516)	9,069,569,628	272,239,842	58,002,148	(537,132)	329,704,858	0.273%
2007	9,681,892,573	375,435,811	(47,879,656)	10,009,448,728	347,940,107	55,919,195	(547,874)	403,311,428	0.261%
2008	10,414,844,031	363,370,583	(75,561,247)	10,702,653,367	371,338,622	62,307,947	(771,134)	432,875,435	0.245%
2009	10,967,218,597	377,551,863	(67,013,974)	11,277,756,486	371,987,381	64,908,544	(158,162)	436,737,763	0.244%

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Source: HdL Coren & Cone, Los Angeles County Auditor-Controller/Tax Division 2008-09 Combined Tax Rolls

City of Redondo Beach
Direct and Overlapping Property Tax Rates
(Rate per \$100 of taxable value)
Last Ten Fiscal Years

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
City basic rate	0.16617	0.16617	0.16617	0.16617	0.16617	0.16617	0.16617	0.16617	0.16617	0.16539
Redevelopment agency	1.01209	1.01167	1.00990	1.00861	1.00755	1.00697	1.00604	1.00541	1.00450	1.00430
Overlapping Rates:										
Los Angeles County	0.00142	0.00131	0.00113	0.00103	0.00099	0.00092	0.00080	0.00066	0.00000	0.00000
Flood Control	0.00176	0.00156	0.00107	0.00088	0.00047	0.00024	0.00005	0.00005	0.00000	0.00000
Metropolitan Water District	0.00890	0.00880	0.00770	0.00670	0.00610	0.00580	0.00520	0.00470	0.00450	0.00430
Community College	0.00000	0.00000	0.00000	0.00000	0.01903	0.01656	0.01838	0.03570	0.01647	0.01703
Unified School District	0.00000	0.00000	0.02370	0.00446	0.00866	0.02765	0.03336	0.02970	0.02844	0.04714
Total Direct Rate	0.22351	0.18529	0.18449	0.18385	0.18360	0.18176	0.18234	0.21166	0.18715	0.18608

Notes: General fund tax rates are representative and based upon the direct and overlapping rates for the largest general fund tax rate area (TRA) by net taxable value.

Total Direct Rate is the weighted average of all individual direct rates applied by the City of Redondo Beach.

RDA rate is based on the largest RDA tax rate area(TRA) and includes only rate(s) from indebtedness adopted prior to 1969 per California State statute.

RDA direct and overlapping rates are applied only to the incremental property values.

In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage to assessed property values for the payment of any voter approved bonds.

Source: HdL Coren & Cone, Los Angeles County Assessor 2008/2009 Tax Rate Table

City of Redondo Beach
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2009		2000	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Northrop Gruman Space and Mission (formerly TRW Inc.)	\$ 420,436,453	3.59%	\$ 375,421,996	6.44%
South Bay Center LLC	192,876,051	1.65%	-	
AES Redondo Beach, LLC	182,400,000	1.56%	-	
HPT IHG 2 Properties Trust	41,589,760	0.36%	-	
MKEG P LLC	36,081,072	0.31%	-	
Portofino Partners	35,825,502	0.31%	29,232,273	0.50%
Target Corporation	32,657,291	0.28%	-	
AMB AMS Spinnaker LLC	32,457,542	0.28%	-	
Harbor Cove The Bascom Group	32,244,570	0.28%	-	
Avalon California Value LLC	26,272,536	0.22%	-	
Galleria At South Bay	-		138,317,620	2.37%
California Water Service Company	-		29,370,335	0.50%
Town Park Hotel Corporation	-		24,931,311	0.43%
South Bay Associates	-		15,901,995	0.27%
Village At Redondo Partners	-		13,901,995	0.24%
Trinet Essential Facilities	-		10,982,268	0.19%
Mervyns	-		10,666,260	0.18%
Microtek Lab Inc.	-		9,977,351	0.17%
	<u>\$ 1,032,840,777</u>	<u>8.82%</u>	<u>\$ 658,703,404</u>	<u>11.30%</u>

NOTE: The amounts shown above include assessed value date for both the City and the Redevelopment Agency.

Source: HdL Coren & Cone, Los Angeles County Assessor 2008/2009 Combined Tax Rolls

City of Redondo Beach
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years *	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2000	\$ 12,493,704	\$ 12,079,105	96.68%	\$ -	\$ 12,079,105	96.68%
2001	13,470,937	13,044,194	96.83%	-	13,044,194	96.83%
2002	14,444,954	14,001,063	96.93%	458,721	14,459,784	100.10%
2003	15,320,666	14,886,490	97.17%	477,197	15,363,687	100.28%
2004	16,229,288	15,968,858	98.40%	506,977	16,475,835	101.52%
2005	19,327,612	18,856,789	97.56%	459,220	19,316,009	99.94%
2006	19,954,589	19,442,404	97.43%	455,758	19,898,162	99.72%
2007	21,893,557	21,130,547	96.51%	477,535	21,608,082	98.70%
2008	23,253,318	22,214,291	95.53%	646,294	22,860,585	98.31%
2009	24,948,068	23,904,011	95.82%	1,156,615	25,060,626	100.45%

NOTE: * Data prior to fiscal year 2001/2002 was not accessible from the County of Los Angeles Auditor-Controller.

Source: County of Los Angeles Auditor-Controller

City of Redondo Beach
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business-type Activities			Total Primary Government	Percentage of Personal Income *	Per Capita
	Tax	Revenue	Refunding	Capital		Wastewater	Construction	Capital			
	Allocation Bonds	Revenue Bonds	Revenue Bonds	Loans	Leases	Revenue Bonds	Loans	Leases			
2000	\$ 2,865,000	\$ 9,920,000	\$ -	\$ 10,965,311	\$ 9,675	\$ -	\$ 5,491,933	\$ 49,017	\$ 29,300,936	10.50%	\$ 433
2001	7,545,000	9,785,000	-	11,358,367	4,047	-	5,332,062	34,837	34,059,313	11.56%	527
2002	4,570,000	9,640,000	2,965,000	11,754,103	57,068	-	5,157,329	19,495	34,162,995	11.31%	540
2003	4,480,000	9,485,000	2,840,000	12,179,445	50,105	-	4,994,952	2,896	34,032,398	10.93%	511
2004	4,385,000	9,325,000	2,730,000	12,805,278	36,364	10,263,776	4,607,531	-	44,152,949	13.42%	664
2005	4,285,000	9,150,000	2,615,000	13,701,886	26,295	10,086,150	4,399,037	-	44,263,368	12.78%	657
2006	3,085,000	8,965,000	2,500,000	13,953,397	12,961	9,903,524	4,399,037	-	42,818,919	11.60%	638
2007	3,010,000	8,765,000	2,380,000	14,067,018	919	9,715,898	4,181,161	-	42,119,996	10.79%	624
2008	2,930,000	-	10,113,873	14,508,927	45,219	9,523,272	3,953,480	-	41,074,771	-	609
2009	-	-	9,759,884	14,872,887	33,169	9,325,646	3,715,553	-	37,707,139	-	557

NOTES: * Personal income data was not available from the California Department of Finance subsequent to fiscal year 2006/2007. Percentages reflected are calculated using personal income of the County of Los Angeles.

Source: Note 8 of the Notes to Financial Statements
California Department of Finance

City of Redondo Beach
Direct and Overlapping Governmental Activities Debt
June 30, 2009

		\$		\$
City Assessed Valuation		11,714,494,249		
Redevelopment Agency Incremental Valuation		401,662,303		
Total Assessed Valuation		<u>11,312,831,946</u>		
	Percentage Applicable	Outstanding Debt 6/30/09	Estimated Share of Overlapping Debt	
Direct Debt:				
PFA 2000 Tax Allocation Bond	100%	\$ 2,845,000	\$ 2,845,000	
Boating & Waterways Construction Loan 88-21-84	100%	1,102,719	1,102,719	
Boating & Waterways Construction Loan 89-21-14	100%	2,612,834	2,612,834	
Capital Leases	100%	34,209	34,209	
County Deferral Loans	100%	12,981,818	12,981,818	
PFA 2001 Refunding Revenue Bonds	100%	2,135,000	2,135,000	
PFA 2008 Refunding Revenue Bonds	100%	7,260,000	7,260,000	
Redondo Beach South Bay Bank Loan	100%	1,527,109	1,527,109	
Unamortized Bond Premium	100%	189,884	189,884	
Wastewater Revenue Bond 2004 Ser A	100%	9,325,646	9,325,646	
Redondo Beach Unified School District 2000 Ser A	100%	10,350,000	10,350,000	
Redondo Beach Unified School District 2000 Ser B	100%	5,260,000	5,260,000	
Redondo Beach Unified School District 2000 Ser C	100%	8,275,000	8,275,000	
Redondo Beach Unified School District 2000 Ser D	100%	9,335,000	9,335,000	
Redondo Beach Unified School District 2000 Ser E	100%	14,245,000	14,245,000	
Redondo Beach Unified School District DS 2008 Ser A	100%	<u>49,999,958</u>	<u>49,999,958</u>	
Total direct debt		<u>\$ 137,479,177</u>	<u>\$ 137,479,177</u>	
Overlapping Debt:				
* Metropolitan Water District	1.312%	137,096,151	1,799,301	
El Camino CCS DS 2002 S-2003A	14.782%	8,175,000	1,208,441	
El Camino CCD DS 2005 REF BONDS	14.782%	30,176,173	4,460,689	
El Camino CCD DS 2002 SER 2006B	14.782%	<u>142,150,000</u>	<u>21,012,837</u>	
Total overlapping debt		<u>\$ 317,597,324</u>	<u>\$ 28,481,268</u>	
Total direct and overlapping debt			<u><u>\$ 165,960,445</u></u>	

NOTE: * This fund is a portion of a larger agency and is responsible for debt in areas outside the city.

Source: HdL Coren & Cone, Los Angeles County Assessor and Auditor Combined 2008/2009 Lien Date Tax Rolls

City of Redondo Beach
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2009

Assessed value	\$ 11,714,494,249
Debt Limit (15% of assessed value)	1,757,174,137
Debt applicable to limit	<u>-</u>
Legal debt margin	<u><u>\$ 1,757,174,137</u></u>

	<u>Fiscal Year</u>									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Debt limit	\$ 874,103,683	\$ 968,970,186	\$ 1,046,421,752	\$ 1,116,507,639	\$ 1,219,090,570	\$ 1,284,480,104	\$ 1,409,891,173	\$ 1,561,914,023	\$ 1,670,329,320	\$ 1,757,174,137
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	874,103,683	968,970,186	1,046,421,752	1,116,507,639	1,219,090,570	1,284,480,104	1,409,891,173	1,561,914,023	1,561,914,023	1,757,174,137
Total net debt applicable to the limit as a percentage of debt limit	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>

Source: County of Los Angeles Auditor-Controller

City of Redondo Beach
Pledged-Revenue Coverage
Last Six Fiscal Years

Fiscal Year Ended June 30,	Wastewater Revenue Bonds					
	Wastewater Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2004	\$ 5,919,446	\$ 664,166	\$ 5,255,280	\$ -	\$ -	0%
2005*	2,258,072	723,265	1,534,806	180,000	462,798	2.39
2006*	1,739,414	783,193	956,221	185,000	478,063	1.44
2007	1,609,643	798,094	811,549	190,000	472,513	1.22
2008	1,632,533	841,186	791,347	195,000	466,813	1.20
2009	2,238,654	1,036,836	1,201,818	200,000	476,050	1.78

NOTE: * Calculation of coverage was revised to reflect the proper coverage calculation under the bond covenant. The Redondo Beach Public Financing Authority issued the Wastewater System Financing Project Revenue Bonds in fiscal year 2003/2004.

City of Redondo Beach
Demographic and Economic Statistics
June 30, 2009

Calendar Year	Population	Personal Income * (in millions)	Per Capita Personal Income *	Unemployment Rate **
2000	67,638	\$ 279,050	\$ 41,256	5.1%
2001	64,658	294,508	45,549	5.2%
2002	63,261	302,123	47,758	6.7%
2003	66,545	311,285	46,778	6.9%
2004	66,545	329,048	49,447	6.3%
2005	67,325	346,423	51,455	5.0%
2006	67,112	369,174	55,009	4.4%
2007	67,495	390,296	57,826	4.7%
2008	67,488	-	-	6.6%
2009	67,646	-	-	10.8%

NOTES: * Personal income data was not available from the California Department of Finance subsequent to fiscal year 2006/2007. Per Capita Personal Income is based on the County of Los Angeles. Statistics not available subsequent to fiscal year 2006/2007. ** Unemployment rate is based on the metropolitan area of Los Angeles-Long Beach-Santa Ana, CA.

Source: California Department of Finance, Demographic Research Unit
California Department of Finance, Economic Research Unit
U.S. Department of Labor

City of Redondo Beach
Principal Employers
Current Year and Nine Years Ago

Employer	2009		2000
	Employees	Percentage of Total City Employment	Employees
Northrop Grumman (TRW)	5,827	16.15%	4,798
Redondo Beach Unified School District	1,100	3.05%	-
Beach Cities Health District	620	1.72%	-
City of Redondo Beach	487	1.35%	462
Nordstrom, Inc.	363	1.01%	431
Crown Plaza (Holiday Inn)	339	0.94%	250
The Cheesecake Factory	261	0.72%	253
D H L Global Forwarding	244	0.68%	-
Target Store	217	0.60%	-
Macy's (Robinson's May)	208	0.58%	337
Web Service Company	-	0.00%	350
Douglas Furniture of California, Inc.	-	0.00%	310
Mervyn's	-	0.00%	232
United States Post Office	-	0.00%	245

Source: City of Redondo Beach

City of Redondo Beach
Full-Time City Government Employees by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Government	56	64.5	60	60	59	56	56	59	60	58
Public Safety										
Police										
Officers	106	109	109	108	107	105	105	105	105	105
Civilians	54	57	57	57	58	57	57	58	58	59
Fire										
Firefighters and Officers	68	68	68	69	68	65	65	64	64	63
Civilians	5	6	5	5	6	5	5	6	6	5
Public Works	42	88	88	108	105	102	102	104	105	105
Cultural and Leisure Services	69	50	50	63	61	59	58	57	54	45
Housing & Community Development	40	46	44	45	44	33	33	34	35	38
Harbor, Business, & Transit	22	4.5	4	4	5	7	7	9	9	9
TOTAL	462	493	485	519	513	489	488	496	496	487

Source: City of Redondo Beach

City of Redondo Beach
Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Public Safety										
Police										
Physical arrests	3,863	3,719	3,135	2,955	3,235	3,229	3,402	3,923	2,702	- *
Traffic citations issued	11,264	12,270	12,070	9,774	7,419	7,532	9,683	12,339	10,955	- *
Fire										
Number of runs - rescues	3,211	3,151	3,445	3,212	3,351	3,386	3,551	3,779	3,932	- *
Number of runs - structures & other	1,642	1,777	1,261	1,173	1,075	868	1,087	1,672	1,676	- *
Public Works										
Street rehabilitation (miles)	-	3.2	9.3	17.1	17.8	13.3	3.2	3.7	2.3	4.6
Culture and Leisure Services										
Library										
Number of items borrowed	714,408	733,184	798,022	830,950	845,496	845,569	852,750	844,947	831,354	858,934
Number of visitors	449,907	435,826	441,974	454,114	436,714	438,310	439,060	445,056	446,346	436,347 **
Recreation and Community Services										
Admissions - Seaside Lagoon	100,941	99,236	98,352	101,584	81,487	86,562	90,966	82,071	76,578	82,921
Number of facility rentals - Seaside Lagoon	445	444	506	468	558	579	409	382	395	415
Housing & Community Development										
Number of permits issued	4,534	4,575	3,508	3,871	4,591	4,544	3,763	3,951	3,270	1,952
Number of plan checks issued	1,568	889	1,133	2,848	1,950	1,667	1,566	1,296	1,101	898
Number of inspections	15,659	16,680	14,131	14,161	16,817	20,236	19,378	19,916	17,634	12,755
Number of real estate reports	1,273	1,240	1,308	1,367	1,370	1,342	1,051	883	630	577
Number of bus boardings - Transit	- *	- *	90,746	98,934	94,087	70,458	169,519	298,206	365,701	393,534
Revenue miles - Transit	- *	- *	179,926	183,491	172,358	122,814	232,692	416,435	487,203	452,467

NOTE: * Data not available.

** The number of visitors decreased significantly due to the closure for construction at the North Branch Library for 5 months.

Source: City of Redondo Beach - Financial Services Department

City of Redondo Beach
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Sub-station	1	1	1	1	1	1	1	1	1	1
Fire Stations	3	3	3	3	3	3	3	3	3	3
Public Works										
Streets (miles)	127	127	127	127	127	127	127	127	127	127
Streetlights	5117	5117	5117	5120	5120	1892 *	1892*	1892*	1892*	1892*
Street Traffic Controllers	84	84	84	84	84	84	84	84	84	84
Sanitary sewers (miles)	150	150	150	150	150	150	112	112	112	112
Culture and Leisure Services										
Parks	15	15	15	15	15	15	15	15	15	15
Parkettes	13	13	13	13	13	13	13	13	13	13
Total Park Acreage	93.06	93.06	93.06	143.26	143.26	143.26	143.26	143.26	143.26	143.26
Boat Slips	1509	1509	1509	1509	1509	1509	1509	1509	1509	1509
Harbor acreage:										
Total water area (exclusive of the pier)	107	107	107	107	107	107	107	107	107	107
Total land area	52.5	52.5	52.5	52.5	52.5	52.5	52.5	52.5	52.5	52.5
Libraries	2	2	2	2	2	2	2	2	2	2
Community Centers	5	5	5	5	5	5	5	5	5	5

NOTE: * Methodology modification in fiscal year 2004/2005 to reflect city-owned street lights only.

Source: City of Redondo Beach

City of Redondo Beach
Certification of Continuing Disclosure
Redondo Beach Public Financing Authority 2008 Revenue Bonds
(South Bay Center Redevelopment Project)
June 30, 2009

This Certification of Continuing Disclosure is provided by the Redevelopment Agency of the City of Redondo Beach and the Redondo Beach Public Financing Authority through US Bank, as Dissemination Agent pursuant to a Continuing Disclosure Certificate dated February 13, 2008 executed and delivered by the Redevelopment Agency and the Public Financing Authority and the Dissemination Agent in connection with the issuance of \$7,645,000 Revenue Bonds, South Bay Center Redevelopment Project Bonds ("the Bonds"). The Bonds were issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (commencing with Section 6584) of the Act, and an Indenture of Trust dated as of February 1, 2008 between the Financing Authority and US Bank. The proceeds of the Bonds were issued to provide funds to (i) refund the Authority's Redondo Beach Public Financing Authority 1996 Revenue Bonds (South Bay Center Redevelopment Project), originally issued in the principal amount of \$10,330,000 of which \$8,550,000 remained outstanding, (ii) fund a reserve fund for the Bonds, and (iii) pay the costs of issuance of the Bonds.

This Certification is made pursuant to the requirements of Section 3(a) of the Continuing Disclosure Certificate with respect to the 2008-09 fiscal year.

The Redevelopment Agency and the Public Financing Authority hereby report the following:

1. The audited financial statements of the Redevelopment Agency and the Public Financing Authority for the fiscal year ended June 30, 2009 comprise the book in which this report is included. As such, they contain the amount of all Redevelopment Agency debt outstanding secured by a pledge of tax revenues.
2. During the fiscal year ended June 30, 2009, neither the Redevelopment Agency nor the Public Financing Authority has issued any parity or subordinate debt.
3. During the fiscal year ended June 30, 2009, neither the Redevelopment Agency nor the Public Financing Authority has given or caused to be given notice of the occurrence of any of the following events:
 - a. Principal and interest payment delinquencies;
 - b. Non-payment related defaults;
 - c. Unscheduled draws on debt service reserves reflecting financial difficulties;
 - d. Unscheduled draws on credit enhancements reflecting financial difficulties;
 - e. Substitution of credit or liquidity providers, or their failure to perform;
 - f. Adverse tax opinions or events affecting the tax-exempt status of the security;
 - g. Modifications to rights of security holders;
 - h. Bond calls;
 - i. Defeasances;
 - j. Release, substitution, or sale of property securing repayment of the securities; or
 - k. Rating changes.
4. The South Bay Center Redevelopment Plan stipulates the Project Area will not receive more than a cumulative limit of \$65,000,000 in gross tax increment over its life. According to the records of the Los Angeles County Auditor Controller, as of June 30, 2009 the Agency had been apportioned \$38,103,828 in gross tax increment.

By projecting the current tax increment levels using only a two percent inflationary growth rate, the tax increment limit is reached in the final year of the bond issue repayment period.

City of Redondo Beach
Redondo Beach Redevelopment Agency
South Bay Center Redevelopment Project
Historical Project Area Valuations
June 30, 2009

	Base Year										
Secured *	1983-84	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Land	\$ 9,772,776	\$ 20,235,089	\$ 20,644,626	\$ 21,057,511	\$ 26,361,887	\$ 26,567,906	\$ 26,977,212	\$ 27,424,247	\$ 51,658,838	\$ 52,688,442	\$ 53,742,204
Impts	16,977,265	145,564,611	163,181,451	166,968,861	167,560,188	159,503,456	162,122,684	164,634,061	178,831,940	182,405,613	185,761,187
Pers Prop	-	422,955	423,564	385,673	396,224	597,793	572,459	1,617	1,514	-	-
Exemptions	-	-	-	-	-	-	-	-	-	-	-
Total Secured	26,750,041	166,222,655	184,249,641	188,412,045	194,318,299	186,669,155	189,672,355	192,059,925	230,492,292	235,094,055	239,503,391
Unsecured											
Land	-	-	-	-	-	-	-	-	-	-	-
Impts	3,023,006	11,364,512	13,993,159	11,511,489	12,123,607	13,074,302	12,287,632	12,261,701	11,408,416	13,236,695	13,336,333
Pers Prop	1,848,954	10,204,833	10,676,604	13,198,111	14,215,089	13,786,344	13,128,156	13,217,135	12,577,271	13,515,052	14,189,166
Exemptions	-	-	-	-	-	-	-	-	-	-	-
Total Unsecured	4,871,960	21,569,345	24,669,763	24,709,600	26,338,696	26,860,646	25,415,788	25,478,836	23,985,687	26,751,747	27,525,499
GRAND TOTAL	31,622,001	187,792,000	208,919,404	213,121,645	220,656,995	213,529,801	215,088,143	217,538,761	254,477,979	261,845,802	267,028,890
Incremental Value:		156,169,999	177,297,403	181,499,644	189,034,994	181,907,800	183,466,142	185,916,760	222,855,978	230,223,801	235,406,889
Incremental Value Change:		587,866	21,127,404	4,202,241	7,535,350	(7,127,194)	1,558,342	2,450,618	36,939,218	7,367,823	5,183,088
% Change:		0.38%	13.53%	2.37%	4.15%	-3.77%	0.86%	1.34%	19.87%	3.31%	2.25%

NOTE: Secured values include state assessed non-unitary utility property.

Source: HdL Coren & Cone

City of Redondo Beach
Redondo Beach Redevelopment Agency
South Bay Center Redevelopment Project
Revenue vs. Levy Analysis
June 30, 2009

	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
Original Charge Secured Value	\$ 166,222,655	\$ 184,249,641	\$ 188,412,045	\$ 194,318,299	\$ 186,669,155	\$ 189,672,355	\$ 192,059,925	\$ 230,492,292	\$ 235,094,055	\$ 239,503,391
Adjustments to Original Charge	(608,600)	(1,694,392)	(2,895,608)	(5,284,757)	-	-	50,417,882	-	-	-
Base Year Secured Value	<u>(26,750,041)</u>	<u>(26,750,041)</u>	<u>(26,750,041)</u>	<u>(26,750,041)</u>	<u>(26,750,041)</u>	<u>(26,750,041)</u>	<u>(26,750,040)</u>	<u>(26,750,040)</u>	<u>(26,750,041)</u>	<u>(26,750,041)</u>
Incremental Secured Value	138,864,014	155,805,208	158,766,396	162,283,501	159,919,114	162,922,314	215,727,767	203,742,252	208,344,014	212,753,350
Tax Rate	<u>0.0101209</u>	<u>0.0101167</u>	<u>0.0100990</u>	<u>0.0100861</u>	<u>0.0100755</u>	<u>0.0100697</u>	<u>0.0100604</u>	<u>0.0100542</u>	<u>0.0100450</u>	<u>0.0100430</u>
Adjusted Levy	1,405,425	1,576,228	1,603,383	1,636,814	1,611,271	1,640,576	2,170,316	2,048,455	2,092,816	2,136,682
Unitary Revenue	<u>32,405</u>	<u>30,921</u>	<u>31,743</u>	<u>30,672</u>	<u>29,747</u>	<u>31,324</u>	<u>27,782</u>	<u>27,587</u>	<u>28,887</u>	<u>31,263</u>
Total Secured/Unitary Levy	<u>1,437,830</u>	<u>1,607,149</u>	<u>1,635,126</u>	<u>1,667,487</u>	<u>1,641,018</u>	<u>1,671,899</u>	<u>2,198,098</u>	<u>2,076,043</u>	<u>2,121,703</u>	<u>2,167,945</u>
Original Charge Unsecured Value	21,569,345	24,669,763	24,709,600	26,338,696	26,860,646	25,415,788	25,478,836	23,985,683	26,751,747	27,525,499
Adjustments to Original Charge	3,338,312	(121,215)	15,159,459	329,075	77,266,839	2,878,283	200,319	848,749	2,200,114	549,859
Base Year Unsecured Value	<u>(4,871,960)</u>	<u>(4,871,960)</u>	<u>(4,871,960)</u>	<u>(4,871,960)</u>	<u>(4,871,960)</u>	<u>(4,871,960)</u>	<u>(4,871,959)</u>	<u>(4,871,959)</u>	<u>(4,871,960)</u>	<u>(4,871,960)</u>
Incremental Unsecured Value	20,035,697	19,676,588	34,997,099	21,795,811	99,255,525	23,422,111	20,807,196	19,962,473	24,079,901	23,203,398
Tax Rate	<u>0.0101230</u>	<u>0.0101209</u>	<u>0.0101167</u>	<u>0.0100990</u>	<u>0.0100861</u>	<u>0.0100755</u>	<u>0.0100697</u>	<u>0.0100604</u>	<u>0.0100542</u>	<u>0.0100450</u>
Unsecured Adjusted Levy	<u>202,822</u>	<u>199,144</u>	<u>354,054</u>	<u>220,116</u>	<u>1,001,105</u>	<u>235,990</u>	<u>209,522</u>	<u>200,831</u>	<u>242,103</u>	<u>233,078</u>
Net Total Revenue	<u>1,640,652</u>	<u>1,806,294</u>	<u>1,989,180</u>	<u>1,887,603</u>	<u>2,642,124</u>	<u>1,907,890</u>	<u>2,407,620</u>	<u>2,276,874</u>	<u>2,363,806</u>	<u>2,401,023</u>
Remittance to Agency										
Secured/Unitary Remitted	1,443,608	1,606,406	1,634,614	1,666,575	1,640,962	1,667,891	2,197,703	2,075,997	2,122,507	2,167,741
Unsecured Remitted	203,739	195,626	346,157	215,664	220,615	230,164	207,367	183,272	239,176	224,182
HOX Payments	-	1	(71)	-	-	-	-	-	-	-
Total Remittance to Agency:	<u>1,647,347</u>	<u>1,802,034</u>	<u>1,980,700</u>	<u>1,882,239</u>	<u>1,861,577</u>	<u>1,898,055</u>	<u>2,405,070</u>	<u>2,259,268</u>	<u>2,361,683</u>	<u>2,391,923</u>
% of Collection to Levy	100.41%	99.76%	99.57%	99.72%	70.46%	99.48%	99.89%	99.23%	99.91%	99.62%
Grand Total Revenue:										
Secured and Unsecured Revenue	1,647,347	1,802,034	1,980,700	1,882,239	1,861,577	1,898,055	2,405,070	2,259,268	2,361,683	2,391,923
SB 813 Supplemental Payments	(11)	(51,655)	(4,777)	(14,273)	-	-	(17,379)	117,362	(2,883)	177,804
Redemptions/Open Roll Corrections	6,918	3,582	(44,345)	(41,247)	4,262	2,225	(5,534)	4,532	12,925	1,325
Taxpayer Refunds	(6,286)	(3,563)	4,059	(16,469)	(60,249)	(42)	(23,253)	5	(86)	(628)
Deferral Payments/ Adjustments	-	-	-	-	-	129,927	(46,423)	(355,390)	(186,859)	(122,005)
Total Paid to Agency:	<u>1,647,968</u>	<u>1,750,398</u>	<u>1,935,637</u>	<u>1,810,249</u>	<u>1,805,590</u>	<u>2,030,165</u>	<u>2,312,481</u>	<u>2,025,778</u>	<u>2,184,780</u>	<u>2,448,419</u>
SB 2557 Charges (1)	(32,466)	(35,351)	(35,433)	(34,894)	(34,524)	(31,324)	(28,308)	(29,423)	(31,971)	(31,959)
Housing Set Aside	(329,594)	(350,080)	(387,127)	(362,050)	(354,655)	(406,033)	(517,064)	(405,156)	(436,956)	(489,684)
Tax Sharing Payments	(444,012)	(756,957)	(623,314)	(773,832)	(772,023)	(813,388)	(1,011,111)	(716,814)	(880,699)	(1,103,678)
Negative Balance from Prior Year	(222)	-	-	-	-	-	-	-	-	-
Net Grand Total Revenue:	<u>\$ 841,674</u>	<u>\$ 608,010</u>	<u>\$ 889,762</u>	<u>\$ 639,473</u>	<u>\$ 644,388</u>	<u>\$ 779,420</u>	<u>\$ 755,998</u>	<u>\$ 874,385</u>	<u>\$ 835,154</u>	<u>\$ 823,098</u>

Source: HdL Coren & Cone

City of Redondo Beach
Redondo Beach Redevelopment Agency
South Bay Center Redevelopment Project
Top Ten Taxable Property Owners
June 30, 2009

	Secured			Unsecured			Total		Use Code
	Value	Parcels	Percent of Secured Actual Value	Value	Parcels	Percent of Unsecured Actual Value	Value	Percent of Total Value	
1. South Bay Associates SPE LLC	\$ 192,016,978	3	80.17%	\$ 859,073	1	3.12%	\$ 192,876,051	72.23%	Commercial
2. Home Depot USA Inc.	19,237,661	1	8.03%	756,183	1	2.75%	19,993,844	7.49%	Commercial
3. Kohl's Department Stores Inc.	11,036,562	1	4.61%	-	0	0.00%	11,036,562	4.13%	Commercial
4. South Bay Associates SPE (2)	9,792,451	4	4.09%	-	0	0.00%	9,792,451	3.67%	Commercial
5. Nordstrom Inc. 342	-	0	0.00%	6,730,373	1	24.45%	6,730,373	2.52%	Unsecured
6. Walgreen	3,952,025	7	1.65%	-	0	0.00%	3,952,025	1.48%	Commercial
7. Outparcel Naperville LLC (2)	3,463,787	1	1.45%	-	0	0.00%	3,463,787	1.30%	Commercial
8. Macy's Department Stores Inc.	-	0	0.00%	2,499,746	1	9.08%	2,499,746	0.94%	Unsecured
9. American Multi-Cinema Inc.	-	0	0.00%	1,677,026	1	6.09%	1,677,026	0.63%	Unsecured
10. Limited Brands (2)	-	0	0.00%	1,349,450	7	4.90%	1,349,450	0.51%	Unsecured
	\$239,499,464	17	100.00%	\$13,871,851	12	50.40%	\$253,371,315	94.89%	
Project Area Incremental Value:	<u>\$239,503,391</u>			<u>\$27,525,499</u>			<u>\$267,028,890</u>		

Source: HdL Coren & Cone

City of Redondo Beach
Redondo Beach Redevelopment Agency
South Bay Center Redevelopment Project
Recent Appeals History

<u>Owner</u>	<u>APN</u>	<u>Appeal Type</u>	<u>Appeal Status</u>	<u>Original Value</u>	<u>Updated or Owner's Opinion Value</u>	<u>Proposed Change</u>	<u>Proposed % Change</u>
Currently Pending Appeals							
FY 2004-05							
Gap Inc. & Subs	u	Unsecured	Pending	224,651	151,287	(73,364)	-32.66%
Gap Inc. & Subs	u	Unsecured	Pending	270,306	139,444	(130,862)	-48.41%
Gap Inc. & Subs	u	Unsecured	Pending	161,373	80,238	(81,135)	-50.28%
Aka Robinson's - May Macy's Aka Fed	u	Unsecured	Pending	1,850,835	925,418	(925,417)	-50.00%
Godiva Chocolatier, Inc.	u	Unsecured	Pending	18,175	6,704	(11,471)	-63.11%
				<u>2,525,340</u>	<u>1,303,091</u>		
FY 2005-06							
Gap Inc. & Subs	u	Unsecured	Pending	357,887	-	(357,887)	-100.00%
Gap Inc. & Subs	u	Unsecured	Pending	266,365	123,088	(143,277)	-53.79%
Gap Inc. & Subs	u	Unsecured	Pending	157,940	69,843	(88,097)	-55.78%
Mervyn's LLC	u	Unsecured	Pending	-	300,000	300,000	0.00%
Aka Robinson's - May Macy's Aka Fed	u	Unsecured	Pending	1,829,875	914,938	(914,937)	-50.00%
Godiva Chocolatier, Inc.	u	Unsecured	Pending	19,192	9,120	(10,072)	-52.48%
				<u>2,631,259</u>	<u>1,416,989</u>		
FY 2006-07							
Federated Dept. Stores South Bay Center LLC	4082-018-004	Secured	Pending	25,520,000	7,427,470	(18,092,530)	-70.90%
Gap Inc. & Subs	u	Unsecured	Pending	486,484	-	(486,484)	-100.00%
Gap Inc. & Subs	u	Unsecured	Pending	146,980	66,916	(80,064)	-54.47%
Gap Inc. & Subs	u	Unsecured	Pending	242,989	114,058	(128,931)	-53.06%
Mervyn's LLC	u	Unsecured	Pending	-	300,000	300,000	0.00%
Aka Robinson's - May Macy's Aka Fed	u	Unsecured	Pending	548,189	274,095	(274,094)	-50.00%
Godiva Chocolatier, Inc.	u	Unsecured	Pending	15,080	6,407	(8,673)	-57.51%
				<u>26,959,722</u>	<u>8,188,946</u>		

City of Redondo Beach
Redondo Beach Redevelopment Agency
South Bay Center Redevelopment Project
Recent Appeals History

<u>Owner</u>	<u>APN</u>	<u>Appeal Type</u>	<u>Appeal Status</u>	<u>Original Value</u>	<u>Updated or Owner's Opinion Value</u>	<u>Proposed Change</u>	<u>Proposed % Change</u>
FY 2007-08							
South Bay Center Spe LLC - Macy's Inc.	4082-018-004	Secured	Pending	26,030,400	7,427,470	(18,602,930)	-71.47%
Mervyn's LLC	u	Unsecured	Pending	-	300,000	300,000	0.00%
Macy's Aka Federated Retail Holdings, Inc.	u	Unsecured	Pending	1,753,214	876,607	(876,607)	-50.00%
				<u>27,783,614</u>	<u>8,604,077</u>		
FY 2008-09							
Lenscrafters	u	Unsecured	Pending	112,911	40,000	(72,911)	-64.57%
Home Depot USA, Inc.	4082-019-042	Secured	Pending	19,237,661	19,237,661	-	0.00%
Gap Inc. & Subs #00243, Property Tax	u	Unsecured	Pending	194,190	97,000	(97,190)	-50.05%
Gap Inc. & Subs #07392, Property Tax	u	Unsecured	Pending	112,175	56,000	(56,175)	-50.08%
Gap Inc. & Subs #08046, Property Tax	u	Unsecured	Pending	390,503	195,000	(195,503)	-50.06%
Guess? Retail Inc. #5622	u	Unsecured	Pending	231,957	115,000	(116,957)	-50.42%
Express LLC #917	u	Unsecured	Pending	203,812	102,000	(101,812)	-49.95%
South Bay Center Spe LLC - Macy's Inc.	4082-018-004	Secured	Pending	26,551,008	7,427,470	(19,123,538)	-72.03%
South Bay Associates Spe LLC	4082-019-030	Secured	Pending	3,200,519	401,000	(2,799,519)	-87.47%
South Bay Associates Spe LLC	4082-019-031	Secured	Pending	1,905,225	301,000	(1,604,225)	-84.20%
South Bay Associates Spe LLC	4082-019-032	Secured	Pending	3,463,787	2,600,000	(863,787)	-24.94%
South Bay Associates Spe LLC	4082-019-033	Secured	Pending	48,355	40,000	(8,355)	-17.28%
South Bay Associates Spe LLC	4082-019-043	Secured	Pending	4,638,322	301,000	(4,337,322)	-93.51%
				<u>60,290,425</u>	<u>30,913,131</u>		

Most Recently Resolved Appeals Among Owners with Pending Appeals

None

Source: HdL Coren & Cone

City of Redondo Beach
Certification of Continuing Disclosure
Redondo Beach Public Financing Authority 2001 Refunding Revenue Bonds
(Harbor Center Redevelopment Project)
June 30, 2009

This Certification of Continuing Disclosure is provided by the Redevelopment Agency of the City of Redondo Beach and the Redondo Beach Public Financing Authority through US Bank, as Dissemination Agent pursuant to a Continuing Disclosure Certificate dated October 29, 2001 executed and delivered by the Redevelopment Agency and the Public Financing Authority and the Dissemination Agent in connection with the issuance of \$2,965,500 Refunding Revenue Bonds, Redondo Pier Reconstruction Refinancing Project Bonds ("the Bonds"). The Bonds were issued pursuant to an Indenture of Trust dated as of November 1, 2001 between the Financing Authority and US Bank. The proceeds of the Bonds were issued to fund a loan by the Public Financing Authority to the Redevelopment Agency pursuant to a loan agreement dated as of November 1, 2001. The proceeds of the loan were to provide funds to (i) provide funds to refinance certain redevelopment activities of the Agency within or of benefit to the Harbor Center Redevelopment Project Area and, in particular, to refund the Redevelopment Agency's outstanding Tax Allocation and Revenue Bonds issued in 1993, and (ii) pay costs of issuance of the Bonds.

This Certification is made pursuant to the requirements of Section 3(a) of the Continuing Disclosure Certificate with respect to the 2008-09 fiscal year.

The Redevelopment Agency and the Public Financing Authority hereby report the following:

1. The audited financial statements of the Redevelopment Agency and the Public Financing Authority, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, for the fiscal year ended June 30, 2009 comprise the book in which this report is included. As such, they contain the amount of all Redevelopment Agency debt outstanding secured by a pledge of tax revenues.
2. During the fiscal year ended June 30, 2009, neither the Redevelopment Agency nor the Public Financing Authority has given or caused to be given notice of the occurrence of any of the following events:
 - a. Principal and interest payment delinquencies;
 - b. Non-payment related defaults;
 - c. Unscheduled draws on debt service reserves reflecting financial difficulties;
 - d. Unscheduled draws on credit enhancements reflecting financial difficulties;
 - e. Substitution of credit or liquidity providers, or their failure to perform;
 - f. Adverse tax opinions or events affecting the tax-exempt status of the security;
 - g. Modifications to rights of security holders;
 - h. Contingent or unscheduled bond calls;
 - i. Defeasances;
 - j. Resale, substitution, or sale of property securing repayment of the securities; or
 - k. Rating changes

City of Redondo Beach
Redondo Beach Redevelopment Agency
Harbor Center Redevelopment Project Area
Historical Project Area Valuations
June 30, 2009

	Base Year										
	1991-92	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
<i>Secured *</i>											
Land	\$ 1,762,312	\$ 11,437,699	\$ 12,524,632	\$ 12,775,124	\$ 13,030,625	\$ 13,291,236	\$ 13,539,383	\$ 15,760,494	\$ 17,414,372	\$ 17,762,659	\$ 18,117,912
Impts	911,370	16,356,339	18,639,194	19,011,977	19,392,215	19,780,058	20,149,351	31,833,956	37,955,766	38,714,881	29,757,900
Pers Prop	6,660	-	-	-	-	-	-	-	-	-	-
Exemptions	-	-	-	-	-	-	-	-	-	(212,304)	(158,162)
Total Secured	2,680,342	27,794,038	31,163,826	31,787,101	32,422,840	33,071,294	33,688,734	47,594,450	55,370,138	56,265,236	47,717,650
<i>Unsecured</i>											
Land	-	-	-	-	-	-	-	-	-	-	-
Impts	69,280	12,782	660,316	854,727	972,053	1,009,249	1,182,097	1,407,295	1,524,897	1,221,918	1,094,975
Pers Prop	57,280	94,584	3,104,179	4,226,265	4,169,949	3,492,740	3,532,307	3,765,198	4,551,493	4,165,208	3,320,987
Exemptions	-	-	-	-	-	-	-	-	-	-	-
Total Unsecured	126,560	107,366	3,764,495	5,080,992	5,142,002	4,501,989	4,714,404	5,172,493	6,076,390	5,387,126	4,415,962
GRAND TOTAL	\$ 2,806,902	\$ 27,901,404	\$ 34,928,321	\$ 36,868,093	\$ 37,564,842	\$ 37,573,283	\$ 38,403,138	\$ 52,766,943	\$ 61,446,528	\$ 61,652,362	\$ 52,133,612
Incremental Value					\$ 34,757,940	\$ 34,766,381	\$ 35,596,236	\$ 49,960,041	\$ 58,639,626	\$ 58,845,460	\$ 49,326,710

NOTE: * Secured values include state assessed non-unitary utility property.

Source: HdL Coren & Cone

City of Redondo Beach
Redondo Beach Redevelopment Agency
Harbor Center Redevelopment Project
Top Ten Taxable Property Owners
June 30, 2009

	Secured			Unsecured			Total		Use Code
	Value	Parcels	% Secured Assessed Value	Value	Parcels	% Unsecured Assessed Value	Value	% Total Assessed Value	
1. HPT IHG 2 Properties Trust	\$ 41,589,760	1	87.16%	\$ -	0	0.00%	\$ 41,589,760	79.78%	Commercial
2. Redondo Beach Hotel Associates	6,127,890	1	12.84%	-	0	0.00%	6,127,890	11.75%	Commercial
3. Intercontinental Hotel Group	-	0	0.00%	3,395,999	1	76.90%	3,395,999	6.51%	Unsecured
4. Muscle Improvement Inc.	-	0	0.00%	403,592	8	9.14%	403,592	0.77%	Unsecured
5. Baycap Leasing Inc.	-	0	0.00%	356,000	1	8.06%	356,000	0.68%	Unsecured
6. Golds Gym of Redondo Beach	-	0	0.00%	83,701	2	1.90%	83,701	0.16%	Unsecured
7. Avantage Group Inc.	-	0	0.00%	42,000	1	0.95%	42,000	0.08%	Unsecured
8. Lodgenet Entertainment Corp.	-	0	0.00%	38,084	1	0.86%	38,084	0.07%	Unsecured
9. Goff Law Corp.	-	0	0.00%	33,000	1	0.75%	33,000	0.06%	Unsecured
10. Art Shoppe Inc.	-	0	0.00%	23,711	1	0.54%	23,711	0.05%	Unsecured
	\$47,717,650	2	100.00%	\$4,376,087	16	99.10%	\$52,093,737	99.92%	
Project Area Assessed Value:	<u>\$47,717,650</u>			<u>\$4,415,962</u>			<u>\$52,133,612</u>		

Source: HdL Coren & Cone

City of Redondo Beach
Certification of Continuing Disclosure
Redondo Beach Public Financing Authority 2004 Series A Revenue Bonds
(Wastewater System Financing Project)
June 30, 2009

This Certification of Continuing Disclosure is provided by the City of Redondo Beach (“the City”) and the Redondo Beach Public Financing Authority through US Bank, as Dissemination Agent pursuant to a Continuing Disclosure Certificate dated May 27, 2004 executed and delivered by the City of Redondo Beach and the Public Financing Authority and the Dissemination Agent in connection with the issuance of \$10,335,000 Series A Revenue Bonds, City of Redondo Beach Wastewater System Financing Project Bonds (“the Bonds”). The Bonds were issued pursuant to an Indenture of Trust dated as of May 1, 2004 between the Financing Authority and US Bank. The proceeds of the Bonds were issued to provide funds to (a) finance the Improvements and related facilities which constitute part of the Wastewater Enterprise of the City, (b) fund capitalized interest on the Bonds through November 1, 2004, (c) fund a reserve fund for the Bonds, and (d) pay the cost of issuance for the Bonds.

This Certification is made pursuant to the requirements of Section 3(a) of the Continuing Disclosure Certificate with respect to the 2008-09 fiscal year.

The City and the Public Financing Authority hereby report the following:

1. The audited financial statements of the City, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, for the fiscal year ended June 30, 2009 comprise the book in which this report is included.
2. During the fiscal year ended June 30, 2009, neither the City nor the Public Financing Authority has given or caused to be given notice of the occurrence of any of the following events:
 - a. Principal and interest payment delinquencies;
 - b. Non-payment related defaults;
 - c. Unscheduled draws on debt service reserves reflecting financial difficulties;
 - d. Unscheduled draws on credit enhancements reflecting financial difficulties;
 - e. Substitution of credit or liquidity providers, or their failure to perform;
 - f. Adverse tax opinions or events affecting the tax-exempt status of the security;
 - g. Modifications to rights of security holders;
 - h. Contingent or uncheduled bond calls;
 - i. Defeasances;
 - j. Resale, substitution, or sale of property securing repayment of the securities; or
 - k. Rating changes

City of Redondo Beach
Sewer Rates Per Month
Last Six Fiscal Years

	2004	2005	2006	2007	2008	2009
Use Classification						
Each single family dwelling unit	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 7.00
Each unit in a 2-3 unit condo structure	5.00	5.00	5.00	5.00	5.00	7.00
Each unit in a 2-3 unit apartment structure	3.89	3.89	3.89	3.89	3.89	5.45
Each unit in a 4 or more unit condo structure	3.89	3.89	3.89	3.89	3.89	5.45
Each unit in a 4 or more unit apartment structure	2.68	2.68	2.68	2.68	2.68	3.75
Commercial/Industrial/Institutional parcels	0.43	0.43	0.43	0.43	0.43	0.60 *

NOTE: The Redondo Beach Public Financing Authority issued the Wastewater System Financing Project Revenue Bonds in fiscal year 2003/2004.

* Per 100 cubic feet of average monthly water usage. 100 cubic feet of water is equal to 748 gallons, average monthly water usage is established based on the latest actual annual water usage record available to the City. On an annual basis, the city will recalculate the monthly charge by using the latest available annual water usage record of each non-residential user at the same \$.60 per 100 cubic feet rate to set a new monthly rate. Any water proven to be used for boilers, cooling towers or similar devices that will not be discharged into the sewer system may be deducted from the annual water usage record for rate calculation purposes.

Source: City of Redondo Beach

City of Redondo Beach
Sewer Connections by Type of Customer
Last Six Fiscal Years

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Type of Customer						
Residential	13,039	13,211	13,211	13,211	13,108	13,102
Industrial	78	74	74	74	68	66
Commercial	575	510	510	510	451	464
Institutional	71	64	64	64	62	89
Mixed use	44	44	44	44	42	43
	<u>13,807</u>	<u>13,903</u>	<u>13,903</u>	<u>13,903</u>	<u>13,731</u>	<u>13,764</u>
Total	<u>13,807</u>	<u>13,903</u>	<u>13,903</u>	<u>13,903</u>	<u>13,731</u>	<u>13,764</u>

NOTE: The Redondo Beach Public Financing Authority issued the Wastewater System Financing Project Revenue Bonds in fiscal year 2003/2004.

Source: City of Redondo Beach

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