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

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, 2012, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 13, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management, City Council, others within the City, and the State Controller's office, Division of Accounting and Reporting and is not intended to be and should not be used by anyone other than these specified parties.

*Rogers Anderson Maloney & Scott, LLP*

December 13, 2012

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

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	\$ 137,743,367	\$ 140,306,635	\$ 143,049,830
Restricted	24,444,604	18,585,387	32,636,751	29,022,856	34,504,525	34,884,364	17,828,013	16,803,437	29,890,049	17,861,803
Unrestricted	1,138,486	(3,642,292)	(22,641,897)	(15,492,009)	(16,364,199)	(14,805,067)	876,969	(766,752)	(12,443,192)	21,623,137
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>	<u>153,780,052</u>	<u>157,753,492</u>	<u>182,534,770</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	35,985,952	34,790,325	34,957,595
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	25,550,889	27,481,003	24,616,381
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>	<u>61,536,841</u>	<u>62,271,328</u>	<u>59,573,976</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	173,729,319	175,096,960	178,007,425
Restricted	24,634,654	18,585,387	32,636,751	29,022,856	34,504,525	34,884,364	17,828,013	16,803,437	29,890,049	17,861,803
Unrestricted	18,925,832	26,821,927	(3,261,681)	4,521,120	6,406,098	10,466,580	26,441,819	24,784,137	15,037,811	46,239,518
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>	<u>\$ 215,316,893</u>	<u>\$ 220,024,820</u>	<u>\$ 242,108,746</u>

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

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>										
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	\$ 7,618,055	\$ 7,951,800	\$ 8,560,957
Public Safety	28,238,180	28,889,848	32,490,257	35,772,948	38,269,521	40,835,961	42,293,976	40,737,832	41,849,863	43,020,839
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	16,227,602	13,159,622	13,822,831
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	6,543,884	7,002,619	7,389,274
Public works	17,324,480	14,478,369	14,212,509	12,936,637	14,986,259	13,601,505	12,538,423	17,930,811	12,381,276	10,589,076
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	1,077,588	1,014,572	637,624
AB 1484 demand payment	-	-	-	-	-	-	-	-	-	9,914,969
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	90,135,772	83,359,752	93,935,570
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	5,372,721	5,415,810	7,689,071
Harbor Uplands	3,945,726	4,682,845	4,071,680	4,466,239	4,503,160	5,416,019	5,288,345	4,441,227	4,571,399	3,952,061
Solid Waste	-	2,901,712	3,001,525	3,225,121	3,493,852	3,129,337	3,228,498	3,364,549	3,574,516	3,431,017
Transit	-	-	-	-	-	-	-	-	3,102,333	3,113,076
Wastewater	-	886,466	1,350,156	2,686,646	2,122,793	1,853,206	2,092,245	2,207,319	2,476,972	3,196,442
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	15,385,816	19,141,030	21,381,667
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	105,521,588	102,500,782	115,317,237
<b>Component Units:</b>										
<b>Program Revenues</b>										
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	6,804,342	6,941,477	10,416,465
Public Safety	1,099,904	1,226,777	1,357,045	1,353,696	1,290,081	1,437,688	2,669,185	2,097,003	4,133,005	4,448,833
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	4,556,546	2,613,104	1,743,286
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	1,211,155	1,553,477	1,615,347
Public works	4,230,641	1,746,110	1,866,308	1,879,095	1,771,922	1,733,379	4,518,076	1,923,289	1,834,052	2,127,381
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	8,715,661	8,928,050	8,590,969
Capital grants and contributions	953,264	507,063	715,672	2,856,548	4,916,505	4,863,545	3,486,113	6,605,139	6,976,620	4,582,744
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	31,913,135	32,979,785	33,525,025

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	5,408,349	5,475,085	5,290,706
Harbor Uplands	3,590,837	3,554,528	3,526,424	3,858,007	4,103,636	4,400,815	4,038,226	3,935,048	3,672,769	4,009,954
Solid Waste	-	2,464,184	2,462,684	3,184,481	3,481,133	2,845,736	2,992,476	3,356,843	3,454,839	3,312,471
Transit	-	-	-	-	-	-	-	-	519,082	676,020
Wastewater	-	236,675	2,487,868	2,135,108	1,842,479	1,739,468	2,293,090	2,437,816	2,444,086	2,575,279
Operating grants and contributions	1,105	36,362	49,717	73,035	68,841	70,150	162,512	17,769	1,231,111	1,395,363
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	15,155,825	16,796,972	17,259,793
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	47,068,960	49,776,757	50,784,818
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)	(58,222,637)	(50,379,967)	(60,410,545)
Business-type activities	14,070	(1,715,652)	(62,917)	(777,994)	(459,242)	(333,130)	(1,213,217)	(229,991)	(2,344,058)	(4,121,874)
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)	(58,452,628)	(52,724,025)	(64,532,419)
<b>General Revenues and Other Changes in Net Assets</b>										
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	29,598,821	28,320,076	28,335,561
Transient occupancy taxes	2,257,526	2,439,439	2,648,323	3,354,138	3,738,839	3,933,009	3,485,290	3,204,045	3,267,209	3,533,501
Sales taxes	8,073,176	8,544,764	9,408,574	9,906,235	10,205,436	9,635,626	9,329,872	7,839,179	8,902,151	9,594,901
Franchise taxes	1,321,287	1,842,050	1,761,441	1,767,452	1,685,711	1,807,308	1,970,548	1,673,632	1,816,314	1,950,934
Business licenses taxes	1,278,607	1,302,614	1,323,345	1,376,117	1,289,608	1,385,726	1,293,056	1,256,462	1,240,024	1,203,591
Utility users taxes	6,835,864	6,841,854	7,184,530	7,398,984	7,878,429	8,018,564	7,848,157	8,043,207	7,667,130	7,422,089
Other taxes	-	-	-	-	-	-	-	11,200	-	-
Motor vehicle in lieu	3,897,644	2,959,364	5,653,644	453,645	429,612	293,685	205,403	198,745	310,907	33,693
Investment earnings	3,719,297	1,729,697	2,595,528	3,349,037	4,687,909	4,264,527	4,948,736	5,118,217	3,585,902	3,371,724
Other revenues	926,203	1,248,023	1,980,160	1,340,746	1,626,971	443,706	1,599,388	1,078,427	1,601,333	2,831,748
Gain (loss) on sale of capital assets	(121,086)	(12,125)	-	-	-	34,735	28,288	26,396	54,076	73,574
Transfers	429,460	(5,308,676)	473,040	-	-	(146,710)	1,142,313	79,000	(758,345)	(1,017,605)
Gain (loss) on dissolution of Redevelopment Agency	-	-	-	-	-	-	-	-	-	27,858,112
Total governmental activities	45,369,745	39,645,188	52,553,033	54,563,972	58,678,652	56,981,288	60,463,446	58,127,331	56,006,777	85,191,823
Business-type activities:										
Investment earnings	770,111	295,611	810,422	839,082	1,439,428	1,329,922	944,480	801,184	408,915	241,958
Loss on disposal of capital assets	(18,048)	-	-	-	-	-	-	(16,398)	-	-
Other revenues	369,246	760,920	1,032,553	204,761	138,877	141,621	195,080	176,052	307,915	181,532
Transfers	(429,460)	5,308,676	(473,040)	-	-	146,710	(1,142,313)	(79,000)	758,345	1,017,605
Total business-type activities	691,849	6,365,207	1,369,935	1,043,843	1,578,305	1,618,253	(2,753)	881,838	1,475,175	1,441,095

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total primary government	46,061,594	46,010,395	53,922,968	55,607,815	60,256,957	58,599,541	60,460,693	59,009,169	57,481,952	86,632,918
<b>Change in Net Assets</b>										
Governmental activities	(5,337,815)	(8,802,933)	(1,157,016)	2,046,104	5,625,463	1,470,103	(747,703)	(95,306)	5,626,810	24,781,278
Business-type activities	705,919	4,649,555	1,307,018	265,849	1,119,063	1,285,123	(1,215,970)	651,847	(868,883)	(2,680,779)
Totally primary government	\$ (4,631,896)	\$ (4,153,378)	\$ 150,002	\$ 2,311,953	\$ 6,744,526	\$ 2,755,226	\$ (1,963,673)	\$ 556,541	\$ 4,757,927	\$ 22,100,499

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

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011 *	2012 *
General fund										
Reserved	\$ 1,118,553	\$ 532,612	\$ 1,229,239	\$ 759,733	\$ 781,710	\$ 902,881	\$ 634,743	\$ 514,549	\$ -	\$ -
Unreserved:										
Designated	11,802,290	11,942,979	9,144,315	9,383,713	10,143,013	11,363,952	9,353,252	9,321,572	-	-
Undesignated	(83,439)	3,692	1,028,448	2,680,196	214,115	314,926	37,327	(75,211)	-	-
Nonspendable	-	-	-	-	-	-	-	-	167,035	76,547
Committed	-	-	-	-	-	-	-	-	5,595,596	5,712,942
Assigned	-	-	-	-	-	-	-	-	7,891,828	7,217,745
Unassigned	-	-	-	-	-	-	-	-	-	383,446
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>	<u>9,760,910</u>	<u>13,654,459</u>	<u>13,390,680</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	13,938,764	-	-
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	5,265,375	-	-
Capital projects funds	630	2,284,886	2,085,674	1,763,987	1,581,516	1,614,077	5,052	5,054	-	-
Debt service funds	4,779	4,822	4,819	5,021	5,028	5,028	1,222,686	1,165,476	-	-
Designated, reported in:										
Special revenue funds	2,698,080	3,010,610	-	2,070,751	2,948,322	3,567,481	2,696,956	2,043,237	-	-
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	7,103,415	-	-
Capital projects funds	-	4,400,944	2,629,467	1,424,414	4,050,994	3,414,086	2,317,151	5,365,603	-	-
Debt service funds	-	(2,620,107)	(3,278,401)	(3,714,945)	(13,958,851)	(12,990,180)	(14,007,225)	(15,428,315)	-	-
Nonspendable	-	-	-	-	-	-	-	-	1,012	57,995
Nonspendable, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	2,898,234
Restricted	-	-	-	-	-	-	-	-	8,524,280	10,472,386
Restricted, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	13,257,981	535,731
Debt service funds	-	-	-	-	-	-	-	-	8,107,706	7,362,829
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	3,849,630
Assigned, reported in:										
Capital projects funds	-	-	-	-	-	-	-	-	1,645,977	-
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	841,689	2,823,893
Unassigned, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	(3,027,926)	(1,319,919)
Capital projects funds	-	-	-	-	-	-	-	-	3,040,646	-
Debt service funds	-	-	-	-	-	-	-	-	(15,046,266)	-
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>	<u>\$ 19,458,609</u>	<u>\$ 17,345,099</u>	<u>\$ 26,680,779</u>

NOTE: \*The change of fund balance descriptions is due to the implementation of GASB 54 in fiscal year 2010/2011.

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 Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues:</b>										
Taxes	\$ 35,772,421	\$ 39,678,946	\$ 47,416,940	\$ 49,809,201	\$ 52,569,593	\$ 53,052,490	\$ 52,330,017	\$ 49,946,499	\$ 51,768,825	\$ 51,875,943
Interdepartmental	-	-	-	4,298,260	6,314,753	6,314,750	6,655,458	6,681,277	6,383,731	6,249,628
Licenses and permits	1,241,136	1,513,226	1,713,598	2,006,686	1,660,339	1,306,025	1,006,075	930,523	1,248,916	1,343,422
Intergovernmental	15,566,321	16,208,575	13,322,228	14,196,236	15,771,721	16,660,368	13,991,411	15,619,990	14,545,341	16,339,864
Charges for services	7,870,593	7,193,850	7,738,642	8,673,373	7,627,197	6,814,267	6,947,073	7,279,164	7,485,670	7,486,013
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	4,929,845	3,512,619	3,760,501
Fines and forfeitures	1,612,480	1,069,909	942,598	889,437	1,117,196	1,984,683	1,845,838	1,875,287	1,785,067	1,634,786
Other revenues	1,551,978	784,325	697,856	760,816	787,722	559,093	1,703,984	999,916	1,447,680	2,948,048
Total Revenues	70,253,308	68,627,471	75,666,693	84,092,213	91,077,142	92,971,328	90,160,189	88,262,501	88,177,849	91,638,205
<b>Expenditures:</b>										
Current:										
General government	7,858,215	8,134,136	10,291,155	10,531,849	9,878,387	9,033,018	8,693,889	7,901,358	7,582,969	8,085,175
Public safety	27,905,212	28,548,022	31,357,941	35,109,834	38,254,942	40,909,913	42,869,798	41,964,634	41,450,374	42,244,015
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	16,392,441	12,882,944	13,549,748
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	7,427,423	6,671,934	5,282,197
Public works	9,429,422	11,866,239	7,404,995	9,409,898	10,218,116	11,046,771	9,554,993	8,787,700	9,450,771	7,395,866
AB 1484 demand payment	-	-	-	-	-	-	-	-	-	9,914,969
Capital outlay	7,987,598	1,884,946	10,024,176	3,356,314	5,318,230	4,121,712	5,683,727	11,562,615	8,384,700	5,491,358
Debt service:										
Principal	394,798	395,046	420,069	1,984,826	757,671	1,526,811	3,448,829	2,492,055	777,554	1,750,000
Interest	2,232,047	1,389,640	1,958,332	2,130,871	1,698,884	2,902,761	1,738,532	1,069,040	1,017,824	641,376
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	97,597,266	88,219,070	94,354,704
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)	(9,334,765)	(41,221)	(2,716,499)
<b>Other Financing Sources (Uses):</b>										
Transfers in	5,277,409	3,548,964	3,194,254	3,296,665	6,611,051	11,074,552	5,482,661	2,707,679	17,341,414	11,497,255
Transfers out	(6,077,949)	(4,194,424)	(6,007,674)	(4,496,995)	(7,853,397)	(6,630,271)	(4,595,668)	(2,743,425)	(15,834,081)	(13,478,178)
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	589,314	301,197	246,200
Bond premium	-	-	-	-	-	227,862	-	-	-	-
Refunding bonds redeemed	-	-	-	-	-	(7,645,000)	(700,000)	-	-	-
Gain (loss) on Redevelopment Agency dissolution	-	-	-	-	-	-	-	-	-	13,523,123
Total Other Financing Sources (Uses)	(350,400)	10,419	(1,886,735)	(463,992)	(766,054)	5,320,863	1,434,782	553,568	1,808,530	11,788,400
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)	\$ (8,781,197)	\$ 1,767,309	\$ 9,071,901
Debt service as a percentage of noncapital expenditures	4.11%	2.63%	3.52%	5.48%	3.09%	5.23%	6.03%	4.32%	2.30%	2.77%

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	
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%
2010	11,070,789,692	362,332,212	(66,883,744)	11,366,238,160	409,520,646	55,988,588	(866,778)	464,642,456	0.250%
2011	11,088,815,868	609,276,121	(82,655,891)	11,615,436,098	397,519,636	31,015,873	(864,841)	427,670,668	0.235%
2012	11,385,441,715	432,094,319	(56,430,405)	11,761,105,629	389,564,455	54,640,221	(658,821)	443,545,855	0.232%

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 2011-12 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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
City basic rate	0.16617	0.16617	0.16617	0.16617	0.16617	0.16617	0.16539	0.16539	0.16539	0.16539
Redevelopment agency	1.00861	1.00755	1.00697	1.00604	1.00541	1.00450	1.00430	1.00430	1.00370	1.00370
Overlapping Rates:										
Los Angeles County	0.00103	0.00099	0.00092	0.00080	0.00066	0.00000	0.00000	0.00000	0.00000	0.00000
Flood Control	0.00088	0.00047	0.00024	0.00005	0.00005	0.00000	0.00000	0.00000	0.00000	0.00000
Metropolitan Water District	0.00670	0.00610	0.00580	0.00520	0.00470	0.00450	0.00430	0.00430	0.00370	0.00370
Community College	0.00000	0.01903	0.01656	0.01838	0.03570	0.01647	0.01703	0.01487	0.01614	0.01688
Unified School District	0.00446	0.00866	0.02765	0.03336	0.02970	0.02844	0.04714	0.05519	0.06977	0.08610
Total Direct Rate	0.18385	0.18360	0.18176	0.18234	0.21166	0.18715	0.18608	0.18774	0.18818	0.18575

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 2011/2012 Tax Rate Table

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

Taxpayer	2012		2003	
	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.)	\$ 507,416,658	4.16%	\$ 393,073,647	5.28%
South Bay Center SPE LLC	191,236,138	1.57%	162,074,852	2.18%
AES Redondo Beach, LLC	179,025,156	1.47%	285,942,136	3.84%
Noble House Recp Hotel Venture LLC	59,335,845	0.49%		
HPT IHG 2 Properties Trust	42,801,846	0.35%	-	
MKEG P LLC	36,991,935	0.30%	-	
AMB AMS Spinnaker LLC	33,276,929	0.27%	-	
Harbor Cove The Bascom Group	33,058,582	0.27%	-	
Target Corporation	31,622,106	0.26%	-	
616 Esplanade Street LLC	26,907,587	0.22%		
Town Park Hotel Corporation	-		26,974,340	0.36%
Haagen Redondo LLC	-		22,812,300	0.31%
Redondo Torrance Mini Storage LLC	-		22,440,000	0.30%
Portofino Partners	-		22,397,594	0.30%
Metropolitan Investments	-		19,917,934	0.27%
88 Palos Verdes Inn Limited	-		17,348,427	0.23%
HRB Redondo Beach Plaza Limited	-		17,217,505	0.23%
	<u>\$ 1,141,672,782</u>	<u>9.35%</u>	<u>\$ 990,198,735</u>	<u>13.30%</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 2011/2012 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
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%
2010	25,278,747	24,462,121	96.77%	1,204,949	25,667,070	101.54%
2011	25,809,271	25,195,837	97.62%	1,083,378	26,279,214	101.82%
2012	26,025,500	25,493,811	97.96%	799,155	26,292,966	101.03%

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 Allocation	Revenue	Refunding Revenue	Capital	County	Wastewater	Construction	Capital				
	Bonds	Bonds	Bonds	Loans	Leases	AB 1484	Bonds	Loans	Leases			
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	9.94%	609
2009	-	-	9,759,884	14,872,887	33,169	-	9,325,646	3,715,553	-	37,707,139	9.37%	557
2010	-	-	8,870,895	13,840,146	20,686	-	9,118,020	3,466,920	-	35,316,667	8.76%	519
2011	-	-	8,126,906	14,088,789	887,204	-	8,905,394	3,207,098	-	35,215,391	8.37%	526
2012	-	-	6,357,917	-	883,936	7,700,000	8,682,769	2,935,586	-	26,560,208	-	396

NOTES: \* Personal income data was not available from the California Department of Finance subsequent to fiscal year 2010/2011. 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, 2012**

		\$	
City Assessed Valuation		12,204,651,484	
Redevelopment Agency Incremental Valuation		409,116,952	
Total Assessed Valuation		<u>11,795,534,532</u>	
	<u>Percentage Applicable</u>	<u>Outstanding Debt 6/30/12</u>	<u>Estimated Share of Overlapping Debt</u>
Direct Debt:			
County Deferral Loans	100%	14,088,789	14,088,789
Boating & Waterways Construction Loan 89-21-147	100%	2,082,795	2,082,795
PFA 2001 Refunding Revenue Bonds	100%	1,740,000	1,740,000
Boating & Waterways Construction Loan 88-21-84	100%	852,791	852,791
PFA 2008 Refunding Revenue Bonds	100%	5,617,917	5,617,917
Capital Leases	100%	620,341	620,341
Wastewater Revenue Bond 2004 Ser A	100%	8,682,769	8,682,769
Total direct debt		<u>\$ 33,685,402</u>	<u>\$ 33,685,402</u>
Overlapping Debt:			
Redondo Beach Unified School District DS 2000 Ser D	100%	240,000	240,000
Redondo Beach Unified School District DS 2000 Ser E	100%	8,140,000	8,140,000
Redondo Beach Unified School District DS 2008 Ser A	100%	48,379,958	48,379,958
Redondo Beach Unified School District DS 2008 Ser B	100%	24,650,678	24,650,678
Redondo Beach Unified School District DS 2008 Ser D BABS	100%	22,765,000	22,765,000
Redondo Beach Unified School District 2010 Refunding Series 2000AB	100%	14,330,000	14,330,000
Redondo Beach Unified School District 2010 Refund 2000CDE	100%	21,740,000	21,740,000
Redondo Beach Unified School District 2008 Series E & 2011	100%	22,086,816	22,086,816
Redondo Beach Unified School District 2008 Series F QSCB	100%	25,000,000	25,000,000
* Metropolitan Water District	1.366%	94,031,705	1,284,729
El Camino CCS DS 2002 S-2003A	15.215%	3,495,000	531,780
El Camino CCD DS 2005 REF BONDS	15.215%	28,128,953	4,279,945
El Camino CCD DS 2002 SER 2006B	15.215%	135,100,000	20,556,065
Total overlapping debt		<u>\$ 448,088,110</u>	<u>\$ 213,984,971</u>
Total direct and overlapping debt			<u>\$ 247,670,373</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 2011/2012 Lien Date Tax Rolls

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

**Legal Debt Margin Calculation for Fiscal Year 2012**

Assessed value	\$ 12,204,651,484
Debt Limit (15% of assessed value)	1,830,697,723
Debt applicable to limit	<u>-</u>
Legal debt margin	<u><u>\$ 1,830,697,723</u></u>

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$ 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	\$ 1,774,632,092	\$ 1,775,420,369	\$ 1,830,697,723
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	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	1,774,632,092	1,775,420,369	1,830,697,723
Total net debt applicable to the limit as a percentage of debt limit	<u>0%</u>									

Source: County of Los Angeles Auditor-Controller

**City of Redondo Beach**  
**Pledged-Revenue Coverage**  
**Last Nine Fiscal Years**

Fiscal Year Ended June 30,	Wastewater Revenue Bonds						Coverage
	Wastewater Revenue	Less Operating Expenses	Net Available Revenue	Debt Service			
				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	
2010	2,371,716	1,106,781	1,264,934	210,000	468,050	1.87	
2011	2,376,530	1,023,182	1,353,348	215,000	459,650	2.01	
2012	2,469,073	1,023,182	1,445,891	225,000	451,050	2.14	

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, 2012**

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<b>Calendar Year</b>	<b>Population</b>	<b>Personal Income * (in millions)</b>	<b>Per Capita Personal Income *</b>	<b>Unemployment Rate **</b>
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	413,317	61,243	6.6%
2009	67,646	402,281	40,867	10.8%
2010	68,105	403,014	41,025	11.5%
2011	66,970	420,803	42,564	11.9%
2012	67,007	-	-	11.2%

NOTES: \* Personal income data was not available from the California Department of Finance subsequent to fiscal year 2010/2011. Per Capita Personal Income is based on the metropolitan area of Los Angeles-Long Beach-Santa Ana, CA. Statistics not available subsequent to fiscal year 2010/2011. \*\* 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	2012		2003
	Employees	Percentage of Total City Employment	Employees
Northrop Grumman (TRW)	5,645	16.33%	4,077
Redondo Beach Unified School District	995	2.88%	492
City of Redondo Beach	432	1.25%	514
Crown Plaza (Holiday Inn)	339	0.98%	-
The Cheesecake Factory	261	0.76%	253
United States Post Office	260	0.75%	230
Nordstrom, Inc.	254	0.73%	416
Target Store	217	0.63%	-
D H L Global Forwarding	207	0.60%	-
Macy's (Robinson's May)	206	0.60%	299
Web Service Company	-	0.00%	277
Imperial Bank	-	0.00%	253
South Bay Family Healthcare Center	-	0.00%	200

Source: City of Redondo Beach

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

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government	60	59	56	56	59	60	58	52	52	49
Public Safety										
Police										
Officers	108	107	105	105	105	105	105	99	96	96
Civilians	57	58	57	57	58	58	59	58	59	59
Fire										
Firefighters and Officers	69	68	65	65	64	64	63	60	60	60
Civilians	5	6	5	5	6	6	5	5	3	3
Public Works	108	105	102	102	104	105	105	106	100	95
Cultural and Leisure Services	63	61	59	58	57	54	45	40	37	37
Housing & Community Development	45	44	33	33	34	35	38	30	31	30
Harbor, Business, & Transit	4	5	7	7	9	9	9	8	6	3
TOTAL	519	513	489	488	496	496	487	458	444	432

Source: City of Redondo Beach

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety										
Police										
Physical arrests	2,955	3,235	3,229	3,402	3,923	2,702	2,641	2,586	2,464	- *
Traffic citations issued	9,774	7,419	7,532	9,683	12,339	10,955	10,786	10,658	12,217	- *
Fire										
Number of runs - rescues	3,212	3,351	3,386	3,551	3,779	3,932	3,942	4,007	4,016	- *
Number of runs - structures & other	1,173	1,075	868	1,087	1,672	1,676	1,495	1,552	1,315	- *
Public Works										
Street rehabilitation (miles)	17.1	17.8	13.3	3.2	3.7	2.3	4.6	1.9	3.5	-
Culture and Leisure Services										
Library										
Number of items borrowed	830,950	845,496	845,569	852,750	844,947	831,354	858,934	809,968	920,941	933,939
Number of visitors	454,114	436,714	438,310	439,060	445,056	446,346	436,347 **	398,583**	437,529	455,030
Recreation and Community Services										
Admissions - Seaside Lagoon	101,584	81,487	86,562	90,966	82,071	76,578	82,921	63,056	63,799	80,381
Number of facility rentals - Seaside Lagoon	468	558	579	409	382	395	415	416	412	352
Housing & Community Development										
Number of permits issued	3,871	4,591	4,544	3,763	3,951	3,270	1,952	2,257	2,832	3,088
Number of plan checks issued	2,848	1,950	1,667	1,566	1,296	1,101	898	990	1,177	1,036
Number of inspections	14,161	16,817	20,236	19,378	19,916	17,634	12,755	8,605	6,848	8,514
Number of real estate reports	1,367	1,370	1,342	1,051	883	630	577	769	702	737
Number of bus boardings - Transit	98,934	94,087	70,458	169,519	298,206	365,701	393,534	404,983	378,326	403,041
Revenue miles - Transit	183,491	172,358	122,814	232,692	416,435	487,203	452,467	472,604	474,564	475,754

NOTE: \* Data not available.

\*\* The number of visitors decreased significantly due to the closure for construction at the North Branch Library for 5 months in fiscal year 2008-09 and then for all of fiscal year 2009-10.

Source: City of Redondo Beach - Financial Services Department

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

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	5120	5120	1892 *	1892*	1892*	1892*	1892*	1892*	1892*	1892*
Street Traffic Controllers	84	84	84	84	84	84	84	84	84	84
Sanitary sewers (miles)	150	150	150	112	112	112	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	143.26	143.26	143.26	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, 2012

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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 2011-12 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, 2012 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, 2012, neither the Redevelopment Agency nor the Public Financing Authority has issued any parity or subordinate debt.
3. During the fiscal year ended June 30, 2012, 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, 2012 the Agency had been apportioned \$44,498,769 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, 2012**

	Base Year										
Secured *	1983-84	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Land	\$ 9,772,776	\$ 26,361,887	\$ 26,567,906	\$ 26,977,212	\$ 27,424,247	\$ 51,658,838	\$ 52,688,442	\$ 53,742,204	\$ 56,292,008	\$ 55,363,042	\$ 63,866,252
Impts	16,977,265	167,560,188	159,503,456	162,122,684	164,634,061	178,831,940	182,405,613	185,761,187	202,649,015	191,933,851	182,264,908
Pers Prop	-	396,224	597,793	572,459	1,617	1,514	-	-	-	-	-
Exemptions	-	-	-	-	-	-	-	-	-	-	-
<b>Total Secured</b>	<b>26,750,041</b>	<b>194,318,299</b>	<b>186,669,155</b>	<b>189,672,355</b>	<b>192,059,925</b>	<b>230,492,292</b>	<b>235,094,055</b>	<b>239,503,391</b>	<b>258,941,023</b>	<b>247,296,893</b>	<b>246,131,160</b>
<b>Unsecured</b>											
Land	-	-	-	-	-	-	-	-	-	-	-
Impts	3,023,006	12,123,607	13,074,302	12,287,632	12,261,701	11,408,416	13,236,695	13,336,333	12,530,739	13,273,687	13,028,973
Pers Prop	1,848,954	14,215,089	13,786,344	13,128,156	13,217,135	12,577,271	13,515,052	14,189,166	12,550,901	12,457,717	10,906,075
Exemptions	-	-	-	-	-	-	-	-	(50,000)	(50,000)	-
<b>Total Unsecured</b>	<b>4,871,960</b>	<b>26,338,696</b>	<b>26,860,646</b>	<b>25,415,788</b>	<b>25,478,836</b>	<b>23,985,687</b>	<b>26,751,747</b>	<b>27,525,499</b>	<b>25,031,640</b>	<b>25,681,404</b>	<b>23,935,048</b>
<b>GRAND TOTAL</b>	<b>31,622,001</b>	<b>220,656,995</b>	<b>213,529,801</b>	<b>215,088,143</b>	<b>217,538,761</b>	<b>254,477,979</b>	<b>261,845,802</b>	<b>267,028,890</b>	<b>283,972,663</b>	<b>272,978,297</b>	<b>270,066,208</b>
Incremental Value:		189,034,994	181,907,800	183,466,142	185,916,760	222,855,978	230,223,801	235,406,889	252,350,662	241,356,296	238,444,207
Incremental Value Change:		7,535,350	(7,127,194)	1,558,342	2,450,618	36,939,218	7,367,823	5,183,088	16,943,773	(10,994,366)	(2,912,089)
% Change:		4.15%	-3.77%	0.86%	1.34%	19.87%	3.31%	2.25%	7.20%	-4.36%	-1.21%

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, 2012**

	<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>	<u>2009-10</u>	<u>2010-11</u>	<u>2010-12</u>
Original Charge Secured Value	\$ 194,318,299	\$ 186,669,155	\$ 189,672,355	\$ 192,059,925	\$ 230,492,292	\$ 235,094,055	\$ 239,503,391	\$ 258,941,015	\$ 247,296,893	\$ 246,131,160
Adjustments to Original Charge	(5,284,757)	-	-	50,417,882	-	-	-	(2,894,618)	-	-
Base Year Secured Value	<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>	<u>(26,750,041)</u>	<u>(26,750,041)</u>	<u>(26,750,041)</u>
Incremental Secured Value	162,283,501	159,919,114	162,922,314	215,727,767	203,742,252	208,344,014	212,753,350	229,296,356	220,546,852	219,381,119
Tax Rate	<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>	<u>0.0100430</u>	<u>0.0100370</u>	<u>0.0100000</u>
Adjusted Levy	1,636,814	1,611,271	1,640,576	2,170,316	2,048,455	2,092,816	2,136,682	2,302,823	2,213,629	2,193,811
Unitary Revenue	<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>	<u>30,311</u>	<u>30,206</u>	<u>31,724</u>
Total Secured/Unitary Levy	<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>	<u>2,333,134</u>	<u>2,243,835</u>	<u>2,225,536</u>
Original Charge Unsecured Value	26,338,696	26,860,646	25,415,788	25,478,836	23,985,683	26,751,747	27,525,499	25,031,637	25,681,404	23,935,048
Adjustments to Original Charge	329,075	77,266,839	2,878,283	200,319	848,749	2,200,114	549,859	2,168,472	240,106	-
Base Year Unsecured Value	<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>	<u>(4,871,960)</u>	<u>(4,871,960)</u>	<u>(4,871,960)</u>
Incremental Unsecured Value	21,795,811	99,255,525	23,422,111	20,807,196	19,962,473	24,079,901	23,203,398	22,328,149	21,049,550	19,063,088
Tax Rate	<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>	<u>0.0100430</u>	<u>0.0100000</u>
Unsecured Adjusted Levy	<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>	<u>224,242</u>	<u>211,401</u>	<u>190,631</u>
Net Total Revenue	<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>	<u>2,557,376</u>	<u>2,455,236</u>	<u>2,416,166</u>
Remittance to Agency										
Secured/Unitary Remitted	1,666,575	1,640,962	1,667,891	2,197,703	2,075,997	2,122,507	2,167,741	2,333,113	2,243,814	2,380,477
Unsecured Remitted	215,664	220,615	230,164	207,367	183,272	239,176	224,182	219,123	206,749	-
HOX Payments	-	-	-	-	-	-	-	-	-	-
Total Remittance to Agency:	<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>	<u>2,552,236</u>	<u>2,450,563</u>	<u>2,380,477</u>
% of Collection to Levy	99.72%	70.46%	99.48%	99.89%	99.23%	99.91%	99.62%	99.80%	99.81%	98.52%
Grand Total Revenue:										
Secured and Unsecured Revenue	1,882,239	1,861,577	1,898,055	2,405,070	2,259,268	2,361,683	2,391,923	2,552,236	2,450,563	2,380,477
SB 813 Supplemental Payments	(14,273)	-	-	(17,379)	117,362	(2,883)	177,804	(51,122)	-	125,288
Redemptions/Open Roll Corrections	(41,247)	4,262	2,225	(5,534)	4,532	12,925	1,325	36	13	351
Taxpayer Refunds	(16,469)	(60,249)	(42)	(23,253)	5	(86)	(628)	(83,212)	(1,476)	30,658
Deferral Payments/ Adjustments	-	-	129,927	(46,423)	(355,390)	(186,859)	(122,005)	(155,747)	(52,554)	-
Total Paid to Agency:	<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>	<u>2,262,190</u>	<u>2,396,546</u>	<u>2,536,774</u>
SB 2557 Charges (1)	(34,894)	(34,524)	(31,324)	(28,308)	(29,423)	(31,971)	(31,959)	(38,139)	(39,350)	(37,125)
Housing Set Aside	(362,050)	(354,655)	(406,033)	(517,064)	(405,156)	(436,956)	(489,684)	(452,438)	(479,309)	-
Tax Sharing Payments	(773,832)	(772,023)	(813,388)	(1,011,111)	(716,814)	(880,699)	(1,103,678)	(1,140,974)	(1,021,920)	(1,367,321)
Negative Balance from Prior Year	-	-	-	-	-	-	-	-	-	-
Net Grand Total Revenue:	<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>	<u>\$ 630,639</u>	<u>\$ 855,966</u>	<u>\$ 1,132,328</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, 2012**

	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	\$ 189,915,752	3	86.57%	\$ 73,045	1	0.38%	\$ 189,988,797	79.68%	Commercial
2. KHS South Bay LLC	17,379,892	1	7.92%	-	0	0.00%	17,379,892	7.29%	Commercial
3. 1519 Hawthorne Blvd. LLC	17,197,890	1	7.84%	-	0	0.00%	17,197,890	7.21%	Commercial
4. LPF Redondo Beach Inc.	12,090,359	4	5.51%	-	0	0.00%	12,090,359	5.07%	Commercial
5. Nordstrom Inc.	-	0	0.00%	5,780,478	1	30.32%	5,780,478	2.42%	Unsecured
6. Outparcel Investment Partners V LLP	5,685,496	1	2.59%	-	0	0.00%	5,685,496	2.38%	Commercial
7. Walgreen	3,857,715	7	1.76%	-	0	0.00%	3,857,715	1.62%	Commercial
8. Macy's West Stores	-	0	0.00%	2,163,988	1	11.35%	2,163,988	0.91%	Unsecured
9. Kohl's Department Store	-	0	0.00%	1,860,985	1	9.76%	1,860,985	0.78%	Unsecured
10. American Multi-Cinema Inc.	-	0	0.00%	1,382,690	1	7.25%	1,382,690	0.58%	Unsecured
	\$246,127,104	17	112.19%	\$11,261,186	5	59.07%	\$257,388,290	107.94%	
Project Area Incremental Value:	<u>\$219,381,119</u>			<u>\$19,063,088</u>			<u>\$238,444,207</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>
<b>Currently Pending Appeals</b>							
<b>FY 2008-09</b>							
Home Depot USA, Inc.	4082-019-042	Secured	Pending	19,237,661	19,237,661	-	0.00%
				<u>19,237,661</u>	<u>19,237,661</u>		
<b>FY 2009-10</b>							
Macy's Department Stores Inc.	u	Unsecured	Pending	2,543,455	1,681,900	(861,555)	-33.87%
Guess? Retail Inc. #5622	u	Unsecured	Pending	220,219	110,000	(110,219)	-50.05%
Express LLC #917	u	Unsecured	Pending	189,542	100,000	(89,542)	-47.24%
South Bay Center Spe LLC - Macys Inc.	4082-018-004	Secured	Pending	27,082,027	8,027,470	(19,054,557)	-70.36%
Macy's Department Stores, Inc. dba Macy's	u	Unsecured	Pending	1,053,337	-	(1,053,337)	-100.00%
				<u>31,088,580</u>	<u>9,919,370</u>		
<b>FY 2010-11</b>							
American Multi-Cinema Inc/ AMC Galleria South	u	Unsecured	Pending	1,270,131	625,000	(645,131)	-50.79%
Scott B. Brown	4082-018-004	Secured	Pending	27,017,842	20,500,000	(6,517,842)	-24.12%
South Bay Center SPE LLC	4082-018-010	Secured	Pending	146,502,633	120,000,000	(26,502,633)	-18.09%
				<u>174,790,606</u>	<u>141,125,000</u>		

**City of Redondo Beach**  
**Redondo Beach Redevelopment Agency**  
**South Bay Center Redevelopment Project**  
**Recent Appeals History**

<b>FY 2011-12</b>							
Owner	APN	Appeal Type	Appeal Status	Original Value	Board Value	Change	% Change
Debbie Smethers	u	Unsecured	Pending	1,382,690	1,032,090	(350,600)	-25.36%
Macy's West Stores Inc.	u	Unsecured	Pending	2,163,988	1,081,994	(1,081,994)	-50.00%
James Kurtzman	4082-018-005	Secured	Pending	17,510,000	8,000,000	(9,510,000)	-54.31%
Erin Stache	u	Unsecured	Pending	1,860,985	930,493	(930,492)	-50.00%
Panda Express Inc.	u	Unsecured	Pending	138,598	-	(138,598)	-100.00%
South Bay Center SPE LLC	4082-018-010	Secured	Pending	147,605,797	120,000,000	(27,605,797)	-18.70%
Living Spaces Furniture LLC	u	Unsecured	Pending	576,279	220,000	(356,279)	-61.82%
1519 Hawthorne Blvd LLC	4082-019-042	Secured	Pending	17,197,890	8,000,000	(9,197,890)	-53.48%
Kendall Lees	4082-018-006	Secured	Pending	17,379,892	13,609,006	(3,770,886)	-21.70%
Scott B. Brown	4082-018-004	Secured	Pending	24,799,955	20,000,000	(4,799,955)	-19.35%
				<b>230,616,074</b>	<b>172,873,583</b>		

**Most Recently Resolved Appeals Among Owners with Pending Appeals**

Owner	APN	Appeal Type	Appeal Status	Original Value	Board Value	Change	% Change
<b>FY 2008-09</b>							
Guess Inc.	u	Unsecured	Allowed	231,957	215,160	(16,797)	-7.24%
<b>FY 2009-10</b>							
American Multi-Cinema Inc/AMC Galleria South	u	Unsecured	Denied	1,279,949	1,279,949	-	0.00%
<b>FY 2010-11</b>							
James Kurtzman	4082-018-005	Secured	Allowed	17,510,000	16,200,000	(1,310,000)	-7.48%
Macy's West Stores Inc.	u	Unsecured	Allowed	2,531,639	1,834,336	(697,303)	-27.54%
Guess Inc.	u	Unsecured	Allowed	203,843	196,449	(7,394)	-3.63%

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, 2012**

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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 2011-12 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, 2012 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, 2012, 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, 2012**

	Base Year										
	1991-92	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
<i>Secured *</i>											
Land	\$ 1,762,312	\$ 13,030,625	\$ 13,291,236	\$ 13,539,383	\$ 15,760,494	\$ 17,414,372	\$ 17,762,659	\$ 18,117,912	\$ 18,480,269	\$ 18,436,470	\$ 18,575,296
Impts	911,370	19,392,215	19,780,058	20,149,351	31,833,956	37,955,766	38,714,881	29,757,900	30,353,057	30,281,119	30,509,134
Pers Prop	6,660	-	-	-	-	-	-	-	-	-	-
Exemptions	-	-	-	-	-	-	(212,304)	(158,162)	(161,326)	(160,943)	-
Total Secured	<u>2,680,342</u>	<u>32,422,840</u>	<u>33,071,294</u>	<u>33,688,734</u>	<u>47,594,450</u>	<u>55,370,138</u>	<u>56,265,236</u>	<u>47,717,650</u>	<u>48,672,000</u>	<u>48,556,646</u>	<u>49,084,430</u>
<i>Unsecured</i>											
Land	-	-	-	-	-	-	-	-	-	-	-
Impts	69,280	972,053	1,009,249	1,182,097	1,407,295	1,524,897	1,221,918	1,094,975	924,435	921,724	771,321
Pers Prop	57,280	4,169,949	3,492,740	3,532,307	3,765,198	4,551,493	4,165,208	3,320,987	3,038,241	2,648,581	2,312,634
Exemptions	-	-	-	-	-	-	-	-	-	-	-
Total Unsecured	<u>126,560</u>	<u>5,142,002</u>	<u>4,501,989</u>	<u>4,714,404</u>	<u>5,172,493</u>	<u>6,076,390</u>	<u>5,387,126</u>	<u>4,415,962</u>	<u>3,962,676</u>	<u>3,570,305</u>	<u>3,083,955</u>
GRAND TOTAL	<u>\$ 2,806,902</u>	<u>\$ 37,564,842</u>	<u>\$ 37,573,283</u>	<u>\$ 38,403,138</u>	<u>\$ 52,766,943</u>	<u>\$ 61,446,528</u>	<u>\$ 61,652,362</u>	<u>\$ 52,133,612</u>	<u>\$ 52,634,676</u>	<u>\$ 52,126,951</u>	<u>\$ 52,168,385</u>
		<u>\$ 34,757,940</u>	<u>\$ 34,766,381</u>	<u>\$ 35,596,236</u>	<u>\$ 49,960,041</u>	<u>\$ 58,639,626</u>	<u>\$ 58,845,460</u>	<u>\$ 49,326,710</u>	<u>\$ 49,827,774</u>	<u>\$ 49,320,049</u>	<u>\$ 49,361,483</u>

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, 2012**

	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	\$ 42,801,846	1	87.20%	\$ -	0	0.00%	\$ 42,801,846	82.05%	Commercial
2. Redondo Beach Hotel Associates	6,282,584	1	12.80%	-	0	0.00%	6,282,584	12.04%	Commercial
3. Intercontinental Hotel Group	-	0	0.00%	2,690,941	1	87.26%	2,690,941	5.16%	Unsecured
4. Muscle Improvement Redondo Beach Inc.	-	0	0.00%	192,500	1	6.24%	192,500	0.37%	Unsecured
5. Greystone Equipment Finance	-	0	0.00%	48,051	1	1.56%	48,051	0.09%	Unsecured
6. The Advantage Group Inc.	-	0	0.00%	42,000	1	1.36%	42,000	0.08%	Unsecured
7. The Art Shoppe Inc.	-	0	0.00%	30,844	1	1.00%	30,844	0.06%	Unsecured
8. Martin Hausherr	-	0	0.00%	22,000	1	0.71%	22,000	0.04%	Unsecured
9. Lodgenet Entertainment Corp.	-	0	0.00%	11,440	1	0.37%	11,440	0.02%	Unsecured
10. Standard Parking Corporation	-	0	0.00%	9,731	1	0.32%	9,731	0.02%	Unsecured
	\$49,084,430	2	100.00%	\$3,047,507	8	98.82%	\$52,131,937	99.93%	
Project Area Assessed Value:	<u>\$49,084,430</u>			<u>\$3,083,955</u>			<u>\$52,168,385</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, 2012**

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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 2011-12 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, 2012 comprise the book in which this report is included.
2. During the fiscal year ended June 30, 2012, 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 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**  
**Sewer Rates Per Month**  
**Last Nine Fiscal Years**

	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Use Classification</b>									
Each single family dwelling unit	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 7.00	\$ 7.12	\$ 7.12	\$ 7.12
Each unit in a 2-3 unit condo structure	5.00	5.00	5.00	5.00	5.00	7.00	7.12	7.12	7.12
Each unit in a 2-3 unit apartment structure	3.89	3.89	3.89	3.89	3.89	5.45	5.55	5.55	5.55
Each unit in a 4 or more unit condo structure	3.89	3.89	3.89	3.89	3.89	5.45	5.55	5.55	5.55
Each unit in a 4 or more unit apartment structure	2.68	2.68	2.68	2.68	2.68	3.75	3.82	3.82	3.82
Commercial/Industrial/Institutional parcels	0.43	0.43	0.43	0.43	0.43	0.60	0.61	0.61 *	0.61

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 \$.61 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 Nine Fiscal Years**

	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Type of Customer</b>									
Residential	13,039	13,211	13,211	13,211	13,108	13,102	13,107	13,109	13,105
Industrial	78	74	74	74	68	66	61	56	61
Commercial	575	510	510	510	451	464	462	466	457
Institutional	71	64	64	64	62	89	61	58	61
Mixed use	44	44	44	44	42	43	43	42	43
<b>Total</b>	<b>13,807</b>	<b>13,903</b>	<b>13,903</b>	<b>13,903</b>	<b>13,731</b>	<b>13,764</b>	<b>13,734</b>	<b>13,731</b>	<b>13,727</b>

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