



CITY OF LAWNDALE

Memorandum

DATE: January 11, 2011

TO: Honorable Mayor, City Council, and Lawndale Redevelopment Agency Members

FROM: Dayle Keller, Interim City Manager/Executive Director *[Signature]*

PREPARED BY: Otis W. Ginoza, Deputy City Manager/Assistant Executive Director *[Signature]*
Christopher W. Wilson, Assistant Planner

SUBJECT: Redevelopment Agency Annual Report to the City Council and Redevelopment Agency

Attached herewith is the Lawndale Redevelopment Agency's Annual Report for Fiscal Year 2010.

The State of California's Community Redevelopment Law (CRL) requires that redevelopment agencies prepare a number of financial and housing reports. These reports are prepared by staff and submitted to the State of California and Los Angeles County. CRL also specifies that redevelopment agencies bundle these reports together and submit them to their legislative body for review.

The Annual Report is composed of documents prepared for the federal government, the County of Los Angeles, the California State Controller and the California Department of Housing and Community Development to report on finances and activities of redevelopment agencies. The reports were created to meet the needs of those agencies and do not appear to have been designed to provide an easily understood overview of redevelopment activities. Therefore, any member of the City Council that would like an explanation of the information in these reports is encouraged to meet with staff.

The following is an overview of the attached documents:

- Attachment 1 - Independent Auditors Report and Financial Statements. This annual audit of the Redevelopment Agency's financial statements was prepared by Caporicci & Larson, Inc.
- Attachment 2 - Financial Transactions Report. This report describes the Agency's financial conditions, transactions and information of interest to the State Controller. This report is prepared and submitted on the Internet and the document provided is a screen print.
- Attachment 2 - U.S. Bureau of the Census (BOC) Form. This document is a supplemental report containing total expenditures for salaries and wages during the year, including amounts paid on force account construction projects (Page 2 of Attachment 2).
- Attachment 3 - Statement of Indebtedness. The Statement of Indebtedness contains a description of all Agency indebtedness incurred in carrying out the redevelopment plan. It

also serves as proof of debt needed to receive tax increment funds. This report is provided to Los Angeles County each year.

- Attachment 4 - Annual Housing and Community Development (HCD) Report. This report describes the Agency's activities regarding housing and displacement. It fulfills the statutory requirement to report Low- and Moderate-Income Housing Fund housing activity and fund balances for the reporting period ending June 30, 2010. This report is prepared on-line and the attached document is a screen print of the report.
- Attachment 5 - Progress of the City of Lawndale in Alleviating Blight FY 2010. This report describes the Agency's efforts to remove blight in the project area and lists specific projects and expenditures incurred.
- Attachment 5 - Loan Program Report, Loan History Report and Loans Written Off Reports for FY 10. Loans made by the Agency of \$50,000 or more that in the previous year were in default.
- Attachment 5 - Agency Owned Property Report. This report describes property owned by the Agency.
- Attachment 5 - Jobs Report. This report describes jobs created or lost as a result of Agency actions.

cc. Pam Giamario, Assistant City Clerk

Lawndale Redevelopment Agency

Lawndale, California

*Basic Financial Statements
and Independent Auditors' Reports*

For the fiscal year ended June 30, 2010

C&L
Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants

Lawndale Redevelopment Agency
Basic Financial Statements
For the fiscal year ended June 30, 2010

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the City of Lawndale Redevelopment Agency
Lawndale, California

We have audited the accompanying financial statements of the governmental activities and each major fund of the Lawndale Redevelopment Agency (Agency), a component unit of the City of Lawndale, California (City), as of and for the year ended June 30, 2010, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Agency as of June 30, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2010 on our consideration of the Agency'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.

To the Board of Directors
of the City of Lawndale Redevelopment Agency
Lawndale, California
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The Agency has not presented a Management's Discussion and Analysis required by GASB Statement No. 34 that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

The accompanying Required Supplementary Information 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 the Required Supplemental Information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency'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.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
Irvine, California
December 22, 2010

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Lawndale Redevelopment Agency
Statement of Net Assets
June 30, 2010

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 9,742,574
Restricted assets:	
Cash and investments	1,429,722
Cash and investments with fiscal agents	17,203,152
Accounts receivable	272,803
Interest receivable	12,319
Loans receivable	794,349
Land held for resale	2,883,552
Deferred bond issuance cost	758,994
Total assets	<u>33,097,465</u>
LIABILITIES	
Accounts and other payables	565,054
Interest payable	469,757
Deposits	15,000
Noncurrent liabilities:	
Due within one year	42,730
Due in more than one year	35,696,188
Total liabilities	<u>36,788,729</u>
NET ASSETS	
Restricted for low-moderate income housing	3,604,737
Unrestricted	<u>(7,296,001)</u>
Total net assets (deficit)	<u>\$ (3,691,264)</u>

See accompanying Notes to Basic Financial Statements.

City of Lawndale Redevelopment Agency
Statement of Activities and Changes in Net Assets
For the year ended June 30, 2010

Functions/Programs	Expenses	Program Revenues Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets Governmental Activities
Primary government:			
Governmental activities:			
General government	\$ 36,485	\$ -	\$ (36,485)
Planning and community development	6,439,893	12,823	(6,427,070)
Interest	803,747	-	(803,747)
Total primary government	\$ 7,280,125	\$ 12,823	(7,267,302)
 General revenues:			
Property tax increment			5,083,649
Investment earnings			75,999
Other			20,670
Total general revenues			5,180,318
Change in net assets			(2,086,984)
Net assets (deficit) - beginning of year			(1,604,280)
Net assets (deficit) - end of year			\$ (3,691,264)

See accompanying Notes to Basic Financial Statements.

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FUND FINANCIAL STATEMENTS

City of Lawndale Redevelopment Agency

Balance Sheet

Governmental Funds

June 30, 2010

	Low-Moderate Income Housing Special Revenue	Capital Projects	Debt Service	Total Governmental Funds
ASSETS				
Cash and investments	\$ 3,164,146	\$ -	\$ 6,578,428	\$ 9,742,574
Restricted assets:				
Cash and investments	-	-	1,429,722	1,429,722
Cash and investments with fiscal agents	-	-	17,203,152	17,203,152
Receivables:				
Accounts	-	-	272,803	272,803
Interest	4,776	-	7,543	12,319
Loans	594,026	200,323	-	794,349
Due from other funds	-	-	8,701,900	8,701,900
Land held for resale	492,083	2,391,469	-	2,883,552
Total assets	\$ 4,255,031	\$ 2,591,792	\$ 34,193,548	\$ 41,040,371
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$ 50,050	\$ 380,182	\$ -	\$ 430,232
Wages payable	-	30,448	-	30,448
Retention payable	6,218	98,156	-	104,374
Deferred revenue	594,026	-	-	594,026
Deposits	-	15,000	-	15,000
Due to other funds	-	8,701,900	-	8,701,900
Total liabilities	650,294	9,225,686	-	9,875,980
Fund Balances:				
Reserved for:				
Low-moderate income housing	-	-	-	-
Loan receivable	-	200,323	-	200,323
Land held for resale	492,083	2,391,469	-	2,883,552
Debt service	-	-	34,193,548	34,193,548
Unreserved	3,112,654	(9,225,686)	-	(6,113,032)
Total fund balances	3,604,737	(6,633,894)	34,193,548	31,164,391
Total liabilities and fund balances	\$ 4,255,031	\$ 2,591,792	\$ 34,193,548	\$ 41,040,371

See accompanying Notes to Basic Financial Statements.

City of Lawndale Redevelopment Agency
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2010

Total Fund Balances - Total Governmental Funds	\$ 31,164,391
Amounts reported for governmental activities in the Statement of Net Assets were different	
Long-term notes receivable are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	594,026
Interest expenditures are recognized when due, and therefore, interest payable is not recorded in the governmental funds	(469,757)
Long-term liabilities, including notes, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Bonds payable	(20,545,000)
Bonds discount	327,573
Deferred bond issuance costs	758,994
Notes payable	(1,722,338)
Advances from City of Lawndale	(13,799,153)
Net Assets (Deficit) of Governmental Activities	\$ (3,691,264)

City of Lawndale Redevelopment Agency
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2010

	Low-Moderate Income Housing Special Revenue	Capital Projects	Debt Service	Total Governmental Funds
REVENUES:				
Property tax increment	\$ -	\$ -	\$ 5,083,649	\$ 5,083,649
Subventions and grants	11,735	1,088	-	12,823
Use of money and property	23,059	40	52,900	75,999
Other	-	20,670	-	20,670
Total revenues	34,794	21,798	5,136,549	5,193,141
EXPENDITURES:				
Current:				
General government	-	36,485	-	36,485
Planning and community development	326,669	2,231,498	2,720,926	5,279,093
Capital outlay	-	1,286,835	-	1,286,835
Debt service:				
Principal retirement	-	-	100,521	100,521
Interest and fiscal charges	-	-	328,994	328,994
Cost of bond issuance	-	-	781,317	781,317
Total expenditures	326,669	3,554,818	3,931,758	7,813,245
REVENUES OVER (UNDER) EXPENDITURES	(291,875)	(3,533,020)	1,204,791	(2,620,104)
OTHER FINANCING SOURCES (USES):				
Transfers in	12,091	2,725,889	-	2,737,980
Transfers out	-	(12,091)	(2,725,889)	(2,737,980)
Proceeds from advances	-	-	2,086,934	2,086,934
Long term debt issuance	-	-	20,207,792	20,207,792
Total other financing sources (uses)	12,091	2,713,798	19,568,837	22,294,726
Net change in fund balances	(279,784)	(819,222)	20,773,628	19,674,622
FUND BALANCES:				
Beginning of year	3,884,521	(5,814,672)	13,419,920	11,489,769
End of year	\$ 3,604,737	\$ (6,633,894)	\$ 34,193,548	\$ 31,164,391

See accompanying Notes to Basic Financial Statements.

City of Lawndale Redevelopment Agency

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, 2010

Net Change in Fund Balances - Total Governmental Funds \$ 19,674,622

Amounts reported for governmental activities in the Statement of Activities differ from the amounts reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances because:

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

Proceeds from advances to City of Lawndale	(2,086,934)
Proceeds from bond issuance	(20,545,000)
Bond discount	337,208
Deferred bond issuance costs	781,317
Amortization of bonds discount	(9,635)
Amortization of deferred bond issuance costs	(22,323)
Payment of notes payable	50,521
Payment of advance to City of Lawndale	50,000

Interest on long-term debt is not due and payable in the current period and therefore is not reported in the funds: (442,795)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds 126,035

Change in Net Assets of Governmental Activities \$ (2,086,984)

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City of Lawndale Redevelopment Agency
Notes to Basic Financial Statements
For the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Lawndale Redevelopment Agency (Agency) was established on May 17, 1996, according to the provisions of the California Community Redevelopment Law for the purpose of redevelopment, rehabilitation and revitalization of the redevelopment project area.

The Agency is a separate government entity established pursuant to the State of California Health and Safety Code; Section 33000 entitled "Community Redevelopment Law."

The Agency and the City of Lawndale (City) are closely related and the financial statements of the Agency have been blended into the City's financial statements for the City's financial reporting purposes. The City Council serves as the governing board for the Agency. The Agency does not have any employees separate from those of the City, nor does it have separate facilities. The Agency is an integral part of the reporting entity of the City.

The Agency receives incremental property taxes on property within its project area over a base-assessed valuation on the date the project area was established. The City provides cash flow advances on an as needed basis for operating purposes. The duties of assessing and collecting property taxes are performed by the Los Angeles County Assessor and Tax Collector, respectively. Tax levies cover the period from July 1 to June 30 of each year. All tax liens attach annually on the first day in January, preceding the fiscal year for which the taxes are levied. Taxes are levied on both real and personal property, as it exists on that date.

Secured property taxes are levied against real property and are due and payable in two equal installments. The first installment is due on November 1 and becomes delinquent if not paid by December 11. The second installment is due on February 1 and becomes delinquent if not paid by April 11. Unsecured personal property taxes are due on August 1 each year. These taxes become delinquent if not paid by August 31.

The Agency records incremental property tax revenues in the fiscal year to which they are due rather than at the related lien date.

B. Basis of Accounting and Measurement Focus

The accounts of the Agency are organized on the basis of funds, each of which is considered a separate accounting entity with its own self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. These funds are established for the purpose of carrying out specific activities or certain objectives in accordance with specific regulations, restrictions or limitations. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Government - Wide Financial Statements

The Agency'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 activities for

City of Lawndale Redevelopment Agency
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Government - Wide Financial Statements, Continued

the Agency accompanied by a total column. The Agency does not have any business-type activities, therefore only governmental activities are reported

These basic financial statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the Agency’s assets and liabilities, including capital 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.

Certain types of transactions reported as program revenues for the Agency are reported in these categories:

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

Certain eliminations have been made in regards to interfund activities, payables and receivables. The following interfund activities have been eliminated:

- Due from and to other fund
- Transfers in and out

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.

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 that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the Agency, are property tax increment, intergovernmental revenues, other taxes, interest revenue, rental revenue and certain charges for services. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

City of Lawndale Redevelopment Agency
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Governmental Fund Financial Statements, Continued

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 from the balance sheet and revenue is recognized.

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 Agency reports the following major governmental funds:

The Low-Moderate Income Housing Special Revenue Fund is used to account for the receipt of 20 percent of the gross tax increment allocation, which is restricted from use on projects that increase or preserve the supply of low and moderate income housing in accordance with Health and Safety Code Section 33334.

The Capital Projects Fund is used to account for all project expenditures, including acquisition of properties, costs of site improvements, and other costs within the project area.

The Debt Service Fund is used to account for the accumulation of resources for and the payment of principal and interest on the Agency's long-term debt obligations.

C. Cash and Investments

The cash balances of the Agency are pooled with the other funds of the City. The City records highly liquid money market investments with maturities of one year or less at time of purchase 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 had invested 5.42% of the pool investment funds in Structured Notes and Asset-Backed securities. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. 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 investments are subject to market risk as to change in interest rates.

Cash equivalents are considered amounts in demand deposits and short-term investments with a maturity date within three months of the date acquired by the City and are included in “Cash and Investments” in the accompanying basic financial statements.

City of Lawndale Redevelopment Agency
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Land Held for Resale

Land held for resale is carried at the lower of cost or net realizable value. Fund balances are reserved in amounts equal to the carrying value of land held for resale because such assets are not available to finance current operations. The balance of land held for resale at June 30, 2010 was \$2,883,552.

E. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. Self-Insurance Program

The Agency participates in the self-insurance program of the City. Information relating to the self-insurance program can be found in the notes to the basic financial statement of the City.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Deficit Net Asset, Government-Wide Financial Statements

	<u>Deficit</u>
Net assets	\$ (3,691,264)

The negative amount in the net assets was primarily caused by the recording of long term debt (liabilities) issued for improvements to property (assets) owned by the City within a redevelopment project area. Therefore, liabilities are shown with no corresponding assets.

B. Excess of Expenditures Over Appropriations

Expenditures exceeded appropriations in the following fund for the year ended June 30, 2010:

<u>Fund</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Excess</u>
Debt Service Fund			
Planning and Community development	\$ 2,462,410	\$ 2,720,926	\$ (258,516)
Principal retirement	50,530	100,521	(49,991)
Interest and fiscal charges	119,110	328,994	(209,884)

Expenditures exceeded appropriation for planning and community development due to contract services being greater than budgeted. Principal retirement was greater due to the City not budgeting advances payment. Interest and fiscal charges was greater due to interest payments for the 2009 Tax Allocation Bond.

City of Lawndale Redevelopment Agency
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, Continued

C. Deficit Fund Balance, Fund Financial Statement

The following fund had a deficit fund balance at June 30, 2010:

Capital Projects Fund \$6,633,894

The deficit in the Capital Projects Fund will be financed through future tax increment revenues.

3. CASH AND INVESTMENTS

Cash and investments at June 30, 2010 consisted of the following:

Cash and investments	\$	9,742,574
Restricted cash and investments		1,429,722
Cash and investments with fiscal agents		17,203,152
Total cash and investments	\$	<u>28,375,448</u>

The Agency's cash is included in a city-wide cash and investment pool. As such, the Agency's policies over cash and investments are those of the City.

A. Cash Deposits

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 market 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 month-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

City of Lawndale Redevelopment Agency
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

3. CASH AND INVESTMENTS, Continued

B. Investments

The City of Lawndale's Investment Policy is reviewed and adopted by the City Council each year. The investment policy is more conservative and restrictive than the investment vehicles authorized by section 53601 of the California Government Code. Investment vehicles not specifically mentioned in the City's investment policy are not authorized unless the policy is amended by the City Council or are approved as part of the provisions of the bond indentures. Investments are limited to:

- Local Agency Investment Fund (LAIF) and (State Pool) demand deposits
- Certificate of deposits placed with commercial banks and/or savings and loan companies and / or savings banks with an office in California
- Passbook savings account demand deposits
- Bonds or notes of any local agency within the State of California or a department, board, agency or authority of the local agency.
- Securities issues or guaranteed by the federal government or its agencies
- Los Angeles County Treasurer's Municipal Investment Pool
- Money market mutual funds
- Bankers acceptances
- Small business administration loans
- Negotiable certificates of deposits
- Mortgage backed securities (GNMA, FHLMC, etc)

Investments were stated at fair value at the year end.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy (Policy) limits investments to a maximum maturity of five years and the weighted average maturity of the City's investments is limited to three years. The City is in compliance with this provision of the Policy. As of June 30, 2010, the City only invested in LAIF.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investments are limited to securities that are backed by the full faith and credit of: (1) the federal government, (2) other governmental agencies, or (3) agencies and institutions with collateral, including assets and insurance, assuring similar risk. As of June 30, 2010, the City's investments were only in LAIF which is unrated.

City of Lawndale Redevelopment Agency
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

3. CASH AND INVESTMENTS, Continued

B. Investments, Continued

Concentration of Credit Risk

The investment policy of the City contains limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The policy limits the City's investments in certificate of deposits and passbook savings account demand deposits to a maximum of \$100,000 in any single account with the same institution, the Los Angeles County Treasurer's Municipal Investment pool so that its investment shall not exceed 5% of the total County Pool, money market mutual funds with the total investment in a single fund family not to exceed 5% of the total pooled cash assets of the City. Although the City's policy allows other forms of investments, as of June 30, 2010, the City only invested in LAIF.

Custodial Credit Risk

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 its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

4. INTERFUND TRANSACTIONS

A. Due to / From Other Funds

The Agency's interfund balances were as follows at June 30, 2010:

	Due From Other Funds	Due to Other Funds
Redevelopment Agency Debt Service Fund	\$ 8,701,900	\$ -
Redevelopment Agency Capital Projects Fund	-	8,701,900
Total	<u>\$ 8,701,900</u>	<u>\$ 8,701,900</u>

The balance owed to the Redevelopment Agency Debt Service Fund is related to deficit cash balances of the Redevelopment Agency Capital Projects Fund at June 30, 2010. The Redevelopment Agency Capital Projects fund will repay the balances in fiscal year 2010-11 when revenues are received by the funds, or through a transfer from other fund.

City of Lawndale Redevelopment Agency
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

4. INTERFUND TRANSACTIONS, Continued

B. Interfund Transfers

	Transfer Out	Transfer In		Total
		Redevelopment Agency Capital Projects Fund	Low/Moderate Income Housing Special Revenue	
Redevelopment Agency Capital Projects Fund	\$ -	\$ 12,091		\$ 12,091
Redevelopment Agency Debt Service Fund	2,725,889	-		2,725,889
Total	\$ 2,725,889	\$ 12,091		\$ 2,737,980

The Redevelopment Agency Capital Projects fund reimbursed the Low-Moderate Income Housing Special Revenue Fund for a correction of expenditures.

The Redevelopment Agency Debt Service Fund purchased property for new Community Center from the City.

Interfund transfers were primarily used to fund capital improvements.

5. LONG-TERM LOANS RECEIVABLE

The Low-Moderate Income Housing Special Revenue Fund and Capital Projects Fund operate a housing rehabilitation loan program, which provides loans to borrowers who meet certain qualifications for the purpose of rehabilitating their homes. The loans are secured by a deed of trust and are normally repaid when the home changes ownership. Since the loans are not currently available resources the balance is reported as deferred revenue or reserved in the fund financial statements until collected. On the government wide financial statements these loans are recognized as revenue on a full accrual basis of accounting. During the fiscal year ended June 30, 2010, \$7,090 of loan repayments were received and there were \$163,365 of new loans issued. The balance of the loans receivable outstanding at June 30, 2010 is \$794,349.

City of Lawndale Redevelopment Agency
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

6. LONG-TERM DEBT

The following is a summary of long-term debt transactions for the year ended June 30, 2010:

	Balance			Balance June 30, 2010	Classification	
	July 1, 2009	Additions	Deletions		Due Within One Year	Due More Than One Year
2009 Tax allocation bonds	\$ -	\$ 20,545,000	\$ -	\$ 20,545,000	\$ -	\$ 20,545,000
Bond discount	-	(337,208)	9,635	(327,573)	(9,635)	(317,938)
Tax allocation loan	1,772,859	-	(50,521)	1,722,338	52,365	1,669,973
Advances from the City of Lawndale	11,762,219	2,086,934	(50,000)	13,799,153	-	13,799,153
Total	\$ 13,535,078	\$ 22,294,726	\$ (90,886)	\$ 35,738,918	\$ 42,730	\$ 35,696,188

A. Bonds Payable

On November 1, 2009, the Agency issued \$20,545,000 of Tax Allocation Bonds, Series 2009 to finance public improvements and redevelopment. Interest rates range from 2% to 5.6% with interest payable semiannually on February 1 and August 1 and principal maturing annually on August 1. The bonds are secured solely by future tax increment revenues allocated to the Agency. As of June 30, 2010, principal and interest remaining was \$46,476,125. For the current year, principal and interest paid and total tax increment revenue were \$0 and \$0, respectively. The debt service schedule for the bonds payable is as follows:

Year Ending June 30,	Principal	Interest	Total
2011	\$ -	\$ 1,064,550	\$ 1,064,550
2012	240,000	1,062,150	1,302,150
2013	245,000	1,056,994	1,301,994
2014	250,000	1,050,487	1,300,487
2015	255,000	1,042,913	1,297,913
2016-2020	1,430,000	5,064,819	6,494,819
2021-2025	1,760,000	4,722,725	6,482,725
2026-2030	2,275,000	4,201,312	6,476,312
2031-2035	3,350,000	3,452,350	6,802,350
3036-2040	4,655,000	2,340,388	6,995,388
2041-2045	6,085,000	872,437	6,957,437
Total	\$ 20,545,000	\$ 25,931,125	\$ 46,476,125

City of Lawndale Redevelopment Agency
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

6. LONG-TERM DEBT, Continued

A. Bonds Payable, Continued

Tax Allocation Loan Agreement

On April 30, 2002, the Agency entered into a Tax Allocation Loan Agreement with the California Infrastructure and Economic Development Bank (CIEDB). The CIEDB has agreed to loan the Agency an amount, up to \$2,000,000, to be used by the Agency for the Hawthorne Boulevard Revitalization Project. The loan is secured by future tax increment revenues and bears interest at a rate of 3.65% per annum. As of June 30, 2010, \$2,000,000 of the loan proceeds have been disbursed under the loan agreement, of which, \$1,722,339 principal balance remains outstanding. Principal payment is due annually on August 1 of each year. As of June 30, 2010 principal and interest remaining was \$2,503,641. For the current year, principal and interest paid and total tax increment revenues were \$114,309 and \$5,083,649 respectively. Interest payments are due August 1 and February 1 of each fiscal year. The loan requires 2.2% of future revenue. The debt service schedule for the loan payable is as follows:

Year Ending June 30,	Principal	Interest	Total
2011	\$ 52,365	\$ 61,910	\$ 114,275
2012	54,277	59,964	114,241
2013	56,258	57,946	114,204
2014	58,311	55,855	114,166
2015	60,439	53,688	114,127
2016-2020	336,943	233,061	570,004
2021-2025	403,091	165,706	568,797
2026-2030	482,224	85,128	567,352
2031-2032	218,431	8,044	226,475
Total	\$ 1,722,339	\$ 781,302	\$ 2,503,641

B. Advances from the City of Lawndale

The City and Agency have entered into various advances agreements as follows:

In April 1991, the City entered into an agreement with the Agency to fund certain costs for the preparation of redevelopment project area designations and plans. The Agency's reimbursement to the City is payable solely from incremental property tax revenues, if any, arising from future property tax levies in designated project areas. On April 1, 1996, the City renewed the loan agreement with the Agency with deferred interest at an annual rate of 7%, compounded quarterly and secured with tax increment funds allocated to the Agency. The Agency repaid the principal amount of \$500,000 on July 1, 2006. For the current year the total interest paid was \$50,000 and tax increment revenues were \$5,083,659. At June 30, 2010, the balance of \$983,165 represents accrued interest.

In 1998, the City entered into an agreement with the Agency to fund \$131,238 for various costs. The advance will be paid back with future tax increments at a rate of 0% interest.

City of Lawndale Redevelopment Agency
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

6. LONG-TERM DEBT, Continued

B. Advances from the City of Lawndale, Continued

On July 10, 2000, the City loaned the Agency the principal amount of \$7,000,000 from the City's UDAG Fund. Interest has accrued on the outstanding loan principal from the time of inception at the rate of 8%. However, as of February 17 2004, the City Council approved a change in the interest rate from 8% to 1.63%. The rate was changed to reflect the rate of return that the City would have received on its investment if the City had not invested its monies in the Agency. The interest rate on the loan is subject to change on a quarterly basis based on changes of interest rate fluctuations per the LAIF, which is the City's only investment. The effective rate at June 30, 2010 was 0.53%. The loan principal and any accrued interest shall be repaid by the Agency out of tax increment funds allocated to and received by the Agency. The Agency shall make such repayments to the extent that excess tax increment funds are available at June 30 of each year. At June 30, 2010, the outstanding balance was \$10,734,109 of which \$3,734,109 represents accrued interest

In December 2009, the City entered into an agreement with the Agency to fund \$980,000 for the purchase of a mobile home on Manhattan Beach Boulevard. The annual interest rate on the advance is 5%. At June 30, 2010, the outstanding balance was \$1,008,583 of which \$28,583 represents accrued interest.

On December 7, 2009, the Agency and the City entered into a purchase and sale agreement of real property owned by the City, for a total purchase price of \$1,345,000, which approximated the fair value of the property. Per the agreement, the City received \$433,000 from the Agency's 2009 Tax Allocation Bond proceeds. The remaining \$912,000 was established as an interagency loan between the Agency and the City at the interest rate of 5.65% per annum. The principal and interest will be repaid by the Agency out of excess tax increment funds. At June 30, 2010, the outstanding balance was \$942,058 of which \$30,058 represents accrued interest.

The balance of advances from the City at June 30, 2010 was \$13,799,153.

7. SUBSEQUENT EVENTS

Agency funds have been estimated for a takeaway by the State of California. This decision was litigated by the California Redevelopment Association and other parties with the hope that this would be considered unconstitutional. The court's decision is currently being appealed and the results have not yet been determined. The 2009 -10 payment was \$1,460,413 and it is anticipated another \$300,385 will need to be submitted if the ruling is not overturned.

8. COMMITMENTS AND CONTINGENCIES

A. Litigation

The Agency is a defendant in certain legal actions arising in the normal course of operations. In the opinion of management, any liabilities resulting from such actions will not have a material adverse effect on the Agency's financial position.

City of Lawndale Redevelopment Agency
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

8. COMMITMENTS AND CONTINGENCIES, CONTINUED

B. Construction Commitments

The following material construction commitments existed at June 30, 2010:

<u>Project Name</u>	<u>Expenditures as of June 30, 2010</u>	<u>Remaining Commitments</u>
Lawndale Community Center	\$ 1,131,790	\$ 12,075,000

**REQUIRED
SUPPLEMENTAL INFORMATION**

City of Lawndale Redevelopment Agency
Required Supplemental Information
For the year ended June 30, 2010

1. BUDGETARY INFORMATION

A. *Stewardship, Compliance and Accountability*

Procedures for establishing the budgetary data reflected in the budgetary comparison schedules are as follows:

- The annual budget adopted by the Board provides for the general operation of the Agency. It includes a forecast of revenues for the fiscal year and proposed expenditures.
- The Board approves total budgeted appropriations and any amendments to appropriations during the year for all governmental funds. This “appropriated budget” covers substantially all Agency expenditures, with the exception of debt service on bond issues which expenditures constitute legally authorized “nonappropriated budget.” Actual expenditures may not exceed budgeted appropriations at the fund level. All appropriations lapse at year-end unless a carryover is authorized by the Agency Director.
- Purchase commitments are recorded as encumbrances when purchase orders or contracts are issued. These encumbrances represent an allocation of fund balances. When the related goods or services are received, the encumbrance is liquidated and an expenditure and liability for payment to the vendor are recorded.
- Budgets for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

City of Lawndale Redevelopment Agency
Required Supplementary Information, Continued
For the year ended June 30, 2010

1. BUDGETARY INFORMATION

Budget Comparison Schedule, Low-Moderate Income Housing Fund

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Property taxes	\$ 1,005,415	\$ -	\$ (1,005,415)
Subventions and grants	-	11,735	11,735
Use of money and property	90,800	23,059	(67,741)
Total revenues	<u>1,096,215</u>	<u>34,794</u>	<u>(1,061,421)</u>
EXPENDITURES:			
Current:			
Planning and community development	3,350,480	326,669	3,023,811
Total expenditures	<u>3,350,480</u>	<u>326,669</u>	<u>3,023,811</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,254,265)</u>	<u>(291,875)</u>	<u>1,962,390</u>
OTHER FINANCING SOURCES:			
Transfers in	-	12,091	12,091
Total other financing sources	<u>-</u>	<u>12,091</u>	<u>12,091</u>
Net change in fund balances	<u>(2,254,265)</u>	<u>(279,784)</u>	<u>1,974,481</u>
FUND BALANCES:			
Beginning of year	3,884,521	3,884,521	-
End of year	<u>\$ 1,630,256</u>	<u>\$ 3,604,737</u>	<u>\$ 1,974,481</u>

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SUPPLEMENTAL INFORMATION

City of Lawndale Redevelopment Agency
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Capital Projects Fund
For the year ended June 30, 2010

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Subventions and grants	\$ -	\$ 1,088	\$ 1,088
Use of money and property	10,800	40	(10,760)
Other	-	20,670	20,670
Total revenues	10,800	21,798	10,998
EXPENDITURES:			
Current:			
General government	40,000	36,485	3,515
Planning and community development	4,906,801	2,231,498	2,675,303
Capital outlay	6,607,598	1,286,835	5,320,763
Total expenditures	11,554,399	3,554,818	7,999,581
REVENUES OVER (UNDER) EXPENDITURES	(11,543,599)	(3,533,020)	8,010,579
OTHER FINANCING SOURCES:			
Transfers in	-	2,725,889	2,725,889
Transfers out	(10,356)	(12,091)	(1,735)
Total other financing sources	(10,356)	2,713,798	2,724,154
Net change in fund balances	(11,553,955)	(819,222)	10,734,733
FUND BALANCES:			
Beginning of year	(5,814,672)	(5,814,672)	-
End of year	<u>\$ (17,368,627)</u>	<u>\$ (6,633,894)</u>	<u>\$ 10,734,733</u>

City of Lawndale Redevelopment Agency
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Capital Projects Debt Service Fund
For the year ended June 30, 2010

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Property tax increment	\$ 4,021,663	\$ 5,083,649	\$ 1,061,986
Use of money and property	200,000	52,900	(147,100)
Total revenues	4,221,663	5,136,549	914,886
EXPENDITURES:			
Current:			
Planning and community development	2,462,410	2,720,926	(258,516)
Debt service:			
Principal retirement	50,530	100,521	(49,991)
Interest and fiscal charges	119,110	328,994	(209,884)
Cost of bond issuance	1,094,820	781,317	313,503
Total expenditures	3,726,870	3,931,758	(204,888)
REVENUES OVER (UNDER) EXPENDITURES	494,793	1,204,791	709,998
OTHER FINANCING SOURCES (USES):			
Transfers out	-	(2,725,889)	(2,725,889)
Proceeds from advances	-	2,086,934	2,086,934
Long term debt issuance	20,540,000	20,207,792	(332,208)
Total other financing sources (uses)	20,540,000	19,568,837	(971,163)
Net change in fund balance	21,034,793	20,773,628	(261,165)
FUND BALANCES:			
Beginning of year	13,419,920	13,419,920	-
End of year	\$ 34,454,713	\$ 34,193,548	\$ (261,165)

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Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE (INCLUDING THE
PROVISIONS CONTAINED IN THE GUIDELINES FOR COMPLIANCE
AUDITS OF CALIFORNIA REDEVELOPMENT AGENCIES) AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
of the City of Lawndale Redevelopment Agency
Lawndale, California

We have audited the basic financial statements of the Lawndale Redevelopment Agency (Agency), a component unit of the City of Lawndale, California (City) as of and for the year ended June 30, 2010 and have issued our report thereon dated December 22, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be significant deficiencies or material weaknesses. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

A *control deficiency* 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 misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected and corrected on a timely basis.

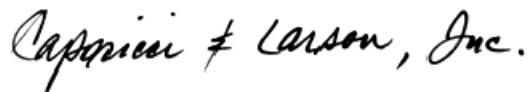
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose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

To the Board of Directors
of the City of Lawndale Redevelopment Agency
Lawndale, California
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Such provisions included those provisions of laws identified in the *Guidelines for Compliance Audits of California Redevelopment Agencies*, issued by the State Controller and as interpreted in the *Suggested Auditing Procedures for Accomplishing Compliance Audits of California Redevelopment Agencies*, issued by the Governmental Accounting and Auditing Committee of the California Society of Certified Public Accountants. 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 result of our tests disclosed no instances 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 management, the Board of Directors of the Agency, others within the entity, and the State Controller and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
Irvine, California
December 22, 2010

REDEVELOPMENT AGENCIES FINANCIAL TRANSACTIONS REPORT

COVER PAGE

Lawndale Redevelopment Agency

Fiscal Year: 2010

ID Number: 13981944200

Submitted by:


Signature

Dir. of Finance
Title

Kenneth Louie
Name (Please Print)

12/12/10
Date

Per Health and Safety Code section 33080, this report is due within six months after the end of the fiscal year. The report is to include two (2) copies of the agency's component unit audited financial statements, and the report on the Status and Use of the Low and Moderate Income Housing Fund (HCD report). To meet the filing requirements, all portions must be received by the California State Controller's Office.

To file electronically:

1. Complete all forms as necessary.
2. Transmit the completed output file using a File Transfer Protocol (FTP) program or via diskette.
3. Sign this cover page and mail to either address below with 2 audits and the HCD report.

To file a paper report:

1. Complete all forms as necessary.
2. Sign this cover page, and mail complete report to either address below with 2 audits and the HCD report.

Report will not be considered filed until receipt of this signed cover page.

Mailing Address:

State Controller's Office
Division of Accounting and Reporting
Local Government Reporting Section
P. O. Box 942850
Sacramento, CA 94250

Express Mailing Address:

State Controller's Office
Division of Accounting and Reporting
Local Government Reporting Section
3301 C Street, Suite 700
Sacramento, CA 95816

Supplement to the Annual Report of Community Redevelopment Agencies

Redevelopment Agency ID Number:	13981944200
Name of Redevelopment Agency:	Lawndale Redevelopment Agency

Mark the appropriate box below to indicate the ending date of your agency's fiscal year. Report data for that period only.

- September 2009 December 2009 June 2010

Return this form to the **California State Controller's Office**. If you have any questions regarding this form please contact:

U.S. Bureau of the Census, Shannon Doyle, 1-800-242-4523

A. Personnel Expenditures

Report your government's total expenditures for salaries and wages during the year, including amounts paid on force account construction projects.

Z00	\$ 6,282,828
-----	--------------

B. Mortgage Revenue Bond Interest Payments

Report your government's total amount of interest paid on mortgage revenue bonds during the year.

U20	\$ 0
-----	-----------------

Lawndale Redevelopment Agency

Redevelopment Agencies Financial Transactions Report

General Information

Fiscal Year 2010

Members of the Governing Body

	Last Name	First Name	Middle Initial
Chairperson	Hofmann	Harold	
Member	Pullen-Miles	Robert	
Member	Rudolph	Larry	
Member	Kearney	Pat	
Member	Osborne	Jim	
Member			
Member			
Member			
Member			
Member			

Mailing Address

Street 1 14717 Burin Ave

Street 2

City Lawneale State CA Zip 90260-

Phone (310) 973-3200 Is Address Changed?

Agency Officials

	Last Name	First Name	Middle Initial	Phone
Executive Director	Keller	Dayle		(310) 973-3200
Fiscal Officer	Louie	Ken		(310) 973-3200
Secretary	Giamario	Pam		(310) 973-3200

Report Prepared By

Firm Name

Last Schaller

First Wayne

Middle Initial

Street 14717 Burin Ave

City Lawndale

State CA

Zip Code 90260-

Phone (310) 973-3200

Independent Auditor

Caporicci & Larnson, Inc.

Gabriel

Tang

5 Park Plaza, Suite 700

Irvine

CA

92614-

(949) 428-3460

Lawndale Redevelopment Agency
Redevelopment Agencies Financial Transactions Report

Audit Information

Fiscal Year 2010

Was the Report Prepared from Audited Financial Data,
and Did You Submit a Copy of the Audit?

Yes

If compliance opinion includes exceptions,
state the areas of non-compliance, and
describe the agency's efforts to correct.

Indicate Financial Audit Opinion

Unqualified

If Financial Audit is not yet Completed, What is the
Expected Completion Date?

If the Audit Opinion was Other than Unqualified, State
Briefly the Reason Given

Was a Compliance Audit Performed in Accordance with
Health and Safety Code Section 33080.1 and the State
Controller's Guidelines for Compliance Audits, and Did
You Submit a Copy of the Audit?

Yes

Indicate Compliance Audit Opinion

Unqualified

If Compliance Audit is not yet Completed, What is the
Expected Completion Date?

Lawndale Redevelopment Agency Redevelopment Agencies Financial Transactions Report

Project Area Report

Fiscal Year 2010

Project Area Name

Lawndale Project Area

Please Provide a Brief Description of the Activities for this Project Area During the Reporting Year.

Activity Report

Forwarded from Prior Year ?

Yes

Enter Code for Type of Project Area Report

P

P = Standard Project Area Report

A = Administrative Fund

L = Low and Moderate Income Housing Fund

M = Mortgage Revenue Bond Program

O = Other Miscellaneous Funds or Programs

S = Proposed (Survey) Project Area

Does the Plan Include Tax Increment Provisions?

Yes

Date Project Area was Established (MM-DD-YY)

6/21/1999

Most Recent Date Project Area was Amended

6/7/2004

Did this Amendment Add New Territory?

No

Most Recent Date Project Area was Merged

Will this Project Area be Carried Forward to Next Year?

Yes

Established Time Limit :

Repayment of Indebtedness (Year Only)

2045

Effectiveness of Plan (Year Only)

2030

New Indebtedness (Year Only)

2019

Size of Project Area in Acres

630

Percentage of Land Vacant at the Inception of the Project Area

0.5

Health and Safety Code Section 33320.1 (xx.x%)

Percentage of Land Developed at the Inception of the Project Area

99.5

Health and Safety Code Section 33320.1 (xx.x%)

Objectives of the Project Area as Set Forth in the Project Area Plan

RICPO

(Enter the Appropriate Code(s) in Sequence as Shown)

R = Residential I = Industrial C = Commercial P = Public O = Other

**Lawndale Redevelopment Agency
Redevelopment Agencies Financial Transactions Report**

Assessed Valuation Data

Fiscal Year **2010**

Project Area Name	Lawndale Project Area
Frozen Base Assessed Valuation	519,136,294
Increment Assessed Valuation	477,598,107
Total Assessed Valuation	996,734,401

Lawndale Redevelopment Agency
Redevelopment Agencies Financial Transactions Report

Pass-Through / School District Assistance

Fiscal Year 2010

Project Area Name Lawndale Project Area

Amounts Paid To Taxing Agencies Pursuant To:	Tax Increment Pass Through Detail				Other Payments	
	H & S Code Section 33401	H & S Code Section 33676	H & S Code Section 33607	Total	H & S Code Section 33445	H & S Code Section 33445.5
County			417,069	\$417,069		
Cities			106,384	\$106,384		
School Districts			230,223	\$230,223		
Community College District			30,177	\$30,177		
Special Districts			255,062	\$255,062		
Total Paid to Taxing Agencies	\$0	\$0	\$1,038,915	\$1,038,915	\$0	\$0
Net Amount to Agency				\$4,044,734		
Gross Tax Increment Generated				5,083,649		

**Lawndale Redevelopment Agency
 Redevelopment Agencies Financial Transactions Report**

Summary of the Statement of Indebtedness - Project Area

Fiscal Year	2010
Project Area Name	Lawndale Project Area
Tax Allocation Bond Debt	20,545,000
Revenue Bonds	
Other Long Term Debt	1,722,339
City/County Debt	23,875,103
Low and Moderate Income Housing Fund	12,026,590
Other	24,224,490
Total	\$82,393,522
Available Revenues	14,154,601
Net Tax Increment Requirements	\$68,238,921

Lawndale Redevelopment Agency

Redevelopment Agencies Financial Transactions Report

Agency Long-Term Debt

Fiscal Year

Project Area Name

Forward from Prior Year	Yes
Bond Type	City/County Debt
Year of Authorization	1996
Principal Amount Authorized	14,235,149
Principal Amount Issued	14,235,149
Purpose of Issue	Project Area Preparations
Maturity Date Beginning Year	1999
Maturity Date Ending Year	2041
Principal Amount Unmatured Beginning of Fiscal Year	\$11,762,219
Adjustment Made During Year	
Adjustment Explanation	
Interest Added to Principal	194,934
Principal Amount Issued During Fiscal Year	1,892,000
Principal Amount Matured During Fiscal Year	50,000
Principal Amount Defeased During Fiscal Year	
Principal Amount Unmatured End of Fiscal Year	\$13,799,153
Principal Amount In Default	
Interest In Default	

Bond Types Allowed:

Tax Allocation Bonds; Revenue Bonds; Certificates of Participation; Tax Allocation Notes; Financing Authority Bonds; City/County Debt; US, State; Loans; Lease Obligations; Notes; Deferred Pass-Throughs; Deferred Compensation; Other

Lawndale Redevelopment Agency
Redevelopment Agencies Financial Transactions Report

Agency Long-Term Debt

Fiscal Year

2010

Project Area Name

Lawndale Project Area

Forward from Prior Year

Yes

Bond Type

Tax Allocation Notes

Year of Authorization

2002

Principal Amount Authorized

2,000,000

Principal Amount Issued

2,000,000

Purpose of Issue

Payoff 00 Notes used for Project Funding

Maturity Date Beginning Year

2004

Maturity Date Ending Year

2031

Principal Amount Unmatured Beginning of Fiscal Year

\$1,772,859

Adjustment Made During Year

Adjustment Explanation

Interest Added to Principal

Principal Amount Issued During Fiscal Year

Principal Amount Matured During Fiscal Year

50,520

Principal Amount Defeased During Fiscal Year

Principal Amount Unmatured End of Fiscal Year

\$1,722,339

Principal Amount In Default

Interest In Default

Bond Types Allowed:

Tax Allocation Bonds; Revenue Bonds; Certificates of Participation; Tax Allocation Notes; Financing Authority Bonds; City/County Debt; US;State; Loans; Lease Obligations; Notes; Deferred Pass-Throughs; Deferred Compensation; Other

Lawndale Redevelopment Agency
Redevelopment Agencies Financial Transactions Report

Agency Long-Term Debt

Fiscal Year 2010

Project Area Name Lawndale Project Area

Forward from Prior Year	
Bond Type	Tax Allocation Bonds
Year of Authorization	2009
Principal Amount Authorized	20,545,000
Principal Amount Issued	20,545,000
Purpose of Issue	Fund New Community Center & Various Projects
Maturity Date Beginning Year	2010
Maturity Date Ending Year	2045
Principal Amount Unmatured Beginning of Fiscal Year	
Adjustment Made During Year	
Adjustment Explanation	
Interest Added to Principal	
Principal Amount Issued During Fiscal Year	20,545,000
Principal Amount Matured During Fiscal Year	
Principal Amount Defeased During Fiscal Year	
Principal Amount Unmatured End of Fiscal Year	\$20,545,000
Principal Amount In Default	
Interest In Default	

Bond Types Allowed:

Tax Allocation Bonds; Revenue Bonds; Certificates of Participation; Tax Allocation Notes; Financing Authority Bonds; City/County Debt; US; State; Loans; Lease Obligations; Notes; Deferred Pass-Throughs; Deferred Compensation; Other

Lawndale Redevelopment Agency
Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Revenues

Fiscal Year **2010**

Project Area Name **Lawndale Project Area**

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	Total
Tax Increment Gross <i>(Include All Apportionments)</i>		5,083,649			\$5,083,649
Special Supplemental Subvention					\$0
Property Assessments					\$0
Sales and Use Tax					\$0
Transient Occupancy Tax					\$0
Interest Income		52,900	22,322		\$75,222
Rental Income					\$0
Lease Income					\$0
Sale of Real Estate					\$0
Gain on Land Held for Resale					\$0
Federal Grants					\$0
Grants from Other Agencies					\$0
Bond Administrative Fees					\$0
Other Revenues	21,798		12,472		\$34,270
Total Revenues	\$21,798	\$5,136,549	\$34,794	\$0	\$5,193,141

Lawndale Redevelopment Agency
Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Expenditures

Fiscal Year

2010

Project Area Name

Lawndale Project Area

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Administration Costs	1,117,961		0		\$1,117,961
Professional Services	141,282	76,663	2,799		\$220,744
Planning, Survey, and Design					\$0
Real Estate Purchases	433,889		60,000		\$493,889
Acquisition Expense					\$0
Operation of Acquired Property					\$0
Relocation Costs					\$0
Relocation Payments					\$0
Site Clearance Costs					\$0
Project Improvement / Construction Costs	1,861,685				\$1,861,685
Disposal Costs					\$0
Loss on Disposition of Land Held for Resale					\$0

Lawndale Redevelopment Agency
Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Expenditures

Fiscal Year 2010

Project Area Name Lawndale Project Area

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Decline in Value of Land Held for Resale					\$0
Rehabilitation Costs					\$0
Rehabilitation Grants			263,870		\$263,870
Interest Expense		497,637			\$497,637
Fixed Asset Acquisitions					\$0
Subsidies to Low and Moderate Income Housing					\$0
Debt Issuance Costs		757,608			\$757,608
Other Expenditures Including Pass-Through Payment(s)		2,499,328			\$2,499,328
Debt Principal Payments:					
Tax Allocation Bonds and Notes		50,520			\$50,520
Revenue Bonds, Certificates of Participation, Financing Authority Bonds					\$0
City/County Advances and Loans		50,000			\$50,000
All Other Long-Term Debt					\$0
Total Expenditures	\$3,554,817	\$3,931,756	\$326,669	\$0	\$7,813,242
Excess (Deficiency) Revenues over (under) Expenditures	(\$3,533,019)	\$1,204,793	(\$291,875)	\$0	(\$2,620,101)

Lawndale Redevelopment Agency
Redevelopment Agencies Financial Transactions Report
Statement of Income and Expenditures - Other Financing Sources

Fiscal Year

2010

Project Area Name

Lawndale Project Area

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Proceeds of Long-Term Debt		20,207,792			\$20,207,792
Proceeds of Refunding Bonds					\$0
Payment to Refunded Bond Escrow Agent					\$0
Advances from City/County	1,892,000	194,934			\$2,086,934
Sale of Fixed Assets					\$0
Miscellaneous Financing Sources (Uses)					\$0
Operating Transfers In	833,889		12,091		\$845,980
Tax Increment Transfers In					\$0
Operating Transfers Out	12,091	833,889			\$845,980
Tax Increment Transfers Out					\$0
<i>(To the Low and Moderate Income Housing Fund)</i>					
Total Other Financing Sources (Uses)	\$2,713,798	\$19,568,837	\$12,091	\$0	\$22,294,726

Lawndale Redevelopment Agency
Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Other Financing Sources

Fiscal Year

2010

Project Area Name

Lawndale Project Area

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(\$819,221)	\$20,773,630	(\$279,784)	\$0	\$19,674,625
Equity, Beginning of Period	(\$5,814,673)	\$13,419,921	\$3,884,521	\$0	\$11,489,769
Prior Period Adjustments		-3			(\$3)
Residual Equity Transfers					\$0
Equity, End of Period	(\$6,633,894)	\$34,193,548	\$3,604,737	\$0	\$31,164,391

Lawndale Redevelopment Agency
Redevelopment Agencies Financial Transactions Report

Balance Sheet - Assets and Other Debits

Fiscal Year 2010	Capital Projects Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	General Long- Term Debt	General Fixed Assets	Total
Assets and Other Debits							
Cash and Imprest Cash		6,578,429	3,164,146				\$9,742,575
Cash with Fiscal Agent		18,632,875					\$18,632,875
Tax Increments Receivable							\$0
Accounts Receivable		272,803					\$272,803
Accrued Interest Receivable		7,541	4,776				\$12,317
Loans Receivable	200,323		594,026				\$794,349
Contracts Receivable							\$0
Lease Payments Receivable							\$0
Unearned Finance Charge							\$0
Due from Capital Projects Fund		8,701,900					\$8,701,900
Due from Debt Service Fund							\$0
Due from Low/Moderate Income Housing Fund							\$0
Due from Special Revenue/Other Funds							\$0

Lawndale Redevelopment Agency

Redevelopment Agencies Financial Transactions Report

Balance Sheet - Assets and Other Debits

Fiscal Year 2010	Capital Projects Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	General Long- Term Debt	General Fixed Assets	Total
Investments							\$0
Other Assets							\$0
Investments: Land Held for Resale	2,391,469		492,083				\$2,883,552
Allowance for Decline In Value of Land Held for Resale							\$0
Fixed Assets: Land, Structures, and Improvements							\$0
Equipment							\$0
Amount Available In Debt Service Fund							\$0
Amount to be Provided for Payment of Long-Term Debt					36,066,492		\$36,066,492
Total Assets and Other Debits	\$2,591,792	\$34,193,548	\$4,255,031	\$0	\$36,066,492	\$0	\$77,106,863

*(Must Equal Total Liabilities,
Other Credits, and Equities)*

Lawndale Redevelopment Agency
Redevelopment Agencies Financial Transactions Report

Balance Sheet - Liabilities and Other Credits

Fiscal Year	2010	Capital Projects Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	General Long- Term Debt	General Fixed Assets	Total
Liabilities and Other Credits								
Accounts Payable		508,786		56,268				\$565,054
Interest Payable								\$0
Tax Anticipation Notes Payable								\$0
Loans Payable								\$0
Other Liabilities		15,000		594,026				\$609,026
Due to Capital Projects Fund								\$0
Due to Debt Service Fund		8,701,900						\$8,701,900
Due to Low/Moderate Income Housing Fund								\$0
Due to Special Revenue/Other Funds								\$0
Tax Allocation Bonds Payable						22,267,339		\$22,267,339
Lease Revenue, Certificates of Participation Payable, Financing Authority Bonds								\$0
All Other Long-Term Debt								
Total Liabilities and Other Credits		\$9,225,686	\$0	\$650,294	\$0	13,799,153		\$45,942,472

Lawndale Redevelopment Agency
Redevelopment Agencies Financial Transactions Report

Balance Sheet - Liabilities and Other Credits

Fiscal Year	2010	Capital Projects Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	General Long- Term Debt	General Fixed Assets	Total
Equities								
Investment In General Fixed Assets								\$0
Fund Balance Reserved		2,391,469	34,193,548					\$36,585,017
Fund Balance Unreserved-Designated								\$0
Fund Balance Unreserved-Undesignated		-9,025,363		3,604,737				(\$5,420,626)
Total Equities		(\$6,633,894)	\$34,193,548	\$3,604,737	\$0		\$0	\$31,164,391
Total Liabilities, Other Credits, and Equities		\$2,591,792	\$34,193,548	\$4,255,031	\$0	\$36,066,492	\$0	\$77,106,863

Lawndale Redevelopment Agency

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Summary, Combined Transfers In/Out

Fiscal Year	2010	
Operating Transfers In		\$845,980
Tax Increment Transfers In		\$0
Operating Transfers Out		\$845,980
Tax Increment Transfers Out		\$0

**STATEMENT OF INDEBTEDNESS - FISCAL YEAR INDEBTEDNESS
FILED FOR THE 2010- 2011 TAX YEAR**

Form A
Page 1 of 2

Name of Redevelopment Agency Community Redevelopment Agency of the City of Lawndale

Name of Project Area Lawndale Redevelopment Agency

For Indebtedness Entered into as of June 30, 2010

Debt Identification	Original Data					Current	
	Date	Principal	Term	Interest Rate	Total Interest	Total Outstanding Debt	Principal/Interest Due During Tax Year
(A) City Agency Advance Agreement	04/04/91	500,000	Until Paid	7.00%	483,165	983,165	165
(B) Agency Expenditures FY 98/99	FY 98/99	256,251	Annual	None	None	256,251	256,251
(C) Agency Expenditures FY 99/00	FY 99/00	789,449	Annual	None	None	789,449	789,449
(D) Agency Expenditures FY 00/01	FY 00/01	3,129,646	Until Paid	None	None	3,129,646	3,129,646
(E) Agency Expenditures FY 01/02	FY 01/02	4,185,977	Until Paid	None	None	4,185,977	4,185,977
(F) City Advance Agmt. 1998	FY 97/98	131,238	Until Paid	None	None	131,238	131,238
(G) City/Agency Advance Agreement	07/10/00	7,000,000	Until Paid	0.66%	3,734,110	10,734,110	70,845
(H) Housing Set-Aside	N/A	N/A	Until Paid	None	N/A	12,026,590	1,175,245
(I) California Infrastructure Economic Development	03/10/04	2,000,000	30 yr	3.65%	N/A	1,722,339	119,442
(J) Pass Through to Other Agencies	N/A	N/A	Until Paid	None	N/A	12,026,590	245
Sub Total, This Page						45,985,355	11,816,503
Totals Forward From All Other Pages						13,912,527	13,912,527
Totals, Fiscal Year Indebtedness						59,897,881	25,729,030

Purpose of Indebtedness:

- (A) City Agency Advance Agreement
- (B) Agency Expenditures FY 98/99
- (C) Agency Expenditures FY 99/00
- (D) Agency Expenditures FY 00/01
- (E) Agency Expenditures FY 01/02
- (F) City Advance Agmt. 1998

- (G) City/Agency Advance Agreement
- (H) Housing Set-Aside
- (I) California Infrastructure Economic Development
- (J) Pass Through to Other Agencies

**STATEMENT OF INDEBTEDNESS - POST FISCAL YEAR INDEBTEDNESS ONLY
FILED FOR THE 2010 - 2011 TAX YEAR**

To be used only if the agency wishes to include indebtedness entered into after June 30

Name of Redevelopment Agency:

Form B
(Optional)

Name of Project Area:

Acct. #

For Indebtedness Entered into post June 30, 2009, as of June 30, 2010

Debt Identification	Original Data					Current	
	Date	Principal	Term	Interest Rate	Total Interest	Total Outstanding Debt	Principal/Interest Due During Tax Year
(A) 2009 Tax Allocation Bonds	11/12/2009	20,545,000	35	5.18%		20,545,000	1,064,550
(B) City Agency Advance Agreement	12/7/2009	980,000	Until Paid	5.00%	28,583	1,008,583	430,429
(C) City Agency Advance Agreement	12/7/2009	912,000	Until Paid	5.65%	30,058	942,058	53,226
(D)							
(E)							
(F)							
(G)							
(H)							
(I)							
(J)							
(K)							
(L)							
TOTALS POST FISCAL YEAR INDEBTEDNESS						22,495,641	1,548,205

Purpose of Indebtedness:

(A) New Community Center and Various City Improvements.

(B) Purchased Mobile Home Park for Development

(C) Purchase Land for New Community Center

(D)

(E)

(F)

(G)

(H)

(I)

(J)

(K)

(L)

RECONCILIATION STATEMENT - CHANGES IN INDEBTEDNESS

Name of Redevelopment Agency

Community Redevelopment Agency of the City of Lawndale

Name of Project Area

Lawndale Redevelopment Agency

Tax Year: 2010-2011

Reconciliation Dates: From July 1, 2009 TO June 30, 2010

Debt Identification:			A	B		C	D	E	F
SOI, page and line:		Brief Description	Outstanding Debt All Beginning Indebtedness	Adjustments		Amounts Paid Against Indebtedness, from:	Tax Increment		Remaining Balance (A+B-C-D-E)
Prior Yr	Current Yr			Increases (Attach Explanation)	Decreases (Attach Explanation)				
Pg 1 Line A	Pg 1 Line A	City Agency Advance Agreement	1,181,624	51,541	250,000				983,165
Pg 1 Line B	Pg 1 Line B	Agency Expenditures FY 98/99	256,251						256,251
Pg 1 Line C	Pg 1 Line C	Agency Expenditures FY 99/00	789,449						789,449
Pg 1 Line D	Pg 1 Line D	Agency Expenditures FY 00/01	3,129,646						3,129,646
Pg 1 Line E	Pg 1 Line E	Agency Expenditures FY 01/02	4,185,977						4,185,977
Pg 1 Line F	Pg 1 Line F	City Advance Agmt. 1998	131,238						131,238
Pg 1 Line G	Pg 1 Line G	City/Agency Advance Agreement	10,663,729	70,381					10,734,110
Pg 1 Line H	Pg 1 Line H	Housing Set-Aside	12,683,180		656,591				12,026,590
Pg 1 Line I	Pg 1 Line I	California Infrastructure Economic Development	1,772,860					50,521	1,722,339
Pg 1 Line J	Pg 1 Line J	Pass Throughs to Other Agencycs	12,683,180	275,940			932,530		12,026,590
TOTAL- THIS PAGE			47,477,133	397,862	906,591		932,530	50,521	45,985,354
TOTALS FORWARD			15,938,768	798			2,027,039		13,912,527
GRAND TOTALS			63,415,901	398,660	906,591		2,959,569	50,521	59,897,881

NOTE:

This form is to reconcile the previous Statement of indebtedness to the current one being filed. However, since the reconciliation period is limited by law to a July 1 - June 30 fiscal year period, only those items included on the SOI Form A is to be included on this document. To assist in following each item of indebtedness from one SOI to the next, use page and line number references from each SOI that the item of indebtedness is listed on. If the indebtedness is new to this fiscal year, enter "new" in the "Prior Yr" page and line columns. Column F must equal the current SOI, Form A Total Outstanding Debt column.

RECONCILIATION STATEMENT - CHANGES IN INDEBTEDNESS

Name of Redevelopment Agency

Community Redevelopment Agency of the City of Lawndale

Page 2 of 2

Name of Project Area

Lawndale Redevelopment Agency

Tax Year: 2010-2011

Reconciliation Dates: From July 1, 2009 TO June 30, 2010

Debt Identification:			A	B	C	D	E	F
SOI, page and line:		Brief Description	Outstanding Debt All Beginning Indebtedness	Adjustments		Amounts Paid Against Indebtedness, from:		Remaining Balance (A+B-C-D-E)
Prior Yr	Current Yr			Increases (Attach Explanation)	Decreases (Attach Explanation)	Tax Increment	Other Funds	
2	Pg 2	Public Works Agreement	14,178,768					
Line A	Line A					566,626		13,612,142
Pg new	Pg new	ERAF AB 1396 Education Relief	1,760,000.00					
Line new	Line new				798	1,460,413		300,385
TOTAL- THIS PAGE			14,990,112	798		2,027,039		13,912,527

CALCULATION OF AVAILABLE REVENUES

AGENCY NAME Community Redevelopment Agency of the City of Lawndale

PROJECT AREA Lawndale Redevelopment Agency

TAX YEAR: 2010-2011

RECONCILIATION DATES: JULY 1, 2009 TO JUNE 30, 2010

1. Beginning Balance, Available Revenues (See Instructions)	<u>12,081,042</u>
2. Tax Increment Received - Gross All Tax Increment Revenues, to include any Tax Increment passed through to other local taxing agencies.	<u>5,083,649</u>
3. All other Available Revenues Received (See Instructions)	<u> </u>
4. Revenues from any other source, included in Column E of the Reconciliation Statement, but not included in (1-3) above	<u> </u>
5. Sum of Lines 1 through 4	<u>17,164,691</u>
6. Total amounts paid against indebtedness in previous year. (D + E on Reconciliation Statement)	<u>3,010,090</u>
7. Available Revenues, End of Year (5 - 6) FORWARD THIS AMOUNT TO STATEMENT OF INDEBTEDNESS, COVER PAGE, LINE 4	<u><u>14,154,601</u></u>

NOTES

Tax Increment Revenues:

The only amount(s) to be excluded as Tax Increment Revenue are any amounts passed through to other local taxing agencies pursuant to Health and Safety Code Section 33676. Tax Increment Revenue set-aside in the Low and Moderate Income Housing Fund will be washed in the above calculation, and therefore omitted from Available Revenues at year end.

Item 4. above:

This represents any payments from any source other than Tax Increment OR available revenues. For instance, an agency funds a project with a bond issue. The previous SOI included a Disposition Development Agreement (DDA) which was fully satisfied with these bond proceeds. The DDA would be shown on the Reconciliation Statement as fully repaid under the "other" column (Col E), but with funds that were neither Tax Increment, nor "Available Revenues" as defined. The amounts used to satisfy this DDA would be included on line 4 above in order to accurately determine ending "Available Revenues."

Reconciliation Statement - Description of Adjustments

Agency: Community Redevelopment Agency of the City of Lawndale

Project Name Lawndale Redevelopment Agency

Reconciliation Sheet Page & Line:	Description of Adjustment	Amount
Pg 1 Line A	2008-09 Interest on City Agency Agreement	51,541
Pg 1 Line A	Payment to City	(250,000)
Pg 1 Line G	2008-09 Interest on City Agency Agreement	70,381
Pg 1 Line H	Adjustment for remaining balance to equal 20% of total indebtedness.	(656,591)
Pg 1 Line J	Adjustment for remaining balance to equal 20% of total indebtedness.	275,940
Pg 2 Line B	ERAF AB 1396 Education Relief	798
Pg Line		
Pg Line		
Total		(507,931)

Confirmation of Redevelopment Agency On-Line Filing of Annual HCD Report

FY: Fiscal Year: 2009/2010

FM: Redevelopment Agency: LAWNDALE

Agency Administrator: Deidra Tran

Date: 12/28/2010

Time: 10:49 am

TO: State Controller

Division of Accounting and Reporting

Local Government Reporting Section

P.O.Box. 942850

Sacramento, CA 94250

This notice is automatically generated by HCD's On-Line Reporting System. The purpose is to file with the State Controller's Office verification the redevelopment agency has complied with Health and Safety Code (H&SC) Section 33080(a) and submitted the annual HCD report required by H&SC Section 33080.1.

HCD Notification: For the Fiscal Year 2009-2010 Supplemental Education Revenue Augmentation Fund (SERAF) payment, the agency:

Did use revenue/funds that reduced the amount available to the Housing Fund

Did not use revenue/funds that reduced the amount available to the Housing Fund

To the best of my knowledge the representations made above and the agency information reported are correct.

12-29-10

Date

310-973-3233

Telephone Number


Signature of Authorized Agency Representative

Assistant Executive Director

Title

**California Redevelopment Agencies - Fiscal Year 2009/2010
 Status of Low and Moderate Income Housing Funds
 Sch C Agency Financial Summary
 LAWDALE**

Adjusted Beginning Balance	Project Area Receipts	Agency Other Revenue	Total Expenses	Net Resources Available	Other Housing Fund Assets	Total Housing Fund Assets	Encumbrances	* Unencumbered Balance	Unencumbered Designated	Unencumbered Not Dsgntd
\$3,392,438	\$46,885	\$0	\$818,752	\$2,620,571	\$492,083	\$3,112,654	\$918,000	\$1,702,571	\$0	\$1,702,571

Expenses	Housing Construction	Housing Rehabilitation	Planning and Administration Costs	Property Acquisition	Total
2009/2010	\$60,000	\$263,870	\$2,799	\$492,083	\$818,752

*The Unencumbered Balance is equal to Net Resources Available minus Encumbrances

Note: Print this report in Landscape Orientation (Use the Print Icon just above, then Properties then Landscape)

California Redevelopment Agencies - Fiscal Year 2009/2010
Status of Low and Moderate Income Housing Funds
Sch C Agency Financial and Program Detail
LAWNDALE

	Beginning Balance	\$3,392,438
	Adjustment to Beginning Balance	\$0
	Adjusted Beginning Balance	\$3,392,438
Total Tax Increment From PA(s)	\$0	
	Total Receipts from PA(s)	\$46,885
	Other Revenues not reported on Schedule A	\$0
	Sum of Beginning Balance and Revenues	\$3,439,323

<u>Expenditure</u>	<u>Item</u>	<u>Subitem</u>	<u>Amount</u>	<u>Remark</u>
Housing Construction				
			\$60,000	
		Subtotal of Housing Construction	\$60,000	
Housing Rehabilitation				
			\$263,870	
		Subtotal of Housing Rehabilitation	\$263,870	
Planning and Administration Costs				
	Professional Services		\$2,799	
		Subtotal of Planning and Administration Costs	\$2,799	
Property Acquisition				
	Land Purchases		\$492,083	
		Subtotal of Property Acquisition	\$492,083	
		Total Expenditures	\$818,752	

Net Resources Available **\$2,620,571**

Indebtedness For Setasides Deferred **\$0**

California Redevelopment Agencies - Fiscal Year 2009/2010
 Status of Low and Moderate Income Housing Funds
 Sch C Agency Financial and Program Detail
 LAWDALE

Other Housing Fund Assets		
<u>Category</u>	<u>Amount</u>	<u>Remark</u>
Value of Land Purchased with Housing Funds	\$492,083	
Total Other Housing Fund Assets	\$492,083	

Total Fund Equity \$3,112,654

2005/2006	\$700649			
2006/2007	\$807728			
2007/2008	\$931657	sum of 4 Previous Years'	Prior Year Ending	Excess Surplus for
2008/2009	\$1053905	Tax Increment for 2009/2010	Unencumbered Balance	2009/2010
		\$3493939	\$3,392,438	\$0

Sum of Current and 3 Previous Years' Tax Increments	\$2,793,290
Adjusted Balance	\$1,702,571
Excess Surplus for next year	\$0
Net Resources Available	\$2,620,571
Unencumbered Designated	\$0
Unencumbered Undesignated	\$1,702,571
Total Encumbrances	\$918,000
Unencumbered Balance	\$1,702,571
Unencumbered Balance Adjusted for Debt Proceeds	\$0
Unencumbered Balance Adjusted for Land Sales	\$0
Excess Surplus Expenditure Plan	No
Excess Surplus Plan Adoption Date	

Site Improvement Activities Benefiting Households				
<u>Income Level</u>	<u>Low</u>	<u>Very Low</u>	<u>Moderate</u>	<u>Total</u>

Land Held for Future Development					
<u>Site Name</u>	<u>Num Of Acres</u>	<u>Zoning</u>	<u>Purchase Date</u>	<u>Estimated Start Date</u>	<u>Remark</u>
4080-030-900	.12	R-3-P	08/14/2008	12/01/2011	Same property reported last year, new APN to reflect City ownership

California Redevelopment Agencies - Fiscal Year 2009/2010
Status of Low and Moderate Income Housing Funds
Sch C Agency Financial and Program Detail
LAWNDALE

Use of the Housing Fund to Assist Mortgagees

Requirements Completed

Income Adjustment Factors

Hope

Home

**Non Housing Redevelopment
Funds Usage**

Resource Needs

LMIHF Deposits/Withdrawals

<u>Document Name</u>	<u>Document Date</u>	<u>Custodian Name</u>	<u>Custodian Phone</u>	<u>Copy Source</u>
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Achievements

Description

California Redevelopment Agencies - Fiscal Year 2009/2010
Sch A/B Project Area Program Information
LAWNDALE

Project Area: **LAWNDALE ECON REVITALIZ PRJCT**

FUTURE UNIT CONSTRUCTION

<u>Contract Name</u>	<u>Execution Date</u>	<u>Estimated Completion Date</u>	<u>Very Low</u>	<u>Low</u>	<u>Moderate</u>	<u>Total</u>
Habitat for Humanity	08/14/08	12/01/11	2	0	0	2

California Redevelopment Agencies - Fiscal Year 2009/2010
 Sch D General Project Information
 LAWDALE

Project Area Name: LAWDALE ECON REVITALIZ PRJCT

Project Name: Great Neighborhood Program								
Address: 14717 Burin Avenue Lawndale 90260								
UNIT INVENTORY								
			<u>Very Low</u>	<u>Low</u>	<u>Moderate</u>	<u>Above Mod</u>	<u>Became Ineligible</u>	<u>Total</u>
<u>Other Provided with LMIHF</u>								
		<u>Unit</u>						
Non-Substantial Rehabilitation								
Non-Agency	Owner	Non-Elderly	4	0	0	0	0	4
Non-Agency	Owner	Elderly	4	0	0	0	0	4
		Unit Total	8	0	0	0	0	8

SCHEDULE HCD E
CALCULATION OF INCREASE IN AGENCY'S INCLUSIONARY OBLIGATION FOR ACTIVITIES
 (This Form is Information Only: Actual Obligation is based on Implementation Plan)

Report Year: 2009/2010

Agency: LAWNDALE

NOTE: This form is a summary of the totals of all new construction or substantial rehabilitation units from forms HCD-D7 which are developed in a project area by any entity (agency or non-agency).

PART I [H & SC Section 33413(b)(1)] AGENCY DEVELOPED	
1. New Units	0
2. Substantially Rehabilitated Units	0
3. Subtotal - Baseline of Units (add line 1 & 2)	0
4. Subtotal of Inclusionary Obligation Accrued this Year for Units (line 3 x 30%)	0
5. Subtotal of Inclusionary Obligation Accrued this year for <u>Very-Low</u> Income Units (line 4 x 50%)	0
PART II [H & SC Section 33413(b)(2)] NON-AGENCY DEVELOPED UNITS	
6. New Units	0
7. Substantially Rehabilitated Units	0
8. Subtotal - Baseline of Units (add lines 6 & 7)	0
9. Subtotal of Inclusionary Obligation Accrued this year for Units (line 8 x 15%)	0
10. Subtotal of Inclusionary Obligation Accrued this year for Very Low Income Units (line 9 x 40%)	0
PART III TOTALS	
11. Total Increase in Inclusionary Obligations During This Fiscal Year (add line 4 & 9)	0
12. Total Increase in Very Low Income Units Inclusionary Obligations During This Fiscal Year (add line 5 & 10)	0

**SCHEDULE HCD E1
CALCULATION OF INCREASE IN AGENCY'S INCLUSIONARY OBLIGATION FOR ACTIVITIES
(This Form is Information Only: Actual Obligation is based on Implementation Plan)**

Report Year: 2009/2010

Agency: LAWDALE

Project Area: LAWDALE ECON REVITALIZ PRJCT

Project: GENERAL PROJECT

NOTE: This form is a summary of the totals of all new construction or substantial rehabilitation units from forms HCD-D7 which are developed in a project area by any entity (agency or non-agency).

**PART I
[H & SC Section 33413(b)(1)]
AGENCY DEVELOPED**

1. New Units	0
2. Substantially Rehabilitated Units	0
3. Subtotal - Baseline of Units (add line 1 & 2)	0
4. Subtotal of Inclusionary Obligation Accrued this Year for Units (line 3 x 30%)	0
5. Subtotal of Inclusionary Obligation Accrued this year for <u>Very-Low</u> Income Units (line 4 x 50%)	0

**PART II
[H & SC Section 33413(b)(2)]
NON-AGENCY DEVELOPED UNITS**

6. New Units	0
7. Substantially Rehabilitated Units	0
8. Subtotal - Baseline of Units (add lines 6 & 7)	0
9. Subtotal of Inclusionary Obligation Accrued this year for Units (line 8 x 15%)	0
10. Subtotal of Inclusionary Obligation Accrued this year for Very Low Income Units (line 9 x 40%)	0

**PART III
TOTALS**

11. Total Increase in Inclusionary Obligations During This Fiscal Year (add line 4 & 9)	0
12. Total Increase in Very Low Income Units Inclusionary Obligations During This Fiscal Year (add line 5 & 10)	0

**SCHEDULE HCD E1
CALCULATION OF INCREASE IN AGENCY'S INCLUSIONARY OBLIGATION FOR ACTIVITIES
(This Form is Information Only: Actual Obligation is based on Implementation Plan)**

Report Year: 2009/2010

Agency: LAWDALE

Project Area: LAWDALE ECON REVITALIZ PRJCT

Project: GREAT NEIGHBORHOOD PROGRAM

NOTE: This form is a summary of the totals of all new construction or substantial rehabilitation units from forms HCD-D7 which are developed in a project area by any entity (agency or non-agency).

**PART I
[H & SC Section 33413(b)(1)]
AGENCY DEVELOPED**

1. New Units	0
2. Substantially Rehabilitated Units	0
3. Subtotal - Baseline of Units (add line 1 & 2)	0
4. Subtotal of Inclusionary Obligation Accrued this Year for Units (line 3 x 30%)	0
5. Subtotal of Inclusionary Obligation Accrued this year for <u>Very-Low</u> Income Units (line 4 x 50%)	0

**PART II
[H & SC Section 33413(b)(2)]
NON-AGENCY DEVELOPED UNITS**

6. New Units	0
7. Substantially Rehabilitated Units	0
8. Subtotal - Baseline of Units (add lines 6 & 7)	0
9. Subtotal of Inclusionary Obligation Accrued this year for Units (line 8 x 15%)	0
10. Subtotal of Inclusionary Obligation Accrued this year for Very Low Income Units (line 9 x 40%)	0

**PART III
TOTALS**

11. Total Increase in Inclusionary Obligations During This Fiscal Year (add line 4 & 9)	0
12. Total Increase in Very Low Income Units Inclusionary Obligations During This Fiscal Year (add line 5 & 10)	0

California Redevelopment Agencies-Fiscal Year 2009/2010
Project Area Contributions to Low and Moderate Income Housing Funds
Sch A Project Area Summary Report
LAWNDALE

Project Area	100% of Tax Increment	20% Set Aside Requirement	Tax Increment Allocated	Amount Exempted	Amount Deferred	Tax Incr. Deposited to Hsng Fund	Percent of Tax Incr Dep	Repayment Deferrals	Other Income	Total Deposited to Housing
LAWNDALE ECON REVITALIZ PRJCT	\$5,083,649	\$1,016,730	\$1,016,730	\$0	\$0	\$0	0%	\$0	\$46,885	\$1,063,615
Agency Totals:	\$5,083,649	\$1,016,730	\$1,016,730	\$0	\$0	\$0	0%	\$0	\$46,885	\$1,063,615

Note: Print this report in Landscape Orientation (Use the Print Icon just above, then Properties then Landscape)

Additional Reports Required By Health and Safety Code 33080.01

FY 2010 Annual Report of the Lawndale Redevelopment Agency

Blight Report for FY 2010

California Health and Safety Code Section 33080.1(d) specifies that a redevelopment agency's annual report to its legislative body include a description of the agency's progress, including specific actions and expenditures, in alleviating blight in the previous fiscal year. The Lawndale Redevelopment Agency has three active programs whose purposes include the alleviation of blight in the Lawndale Economic Revitalization Project. Those programs are as follows:

1. Great Neighborhoods Program

The Redevelopment Agency provided funding for the Great Neighborhoods Program (Program), which consists of the following four programs:

- Forgivable Loan Program
- The Home Improvement Deferred Loan Program
- The Home Improvement Repayable Loan Program
- The Home and Garden Beautification Grant Program

These programs provide grants and loans to very low, low and moderate income homeowners to help them repair and maintain their homes. The Great Neighborhoods Program is funded by the Redevelopment Agency using housing set-aside funds. The Redevelopment Agency receives a portion of the property taxes paid in its redevelopment project area, called tax increment, to fund its activities. The State of California's Community Redevelopment Law (CRL) requires that redevelopment agencies establish a housing fund and deposit into it 20% of the tax increment an agency receives each year. These funds are also known as housing set-aside funds.

CRL requires redevelopment agencies to use housing set-aside funds to increase, improve, and preserve the supply of affordable housing for persons and families of low or moderate income. The Program improves the supply of affordable housing in Lawndale by helping low and moderate income homeowners repair their property. The Program also helps the Redevelopment Agency achieve its overall mission to remove blight. Some Lawndale homeowners do not have the financial means to properly maintain their homes. As their homes fall into disrepair, the appearance of their homes has a blighting effect on the surrounding neighborhoods and can contribute to a sense of neighborhood decline. The City and Agency address this challenge through the use of its code enforcement program and the Great Neighborhoods Program.

The purpose of the Great Neighborhoods Program is to provide grants and/or loans to low and moderate income homeowners of single family detached dwellings; to preserve the community's supply of affordable housing to low and moderate income persons; to provide decent safe and sanitary housing; to correct hazardous structural conditions; to make improvements considered necessary to eliminate blight and improve handicapped access; and, to correct building and health code violations through the awarding of grants and loans. Grants or loans are available to cover the cost of necessary housing repairs for owner occupied, single-family homes. Property owners must be very low, low or moderate income to qualify. The Great Neighborhoods Program provides grants and loans only for the repair and rehabilitation of homes. The program does not fund the construction of new homes or additions to existing homes.

The source of funds for the Great Neighborhoods Program is the Lawndale Redevelopment Agency (LRA). These funds are targeted to benefit low and moderate income persons and to eliminate slum and blight throughout the City.

During Fiscal Year 2010, the Redevelopment Agency provided funding in the amount of \$69,000 for the Great Neighborhoods Program. Rehabilitation assistance was provided to Four (4) low income households. Two (2) additional households began the process of securing rehabilitation assistance from the Great Neighborhoods Program and the rehabilitation of their homes will be reported in the Blight Report for FY 2011.

2. Commercial Rehabilitation Program

On June 5, 2000, the Redevelopment Agency approved the Commercial Assistance Program (Program) that provides loans and grants to business owners located along Hawthorne Boulevard. The purpose of the Program is to alleviate blight by improving the appearance of Hawthorne Boulevard and revitalize the street's commercial activity. The Program seeks to achieve this goal by providing financial assistance to property and business owners for façade improvements and to correct code violations. The Program has been revised on several occasions and is now known as the Commercial Rehabilitation Program.

During Fiscal Year 2010, the Redevelopment Agency was the sole source of funding for the Commercial Rehabilitation Program. The Agency expended \$707,580 to fund the rehabilitation of commercial storefronts and encumbered an additional \$662,940. Five (5) commercial rehabilitation projects were completed in FY 2010, and Six (6) projects are currently in process and will be reported as accomplishments in the FY 2011 report.

3. Commercial Revitalization – New Construction

During FY 2010, the Redevelopment Agency extended the term of an Exclusive Negotiation Agreement with a developer to develop the Southwest corner of Hawthorne and Manhattan Beach Boulevards. Due to ongoing negotiations, the ENA had been extended for an additional year. The Agency is continuing to move forward with the project and has acquired the adjacent mobile home park in order to expand the existing

site and increase its marketability in preparation of a market up-swing.

-Creation of Park Land- New Construction

During FY 2010, the Redevelopment agency has not funded the acquisition of park land or the construction of new parks. However, the agency provided funds for the creation of a master plan for the expansion of Hogan Tot Lot and completed the construction of a new recreation building and restrooms in William Green Park. In addition, the agency initiated public art projects with Environmental Charter High School to create living murals, painted murals, and earth form art at Environmental Charter High School and public murals at Hopper Park. Lastly, the agency completed the issuance of Tax Allocation bonds to construct a new Community Center and other capital improvement projects.

Redevelopment Agency Loan Program Report for FY 2010

California Health and Safety Code Section 33080.1 (e) requires the Redevelopment Agency to provide a list of, and status report on, all loans made by the Agency that are \$50,000 or more, that in the previous fiscal year were in default, or not in compliance with the terms of the loan approved by the Redevelopment Agency.

There are no Redevelopment Agency loans meeting the conditions described above.

Property Owned By the Redevelopment Agency during Fiscal Year 2010

California Health and Safety Code Section 33080.1 (f) requires the Redevelopment Agency to provide a description of the total number and nature of the properties that the Agency owns and those properties that the Agency has acquired in the previous fiscal year.

The following real property was owned by the Lawndale Redevelopment Agency during FY 2010:

15801-15811 and 15821 Hawthorne Boulevard (APN# 4074-001- 900, 901, 902, 903, 904 & 906 (current))

This is vacant property (41,824 square feet) being held for future private development. The Agency issued an RFP for this property after the end of FY 2005; however the Agency allowed the Exclusive Negotiating Agreement (ENA) to expire. In FY 2007, the Agency issued a 2nd RFP and entered into an ENA with a developer to develop the site. Due to an unexpected downward spiral in the economy, a new ENA was entered into in November 2008 and extended in November 2009 and further extended in November 2010, allowing the developer

and Agency to continue discussions without making a hasty decision during an uncertain market.

4432 Manhattan Beach Boulevard APN 4074-001-006

This is a 17,921 square foot lot currently being used as a mobile home park. The Agency purchased this property in 2010 with hopes of merging it with the agency owned properties located at 15801-15811 and 15821 Hawthorne Boulevard to be used for future private development. The Agency extended an ENA with a developer in November 2010 allowing the developer and Agency to continue discussions.

14700 Burin Avenue APN 4078-024-908

This property is currently being developed and will be the site for the new Lawndale Community Center. In August of 2007 the City authorized the development of a new Community Center at this site. In April of 2008, the voters approved the spending over \$1M on the construction of a new Community Center. In December of 2009 the Agency purchased land from the City of Lawndale and merged such land with Agency owned parcels to create the property addressed as 14700 Burin Avenue (See Attached Exhibit 5-A). Accordingly, final design drawings were approved and construction of the community center began in May 2010 with a scheduled completion date anticipated to be in September 2011.

4412 163rd Street APN 4080-030-900

In the beginning of FY 2009 the Agency completed the purchase of this vacant lot for the purpose of building low/moderate income housing. The Agency used a portion of its 20% set-a-side funds for this acquisition. The agency is currently working with Habitat for Humanity in creating low/moderate income housing for the site.

Jobs Created or Lost

California Health and Safety Code Section 33080.1 (g) requires the Redevelopment Agency to provide a description of the number of jobs created or lost in the previous year as a result of its activities. Redevelopment activities did not result in the loss or creation of jobs during FY 2010.