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# COMMUNITY DEVELOPMENT COMMISSION OF EMERYVILLE
# EMERYVILLE, CALIFORNIA

## FINANCIAL STATEMENTS

## JUNE 30, 2011

**Lance Soll & Lunghard, LLP**

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# COMMUNITY DEVELOPMENT COMMISSION
# OF EMERYVILLE
# EMERYVILLE, CALIFORNIA

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JUNE 30, 2011

COMMUNITY DEVELOPMENT COMMISSION OF EMERYVILLE

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Chair and Members of the Governing Board
Community Development Commission of Emeryville
City of Emeryville, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Community Development Commission of Emeryville (the Commission), a component unit of the City of Emeryville, California as of and for the year ended June 30, 2011, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express opinions on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Commission, as of June 30, 2011, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We would like to draw the reader's attention to Note 14 – "California Redevelopment Agency Uncertainty". The note provides information on two bills passed, AB1X26 and 27 which dissolve redevelopment agencies effective October 1, 2011 and provide an option to avoid dissolution by making certain defined payments.

In accordance with *Government Auditing Standards*, we have also issued our report dated _____, 2011, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting

for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information forconsistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's financial statements as a whole. The combining project area statements and computation of low and moderate income housing funds excess/surplus are presented for purposes of additional analysis and are not a required part of the financial statements. These are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Lance, Soll & Lunghard, LLP

Brea, California
_____, 2011

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# INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTORL OVER COMPLIANCE

To the Honorable Chair and Members of the Governing Board
Community Development Commission of Emeryville
City of Emeryville, California

## Compliance

We have audited Community Development Commission of Emeryville's (the Commission) compliance with the California Health and Safety Code as required by Section 33080.1 for the year ended June 30, 2011. Compliance with the requirements referred to above is the responsibility of Agency's management. Our responsibility is to express an opinion on Agency's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Guidelines for Compliance Audits of California Redevelopment Agencies, June 2011*, issued by the State Controller and as interpreted in the *Auditing Procedures for Accomplishing Compliance Audits of California Redevelopment Agencies, August 2011*, issued by the Governmental Accounting and Auditing Committee of the California Society of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on redevelopment program has occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Agency's compliance with those requirements.

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

## Internal Control Over Compliance

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

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

there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended for the information of management, the Audit Committee, and the California State Controller and it is not intended to be and should not be used by anyone other then these specified parties.

Lance, Soll & Lunghard, LLP

Brea, California

# Community Development Commission of Emeryville
# Management's Discussion and Analysis
# June 30, 2011

This discussion and analysis of the Community Development Commission of Emeryville's financial performance provides an overview of the Commission's financial activities for the fiscal year ended June 30, 2011. Please read this discussion and analysis in conjunction with the accompanying Basic Financial Statements.

In June 2011, the Community Development Commission of Emeryville (Commission) was formed pursuant to Part 1.7 of Division 24 of the California Health and Safety Code, Section 34100, which assumed the responsibilities of the Redevelopment Agency.

## *FISCAL 2011 FINANCIAL HIGHLIGHTS*

Assets of the Commission exceeded its liabilities in governmental activities at the close of fiscal year June 30, 2011 by $48,854,000 (net assets). Of this amount, $28,818,000 represents investment in capital assets, net of related debt, and $44,822,000 represents resources restricted for debt service payments and community development activities. The remaining negative amount of $24,786,000 represents the accumulated unrestricted deficit at the close of fiscal year 2011.

Total revenues in governmental activities decreased approximately $14,390,000 over the prior year. The decrease is mainly attributable to litigation settlements received in the prior fiscal year of $15,000,000. Net tax increment revenue increased by approximately $1,049,000 or 3.4%. The increase in tax increment revenue is a result of increased assessed valuation of property in the project areas. Revenue from use of money and property decreased by $376,000 or 17%. This decrease is attributable to the current depressed interest rate environment in which to invest funds on hand.

Total expenses in governmental activities decreased overall by $9,462,000 or approximately 22% from the previous year. The decrease is primarily related to a reduction of $8,967,000 of the State of California required shift to Supplemental Educational Revenue Augmentation Fund (SERAF) in fiscal year 2011 compared to the prior year.

At the close of the current fiscal year, the Commission's governmental funds reported combined ending fund balances of $147,587,000, a decrease of $3,573,000 in comparison to the previous year. Of the combined unreserved fund balance, $111,640,000 is available and restricted for debt service, redevelopment and housing projects.

## *OVERVIEW OF THE BASIC FINANCIAL STATEMENTS*

This discussion and analysis are intended to serve as an introduction to the Commission's basic financial statements. The Commission's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains supplemental combining and individual fund schedules in addition to the basic financial statements.

### *Government-wide Financial Statements*

The Government–wide Financial Statements are designed to provide readers with a broad overview of the Commission's finances, in a manner similar to a private-sector business.

The *statement of net assets* reports all financial and capital resources of the Commission. The Commission presents the statement in a format that displays assets less liabilities equal net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The *statement of activities* presents information showing how the Commission's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement for some items will result in cash flows in future fiscal periods such as revenues pertaining to uncollected taxes.

All of the Commission's basic services are considered governmental activities, consisting of redevelopment services. These services are supported by general Commission revenues such as property tax increments, and by program revenues such as fees.

### *Fund Financial Statements*

*Fund Financial* Statements are designed to report information about groupings (funds) of related accounts, which are used to maintain control over resources that have been segregated for specific activities or objectives. The Commission, like other state and local governments, uses *fund accounting* to ensure and demonstrate finance-related legal compliance. All *funds* of the Commission are categorized as *governmental funds.*

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the *government-wide financial statements,* governmental fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as on *balances of spendable resources*, available at the end of the fiscal year. Such information is useful in determining what financial resources are available in the near future to finance the Commission's redevelopment programs.

Since the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the governmental-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

### *Notes to the Basic Financial Statements*

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 31 to 52 of this report.

### *Other Information*

In addition to the basic financial statements and accompanying notes, this report also presents supplemental combining and individual fund schedules (pages 54 to 74).

## *GOVERNMENT-WIDE FINANCIAL ANALYSIS*

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Commission, it is also an important determinant of its ability to finance current and future redevelopment projects.

At the close of fiscal 2011, the Commission has total net assets of $48,854,000. Of this amount $28,818,000 is invested in capital assets-net of related debt, $14,259,000 is restricted for debt service, and $30,563,000 is restricted for community development. The remaining negative balance of $24,786,000 represents a deficit, which will be eliminated from collection of future tax increment and other revenues. The largest portion of the Commission's deficit is the result of outstanding long-term debt obligations of $165,475,000.

Traditionally, the Commission carries a deficit to collect tax increment. This is primarily due to the nature of tax increment financing allowed under California law whereby a redevelopment agency issues bonds or incurs long-term debt to finance its redevelopment project by pledging future tax increment revenues.

Shown below is a comparative schedule that summarizes the Commission's net assets (deficit):

Commission's Net Assets (Deficit)
Governmental Activities
As of June 30, 2011 and 2010
(In Thousands)

| | 2011 | 2010 |
|---|---|---|
| Cash and Investments | $ 124,904 | $ 136,965 |
| Other Assets | 67,710 | 61,389 |
| Capital Assets | 28,818 | 27,925 |
| **Total Assets** | 221,432 | 226,279 |
| | | |
| Long-Term Liabilities | 165,475 | 171,545 |
| Other Liabilities | 7,103 | 7,524 |
| **Total Liabilities** | 172,578 | 179,069 |
| | | |
| Net Assets: | | |
| Invested in Capital Assets | 28,818 | 27,925 |
| Restricted Net Assets | 44,822 | 41,760 |
| Unrestricted Net Assets (deficit) | (24,786) | (22,475) |
| **Total Net Assets** | **$ 48,854** | **$ 47,211** |

The Commission uses its capital assets of $28,818,000 (see page 42 for additional information) to eliminate blight in the project areas. These assets are not available for future spending and cannot be used to liquidate the Commission's debt since resources needed to repay the debt will be provided primarily from collections of future tax increments and other revenues.

Long-term liabilities consist of bonds issued under the Public Financing Authority to finance redevelopment projects. The decrease of $6,070,000 in long-term liabilities is attributable to bond principal repayments.

### *Governmental Activities*

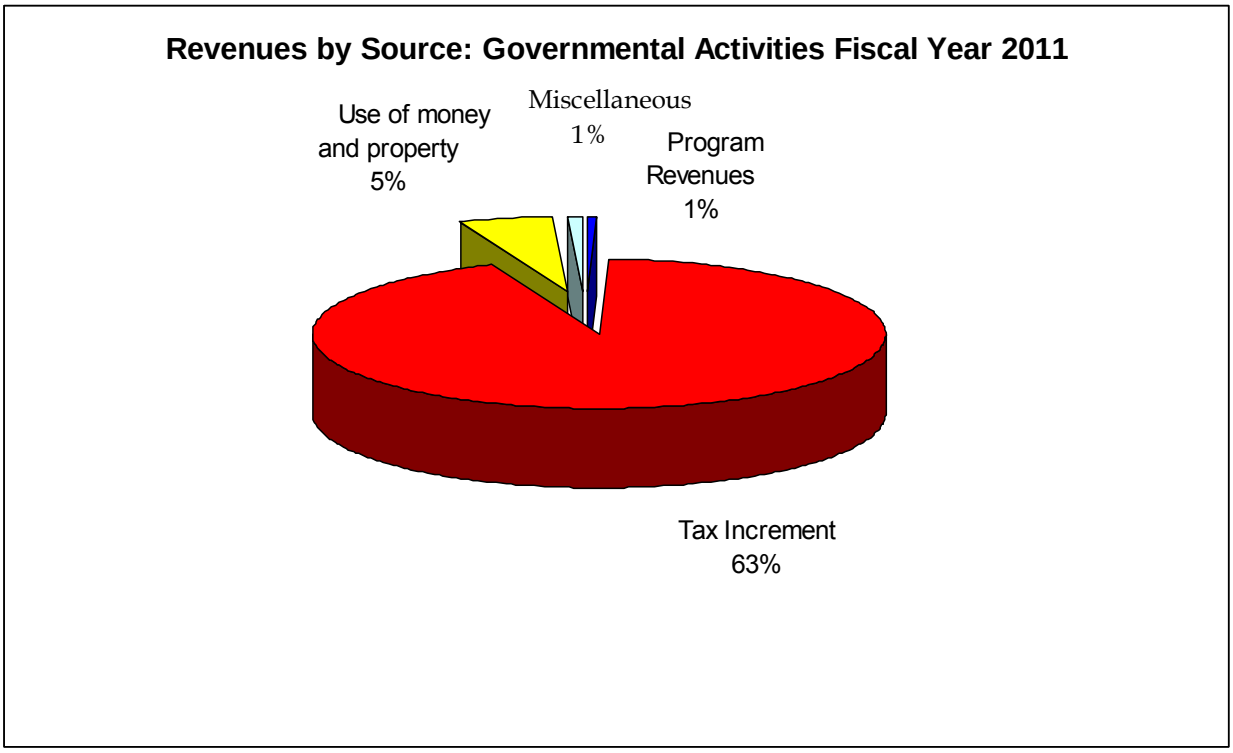
Overall, the Commission's financial position increased from the prior year. Under the governmental activities, the Commission's net assets increased $1,643,000. Total revenues decreased $14,390,000 and expenses decreased by $9,462,000 from the prior year.

Key elements of the changes in net assets for governmental activities are presented below:

Agency's Changes in Net Assets (Deficit)
For Fiscal Years Ended June 30, 2011 and 2010
(In Thousands)

| | 2011 | 2010 |
|---|---|---|
| Revenues | | |
| Program Revenues | $ 218 | $ 50 |
| General revenues: | | |
| Tax increment | 31,805 | 30,756 |
| Use of money and property | 1,842 | 2,218 |
| Settlements | - | 15,000 |
| Miscellaneous | 247 | 478 |
| Total revenues | 34,112 | 48,502 |
| Expenses: | | |
| Community development | 20,014 | 22,694 |
| Interest on long-term debt | 8,265 | 8,662 |
| Payments to SERAF | 2,325 | 11,292 |
| Other | 2,582 | - |
| Total expenses | 33,186 | 42,648 |
| Change in net assets | 926 | 5,854 |
| Net assets (deficit)- beginning of year | 47,211 | 41,357 |
| Restatement of net assets | 717 | - |
| Net assets (deficit)- ending of year | $ 48,854 | $ 47,211 |

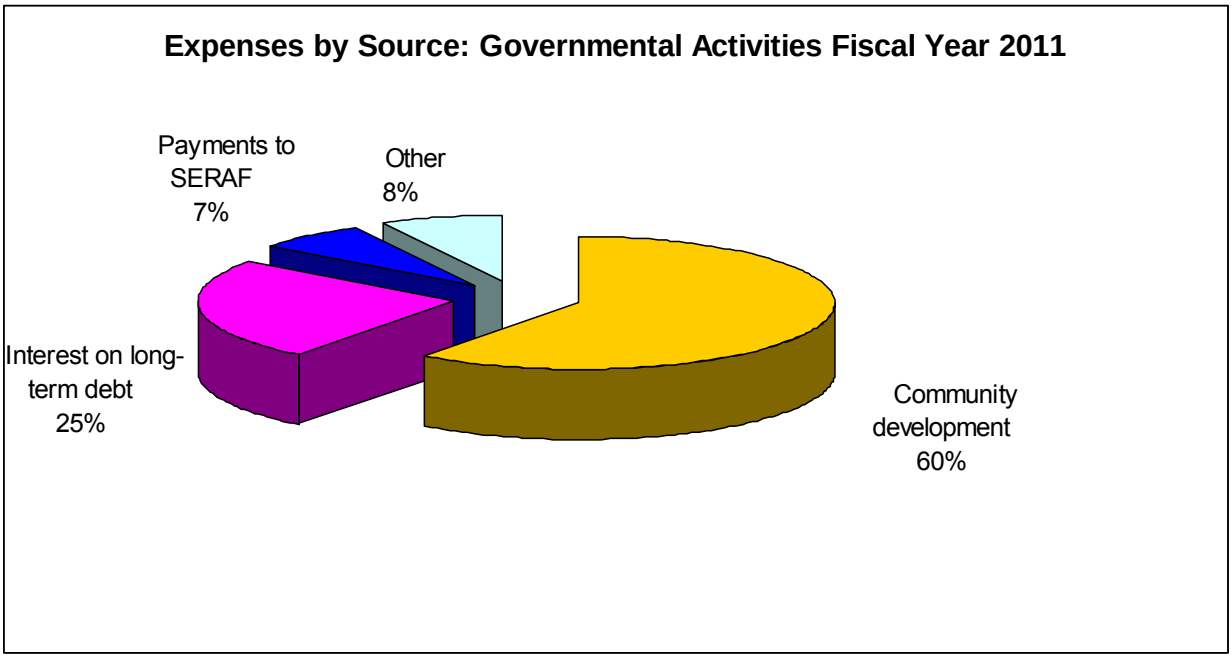
*Other expenses are primarily attributable to capital assets transferred from the Commission to the City of Emeryville.




- Settlements associated with the land assemblage and remediation of Site B (property north of Bay Street) were received in the amount of $15,000,000 in fiscal year 2010.

- Tax increment revenue, which represents approximately 93% of total revenues, increased over the prior year by $1,049,000. The increase was due to reassessments in property values as properties changed ownership.

- The decrease of $376,000 from the use of money and property is primarily a result of reduced investment earnings due to the current depressed interest rate environment in which to invest funds on hand.




- Total expenses decreased overall $9,462,000 or approximately 22% from the previous year. The decrease was mainly due to a decreased obligation to the Supplemental Education Relief Fund (SERAF). The amount due in fiscal year 2011 was $2,324,000 compared to $11,292,000 in the prior fiscal year. This take away was imposed on redevelopment agencies in the State of California and was part of the State's overall budget package for fiscal years 2010 and 2011.

## *FINANCIAL ANALYSIS OF THE COMMISSION'S FUNDS*

As noted earlier the Commission uses *fund accounting* to ensure and demonstrate compliance with finance-related legal requirements.

***Governmental funds.*** The focus of the Commission's *governmental funds* is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the Commission's financial requirements. Individual fund information of governmental funds reported by the Commission includes the 1976 Project Area Operating fund, the Shellmound Project Area operating fund, the Combined Low and Moderate Housing Operating fund, Capital Projects fund and the Debt Service funds.

The table below summarizes Commission activity and balances at the fund level.

Financial Highlights at Governmental Fund Level
As of June 30, 2011 and 2010
(in thousands)

| | 2011 | 2010 |
|---|---|---|
| Total assets | $ 200,010 | $ 207,937 |
| Total liabilities | 52,423 | 56,777 |
| Total fund balances | 147,587 | 151,160 |
| Total revenues | 39,776 | 54,605 |
| Total expenditures | 35,738 | 42,221 |
| Total other financing sources (uses) | (8,329) | (18,144) |

At the end of the current fiscal year, the Commission's governmental funds reported *combined fund balances* of $147,587,000, a decrease of $3,573,000. Of the *combined fund balance,* $111,640,000 constitutes *restricted fund balance,* which is available for redevelopment spending at the discretion of the Commission. The remainder of the fund balance is nonspendable to indicate that the amounts cannot be spent because they are either not in spendable form: 1) land held for resale ($26,888,000) and 2) advances ($9,034,000) or are legally or contractually required to be maintained intact: 3) prepaid costs ($25,000).

### *Debt Service Funds*

The debt service funds account for receipts transferred from both the 1976 and Shellmound Project Area Operating funds and the Low/Moderate Income Housing Program. Transfers, for use in paying debt service, from both the 1976 and Shellmound project area operating funds and the Low and Moderate Income Housing fund were $14,138,000 in fiscal year 2011. Current year debt service paid totaled $14,424,000 in fiscal 2011.

### *Capital Project Funds*

The Commission's Capital Project funds used to account for the operating and capital project activities of the 1976 and Shellmound Project Areas and the Low and Moderate Income Housing Program. Subsidiary funds include operating funds and capital funds dedicated by the Commission for specific capital projects.

At the end of the current fiscal year, the Commission's Capital Project funds reported combined fund balances of $133,328,000, a decrease of $3,573,000 from last fiscal year.

Total revenues decreased $14,823,000 over fiscal 2010, primarily due to the prior year receipt of $15,000,000 in settlement payments related to the land assemblage and remediation of Site B. Use of money and property declined $372,000 from the prior year, a result of reduced investment earnings due to the current depressed interest rate environment in which to invest funds on hand

Major activities during the current fiscal year included the following:

- Completed development of Magnolia Terrace, 5 units of special needs housing

- Acquired sites for future affordable housing development: 3706 San Pablo Avenue, 1025 West MacArthur, and 6150 Christie Avenue. Executed a Purchase Agreement for the acquisition of 5890 and 5900 Christie Avenue

- Received $1.0 million Cal Home grant from the State Department of Housing and Community Development for the First Time Homebuyer Programs

- Completed remediation for the following sites: Ambassador Housing Site, EmeryStation Greenway, Art Center Site and Magnolia Terrace

- Continued negotiation and remediation efforts on the Site B parcels

*Operating Funds Highlights:*

***1976 Project Area Operating Fund***. This fund accounts for receipt of tax increment revenue allocated to the project area and expenditures for operations. This fund transfers monies to fund debt service requirements.

Total revenues of $23,592,000 increased $1,090,000 from the prior year. Tax increment revenues amounted to $23,260,000 in fiscal 2011 compared to $22,141,000 in fiscal 2010, an increase of $1,119,000 or 5%. This increase is primarily related to increased supplemental tax collections in 2011 of $648,708 compared to 2010 of $170,470.

Total expenditures increased $753,000 to $2,826,000 in 2011 compared to $2,073,000 in 2010; this increase is primarily attributable to an increase in reimbursements to Novartis of $423,600 in accordance with the developer agreement. Transfers out decreased $8,920,000 due to transfers to the capital projects fund of $8,919,000 in the prior year; there were no transfers to the capital projects fund during the current fiscal year.

Payments to the Supplemental Educational Revenue Augmentation Fund (SERAF) decreased $5,835,000 consistent with State legislation requiring the shift of monies from the redevelopment agency to the County SERAF during fiscal years 2010 and 2011. The funds are re-distributed to meet the State's obligations to schools.

In fiscal 2011, transfers out for the 20% set aside for low and moderate-income housing programs amounted to $4,652,000, an increase of $224,000 over fiscal 2010, consistent with the increase in supplemental tax increment revenue. Pass through payments to other agencies according to fiscal agreements remained approximately the same as the prior year with $1,672,000 in fiscal 2011 compared with $1,721,000 in fiscal 2010.

***Shellmound Project Area Operating Fund***. This fund accounts for the receipt of tax increment revenue allocated to the project area and expenditures for operations and capital projects, and transfers monies to fund debt service requirements.

Total fiscal 2011 revenues of $14,382,000 decreased by $315,000 or 2% from fiscal 2010 revenues of $14,697,000.

Total expenditures decreased $1,234,000 to $1,819,000 from $3,053,000 in fiscal 2010, primarily due to the reduction of debt repayments of $1,314,000 related to loans from the City of Emeryville for the remediation of the Park Avenue Park and Doyle Hollis Park sites. In 2011, transfers out decreased $2,988,000 due to transfers to the capital projects fund of $2,986,000 in the prior year; no transfers to the capital projects fund were made in fiscal 2011.

Payments to the Supplemental Educational Revenue Augmentation Fund (SERAF) decreased $3,132,000 consistent with State legislation requiring the shift of monies from the redevelopment agency to the County SERAF during fiscal years 2010 and 2011. The funds are re-distributed to meet the State's obligations to schools.

Transfers out to the 20% set-aside for low and moderate-income housing programs amounted to $2,862,000. Pass through payments to other agencies according to fiscal agreements decreased slightly from $4,167,000 in fiscal 2010 to $4,093,000 in fiscal 2011.

***Low/Moderate Income Housing Operating Fund.*** This fund accounts for receipt of the mandated 20% set-aside tax increment revenue from both the 1976 and Shellmound Project Area Operating funds, and for debt service expenditures.

Total revenue was a negative $16,000 in fiscal 2011 due to a combination of the fund carrying negative cash balances for part of the year and due to the lower interest rate environment in which to invest funds. The fund receives the bulk of its cash in January and May of each year when tax increment is paid to the project areas. As a result, the fund can operate in a negative cash position for a portion of the year. Total expenditures remained relatively flat at $917,000. In fiscal 2011, the redevelopment agency project areas transferred $7,514,000 into this fund representing the portion of tax increment required to be set aside for low and moderate-income housing programs. Transfers out increased $2,800,000 over the prior year to $6,131,000 due to transfers to capital projects fund of $2,800,000 during fiscal 2011.

## *CAPITAL ASSETS*

All capital assets are valued at historical cost or estimated historical costs if actual historical costs are not available. The Commission's policy is to capitalize all assets with costs exceeding certain minimum thresholds and with useful lives exceeding two years.

At the end of fiscal 2011, the cost of capital assets recorded on the Commission's financial statements was as shown in the table below (further detail may be found in Note 5 to the financial statements):

Capital Assets
At June 30, 2011 and 2010
(in thousands)

| *Governmental activities* | 2011 | 2010 |
|---|---|---|
| Land and construction in progress | $ 24,616 | $ 23,622 |
| Buildings and improvements | 4,711 | 4,711 |
| Furnishings, vehicles and equipment | 1 | 1 |
| Less accumulated depreciation | (510) | (409) |
| **Governmental activity capital assets, net** | $ 28,818 | $ 27,925 |

The change in capital assets in fiscal 2011 reflects a combination of an increase in construction in progress of $3,576,000 offset by transfers of assets to the City of Emeryville of $2,582,000. The most significant project under construction is the Police Building renovation in which $3,204,000 was added to construction in progress in 2011. The project is expected to be completed in winter, 2011. The Commission has a policy whereby completed capital assets are transferred to the City as the City assumes responsibility for their maintenance and upkeep. Assets transferred to the City of Emeryville in fiscal 2011 are the Doyle Hollis Park at a cost of $2,244,000, Corporation Yard improvements of $263,000 and Bus Shelters costing $74,000.

When depreciation occurs, the depreciation of all capital assets is charged as an expense against operations each year. Depreciation is calculated using the straight-line method, which means that the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated.

## DEBT ADMINISTRATION

The Commission's long-term debt is discussed in more detail in Note 6 to the financial statements. As of June 30, 2011 the Commission had long-term bonds and notes outstanding aggregating to $164,250,000. The breakdown, before addition for unamortized original issue discount of $1,222,000, is as follows:

Outstanding Debt
As of June 30, 2011 and 2010
(In thousands)

| | 2011 | 2010 |
|---|---|---|
| **City Loans**, 2.00%-5.00% due 5/1/10, 2/1/14 | $ 978 | $ 1,215 |
| **Public Financing Authority Revenue Bonds:** | | |
| 2004 Series A, 3.50% - 5.00%, due 9/01/34 | 68,540 | 70,750 |
| 2002 Series A, 2.00% - 5.25%, due 9/01/21 | 14,950 | 16,000 |
| 2001 Series A, 4.00% - 5.20%, due 9/01/31 | 18,110 | 18,760 |
| 2001 Series B, 7.02% - 7.20%, due 9/01/31 | 3,125 | 3,175 |
| 1998 Series B, 4.00% - 5.00%, due 9/01/28 | 39,410 | 40,590 |
| 1998 Series C, 5.75% - 6.75%, due 9/01/26 | 14,030 | 14,470 |
| Series 1995, 4.00% - 6.20%, due 9/01/02 | 5,110 | 5,315 |
| Total Public Financing Authority Revenue Bonds | 163,275 | 169,060 |
| **Total Redevelopment Agency Long-Term Debt** | $ 164,253 | $ 170,275 |

Repayments of existing debt totaled $6,022,000.

## ECONOMIC OUTLOOK AND MAJOR INITIATIVES

The economy of the City and its major initiatives for the coming year are discussed in detail in the Transmittal Letter to the City of Emeryville's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011.

## STATE OF CALIFORNIA IMPACTS TO REDEVELOPMENT

The State of California Budget for Fiscal Year 2012 included AB x1 26 (the Dissolution Act) which immediately suspends all new redevelopment activities and incurrence of indebtedness, and dissolves redevelopment agencies effective October 1, 2011; and AB x1 27 (the Continuation Act) which allows redevelopment agencies to avoid dissolution under the Dissolution Act if their host cities/counties elect to comply with the alternative redevelopment program described in Part 1.9 thereof. Under the Continuation Act, a redevelopment agency can continue to exist if its host community commits to making certain payments beginning in

January 2012. On July 19, 2011, the City Council approved the first reading an ordinance declaring the City's decision to comply with the Continuation Act in order to enable the Agency to resume its redevelopment activities. Due to the litigation discussed in the next paragraph, the second reading and subsequent adoption of the ordinance are on hold until the litigation is resolved.

The California Redevelopment Association, the League of California Cities, and two cities filed a legal challenge to the Dissolution Act and the Continuation Act directly in the California Supreme Court. On August 11, 2012, the Court issued an order indicating that it would exercise jurisdiction over the lawsuit. The Court set an expedited briefing schedule to allow it to decide the case before the first payment is due in January 2012. The Court also stayed the effectiveness of all of the Continuation Act, and portions of the Dissolution Act.

Because the Continuation Act is currently on hold, the Agreement provides that it is not effective until the Dissolution Act and Continuation Act have been upheld by the Court. The Agreement also attempts to preserve the Agency's and City's right to challenge the Dissolution Act and/or Continuation Act, and provides that it automatically terminates if any court of competent jurisdiction determines that either the Dissolution Act or Continuation Act are unconstitutional or otherwise invalid.

## *COMPLETED REDEVELOPMENT PROJECTS AND PROGRAMS*

Below are examples of Redevelopment projects and programs completed since the inception of the Redevelopment Project Areas:

I. Public Facilities / Infrastructure
   1. Emeryville Child Development Center
   2. Stanford Avenue Park
   3. Temescal Creek Park
   4. Peninsula Fire Station, Fire Station #2
   5. Amtrak Train Station and Pedestrian/Bike Overcrossing
   6. Reconstruction of City streets and construction of new streets to accommodate growth
   7. Christie Avenue Park
   8. Land assemblage and assessment district for new streets
   9. Emeryville Senior Center/Veteran's Building
   10. San Pablo Commercial Revitalization Program (street beautification)
   11. Community Gardens Improvements (Doyle St. & Magnolia St.)
   12. Public Works Facility Acquisition
   13. Greenway Linear Park Right of Way Acquisition
   14. Completed Doyle Hollis Park
   15. Lease for Big Daddy's community garden
   16. Parcel acquisition for park at Sherwin and Halleck
   17. Doyle Street Undergrounding of utilities

II. Economic Development Activities

1. Land acquisition for Chiron Life Science Center
2. Land assemblage and Financing for Bay Street, a Regional Retail facility
3. Land assemblage for Pixar Campus
4. Business attraction and promotion programs
5. Emery Go Round/Transportation management programs to facilitate pedestrian and vehicle circulation
6. Land acquisition for Promenade retail use project on San Pablo Avenue
7. Financing for four business startup units in Promenade Project
8. Financing for 19 commercial San Pablo Avenue Façade Improvement Projects
9. Land acquisition/clean up for 285 room Marriott Hotel
10. Signal improvements for 200 room Woodfin Suites Hotel
11. Land acquisition for Emery Station Office Project
12. Completed redevelopment of Check Cashing and Jug Liquor parcels
13. Land acquisition for development project north of Bay Street

III. Affordable Housing Activities

1. Implementation of First Time Homebuyers Program & completion of 540 Loans, 25 in fiscal year 2010-11
2. Implementation of Infill/Vacant Housing Program
3. Implementation of Housing Rehabilitation Program
4. Development of 50 very low-income elderly units (Emery Villa)
5. Development of 260 mixed-income units (Emery Bay Club & Apartments)
6. Development of 8 for sale, infill affordable units
7. Redevelopment of warehouse space (1500 Park Avenue) into 142 for-sale mixed income units
8. Development of 66 very low income senior units (Avalon)
9. Development of 220 mixed-income units (Bridge Court)
10. Development of 17 for sale units (Gateway)
11. Development of 6 rental units for very low-income AIDs patients
12. Development of 20 rental units for very low and low income (Triangle Court)
13. Development of 36 units (Emery Glen)
14. Development of 112 condominium units (Emery Bay Village)
15. Redevelopment of warehouse space (45th Street Artist Coop)
16. Financing for Bay Street Residential: 94 for sale units and 281 rental units
17. Acquisition of Ambassador Laundry Building for 55 unit rental low and moderate income residential
18. Development of 125 Condominium units, mixed income and mixed use Andante Project
19. Adoption of affordability agreements for low and moderate income housing units for Liquid Sugars Lofts, Elevation 22 Town houses, Terraces at Emery Station, Andante project, Courtyards at 65th, and 46th Street Lofts
20. Obtained $500,000 in State grants for funding a portion of the cost of additional low-income home buyer loans
21. Obtained up to $1,000,000 in CalHome funds for funding a portion of the cost of additional low-income home buyer loans
22. Development of 5 units of special needs housing
23. Site acquisitions for future affordable housing projects: 3706 San Pablo Avenue, 1025 West MacArthur, and 6150 Christie Avenue

## *CONTACTING THE CITY'S FINANCIAL MANAGEMENT*

These financial statements are intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. Questions about this Report should be directed to the Chief Financial Officer in the Finance Division of the Administrative Services Department, City of Emeryville, 1333 Park Avenue, Emeryville, CA 94608.

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**COMMUNITY DEVELOPMENT COMMISSION OF EMERYVILLE**

**STATEMENT OF NET ASSETS**
**JUNE 30, 2011**

| | Governmental Activities | |
|---|---|---|
| **Assets:** | | |
| Cash and investments | | $ 110,645,322 |
| Receivables: | | |
| Accounts | $ 133,963 | |
| Interest | 35,007 | |
| Loans | 38,497,124 | |
| Lease payments | 492,240 | |
| Total Receivables | | 39,158,334 |
| Land held for resale (net) | | 26,888,408 |
| Deferred charges | | 1,638,275 |
| Other assets | | 25,234 |
| Restricted assets: | | |
| Cash and investments with trustees | | 14,258,741 |
| Capital assets (Net of Depreciation): | | |
| Equipment | 1,164 | |
| Land and improvements | 28,816,897 | |
| Total Capital Assets | | 28,818,061 |
| **Total Assets** | | **221,432,375** |
| **Liabilities:** | | |
| Accounts payable and accrued expenses | | 6,917,763 |
| Deposits from others | | 135,768 |
| Unearned revenue | | 50,000 |
| Long-term liabilities: | | |
| Due within one year | 6,255,310 | |
| Due in more than one year | 159,219,453 | |
| Total Long-Term Liabilities | | 165,474,763 |
| **Total Liabilities** | | **172,578,294** |
| **Net Assets:** | | |
| Invested in capital assets, net of related debt | | 28,818,061 |
| Restricted for: | | |
| Community development | 30,563,310 | |
| Debt service | 14,258,741 | 44,822,051 |
| Unrestricted | | (24,786,031) |
| **Total Net Assets** | | **$ 48,854,081** |

**See Notes to Financial Statements**

**COMMUNITY DEVELOPMENT COMMISSION OF EMERYVILLE**

**STATEMENT OF ACTIVITIES**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | | Program Revenues | | | Net (Expense) Revenues and Changes in Net Assets |
|---|---|---|---|---|---|
| | Expenses | Charges for Services | Operating Contributions and Grants | Capital Contributions and Grants | Governmental Activities |
| **Functions/Programs** | | | | | |
| **Governmental Activities:** | | | | | |
| Community development | $ 20,014,234 | $ 218,000 | $ - | $ - | $ (19,796,234) |
| Interest on long-term debt | 8,264,973 | - | - | - | (8,264,973) |
| Payments to SERAF | 2,324,740 | - | - | - | (2,324,740) |
| Contributions to other agencies | 2,582,148 | - | - | - | (2,582,148) |
| **Total Governmental Activities** | **$ 33,186,095** | **$ 218,000** | **$ -** | **$ -** | **(32,968,095)** |
| **General Revenues:** | | | | | |
| Tax increment (net of pass-through payments) | | | | | 31,805,185 |
| Use of money and property | | | | | 1,842,058 |
| Other | | | | | 246,855 |
| **Total General Revenues** | | | | | **33,894,098** |
| Change in Net Assets | | | | | 926,003 |
| Net Assets at Beginning of Year | | | | | 47,210,799 |
| Restatement of Net Assets | | | | | 717,279 |
| **Net Assets at End of Year** | | | | | **$ 48,854,081** |

**See Notes to Financial Statements**

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**COMMUNITY DEVELOPMENT COMMISSION OF EMERYVILLE**

**BALANCE SHEET**
**GOVERNMENTAL FUNDS**
**JUNE 30, 2011**

| | Capital Projects Funds | | |
|---|---|---|---|
| | **1976 Project Area** | **Shellmound Project Area** | **Combined Low and Moderate Housing** |
| **Assets:** | | | |
| Cash and investments | $ 56,257,146 | $ 30,815,543 | $ 23,572,633 |
| Cash and investments with trustee | - | - | - |
| Receivables: | | | |
| Accounts | 28,539 | 612 | 104,812 |
| Interest | 18,876 | 8,878 | 7,253 |
| Loans | 2,984,453 | 21,028,893 | 14,483,778 |
| Lease payments | 492,240 | - | - |
| Advances to Capital Project Funds | - | - | 9,033,600 |
| Land held for resale | 14,638,530 | 3,430,732 | 8,819,146 |
| Prepaid expenses | 21,874 | 1,760 | 1,600 |
| **Total Assets** | **$ 74,441,658** | **$ 55,286,418** | **$ 56,022,822** |
| **Liabilities and Fund Balances:** | | | |
| **Liabilities:** | | | |
| Accounts payable | $ 3,340,812 | $ 577,911 | $ 295,425 |
| Deposits from others | 125,768 | - | 10,000 |
| Deferred revenue | 3,476,693 | 21,028,893 | 14,483,778 |
| Advances from Low and Moderate Housing Funds | 7,024,700 | 2,008,900 | - |
| Unearned revenue | 50,000 | - | - |
| **Total Liabilities** | **14,017,973** | **23,615,704** | **14,789,203** |
| **Fund Balances:** | | | |
| Nonspendable: | | | |
| Land held for resale | 14,638,530 | 3,430,732 | 8,819,146 |
| Prepaid costs | 21,874 | 1,760 | 1,600 |
| Advances | - | - | 9,033,600 |
| Restricted: | | | |
| Debt service | - | - | - |
| Continuing projects | 45,763,281 | 28,238,222 | - |
| Housing | - | - | 23,379,273 |
| **Total Fund Balances** | **60,423,685** | **31,670,714** | **41,233,619** |
| **Total Liabilities and Fund Balances** | **$ 74,441,658** | **$ 55,286,418** | **$ 56,022,822** |

**See Notes to Financial Statements**

**COMMUNITY DEVELOPMENT COMMISSION OF EMERYVILLE**

**BALANCE SHEET**
**GOVERNMENTAL FUNDS**
**JUNE 30, 2011**

| | Debt Service Funds | | | |
|---|---|---|---|---|
| | **1976 Project Area** | **Shellmound Project Area** | **Combined Low and Moderate Housing** | **Total Governmental Funds** |
| **Assets:** | | | | |
| Cash and investments | $ - | $ - | $ - | $ 110,645,322 |
| Cash and investments with trustee | 8,606,503 | 2,502,891 | 3,149,347 | 14,258,741 |
| Receivables: | | | | |
| Accounts | - | - | - | 133,963 |
| Interest | - | - | - | 35,007 |
| Loans | - | - | - | 38,497,124 |
| Lease payments | - | - | - | 492,240 |
| Advances to Capital Project Funds | - | - | - | 9,033,600 |
| Land held for resale | - | - | - | 26,888,408 |
| Prepaid expenses | - | - | - | 25,234 |
| **Total Assets** | **$ 8,606,503** | **$ 2,502,891** | **$ 3,149,347** | **$ 200,009,639** |
| **Liabilities and Fund Balances:** | | | | |
| **Liabilities:** | | | | |
| Accounts payable | $ - | $ - | $ - | $ 4,214,148 |
| Deposits from others | - | - | - | 135,768 |
| Deferred revenue | - | - | - | 38,989,364 |
| Advances from Low and Moderate Housing Funds | - | - | - | 9,033,600 |
| Unearned revenue | - | - | - | 50,000 |
| **Total Liabilities** | **-** | **-** | **-** | **52,422,880** |
| **Fund Balances:** | | | | |
| Nonspendable: | | | | |
| Land held for resale | - | - | - | 26,888,408 |
| Prepaid costs | - | - | - | 25,234 |
| Advances | - | - | - | 9,033,600 |
| Restricted: | | | | |
| Debt service | 8,606,503 | 2,502,891 | 3,149,347 | 14,258,741 |
| Continuing projects | - | - | - | 74,001,503 |
| Housing | - | - | - | 23,379,273 |
| **Total Fund Balances** | **8,606,503** | **2,502,891** | **3,149,347** | **147,586,759** |
| **Total Liabilities and Fund Balances** | **$ 8,606,503** | **$ 2,502,891** | **$ 3,149,347** | **$ 200,009,639** |

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**COMMUNITY DEVELOPMENT COMMISSION OF EMERYVILLE**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS**
**JUNE 30, 2011**

| | |
|---|---|
| **Fund balances of governmental funds** | **$ 147,586,759** |
| Amounts reported for governmental activities in the statement of net assets are different because: | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 28,818,061 |
| Deferred revenue is present in governmental fund financial statements to indicate that receivables are not available currently; however, in the Statement of Net Assets these deferrals are eliminated. | 38,989,364 |
| Bond issuance costs is an expenditure in the governmental funds, but it is deferred charges in the statement of net assets: | |
| Unamortized Debt issuance costs on bonds issued | 2,121,098 |
| Amortization over life of new bonds through end of fiscal year | (482,823) |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. | |
| Bonds payable | (163,275,000) |
| Loans from City | (978,041) |
| Unamortized original issue premium | (1,221,722) |
| Accrued interest payable for the current portion of interest due on Tax Allocation Bonds has not been reported in the governmental funds. | (2,703,615) |
| **Net assets of governmental activities** | **$ 48,854,081** |

**COMMUNITY DEVELOPMENT COMMISSION OF EMERYVILLE**

**STATEMENT OF REVENUES,**
**EXPENDITURES AND CHANGES IN FUND BALANCES**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | Capital Projects Funds | | |
|---|---|---|---|
| | **1976 Project Area** | **Shellmound Project Area** | **Combined Low and Moderate Housing** |
| **Revenues:** | | | |
| Taxes and assessments | $ 23,260,337 | $ 14,309,449 | $ - |
| Use of money and property | 878,501 | 369,344 | 594,130 |
| Other revenue | 218,907 | 503 | 145,001 |
| **Total Revenues** | **24,357,745** | **14,679,296** | **739,131** |
| **Expenditures:** | | | |
| Current: | | | |
| Community development | 9,670,158 | 2,052,240 | 1,214,973 |
| Capital outlay | 3,127,559 | 3,203,251 | 2,045,577 |
| Debt service | - | 286,000 | - |
| **Total Expenditures** | **12,797,717** | **5,541,491** | **3,260,550** |
| **Excess (Deficiency) of Revenues Over (Under) Expenditures** | **11,560,028** | **9,137,805** | **(2,521,419)** |
| **Other Financing Sources (Uses):** | | | |
| Transfers in | - | - | 10,533,957 |
| Transfers out | (13,198,578) | (5,342,294) | (6,131,364) |
| Pass-through agreement payments | (1,671,592) | (4,093,009) | - |
| Bond administrative fees | - | - | 100,444 |
| Payment to the Supplemental Educational Revenue Augmentation Fund | (1,512,838) | (811,902) | - |
| Miscellaneous | 81,156 | (52,505) | (368,359) |
| **Total Other Financing Sources (Uses):** | **(16,301,852)** | **(10,299,710)** | **4,134,678** |
| **Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses** | **(4,741,824)** | **(1,161,905)** | **1,613,259** |
| **Fund Balances:** | | | |
| Beginning of Year, as previously reported | 64,448,230 | 32,832,619 | 39,620,360 |
| Restatements | 717,279 | - | - |
| Beginning of Year, as restated | 65,165,509 | 32,832,619 | 39,620,360 |
| **End of Year** | **$ 60,423,685** | **$ 31,670,714** | **$ 41,233,619** |

**See Notes to Financial Statements**

**COMMUNITY DEVELOPMENT COMMISSION OF EMERYVILLE**

**STATEMENT OF REVENUES,**
**EXPENDITURES AND CHANGES IN FUND BALANCES**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | Debt Service Funds | | | |
|---|---|---|---|---|
| | 1976 Project Area | Shellmound Project Area | Combined Low and Moderate Housing | Total Governmental Funds |
| **Revenues:** | | | | |
| Taxes and assessments | $ - | $ - | $ - | $ 37,569,786 |
| Use of money and property | 50 | 18 | 15 | 1,842,058 |
| Other revenue | - | - | - | 364,411 |
| **Total Revenues** | **50** | **18** | **15** | **39,776,255** |
| **Expenditures:** | | | | |
| Current: | | | | |
| Community development | - | - | - | 12,937,371 |
| Capital outlay | - | - | - | 8,376,387 |
| Debt service | 8,546,513 | 2,480,404 | 3,111,364 | 14,424,281 |
| **Total Expenditures** | **8,546,513** | **2,480,404** | **3,111,364** | **35,738,039** |
| **Excess (Deficiency) of Revenues Over (Under) Expenditures** | **(8,546,463)** | **(2,480,386)** | **(3,111,349)** | **4,038,216** |
| **Other Financing Sources (Uses):** | | | | |
| Transfers in | 8,546,511 | 2,480,404 | 3,111,364 | 24,672,236 |
| Transfers out | - | - | - | (24,672,236) |
| Pass-through agreement payments | - | - | - | (5,764,601) |
| Bond administrative fees | - | - | - | 100,444 |
| Payment to the Supplemental Educational Revenue Augmentation Fund | - | - | - | (2,324,740) |
| Miscellaneous | - | - | - | (339,708) |
| **Total Other Financing Sources (Uses):** | **8,546,511** | **2,480,404** | **3,111,364** | **(8,328,605)** |
| **Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses** | **48** | **18** | **15** | **(4,290,389)** |
| **Fund Balances:** | | | | |
| Beginning of Year, as previously reported | 8,606,455 | 2,502,873 | 3,149,332 | 151,159,869 |
| Restatements | - | - | - | 717,279 |
| Beginning of Year, as restated | 8,606,455 | 2,502,873 | 3,149,332 | 151,877,148 |
| **End of Year** | **$ 8,606,503** | **$ 2,502,891** | **$ 3,149,347** | **$ 147,586,759** |

**See Notes to Financial Statements**

**COMMUNITY DEVELOPMENT COMMISSION OF EMERYVILLE**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | | |
|---|---|---|
| **Net change in fund balances - total governmental funds** | **$** | **(4,290,389)** |
| Amounts reported for governmental activities in the statement of activities differ because: | | |
| Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. | | 6,017,409 |
| Bond issuance costs is an expenditure in the governmental funds, but it is deferred charges in the statement of net assets: | | |
| Amortization for current fiscal year | | (70,704) |
| Unamortized premium or discounts on bonds issued are revenue or expenditures in the governmental funds, but these are spread to future periods over the life of the new bonds: | | |
| Amortization for current fiscal year | | 52,726 |
| Collections on receivables and loan transactions offset by deferred revenue are reported as revenue and expenditures in governmental funds; however, they do not provide revenue or expenses in the statement of activities. | | (1,764,906) |
| Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets in capitalized and allocated over their estimated useful lives through depreciation expense: | | |
| Capital outlay expenditures removed | | 3,576,178 |
| Transfer of capital assets to the City and adjustment of expenditures | | (2,582,148) |
| Depreciation | | (101,336) |
| Expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds: | | |
| Current accrual of interest due on bonds | | (2,703,615) |
| Prior year accrual of interest due on bonds | | 2,792,788 |
| **Change in net assets of governmental activities** | **$** | **926,003** |

**See Notes to Financial Statements**

## I. SIGNIFICANT ACCOUNTING POLICIES

### Note 1: Organization and Summary of Significant Accounting Policies

#### a. Description of the Reporting Entity

The Community Development Commission of Emeryville (the Commission) is a component unit of a reporting entity, which consists of the following primary government, and component units:

Reporting Entity:

Primary Government:

City of Emeryville

Component Units:

Community Development Commission of Emeryville
Emeryville Housing Authority
Emeryville Public Financing Authority

The attached basic financial statements contain information relative only to the Commission as one component unit that is an integral part of the total reporting entity. They do not contain financial data relating to the other component units.

The Emeryville Redevelopment Agency was created in 1976 under the provisions of the Redevelopment Law (California Health and Safety Code) to clear and rehabilitate areas determined to be in a declining condition in the Project Areas. The 1976 Redevelopment Plan was adopted in 1976 and Shellmound Redevelopment Plan was adopted in 1987 to provide an improved physical, social and economic environment in these Project Areas. In June 2011, the Community Development Commission of Emeryville was formed pursuant to Part 1.7 of Division 24 of the California Health and Safety Code, Section 34100 which now includes all activities previously performed by the Emeryville Redevelopment Agency.

The Commission is a component unit of the City of Emeryville and, accordingly, the financial statements of the Commission are included in the financial statements of the City of Emeryville.

The accounting policies of the Commission conform to accounting principles generally accepted in the United States of America, as they are applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

#### b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Commission has no business-type activities. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported as separate columns in the fund financial statements.

**c. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

Measurement Focus, Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Commission's primary source of revenue is property taxes, referred to in the accompanying financial statements as "tax increment". Property taxes allocated to the Commission are computed in the following manner:

1. The assessed valuation of all property in the Project Areas was determined on the date of adoption of the Redevelopment Plan by a designation of a fiscal year assessment roll.

2. Property taxes related to any increase in assessed values after the adoption of a Redevelopment Plan are allocated to the Commission; all taxes on the "frozen" assessed valuation of the property are allocated to the City and other districts receiving taxes from the project area.

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

The Commission has no power to levy and collect taxes and any legislative property tax reduction would lower the amount of tax revenues that would otherwise be available to pay the principal and interest on bonds or loans from the City. Any increased tax rate or assessed valuation or any elimination of present exemptions would increase the amount of tax revenues available for this purpose. The Commission is also authorized to finance the Redevelopment Plan from other sources, including assistance from the City, the State and federal governments, interest income and the issuance of the Commission debt.

Alameda County assesses properties, and it bills, collects, and distributes property taxes for the Commission, remitting the full assessment regardless of the amounts received. Secured and unsecured property taxes are levied January 1 and collected in the following fiscal year.

Secured property tax is due in two installments, on November 1 and March 1, and becomes a lien on those dates. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on January 1, and becomes delinquent on August 31. Collection of delinquent accounts is the responsibility of the County, which retains all penalties.

The term “unsecured” refers to taxes on personal property other than real estate, land and buildings, on which taxes are secured by liens on the property being taxed. Property tax revenues are recognized by the Commission in the fiscal year they are assessed provided they become available as defined above.

The Commission has agreements with several other agencies under which it must pass through a portion of property tax increments to the other agencies.

Financial Statement Presentation

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures/expenses equal to 10% of their fund-type total and 5% of the grand total. The Commission may also select other funds it believes should be presented as major funds. To provide a more complete presentation, the Commission selected the Shellmound Project Area Debt Service Fund to be a major fund.

The Commission breaks down its major funds into subsidiary funds related either to bonding (proceeds or debt service) or restricted programs/operations. These subsidiary funds have been listed below together with the major funds to which they relate.

The Commission reports the following major governmental funds:

Debt Service Funds:

1976 Project Area - accounts for the receipt of the transfers from the 1976 Project Area Project Fund. These amounts are utilized on debt service requirements on bonds issued for redevelopment purposes.

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

Subsidiary Funds:

1998 B Tax Exempt Fund
1998 C Taxable Fund
2001 A Tax Exempt Fund
2002 A Bond Fund
2004 A Bond Fund

Shellmound Project Area - accounts for the receipt of the transfers from the Shellmound Project Area Project Fund. These amounts are utilized on debt service requirements on bonds issued for redevelopment purposes.

Subsidiary Funds:

1998 B Tax Exempt Fund
2001 A Tax Exempt Fund
2004 A Bond Fund

Combined Low and Moderate Income Housing - accounts for the receipt of the transfers from the Combined Low and Moderate Income Housing Capital Project Fund. These amounts are utilized on debt service requirements on bonds issued for housing purposes.

Subsidiary Funds:

1995 Revenue Bonds Fund
1998 B Tax Exempt Fund
1998 C Taxable Bonds Fund
2001 B Taxable Bonds Fund
2004 A Bond Fund

Capital Project Funds:

1976 Project Area - accounts for the receipt of tax increment revenue allocated to the Project Area and expenditures for operations and capital projects. These amounts are utilized to fund debt service requirements.

Subsidiary Funds:

Operating Fund
1998 C Taxable Fund
2001 A Tax Exempt Fund
2002 A Tax Exempt Fund
2004 A Bond Fund
Capital Projects Fund
East Bay Bridge OPA Fund
Homebuyer Program Fund

Shellmound Project Area - accounts for the receipt of tax increment revenue allocated to the Project Area and expenditures for operations and capital projects. These amounts are utilized to fund debt service requirements.

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

Subsidiary Funds:

Operating Fund
2001 A Tax Exempt Fund
2004 A Bond Fund
Capital Projects Fund
Homebuyer Program Fund

Combined Low and Moderate Income Housing - accounts for the receipt of the mandated 20% set-aside of tax increment revenue from the 1976 and Shellmound Project Areas for low and moderate income housing programs. These amounts are utilized to fund debt service requirements.

Subsidiary Funds:

Combined Operating Fund
Revolving Loans Fund
1995 Housing Bond Fund
1998 C Taxable Fund
2004 A Bond Fund
Capital Projects Fund

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

**d. Assets, Liabilities and Net Assets or Equity**

1. Investments

Investments for the Commission are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to / from other funds" (i.e., the current portion of interfund loans) or "advances to / from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to / from other funds".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles.

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

3. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the governmental activities column in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Contributed capital assets are valued at their estimated fair market value on the date contributed. The Commission's policy is to capitalize all assets with costs exceeding certain minimum thresholds and with useful lives exceeding five years.

With the implementation of GASB Statement 34, the Commission recorded all current year expenditures for its public domain (infrastructure) capital assets, including grading, curbs and gutters, and sidewalks systems that it maintains. GASB 34 also requires the Commission to look back 20 years and estimate, depreciate and record prior year infrastructure costs. This retroactive restatement was completed during fiscal year 2003-2004.

GASB Statement 34 also requires that the Commission exclude from its financial statements assets maintained by other governments or organizations. The Commission has constructed a variety of capital assets that upon completion were "contributed" to the City or third party developers/operators, as part of development agreements. Since the City and developers/operators maintain the contributed capital assets, those amounts have been excluded from the accompanying financial statements.

GASB Statement 34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives. Alternatively, the "modified approach" may be used for certain capital assets. Depreciation is not provided under this approach, but all expenditures on these assets are expensed, unless they are additions or improvements.

The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation of all capital assets is charged as an expense against operations each year and the total amount of depreciation taken over the years, called accumulated depreciation, is reported on the balance sheet as a reduction in the book value of capital assets.

Depreciation is provided using the straight line method, which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The Commission has assigned the useful lives and capitalization thresholds listed below to capital assets:

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

| Asset | Useful Lives Years | Capitalization Thresholds |
|---|---|---|
| Park improvements and other improvements | 20 | $ 50,000 |
| Building and improvements | 25 - 50 | 50,000 |
| Furnishings, vehicles and equipment | 3 - 20 | 1,000 |
| Grading, curb and gutters, sidewalks | 10 - 50 | 50,000 |

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Capital Asset Contributions

Some capital assets may be acquired using federal and state grant funds, or they may be contributed by developers or other governments. GASB Statement 34 requires that these contributions be accounted for as revenues at the time the capital assets are contributed.

4. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

5. Fund Equity

In the fund financial statements, governmental funds report the following fund balance classification:

Nonspendable include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted include amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws of regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

Committed include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest authority, City Council, The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is resolution.

Assigned include amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The City Manager is authorized to assign amounts to a specific purpose, which was established by the governing body by resolution.

Unassigned include the residual amounts that have not been restricted, committed, or assigned to specific purposes.

An individual governmental fund could include nonspendable resources and amounts that are restricted or unrestricted (committed, assigned, or unassigned) or any combination of those classifications. Restricted amounts are to be considered spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and committed, assigned, then unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

## II. STEWARDSHIP

**Note 2: Stewardship, Compliance and Accountability**

**a. Budgetary Data**

General Budget Policies

The Commission operates under the general laws of the State of California and bi-annually adopts a budget for its governmental fund types to be effective July 1 for the ensuing fiscal years. From the effective date of the budget, which is adopted by the Commission and controlled by the Executive Director at the fund level, the amounts stated therein as proposed expenditures become appropriations to the various Agency funds. The Commission may amend the budget by resolution during the fiscal year. The Executive Director may authorize transfers of appropriations from one object to another within the same fund as long as the level of service remains the same. The legal level of budgetary control is the fund level. All appropriations lapse at year-end, except those relating to long-term capital projects. During the year, several supplementary appropriations were necessary. In accordance with the requirements of GASB Statement 34, budgetary comparison statements are required for the General Fund and any Special Revenue Funds. Since these fund types are not present within the Commission, no budgetary comparison statements are presented in this report. Within the City of Emeryville's Comprehensive Annual Financial Report budgetary comparison statements have been presented.

Encumbrances

Encumbrances are estimations of costs related to unperformed contracts for goods and services. These commitments are recorded for budgetary control purposes in the

**Note 2: Stewardship, Compliance and Accountability (Continued)**

General, Special Revenue and similar governmental funds. Encumbrances outstanding at year-end are reported as a reservation of fund balance. They represent the estimated amount of the expenditure ultimately to result if unperformed contracts in-process at year-end are completed. They do not constitute expenditures or estimated liabilities.

Budget Basis of Accounting

Bi-annual budgets are adopted on a basis consistent with the generally accepted accounting principles (GAAP).

## III. DETAIL NOTES ON FUNDS

**Note 3: Cash and Investments**

Cash and investments reported in the accompanying financial statements consisted of the following:

| | |
|---|---|
| Cash and investments pooled with the City | $ 83,257,639 |
| Cash and investments with fiscal agent | 41,646,424 |
| Total Cash and Investments | $ 124,904,063 |

The Commission's funds are pooled with the City of Emeryville's cash and investments in order to generate optimum interest income. The City has implemented GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. This pronouncement is an amendment to GASB Statement No. 3. GASB Statement No. 40 established and modified disclosure requirements related to deposit and investment risks. The information required by GASB Statement No. 40 related to authorized investments, credit risk, etc., is available in the City of Emeryville's Comprehensive Annual Financial Report.

**Note 4: Loans and Lease Payment Receivable and Deferred Revenue**

At June 30, 2011, the Commission's notes and lease payments receivable and related deferred revenue totaled:

| | |
|---|---|
| Home Rehabilitation and Assistance | $ 310,357 |
| First-Time Homebuyer | 6,851,054 |
| Ownership Housing Assistance | 4,504,802 |
| Homeowner's Association Assessment | 260,877 |
| Artists Cooperative | 492,240 |
| Bayfront Industrial Center | 167,779 |
| Business Development | 2,485,003 |
| AIDS Housing Deferred | 471,535 |
| Remar Lofts | 250,000 |
| Emeryville Town Center (Bay Street) | 19,344,000 |
| Emeryville Unified School District | 2,958,769 |
| Avalon Commercial LLC | 892,948 |
| Total | $ 38,989,364 |

**Note 4: Loans and Lease Payment Receivable and Deferred Revenue (Continued)**

**a. Home Rehabilitation and Assistance Loans**

The Commission administers a housing rehabilitation loan program using community development block grant funds and Commission's low and moderate income housing funds. Under these programs, individuals with incomes below a certain level are eligible to receive low interest, 15-year loans, secured by deeds of trust, for rehabilitation work on their homes. The loan repayments may be amortized over the life of the loans, deferred or a combination of both.

**b. First-Time Homebuyer Loans**

The Commission's First Time Homebuyer Program offers down payment assistance to low and moderate income first time homebuyers purchasing a home in the City of Emeryville. The deferred loans bear interest at 5%, require no monthly payments, are not due until the property is sold, transferred or rented and are collateralized by second deeds of trust. The loans are forgiven if the buyer resides in the home for more than 30 years.

**c. Ownership Housing Assistance Loans**

The Commission's Ownership Housing Assistance Program offers down payment assistance to very-low and low-income homebuyers purchasing a below-market-rate unit in the City of Emeryville. The deferred loans bear interest at a rate that is 75% of the interest rate on the first mortgage, or 5%, whichever is less; require no monthly payments; are not due until the property is sold or transferred; are completely forgiven after 30 years; and are collateralized by subordinate deeds of trust.

**d. Oliver Lofts Special Assessment Loan Program**

In February 2009, the Commission provided loans to owners of below market rate (BMR) units and market rate units in the Oliver Lofts development. Loans to owners of market rate units are secured by trust deeds, bear interest at 3.7% and are fully amortized over 20 years. Loans to BMR unit owners are partially or fully unsecured and may be deferred payment loans to meet debt-to-income ratio requirements. Deferred loans will be reassessed every five years and converted to amortized loans based on owners' ability to make payments. The BMR loans bear interest at 3.7% and are due in 20 years, with the exception that the deferred loans bear interest at a simple interest rate.

**e. Artists Cooperative Loan**

The Commission has a receivable from the 45th Street Artists Cooperative that is due in annual installments until January 5, 2042. Proceeds from this loan were used to finance the first mortgage on housing units within the Redevelopment Project Area. The loan bears 7% interest until paid in full.

**f. Bayfront Industrial Center Loan**

This developer used proceeds of the loan to construct a parking facility. The loan is secured by a second deed of trust on the project, bears interest at 6.8% and has monthly payments, including interest, of $1,909 due until August 1, 2021.

**Note 4: Loans and Lease Payment Receivable and Deferred Revenue (Continued)**

**g. Business Development Loans**

The Commission has made loans to five local business developers within the 1976 and Shellmound Project Areas. These loans were made for the purpose of making property improvements to the businesses. The interest rate on these loans is 3% and they are secured by deeds of trusts or equipment and have monthly payments, including interest, due until 2014.

**h. Bay Bridge Corporation (AIDS Housing) Deferred Loan**

In May 1995, the Commission loaned $325,000 to a nonprofit public benefit corporation which used the funds to develop a six-unit rental housing project for low income persons who are disabled as a result of being HIV positive or diagnosed with AIDS. The loan is secured by a second deed of trust on the project and bears annual interest rate at 3%. The loan principal and all accrued interest will be due and payable on the earliest of 40 years from the date of the loan, when the property is sold or refinanced or in the event of default on the loan agreement.

**i. Remar Lofts Loan**

During the fiscal year ended June 30, 2001, the Commission loaned $250,000 to a developer that was used to finance the development of eight residential units at affordable rental levels for moderate income households. The loan is secured by a second deed of trust. The loan does not have a due date and is only obligated to be repaid to the Commission at 8% interest per annum in the event of a violation of the affordability agreement.

**j. Emeryville Town Center (Bay Street) Loans**

The Commission assembled a 20-acre site in the Bay Street area, demolished existing improvements and cleaned toxic contaminants. An agreement with Madison-Marquette (Bay Street Partners, LLC), the developer, provides for the Commission sale of the property for the construction of a one million square foot mixed-use project consisting of 400,000 square feet of retail space, 350 residential units and a 250 room hotel.

During fiscal year ended June 30, 2001, the Commission sold the property for $25,500,000. The developer paid $1,800,000 to the Commission and executed a loan payable to the Commission in the amount of $23,700,000 secured by an option agreement under which the Commission may purchase the retail parking parcel and structure from the developer for $1. $3,300,000 receivable was due the earlier of December 31, 2002 or upon the issuance of a certificate of occupancy for the first tenant. The remaining principal and interest are due annually commencing the tenth year of the Town Center operations with the final payment due in the 25th year of operation. In fiscal year 2003, $3,300,000 was received and in fiscal year 2010, $1,056,000 was forgiven in lieu of the developer paying for remediation costs on the property.

**k. Emeryville Unified School District Loan**

On March 25, 2008, the Commission made a facilities loan of $2,836,648 to the Emery Unified School District (EUSD) for the Emeryville Center of Community Life (ECCL) Project. The ECCL is a vision for the centralized and coordinated delivery of social, educational, and recreation resources for all members of the community and includes the enhancement of existing facilities and programs provided by EUSD. The facilities loan

**Note 4: Loans and Lease Payment Receivable and Deferred Revenue (Continued)**

will be used by EUSD to provide supplemental funding of project costs for a two story modular classroom for Anna Yates Elementary School and the replacement of the playing field and the renovation of the industrial arts building at Emery Secondary School. The loan has an interest rate of 4.577333% and is amortized over 16 years with repayment made semi-annually effective December 31, 2008 from EUSD's share of AB 1290 pass through payments that would otherwise be available for educational facilities.

**I. Avalon Commercial LLC**

On December 4, 1998, the Commission loaned the developer of the Avalon Senior Housing Project $475,000 to cover development costs associated with the commercial space of the project. The interest rate is 7% and secured by a deed of trust on the property. Payments of principal and interest are to be made from residual cash flow as defined in the promissory note with the full amount of outstanding principal and interest due the earliest of 55 years from the date of the note, when the property is sold or refinanced or in the event of default on the loan agreement.

**Note 5: Capital Assets**

Capital assets at June 30, 2011 are composed of the following:

| | Beginning Balance | Additions | Decreases | Transfers ** | Ending Balance |
|---|---|---|---|---|---|
| Governmental Activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | $ 16,927,471 | $ - | $ - | $ - | $ 16,927,471 |
| Construction-in-progress: | 6,694,704 | 3,576,178 | - | (2,582,148) | 7,688,734 |
| Total capital assets not being depreciated | 23,622,175 | 3,576,178 | - | (2,582,148) | 24,616,205 |
| Capital assets, being depreciated: | | | | | |
| Buildings and improvements | 4,711,417 | - | - | - | 4,711,417 |
| Furnishings, vehicles and equipment | 1,164 | - | - | - | 1,164 |
| Total capital assets being depreciated | 4,712,581 | - | - | - | 4,712,581 |
| Less accumulated depreciation: | | | | | |
| Buildings and improvements | 408,865 | 101,278 | - | - | 510,143 |
| Furnishings, vehicles and equipment | 524 | 58 | - | - | 582 |
| Total accumulated depreciation | 409,389 | 101,336 | - | - | 510,725 |
| Total capital assets being depreciated, net | 4,303,192 | (101,336) | - | - | 4,201,856 |
| Governmental activities capital assets, net | $ 27,925,367 | $ 3,474,842 | $ - | $ (2,582,148) | $ 28,818,061 |

** Transfers were made to the City of Emeryville for capital assets that it is responsible for maintaining.

Depreciation expense war charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program was as follows:

Community development $101,336

## Note 6: Long-Term Debt

The Commission generally incurs long-term debt to finance projects or purchase assets, which will have useful lives equal to or greater than the related debt.

For governmental activities, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as another financing source net of the applicable premium discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

### a. A description of long-term debt outstanding as of June 30, 2011 follows:

Public Financing Authority Revenue Bonds, 2004 Series A

On August 12, 2004, the Public Financing Authority issued $78,790,000 of Emeryville Public Financing Authority, Revenue Bonds, 2004 Series A to provide financing for various redevelopment projects, and to fund a debt service reserve fund. Commission tax increment revenue is pledged for the repayment of these bonds. Interest is due semiannually each September 1 and March 1. Interest rates on the bonds range from 3.50% to 5.00%. Commencing 2006, principal is payable each September 1 through 2034.

Debt service requirements to maturity for these bonds as of June 30, 2011 is as follows:

| | Public Financing Authority, Revenue Bonds, 2004 Series A | |
|---|---|---|
| | Principal | Interest |
| 2011 - 2012 | $ 2,310,000 | $ 3,092,550 |
| 2012 - 2013 | 2,420,000 | 2,980,075 |
| 2013 - 2014 | 2,535,000 | 2,856,200 |
| 2014 - 2015 | 2,660,000 | 2,726,325 |
| 2015 - 2016 | 2,800,000 | 2,604,525 |
| 2016 - 2021 | 15,805,000 | 11,160,874 |
| 2021 - 2026 | 19,545,000 | 7,293,108 |
| 2026 - 2031 | 10,590,000 | 3,350,788 |
| 2031 - 2036 | 9,875,000 | 1,071,486 |
| Totals | $ 68,540,000 | $ 37,135,931 |

Public Financing Authority Revenue Bonds, 2002 Series A

On November 19, 2002, the City and the Commission jointly issued, through a financing intermediary called the Emeryville Public Financing Authority, $22,120,000 in Revenue Bonds Series A (2002 Bonds). The bonds proceeds were used to defease the outstanding 1993 Series A Revenue Bonds, to provide financing for various redevelopment projects, and to fund a debt service reserve fund. A portion of proceeds from the 2002 Bonds was placed in an irrevocable trust to provide all the future debt service payments in the defeased 1993 Bonds. The defeased 1993 Bonds were called on January 2003. As a result of the refunding, the aggregate debt service was decreased by $2,913, and an economic gain of $2,851,526 was realized.

Commission tax increment revenue is pledged for the repayment of the 2002 Bonds. Interest is due semiannually each September 1 and March 1 at rates ranging from 2.00% to 5.25% per annum. Commencing 2003, principal is payable each September 1 through 2021.

**Note 6: Long-Term Debt (Continued)**

Debt service requirements to maturity for these bonds as of June 30, 2011 is as follows:

| | Public Financing Authority, Revenue Bonds, 2002 Series A | |
|---|---|---|
| | Principal | Interest |
| 2011 - 2012 | $ 1,080,000 | $ 709,535 |
| 2012 - 2013 | 1,120,000 | 671,575 |
| 2013 - 2014 | 1,160,000 | 630,225 |
| 2014 - 2015 | 1,205,000 | 576,844 |
| 2015 - 2016 | 1,265,000 | 512,006 |
| 2016 - 2021 | 7,400,000 | 1,462,913 |
| 2021 - 2026 | 1,720,000 | 45,150 |
| Totals | $ 14,950,000 | $ 4,608,248 |

Public Financing Authority Revenue Bonds, 2001 Series A and Series B

On July 1, 2001, the City and the Commission jointly issued, through a financing intermediary called the Emeryville Public Financing Authority, Revenue Bonds, 2001 Series A and 2001 Series B in the principal amounts of $23,000,000 and $3,420,000, respectively. The proceeds of Series A Bonds were used to finance redevelopment activities within the 1976 Redevelopment Project Area and Shellmound Redevelopment Project Area. The proceeds of Series B Bonds were used to finance low and moderate income housing projects. The Series A Bonds are secured by a pledge of the Commission's Tax Increment Revenues and Series B Bonds are secured by Housing Set Aside revenue.

Interest is due semiannually each September 1 and March 1. Interest rates on the Series A Bonds and Series B Bonds range from 4.00% to 5.20% and 7.02% to 7.20% per annum, respectively. Commencing 2002, principal is payable each September 1 through 2031.

Debt service requirements to maturity for these bonds as of June 30, 2011 is as follows:

| | Public Financing Authority, Revenue Bonds, 2001 Series A | | Public Financing Authority, Revenue Bonds, 2001 Series B | |
|---|---|---|---|---|
| | Principal | Interest | Principal | Interest |
| 2011 - 2012 | $ 680,000 | $ 890,830 | $ 50,000 | $ 222,021 |
| 2012 - 2013 | 705,000 | 860,524 | 55,000 | 218,336 |
| 2013 - 2014 | 740,000 | 828,188 | 55,000 | 214,475 |
| 2014 - 2015 | 775,000 | 793,713 | 60,000 | 210,438 |
| 2015 - 2016 | 805,000 | 756,568 | 65,000 | 206,051 |
| 2016 - 2021 | 4,660,000 | 3,126,090 | 395,000 | 952,682 |
| 2021 - 2026 | 5,980,000 | 1,763,148 | 550,000 | 785,880 |
| 2026 - 2031 | 3,045,000 | 527,747 | 1,495,000 | 450,180 |
| 2031 - 2036 | 720,000 | 18,450 | 400,000 | 14,400 |
| Totals | $ 18,110,000 | $ 9,565,258 | $ 3,125,000 | $ 3,274,463 |

**Note 6: Long-Term Debt (Continued)**

Public Financing Authority Revenue Bonds 1998 Series B and 1998 Series C

On July 23, 1998, the City and the Commission jointly issued, through a financing intermediary called the Emeryville Public Financing Authority, Revenue Bonds, 1998 Series B and 1998 Series C in the principal amounts of $50,650,000 and $17,905,000, respectively, to finance certain redevelopment projects. The bond proceeds were also used to refund a portion of Revenue Bonds, Series 1995 and a portion of 1993 Revenue Bonds, Series A, and to refund all of the Revenue Bonds, Series 1994, by purchasing Federal Securities which were deposited in irrevocable trusts with an escrow agent to provide future debt payments on the refunded bonds. As a result, the Refunded Bonds were considered to be defeased and the liability for those obligations was removed from the Commission's financial statements.

Commission tax increment revenue is pledged for the repayment of the 1998 Bonds. Interest is due semiannually each September 1 and March 1. Interest rates on the Series B Bonds and Series C Bonds range from 4.00% to 5.00% and 5.75% to 6.75% per annum, respectively. Principal is payable each September 1 through 2028 for Series B Bonds and 2026 for Series C Bonds.

Debt service requirements to maturity for these bonds as of June 30, 2011 is as follows:

| | Public Financing Authority, Revenue Bonds, 1998 Series B | | Public Financing Authority, Revenue Bonds, 1998 Series C | |
|---|---|---|---|---|
| | Principal | Interest | Principal | Interest |
| 2011 - 2012 | $ 1,235,000 | $ 1,935,491 | $ 475,000 | $ 924,284 |
| 2012 - 2013 | 1,295,000 | 1,875,080 | 505,000 | 891,822 |
| 2013 - 2014 | 1,350,000 | 1,810,250 | 545,000 | 857,041 |
| 2014 - 2015 | 1,425,000 | 1,740,875 | 575,000 | 819,941 |
| 2015 - 2016 | 1,500,000 | 1,667,750 | 610,000 | 780,688 |
| 2016 - 2021 | 8,680,000 | 7,108,500 | 3,745,000 | 3,213,741 |
| 2021 - 2026 | 18,865,000 | 3,895,875 | 5,200,000 | 1,726,313 |
| 2026 - 2031 | 5,060,000 | 193,750 | 2,375,000 | 80,156 |
| Totals | $ 39,410,000 | $ 20,227,571 | $ 14,030,000 | $ 9,293,986 |

Public Financing Authority Revenue Bonds, Series 1995

The Revenue Bonds, Series 1995 (1995 Bonds) were issued to refinance the Commission's share of the cost of acquisition, construction and funding for low and moderate income housing projects. The bonds are special obligations of the Commission payable solely from and secured by a pledge of and lien upon tax increment revenues. Principal and interest are payable semi-annually each March 1 and September 1 at rates ranging from 4.00% to 5.00% per annum. The proceeds from the bonds were used to advance refund outstanding 1990 Housing Revenue Bonds, Increment Series A ("Refunded Bonds") by purchasing U.S. government securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Refunded Bonds. As a result, the 1990 Bonds were considered to be defeased and the liability for those obligations were removed from the Commission's financial statements.

**Note 6: Long-Term Debt (Continued)**

Debt service requirements to maturity for these bonds as of June 30, 2011 is as follows:

| | Public Financing Authority, Revenue Bonds, Series 1995 | |
|---|---|---|
| | Principal | Interest |
| 2011 - 2012 | $ 220,000 | $ 309,476 |
| 2012 - 2013 | 230,000 | 295,751 |
| 2013 - 2014 | 245,000 | 281,233 |
| 2014 - 2015 | 260,000 | 265,670 |
| 2015 - 2016 | 275,000 | 249,085 |
| 2016 - 2021 | 1,650,000 | 959,450 |
| 2021 - 2026 | 2,230,000 | 361,460 |
| Totals | $ 5,110,000 | $ 2,722,125 |

Loan from City - Environmental Protection Agency

Park Avenue Park

The Commission received a loan from the City to remediate the two-acre Park Avenue Park pursuant to the Park Avenue District Plan. The remediation was completed the end of 2008. The loan was for $2.0 million and has a 5 percent per annum interest rate for five years. There is a balloon payment of $2.5 million required at the end of the term. The loan can be repaid, penalty-free, at any time.

Doyle-Hollis Park

On June 5, 2007, the Commission approved the plans and specifications for the remediation of the former Dutro property, site of the future Doyle-Hollis Park bounded by Hollis Street, 61st Street, 62nd Street and Doyle Street.

To accomplish this, the City Council and the Commission authorized the execution of a Capital Incentives for Emeryville's Redevelopment and Remediation (*CIERRA*) loan agreement for the remediation of the former Dutro property in the amount of $603,382. The loan bears interest at a rate of 2 percent per annum and will be repaid in three annual installments of $209,405 beginning May 2010. Debt service requirements to maturity for this loan as of June 30, 2011 are as follows:

| | Principal | Interest |
|---|---|---|
| 2011-2012 | $ 204,761 | $ 4,644 |

## Note 6: Long-Term Debt (Continued)

### b. The following is a schedule of changes in long-term debt of the Commission for the fiscal year ended June 30, 2011:

| | Balance July 1, 2010 | Additions | Repayments | Balance June 30, 2011 | Due Within One Year |
|---|---|---|---|---|---|
| Unused | | | | | |
| City Loans - Principal | $ 1,115,450 | $ - | $ 194,901 | $ 920,549 | $ 205,310 |
| City Loans - Unpaid Interest | 100,000 | - | 42,508 | 57,492 | - |
| Series 2004A | 70,745,000 | - | 2,205,000 | 68,540,000 | 2,310,000 |
| Public Financing Authority Revenue Bonds, 2002 Series A, 2.00%-5.25%, due 9/01/21 | 16,000,000 | - | 1,050,000 | 14,950,000 | 1,080,000 |
| Public Financing Authority Revenue Bonds, 2001 Series A, 4.00%-5.20%, due 9/01/31 | 18,760,000 | - | 650,000 | 18,110,000 | 680,000 |
| Public Financing Authority Revenue Bonds, 2001 Series B, 7.02%-7.20%, due 9/01/31 | 3,175,000 | - | 50,000 | 3,125,000 | 50,000 |
| Public Financing Authority Revenue Bonds, 1998 Series B, 4.00%-5.00%, due 9/01/28 | 40,590,000 | - | 1,180,000 | 39,410,000 | 1,235,000 |
| Public Financing Authority Revenue Bonds, 1998 Series C, 5.75%-6.75%, due 9/01/26 | 14,470,000 | - | 440,000 | 14,030,000 | 475,000 |
| Public Financing Authority Revenue Bonds, Series 1995, 4.00%-6.20%, due 9/01/25 | 5,315,000 | - | 205,000 | 5,110,000 | 220,000 |
| Total | $ 170,270,450 | $ - | $ 6,017,409 | $ 164,253,041 | $ 6,255,310 |
| Total - All Project Areas | | | | | |
| City Loans - Principal | $ 1,115,450 | $ - | $ 194,901 | $ 920,549 | $ 205,310 |
| City Loans - Unpaid Interest | 100,000 | - | 42,508 | 57,492 | - |
| Bonds Payable | 169,055,000 | - | 5,780,000 | 163,275,000 | 6,050,000 |
| Total | $ 170,270,450 | $ - | $ 6,017,409 | $ 164,253,041 | $ 6,255,310 |
| Adjustments: | | | | | |
| Unamortized net original issue (discount) or premium | | | | 1,221,722 | |
| Net Long-term Debt | | | | $ 165,474,763 | |

### c. Pledge of Revenues

As previously discussed, the Commission has pledged, as security for bonds it has issued, either directly or through the Emeryville Public Financing Authority, a portion of the tax increment revenue (including low and moderate income housing set-aside) that it receives. These bonds were to provide financing for various capital projects, accomplish low and moderate income housing projects and to defease previously issued bonds. The Commission has committed to appropriate each year, from these resources amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is $250,102,582 with annual debt service requirements as indicated above. For the current year, the total tax increment revenue, net of pass through payments, recognized by the Commission was $31,805,185 and the debt service obligation on the bonds was $14,138,279.

## Note 6: Long-Term Debt (Continued)

### d. Defeased Bonds

In prior years, the Commission defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Commission's financial statements. At June 30, 2011, outstanding balances for defeased debt was $645,000 for the 1979 Residential Mortgage Revenue Bonds.

### e. Housing Revenue Bonds Without Commission Commitment

On August 15, 1996, the Commission assisted in the issuance of $16,470,000 in Revenue Bonds for the purpose of providing funds to make a loan to East Bay Bridge Partners to provide permanent financing for a multifamily rental housing project known as the East Bay Bridge Project. Principal and interest on the bonds are payable semiannually on March 1 and September 1 of each year, commencing March 1, 1998. The Commission has no legal or moral commitment for the repayment of these bonds.

On October 9, 2002, the Commission assisted in the issuance of $66,715,000 in Multi-family Housing Refunding Revenue Bonds, Series 2002 A for the purpose of providing funds to make a loan to Bay Street Housing Partners to provide financing for the acquisition, and construction of a multi-family residential project known as Bay Street Apartments. Interest on the bonds is payable on the 15$^{th}$ day of each month, commencing October 15, 2002. The bonds are due October 15, 2042. The Commission has no legal or moral commitment for the repayment of these bonds.

The Commission assisted in the issuance of $21,000,000 in Multifamily Housing Refunding Revenue Bonds, Series 2005 A for the purpose of providing funds to make a loan to Bay Street Partners to provide additional financing for the construction of a multifamily residential project know as Bay Street Apartments. This was done in December 2005 and these bonds provided additional financing to the previously issued Multifamily Housing Refunding Revenue Bonds, Series 2002 A. Due to cost overruns in connection with the project, the Borrower requested that the Commission sell the additional bonds. The Commission has no legal or moral commitment for the repayment of these bonds.

## Note 7: Land Held For Resale

The Commission has purchased parcels of land as part of its efforts to develop or redevelop blighted properties within the Redevelopment Areas. Such land parcels are accounted for at the lower of cost or net realizable value or agreed-upon sales price if a disposition agreement has been made with a developer.

## IV. OTHER DISCLOSURES

### Note 8: Interfund Transfers

With Commission approval, resources may be transferred from one Commission fund to another. The majority of transfers are for debt service, housing set aside and to distinguish funds earmarked for capital projects from those for operations.

Interfund transfers for the year ended June 30, 2011, consisted of the following:

| | Transfers Out: | | | |
|---|---|---|---|---|
| | Capital Projects Funds | | | |
| **Transfers In:** | 1976 Project Area | Shellmound Project Area | Low and Moderate Housing | Total |
| Capital Projects Funds: | | | | |
| Low and Moderate Housing | $ 4,652,067 | $ 2,861,890 | $ 3,020,000 | $ 10,533,957 |
| Debt Service Funds: | | | | |
| 1976 Project Area | 8,546,511 | - | - | 8,546,511 |
| Shellmound Project Area | - | 2,480,404 | - | 2,480,404 |
| Low and Moderate Housing | - | - | 3,111,364 | 3,111,364 |
| Total | $ 13,198,578 | $ 5,342,294 | $ 6,131,364 | $ 24,672,236 |

| **Purpose of Transfers:** | Amounts | |
|---|---|---|
| Low and Moderate Housing Set Aside: | | |
| 1976 Project Area | $ 4,652,067 | |
| Shellmound Project Area | 2,861,890 | $ 7,513,957 |
| Debt Service Requirements | | 14,138,279 |
| Fund Capital Projects | | 3,020,000 |
| Total | | $ 24,672,236 |

### Note 9: Interfund Advances

On May 4, 2010 the City Council passed a resolution approving an advance from the Combined Low and Moderate Income Housing Fund to the 1976 Project Area Capital Project Fund and Shellmound Project Area Capital Projects Fund for $8,494,300 and $2,797,700, respectively totaling $11,292,000 for the purpose of providing funding to pay the County's "Supplemental" Educational Revenue Augmentation Fund (SERAF) payment for 2010-2011. There is no repayment schedule, however State legislation requires it to be repaid by June 30, 2015 to avoid penalty. If it is not repaid by that date, then the set-aside percentage to Low and Moderate Income Housing will increase from 20% to 25% for the remainder of the life of the Commission. There were repayments totaling $2,258,400 to repay one-fifth of this advance. The ending balance of the advance as of June 30, 2011 is $9,033,600.

### Note 10: Development Agreements

#### a. Development of Emeryville Amtrak Station

In March of 1993, the Commission entered into a Participation Agreement with Wareham Development Corporation to develop the Emeryville Amtrak Station (the Station). Under the terms of the Participation Agreement, the Commission developed the Station public improvements, including tracks, platforms, parking, landscaping and street improvements. Wareham developed the Station building, which the Commission leases from Wareham and subleases to Amtrak for a period of 25 years, after which time ownership of the station goes to Amtrak.

**Note 10: Development Agreements (Continued)**

The Commission is paying annual lease payments of $164,942 for the next 14 years. Under the lease terms, the Commission is also responsible for property taxes through 2011, thereafter the developer is liable for the first $15,000 of the annual amount. Under the terms of the Commission's sublease of the Amtrak Station to the National Railroad Passenger Cooperation (Amtrak), the Commission will receive payments as follows:

| Year Ending June 30, | Amount |
|---|---|
| 2012 | $ 90,000 |
| 2013 | 90,000 |
| 2014 | 90,000 |
| 2015 | 90,000 |
| 2016 | 90,000 |
| 2017-2018 | 180,000 |
| Total | $ 630,000 |

**b. Novartis Corporation Project**

The Commission has a Development Agreement with Novartis Corporation under which the Commission will reimburse the Corporation for extraordinary costs incurred in remediating and improving property to be used as a site for expansion of its Biotech Research facilities. The Corporation constructed the first building of the project and is entitled to receive 40% of future tax increment revenue generated by the Project until fiscal 2026-2027 subject to certain limitations defined in the Agreement. Total payments during the current year totaled $423,606.

**c. Emeryville Town Center (Bay Street)**

The developer has acquired parcels from the Commission for use as a site for the Emeryville Town Center (Bay Street) in exchange for a note receivable due to the Commission that is disclosed in Note 4 above.

**d. EmeryStation Greenway**

The Commission has entered into an Owner Participation Agreement with EmeryStation Triangle, LLC, and EmeryStation Triangle II, LLC, under which the Commission will reimburse EmeryStation Triangle II certain permitted costs including relocation, site assessment and remediation and sound mitigation costs not to exceed $1,753,000. The Commission will also compensate EmeryStation Triangle II, LLC $735,000 for the fair market value of the Plaza Greenway property and improvements thereto to be dedicated to the City upon completion. Thus the Commission will provide Emery Station Triangle II a total of $2,488,000 in assistance. Accordingly, in consideration of the developer's obligations to construct the project, the Commission will reimburse up to $1,050,000 in project costs at the completion of Phase I and an additional reimbursement not to exceed $1,438,000 will be payable from future tax increment revenue generated by the project. As of June 30, 2011, the Commission had paid $600,529 of the permitted costs.

## Note 11: Risk Management

The City and the Commission manage risk by participating in public entity risk pools as discussed in the City's Comprehensive Annual Financial Report.

In addition, the Commission has a pollution legal liability insurance, which covers third-party claims and additional cleanup costs related to Site B (parcels north of Bay Street) for up to $10,000,000. The Commission has a deductible or uninsured liability of $100,000 per claim. During fiscal year 2008-2009 the Commission paid a one-time premium of $181,857 for this policy that covers a ten-year period from November 3, 2008 to November 3, 2018.

## Note 12: Commitment and Contingencies

### a. General

The Commission is subject to litigation arising in the normal course of business. In the opinion of the Commission's attorney, there is no pending litigation that is likely to have a material adverse effect on the financial position of the Commission.

The Commission participates in several federal and state grant programs. These programs have been audited by the Commission's independent accountants in accordance with the provisions of the federal Single Audit Act Amendments of 1986 and applicable state requirements. No cost disallowances were proposed as a result of these audits; however,
these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The Commission expects such amounts, if any, to be immaterial.

### b. Lease Agreement with the Emery Unified School District and Reimbursement Agreement with the City of Emeryville

On October 15, 2002, the City and the Emery Unified School District (the District) signed a lease agreement to lease and improve recreational facilities at Emery High School for a period of 40 years for rent payments totaling $1.5 million and estimated improvement costs of $250,000. Through this Lease Agreement, the Commission will eliminate blighting influences in both the 1976 and Shellmound Project Areas by improving inadequate public facilities in order to benefit the public. As a result, a Reimbursement Agreement between the City and the Commission was also signed to reimburse the City for all payments disbursed to the District during each fiscal year. In May 2011, the lease agreement was amended to extend the lease to 99 years in exchange for additional payments to the District of $2.25 million. One million of this commitment was paid during fiscal year 2010/11; the remainder will be due when construction begins on the Emeryville Center of Community Life.

## Note 13: SERAF Shift for Fiscal Year 2010-2011

On July 23, 2009, the State adopted legislation, requiring a shift of monies during fiscal years 2009-2010 and 2010-2011 to be deposited into the County "Supplemental" Educational Revenue Augmentation Fund (SERAF). These monies were to be distributed to meet the State's Prop 98 obligations to schools. The California Redevelopment Association (CRA) and its member agencies filed a legal action in an attempt to stop these amounts from having to be paid; however, in May 2010 the Sacramento Superior Court upheld the legislation. This decision is in the process of being appealed by CRA and its member agencies.

The payment of the SERAF was due on May 10, 2011 for fiscal year 2010-2011 and it was made in the amount of $2,324,740 using available resources.

**Note 14: California Redevelopment Agency Uncertainty**

On July 18, 2011, the California Redevelopment Association ("CRA") and the League of California Cities ("League") filed a petition for writ of mandate with the California Supreme Court, requesting the Court to declare unconstitutional two bills that were passed as part of the 2011-12 State Budget, AB1X 26 and 27. AB1X 26 dissolves redevelopment agencies effective October 1, 2011. AB1X 27, give redevelopment agencies an option to avoid dissolution if it commits to making defined payments for the benefit of the State, school districts and certain special districts. In 2011-12, these payments amount to a state-wide total of $1.7 billion. In 2012-13 and subsequent years, the payments total $400 million, annually. Each city or county's share of these payments is determined based on its proportionate share of state-wide tax increment.

CRA and the League contend that AB1X 26 and 27 are unconstitutional because they violate Proposition 22 which was passed by the voters in November, 2010. The effect of the legislation is to achieve a possible unconstitutional result, the use of redevelopment agencies' tax increment funds to benefit the State and other units of local government, by way of threatening of the dissolution of redevelopment agencies.

Therefore, the CRA and the League have requested that the Court issue a stay, suspending the effectiveness of AB1X 26 and 27 until the Court can rule on its constitutionality. CRA and the League also asked the Court to expedite the briefing and hearing of the case so that a decision can be rendered by the Court before January 15, 2012, when the first payments are due. On August 11th, the California Supreme Court agreed to hear the case and granted a partial stay which was subsequently clarified.

As of the time of the issuance of this report, the outcome of AB1X 26 and 27 upon the Commission is unknown and consequently the status and even future existence of the Commission is uncertain as such. In accordance with AB1X 27, the Commission has passed a resolution of intent to continue and will be required to make a payment to the State by January 15, 2012 to avoid dissolution. The Department of Finance issued their estimated payments amounts and the Commission filed an appeal regarding the calculation. The Department of Finance reviewed the Commission's appeal regarding the calculation and on October 15, 2011 determined the estimated payment stands without revision, resulting in a payment amount of $13,126,571.

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**COMMUNITY DEVELOPMENT COMMISSION OF EMERYVILLE**

**COMBINING PROJECT AREA**
**BALANCE SHEET**
**ALL DEBT SERVICE AND CAPITAL PROJECTS FUNDS**
**JUNE 30, 2011**

| | 1976 Project Area | | Shellmound Project Area | |
|---|---|---|---|---|
| | Debt Service | Capital Projects | Debt Service | Capital Projects |
| **Assets:** | | | | |
| Cash and investments | $ - | $ 56,257,146 | $ - | $ 30,815,543 |
| Cash and investments with trustee | 8,606,503 | - | 2,502,891 | - |
| Receivables: | | | | |
| Accounts | - | 28,539 | - | 612 |
| Interest | - | 18,876 | - | 8,878 |
| Loans | - | 2,984,453 | - | 21,028,893 |
| Lease payments | - | 492,240 | - | - |
| Advances to Tax Increment Fund | - | - | - | - |
| Land held for resale | - | 14,638,530 | - | 3,430,732 |
| Prepaid expenses | - | 21,874 | - | 1,760 |
| **Total Assets** | **$ 8,606,503** | **$ 74,441,658** | **$ 2,502,891** | **$ 55,286,418** |
| **Liabilities and Fund Balances:** | | | | |
| **Liabilities:** | | | | |
| Accounts payable | $ - | $ 3,340,812 | $ - | $ 577,911 |
| Deposits from others | - | 125,768 | - | - |
| Deferred revenue | - | 3,476,693 | - | 21,028,893 |
| Advances from Low and Moderate Housing Funds | - | 7,024,700 | - | 2,008,900 |
| Unearned revenue | - | 50,000 | - | - |
| **Total Liabilities** | **-** | **14,017,973** | **-** | **23,615,704** |
| **Fund Balances:** | | | | |
| Nonspendable: | | | | |
| Land held for resale | - | 14,638,530 | - | 3,430,732 |
| Prepaid costs | - | 21,874 | - | 1,760 |
| Advances | - | - | - | - |
| Restricted: | | | | |
| Debt service | 8,606,503 | - | 2,502,891 | - |
| Continuing projects | - | 45,763,281 | - | 28,238,222 |
| Housing | - | - | - | - |
| **Total Fund Balances** | **8,606,503** | **60,423,685** | **2,502,891** | **31,670,714** |
| **Total Liabilities and Fund Balances** | **$ 8,606,503** | **$ 74,441,658** | **$ 2,502,891** | **$ 55,286,418** |

**COMMUNITY DEVELOPMENT COMMISSION OF EMERYVILLE**

**COMBINING PROJECT AREA**
**BALANCE SHEET**
**ALL DEBT SERVICE AND CAPITAL PROJECTS FUNDS**
**JUNE 30, 2011**

| | Combined Low and Moderate Housing | | Totals | |
|---|---|---|---|---|
| | Debt Service | Capital Projects | Debt Service | Capital Projects |
| **Assets:** | | | | |
| Cash and investments | $ - | $ 23,572,633 | $ - | $ 110,645,322 |
| Cash and investments with trustee | 3,149,347 | - | 14,258,741 | - |
| Receivables: | | | | |
| Accounts | - | 104,812 | - | 133,963 |
| Interest | - | 7,253 | - | 35,007 |
| Loans | - | 14,483,778 | - | 38,497,124 |
| Lease payments | - | - | - | 492,240 |
| Advances to Tax Increment Fund | - | 9,033,600 | - | 9,033,600 |
| Land held for resale | - | 8,819,146 | - | 26,888,408 |
| Prepaid expenses | - | 1,600 | - | 25,234 |
| **Total Assets** | **$ 3,149,347** | **$ 56,022,822** | **$ 14,258,741** | **$ 185,750,898** |
| **Liabilities and Fund Balances:** | | | | |
| **Liabilities:** | | | | |
| Accounts payable | $ - | $ 295,425 | $ - | $ 4,214,148 |
| Deposits from others | - | 10,000 | - | 135,768 |
| Deferred revenue | - | 14,483,778 | - | 38,989,364 |
| Advances from Low and Moderate Housing Funds | - | - | - | 9,033,600 |
| Unearned revenue | - | - | - | 50,000 |
| **Total Liabilities** | **-** | **14,789,203** | **-** | **52,422,880** |
| **Fund Balances:** | | | | |
| Nonspendable: | | | | |
| Land held for resale | - | 8,819,146 | - | 26,888,408 |
| Prepaid costs | - | 1,600 | - | 25,234 |
| Advances | - | 9,033,600 | - | 9,033,600 |
| Restricted: | | | | |
| Debt service | 3,149,347 | - | 14,258,741 | - |
| Continuing projects | - | - | - | 74,001,503 |
| Housing | - | 23,379,273 | - | 23,379,273 |
| **Total Fund Balances** | **3,149,347** | **41,233,619** | **14,258,741** | **133,328,018** |
| **Total Liabilities and Fund Balances** | **$ 3,149,347** | **$ 56,022,822** | **$ 14,258,741** | **$ 185,750,898** |

**COMBINING PROJECT AREA**
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**
**ALL DEBT SERVICE AND CAPITAL PROJECTS FUNDS**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | 1976 Project Area | | Shellmound Project Area | |
|---|---|---|---|---|
| **Revenues:** | **Debt Service** | **Capital Projects** | **Debt Service** | **Capital Projects** |
| Taxes and assessments | | | | |
| Tax increment | $ - | $ 23,260,337 | $ - | $ 14,309,449 |
| Use of money and property: | | | | |
| Interest income | 50 | 788,501 | 18 | 369,344 |
| Lease income | - | 90,000 | - | - |
| Other revenue: | | | | |
| Miscellaneous | - | 907 | - | - |
| **Total Revenues** | **50** | **24,139,745** | **18** | **14,678,793** |
| **Expenditures:** | | | | |
| Current: | | | | |
| Community development: | | | | |
| Administrative costs | - | 1,612,943 | - | 1,325,080 |
| Professional services | - | 4,219,405 | - | 390,114 |
| Planning, survey and design | - | 149,303 | - | 337,046 |
| Real estate acquisitions | - | 3,649,400 | - | - |
| Acquisition cost | - | 11,344 | - | - |
| Operation of acquired property | - | 27,763 | - | - |
| Rehabilitation grants | - | - | - | - |
| Capital outlay: | | | | |
| Project improvement costs | - | 3,127,559 | - | 3,203,251 |
| Debt service: | | | | |
| Interest expense | 4,721,513 | - | 1,635,404 | 48,591 |
| Long-term debt repayments | 3,825,000 | - | 845,000 | 237,409 |
| **Total Expenditures** | **8,546,513** | **12,797,717** | **2,480,404** | **5,541,491** |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (8,546,463) | 11,342,028 | (2,480,386) | 9,137,302 |
| **Other Financing Sources (Uses):** | | | | |
| Transfers in | 8,546,511 | - | 2,480,404 | - |
| Housing set-aside transfers in | - | - | - | - |
| Transfers out | - | (8,546,511) | - | (2,480,404) |
| Housing set-aside transfers out | - | (4,652,067) | - | (2,861,890) |
| Pass-through agreement payments | - | (1,671,592) | - | (4,093,009) |
| Developer participation | - | 218,000 | - | - |
| Bond administrative fees | - | - | - | - |
| Payment to the Supplemetal Educational Revenue Augmentation Fund | - | (1,512,838) | - | (811,902) |
| Loans received (made) | - | 81,156 | - | (52,505) |
| Loss on sale of property | - | - | - | - |
| Miscellaneous | - | - | - | 503 |
| **Total Other Financing Sources (Uses)** | **8,546,511** | **(16,083,852)** | **2,480,404** | **(10,299,207)** |
| **Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses** | **48** | **(4,741,824)** | **18** | **(1,161,905)** |
| **Fund Balances:** | | | | |
| Beginning of Year, as previously reported | 8,606,455 | 64,448,230 | 2,502,873 | 32,832,619 |
| Restatements | - | 717,279 | - | - |
| Beginning of Year, as restated | 8,606,455 | 65,165,509 | 2,502,873 | 32,832,619 |
| **End of Year** | **$ 8,606,503** | **$ 60,423,685** | **$ 2,502,891** | **$ 31,670,714** |

**COMBINING PROJECT AREA**
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**
**ALL DEBT SERVICE AND CAPITAL PROJECTS FUNDS**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | Combined Low and Moderate Housing | | Totals | |
|---|---|---|---|---|
| | Debt Service | Capital Projects | Debt Service | Capital Projects |
| **Revenues:** | | | | |
| Taxes and assessments | | | | |
| Tax increment | $ - | $ - | $ - | $ 37,569,786 |
| Use of money and property: | | | | |
| Interest income | 15 | 594,130 | 83 | 1,751,975 |
| Lease income | - | - | - | 90,000 |
| Other revenue: | | | | |
| Miscellaneous | - | - | - | 907 |
| **Total Revenues** | **15** | **594,130** | **83** | **39,412,668** |
| **Expenditures:** | | | | |
| Current: | | | | |
| Community development: | | | | |
| Administrative costs | - | 569,723 | - | 3,507,746 |
| Professional services | - | 279,187 | - | 4,888,706 |
| Planning, survey and design | - | 243,154 | - | 729,503 |
| Real estate acquisitions | - | - | - | 3,649,400 |
| Acquisition cost | - | 11,288 | - | 22,632 |
| Operation of acquired property | - | 2,435 | - | 30,198 |
| Rehabilitation grants | - | 109,186 | - | 109,186 |
| Capital outlay: | | | | |
| Project improvement costs | - | 2,045,577 | - | 8,376,387 |
| Debt service: | | | | |
| Interest expense | 2,001,364 | - | 8,358,281 | 48,591 |
| Long-term debt repayments | 1,110,000 | - | 5,780,000 | 237,409 |
| **Total Expenditures** | **3,111,364** | **3,260,550** | **14,138,281** | **21,599,758** |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (3,111,349) | (2,666,420) | (14,138,198) | 17,812,910 |
| **Other Financing Sources (Uses):** | | | | |
| Transfers in | 3,111,364 | 3,020,000 | 14,138,279 | 3,020,000 |
| Housing set-aside transfers in | - | 7,513,957 | - | 7,513,957 |
| Transfers out | - | (6,131,364) | - | (17,158,279) |
| Housing set-aside transfers out | - | - | - | (7,513,957) |
| Pass-through agreement payments | - | - | - | (5,764,601) |
| Developer participation | - | - | - | 218,000 |
| Bond administrative fees | - | 100,444 | - | 100,444 |
| Payment to the Supplemetal Educational Revenue Augmentation Fund | - | - | - | (2,324,740) |
| Loans received (made) | - | (351,092) | - | (322,441) |
| Loss on sale of property | - | (17,250) | - | (17,250) |
| Miscellaneous | - | 144,984 | - | 145,487 |
| **Total Other Financing Sources (Uses)** | **3,111,364** | **4,279,679** | **14,138,279** | **(22,103,380)** |
| **Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses** | **15** | **1,613,259** | **81** | **(4,290,470)** |
| **Fund Balances:** | | | | |
| Beginning of Year, as previously reported | 3,149,332 | 39,620,360 | 14,258,660 | 136,901,209 |
| Restatements | - | - | - | 717,279 |
| Beginning of Year, as restated | 3,149,332 | 39,620,360 | 14,258,660 | 137,618,488 |
| **End of Year** | **$ 3,149,347** | **$ 41,233,619** | **$ 14,258,741** | **$ 133,328,018** |

**COMMUNITY DEVELOPMENT COMMISSION OF EMERYVILLE**

**COMBINING PROJECT AREA**
**BALANCE SHEET**
**1976 PROJECT AREA DEBT SERVICE FUNDS**
**JUNE 30, 2011**

| | 1998 B Tax Exempt | 1998 C Taxable | 2001 A Tax Exempt | 2002 A Bonds | 2004 A Bonds | Total |
|---|---|---|---|---|---|---|
| **Assets:** | | | | | | |
| Cash and investments with trustee | $ 2,928,053 | $ - | $ 1,304,856 | $ 1,815,515 | $ 2,558,079 | $ 8,606,503 |
| **Total Assets** | **$ 2,928,053** | **$ -** | **$ 1,304,856** | **$ 1,815,515** | **$ 2,558,079** | **$ 8,606,503** |
| **Fund Balances:** | | | | | | |
| Restricted: | | | | | | |
| Debt service | $ 2,928,053 | $ - | $ 1,304,856 | $ 1,815,515 | $ 2,558,079 | $ 8,606,503 |
| **Total Fund Balances** | **$ 2,928,053** | **$ -** | **$ 1,304,856** | **$ 1,815,515** | **$ 2,558,079** | **$ 8,606,503** |

**COMMUNITY DEVELOPMENT COMMISSION OF EMERYVILLE**

**COMBINING PROJECT AREA**
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**
**1976 PROJECT AREA DEBT SERVICE FUNDS**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | 1998 B Tax Exempt | 1998 C Taxable | 2001 A Tax Exempt | 2002 A Bonds | 2004 A Bonds | Total |
|---|---|---|---|---|---|---|
| **Revenues:** | | | | | | |
| Use of money and property: | | | | | | |
| Interest income | $ 18 | $ - | $ 7 | $ 12 | $ 13 | $ 50 |
| **Total Revenues** | **18** | **-** | **7** | **12** | **13** | **50** |
| **Expenditures:** | | | | | | |
| Debt service: | | | | | | |
| Interest expense | 1,397,089 | 543,423 | 711,255 | 744,958 | 1,324,788 | 4,721,513 |
| Long-term debt repayments | 715,000 | 275,000 | 580,000 | 1,050,000 | 1,205,000 | 3,825,000 |
| **Total Expenditures** | **2,112,089** | **818,423** | **1,291,255** | **1,794,958** | **2,529,788** | **8,546,513** |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (2,112,071) | (818,423) | (1,291,248) | (1,794,946) | (2,529,775) | (8,546,463) |
| **Other Financing Sources (Uses):** | | | | | | |
| Transfers in | 2,112,089 | 818,423 | 1,291,255 | 1,794,957 | 2,529,787 | 8,546,511 |
| **Total Other Financing Sources (Uses)** | **2,112,089** | **818,423** | **1,291,255** | **1,794,957** | **2,529,787** | **8,546,511** |
| Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses | 18 | - | 7 | 11 | 12 | 48 |
| **Fund Balances:** | | | | | | |
| Beginning of Year | 2,928,035 | - | 1,304,849 | 1,815,504 | 2,558,067 | 8,606,455 |
| **End of Year** | **$ 2,928,053** | **$ -** | **$ 1,304,856** | **$ 1,815,515** | **$ 2,558,079** | **$ 8,606,503** |

**COMMUNITY DEVELOPMENT COMMISSION OF EMERYVILLE**

**COMBINING PROJECT AREA**
**BALANCE SHEET**
**1976 PROJECT AREA CAPITAL PROJECTS FUNDS**
**JUNE 30, 2011**

| | Operating Fund | 1998 C Taxable | 2001 A Tax Exempt | 2002 A Tax Exempt | 2004 A Bonds |
|---|---|---|---|---|---|
| **Assets:** | | | | | |
| Cash and investments | $ 16,991,748 | $ 630,439 | $ 1,599,167 | $ 245,885 | $ 10,434,074 |
| Receivables: | | | | | |
| Accounts | 28,500 | - | 39 | - | - |
| Interest | 7,129 | 2 | - | 105 | - |
| Loans | 1,068,571 | - | - | - | - |
| Lease payments | 492,240 | - | - | - | - |
| Land held for resale | - | - | 2,407,365 | 2,000,000 | 3,114,853 |
| Prepaid expenses | 21,874 | - | - | - | - |
| **Total Assets** | **$ 18,610,062** | **$ 630,441** | **$ 4,006,571** | **$ 2,245,990** | **$ 13,548,927** |
| **Liabilities:** | | | | | |
| Accounts payable | $ 2,017,377 | $ - | $ 147,438 | $ 8,465 | $ 332,607 |
| Deposits from others | 49,268 | - | - | - | - |
| Advance from Low and Moderate Housing Funds | 7,024,700 | - | - | - | - |
| Deferred revenue | 1,560,811 | - | - | - | - |
| Unearned revenue | 50,000 | - | - | - | - |
| **Total Liabilities** | **10,702,156** | **-** | **147,438** | **8,465** | **332,607** |
| **Fund Balances:** | | | | | |
| Nonspendable: | | | | | |
| Land held for resale | - | - | 2,407,365 | 2,000,000 | 3,114,853 |
| Prepaid costs | 21,874 | - | - | - | - |
| Restricted: | | | | | |
| Continuing projects | 7,886,032 | 630,441 | 516,768 | 237,525 | 10,101,467 |
| **Total Fund Balances** | **7,907,906** | **630,441** | **3,859,133** | **2,237,525** | **13,216,320** |
| **Total Liabilities and Fund Balances** | **$ 18,610,062** | **$ 630,441** | **$ 4,006,571** | **$ 2,245,990** | **$ 13,548,927** |

**COMMUNITY DEVELOPMENT COMMISSION OF EMERYVILLE**

**COMBINING PROJECT AREA**
**BALANCE SHEET**
**1976 PROJECT AREA CAPITAL PROJECTS FUNDS**
**JUNE 30, 2011**

| | Capital Projects | East Baybridge OPA | Homebuyer Program | Total |
|---|---|---|---|---|
| **Assets:** | | | | |
| Cash and investments | $ 25,737,764 | $ 440,836 | $ 177,233 | $ 56,257,146 |
| Receivables: | | | | |
| Accounts | - | - | - | 28,539 |
| Interest | 11,393 | 170 | 77 | 18,876 |
| Loans | 1,915,882 | - | - | 2,984,453 |
| Lease payments | - | - | - | 492,240 |
| Land held for resale | 7,116,312 | - | - | 14,638,530 |
| Prepaid expenses | - | - | - | 21,874 |
| **Total Assets** | **$ 34,781,351** | **$ 441,006** | **$ 177,310** | **$ 74,441,658** |
| **Liabilities:** | | | | |
| Accounts payable | $ 834,925 | $ - | $ - | $ 3,340,812 |
| Deposits from others | 76,500 | - | - | 125,768 |
| Advance from Low and Moderate Housing Funds | - | - | - | 7,024,700 |
| Deferred revenue | 1,915,882 | - | - | 3,476,693 |
| Unearned revenue | - | - | - | 50,000 |
| **Total Liabilities** | **2,827,307** | **-** | **-** | **14,017,973** |
| **Fund Balances:** | | | | |
| Nonspendable: | | | | |
| Land held for resale | 7,116,312 | - | - | 14,638,530 |
| Prepaid costs | - | - | - | 21,874 |
| Restricted: | | | | |
| Continuing projects | 25,772,732 | 441,006 | 177,310 | 45,763,281 |
| **Total Fund Balances** | **31,954,044** | **441,006** | **177,310** | **60,423,685** |
| **Total Liabilities and Fund Balances** | **$ 34,781,351** | **$ 441,006** | **$ 177,310** | **$ 74,441,658** |

**COMMUNITY DEVELOPMENT COMMISSION OF EMERYVILLE**

**COMBINING PROJECT AREA**
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**
**1976 PROJECT AREA CAPITAL PROJECTS FUNDS**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | Operating Fund | 1998 C Taxable | 2001 A Tax Exempt | 2002 A Tax Exempt | 2004 A Bonds |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| Taxes and assessments: | | | | | |
| Tax increment | $ 23,260,337 | $ - | $ - | $ - | $ - |
| Use of money and property: | | | | | |
| Interest income | 240,660 | 193 | 17,174 | 4,818 | (9,160) |
| Lease income | 90,000 | - | - | - | - |
| Other revenue: | | | | | |
| Miscellaneous | 907 | - | - | - | - |
| **Total Revenues** | **23,591,904** | **193** | **17,174** | **4,818** | **(9,160)** |
| **Expenditures:** | | | | | |
| Current: | | | | | |
| Community development: | | | | | |
| Administrative costs | 1,609,943 | - | - | - | - |
| Professional services | 323,870 | - | - | 47,475 | 2,106,756 |
| Planning, survey and design | 3,792 | - | 12,176 | 4,475 | 6,539 |
| Real estate acquisitions | - | - | 200 | - | 1,908 |
| Acquisition cost | - | - | - | - | 11,344 |
| Operation of acquired property | 10,091 | - | - | - | - |
| Capital outlay: | | | | | |
| Project improvement costs | 878,543 | - | - | 175,632 | 1,389,296 |
| **Total Expenditures** | **2,826,239** | **-** | **12,376** | **227,582** | **3,515,843** |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 20,765,665 | 193 | 4,798 | (222,764) | (3,525,003) |
| **Other Financing Sources (Uses):** | | | | | |
| Transfers out | (8,546,511) | - | - | - | - |
| Housing set-aside transfers out | (4,652,067) | - | - | - | - |
| Pass through agreement payments | (1,671,592) | - | - | - | - |
| Developer participation | - | - | - | - | - |
| Payment to the Supplemental Educational Revenue Augmentation Fund | (1,512,838) | - | - | - | - |
| Loans received (made) | (5,759) | - | - | - | - |
| **Total Other Financing Sources (Uses)** | **(16,388,767)** | **-** | **-** | **-** | **-** |
| Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses | 4,376,898 | 193 | 4,798 | (222,764) | (3,525,003) |
| **Fund Balances** | | | | | |
| Beginning of Year, as previously reported | 2,813,729 | 630,248 | 3,854,335 | 2,460,289 | 16,741,323 |
| Restatements | 717,279 | - | - | - | - |
| Beginning of Year, as restated | 3,531,008 | 630,248 | 3,854,335 | 2,460,289 | 16,741,323 |
| **End of Year** | **$ 7,907,906** | **$ 630,441** | **$ 3,859,133** | **$ 2,237,525** | **$ 13,216,320** |

**COMMUNITY DEVELOPMENT COMMISSION OF EMERYVILLE**

**COMBINING PROJECT AREA**
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**
**1976 PROJECT AREA CAPITAL PROJECTS FUNDS**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | Capital Projects | East Baybridge OPA | Homebuyer Program | Total |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Taxes and assessments: | | | | |
| Tax increment | $ - | $ - | $ - | $ 23,260,337 |
| Use of money and property: | | | | |
| Interest income | 525,974 | 6,083 | 2,759 | 788,501 |
| Lease income | - | - | - | 90,000 |
| Other revenue: | | | | |
| Miscellaneous | - | - | - | 907 |
| **Total Revenues** | **525,974** | **6,083** | **2,759** | **24,139,745** |
| **Expenditures:** | | | | |
| Current: | | | | |
| Community development: | | | | |
| Administrative costs | 3,000 | - | - | 1,612,943 |
| Professional services | 1,741,304 | - | - | 4,219,405 |
| Planning, survey and design | 122,321 | - | - | 149,303 |
| Real estate acquisitions | 3,647,292 | - | - | 3,649,400 |
| Acquisition cost | - | - | - | 11,344 |
| Operation of acquired property | 17,672 | - | - | 27,763 |
| Capital outlay: | | | | |
| Project improvement costs | 684,088 | - | - | 3,127,559 |
| **Total Expenditures** | **6,215,677** | **-** | **-** | **12,797,717** |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (5,689,703) | 6,083 | 2,759 | 11,342,028 |
| **Other Financing Sources (Uses):** | | | | |
| Transfers out | - | - | - | (8,546,511) |
| Housing set-aside transfers out | - | - | - | (4,652,067) |
| Pass through agreement payments | - | - | - | (1,671,592) |
| Developer participation | 168,000 | 50,000 | - | 218,000 |
| Payment to the Supplemental Educational Revenue Augmentation Fund | - | - | - | (1,512,838) |
| Loans received (made) | 86,915 | - | - | 81,156 |
| **Total Other Financing Sources (Uses)** | **254,915** | **50,000** | **-** | **(16,083,852)** |
| Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses | (5,434,788) | 56,083 | 2,759 | (4,741,824) |
| **Fund Balances** | | | | |
| Beginning of Year, as previously reported | 37,388,832 | 384,923 | 174,551 | 64,448,230 |
| Restatements | - | - | - | 717,279 |
| Beginning of Year, as restated | 37,388,832 | 384,923 | 174,551 | 65,165,509 |
| **End of Year** | **$ 31,954,044** | **$ 441,006** | **$ 177,310** | **$ 60,423,685** |

**COMMUNITY DEVELOPMENT COMMISSION OF EMERYVILLE**

**COMBINING PROJECT AREA**
**BALANCE SHEET**
**SHELLMOUND PROJECT AREA DEBT SERVICE FUNDS**
**JUNE 30, 2011**

| | 1998 B Tax Exempt | 2001 A Tax Exempt | 2004 A Bonds | Total |
|---|---|---|---|---|
| **Assets:** | | | | |
| Cash and investments with trustee | $ 481,244 | $ 281,616 | $ 1,740,031 | $ 2,502,891 |
| **Total Assets** | **$ 481,244** | **$ 281,616** | **$ 1,740,031** | **$ 2,502,891** |
| **Fund Balances:** | | | | |
| Restricted: | | | | |
| Debt service | $ 481,244 | $ 281,616 | $ 1,740,031 | $ 2,502,891 |
| **Total Fund Balances** | **$ 481,244** | **$ 281,616** | **$ 1,740,031** | **$ 2,502,891** |

**COMMUNITY DEVELOPMENT COMMISSION OF EMERYVILLE**

**COMBINING PROJECT AREA**
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**
**SHELLMOUND PROJECT AREA DEBT SERVICE FUNDS**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | 1998 B Tax Exempt | 2001 A Tax Exempt | 2004 A Bonds | Total |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Use of money and property: | | | | |
| Interest income | $ 3 | $ 1 | $ 14 | $ 18 |
| **Total Revenues** | **3** | **1** | **14** | **18** |
| **Expenditures:** | | | | |
| Debt service: | | | | |
| Interest expense | 283,474 | 207,845 | 1,144,085 | 1,635,404 |
| Long-term debt repayments | 190,000 | 70,000 | 585,000 | 845,000 |
| **Total Expenditures** | **473,474** | **277,845** | **1,729,085** | **2,480,404** |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (473,471) | (277,844) | (1,729,071) | (2,480,386) |
| **Other Financing Sources (Uses):** | | | | |
| Transfers in | 473,474 | 277,845 | 1,729,085 | 2,480,404 |
| **Total Other Financing Sources (Uses)** | **473,474** | **277,845** | **1,729,085** | **2,480,404** |
| Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses | 3 | 1 | 14 | 18 |
| **Fund Balances:** | | | | |
| Beginning of Year | 481,241 | 281,615 | 1,740,017 | 2,502,873 |
| **End of Year** | **$ 481,244** | **$ 281,616** | **$ 1,740,031** | **$ 2,502,891** |

**COMMUNITY DEVELOPMENT COMMISSION OF EMERYVILLE**

**COMBINING PROJECT AREA**
**BALANCE SHEET**
**SHELLMOUND PROJECT AREA CAPITAL PROJECTS FUNDS**
**JUNE 30, 2011**

| | Operating Fund | 2001 A Tax Exempt | 2004 A Bonds | Capital Projects | Homebuyer Program | Total |
|---|---|---|---|---|---|---|
| **Assets:** | | | | | | |
| Cash and investments | $ 6,003,444 | $ 132,880 | $ 12,777,135 | $ 11,724,851 | $ 177,233 | $ 30,815,543 |
| Receivables: | | | | | | |
| Accounts | - | - | - | 612 | - | 612 |
| Interest | 2,721 | 42 | 824 | 5,214 | 77 | 8,878 |
| Loans | - | - | - | 21,028,893 | - | 21,028,893 |
| Land held for resale | - | - | 3,430,732 | - | - | 3,430,732 |
| Prepaid expenses | 1,760 | - | - | - | - | 1,760 |
| **Total Assets** | **$ 6,007,925** | **$ 132,922** | **$ 16,208,691** | **$ 32,759,570** | **$ 177,310** | **$ 55,286,418** |
| **Liabilities and Fund Balances:** | | | | | | |
| **Liabilities:** | | | | | | |
| Accounts payable | $ 221,346 | $ 3,434 | $ 11,612 | $ 341,519 | $ - | $ 577,911 |
| Advance from Low and Moderate Housing Funds | 2,008,900 | - | - | - | - | 2,008,900 |
| Deferred revenue | - | - | - | 21,028,893 | - | 21,028,893 |
| **Total Liabilities** | **2,230,246** | **3,434** | **11,612** | **21,370,412** | **-** | **23,615,704** |
| **Fund Balances:** | | | | | | |
| Nonspendable: | | | | | | |
| Land held for resale | - | - | 3,430,732 | - | - | 3,430,732 |
| Prepaid costs | 1,760 | - | - | - | - | 1,760 |
| Restricted: | | | | | | |
| Continuing projects | 3,775,919 | 129,488 | 12,766,347 | 11,389,158 | 177,310 | 28,238,222 |
| **Total Fund Balances** | **3,777,679** | **129,488** | **16,197,079** | **11,389,158** | **177,310** | **31,670,714** |
| **Total Liabilities and Fund Balances** | **$ 6,007,925** | **$ 132,922** | **$ 16,208,691** | **$ 32,759,570** | **$ 177,310** | **$ 55,286,418** |

**COMMUNITY DEVELOPMENT COMMISSION OF EMERYVILLE**

**COMBINING PROJECT AREA**
**STATEMENT OF REVENEUES, EXPENDITURES AND CHANGES IN FUND BALANCES**
**SHELLMOUND PROJECT AREA CAPITAL PROJECTS FUNDS**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | Operating Fund | 2001 A Tax Exempt | 2004 A Bonds | Capital Projects | Homebuyer Program | Total |
|---|---|---|---|---|---|---|
| **Revenues:** | | | | | | |
| Taxes and assessments: | | | | | | |
| Tax increment | $ 14,309,449 | $ - | $ - | $ - | $ - | $ 14,309,449 |
| Use of money and property: | | | | | | |
| Interest income | 72,475 | 1,738 | 4,145 | 288,227 | 2,759 | 369,344 |
| **Total Revenues** | **14,381,924** | **1,738** | **4,145** | **288,227** | **2,759** | **14,678,793** |
| **Expenditures:** | | | | | | |
| Current: | | | | | | |
| Community development: | | | | | | |
| Administrative costs | 1,324,249 | - | - | 831 | - | 1,325,080 |
| Professional services | 176,500 | (1,593) | 31,390 | 183,817 | - | 390,114 |
| Planning, survey and design | 21,948 | 1,595 | 22,813 | 290,690 | - | 337,046 |
| Capital outlay: | | | | | | |
| Project improvement costs | 9,837 | - | - | 3,193,414 | - | 3,203,251 |
| Debt Service: | | | | | | |
| Interest expense | 48,591 | - | - | - | - | 48,591 |
| Long-term debt repayments | 237,409 | - | - | - | - | 237,409 |
| **Total Expenditures** | **1,818,534** | **2** | **54,203** | **3,668,752** | **-** | **5,541,491** |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 12,563,390 | 1,736 | (50,058) | (3,380,525) | 2,759 | 9,137,302 |
| **Other Financing Sources (Uses):** | | | | | | |
| Transfers out | (2,480,404) | - | - | - | - | (2,480,404) |
| Housing set-aside transfers out | (2,861,890) | - | - | - | - | (2,861,890) |
| Pass-through agreement payments | (4,093,009) | - | - | - | - | (4,093,009) |
| Payment to the Supplemental Educational Revenue Augmentation Fund | (811,902) | - | - | - | - | (811,902) |
| Loans received (made) | - | - | - | (52,505) | - | (52,505) |
| Miscellaneous | 503 | - | - | - | - | 503 |
| Total Other Financing Sources | | | | | | |
| **Total Other Financing Sources (Uses)** | **(10,246,702)** | **-** | **-** | **(52,505)** | **-** | **(10,299,207)** |
| Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses | 2,316,688 | 1,736 | (50,058) | (3,433,030) | 2,759 | (1,161,905) |
| **Fund Balances:** | | | | | | |
| Beginning of Year | 1,460,991 | 127,752 | 16,247,137 | 14,822,188 | 174,551 | 32,832,619 |
| **End of Year** | **$ 3,777,679** | **$ 129,488** | **$ 16,197,079** | **$ 11,389,158** | **$ 177,310** | **$ 31,670,714** |

**COMMUNITY DEVELOPMENT COMMISSION OF EMERYVILLE**

**COMBINING PROJECT AREA**
**BALANCE SHEET**
**LOW AND MODERATE HOUSING DEBT SERVICE FUNDS**
**JUNE 30, 2011**

| | 1995 Revenue Bonds | 1998 B Tax Exempt | 1998 C Taxable Bonds | 2001 B Taxable Bonds | 2004 A Housing Bonds | Total |
|---|---|---|---|---|---|---|
| **Assets:** | | | | | | |
| Cash and investments with trustee | $ 573,705 | $ 595,250 | $ 543,948 | $ 278,002 | $ 1,158,442 | $ 3,149,347 |
| **Total Assets** | **$ 573,705** | **$ 595,250** | **$ 543,948** | **$ 278,002** | **$ 1,158,442** | **$ 3,149,347** |
| **Fund Balances:** | | | | | | |
| Restricted: | | | | | | |
| Debt service | $ 573,705 | $ 595,250 | $ 543,948 | $ 278,002 | $ 1,158,442 | $ 3,149,347 |
| **Total Fund Balances** | **$ 573,705** | **$ 595,250** | **$ 543,948** | **$ 278,002** | **$ 1,158,442** | **$ 3,149,347** |

**COMMUNITY DEVELOPMENT COMMISSION OF EMERYVILLE**

**COMBINING PROJECT AREA**
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**
**LOW AND MODERATE HOUSING DEBT SERVICE FUNDS**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | 1995 Revenue Bonds | 1998 B Tax Exempt | 1998 C Taxable Bonds | 2001 B Taxable Bonds | 2004 A Housing Bonds | Total |
|---|---|---|---|---|---|---|
| **Revenues:** | | | | | | |
| Use of money and property: | | | | | | |
| Interest income | $ 3 | $ - | $ 3 | $ 2 | $ 7 | $ 15 |
| **Total Revenues** | **3** | **-** | **3** | **2** | **7** | **15** |
| **Expenditures:** | | | | | | |
| Debt service: | | | | | | |
| Interest expense | 322,336 | 311,547 | 411,172 | 225,531 | 730,778 | 2,001,364 |
| Long-term debt repayments | 205,000 | 275,000 | 165,000 | 50,000 | 415,000 | 1,110,000 |
| **Total Expenditures** | **527,336** | **586,547** | **576,172** | **275,531** | **1,145,778** | **3,111,364** |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (527,333) | (586,547) | (576,169) | (275,529) | (1,145,771) | (3,111,349) |
| **Other Financing Sources (Uses):** | | | | | | |
| Transfers in | 527,336 | 586,547 | 576,172 | 275,531 | 1,145,778 | 3,111,364 |
| **Total Other Financing Sources (Uses)** | **527,336** | **586,547** | **576,172** | **275,531** | **1,145,778** | **3,111,364** |
| Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses | 3 | - | 3 | 2 | 7 | 15 |
| **Fund Balances:** | | | | | | |
| Beginning of Year | 573,702 | 595,250 | 543,945 | 278,000 | 1,158,435 | 3,149,332 |
| **End of Year** | **$ 573,705** | **$ 595,250** | **$ 543,948** | **$ 278,002** | **$ 1,158,442** | **$ 3,149,347** |

**COMMUNITY DEVELOPMENT COMMISSION OF EMERYVILLE**

**COMBINING PROJECT AREA**
**BALANCE SHEET**
**LOW AND MODERATE HOUSING CAPITAL PROJECTS FUNDS**
**JUNE 30, 2011**

| | Combined Operating | Revolving Loans | 1995 Housing Bonds |
|---|---|---|---|
| **Assets:** | | | |
| Cash and investments | $ 2,653,590 | $ 2,128,949 | $ - |
| Receivables: | | | |
| Accounts | - | 104,298 | - |
| Interest | - | 940 | - |
| Loans | 250,000 | 9,329,624 | - |
| Due from Capital Projects Funds | 6,795,440 | - | - |
| Land held for resale | - | - | 394,511 |
| Prepaid expenses | 1,600 | - | - |
| **Total Assets** | **$ 9,700,630** | **$ 11,563,811** | **$ 394,511** |
| **Liabilities and Fund Balances:** | | | |
| **Liabilities:** | | | |
| Accounts payable | $ 37,197 | $ 350 | $ - |
| Deposits from others | - | - | - |
| Deferred revenue | 250,000 | 9,329,624 | - |
| **Total Liabilities** | **287,197** | **9,329,974** | **-** |
| **Fund Balances:** | | | |
| Nonspendable: | | | |
| Land held for resale | - | - | 394,511 |
| Prepaid costs | 1,600 | - | - |
| Advances | 6,795,440 | - | - |
| Restricted: | | | |
| Housing | 2,616,393 | 2,233,837 | - |
| **Total Fund Balances** | **9,413,433** | **2,233,837** | **394,511** |
| **Total Liabilities and Fund Balances** | **$ 9,700,630** | **$ 11,563,811** | **$ 394,511** |

**COMMUNITY DEVELOPMENT COMMISSION OF EMERYVILLE**

**COMBINING PROJECT AREA**
**BALANCE SHEET**
**LOW AND MODERATE HOUSING CAPITAL PROJECTS FUNDS**
**JUNE 30, 2011**

| | 1998 C Taxable | 2004 A Housing Capital | Capital Projects | Total |
|---|---|---|---|---|
| **Assets:** | | | | |
| Cash and investments | $ 130,154 | $ 4,453,078 | $ 14,206,862 | $ 23,572,633 |
| Receivables: | | | | |
| Accounts | - | - | 514 | 104,812 |
| Interest | 57 | - | 6,256 | 7,253 |
| Loans | - | - | 4,904,154 | 14,483,778 |
| Due from Capital Projects Funds | - | - | 2,238,160 | 9,033,600 |
| Land held for resale | - | 5,700,785 | 2,723,850 | 8,819,146 |
| Prepaid expenses | - | - | - | 1,600 |
| **Total Assets** | **$ 130,211** | **$ 10,153,863** | **$ 24,079,796** | **$ 56,022,822** |
| **Liabilities and Fund Balances:** | | | | |
| **Liabilities:** | | | | |
| Accounts payable | $ - | $ 8,276 | $ 249,602 | $ 295,425 |
| Deposits from others | - | - | 10,000 | 10,000 |
| Deferred revenue | - | - | 4,904,154 | 14,483,778 |
| **Total Liabilities** | **-** | **8,276** | **5,163,756** | **14,789,203** |
| **Fund Balances:** | | | | |
| Nonspendable: | | | | |
| Land held for resale | - | 5,700,785 | 2,723,850 | 8,819,146 |
| Prepaid costs | - | - | - | 1,600 |
| Advances | - | - | 2,238,160 | 9,033,600 |
| Restricted: | | | | |
| Housing | 130,211 | 4,444,802 | 13,954,030 | 23,379,273 |
| **Total Fund Balances** | **130,211** | **10,145,587** | **18,916,040** | **41,233,619** |
| **Total Liabilities and Fund Balances** | **$ 130,211** | **$ 10,153,863** | **$ 24,079,796** | **$ 56,022,822** |

**COMMUNITY DEVELOPMENT COMMISSION OF EMERYVILLE**

**COMBINING PROJECT AREA**
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**
**LOW AND MODERATE HOUSING CAPITAL PROJECTS FUNDS**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | Combined Operating | Revolving Loans | 1995 Housing Bonds |
|---|---|---|---|
| **Revenues:** | | | |
| Use of money and property: | | | |
| Interest income | $ (16,315) | $ 148,463 | $ - |
| **Total Revenues** | **(16,315)** | **148,463** | **-** |
| **Expenditures:** | | | |
| Current: | | | |
| Community development: | | | |
| Administrative costs | 569,681 | - | - |
| Professional services | 197,518 | 6,745 | - |
| Planning, survey and design | 38,924 | - | - |
| Acquisition cost | - | - | - |
| Operation of acquired property | 2,137 | - | - |
| Rehabilitation grants | 109,186 | - | - |
| Capital outlay: | | | |
| Project improvement costs | - | - | - |
| **Total Expenditures** | **917,446** | **6,745** | **-** |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (933,761) | 141,718 | - |
| **Other Financing Sources (Uses):** | | | |
| Transfers in | - | 220,000 | - |
| Housing set-aside transfers in | 7,513,957 | - | - |
| Transfers out | (6,131,364) | - | - |
| Bond administrative fees | 100,444 | - | - |
| Loans received (made) | - | (293,183) | - |
| Loss on sale of property | - | (17,250) | - |
| Miscellaneous | - | (16) | - |
| **Total Other Financing Sources (Uses)** | **1,483,037** | **(90,449)** | **-** |
| Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses | 549,276 | 51,269 | - |
| **Fund Balances:** | | | |
| Beginning of Year | 8,864,157 | 2,182,568 | 394,511 |
| **End of Year** | **$ 9,413,433** | **$ 2,233,837** | **$ 394,511** |

**COMMUNITY DEVELOPMENT COMMISSION OF EMERYVILLE**

**COMBINING PROJECT AREA**
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**
**LOW AND MODERATE HOUSING CAPITAL PROJECTS FUNDS**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | 1998 C Taxable | 2004 A Housing Capital | Capital Projects | Total |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Use of money and property: | | | | |
| Interest income | $ 2,027 | $ (1,523) | $ 461,478 | $ 594,130 |
| **Total Revenues** | **2,027** | **(1,523)** | **461,478** | **594,130** |
| **Expenditures:** | | | | |
| Current: | | | | |
| Community development: | | | | |
| Administrative costs | - | 42 | - | 569,723 |
| Professional services | - | 72,024 | 2,900 | 279,187 |
| Planning, survey and design | - | 201,725 | 2,505 | 243,154 |
| Acquisition cost | - | - | 11,288 | 11,288 |
| Operation of acquired property | - | - | 298 | 2,435 |
| Rehabilitation grants | - | - | - | 109,186 |
| Capital outlay: | | | | |
| Project improvement costs | - | 1,175,000 | 870,577 | 2,045,577 |
| **Total Expenditures** | **-** | **1,448,791** | **887,568** | **3,260,550** |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 2,027 | (1,450,314) | (426,090) | (2,666,420) |
| **Other Financing Sources (Uses):** | | | | |
| Transfers in | - | - | 2,800,000 | 3,020,000 |
| Housing set-aside transfers in | - | - | - | 7,513,957 |
| Transfers out | - | - | - | (6,131,364) |
| Bond administrative fees | - | - | - | 100,444 |
| Loans received (made) | - | - | (57,909) | (351,092) |
| Loss on sale of property | - | - | - | (17,250) |
| Miscellaneous | - | - | 145,000 | 144,984 |
| **Total Other Financing Sources (Uses)** | **-** | **-** | **2,887,091** | **4,279,679** |
| Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses | 2,027 | (1,450,314) | 2,461,001 | 1,613,259 |
| **Fund Balances:** | | | | |
| Beginning of Year | 128,184 | 11,595,901 | 16,455,039 | 39,620,360 |
| **End of Year** | **$ 130,211** | **$ 10,145,587** | **$ 18,916,040** | **$ 41,233,619** |

**COMMUNITY DEVELOPMENT COMMISSION OF EMERYVILLE**

**COMPUTATION OF LOW AND MODERATE INCOME HOUSING FUNDS EXCESS/SURPLUS**

| | Low and Moderate Housing Funds - All Project Areas July 1, 2010 | | Low and Moderate Housing Funds - All Project Areas July 1, 2011 | |
|---|---|---|---|---|
| Opening Fund Balance | | $ 42,769,692 | | $ 44,382,966 |
| Less Unavailable Amounts: | | | | |
| Land held for resale | $ (2,244,458) | | $ (8,819,146) | |
| Prepaids and deposits with others | - | | (25,234) | |
| SERAF loans | (11,292,000) | | (9,033,600) | |
| Encumbrances (Section 33334.12 (g)(2)) | (1,051,231) | | (17,553,326) | |
| Unspent debt proceeds (Section 33334.12 (g)(3)(B)) | (13,562,033) | | (10,670,309) | |
| | | (28,149,722) | | (46,101,615) |
| Available Low and Moderate Income Housing Funds | | 14,619,970 | | (1,718,649) |
| Limitation (greater of $1,000,000 or four years set-aside) | | | | |
| Set-Aside for last four years: | | | | |
| 2010 - 2011 | $ - | | $ 7,513,957 | |
| 2009 - 2010 | 7,328,875 | | 7,328,875 | |
| 2008 - 2009 | 7,672,661 | | 7,672,661 | |
| 2007 - 2008 | 6,796,446 | | 6,796,446 | |
| 2006 - 2007 | 6,031,223 | | - | |
| **Total** | **$ 27,829,205** | | **$ 29,311,939** | |
| **Base Limitation** | **$ 1,000,000** | | **$ 1,000,000** | |
| Greater amount | | $ 27,829,205 | | $ 29,311,939 |
| **Computed Excess/Surplus** | | **None** | | **None** |