Redevelopment Agency of the City of San Diego

State of California

Annual Financial Report

Fiscal Year Ended June 30, 2009

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Introductory Section

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CITY OF SAN DIEGO
REDEVELOPMENT AGENCY

December 23, 2009

Honorable Members of the Agency:

The Annual Financial Report on all projects of the Redevelopment Agency of the City of San Diego for the year ended June 30, 2009 is presented in accordance with the Community Redevelopment Law (§33,000 et seq., of the Health and Safety Code of the State of California).

All expenditures and revenues for these projects have been reported for in accordance with generally accepted accounting principles in the United States applicable to municipalities, and all financial transactions occurring during the year were made in accordance with the redevelopment laws of the State of California.

Respectfully submitted,

Jerry Sanders
Executive Director

William R. Anderson
Assistant Executive Director

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REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO
ROSTER OF OFFICIALS
(As of the issuance of this report)

BOARD OF DIRECTORS

District 1
Board member Sherri Lightner

District 2
Chair Pro Tem Kevin Faulconer

District 3
Board member Todd Gloria

District 4
Board member Tony Young

District 5
Board member Carl DeMaio

District 6
Board member Donna Frye

District 7
Board member Marti Emerald

District 8
Chairperson Ben Hueso

OFFICIALS

Jerry Sanders, Executive Director

Jan Goldsmith, Agency Counsel

William Anderson, Assistant Executive Director

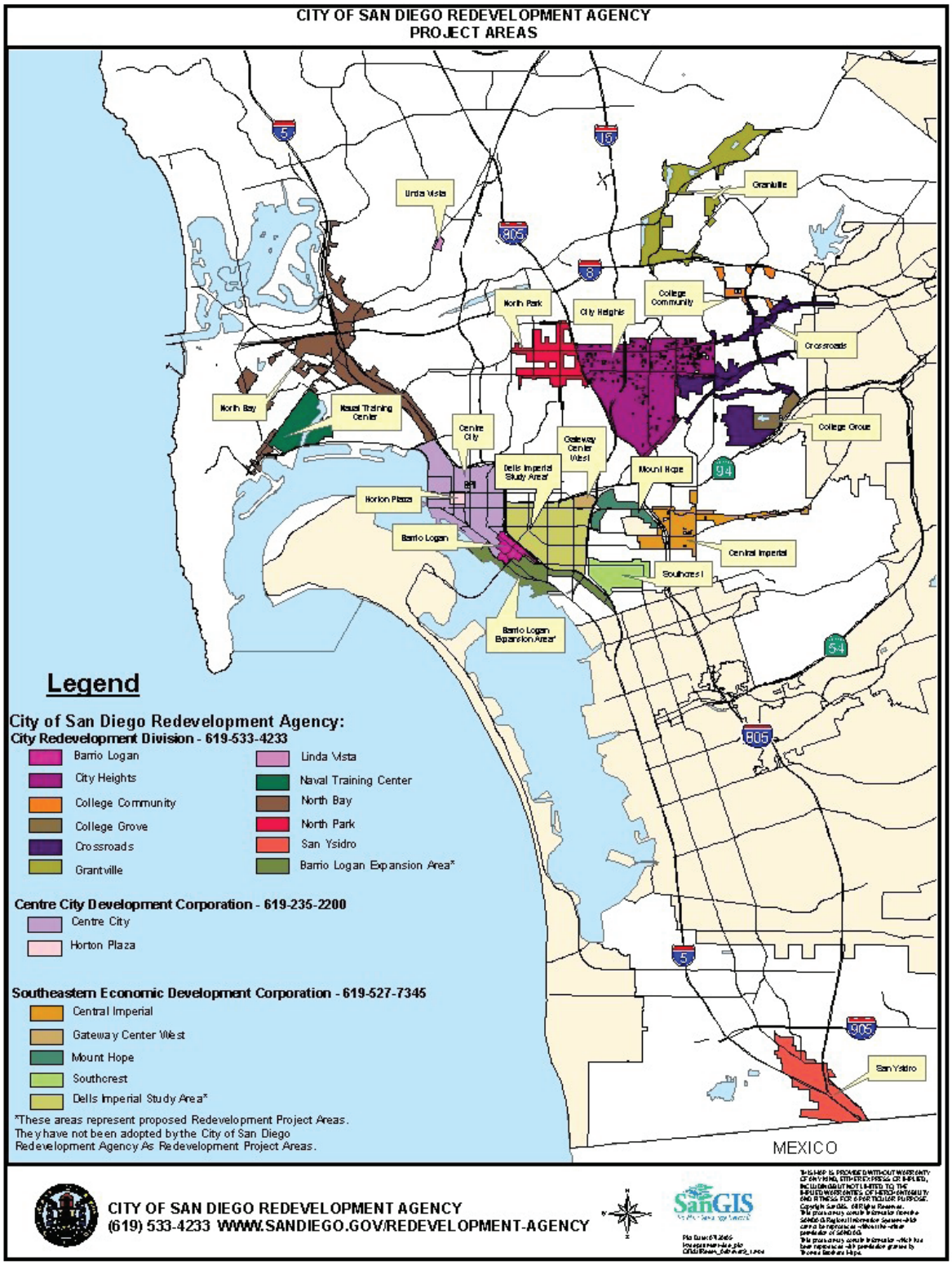
Janice Weinrick, Deputy Executive Director

Gail R. Granewich, Treasurer

Elizabeth Maland, Secretary

OTHER OFFICIALS

Mary Lewis, Chief Financial Officer, City of San Diego


CITY OF SAN DIEGO REDEVELOPMENT AGENCY
PROJECT AREAS
Linda Vista
Granville
North Park
City Heights
College Community
Crossroads
North Bay
Naval Training Center
Centre City
Gateway Center West
Dells Imperial Study Area*
Mount Hope
College Grove
Horton Plaza
Barrio Logan
Central Imperial
Southcrest
Barrio Logan Expansion Area*
San Ysidro
MEXICO
Legend
City of San Diego Redevelopment Agency:
City Redevelopment Division - 619-533-4233
Barrio Logan
City Heights
College Community
College Grove
Crossroads
Grantville
Linda Vista
Naval Training Center
North Bay
North Park
San Ysidro
Barrio Logan Expansion Area*
Centre City Development Corporation - 619-235-2200
Centre City
Horton Plaza
Southeastern Economic Development Corporation - 619-527-7345
Central Imperial
Gateway Center West
Mount Hope
Southcrest
Dells Imperial Study Area*
*These areas represent proposed Redevelopment Project Areas.
They have not been adopted by the City of San Diego
Redevelopment Agency As Redevelopment Project Areas.
CITY OF SAN DIEGO REDEVELOPMENT AGENCY
(619) 533-4233 WWW.SANDIEGO.GOV/REDEVELOPMENT-AGENCY
SanGIS

Financial Section

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MACIAS GINI & O'CONNELL LLP
Certified Public Accountants & Management Consultants

SAN DIEGO
402 W. Broadway, Suite 400
San Diego, CA 92101
619.573.1112

SACRAMENTO
OAKLAND
WALNUT CREEK
LOS ANGELES
NEWPORT BEACH

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Redevelopment Agency of the
City of San Diego
San Diego, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Redevelopment Agency of the City of San Diego, California (Agency), a component unit of the City of San Diego, California, as of and for the year ended June 30, 2009, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Agency'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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the 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 Agency as of June 30, 2009, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2009, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 16 through 28 and 70 through 73, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The introductory section, nonmajor governmental funds combining statements and the supplemental information section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The nonmajor governmental funds combining statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and supplemental information sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Macias Gini & O'Connell LLP

Certified Public Accountants

San Diego, California
December 23, 2009

Management’s Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
(In Thousands)
June 30, 2009

As management of the City of San Diego (the "City"), we offer readers of the Redevelopment Agency (the "Agency") financial statements this narrative overview and analysis of the financial activities of the Agency for the fiscal year ended June 30, 2009.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

The Statement of Net Assets presents information on all of the Agency's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The Statement of Activities presents information showing changes in the Agency's net assets during the most recent fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. The focus is on both gross and net cost of Agency functions, which are supported by general revenues. This Statement also displays functions of the Agency that are principally supported by taxes, private contributions, and intergovernmental revenues (governmental activities). The governmental activities of the Agency include General Government and Support and Neighborhood Services. The Agency does not engage in business-type activities.

The government-wide financial statements exclusively include the Agency (known as the Primary Government) with no legally separate, discretely presented component units. The government-wide financial statements can be found on pages 32 and 33 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the Agency are combined into the governmental funds category.

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. 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.

The Agency maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the Centre City Low and Moderate Income Housing Special Revenue Fund, Centre City Other Special Revenue Fund, Centre City Debt Service Fund and Centre City Capital Projects Fund all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 34-38 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 40 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, budget to actual comparison schedules of the Centre City Low and Moderate Income Special Revenue Housing Fund and the Centre City Other Special Revenue Fund can be found on pages 70-73. Combining fund statements and schedules for nonmajor governmental funds can be found beginning on page 76 of this report.

The "Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*" can be found on page 106 of this report.

As part of supplementary information provided in this report, a schedule of changes to principal and interest due to the City for each Project Area can be found on page 116. In addition, assessed valuation information for each project area can be found beginning on page 118 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

SUMMARY OF NET ASSETS

	Governmental Activities		Dollar Increase	Percent Increase
	2009	2008	(Decrease)	(Decrease)
Current and Other Assets	$ 897,899	$ 826,851	$ 71,048	9%
Capital Assets	187,863	177,105	10,758	6%
Total Assets	1,085,762	1,003,956	81,806	8%
Current and Other Liabilities	51,126	49,966	1,160	2%
Net Long-Term Debt	991,839	918,723	73,116	8%
Total Liabilities	1,042,965	968,689	74,276	8%
Net Assets				
Invested in Capital Assets, Net of Related Debt	96,064	83,152	12,912	16%
Restricted	133,478	108,733	24,745	23%
Unrestricted	(186,745)	(156,618)	(30,127)	(19%)
Total Net Assets	$ 42,797	$ 35,267	$ 7,530	21%

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets exceeded liabilities at June 30, 2009, by $42,797.

Of the Total Net Assets $96,064 represents the Agency's investment in capital assets, less any outstanding debt used to acquire these assets. The Agency uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Agency's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves are generally not used to liquidate these liabilities.

The Agency's Restricted Net Assets of $133,478 represent resources that are subject to external restrictions on how they may be used. Restricted Net Assets increased by $24,745 over the prior year, or about 23% primarily due to a net increase in resources available for Low and Moderate Income Housing.

There are several factors contributing to the Agency's deficit of $186,745 in Unrestricted Net Assets. First, the Agency typically borrows funds from the City when a project area does not generate sufficient tax increment to fund redevelopment activities in the area, mostly during the initial stages of a project area's life. At the point sufficient tax increment revenues are generated, the Agency issues long term debt to carry out redevelopment and housing activities in the project area, pledging future tax increment revenues for the repayment of these long term obligations. Interest expense associated with City Loans and other long term debt is an important factor contributing to the deficit in Unrestricted Net Assets. In addition, the Agency has used long term debt to acquire properties that have been sold to developers or conveyed to the City at a loss, for improvements of public infrastructure, rehabilitation of properties not owned by the Agency and for development of affordable housing.

CHANGES IN NET ASSETS

	Governmental Activities		Dollar Increase	Percent Increase
	2009	2008	(Decrease)	(Decrease)
Revenues:				
Program Revenues				
Operating Grants and Contributions	$ 44	$ 47	$ (3)	(6%)
Capital Grants and Contributions	17,888	15,506	2,382	15%
General Revenues				
Tax Increments	192,562	177,353	15,209	9%
Grants and Contributions Not Restricted to Specific Programs	1,793	4,775	(2,982)	(62%)
Revenue from Use of Money and Property	24,087	32,947	(8,860)	(27%)
Loss on Sale of Capital Assets	-	(11)	11	100%
Loss on Sale of Land Held for Resale	-	(9,319)	9,319	100%
Total Revenues	236,374	221,298	15,076	7%
Expenses:				
General Government and Support	53,838	48,201	5,637	12%
Neighborhood Services	128,383	33,091	95,292	288%
Interest on Long-Term Debt	46,623	43,669	2,954	7%
Total Expenses	228,844	124,961	103,883	83%
Change in Net Assets	7,530	96,337	(88,807)	(92%)
Net Assets, July 1	35,267	(61,070)	96,337	158%
Net Assets, June 30	$ 42,797	$ 35,267	$ 7,530	21%

Governmental Activities

Governmental activities increased the Agency's net assets by $7,530 hereby accounting for all of the increase in net assets during fiscal year 2009. Key elements of this increase are as follows:

- Capital Grants and Contributions increased by $2,382 or about 15%, mostly due to the receipt of $2,901 in federal transportation grant funds from the Federal Highway Administration through the California Department of Transportation and the City for the construction of the Park Boulevard at Harbor Drive Pedestrian Bridge in the Centre City Project Area.

- Tax Increments revenue increased by $15,209 or approximately 9%. This was mostly due to an increase in the assessed valuation of properties in the various project areas. The Centre City Project Area reported the largest year over year dollar increase of $8,395, or approximately 7%, over the prior year. The San Ysidro project area reported the largest percentage increase of 73%, or $2,889 over the prior year. Increases in tax increment revenues are mostly due to supplementary property tax billings issued subsequent to the billings for the initial rolls for the fiscal year. The supplementary billings are typically attributed to new construction activity and the transfer of ownership due to properties being sold and reassessed at the time of sale.

- Grants and Contributions not restricted for specific programs decreased by $2,982, or about 62%, mostly due to onetime revenue received for the sale of downtown condominium units in the prior fiscal year pursuant to a participation agreement with a developer.

- Revenue from the use of Money and Property decreased by $8,860 or about 27% mostly due to a bottoming out of declining interest rates around December 2008 and the decrease in interest income from the reinvestment of the Agency's assets at these record low interest rates.

- Loss on Sale of Land Held for Resale decreased by $9,319 due to a prior year loss on the disposition of a parcel in the Centre City Project Area related to the Renaissance Hotel project. The prior year loss was mostly due to timing differences in revenue and expense recognition as advances from the developer for the purchase of the property were recognized in prior years as the funds were used to acquire the property. There were no land held for resale dispositions in the current fiscal year.

- General Government and Support Expense increased by $5,637 or approximately 12%. This is mostly attributed to an increase in tax sharing payments of approximately $4,027 pursuant to California Law and tax sharing agreements. In addition, program management expenses related to the North Embarcadero Project in the Centre City Project Area increased by approximately $1,533 due to architectural and engineering design services rendered in the current fiscal year.

- Neighborhood Services expense increased by $95,292 or approximately 288%. This is mostly attributed to a settlement agreement with the County of San Diego (the "County"), reached in the current fiscal year, related to a Superior Court Case seeking to invalidate the Redevelopment Plan for the Grantville Project Area. Pursuant to the agreement, the Agency will pay $31,360 to the City to fund a portion of the cost of the construction of the C Street transit improvements in the Centre City Project Area; an additional $31,360 to the County to fund North Embarcadero Project Improvements, as defined in the agreement; and $7,840 for joint projects in the Grantville Project Area to be proposed by the County and approved by the Agency. These obligations totaling $70,560 were recognized in the current fiscal year and recorded as Neighborhood Services expense.

  Additionally, the Agency's contributed $11,315 to the City, pursuant to the ballpark cooperation agreement, for satisfaction of the fiscal year 2009 Ballpark Lease Revenue Bonds, Series 2007A debt service obligation. There was no similar contribution in the prior year. Also, the Agency's contributions to the City for planning activities related to the Barrio Logan, Grantville, North Bay and San Ysidro project areas increased by $4,715 over the prior year.

  Moreover, the reduction in net realizable value of $2,711 related to the Veterans Village property in the North Bay Project Area was reported as Neighborhood Services expense. This property will be sold to Vietnam Veterans of San Diego for a nominal amount pursuant to a Development and Disposition Agreement.

  Finally, the Agency contributed affordable housing funds of approximately $1,911 for loan programs currently administered by the San Diego Housing Commission designed to assist low and moderate income persons and families with property rehabilitation and first time home buyer financing.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

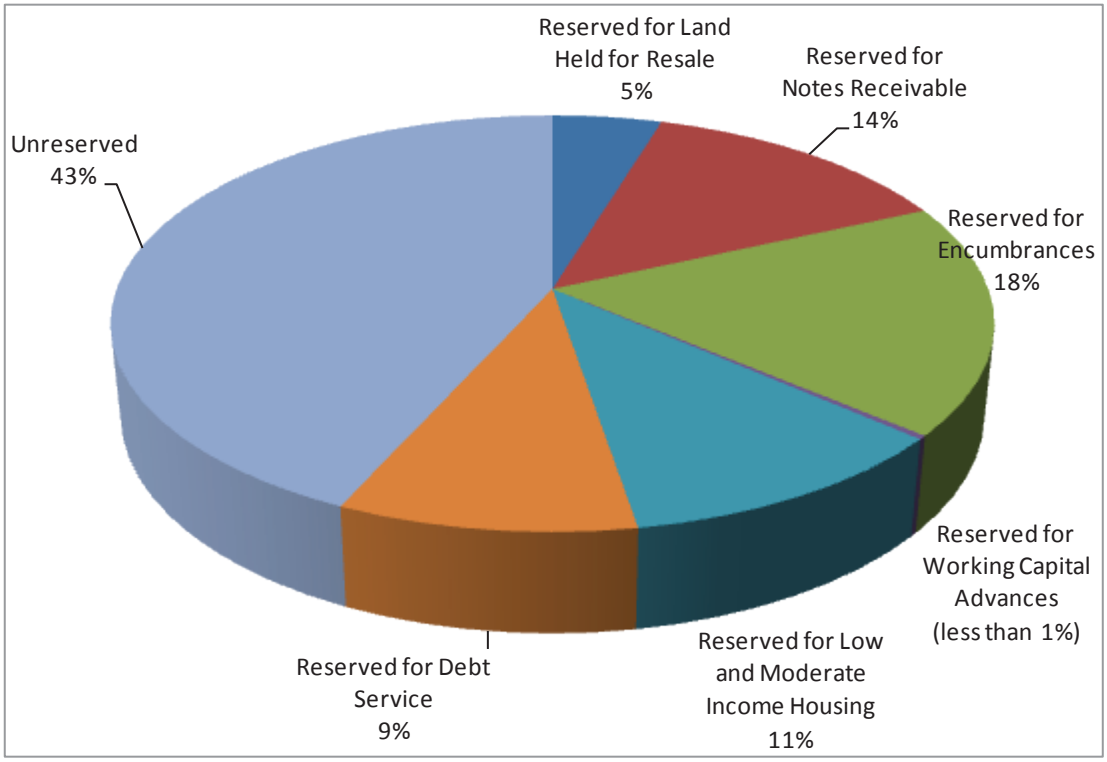
As noted earlier, the Agency uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

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

As of June 30, 2009, the Agency's governmental funds reported combined ending fund balances of $878,515. Of the total, $498,916, or about 57%, is reserved to indicate that it is not available for new spending because it has already been committed (1) to liquidate contracts and purchase orders of the period, (2) to pay debt service, (3) to increase low and moderate income housing or (4) for a variety of other restricted purposes. The remaining amount of $379,599, or about 43%, constitutes unreserved fund balance, which is available for spending at the Agency's discretion, including designations for subsequent years' expenditures made through the Agency's budgetary process.

COMPOSITION OF AGENCY FUND BALANCES



The Agency's fund balances increased by $76,601 or about 10% over the prior year. The increase is mostly attributed to current year revenues exceeding expenditures for the fiscal year by $63,920. This is due to the fact that the Agency's projects are multi-year in nature and revenue from the current year will be used for projects that are currently in the initial stages of construction or for future year's projects.

Total expenditures in the current fiscal year remained constant compared to the prior year, decreasing by less than 1%. The Agency's revenue increased by $6,361, or about 3% mostly due to an increase in tax increment revenue of $15,209, or about 9%, which was offset by a decrease in interest revenue of $8,815 mostly due to a bottoming out of declining interest rates around December 2008 and the decrease in interest income from the reinvestment of the Agency's assets at these record low interest rates. The following table shows a breakdown of year over year changes in tax increment revenue for each project area.

CHANGES IN TAX INCREMENT

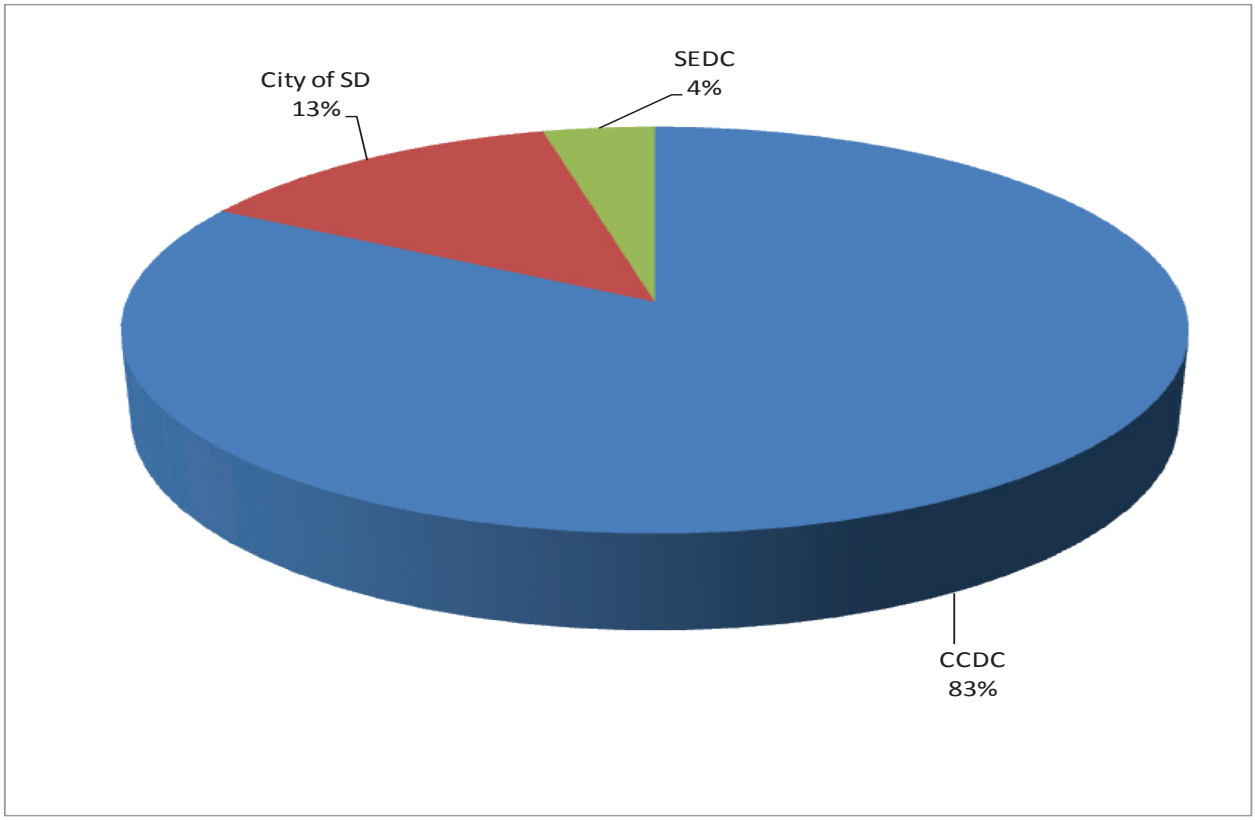
	Tax Increment		Dollar Increase	Percent Increase
	2009	2008	(Decrease)	(Decrease)
Barrio Logan	$ 691	$ 679	$ 12	2%
Central Imperial	2,455	2,249	206	9%
Centre City	125,366	116,971	8,395	7%
City Heights	13,954	14,290	(336)	(2%)
College Community	1,142	1,160	(18)	(2%)
College Grove	818	718	100	14%
Crossroads	4,299	4,274	25	1%
Gateway Center West	346	334	12	4%
Grantville*	2,364	-	2,364	-
Horton Plaza	8,616	8,400	216	3%
Linda Vista	96	94	2	2%
Mount Hope	1,674	1,598	76	5%
Naval Training Center	4,905	4,001	904	23%
North Bay	8,876	8,231	645	8%
North Park	7,729	7,964	(235)	(3%)
San Ysidro	6,825	3,936	2,889	73%
Southcrest	2,406	2,454	(48)	(2%)
	$ 192,562	$ 177,353	$ 15,209	9%

*Tax Increment revenue in the amount of $737 and $447 for fiscal years 2008 and 2007, respectively, were recognized in the current fiscal year after settlement of the of the Grantville Action Validation lawsuit . Tax Increment of $1,180 associated with fiscal year 2009 represents an increase of 60% over the prior year.

Of the total tax increment revenue received by a project area, 80% is allocated for redevelopment activities and 20% for affordable housing projects. The Agency has pledged tax increment revenue to satisfy long-term debt obligations. These payments are made from the 80% and 20% allocations in proportion to the amount of long-term debt proceeds used for either housing or redevelopment activities. In addition, tax increment revenue is distributed to other governmental entities, from the redevelopment activities 80% allocation, based on formulas established by California Redevelopment Law, or by tax sharing agreements. The summary of significant accounting policies in the notes to the basic financial statements Note 1-q, on page 46, includes a description of the Agency's tax sharing obligations.

The Agency's seventeen project areas are managed by the Redevelopment Division of the City of San Diego and by two non-profit independent corporations, the Centre City Development Corporation (CCDC) and the Southeastern Economic Development Corporation (SEDC). The following chart illustrates the percentage of the Agency's fund balances managed by each of the three administrative units.

PERCENTAGE OF AGENCY COMBINED FUND BALANCES BY ADMINISTRATIVE UNIT

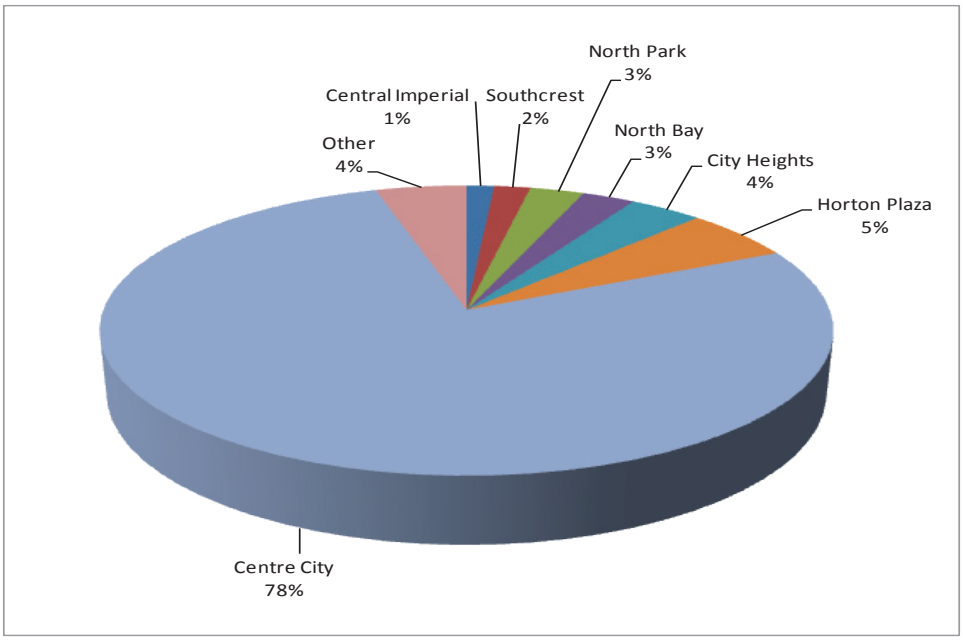


The CCDC administers the two project areas in downtown San Diego, which have the largest share of the Agency's combined fund balances. As of June 30, 2009 project areas administered by the CCDC, accounted for $729,827 or about 83% of the Agency's combined fund balances.

The SEDC administers four project areas in southeastern San Diego, which, as of the end of the fiscal year, accounted for $33,962 or about 4%, of the Agency's combined fund balances.

The Redevelopment Division of the City of San Diego administers eleven project areas throughout the City, which, as of the end of the fiscal year, accounted for $114,726 or about 13%, of the Agency's combined fund balances.

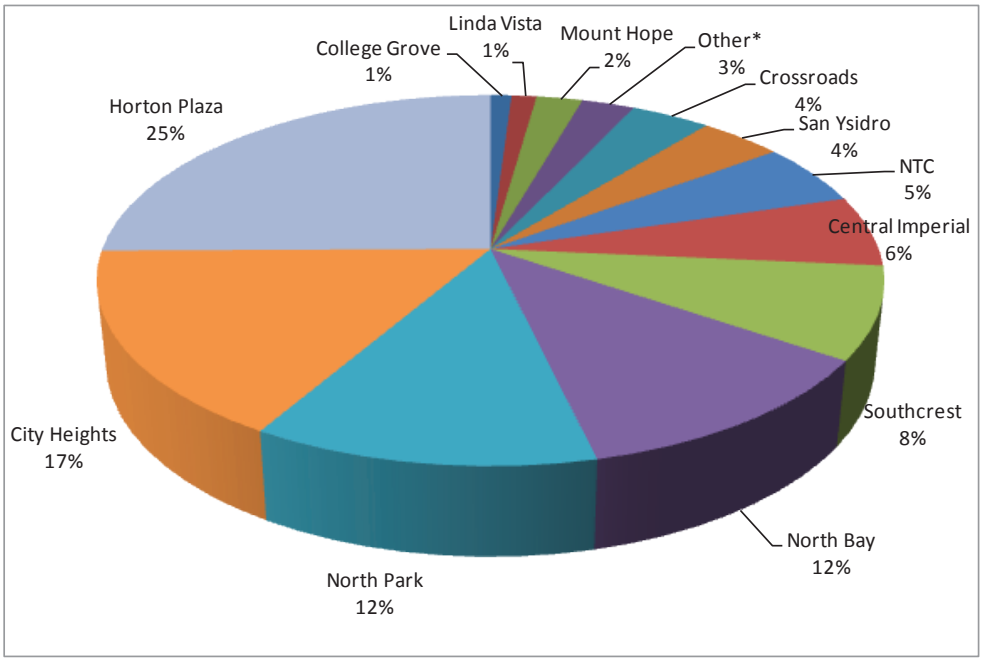
PERCENTAGE OF AGENCY COMBINED FUND BALANCES BY PROJECT AREA



The above chart reflects the composition of the Agency's fund balances by project area. The Centre City project area accounted for 78% of the Agency's combined fund balances. All of the Centre City project area funds are major funds. Major funds are reported as separate columns in the fund financial statements. Combining fund statements and schedules for nonmajor governmental funds can be found beginning on page 76 of this report.

The following chart reflects the composition of the Agency's nonmajor fund balances by project area and excludes all Centre City Project Area funds.

PERCENTAGE OF AGENCY COMBINED NONMAJOR FUND BALANCES BY PROJECT AREA



* *Other* includes all Barrio Logan, College Community Gateway and Grantville Project Area funds.

Major Governmental Funds

Centre City Low and Moderate Income Housing Special Revenue Fund

The Centre City Low and Moderate Income Housing Special Revenue Fund is used to account for costs associated with increasing, improving, or preserving the community's supply of low and moderate income housing in the Centre City Project Area. The primary source of revenue for this fund is the 20% tax increment revenue allocation pursuant to redevelopment law as well as housing bond proceeds. The fund balance at June 30, 2009 was $210,356, which is an increase of $9,835, or about 5% over the prior year. Fund revenues remained fairly constant while expenditures decreased by $4,635, mainly due to a year over year decrease of $5,039 in write downs to the value of land held for resale. Transfers for satisfaction of bond debt service increased by $9,566 mainly due to additional debt service requirements generated by the issuance of the Centre City 2008 bonds in the final month of fiscal year 2008. Approximately 61% or $128,658 of the fund's fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the period or to reflect that funds have been used to purchase land or to make loans and are not readily available for spending. The remaining amount of $81,698 or 39% is reserved for spending on low and moderate income projects.

Centre City Other Special Revenue Fund

The Centre City Other Special Revenue Fund is used to account for transactions that cannot be clearly identified with redevelopment activities, debt service or affordable housing. These transactions include tax sharing payments to other entities in the project area; those related to the Grantville settlement agreement with the City and County; revenue collected from the operation of two parking structures in the project area; and satisfaction of the City's debt service obligations related to the Ballpark Lease Revenue Bonds, Series 2007A. The fund balance at June 30, 2009 was $1,080 which is an increase of $1,020 over the prior year. The increase is mostly attributed to tax increment transfers to fund future payments to the County pursuant to the Grantville settlement agreement. Also reported in the current fiscal year was the Agency's $11,315 contribution to the City, pursuant to the ballpark cooperation agreement, for satisfaction of the fiscal year 2009 Ballpark Lease Revenue Bonds, Series 2007A debt service obligation.

Centre City Debt Service Fund

The Centre City Debt Service Fund is used to record debt-related activity such as debt service payments, investment activity for bond reserves held with fiscal agents, and bond issuance costs associated with the Centre City Project Area. In addition, the Centre City Debt Service Fund accumulates tax increment revenue for repayment of indebtedness related to the project area. At the end of the fiscal year, the Centre City Debt Service Fund reported fund balance of $283,240 of which, $66,815, or about 24%, is reserved for debt service. The fund balance showed an increase of $51,414 over the prior year primarily due to tax increment revenue collected in excess of debt service payments.

Centre City Capital Projects Fund

The Centre City Capital Projects Fund is used to account for expenditures related to redevelopment activities in the Centre City Project Area, with the use of such funding sources as tax increment, bond proceeds, developer contributions and participation revenue from the City. The fund balance at June 30, 2009 amounted to $185,192 which is a decrease of $12,272 or about 6% over the prior year. In the current fiscal year, costs associated with the purchase of land for development of parks totaled $13,651. In addition, costs related to the construction of the Park Boulevard at Harbor Drive Pedestrian Bridge totaled $8,545. These expenditures were offset by revenue of $4,749 associated with reimbursements by the City, from Development Impact Fees, for eligible land costs related to St. Josephs Park and by $2,901 in federal and state transportation grants awarded to the Agency, through the City, for the construction of the Park Boulevard at Harbor Drive Pedestrian Bridge project.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Capital assets of governmental funds are capitalized at the government-wide level and not at the fund level. Differences between the fund and government-wide statements reporting for these governmental assets will be explained in both the reconciliation and the accompanying notes to the financial statements.

In the current fiscal year, expenditures related to the development of parks in the Centre City Project Area totaled $13,651, accounting for all the current year additions to the Agency's Capital Assets. Of the total, $8,742 was related to the development of the East Village Green Park site and $4,909 for the development of Saint Joseph's Park. These additions were offset by a decrease of $1,121 in land related to the Skateworld property in the Linda Vista Project Area resulting from the reclassification of land from capital assets to land held for resale. The property was reclassified due to the fact that the Agency intends to sell the property and will no longer continue to lease it.

REDEVELOPMENT AGENCY
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION
(In Thousands)

	2009	2008
Land	$ 123,437	$ 110,907
Structures and Improvements	64,358	66,102
Equipment	68	96
Total	$ 187,863	$ 177,105

Additional information about the Agency's capital assets can be found in the accompanying notes to the financial statements (see Note 4 on page 54).

HIGHLIGHTS OF FISCAL YEAR 2009 REDEVELOPMENT ACTIVITIES
(In Thousands)

Barrio Logan Project Area

- Completed the La Entrada Family Apartments Project, an affordable eighty-five (85) unit multi-family residential development.

Central Imperial Project Area

- Completed construction of a 75,000 square-foot office and community meeting center at the Village Center at Market Creek.
- Completed construction of the Navy Federal Credit Union and the 30,000 square-foot 24-Hour Fitness Center at the Imperial Marketplace.
- Completed design and full funding for 62nd and Imperial trolley and bus shelter improvements, streetlights from 61st to 69th Street on Imperial Avenue, and obtained construction commitment from Engineering and Capital Projects.

Centre City Project Area

- Five (5) new market-rate residential projects were built in the project area that consisted of 1,153 units.
- Built two (2) new affordable housing projects with Agency funds consisting of 411 total units of which 407 are affordable.
- Completed a 1,190 room Hilton Convention Hotel near the Ballpark and Convention Center.

- Acquired two (2) parcels for the East Village Green Park and one parcel for the St. Joseph's Park for a total of an additional .68 acres.
- Completed demolition of three (3) Agency owned properties. The sites were demolished because they were unreinforced masonry buildings and to eliminate loitering around empty buildings.
- Completed construction of the Simon Levi Building sidewalk at Seventh & J Street located in the Ballpark District of East Village.
- Completed seven (7) construction projects; the temporary Winter Shelter infrastructure improvements, the Fifth Avenue and Martin Luther King Promenade lighted crosswalk, the Fifth and Market scramble modification, the Phase II litter receptacle acquisition, the Gaslamp Quarter newspaper corrals, the Historic Fetter House exterior improvements and the Little Italy hanging baskets and planters. The Fetter House received an award for historic preservation from Save Our Heritage Organization and an award for excellence from the Historical Resources Board.

City Heights Project Area

- Worked with Affirmed Housing to disperse the final installment of Agency funds and record the Release of Construction Covenants for the Auburn Park Apartments. The completed project includes a total of sixty-nine (69) units, with sixty-seven (67) units restricted for low- and very-low income residents.

Crossroads Project Area

- Agency entered into an Owner Participation Agreement with Village Green Apartments LLC (i.e., Wakeland Housing) to provide aproximately $5,800 to acquire and rehabilitate a 94-unit apartment complex in order to rent to households at or below 60% of the Area Median Income.

Mount Hope Project Area

- Completed design and full funding for the Mt. Hope Market Street Median and Streetlight Project and obtained construction commitment from Engineering & Capital Projects Department.

North Bay Project Area

- Completed The Veterans Village of San Diego, Phase II onsite improvements. The project consisted of the construction of 112 transitional beds for previously homeless veterans, an employment/medical center, and a recreational area.

North Park Project Area

- Completed construction of twenty-three (23) units of affordable rental housing for extremely low-income tenants (including nine units designated as supportive housing units) at 3137 El Cajon Blvd.
- Completed the purchase of the deteriorating North Park Inn located at 2625 University Avenue renovations to transform the site into seventeen (17) residential apartments for graduates of the Pathfinders "Shelter Plus Care" recovery program for homeless men.

San Ysidro Project Area

- The Agency completed construction of the Camino de la Plaza improvement project. The project provided new sidewalks, curbs, landscaping, fencing, and street furniture along the north and south side of Camino de la Plaza between Camiones Way and San Ysidro Boulevard.
- The Agency approved the First Implementation Agreement with SYEP Associates L.P. for the El Pedregal Project, a forty-five (45) unit affordable housing project on approximately 2.2-acres located at the northeast corner of West San Ysidro Boulevard and Averil Street. The residential rental units shall be made available for households earning 30% to 60% of the area median income.

- The Agency approved the Second Implementation Agreement with the Chelsea Investment Corporation for the development of the Verbena Project, eighty (80) affordable rental units on approximately 6.8-acres located at 3774 Beyer Boulevard. The residential rental units shall be made available for households earning 30% to 60% of the area median income.

Long-Term Debt

At June 30, 2009, the Agency long-term debt totaled $930,704. Of this amount, $27,430 is secured by specified revenue sources (revenue bonds) and $534,537 is comprised of tax allocation bonds secured by tax increment revenue. The remainder of the Agency's debt represents contracts payable, notes payable, loans payable and accrued interest in loans and notes from the City.

REDEVELOPMENT AGENCY
OUTSTANDING DEBT
(In Thousands)

	2009	2008
Revenue Bonds	$ 27,430	$ 28,390
Tax Allocation Bonds	534,547	548,643
Contracts Payable	4,715	2,615
Notes Payable	13,086	13,962
Pooled Financing Authority Loans Payable	33,460	34,115
Loans Payable	161,220	151,859
Accrued Interest Payable	156,246	145,294
Total	$ 930,704	$ 924,878

The Agency drew $6,931 and $2,000 in loan proceeds from the San Diego National Bank lines of credit for the Naval Training Center and North Park project areas respectively. In addition, the Agency received $1,250 in loan proceeds from the California Housing Financing Agency for development of affordable housing in the North Bay project area. Also, a $400 City Loan repayment from Southcrest was re-loaned to the Gateway Center West project. Information on loans payable to the City, by project area, can be found on page 116 of this report. Moreover, the Agency recognized the affordable housing component of the obligation to Western Pacific Housing, pursuant to a disposition and development agreement, increasing Contracts Payable by $2,100.

Total principal payments for long-term debt were $17,531. Of this amount, $15,056 was for outstanding bonds, $876 for notes payable and $1,599 for loans payable. Additionally, there was a loan reduction of $276 pursuant to an implementation agreement with a developer.

Additional information about the Agency's long-term debt can be found in the accompanying notes to the financial statements (see Note 5 on page 55).

REQUESTS FOR INFORMATION

This financial report was designed to provide a general overview of the Agency's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the City Comptroller, 202 C Street, San Diego, CA 92101 or e-mailed to the City Comptroller at comptroller@sandiego.gov. This financial report is also available on the City's website at www.sandiego.gov, under the Office of the City Comptroller department.

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Basic Financial Statements

STATEMENT OF NET ASSETS
June 30, 2009
(In Thousands)

	Governmental Activities
ASSETS	
Cash or Equity in Pooled Cash and Investments	$ 539,984
Cash and Investments With Fiscal Agent	82,762
Investments at Fair Value	97,222
Receivables:	
Taxes - Net	3,844
Notes and Contracts	118,907
Accrued Interest	1,811
Working Capital Advances:	
Centre City Development Corporation	1,480
Southeastern Economic Development Corporation	295
City of San Diego	623
Land Held for Resale	41,186
Prepaid Items and Deposits	76
Deferred Charges	9,709
Capital Assets - Non-Depreciable	123,437
Capital Assets - Depreciable	64,426
TOTAL ASSETS	1,085,762
LIABILITIES	
Accounts Payable	3,958
Unearned Revenue	5
Interest Accrued on Long-Term Debt	12,161
Sundry Trust Liabilities	5,712
Long-Term Liabilities Due Within One Year	29,290
Long-Term Liabilities Due After One Year:	
Liability Claims	70,560
Contracts Payable	4,715
Developer Notes Payable	4,786
City Note Payable	8,300
City Loans Payable	118,467
Other Loans Payable	34,192
Net Pooled Financing Authority Loans	33,141
Net Bonds Payable	546,750
Accreted Interest Payable on Bonds	14,682
Accrued Interest Payable on City Notes	6,115
Accrued Interest Payable on City Loans	150,131
TOTAL LIABILITIES	1,042,965
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	96,064
Restricted for:	
Low and Moderate Housing	133,478
Unrestricted	(186,745)
TOTAL NET ASSETS	$ 42,797

The accompanying notes are an integral part of the financial statements.

STATEMENT OF ACTIVITIES
Year Ended June 30, 2009
(In Thousands)

Functions/Programs	Expenses	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenues (Expenses) and Changes in Net Assets: Total Governmental Activities
Primary Government:				
Governmental Activities:				
General Government and Support	$ 53,838	$ -	$ -	$ (53,838)
Neighborhood Services	128,383	44	17,888	(110,451)
Interest on Long-Term Debt	46,623	-	-	(46,623)
TOTAL GOVERNMENTAL ACTIVITIES	$ 228,844	$ 44	$ 17,888	(210,912)
General Revenues:				
Tax Increments				192,562
Grants and Contributions Not Restricted to Specific Program				1,793
Revenue from Use of Money and Property				24,087
TOTAL GENERAL REVENUES				218,442
CHANGE IN NET ASSETS				7,530
Net Assets at Beginning of Year				35,267
NET ASSETS AT END OF YEAR				$ 42,797

The accompanying notes are an integral part of the financial statements.

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009
(In Thousands)

	Centre City	
	Special Revenue	
	Low-Mod	Other
ASSETS		
Cash or Equity in Pooled Cash and Investments	$ 117,664	$ 2,141
Cash and Investments with Fiscal Agent	-	-
Investments at Fair Value	-	-
Receivables:		
Taxes	518	-
Notes and Contracts	81,143	-
Interest	405	8
Working Capital Advances:		
Centre City Development Corporation	-	-
Southeastern Economic Development Corporation	-	-
City of San Diego	-	-
Land Held for Resale	10,738	-
Prepaid Items and Deposits	3	-
TOTAL ASSETS	$ 210,471	$ 2,149
LIABILITIES		
Accounts Payable	$ 71	$ -
Deferred Revenue	2	-
Sundry Trust Liabilities	42	1,069
TOTAL LIABILITIES	115	1,069
FUND BALANCES		
Reserved for Land Held for Resale	10,738	-
Reserved for Notes Receivable	81,143	-
Reserved for Encumbrances	36,777	7,473
Reserved for Working Capital Advances	-	-
Reserved for Low and Moderate Income Housing	81,698	-
Reserved for Debt Service	-	-
Unreserved:		
Reported in Special Revenue Funds:		
Designated for Unrealized Gain	-	-
Designated for Subsequent Years' Expenditures	-	-
Undesignated	-	(6,393)
Reported in Debt Service Funds:		
Designated for Debt Service	-	-
Designated for Subsequent Years' Expenditures	-	-
Reported in Capital Projects Funds:		
Designated for Unrealized Gain	-	-
Designated for Subsequent Years' Expenditures	-	-
Undesignated	-	-
TOTAL FUND BALANCES	210,356	1,080
TOTAL LIABILITIES AND FUND BALANCES	$ 210,471	$ 2,149

The accompanying notes are an integral part of the financial statements.

Centre City			
Debt Service	Capital Project	Other Governmental Funds	Total Governmental Funds
$ 213,615	$ 77,987	$ 128,577	$ 539,984
66,815	-	15,947	82,762
-	90,130	7,092	97,222
2,073	-	1,253	3,844
-	1,305	36,459	118,907
737	197	464	1,811
-	1,205	275	1,480
-	-	295	295
-	-	623	623
-	20,430	10,018	41,186
-	2	71	76
$ 283,240	$ 191,256	$ 201,074	$ 888,190
$ -	$ 1,883	$ 2,004	$ 3,958
-	3	-	5
-	4,178	423	5,712
-	6,064	2,427	9,675
-	20,430	10,018	41,186
-	1,305	36,459	118,907
-	64,960	48,786	157,996
-	1,205	1,193	2,398
-	-	13,969	95,667
66,815	-	15,947	82,762
-	-	59	59
-	-	8,808	8,808
-	-	(5,032)	(11,425)
216,425	-	60,720	277,145
-	-	1	1
-	-	184	184
-	97,292	16,902	114,194
-	-	(9,367)	(9,367)
283,240	185,192	198,647	878,515
$ 283,240	$ 191,256	$ 201,074	

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.	187,863
Deferred charges reported in governmental activities are not financial resources, and therefore, are not reported in the funds.	9,709
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.	(1,033,290)
Net Assets of Governmental Activities	$ 42,797

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2009
(In Thousands)

	Centre City	
	Special Revenue	
	Low-Mod	Other
REVENUES		
Tax Increments	$ 25,073	$ -
Investment Income	4,362	1
Rents	278	-
Private Sources	-	-
City Participation	-	2,343
Other Revenue	1,191	-
TOTAL REVENUES	30,904	2,344
EXPENDITURES		
Administration	1,113	30
Legal	186	-
Plans and Surveys	174	-
Acquisition Expense	-	-
Real Estate/Fixture Purchases	-	-
Property Management	57	-
Relocation	28	-
Rehabilitation	20	-
Site Clearance	34	-
Project Improvements	3,908	47
Promotions and Marketing	-	-
Program Management	132	-
Rehabilitation Loans	-	-
Housing Subsidies	-	-
Tax Sharing Payments	-	16,276
City Projects	-	11,315
Other	-	-
Debt Service:		
Principal	-	-
Interest	-	-
Bond Issuance Costs	24	-
TOTAL EXPENDITURES	5,676	27,668
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	25,228	(25,324)
OTHER FINANCING SOURCES (USES)		
Transfers from Other Funds	-	28,688
Transfers to Other Funds	(15,393)	(2,344)
Proceeds from Private Loans, Notes and Contracts	-	-
Loans from the City of San Diego	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(15,393)	26,344
NET CHANGE IN FUND BALANCES	9,835	1,020
FUND BALANCES AT JUNE 30, 2008	200,521	60
FUND BALANCES AT JUNE 30, 2009	$ 210,356	$ 1,080

The accompanying notes are an integral part of the financial statements.

Centre City			
Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
$ 100,293	$ -	$ 67,196	$ 192,562
7,724	4,745	4,878	21,710
-	1,796	303	2,377
15	6,904	2,250	9,169
-	9,171	163	11,677
-	14	2,116	3,321
108,032	22,630	76,906	240,816
885	8,485	6,818	17,331
-	1,090	1,424	2,700
-	3,984	1,942	6,100
-	100	86	186
-	11,455	294	11,749
-	459	588	1,104
-	2,066	152	2,246
-	284	2,147	2,451
-	67	-	101
-	11,572	12,109	27,636
-	56	-	56
-	4,118	406	4,656
-	-	250	250
-	-	2,008	2,008
-	-	11,483	27,759
-	693	8,289	20,297
-	-	17	17
12,055	-	5,476	17,531
23,200	-	9,494	32,694
-	-	-	24
36,140	44,429	62,983	176,896
71,892	(21,799)	13,923	63,920
17,781	9,571	28,237	84,277
(38,259)	(44)	(28,237)	(84,277)
-	-	12,281	12,281
-	-	400	400
(20,478)	9,527	12,681	12,681
51,414	(12,272)	26,604	76,601
231,826	197,464	172,043	801,914
$ 283,240	$ 185,192	$ 198,647	$ 878,515

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2009
(In Thousands)

Net change in fund balances - total governmental funds (page 37)	$	76,601
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		10,758
The issuance of long-term debt (i.e. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any affect on net assets. Also, govermental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are differed and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		3,305
Some expenses reported in the Statement of Activities do not require the use of current financial resources (i.e. interest on long-term debt, amortization of bond premiums and discounts), and therefore are not accrued as expenses in governmental funds.		(83,134)
Change in net assets of governmental activities (page 33)	$	7,530

The accompanying notes are an integral part of the financial statements.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (In Thousands)

The financial statements of the Redevelopment Agency of the City of San Diego ("Agency") have been prepared in conformity with generally accepted accounting principles ("GAAP") as applicable to government units. The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements. The significant accounting principles and policies utilized by the Agency are described below.

a. Scope of Financial Reporting Entity

The Agency was established by the City of San Diego Council in 1958 for the purpose of providing a method to revitalize deteriorated and blighted areas within designated areas of the City of San Diego. The Agency began functioning in 1969 pursuant to the Community Redevelopment Law of California as codified in the State of California Health and Safety Code.

Under GASB Statement No. 14, the Agency is considered a component unit of the City. The Agency's basic financial statements, which are presented as a blended component unit in the basic financial statements of the City, present an aggregation of funds associated with 17 redevelopment project areas. The redevelopment project areas are overseen by the City's Redevelopment Division, and two corporations, the Centre City Development Corporation ("CCDC") and the Southeastern Economic Development Corporation, Inc. ("SEDC").

CCDC and SEDC are non-profit corporations organized by the City to administer certain redevelopment projects (CCDC in downtown San Diego and SEDC in southeastern San Diego) as well as to provide redevelopment advisory services to the Agency. These activities are carried out pursuant to operating agreements with both the City and the Agency under which the City and the Agency agree to reimburse CCDC and SEDC for all eligible costs (as defined) incurred in connection with such activities. Neither the financial position nor the transactions of CCDC and SEDC are included as part of the financial statements. However, reimbursements to CCDC and SEDC for services provided to the Agency result in administrative charges that are included in the financial statements as Agency costs.

The City Council, acting in accordance with the City Charter, the City's Municipal Code and applicable state laws, appoints the members of the Board of Directors of CCDC and SEDC and acts as the Agency's Board of Directors.

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 activities of the Agency. The effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

The Agency reports the following major funds:

Centre City Low and Moderate Income Housing Fund – The Centre City Low and Moderate Income Housing Fund is a Special Revenue Fund used to account for 20 percent of the tax increment revenue generated from the Centre City Redevelopment Project Area and the costs associated with the Agency's effort to increase and improve the community's supply of affordable housing for persons and families of low and moderate income in this area.

Centre City Other Special Revenue Fund – The Centre City Other Special Revenue Fund is used to account for transactions that cannot be clearly identified with redevelopment activities, debt service or affordable housing. These transactions include those related to the Grantville settlement agreement with the City and County; revenue collected from the operation of two parking structures in the project area; satisfaction of the City's debt service obligations related to the Ballpark Lease Revenue Bonds, Series 2007A; and tax sharing payments to other entities in the project area.

Centre City Debt Service Fund – The Centre City Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs of the Centre City Redevelopment Project Area.

Centre City Capital Projects Fund – The Centre City Capital Projects Fund is used to account for the receipt of bond proceeds, costs associated with the acquisition of land held for resale, construction of major capital facilities, development and improvement of infrastructure and other public improvements in the Centre City Redevelopment Project Area.

Additionally, the Agency reports the following other governmental fund types:

Special Revenue Funds – Special revenue funds are used to account for proceeds of specific revenue sources (other than those for major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds – Debt service funds are used to account for the accumulation of resources for, and the payment of, governmental activities long-term debt principal, interest, and related costs.

Capital Projects Funds – Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

All nonmajor governmental funds are accounted for and reported similarly to major governmental funds.

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

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 have been met.

Amounts reported as program revenues include (1) operating grants and contributions and (2) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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.

Expenditures are recognized when the related fund liability is incurred except for principal and interest of general long-term debt which are recognized when due.

Revenues which are considered susceptible to accrual include tax increments, rents, interest and grants, provided they are received within 60 days from the end of the fiscal year. Revenue from private sources, city participation, and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

d. Tax Increment Revenues

Tax Increment Revenues represent taxes collected in the Agency's redevelopment project areas from the excess of taxes levied and collected over that amount which was levied and collected in the base year (the inception year of redevelopment project areas) property tax assessment along with a provision for inflation.

The County of San Diego (the "County") assesses, bills, and collects property taxes on behalf of numerous special districts and incorporated cities, including the Redevelopment Agency of the City of San Diego. The Agency's collections of current year's taxes are received through periodic apportionments from the County.

Property owners of the City can appeal the assessment of their property to the County Assessment Appeals Board. Property's taxable values may be reduced as a result of a successful appeal of the taxable value of property determined by the County Assessor. An appeal may result in a reduction of the County Assessor's original taxable value and tax refund to the applicant property owner. The reduction in future Project Areas taxable values and the refund of taxes affects all taxing entities, including the Agency.

The County's tax calendar is from July 1 to June 30. Property taxes attach as a lien on property on January 1, are levied the following July 1, are then payable in two equal installments on November 1 and February 1, and become delinquent after December 10 and April 10, respectively. Since the passage of California's Proposition 13, beginning with fiscal year ended 1979 general property taxes are based either on a flat 1% rate applied to the 1975-76 full value of the property or on 1% of the sales price of any property sold or of the cost of any new construction after the 1975-76 valuation. Taxable values of properties (exclusive of increases related to sales and new construction) can rise a maximum of 2% per year. The Proposition 13 limitation on general property taxes does not apply to taxes levied to pay the debt service on any indebtedness approved by the voters prior to June 6, 1978 (the date of passage of Proposition 13).

At the government-wide level, Tax Increment Revenues are recognized in the fiscal year for which the taxes have been levied. For the governmental funds, Tax Increment Revenues are recognized in the fiscal year for which the taxes have been levied, provided the taxes are received within 60 days of year end. Tax Increment Revenues received after this date are not considered available as a resource that can be used to finance the current year operations of the Agency and, therefore, are recorded as deferred revenue in the governmental funds. The Agency provides an allowance for uncollected property taxes of 3% of the outstanding balance which reflects historical collections.

e. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary control in the budgeted governmental funds.

Encumbrances outstanding at year-end are reported as reservation of fund balances since the commitments will be honored through subsequent years' continuing appropriations. Encumbrances do not constitute expenditures or liabilities for GAAP reporting purposes.

f. Equity in Pooled Cash and Investments

The Agency's Pooled Cash and Investments are part of the City's Pooled Cash and Investments. The City's cash resources are combined to form a cash and investment pool managed by the City Treasurer (the City Pool). The City Pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it a 2a7–like pool. The investment activities of the Treasurer in managing the Pool are governed by California Government Code § 53601 and the City's Investment Policy which is reviewed by the Investment Advisory Committee and approved annually by the City Council. Interest earned on pooled investments is allocated to participating funds and entities based upon their average daily cash balance during the allocation month. Fair value adjustments to the Pool are recorded annually; City Treasurer reports fair values on a monthly basis. The value of the shares in the Pool is equal to the fair value of the Pool.

Additionally, the Agency maintains individual accounts pursuant to bond issuances. The investment of these funds is governed by the policies set forth in individual indenture and trustee agreements.

All City investments are reported at fair value in accordance with the GASB 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*. Deposit and investment risks are disclosed in Note 3 of the notes to the financial statements in accordance with GASB 40, *Deposit and Investment Risk Disclosures*. GASB 40 was implemented to communicate deposit and investment risks to financial statement users. Common risk disclosures include interest rate risk, credit risk, concentration of credit risk, and foreign currency risk. Note 3 also contains additional information on permissible investments per the City's Investment Policy and other policies applicable to the cash and investments reported herein.

g. Land Held for Resale

Land Held for Resale, purchased by the Agency, is reported in the government-wide and fund financial statements at the lower of cost or net realizable value. In the governmental fund financial statements, fund balances are reserved in an amount equal to the carrying value of land held for resale because such assets are not available to finance the Agency's current operations.

Land is originally recorded at historical cost and adjusted to net realizable value when the Agency enters into disposition and development agreements whereby the property will be sold for less than its historical cost, when a property is impaired or when property values decrease due to market conditions.

h. Capital Assets

Non-depreciable capital assets, which include land and construction in progress, are reported in the government-wide financial statements. Depreciable capital assets, which include structures, improvements and equipment, are reported in the government-wide financial statements net of accumulated depreciation. To meet the criteria for capitalization, the asset must have a useful life in excess of one year and in the case of capital outlay, must equal or exceed a capitalization threshold of $5. All other capital assets such as land and structures are capitalized regardless of cost. Subsequent improvements are capitalized to the extent that they extend the initial estimated useful life of the capitalized asset or improve the efficiency or capacity of that asset. Costs for routine maintenance are expensed as incurred. Costs related to development of City infrastructure are not capitalized because these assets are maintained by the City and not the Agency. In cases where the Agency purchases land or structures for development of City infrastructure, acquisition and improvement costs are capitalized and reported as Agency capital assets until they are conveyed to the City, once the project is completed. Losses on the retirement of assets conveyed to the City are reflected in the Statement of Activities.

Capital assets, when purchased or constructed, are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at the estimated fair value on the date of donation. Depreciation of capital assets is computed using the straight-line method over the estimated useful life of the asset as follows:

Assets	Years
Structures and Improvements	20-50
Equipment	3-25

i. Deferred Charges

In the government-wide financial statements, deferred charges represent the unamortized portion of bond issuance costs. These costs will be amortized over the life of the related bonds using a method which approximates the effective yield method.

j. Interfund Transactions

Interfund transactions between the Agency's governmental funds are mostly transfers of assets (such as cash or goods) without equivalent flows of assets in return.

Tax increment revenue not intended for low and moderate income housing or for tax sharing payments is originally deposited in Debt Service Funds. As expenditures are incurred in the Capital Projects Funds, cash is transferred from the Debt Service Funds to cover the expenditures.

Housing Bond Proceeds are recorded in the Low and Moderate Income Housing Funds while Redevelopment Bond Proceeds are recorded in the Capital Projects Funds. These proceeds are typically expended in the funds where they are recorded. However, they are sometimes transferred to the Debt Service Funds to satisfy a debt obligation to the City or a Developer.

k. Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. Bond premiums and discounts, bond issuance costs and bond refunding gains and losses are amortized over the life of the bonds, using a method that approximates the effective yield method. Net bonds payable reflect amortized bond accretion and unamortized bond discounts, premiums and refunding gains and losses.

l. Sundry Trust Liabilities

Under approval of certain agreements, developers submit to the Agency an initial deposit to ensure the developer proceeds diligently and in good faith to negotiate and perform all of the obligations under the agreement. These deposits can normally be used for administrative costs of the Agency. In the government-wide financial statements and in the fund financial statements, the unspent portion of these deposits, called Sundry Trust Liabilities, are reported as liabilities of the Agency.

m. Claims and Judgments

The costs of claims and judgments are accrued when incurred and measurable in the government-wide financial statements. In governmental funds, the costs of claims and judgments are recorded as expenditures when payments are made.

n. Net Assets and Fund Equity

In the government-wide financial statements, net assets are categorized as follows:

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

- Restricted Net Assets consist of assets, net of any related liabilities, which have had restrictions imposed on them by external creditors, grantors, contributors, or laws or regulations of other governments or law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first and then unrestricted resources, as they are needed.

- Unrestricted Net Assets consist of net assets that do not meet the definition of Invested in Capital Assets, Net of Related Debt or Restricted Net Assets.

In the fund financial statements, portions of fund equity of governmental funds have been reserved for specific purposes. Reservations were created to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated or (2) identify the portion of the fund balance that is not appropriable for future expenditures.

Designated fund balance represents that portion of fund equity for which the Agency has made tentative plans.

Undesignated fund balance represents that portion of fund equity which is available for appropriation in future periods.

o. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of certain assets and liabilities, disclosure of contingent assets and liabilities, and the related reported amounts of revenues and expenses. Actual results could differ from those estimates. Management believes that the estimates are reasonable.

p. Agreements

On March 30, 2004 the Agency entered into a Development and Disposition Agreement (DDA) with Western Pacific Housing for a condominium development project in the North Park Redevelopment Project Area. Under the agreement, the Agency promised to pay the maximum aggregate principal amount of $3,000 of which $2,100 represents the Affordability Component of the Agency Payment Obligation, and $900 represents the Public Improvement Component. The Affordability Component is subject to an adjustment based on the actual project sales revenue proceeds received by Western Pacific Housing. This adjustment amount cannot be computed until all 45 affordable units are sold. The principal amount outstanding bears simple interest at a rate equal to 5% per annum. Solely for the purposes of calculating the amount of interest payable, Western Pacific Housing shall be deemed to have paid an amount equal to 25% of the Agency's Payment Obligation as of the date which is 195 days after closing of escrow, 50% as of the date which is 390 days after closing of escrow, 75% as of the date which is 585 days after closing of escrow, and 100% at the completion date, which is the date on which the release of construction covenants under the agreement have been recorded in the official records of the San Diego County. For purposes of calculating the amount of interest payable, the principal amounts stated above will be reduced by a 10% per annum applied on a pro rata basis for the period of time Western Pacific Housing is not in compliance with the schedule of performance dates stated in the agreement for commencement and completion of construction. All payments shall be made from the site-generated property tax increment. To date, the $900 representing the Public Improvement Component of the Agency Payment Obligation has been recognized as a liability. The $2,100 representing the Affordability Component of the Agency Payment Obligation has also been

recognized but is subject to adjustments upon final sales of all 45 affordable units and computation of any necessary adjustments pursuant to the DDA.

The Redevelopment Agency has entered into various agreements with the San Diego Housing Commission (SDHC) for the administration of programs that benefit, very low, low and moderate-income persons and families in various redevelopment project areas.

- The *Housing Enhancement Loan Program* finances up to $25 for property rehabilitation and enhancement and an additional $5 (subject to an annual simple interest rate of 3%) for water conserving landscape improvements and/or energy conserving improvements to eligible homeowners. The total amount of the loan and accrued interest is forgiven in 20% increments and forgiven over a ten year period upon participant's compliance with the terms and conditions of the loan agreement.

- The *Housing Rehabilitation Loan Program* finances interior and exterior improvements and health and safety hazards have a ten year deed restriction, while the exterior enhancement loans have a five year deed restriction. These loans require that the owner maintain residence in the property for at least the agreed number of years, or restricts sale of property. Loans are forgivable after the agreed term.

- The *Downtown First Time Home Buyer* program provides 30-year, zero-interest second trust deed loans of up to $75 to eligible low and moderate income persons and families for purchase of eligible units within the Project Areas. Level monthly principal payments commence in year six. All loan proceeds, including the Agency's share of appreciation, must be deposited in the Low and Moderate Income Housing Set-Aside fund and SDHC is to use these funds for new loans.

Agency contributions to these programs are expensed at the government-wide and fund financial statements at the time the cash is transferred to the SDHC. Revenue generated by the programs are not recognized by the Agency due to the fact that they are intended to be used to finance additional loans within the programs and are not available to fund other activities. Should the Agency decide to terminate these agreements, revenue would be recognized at the time cash balances in the various programs are returned to the Agency.

q. Tax Increment Sharing Payments

Prior to the adoption of Section 33607.5 of the Redevelopment Law, a redevelopment agency was authorized to enter into an agreement to pay tax increment revenues to any taxing agency that had territory located within a redevelopment project area in an amount which, in the Agency's determination, was appropriate to alleviate any financial burden or detriment caused by the redevelopment project. These agreements normally provided for a pass-through of tax increment revenues directly to the affected taxing agency, and, therefore, are commonly referred to as "pass-through agreements".

Section 33607.5 of the Redevelopment Law repealed the provisions that enabled pass-through agreements, although existing pass-through agreements remain in place. Section 33607.5 replaces the payments from new pass-through agreements with a statutory tax increment sharing formula for all redevelopment project areas established on or after January 1, 1994 and requires statutory pass-through payments ("Statutory Pass-through Payments") to all existing taxing entities.

Section 33607.7 was subsequently added to the Redevelopment Law to provide for Statutory Pass-through Payments to affected taxing entities that do not have existing tax sharing agreements. If a redevelopment plan adopted prior to January 1, 1994 is amended to eliminate its time limit on the establishing of loans, advances and indebtedness, the amounts of Statutory Pass-through Payments under section 33607.5 are computed as follows:

- From the first fiscal year in which the Agency receives tax increment until the last fiscal year in which the Agency receives the tax increment, 25% of the tax increments are passed through to the entities (net of the 20% housing set aside).

- Commencing in the eleventh year, an additional 21% of the tax increment in excess of the tenth year tax increment is passed through to the entities (net of the 20% housing set aside).

- Commencing in the thirty first year, an additional 14% of the tax increment in excess of the thirtieth year tax increment is passed through to the entities (net of the 20% housing set aside).

The Agency records liabilities and expenditures related to tax sharing payments based on the criteria established by GASB 33. The Agency defines the applicable period for recognition as the fiscal year in which tax increment sharing payments are appropriated. Instances in which tax sharing payments are not made in the year they are appropriated result in a liability and expenditure to the Agency for that year, regardless of the timing of cash flows.

r. New Governmental Accounting Standards Implemented during Fiscal year ended June 30, 2009

The requirements for the following accounting standards are effective for the purpose of implementation, for the Agency, for fiscal year ended June 30, 2009.

In November 2006, GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations,* which addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and clean ups. The Statement generally requires the government to estimate the components of expected pollution remediation outlays and determine whether outlays for those components should be accrued as a liability or, if appropriate, capitalized when goods and services are acquired. This would only be required if any one of five obligating events has occurred. If deemed appropriate, the liability will be accrued in the government-wide financial statements and included in Note 11 Contingencies. As of June 30, 2009, the Agency does not have any pollution remediation obligations.

In November 2007, GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, which requires endowments to report their land and other real estate investments at fair value. Governments are also required to report changes in fair value as investment income. As of June 30, 2009 the Agency does not have any endowments.

In March 2009, GASB issued Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify the sources of accounting principles and the framework for selecting the principles used in the preparation of the financial statements. The GAAP hierarchy was previously included in the auditing standards of the American Institute of Certified Public Accountants (AICPA). This Statement improves financial reporting by contributing to the GASB's efforts to codify all GAAP for state and local governments so that they derive from a single source.

In March 2009, GASB issued Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statement on Auditing Standards*. The objective of this Statement is to incorporate in the GASB authoritative literature certain accounting and financial reporting guidance presented in the AICPA Statements on Auditing Standards. The three issues addressed are related party transactions, going concern consideration, and subsequent events. This Statement does not establish new accounting standards but rather incorporates existing guidance into the GASB standards.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (In Thousands)

The Governmental Funds Balance Sheet includes a reconciliation between Total Fund Equity - Governmental Funds and Total Net Assets - Governmental Activities as reported in the Government-wide Statement of Net Assets. Certain adjustments are necessary to reconcile governmental funds to governmental activities. The details of these adjustments are as follows.

a. Explanation of certain differences between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Assets:

An element of the reconciliation states, "Deferred Charges reported in governmental activities are not financial resources, and therefore, are not reported in the funds." The details of this $9,709 difference are as follows:

Deferred Charges, net July 1, 2008	$	10,270
Issuance Costs		24
Amortization Expense		(585)
Net adjustment to increase Total Fund Balances – Governmental Funds to arrive at Total Net Assets of Governmental Activities	$	9,709

Another element of the reconciliation states that "Some liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this $ (1,033,290) difference are as follows:

Liability Claims	$	(70,560)
Bonds Payable		(561,977)
Pooled Financing Loans		(33,460)
Net Premiums and Discounts on Bond and Loan Issuances		(6,097)
Unamortized Loss on Refunding		914
Contracts Payable		(4,715)
Notes Payable		(13,086)
Loans Payable		(161,220)
Accreted Interest Payable on Bonds		(14,682)
Accrued Interest Payable on Long Term Debt		(12,161)
Accrued Interest Payable on City Loans and Notes		(156,246)
Net adjustment to decrease Total Fund Balances - Governmental Funds to arrive at Total Net Assets of Governmental Activities	$	(1,033,290)

b. Explanation of certain differences between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities:

The Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances includes reconciliation between Net Change in Fund Balances - Total Governmental Funds and Changes in Net Assets of Governmental Activities as reported in the Government-wide Statement of Activities. One element of that reconciliation explains that, "Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $10,758 difference are as follows:

Capital outlay	$	13,651
Depreciation expense		(1,772)
Capital Assets reclassified as Fund Assets		(1,121)
Net adjustment to increase Net Changes in Fund Balances – Governmental Funds to arrive at Changes in Net Assets of Governmental Activities	$	10,758

Another element of the reconciliation states that "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this $3,305 difference are as follows:

Debt Issued or Incurred:		
Bond and Loan Issuance Costs	$	24
Net Accretion on Capital Appreciation Bonds		(1,845)
Loans Payable		(10,581)
Contracts Payable		(2,100)
Principal Repayments:		
Revenue Bonds		960
Tax Allocation Bonds		14,096
Pooled Financing Authority Loans Payable		655
Loans Payable		944
Notes Payable		876
Other Changes in Long Term Debt:		
Loan Payable Modificaton (See Note 5-c)		276
Net adjustment to increase Net Changes in Fund Balances – Total Governmental Funds to arrive at Changes in Net Assets of Governmental Activities	$	3,305

Another element of the reconciliation states that "Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore are not accrued as expenses in governmental funds." The details of this $(83,134) difference are as follows:

Change in Liability Claims	$	(70,560)
Change in Accrued Interest on Long-Term Debt		(1,131)
Change in Accrued Interest on City Note and Loans		(10,952)
Amortization of Bond Issuance Costs		(585)
Amortization of Bond Premiums, Discounts and Deferred Charges on Refunding		94
Net adjustment to decrease Net Changes in Fund Balances – Total Governmental Funds to arrive at Changes in Net Assets of Governmental Activities	$	(83,134)

3. CASH AND INVESTMENTS (In Thousands)

The following is a summary of the carrying amount of the Agency's cash and investments:

	Governmental Activities
Cash or Equity in Pooled Cash and Investments	$ 539,984
Cash and Investments with Fiscal Agent	82,762
Investments at Fair Value	97,222
Total	$ 719,968

a. Cash or Equity in Pooled Cash and Investments

The Agency participates in the City's Pooled Cash and Investments. Cash or Equity in Pooled Cash and Investments represents petty cash, cash at the bank in demand Pool deposit and/or savings accounts, and cash in escrow for contract retention payables. Furthermore, it represents equity in pooled cash and investments. The Agency does not own identifiable investment securities of the Pool; rather, it participates as a shareholder of the Pool. It does however, own identifiable investments which are not part of the Pool and are managed by the City Treasurer.

b. Cash and Investments with Fiscal Agent

Cash and Investments with Fiscal Agents represents cash and investments held by fiscal agents resulting from bond issuances. More specifically, these funds represent reserves held by fiscal agents or trustees as legally required by bond issuances and liquid investments held by fiscal agents or trustees which are used to pay debt service.

c. Investments at Fair Value

Investments at Fair Value represent investments managed by the City Treasurer which are not part of the City's Pooled Cash and Investments.

d. Investment Policy

City of San Diego Investment Policy

In accordance with City Charter Section 45 and under authority annually approved by the City Council, the City Treasurer is responsible for the safekeeping and investment of the unexpended cash in the City Treasury according to the City's Investment Policy (the "Policy"). This Policy applies to all of the investment activities of the City except for the pension trust funds, the proceeds of certain debt issues, which are managed and invested at the direction of the City Treasurer in accordance with the applicable indenture or by Trustees appointed under indenture agreements or by fiscal agents, and the assets of trust funds, which are placed in the custody of the Funds Commission by Council ordinance.

City staff reviews the Policy annually and may make revisions based upon changes to the California Government Code and the investment environment. These suggested revisions are presented to the Investment Advisory Committee (IAC) for review and comments. The IAC consists of two City representatives and three outside financial professionals with market and portfolio expertise not working for the City of San Diego. The City Council reviews the Policy and considers approval on an annual basis.

The IAC evaluates the horizon returns, risk parameters, security selection, and market assumptions the City's investment staff is using when explaining the City's investment returns. The IAC also meets semi-annually to review the previous two quarters' investment returns and make recommendations to the City Treasurer on proposals presented to the IAC by the Treasurer's staff.

The Policy is governed by the California Government Code (CGC), Sections 53600 et seq. The following table presents the authorized investments, requirements, and restrictions per the CGC and the City Policy:

Investment Type	Maximum Maturity (1)		Maximum % of Portfolio		Maximum % with One Issuer		Minimum Rating	
	CGC	City Policy	CGC	City Policy	CGC	City Policy	CGC	City Policy
U.S. Treasury Obligations (bills, bonds, or notes)	5 years	5 years	None	None	None	None	None	None
U.S. Agencies	5 years	5 years	None	(2)	None	(2)	None	None
Bankers' Acceptances (6)	180 days	180 days	40%	40%	30%	10%	None	(3)
Commercial Paper (6)	270 days	270 days	25%	25%	10%	10%	P1	P1
Negotiable Certificates (6)	5 years	5 years	30%	30%	None	10%	None	(3)
Repurchase Agreements	1 year	1 year	None	None	None	None	None	None
Reverse Repurchase Agreements (4)	92 days	92 days	20%	20%	None	None	None	None
Local Agency Investment Fund	N/A	N/A	None	None	None	None	None	None
Non-Negotiable Time Deposits (6)	5 years	5 years	None	25%	None	10%	None	(3)
Medium Term Notes/Bonds (6)	5 years	5 years	30%	30%	None	10%	A	A
Municipal Securities of California Local Agencies (6)	5 years	5 years	None	20%	None	10%	None	A
Mutual Funds	N/A	N/A	20%	5%	10%	None	AAA	AAA
Notes, Bonds, or Other Obligations	5 years	5 years	None	None	None	None	None	AA
Mortgage Pass-Through Securities	5 years	5 years	20%	20%	None	None	AA	AAA
Financial Futures (5)	N/A	None	None	None	None	None	None	None

Footnotes:

(1) In the absence of a specified maximum, the maximum is 5 years.

(2) No more than one-third of the cost value of the total portfolio at time of purchase can be invested in the unsecured debt of any one agency.

(3) Credit and maturity criteria must be in accordance per Section X of the City's Investment Policy.

(4) Maximum % of portfolio for Reverse Repurchase Agreements is 20% of base value.

(5) Financial futures transactions would be purchased only to hedge against changes in market conditions for the reinvestment of bond proceeds.

(6) Investment types with a 10% maximum with one issuer are further restricted per the City's Investment Policy: 5% per issuer and an additional 5% with authorization by City Treasurer.

According to the Policy, the City may enter into repurchase and reverse repurchase agreements only with primary dealers of the Federal Reserve Bank of New York with which the City has entered into a master repurchase agreement.

Additionally, the Policy authorizes investment in other specific types of securities. The City may invest in floating rate notes with coupon resets based upon a single fixed income index (which would be representative of an eligible investment), provided that security is not leveraged. Structured notes issued by U.S. government agencies that contain imbedded calls or options are authorized as long as those securities are not inverse floaters, range notes, or interest only strips derived from a pool of mortgages. A maximum of 8% of the “cost value” of the pooled portfolio may be invested in structured notes.

In fiscal year 2009, the City invested $15 million as part of the Certificate of Deposit Account Registry Service (CDARS). The CDARS investment was deposited with two institutions, $5 million with Neighborhood National Bank and $10 million with First Business Bank. Under the City Treasurer’s Investment Policy, this type of investment is subject to a 1% limit of total portfolio value for the City’s pooled investments. The CDARS investment program is permissible per the California Government Code (CGC), Section 53601.8, and is subject to a 30% limit of total portfolio value.

Ineligible investments prohibited from use in the portfolio include, but are not limited to, common stocks and long-term corporate notes/bonds. A copy of the investment Policy can be requested from the City Treasurer, 1200 3rd Avenue, Suite 1624, San Diego, CA 92101.

Other Investment Policies

The City and its component units, including the Agency, have funds invested in accordance with various bond indenture and trustee agreements. . The investment of these bond issuances is in accordance with the Permitted Investments section and applicable account restrictions outlined in the Indenture of each bond issuance. The Permitted Investments section in each Indenture will vary based upon the maturity, cash flow demands and reserve requirements associated with each issuance. In general, the Permitted Investments section of each Indenture will closely resemble the City Treasurer's Investment Policy, but may include certain investment options not authorized by applicable law for the City Treasurer's Investment Policy (CGC §53601). Copies of the individual bond indentures can be requested from the City Treasurer's Investment Division, 1200 3rd Avenue, Suite 1624, San Diego, CA 92101.

e. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Market or interest-rate risk for the City's pooled investments is intended to be mitigated by establishing two portfolios, a liquidity portfolio and a core portfolio. Target durations are based upon the expected short and long-term cash needs of the City. The liquidity portfolio is structured with an adequate mix of highly liquid securities and maturities to meet major cash outflow requirements for at least six months (per CGC Section 53646). The liquidity portfolio uses the Merrill Lynch 3-6 months Treasury Index as a benchmark with duration of plus or minus 40% of the duration of that benchmark.

The core portfolio uses the Merrill Lynch 1-3 years Treasury Index as a benchmark with a duration of plus or minus 20% of the duration of that benchmark. It consists of high quality liquid securities with a maximum maturity of 5 years and is structured to meet the longer-term cash needs of the City. Information about the sensitivity of the fair value of the Agency's investments to market interest rate fluctuations is presented in the table below.

	Maturity in Years				
	Under 1	1-3	3-5	Over 5	Fair Value
Cash or Equity in City Pooled Cash & Investments[1]	$ -	$ 539,984	$ -	$ -	$ 539,984
Non-Pooled Investments with City Treasurer:					
US Treasury Bills	88,041	-	-	-	88,041
US Treasury Notes & Bonds	2,089	-	-	-	2,089
US Agency Discount Notes	7,092	-	-	-	7,092
Subtotal - Non-Pooled Investments	97,222	-	-	-	97,222
Investments with Fiscal Agent:					
US Treasury Bills	23,596	-	-	-	23,596
US Treasury Notes & Bonds	8,894	-	-	-	8,894
US Agency Notes & Bonds	1,467	-	-	-	1,467
Money Market Mutual Funds	48,805	-	-	-	48,805
Subtotal - Investments with Fiscal Agent	82,762	-	-	-	82,762
Total Investments or Cash in City Pooled Cash	$ 179,984	$ 539,984	$ -	$ -	719,968

[1] As of June 30, 2009, the City Pooled Cash and Investments weighted average maturity was 511.28 days.

f. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. At June 30, 2009, the Agency's investments and corresponding credit ratings are as follows:

	Moody's Rating	S&P	Fair Value	Percentage
Cash or Equity in City Pooled Cash & Investments	Not Rated	Not Rated	$ 539,984	100.00%
Non-Pooled Investments with City Treasurer:				
US Treasury Bills	Exempt	Exempt	88,041	90.56%
US Treasury Notes & Bonds*	Exempt	Exempt	2,089	2.15%
US Agencies - Federal National Mortgage Association	P1	N/A	7,092	7.29%
Subtotal - Non-Pooled Investments			97,222	100.00%
Investments with Fiscal Agent and Other Investments:				
US Treasury Bills	Exempt	Exempt	23,596	28.51%
US Treasury Notes & Bonds	Exempt	Exempt	8,894	10.75%
US Agencies - Federal National Mortgage Association	P1	N/A	1,467	1.77%
Money Market Mutual Funds	Aaa	N/A	48,805	58.97%
Subtotal - Other Investments			82,762	100.00%
Total Cash and Investments			$ 719,968	

"N/A" - S&P rating not applicable, Moody's rating provided.

"Not Available" - Bloomberg credit history did not have Moody's ratings, only S&P ratings.

"Exempt" - Per GASB 40, US Treasury Obligations do not require disclosure of credit quality.

g. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the relative size of an investment in a single issuer. Investments issued explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are exempt. At June 30, 2009, more than 5% of the Agency's investments are with the Federal National Mortgage Association.

h. Custodial Credit Risk

At June 30, 2009, all of the Agency's cash and investments were part of the City's Pool, held by fiscal agents or invested by the City Treasurer outside of the City Pool. None of the Agency's cash and investments are uninsured and unregistered, with securities held by a counterparty, or by its trust department or agent but not in the Agency's name.

4. CAPITAL ASSETS (In Thousands)

Capital asset activity for the year ended June 30, 2009, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Non-Depreciable Capital Assets:				
Land	$ 110,907	$ 13,651	$ (1,121)	$ 123,437
Total Non-Depreciable Capital Assets	110,907	13,651	(1,121)	123,437
Depreciable Capital Assets:				
Structures and Improvements	69,732	-	-	69,732
Equipment	819	-	-	819
Total Depreciable Capital Assets	70,551	-	-	70,551
Less Accumulated Depreciation for:				
Structures and Improvements	(3,630)	(1,744)	-	(5,374)
Equipment	(723)	(28)	-	(751)
Total Accumulated Depreciation	(4,353)	(1,772)	-	(6,125)
Total Depreciable Capital Assets, Net	66,198	(1,772)	-	64,426
Governmental Activities Capital Assets, Net	$ 177,105	$ 11,879	$ (1,121)	$ 187,863

Depreciation expense was charged to the Neigborhood Services governmental activities function in the amount of $ 1,772.

In the current fiscal year, land purchases for the development of parks in the Centre City Project Area resulted in an increase in the Agency's capital assets of $13,651. Land purchases and related costs of $8,742 were related to the development of the East Village Green Park site and $4,909 for the development of Saint Joseph's Park. These additions were offset by a decrease of $1,121 in land related to the Skateworld property in the Linda Vista Project Area resulting from the reclassification of land from capital assets to land held for resale. The property was reclassified due to the fact that the Agency intends to sell the property and will no longer continue to lease it.

5. GOVERNMENTAL ACTIVITIES LONG-TERM DEBT (In Thousands)

a. Long-Term Liabilities

Governmental activities long-term debt consists of revenue bonds, tax allocation bonds, contracts payable, notes payable, and loans payable. A summary of these obligations as recorded in the government-wide Statement of Net Assets as of June 30, 2009, is as follows:

Type of Obligation	Interest Rates	Fiscal Year Maturity Date	Original Amount	Balance Outstanding June 30, 2009
Liability Claims				$ 70,560
Revenue Bonds:				
Centre City Parking Revenue Bonds, Series 1999 A	4.5-6.4%[1]	2026	$ 12,105	9,860
Centre City Parking Revenue Bonds, Series 2003 B	3.0-5.3[1]	2027	20,515	17,570
Total Revenue Bonds			32,620	27,430
Tax Allocation Bonds:				
Gateway Center West Redevelopment Project Tax Allocation Bonds, Series 1995	7.8-9.75[1]	2014	1,400	580
Mount Hope Redevelopment Project Tax Allocation Bonds, Series 1995 A	4.4-6.0[1]	2020	1,200	750
Horton Plaza Redevelopment Project Tax Allocation Refunding Bonds, Series 1996 A	3.8-6.0[1]	2016	12,970	6,355
Centre City Redevelopment Project Tax Allocation Bonds, Series 1999 A	3.0-5.125[1]	2019	25,680	25,200
Centre City Redevelopment Project Tax Allocation Bonds, Series 1999 B	6.25[1]	2014	11,360	11,360
Centre City Redevelopment Project Tax Allocation Bonds, Series 1999 C	3.1-4.75[1]	2025	13,610	11,705
City Heights Redevelopment Project Tax Allocation Bonds, Series 1999 A	4.5-5.8[1]	2029	5,690	5,060
City Heights Redevelopment Project Tax Allocation Bonds, Series 1999 B	5.75-6.4[2]	2029	10,141	8,982
Centre City Redevelopment Project Tax Allocation Bonds, Series 2000 A	4.0-5.6[1]	2025	6,100	4,810
Centre City Redevelopment Project Tax Allocation Bonds, Series 2000 B	3.95-5.35[1]	2025	21,390	18,190
Horton Plaza Redevelopment Project Tax Allocation Bonds, Series 2000	4.25-5.875[1]	2022	15,025	13,110
North Bay Redevelopment Project Tax Allocation Bonds, Series 2000	4.25-5.875[1]	2031	13,000	11,200
North Park Redevelopment Project Tax Allocation Bonds, Series 2000	4.1-5.9[1]	2031	7,000	6,035
Centre City Redevelopment Project Tax Allocation Bonds, Series 2001 A	4.93-5.55[3]	2027	58,425	55,795
Mount Hope Redevelopment Project Tax Allocation Bonds, Series 2002 A	5.0[1]	2027	3,055	3,055
Centre City Redevelopment Project Tax Allocation Bonds, Series 2003 A	2.5-5.0[1]	2029	31,000	11,980
City Heights Redevelopment Project Tax Allocation Bonds, Series 2003 A	5.875-6.5[1]	2034	4,955	4,955
City Heights Redevelopment Project Tax Allocation Bonds, Series 2003 B	2.5-4.25[1]	2014	865	410
Horton Plaza Redevelopment Project Tax Allocation Bonds, Series 2003 A	4.65-5.1[1]	2022	6,325	6,325
Horton Plaza Redevelopment Project Tax Allocation Bonds, Series 2003 B	3.25-5.45[1]	2022	4,530	4,300
Horton Plaza Redevelopment Project Tax Allocation Bonds, Series 2003 C	3.49-7.74[1]	2022	8,000	6,565

Type of Obligation	Interest Rates	Fiscal Year Maturity Date	Original Amount	Balance Outstanding June 30, 2009
North Park Redevelopment Project Tax Allocation Bonds, Series 2003 A	1.5-6.125[1]	2028	7,145	6,045
North Park Redevelopment Project Tax Allocation Bonds, Series 2003 B	4.75-5.0[1]	2034	5,360	5,360
Centre City Redevelopment Project Tax Allocation Bonds, Series 2004 A	3.5-5.25[1]	2030	101,180	93,410
Centre City Redevelopment Project Tax Allocation Bonds, Series 2004 B	2.26-4.58[1]	2011	9,855	3,035
Centre City Redevelopment Project Tax Allocation Bonds, Series 2004 C	2.26-6.18[1]	2030	27,785	25,035
Centre City Redevelopment Project Tax Allocation Bonds, Series 2004 D	2.26-6.28[1]	2030	8,905	8,035
Centre City Redevelopment Project Tax Allocation Bonds, Series 2006 A	4.25-5.25[1]	2033	76,225	75,025
Centre City Redevelopment Project Tax Allocation Bonds, Series 2006 B	5.66-6.2[1]	2032	33,760	32,880
Centre City Redevelopment Project Tax Allocation Bonds, Series 2008 A	5.604-6.3[1]	2021	69,000	69,000
Total Tax Allocation Bonds			600,936	534,547
Total Bonds Payable			633,556	561,977
Contracts Payable:				
Contract Payable to SDSU Foundation dated December 1991	Variable[4]	-	1,598	1,598
Amendment to Contract Payable to SDSU Foundation dated January 1995	Variable[4]	-	117	117
Contract Payable to Western Pacific Housing, Inc dated April 2004	5.00	-	3,000	3,000
Total Contracts Payable			4,715	4,715
Notes Payable:				
Price Charities, dated April 2001	5.0	2032	5,115	2,506
Price Charities, dated May 2005	8.0	2025	2,100	2,100
Amendment to Note Payable to Price Charities, dated February 2006	8.0	2025	180	180
City of San Diego dated April 2002	8.0	-	8,300	8,300
Total Notes Payable			15,695	13,086
Pooled Financing Authority Loans				
Central Imperial Redevelopment Project Loan Payable dated June, 2007	4-6.65[1]	2038	14,865	14,530
Mount Hope Redevelopment Project Loan Payable dated June, 2007	5.95-6.37[1]	2021	3,110	2,775
Southcrest Redevelopment Project Loan Payable dated June, 2007	4-6.65[1]	2033	17,010	16,155
Total Pooled Financing Authority Loans			34,985	33,460

Type of Obligation	Interest Rates	Fiscal Year Maturity Date	Original Amount	Balance Outstanding June 30, 2009
Loans Payable:				
International Gateway Associates, LLC dated October 2001	10.0	2032	1,876	1,788
PCCP/Las America, LLC, dated August 2005	10.0	2036	1,247	1,222
Centerpoint, LLC, dated April 2006	5.5	2021	4,969	4,969
Line of Credit from Bank of America dated October 2006	Variable[5]	2009	8,530	8,530
Line of Credit from San Diego National Bank[6] dated July 2007	1.0-6.42	2011	22,359	24,994
California Housing Financing Agency (HELP) Loan dated October 2008	3.0	2017	1,250	1,250
City of San Diego dated various dates	Variable[7]	-	118,467	118,467
Total Loans Payable			158,698	161,220
Accrued Interest Payable:				
City Note[8]		-	-	6,115
City Loans[8]		-	-	150,131
Total Accrued Interest Payable				156,246
Total Governmental Activities			$ 847,649	$ 1,001,264

[1] Interest rates are fixed, and reflect the range of rates for various maturities from date of issuance to maturity.

[2] The City Heights Tax Allocation Bonds, Series 1999 B, are capital appreciation bonds, which mature from fiscal year 2011 through 2029. The balance outstanding at June 30, 2009 does not include accreted interest of $7,695.

[3] The Centre City Tax Allocation Bonds, Series 2001 A, partially include capital appreciation bonds, which mature from fiscal year 2015 through 2027. The balance outstanding at June 30, 2009 does not include accreted interest of $6,987.

[4] San Diego State University Foundation executed an Agreement for Processing a Redevelopment Plan and Land Use Entitlements with the Redevelopment Agency of the City of San Diego which allows for reimbursement of expenses incurred by the Foundation, in assisting in the preparation and processing of the Redevelopment Plan and Land Use Entitlements in the College Area. The agreement is a variable rate obligation of the Agency. The unpaid principal bears interest at the prime rate and is fixed on a quarterly basis, using the prime rate established on the first banking day of each calendar quarter. Interest calculations are payable on the quarterly weighted average of the principal balance and are made at the end of the quarter based upon the rate fixed for that quarter. The interest rate is not to exceed 12 percent per annum on funds advanced to the Agency. The effective interest rate as of June 30, 2009 is 3.25 percent (also see page 68, Note 12 - Subsequent Events).

[5] Loans Payable includes a line of credit executed by the Redevelopment Agency of the City of San Diego with Bank of America, N.A. on October 31, 2006. The line of credit is to be used to refinance the North Park Theatre, to pay sums of settlement of eminent domain actions relating to the North Park Redevelopment Area and for other redevelopment activities in the North Park Redevelopment Area. The tax-exempt portion of the line of credit has an effective interest rate of 3.23 percent and the taxable portion has an effective interest rate of 4.75 percent as of June 30, 2009 and the effective interest rate will reset on October 31, annually.

[6] Loans Payable also includes six separate non-revolving secured three-year term lines of credit executed by RDA with San Diego National Bank dated July 26, 2007. Four lines of credit are for affordable housing in North Park, City Heights, North Bay and Naval Training Center (NTC) Redevelopment Project Areas. Two lines of credit are for non-housing or general purposes for City Heights and NTC Redevelopment Project Areas. Each advance taken from the lines of credit has a fixed rate that is set on the day of the advance to be equal to either the United States Three-Year Treasury Constant Maturities Index plus one and nine-tenths percentage point or the One-Month LIBOR Rate plus one and one-tenth percentage point and that rate remains constant during the entire period such advance is outstanding.

[7] The City of San Diego has loaned funds to the Redevelopment Agency to carry out and implement redevelopment activities which are expected to generate future tax increment revenues. The basis for computation of interest on these loans is based on the Prime Rate as printed in the Wall Street Journal on the first Monday following January 1 of the calendar year in which the fiscal year begins plus 2 percent on the outstanding principal loan balance only. The Prime Rate on January 1, 2008 was 7.25 percent.

[8] Interest on City Loans and Notes is not compounded.

b. Amortization Requirements

The debt service for tax allocation bonds are paid from tax increment from the project area and the bonds are secured from the tax increment of the project area. The debt service for revenue bonds are secured and paid first from the revenue generated by certain public parking facilities operated by the City pursuant to a Parking Structure Operating Agreement between the City and the Agency. In the event that the operating revenues are insufficient to pay the debt service, parking meter revenue and tax increment have been pledged as additional security for the bonds.

The annual requirements to amortize the Agency's long-term debt outstanding as of June 30, 2009, including interest payments to maturity, are as follows:

Year Ending June 30, 2009	Revenue Bonds		Tax Allocation Bonds			Pooled Financing Authority Loans	
	Principal	Interest	Principal	Unaccreted Appreciation	Interest	Principal	Interest
2010	$ 995	$ 1,463	$ 19,054	$ 2,163	$ 26,620	$ 680	$ 1,883
2011	1,040	1,418	19,948	2,243	25,727	770	1,846
2012	1,085	1,369	20,884	2,317	24,749	825	1,805
2013	1,135	1,315	24,143	2,388	23,612	860	1,762
2014	1,195	1,257	25,704	2,455	22,327	900	1,718
2015 - 2019	6,975	5,245	144,897	12,015	90,578	5,280	7,821
2020 - 2024	9,140	3,001	134,019	8,824	52,560	5,725	6,247
2025 - 2029	5,865	445	102,468	2,181	22,801	6,880	4,470
2030 - 2034	-	-	43,430	-	4,500	7,895	2,155
2035 - 2039	-	-	-	-	-	3,645	446
Total	27,430	15,513	534,547	34,586	293,474	33,460	30,153
Add: Accreted appreciation through June 30, 2009			14,682				
Total	$ 27,430	$ 15,513	$ 549,229	$ 34,586	$ 293,474	$ 33,460	$ 30,153

Year Ending June 30, 2008	Contracts Payable		Notes Payable		Loans Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	$ -	$ -	$ -	$ -	$ 8,561	$ 1,548
2011	-	-	-	-	25,027	588
2012	-	-	-	-	37	295
2013	-	-	-	-	40	291
2014	-	-	-	-	44	287
2015 - 2019	-	-	-	-	298	1,358
2020 - 2024	-	-	-	-	480	1,177
2025 - 2029	-	-	-	-	772	884
2030 - 2034	-	-	-	-	1,045	412
2035 - 2039	-	-	-	-	230	35
Unscheduled*	4,715	2,089	13,086	7,882	124,686	150,131
Total	$ 4,715	$ 2,089	$ 13,086	$ 7,882	$ 161,220	$ 157,006

*The contract payable to San Diego State University Foundation in the amount of $1,715, contract payable to Western Pacific Housing, Inc. in the amount of $3,000, notes payable to the Price Charities in the amount of $4,786, note payable to the City in the amount of $8,300, loan payable to Centerpoint, LLC in the amount of $4,969, loans payable to the California Housing Financing Agency in the amount of $1,250, loans payable to the City in the amount of $118,467 and accrued interest associated with Contracts, Loans and Notes of $160,102 do not have annual repayment schedules. Annual payments to Western Pacific Housing, Inc. and Price Charities debt are based on available tax increment. Annual payments to Centrepoint, LLC debt are based upon future receipts of unallocated tax increment or other available sources. Principal and accrued interest payable on City Loans are payable when practicable.

c. Changes in Long-Term Liabilities

The following is a summary of changes in governmental activities long-term liabilities for the year ended June 30, 2009. The effect of bond accretion, bond premiums, discounts, and deferred amounts on bond refunds are amortized as adjustments to long-term liabilities.

	Balance, July 1, 2008	Additions	Reductions	Balance, June 30, 2009	Due Within One Year
Liability Claims	$ -	$ 70,560	$ -	$ 70,560	$ -
Revenue Bonds	28,390	-	(960)	27,430	995
Less deferred amounts:					
For Issuance Discounts	(93)	-	5	(88)	-
Net Revenue Bonds	28,297	-	(955)	27,342	995
Tax Allocation Bonds	548,643	-	(14,096)	534,547	19,054
Accretion	12,837	2,080	(235)	14,682	-
Net with Accretion	561,480	2,080	(14,331)	549,229	19,054
Less/Plus deferred amounts:					
For Issuance Premiums/Discounts	6,098	-	(274)	5,824	-
On Refunding	(1,103)	-	189	(914)	-
Net Tax Allocation Bonds	566,475	2,080	(14,416)	554,139	19,054
Pooled Financing Authority Loans	34,115	-	(655)	33,460	680
Less/Plus deferred amounts:					
For Issuance Premiums/Discounts	375	-	(14)	361	-
Net Pooled Financing Authority Loans	34,490	-	(669)	33,821	680
Contracts Payable	2,615	2,100	-	4,715	-
Notes Payable	13,962	-	(876)	13,086	-
Loans Payable	151,859	10,581	(1,220)	161,220	8,561
Interest Accrued on City Note and Loans	145,294	11,777	(825)	156,246	-
Total	$ 942,992	$ 97,098	$ (18,961)	$ 1,021,129	$ 29,290

The Agency drew $6,931 and $2,000 in loan proceeds from the San Diego National Bank lines of credit for the Naval Training Center and North Park project areas respectively. In addition, the Agency received $1,250 from the California Housing Financing Agency for development of affordable housing in the North Bay project area. Also, a $400 City Loan repayment from Southcrest was re-loaned to the Gateway Center West project area. Moreover, the Agency recognized the affordable housing component of the obligation to Western Pacific Housing, pursuant to a disposition and development agreement, increasing Contracts Payable by $2,100. In addition, accrued interest on outstanding City loans and notes increased by $10,709 and $1,068 respectively. These increases were offset by interest payments of $825.

In the current fiscal year, the Agency entered into a third implementation agreement with Centerpoint, LLC which converted the project from the sale of residential dwelling units to rental residential dwelling units. Due to the reduction in development costs, the amount of the loan was reduced from $5,245 to $4,969. The corresponding liability has been reduced from the Statement of Net Assets.

In the current fiscal year, the Agency entered into a settlement agreement with the County of San Diego (the "County") and Atomic Investments, Inc. related to a San Diego Superior Court Case seeking to invalidate the Redevelopment Plan for the Grantville Redevelopment Project Area. The settlement agreement resulted in an increase to liability claims of $70,560 (see note 10, page 65).

d. Defeasance and Redemption of Debt

As of June 30, 2009, principal amounts payable from escrow funds established for defeased bonds are as follows:

Defeased Bonds	Amount Outstanding
Central Imperial Redevelopment Project Tax Allocation Bonds, Series 2000	$ 2,975
Southcrest Redevelopment Project Tax Allocation Bonds, Series 2000	1,520
Total Defeased Bonds Outstanding	$ 4,495

e. Long-Term Pledged Liabilities

In September 2006, GASB issued Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues.* Governments sometimes exchange an interest in their expected cash flows from collecting specific receivables or specific future revenues for immediate cash payments-generally, a single lump sum. The disclosures pertaining to future revenues that have been pledged or sold are intended to provide financial statement users with information about which revenues will be unavailable for other purposes and how long they will continue to be so.

Governmental long-term pledged liabilities as of June 30, 2009 are comprised of the following:

Type of Pledged Revenue	Fiscal Year Maturity Date	Pledged Revenue to Maturity	Debt Principal & Interest Paid	Pledged Revenue Received
Pledged Net Operating Revenue (Parking):				
Centre City Parking Revenue Bonds, Series 1999 A	2026	$ 16,065	$ 957	$ 953
Centre City Parking Revenue Bonds, Series 2003 B	2027	26,879	1,508	1,390
Total Pledged Net Operating Revenue (Parking)		42,944	2,465	2,343
Pledged Tax Increment Revenue:				
Bonds				
Gateway Center West Redevelopment Project Tax Allocation Bonds, Series 1995	2014	$ 732	$ 145	$ 145
Mount Hope Redevelopment Project Tax Allocation Bonds, Series 1995 A	2020	1,018	91	91
Horton Plaza Redevelopment Project Tax Allocation Refunding Bonds, Series 1996 A	2016	7,778	1,116	1,110
Centre City Redevelopment Tax Allocation Bonds, Series 1999 A	2019	32,987	1,276	1,209
Centre City Redevelopment Tax Allocation Bonds, Series 1999 B	2014	13,154	710	3,083
Centre City Redevelopment Tax Allocation Bonds, Series 1999 C	2025	17,179	794	780
City Heights Redevelopment Tax Allocation Bonds, Series 1999 A	2029	8,497	430	418
City Heights Redevelopment Tax Allocation Bonds, Series 1999 B	2029	31,130	571	543

Type of Pledged Revenue	Fiscal Year Maturity Date	Pledged Revenue to Maturity	Debt Principal & Interest Paid	Pledged Revenue Received
Centre City Redevelopment Project Tax Allocation Bonds, Series 2000 A	2025	7,215	445	441
Centre City Redevelopment Project Tax Allocation Bonds, Series 2000 B	2025	27,376	1,458	1,406
Horton Plaza Redevelopment Project Tax Allocation Bonds, Series 2000	2022	18,806	1,353	1,340
North Bay Redevelopment Project Tax Allocation Bonds, Series 2000	2031	19,804	893	834
North Park Redevelopment Project Tax Allocation Bonds, Series 2000	2031	10,676	479	448
Centre City Redevelopment Tax Allocation Bonds, Series 2001 A	2027	109,162	2,567	2,473
Mount Hope Redevelopment Project Tax Allocation Bonds, Series 2002 A	2027	5,355	153	153
Centre City Redevelopment Project Tax Allocation Bonds, Series 2003 A	2029	21,107	3,971	3,886
City Heights Redevelopment Project Tax Allocation Bonds, Series 2003 A	2034	10,371	316	316
City Heights Redevelopment Project Tax Allocation Bonds, Series 2003 B	2014	452	92	92
Horton Plaza Redevelopment Project Tax Allocation Bonds, Series 2003 A	2022	9,487	310	306
Horton Plaza Redevelopment Project Tax Allocation Bonds, Series 2003 B	2022	6,135	327	309
Horton Plaza Redevelopment Project Tax Allocation Bonds, Series 2003 C	2022	10,252	798	770
North Park Redevelopment Project Tax Allocation Bonds, Series 2003 A	2028	9,975	546	546
North Park Redevelopment Project Tax Allocation Bonds, Series 2003 B	2034	11,189	259	259
Centre City Redevelopment Project Tax Allocation Bonds, Series 2004 A	2030	146,086	6,855	6,855
Centre City Redevelopment Project Tax Allocation Bonds, Series 2004 B	2011	3,155	1,965	1,965
Centre City Redevelopment Project Tax Allocation Bonds, Series 2004 C	2030	41,891	2,230	2,152
Centre City Redevelopment Project Tax Allocation Bonds, Series 2004 D	2030	13,570	723	698
Centre City Redevelopment Project Tax Allocation Bonds, Series 2006 A	2033	125,477	4,356	4,268
Centre City Redevelopment Project Tax Allocation Bonds, Series 2006 B	2032	61,393	2,642	2,617
Centre City Redevelopment Project Tax Allocation Bonds, Series 2008 A	2021	95,878	2,800	9,927

Type of Pledged Revenue	Fiscal Year Maturity Date	Pledged Revenue to Maturity	Debt Principal & Interest Paid	Pledged Revenue Received
Pooled Financing Authority Loans				
Central Imperial Redevelopment Project				
Loan Payable dated June, 2007	2038	29,950	995	995
Mount Hope Redevelopment Project				
Loan Payable dated June, 2007	2021	3,890	334	334
Southcrest Redevelopment Project				
Loan Payable dated June, 2007	2033	29,772	1,244	1,244
Contracts				
Contract Payable to SDSU Foundation, dated December 1991	---	3,095	-	-
Amendment to Contract Payable to SDSU Foundation, dated January 1995	---	233	-	-
Contract Payable to Western Pacific Housing, Inc., dated April 2004	---	3,476	-	-
Notes				
Note Payable to Price Charities,				
dated April 2001	2032	4,274	1,045	1,045
Note Payable to Price Charities, dated May 2005	2025	2,100	-	-
Amendment to Note Payable to Price Charities, dated February 2006	2025	180	-	-
Loans				
International Gateway Associates, LLC, dated October 2001	2032	4,776	199	199
PCCP/SB Las America, LLC, dated August 2005	2036	3,571	132	132
Centerpoint, LLC, dated April 2006	2021	4,969	-	-
Bank of America, N.A. Line of Credit, dated October 2006	2009	8,626	330	330
San Diego National Bank, Line of Credit, dated July 2007 City Heights Housing Area	2011	1,419	74	74
San Diego National Bank, Line of Credit, dated July 2007 City Heights Non-Housing Area	2011	2,255	163	163
San Diego National Bank, Line of Credit, dated July 2007 Naval Training Center Housing Area	2011	2,748	55	55
San Diego National Bank, Line of Credit, dated July 2007 Naval Training Center Non-Housing Area	2011	11,651	317	317
San Diego National Bank, Line of Credit, dated July 2007 North Bay Housing Area	2011	2,407	93	93
San Diego National Bank, Line of Credit, dated July 2007 North Park Non-Housing Area	2011	5,952	140	140
Naval Training Center Civic, Arts, and Cultural Center (Section 108)[1]	2025	8,062	509	509
Total Pledged Tax Increment Revenue		1,010,693	46,301	55,070
Total Pledged Revenue		$ 1,053,637	$ 48,766	$ 57,413

[1] Proceeds received by the City were loaned to the Agency and are reflected as part of City Loans Payable in other sections of the report. Tax Increment revenue from the Naval Training Center Project Area was pledged for repayment of this obligation.

6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (In Thousands)

Interfund transfers result from the transfer of assets without the expectation of repayment. In the case of the Agency, transfers are most commonly used to move revenues from the fund in which they are collected to the fund in which they are expended. Interfund transfers for year ended June 30, 2009 are as follows:

	Benefiting Fund (Transfer In)				
Contributing Fund (Transfer Out)	Centre City Special Revenue Other	Centre City Debt Service	Centre City Capital Projects	Other Governmental Funds	Total Governmental Funds
Centre City Special Revenue Low-Mod	$ -	$ 15,393	$ -	$ -	$ 15,393
Centre City Special Revenue Other	-	2,344	-	-	2,344
Centre City Debt Service	28,688	-	9,571	-	38,259
Centre City Capital Projects	-	44	-	-	44
Other Governmental Funds	-	-	-	28,237	28,237
Total Governmental Funds	$ 28,688	$ 17,781	$ 9,571	$ 28,237	$ 84,277

7. RISK MANAGEMENT (In Thousands)

The Agency is exposed to various risks and losses related to torts, including theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. The Agency maintains contracts with various insurance companies to manage excessive risks and typically requires indemnification and insurance coverages in all contracts with its business partners.

The Agency does not directly employ management or staff. Rather, the business of the Agency is performed under contract with the City, CCDC, and SEDC. Each entity maintains insurance programs for workers compensation and employee injury risk as well as employee benefits plans.

The Agency maintains liability insurance for its own benefit and for the benefit of CCDC and SEDC for general liability, automobile liability, public officials liability, directors and officers liability, employment practices liability, and employee benefit liability. The Agency also carries crime and property insurance and earthquake insurance for designated buildings and structures.

There have been no significant reductions in these coverages in the past three fiscal years and there have been no settlements that exceeded the coverages in the past three fiscal years. The Agency, retains no significant risk of loss related to in any of the above referenced coverages.

8. FUND DEFICIT (In Thousands)

Fund	Net Deficit
Barrio Logan Capital Projects	$ (13)
College Community Capital Projects	(529)
College Grove Capital Projects	(101)

All of the deficits can be attributed to timing of inflows of financial resources. Most expenditures in Capital Projects Funds are reimbursed from Special Revenue Funds through transfers at the time cash is disbursed. In the case of these funds, expenditures related to City services have been accrued in the Capital Projects Funds and will be reimbursed at the time of payment the following year.

9. RELATED PARTY TRANSACTIONS (In Thousands)

During the year ended June 30, 2009 the Agency received $400 in loan proceeds from the City to be used for redevelopment activities in the Gateway Center West Project Area. This loan was funded by a principal payment of $181 and accrued interest of $219 on a sales tax City loan made to the Southcrest Project Area in prior years.

Loan repayments to the City also included a principal payment of $161 and related interest of $123 by the City Heights Project Area and a principal payment of $213 and related interest of $296 by the NTC project area. Both payments were made according to Section 108 loan debt service schedules. Also, The City Heights project area made a principal payment of $362 and related interest of $187 to the City State Route 274 and State Route 209 infrastructure fund for a property sold to the Agency in prior years in exchange for debt.

During the year ended June 30, 2009 the Agency received participation revenue from the City totaling $11,677. Of the total, $11,514 was received for activities in the Centre City Project Area, of which approximately $4,749 was associated with reimbursements of costs by the City, from Development Impact Fees, for eligible land costs related to St. Josephs Park. In addition, approximately $3,864 was associated with transfers of parking revenue to the Agency for debt service payments related to parking revenue bonds and for other downtown parking projects. Also, the Centre City Project Area received $2,901 in federal and state transportation grants awarded to the City for the construction of the Park Boulevard at Harbor Drive Pedestrian Bridge project. The City Heights Project Area received $163 in participation revenue resulting from the return of unspent contributions for capital improvement projects transferred to the City in prior years.

During the year ended June 30, 2009, the Agency's participation in City activities totaled $20,297. The Agency contributed $3,520 for City Capital Improvement Projects in various project areas. In addition, the Agency incurred $4,776 for planning services provided by the City related to the Barrio Logan, Grantville, North Bay and San Ysidro project areas. Also, the Centre City contributed $11,315 in tax increment funds for the satisfaction of the City's debt service obligations related to the Ballpark Lease Revenue Bonds, Series 2007A. In addition, the Agency transferred program income of $465 related to a residential project in the Centre City Project Area partly funded with Community Development Block Grant funds. The Agency also contributed $137 for the transitional housing program and $84 to fund a performance audit of SEDC.

In the current fiscal year, the Agency contributed affordable housing funds of approximately $1,911 for loan programs administered by the San Diego Housing Commission designed to assist low and moderate income persons and families with property rehabilitation and first time home buyer financing.

The Agency does not directly employ management or staff. The redevelopment project areas are overseen by the Redevelopment Division of the City's City Planning and Community Investment Department and two independent corporations, CCDC and SEDC. These activities are carried out pursuant to operating agreements with both the City and the Agency under which the City and the Agency agree to reimburse CCDC, SEDC and the Redevelopment Division for all eligible costs incurred in connection with such activities. These costs include the annual required contribution for the pension and other post employment benefits incurred by Redevelopment Division staff as well as payments made by CCDC and SEDC towards the defined contribution plans of its employees.

Pursuant to these operating agreements, the Agency provides a working capital advance to CCDC and SEDC to be deposited in an account with a commercial bank designated by each corporation as its depository. The corporations then draw funds to pay for eligible expenses incurred in connection with services rendered. At the end of each calendar month, the corporations submit to the Agency a voucher for the total of eligible expenses paid out of the account during the previous calendar month. Upon approval by the City, the corporations are reimbursed for these expenses. Similarly, costs for services incurred under the operating agreement with the Redevelopment Division of the City are initially recorded in the Redevelopment Division Administrative Fund and reimbursed by the Agency on a periodic basis upon receipt of a statement of expenses.

The following table reflects the reimbursements made during the current fiscal year:

	Amount
Centre City Development Corporation	$ 8,295
Southeastern Economic Development Corporation	2,304
City Redevelopment Division	3,065
Total	$ 13,664

10. COMMITMENTS AND LITIGATION SETTLEMENT (In Thousands)

BALLPARK COOPERATION AGREEMENT

On February 22, 2000 the Agency entered into a Ballpark Cooperation Agreement (the "Agreement") between the Agency and the City which authorized the Agency to pay for and implement certain activities for the development of the Baseball Park and Related Improvements. The development of the Baseball Park was financed with downtown redevelopment funds, City funds and private funding by the Padres. The City issued Lease Revenue Refunding Bonds, Series 2007A (Ballpark Bonds) to facilitate the financing of the Ballpark, of which, as of June 30, 2009, $149,930 remained outstanding, with an annual debt service of approximately $11,300. On March 20, 2009, the Agency Board and the City Council approved an amendment to the Agreement to provide for payment of additional funds by the Agency up to $56,597, from Centre City Project Area tax increment funds, towards debt service of the Ballpark Bonds for fiscal years 2009-2013.

GRANTVILLE SETTLEMENT AGREEMENT

In the current fiscal year, the Agency entered into a settlement agreement with the County of San Diego (the "County") and Atomic Investments, Inc. related to a San Diego Superior Court Case seeking to invalidate the Redevelopment Plan for the Grantville Redevelopment Project Area. The settlement agreement provides that the Agency, through CCDC, will pay $31,360 to the County in thirty-nine (39) annual payments commencing in fiscal year 2011-2012 to fund a portion of the cost of the construction of the North Embarcadero Project Improvements, as defined by the agreement. The settlement agreement also provides that the Agency will use land disposition proceeds and tax increment funds of the Grantville Redevelopment Project Area to pay $31,360 to the City in thirty-nine (39) annual payments commencing in fiscal year 2011-2012 to fund certain Transit Line Improvements in downtown San Diego. Finally, the settlement agreement provides that the Agency will pay $7,840 to the County to fund a portion of certain Joint Projects that benefit the Grantville Redevelopment Project Area and the County commencing in fiscal year 2011-2012.

11. CONTINGENCIES (In Thousands)

FEDERAL AND STATE GRANTS

The City recognizes as revenue grant monies received as reimbursement for costs incurred in certain Federal and State programs it administers. Although the City's Federal grant programs are audited in accordance with the requirements of the Federal Single Audit Act of 1984, the Single Audit Act Amendments of 1996 and the related U.S. Office of Management and Budget Circular A-133, these programs may be subject to financial and compliance audits by the reimbursing agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this

time. The Single Audit for fiscal year 2008 was completed by Macias Gini & O'Connell LLP. The Single Audit for fiscal year 2009 is in process.

The Office of the Inspector General (OIG) audited the City's Community Development Block Grant (CDBG) program, specifically CDBG loans to the Agency, and on December 30, 2008, OIG issued its audit report to HUD, Office of Community Planning and Development (OPD). In addition to other findings, OIG determined that the City failed to execute loan agreements and repayment schedules for the CDBG loans issued to RDA that include a principal balance of $63,073 and an accumulated interest of approximately $76,129 totaling $139,202 in loans outstanding. The OIG audit report recommended that HUD require the City to execute written interagency agreements and loan agreements with the Agency for these outstanding loan amounts. The City is currently in discussions with HUD on the audit findings and any actions HUD may require of the City, including the possible repayment by the City of certain CDBG funds and that HUD could forgive a portion of the accumulated interest so that repayment of the loans would not adversely impact the Agency's project areas. Depending on the outcome of the City's negotiations with HUD, repayment of the loans by the Agency could impact the Agency's liquidity. The impact on liquidity could vary widely by project area whereby some project areas could experience little to no impact, other project areas could experience moderate impact, and other project areas could experience extensive impact to the point of potentially affecting the project areas' fundamental capacity to operate. These loans are reported as a component of loans payable and accrued interest payable to the City in the long-term liabilities footnote of this report with an "unscheduled" maturity date (see note 5).

CONTINUING DISCLOSURE OBLIGATIONS

The Agency, in connection with all bond offerings since the effective date (July 1995) of the continuing disclosure requirements of SEC Rule 15c2-12, has contractually obligated itself to provide annual financial information, including audited financial statements, within certain specified time periods (generally nine months) after the end of each fiscal year. The Agency has not been able to satisfy all contractual obligations to provide to the national repositories audited financial statements, or financial information and operating data, for fiscal years 2003 through 2009, on a timely basis. For each respective bond issuance, the Agency, as required by its continuing disclosure contractual obligations, provided to the national repositories a notice of the failure to file the audited annual financial statements information. In certain cases notices of failure to file were filed significantly after such filings were due.

LITIGATION AND REGULATORY ACTIONS

The Agency is a defendant in lawsuits pertaining to material matters, including claims asserted which are incidental to performing routine governmental and other functions. This litigation includes but is not limited to: actions commenced and claims asserted against the Agency arising out of alleged torts; alleged breaches of contracts; alleged violations of law; and condemnation proceedings.

Estimates of the liabilities for unsettled claims are reported in the Government-Wide Statement of Net Assets. The liability is estimated by categorizing the various claims and supplemented by information provided by the City Attorney, as well as outside counsel, with respect to certain large individual claims and proceedings. The recorded liability is the Agency's best estimate based on available information. In the current fiscal year there were no liabilities reported in the Government-Wide Statement of Net Assets.

Significant individual lawsuits are described below.

<u>Betty Jones v. San Diego Redevelopment Agency</u>

This case concerns an allegation of personal injury due to a trip and fall in a City park. In the event of an adverse ruling, the liability facing the City is estimated to be in the range of $0 - $2,000.

12. SUBSEQUENT EVENTS (In Thousands)

SERAF OBLIGATIONS TO STATE OF CALIFORNIA

On July 24, 2009, the State Legislature passed Assembly Bill (AB) 26 4x, which requires redevelopment agencies statewide to deposit a total of $2.05 billion of property tax increment in county "Supplemental" Educational Revenue Augmentation Funds (SERAF) to be distributed to meet the State's Proposition 98 obligations to schools. The SERAF revenue shift of $2.05 billion will be made over two years, $1.7 billion in fiscal year 2010 and $350 million in fiscal year 2011. The SERAF would then be paid to school districts and the county offices of education which have students residing in redevelopment project areas, or residing in affordable housing projects financially assisted by a redevelopment agency, thereby relieving the State of payments to those schools. The Agency's share of this revenue shift is approximately $55,649 in fiscal year 2010 and $11,457 in fiscal year 2011. Payments are to be made by May 10 of each respective fiscal year. The Agency intends to fund these payments with a combination of tax increment to be collected in fiscal year 2010 and 2011 and carryover funds from the current year.

A similar item was included in the AB1389 requiring an $11,457 SERAF payment by the Agency. On May 7, 2009, a Judgment was issued in the action filed in the Superior Court of California for Sacramento County titled "California Redevelopment Association et al v. Genest declaring the payment unconstitutional. In light of the Judgment, it was anticipated that the State would appeal the Judgment and/or attempt to revise the Cal. Health and Safety Code to remedy the unconstitutional nature of the statutes. Therefore, as of June 30, 2009 the funds remained encumbered for possible payment in case the State was successful in its appeal. On September 28, 2009, the State dropped the appeal.

The California Redevelopment Association (CRA) is the lead petitioner on a lawsuit to invalidate AB 26 4x, similar to last year's successful lawsuit challenging the constitutionality of AB 1389. CRA filed the lawsuit on October 20, 2009. The lawsuit asserts that the transfer of property tax increment to the SERAF is not permitted under Article XVI, Section 16 of the California Constitution. The complaint also asserts impairment of contract and gift of public funds arguments. While the State made adjustments in AB 26 4x to address the constitutional issues raised by the Superior Court over last year's lawsuit challenging AB 1389, the Agency, along with the CRA and other California redevelopment agencies, believe that the SERAF remains unconstitutional.

BOND ISSUANCE

On July 30, 2009, RDA issued $13,930 of Subordinate Tax Allocation Bonds for the purpose of repaying certain outstanding obligations and to finance redevelopment activities relating to the North Park Redevelopment Project area. The Series 2009A bonds are payable solely from and secured by a pledge of Tax Revenues and are subordinate to the prior liens of the outstanding North Park Redevelopment Project Tax Allocation Bonds, Series 2000, Series 2003A and Series 2003B. The bond issuance is structured as term bonds and has an interest rate that ranges from 6.0% to 7.0%, with a final maturity date of November 1, 2039.

LITIGATION

On September 25, 2009, the Related Companies (Plaintiffs) filed a lawsuit against the Agency contending the Agency breached a negotiating agreement the Agency entered into with Plaintiffs. Plaintiffs claim a development agreement acceptable to Plaintiffs wrongfully failed to be executed by the Agency under the pretext that CCDC's president had a financial interest in Plaintiffs' sister company while CCDC's president resided in Florida. Plaintiffs claim they lost millions of dollars in pre-development investment expenditures as a result of the breach of the negotiating agreement. No estimate of the amount or range of potential loss may be made at this time.

TERMINATION OF AGREEMENT

On November 30, 2009, the Agency terminated a Disposition and Development Agreement (DDA) with CentrePoint LLC for the development of a mixed-use project within the Crossroads Project Area. Pursuant to the DDA, the Agency's contribution was in the form of a developer loan of $5,245 to be repaid from the Crossroads Low and Moderate Income Housing Fund to subsidize 47 affordable units. The loan amount was later reduced to $4,969 pursuant to a third implementation agreement with the developer. Termination of the agreement will result in recognition of revenue for the loan payable amount balance of $4,969 and removal of the long term liability in the government wide financial statements.

SETTLEMENT AGREEMENT

On December 9, 2009, the Agency Board approved the settlement agreement with San Diego State University Foundation (Foundation) on a complaint for specific performance alleging that the Agency breeched an agreement requiring the Agency to sell certain property to the plaintiff. The settlement provides that the Agency's contractual obligation of $1,715 and accrued interest of $1,613 payable to the Foundation will be reduced to the sum of $750. Additionally, the Agency will transfer fee title of the property to the Foundation by Grant Deed.

Required Supplementary Information

CENTRE CITY LOW AND MODERATE INCOME HOUSING
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
(BUDGETARY BASIS)
Year Ended June 30, 2009
(In Thousands)

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Favorable (Unfavorable)
REVENUES					
Tax Increment	$ 25,073	$ -	$ 25,073	$ 22,940	$ 2,133
Interest / Rent / Other	4,640	86	4,726	2,108	2,618
Other Revenue	1,191	(1,112)	79	-	79
TOTAL REVENUES	30,904	(1,026)	29,878	25,048	4,830
EXPENDITURES					
Current:					
Low and Moderate Income Housing Expenditures	5,676	53,938	59,614	136,568	76,954
TOTAL EXPENDITURES	5,676	53,938	59,614	136,568	76,954
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	25,228	(54,964)	(29,736)	(111,520)	81,784
OTHER FINANCING SOURCES (USES)					
Transfers to Other Funds	(15,393)	-	(15,393)	(15,393)	-
TOTAL OTHER FINANCING SOURCES (USES)	(15,393)	-	(15,393)	(15,393)	-
NET CHANGES IN FUND BALANCE	9,835	(54,964)	(45,129)	(126,913)	81,784
Reserved for Encumbrances at July 1, 2008			64,341	64,341	-
Reserved for Low and Moderate Income Housing at July 1, 2008 (Net of Unrealized Gains [1]			61,849	62,572	(723)
Reserved for Low and Moderate Income Housing at June 30, 2009 (Net of Unrealized Gains [1]			(81,061)	-	(81,061)
FUND BALANCE UNDESIGNATED AT JUNE 30, 2009			$ -	$ -	$ -

[1]Unrealized Gains of $723 and $637 for fiscal years 2008 and 2009 respectively are not included in the budgetary basis of accounting

CENTRE CITY OTHER SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
(BUDGETARY BASIS)
Year Ended June 30, 2009
(In Thousands)

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Favorable (Unfavorable)
REVENUES					
City Participation	$ 2,343	$ -	$ 2,343	$ 3,500	$ (1,157)
Interest / Rent / Other	1	3	4	-	4
TOTAL REVENUES	2,344	3	2,347	3,500	(1,153)
EXPENDITURES					
Current:					
City Repayment	11,315	-	11,315	11,315	-
Tax Sharing / ERAF / Other	16,353	7,473	23,826	26,396	2,570
TOTAL EXPENDITURES	27,668	7,473	35,141	37,711	2,570
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(25,324)	(7,470)	(32,794)	(34,211)	1,417
OTHER FINANCING SOURCES (USES)					
Transfers from Tax Increment	28,688	-	28,688	37,711	(9,023)
Transfers to Other Funds	(2,344)	-	(2,344)	(3,500)	1,156
TOTAL OTHER FINANCING SOURCES (USES)	26,344	-	26,344	34,211	(7,867)
NET CHANGES IN FUND BALANCE	1,020	(7,470)	(6,450)	-	(6,450)
Fund Balance Undesignated at Beginning of Year			57	57	-
FUND BALANCE UNDESIGNATED AT JUNE 30, 2009			$ (6,393)	$ 57	$ (6,450)

Notes to Required Supplementary Information
(In Thousands)

Note A - Budgetary Data

Prior to June 1, the Executive Director submits to the Agency Board of Directors and the City Council, a proposed budget for the fiscal year commencing July 1. The budget document does not adopt formal budgets for each of the Agency's funds. Rather, it presents a detailed list of revenue sources and expenditure line items for each of the project areas. Budgetary comparison schedules are presented for the Centre City Low and Moderate Income Housing and the Centre City Other Special Revenue funds.

During the proposed budgetary hearing, public comment is heard. The Agency's budget is then legally adopted generally during the months of May or June, through passage resolutions by the Agency's Board of Directors.

Budgetary control is maintained at the budget category level. All amendments to the adopted budget require Agency Board of Directors' approval except as delegated in the Annual Appropriation Resolution. The head of each of the administrative units, or their designee are authorized under the Appropriation Resolution to request the City Comptroller to make budgetary transfers within each project fund and transfer appropriations or loan available funds between sub-projects within a project, provided that such transfers or loans do not increase or decrease the total project budget or result in a use of funds which would be inconsistent with the permitted use(s) of such funds.

Reported budget figures are as originally adopted or subsequently amended plus prior year continuing appropriations. Such budget amendments during the year, including those related to supplemental appropriations, did not cause reported budget amounts to be significantly different than the originally adopted budget amounts.

Note B - Explanation of Differences between Revenues, Expenditures, and Other Financing Sources (Uses) for Budgetary Funds on a Budgetary Basis and GAAP Major Special Revenue Funds on a GAAP Basis.

The Budgetary Comparison Schedules presented in this report reflect the total appropriations available for current fiscal year expenditures in the Centre City Low and Moderate Income Housing fund and Centre City Other Special Revenue funds. The categories used to report revenues, expenditures and other financing sources and uses at the fund level financial statements on a GAAP basis conform to uniform accounting standards established by the California State Controller's Office for all redevelopment agencies in the State. The Budgetary Comparison Schedules reflect expenditures as identified in the budget documents and do not reflect the GAAP basis categories established by the State because budgetary control is not maintained at this level.

The following table provides an explanation of additional adjustments made to the GAAP basis revenues and expenditures to reflect a budgetary basis of accounting.

Financial Statements Major Funds	Centre City Low/Mod	Centre City Other Special Revenue
Revenues		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	$ 29,878	$ 2,347
Adjustments:		
Investment Income revenue resulting from unrealized gains on are excluded from the budgetary basis of accounting	(86)	(3)
Other Revenue associated with the reclassifiaction of a capital asset to a fund asset is excluded from the budgetary basis of accounting	1,189	N/A
Principal payments on notes receivable are included in the budgetary basis of accounting	(77)	N/A
Total revenues on a GAAP basis of accounting	$ 30,904	$ 2,344
Expenditures		
Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedules	$ 59,614	$ 35,141
Adjustments:		
Encumbrances are included in the budgetary basis of accounting	(36,777)	(7,473)
Losses related to net realizable value of property held for resale are not included in the budgetary basis of accounting	2,508	N/A
Expenditures for notes receivable are included in the budgetary basis of accounting	(19,668)	N/A
Total expenditures on a GAAP basis of accounting	$ 5,677	$ 27,668

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NonMajor Governmental Funds

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2009
(In Thousands)

	Other Governmental Funds				Total Nonmajor Governmental Funds
	Special Revenue		Debt Service	Capital Projects	
	Low/Mod	Other			
ASSETS					
Cash or Equity in Pooled Cash and Investments	$ 35,347	$ 12,151	$ 60,233	$ 20,846	$ 128,577
Cash and Investments with Fiscal Agent	-	-	15,947	-	15,947
Investments at Fair Value	1,341	-	-	5,751	7,092
Receivables:					
Taxes	250	224	779	-	1,253
Notes and Contracts	32,764	-	-	3,695	36,459
Interest	113	39	222	90	464
Working Capital Advances:					
Centre City Development Corporation	-	-	-	275	275
Southeastern Economic Development Corporation	-	-	-	295	295
City of San Diego	-	-	-	623	623
Land Held for Resale	1,643	-	-	8,375	10,018
Prepaid Items and Deposits	-	-	-	71	71
TOTAL ASSETS	$ 71,458	$ 12,414	$ 77,181	$ 40,021	$ 201,074
LIABILITIES					
Accounts Payable	$ 29	$ -	$ -	$ 1,975	$ 2,004
Sundry Trust Liability	50	-	-	373	423
TOTAL LIABILITIES	79	-	-	2,348	2,427
FUND BALANCES					
Fund Balances:					
Reserved for Land Held for Resale	1,643	-	-	8,375	10,018
Reserved for Notes Receivable	32,764	-	-	3,695	36,459
Reserved for Encumbrances	27,597	3,985	513	16,691	48,786
Reserved for Working Capital Advances	-	-	-	1,193	1,193
Reserved for Low and Moderate Income Housing	13,969	-	-	-	13,969
Reserved for Debt Service	-	-	15,947	-	15,947
Unreserved:					
Reported in Special Revenue Funds:					
Designated for Unrealized Gain	-	59	-	-	59
Designated for Subsequent Years' Expenditures	-	8,808	-	-	8,808
Undesignated	(4,594)	(438)	-	-	(5,032)
Reported in Debt Service Funds:					
Designated for Debt Service	-	-	60,720	-	60,720
Designated for Subsequent Years' Expenditures	-	-	1	-	1
Reported in Capital Projects Funds:					
Designated for Unrealized Gain	-	-	-	184	184
Designated for Subsequent Years' Expenditures	-	-	-	16,902	16,902
Undesignated	-	-	-	(9,367)	(9,367)
TOTAL FUND BALANCES	71,379	12,414	77,181	37,673	198,647
TOTAL LIABILITIES AND FUND BALANCES	$ 71,458	$ 12,414	$ 77,181	$ 40,021	$ 201,074

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2009
(In Thousands)

	Other Governmental Funds				Total Nonmajor Governmental Funds
	Special Revenue		Debt Service	Capital Projects	
	Low/Mod	Other			
REVENUES					
Tax Increments	$ 13,436	$ 11,890	$ 41,870	$ -	$ 67,196
Investment Income	1,212	404	2,235	1,027	4,878
Rents	-	-	-	303	303
Private Sources	-	-	-	2,250	2,250
City Participation	-	-	-	163	163
Other Revenue	713	-	-	1,403	2,116
TOTAL REVENUES	15,361	12,294	44,105	5,146	76,906
EXPENDITURES					
Administration	805	-	475	5,538	6,818
Legal	6	-	-	1,418	1,424
Plans and Surveys	113	-	-	1,829	1,942
Acquisition Expense	-	-	-	86	86
Real Estate/Fixture Purchases	11	-	-	283	294
Property Management	6	-	-	582	588
Relocation	-	-	-	152	152
Rehabilitation	1,690	-	-	457	2,147
Project Improvements	5,146	-	-	6,963	12,109
Program Management	11	-	-	395	406
Rehabilitation Loans	250	-	-	-	250
Housing Subsidies	2,008	-	-	-	2,008
Tax Sharing Payments	-	11,446	37	-	11,483
City Projects	137	-	-	8,152	8,289
Other	-	-	-	17	17
Debt Service:					
Principal	-	-	5,476	-	5,476
Interest	-	-	9,494	-	9,494
TOTAL EXPENDITURES	10,183	11,446	15,482	25,872	62,983
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,178	848	28,623	(20,726)	13,923
OTHER FINANCING SOURCES (USES)					
Transfers from Other Funds	3,984	648	4,754	18,851	28,237
Transfers to Other Funds	(4,164)	-	(19,407)	(4,666)	(28,237)
Proceeds from Private Loans, Notes and Contracts	7,985	-	-	4,296	12,281
Loans from the City of San Diego	-	-	-	400	400
TOTAL OTHER FINANCING SOURCES (USES)	7,805	648	(14,653)	18,881	12,681
NET CHANGE IN FUND BALANCES	12,983	1,496	- 13,970	(1,845)	26,604
FUND BALANCES AT JUNE 30, 2008	58,396	10,918	63,211	39,518	172,043
FUND BALANCES AT JUNE 30, 2009	$ 71,379	$ 12,414	$ 77,181	$ 37,673	$ 198,647

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
June 30, 2009
(In Thousands)

	Barrio Logan		Central Imperial	
	Low-Mod	Other	Low-Mod	Other
ASSETS				
Cash or Equity in Pooled Cash and Investments	$ 371	$ 85	$ 1,406	$ -
Investments at Fair Value	-	-	950	-
Receivables:				
Taxes	8	4	7	-
Notes and Contracts	-	-	-	-
Interest	2	1	5	-
Land Held for Resale	-	-	695	-
TOTAL ASSETS	$ 381	$ 90	$ 3,063	$ -
LIABILITIES				
Accounts Payable	$ -	$ -	$ 5	$ -
Sundry Trust Liability	-	-	-	-
TOTAL LIABILITIES	-	-	5	-
FUND BALANCES				
Fund Balances:				
Reserved for Land Held for Resale	-	-	695	-
Reserved for Notes Receivable	-	-	-	-
Reserved for Encumbrances	-	41	105	165
Reserved for Low and Moderate Income Housing	381	-	2,258	-
Unreserved:				
Reported in Special Revenue Funds:				
Designated for Unrealized Gain	-	-	-	-
Designated for Subsequent Years' Expenditures	-	37	-	-
Undesignated	-	12	-	(165)
TOTAL FUND BALANCES	381	90	3,058	-
TOTAL LIABILITIES AND FUND BALANCES	$ 381	$ 90	$ 3,063	$ -

City Heights		College Community		College Grove	
Low-Mod	Other	Low-Mod	Other	Low-Mod	Other
$ 2,730	$ 4,943	$ 945	$ 151	$ 573	$ 206
-	-	-	-	-	-
44	72	-	-	3	2
5,638	-	-	-	-	-
9	15	4	-	2	1
-	-	-	-	-	-
$ 8,421	$ 5,030	$ 949	$ 151	$ 578	$ 209
$ -	$ -	$ -	$ -	$ -	$ -
50	-	-	-	-	-
50	-	-	-	-	-
-	-	-	-	-	-
5,638	-	-	-	-	-
4,367	813	-	54	522	47
-	-	949	-	56	-
-	21	-	-	-	1
-	4,006	-	97	-	154
(1,634)	190	-	-	-	7
8,371	5,030	949	151	578	209
$ 8,421	$ 5,030	$ 949	$ 151	$ 578	$ 209

Continued on next page

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
June 30, 2009
(In Thousands)

	Crossroads		Gateway Center West	
	Low-Mod	Other	Low-Mod	Other
ASSETS				
Cash or Equity in Pooled Cash and Investments	$ 2,556	$ 787	$ 153	$ -
Investments at Fair Value	-	-	-	-
Receivables:				
Taxes	15	15	1	-
Notes and Contracts	-	-	-	-
Interest	9	2	1	-
Land Held for Resale	-	-	-	-
TOTAL ASSETS	$ 2,580	$ 804	$ 155	$ -
LIABILITIES				
Accounts Payable	$ -	$ -	$ -	$ -
Trust Liability	-	-	-	-
TOTAL LIABILITIES	-	-	-	-
FUND BALANCES				
Fund Balances:				
Reserved for Land Held for Resale	-	-	-	-
Reserved for Notes Receivable	-	-	-	-
Reserved for Encumbrances	1,924	284	-	23
Reserved for Low and Moderate Income Housing	656	-	155	-
Unreserved:				
Reported in Special Revenue Funds:				
Designated for Unrealized Gain	-	4	-	-
Designated for Subsequent Years' Expenditures	-	516	-	-
Undesignated	-	-	-	(23)
TOTAL FUND BALANCES	2,580	804	155	-
TOTAL LIABILITIES AND FUND BALANCES	$ 2,580	$ 804	$ 155	$ -

Grantville		Horton Plaza		Linda Vista		Mount Hope	
Low-Mod	Other	Low-Mod	Other	Low-Mod	Other	Low-Mod	Other
$ 473	$ 251	$ 4,542	$ -	$ 21	$ -	$ 1,522	$ 1
-	-	-	-	-	-	-	-
4	4	33	-	-	-	2	-
-	-	14,198	-	-	-	150	-
1	-	15	-	-	-	5	1
-	-	926	-	-	-	-	-
$ 478	$ 255	$ 19,714	$ -	$ 21	$ -	$ 1,679	$ 2
$ -	$ -	$ 9	$ -	$ -	$ -	$ 3	$ -
-	-	-	-	-	-	-	-
-	-	9	-	-	-	3	-
-	-	926	-	-	-	-	-
-	-	14,198	-	-	-	150	-
160	-	732	712	-	7	2	121
318	-	3,849	-	21	-	1,524	-
-	1	-	-	-	-	-	-
-	109	-	-	-	-	-	-
-	145	-	(712)	-	(7)	-	(119)
478	255	19,705	-	21	-	1,676	2
$ 478	$ 255	$ 19,714	$ -	$ 21	$ -	$ 1,679	$ 2

Continued on next page

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
June 30, 2008
(In Thousands)

	Naval Training Center		North Bay	
	Low-Mod	Other	Low-Mod	Other
ASSETS				
Cash or Equity in Pooled Cash and Investments	$ 2,894	$ 903	$ 7,615	$ 1,793
Investments at Fair Value	-	-	-	-
Receivables:				
Taxes	21	21	47	47
Notes and Contracts	2,635	-	2,255	-
Interest	10	3	18	6
Land Held for Resale	-	-	-	-
TOTAL ASSETS	$ 5,560	$ 927	$ 9,935	$ 1,846
LIABILITIES				
Accounts Payable	$ -	$ -	$ -	$ -
Trust Liability	-	-	-	-
TOTAL LIABILITIES	-	-	-	-
FUND BALANCES				
Fund Balances:				
Reserved for Land Held for Resale	-	-	-	-
Reserved for Notes Receivable	2,635	-	2,255	-
Reserved for Encumbrances	5,721	297	6,239	540
Reserved for Low and Moderate Income Housing	-	-	1,441	-
Unreserved:				
Reported in Special Revenue Funds:				
Designated for Unrealized Gain	-	5	-	10
Designated for Subsequent Years' Expenditures	-	625	-	1,176
Undesignated	(2,796)	-	-	120
TOTAL FUND BALANCES	5,560	927	9,935	1,846
TOTAL LIABILITIES AND FUND BALANCES	$ 5,560	$ 927	$ 9,935	$ 1,846

North Park		San Ysidro		Southcrest		Total	
Low-Mod	Other	Low-Mod	Other	Low-Mod	Other	Low-Mod	Other
$ 4,461	$ 1,605	$ 3,179	$ 1,425	$ 1,906	$ 1	$ 35,347	$ 12,151
-	-	-	-	391	-	1,341	-
35	35	24	24	6	-	250	224
6,429	-	-	-	1,459	-	32,764	-
15	6	11	4	6	-	113	39
-	-	-	-	22	-	1,643	-
$ 10,940	$ 1,646	$ 3,214	$ 1,453	$ 3,790	$ 1	$ 71,458	$ 12,414
$ -	$ -	$ -	$ -	$ 12	$ -	$ 29	$ -
-	-	-	-	-	-	50	-
-	-	-	-	12	-	79	-
-	-	-	-	22	-	1,643	-
6,429	-	-	-	1,459	-	32,764	-
4,675	432	2,937	280	213	169	27,597	3,985
-	-	277	-	2,084	-	13,969	-
-	9	-	8	-	-	-	59
-	1,146	-	942	-	-	-	8,808
(164)	59	-	223	-	(168)	(4,594)	(438)
10,940	1,646	3,214	1,453	3,778	1	71,379	12,414
$ 10,940	$ 1,646	$ 3,214	$ 1,453	$ 3,790	$ 1	$ 71,458	$ 12,414

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Year Ended June 30, 2009
(In Thousands)

	Barrio Logan		Central Imperial	
	Low-Mod	Other	Low-Mod	Other
REVENUES				
Tax Increments	$ 138	$ 69	$ 491	$ -
Investment Income	11	3	70	-
Other Revenue	-	-	76	-
TOTAL REVENUES	149	72	637	-
EXPENDITURES				
Administration	14	-	38	-
Legal	-	-	-	-
Plans and Surveys	-	-	62	-
Real Estate/Fixture Purchases	-	-	-	-
Property Management	-	-	2	-
Rehabilitation	-	-	-	-
Project Improvements	-	-	-	-
Program Management	-	-	2	-
Rehabilitation Loans	-	-	-	-
Housing Subsidies	-	-	-	-
Tax Sharing Payments	-	56	-	274
City Projects	-	-	-	-
TOTAL EXPENDITURES	14	56	104	274
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	135	16	533	(274)
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	-	-	7	274
Transfers to Other Funds	-	-	(294)	-
Proceeds from Private Loans, Notes and Contracts	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(287)	274
NET CHANGE IN FUND BALANCES	135	16	246	-
FUND BALANCES AT JUNE 30, 2008	246	74	2,812	-
FUND BALANCES AT JUNE 30, 2009	$ 381	$ 90	$ 3,058	$ -

City Heights		College Community		College Grove	
Low-Mod	Other	Low-Mod	Other	Low-Mod	Other
$ 2,791	$ 4,535	$ 228	$ 143	$ 164	$ 131
86	180	30	5	17	6
15	-	-	-	-	-
2,892	4,715	258	148	181	137
149	-	11	-	12	-
5	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
750	-	-	-	-	-
24	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
333	-	-	-	-	-
-	4,576	-	144	-	104
-	-	-	-	-	-
1,261	4,576	11	144	12	104
1,631	139	247	4	169	33
28	-	-	-	-	-
(1,549)	-	-	-	-	-
-	-	-	-	-	-
(1,521)	-	-	-	-	-
110	139	247	4	169	33
8,261	4,891	702	147	409	176
$ 8,371	$ 5,030	$ 949	$ 151	$ 578	$ 209

Continue on next page

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Year Ended June 30, 2009
(In Thousands)

	Crossroads		Gateway Center West	
	Low-Mod	Other	Low-Mod	Other
REVENUES				
Tax Increments	$ 860	$ 860	$ 69	$ -
Investment Income	83	25	5	-
Other Revenue	-	-	-	-
TOTAL REVENUES	943	885	74	-
EXPENDITURES				
Administration	64	-	8	-
Legal	-	-	-	-
Plans and Surveys	-	-	-	-
Real Estate/Fixture Purchases	-	-	-	-
Property Management	-	-	-	-
Rehabilitation	-	-	-	-
Project Improvements	-	-	-	-
Program Management	-	-	1	-
Rehabilitation Loans	250	-	-	-
Housing Subsidies	-	-	-	-
Tax Sharing Payments	-	855	-	-
City Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	314	855	9	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	629	30	65	-
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	-	-	-	-
Transfers to Other Funds	-	-	(29)	-
Proceeds from Private Loans, Notes and Contracts	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(29)	-
NET CHANGE IN FUND BALANCES	629	30	36	-
FUND BALANCES AT JUNE 30, 2007	1,951	774	119	-
FUND BALANCES AT JUNE 30, 2008	$ 2,580	$ 804	$ 155	$ -

Grantville		Horton Plaza		Linda Vista		Mount Hope	
Low-Mod	Other	Low-Mod	Other	Low-Mod	Other	Low-Mod	Other
$ 470	$ 485	$ 1,723	$ -	$ 19	$ -	$ 335	$ -
21	7	158	-	1	-	80	2
-	-	-	-	-	-	343	-
491	492	1,881	-	20	-	758	2
13	-	101	-	2	-	56	-
-	-	1	-	-	-	-	-
-	-	-	-	-	-	13	-
-	-	-	-	-	-	-	-
-	-	4	-	-	-	-	-
-	-	-	-	16	-	-	-
-	-	161	-	-	-	-	-
-	-	-	-	-	-	5	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	237	-	-	-	-	-	130
-	-	137	-	-	-	-	-
13	237	404	-	18	-	74	130
				-			
478	255	1,477	-	2	-	684	(128)
-	-	-	-	-	-	1	130
-	-	(770)	-	-	-	(115)	-
-	-	-	-	-	-	-	-
-	-	(770)	-	-	-	(114)	130
478	255	707	-	2	-	570	2
-	-	18,998	-	19	-	1,106	-
$ 478	$ 255	$ 19,705	$ -	$ 21	$ -	$ 1,676	$ 2

Continue on next page

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Year Ended June 30, 2009
(In Thousands)

	Naval Training Center		North Bay	
	Low-Mod	Other	Low-Mod	Other
REVENUES				
Tax Increments	$ 981	$ 981	$ 1,775	$ 1,775
Investment Income	86	26	209	57
Other Revenue	-	-	-	-
TOTAL REVENUES	1,067	1,007	1,984	1,832
EXPENDITURES				
Administration	16	-	30	-
Legal	-	-	-	-
Plans and Surveys	-	-	-	-
Real Estate/Fixture Purchases	-	-	-	-
Property Management	-	-	-	-
Rehabilitation	29	-	-	-
Project Improvements	150	-	2,711	-
Program Management	-	-	-	-
Rehabilitation Loans	-	-	-	-
Housing Subsidies	-	-	1,675	-
Tax Sharing Payments	-	800	-	1,646
City Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	195	800	4,416	1,646
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	872	207	(2,432)	186
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	-	-	3,947	-
Transfers to Other Funds	(55)	-	(180)	-
Proceeds from Private Loans and Notes	2,635	-	1,250	-
TOTAL OTHER FINANCING SOURCES (USES)	2,580	-	5,017	-
NET CHANGE IN FUND BALANCES	3,452	207	2,585	186
FUND BALANCES AT JUNE 30, 2008	2,108	720	7,350	1,660
FUND BALANCES AT JUNE 30, 2009	$ 5,560	$ 927	$ 9,935	$ 1,846

North Park		San Ysidro		Southcrest		Total	
Low-Mod	Other	Low-Mod	Other	Low-Mod	Other	Low-Mod	Other
$ 1,546	$ 1,546	$ 1,365	$ 1,365	$ 481	$ -	$ 13,436	$ 11,890
164	55	94	37	97	1	1,212	404
3	-	-	-	276	-	713	-
1,713	1,601	1,459	1,402	854	1	15,361	12,294
53	-	191	-	47	-	805	-
-	-	-	-	-	-	6	-
-	-	-	-	38	-	113	-
11	-	-	-	-	-	11	-
-	-	-	-	-	-	6	-
470	-	425	-	-	-	1,690	-
2,100	-	-	-	-	-	5,146	-
-	-	-	-	3	-	11	-
-	-	-	-	-	-	250	-
-	-	-	-	-	-	2,008	-
-	1,593	-	787	-	244	-	11,446
-	-	-	-	-	-	137	-
2,634	1,593	616	787	88	244	10,183	11,446
(921)	8	843	615	766	(243)	5,178	848
-	-	-	-	1	244	3,984	648
(923)	-	-	-	(249)	-	(4,164)	-
4,100	-	-	-	-	-	7,985	-
3,177	-	-	-	(248)	244	7,805	648
2,256	8	843	615	518	1	12,983	1,496
8,684	1,638	2,371	838	3,260	-	58,396	10,918
$ 10,940	$ 1,646	$ 3,214	$ 1,453	$ 3,778	$ 1	$ 71,379	$ 12,414

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
June 30, 2009
(In Thousands)

	Barrio Logan	Central Imperial	City Heights
ASSETS			
Cash or Equity in Pooled Cash and Investments	$ 171	$ 930	$ 9,716
Cash and Investments with Fiscal Agent	-	1,228	1,943
Receivables:			
Taxes	28	29	105
Interest	1	4	38
TOTAL ASSETS	$ 200	$ 2,191	$ 11,802
FUND BALANCES			
Reserved for Encumbrances	$ -	$ 19	$ -
Reserved for Debt Service	-	1,228	1,943
Unreserved:			
Reported in Debt Service Funds:			
Designated for Debt Service	200	944	9,859
Designated for Subsequent Years' Expenditures	-	-	-
TOTAL FUND BALANCES	200	2,191	11,802
TOTAL LIABILITIES AND FUND BALANCES	$ 200	$ 2,191	$ 11,802

College Community	College Grove	Crossroads	Gateway Center West	Grantville	Horton Plaza
$ 1,243	$ 1,320	$ 4,053	$ 469	$ 579	$ 14,078
-	-	-	155	-	8,136
1	10	44	5	12	133
4	4	17	2	3	46
$ 1,248	$ 1,334	$ 4,114	$ 631	$ 594	$ 22,393
$ -	$ -	$ 494	$ -	$ -	$ -
-	-	-	155	-	8,136
1,248	1,334	3,620	476	594	14,257
-	-	-	-	-	-
1,248	1,334	4,114	631	594	22,393
$ 1,248	$ 1,334	$ 4,114	$ 631	$ 594	$ 22,393

Continued on next page

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
June 30, 2009
(In Thousands)

	Linda Vista	Mount Hope	Naval Training Center
ASSETS			
Cash or Equity in Pooled Cash and Investments	$ 133	$ 1,259	$ 3,448
Cash and Investments with Fiscal Agent	-	316	-
Receivables:			
Taxes	1	9	62
Interest	1	5	10
TOTAL ASSETS	$ 135	$ 1,589	$ 3,520
FUND BALANCES			
Reserved for Encumbrances	$ -	$ -	$ -
Reserved for Debt Service	-	316	-
Unreserved:			
Reported in Debt Service Funds:			
Designated for Debt Service	135	1,272	3,520
Designated for Subsequent Years' Expenditures	-	1	-
TOTAL FUND BALANCES	135	1,589	3,520
TOTAL LIABILITIES AND FUND BALANCES	$ 135	$ 1,589	$ 3,520

North Bay	North Park	San Ysidro	Southcrest	Total
$ 9,820	$ 7,729	$ 3,179	$ 2,106	$ 60,233
982	1,613	-	1,574	15,947
141	104	72	23	779
33	26	20	8	222
$ 10,976	$ 9,472	$ 3,271	$ 3,711	$ 77,181
$ -	$ -	$ -	$ -	$ 513
982	1,613	-	1,574	15,947
9,994	7,859	3,271	2,137	60,720
-	-	-	-	1
10,976	9,472	3,271	3,711	77,181
$ 10,976	$ 9,472	$ 3,271	$ 3,711	$ 77,181

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
Year Ended June 30, 2009
(In Thousands)

	Barrio Logan	Central Imperial	City Heights
REVENUES			
Tax Increments	$ 484	$ 1,964	$ 6,628
Investment Income	2	41	363
TOTAL REVENUES	486	2,005	6,991
EXPENDITURES			
Administration	6	21	105
Tax Sharing Payments	-	37	-
Debt Service:	-		
Principal	-	165	1,949
Interest	-	830	1,648
TOTAL EXPENDITURES	6	1,053	3,702
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	480	952	3,289
OTHER FINANCING SOURCES (USES)			
Transfers from Other Funds	-	199	1,834
Transfers to Other Funds	(330)	(1,649)	(3,963)
TOTAL OTHER FINANCING SOURCES (USES)	(330)	(1,450)	(2,129)
NET CHANGE IN FUND BALANCES	150	(498)	1,160
FUND BALANCES AT JUNE 30, 2008	50	2,689	10,642
FUND BALANCES AT JUNE 30, 2009	$ 200	$ 2,191	$ 11,802

College Community	College Grove	Crossroads	Gateway Center West	Grantville	Horton Plaza
$ 771	$ 523	$ 2,579	$ 277	$ 1,409	$ 6,893
33	40	155	16	67	490
804	563	2,734	293	1,476	7,383
8	6	31	6	7	64
-	-	-	-	-	-
-	-	-	85	-	1,740
-	-	-	60	-	2,164
8	6	31	151	7	3,968
796	557	2,703	142	1,469	3,415
-	-	-	29	-	770
(192)	(48)	(2,012)	(138)	(875)	(1,153)
(192)	(48)	(2,012)	(109)	(875)	(383)
604	509	691	33	594	3,032
644	825	3,423	598	-	19,361
$ 1,248	$ 1,334	$ 4,114	$ 631	$ 594	$ 22,393

Continued on next page

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
Year Ended June 30, 2009
(In Thousands)

	Linda Vista	Mount Hope	Naval Training Center
REVENUES			
Tax Increments	$ 77	$ 1,339	$ 2,943
Investment Income	5	42	122
TOTAL REVENUES	82	1,381	3,065
EXPENDITURES			
Administration	6	10	33
Tax Sharing Payments	-	-	-
Debt Service:			
Principal	-	205	213
Interest	-	372	760
TOTAL EXPENDITURES	6	587	1,006
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	76	794	2,059
OTHER FINANCING SOURCES (USES)			
Transfers from Other Funds	-	115	55
Transfers to Other Funds	(144)	(805)	(386)
TOTAL OTHER FINANCING SOURCES (USES)	(144)	(690)	(331)
NET CHANGE IN FUND BALANCES	(68)	104	1,728
FUND BALANCES AT JUNE 30, 2008	203	1,485	1,792
FUND BALANCES AT JUNE 30, 2009	$ 135	$ 1,589	$ 3,520

North Bay	North Park	San Ysidro	Southcrest	Total
$ 5,326	$ 4,637	$ 4,095	$ 1,925	$ 41,870
353	250	184	72	2,235
5,679	4,887	4,279	1,997	44,105
59	55	42	16	475
-	-	-	-	37
250	330	28	511	5,476
764	1,459	304	1,133	9,494
1,073	1,844	374	1,660	15,482
4,606	3,043	3,905	337	28,623
180	923	-	649	4,754
(2,658)	(1,032)	(3,205)	(817)	(19,407)
(2,478)	(109)	(3,205)	(168)	(14,653)
2,128	2,934	700	169	13,970
8,848	6,538	2,571	3,542	63,211
$ 10,976	$ 9,472	$ 3,271	$ 3,711	$ 77,181

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
June 30, 2009
(In Thousands)

	Barrio Logan	Central Imperial	City Heights
ASSETS			
Cash or Equity in Pooled Cash and Investments	$ 212	$ 1,243	$ 1,266
Investments at Fair Value	-	3,426	-
Receivables:			
Notes and Contracts	400	496	2,799
Interest	1	3	8
Working Capital Advances:			
Centre City Development Corporation	-	-	-
Southeastern Economic Development Corporation	-	68	-
City of San Diego	-	-	231
Land Held for Resale	40	2,000	3,142
Prepaid Items and Deposits	-	-	-
TOTAL ASSETS	$ 653	$ 7,236	$ 7,446
LIABILITIES			
Accounts Payable	$ 666	$ 226	$ 59
Sundry Trust Liabilities	-	14	-
TOTAL LIABILITIES	666	240	59
FUND BALANCES			
Reserved for Land Held for Resale	40	2,000	3,142
Reserved for Notes Receivable	400	496	2,799
Reserved for Encumbrances	131	1,294	1,185
Reserved for Working Capital Advances	-	68	231
Unreserved:			
Reported in Capital Project Funds:			
Designated for Unrealized Gain	1	5	89
Designated for Subsequent Years' Expenditures	-	3,090	-
Undesignated	(585)	43	(59)
TOTAL FUND BALANCES	(13)	6,996	7,387
TOTAL LIABILITIES AND FUND BALANCES	$ 653	$ 7,236	$ 7,446

College Community	College Grove	Crossroads	Gateway Center West	Grantville	Horton Plaza	Linda Vista
$ 21	$ -	$ 236	$ 363	$ 3	$ 7,555	$ 718
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2	-	-	-	-	25	4
-	-	-	-	-	275	-
-	-	-	-	-	-	-
-	30	30	-	-	-	30
-	-	-	165	-	-	1,487
-	-	-	-	-	71	-
$ 23	$ 30	$ 266	$ 528	$ 3	$ 7,926	$ 2,239
$ 552	$ 131	$ 38	$ 6	$ -	$ 40	$ -
-	-	111	18	-	25	-
552	131	149	24	-	65	-
-	-	-	165	-	-	1,487
-	-	-	-	-	-	-
94	2,027	643	258	70	1,893	72
-	30	30	-	-	275	30
-	-	-	2	-	42	4
-	-	-	79	-	5,145	646
(623)	(2,158)	(556)	-	(67)	506	-
(529)	(101)	117	504	3	7,861	2,239
$ 23	$ 30	$ 266	$ 528	$ 3	$ 7,926	$ 2,239

Continued on next page

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
June 30, 2009
(In Thousands)

	Mount Hope	Naval Training Center	North Bay
ASSETS			
Cash or Equity in Pooled Cash and Investments	$ 527	$ 661	$ 479
Investments at Fair Value	-	-	-
Receivables:			
Notes and Contracts	-	-	-
Interest	2	4	12
Working Capital Advances:			
Centre City Development Corporation	-	-	-
Southeastern Economic Development Corporation	200	-	-
City of San Diego	-	71	231
Land Held for Resale	446	-	-
Prepaid Items and Deposits	-	-	-
TOTAL ASSETS	$ 1,175	$ 736	$ 722
LIABILITIES			
Accounts Payable	$ 15	$ -	$ 2
Sundry Trust Liabilities	5	-	-
TOTAL LIABILITIES	20	-	2
FUND BALANCES			
Reserved for Land Held for Resale	446	-	-
Reserved for Notes Receivable	-	-	-
Reserved for Encumbrances	145	4,016	2,054
Reserved for Working Capital Advances	200	71	231
Unreserved:			
Reported in Capital Project Funds:			
Designated for Unrealized Gain	2	-	-
Designated for Subsequent Years' Expenditures	277	-	-
Undesignated	85	(3,351)	(1,565)
TOTAL FUND BALANCES	1,155	736	720
TOTAL LIABILITIES AND FUND BALANCES	$ 1,175	$ 736	$ 722

North Park	San Ysidro	Southcrest	Total
$ 1,415	$ 128	$ 6,019	$ 20,846
-	-	2,325	5,751
-	-	-	3,695
5	1	23	90
-	-	-	275
-	-	27	295
-	-	-	623
892	-	203	8,375
-	-	-	71
$ 2,312	$ 129	$ 8,597	$ 40,021
$ 220	$ -	$ 20	$ 1,975
64	74	62	373
284	74	82	2,348
892	-	203	8,375
-	-	-	3,695
739	496	1,574	16,691
-	-	27	1,193
7	-	32	184
990	-	6,675	16,902
(600)	(441)	4	(9,367)
2,028	55	8,515	37,673
$ 2,312	$ 129	$ 8,597	$ 40,021

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
Year Ended June 30, 2009
(In Thousands)

	Barrio Logan	Central Imperial	City Heights
REVENUES			
Investment Income	$ 16	$ 100	$ 173
Rents	-	-	116
Private Sources	60	-	229
City Participation	-	-	163
Other Revenue	-	-	-
TOTAL REVENUES	76	100	681
EXPENDITURES			
Administration	110	1,190	54
Legal	324	138	195
Plans and Surveys	97	578	106
Acquisition Expense	4	-	18
Real Estate/Fixture Purchases	-	-	-
Property Management	6	98	32
Relocation	-	-	152
Rehabilitation	-	-	296
Project Improvements	-	648	1,177
Program Management	-	86	-
City Projects	-	210	830
Other	17	-	-
TOTAL EXPENDITURES	558	2,948	2,860
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(482)	(2,848)	(2,179)
OTHER FINANCING SOURCES (USES)			
Transfers from Other Funds	330	1,469	3,963
Transfers to Other Funds	-	(7)	(312)
Proceeds from Private Loans, Notes and Contracts	-	-	-
Loans from the City of San Diego	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	330	1,462	3,651
NET CHANGE IN FUND BALANCES	(152)	(1,386)	1,472
FUND BALANCES AT JUNE 30, 2008	139	8,382	5,915
FUND BALANCES AT JUNE 30, 2009	$ (13)	$ 6,996	$ 7,387

College Community	College Grove	Crossroads	Gateway Center West	Grantville	Horton Plaza	Linda Vista
$ 2	$ -	$ 3	$ 4	$ 4	$ 281	$ 25
-	-	-	-	-	-	108
-	-	-	-	-	1,961	-
-	-	-	-	-	-	-
-	-	-	-	-	-	1,121
2	-	3	4	4	2,242	1,254
301	54	325	106	46	499	91
20	18	51	10	145	26	44
27	1	59	93	34	150	7
-	-	6	-	-	-	-
-	-	-	-	-	-	-
6	1	10	10	1	101	2
-	-	-	-	-	-	-
-	-	-	-	-	161	-
-	-	19	-	-	-	-
-	-	-	9	-	237	-
-	-	1,532	-	542	634	-
-	-	-	-	-	-	-
354	74	2,002	228	768	1,808	144
(352)	(74)	(1,999)	(224)	(764)	434	1,110
192	48	2,012	138	875	1,153	144
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	400	-	-	-
192	48	2,012	538	875	1,153	144
(160)	(26)	13	314	111	1,587	1,254
(369)	(75)	104	190	(108)	6,274	985
$ (529)	$ (101)	$ 117	$ 504	$ 3	$ 7,861	$ 2,239

Continued on next page

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
Year Ended June 30, 2009
(In Thousands)

	Mount Hope	Naval Training Center	North Bay
REVENUES			
Investment Income	$ 18	$ 1	$ 91
Rents	-	-	79
Private Sources	-	-	-
City Participation	-	-	-
Other Revenue	-	-	-
TOTAL REVENUES	18	1	170
EXPENDITURES			
Administration	456	92	421
Legal	12	69	63
Plans and Surveys	40	19	125
Acquisition Expense	-	14	24
Real Estate/Fixture Purchases	-	-	-
Property Management	32	26	17
Relocation	-	-	-
Rehabilitation	-	-	-
Project Improvements	42	4,737	318
Program Management	25	-	-
City Projects	84	-	1,708
Other	-	-	-
TOTAL EXPENDITURES	691	4,957	2,676
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(673)	(4,956)	(2,506)
OTHER FINANCING SOURCES (USES)			
Transfers from Other Funds	675	386	2,658
Transfers to Other Funds	-	-	(3,947)
Proceeds from Private Loans, Notes and Contracts	-	4,296	-
Loans from the City of San Diego	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	675	4,682	(1,289)
NET CHANGE IN FUND BALANCES	2	(274)	(3,795)
FUND BALANCES AT JUNE 30, 2008	1,153	1,010	4,515
FUND BALANCES AT JUNE 30, 2009	$ 1,155	$ 736	$ 720

North Park	San Ysidro	Southcrest	Total
$ 62	$ 2	$ 245	$ 1,027
-	-	-	303
-	-	-	2,250
-	-	-	163
282	-	-	1,403
344	2	245	5,146
705	510	578	5,538
150	136	17	1,418
172	225	96	1,829
9	11	-	86
283	-	-	283
187	9	44	582
-	-	-	152
-	-	-	457
-	-	22	6,963
-	-	38	395
-	2,312	300	8,152
-	-	-	17
1,506	3,203	1,095	25,872
(1,162)	(3,201)	(850)	(20,726)
1,032	3,205	571	18,851
-	-	(400)	(4,666)
-	-	-	4,296
-	-	-	400
1,032	3,205	171	18,881
(130)	4	(679)	(1,845)
2,158	51	9,194	39,518
$ 2,028	$ 55	$ 8,515	$ 37,673

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SACRAMENTO
OAKLAND
WALNUT CREEK
LOS ANGELES
NEWPORT BEACH

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

Board of Directors
Redevelopment Agency of the
City of San Diego
San Diego, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Redevelopment Agency of the City of San Diego, California (Agency), a component unit of the City of San Diego, California, as of and for the year ended June 30, 2009, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated December 23, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the

entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in 2009-1 in the accompanying schedule of current year findings and recommendations and 2003-1 in the accompanying status of prior year findings and recommendations schedule to be significant deficiencies in internal control over financial reporting.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 2003-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Such provisions include those provisions of laws and regulations identified in the *Guidelines for Compliance Audits of California Redevelopment Agencies* issued by the State Controller's Office and as interpreted in the *Suggested Auditing Procedures for Accomplishing Compliance Audits of California Redevelopment Agencies*, issued by the Governmental Accounting and Auditing Committee of the California Society of Certified Public Accountants. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of current year findings and recommendations as items 2009-a, and 2009-b

The Agency's response to the findings identified in our audit are described in the accompanying schedules of current year findings and recommendations and status of prior year findings and recommendations. We did not audit the Agency's response and, accordingly, we express no opinion on it.

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

Macias Gini & O'Connell LLP

Certified Public Accountants

San Diego, California
December 23, 2009

Financial Statements Findings:

2009-1 Documentation Retention for Property Held for Resale

During the performance of our testwork on the Agency's controls over additions of property held for resale for the year ended June 30, 2009, we noted that for one (1) sample out of four (4) transactions selected, the Agency could not provide the supporting documents to verify reasonableness of the addition amount. The property was originally acquired as a capital asset prior to 1980, reported in the Agency financial statements as land, and transferred to property held for resale during fiscal year 2009.

We recommend that the Agency establish procedures and internal controls over documentation retention not only for recent transactions but also historical transactions where the item still exists in the Agency's financial statements.

Management Response:

We agree. All additions since fiscal year 2003 have been properly documented and the supporting transactions have been added to the land held for resale and capital assets permanent folders. It is the Comptroller's Office policy, and has been since fiscal year 2003, to permanently retain the supporting documentation until five years after the property's disposition. The property described above was purchased prior to 1980. Due to the number of years since the purchase of the property, procurement records have been discarded pursuant to the City's document retention policies. Efforts were made to support the value of the property including an appraisal by the Real Estate Assets Department which valued the property above its book value. Additionally, permanent records retained by the project area's manager were searched and County records were requested without success.

Compliance Findings:

2009-a Continuing Annual Disclosure Requirements

During the performance of our procedures over continual annual disclosure requirements, we noted that the Agency did not submit one out of the thirty-five required Annual Reports for fiscal year 2008 to the National Recognized Municipal Securities Repository Agencies within the required time frame (270 days after the fiscal year-end).

We recommend that the Agency establish procedures to ensure that all reports are submitted in a timely manner to avoid noncompliance with the continuing disclosure requirements stated with their bond issuances/debt covenants.

Management Response

We agree. The continuing disclosures were not filed as a result of turnovers of the management personnel responsible for making these filings. The Agency did file a "Failure to File" on the date that the continuing disclosure was required to be filed. An internal control annual requirements calendar has been put into place to prevent this from recurring. The delinquent continuing disclosures will be filed prior to the next filing date in 2010.

2009-b Inappropriate Open Encumbrance

California Government Code §33334.12(g)(2)states *Moneys shall be deemed encumbered if committed pursuant to a legally enforceable contract or agreement for expenditure for purposes specified in Section 33334.2 or 33334.3.*

During the performance of our testwork, we noted that out of a sample of twenty four (24) open encumbrance transactions selected for testing, one (1) of the encumbrances selected was included as an open encumbrance as of June 30, 2009, that should not have been. The open encumbrance related to a third party contract. The contract amount was certified and encumbered by the City's Comptroller's Office; however, the Agency Board of Directors never approved the execution of the contract.

We recommend that the Agency establish strong internal controls to review and reconcile open encumbrances periodically with the approved Comptroller's Certificate and to detect and delete encumbrances, which should not exist in the financial records. Additionally, the Agency should develop a system to automate the encumbrance process related to purchase orders.

Management Response:

We agree. A year-end process is currently in place to ensure that all open encumbrances are valid and active. The Office of the Comptroller provides a list of encumbrances to the Agency. The encumbrances are then reviewed by Agency staff. Any required adjustment is communicated to Office of the Comptroller accounting staff, who make the necessary adjustments in the financial system. The encumbrance cited above was not identified by Agency staff during the review process. The Agency will strengthen internal controls over the review of encumbrances to ensure only authorized and active encumbrances remain open. Additionally, the Agency will explore the automation of the encumbrance process through the OneSD system.

Findings related to the financial statements:

Reference Number:	**2003-1**
Financial Statement Area:	*Material Weakness in Internal Controls over Financial Reporting*
Audit Finding:	There were several internal control deficiencies that resulted in numerous errors and restatements of previously issued financial statements. Some of the deficiencies noted were as follows: • Improper financial statement presentation of debt transactions • Failure to properly record certain loan transactions • Failure to transfer completed projects out of CIP and begin depreciating assets • Improper classification of assets • Improper valuations of land held for resale • Incomplete capture of capitalizable expenditures • Failure to recognize certain revenues that met applicable revenue recognition criteria.
Status of Corrective Action:	In progress. However, prior to the issuance of this report several modifications to the Agency's financial reporting process and control environment have been made. These modifications include the hiring of new management to oversee financial reporting and internal controls, and the implementation of revised policies, procedures and training for employees. Additionally, the implementation of OneSD will dramatically change and improve the year-end process; however, the preparation of the Fiscal year 2009 Annual Financial Report was completed using the City's current accounting systems. Also improving controls for 2009, the City began implementing the Governance Risk Compliance (GRC) module of SAP, which will assist in documenting, monitoring and testing internal controls within SAP, including internal controls over the preparation of the Agency's financial statements. Also improving controls implemented in the prior year is a new year-end processing flowchart that has been developed. It identifies tasks necessary to complete the annual financial report by the Redevelopment Accounting Section; identified items contingent on information from other sections within the Comptroller's Office and other departments within the City. Use of the flowchart along with the year-end closing

calendar already in use allows management to more effectively monitor progress toward completion of the annual financial report and ensure critical components are not omitted.

Notwithstanding the improvements made prior to the issuance of this report management agrees further improvement is necessary and remains committed to continuing to strengthen its internal controls and procedures over financial reporting.

Findings related to compliance:

Reference Number:	**2008-a, 2007-a, 2006-a, 2005-a, 2004-b & 2003-b**
Compliance Area:	*Annual Report Submission to the City Council*
Audit Finding:	The Agency did not prepare and submit a complete annual report for the fiscal year ended June 30, 2008, to the Board of Directors within six months of the end of the respective fiscal years, as required by the California Health and Safety Code section 33080.1. This was not done due to a lack of personnel and an incomplete audit of the Agency's financial statements.
Status of Corrective Action:	Corrected. The Agency prepared and will submit a complete annual report for the fiscal year ended June 30, 2009, to the Board of Directors by the end of December 31, 2009.

Reference Number:	**2007-c**
Compliance Area:	*Monitoring Reports*
Audit Finding:	In accordance with California Health & Safety Code §33418, the Agency is required to obtain an annual report from property owners or managers of such housing. During the performance of our testing over the Agency's monitoring of affordable housing, we noted that four (4) out of twenty (20) samples selected for testing did not receive an annual report.
Status of Corrective Action:	Corrected. The Agency has implemented the corrective action and received an annual report during fiscal year 2009 within adequate time period.

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Supplemental Information Section

(Unaudited)

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Schedule of Changes to Loans from the City of San Diego

SCHEDULE OF CHANGES TO LOANS
FROM THE CITY OF SAN DIEGO
Year Ended June 30, 2009

CHANGES IN PRINCIPAL DUE TO CITY BY PROJECT AREA

	Balance July 1, 2008	Additions	Repayments	Balance June 30, 2009
Barrio Logan	$ 12,826	$ -	$ -	$ 12,826
Central Imperial	18,916		-	18,916
Centre City	43,185		-	43,185
City Heights	9,085	-	523	8,562
College Community	722	-	-	722
College Grove	41	-	-	41
Crossroads	793	-	-	793
Gateway Center West	6,130	400	-	6,530
Grantville	507	-	-	507
Linda Vista	1,945	-	-	1,945
Mount Hope	3,918	-	-	3,918
Naval Training Center	7,134	-	213	6,921
North Bay	1,735	-	-	1,735
North Park	1,688	-	-	1,688
San Ysidro	739	-	-	739
Southcrest	9,620	-	181	9,439
Total Principal Due	$ 118,984	$ 400	$ 917	$ 118,467

CHANGES IN INTEREST DUE TO CITY BY PROJECT AREA

	Balance July 1, 2008	Additions	Repayments	Balance June 30, 2009
Barrio Logan	$ 13,014	$ 1,186	$ -	$ 14,200
Central Imperial	13,177	1,750	-	14,927
Centre City	73,103	3,994		77,097
City Heights	6,900	771	310	7,361
College Community	856	67	-	923
College Grove	29	4	-	33
Crossroads	320	73	-	393
Gateway Center West	13,979	567	-	14,546
Grantville	142	47	-	189
Linda Vista	4,350	180	-	4,530
Mount Hope	1,302	362	-	1,664
Naval Training Center	834	434	296	972
North Bay	516	160	-	676
North Park	1,150	156	-	1,306
San Ysidro	892	72	-	964
Southcrest	9,683	886	219	10,350
Total Interest Due	$ 140,247	$ 10,709	$ 825	$ 150,131

Assessed Valuations

BARRIO LOGAN REDEVELOPMENT PROJECT
ASSESSED VALUATIONS (IN THOUSANDS) OF THE PROJECT AREA TAXABLE PROPERTY (100% OF FULL VALUE)
FISCAL YEAR 1996-97 TO 2008-09 (BASE YEAR 1991-92)
(UNAUDITED)

	Base Year 1991-92	Revised Base Year 1991-92	1996-97
GROSS			
Secured - Locally Assessed	$ 32,772	$ 37,330	$ 41,539
Public Utilities - State Assessed	2,829	2,608	236
Total Secured Valuation	35,601	39,938	41,775
Unsecured - Locally Assessed	4,710	4,692	2,583
Total Gross Valuation	40,311	44,630	44,358
EXEMPTIONS (EXCLUDING HOMEOWNERS' AND BUSINESS INVENTORY)			
Secured - Locally Assessed	3,664	3,664	7,746
Unsecured - Locally Assessed	-	-	-
Total Exemptions	3,664	3,664	7,746
NET ASSESSED VALUATIONS FOR TAX RATE			
Secured - Locally Assessed	29,108	33,666	33,793
Public Utilities - State Assessed	2,829	2,608	236
Net Secured	31,937	36,274	34,029
Unsecured - Locally Assessed	4,710	4,692	2,583
NET ASSESSED VALUATION FOR TAX RATE	$ 36,647	$ 40,966	$ 36,612
INCREMENT			
Net Assessed Valuation Increase (Decrease) Over Base Year			(4,354)
Percentage Increase (Decrease) Over Base Year			-10.63%
STATE SUBVENTIONS HOMEOWNERS' EXEMPTIONS			
Secured - Locally Assessed	$ 217	$ 217	$ 217
Unsecured - Locally Assessed	-	-	-
Total Homeowners' Exemptions	217	217	217
NET ASSESSED VALUATION AFTER ALL EXEMPTIONS			
Secured - Locally Assessed	28,891	33,449	33,576
Public Utilities - State Assessed	2,829	2,608	236
Net Secured	31,720	36,057	33,812
Unsecured - Locally Assessed	4,710	4,692	2,583
NET ASSESSED VALUATION	$ 36,430	$ 40,749	$ 36,395

Revised Base Year 1991-92	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04
$ 37,013	$ 42,711	$ 43,675	$ 45,664	$ 46,178	$ 49,720	$ 51,543	$ 56,030
2,608	260	378	411	420	429	386	334
39,621	42,971	44,053	46,075	46,598	50,149	51,929	56,364
4,692	2,630	3,924	5,926	5,889	6,948	3,561	5,414
44,313	45,601	47,977	52,001	52,487	57,097	55,490	61,778
3,664	7,996	8,216	8,634	8,356	8,501	7,621	7,834
-	-	713	1,048	1,233	2,362	-	1,441
3,664	7,996	8,929	9,682	9,589	10,863	7,621	9,275
33,349	34,715	35,459	37,030	37,822	41,219	43,922	48,196
2,608	260	378	411	420	429	386	334
35,957	34,975	35,837	37,441	38,242	41,648	44,308	48,530
4,692	2,630	3,211	4,878	4,656	4,586	3,561	3,973
$ 40,649	$ 37,605	$ 39,048	$ 42,319	$ 42,898	$ 46,234	$ 47,869	$ 52,503
	(3,044)	(1,601)	1,670	2,249	5,585	7,220	11,854
	-7.49%	-3.94%	4.11%	5.53%	13.74%	17.76%	29.16%
$ 217	$ 224	$ 224	$ 217	$ 217	$ 217	$ 189	$ 175
-	-	-	-	-	-	-	-
217	224	224	217	217	217	189	175
33,132	34,491	35,235	36,813	37,605	41,002	43,733	48,021
2,608	260	378	411	420	429	386	334
35,740	34,751	35,613	37,224	38,025	41,431	44,119	48,355
4,692	2,630	3,211	4,878	4,656	4,586	3,561	3,973
$ 40,432	$ 37,381	$ 38,824	$ 42,102	$ 42,681	$ 46,017	$ 47,680	$ 52,328

Continued on next page

BARRIO LOGAN REDEVELOPMENT PROJECT
ASSESSED VALUATIONS (IN THOUSANDS) OF THE PROJECT AREA TAXABLE PROPERTY (100% OF FULL VALUE)
FISCAL YEAR 1996-97 TO 2008-09 (BASE YEAR 1991-92)

	2004-05	2005-06	2006-07
GROSS			
Secured - Locally Assessed	$ 74,368	$ 82,783	$ 90,043
Public Utilities - State Assessed	318	324	303
Total Secured Valuation	74,686	83,107	90,346
Unsecured - Locally Assessed	4,877	5,452	5,813
Total Gross Valuation	79,563	88,559	96,159
EXEMPTIONS (EXCLUDING HOMEOWNERS' AND BUSINESS INVENTORY)			
Secured - Locally Assessed	12,410	12,658	12,911
Unsecured - Locally Assessed	1,184	1,279	1,097
Total Exemptions	13,594	13,937	14,008
NET ASSESSED VALUATIONS FOR TAX RATE			
Secured - Locally Assessed	61,958	70,125	77,132
Public Utilities - State Assessed	318	324	303
Net Secured	62,276	70,449	77,435
Unsecured - Locally Assessed	3,693	4,173	4,716
NET ASSESSED VALUATION FOR TAX RATE	$ 65,969	$ 74,622	$ 82,151
INCREMENT			
Net Assessed Valuation Increase (Decrease) Over Base Year	25,320	33,973	41,502
Percentage Increase (Decrease) Over Base Year	62.29%	83.58%	102.10%
STATE SUBVENTIONS HOMEOWNERS' EXEMPTIONS			
Secured - Locally Assessed	$ 175	$ 168	$ 175
Unsecured - Locally Assessed	-	-	-
Total Homeowners' Exemptions	175	168	175
NET ASSESSED VALUATION AFTER ALL EXEMPTIONS			
Secured - Locally Assessed	61,783	69,957	76,957
Public Utilities - State Assessed	318	324	303
Net Secured	62,101	70,281	77,260
Unsecured - Locally Assessed	3,693	4,173	4,716
NET ASSESSED VALUATION	$ 65,794	$ 74,454	$ 81,976

2007-08	Revised Base Year 1991-92	2008-09
$ 112,516	$ 37,013	$ 131,869
611	756	-
113,127	37,769	131,869
5,417	4,692	5,300
118,544	42,461	137,169
14,088	3,664	28,962
960	-	933
15,048	3,664	29,895
98,428	33,349	102,907
611	756	-
99,039	34,105	102,907
4,457	4,692	4,367
$ 103,496	$ 38,797	$ 107,274
62,847		68,477
154.61%		176.50%
$ 147	$ 217	$ 154
-	-	-
147	217	154
98,281	33,132	102,753
611	756	-
98,892	33,888	102,753
4,457	4,692	4,367
$ 103,349	$ 38,580	$ 107,120

CENTRAL IMPERIAL REDEVELOPMENT PROJECT
ASSESSED VALUATIONS (IN THOUSANDS) OF THE PROJECT AREA TAXABLE PROPERTY (100% OF FULL VALUE)
FISCAL YEAR 1995-96 TO 2008-09 (BASE YEAR 1992-93)
(UNAUDITED)

	Base Year 1992-93	1994-95	1995-96
GROSS			
Secured - Locally Assessed	$ 94,838	$ 96,903	$ 97,584
Public Utilities - State Assessed	-	-	-
Total Secured Valuation	94,838	96,903	97,584
Unsecured - Locally Assessed	2,692	2,868	1,431
Total Gross Valuation	97,530	99,771	99,015
EXEMPTIONS (EXCLUDING HOMEOWNERS' AND BUSINESS INVENTORY)			
Secured - Locally Assessed	6,693	12,981	16,244
Unsecured - Locally Assessed	-	115	137
Total Exemptions	6,693	13,096	16,381
NET ASSESSED VALUATIONS FOR TAX RATE			
Secured - Locally Assessed	88,145	83,922	81,340
Public Utilities - State Assessed	-	-	-
Net Secured	88,145	83,922	81,340
Unsecured - Locally Assessed	2,692	2,753	1,294
NET ASSESSED VALUATION FOR TAX RATE	$ 90,837	$ 86,675	$ 82,634
INCREMENT			
Net Assessed Valuation Increase (Decrease) Over Base Year		(4,162)	(8,203)
Percentage Increase (Decrease) Over Base Year		-4.58%	-9.03%
STATE SUBVENTIONS HOMEOWNERS' EXEMPTIONS			
Secured - Locally Assessed	$ 1,033	$ 1,039	$ 1,219
Unsecured - Locally Assessed	-	-	-
Total Homeowners' Exemptions	1,033	1,039	1,219
NET ASSESSED VALUATION AFTER ALL EXEMPTIONS			
Secured - Locally Assessed	87,112	82,883	80,121
Public Utilities - State Assessed	-	-	-
Net Secured	87,112	82,883	80,121
Unsecured - Locally Assessed	2,692	2,753	1,294
NET ASSESSED VALUATION	$ 89,804	$ 85,636	$ 81,415

Source: Based on information provided by the County of San Diego as of June 30th of the reported fiscal year.

1996-97	1997-98	Revised Base Year 1992-93	1998-99	1999-2000	2000-01	2001-02
$ 96,170	$ 97,516	$ 67,688	$ 83,275	$ 88,975	$ 102,297	$ 114,448
-	-	-	-	-	-	-
96,170	97,516	67,688	83,275	88,975	102,297	114,448
1,857	1,558	2,693	1,738	1,997	2,240	3,412
98,027	99,074	70,381	85,013	90,972	104,537	117,860
15,218	15,202	6,693	14,133	10,006	16,120	14,351
86	-	-	16	187	76	462
15,304	15,202	6,693	14,149	10,193	16,196	14,813
80,952	82,314	60,995	69,142	78,969	86,177	100,097
-	-	-	-	-	-	-
80,952	82,314	60,995	69,142	78,969	86,177	100,097
1,771	1,558	2,693	1,722	1,810	2,164	2,950
$ 82,723	$ 83,872	$ 63,688	$ 70,864	$ 80,779	$ 88,341	$ 103,047
(8,114)	(6,965)		7,176	17,091	24,653	39,359
-8.93%	-7.67%		11.27%	26.84%	38.71%	61.80%
$ 1,347	$ 1,416	$ 1,033	$ 1,447	$ 1,541	$ 1,636	$ 1,944
-	-	-	-	-	-	-
1,347	1,416	1,033	1,447	1,541	1,636	1,944
79,605	80,898	59,962	67,695	77,428	84,541	98,153
-	-	-	-	-	-	-
79,605	80,898	59,962	67,695	77,428	84,541	98,153
1,771	1,558	2,693	1,722	1,810	2,164	2,950
$ 81,376	$ 82,456	$ 62,655	$ 69,417	$ 79,238	$ 86,705	$ 101,103

Continued on next page

CENTRAL IMPERIAL REDEVELOPMENT PROJECT
ASSESSED VALUATIONS (IN THOUSANDS) OF THE PROJECT AREA TAXABLE PROPERTY (100% OF FULL VALUE)
FISCAL YEAR 1995-96 TO 2008-09 (BASE YEAR 1992-93)
(UNAUDITED)

	2002-03	2003-04	2004-05
GROSS			
Secured - Locally Assessed	$ 123,326	$ 137,669	$ 160,513
Public Utilities - State Assessed	-	-	-
Total Secured Valuation	123,326	137,669	160,513
Unsecured - Locally Assessed	3,261	5,195	4,753
Total Gross Valuation	126,587	142,864	165,266
EXEMPTIONS (EXCLUDING HOMEOWNERS' AND BUSINESS INVENTORY)			
Secured - Locally Assessed	14,936	16,287	19,393
Unsecured - Locally Assessed	5	290	391
Total Exemptions	14,941	16,577	19,784
NET ASSESSED VALUATIONS FOR TAX RATE			
Secured - Locally Assessed	108,390	121,382	141,120
Public Utilities - State Assessed	-	-	-
Net Secured	108,390	121,382	141,120
Unsecured - Locally Assessed	3,256	4,905	4,362
NET ASSESSED VALUATION FOR TAX RATE	$ 111,646	$ 126,287	$ 145,482
INCREMENT			
Net Assessed Valuation Increase (Decrease) Over Base Year	47,958	62,599	81,794
Percentage Increase (Decrease) Over Base Year	75.30%	98.29%	128.43%
STATE SUBVENTIONS HOMEOWNERS' EXEMPTIONS			
Secured - Locally Assessed	$ 1,946	$ 1,994	$ 2,020
Unsecured - Locally Assessed	-	-	-
Total Homeowners' Exemptions	1,946	1,994	2,020
NET ASSESSED VALUATION AFTER ALL EXEMPTIONS			
Secured - Locally Assessed	106,444	119,388	139,100
Public Utilities - State Assessed	-	-	-
Net Secured	106,444	119,388	139,100
Unsecured - Locally Assessed	3,256	4,905	4,362
NET ASSESSED VALUATION	$ 109,700	$ 124,293	$ 143,462

2005-06	2006-07	2007-08	2007-08	2008-09
$ 191,238	$ 210,835	$ 236,931	$ 236,931	$ 251,537
-	-	-	-	-
191,238	210,835	236,931	236,931	251,537
5,741	6,750	5,603	5,603	6,847
196,979	217,585	242,534	242,534	258,384
22,212	21,344	24,647	24,647	23,983
416	418	223	223	260
22,628	21,762	24,870	24,870	24,243
169,026	189,491	212,284	212,284	227,554
-	-	-	-	-
169,026	189,491	212,284	212,284	227,554
5,325	6,332	5,380	5,380	6,587
$ 174,351	$ 195,823	$ 217,664	$ 217,664	$ 234,141
110,663	132,135	153,976	153,976	170,453
173.76%	207.47%	241.77%	241.77%	267.64%
$ 2,148	$ 2,072	$ 2,212	$ 2,212	$ 2,205
-	-	-	-	-
2,148	2,072	2,212	2,212	2,205
166,878	187,419	210,072	210,072	225,349
-	-	-	-	-
166,878	187,419	210,072	210,072	225,349
5,325	6,332	5,380	5,380	6,587
$ 172,203	$ 193,751	$ 215,452	$ 215,452	$ 231,936

CENTRAL IMPERIAL REDEVELOPMENT PROJECT - EXPANSION 2
ASSESSED VALUATIONS (IN THOUSANDS) OF THE PROJECT AREA TAXABLE PROPERTY (100% OF FULL VALUE)
FISCAL YEAR 1999-2000 TO 2008-09 (BASE YEAR 1999-2000)
(UNAUDITED)

	Base Year 1999-2000	1999-2000	2000-01
GROSS			
Secured - Locally Assessed	$ 16,115	$ 16,080	$ 17,367
Public Utilities - State Assessed	-	-	-
Total Secured Valuation	16,115	16,080	17,367
Unsecured - Locally Assessed	27	172	148
Total Gross Valuation	16,142	16,252	17,515
EXEMPTIONS (EXCLUDING HOMEOWNERS' AND BUSINESS INVENTORY)			
Secured - Locally Assessed	1,105	1,192	1,214
Unsecured - Locally Assessed	-	145	129
Total Exemptions	1,105	1,337	1,343
NET ASSESSED VALUATIONS FOR TAX RATE			
Secured - Locally Assessed	15,010	14,888	16,153
Public Utilities - State Assessed	-	-	-
Net Secured	15,010	14,888	16,153
Unsecured - Locally Assessed	27	27	19
NET ASSESSED VALUATION FOR TAX RATE	$ 15,037	$ 14,915	$ 16,172
INCREMENT			
Net Assessed Valuation Increase (Decrease) Over Base Year		(122)	1,135
Percentage Increase (Decrease) Over Base Year		-0.81%	7.55%
STATE SUBVENTIONS HOMEOWNERS' EXEMPTIONS			
Secured - Locally Assessed	$ 721	$ 721	$ 714
Unsecured - Locally Assessed	-	-	-
Total Homeowners' Exemptions	721	721	714
NET ASSESSED VALUATION AFTER ALL EXEMPTIONS			
Secured - Locally Assessed	14,289	14,167	15,439
Public Utilities - State Assessed	-	-	-
Net Secured	14,289	14,167	15,439
Unsecured - Locally Assessed	27	27	19
NET ASSESSED VALUATION	$ 14,316	$ 14,194	$ 15,458

Source: Based on information provided by the County of San Diego as of June 30th of the reported fiscal year.

2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ 18,508	$ 32,461	$ 37,450	$ 51,100	$ 62,540	$ 65,967	$ 65,926	$ 69,083
-	-	-	-	-	-	-	-
18,508	32,461	37,450	51,100	62,540	65,967	65,926	69,083
247	1,399	2,340	2,532	3,715	4,347	4,353	3,868
18,755	33,860	39,790	53,632	66,255	70,314	70,279	72,951
1,234	1,156	1,180	1,201	1,226	1,250	1,275	1,301
229	-	184	166	159	-	134	122
1,463	1,156	1,364	1,367	1,385	1,250	1,409	1,423
17,274	31,305	36,270	49,899	61,314	64,717	64,651	67,782
-	-	-	-	-	-	-	-
17,274	31,305	36,270	49,899	61,314	64,717	64,651	67,782
18	1,399	2,156	2,366	3,556	4,347	4,219	3,746
$ 17,292	$ 32,704	$ 38,426	$ 52,265	$ 64,870	$ 69,064	$ 68,870	$ 71,528
2,255	17,667	23,389	37,228	49,833	54,027	53,833	56,491
15.00%	117.49%	155.54%	247.58%	331.40%	359.29%	358.00%	375.68%
$ 742	$ 805	$ 826	$ 819	$ 840	$ 846	$ 853	$ 819
-	-	-	-	-	-	-	-
742	805	826	819	840	846	853	819
16,532	30,500	35,444	49,080	60,474	63,871	63,798	66,963
-	-	-	-	-	-	-	-
16,532	30,500	35,444	49,080	60,474	63,871	63,798	66,963
18	1,399	2,156	2,366	3,556	4,347	4,219	3,746
$ 16,550	$ 31,899	$ 37,600	$ 51,446	$ 64,030	$ 68,218	$ 68,017	$ 70,709

CENTRAL IMPERIAL REDEVELOPMENT PROJECT - EXPANSION 3
ASSESSED VALUATIONS (IN THOUSANDS) OF THE PROJECT AREA TAXABLE PROPERTY (100% OF FULL VALUE)
FISCAL YEAR 2001-02 TO 2008-09 (BASE YEAR 2001-02)
(UNAUDITED)

	Base Year 2001-02	2001-02	2002-03
GROSS			
Secured - Locally Assessed	$ 3,215	$ 10,279	$ 14,131
Total Secured Valuation	3,215	10,279	14,131
Unsecured - Locally Assessed	-	-	2,022
Total Gross Valuation	3,215	10,279	16,153
NET ASSESSED VALUATIONS FOR TAX RATE			
Secured - Locally Assessed	3,215	10,279	14,131
Net Secured	3,215	10,279	14,131
Unsecured - Locally Assessed	-	-	2,022
NET ASSESSED VALUATION FOR TAX RATE	$ 3,215	$ 10,279	$ 16,153
INCREMENT			
Net Assessed Valuation Increase (Decrease) Over Base Year		7,064	12,938
Percentage Increase (Decrease) Over Base Year		219.72%	402.43%
NET ASSESSED VALUATION AFTER ALL EXEMPTIONS			
Secured - Locally Assessed	3,215	10,279	14,131
Net Secured	3,215	10,279	14,131
Unsecured - Locally Assessed	-	-	2,022
NET ASSESSED VALUATION	$ 3,215	$ 10,279	$ 16,153

Source: Based on information provided by the County of San Diego as of June 30th of the reported fiscal year.

2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ 14,793	$ 17,357	$ 18,491	$ 19,303	$ 19,689	$ 25,783
14,793	17,357	18,491	19,303	19,689	25,783
1,982	1,835	1,826	2,266	2,161	2,251
16,775	19,192	20,317	21,569	21,850	28,034
14,793	17,357	18,491	19,303	19,689	25,783
14,793	17,357	18,491	19,303	19,689	25,783
1,982	1,835	1,826	2,266	2,161	2,251
$ 16,775	$ 19,192	$ 20,317	$ 21,569	$ 21,850	$ 28,034
13,560	15,977	17,102	18,354	18,635	24,819
421.77%	496.95%	531.94%	570.89%	579.63%	771.98%
14,793	17,357	18,491	19,303	19,689	25,783
14,793	17,357	18,491	19,303	19,689	25,783
1,982	1,835	1,826	2,266	2,161	2,251
$ 16,775	$ 19,192	$ 20,317	$ 21,569	$ 21,850	$ 28,034

CENTRE CITY REDEVELOPMENT PROJECT
ASSESSED VALUATIONS (IN THOUSANDS) OF THE PROJECT AREA TAXABLE PROPERTY (100% OF FULL VALUE)
FISCAL YEAR 1995-96 TO 2008-09 (BASE YEAR 1992-93)
(UNAUDITED)

	Base Year 1992-93	1994-95	1995-96
GROSS			
Secured - Locally Assessed	$ 1,090,174	$ 972,637	$ 927,021
Public Utilities - State Assessed	3,465	1,862	2,181
Total Secured Valuation	1,093,639	974,499	929,202
Unsecured - Locally Assessed	64,243	17,922	22,293
Total Gross Valuation	1,157,882	992,421	951,495
EXEMPTIONS (EXCLUDING HOMEOWNERS' AND BUSINESS INVENTORY)			
Secured - Locally Assessed	62,189	78,849	78,614
Unsecured - Locally Assessed	-	413	552
Total Exemptions	62,189	79,262	79,166
NET ASSESSED VALUATIONS FOR TAX RATE			
Secured - Locally Assessed	1,027,985	893,788	848,407
Public Utilities - State Assessed	3,465	1,862	2,181
Net Secured	1,031,450	895,650	850,588
Unsecured - Locally Assessed	64,243	17,509	21,741
NET ASSESSED VALUATION FOR TAX RATE	$ 1,095,693	$ 913,159	$ 872,329
INCREMENT			
Net Assessed Valuation Increase (Decrease) Over Base Year		(182,534)	(223,364)
Percentage Increase (Decrease) Over Base Year		-16.66%	-20.39%
STATE SUBVENTIONS HOMEOWNERS' EXEMPTIONS			
Secured - Locally Assessed	$ 714	$ 805	$ 812
Unsecured - Locally Assessed	-	-	-
Total Homeowners' Exemptions	714	805	812
NET ASSESSED VALUATION AFTER ALL EXEMPTIONS			
Secured - Locally Assessed	1,027,271	892,983	847,595
Public Utilities - State Assessed	3,465	1,862	2,181
Net Secured	1,030,736	894,845	849,776
Unsecured - Locally Assessed	64,243	17,509	21,741
NET ASSESSED VALUATION	$ 1,094,979	$ 912,354	$ 871,517

Source: Based on information provided by the County of San Diego as of June 30th of the reported fiscal year.

1996-97	Revised Base Year 1992-93	1997-98	1998-99	1999-2000	2000-01	2001-02
$ 906,105	$ 1,088,721	$ 917,921	$ 984,645	$ 1,125,712	$ 1,290,546	$ 1,467,297
2,521	3,464	2,747	3,855	4,094	4,177	-
908,626	1,092,185	920,668	988,500	1,129,806	1,294,723	1,467,297
17,593	64,244	20,602	56,892	74,362	87,258	93,294
926,219	1,156,429	941,270	1,045,392	1,204,168	1,381,981	1,560,591
87,884	62,019	90,800	87,662	94,089	104,469	100,954
97	-	987	4,637	6,129	6,919	9,403
87,981	62,019	91,787	92,299	100,218	111,388	110,357
818,221	1,026,702	827,121	896,983	1,031,623	1,186,077	1,366,343
2,521	3,464	2,747	3,855	4,094	4,177	-
820,742	1,030,166	829,868	900,838	1,035,717	1,190,254	1,366,343
17,496	64,244	19,615	52,255	68,233	80,339	83,891
$ 838,238	$ 1,094,410	$ 849,483	$ 953,093	$ 1,103,950	$ 1,270,593	$ 1,450,234
(257,455)		(244,927)	(141,317)	9,540	176,183	355,824
-23.50%		-22.38%	-12.91%	0.87%	16.10%	32.51%
$ 902	$ 714	$ 980	$ 1,077	$ 1,182	$ 1,133	$ 1,182
-	-	-	-	-	61	67
902	714	980	1,077	1,182	1,194	1,249
817,319	1,025,988	826,141	895,906	1,030,441	1,184,944	1,365,161
2,521	3,464	2,747	3,855	4,094	4,177	-
819,840	1,029,452	828,888	899,761	1,034,535	1,189,121	1,365,161
17,496	64,244	19,615	52,255	68,233	80,278	83,824
$ 837,336	$ 1,093,696	$ 848,503	$ 952,016	$ 1,102,768	$ 1,269,399	$ 1,448,985

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CENTRE CITY REDEVELOPMENT PROJECT
ASSESSED VALUATIONS (IN THOUSANDS) OF THE PROJECT AREA TAXABLE PROPERTY (100% OF FULL VALUE)
FISCAL YEAR 1995-96 TO 2008-09 (BASE YEAR 1992-93)

	2002-03	2003-04	2004-05
GROSS			
Secured - Locally Assessed	$ 1,679,241	$ 2,082,010	$ 2,668,045
Public Utilities - State Assessed	3,856	4,894	6,958
Total Secured Valuation	1,683,097	2,086,904	2,675,003
Unsecured - Locally Assessed	99,582	130,423	112,963
Total Gross Valuation	1,782,679	2,217,327	2,787,966
EXEMPTIONS (EXCLUDING HOMEOWNERS' AND BUSINESS INVENTORY)			
Secured - Locally Assessed	104,775	106,992	133,719
Unsecured - Locally Assessed	1,074	7,810	8,997
Total Exemptions	105,849	114,802	142,716
NET ASSESSED VALUATIONS FOR TAX RATE			
Secured - Locally Assessed	1,574,466	1,975,018	2,534,326
Public Utilities - State Assessed	3,856	4,894	6,958
Net Secured	1,578,322	1,979,912	2,541,284
Unsecured - Locally Assessed	98,508	122,613	103,966
NET ASSESSED VALUATION FOR TAX RATE	$ 1,676,830	$ 2,102,525	$ 2,645,250
INCREMENT			
Net Assessed Valuation Increase (Decrease) Over Base Year	582,420	1,008,115	1,550,840
Percentage Increase (Decrease) Over Base Year	53.22%	92.11%	141.71%
STATE SUBVENTIONS HOMEOWNERS' EXEMPTIONS			
Secured - Locally Assessed	$ 1,239	$ 2,680	$ 3,670
Unsecured - Locally Assessed	112	114	110
Total Homeowners' Exemptions	1,351	2,794	3,780
NET ASSESSED VALUATION AFTER ALL EXEMPTIONS			
Secured - Locally Assessed	1,573,227	1,972,338	2,530,656
Public Utilities - State Assessed	3,856	4,894	6,958
Net Secured	1,577,083	1,977,232	2,537,614
Unsecured - Locally Assessed	98,396	122,499	103,856
NET ASSESSED VALUATION	$ 1,675,479	$ 2,099,731	$ 2,641,470

2005-06	2006-07	2007-08	2008-09
$ 3,806,788	$ 4,930,925	$ 6,204,566	$ 7,140,537
7,017	6,824	2,442	2,701
3,813,805	4,937,749	6,207,008	7,143,238
147,482	282,705	196,717	215,439
3,961,287	5,220,454	6,403,725	7,358,677
162,778	171,166	172,798	172,615
9,460	10,706	15,504	16,957
172,238	181,872	188,302	189,572
3,644,010	4,759,759	6,031,768	6,967,922
7,017	6,824	2,442	2,701
3,651,027	4,766,583	6,034,210	6,970,623
138,022	271,999	181,213	198,482
$ 3,789,049	$ 5,038,582	$ 6,215,423	$ 7,169,105
2,694,639	3,944,172	5,121,013	6,074,695
246.22%	360.39%	467.92%	555.07%
$ 6,887	$ 10,154	$ 11,654	$ 13,643
95	81	82	108
6,982	10,235	11,736	13,751
3,637,123	4,749,605	6,020,114	6,954,279
7,017	6,824	2,442	2,701
3,644,140	4,756,429	6,022,556	6,956,980
137,927	271,918	181,131	198,374
$ 3,782,067	$ 5,028,347	$ 6,203,687	$ 7,155,354

CENTRE CITY REDEVELOPMENT PROJECT - COLUMBIA SUB AREA
ASSESSED VALUATIONS (IN THOUSANDS) OF THE PROJECT AREA TAXABLE PROPERTY (100% OF FULL VALUE)
FISCAL YEAR 1995-96 TO 2008-09 (BASE YEAR 1976-77)
(UNAUDITED)

	Base Year 1976-77	1995-96	1996-97
GROSS			
Secured - Locally Assessed	$ 19,715	$ 454,634	$ 431,513
Public Utilities - State Assessed	17,131	1,550	1,473
Total Secured Valuation	36,846	456,184	432,986
Unsecured - Locally Assessed	18,870	57,303	53,503
Total Gross Valuation	55,716	513,487	486,489
EXEMPTIONS (EXCLUDING HOMEOWNERS' AND BUSINESS INVENTORY)			
Secured - Locally Assessed	1,507	3,521	3,558
Unsecured - Locally Assessed	-	157	22
Total Exemptions	1,507	3,678	3,580
NET ASSESSED VALUATIONS FOR TAX RATE			
Secured - Locally Assessed	18,208	451,113	427,955
Public Utilities - State Assessed	17,131	1,550	1,473
Net Secured	35,339	452,663	429,428
Unsecured - Locally Assessed	18,870	57,146	53,481
NET ASSESSED VALUATION FOR TAX RATE	$ 54,209	$ 509,809	$ 482,909
INCREMENT			
Net Assessed Valuation Increase (Decrease) Over Base Year		455,600	428,700
Percentage Increase (Decrease) Over Base Year		840.45%	790.83%
STATE SUBVENTIONS HOMEOWNERS' EXEMPTIONS			
Secured - Locally Assessed	$ -	$ 839	$ 802
Unsecured - Locally Assessed	-	-	-
Total Homeowners' Exemptions	-	839	802
BUSINESS INVENTORY EXEMPTIONS			
Secured - Locally Assessed	178	-	-
Unsecured - Locally Assessed	1,602	-	-
Total Business Inventory Exemptions	1,780	-	-
NET ASSESSED VALUATION AFTER ALL EXEMPTIONS			
Secured - Locally Assessed	18,030	450,274	427,153
Public Utilities - State Assessed	17,131	1,550	1,473
Net Secured	35,161	451,824	428,626
Unsecured - Locally Assessed	17,268	57,146	53,481
NET ASSESSED VALUATION	$ 52,429	$ 508,970	$ 482,107

Source: Based on information provided by the County of San Diego as of June 30th of the reported fiscal year.

Revised Base Year 1976-77	1997-98	Revised Base Year 1976-77	1998-99	1999-2000	2000-01	2001-02
$ 18,554	$ 437,849	$ 18,553	$ 519,344	$ 563,347	$ 602,524	$ 643,416
17,131	1,518	1,038	1,742	1,906	1,923	-
35,685	439,367	19,591	521,086	565,253	604,447	643,416
18,870	57,458	18,870	47,267	52,096	57,950	61,602
54,555	496,825	38,461	568,353	617,349	662,397	705,018
1,507	1,993	1,507	387	2,191	2,229	2,051
-	253	-	281	401	531	593
1,507	2,246	1,507	668	2,592	2,760	2,644
17,047	435,856	17,046	518,957	561,156	600,295	641,365
17,131	1,518	1,038	1,742	1,906	1,923	-
34,178	437,374	18,084	520,699	563,062	602,218	641,365
18,870	57,205	18,870	46,986	51,695	57,419	61,009
$ 53,048	$ 494,579	$ 36,954	$ 567,685	$ 614,757	$ 659,637	$ 702,374
	441,531		530,731	577,803	622,683	665,420
	832.32%		1436.19%	1563.57%	1685.02%	1800.67%
$ -	$ 860	$ -	$ 868	$ 927	$ 966	$ 987
-	-	-	-	-	-	-
-	860	-	868	927	966	987
178	-	178	-	-	-	-
1,602	-	1,602	-	-	-	-
1,780	-	1,780	-	-	-	-
16,869	434,996	16,868	518,089	560,229	599,329	640,378
17,131	1,518	1,038	1,742	1,906	1,923	-
34,000	436,514	17,906	519,831	562,135	601,252	640,378
17,268	57,205	17,268	46,986	51,695	57,419	61,009
$ 51,268	$ 493,719	$ 35,174	$ 566,817	$ 613,830	$ 658,671	$ 701,387

Continued on next page

CENTRE CITY REDEVELOPMENT PROJECT - COLUMBIA SUB AREA
ASSESSED VALUATIONS (IN THOUSANDS) OF THE PROJECT AREA TAXABLE PROPERTY (100% OF FULL VALUE)
FISCAL YEAR 1995-96 TO 2008-09 (BASE YEAR 1976-77)
(UNAUDITED)

	2002-03	2003-04	Revised Base Year 1976-77
GROSS			
Secured - Locally Assessed	$ 718,080	$ 940,867	$ 18,553
Public Utilities - State Assessed	1,858	1,758	1,038
Total Secured Valuation	719,938	942,625	19,591
Unsecured - Locally Assessed	67,298	72,711	18,870
Total Gross Valuation	787,236	1,015,336	38,461
EXEMPTIONS (EXCLUDING HOMEOWNERS' AND BUSINESS INVENTORY)			
Secured - Locally Assessed	2,122	2,163	1,507
Unsecured - Locally Assessed	-	653	-
Total Exemptions	2,122	2,816	1,507
NET ASSESSED VALUATIONS FOR TAX RATE			
Secured - Locally Assessed	715,958	938,704	17,046
Public Utilities - State Assessed	1,858	1,758	1,038
Net Secured	717,816	940,462	18,084
Unsecured - Locally Assessed	67,298	72,058	18,870
NET ASSESSED VALUATION FOR TAX RATE	$ 785,114	$ 1,012,520	$ 36,954
INCREMENT			
Net Assessed Valuation Increase (Decrease) Over Base Year	748,160	975,566	
Percentage Increase (Decrease) Over Base Year	2024.57%	2639.95%	
STATE SUBVENTIONS HOMEOWNERS' EXEMPTIONS			
Secured - Locally Assessed	$ 930	$ 980	$ -
Unsecured - Locally Assessed	-	-	-
Total Homeowners' Exemptions	930	980	-
BUSINESS INVENTORY EXEMPTIONS			
Secured - Locally Assessed	-	-	-
Unsecured - Locally Assessed	-	-	-
Total Business Inventory Exemptions	-	-	-
NET ASSESSED VALUATION AFTER ALL EXEMPTIONS			
Secured - Locally Assessed	715,028	937,724	17,046
Public Utilities - State Assessed	1,858	1,758	1,038
Net Secured	716,886	939,482	18,084
Unsecured - Locally Assessed	67,298	72,058	18,870
NET ASSESSED VALUATION	$ 784,184	$ 1,011,540	$ 36,954

2004-05	2005-06	2006-07	2007-08	Revised Base Year 1976-77	2008-09
$ 1,176,861	$ 1,508,713	$ 1,889,356	$ 2,479,273	$ 18,553	$ 2,589,848
602	614	575	-	810	-
1,177,463	1,509,327	1,889,931	2,479,273	19,363	2,589,848
58,706	62,612	77,526	67,632	18,870	70,553
1,236,169	1,571,939	1,967,457	2,546,905	38,233	2,660,401
312	10,878	11,665	23,624	1,507	24,098
795	966	468	683	-	563
1,107	11,844	12,133	24,307	1,507	24,661
1,176,549	1,497,835	1,877,691	2,455,649	17,046	2,565,750
602	614	575	-	810	-
1,177,151	1,498,449	1,878,266	2,455,649	17,856	2,565,750
57,911	61,646	77,058	66,949	18,870	69,990
$ 1,235,062	$ 1,560,095	$ 1,955,324	$ 2,522,598	$ 36,726	$ 2,635,740
1,198,108	1,523,141	1,918,370	2,485,644		2,599,014
3242.16%	4121.72%	5191.24%	6726.32%		7076.77%
$ 2,065	$ 2,747	$ 3,157	$ 3,170	$ -	$ 3,066
-	-	-	-	-	-
2,065	2,747	3,157	3,170	-	3,066
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,174,484	1,495,088	1,874,534	2,452,479	17,046	2,562,684
602	614	575	-	810	-
1,175,086	1,495,702	1,875,109	2,452,479	17,856	2,562,684
57,911	61,646	77,058	66,949	18,870	69,990
$ 1,232,997	$ 1,557,348	$ 1,952,167	$ 2,519,428	$ 36,726	$ 2,632,674

CENTRE CITY REDEVELOPMENT PROJECT - GASLAMP SUB AREA
ASSESSED VALUATIONS (IN THOUSANDS) OF THE PROJECT AREA TAXABLE PROPERTY (100% OF FULL VALUE)
FISCAL YEAR 1994-95 TO 2008-09 (BASE YEAR 1982-83)
(UNAUDITED)

	Base Year 1982-83	1994-95	1995-96
GROSS			
Secured - Locally Assessed	$ 31,114	$ 80,408	$ 84,131
Public Utilities - State Assessed	1,733	19	24
Total Secured Valuation	32,847	80,427	84,155
Unsecured - Locally Assessed	2,306	6,633	5,937
Total Gross Valuation	35,153	87,060	90,092
EXEMPTIONS (EXCLUDING HOMEOWNERS' AND BUSINESS INVENTORY)			
Secured - Locally Assessed	1,047	1,355	1,365
Unsecured - Locally Assessed	-	-	-
Total Exemptions	1,047	1,355	1,365
NET ASSESSED VALUATIONS FOR TAX RATE			
Secured - Locally Assessed	30,067	79,053	82,766
Public Utilities - State Assessed	1,733	19	24
Net Secured	31,800	79,072	82,790
Unsecured - Locally Assessed	2,306	6,633	5,937
NET ASSESSED VALUATION FOR TAX RATE	$ 34,106	$ 85,705	$ 88,727
INCREMENT			
Net Assessed Valuation Increase (Decrease) Over Base Year		51,599	54,621
Percentage Increase (Decrease) Over Base Year		151.29%	160.15%
STATE SUBVENTIONS HOMEOWNERS' EXEMPTIONS			
Secured - Locally Assessed	$ -	$ -	$ 7
Total Homeowners' Exemptions	-	-	7
NET ASSESSED VALUATION AFTER ALL EXEMPTIONS			
Secured - Locally Assessed	30,067	79,053	82,759
Public Utilities - State Assessed	1,733	19	24
Net Secured	31,800	79,072	82,783
Unsecured - Locally Assessed	2,306	6,633	5,937
NET ASSESSED VALUATION	$ 34,106	$ 85,705	$ 88,720

Source: Based on information provided by the County of San Diego as of June 30th of the reported fiscal year.

1996-97	1997-98	Revised Base Year 1982-83	1998-99	1999-2000	2000-01	2001-02
$ 100,504	$ 105,400	$ 31,114	$ 126,908	$ 160,567	$ 214,793	$ 233,212
26	29	61	42	45	46	-
100,530	105,429	31,175	126,950	160,612	214,839	233,212
7,048	8,446	2,306	11,987	13,202	17,680	19,390
107,578	113,875	33,481	138,937	173,814	232,519	252,602
1,644	1,631	1,047	1,634	-	291	297
-	-	-	6	10	8	24
1,644	1,631	1,047	1,640	10	299	321
98,860	103,769	30,067	125,274	160,567	214,502	232,915
26	29	61	42	45	46	-
98,886	103,798	30,128	125,316	160,612	214,548	232,915
7,048	8,446	2,306	11,981	13,192	17,672	19,366
$ 105,934	$ 112,244	$ 32,434	$ 137,297	$ 173,804	$ 232,220	$ 252,281
71,828	78,138		104,863	141,370	199,786	219,847
210.60%	229.10%		323.31%	435.87%	615.98%	677.83%
$ 7	$ 7	$ -	$ -	$ 7	$ 7	$ 7
7	7	-	-	7	7	7
98,853	103,762	30,067	125,274	160,560	214,495	232,908
26	29	61	42	45	46	-
98,879	103,791	30,128	125,316	160,605	214,541	232,908
7,048	8,446	2,306	11,981	13,192	17,672	19,366
$ 105,927	$ 112,237	$ 32,434	$ 137,297	$ 173,797	$ 232,213	$ 252,274

Continued on next page

CENTRE CITY REDEVELOPMENT PROJECT - GASLAMP SUB AREA
ASSESSED VALUATIONS (IN THOUSANDS) OF THE PROJECT AREA TAXABLE PROPERTY (100% OF FULL VALUE)
FISCAL YEAR 1994-95 TO 2008-09 (BASE YEAR 1982-83)
(UNAUDITED)

	2002-03	2003-04	2004-05
GROSS			
Secured - Locally Assessed	$ 249,340	$ 275,444	$ 309,366
Public Utilities - State Assessed	43	37	35
Total Secured Valuation	249,383	275,481	309,401
Unsecured - Locally Assessed	23,833	28,715	28,301
Total Gross Valuation	273,216	304,196	337,702
EXEMPTIONS (EXCLUDING HOMEOWNERS' AND BUSINESS INVENTORY)			
Secured - Locally Assessed	303	309	315
Unsecured - Locally Assessed	-	8	35
Total Exemptions	303	317	350
NET ASSESSED VALUATIONS FOR TAX RATE			
Secured - Locally Assessed	249,037	275,135	309,051
Public Utilities - State Assessed	43	37	35
Net Secured	249,080	275,172	309,086
Unsecured - Locally Assessed	23,833	28,707	28,266
NET ASSESSED VALUATION FOR TAX RATE	$ 272,913	$ 303,879	$ 337,352
INCREMENT			
Net Assessed Valuation Increase (Decrease) Over Base Year	240,479	271,445	304,918
Percentage Increase (Decrease) Over Base Year	741.44%	836.91%	940.12%
STATE SUBVENTIONS HOMEOWNERS' EXEMPTIONS			
Secured - Locally Assessed	$ 7	$ 7	$ -
Total Homeowners' Exemptions	7	7	-
NET ASSESSED VALUATION AFTER ALL EXEMPTIONS			
Secured - Locally Assessed	249,030	275,128	309,051
Public Utilities - State Assessed	43	37	35
Net Secured	249,073	275,165	309,086
Unsecured - Locally Assessed	23,833	28,707	28,266
NET ASSESSED VALUATION	$ 272,906	$ 303,872	$ 337,352

2005-06	2006-07	2007-08	2008-09
$ 418,867	$ 583,747	$ 768,725	$ 857,715
36	33	-	-
418,903	583,780	768,725	857,715
32,268	34,934	38,445	40,460
451,171	618,714	807,170	898,175
321	327	334	341
58	77	118	188
379	404	452	529
418,546	583,420	768,391	857,374
36	33	-	-
418,582	583,453	768,391	857,374
32,210	34,857	38,327	40,272
$ 450,792	$ 618,310	$ 806,718	$ 897,646
418,358	585,876	774,284	865,212
1289.87%	1806.36%	2387.26%	2667.61%
$ 133	$ 454	$ 556	$ 564
133	454	556	564
418,413	582,966	767,835	856,810
36	33	-	-
418,449	582,999	767,835	856,810
32,210	34,857	38,327	40,272
$ 450,659	$ 617,856	$ 806,162	$ 897,082

CENTRE CITY REDEVELOPMENT PROJECT - MARINA SUB AREA
ASSESSED VALUATIONS (IN THOUSANDS) OF THE PROJECT AREA TAXABLE PROPERTY (100% OF FULL VALUE)
FISCAL YEAR 1995-96 TO 2008-09 (BASE YEAR 1976-77)
(UNAUDITED)

	Base Year 1976-77	1995-96	1996-97
GROSS			
Secured - Locally Assessed	$ 10,503	$ 721,610	$ 708,839
Public Utilities - State Assessed	2,672	1,085	475
Total Secured Valuation	13,175	722,695	709,314
Unsecured - Locally Assessed	6,475	57,602	59,865
Total Gross Valuation	19,650	780,297	769,179
EXEMPTIONS (EXCLUDING HOMEOWNERS' AND BUSINESS INVENTORY)			
Secured - Locally Assessed	142	20,114	18,771
Unsecured - Locally Assessed	-	322	-
Total Exemptions	142	20,436	18,771
NET ASSESSED VALUATIONS FOR TAX RATE			
Secured - Locally Assessed	10,361	701,496	690,068
Public Utilities - State Assessed	2,672	1,085	475
Net Secured	13,033	702,581	690,543
Unsecured - Locally Assessed	6,475	57,280	59,865
NET ASSESSED VALUATION FOR TAX RATE	$ 19,508	$ 759,861	$ 750,408
INCREMENT			
Net Assessed Valuation Increase (Decrease) Over Base Year		740,353	730,900
Percentage Increase (Decrease) Over Base Year		3795.13%	3746.67%
STATE SUBVENTIONS HOMEOWNERS' EXEMPTIONS			
Secured - Locally Assessed	$ -	$ 1,477	$ 1,560
Unsecured - Locally Assessed	-	49	95
Total Homeowners' Exemptions	-	1,526	1,655
BUSINESS INVENTORY EXEMPTIONS			
Secured - Locally Assessed	212	-	-
Unsecured - Locally Assessed	1,539	-	-
Total Business Inventory Exemptions	1,751	-	-
NET ASSESSED VALUATION AFTER ALL EXEMPTIONS			
Secured - Locally Assessed	10,149	700,019	688,508
Public Utilities - State Assessed	2,672	1,085	475
Net Secured	12,821	701,104	688,983
Unsecured - Locally Assessed	4,936	57,231	59,770
NET ASSESSED VALUATION	$ 17,757	$ 758,335	$ 748,753

Source: Based on information provided by the County of San Diego as of June 30th of the reported fiscal year.

Revised Base Year 1976-77	1997-98	Revised Base Year 1976-77	1998-99	1999-2000	2000-01	2001-02
$ 9,814	$ 721,827	$ 9,814	$ 758,292	$ 816,598	$ 873,181	$ 1,078,100
2,672	353	964	501	534	544	-
12,486	722,180	10,778	758,793	817,132	873,725	1,078,100
6,475	59,208	6,475	64,822	60,580	66,559	69,427
18,961	781,388	17,253	823,615	877,712	940,284	1,147,527
143	19,397	143	19,782	20,400	20,558	22,941
-	-	-	97	88	88	3,553
143	19,397	143	19,879	20,488	20,646	26,494
9,671	702,430	9,671	738,510	796,198	852,623	1,055,159
2,672	353	964	501	534	544	-
12,343	702,783	10,635	739,011	796,732	853,167	1,055,159
6,475	59,208	6,475	64,725	60,492	66,471	65,874
$ 18,818	$ 761,991	$ 17,110	$ 803,736	$ 857,224	$ 919,638	$ 1,121,033
	743,173		786,626	840,114	902,528	1,103,923
	3949.27%		4597.46%	4910.08%	5274.86%	6451.92%
$ 867	$ 1,792	$ 867	$ 2,001	$ 2,351	$ 2,280	$ 2,744
-	95	-	-	-	116	90
867	1,887	867	2,001	2,351	2,396	2,834
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
8,804	700,638	8,804	736,509	793,847	850,343	1,052,415
2,672	353	964	501	534	544	-
11,476	700,991	9,768	737,010	794,381	850,887	1,052,415
6,475	59,113	6,475	64,725	60,492	66,355	65,784
$ 17,951	$ 760,104	$ 16,243	$ 801,735	$ 854,873	$ 917,242	$ 1,118,199

Continued on next page

CENTRE CITY REDEVELOPMENT PROJECT - MARINA SUB AREA
ASSESSED VALUATIONS (IN THOUSANDS) OF THE PROJECT AREA TAXABLE PROPERTY (100% OF FULL VALUE)
FISCAL YEAR 1995-96 TO 2008-09 (BASE YEAR 1976-77)
(UNAUDITED)

	2002-03	2003-04	2004-05
GROSS			
Secured - Locally Assessed	$ 1,267,073	$ 1,571,302	$ 1,913,850
Public Utilities - State Assessed	502	437	417
Total Secured Valuation	1,267,575	1,571,739	1,914,267
Unsecured - Locally Assessed	72,613	72,640	69,934
Total Gross Valuation	1,340,188	1,644,379	1,984,201
EXEMPTIONS (EXCLUDING HOMEOWNERS' AND BUSINESS INVENTORY)			
Secured - Locally Assessed	23,137	23,802	25,327
Unsecured - Locally Assessed	2,573	4,278	4,153
Total Exemptions	25,710	28,080	29,480
NET ASSESSED VALUATIONS FOR TAX RATE			
Secured - Locally Assessed	1,243,936	1,547,500	1,888,523
Public Utilities - State Assessed	502	437	417
Net Secured	1,244,438	1,547,937	1,888,940
Unsecured - Locally Assessed	70,040	68,362	65,781
NET ASSESSED VALUATION FOR TAX RATE	$ 1,314,478	$ 1,616,299	$ 1,954,721
INCREMENT			
Net Assessed Valuation Increase (Decrease) Over Base Year	1,297,368	1,599,189	1,937,611
Percentage Increase (Decrease) Over Base Year	7582.51%	9346.52%	11324.44%
STATE SUBVENTIONS HOMEOWNERS' EXEMPTIONS			
Secured - Locally Assessed	$ 3,828	$ 4,673	$ 6,086
Unsecured - Locally Assessed	83	105	119
Total Homeowners' Exemptions	3,911	4,778	6,205
BUSINESS INVENTORY EXEMPTIONS			
Secured - Locally Assessed	-	-	-
Unsecured - Locally Assessed	-	-	-
Total Business Inventory Exemptions	-	-	-
NET ASSESSED VALUATION AFTER ALL EXEMPTIONS			
Secured - Locally Assessed	1,240,108	1,542,827	1,882,437
Public Utilities - State Assessed	502	437	417
Net Secured	1,240,610	1,543,264	1,882,854
Unsecured - Locally Assessed	69,957	68,257	65,662
NET ASSESSED VALUATION	$ 1,310,567	$ 1,611,521	$ 1,948,516

2005-06	2006-07	2007-08	Revised Base Year 1976-77	2008-09
$ 2,115,535	$ 2,264,707	$ 2,464,052	$ 9,814	$ 2,585,415
426	403	4	556	4
2,115,961	2,265,110	2,464,056	10,370	2,585,419
81,890	94,651	105,830	6,475	94,299
2,197,851	2,359,761	2,569,886	16,845	2,679,718
25,915	26,565	36,219	143	52,549
4,479	4,862	2,898	-	229
30,394	31,427	39,117	143	52,778
2,089,620	2,238,142	2,427,833	9,671	2,532,866
426	403	4	556	4
2,090,046	2,238,545	2,427,837	10,227	2,532,870
77,411	89,789	102,932	6,475	94,070
$ 2,167,457	$ 2,328,334	$ 2,530,769	$ 16,702	$ 2,626,940
2,150,347	2,311,224	2,513,659		2,610,238
12567.78%	13508.03%	14691.17%		15628.30%
$ 6,402	$ 6,787	$ 6,931	$ 867	$ 6,776
90	84	63	-	42
6,492	6,871	6,994	867	6,818
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
2,083,218	2,231,355	2,420,902	8,804	2,526,090
426	403	4	556	4
2,083,644	2,231,758	2,420,906	9,360	2,526,094
77,321	89,705	102,869	6,475	94,028
$ 2,160,965	$ 2,321,463	$ 2,523,775	$ 15,835	$ 2,620,122

CITY HEIGHTS REDEVELOPMENT PROJECT
ASSESSED VALUATIONS (IN THOUSANDS) OF THE PROJECT AREA TAXABLE PROPERTY (100% OF FULL VALUE)
FISCAL YEAR 1996-97 TO 2008-09 (BASE YEAR 1992-93)
(UNAUDITED)

	Base Year 1992-93	Revised Base Year 1992-93	1996-97
GROSS			
Secured - Locally Assessed	$ 1,221,895	$ 1,214,987	$ 1,116,612
Total Secured Valuation	1,221,895	1,214,987	1,116,612
Unsecured - Locally Assessed	20,926	20,926	15,508
Total Gross Valuation	1,242,821	1,235,913	1,132,120
EXEMPTIONS (EXCLUDING HOMEOWNERS' AND BUSINESS INVENTORY)			
Secured - Locally Assessed	25,677	25,064	25,816
Unsecured - Locally Assessed	-	-	41
Total Exemptions	25,677	25,064	25,857
NET ASSESSED VALUATIONS FOR TAX RATE			
Secured - Locally Assessed	1,196,218	1,189,923	1,090,796
Net Secured	1,196,218	1,189,923	1,090,796
Unsecured - Locally Assessed	20,926	20,926	15,467
NET ASSESSED VALUATION FOR TAX RATE	$ 1,217,144	$ 1,210,849	$ 1,106,263
INCREMENT			
Net Assessed Valuation Increase (Decrease) Over Base Year			(104,586)
Percentage Increase (Decrease) Over Base Year			-8.64%
STATE SUBVENTIONS HOMEOWNERS' EXEMPTIONS			
Secured - Locally Assessed	$ -	$ 19,985	$ 19,674
Total Homeowners' Exemptions	-	19,985	19,674
NET ASSESSED VALUATION AFTER ALL EXEMPTIONS			
Secured - Locally Assessed	1,196,218	1,169,938	1,071,122
Net Secured	1,196,218	1,169,938	1,071,122
Unsecured - Locally Assessed	20,926	20,926	15,467
NET ASSESSED VALUATION	$ 1,217,144	$ 1,190,864	$ 1,086,589

Source: Based on information provided by the County of San Diego as of June 30th of the reported fiscal year.

Revised Base Year 1992-93	1997-98	Revised Base Year 1992-93	1998-99	1999-2000	2000-01	2001-02
$ 1,034,935	$ 1,000,884	$ 1,027,567	$ 1,010,076	$ 1,045,685	$ 1,118,357	$ 1,227,363
1,034,935	1,000,884	1,027,567	1,010,076	1,045,685	1,118,357	1,227,363
20,926	14,297	20,926	17,330	17,759	18,869	18,078
1,055,861	1,015,181	1,048,493	1,027,406	1,063,444	1,137,226	1,245,441
25,064	26,792	25,064	27,331	31,489	43,087	44,494
-	166	-	199	544	574	909
25,064	26,958	25,064	27,530	32,033	43,661	45,403
1,009,871	974,092	1,002,503	982,745	1,014,196	1,075,270	1,182,869
1,009,871	974,092	1,002,503	982,745	1,014,196	1,075,270	1,182,869
20,926	14,131	20,926	17,131	17,215	18,295	17,169
$ 1,030,797	$ 988,223	$ 1,023,429	$ 999,876	$ 1,031,411	$ 1,093,565	$ 1,200,038
	(42,574)		(23,553)	7,982	70,136	176,609
	-4.13%		-2.30%	0.78%	6.85%	17.26%
$ 19,985	$ 19,421	$ 19,985	$ 19,127	$ 19,734	$ 19,838	$ 20,689
19,985	19,421	19,985	19,127	19,734	19,838	20,689
989,886	954,671	982,518	963,618	994,462	1,055,432	1,162,180
989,886	954,671	982,518	963,618	994,462	1,055,432	1,162,180
20,926	14,131	20,926	17,131	17,215	18,295	17,169
$ 1,010,812	$ 968,802	$ 1,003,444	$ 980,749	$ 1,011,677	$ 1,073,727	$ 1,179,349

Continued on next page

CITY HEIGHTS REDEVELOPMENT PROJECT
ASSESSED VALUATIONS (IN THOUSANDS) OF THE PROJECT AREA TAXABLE PROPERTY (100% OF FULL VALUE)
FISCAL YEAR 1996-97 TO 2008-09 (BASE YEAR 1992-93)
(UNAUDITED)

	2002-03	2003-04	Revised Base Year 1992-93
GROSS			
Secured - Locally Assessed	$ 1,371,384	$ 1,536,318	$ 1,013,800
Total Secured Valuation	1,371,384	1,536,318	1,013,800
Unsecured - Locally Assessed	21,608	27,638	20,926
Total Gross Valuation	1,392,992	1,563,956	1,034,726
EXEMPTIONS (EXCLUDING HOMEOWNERS' AND BUSINESS INVENTORY)			
Secured - Locally Assessed	49,928	59,297	24,921
Unsecured - Locally Assessed	122	801	-
Total Exemptions	50,050	60,098	24,921
NET ASSESSED VALUATIONS FOR TAX RATE			
Secured - Locally Assessed	1,321,456	1,477,021	988,879
Net Secured	1,321,456	1,477,021	988,879
Unsecured - Locally Assessed	21,486	26,837	20,926
NET ASSESSED VALUATION FOR TAX RATE	$ 1,342,942	$ 1,503,858	$ 1,009,805
INCREMENT			
Net Assessed Valuation Increase (Decrease) Over Base Year	319,513	480,429	
Percentage Increase (Decrease) Over Base Year	31.22%	46.94%	
STATE SUBVENTIONS HOMEOWNERS' EXEMPTIONS			
Secured - Locally Assessed	$ 21,143	$ 21,707	$ 19,985
Total Homeowners' Exemptions	21,143	21,707	19,985
NET ASSESSED VALUATION AFTER ALL EXEMPTIONS			
Secured - Locally Assessed	1,300,313	1,455,314	968,894
Net Secured	1,300,313	1,455,314	968,894
Unsecured - Locally Assessed	21,486	26,837	20,926
NET ASSESSED VALUATION	$ 1,321,799	$ 1,482,151	$ 989,820

2004-05	Revised Base Year 1992-93	2005-06	2006-07	2007-08	2008-09
$ 1,744,652	$ 1,009,880	$ 1,989,379	$ 2,235,202	$ 2,419,952	$ 2,503,966
1,744,652	1,009,880	1,989,379	2,235,202	2,419,952	2,503,966
26,310	20,926	31,585	32,576	32,476	35,213
1,770,962	1,030,806	2,020,964	2,267,778	2,452,428	2,539,179
72,663	24,921	78,153	90,345	101,795	117,478
1,016	-	3,554	4,763	3,493	6,015
73,679	24,921	81,707	95,108	105,288	123,493
1,671,989	984,959	1,911,226	2,144,857	2,318,157	2,386,488
1,671,989	984,959	1,911,226	2,144,857	2,318,157	2,386,488
25,294	20,926	28,031	27,813	28,983	29,198
$ 1,697,283	$ 1,005,885	$ 1,939,257	$ 2,172,670	$ 2,347,140	$ 2,415,686
687,478		933,372	1,166,785	1,341,255	1,409,801
68.08%		92.79%	116.00%	133.34%	140.16%
$ 21,935	$ 19,985	$ 23,185	$ 23,786	$ 24,013	$ 24,273
21,935	19,985	23,185	23,786	24,013	24,273
1,650,054	964,974	1,888,041	2,121,071	2,294,144	2,362,215
1,650,054	964,974	1,888,041	2,121,071	2,294,144	2,362,215
25,294	20,926	28,031	27,813	28,983	29,198
$ 1,675,348	$ 985,900	$ 1,916,072	$ 2,148,884	$ 2,323,127	$ 2,391,413

COLLEGE COMMUNITY REDEVELOPMENT PROJECT
ASSESSED VALUATIONS (IN THOUSANDS) OF THE PROJECT AREA TAXABLE PROPERTY (100% OF FULL VALUE)
FISCAL YEAR 1994-95 TO 2008-09 (BASE YEAR 1993-94)
(UNAUDITED)

	Base Year 1993-94	1994-95	1995-96
GROSS			
Secured - Locally Assessed	$ 56,366	$ 60,304	$ 59,183
Total Secured Valuation	56,366	60,304	59,183
Unsecured - Locally Assessed	3,033	2,899	2,583
Total Gross Valuation	59,399	63,203	61,766
EXEMPTIONS (EXCLUDING HOMEOWNERS' AND BUSINESS INVENTORY)			
Secured - Locally Assessed	10,367	11,029	10,723
Unsecured - Locally Assessed	-	-	-
Total Exemptions	10,367	11,029	10,723
NET ASSESSED VALUATIONS FOR TAX RATE			
Secured - Locally Assessed	45,999	49,275	48,460
Net Secured	45,999	49,275	48,460
Unsecured - Locally Assessed	3,033	2,899	2,583
NET ASSESSED VALUATION FOR TAX RATE	$ 49,032	$ 52,174	$ 51,043
INCREMENT			
Net Assessed Valuation Increase (Decrease) Over Base Year		3,142	2,011
Percentage Increase (Decrease) Over Base Year		6.41%	4.10%
STATE SUBVENTIONS HOMEOWNERS' EXEMPTIONS			
Secured - Locally Assessed	$ 14	$ 14	$ 14
Total Homeowners' Exemptions	14	14	14
NET ASSESSED VALUATION AFTER ALL EXEMPTIONS			
Secured - Locally Assessed	45,985	49,261	48,446
Net Secured	45,985	49,261	48,446
Unsecured - Locally Assessed	3,033	2,899	2,583
NET ASSESSED VALUATION	$ 49,018	$ 52,160	$ 51,029

Source: Based on information provided by the County of San Diego as of June 30th of the reported fiscal year.

1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03
$ 58,730	$ 59,540	$ 65,343	$ 69,023	$ 77,392	$ 101,104	$ 106,774
58,730	59,540	65,343	69,023	77,392	101,104	106,774
2,447	3,053	5,809	4,950	10,019	10,329	3,779
61,177	62,593	71,152	73,973	87,411	111,433	110,553
11,972	11,778	10,997	11,440	21,149	23,021	43,610
-	1,114	309	1,542	4,847	5,455	-
11,972	12,892	11,306	12,982	25,996	28,476	43,610
46,758	47,762	54,346	57,583	56,243	78,083	63,164
46,758	47,762	54,346	57,583	56,243	78,083	63,164
2,447	1,939	5,500	3,408	5,172	4,874	3,779
$ 49,205	$ 49,701	$ 59,846	$ 60,991	$ 61,415	$ 82,957	$ 66,943
173	669	10,814	11,959	12,383	33,925	17,911
0.35%	1.36%	22.05%	24.39%	25.25%	69.19%	36.53%
$ 14	$ 14	$ 14	$ 21	$ 21	$ 21	$ 21
14	14	14	21	21	21	21
46,744	47,748	54,332	57,562	56,222	78,062	63,143
46,744	47,748	54,332	57,562	56,222	78,062	63,143
2,447	1,939	5,500	3,408	5,172	4,874	3,779
$ 49,191	$ 49,687	$ 59,832	$ 60,970	$ 61,394	$ 82,936	$ 66,922

Continued on next page

COLLEGE COMMUNITY REDEVELOPMENT PROJECT
ASSESSED VALUATIONS (IN THOUSANDS) OF THE PROJECT AREA TAXABLE PROPERTY (100% OF FULL VALUE)
FISCAL YEAR 1994-95 TO 2008-09 (BASE YEAR 1993-94)
(UNAUDITED)

	2003-04	2004-05	2005-06
GROSS			
Secured - Locally Assessed	$ 123,054	$ 127,995	$ 138,085
Total Secured Valuation	123,054	127,995	138,085
Unsecured - Locally Assessed	5,069	3,853	5,196
Total Gross Valuation	128,123	131,848	143,281
EXEMPTIONS (EXCLUDING HOMEOWNERS' AND BUSINESS INVENTORY)			
Secured - Locally Assessed	57,296	59,194	59,461
Unsecured - Locally Assessed	203	110	511
Total Exemptions	57,499	59,304	59,972
NET ASSESSED VALUATIONS FOR TAX RATE			
Secured - Locally Assessed	65,758	68,801	78,624
Net Secured	65,758	68,801	78,624
Unsecured - Locally Assessed	4,866	3,743	4,685
NET ASSESSED VALUATION FOR TAX RATE	$ 70,624	$ 72,544	$ 83,309
INCREMENT			
Net Assessed Valuation Increase (Decrease) Over Base Year	21,592	23,512	34,277
Percentage Increase (Decrease) Over Base Year	44.04%	47.95%	69.91%
STATE SUBVENTIONS HOMEOWNERS' EXEMPTIONS			
Secured - Locally Assessed	$ 14	$ 14	$ 14
Total Homeowners' Exemptions	14	14	14
NET ASSESSED VALUATION AFTER ALL EXEMPTIONS			
Secured - Locally Assessed	65,744	68,787	78,610
Net Secured	65,744	68,787	78,610
Unsecured - Locally Assessed	4,866	3,743	4,685
NET ASSESSED VALUATION	$ 70,610	$ 72,530	$ 83,295

2006-07	2007-08	2008-09
$ 171,370	$ 183,039	$ 188,446
171,370	183,039	188,446
7,526	9,633	10,405
178,896	192,672	198,851
60,173	37,185	40,701
2,939	2,698	1,958
63,112	39,883	42,659
111,197	145,854	147,745
111,197	145,854	147,745
4,587	6,935	8,447
$ 115,784	$ 152,789	$ 156,192
66,752	103,757	107,160
136.14%	211.61%	218.55%
$ 14	$ 14	$ 35
14	14	35
111,183	145,840	147,710
111,183	145,840	147,710
4,587	6,935	8,447
$ 115,770	$ 152,775	$ 156,157

COLLEGE GROVE REDEVELOPMENT PROJECT
ASSESSED VALUATIONS (IN THOUSANDS) OF THE PROJECT AREA TAXABLE PROPERTY (100% OF FULL VALUE)
FISCAL YEAR 1994-95 TO 2008-09 (BASE YEAR 1986-87)
(UNAUDITED)

	Base Year 1986-87	1994-95	1995-96
GROSS			
Secured - Locally Assessed	$ 17,135	$ 32,969	$ 27,115
Public Utilities - State Assessed	292	-	-
Total Secured Valuation	17,427	32,969	27,115
Unsecured - Locally Assessed	2,510	5,097	3,450
Total Gross Valuation	19,937	38,066	30,565
EXEMPTIONS (EXCLUDING HOMEOWNERS' AND BUSINESS INVENTORY)			
Unsecured - Locally Assessed	-	2	2
Total Exemptions	-	2	2
NET ASSESSED VALUATIONS FOR TAX RATE			
Secured - Locally Assessed	17,135	32,969	27,115
Public Utilities - State Assessed	292	-	-
Net Secured	17,427	32,969	27,115
Unsecured - Locally Assessed	2,510	5,095	3,448
NET ASSESSED VALUATION FOR TAX RATE	19,937	38,064	30,563
INCREMENT			
Net Assessed Valuation Increase (Decrease) Over Base Year		18,127	10,626
Percentage Increase (Decrease) Over Base Year		90.92%	53.30%
NET ASSESSED VALUATION AFTER ALL EXEMPTIONS			
Secured - Locally Assessed	17,135	32,969	27,115
Public Utilities - State Assessed	292	-	-
Net Secured	17,427	32,969	27,115
Unsecured - Locally Assessed	2,510	5,095	3,448
NET ASSESSED VALUATION	$ 19,937	$ 38,064	$ 30,563

Source: Based on information provided by the County of San Diego as of June 30th of the reported fiscal year.

1996-97	1997-98	Revised Base Year 1986-87	1998-99	1999-2000	2000-01	2001-02
$ 26,283	$ 26,507	$ 17,135	$ 26,846	$ 25,176	$ 53,271	$ 61,376
-	-	14	-	-	-	-
26,283	26,507	17,149	26,846	25,176	53,271	61,376
2,692	3,158	2,510	2,705	1,669	2,851	6,879
28,975	29,665	19,659	29,551	26,845	56,122	68,255
-	-	-	-	-	-	-
-	-	-	-	-	-	-
26,283	26,507	17,135	26,846	25,176	53,271	61,376
-	-	14	-	-	-	-
26,283	26,507	17,149	26,846	25,176	53,271	61,376
2,692	3,158	2,510	2,705	1,669	2,851	6,879
28,975	29,665	19,659	29,551	26,845	56,122	68,255
9,038	9,728		9,892	7,186	36,463	48,596
45.33%	48.79%		50.32%	36.55%	185.48%	247.19%
26,283	26,507	17,135	26,846	25,176	53,271	61,376
-	-	14	-	-	-	-
26,283	26,507	17,149	26,846	25,176	53,271	61,376
2,692	3,158	2,510	2,705	1,669	2,851	6,879
$ 28,975	$ 29,665	$ 19,659	$ 29,551	$ 26,845	$ 56,122	$ 68,255

Continued on next page

COLLEGE GROVE REDEVELOPMENT PROJECT
ASSESSED VALUATIONS (IN THOUSANDS) OF THE PROJECT AREA TAXABLE PROPERTY (100% OF FULL VALUE)
FISCAL YEAR 1994-95 TO 2008-09 (BASE YEAR 1986-87)
(UNAUDITED)

	2002-03	2003-04	2004-05
GROSS			
Secured - Locally Assessed	$ 62,738	$ 61,096	$ 82,062
Public Utilities - State Assessed	-	-	-
Total Secured Valuation	62,738	61,096	82,062
Unsecured - Locally Assessed	8,505	6,197	8,525
Total Gross Valuation	71,243	67,293	90,587
EXEMPTIONS (EXCLUDING HOMEOWNERS' AND BUSINESS INVENTORY)			
Unsecured - Locally Assessed	-	-	-
Total Exemptions	-	-	-
NET ASSESSED VALUATIONS FOR TAX RATE			
Secured - Locally Assessed	62,738	61,096	82,062
Public Utilities - State Assessed	-	-	-
Net Secured	62,738	61,096	82,062
Unsecured - Locally Assessed	8,505	6,197	8,525
NET ASSESSED VALUATION FOR TAX RATE	71,243	67,293	90,587
INCREMENT			
Net Assessed Valuation Increase (Decrease) Over Base Year	51,584	47,634	70,928
Percentage Increase (Decrease) Over Base Year	262.39%	242.30%	360.79%
NET ASSESSED VALUATION AFTER ALL EXEMPTIONS			
Secured - Locally Assessed	62,738	61,096	82,062
Public Utilities - State Assessed	-	-	-
Net Secured	62,738	61,096	82,062
Unsecured - Locally Assessed	8,505	6,197	8,525
NET ASSESSED VALUATION	$ 71,243	$ 67,293	$ 90,587

2005-06	2006-07	2007-08	2008-09
$ 85,793	$ 86,772	$ 86,274	$ 90,728
-	-	-	-
85,793	86,772	86,274	90,728
9,832	10,274	10,212	9,782
95,625	97,046	96,486	100,510
-	-	-	-
-	-	-	-
85,793	86,772	86,274	90,728
-	-	-	-
85,793	86,772	86,274	90,728
9,832	10,274	10,212	9,782
95,625	97,046	96,486	100,510
75,966	77,387	76,827	80,851
386.42%	393.65%	390.80%	411.27%
85,793	86,772	86,274	90,728
-	-	-	-
85,793	86,772	86,274	90,728
9,832	10,274	10,212	9,782
$ 95,625	$ 97,046	$ 96,486	$ 100,510

CROSSROADS REDEVELOPMENT PROJECT
ASSESSED VALUATIONS (IN THOUSANDS) OF THE PROJECT AREA TAXABLE PROPERTY (100% OF FULL VALUE)
FISCAL YEAR 2002-2003 TO 2008-09 (BASE YEAR 2007-2008)
(UNAUDITED)

	Base Year 2002-2003	2004-05	2005-06
GROSS			
Secured - Locally Assessed	$ 530,192	$ 638,610	$ 743,762
Total Secured Valuation	530,192	638,610	743,762
Unsecured - Locally Assessed	24,811	22,662	28,847
Total Gross Valuation	555,003	661,272	772,609
EXEMPTIONS (EXCLUDING HOMEOWNERS' AND BUSINESS INVENTORY)			
Secured - Locally Assessed	35,700	42,163	42,528
Unsecured - Locally Assessed	475	862	1,176
Total Exemptions	36,175	43,025	43,704
NET ASSESSED VALUATIONS FOR TAX RATE			
Secured - Locally Assessed	494,492	596,447	701,234
Net Secured	494,492	596,447	701,234
Unsecured - Locally Assessed	24,336	21,800	27,671
NET ASSESSED VALUATION FOR TAX RATE	$ 518,828	$ 618,247	$ 728,905
INCREMENT			
Net Assessed Valuation Increase (Decrease) Over Base Year		99,419	210,077
Percentage Increase (Decrease) Over Base Year		19.16%	40.49%
STATE SUBVENTIONS HOMEOWNERS' EXEMPTIONS			
Secured - Locally Assessed	$ -	$ 4,278	$ 4,731
Total Homeowners' Exemptions	-	4,278	4,731
NET ASSESSED VALUATION AFTER ALL EXEMPTIONS			
Secured - Locally Assessed	494,492	592,169	696,503
Net Secured	494,492	592,169	696,503
Unsecured - Locally Assessed	24,336	21,800	27,671
NET ASSESSED VALUATION	$ 518,828	$ 613,969	$ 724,174

Source: Based on information provided by the County of San Diego as of June 30th of the reported fiscal year.

2006-07	2007-08	2008-09
$ 857,715	$ 934,057	$ 968,761
857,715	934,057	968,761
25,739	27,132	29,450
883,454	961,189	998,211
49,389	48,452	50,933
973	1,166	1,140
50,362	49,618	52,073
808,326	885,605	917,828
808,326	885,605	917,828
24,766	25,966	28,310
$ 833,092	$ 911,571	$ 946,138
314,264	392,743	427,310
60.57%	75.70%	82.36%
$ 5,212	$ 5,782	$ 5,954
5,212	5,782	5,954
803,114	879,823	911,874
803,114	879,823	911,874
24,766	25,966	28,310
$ 827,880	$ 905,789	$ 940,184

GATEWAY CENTER WEST REDEVELOPMENT PROJECT
ASSESSED VALUATIONS (IN THOUSANDS) OF THE PROJECT AREA TAXABLE PROPERTY (100% OF FULL VALUE)
FISCAL YEAR 1995-96 TO 2008-09 (BASE YEAR 1976-77)
(UNAUDITED)

	Base Year 1976-77	1995-96	Revised Base Year 1976-77
GROSS			
Secured - Locally Assessed	$ 3,306	$ 22,547	$ 3,301
Public Utilities - State Assessed	1,841	-	1,841
Total Secured Valuation	5,147	22,547	5,142
Unsecured - Locally Assessed	454	1,424	454
Total Gross Valuation	5,601	23,971	5,596
EXEMPTIONS (EXCLUDING HOMEOWNERS' AND BUSINESS INVENTORY)			
Secured - Locally Assessed	87	3,612	87
Unsecured - Locally Assessed	-	135	-
Total Exemptions	87	3,747	87
NET ASSESSED VALUATIONS FOR TAX RATE			
Secured - Locally Assessed	3,219	18,935	3,214
Public Utilities - State Assessed	1,841	-	1,841
Net Secured	5,060	18,935	5,055
Unsecured - Locally Assessed	454	1,289	454
NET ASSESSED VALUATION FOR TAX RATE	$ 5,514	$ 20,224	$ 5,509
INCREMENT			
Net Assessed Valuation Increase (Decrease) Over Base Year		14,710	
Percentage Increase (Decrease) Over Base Year		266.78%	
STATE SUBVENTIONS HOMEOWNERS' EXEMPTIONS			
Secured - Locally Assessed	$ 189	$ 63	$ 189
Total Homeowners' Exemptions	189	63	189
BUSINESS INVENTORY EXEMPTIONS			
Secured - Locally Assessed	54	-	-
Unsecured - Locally Assessed	80	-	-
Total Business Inventory Exemptions	134	-	-
NET ASSESSED VALUATION AFTER ALL EXEMPTIONS			
Secured - Locally Assessed	2,976	18,872	3,025
Public Utilities - State Assessed	1,841	-	1,841
Net Secured	4,817	18,872	4,866
Unsecured - Locally Assessed	374	1,289	454
NET ASSESSED VALUATION	$ 5,191	$ 20,161	$ 5,320

Source: Based on information provided by the County of San Diego as of June 30th of the reported fiscal year.

1996-97	1997-98	Revised Base Year 1976-77	1998-99	1999-2000	2000-01	2001-02
$ 20,915	$ 22,079	$ 3,302	$ 22,008	$ 22,412	$ 22,100	$ 24,462
-	-	-	-	-	-	-
20,915	22,079	3,302	22,008	22,412	22,100	24,462
4,096	2,719	454	2,417	2,066	3,005	4,471
25,011	24,798	3,756	24,425	24,478	25,105	28,933
4,912	5,010	87	5,111	5,205	5,309	5,415
-	201	-	118	109	165	186
4,912	5,211	87	5,229	5,314	5,474	5,601
16,003	17,069	3,215	16,897	17,207	16,791	19,047
-	-	-	-	-	-	-
16,003	17,069	3,215	16,897	17,207	16,791	19,047
4,096	2,518	454	2,299	1,957	2,840	4,285
$ 20,099	$ 19,587	$ 3,669	$ 19,196	$ 19,164	$ 19,631	$ 23,332
14,590	14,078		15,527	15,495	15,962	19,663
264.84%	255.55%		423.19%	422.32%	435.05%	535.92%
$ 63	$ 70	$ 189	$ 70	$ 70	$ 70	$ 56
63	70	189	70	70	70	56
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
15,940	16,999	3,026	16,827	17,137	16,721	18,991
-	-	-	-	-	-	-
15,940	16,999	3,026	16,827	17,137	16,721	18,991
4,096	2,518	454	2,299	1,957	2,840	4,285
$ 20,036	$ 19,517	$ 3,480	$ 19,126	$ 19,094	$ 19,561	$ 23,276

Continued on next page

GATEWAY CENTER WEST REDEVELOPMENT PROJECT
ASSESSED VALUATIONS (IN THOUSANDS) OF THE PROJECT AREA TAXABLE PROPERTY (100% OF FULL VALUE)
FISCAL YEAR 1995-96 TO 2008-09 (BASE YEAR 1976-77)
(UNAUDITED)

	2002-03	2003-04	2004-05
GROSS			
Secured - Locally Assessed	$ 25,654	$ 27,585	$ 28,969
Public Utilities - State Assessed	-	-	-
Total Secured Valuation	25,654	27,585	28,969
Unsecured - Locally Assessed	3,898	3,746	3,755
Total Gross Valuation	29,552	31,331	32,724
EXEMPTIONS (EXCLUDING HOMEOWNERS' AND BUSINESS INVENTORY)			
Secured - Locally Assessed	5,524	5,634	5,739
Unsecured - Locally Assessed	-	177	162
Total Exemptions	5,524	5,811	5,901
NET ASSESSED VALUATIONS FOR TAX RATE			
Secured - Locally Assessed	20,130	21,951	23,230
Public Utilities - State Assessed	-	-	-
Net Secured	20,130	21,951	23,230
Unsecured - Locally Assessed	3,898	3,569	3,593
NET ASSESSED VALUATION FOR TAX RATE	$ 24,028	$ 25,520	$ 26,823
INCREMENT			
Net Assessed Valuation Increase (Decrease) Over Base Year	20,359	21,851	23,154
Percentage Increase (Decrease) Over Base Year	554.89%	595.56%	631.07%
STATE SUBVENTIONS HOMEOWNERS' EXEMPTIONS			
Secured - Locally Assessed	$ 56	$ 63	$ 35
Total Homeowners' Exemptions	56	63	35
BUSINESS INVENTORY EXEMPTIONS			
Secured - Locally Assessed	-	-	-
Unsecured - Locally Assessed	-	-	-
Total Business Inventory Exemptions	-	-	-
NET ASSESSED VALUATION AFTER ALL EXEMPTIONS			
Secured - Locally Assessed	20,074	21,888	23,195
Public Utilities - State Assessed	-	-	-
Net Secured	20,074	21,888	23,195
Unsecured - Locally Assessed	3,898	3,569	3,593
NET ASSESSED VALUATION	$ 23,972	$ 25,457	$ 26,788

2005-06	2006-07	2007-08	2008-09
$ 29,987	$ 31,256	$ 34,527	$ 34,863
-	-	-	-
29,987	31,256	34,527	34,863
4,413	3,941	5,052	6,637
34,400	35,197	39,579	41,500
5,854	5,971	6,091	6,213
175	160	137	52
6,029	6,131	6,228	6,265
24,133	25,285	28,436	28,650
-	-	-	-
24,133	25,285	28,436	28,650
4,238	3,781	4,915	6,585
$ 28,371	$ 29,066	$ 33,351	$ 35,235
24,702	25,397	29,682	31,566
673.26%	692.20%	808.99%	860.34%
$ 42	$ 35	$ 28	$ 28
42	35	28	28
-	-	-	-
-	-	-	-
-	-	-	-
24,091	25,250	28,408	28,622
-	-	-	-
24,091	25,250	28,408	28,622
4,238	3,781	4,915	6,585
$ 28,329	$ 29,031	$ 33,323	$ 35,207

HORTON PLAZA REDEVELOPMENT PROJECT
ASSESSED VALUATIONS (IN THOUSANDS) OF THE PROJECT AREA TAXABLE PROPERTY (100% OF FULL VALUE)
FISCAL YEAR 1994-95 TO 2008-09 (BASE YEAR 1972-73)
(UNAUDITED)

	Base Year 1972-73	1994-95	1995-96
GROSS			
Secured - Locally Assessed	$ 15,718	$ 410,939	$ 354,750
Public Utilities - State Assessed	1,374	-	-
Total Secured Valuation	17,092	410,939	354,750
Unsecured - Locally Assessed	2,202	27,953	23,628
Total Gross Valuation	19,294	438,892	378,378
EXEMPTIONS (EXCLUDING HOMEOWNERS' AND BUSINESS INVENTORY)			
Secured - Locally Assessed	522	-	-
Unsecured - Locally Assessed	-	608	660
Total Exemptions	522	608	660
NET ASSESSED VALUATIONS FOR TAX RATE			
Secured - Locally Assessed	15,196	410,939	354,750
Public Utilities - State Assessed	1,374	-	-
Net Secured	16,570	410,939	354,750
Unsecured - Locally Assessed	2,202	27,345	22,968
NET ASSESSED VALUATION FOR TAX RATE	$ 18,772	$ 438,284	$ 377,718
INCREMENT			
Net Assessed Valuation Increase (Decrease) Over Base Year		419,512	358,946
Percentage Increase (Decrease) Over Base Year		2234.78%	1912.14%
STATE SUBVENTIONS HOMEOWNERS' EXEMPTIONS			
Secured - Locally Assessed	$ -	$ 609	$ 595
Total Homeowners' Exemptions	-	609	595
BUSINESS INVENTORY EXEMPTIONS			
Unsecured - Locally Assessed	307	-	-
Total Business Inventory Exemptions	307	-	-
NET ASSESSED VALUATION AFTER ALL EXEMPTIONS			
Secured - Locally Assessed	15,196	410,330	354,155
Public Utilities - State Assessed	1,374	-	-
Net Secured	16,570	410,330	354,155
Unsecured - Locally Assessed	1,895	27,345	22,968
NET ASSESSED VALUATION	$ 18,465	$ 437,675	$ 377,123

Source: Based on information provided by the County of San Diego as of June 30th of the reported fiscal year.

1996-97	1997-98	Revised Base Year 1972-73	1998-99	1999-2000	2000-01	2001-02
$ 346,766	$ 364,213	$ 15,718	$ 373,433	$ 455,518	$ 473,520	$ 500,728
-	-	3	-	-	-	-
346,766	364,213	15,721	373,433	455,518	473,520	500,728
25,055	26,626	2,203	28,495	43,981	46,557	44,642
371,821	390,839	17,924	401,928	499,499	520,077	545,370
-	-	522	-	-	-	-
557	922	-	528	7,384	7,597	7,848
557	922	522	528	7,384	7,597	7,848
346,766	364,213	15,196	373,433	455,518	473,520	500,728
-	-	3	-	-	-	-
346,766	364,213	15,199	373,433	455,518	473,520	500,728
24,498	25,704	2,203	27,967	36,597	38,960	36,794
$ 371,264	$ 389,917	$ 17,402	$ 401,400	$ 492,115	$ 512,480	$ 537,522
352,492	371,145		383,998	474,713	495,078	520,120
1877.75%	1977.12%		2206.63%	2727.92%	2844.95%	2988.85%
$ 630	$ 679	$ -	$ 728	$ 735	$ 755	$ 748
630	679	-	728	735	755	748
-	-	307	-	-	-	-
-	-	307	-	-	-	-
346,136	363,534	15,196	372,705	454,783	472,765	499,980
-	-	3	-	-	-	-
346,136	363,534	15,199	372,705	454,783	472,765	499,980
24,498	25,704	1,896	27,967	36,597	38,960	36,794
$ 370,634	$ 389,238	$ 17,095	$ 400,672	$ 491,380	$ 511,725	$ 536,774

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HORTON PLAZA REDEVELOPMENT PROJECT
ASSESSED VALUATIONS (IN THOUSANDS) OF THE PROJECT AREA TAXABLE PROPERTY (100% OF FULL VALUE)
FISCAL YEAR 1994-95 TO 2008-09 (BASE YEAR 1972-73)
(UNAUDITED)

	2002-03	2003-04	2004-05
GROSS			
Secured - Locally Assessed	$ 522,112	$ 521,454	$ 547,082
Public Utilities - State Assessed	-	-	-
Total Secured Valuation	522,112	521,454	547,082
Unsecured - Locally Assessed	59,284	56,366	55,272
Total Gross Valuation	581,396	577,820	602,354
EXEMPTIONS (EXCLUDING HOMEOWNERS' AND BUSINESS INVENTORY)			
Secured - Locally Assessed	-	-	-
Unsecured - Locally Assessed	7,279	7,672	7,823
Total Exemptions	7,279	7,672	7,823
NET ASSESSED VALUATIONS FOR TAX RATE			
Secured - Locally Assessed	522,112	521,454	547,082
Public Utilities - State Assessed	-	-	-
Net Secured	522,112	521,454	547,082
Unsecured - Locally Assessed	52,005	48,694	47,449
NET ASSESSED VALUATION FOR TAX RATE	$ 574,117	$ 570,148	$ 594,531
INCREMENT			
Net Assessed Valuation Increase (Decrease) Over Base Year	556,715	552,746	577,129
Percentage Increase (Decrease) Over Base Year	3199.14%	3176.34%	3316.45%
STATE SUBVENTIONS HOMEOWNERS' EXEMPTIONS			
Secured - Locally Assessed	$ 714	$ 725	$ 734
Total Homeowners' Exemptions	714	725	734
BUSINESS INVENTORY EXEMPTIONS			
Unsecured - Locally Assessed	-	-	-
Total Business Inventory Exemptions	-	-	-
NET ASSESSED VALUATION AFTER ALL EXEMPTIONS			
Secured - Locally Assessed	521,398	520,729	546,348
Public Utilities - State Assessed	-	-	-
Net Secured	521,398	520,729	546,348
Unsecured - Locally Assessed	52,005	48,694	47,449
NET ASSESSED VALUATION	$ 573,403	$ 569,423	$ 593,797

2005-06	2006-07	2007-08	2008-09
$ 697,888	$ 781,280	$ 796,901	$ 820,675
-	-	-	-
697,888	781,280	796,901	820,675
55,487	59,958	60,885	59,367
753,375	841,238	857,786	880,042
-	-	-	-
8,057	8,731	8,840	8,929
8,057	8,731	8,840	8,929
697,888	781,280	796,901	820,675
-	-	-	-
697,888	781,280	796,901	820,675
47,430	51,227	52,045	50,438
$ 745,318	$ 832,507	$ 848,946	$ 871,113
727,916	815,105	831,544	853,711
4182.94%	4683.97%	4778.44%	4905.82%
$ 756	$ 763	$ 734	$ 721
756	763	734	721
-	-	-	-
-	-	-	-
697,132	780,517	796,167	819,954
-	-	-	-
697,132	780,517	796,167	819,954
47,430	51,227	52,045	50,438
$ 744,562	$ 831,744	$ 848,212	$ 870,392

LINDA VISTA REDEVELOPMENT PROJECT
ASSESSED VALUATIONS (IN THOUSANDS) OF THE PROJECT AREA TAXABLE PROPERTY (100% OF FULL VALUE)
FISCAL YEAR 1995-96 TO 2008-09 (BASE YEAR 1972-73)
(UNAUDITED)

	Base Year 1972-73	Revised Base Year 1972-73	1995-96
GROSS			
Secured - Locally Assessed	$ 1,611	$ 1,600	$ 7,123
Public Utilities - State Assessed	128	128	-
Total Secured Valuation	1,739	1,728	7,123
Unsecured - Locally Assessed	660	660	1,582
Total Gross Valuation	2,399	2,388	8,705
EXEMPTIONS (EXCLUDING HOMEOWNERS' AND BUSINESS INVENTORY)			
Secured - Locally Assessed	7	7	-
Unsecured - Locally Assessed	-	-	-
Total Exemptions	7	7	-
NET ASSESSED VALUATIONS FOR TAX RATE			
Secured - Locally Assessed	1,604	1,593	7,123
Public Utilities - State Assessed	128	128	-
Net Secured	1,732	1,721	7,123
Unsecured - Locally Assessed	660	660	1,582
NET ASSESSED VALUATION FOR TAX RATE	$ 2,392	$ 2,381	$ 8,705
INCREMENT			
Net Assessed Valuation Increase (Decrease) Over Base Year			6,324
Percentage Increase (Decrease) Over Base Year			265.60%
BUSINESS INVENTORY EXEMPTIONS			
Secured - Locally Assessed	-	-	-
Unsecured - Locally Assessed	153	153	-
Total Business Inventory Exemptions	153	153	-
NET ASSESSED VALUATION AFTER ALL EXEMPTIONS			
Secured - Locally Assessed	1,604	1,593	7,123
Public Utilities - State Assessed	128	128	-
Net Secured	1,732	1,721	7,123
Unsecured - Locally Assessed	507	507	1,582
NET ASSESSED VALUATION	$ 2,239	$ 2,228	$ 8,705

Source: Based on information provided by the County of San Diego as of June 30th of the reported fiscal year.

1996-97	1997-98	Revised Base Year 1972-73	1998-99	1999-2000	2000-01	2001-02
$ 7,242	$ 7,373	$ 1,600	$ 7,505	$ 8,123	$ 8,807	$ 9,163
-	-	-	-	-	-	-
7,242	7,373	1,600	7,505	8,123	8,807	9,163
1,826	1,461	660	1,319	1,926	2,385	2,433
9,068	8,834	2,260	8,824	10,049	11,192	11,596
-	-	7	-	-	-	-
-	-	-	-	-	-	-
-	-	7	-	-	-	-
7,242	7,373	1,593	7,505	8,123	8,807	9,163
-	-	-	-	-	-	-
7,242	7,373	1,593	7,505	8,123	8,807	9,163
1,826	1,461	660	1,319	1,926	2,385	2,433
$ 9,068	$ 8,834	$ 2,253	$ 8,824	$ 10,049	$ 11,192	$ 11,596
6,687	6,453		6,571	7,796	8,939	9,343
280.85%	271.02%		291.66%	346.03%	396.76%	414.69%
-	-	-	-	-	-	-
-	-	153	-	-	-	-
-	-	153	-	-	-	-
7,242	7,373	1,593	7,505	8,123	8,807	9,163
-	-	-	-	-	-	-
7,242	7,373	1,593	7,505	8,123	8,807	9,163
1,826	1,461	507	1,319	1,926	2,385	2,433
$ 9,068	$ 8,834	$ 2,100	$ 8,824	$ 10,049	$ 11,192	$ 11,596

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LINDA VISTA REDEVELOPMENT PROJECT
ASSESSED VALUATIONS (IN THOUSANDS) OF THE PROJECT AREA TAXABLE PROPERTY (100% OF FULL VALUE)
FISCAL YEAR 1995-96 TO 2008-09 (BASE YEAR 1972-73)
(UNAUDITED)

	2002-03	2003-04	2004-05
GROSS			
Secured - Locally Assessed	$ 9,333	$ 8,236	$ 8,456
Public Utilities - State Assessed	-	-	-
Total Secured Valuation	9,333	8,236	8,456
Unsecured - Locally Assessed	2,655	2,639	2,137
Total Gross Valuation	11,988	10,875	10,593
EXEMPTIONS (EXCLUDING HOMEOWNERS' AND BUSINESS INVENTORY)			
Secured - Locally Assessed	-	-	-
Unsecured - Locally Assessed	-	-	-
Total Exemptions	-	-	-
NET ASSESSED VALUATIONS FOR TAX RATE			
Secured - Locally Assessed	9,333	8,236	8,456
Public Utilities - State Assessed	-	-	-
Net Secured	9,333	8,236	8,456
Unsecured - Locally Assessed	2,655	2,639	2,137
NET ASSESSED VALUATION FOR TAX RATE	$ 11,988	$ 10,875	$ 10,593
INCREMENT			
Net Assessed Valuation Increase (Decrease) Over Base Year	9,735	8,622	8,340
Percentage Increase (Decrease) Over Base Year	432.09%	382.69%	370.17%
BUSINESS INVENTORY EXEMPTIONS			
Secured - Locally Assessed	-	-	-
Unsecured - Locally Assessed	-	-	-
Total Business Inventory Exemptions	-	-	-
NET ASSESSED VALUATION AFTER ALL EXEMPTIONS			
Secured - Locally Assessed	9,333	8,236	8,456
Public Utilities - State Assessed	-	-	-
Net Secured	9,333	8,236	8,456
Unsecured - Locally Assessed	2,655	2,639	2,137
NET ASSESSED VALUATION	$ 11,988	$ 10,875	$ 10,593

2005-06	2006-07	2007-08	2008-09
$ 8,779	$ 9,006	$ 9,398	$ 9,583
-	-	-	-
8,779	9,006	9,398	9,583
2,044	1,939	1,864	1,750
10,823	10,945	11,262	11,333
-	-	-	-
-	-	-	-
-	-	-	-
8,779	9,006	9,398	9,583
-	-	-	-
8,779	9,006	9,398	9,583
2,044	1,939	1,864	1,750
$ 10,823	$ 10,945	$ 11,262	$ 11,333
8,570	8,692	9,009	9,080
380.38%	385.80%	399.87%	403.02%
-	-	-	-
-	-	-	-
-	-	-	-
8,779	9,006	9,398	9,583
-	-	-	-
8,779	9,006	9,398	9,583
2,044	1,939	1,864	1,750
$ 10,823	$ 10,945	$ 11,262	$ 11,333

MOUNT HOPE REDEVELOPMENT PROJECT
ASSESSED VALUATIONS (IN THOUSANDS) OF THE PROJECT AREA TAXABLE PROPERTY (100% OF FULL VALUE)
FISCAL YEAR 1994-95 TO 2008-09 (BASE YEAR 1982-83)
(UNAUDITED)

	Base Year 1982-83	1994-95	1995-96
GROSS			
Secured - Locally Assessed	$ 18,484	$ 72,446	$ 69,736
Public Utilities - State Assessed	716	-	-
Total Secured Valuation	19,200	72,446	69,736
Unsecured - Locally Assessed	24	6,742	9,994
Total Gross Valuation	19,224	79,188	79,730
EXEMPTIONS (EXCLUDING HOMEOWNERS' AND BUSINESS INVENTORY)			
Secured - Locally Assessed	443	1,124	1,153
Unsecured - Locally Assessed	-	3	3
Total Exemptions	443	1,127	1,156
NET ASSESSED VALUATIONS FOR TAX RATE			
Secured - Locally Assessed	18,041	71,322	68,583
Public Utilities - State Assessed	716	-	-
Net Secured	18,757	71,322	68,583
Unsecured - Locally Assessed	24	6,739	9,991
NET ASSESSED VALUATION FOR TAX RATE	$ 18,781	$ 78,061	$ 78,574
INCREMENT			
Net Assessed Valuation Increase (Decrease) Over Base Year		59,280	59,793
Percentage Increase (Decrease) Over Base Year		315.64%	318.37%
STATE SUBVENTIONS HOMEOWNERS' EXEMPTIONS			
Secured - Locally Assessed	$ 1,414	$ 1,356	$ 1,399
Total Homeowners' Exemptions	1,414	1,356	1,399
NET ASSESSED VALUATION AFTER ALL EXEMPTIONS			
Secured - Locally Assessed	16,627	69,966	67,184
Public Utilities - State Assessed	716	-	-
Net Secured	17,343	69,966	67,184
Unsecured - Locally Assessed	24	6,739	9,991
NET ASSESSED VALUATION	$ 17,367	$ 76,705	$ 77,175

Source: Based on information provided by the County of San Diego as of June 30th of the reported fiscal year.

1996-97	1997-98	Revised Base Year 1982-83	1998-99	1999-2000	2000-01	2001-02
$ 70,232	$ 72,740	$ 18,484	$ 75,324	$ 77,535	$ 90,378	$ 96,022
-	-	-	-	-	-	-
70,232	72,740	18,484	75,324	77,535	90,378	96,022
10,271	12,224	24	18,209	18,325	15,642	16,268
80,503	84,964	18,508	93,533	95,860	106,020	112,290
1,248	1,364	443	1,306	1,271	1,186	905
9	25	-	9	-	7	-
1,257	1,389	443	1,315	1,271	1,193	905
68,984	71,376	18,041	74,018	76,264	89,192	95,117
-	-	-	-	-	-	-
68,984	71,376	18,041	74,018	76,264	89,192	95,117
10,262	12,199	24	18,200	18,325	15,635	16,268
$ 79,246	$ 83,575	$ 18,065	$ 92,218	$ 94,589	$ 104,827	$ 111,385
60,465	64,794		74,153	76,524	86,762	93,320
321.95%	345.00%		410.48%	423.60%	480.28%	516.58%
$ 1,442	$ 1,519	$ 1,414	$ 1,532	$ 1,518	$ 1,518	$ 1,526
1,442	1,519	1,414	1,532	1,518	1,518	1,526
67,542	69,857	16,627	72,486	74,746	87,674	93,591
-	-	-	-	-	-	-
67,542	69,857	16,627	72,486	74,746	87,674	93,591
10,262	12,199	24	18,200	18,325	15,635	16,268
$ 77,804	$ 82,056	$ 16,651	$ 90,686	$ 93,071	$ 103,309	$ 109,859

Continued on next page

MOUNT HOPE REDEVELOPMENT PROJECT
ASSESSED VALUATIONS (IN THOUSANDS) OF THE PROJECT AREA TAXABLE PROPERTY (100% OF FULL VALUE)
FISCAL YEAR 1994-95 TO 2008-09 (BASE YEAR 1982-83)
(UNAUDITED)

	2002-03	2003-04	2004-05
GROSS			
Secured - Locally Assessed	$ 100,959	$ 108,817	$ 120,601
Public Utilities - State Assessed	-	-	-
Total Secured Valuation	100,959	108,817	120,601
Unsecured - Locally Assessed	20,592	18,539	18,263
Total Gross Valuation	121,551	127,356	138,864
EXEMPTIONS (EXCLUDING HOMEOWNERS' AND BUSINESS INVENTORY)			
Secured - Locally Assessed	905	9,748	12,392
Unsecured - Locally Assessed	-	7	1,800
Total Exemptions	905	9,755	14,192
NET ASSESSED VALUATIONS FOR TAX RATE			
Secured - Locally Assessed	100,054	99,069	108,209
Public Utilities - State Assessed	-	-	-
Net Secured	100,054	99,069	108,209
Unsecured - Locally Assessed	20,592	18,532	16,463
NET ASSESSED VALUATION FOR TAX RATE	$ 120,646	$ 117,601	$ 124,672
INCREMENT			
Net Assessed Valuation Increase (Decrease) Over Base Year	102,581	99,536	106,607
Percentage Increase (Decrease) Over Base Year	567.84%	550.99%	590.13%
STATE SUBVENTIONS HOMEOWNERS' EXEMPTIONS			
Secured - Locally Assessed	$ 1,557	$ 1,589	$ 1,651
Total Homeowners' Exemptions	1,557	1,589	1,651
NET ASSESSED VALUATION AFTER ALL EXEMPTIONS			
Secured - Locally Assessed	98,497	97,480	106,558
Public Utilities - State Assessed	-	-	-
Net Secured	98,497	97,480	106,558
Unsecured - Locally Assessed	20,592	18,532	16,463
NET ASSESSED VALUATION	$ 119,089	$ 116,012	$ 123,021

2005-06	2006-07	2007-08	2008-09
$ 130,153	$ 143,370	$ 159,305	$ 167,245
-	-	-	-
130,153	143,370	159,305	167,245
23,294	24,099	24,322	26,352
153,447	167,469	183,627	193,597
12,689	12,941	14,341	5,846
1,662	1,107	1,402	1,295
14,351	14,048	15,743	7,141
117,464	130,429	144,964	161,399
-	-	-	-
117,464	130,429	144,964	161,399
21,632	22,992	22,920	25,057
$ 139,096	$ 153,421	$ 167,884	$ 186,456
121,031	135,356	149,819	168,391
669.98%	749.27%	829.33%	932.14%
$ 1,630	$ 1,694	$ 1,610	$ 1,617
1,630	1,694	1,610	1,617
115,834	128,735	143,354	159,782
-	-	-	-
115,834	128,735	143,354	159,782
21,632	22,992	22,920	25,057
$ 137,466	$ 151,727	$ 166,274	$ 184,839

NAVAL TRAINING CENTER REDEVELOPMENT PROJECT
ASSESSED VALUATIONS (IN THOUSANDS) OF THE PROJECT AREA TAXABLE PROPERTY (100% OF FULL VALUE)
FISCAL YEAR 1999-2000 TO 2008-09 (BASE YEAR 1999-2000)
(UNAUDITED)

	Base Year 1999-2000	1999-2000	2000-01
GROSS			
Secured - Locally Assessed	$ -	$ -	$ -
Total Secured Valuation	-	-	-
Unsecured - Locally Assessed	-	44	68
Total Gross Valuation	-	44	68
EXEMPTIONS (EXCLUDING HOMEOWNERS' AND BUSINESS INVENTORY)			
Secured - Locally Assessed	-	-	-
Unsecured - Locally Assessed	-	-	12
Total Exemptions	-	-	12
NET ASSESSED VALUATIONS FOR TAX RATE			
Secured - Locally Assessed	-	-	-
Net Secured	-	-	-
Unsecured - Locally Assessed	-	44	56
NET ASSESSED VALUATION FOR TAX RATE	$ -	$ 44	$ 56
INCREMENT			
Net Assessed Valuation Increase (Decrease) Over Base Year		44	56
Percentage Increase (Decrease) Over Base Year		N/A	N/A
STATE SUBVENTIONS HOMEOWNERS' EXEMPTIONS			
Secured - Locally Assessed	$ -	$ -	$ -
Total Homeowners' Exemptions	-	-	-
NET ASSESSED VALUATION AFTER ALL EXEMPTIONS			
Secured - Locally Assessed	-	-	-
Net Secured	-	-	-
Unsecured - Locally Assessed	-	44	56
NET ASSESSED VALUATION	$ -	$ 44	$ 56

Source: Based on information provided by the County of San Diego as of June 30th of the reported fiscal year.

2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ -	$ 11,090	$ 100,366	$ 209,737	$ 352,054	$ 391,692	$ 430,423	$ 502,817
-	11,090	100,366	209,737	352,054	391,692	430,423	502,817
-	8	481	541	2,226	6,794	44,697	32,060
-	11,098	100,847	210,278	354,280	398,486	475,120	534,877
-	-	-	13,385	16,504	7,051	51,190	65,320
-	-	-	-	1,715	3,158	38,735	16,584
-	-	-	13,385	18,219	10,209	89,925	81,904
-	11,090	100,366	196,352	335,550	384,641	379,233	437,497
-	11,090	100,366	196,352	335,550	384,641	379,233	437,497
-	8	481	541	511	3,636	5,962	15,476
$ -	$ 11,098	$ 100,847	$ 196,893	$ 336,061	$ 388,277	$ 385,195	$ 452,973
-	11,098	100,847	196,893	336,061	388,277	385,195	452,973
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
$ -	$ -	$ -	$ 399	$ 1,301	$ 1,648	$ 1,631	$ 1,637
-	-	-	399	1,301	1,648	1,631	1,637
-	11,090	100,366	195,953	334,249	382,993	377,602	435,860
-	11,090	100,366	195,953	334,249	382,993	377,602	435,860
-	8	481	541	511	3,636	5,962	15,476
$ -	$ 11,098	$ 100,847	$ 196,494	$ 334,760	$ 386,629	$ 383,564	$ 451,336

NORTH BAY REDEVELOPMENT PROJECT
ASSESSED VALUATIONS (IN THOUSANDS) OF THE PROJECT AREA TAXABLE PROPERTY (100% OF FULL VALUE)
FISCAL YEAR 1999-2000 TO 2008-09 (BASE YEAR 1999-2000)
(UNAUDITED)

	Base Year 1999-2000	1999-2000	2000-01
GROSS			
Secured - Locally Assessed	$ 665,470	$ 737,249	$ 784,329
Public Utilities - State Assessed	4,917	8,101	8,274
Total Secured Valuation	670,387	745,350	792,603
Unsecured - Locally Assessed	76,363	98,094	89,629
Total Gross Valuation	746,750	843,444	882,232
EXEMPTIONS (EXCLUDING HOMEOWNERS' AND BUSINESS INVENTORY)			
Secured - Locally Assessed	63,278	61,649	62,940
Unsecured - Locally Assessed	-	-	7,945
Total Exemptions	63,278	61,649	70,885
NET ASSESSED VALUATIONS FOR TAX RATE			
Secured - Locally Assessed	602,192	675,600	721,389
Public Utilities - State Assessed	4,917	8,101	8,274
Net Secured	607,109	683,701	729,663
Unsecured - Locally Assessed	76,363	98,094	81,684
NET ASSESSED VALUATION FOR TAX RATE	$ 683,472	$ 781,795	$ 811,347
INCREMENT			
Net Assessed Valuation Increase (Decrease) Over Base Year		98,323	127,875
Percentage Increase (Decrease) Over Base Year		14.39%	18.71%
STATE SUBVENTIONS HOMEOWNERS' EXEMPTIONS			
Secured - Locally Assessed	$ -	$ 2,153	$ 2,222
Unsecured - Locally Assessed	-	-	35
Total Homeowners' Exemptions	-	2,153	2,257
NET ASSESSED VALUATION AFTER ALL EXEMPTIONS			
Secured - Locally Assessed	602,192	673,447	719,167
Public Utilities - State Assessed	4,917	8,101	8,274
Net Secured	607,109	681,548	727,441
Unsecured - Locally Assessed	76,363	98,094	81,649
NET ASSESSED VALUATION	$ 683,472	$ 779,642	$ 809,090

Source: Based on information provided by the County of San Diego as of June 30th of the reported fiscal year.

2001-02	Revised Base Year 1999-2000	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
$ 828,519	$ 671,088	$ 879,653	$ 907,188	$ 969,695	$ 1,049,980	$ 1,210,657	$ 1,402,190
8,440	4,917	7,603	6,570	6,253	6,375	5,971	-
836,959	676,005	887,256	913,758	975,948	1,056,355	1,216,628	1,402,190
84,023	76,363	92,229	103,680	102,426	104,798	117,423	112,534
920,982	752,368	979,485	1,017,438	1,078,374	1,161,153	1,334,051	1,514,724
60,979	63,278	72,720	36,897	43,514	45,075	49,204	53,369
6,530	-	3,177	5,769	5,825	8,003	11,658	7,180
67,509	63,278	75,897	42,666	49,339	53,078	60,862	60,549
767,540	607,810	806,933	870,291	926,181	1,004,905	1,161,453	1,348,821
8,440	4,917	7,603	6,570	6,253	6,375	5,971	-
775,980	612,727	814,536	876,861	932,434	1,011,280	1,167,424	1,348,821
77,493	76,363	89,052	97,911	96,601	96,795	105,765	105,354
$ 853,473	$ 689,090	$ 903,588	$ 974,772	$ 1,029,035	$ 1,108,075	$ 1,273,189	$ 1,454,175
170,001		214,498	285,682	339,945	418,985	584,099	765,085
24.87%		31.13%	41.46%	49.33%	60.80%	84.76%	111.03%
$ 2,271	$ -	$ 2,286	$ 2,300	$ 2,237	$ 2,328	$ 2,359	$ 2,649
49	-	42	56	41	7	7	37
2,320	-	2,328	2,356	2,278	2,335	2,366	2,686
765,269	607,810	804,647	867,991	923,944	1,002,577	1,159,094	1,346,172
8,440	4,917	7,603	6,570	6,253	6,375	5,971	-
773,709	612,727	812,250	874,561	930,197	1,008,952	1,165,065	1,346,172
77,444	76,363	89,010	97,855	96,560	96,788	105,758	105,317
$ 851,153	$ 689,090	$ 901,260	$ 972,416	$ 1,026,757	$ 1,105,740	$ 1,270,823	$ 1,451,489

NORTH BAY REDEVELOPMENT PROJECT
ASSESSED VALUATIONS (IN THOUSANDS) OF THE PROJECT AREA TAXABLE PROPERTY (100% OF FULL VALUE)
FISCAL YEAR 1999-2000 TO 2008-09 (BASE YEAR 1999-2000)
(UNAUDITED)

	Revised Base Year 1999-2000	2008-09
GROSS		
Secured - Locally Assessed	$ 667,570	$ 1,478,969
Public Utilities - State Assessed	53	-
Total Secured Valuation	667,623	1,478,969
Unsecured - Locally Assessed	76,363	129,587
Total Gross Valuation	743,986	1,608,556
EXEMPTIONS (EXCLUDING HOMEOWNERS' AND BUSINESS INVENTORY)		
Secured - Locally Assessed	63,278	66,857
Unsecured - Locally Assessed	-	8,607
Total Exemptions	63,278	75,464
NET ASSESSED VALUATIONS FOR TAX RATE		
Secured - Locally Assessed	604,292	1,412,112
Public Utilities - State Assessed	53	-
Net Secured	604,345	1,412,112
Unsecured - Locally Assessed	76,363	120,980
NET ASSESSED VALUATION FOR TAX RATE	$ 680,708	$ 1,533,092
INCREMENT		
Net Assessed Valuation Increase (Decrease) Over Base Year		852,384
Percentage Increase (Decrease) Over Base Year		125.22%
STATE SUBVENTIONS HOMEOWNERS' EXEMPTIONS		
Secured - Locally Assessed	$ -	$ 2,883
Unsecured - Locally Assessed	-	78
Total Homeowners' Exemptions	-	2,961
NET ASSESSED VALUATION AFTER ALL EXEMPTIONS		
Secured - Locally Assessed	604,292	1,409,229
Public Utilities - State Assessed	53	-
Net Secured	604,345	1,409,229
Unsecured - Locally Assessed	76,363	120,902
NET ASSESSED VALUATION	$ 680,708	$ 1,530,131

Source: Based on information provided by the County of San Diego as of June 30th of the reported fiscal year.

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NORTH PARK REDEVELOPMENT PROJECT
ASSESSED VALUATIONS (IN THOUSANDS) OF THE PROJECT AREA TAXABLE PROPERTY (100% OF FULL VALUE)
FISCAL YEAR 1999-2000 TO 2008-09 (BASE YEAR 1999-2000)
(UNAUDITED)

	Base Year 1999-2000	1999-2000	2000-01
GROSS			
Secured - Locally Assessed	$ 421,648	$ 453,872	$ 486,289
Total Secured Valuation	421,648	453,872	486,289
Unsecured - Locally Assessed	10,814	15,822	16,214
Total Gross Valuation	432,462	469,694	502,503
EXEMPTIONS (EXCLUDING HOMEOWNERS' AND BUSINESS INVENTORY)			
Secured - Locally Assessed	8,911	8,912	9,775
Unsecured - Locally Assessed	-	-	305
Total Exemptions	8,911	8,912	10,080
NET ASSESSED VALUATIONS FOR TAX RATE			
Secured - Locally Assessed	412,737	444,960	476,514
Net Secured	412,737	444,960	476,514
Unsecured - Locally Assessed	10,814	15,822	15,909
NET ASSESSED VALUATION FOR TAX RATE	$ 423,551	$ 460,782	$ 492,423
INCREMENT			
Net Assessed Valuation Increase (Decrease) Over Base Year		37,231	68,872
Percentage Increase (Decrease) Over Base Year		8.79%	16.26%
STATE SUBVENTIONS HOMEOWNERS' EXEMPTIONS			
Secured - Locally Assessed	$ -	$ 5,228	$ 5,410
Total Homeowners' Exemptions	-	5,228	5,410
NET ASSESSED VALUATION AFTER ALL EXEMPTIONS			
Secured - Locally Assessed	412,737	439,732	471,104
Net Secured	412,737	439,732	471,104
Unsecured - Locally Assessed	10,814	15,822	15,909
NET ASSESSED VALUATION	$ 423,551	$ 455,554	$ 487,013

Source: Based on information provided by the County of San Diego as of June 30th of the reported fiscal year.

2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ 528,168	$ 571,211	$ 628,854	$ 707,419	$ 828,989	$ 953,399	$ 1,129,916	$ 1,179,744
528,168	571,211	628,854	707,419	828,989	953,399	1,129,916	1,179,744
15,355	15,780	20,267	17,587	16,948	17,946	18,771	18,453
543,523	586,991	649,121	725,006	845,937	971,345	1,148,687	1,198,197
9,691	10,735	11,675	12,536	13,282	14,545	15,105	28,173
446	115	675	701	656	657	1,611	1,294
10,137	10,850	12,350	13,237	13,938	15,202	16,716	29,467
518,477	560,476	617,179	694,883	815,707	938,854	1,114,811	1,151,571
518,477	560,476	617,179	694,883	815,707	938,854	1,114,811	1,151,571
14,909	15,665	19,592	16,886	16,292	17,289	17,160	17,159
$ 533,386	$ 576,141	$ 636,771	$ 711,769	$ 831,999	$ 956,143	$ 1,131,971	$ 1,168,730
109,835	152,590	213,220	288,218	408,448	532,592	708,420	745,179
25.93%	36.03%	50.34%	68.05%	96.43%	125.74%	167.26%	175.94%
$ 5,624	$ 5,676	$ 5,741	$ 6,042	$ 6,815	$ 7,132	$ 7,687	$ 8,687
5,624	5,676	5,741	6,042	6,815	7,132	7,687	8,687
512,853	554,800	611,438	688,841	808,892	931,722	1,107,124	1,142,884
512,853	554,800	611,438	688,841	808,892	931,722	1,107,124	1,142,884
14,909	15,665	19,592	16,886	16,292	17,289	17,160	17,159
$ 527,762	$ 570,465	$ 631,030	$ 705,727	$ 825,184	$ 949,011	$ 1,124,284	$ 1,160,043

SAN YSIDRO REDEVELOPMENT PROJECT
ASSESSED VALUATIONS (IN THOUSANDS) OF THE PROJECT AREA TAXABLE PROPERTY (100% OF FULL VALUE)
FISCAL YEAR 1997-98 TO 2008-09 (BASE YEAR 1996-97)
(UNAUDITED)

	Base Year 1996-97	1997-98	1998-99	1999-2000
GROSS				
Secured - Locally Assessed	$ 214,166	$ 214,360	$ 219,810	$ 228,338
Total Secured Valuation	214,166	214,360	219,810	228,338
Unsecured - Locally Assessed	10,431	4,670	10,739	10,870
Total Gross Valuation	224,597	219,030	230,549	239,208
EXEMPTIONS (EXCLUDING HOMEOWNERS' AND BUSINESS INVENTORY)				
Secured - Locally Assessed	23,960	26,042	26,857	27,554
Unsecured - Locally Assessed	-	-	23	58
Total Exemptions	23,960	26,042	26,880	27,612
NET ASSESSED VALUATIONS FOR TAX RATE				
Secured - Locally Assessed	190,206	188,318	192,953	200,784
Net Secured	190,206	188,318	192,953	200,784
Unsecured - Locally Assessed	10,431	4,670	10,716	10,812
NET ASSESSED VALUATION FOR TAX RATE	$ 200,637	$ 192,988	$ 203,669	$ 211,596
INCREMENT				
Net Assessed Valuation Increase (Decrease) Over Base Year		(7,649)	3,032	10,959
Percentage Increase (Decrease) Over Base Year		-3.81%	1.51%	5.46%
STATE SUBVENTIONS HOMEOWNERS' EXEMPTIONS				
Secured - Locally Assessed	$ 1,250	$ 1,287	$ 1,281	$ 1,260
Total Homeowners' Exemptions	1,250	1,287	1,281	1,260
NET ASSESSED VALUATION AFTER ALL EXEMPTIONS				
Secured - Locally Assessed	188,956	187,031	191,672	199,524
Net Secured	188,956	187,031	191,672	199,524
Unsecured - Locally Assessed	10,431	4,670	10,716	10,812
NET ASSESSED VALUATION	$ 199,387	$ 191,701	$ 202,388	$ 210,336

Source: Based on information provided by the County of San Diego as of June 30th of the reported fiscal year.

2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ 244,704	$ 295,357	$ 356,615	$ 378,030	$ 407,588	$ 490,915	$ 580,274	$ 607,957	$ 802,708
244,704	295,357	356,615	378,030	407,588	490,915	580,274	607,957	802,708
11,982	14,042	19,867	25,139	26,329	25,219	32,992	35,640	36,361
256,686	309,399	376,482	403,169	433,917	516,134	613,266	643,597	839,069
29,730	13,127	54,484	55,014	56,517	58,099	59,214	60,704	61,190
72	137	-	1,814	1,439	686	1,626	1,553	1,242
29,802	13,264	54,484	56,828	57,956	58,785	60,840	62,257	62,432
214,974	282,230	302,131	323,016	351,071	432,816	521,060	547,253	741,518
214,974	282,230	302,131	323,016	351,071	432,816	521,060	547,253	741,518
11,910	13,905	19,867	23,325	24,890	24,533	31,366	34,087	35,119
$ 226,884	$ 296,135	$ 321,998	$ 346,341	$ 375,961	$ 457,349	$ 552,426	$ 581,340	$ 776,637
26,247	95,498	121,361	145,704	175,324	256,712	351,789	380,703	576,000
13.08%	47.60%	60.49%	72.62%	87.38%	127.95%	175.34%	189.75%	287.09%
$ 1,224	$ 1,551	$ 1,540	$ 1,603	$ 1,809	$ 1,866	$ 1,869	$ 1,889	$ 1,967
1,224	1,551	1,540	1,603	1,809	1,866	1,869	1,889	1,967
213,750	280,679	300,591	321,413	349,262	430,950	519,191	545,364	739,551
213,750	280,679	300,591	321,413	349,262	430,950	519,191	545,364	739,551
11,910	13,905	19,867	23,325	24,890	24,533	31,366	34,087	35,119
$ 225,660	$ 294,584	$ 320,458	$ 344,738	$ 374,152	$ 455,483	$ 550,557	$ 579,451	$ 774,670

SOUTHCREST REDEVELOPMENT PROJECT
ASSESSED VALUATIONS (IN THOUSANDS) OF THE PROJECT AREA TAXABLE PROPERTY (100% OF FULL VALUE)
FISCAL YEAR 1994-95 TO 2008-09 (BASE YEAR 1986-87)
(UNAUDITED)

	Base Year 1986-87	1994-95	1995-96
GROSS			
Secured - Locally Assessed	$ 46,450	$ 73,398	$ 77,638
Public Utilities - State Assessed	2,402	-	-
Total Secured Valuation	48,852	73,398	77,638
Unsecured - Locally Assessed	856	2,170	2,360
Total Gross Valuation	49,708	75,568	79,998
EXEMPTIONS (EXCLUDING HOMEOWNERS' AND BUSINESS INVENTORY)			
Secured - Locally Assessed	2,501	5,607	4,609
Unsecured - Locally Assessed	-	10	-
Total Exemptions	2,501	5,617	4,609
NET ASSESSED VALUATIONS FOR TAX RATE			
Secured - Locally Assessed	43,949	67,791	73,029
Public Utilities - State Assessed	2,402	-	-
Net Secured	46,351	67,791	73,029
Unsecured - Locally Assessed	856	2,160	2,360
NET ASSESSED VALUATION FOR TAX RATE	$ 47,207	$ 69,951	$ 75,389
INCREMENT			
Net Assessed Valuation Increase (Decrease) Over Base Year		22,744	28,182
Percentage Increase (Decrease) Over Base Year		48.18%	59.70%
STATE SUBVENTIONS HOMEOWNERS' EXEMPTIONS			
Secured - Locally Assessed	$ 3,080	$ 3,114	$ 3,059
Total Homeowners' Exemptions	3,080	3,114	3,059
NET ASSESSED VALUATION AFTER ALL EXEMPTIONS			
Secured - Locally Assessed	40,869	64,677	69,970
Public Utilities - State Assessed	2,402	-	-
Net Secured	43,271	64,677	69,970
Unsecured - Locally Assessed	856	2,160	2,360
NET ASSESSED VALUATION	$ 44,127	$ 66,837	$ 72,330

Source: Based on information provided by the County of San Diego as of June 30th of the reported fiscal year.

1996-97	1997-98	Revised Base Year 1986-87	1998-99	1999-2000	2000-01	2001-02
$ 83,305	$ 87,161	$ 46,450	$ 91,217	$ 96,970	$ 102,246	$ 110,325
-	-	343	-	-	-	-
83,305	87,161	46,793	91,217	96,970	102,246	110,325
2,418	1,019	856	5,647	5,208	5,647	4,190
85,723	88,180	47,649	96,864	102,178	107,893	114,515
4,705	3,503	2,501	3,670	4,002	4,519	6,550
-	-	-	-	18	-	91
4,705	3,503	2,501	3,670	4,020	4,519	6,641
78,600	83,658	43,949	87,547	92,968	97,727	103,775
-	-	343	-	-	-	-
78,600	83,658	44,292	87,547	92,968	97,727	103,775
2,418	1,019	856	5,647	5,190	5,647	4,099
$ 81,018	$ 84,677	$ 45,148	$ 93,194	$ 98,158	$ 103,374	$ 107,874
33,811	37,470		48,046	53,010	58,226	62,726
71.62%	79.37%		106.42%	117.41%	128.97%	138.93%
$ 3,094	$ 3,234	$ 3,080	$ 3,289	$ 3,401	$ 3,410	$ 3,559
3,094	3,234	3,080	3,289	3,401	3,410	3,559
75,506	80,424	40,869	84,258	89,567	94,317	100,216
-	-	343	-	-	-	-
75,506	80,424	41,212	84,258	89,567	94,317	100,216
2,418	1,019	856	5,647	5,190	5,647	4,099
$ 77,924	$ 81,443	$ 42,068	$ 89,905	$ 94,757	$ 99,964	$ 104,315

Continued on next page

SOUTHCREST REDEVELOPMENT PROJECT
ASSESSED VALUATIONS (IN THOUSANDS) OF THE PROJECT AREA TAXABLE PROPERTY (100% OF FULL VALUE)
FISCAL YEAR 1994-95 TO 2008-09 (BASE YEAR 1986-87)
(UNAUDITED)

	2002-03	2003-04	2004-05
GROSS			
Secured - Locally Assessed	$ 120,858	$ 132,013	$ 158,002
Public Utilities - State Assessed	-	-	-
Total Secured Valuation	120,858	132,013	158,002
Unsecured - Locally Assessed	4,649	4,557	3,753
Total Gross Valuation	125,507	136,570	161,755
EXEMPTIONS (EXCLUDING HOMEOWNERS' AND BUSINESS INVENTORY)			
Secured - Locally Assessed	6,569	8,772	7,738
Unsecured - Locally Assessed	-	19	139
Total Exemptions	6,569	8,791	7,877
NET ASSESSED VALUATIONS FOR TAX RATE			
Secured - Locally Assessed	114,289	123,241	150,264
Public Utilities - State Assessed	-	-	-
Net Secured	114,289	123,241	150,264
Unsecured - Locally Assessed	4,649	4,538	3,614
NET ASSESSED VALUATION FOR TAX RATE	$ 118,938	$ 127,779	$ 153,878
INCREMENT			
Net Assessed Valuation Increase (Decrease) Over Base Year	73,790	82,631	108,730
Percentage Increase (Decrease) Over Base Year	163.44%	183.02%	240.83%
STATE SUBVENTIONS HOMEOWNERS' EXEMPTIONS			
Secured - Locally Assessed	$ 3,581	$ 3,573	$ 3,602
Total Homeowners' Exemptions	3,581	3,573	3,602
NET ASSESSED VALUATION AFTER ALL EXEMPTIONS			
Secured - Locally Assessed	110,708	119,668	146,662
Public Utilities - State Assessed	-	-	-
Net Secured	110,708	119,668	146,662
Unsecured - Locally Assessed	4,649	4,538	3,614
NET ASSESSED VALUATION	$ 115,357	$ 124,206	$ 150,276

2005-06	2006-07	2007-08	2008-09
$ 205,179	$ 246,256	$ 292,325	$ 307,867
-	-	-	-
205,179	246,256	292,325	307,867
4,158	2,888	12,415	13,122
209,337	249,144	304,740	320,989
14,993	15,827	17,034	17,862
73	34	73	127
15,066	15,861	17,107	17,989
190,186	230,429	275,291	290,005
-	-	-	-
190,186	230,429	275,291	290,005
4,085	2,854	12,342	12,995
$ 194,271	$ 233,283	$ 287,633	$ 303,000
149,123	188,135	242,485	257,852
330.30%	416.71%	537.09%	571.13%
$ 4,102	$ 4,186	$ 4,354	$ 4,564
4,102	4,186	4,354	4,564
186,084	226,243	270,937	285,441
-	-	-	-
186,084	226,243	270,937	285,441
4,085	2,854	12,342	12,995
$ 190,169	$ 229,097	$ 283,279	$ 298,436

City of San Diego
Audit Committee

AFR Review Questions

(revised 06/23/08)

I. Approach

The Audit Committee should satisfy itself as to the reasonableness of the process followed in the preparation and issuance of the AFR and the appropriateness of the accounting judgments made, in order to ensure the overall reliability of the City's financial reporting. As part of such process, the Audit Committee should ask questions of financial management, the internal auditor, a representative of the City Attorney's Office and the outside auditor. Questions that might be asked are set forth below. Each member should then satisfy himself or herself that the responses to the questions are reasonable and appropriate in order to fulfill his or her individual responsibilities as a member of the Audit Committee. The City Attorney recommends that the Audit Committee require that the appropriate parties submit written responses to the AFR review questions so that all responses are fully documented, especially negative responses which may, in some cases, require detailed explanations and suggested remedial measures. Additionally, the relevant officials should attest to the accuracy of their responses.

As stated in the Audit Committee's Charter, the AFR is the responsibility of the City's management and the role of the Audit Committee is one of general oversight. Thus, the task is for the members of the Audit Committee to be satisfied as to (i) the reasonableness of reliance on management, taking into account the quality of the outside audit process, and (ii) that the member does not have actual knowledge of information that would cause him or her to believe that the information presented in the AFR is materially false or misleading.

This process is designed to ensure that Audit Committee members satisfy their obligations with respect to the legislative review and oversight of the AFR. However, no member of the Audit Committee shall be required to independently verify the factual information presented in the AFR, and it is understood that no representation is being made that members of the Audit Committee have done so. Members of the Audit Committee shall be entitled to rely on accounting and financial experts with respect to the information presented in the AFR, as long as such reliance is reasonable and in good faith.

II. Questions for Financial Management

The purpose of these questions is to elicit information about the process, the quality of the accounting and any issues of which the Audit Committee should be aware that impact the financial reports, accounting judgments and disclosure relating to the Redevelopment Agency Annual Financial Reports for fiscal year 2009.

1. Do you believe the financial statements fairly present the government's net assets and activities in accordance with generally accepted accounting principles (GAAP) or some other acceptable comprehensive basis of accounting? Yes, I believe the financial statements fairly present the government's assets and activities in accordance with GAAP.

2. To the best of your knowledge, was the audit performed in accordance with generally accepted auditing standards (GAAS standards) or generally accepted government auditing standards (GAGAS standards)? If not, why? Yes, I believe the audit was performed in accordance to governmental standards.

3. Do the financial statements contain deviations from generally accepted accounting principles (GAAP)? If so, why? No, the financial statements do not contain deviations from generally accepted accounting principles.

4. Were there any significant accounting adjustments affecting the financial statements (prior year as well as current year)? No, there were no significant accounting adjustments.

5. Are you satisfied that an appropriate audit was performed by the independent auditors? Yes, I am satisfied that an appropriate audit was performed by the independent auditors.

6. Is there any activity at any level within the government that you consider to be a significant violation of laws, regulations, contracts or grants, or significant departures from GAAP other than those already identified? Other than what is discussed in Note 11, Contingencies, and Note 12, Subsequent Events, I am not aware of any activity that I consider in violations of laws, regulations, contracts or grants.

7. Are there any questions we have *not* asked that should have been asked? If so, what are those questions? No, there are no additional questions I think you should ask.

Ken Whitfield
City Comptroller

III. Questions for Internal Auditor

The purpose of these questions is to ascertain the role of the internal auditor in the CAFR process and whether there are any issues the internal auditor believes should be brought to the Audit Committee's attention.

1. Please describe your role in the audit process.

2. Were any limitations placed on your role in the audit process by management with which you disagreed?[1]

3. Were you satisfied with the quality of the audit performed by the outside auditor?[1]

4. Were there any issues that arose in connection with the audit which were not resolved to your satisfaction?[1]

5. Are you aware of any reportable conditions or material weaknesses in the City's internal controls that were not identified by the outside auditor?

6. Do you have any reason to believe that the financial reports were not prepared in accordance with GAAP or that the audit was not conducted in accordance with GAAS or GAGAS?

7. Are there any questions we have *not* asked that should have been asked? If so, what are those questions?

[1] Indicates that discussion may need to be had with the internal auditor in "executive session" as permitted under the Brown Act. This may make these questions inappropriate for written submission.

IV. Questions for City Attorney's Office Representative

The purpose of these questions is to elicit information about litigation and other legal loss contingencies that are relevant to the City's financial reporting and as to any violations of law of which the Audit Committee should be aware.

1. Are you satisfied that litigation and other legal loss contingencies within the purview of the City Attorney's Office have been properly reflected in the City's financial statements?[2]

2. Are you aware of any significant violations of law, regulations, contracts or grants that have not already been identified?[2]

3. Is there anything else your office wants to bring to the Committee's attention?

[2] Indicates that discussion may need to be had with the City Attorney's Office representative in "executive session" as permitted under the Brown Act.

V. Questions for Outside Auditor

The purpose of these questions is to elicit information about the auditor's independence, the quality of the audit process, any issues or disagreements between management and the auditor that should be brought to the attention of the Audit Committee, significant deficiencies and material weaknesses in the City's internal controls over financial reporting and the quality, not just the acceptability, of the City's accounting.

1. Was any audit work not performed due to any limitations placed on you by management (e.g., any areas scoped out by management, or any restriction on fees that limited the scope of your work)?[3]

2. Explain the process your firm goes through to assure that all of your engagement personnel are independent and objective with respect to our audit. Do any non-audit services performed for the City or its related entities affect the work that you do or the manner in which the engagement team or others are compensated?

3. Was the audit performed in accordance with generally accepted auditing standards (GAAS standards) or generally accepted government auditing standards (GAGAS standards)? If not, why?

4. Do the financial statements contain deviations from generally accepted accounting principles (GAAP)? If so, why?

5. Were any new accounting principles adopted, were any changes made, or did you recommend any changes, in the accounting policies used or their application?

6. Were there any significant accounting adjustments affecting the financial statements (prior year as well as current year)?

7. Are there any areas of the financial statements, including the notes, in which you believe we could be more explicit or transparent, or provide more clarity to help a user better understand our financial statements?

8. Have you expressed any concerns or comments to management with respect to how our presentation, including the notes or Management's Discussion & Analysis, could be improved?[3]

9. Based on your audit procedures, do you have any concerns as to whether management may be attempting to commit management override? Have you noticed any biases as a result of your audit tests with respect to accounting estimates made by management?[3]

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[3] Indicates that discussion may need to be had with the outside auditor in "executive session" as permitted under the Brown Act.

10. Did you encounter any difficulties in dealing with management in performing the audit, including any disagreements with management regarding any accruals, estimates, reserves or accounting principles? Did you have the full cooperation of management and staff?[3]

11. Were there any accounting issues on which you sought the advice of other audit firms or regulatory bodies?

12. Describe any difficulties you encountered while performing the audit (e.g., delays by management in allowing you to begin the audit, lack of access to information, unreasonable timetables, unavailability of personnel, etc.).[3]

13. Discuss your impressions of the performance of the City's financial management in terms of the completeness, accuracy and faithfulness of the financial reporting process.[3]

14. Describe any situation in which you believe management has attempted to circumvent the spirit of GAAP, but has yet complied with GAAP.[3]

15. Would you characterize management's application of GAAP as conservative, aggressive or somewhere in between?

16. Are there any new pronouncements and or areas of potential financial risk affecting future financial statements of which the Audit Committee should be aware?

17. How would you compare the City's financial reporting with that of comparable government entities with which you are familiar?

18. Please explain the significance of any reportable conditions or material weaknesses referenced in your letter or report dealing with the City's internal controls.

19. Are there any questions we have *not* asked that should have been asked? If so, what are those questions?

IV. Questions Each Committee Member Should Consider

These are questions each member should ask himself or herself as part of the process of fulfilling his or her responsibility.

1. Am I satisfied that the process followed in preparing and auditing the CAFR has been reasonably designed to produce accurate and reliable financial information?

2. Do I have reason to question the integrity or competence of the members of management or the outside auditors that would affect my ability to rely on them?

3. Do I know anything that would cause me to question the accuracy of the disclosures in the relevant portions[4] of the CAFR that I reviewed or that would indicate that there is a risk that those disclosures may be misleading?

4. In reviewing the relevant portions[4] of the CAFR, are there any "red flags" that should be brought to the attention of management or the Disclosure Practices Working Group or for which I would like a further explanation (that is, is there information of which I have actual knowledge that would lead me to believe that the CAFR contains materially misleading information)?

[4] What may be "relevant portions" of the AFR is discussed in the Memorandum of the Office of City Attorney to the Audit Committee dated February 7, 2007 on Responsibilities of the Audit Committee Under Federal Securities Laws at p. 4.

CERTIFICATION OF THE DISCLOSURE PRACTICES WORKING GROUP
REGARDING THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO
AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2009

Audit Committee:

On November 11 and 19, 2009, the members of the Disclosure Practices Working Group referenced below, along with the specified participants from the City's Redevelopment Division, the Centre City Development Corporation ("CCDC") and the Southeastern Economic Development Corporation ("SEDC") (collectively, the "Group") reviewed the audited financial statements of the Redevelopment Agency ("RDA") for fiscal year 2009. This review was limited to a careful reading of the audited financial statements and asking questions of the individuals in attendance; it did not include independent verification of the information presented.

Based upon this review, the undersigned certify to the Audit Committee as follows:

1. The fiscal year 2009 financial statements of the RDA, as discussed at the meeting of November 19, 2009 and with such revisions as recommended at such meeting, are in substantially final form; and
2. The fiscal year 2009 financial statements of the RDA, when final and an unqualified opinion of the outside auditor is issued, are appropriate for all permissible uses, including to meet the primary and secondary disclosure obligations of the RDA.

Dated: December 28, 2009

Brant C. Will
DPWG Coordinator/Deputy City Attorney
for Finance and Disclosure

On behalf of:
Mary Lewis, Chief Financial Officer, City of San Diego, DPWG
John McNally, Hawkins Delafield & Wood LLP, DPWG
Timothy Fitzpatrick, Deputy City Attorney, DPWG
Janice Weinrick, Deputy Executive Director, RDA
Rolando Charvel, Principal Accountant, Office of City Comptroller
Frank Alessi, Chief Financial Officer, CCDC
Terry Darden, Chief Financial Officer, SEDC

THE CITY OF SAN DIEGO

MEMORANDUM

DATE: January 12, 2010

TO: Honorable Members of the Audit Committee
Andrea Tevlin, Independent Budget Analyst
Brant C. Will, Deputy City Attorney, Office of the City Attorney

FROM: Ken Whitfield, Comptroller, Office of the Comptroller

SUBJECT: Redevelopment Agency Annual Financial Report - Fiscal Year 2009

Attached for your review is the final version of the San Diego Redevelopment Agency Annual Financial Report (AFR) for fiscal years 2009. Included in each report, is an opinion letter from the Agency's external auditors, Macias, Gini & O'Connell, LLP, expressing an unqualified opinion on the Agency's financial statements. Also included in the AFR is the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and other Matters.

Additionally, the AFR has been approved by the Disclosure Practices Working Group (DPWG Certification Letter attached).

If you have any questions or concerns, please do not hesitate to contact me at 236-6162 or Rolando Charvel, Redevelopment Principal Accountant, at 236-6603.

Thank you for your time and consideration.

KW:rc

Attachments: 1. Fiscal Year 2009 Annual Financial Report
2. DPWG Certification Letter.

cc:

Honorable Members of the City Council
Jay Goldstone, Chief Operating Officer
Mary Lewis, Chief Financial Officer
Eduardo Luna, City Auditor
Janice Weinrick, Deputy Director, CPCI
Frank Alessi, Vice President and Chief Financial Officer, CCDC
Brian Trotier, President, SEDC

MACIAS GINI & O'CONNELL LLP
Certified Public Accountants & Management Consultants

SAN DIEGO
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San Diego, CA 92101
619.573.1112

SACRAMENTO
OAKLAND
WALNUT CREEK
LOS ANGELES
NEWPORT BEACH

February 1, 2009

To the Audit Committee
of the City of San Diego

This letter is in response to the following questions asked us by the City of San Diego's (City's) Audit committee with respect to our audits of the Redevelopment Agency of the City of San Diego (Agency) for the fiscal years 2009.

1. Was any audit work not performed due to any limitations placed on you by management (e.g., any areas scoped out by management, or any restriction on fees that limited the scope of your work)?

   No.

2. Explain the process your firm goes through to assure that all of your engagement personnel are independent and objective with respect to our audit. Do any non-audit services performed for the Agency or its related entities affect the work that you do or the manner in which the engagement team or others are compensated?

   All MGO staff sign an annual independence statement attesting to their independence from our clients. In addition, during our planning procedures, the manager goes through and ascertains that all staff assigned to the engagement are independent with respect to that particular client. In addition, all prospective work with existing clients is reviewed in advance to determine potential conflicts of interest.

3. Was the audit performed in accordance with generally accepted auditing standards (GAAS standards) or generally accepted government auditing standards (GAGAS standards)? If not, why?

   Yes, this audit was performed in accordance with GAGAS.

4. Do the financial statements contain deviations from generally accepted accounting principles (GAAP)? If so, why?

   The financial statements do not contain material deviations from GAAP.

5. Were any new accounting principles adopted, were any changes made, or did you recommend any changes, in the accounting policies used or their application?

   Yes. As noted in footnote 1 to the fiscal year 2009 financial statements; the Agency adopted Governmental Accounting Standards Board (GASB) Statements:

   - ***No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations, which addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations.***

- ***No. 52, Land and Other Real Estate Held as Investments by Endowments, which requires endowments to report their land and other real estate investments at fair value.***
- ***No. 55, the Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The objective of this Statement is to identify the sources of accounting principles and the framework for selecting the principles used in the preparation of the financial statements.***
- ***No. 56, Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statement on Auditing Standards. The objective of this Statement is to incorporate in the GASB authoritative literature certain accounting and financial reporting guidance presented in the AICPA Statements on Auditing Standards.***

6. Were there any significant accounting adjustments affecting the financial statements (prior year as well as current year)?

   All significant accounting adjustments (booked or passed) have been attached with the SAS 114 letter.

7. Are there any areas of the financial statements, including the notes, in which you believe we could be more explicit or transparent, or provide more clarity to help a user better understand our financial statements?

   No. We believe that the financial statements and disclosures are appropriate.

8. Have you expressed any concerns or comments to management with respect to how our presentation, including the notes or Management's Discussion & Analysis, could be improved?

   Management has incorporated our comments into the Agency's financial statements.

9. Based on your audit procedures, do you have any concerns as to whether management may be attempting to commit management override? Have you noticed any biases as a result of your audit tests with respect to accounting estimates made by management?

   We have not noted that any attempts by management to commit management override. Also, we have not noticed any biases with respect to accounting estimates made by management.

10. Did you encounter any difficulties in dealing with management in performing the audit, including any disagreements with management regarding any accruals, estimates, reserves or accounting principles? Did you have the full cooperation of management and staff?

    We did not experience any significant difficulties with management during the audit and enjoyed full cooperation of management and staff.

11. Were there any accounting issues on which you sought the advice of other audit firms or regulatory bodies?

    No. We do utilize a professional standards reviewer who attends regulatory setting bodies meetings on various GAAP issues and updates us that provides us with the latest issues at the national level. However, we did not seek the advice of other audit firms, nor did we consult with regulatory bodies relating to issues for the Agency's fiscal years 2009 financial statements.

12. Describe any difficulties you encountered while performing the audit (e.g., delays by management in allowing you to begin the audit, lack of access to information, unreasonable timetables, unavailability of personnel, etc.).

    We did not encounter any significant difficulties in performing the audit.

13. Discuss your impressions of the performance of the Agency's financial management in terms of the completeness, accuracy and faithfulness of the financial reporting process.

    The Agency has taken significant steps to improve external financial reporting over the fiscal years starting from 2009. Findings related to internal controls over financial reporting are noted in the financial statements. The degree of significant findings has trended downwards from prior years.

14. Describe any situation in which you believe management has attempted to circumvent the spirit of GAAP, but has yet complied with GAAP.

    We are not aware of any situation in which management has attempted to circumvent the spirit of generally accepted accounting principles.

15. Would you characterize management's application of GAAP as conservative, aggressive or somewhere in between?

    Management's application of GAAP is conservative in nature.

16. Are there any new pronouncements and or areas of potential financial risk affecting future financial statements of which the Audit Committee should be aware?

    The suite of new audting standards SAS's 104 – 111 requires that the auditor apply a risk based audit approach. In doing so, the auditor is required to assess whether the auditee has a process in place for assessing risks and responding to these risks by devising internal controls.

17. How would you compare the Agency's financial reporting with that of comparable government entities with which you are familiar?

    The Agency's financial reporting has improved significantly in recent years and is very comparable with most other governmental entities. Based on procedures instituted such as increased communications with the administering agencies (CCDC, SEDC,) there are significant reduced risk of misstatements by the Agency in its financial reporting. The Agency's use of the City's Disclosure Practices Working Group (DPWG) and the role of the audit committee are also key processes that have resulted in improved financial reporting.

18. Please explain the significance of any reportable conditions or material weaknesses referenced in your letter or report dealing with the Agency's internal controls.

    The Agency's reportable conditions/significant deficiencies and material weaknesses for the years disclosed are noted as:

    Significant deficiencies

    - ***Documentation Retention for Property Held for Resale (Current year finding): For one (1) sample out of four (4) transaction selected, the Agency could not provide the supporting documents to verify reasonableness of the addition amount. The property was originally acquired as a capital asset prior to 1980.***

    Material Weaknesses

    - ***Financial Reporting (Prior year's finding): Several internal control deficiencies resulted in numerous errors and restatements. These included failure to capitalize bond discounts, premiums, accretions, issuance costs; insufficient recognition of deferred revenues, over-reporting of long-term debt, overstatement of land-held-for-resale, understatement of capital assets and understatement of land acquisition credits.***

19. Are there any questions we have not asked that should have been asked? If so, what are those questions?

    No.

Sincerely,

Macias Gini & O'Connell LLP

Macias Gini & O'Connell LLP

MACIAS GINI & O'CONNELL LLP
Certified Public Accountants & Management Consultants

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402 W. Broadway, Suite 400
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SACRAMENTO
OAKLAND
WALNUT CREEK
LOS ANGELES
NEWPORT BEACH

December 23, 2009

To the Audit Committee
of the City of San Diego

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Redevelopment Agency of the City of San Diego (Agency) for the year ended June 30, 2009. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 6, 2009. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in our engagement letter dated August 6, 2009, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the Agency. Such considerations are solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we also performed tests of the Agency's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter dated August 6, 2009.

Other Information in Documents Containing Audited Financial Statements

The Agency's audited basic financial statements are included in its Annual Financial Report (AFR.) Our responsibility for the other information in the AFR containing the basic financial statements and our report does not extend beyond the financial information identified in our audit report.

We do not have an obligation to perform any procedures to corroborate other information contained in this document. However, we read the other information and considered whether such information, or its manner of presentation, was materially inconsistent with information, or the manner of its presentation, appearing in the basic financial statements. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the basic financial statements.

During the year, the Agency included its fiscal year 2008 audited financial statements in the Official Statement for the $13,930,000 Redevelopment Agency of the City of San Diego North Park Redevelopment Project Subordinate Tax Allocation Bonds, Series 2009 A.

We do not have an obligation to perform any procedures to corroborate other information contained in the Official Statement listed above. We were not associated with nor did we have any involvement in the Official Statement. Accordingly, we did not perform any procedures on the document listed nor did we provide assurance as to the other information contained in the Official Statement.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the Agency changed accounting policies related to its reporting for pollution (including contamination) remediation obligations, its reporting of endowments, its accounting policies related to identifying the sources of accounting principles, and its incorporating in the GASB authoritative literature certain accounting and financial reporting guidance by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and Statement No.56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statement on Auditing Standards*, respectively. We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the Agency's financial statements were:

> Management's estimates of the fair value of investments are based on quoted market prices. We evaluated the key factors and assumptions used to develop the fair value of investments in determining that it is reasonable in relation to the financial statements taken as a whole.
>
> Management's estimate of the claim losses and contingencies are based on advice from legal counsel about the ultimate outcome of the claim. We confirmed our understanding by communicating with attorneys representing the Agency and evaluated the key factors and assumptions used in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

> The disclosure of Commitments and Contingencies in Note 10 and 11, respectively, affecting the Agency's fiscal year 2009 financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatement

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached schedule summarizes corrected and uncorrected misstatements of the financial statements. Management has determined that the effects of the uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 23, 2009.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Audit Committee of the City of San Diego and management of the Agency and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Macias Gini & O'Connell LLP

Macias Gini & O'Connell LLP

The Redevelopment Agency of the City of San Diego
Corrected Misstatements
Fiscal Year Ended June 30, 2009
(In Whole Dollars)

	Government-Wide Activities	Debit	Credit
1	Neighborhood Expense	$ 70,560,000	
	Claims Liability		$ 70,560,000

To properly accrue for the liability settlement amounts for Grantville Case that settled after FY 09

	Aggregate Non-Major Funds		
2	Unreserved: Reported in Debt Service Funds	284,000	
	Reserved for Debt Service		284,000

To correct Unreserved amount Reported in Debt Service Funds in Central Imperial Project Area.

The Redevelopment Agency of the City of San Diego
Uncorrected Misstatements
Fiscal Year Ended June 30, 2009
(In Whole Dollars)

	Governmental Fund	Debit	Credit
1	Tax Increment Receivable	$ 6,636,930	
	Deferred Revenue		$ 6,636,930
	To accrue the delinquent portion of Tax Increment Receivable		
	Government-Wide Activities		
2	Deferred Revenue	6,636,930	
	Tax Increment Revenue		6,636,930
	To record the delinquent portion of Tax Increment Revenue		
3	Neighborhood Expense	600,000	
	Claims Liability		600,000
	To properly accrue for the liability settlement amounts for Healthcare Services, Inc. A California Corporation.		