

THE REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE

MEMORANDUM

TO: PUBLIC SAFETY, FINANCE AND STRATEGIC SUPPORT COMMITTEE	FROM: HARRY S. MAVROGENES EXECUTIVE DIRECTOR
SUBJECT: SEE BELOW	DATE: JANUARY 3, 2008

SUBJECT: FINANCIAL STATEMENTS – NOVEMBER 2007

RECOMMENDATION

Acceptance of the Financial Statements for November 2007 by the Public Safety, Finance and Strategic Support Committee

BACKGROUND

Governmental fund financial statements focus on the current financial condition, with particular emphasis on inflows and outflows of spendable resources. Information provided is useful for budgetary and financial decision making by identifying items such as proceeds from long-term debt, construction and other capital outlays, as well as debt service principal payments. The basic financial statements attached are interim in nature and do not report on some items that appear in the government-wide statement of activities included in the Comprehensive Annual Financial Report (CAFR) issued at the close of the fiscal year. Examples of items not included in interim reports are depreciation, amortization of debt-related premiums, discounts, and debt issuance costs.

BALANCE SHEET:

The governmental fund balance sheet (Attachment A) reports financial assets associated with governmental activities. Financial assets are those items such as cash and other assets that will eventually convert to cash, such as receivables and investments. Capital assets are not included because they will be used in operations and therefore are not spendable. Similarly, liabilities are reported only to the extent that they affect the government's current financial position. For example, governments do not provide resources for debt service payments until payment is due. Therefore, liabilities would not be recognized for either principal or interest payments relating to long-term debt.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE:

The governmental fund statement of revenues, expenditures, and changes in fund balances (Attachment B) is used to report all transactions, events, and interfund activity that increase or decrease the fund balance in the reporting period. Agency funding is primarily derived from tax increment revenue and bond proceeds. Other revenue sources from secondary activities include: the sale of Agency-owned properties, developer payments, commercial and residential rent payments, parking facility payments, special permit fees, and other miscellaneous activities.

LONG TERM DEBT AND FIXED ASSETS EXHIBITS:

Outstanding long-term debt and fixed assets as of November 2007 are reported on Attachments C and D, respectively.

A significant change on Attachment C, Long Term debt, is the successful sale of tax allocation bonds in November. The 2007A-T proceeds were \$21,330,000 and the 2007B proceeds were \$191,600,000.

ANALYSIS

BALANCE SHEET (Attachment A):

ASSETS:

The attached report shows that combined asset accounts increased \$164.7 million.

The Cash and Investments account balance increased by a net amount of \$140.7 million and is \$169.8 million as of November 30, 2007. Cash activity is discussed in greater detail in the accompanying Cash Flow Projection.

The Restricted Assets account, representing funds held by the bond trustee, increased by a net amount of \$25.2 million. The major items contributing to this increase is the transfer of \$14.1 million of November tax increment receipts to the bond trustee and the deposit of \$10.7 million of bond proceeds, representing capitalized interest, with the bond trustee.

LIABILITIES AND FUND BALANCES:

Combined liability accounts decreased by \$15.1 million. The most significant activity was a net decrease of \$13.1 million in the Due to the County of Santa Clara line. In November, the Agency paid \$14.7 million to the County representing the FY 06-07 Pass-Through payment (decrease). An offsetting increase to this line of \$1.6 million represents FY 07-08 activity associated with November tax increment receipts. The amount due the county is accrued (accumulated) throughout the fiscal year for payment at a later date.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (Income Statement - Attachment B):

REVENUES AND OTHER FINANCING SOURCES:

Bond Proceeds of \$213 million were recorded in November under the Other Financing Sources category of Attachment B. Taxable Tax Allocation Bonds (2007A-T) were \$21.3 million and Tax Exempt Tax Allocation Bonds (2007B) were \$191.6 million.

November revenues were \$20.6 million. Significant items include \$17.2 million in tax increment receipts and Other Income of \$1.5 million that includes a \$1.4 million loan repayment from Blake Hunt Ventures for the sale of the P1 parcel on Story & King Roads. In addition \$1.1 million of Intergovernmental Revenues was transferred in from the City of San Jose that included \$900,000 for a grant received from the State Department of Parks and Recreation for the Starbird Teen Center and \$177,000 for Housing tax allocation bond debt service; and investment income of \$757,000.

EXPENDITURES:

Expenditures of \$54.8 million include: \$41.5 million of payments to Santa Clara County (\$40 million representing 20% of the 2007A-T/B bond proceeds and \$1.5 million was accrued, representing the county's share of FY 07-08 tax increment received in November); \$3.8 million transferred to the Housing Department representing 20% housing set-aside funds based on November tax increment; \$3.2 million of Capital Projects Fund items covering a variety of expenditures and are detailed by project area and budget line item in the accompanying Capital Cost Report; \$3.3 million of bond issuance costs associated with the 2007A-T/B bonds; \$2.4 million of debt service reflecting a \$2.2 million ERAF loan repayment and \$200,000 monthly interest payments associated with the Housing variable rate bonds; and \$600,000 of General Fund operating expenses.

FUND BALANCE:

As a result of November activity, the Redevelopment Agency's fund balance as of November 30, 2007, was \$218.3 million, an increase of \$179.8 million from the October 2007 statements.


HARRY S. MAVROGENES
Executive Director

Attachments

REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE
 Balance Sheet
 Governmental Funds
 November 30, 2007

	Special Revenue		Debt Service		Capital Projects	Total	Prev Month	Change
	General		Housing	Merged				
ASSETS								
Cash and investments	\$ 7,951,365	\$ -	\$ -	\$ -	\$ 161,821,064	\$ 169,772,428	\$ 29,083,256	140,689,173
Receivables:								
Tax increment	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	2,491,034	2,491,034	2,695,763	(204,730)
Due from the City of San Jose	-	-	-	-	65,000	65,000	221,258	(156,258)
Other/Prepaid Expense	300,716	-	-	-	43,837	344,553	336,713	7,840
Loans receivable, net	-	-	-	-	33,949,937	33,949,937	35,099,550	(1,149,613)
Deposits	-	-	-	-	1,051,162	1,051,162	801,162	250,000
Restricted assets:								
Cash and investments	-	-	16,566,755	38,943,173	5,585,402	61,095,330	35,876,515	25,218,815
TOTAL ASSETS	\$ 8,252,081	\$ -	\$ 16,566,755	\$ 38,943,173	\$ 205,007,436	\$ 268,769,444	\$ 104,114,217	164,655,227
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ 355,793	\$ -	\$ 70,788	\$ -	\$ 194,480	\$ 621,061	\$ 1,116,286	\$(495,225)
Deferred revenue/Restricted Cash Offset	-	-	-	-	36,561,995	36,561,995	38,045,153	(1,483,158)
Due to the City of San Jose	470,084	-	-	-	8,156,316	8,626,400	8,625,494	906
Due to the County of Santa Clara	-	-	-	-	1,555,395	1,555,395	14,700,347	(13,144,951)
Due to Other Govtl Agencies	-	-	-	-	577,444	577,444	577,444	-
Deposits, retentions, and other payables	4,835	-	-	-	2,518,250	2,523,085	2,537,022	(13,937)
Total liabilities	830,712	-	70,788	-	49,563,880	50,465,381	65,601,746	(15,136,365)
Fund balances:								
Reserved for:								
Long-term receivables	288,716	-	-	-	4,533,700	4,822,416	4,838,245	(15,829)
Debt service	-	-	38,943,173	-	-	38,943,173	13,986,548	24,956,625
Low and moderate income housing activities	-	-	16,495,967	-	-	16,495,967	16,284,124	211,843
Encumbrances	71,115	-	-	-	34,017,836	34,088,951	34,118,357	(29,406)
Unres., Designated-Redevelopment Activities	7,061,537	-	-	-	116,892,021	123,953,559	(30,714,801)	154,668,360
Total fund balances	7,421,369	-	16,495,967	-	155,443,558	218,304,065	38,512,473	179,791,592
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,252,081	\$ -	\$ 16,566,755	\$ 38,943,173	\$ 205,007,438	\$ 268,769,445	\$ 104,114,218	164,655,226

REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE
 Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds

For the Period Ended November 30, 2007

	General	Special Revenue	Debt Service		Capital Projects	Total	Previous Month	Change
			Housing	Merged				
REVENUES								
Tax increment	\$ -	\$ 3,558,588	\$ -	\$ 14,051,727	\$ 182,627	\$ 17,792,942	607,657	17,185,285
Intergovernmental	-	-	12,572,837	-	2,824,000	15,396,837	14,319,645	1,077,192
Investment income	175,391	-	420,866	647,285	1,956,027	3,199,570	2,442,330	757,240
Developer contributions	-	-	-	-	-	-	-	0
Grant revenue	-	-	-	-	127,174	127,174	127,174	0
Rent	207,178	-	-	-	785,260	992,437	912,631	79,806
Other	34,714	-	-	-	3,410,751	3,445,464	1,971,262	1,474,202
Total revenues	417,282	3,558,588	12,993,703	14,699,012	9,285,839	40,954,425	20,380,699	20,573,726
EXPENDITURES								
General government	2,875,254	-	-	-	-	2,875,254	2,274,836	600,418
Intergovernmental:								
Payments to the City of San Jose	-	3,558,588	-	-	341,175	3,899,764	121,531	3,778,232
Capital outlay:								
Project expenditures	-	-	-	-	17,354,850	17,354,850	14,395,654	2,959,196
Payments to the City of San Jose	-	-	-	-	3,739,984	3,739,984	3,543,898	196,086
Payments to the County of Santa Clara	-	-	-	-	41,555,395	41,555,395	5,421	41,549,975
Debt service:								
Principal repayment	-	-	6,720,000	32,465,000	-	39,185,000	39,185,000	0
Interest and fiscal charges	-	-	5,892,996	42,171,536	5,515,084	53,579,616	51,151,389	2,428,227
Bond issuance costs	-	-	-	3,328,709	-	3,328,709	-	3,328,709
Total expenditures	2,875,254	3,558,588	12,612,996	77,965,245	68,506,489	165,518,572	110,677,729	54,840,842
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(2,457,971)	-	380,707	(63,266,233)	(59,220,650)	(124,564,147)	(90,297,030)	(34,267,117)
OTHER FINANCING SOURCES (USES)								
Tax allocation bonds issued	-	-	-	12,930,000	200,000,000	212,930,000	-	212,930,000
Premium on tax allocation bonds	-	-	-	1,128,709	-	1,128,709	-	1,128,709
Transfers in	8,112,687	-	-	14,434,287	-	22,546,974	14,434,214	8,112,760
Transfers out	-	-	-	216,518	(22,763,492)	(22,546,974)	(14,434,214)	(8,112,760)
Total other financing sources (uses)	8,112,687	-	-	28,709,514	177,236,508	214,058,708	(0)	214,058,709
CHANGE IN FUND BALANCES	5,654,716	-	380,707	(34,556,719)	118,015,859	89,494,562	(90,297,031)	179,791,592
FUND BALANCE - 6/30/2007	1,766,653	-	16,115,260	73,499,891	37,427,698	128,809,502	128,809,502	0
FUND BALANCE - 11/30/07	\$ 7,421,369	\$ -	\$ 16,495,967	\$ 38,943,172	\$ 155,443,559	\$ 218,304,065	\$ 38,512,472	\$ 179,791,592

Attachment C

Redevelopment Agency of the City of San Jose
Financial Statements - Outstanding Long Term Debt

	Principal		
	Beginning Balance 10/31/2007	Monthly Activity	Current Balance 11/30/2007
TAX ALLOCATION BONDS			
1993 Merged Area Refunding	71,970,000	0	71,970,000
1997 Housing Series E	17,045,000	0	17,045,000
1997 Merged	6,940,000	0	6,940,000
1998 Merged	2,050,000	0	2,050,000
1999 Merged	12,920,000	0	12,920,000
2002 Merged	22,565,000	0	22,565,000
2003 Housing Series J	45,640,000	0	45,640,000
2003 Housing Series K	10,010,000	0	10,010,000
2003 Merged	127,545,000	0	127,545,000
2004 Merged Refunding	257,885,000	0	257,885,000
2005 Housing Series A	10,445,000	0	10,445,000
2005 Housing Series B	116,765,000	0	116,765,000
2005 Housing Series C	31,385,000	0	31,385,000
2005 Housing Series D	31,385,000	0	31,385,000
2005 Merged Refunding Series A	152,840,000	0	152,840,000
2005 Merged Refunding Series B	67,130,000	0	67,130,000
2006 Merged Series A-T	13,300,000	0	13,300,000
2006 Merged Series B	67,000,000	0	67,000,000
2006 Merged Refunding Series C	423,430,000	0	423,430,000
2006 Merged Refunding Series D	277,755,000	0	277,755,000
2007 Merged Refunding Series A-T	0	21,330,000	21,330,000
2007 Merged Refunding Series B	0	191,600,000	191,600,000
Total Tax Allocation Bonds	1,766,005,000	212,930,000	1,978,935,000
OTHER LONG TERM DEBT			
1996 Merged Series A & B	53,200,000	0	53,200,000
2003 Merged Revenue Series A & B	57,800,000	0	57,800,000
4th Street Parking Revenue, Series 2001A	40,455,000	0	40,455,000
2001 Convention Center Series F & G	160,070,000	0	160,070,000
Note Payable HUD 108	34,220,000	0	34,220,000
ERAF Loan	30,020,000	(2,247,422)	27,772,578
Parking Fund Loan	6,800,000	0	6,800,000
Compensated Absence Liability	1,235,757	0	1,235,757
Total Other Long Term Debt	383,800,757	(2,247,422)	381,553,335
TOTAL LONG TERM DEBT	2,149,805,757	210,682,578	2,360,488,335

San Jose Redevelopment Agency
 Financial Statements - Fixed Assets

	Beginning Balance 10/31/2007	Monthly Activity	Current Balance 11/30/2007
Land	154,243,181	33,864	154,277,045
Buildings & Public Improvements	161,993,257	111,024	162,104,281
Leasehold Improvements	1,703,950		1,703,950
Construction in Progress/Capital Assets	4,527,010	148,294	4,675,304
Equipment	1,073,664	11,171	1,084,836
Total	<u>323,541,062</u>	<u>304,353</u>	<u>323,845,416</u>