

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: MARCH 1, 2007

SUBJECT: FINANCIAL STATEMENTS – JANUARY 2007

RECOMMENDATION

Accept the attached Financial Statements for January 2007

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 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 January 2007 are reported on Attachments C and D, respectively.

ANALYSIS

BALANCE SHEET (Attachment A):

ASSETS:

Combined asset accounts increased by \$9.1 million in January.

The Cash and Investments account balance decreased by a net amount of \$7.7 million and is \$57.6 million as of January 31, 2007. Cash activity is discussed in greater detail in the accompanying Cash Flow Report.

The most significant change in other asset accounts occurred in the Restricted Cash Account, a net increase of \$16.5 million representing a transfer of tax increment receipts to the bond trustee.

LIABILITIES AND FUND BALANCES:

In January, \$1.7 million was recorded as Due to Santa Clara County based on January property tax receipts. This represents amounts set aside for eventual payment to the County according to the terms of the negotiated pass-through agreement.

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

REVENUES:

Revenues of \$19.7 million consist mainly of \$19.5 million of tax increment receipts. Other revenues of \$200,000 include developer payments, rental income and interest earnings.

EXPENDITURES:

Expenditures of \$15.2 million include Capital Projects Fund items of \$7.2 million that cover a variety of expenditures and are detailed by project area and budget line item in the accompanying Capital Cost Report. In January, there were General Operating Costs of \$755,000.

Other items include \$3.9 million of 20% housing set aside funds transferred to the City's Housing department based on January tax increment receipts, \$1.7 million payable to the County per the tax sharing agreement based on January tax increment receipts. Other debt service interest and fiscal charges of \$1.1 million included \$573,000 of variable rate bond interest expense and \$491,000 of HUD loan payments.

FUND BALANCE:

As a result of the activity described above, the Redevelopment Agency's overall fund balance as of January 31, 2007, was \$134.8 million, an increase of \$4.5 million from the December 2006 statements.

COORDINATION

This report has been coordinated with the Agency's General Counsel.


HARRY S. MAVROGENES
Executive Director

Attachments

Financial Statements

REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE

ATTACHMENT A

Balance Sheet
Governmental Funds
January 31, 2007

	General	Special Revenue	Debt Service		Capital Projects	Total	Prev Month	Change
			Housing	Merged				
ASSETS								
Cash and investments	\$ 4,240,093	\$ -	\$ -	\$ -	\$ 53,376,222	\$ 57,616,316	\$ 65,356,144	(7,739,828)
Receivables:								
Accrued interest	-	-	-	-	353,014	353,014	383,322	(30,309)
Due from the City of San Jose	-	-	-	-	1,247,195	1,247,195	1,247,195	-
Other/Prepaid Expense	63,166	-	-	-	3,066,175	3,129,342	2,729,323	400,019
Loans receivable, net	-	-	-	-	42,774,843	42,774,843	42,796,874	(22,031)
Deposits	-	-	-	-	1,370,588	1,370,588	1,370,588	-
Restricted assets:								
Cash and investments	-	-	15,572,195	74,197,590	4,870,863	94,640,648	78,189,487	16,451,161
TOTAL ASSETS	\$ 4,303,260	\$ -	\$ 15,572,195	\$ 74,197,590	\$ 107,058,902	\$ 201,131,946	\$ 192,072,933	9,059,013
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ 413,805	\$ -	\$ 70,788	\$ -	\$ 1,314,100	\$ 1,798,692	\$ 1,042,002	756,690
Deferred revenue/Restricted Cash Offset	-	-	-	-	44,948,876	44,948,876	44,511,331	437,545
Due to the City of San Jose	399,301	-	-	-	8,476,724	8,876,025	8,960,434	(84,409)
Due to the County of Santa Clara	-	-	-	-	7,295,825	7,295,825	5,577,320	1,718,505
Due to Other Gov't Agencies	-	-	-	-	785,301	785,301	785,301	-
Deposits, retentions, and other payables	11,616	-	-	-	2,633,151	2,644,767	2,547,424	97,343
Total liabilities	824,722	-	70,788	-	65,453,976	66,349,486	63,423,812	2,925,674
Fund balances:								
Reserved for:								
Long-term receivables	38,716	-	-	-	3,822,968	3,861,684	4,584,629	(722,944)
Debt service	-	-	-	74,197,590	-	74,197,590	57,596,383	16,601,207
Low and moderate income housing activities	-	-	15,501,407	-	-	15,501,407	15,687,202	(185,794)
Encumbrances	176,411	-	-	-	33,804,179	33,980,589	28,114,673	5,865,917
Unres., Designated-Redevelopment Activities	3,263,411	-	-	-	3,977,779	7,241,190	24,266,235	(17,025,045)
Total fund balances	3,478,538	-	15,501,407	74,197,590	41,604,927	134,782,461	130,249,122	4,533,341
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,303,260	\$ -	\$ 15,572,195	\$ 74,197,590	\$ 107,058,903	\$ 201,131,946	\$ 192,072,933	7,459,014

REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Period Ended January 31, 2007

ATTACHMENT B

	General	Special Revenue	Debt Service		Capital Projects	Total	Previous Month	Change
			Housing	Merged				
REVENUES								
Tax increment	\$ -	\$ 16,228,720	-	\$ 63,782,950	\$ 1,131,931	\$ 81,143,601	61,671,925	19,471,676
Intergovernmental	-	-	12,099,006	-	75,274	12,174,281	12,174,281	0
Investment income	98,588	-	363,445	660,711	2,016,074	3,138,818	3,096,711	42,106
Grant revenue	-	-	-	-	200,000	200,000	200,000	0
Rent	280,912	-	-	-	266,088	547,000	463,306	83,694
Other	290,166	-	-	-	1,107,867	1,398,033	1,291,159	106,874
Total revenues	669,665	16,228,720	12,462,452	64,443,661	4,797,235	98,601,733	78,897,383	19,704,350
EXPENDITURES								
General government	3,520,962	-	-	-	-	3,520,962	2,765,588	755,374
Intergovernmental:								
Payments to the City of San Jose	-	16,228,720	-	-	-	16,228,720	12,334,385	3,894,335
Capital outlay:								
Project expenditures	-	-	-	-	22,770,589	22,770,589	18,940,328	3,830,261
Payments to the City of San Jose	-	-	-	-	5,638,084	5,638,084	2,231,340	3,406,744
Payments to the County of Santa Clara	-	-	-	-	22,679,513	22,679,513	20,961,009	1,718,505
Debt service:								
Principal repayment	-	-	5,980,000	33,595,000	-	39,575,000	39,575,000	0
Interest and fiscal charges	-	-	6,314,519	42,994,607	5,819,554	55,128,681	54,036,437	1,092,244
Payment to refunded bond escrow agent	-	-	-	12,061,914	-	12,061,914	12,061,914	0
Bond issuance costs	-	-	-	19,276,367	-	19,276,367	18,802,820	473,547
Total expenditures	3,520,962	16,228,720	12,294,519	107,927,889	56,907,741	196,879,831	181,708,821	15,171,010
DEFICIENCY OF REVENUES UNDER EXPENDITURES								
	(2,851,297)	-	167,932	(43,484,228)	(52,110,506)	(98,278,098)	(104,411,438)	4,533,340
OTHER FINANCING SOURCES (USES)								
Tax allocation bonds issued	-	-	-	4,384,493	76,915,507	81,300,000	81,300,000	0
Refunding revenue bonds issued	-	-	-	700,185,000	-	700,185,000	700,185,000	0
Premium on tax allocation bonds	-	-	-	30,037,100	-	30,037,100	30,037,100	0
Payment to refunded bond escrow agent	-	-	-	(713,566,944)	-	(713,566,944)	(713,566,944)	0
Sales of capital assets	-	-	-	-	627,029	627,029	627,029	0
Transfers in	5,200,000	-	-	19,748,659	-	24,948,659	21,548,659	3,400,000
Transfers out	-	-	-	(2,774,494)	(22,174,165)	(24,948,659)	(21,548,659)	(3,400,000)
Total other financing sources (uses)	5,200,000	-	-	38,013,814	55,368,371	98,582,185	98,582,185	0
CHANGE IN FUND BALANCES								
	2,348,703	-	167,932	(5,470,413)	3,257,864	304,086	(5,829,254)	4,533,340
FUND BALANCE - 6/30/2006	1,129,835	-	15,333,475	79,668,004	38,347,061	134,478,375	134,478,375	0
FUND BALANCE - 1/31/2007	\$ 3,478,538	\$ -	\$ 15,501,407	\$ 74,197,590	\$ 41,604,926	\$ 134,782,461	\$ 128,649,121	\$ 4,533,340

	Principal		
	Beginning Balance 12/31/2006	Monthly Activity	Current Balance 1/31/2007
TAX ALLOCATION BONDS			
1993 Merged Area Refunding	83,565,000	0	83,565,000
1997 Housing Series E	17,045,000	0	17,045,000
1997 Merged	7,190,000	0	7,190,000
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 & K	59,090,000	0	59,090,000
2003 Merged	127,545,000	0	127,545,000
2004 Merged Refunding	268,550,000	0	268,550,000
2005 Housing Series A	10,445,000	0	10,445,000
2005 Housing Series B	118,325,000	0	118,325,000
2005 Housing Series C	32,245,000	0	32,245,000
2005 Housing Series D	32,245,000	0	32,245,000
2005 Merged Refunding Series A	152,950,000	0	152,950,000
2005 Merged Refunding Series B	67,130,000	0	67,130,000
2006 Merged Series A-T	14,300,000	0	14,300,000
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
Total Tax Allocation Bonds	1,796,345,000	0	1,796,345,000
OTHER LONG TERM DEBT			
1996 Merged Series A & B	54,800,000	0	54,800,000
2003 Merged Revenue Series A & B	58,900,000	0	58,900,000
4th Street Parking Revenue, Series 2001 A	41,857,500	0	41,857,500
2001 Convention Center Series F & G	166,215,000	0	166,215,000
Note Payable HUD 108	34,470,000	0	34,470,000
ERAF Loan	30,944,750	0	30,944,750
Parking Fund Loan	6,800,000	0	6,800,000
Compensated Absence Liability	1,206,664	0	1,206,664
Total Other Long Term Debt	395,193,914	0	395,193,914
TOTAL LONG TERM DEBT	2,191,538,914	0	2,191,538,914

San Jose Redevelopment Agency
 Financial Statements - Fixed Assets

ATTACHMENT D

	Beginning Balance 12/31/2006	Monthly Activity	Current Balance 1/31/2007
Land	193,621,733	0	193,621,733
Buildings & Public Improvements	160,209,935	6,396	160,216,331
Leasehold Improvements	1,279,000	0	1,279,000
Construction in Progress/Capital Assets	16,507,607		16,507,607
Equipment	76,039	86,228	162,267
Total	<u>371,694,315</u>	<u>92,623</u>	<u>371,786,938</u>