

# 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 7, 2008

SUBJECT: FINANCIAL STATEMENTS – JANUARY 2008

### RECOMMENDATION

Acceptance of the Financial Statements for January 2008 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 January 2008 are reported on Attachments C and D, respectively.

## ANALYSIS

### BALANCE SHEET (Attachment A):

#### ASSETS:

The attached report shows that the combined asset accounts in the amount of \$317.5 million, increased by \$7.7 million during the month of January, as detailed below:

The Cash and Investments account balance decreased by a net amount of \$44.7 million and is \$159.5 million as of January 31, 2008. Cash activity is discussed in greater detail in the accompanying Cash Flow Projection.

The Restricted Assets account, representing funds held by bond trustees, increased by a net amount of \$53.0 million. The most significant transaction in this account was the transfer of December and January tax increment receipts to the bond trustee.

#### LIABILITIES AND FUND BALANCES:

Combined liability accounts increased by a net amount of \$2.5 million. The most significant activity was an increase of \$1.9 million in the Due to the County of Santa Clara line associated with January tax increment receipts and the amount owed to the County according to the terms of the pass through agreement.

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

REVENUES:

January revenues were \$25.6 million. Significant items include \$22.8 million in tax increment receipts, \$1.1 million in interest income and \$1.0 in million grant income (Packard Humanities Institute Grant for the restoration and expansion of the California Theatre).

EXPENDITURES:

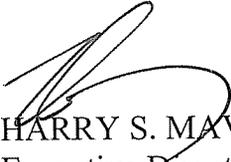
Expenditures of \$20.4 million include: \$11.9 million of Capital Projects Fund items covering a variety of expenditures that are detailed by project area and budget line item in the accompanying Capital Cost Report; \$4.6 million transferred to the Housing Department representing 20% housing set-aside funds based on January tax increment; \$1.9 million payable to Santa Clara County according to the terms of the pass through agreement and based on tax increment received in January; \$1.3 million for monthly interest payments associated with Merged and Housing variable rate bonds; and \$690,000 of General Fund operating expenses.

FUND BALANCE:

As a result of January activity, the Redevelopment Agency's fund balance as of January 31, 2008, was \$261.7 million, an increase of \$5.2 million from the December 2007 statements.

COORDINATION

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

  
HARRY S. MAVROGENES  
Executive Director

Attachments

REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE

Balance Sheet  
Governmental Funds  
January 31, 2008

	General	Special Revenue		Debt Service		Capital Projects	Total	Prev Month	Change
		Housing	Merged	Housing	Merged				
<b>ASSETS</b>									
Cash and investments	\$ 6,984,383	\$ -	\$ -	\$ -	\$ -	\$ 152,525,890	\$ 159,510,273	\$ 204,224,847	(44,714,574)
Receivables:									
Accrued interest	-	-	-	-	-	2,410,962	2,410,962	2,238,441	172,521
Due from the City of San Jose	-	-	-	-	-	65,000	65,000	65,000	-
Other/Prepaid Expense	286,003	-	-	-	-	135,704	421,707	366,844	54,863
Loans receivable, net	-	-	-	-	-	31,449,626	31,449,626	32,192,275	(742,649)
Deposits	-	-	-	-	-	851,162	851,162	951,162	(100,000)
Restricted assets:									
Cash and investments	-	-	16,574,676	100,343,754	5,921,787	122,840,216	122,840,216	69,846,783	52,993,434
<b>TOTAL ASSETS</b>	<b>\$ 7,270,387</b>	<b>\$ -</b>	<b>\$ 16,574,676</b>	<b>\$ 100,343,754</b>	<b>\$ 193,360,132</b>	<b>\$ 317,548,947</b>	<b>\$ 317,548,947</b>	<b>\$ 309,885,352</b>	<b>7,663,595</b>

LIABILITIES AND FUND BALANCES

Liabilities:									
Accounts payable and accrued liabilities	\$ 396,378	\$ -	\$ 70,788	\$ -	\$ 1,263,467	\$ 1,730,633	\$ 1,730,633	\$ 760,407	970,226
Deferred revenue/Restricted Cash Offset	\$ -	-	-	-	34,096,219	34,096,219	34,096,219	34,553,210	(456,991)
Due to the City of San Jose	522,695	-	-	-	8,165,856	8,688,551	8,688,551	8,658,667	29,884
Due to the County of Santa Clara	-	-	-	-	8,205,019	8,205,019	8,205,019	6,264,951	1,940,068
Due to Other Govt'l Agencies	-	-	-	-	577,444	577,444	577,444	577,444	-
Deposits, retentions, and other payables	4,835	-	-	-	2,575,116	2,579,951	2,579,951	2,584,798	(4,847)
Total liabilities	923,908	-	70,788	-	54,883,121	55,877,817	55,877,817	53,399,478	2,478,339

Fund balances:

Reserved for:									
Long-term receivables	288,716	-	-	-	4,501,923	4,790,639	4,790,639	4,806,547	(15,909)
Debt service	-	-	-	100,343,754	-	100,343,754	100,343,754	47,420,680	52,923,073
Low and moderate income housing activities	-	-	16,503,888	-	-	16,503,888	16,503,888	16,503,526	363
Encumbrances	71,685	-	-	-	29,269,610	29,341,296	29,341,296	31,612,117	(2,270,822)
Unres., Designated-Redevelopment Activities	5,986,078	-	-	-	104,705,479	110,691,556	110,691,556	156,143,007	(45,451,451)
Total fund balances	6,346,479	-	16,503,888	100,343,754	138,477,013	261,671,132	261,671,132	256,485,877	5,185,255
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 7,270,387</b>	<b>\$ -</b>	<b>\$ 16,574,676</b>	<b>\$ 100,343,754</b>	<b>\$ 193,360,134</b>	<b>\$ 317,548,948</b>	<b>\$ 317,548,948</b>	<b>\$ 309,885,354</b>	<b>7,663,594</b>

**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, 2008

	General	Special Revenue	Debt Service		Capital Projects	Total	Previous Month	Change
			Housing	Merged				
<b>REVENUES</b>								
Tax increment	\$ -	\$ 18,573,591	\$ -	\$ 74,294,363	\$ -	\$ 92,867,953	70,063,667	22,804,287
Intergovernmental	-	-	12,960,688	-	2,824,000	15,784,688	15,592,939	191,749
Investment income	180,416	-	421,589	673,245	3,435,704	4,710,954	3,573,782	1,137,173
Developer contributions	-	-	-	-	150,000	150,000	-	150,000
Grant revenue	-	-	-	-	1,324,306	1,324,306	324,306	1,000,000
Rent	322,213	-	-	-	909,547	1,231,760	1,131,565	100,194
Other	165,650	-	-	-	10,455,557	10,621,207	10,374,696	246,511
<b>Total revenues</b>	<b>668,279</b>	<b>18,573,591</b>	<b>13,382,277</b>	<b>74,967,607</b>	<b>19,099,114</b>	<b>126,690,868</b>	<b>101,060,954</b>	<b>25,629,914</b>
<b>EXPENDITURES</b>								
General government	4,201,140	-	-	-	341,175	4,201,140	3,513,125	688,016
Intergovernmental:								
Payments to the City of San Jose	-	18,573,591	-	-	-	18,914,766	14,353,909	4,560,857
Capital outlay:								
Project expenditures	-	-	-	-	29,809,868	29,809,868	21,930,589	7,879,279
Payments to the City of San Jose	-	-	-	-	8,350,834	8,350,834	4,325,834	4,025,000
Payments to the County of Santa Clara	-	-	-	-	48,205,019	48,205,019	46,264,951	1,940,068
Debt service:								
Principal repayment	-	-	6,720,000	32,465,000	-	39,185,000	39,185,000	0
Interest and fiscal charges	-	-	6,273,649	43,325,017	6,304,413	55,903,078	54,553,139	1,349,939
Bond issuance costs	-	-	-	3,330,209	-	3,330,209	3,328,709	1,500
<b>Total expenditures</b>	<b>4,201,140</b>	<b>18,573,591</b>	<b>12,993,649</b>	<b>79,120,226</b>	<b>93,011,309</b>	<b>207,899,914</b>	<b>187,455,255</b>	<b>20,444,659</b>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<b>(3,532,861)</b>	<b>-</b>	<b>388,628</b>	<b>(4,152,618)</b>	<b>(73,912,195)</b>	<b>(81,209,046)</b>	<b>(86,394,301)</b>	<b>5,185,255</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
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	-	-	16,937,771	(25,038,492)	25,050,458	25,050,458	-
Transfers out	-	-	-	-	174,961,508	(25,038,492)	(25,038,491)	-
<b>Total other financing sources (uses)</b>	<b>8,112,687</b>	<b>-</b>	<b>-</b>	<b>30,996,480</b>	<b>174,961,508</b>	<b>214,070,674</b>	<b>214,070,674</b>	<b>-</b>
<b>CHANGE IN FUND BALANCES</b>	<b>4,579,826</b>	<b>-</b>	<b>388,628</b>	<b>26,843,862</b>	<b>101,049,313</b>	<b>132,861,628</b>	<b>127,676,373</b>	<b>5,185,255</b>
<b>FUND BALANCE - 6/30/2007</b>	<b>1,766,653</b>	<b>-</b>	<b>16,115,260</b>	<b>73,499,891</b>	<b>37,427,698</b>	<b>128,809,502</b>	<b>128,809,502</b>	<b>-</b>
<b>FUND BALANCE - 1/31/2008</b>	<b>\$ 6,346,479</b>	<b>\$ -</b>	<b>\$ 16,503,888</b>	<b>\$ 100,343,753</b>	<b>\$ 138,477,013</b>	<b>\$ 261,671,131</b>	<b>\$ 256,485,876</b>	<b>\$ 5,185,255</b>

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

	-----Principal----- Beginning Balance 12/31/2007	Monthly Activity	Current Balance 1/31/2008
<b>TAX ALLOCATION BONDS</b>			
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	21,330,000	0	21,330,000
2007 Merged Refunding Series B	191,600,000	0	191,600,000
<b>Total Tax Allocation Bonds</b>	<b>1,978,935,000</b>	<b>0</b>	<b>1,978,935,000</b>
<b>OTHER LONG TERM DEBT</b>			
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	27,772,578	0	27,772,578
Parking Fund Loan	6,800,000	0	6,800,000
Compensated Absence Liability	1,235,757	0	1,235,757
<b>Total Other Long Term Debt</b>	<b>381,553,335</b>	<b>0</b>	<b>381,553,335</b>
<b>TOTAL LONG TERM DEBT</b>	<b>2,360,488,335</b>	<b>0</b>	<b>2,360,488,335</b>

# Attachment D

San Jose Redevelopment Agency  
 Financial Statements - Fixed Assets

	<b>Beginning Balance 12/31/2007</b>	<b>Monthly Activity</b>	<b>Current Balance 1/31/2008</b>
Land	156,750,222	985,486	157,735,707
Buildings & Public Improvements	162,439,400	2,817,742	165,257,142
Leasehold Improvements	1,888,250		1,888,250
Construction in Progress	3,066,672	23,563	3,090,235
Capital Assets	1,415,674		1,415,674
Equipment	1,084,836		1,084,836
Total	<u>326,645,054</u>	<u>3,826,790</u>	<u>330,471,844</u>