

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: MAY 3, 2007

SUBJECT: FINANCIAL STATEMENTS – MARCH 2007

RECOMMENDATION

Accept the attached Financial Statements for March 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 March 2007 are reported on Attachments C and D, respectively.

ANALYSIS

BALANCE SHEET (Attachment A):

ASSETS:

Combined asset accounts increased \$1.0 million in March.

The Cash and Investments account balance decreased by a net amount of \$7.0 million and is \$51.1 million as of March 31, 2007. Cash activity is discussed in greater detail in the accompanying Cash Flow Report.

The Restricted Cash Account increased by a net amount of \$9.5 million. Increases include transfers of tax increment receipts to the bond trustee (+\$12.4 million) and the establishment of a trust account at the First National Bank of Central California (+\$2.1 million) pursuant to the Joint Library Development Agreement with SJSU that requires any excess project budget would be used to fund future library capital improvements/upgrades. An offsetting decrease to this account is associated with the semi-annual debt service on the Convention Center bonds (-\$4.0 million).

Other receivables decreased by \$2 million based on the receipt of Brownfields Economic Development Initiative (BEDI) Grant funds associated with the Story and King Implementation Project (southeast corner).

LIABILITIES AND FUND BALANCES:

Combined liability accounts decreased by a net \$1.3 million in March. Primary activity occurred in the Deferred Revenue account line and is associated with the King Library capital reserve contingency account described in the assets section.

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

REVENUES AND OTHER FINANCING SOURCES:

Revenues of \$19.7 million consist mainly of \$14.4 million of tax increment receipts received in March. Grant revenue of \$2 million associated with the BEDI Story and King Implementation Project was recorded in March. Other revenues of \$2.2 million include the recognition of revenue associated with the \$2 million principal repayment of the GI Forum loan.

EXPENDITURES:

Expenditures of \$17.4 million include \$6.8 million of debt service for the Convention Center Bonds (\$ 4.0 million), ERAF loan principal and interest payment (\$2.2 million) and variable rate bond interest (\$600,000). Capital Projects Fund items of \$5.7 million covered a variety of expenditures and are detailed by project area and budget line item in the accompanying Capital Cost Report. Other items include \$3.0 million of 20% housing set aside funds transferred to the City's Housing department and \$2.8 million payable to the County per the tax sharing agreement. Both items are based on March tax increment receipts. In March, there were General Operating Costs of \$540,000.

FUND BALANCE:

As a result of the activity described above, the Redevelopment Agency's overall fund balance as of March 31, 2007, was \$118.8 million, an increase of \$2.3 million from the February 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

ATTACHMENT A

Balance Sheet
Governmental Funds
March 31, 2007

	General	Special Revenue	Debt Service		Capital Projects	Total	Prev Month	Change
			Housing	Merged				
ASSETS								
Cash and investments	\$ 3,733,900	\$ -	\$ -	\$ -	\$ 47,383,332	\$ 51,117,232	\$ 58,085,173	(6,967,941)
Receivables:								
Accrued interest	-	-	-	-	331,492	331,492	341,650	(10,158)
Due from the City of San Jose	-	-	-	-	2,573,360	2,573,360	98,715	2,474,645
Other/Prepaid Expense	88,892	-	-	-	1,125,926	1,214,818	3,223,178	(2,008,360)
Loans receivable, net	-	-	-	-	42,913,260	42,913,260	44,932,485	(2,019,225)
Deposits	-	-	-	-	1,370,588	1,370,588	1,370,588	-
Restricted assets:								
Cash and investments	-	-	15,952,601	62,427,828	6,635,204	85,015,633	75,487,199	9,528,434
TOTAL ASSETS	\$ 3,822,792	\$ -	\$ 15,952,601	\$ 62,427,828	\$ 102,333,164	\$ 184,536,385	\$ 183,538,989	997,396
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ 358,980	\$ -	\$ 70,788	\$ -	\$ 334,101	\$ 763,869	\$ 1,646,970	(883,100)
Deferred revenue/Restricted Cash Offset	-	-	-	-	44,694,967	44,694,967	46,590,950	(1,895,983)
Due to the City of San Jose	915,941	-	-	-	8,563,112	9,479,053	8,953,392	525,661
Due to the County of Santa Clara	-	-	-	-	8,655,990	8,655,990	7,300,656	1,355,334
Due to Other Gov't Agencies	-	-	-	-	368,751	368,751	785,301	(416,549)
Deposits, retentions, and other payables	11,616	-	-	-	2,519,473	2,531,088	2,510,568	20,520
Total liabilities	1,286,537	-	70,788	-	65,136,395	66,493,720	67,787,836	(1,294,117)
Fund balances:								
Reserved for:								
Long-term receivables	38,716	-	-	-	3,968,793	4,007,509	4,023,025	(15,516)
Debt service	-	-	-	62,427,828	-	62,427,828	55,055,159	7,372,669
Low and moderate income housing activities	-	-	15,881,813	-	-	15,881,813	15,878,286	3,527
Encumbrances	13,900	-	-	-	32,465,137	32,479,037	33,505,478	(1,026,441)
Unres., Designated-Redevelopment Activities	2,483,640	-	-	-	762,839	3,246,479	7,289,205	(4,042,726)
Total fund balances	2,536,256	-	15,881,813	62,427,828	37,196,770	118,042,666	115,751,153	2,291,514
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,822,793	\$ -	\$ 15,952,601	\$ 62,427,828	\$ 102,333,165	\$ 184,536,385	\$ 183,538,988	997,396

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

ATTACHMENT B

	General	Special Revenue	Debt Service		Capital Projects	Total	Previous Month	Change
			Housing	Merged				
REVENUES								
Tax increment	\$ -	\$ 19,254,078	\$ -	\$ 75,856,729	\$ 1,159,582	\$ 96,270,388	81,805,751	14,464,637
Intergovernmental	-	-	17,772,210	-	75,274	17,847,485	17,659,197	188,287
Investment income	125,261	-	564,374	1,102,195	3,418,268	5,210,098	4,433,007	777,091
Grant revenue	-	-	-	-	2,223,345	2,223,345	223,345	2,000,000
Rent	372,822	-	-	-	379,455	752,277	640,595	111,682
Other	296,378	-	-	-	3,326,215	3,622,593	1,491,269	2,131,324
Total revenues	794,461	19,254,078	18,336,584	76,958,924	10,582,138	125,926,185	106,253,164	19,673,021
EXPENDITURES								
General government	4,588,040	-	-	-	-	4,588,040	4,048,193	539,847
Intergovernmental:								
Payments to the City of San Jose	-	19,254,078	-	-	-	19,254,078	16,248,226	3,005,852
Capital outlay:								
Project expenditures	-	-	-	-	28,534,107	28,534,107	25,617,117	2,916,990
Payments to the City of San Jose	-	-	-	-	8,522,187	8,522,187	5,760,533	2,761,654
Payments to the County of Santa Clara	-	-	-	-	24,039,679	24,039,679	22,684,345	1,355,334
Debt service:								
Principal repayment	-	-	5,980,000	33,595,000	-	39,575,000	39,575,000	0
Interest and fiscal charges	-	-	11,808,246	71,353,677	9,905,690	93,067,614	86,265,780	6,801,833
Payment to refunded bond escrow agent	-	-	-	12,061,914	-	12,061,914	12,061,914	0
Bond issuance costs	-	-	-	19,286,367	-	19,286,367	19,286,367	0
Total expenditures	4,588,040	19,254,078	17,788,246	136,296,959	71,001,663	248,928,985	231,547,476	17,381,509
DEFICIENCY OF REVENUES UNDER EXPENDITURES								
	(3,793,579)	-	548,338	(59,338,034)	(60,419,525)	(123,002,800)	(125,294,312)	2,291,512
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	-	-	-	671,147,900	-	671,147,900	671,147,900	0
Premium on tax allocation bonds	-	-	-	59,194,648	-	59,194,648	59,194,648	0
Payment to refunded bond escrow agent	-	-	-	(713,566,944)	-	(713,566,944)	(713,566,944)	0
Sales of capital assets	-	-	-	-	8,491,487	8,491,487	8,491,487	0
Transfers in	5,200,000	-	-	23,571,028	141,227	28,912,255	28,912,255	0
Transfers out	-	-	-	(2,633,267)	(26,278,988)	(28,912,255)	(28,912,255)	0
Total other financing sources (uses)	5,200,000	-	-	42,097,859	59,269,232	106,567,091	106,567,091	0
CHANGE IN FUND BALANCES								
	1,406,421	-	548,338	(17,240,176)	(1,150,293)	(16,435,709)	(18,727,222)	2,291,513
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 - 3/31/2007	\$ 2,536,256	\$ -	\$ 15,881,812	\$ 62,427,828	\$ 37,196,769	\$ 118,042,666	\$ 115,751,153	\$ 2,291,513

	-----Principal-----		
	Beginning Balance 2/28/2007	Monthly Activity	Current Balance 3/31/2007
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	48,120,000	0	48,120,000
2003 Housing Series K	10,970,000	0	10,970,000
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 2001A	41,170,000	0	41,170,000
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	(924,750)	30,020,000
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	394,506,414	(924,750)	393,581,664
TOTAL LONG TERM DEBT	2,190,851,414	(924,750)	2,189,926,664

San Jose Redevelopment Agency
Financial Statements - Fixed Assets

ATTACHMENT D

	Beginning Balance 2/28/2007	Monthly Activity	Current Balance 3/31/2007
Land	183,625,333	(33,225,804)	150,399,529
Buildings & Public Improvements	160,216,331	51,035	160,267,366
Leasehold Improvements	1,279,000	0	1,279,000
Construction in Progress/Capital Assets	16,507,607	107,336	16,614,943
Equipment	162,267	0	162,267
Total	<u>361,790,537</u>	<u>(33,067,432)</u>	<u>328,723,105</u>