

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: JUNE 6, 2007

SUBJECT: FINANCIAL STATEMENTS – APRIL 2007

RECOMMENDATION

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

ANALYSIS

BALANCE SHEET (Attachment A):

ASSETS:

Combined asset accounts increased \$29.5 million in April.

The Cash and Investments account balance increased by a net amount of \$10.6 million and is \$61.7 million as of April 30, 2007. Cash activity is discussed in greater detail in the accompanying Cash Flow Report.

The Restricted Cash Account increased by a net amount of \$21.0 million. Increases include transfers of tax increment receipts to the bond trustee (+\$30.6 million) and a partially offsetting decrease associated with the return of tax increment that is in excess of the amount required for the August 2007 semi-annual debt service (-\$9.0 million) and monthly variable rate bond interest payments (-\$400,000).

Other receivables (Due from the City of San Jose) decreased by \$2.5 million based on the repayment of the GI Forum loan to the City of San Jose. In April 2007, the City transferred the funds repaid by the GI Forum to the Agency.

LIABILITIES AND FUND BALANCES:

Combined liability accounts increased by a net amount of \$3.4 million in April. Primary activity occurred in the Due to the County of Santa Clara account line and is associated with April tax increment receipts and the applicable portion that will be transferred to Santa Clara County according to terms of the negotiated pass through agreement. An offsetting decrease of \$845,000 in the Due to the City of San Jose account line is attributable to transferring funds to the City of San Jose for operating expenses for services provided to the Redevelopment Agency by City staff.

The fund balance accounts increased by \$26.1 million in April. Fund balance reserved for payments of future debt service increased by \$21.2 million based on April tax increment receipts that were transferred to the bond trustee. The account labeled Unreserved, Designated for Redevelopment Activities increased by \$5.9 million. These funds are earmarked to cover items that are contained in the Agency Board approved Capital and Operating 2006-07 budgets. The decrease of \$1.3 million in the Reserved for Encumbrance account simply represents routine contractual payment activity occurring throughout the Agency's capital program. Detail for capital program expenses are covered in the accompanying capital cost report.

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

REVENUES AND OTHER FINANCING SOURCES:

Revenues of \$46.8 million consist primarily of \$45.7 million of tax increment receipts received in April. Other revenues of \$582,000 include \$401,000 of parking revenues and \$170,000 of miscellaneous income. Intergovernmental revenues of \$208,000 represents funds transferred to the Housing Department's bond trustee for debt service payments. Interest income of \$183,000 was also recognized in April.

EXPENDITURES:

Expenditures of \$20.7 million include \$9.1 million of 20% housing set aside funds transferred to the City's Housing department and \$4.1 million payable to the County per the tax sharing agreement. Both items are based on April tax increment receipts. Capital Projects Fund items of \$5.8 million covered a variety of expenditures and are detailed by project area and budget line item in the

accompanying Capital Cost Report. April General Operating Costs were \$507,000. Interest and fiscal charges of \$1.0 million covered \$540,000 of monthly variable rate bond interest and \$470,000 of various HUD loan payments.

FUND BALANCE:

As a result of the activity described above, the Redevelopment Agency's overall fund balance as of April 30, 2007, was \$144.2 million, an increase of \$26.1 million from the March 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
 April 30, 2007

	General	Special Revenue	Debt Service		Capital Projects	Total	Prev Month	Change
			Housing	Merged				
ASSETS								
Cash and investments	\$ 2,538,889	\$ -	\$ -	\$ -	\$ 59,150,586	\$ 61,689,476	\$ 51,117,232	10,572,243
Receivables:								
Accrued interest	-	-	-	-	355,096	355,096	331,492	23,604
Due from the City of San Jose	55,898	-	-	-	157,088	212,985	2,573,360	(2,360,375)
Other/Prepaid Expense	86,672	-	-	-	1,133,119	1,219,791	1,214,818	4,972
Loans receivable, net	-	-	-	-	43,166,090	43,166,090	42,913,260	252,830
Deposits	-	-	-	-	1,370,588	1,370,588	1,370,588	-
Restricted assets:								
Cash and investments	-	-	15,984,780	83,674,703	6,363,101	106,022,584	85,015,633	21,006,951
Accrued interest	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 2,681,460	\$ -	\$ 15,984,780	\$ 83,674,703	\$ 111,695,670	\$ 214,036,611	\$ 184,536,385	29,500,226
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ 350,037	\$ -	\$ 70,788	\$ -	\$ 362,882	\$ 783,708	\$ 763,869	19,838
Deferred revenue/Restricted Cash Offset	-	-	-	-	44,691,249	44,691,249	44,694,967	(3,718)
Due to the City of San Jose	167,307	-	-	-	8,466,223	8,633,530	9,479,053	(845,523)
Due to the County of Santa Clara	-	-	-	-	12,772,241	12,772,241	8,655,990	4,116,251
Due to Other Gov't Agencies	-	-	-	-	368,751	368,751	368,751	-
Deposits, retentions, and other payables	11,616	-	-	-	2,582,884	2,594,499	2,531,088	63,411
Total liabilities	528,960	-	70,788	-	69,244,231	69,843,979	66,493,720	3,350,259
Fund balances:								
Reserved for:								
Long-term receivables	38,716	-	-	-	4,225,341	4,264,056	4,007,509	256,547
Debt service	-	-	-	83,674,703	-	83,674,703	62,427,828	21,246,875
Low and moderate income housing activities	-	-	15,913,992	-	-	15,913,992	15,881,813	32,179
Encumbrances	74,140	-	-	-	31,113,442	31,187,582	32,479,037	(1,291,455)
Unres., Designated-Redevelopment Activities	2,039,644	-	-	-	7,112,656	9,152,299	3,246,479	5,905,821
Total fund balances	2,152,500	-	15,913,992	83,674,703	42,451,439	144,192,633	118,042,666	26,149,968
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,681,460	\$ -	\$ 15,984,780	\$ 83,674,703	\$ 111,695,670	\$ 214,036,611	\$ 184,536,385	29,500,226

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

Attachment B

For the Period Ended April 30, 2007

	General	Special Revenue	Debt Service		Capital Projects	Total	Previous Month	Change
			Housing	Merged				
REVENUES								
Tax increment	\$ -	\$ 28,402,637	\$ -	\$ 97,388,381	\$ 16,222,167	\$ 142,013,186	96,270,388	45,742,797
Intergovernmental	-	-	17,980,362	-	75,274	18,055,636	17,847,485	208,151
Investment income	144,568	-	564,759	1,180,901	3,503,024	5,393,252	5,210,098	183,154
Developer contributions	-	-	-	-	-	-	-	0
Grant revenue	-	-	-	-	2,223,345	2,223,345	2,223,345	-
Rent	426,295	-	-	-	412,760	839,055	752,277	86,779
Other	347,078	-	-	-	3,857,263	4,204,341	3,622,593	581,748
Total revenues	917,941	28,402,637	18,545,121	98,569,282	26,293,834	172,728,815	125,926,185	46,802,630
EXPENDITURES								
General government	5,095,276	-	-	-	-	5,095,276	4,588,040	507,236
Intergovernmental:								
Payments to the City of San Jose	-	28,402,637	-	-	-	28,402,637	19,254,078	9,148,559
Capital outlay:								
Project expenditures	-	-	-	-	31,751,688	31,751,688	28,534,107	3,217,581
Payments to the City of San Jose	-	-	-	-	11,145,187	11,145,187	8,522,187	2,623,000
Payments to the County of Santa Clara	-	-	-	-	28,155,930	28,155,930	24,039,679	4,116,251
Debt service:								
Principal repayment	-	-	5,980,000	33,595,000	-	39,575,000	39,575,000	-
Interest and fiscal charges	-	-	11,984,604	71,717,160	10,405,884	94,107,649	93,067,614	1,040,035
Payment to refunded bond escrow agent	-	-	-	12,061,914	-	12,061,914	12,061,914	-
Bond issuance costs	-	-	-	19,286,367	-	19,286,367	19,286,367	-
Total expenditures	5,095,276	28,402,637	17,964,604	136,660,441	81,458,689	269,581,648	248,928,985	20,652,663
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(4,177,335)	-	580,516	(38,091,159)	(55,164,856)	(96,852,834)	(123,002,800)	26,149,967
OTHER FINANCING SOURCES (USES)								
Tax allocation bonds issued	-	-	-	4,384,493	76,915,507	81,300,000	81,300,000	-
Refunding revenue bonds issued	-	-	-	671,147,900	-	671,147,900	671,147,900	-
Premium on tax allocation bonds	-	-	-	59,194,648	-	59,194,648	59,194,648	-
Payment to refunded bond escrow agent	-	-	-	(713,566,944)	-	(713,566,944)	(713,566,944)	-
Sales of capital assets	-	-	-	-	8,491,487	8,491,487	8,491,487	-
Transfers in	5,200,000	-	-	23,571,028	141,227	28,912,255	28,912,255	-
Transfers out	-	-	-	(2,633,267)	(26,278,988)	(28,912,255)	(28,912,255)	-
Total other financing sources (uses)	5,200,000	-	-	42,097,859	59,269,232	106,567,091	106,567,091	-
CHANGE IN FUND BALANCES	1,022,665	-	580,516	4,006,700	4,104,376	9,714,257	(16,435,709)	26,149,967
FUND BALANCE - 6/30/2006	1,129,835	-	15,333,475	79,668,004	38,347,061	134,478,375	134,478,375	-
FUND BALANCE - 4/30/2007	\$ 2,152,500	\$ -	\$ 15,913,990	\$ 83,674,703	\$ 42,451,438	\$ 144,192,632	\$ 118,042,666	\$ 26,149,967

Attachment C

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

	-----Principal-----		
	Beginning Balance 3/31/2007	Monthly Activity	Current Balance 4/30/2007
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	30,020,000	0	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	393,581,664	0	393,581,664
TOTAL LONG TERM DEBT	2,189,926,664	0	2,189,926,664

Attachment D

San Jose Redevelopment Agency
Financial Statements - Fixed Assets

	Beginning Balance 3/31/2007	Monthly Activity	Current Balance 4/30/2007
Land	150,399,529	4,000	150,403,529
Buildings & Public Improvements	160,267,366	3,548	160,270,913
Leasehold Improvements	1,279,000	70,000	1,349,000
Construction in Progress/Capital Assets	16,614,943	366,568	16,981,511
Equipment	162,267	168,002	330,269
Total	<u>328,723,105</u>	<u>612,118</u>	<u>329,335,223</u>