

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: OCTOBER 31, 2007

SUBJECT: FINANCIAL STATEMENTS – SEPTEMBER 2007

RECOMMENDATION

Accept the Redevelopment Agency's Financial Statements for September 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 (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 September 2007 are reported on Attachments C and D, respectively.

ANALYSIS

BALANCE SHEET (Attachment A):

ASSETS:

The attached report shows that combined asset accounts decreased \$16.5 million.

The Cash and Investments account balance decreased by a net amount of \$6.6 million and is \$34.5 million as of September 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, decreased by a net amount of \$10.1 million. The significant decrease is associated with the semi-annual debt service payment on the Convention Center bonds.

LIABILITIES AND FUND BALANCES:

Combined liability accounts increased by \$1.6 million. The most significant activity was an increase of \$1.5 million in the accounts payable line. This increase is due to the routine timing differences occurring where expenses belong to one reporting period but were actually paid in the next accounting period.

In September, the Agency's overall fund balance decreased by \$18 million. This was composed of the following decreases: \$10.1 million in the fund balance reserved for convention center debt service, \$4.4 million in the fund balance reserved for encumbrances and \$3.5 million in the fund balance unreserved/designated for redevelopment activities.

The September Unreserved, Designated Fund Balance decreased by \$5.4 million ending the month at a deficit of \$20.4 million. The decrease is primarily attributable to September Capital Program expenditures. The deficit fund balance, contained in the Unreserved, Designated for Redevelopment Activities line, is a result of the timing of funding sources such as tax increment receipts and bond proceeds that are an integral part of the FY 2007-08 budget and scheduled to occur later in the fiscal year (expected closing date of November 7, 2007).

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

REVENUES AND OTHER FINANCING SOURCES:

September revenues were \$400,000. Significant items include a \$127,000 Economic Development Administration federal grant for the Electronic Transportation Development Center; and other income of \$193,000 for items such as parking revenue, rent from Agency owned properties, etc.

EXPENDITURES:

Expenditures of \$18.4 million included \$10.1 million of semi-annual debt service, \$7.4 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; and \$564,000 of General Fund operating expenses.

FUND BALANCE:

As a result of the activity described above, the Redevelopment Agency's fund balance as of September 30, 2007, was \$44.2 million, a decrease of \$18 million from the August 2007 statements.



HARRY S. MAVROGENES
Executive Director

Attachments

Financial Statements

REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE

Balance Sheet
Governmental Funds
September 30, 2007

	General	Special Revenue	Debt Service		Capital Projects	Total	Prev Month	Change
			Housing	Merged				
ASSETS								
Cash and investments	\$ 1,017,130	\$ -	\$ -	\$ -	\$ 33,522,216	\$ 34,539,345	\$ 41,148,596	(6,609,251)
Receivables:								
Accrued interest	-	-	-	-	2,724,875	2,724,875	2,533,877	190,997
Due from the City of San Jose	3,074	-	-	-	282,767	285,841	129,583	156,258
Other/Prepaid Expense	300,716	-	-	-	49,723	350,439	361,209	(10,770)
Loans receivable, net	-	-	-	-	35,449,113	35,449,113	35,476,558	(27,445)
Deposits	-	-	-	-	801,162	801,162	884,312	(83,150)
Restricted assets:								
Cash and investments	-	-	16,402,954	15,414,403	5,605,614	37,422,972	47,551,766	(10,128,794)
TOTAL ASSETS	\$ 1,320,920	\$ -	\$ 16,402,954	\$ 15,414,403	\$ 78,435,471	\$ 111,573,748	\$ 128,085,901	(16,512,154)

LIABILITIES AND FUND BALANCES

Liabilities:								
Accounts payable and accrued liabilities	\$ 342,840	\$ -	\$ 70,788	\$ -	\$ 1,982,919	\$ 2,396,547	\$ 875,776	1,520,772
Deferred revenue/Restricted Cash Offset	-	-	-	-	38,382,002	38,382,002	38,046,442	335,561
Due to the City of San Jose	503,837	-	-	-	8,150,849	8,654,686	9,042,587	(387,901)
Due to the County of Santa Clara	-	-	-	-	14,698,014	14,698,014	14,695,170	2,843
Due to Other Gov'l Agencies	-	-	-	-	577,444	577,444	577,444	-
Deposits, retentions, and other payables	4,835	-	-	-	2,632,474	2,637,309	2,552,607	84,702
Total liabilities	851,512	-	70,788	-	66,423,702	67,346,002	65,790,026	1,555,976

Fund balances:

Reserved for:								
Long-term receivables	288,716	-	-	-	4,565,319	4,854,035	4,869,786	(15,750)
Debt service	-	-	-	15,414,403	-	15,414,403	25,543,197	(10,128,794)
Low and moderate income housing activities	-	-	16,332,166	-	-	16,332,166	16,332,166	-
Encumbrances	74,140	-	-	-	27,983,688	28,057,828	30,574,122	(2,516,294)
Unres., Designated-Redevelopment Activities	106,552	-	-	-	(20,537,239)	(20,430,687)	(15,023,396)	(5,407,292)
Total fund balances	469,408	-	16,332,166	15,414,403	12,011,769	44,227,746	62,295,876	(18,068,129)
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,320,920	\$ -	\$ 16,402,954	\$ 15,414,403	\$ 78,435,471	\$ 111,573,748	\$ 128,085,901	(16,512,154)

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

For the Period Ended September 30, 2007

	General	Special Revenue		Debt Service		Capital Projects	Total	Previous Month	Change
		Revenue	Housing	Merged					
REVENUES									
Tax increment	\$ -	\$ 106,661	\$ -	\$ -	\$ -	\$ 426,642	\$ 533,303	480,611	52,692
Intergovernmental	-	-	12,227,563	-	-	1,924,000	14,151,563	14,151,563	0
Investment income	174,716	-	208,556	1,455,809	-	578,740	2,417,822	2,381,473	36,348
Rent	124,215	-	-	-	-	706,073	830,288	751,005	79,283
Other	30,728	-	-	-	-	1,010,484	1,041,211	927,357	113,855
Total revenues	329,658	106,661	12,436,119	1,455,809	-	4,773,113	19,101,361	18,692,009	409,352
EXPENDITURES									
General government	1,626,903	-	-	-	-	-	1,626,903	1,062,796	564,107
Intergovernmental:									
Payments to the City of San Jose	-	106,661	-	-	-	-	106,661	96,122	10,538
Capital outlay:									
Project expenditures	-	-	-	-	-	11,462,180	11,462,180	4,327,700	7,134,479
Payments to the City of San Jose	-	-	-	-	-	1,327,800	1,327,800	1,061,300	266,500
Payments to the County of Santa Clara	-	-	-	-	-	3,675	3,675	832	2,843
Debt service:									
Principal repayment	-	-	6,720,000	32,465,000	-	-	39,185,000	33,040,000	6,145,000
Interest and fiscal charges	-	-	5,499,213	41,727,103	2,744,585	-	49,970,901	45,677,500	4,293,401
Total expenditures	1,626,903	106,661	12,219,213	74,192,103	15,538,239	103,683,119	184,416,869	184,416,869	-
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(1,297,245)	-	216,907	(72,736,294)	(10,765,126)	(84,581,758)	(84,581,758)	(66,574,241)	(18,007,517)
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	14,650,805	-	-	14,650,805	14,650,805	0
Transfers out	-	-	-	-	(14,650,805)	-	(14,650,805)	(14,650,805)	0
Total other financing sources (uses)	-	-	-	14,650,805	(14,650,805)	-	-	-	0
CHANGE IN FUND BALANCES	(1,297,245)	-	216,907	(58,085,489)	(25,415,931)	(84,581,758)	(84,581,758)	(66,574,241)	(18,007,517)
FUND BALANCE - 6/30/2007	1,766,653	-	16,115,260	73,499,892	37,427,698	128,809,503	128,809,503	128,870,116	(60,616)
FUND BALANCE - 9/30/2007	\$ 469,408	\$ -	\$ 16,332,166	\$ 15,414,403	\$ 12,011,769	\$ 44,227,746	\$ 44,227,746	\$ 62,295,875	\$ (18,068,133)

Attachment C

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

	-----Principal-----		
	Beginning Balance 8/31/07 P	Monthly Activity	Current Balance 9/30/2007
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
Total Tax Allocation Bonds	1,766,005,000	0	1,766,005,000
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	166,215,000	(6,145,000)	160,070,000
Note Payable HUD 108	34,220,000	0	34,220,000
ERAF Loan	30,020,000	0	30,020,000
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	389,945,757	(6,145,000)	383,800,757
TOTAL LONG TERM DEBT	2,155,950,757	(6,145,000)	2,149,805,757

Attachment D

San Jose Redevelopment Agency
Financial Statements - Fixed Assets

	Beginning Balance 8/31/07 P	Monthly Activity	Current Balance 9/30/2007
Land	152,577,696	1,665,485	154,243,181
Buildings & Public Improvements	161,857,623	135,635	161,993,257
Leasehold Improvements	1,703,950		1,703,950
Construction in Progress/Capital Assets	4,524,835	2,175	4,527,010
Equipment	1,073,664		1,073,664
Total	321,737,768	1,803,295	323,541,062