

THE REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE

MEMORANDUM

TO: PUBLIC SAFETY, FINANCE AND STRATEGIC SUPPORT COMMITTEE	FROM: RICHARD A. KEIT MANAGING DIRECTOR
SUBJECT: FINANCIAL STATEMENTS – JANUARY 2012	DATE: March 6, 2012

RECOMMENDATION

Accept the Redevelopment Agency's final Financial Statements as of the period ending January 2012.

BACKGROUND

Effective February 1, 2012, all redevelopment agencies in the State of California were dissolved pursuant to AB 1X 26. As a result, the financial statements presented herein, reporting financial results through January 31, 2012, represent the final financial reporting for the Redevelopment Agency of the City of San Jose. Effective February 1, 2012, all Agency assets, liabilities, and fund balance transferred to the Successor Agency to the Redevelopment Agency.

Subsequent to the final reports, the Successor Agency will contract the services of an independent CPA to perform an agreed upon procedures engagement to ensure that the dissolved redevelopment agency complied with its statutory requirements with respect to AB 1X 26 for the period July 1, 2011 through January 31, 2012.

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 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under

this method, revenues and expenditures are recognized when they are measurable and available.

BALANCE SHEET:

The governmental fund balance sheet 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.

Effective with the 2010-11 CAFR, the Agency implemented the provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54) that provided classifications for fund balance information. The fund balance classifications are primarily based on the extent to which the Agency is bound to observe constraints imposed on the use of resources.

Fund balances reported on Attachment A, are classified according to the descriptions listed below:

- | | |
|---------------|---|
| Non-spendable | Assets that are not in spendable form, including prepaid items and long-term receivables; |
| Restricted | Amounts subject to externally enforceable legal restrictions imposed by outside parties such as creditors through bond debt indenture, grantor, and other governments through laws and regulations; |
| Committed | Funds whose use is constrained by limitations imposed through Agency Board resolutions; |
| Assigned | Funds used for redevelopment activities that represents the amount in excess of non-spendable, restricted and committed fund balance; |
| Unassigned | Net resources in excess of what can be properly classified in one of the fund balance categories. |

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE:

The governmental fund statement of revenues, expenditures and changes in fund balances is used to report all transactions, events and interfund activities 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 and other miscellaneous activities.

LONG TERM DEBT AND FIXED ASSETS EXHIBITS:

Outstanding long-term debt and fixed assets are reported on Attachments C and D.

BALANCE SHEET (Attachment A):

Significant transactions include:

Cash as reported on the 'Cash and Investment' line and the Bond Proceeds line under the 'Restricted Assets' line, decreased by a combined total of \$16.2 million for the months of December and January. Significant items include:

- + \$62.9 million Tax increment received;
- \$56.9 million Cash transferred to Senior Tax Allocation Bond trustee;
- \$14.2 million Cash transferred to 20% Low Moderate Housing Fund;
- \$ 3.2 million Cash transferred to Convention Center Bond trustee;
- \$ 3.1 million Capital and Operating expenditures;
- \$ 1.7 million Cash transferred to 4th Street Garage Bond trustee.

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

Significant transactions include:

- \$62.9 million Tax increment received in December and January;
- \$14.6 million Transfers to the City of San Jose included \$14.2 million representing 20% low-moderate housing portion of the December and January tax increment receipts transferred to

the Housing Department and \$360,000 representing the Arena Pass Through reimbursement;

- \$6.1 million County tax sharing agreement portion accrued as payable to the County at a later date;
- \$3.0 million December and January capital and operating program expenditures;
- \$3.0 million Semi-annual debt service for the 4th Street Garage bonds of \$1.7 million , \$765,00 in letter of credit and fiscal agent fees, and other miscellaneous debt service payments.

FUND BALANCE:

The Agency's overall fund balance for the month ending January 2012 was \$119.0 million. The net increase of \$42.6 million is the result of December and January activities described above and reflected in the attached statements.

NOTE:

Effective February 1, 2012, all redevelopment agencies in the State of California were dissolved pursuant to AB 1X 26. This will be the last regularly scheduled financial report to the Public Safety, Finance and Strategic Support Committee from the Redevelopment Agency of the City of San Jose.



RICHARD A. KEIT
Managing Director

Attachments

Attachment A

REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE

Balance Sheet
Governmental Funds
January 31, 2012

	General	Special Revenue	Debt Service		Capital Projects	Total	11/30/2011	Two Month Change
			Housing	Merged				
ASSETS								
Cash and investments	\$ 873,272	\$ -	\$ -	\$ -	\$ 7,677,785	\$ 8,551,057	\$ 16,588,970	\$ (8,037,914)
Receivables:								
Accrued interest	-	-	-	-	4,331,132	4,331,132	4,331,132	-
Due from other funds	-	-	-	-	135,147	135,147	135,147	-
Due from the City of San Jose	-	135,147	-	-	43,709	178,856	178,856	-
Other	317,883	-	-	-	192,256	510,138	503,684	6,454
Loans receivable, net	-	-	-	-	30,560,622	30,560,622	30,635,008	(74,386)
Deposits	-	-	-	-	734,475	734,475	734,475	-
Restricted Assets:								
Cash and investments-Escrow	-	-	15,066,557	102,024,871	3,429,522	120,520,950	57,029,183	63,491,767
Cash and investments-Bond Proceeds	-	-	-	-	12,165	12,165	8,231,240	(8,219,075)
TOTAL ASSETS	\$ 1,191,154	\$ 135,147	\$ 15,066,557	\$ 102,024,871	\$ 47,116,810	\$ 165,534,541	118,367,695	47,166,844
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	8,572	-	14,600	-	587,645	610,816	1,672,396	(1,061,580)
Deferred revenue/Restricted Cash Offset	-	-	-	-	34,056,816	34,056,816	34,557,168	(500,352)
Due to the City of San Jose	-	-	-	-	1,739,362	1,739,362	1,739,362	-
Due to the County of Santa Clara	-	-	-	-	7,542,151	7,542,151	1,422,048	6,120,103
Due to Other Gov't Agencies	-	-	-	-	1,505,335	1,505,335	1,505,622	(287)
Deposits, retentions, and other payables	9,400	-	-	-	887,147	896,547	896,547	-
Due to other funds	-	135,147	-	-	-	135,147	135,147	-
Total liabilities	17,972	135,147	14,600	-	46,318,455	46,486,174	41,928,290	4,557,884
Fund Balance:								
Nonspendable	317,883	-	-	-	4,301,532	4,619,415	4,361,641	257,774
Restricted	-	-	15,051,957	102,024,871	-	117,076,828	60,734,424	56,342,405
Committed	291,662	-	-	-	2,211,100	2,502,762	3,724,484	(1,221,721)
Assigned	-	-	-	-	(5,714,277)	(5,714,277)	7,325,148	(13,039,425)
Unassigned	563,638	-	-	-	-	563,638	293,708	269,930
Total fund balances	1,173,183	-	15,051,957	102,024,871	798,355	119,048,367	76,439,405	42,608,962
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,191,155	\$ 135,147	\$ 15,066,557	\$ 102,024,871	\$ 47,116,810	\$ 165,534,541	118,367,695	47,166,844

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, 2012

	General	Special Revenue	Debt Service		Capital Projects	Total	11/30/2011	Two Month Change
			Housing	Merged				
REVENUES								
Tax increment	\$ -	\$ 17,532,368	\$ -	\$ 70,129,471	\$ -	\$ 87,661,839	\$ 24,774,503	\$ 62,887,336
Intergovernmental	-	-	21,763,376	-	-	21,763,376	16,689,933	5,073,444
Investment income	7,771	-	19,153	18,056	240,875	285,854	367,233	(81,380)
Grant revenue	-	-	-	-	25,734	25,734	25,734	-
Rent	333,488	-	-	-	19,426	352,914	315,916	36,998
Other	40	-	-	-	427,765	427,805	355,427	72,378
Total revenues	341,299	17,532,368	21,782,529	70,147,527	713,800	110,517,522	42,528,746	67,988,776
EXPENDITURES								
General government	429,661	-	-	-	-	429,661	312,993	116,668
Intergovernmental:								
Payments to the City of San Jose	-	17,532,368	-	-	356,784	17,889,152	3,303,267	14,585,885
Capital outlay:								
Project expenditures	-	-	-	-	4,596,306	4,596,306	3,014,817	1,581,488
Payments to the City of San Jose	-	-	-	-	150,000	150,000	150,000	-
Payments to the County of Santa Clara	-	-	-	-	7,542,151	7,542,151	1,422,048	6,120,103
Debt service:								
Principal repayment	-	-	9,460,000	61,200,000	1,675,000	72,335,000	72,335,000	-
Interest and fiscal charges	-	-	7,229,960	45,374,708	7,036,872	59,641,540	56,665,870	2,975,670
Total expenditures	429,661	17,532,368	16,689,960	106,574,708	21,357,112	162,583,808	137,203,994	25,379,814
DEFICIENCY OF REVENUES UNDER EXPENDITURES								
	(88,361)	-	5,092,569	(36,427,181)	(20,643,312)	(52,066,287)	(94,675,248)	42,608,962
OTHER FINANCING SOURCES (USES)								
Loan Proceeds	-	-	-	-	1,681,396	1,681,396	1,681,396	-
Sales of capital assets	-	-	-	-	11,268,355	11,268,355	11,268,355	-
Transfers in	-	-	-	18,558,130	-	18,558,130	15,362,656	3,195,474
Transfers out	-	-	-	-	(18,558,130)	(18,558,130)	(15,362,656)	(3,195,474)
Total other financing sources (uses)	-	-	-	18,558,130	(5,608,379)	12,949,750	12,949,751	-
CHANGE IN FUND BALANCES	(88,361)	-	5,092,568	(17,869,052)	(26,251,692)	(39,116,536)	(81,725,497)	42,608,961
FUND BALANCE - 6/30/2011	1,261,544	-	9,959,388	119,893,921	27,050,048	158,164,901	158,164,901	-
FUND BALANCE - 1/31/2012	\$ 1,173,183	\$ -	\$ 15,051,957	\$ 102,024,871	\$ 798,355	\$ 119,048,367	\$ 76,439,406	\$ 42,608,961

Attachment C

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

	-----Principal-----	
	Beginning Balance	Monthly
	11/30/2011	Activity
		Current Balance
		1/31/2012
TAX ALLOCATION BONDS		
1993 Merged Area Refunding	18,195,000	0
1997 Merged	5,810,000	0
1997 Housing Series E	17,045,000	0
1999 Merged	12,920,000	0
2002 Merged	13,165,000	0
2003 Merged	127,545,000	0
2003 Housing Series J	34,910,000	0
2003 Housing Series K	5,905,000	0
2004 Merged Refunding	193,215,000	0
2005 Housing Series A	10,445,000	0
2005 Housing Series B	109,855,000	0
2005 Merged Refunding Series A/B	198,115,000	0
2006 Merged Series A-T/B	80,300,000	0
2006 Merged Refunding Series C, D	698,990,000	0
2007 Merged Refunding Series A-T	205,685,000	0
2008 Merged Series A/B	107,860,000	0
2010 Housing Series A	56,710,000	0
2010 Housing Series B	5,510,000	0
2010 Housing Series C	88,600,000	0
1996 Merged Series A & B	46,000,000	0
2003 Merged Revenue Series A & B	47,655,000	0
Total Tax Allocation Bonds	2,084,435,000	0
OTHER LONG TERM DEBT		
4th Street Parking Revenue, Series 2001A	34,297,500	(835,000)
2001 Convention Center Series F & G	129,020,000	0
HUD 108 Note Payable	29,745,000	0
CSCDA CRA/ERAF Loan ('05 & '06)	15,545,000	0
CSJ General Purpose Parking Fund Loan	13,528,294	0
Spec. Educ. Rev. Augment. Fund (SERAF) Loan	77,314,780	0
County Settlement Obligation	23,561,815	0
Other Notes Payable	9,122,388	0
Total Other Long Term Debt	332,134,777	(835,000)
TOTAL LONG TERM DEBT	2,416,569,777	(835,000)
	2,415,734,777	